

**VILLAGE OF CALEDONIA, WISCONSIN**  
Caledonia, Wisconsin

**FINANCIAL STATEMENTS**  
December 31, 2019



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## TABLE OF CONTENTS

	<b>PAGE</b>
<b>INDEPENDENT AUDITORS' REPORT</b> .....	1
 <b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Statement of Net Position .....	4
Statement of Activities .....	5
Fund Financial Statements	
Balance Sheet - Governmental Funds .....	6
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position.....	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	9
Statement of Net Position - Proprietary Funds .....	10
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	11
Statement of Cash Flows - Proprietary Funds.....	12
Statement of Fiduciary Net Position - Fiduciary Fund.....	14
Notes to Financial Statements .....	15
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	63
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Joint Health .....	64
Schedule of Village's Proportionate Share of the Net Pension Liability (Asset).....	65
Schedule of the Village's Contributions – WRS Pension.....	65
Schedule of Changes in the Village's Total OPEB Liability and Related Ratios .....	66
Schedule of Village's Proportionate Share of the Net OPEB Liability (Asset).....	67
Schedule of the Village's Contributions – LRLIF OPEB.....	67
Notes to Required Supplementary Information .....	68
 <b>SUPPLEMENTARY INFORMATION</b>	
Combining Balance Sheet - Nonmajor Governmental Funds.....	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds .....	71

**OTHER INFORMATION**

Tax Incremental District No. 1 Historical Summary of Project Costs, Project Revenues, and Net Cost to be Recovered through Tax Increments..... 73

Tax Incremental District No. 1 Historical Summary of Sources, Uses, and Status of Funds ..... 74

Tax Incremental District No. 3 Historical Summary of Project Costs, Project Revenues, and Net Cost to be Recovered through Tax Increments..... 75

Tax Incremental District No. 3 Historical Summary of Sources, Uses, and Status of Funds ..... 76

Tax Incremental District No. 4 Historical Summary of Project Costs, Project Revenues, and Net Cost to be Recovered through Tax Increments..... 77

Tax Incremental District No. 4 Historical Summary of Sources, Uses, and Status of Funds ..... 78

Tax Incremental District No. 5 Historical Summary of Project Costs, Project Revenues, and Net Cost to be Recovered through Tax Increments..... 79

Tax Incremental District No. 5 Historical Summary of Sources, Uses, and Status of Funds ..... 80



## INDEPENDENT AUDITORS' REPORT

Village Board  
Village of Caledonia, Wisconsin  
Caledonia, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Caledonia, Wisconsin (the "Village"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Caledonia, Wisconsin as of December 31, 2019, 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.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of the Village's proportionate share of the net pension liability (asset), schedule of the Village's contributions – WRS Pension, schedule of changes in the Village's total OPEB liability and related ratios, schedule of Village's proportionate share of the net OPEB liability (asset), and schedule of the Village's contributions – LRLIF OPEB, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

***Other Information***

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

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

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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2020, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
July 24, 2020

## **BASIC FINANCIAL STATEMENTS**

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Statement of Net Position**  
**December 31, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments	\$ 11,352,272	\$ 5,813,058	\$ 17,165,330
Receivables (net)	24,440,610	4,597,981	29,038,591
Internal balances	(277,112)	277,112	-
Prepaid expenses	13,899	-	13,899
Restricted assets:			
Cash and cash equivalents	-	4,167,523	4,167,523
Capital assets:			
Land	1,230,898	57,223	1,288,121
Intangible assets - land easements	73,000	-	73,000
Construction in process	269,764	3,177,839	3,447,603
Other capital assets	139,113,193	146,839,378	285,952,571
Intangible assets - infrastructure	8,827,186	-	8,827,186
Less: accumulated depreciation	<u>(65,695,315)</u>	<u>(34,962,463)</u>	<u>(100,657,778)</u>
Total assets	<u>119,348,395</u>	<u>129,967,651</u>	<u>249,316,046</u>
<b>Deferred outflows of resources</b>			
Unamortized treatment facility	-	2,242,066	2,242,066
Deferred amounts related to pension	7,469,763	510,808	7,980,571
Deferred amounts related to OPEB retiree medical insurance	58,825	3,820	62,645
Deferred amounts related to OPEB retiree life insurance	74,183	5,144	79,327
Loss on refunding	<u>12,229</u>	<u>94,058</u>	<u>106,287</u>
Total deferred outflows of resources	<u>7,615,000</u>	<u>2,855,896</u>	<u>10,470,896</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	3,119,133	2,758,119	5,877,252
Accrued interest payable	416,971	51,560	468,531
Deposits	317,391	-	317,391
Liabilities payable from restricted assets:			
Current portion of revenue bonds	-	1,266,140	1,266,140
Accrued interest	-	117,966	117,966
Noncurrent liabilities:			
Pension liability	2,748,183	187,930	2,936,113
OPEB - retiree medical insurance	5,123,762	332,672	5,456,434
OPEB - retiree life insurance	417,939	29,086	447,025
Due within one year	1,716,602	1,685,287	3,401,889
Due in more than one year	<u>53,948,544</u>	<u>32,205,951</u>	<u>86,154,495</u>
Total liabilities	<u>67,808,525</u>	<u>38,634,711</u>	<u>106,443,236</u>
<b>Deferred inflows of resources</b>			
Subsequent year tax levy	14,726,901	913,834	15,640,735
Deferred amounts related to special assessments	-	26,594	26,594
Deferred amounts related to pension	3,811,596	260,650	4,072,246
Deferred amounts related to OPEB retiree life insurance	<u>111,914</u>	<u>7,660</u>	<u>119,574</u>
Total deferred inflows of resources	<u>18,650,411</u>	<u>1,208,738</u>	<u>19,859,149</u>
<b>Net Position</b>			
Net investment in capital assets	29,708,281	82,461,437	112,169,718
Restricted	2,297,788	1,695,305	3,993,093
Unrestricted	<u>8,498,390</u>	<u>8,823,356</u>	<u>17,321,746</u>
<b>TOTAL NET POSITION</b>	<u>\$ 40,504,459</u>	<u>\$ 92,980,098</u>	<u>\$ 133,484,557</u>

The accompanying notes are an integral part of this statement.



**VILLAGE OF CALEDONIA, WISCONSIN**  
**Statement of Activities**  
**Year Ended December 31, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 3,701,437	\$ 909,829	\$ -	\$ -	\$ (2,791,608)	\$ -	\$ (2,791,608)
Public safety	10,696,126	1,474,146	72,330	-	(9,149,650)	-	(9,149,650)
Public works	7,586,035	2,395,944	1,372,691	90,000	(3,727,400)	-	(3,727,400)
Health and human services	3,361,985	1,029,924	1,833,292	-	(498,769)	-	(498,769)
Culture, education, and recreation	417,682	194,668	-	-	(223,014)	-	(223,014)
Economic development and assistance	1,356,390	-	-	-	(1,356,390)	-	(1,356,390)
Interest and fiscal charges	1,654,660	-	-	-	(1,654,660)	-	(1,654,660)
Total governmental activities	<u>28,774,315</u>	<u>6,004,511</u>	<u>3,278,313</u>	<u>90,000</u>	<u>(19,401,491)</u>	<u>-</u>	<u>(19,401,491)</u>
Business-type activities:							
Sewer Utility	6,961,862	5,923,058	-	348,128	-	(690,676)	(690,676)
Water Utility	4,263,509	3,715,201	-	992,706	-	444,398	444,398
Total business-type activities	<u>11,225,371</u>	<u>9,638,259</u>	<u>-</u>	<u>1,340,834</u>	<u>-</u>	<u>(246,278)</u>	<u>(246,278)</u>
<b>TOTAL</b>	<u>\$ 39,999,686</u>	<u>\$ 15,642,770</u>	<u>\$ 3,278,313</u>	<u>\$ 1,430,834</u>	<u>(19,401,491)</u>	<u>(246,278)</u>	<u>(19,647,769)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					11,157,486	903,603	12,061,089
Property taxes, levied for debt services					2,044,764	-	2,044,764
Property taxes, levied for tax increment districts					554,138	-	554,138
Intergovernmental revenues not restricted to specific programs					1,013,443	-	1,013,443
Investment income					592,785	252,224	845,009
Miscellaneous					470,399	293,132	763,531
Total general revenues					<u>15,833,015</u>	<u>1,448,959</u>	<u>17,281,974</u>
Transfers					<u>(10,520,175)</u>	<u>10,520,175</u>	<u>-</u>
Change in net position					(14,088,651)	11,722,856	(2,365,795)
Net position - beginning of year					<u>54,778,307</u>	<u>81,257,242</u>	<u>136,035,549</u>
Net position - end of year					<u>\$ 40,689,656</u>	<u>\$ 92,980,098</u>	<u>\$ 133,669,754</u>

The accompanying notes are an integral part of this statement.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Balance Sheet – Governmental Funds**  
**December 31, 2019**

	General Fund	Four Mile Capital Projects Fund	Tax Increment District No. 4	Capital Projects	Joint Health	Nonmajor Governmental Funds	Total
<b>Assets</b>							
Cash and investments	\$ 3,802,969	\$ 245,305	\$ 721,492	\$ 1,888,565	\$ 570,627	\$ 4,123,314	\$ 11,352,272
Receivables:							
Property taxes	9,973,649	-	374,129	1,289,100	186,345	3,001,279	14,824,502
Special assessments	14,253	-	1,161,872	-	-	454,846	1,630,971
Special charges	52,251	-	-	-	-	2,517,835	2,570,086
Accounts receivable	397,060	4,880,964	-	-	133,018	4,009	5,415,051
Due from other funds	1,287,266	-	-	-	-	-	1,287,266
Advance to other funds	-	-	834,591	-	-	-	834,591
Prepaid expenses	13,899	-	-	-	-	-	13,899
<b>TOTAL ASSETS</b>	<b>\$ 15,541,347</b>	<b>\$ 5,126,269</b>	<b>\$ 3,092,084</b>	<b>\$ 3,177,665</b>	<b>\$ 889,990</b>	<b>\$ 10,101,283</b>	<b>\$ 37,928,638</b>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ 268,078	\$ -	\$ 482,501	\$ 1,008,167	\$ 71,991	\$ 224,214	\$ 2,054,951
Accrued payroll	881,322	-	-	-	19,602	-	900,924
Accrued liabilities	-	-	-	-	-	163,258	163,258
Due to other funds	-	-	-	-	-	1,287,266	1,287,266
Advance from other funds	-	-	-	-	-	1,111,703	1,111,703
Deposits	317,391	-	-	-	-	-	317,391
Total liabilities	<u>1,466,791</u>	<u>-</u>	<u>482,501</u>	<u>1,008,167</u>	<u>91,593</u>	<u>2,786,441</u>	<u>5,835,493</u>
Deferred Inflows of Resources:							
Subsequent year tax levy	9,876,048	-	374,129	1,289,100	186,345	3,001,279	14,726,901
Special assessments	-	-	1,161,212	-	-	454,846	1,616,058
Long-term receivables	-	4,880,964	-	-	-	-	4,880,964
Other receivables	67,945	-	-	-	9,047	-	76,992
Total deferred inflows of resources	<u>9,943,993</u>	<u>4,880,964</u>	<u>1,535,341</u>	<u>1,289,100</u>	<u>195,392</u>	<u>3,456,125</u>	<u>21,300,915</u>
Fund Balances (Deficit):							
Nonspendable	13,899	-	-	-	-	-	13,899
Restricted	-	-	1,074,242	-	-	654,191	1,728,433
Committed	175,984	-	-	880,398	-	4,403,673	5,460,055
Assigned	-	245,305	-	-	603,005	-	848,310
Unassigned	3,940,680	-	-	-	-	(1,199,147)	2,741,533
Total fund balances (deficit)	<u>4,130,563</u>	<u>245,305</u>	<u>1,074,242</u>	<u>880,398</u>	<u>603,005</u>	<u>3,858,717</u>	<u>10,792,230</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<b>\$ 15,541,347</b>	<b>\$ 5,126,269</b>	<b>\$ 3,092,084</b>	<b>\$ 3,177,665</b>	<b>\$ 889,990</b>	<b>\$ 10,101,283</b>	<b>\$ 37,928,638</b>

The accompanying notes are an integral part of this statement.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Reconciliation of the Balance Sheet of the Governmental Funds to the**  
**Statement of Net Position**  
**December 31, 2019**

Total fund balances - governmental funds \$ 10,792,230

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	1,230,898
Intangible assets - land easements	73,000
Construction in progress	269,764
Other capital assets	139,113,193
Intangible assets - infrastructure	8,827,186
Less: accumulated depreciation	(65,695,315)

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 receivable	1,616,058
Long-term receivables	4,880,964
Other receivables	76,992

Long-term assets and deferred outflows of resources are not related to the current period and, therefore, are not reported in the funds.

Deferred outflows related to loss on refunding	12,229
Deferred outflows related to pension	7,469,763
Deferred outflows related to OPEB retiree medical insurance	58,825
Deferred outflows related to OPEB retiree life insurance	74,183

Some liabilities and deferred inflows of resources, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(54,228,614)
Premium on long-term debt	(1,204,041)
Compensated absences	(232,491)
Accrued interest	(416,971)
Net pension obligation	(2,748,183)
Net OPEB obligation - retiree medical insurance	(5,123,762)
Net OPEB obligation - retiree life insurance	(417,939)
Deferred inflows related to pension	(3,811,596)
Deferred inflows related to OPEB - retiree life insurance	(111,914)

**NET POSITION OF GOVERNMENT ACTIVITIES \$ 40,504,459**

The accompanying notes are an integral part of this statement.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Governmental Funds**  
**Year Ended December 31, 2019**

	General Fund	Four Mile Capital Projects Fund	Tax Increment District No. 4	Capital Projects	Joint Health	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 9,594,174	\$ -	\$ 308,543	\$ 1,223,789	\$ 181,223	\$ 2,448,659	\$ 13,756,388
Special assessments	-	-	11,694	-	-	83,761	95,455
Intergovernmental	2,191,789	-	2,596	-	1,833,292	87,910	4,115,587
Licenses and permits	879,327	-	-	-	330,002	-	1,209,329
Fines, forfeitures and penalties	477,970	-	-	-	-	-	477,970
Public charges for services	704,351	319,227	-	-	20,874	2,667,655	3,712,107
Intergovernmental charges for services	463,771	-	-	-	675,278	70,000	1,209,049
Investment and interest income	80,129	280,798	84,485	43,452	13,734	90,187	592,785
Miscellaneous	137,043	-	-	37,613	-	51,063	225,719
Total revenues	<u>14,528,554</u>	<u>600,025</u>	<u>407,318</u>	<u>1,304,854</u>	<u>3,054,403</u>	<u>5,499,235</u>	<u>25,394,389</u>
<b>Expenditures</b>							
Current:							
General government	3,254,545	-	-	-	-	-	3,254,545
Public safety	9,136,854	-	-	-	-	20,578	9,157,432
Public works	2,416,098	-	-	-	-	1,967,740	4,383,838
Health and human services	13,410	-	-	-	3,037,433	6,711	3,057,554
Parks and recreation	-	-	-	-	-	351,198	351,198
Economic development and assistance	179,293	-	692,589	-	-	20,476	892,358
Capital outlay	-	185	2,058,805	2,372,623	-	672,887	5,104,500
Debt service:							
Principal	-	400,000	16,087	-	-	1,300,000	1,716,087
Interest and fiscal charges	-	166,556	1,034,244	26,953	-	461,333	1,689,086
Total expenditures	<u>15,000,200</u>	<u>566,741</u>	<u>3,801,725</u>	<u>2,399,576</u>	<u>3,037,433</u>	<u>4,800,923</u>	<u>29,606,598</u>
Excess (deficiency) of revenues over expenditures	<u>(471,646)</u>	<u>33,284</u>	<u>(3,394,407)</u>	<u>(1,094,722)</u>	<u>16,970</u>	<u>698,312</u>	<u>(4,212,209)</u>
<b>Other financing sources (uses)</b>							
Long-term debt issued	-	-	300,000	770,000	-	565,000	1,635,000
Premium on long-term debt issued	-	-	2,696	11,055	-	5,081	18,832
Transfer in	-	-	750,000	199,527	-	194,680	1,144,207
Transfer out	(18,000)	-	-	(148,101)	-	(978,106)	(1,144,207)
Total other financing sources (uses)	<u>(18,000)</u>	<u>-</u>	<u>1,052,696</u>	<u>832,481</u>	<u>-</u>	<u>(213,345)</u>	<u>1,653,832</u>
Net change in fund balances	<u>(489,646)</u>	<u>33,284</u>	<u>(2,341,711)</u>	<u>(262,241)</u>	<u>16,970</u>	<u>484,967</u>	<u>(2,558,377)</u>
Fund balances - beginning of year	<u>4,620,209</u>	<u>212,021</u>	<u>3,415,953</u>	<u>1,142,639</u>	<u>586,035</u>	<u>3,373,750</u>	<u>13,350,607</u>
Fund balances - end of year	<u>\$ 4,130,563</u>	<u>\$ 245,305</u>	<u>\$ 1,074,242</u>	<u>\$ 880,398</u>	<u>\$ 603,005</u>	<u>\$ 3,858,717</u>	<u>\$ 10,792,230</u>

The accompanying notes are an integral part of this statement.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended December 31, 2019**

Net change in fund balances-total governmental funds \$ (2,558,377)

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 these assets is allocated over their estimated useful lives and reported as depreciation expense.

current period.

Capital outlays	5,104,500
Capital outlay expenditures not capitalized in the statement of net position	(550,864)
Construction in process transferred to the Village's Sewer and Water Utilities	(10,520,175)
Loss on disposal of capital assets	(16,855)
Depreciation and amortization	(4,078,598)

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

Special Assessments	(90,447)
Long-term receivable	(319,227)
Other receivables	35,927

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Repayment of debt principal	1,716,087
Long-term debt issued	(1,635,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Compensated absences	30,314
Accrued interest on debt	(50,285)
OPEB activity - retiree medical insurance	(157,312)
OPEB activity - retiree life insurance	(38,958)
Pension activity	(1,210,457)

Governmental funds report debt premiums, discounts, and refunding losses as other financing sources or uses. However in the statement of net position these are reported as adjustments to long-term debt. They are amortized over the period the debt is outstanding and the amortization is reported as interest expense.

Premium received from debt issuance	(18,832)
Amortization of loss on refunding	(5,242)
Amortization of debt premium and discount	<u>89,953</u>

**Change in net position of governmental activities \$ (14,273,848)**

The accompanying notes are an integral part of this statement.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Statement of Net Position – Proprietary Funds**  
**December 31, 2019**

	<b>Business-type Activities - Enterprise</b>		
	<b>Sewer Utility</b>	<b>Water Utility</b>	<b>Totals</b>
<b>ASSETS</b>			
Current:			
Cash and investments	\$ 5,813,058	\$ -	\$ 5,813,058
Accounts receivable	1,657,889	1,000,977	2,658,866
Tax roll receivable:			
Tax levy	559,359	354,475	913,834
Special assessments on tax roll	-	25,933	25,933
Delinquent receivables on tax roll	557,987	380,654	938,641
Due from other funds	409,374	-	409,374
Total current assets	<u>8,997,667</u>	<u>1,762,039</u>	<u>10,759,706</u>
Noncurrent assets:			
Restricted assets			
Cash and investments	2,418,865	1,748,658	4,167,523
Capital assets:			
Land	34,764	22,459	57,223
Construction in progress	2,898,470	279,369	3,177,839
Other capital assets	91,912,015	54,927,363	146,839,378
Less: accumulated depreciation	(21,227,782)	(13,734,681)	(34,962,463)
Other assets:			
Advance from other funds	-	277,112	277,112
Special assessments	18,696	42,011	60,707
Total noncurrent assets	<u>76,055,028</u>	<u>43,562,291</u>	<u>119,617,319</u>
Total assets	<u>85,052,695</u>	<u>45,324,330</u>	<u>130,377,025</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized treatment facility	2,242,066	-	2,242,066
Deferred amounts related to pension	255,404	255,404	510,808
Deferred amounts related to OPEB - retiree life insurance	2,572	2,572	5,144
Deferred amounts related to OPEB - retiree health insurance	1,910	1,910	3,820
Loss on refunding	39,229	54,829	94,058
Total deferred outflows of resources	<u>2,541,181</u>	<u>314,715</u>	<u>2,855,896</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,926,980	825,173	2,752,153
Accrued payroll	2,983	2,983	5,966
Accrued interest	30,088	21,472	51,560
Due to other funds	-	409,374	409,374
Current portion of general obligation debt	443,593	265,000	708,593
Current portion of Racine Clean Water Fund Loans	976,694	-	976,694
Liabilities payable from restricted assets			
Current portion of revenue bonds	841,140	425,000	1,266,140
Accrued interest	71,503	46,463	117,966
Total current liabilities	<u>4,292,981</u>	<u>1,995,465</u>	<u>6,288,446</u>
Noncurrent liabilities:			
Long-term debt:			
General obligation	4,229,310	2,280,000	6,509,310
Revenue bonds	15,178,712	8,020,000	23,198,712
Racine Clean Water Fund Loans	1,998,644	-	1,998,644
Unamortized premium	294,080	191,451	485,531
Long-term portion of compensated absences	6,877	6,877	13,754
Net pension liability	93,965	93,965	187,930
Net OPEB liability - retiree medical insurance	166,336	166,336	332,672
Net OPEB liability - retiree life insurance	14,543	14,543	29,086
Total noncurrent liabilities	<u>21,982,467</u>	<u>10,773,172</u>	<u>32,755,639</u>
Total liabilities	<u>26,275,448</u>	<u>12,768,637</u>	<u>39,044,085</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Subsequent years tax levy	559,359	354,475	913,834
Deferred amounts related to special assessments	-	26,594	26,594
Deferred amounts related to pension	130,325	130,325	260,650
Deferred amounts related to OPEB retiree life insurance	3,830	3,830	7,660
Total deferred inflows of resources	<u>693,514</u>	<u>515,224</u>	<u>1,208,738</u>
<b>NET POSITION</b>			
Net investment in capital assets	50,994,763	31,466,674	82,461,437
Restricted	1,089,437	605,868	1,695,305
Unrestricted	8,540,714	282,642	8,823,356
<b>TOTAL NET POSITION</b>	<u>\$ 60,624,914</u>	<u>\$ 32,355,184</u>	<u>\$ 92,980,098</u>

The accompanying notes are an integral part of this statement.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position –**  
**Proprietary Funds**  
**Year Ended December 31, 2019**

	<b>Business-type Activities - Enterprise</b>		
	<b>Sewer Utility</b>	<b>Water Utility</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>			
Public charges for services	\$ 5,923,058	\$ 3,715,201	\$ 9,638,259
<b>OPERATING EXPENSES</b>			
Operation and maintenance	3,901,264	2,862,388	6,763,652
Depreciation	1,566,622	977,927	2,544,549
Amortization expense	805,985	16,475	822,460
Taxes	25,221	25,222	50,443
Total operating expenses	<u>6,299,092</u>	<u>3,882,012</u>	<u>10,181,104</u>
Operating income (loss)	<u>(376,034)</u>	<u>(166,811)</u>	<u>(542,845)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Property taxes levied	557,809	345,794	903,603
Interest income	184,334	67,890	252,224
Interest expense	(662,770)	(381,497)	(1,044,267)
Miscellaneous	182,578	110,554	293,132
Total nonoperating revenues (expenses)	<u>261,951</u>	<u>142,741</u>	<u>404,692</u>
Income (loss) before contributions and transfers	<u>(114,083)</u>	<u>(24,070)</u>	<u>(138,153)</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Impact fees	-	145,700	145,700
Special assessments	16,929	25,790	42,719
Contributed capital	8,136,409	3,536,181	11,672,590
Total capital contributions	<u>8,153,338</u>	<u>3,707,671</u>	<u>11,861,009</u>
<b>TRANSFERS</b>			
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	8,039,255	3,683,601	11,722,856
Net position - beginning of year	<u>52,585,659</u>	<u>28,671,583</u>	<u>81,257,242</u>
Net position - end of year	<u>\$ 60,624,914</u>	<u>\$ 32,355,184</u>	<u>\$ 92,980,098</u>

The accompanying notes are an integral part of this statement.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2019**

	<b>Business-type Activities - Enterprise</b>		
	<b>Sewer Utility</b>	<b>Water Utility</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 5,823,997	\$ 3,681,480	\$ 9,505,477
Paid to suppliers for goods and services	(2,664,685)	(2,486,925)	(5,151,610)
Paid to employees for services	(409,633)	(312,933)	(722,566)
Payments to other funds	(498,654)	94,750	(403,904)
Net cash provided by operating activities	<u>2,251,025</u>	<u>976,372</u>	<u>3,227,397</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Taxes	557,809	372,388	930,197
Miscellaneous	182,578	110,554	293,132
Transfers to other funds	-	-	-
Net cash provided by noncapital financing activities	<u>740,387</u>	<u>482,942</u>	<u>1,223,329</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(7,781,948)	(1,070,892)	(8,852,840)
Gain (loss) on disposal of capital assets	21,838	(16,512)	5,326
Debt issued	3,185,000	1,145,000	4,330,000
Premium from debt issuance	143,423	51,560	194,983
Debt retired	(2,085,449)	(630,000)	(2,715,449)
Interest and other fiscal charges paid	(662,609)	(364,873)	(1,027,482)
Impact fees	-	145,700	145,700
Special assessments received	33,541	61,424	94,965
Net cash used by capital and related financing activities	<u>(7,146,204)</u>	<u>(678,593)</u>	<u>(7,824,797)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>184,334</u>	<u>67,890</u>	<u>252,224</u>
Net decrease in cash and cash equivalents	(3,970,458)	848,611	(3,121,847)
Cash and cash equivalents - beginning of year	<u>12,202,381</u>	<u>900,047</u>	<u>13,102,428</u>
Cash and cash equivalents - end of year	<u>\$ 8,231,923</u>	<u>\$ 1,748,658</u>	<u>\$ 9,980,581</u>

The accompanying notes are an integral part of this statement.



**VILLAGE OF CALEDONIA, WISCONSIN**  
**Statement of Cash Flows - Proprietary Funds (Continued)**  
**Year Ended December 31, 2019**

	<b>Business-type Activities - Enterprise</b>		
	<b>Sewer Utility</b>	<b>Water Utility</b>	<b>Totals</b>
<b>RECONCILIATION OF OPERATING INCOME</b>			
<b>(LOSS) TO NET CASH PROVIDED BY</b>			
<b>OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (376,034)	\$ (166,811)	\$ (542,845)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,570,174	977,927	2,548,101
Amortization	804,421	-	804,421
Changes in assets and liabilities:			
Accounts receivable	(99,061)	(33,721)	(132,782)
Accounts payable	840,112	68,001	908,113
OPEB activity	(22,665)	3,494	(19,171)
Pension activity	44,002	44,002	88,004
Due from other funds	(498,654)	371,862	(126,792)
Advances from other funds	-	(277,112)	(277,112)
Accrued expenses	(11,270)	(11,270)	(22,540)
Net cash provided by operating activities	<u>\$ 2,251,025</u>	<u>\$ 976,372</u>	<u>\$ 3,227,397</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>			
Cash and investments	\$ 5,813,058	\$ -	\$ 5,813,058
Restricted cash and cash equivalents	<u>2,418,865</u>	<u>1,748,658</u>	<u>4,167,523</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 8,231,923</u>	<u>\$ 1,748,658</u>	<u>\$ 9,980,581</u>

**Noncash Items**

The Village reported \$11,672,590 in contributed capital that included \$1,152,415 in infrastructure assets donated by a developer and \$10,520,175 for the transfer of assets financed by Tax Increment District No. 4, which was then contributed to the Sewer Utility and Water Utility in the amount of \$8,136,409 and \$3,536,181, respectively.

The accompanying notes are an integral part of this statement.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Statement of Fiduciary Net Position - Fiduciary Fund**  
**December 31, 2019**

	<u><b>Tax Collection Agency Fund</b></u>
<b>ASSETS</b>	
Cash and investments	\$ 25,679,789
Taxes receivable	<u>21,539,853</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 47,219,642</u></u>
<b>LIABILITIES</b>	
Due to other taxing units	<u><u>\$ 47,219,642</u></u>

The accompanying notes are an integral part of this statement.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Village of Caledonia, Wisconsin (Village) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

**A. Reporting Entity**

This report includes all of the funds of the Village. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. This report does not contain any component units.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Government-Wide and Fund Financial Statements**

*Government-Wide Financial Statements*

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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. The Village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

*Fund Financial Statements*

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. 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, net position/fund balance, revenues, and expenditures or expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial 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 Village or meets the following criteria:

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

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Government-Wide and Fund Financial Statements** (continued)

*Fund Financial Statements* (continued)

The Village reports the following major governmental funds:

General Fund - accounts for the Village's primary operating activities. It is used to account for all financial resources except those accounted for in another fund.

Four Mile Capital Projects Fund - accounts for the construction activities associated with the bridge replacement on Four Mile Road.

Tax Increment District No. 4 – accounts for the economic development activities associated with the active tax increment districts of the Village.

Joint Health – accounts for the health services activities associated with the administration of the health grants and contributions from participating municipalities.

Capital Projects Fund – accounts for the Village's capital activities associated with the Village's general capital plan.

The Village reports the following major enterprise funds:

Sewer Utility - accounts for operations of the sewer system.

Water Utility - accounts for operations of the water system.

The Village reports the following nonmajor governmental funds:

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

Refuse	Joint Parks
Recycling	Equipment Replacement
Memorial Park Cemetery	Donations
Caledonia Storm Sewer District	Retiree Health Insurance
Parks and Recreation	Impact Fees
K9	

Debt Service Fund - used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

Tax Increment District No. 1  
Tax Increment District No. 3

Tax Increment District No. 5

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Government-Wide and Fund Financial Statements** (continued)

*Fund Financial Statements* (continued)

Agency funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Village reports a Tax Collection Agency Fund.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

*Government-Wide Financial Statements*

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water and sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

*Fund Financial Statements*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, pension expenditures, and other postemployment benefits, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(continued)

*Fund Financial Statements* (continued)

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are recorded as unearned revenues.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, certain public charges for services, and interest. Other general revenues such as fines and forfeitures, special assessments, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The Village reports deferred inflows on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the unearned revenue or deferred inflow is removed from the balance sheet and revenue is recognized.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The 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 Water and Sewer Utilities are charges to customers for sales and services and taxes levied specifically for public fire protection. Special assessments are recorded as receivables when levied and as contribution revenue when property owner connects to the system. Operating expenses for proprietary 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.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(continued)

All Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balances**

Deposits and Investments

For purposes of the statements of net position and cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of Village funds is restricted by Wisconsin state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, or trust company authorized to transact business in the state, 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, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority, and the Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- 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.

The Village has adopted an investment policy. That policy which identifies restrictions on allowable investments as noted below.

- Certificates of deposit must be collateralized by either U.S. government or agency securities with a maturity of under seven years or limited to \$500,000 per financial institution.



**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balances** (continued)

Deposits and Investments (continued)

- U.S. Treasury bonds or notes.
- The State of Wisconsin Local Government Investment Pool or the Wisconsin Investment Trust.
- Any investment pools, savings or similar accounts offered by banks located within the State of Wisconsin and such deposit must be collateralized by U.S. government backed securities or agency securities or limited to \$500,000 per financial institution.
- Direct investment in mortgage backed securities, commercial paper, commercial paper derivatives, bankers' acceptance and mutual funds are not permitted.
- No more than 50% of the Village's total investment portfolio will be invested in a single security type or with a single financial institution, unless fully collateralized.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. The Local Government Investment Pool (LGIP) is reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice.

Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund statement of fiduciary net position.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balances** (continued)

Receivables (continued)

Property tax calendar - 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax deed - 2019 delinquent real estate taxes	October 2022

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the Water and Sewer Utilities because they have the right by law to place delinquent bills on the tax roll.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental or business type activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets, if generated from earnings, is shown as restricted net position.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources,  
and Net Position or Fund Balances** (continued)

Capital Assets

*Government-Wide Statements*

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their acquisition at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	15 to 75 Years
Machinery and Equipment	4 to 20 Years
Utility System	7 to 100 Years
Infrastructure	40 to 70 Years

*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 way as in the government-wide statements.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balances** (continued)

Deferred Outflows of Resources

In the government-wide and proprietary fund type financial statements, deferred outflows include project costs incurred in connection with the Village's cost sharing arrangement with the City of Racine, Wisconsin for sewer plant expansion and upgrades. These costs have been recorded as a deferred outflow due to the benefit which will result from the inclusion of these costs in future rate structures. These costs are deferred and amortized over the term of the related debt issues.

Compensated Absences

Under terms of employment, employees are granted sick leave and vacation pay. Vacation earned is based on longevity of employment. Only benefits considered to be vested are disclosed in these statements.

All vested sick time and vacation pay is accrued by full and part time employees based upon if the employee falls under the guidance of the Village personnel policy or their designated union contract. All accrued time is reported in the government-wide and proprietary fund financial statements.

A liability will be reported in the governmental funds only if they have matured. Funds come to maturity in the event of resignation or retirement. These funds are payable with expendable resources and the benefit is then considered terminated.

Pensions

For purposes of measuring the Net Pension Liability (Asset), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by 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.

Other Postemployment Benefits

Other Postemployment Benefits (OPEB) Local Retiree Life Insurance – The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balances** (continued)

Other Postemployment Benefits (continued)

Other Postemployment Benefits (OPEB) Retiree Medical Insurance – The Village allows eligible retirees to retain access to medical insurance. Eligibility and benefit provisions are based on the Village’s employee benefit policies. Under the provisions of the plan a retiree may choose to self-pay the full amount of premiums to remain on the Village’s group medical plan through the State indefinitely, provided they continue to pay all required premiums.

Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, other postemployment benefits, pensions, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (adjusted for any premiums or discounts) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. Gains or losses on prior refunding’s are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year-end for both premiums and discounts are shown as an increase or decrease in the liability section of the statement of net position.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements 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 funds. The liability for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balances** (continued)

Net Position and Fund Balance Classifications

*Government-Wide Statements*

Net Position is classified in three components:

- a. The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability or deferred inflow relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or deferred inflows or if the liability will be liquidated with the restricted assets reported.
- c. The *unrestricted* component of net position is the amount of the assets and deferred outflows, net of the liabilities and deferred inflows that are not included in the determination of net investment in capital assets or the restricted components of net position.

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

*Fund Statements*

In the governmental fund financial statements, governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either:

- a. not in spendable form; or
- b. legally or contractually required to be maintained intact.

Restricted fund balance is reported when constraints placed on the use of resources are either:

- a. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. imposed by law through constitutional provisions or enabling legislation.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village Board.

Assigned fund balance is reported for amounts that are constrained by the Village management's intent to be used for specific purposes, but is neither restricted nor committed.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balances** (continued)

Net Position and Fund Balance Classifications (continued)

Unassigned fund balance is the residual classification for the General Fund and deficits in other funds.

When restricted, committed, assigned, and unassigned amounts are available for use, it is the government's policy to use restricted resources first, then committed, then assigned resources, then unassigned resources as they are needed.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1. C.

A budget has been adopted for the General, Special Revenue (except those noted in the following sentence), Debt Service and Capital Projects Fund (except those noted in the following sentence). Budgets have not been formally adopted for the Equipment Replacement Special Revenue Fund, Impact Fees Special Revenue Fund, and Donations Special Revenue Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds Board action. Appropriations lapse at year-end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the fund level of expenditure for all funds other than the General Fund, which is adopted at the function level of expenditure.

The Village exceeded budget in the following functional expenditure categories during the year ended December 31, 2019:

General Government	\$ 457,700
Health and Human Services	427
Economic Development	179,293

Overall Village expenses exceeded budget by \$109,719. The Village aligned functional expense allocations with State reporting after the budgetary functions had been set, leading to the individual functions noted above exceeding budgetary amounts, while other functions were below budget categories.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (continued)

**B. Deficit Balances**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end. As of December 31, 2019, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
<b>Nonmajor governmental funds</b>		
<b>Special Revenue</b>		
Joint Parks	\$ 110,562	Long-term deficit due to expenditures exceeding revenues
<b>Capital Projects</b>		
Tax Increment District No. 1	835,730	Long-term deficit due to expenditures exceeding revenues
Tax Increment District No. 3	<u>252,855</u>	Long-term deficit due to expenditures exceeding revenues
Total deficit fund balance	<u>\$ 1,199,147</u>	



**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 3 - DEPOSITS AND INVESTMENTS**

The Village's deposits and investments at year-end were comprised of the following:

	<u>Carrying Value</u>	<u>Financial Institution Balances</u>	<u>Risks</u>
Governmental and Fiduciary Activities			
Petty cash	\$ 1,050	\$ -	N/A
Deposits:			
Demand deposits	29,973,905	30,056,425	Custodial Credit Risk
Time and savings	<u>3,144,735</u>	<u>3,144,735</u>	Custodial Credit Risk
Total deposits	<u>33,118,640</u>	<u>33,201,160</u>	
Investments			
Local Government Investment Pool (LGIP)	10,772,241	10,772,241	Interest Rate Risk and Credit Risk
Certificates of Deposits	1,722,953	1,722,953	Interest Rate Risk, Credit Risk and Custodial Credit Risk
U.S. Treasury Securities	<u>1,397,758</u>	<u>1,397,758</u>	Interest Rate Risk, Custodial Credit Risk
Total investments	<u>13,892,952</u>	<u>13,892,952</u>	
Total deposits and investments	<u>\$ 47,012,642</u>	<u>\$ 47,094,112</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 17,165,330		
Restricted cash and investments	4,167,523		
Per statement of fiduciary net position - Agency Fund	<u>25,679,789</u>		
Total deposits and investments	<u>\$ 47,012,642</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for demand deposits and \$250,000 for time and savings deposits. Certificates of deposit held in the LGIP are covered by FDIC insurance, which applies to the proportionate public unit share of accounts.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution and the LGIP above the applicable insurance coverage provided by the FDIC. Although the fund had reserves available at December 31, 2019, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund is abolished. This coverage has been considered in computing custodial credit risk.

***Custodial Credit Risk***

Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village. As of December 31, 2019, \$5,946,961 of the Village's total bank balances of \$33,201,160 was uninsured and uncollateralized.

Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Village will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2019, none of the Village's investment balance of \$13,892,952 was exposed to custodial credit risk as uninsured and uncollateralized.

***Interest Rate Risk and Credit Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2019, the Village's investments were as follows:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Maturity (Months)</u>	<u>S&amp;P Rating</u>
Local Government Investment Pool (NAV)	\$ 10,772,241	0.60	Unrated
Certificates of Deposits	1,722,953	6.87	See Below
U.S. Treasury Securities	1,397,758	20.39	Not applicable
Total investments	<u>\$ 13,892,952</u>		

As of December 31, 2019, the certificates of deposits are rated as follows:

<u>Rating</u>	<u>Amount</u>
A+	\$ 330,005
A-	150,144
BBB	248,241
BBB-	244,364
BB+	151,559
Not rated	598,640
Total	<u>\$ 1,722,953</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

***Fair Value Measurements***

The Village uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The Village follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Village has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

*Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

*Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

The Village has the following recurring fair value measurements as of December 31, 2019:

- Certificates of Deposits of \$1,722,953 are valued using a matrix pricing model (Level 2 inputs).
- U.S. Treasury Securities of \$1,397,758 are valued using a matrix pricing model (Level 2 inputs).

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

**Restricted Cash**

The Village of Caledonia, Wisconsin has established the following restricted cash and investments based upon third-party agreements, which restrict the use of these funds to certain allowable activities and costs:

	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Totals</u>
Equipment replacement fund	\$ 509,862	\$ -	\$ 509,862
Revenue bond debt service fund	608,763	649,872	1,258,635
Unspent bond proceeds	<u>1,300,240</u>	<u>1,098,786</u>	<u>2,399,026</u>
<b>Total restricted assets - cash and investments</b>	<u>\$ 2,418,865</u>	<u>\$ 1,748,658</u>	<u>\$ 4,167,523</u>

**NOTE 4 - RECEIVABLES**

As of December 31, 2019, the Village has the following governmental activities/fund receivables outstanding:

	<u>General Fund</u>	<u>Four Mile Capital Projects Fund</u>	<u>Tax Increment District No. 4</u>	<u>Capital Projects</u>	<u>Joint Health</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Activities</u>
Taxes receivable:							
Property tax levy	\$ 9,876,048	\$ -	\$ 374,129	\$ 1,289,100	\$ 186,345	\$ 3,001,279	\$ 14,726,901
Other charges	52,251	-	-	-	-	2,517,835	2,570,086
Accounts receivable	397,060	4,880,964	-	-	133,018	4,009	5,415,051
Special assessments	14,253	-	1,161,872	-	-	454,846	1,630,971
Delinquent personal property taxes	<u>97,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,601</u>
Receivables, gross	10,437,213	4,880,964	1,536,001	1,289,100	319,363	5,977,969	24,440,610
Allowance for doubtful accounts	-	-	-	-	-	-	-
Receivables, net	<u>\$ 10,437,213</u>	<u>\$ 4,880,964</u>	<u>\$ 1,536,001</u>	<u>\$ 1,289,100</u>	<u>\$ 319,363</u>	<u>\$ 5,977,969</u>	<u>\$ 24,440,610</u>

As of December 31, 2019, the Village has not recorded any allowance related to receivables outstanding for the Sewer or Water Utility. All receivables are expected to be collected within one year.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 5 - DEFERRED INFLOWS OF RESOURCES**

Governmental funds report *deferred inflows* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred inflows* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Tax Levy</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 14,726,901	\$ 14,726,901
Special assessments	1,616,058	-	1,616,058
Receivable for construction	4,880,964	-	4,880,964
Other receivables	76,992	-	76,992
<b>Total deferred inflows of resources</b>	<u>\$ 6,574,014</u>	<u>\$ 14,726,901</u>	<u>\$ 21,300,915</u>

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$ 950,414	\$ 353,484	\$ -	\$ (73,000)	\$ 1,230,898
Intangible assets - land easements	-	-	-	73,000	73,000
Construction in progress	16,058,853	2,216,247	18,005,336	-	269,764
Total capital assets, not being depreciated	<u>17,009,267</u>	<u>2,569,731</u>	<u>18,005,336</u>	<u>-</u>	<u>1,573,662</u>
Capital assets being depreciated:					
Buildings	6,289,786	3,795,479	126,050	-	9,959,215
Machinery and equipment	11,789,408	609,552	-	-	12,398,960
Roads	98,311,080	1,214,761	-	-	99,525,841
Storm sewers	15,866,150	22,088	-	-	15,888,238
Bridges	1,340,939	-	-	-	1,340,939
Intangible assets	5,000,000	3,827,186	-	-	8,827,186
Total capital assets being depreciated	<u>138,597,363</u>	<u>9,469,066</u>	<u>126,050</u>	<u>-</u>	<u>147,940,379</u>
Accumulated depreciation:					
Buildings	1,672,926	289,469	109,195	-	1,853,200
Machinery and equipment	7,574,562	908,885	-	-	8,483,447
Roads	44,114,738	2,219,757	-	-	46,334,495
Storm sewers	7,535,839	418,724	-	-	7,954,563
Bridges	390,347	21,083	-	-	411,430
Intangible assets	437,500	220,680	-	-	658,180
Total accumulated depreciation	<u>61,725,912</u>	<u>4,078,598</u>	<u>109,195</u>	<u>-</u>	<u>65,695,315</u>
Net capital assets being depreciated	<u>76,871,451</u>	<u>5,390,468</u>	<u>16,855</u>	<u>-</u>	<u>82,245,064</u>
Total Governmental Activities capital assets, net of accumulated depreciation	<u>\$ 93,880,718</u>	<u>\$ 7,960,199</u>	<u>\$ 18,022,191</u>	<u>\$ -</u>	<u>\$ 83,818,726</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 6 - CAPITAL ASSETS (continued)**

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>		
General government		\$ 317,723
Public safety		415,496
Public works, which includes depreciation of infrastructure		3,251,197
Health and human services		27,698
Culture, education, and recreation		<u>66,484</u>
Total Governmental Activities		<u>\$ 4,078,598</u>

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 57,223	\$ -	\$ -	\$ 57,223
Construction in progress	<u>2,576,106</u>	<u>7,927,893</u>	<u>7,326,160</u>	<u>3,177,839</u>
Total capital assets not being depreciated	<u>2,633,329</u>	<u>7,927,893</u>	<u>7,326,160</u>	<u>3,235,062</u>
Capital assets being depreciated:				
Water treatment plant	789,800	-	-	789,800
Transmission and distribution plant	48,935,694	4,894,913	430,932	53,399,675
Water general plant	737,888	-	-	737,888
Collection system plant	74,863,021	14,217,972	-	89,080,993
Collection system pumping plant	1,336,367	-	-	1,336,367
Sewer general plant	<u>1,494,655</u>	<u>-</u>	<u>-</u>	<u>1,494,655</u>
Total capital assets being depreciated	<u>128,157,425</u>	<u>19,112,885</u>	<u>430,932</u>	<u>146,839,378</u>
Accumulated depreciation:				
Water treatment plant	433,695	33,329	-	467,024
Transmission and distribution plant	12,259,232	913,984	430,932	12,742,284
Water general plant	494,758	30,615	-	525,373
Collection system plant	17,833,293	1,526,014	-	19,359,307
Collection system pumping plant	1,038,731	25,391	-	1,064,122
Sewer general plant	<u>789,137</u>	<u>15,216</u>	<u>-</u>	<u>804,353</u>
Total accumulated depreciation	<u>32,848,846</u>	<u>2,544,549</u>	<u>430,932</u>	<u>34,962,463</u>
Net capital assets being depreciated	<u>95,308,579</u>	<u>16,568,336</u>	<u>-</u>	<u>111,876,915</u>
Total Business-type Activities capital assets, net of accumulated depreciation	<u>\$ 97,941,908</u>	<u>\$ 24,496,229</u>	<u>\$ 7,326,160</u>	<u>\$ 115,111,977</u>

Depreciation expense was charged to functions as follows:

<b>Business-Type Activities</b>		
Sewer		\$ 1,566,622
Water		<u>977,927</u>
Total Business-type Activities		<u>\$ 2,544,549</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 7 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

Due to/from

The following summarizes interfund receivables and payables including any overdrafts on pooled cash and investment accounts.

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	
	Refuse Fund	\$ 784,858
	Recycling Fund	390,572
	Joint Parks Fund	110,697
	Tax Incremental District No. 1	<u>1,139</u>
Total due to General Fund		<u>\$ 1,287,266</u>
Sewer Utility	Water Utility	<u>\$ 409,374</u>

All amounts are due within one year.

The principal purpose of these balances is the collection of amounts on the tax roll and the allocation of commingled cash and investment balances. In addition, certain balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, and payments between funds are made.

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

Advance to/from

The Village's Tax Increment District No. 4 has advanced \$834,591 to Tax Incremental District No. 1 to assist in funding expenditures of the District. Principal repayments of \$75,000 plus accrued interest on the outstanding balance incurred at a rate of 2.9 percent, will be transacted in 2020 – 2031 until the balance is paid in full.

The Village's Water Utility has advanced \$277,112 to Tax Incremental District No. 3 to assist in funding expenditures of the District. Principal repayments of \$35,000 plus accrued interest on the outstanding balance incurred at a rate of 2.5 percent, will be transacted in 2020 – 2029 until the balance is paid in full.

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 7 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (continued)**

Transfer in/out

The following is a schedule of interfund transfers:

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
Major governmental funds -	Nonmajor governmental funds -	
General Fund	Parks	\$ 18,000
Capital Projects	Debt Service Fund	24,605
Capital Projects	TID No. 5	144,000
Nonmajor governmental funds -	Major governmental Fund -	
Debt Service Fund	TID No. 4	750,000
Equipment Replacement	Capital Projects	70,043
Impact Fees	Capital Projects	129,484
Nonmajor governmental funds -	Nonmajor governmental funds -	
Donation	Parks	5,924
K9	Donation	2,151
	Total transfers	<u>\$ 1,144,207</u>

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

The Village reported \$10,520,175 on the statement of activities for the transfer of assets financed by Tax Increment District No. 4, which was then contributed to the Sewer Utility and Water Utility in the amount of \$7,805,210 and \$2,714,965, respectively. These assets were placed in-service and depreciation began in 2019.



**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 8 - LONG-TERM OBLIGATIONS**

As of December 31, 2019, the Village has noncurrent liabilities outstanding for governmental activities purposes of:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
General obligation debt:					
Bonds and notes payable	\$ 54,309,701	\$ 1,635,000	\$ 1,716,087	\$ 54,228,614	\$ 1,716,602
Debt premium (discount)	<u>1,275,162</u>	<u>18,832</u>	<u>89,953</u>	<u>1,204,041</u>	<u>-</u>
Total general obligation debt	<u>55,584,863</u>	<u>1,653,832</u>	<u>1,806,040</u>	<u>55,432,655</u>	<u>1,716,602</u>
Other Liabilities:					
Accumulated sick leave	185,123	243,771	272,110	156,784	-
Accumulated vacation	44,240	664,227	666,269	42,198	-
Accumulated compensatory time	<u>33,442</u>	<u>49,220</u>	<u>49,153</u>	<u>33,509</u>	<u>-</u>
Total other liabilities	<u>262,805</u>	<u>957,218</u>	<u>987,532</u>	<u>232,491</u>	<u>-</u>
Total Governmental Activities long-term liabilities	<u>\$ 55,847,668</u>	<u>\$ 2,611,050</u>	<u>\$ 2,793,572</u>	<u>\$ 55,665,146</u>	<u>\$ 1,716,602</u>

As of December 31, 2019, the Village has noncurrent liabilities outstanding for business-type activities purposes of:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Business-Type Activities</b>					
Long-term debt:					
General obligation debt	\$ 7,899,173	\$ -	\$ 681,270	\$ 7,217,903	\$ 708,593
Revenue bonds	<u>21,219,325</u>	<u>4,330,000</u>	<u>1,084,473</u>	<u>24,464,852</u>	<u>1,266,140</u>
Subtotal	29,118,498	4,330,000	1,765,743	31,682,755	1,974,733
Bond premium (discount)	<u>305,459</u>	<u>194,983</u>	<u>14,911</u>	<u>485,531</u>	<u>-</u>
Total long-term debt	<u>29,423,957</u>	<u>4,524,983</u>	<u>1,780,654</u>	<u>32,168,286</u>	<u>1,974,733</u>
Other liabilities:					
Racine Clean Water Fund Loans	3,925,044	-	949,706	2,975,338	976,694
Compensated Absence	<u>13,755</u>	<u>44,589</u>	<u>44,590</u>	<u>13,754</u>	<u>-</u>
Total other liabilities	<u>3,938,799</u>	<u>44,589</u>	<u>994,296</u>	<u>2,989,092</u>	<u>976,694</u>
Total Business-type Activities long-term liabilities	<u>\$ 33,362,756</u>	<u>\$ 4,569,572</u>	<u>\$ 2,774,950</u>	<u>\$ 35,157,378</u>	<u>\$ 2,951,427</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2019, was \$115,806,780. Total general obligation debt outstanding at year-end was \$61,446,517.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 8 - LONG-TERM OBLIGATIONS (continued)**

**General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the Village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

As of December 31, 2019, the Village has general obligation debt outstanding for governmental activities purposes of:

<u>Governmental Activities General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2019</u>
General debt service:					
Promissory notes	8/12/2010	4/1/2020	2.00 - 3.00%	\$ 700,000	\$ 85,000
Promissory notes	6/28/2011	4/1/2021	0.80 - 2.60%	2,125,000	265,000
Taxable general obligation bonds	10/11/2011	4/1/2024	1.00 - 3.40%	4,175,000	1,700,000
General obligation bonds	10/11/2011	4/1/2030	3.00 - 3.20%	3,600,000	3,600,000
Promissory notes	7/12/2012	5/1/2022	0.50 - 2.15%	2,235,000	460,000
Promissory notes	10/2/2013	4/1/2023	2.00-3.00%	3,020,000	1,520,000
General obligation water bonds	10/2/2013	4/1/2033	2.90-4.00%	1,180,000	1,180,000
General obligation water bonds	4/3/2014	4/1/2030	0.75-3.30%	1,735,000	1,375,000
General obligation bonds	12/4/2014	4/1/2034	2.00-3.25%	8,250,000	8,250,000
State trust fund loan	3/17/2015	3/15/2024	3.25%	150,000	88,614
General obligation bonds	12/3/2015	4/1/2035	3.00-4.00%	9,375,000	9,375,000
General obligation bonds	7/14/2016	4/1/2036	2.00-3.00%	3,820,000	3,820,000
Promissory notes	7/14/2016	4/1/2026	1.80-2.25%	4,490,000	3,320,000
Taxable general obligation bonds	10/18/2017	4/1/2037	2.80 - 3.50%	3,400,000	3,400,000
General obligation bonds	10/18/2017	4/1/2037	3.00 - 3.10%	2,165,000	2,165,000
General obligation bonds	11/15/2018	4/1/2038	3.00 - 4.00%	11,990,000	11,990,000
Promissory notes	11/6/2019	4/1/2029	2.00%	1,635,000	<u>1,635,000</u>
Total Governmental Activities - general obligation debt					<u>\$ 54,228,614</u>

The governmental activities general obligation outstanding as of December 31, 2019 matures as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,716,602	\$ 1,637,707	\$ 3,354,309
2021	2,107,149	1,596,338	3,703,487
2022	2,237,707	1,543,103	3,780,810
2023	2,613,282	1,478,770	4,092,052
2024	2,708,874	1,405,021	4,113,895
2025-2029	17,920,000	5,573,322	23,493,322
2030-2034	17,750,000	2,719,082	20,469,082
2035-2038	<u>7,175,000</u>	<u>412,249</u>	<u>7,587,249</u>
Total	<u>\$ 54,228,614</u>	<u>\$ 16,365,592</u>	<u>\$ 70,594,206</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 8 - LONG-TERM OBLIGATIONS (continued)**

***General Obligation Debt (continued)***

As of December 31, 2019, the Village has general obligation debt outstanding for business-type activities purposes of:

<u>Business-type Activities General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2019</u>
Water Utility:					
Refunding bonds	8/12/2010	4/1/2029	2.00 - 4.00%	\$ 4,285,000	\$ 2,285,000
Promissory notes	7/12/2012	5/1/2022	0.50 - 2.15%	1,075,000	<u>260,000</u>
Water subtotal					<u>2,545,000</u>
Sewer Utility:					
Clean Water Fund Loan	11/14/2001	5/1/2021	2.75%	238,392	30,066
Clean Water Fund Loan	2/26/2003	5/1/2022	2.75%	4,172,703	797,837
General obligation bonds	7/12/2012	5/1/2032	2.00 - 3.00%	4,230,000	<u>3,845,000</u>
Sewer subtotal					<u>4,672,903</u>
Business-type activities subtotal					<u>\$ 7,217,903</u>

The business-type activities general obligation outstanding as of December 31, 2019 matures as follows:

<u>Year Ending December 31,</u>	<u>Business-Type Activities General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 708,593	\$ 205,240	\$ 913,833
2021	731,117	187,077	918,194
2022	733,193	167,422	900,615
2023	675,000	147,908	822,908
2024	505,000	131,078	636,078
2025-2029	2,835,000	396,768	3,231,768
2030-2032	<u>1,030,000</u>	<u>46,633</u>	<u>1,076,633</u>
Total	<u>\$ 7,217,903</u>	<u>\$ 1,282,126</u>	<u>\$ 8,500,029</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 8 - LONG-TERM OBLIGATIONS (continued)**

**Revenue Debt**

As of December 31, 2019, the Village has revenue debt outstanding for business-type activities purposes of:

<b>Business-type Activities Revenue Debt</b>	<b>Date of Issue</b>	<b>Final Maturity</b>	<b>Interest Rates</b>	<b>Original Indebtedness</b>	<b>Balance 12/31/2019</b>
Water Utility:					
Water and Sewer System revenue bonds	10/2/2013	5/1/2030	3.00 - 4.38%	\$ 5,515,000	\$ 4,660,000
Water and Sewer System revenue bonds	7/21/2016	5/1/2036	2.00 - 3.00%	450,000	390,000
Water and Sewer System revenue bonds	10/18/2017	5/1/2037	3.00 - 3.25%	2,445,000	2,250,000
Water and Sewer System revenue bonds	11/6/2019	5/1/2039	2.00 - 4.00%	1,145,000	1,145,000
Water subtotal					8,445,000
Sewer Utility:					
Clean Water Fund Loan	11/14/2012	5/1/2032	2.63%	9,683,189	6,959,852
Water and Sewer System revenue bonds	7/21/2016	5/1/2036	2.00 - 3.00%	1,910,000	1,675,000
Water and Sewer System revenue bonds	10/18/2017	5/1/2037	3.00 - 3.25%	4,555,000	4,200,000
Water and Sewer System revenue bonds	11/6/2019	5/1/2039	2.00 - 4.00%	3,185,000	3,185,000
Sewer subtotal					16,019,852
Business-type activities subtotal					\$ 24,464,852

The business-type activities revenue debt outstanding as of December 31, 2019 matures as follows:

<b>Year Ending December 31,</b>	<b>Business-Type Activities - Revenue Bond Debt</b>					
	<b>Sewer Utility</b>			<b>Water Utility</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 841,140	\$ 429,054	\$ 1,270,194	\$ 425,000	\$ 278,776	\$ 703,776
2021	858,114	411,679	1,269,793	435,000	268,096	703,096
2022	875,402	387,130	1,262,532	450,000	254,596	704,596
2023	898,013	361,979	1,259,992	460,000	240,551	700,551
2024	925,954	336,093	1,262,047	470,000	225,756	695,756
2025-2029	5,036,101	1,263,549	6,299,650	2,620,000	868,692	3,488,692
2030-2034	4,485,128	555,053	5,040,181	2,705,000	348,357	3,053,357
2035-2039	2,100,000	113,487	2,213,487	880,000	47,732	927,732
Total	\$ 16,019,852	\$ 3,858,024	\$ 19,877,876	\$ 8,445,000	\$ 2,532,556	\$ 10,977,556

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 8 - LONG-TERM OBLIGATIONS** (continued)

***Racine Clean Water Fund Loans***

Racine Clean Water Fund Loans are payable from revenues derived from the operation of the Sewer Utility. Racine Clean Water Fund Loans at December 31, 2019 consist of the following:

<b>Business-type Activities</b>						
<b>Racine Clean Water Fund Loans</b>	<b>Date of Issue</b>	<b>Final Maturity</b>	<b>Interest Rates</b>	<b>Original Indebtedness</b>	<b>Balance 12/31/2019</b>	
Clean Water Fund Loans	4/10/2002	5/1/2021	2.75%	\$ 557,254	\$	73,532
Clean Water Fund Loans	7/24/2002	5/1/2022	2.86%	3,153,607		618,659
Clean Water Fund Loans	11/27/2002	5/1/2022	2.867%	10,785,114		2,206,626
Racine Advance	8/25/2008	5/1/2022	5.00%	399,300		<u>76,521</u>
Total Business-type Activities Racine Clean Water Fund Loans						<u>\$ 2,975,338</u>

Debt service requirements to maturity are as follows:

<b>Year Ending December 31,</b>	<b>Business-type Activities Racine Clean Water Fund Loans</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 976,694	\$ 72,570	\$ 1,049,264
2021	1,004,442	43,676	1,048,118
2022	<u>994,202</u>	<u>14,513</u>	<u>1,008,715</u>
Total	<u>\$ 2,975,338</u>	<u>\$ 130,759</u>	<u>\$ 3,106,097</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 8 - LONG-TERM OBLIGATIONS** (continued)

***Other Debt Information***

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The Village believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 9 - WISCONSIN RETIREMENT SYSTEM**

**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 Village of Caledonia 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 Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

**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 12/31/2016) 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.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 9 - WISCONSIN RETIREMENT SYSTEM** (continued)

**General Information about the Pension Plan** (continued)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6%	0.0%
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

**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 \$897,919 in contributions from the employer.

Contribution rates as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.55%	6.55%
Executives and Elected Officials	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%



**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)**

**Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2019, the Village reported a liability of \$2,936,113 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2018, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the Net Pension Liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Village's proportion was 0.08252873%, which was an increase of 0.00461062% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Village recognized pension expense of \$1,992,031.

At December 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,286,787	\$ (4,042,218)
Changes in assumptions	494,921	-
Net differences between projected and actual earnings on pension plan investments	4,287,991	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,953	(30,028)
Employer contributions subsequent to the measurement date	<u>897,919</u>	<u>-</u>
Total	<u>\$ 7,980,571</u>	<u>\$ (4,072,246)</u>

The \$897,919 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Net Amortization of Deferred Outflows and Deferred Inflows of Resources</u>
2020	\$ 1,098,043
2021	268,413
2022	473,487
2023	1,170,463
2024	-

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 9 - WISCONSIN RETIREMENT SYSTEM** (continued)

**Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (continued)

**Actuarial assumptions.** The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases	
Inflation:	3.0%
Seniority\Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. 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, postretirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 9 - WISCONSIN RETIREMENT SYSTEM** (continued)

**Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (continued)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49.00%	8.10%	5.50%
Fixed Income	24.50%	4.00%	1.50%
Inflation Sensitive Assets	15.50%	3.80%	1.30%
Real Estate	9.00%	6.50%	3.90%
Private Equity/Debt	8.00%	9.40%	6.70%
Multi-Asset	<u>4.00%</u>	<u>6.70%</u>	<u>4.10%</u>
Total Core Fund	<u>110.00%</u>	<u>7.30%</u>	<u>4.70%</u>
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.00%	7.60%	5.00%
International Equities	<u>30.00%</u>	<u>8.50%</u>	<u>5.90%</u>
Total Variable Fund	<u>100.00%</u>	<u>8.00%</u>	<u>5.40%</u>

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%  
 Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**Single discount rate.** A single discount rate of 7.00% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 9 - WISCONSIN RETIREMENT SYSTEM** (continued)

**Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (continued)

***Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate.*** The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension liability (asset)	\$ 11,668,422	\$ 2,936,113	\$ (3,557,035)

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

**Payables to the Plan**

Payables to the WRS as of December 31, 2019 are \$200,887 for the employer and employee portion of the December 2019 required contributions.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE MEDICAL INSURANCE**

***General Information about the OPEB Plan***

*Plan description.* The Village’s defined OPEB plan, Retiree Medical Insurance Benefits, provides OPEB for all permanent full-time general and public safety employees of the Village. The Retiree Medical Insurance Benefits is a single-employer defined benefit OPEB plan administered by the Village. The State of Wisconsin Administrative Code grants the authority to establish and amend the benefit terms and financing requirements to the Village Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits provided.* The Village has adopted a plan that provides postemployment benefit for retirees and their dependents. Retirees are eligible to continue to receive coverage under the employer-provided group medical plan. Eligible retirees may remain in the Village health insurance plan by paying 50% to 100% of the premium. Retirees may also use a portion of the value of unused sick leave to pay the retiree’s share of health insurance costs after retirement.

*Employees covered by benefit terms.* At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	24
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>90</u>
	<u><u>114</u></u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE MEDICAL INSURANCE** (continued)

***Total OPEB Liability***

The Village’s total OPEB liability of \$5,456,434 was measured as of December 31, 2019, and was determined by an actuarial valuation as January 1, 2019.

*Actuarial assumptions and other inputs.* The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	January 1, 2019
Measurement date	December 31, 2019
Inflation	2.75%
Discount rate	2.75%
Healthcare cost trend	0.0 – 7.0%
Salary increases including inflation	WRS; see actuarial assumptions for details
Mortality	WRS; see actuarial assumptions for details
Actuarial cost method	Entry Age Normal – Level % of Pay

The discount assumption is based on the current yield for a 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the following criteria:

**Pre-retirement:** This assumption applies to death while in service. Rates are based on a blend of the Death-In-Service and Retired Lives mortality rates from the Wisconsin Retirement System 2015 – 2017 Experience Study with the MP-2018 generational improvement scale (multiplied by 50%), as adopted by the Board in connection with the 2015-2017 Experience Study performed by the actuary for the Wisconsin Retirement System.

**Postretirement:** This assumption applies to death of participants after retirement. Rates are based on a blend of the Death-In-Service and Retired Lives mortality rates from the Wisconsin Retirement System 2015 – 2017 Experience Study with the MP-2018 generational improvement scale (multiplied by 50%), as adopted by the Board in connection with the 2015-2017 Experience Study performed by the actuary for the Wisconsin Retirement System.

**Post-Disability:** This assumption applies to death after disablement. Rates are based on a blend of the Death-In-Service and Retired Lives mortality rates from the Wisconsin Retirement System 2015 – 2017 Experience Study.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period 2015 – 2017 for the Wisconsin Retirement System (WRS).

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE MEDICAL INSURANCE** (continued)

***Changes in the Total OPEB Liability***

	<b>Total OPEB Liability</b>
Balance at January 1, 2019	\$ 5,255,320
Changes for the year:	
Service Cost	212,649
Interest on total OPEB liability	152,248
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumption changes or inputs	43,341
Differences between expected and actual	24,998
Benefit payments	(232,122)
Net change in total OPEB liability	201,114
Balance at December 31, 2019	\$ 5,456,434

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2018 to 2.75 percent in 2019.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75 percent) or 1-percentage-point higher (3.75 percent) than the current discount rate:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>1.75%</b>	<b>2.75%</b>	<b>3.75%</b>
Total OPEB Liability	\$ 5,942,789	\$ 5,456,434	\$ 5,010,059

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 4,954,785	\$ 5,456,434	\$ 6,037,928

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE MEDICAL INSURANCE** (continued)

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended December 31, 2019, the Village recognized OPEB expense of \$370,593. At December 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Projected and Actual Experiences	\$ 22,916	\$ -
Changes of Actuarial Assumptions	39,729	-
Net Differences Between Projected and Actual Investment	-	-
Earnings on OPEB Plan Investment	-	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	-	-
Employer Contributions Subsequent to the Measurement Date	-	-
Total	\$ 62,645	\$ -

At December 31, 2019, the Village reported deferred outflows and inflows of resources that will be realized as follows:

Year Ended December 31,	Deferred Outflows and Inflows of Resources
2020	\$ 5,696
2021	5,695
2022	5,695
2023	5,695
2024	5,695
Thereafter	34,169



**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE LIFE INSURANCE**

**General Information about the Other Postemployment Benefits**

Plan description – The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

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

Benefits provided – The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions – The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member’s working lifetime funds a postretirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2019 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE LIFE INSURANCE**  
(continued)

**General Information about the Other Postemployment Benefits** (continued)

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are as listed below:

<b>Life Insurance</b>			
<b>Employee Contribution Rates*</b>			
<b>For the year ended December 31, 2018</b>			
<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>	
Under 30	\$ 0.05	\$	0.05
30-34	0.06		0.06
35-39	0.07		0.07
40-44	0.08		0.08
45-49	0.12		0.12
50-54	0.22		0.22
55-59	0.39		0.39
60-64	0.49		0.49
65-69	0.57		0.57

\* Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized \$3,401 in contributions from the employer.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs**

At December 31, 2019, the Village reported a liability of \$447,025 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the Village's proportion was 0.173242%, which was an increase of 0.003114% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Village recognized OPEB expense of \$48,362.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE LIFE INSURANCE**  
(continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs** (continued)

At December 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Projected and Actual Experiences	\$ -	\$ 22,677
Changes of Actuarial Assumptions	42,653	96,897
Net Differences Between Projected and Actual Investment		
Earnings on OPEB Plan Investment	10,683	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	22,590	-
Employer Contributions Subsequent to the Measurement Date	3,401	-
Total	\$ 79,327	\$ 119,574

\$3,401 reported as deferred outflows related to OPEB resulting from the Village’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Deferred Outflows and Inflows of Resources
2020	\$ (4,845)
2021	(4,845)
2022	(4,845)
2023	(6,346)
2024	(7,891)
Thereafter	(14,876)

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE LIFE INSURANCE**  
(continued)

**Actuarial Assumptions**

The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net Pension Liability:	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases:	
Inflation:	3.0%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The Total OPEB Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE LIFE INSURANCE**  
(continued)

**Actuarial Assumptions** (continued)

Long-term expected Return on Plan Assets – The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers’ general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

**Local OPEB Life Insurance**  
**Asset Allocation Targets and Expected Returns**  
**As of December, 2018**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Government Bonds	Barclays Government	1%	1.44%
U.S. Credit Bonds	Barclays Credit	40%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	4%	3.01%
U.S. Mortgages	Barclays MBS	54%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE LIFE INSURANCE**  
(continued)

**Sensitivity of the Village’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

Single Discount rate – A single discount rate of 4.22% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

Sensitivity of the Village’s proportionate share of the net OPEB liability to changes in the discount rate – The following presents the Village’s proportionate share of the Net OPEB Liability (Asset) calculated using the discount rate of 4.22 percent, as well as what the Village’s proportionate share of the Net OPEB Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
Village's Proportionate Share of the Net OPEB Liability (Asset)	\$ 635,920	\$ 447,025	\$ 301,332

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

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 12 - NET POSITION**

Net position reported on the government wide statement of net position at December 31, 2019 includes the following:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net investment in capital assets:			
Land	\$ 1,230,898	\$ 57,223	\$ 1,288,121
Intangible assets - land easements	73,000	-	73,000
Construction in progress	269,764	3,177,839	3,447,603
Other capital assets, net of accumulated depreciation	<u>82,245,064</u>	<u>111,876,915</u>	<u>194,121,979</u>
	83,818,726	115,111,977	198,930,703
Less: related long-term debt outstanding	(55,432,655)	(35,143,624)	(90,576,279)
Add: Loss on refunding	12,229	94,058	106,287
Add: Unspent bond proceeds	<u>1,309,981</u>	<u>2,399,026</u>	<u>3,709,007</u>
Total net investment in capital assets	<u>29,708,281</u>	<u>82,461,437</u>	<u>112,169,718</u>
Restricted:			
Debt service	-	1,185,443	1,185,443
Donations	149,714	-	149,714
Impact fees	270,473	-	270,473
Development	1,877,601	-	1,877,601
Equipment replacement	<u>-</u>	<u>509,862</u>	<u>509,862</u>
Total restricted	<u>2,297,788</u>	<u>1,695,305</u>	<u>3,993,093</u>
Unrestricted	<u>8,498,390</u>	<u>8,823,356</u>	<u>17,321,746</u>
Total Governmental Activities net position	<u>\$ 40,504,459</u>	<u>\$ 92,980,098</u>	<u>\$ 133,484,557</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 13 - FUND BALANCE**

***Governmental Funds***

Governmental fund balances reported on the fund financial statements at December 31, 2019, include the following:

	General Fund	Four Mile Capital Projects Fund	Tax Increment District No. 4	Capital Projects	Joint Health	Nonmajor Governmental Funds	Total
Nonspendable:							
Prepaid items	\$ 13,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,899
Total nonspendable	<u>13,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,899</u>
Restricted:							
Tax increment districts	-	-	1,074,242	-	-	202,128	1,276,370
Donations	-	-	-	-	-	149,714	149,714
Impact fees	-	-	-	-	-	270,473	270,473
Debt service	-	-	-	-	-	31,876	31,876
Total restricted	<u>-</u>	<u>-</u>	<u>1,074,242</u>	<u>-</u>	<u>-</u>	<u>654,191</u>	<u>1,728,433</u>
Committed:							
Refuse	-	-	-	-	-	75,957	75,957
Recycling	-	-	-	-	-	118,454	118,454
Storm sewer	-	-	-	-	-	4,151,921	4,151,921
Cemetery	-	-	-	-	-	2,781	2,781
Capital projects	-	-	-	880,398	-	-	880,398
Parks and recreation	-	-	-	-	-	54,560	54,560
HRA\FSA	175,984	-	-	-	-	-	175,984
Total committed	<u>175,984</u>	<u>-</u>	<u>-</u>	<u>880,398</u>	<u>-</u>	<u>4,403,673</u>	<u>5,460,055</u>
Assigned	-	245,305	-	-	603,005	-	848,310
Unassigned	<u>3,940,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,199,147)</u>	<u>2,741,533</u>
Total fund balance	<u>\$ 4,130,563</u>	<u>\$ 245,305</u>	<u>\$ 1,074,242</u>	<u>\$ 880,398</u>	<u>\$ 603,005</u>	<u>\$ 3,858,717</u>	<u>\$ 10,792,230</u>



**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 14 - RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

The Village has purchased commercial insurance for health insurance claims. The deductibles for a single plan, employee plus spouse plan, and family plan are \$1,000, \$2,000, and \$3,000, respectively, for a policy year. The Village reimburses employees for actual amounts of deductibles incurred. All funds of the Village participate in the risk management program.. Effective December 31, 2012, this plan has been discontinued. Employees may continue to submit claims for deductibles incurred until all of the related fund balance has been depleted.

**NOTE 15 - COMMITMENTS AND CONTINGENCIES**

From time-to-time, the Village becomes party to claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position.

The Village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

In addition, the Village has entered into an agreement with a developer that may result in future abatement of taxes. The agreement calls for tax rebates if certain future conditions are met, including (a) the level of the developer's investment in improving the subject property and (b) generating increment over and above that needed to cover the Village's debt service for the project. The rebate provisions are subject to a future amendment of the agreement to finalize the amount potentially payable.

On February 17, 2018, the Village entered into a Memorandum of Understanding (MOU) with Racine County and the Village of Mount Pleasant regarding future water and sewer utility infrastructure. The Memorandum provides for an amendment of the 2014 Mount Pleasant Interceptor Agreement whereby the Mount Pleasant shall undertake and fund and the Village shall be allowed to connect to a major sewer capacity project, which project is termed the 2018 Major Capacity Project. The Village's pro rata share of the 2018 Major Capacity Project is estimated to be approximately \$26,600,000, to be paid to the Village of Mount Pleasant over the same period and at the same interest cost that the Village of Mount Pleasant finances its own pro rata share of the project. Other terms of the Memorandum include among other things the Village paying \$4,000,000 to the Village of Mount Pleasant as satisfaction of currently unpaid amounts under the 2014 Agreement, as well as the Village being held harmless by the Racine County and the Village of Mount Pleasant from any costs otherwise payable to the City of Racine for certain regional water improvements for future growth. The Memorandum may be terminated in writing by the Village, Racine County or the Village of Mount Pleasant if certain

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 15 - COMMITMENTS AND CONTINGENCIES** (continued)

contingencies are not met prior to June 30, 2018, otherwise the terms of the MOU shall remain in effect. Those contingencies were met in 2018 and the Village paid \$4,000,000 to the Village of Mount Pleasant in 2018.

The Village entered into an additional commitment, namely a Purchase and Sale Agreement for \$1,415,000, dated September 17, 2019 with the Racine Unified School District (“RUSD”), summarized as follows. The Village agrees to purchase a property from RUSD within the Village’s Tax Incremental District (“TID”) No. 5 for redevelopment purposes, payable in a lump sum of \$35,000 paid on September 17, 2019 together with a general obligation note to be issued by the Village to RUSD upon closing. The closing is contingent on a determination by the Village that it has an acceptable development agreement to redevelop the property. If the closing does not occur prior to May 31, 2020, the Purchase and Sale Agreement is to become null and void and the \$35,000 returned by RUSD to the Village. Subsequent to December 31, 2019 The Village and RUSD agreed to extend the closing date requirement from May 31, 2020 to July 31, 2020. The Village expects that it will recover the costs associated with the Purchase and Sale Agreement, together with other costs associated with redeveloping the subject property, from tax increments generated by redevelopment occurring within TID 5.

**NOTE 17 – SUBSEQUENT EVENTS**

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Village, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness, impacts on personnel costs, and cash flow. Management believes the Village is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance – Budget and Actual – General Fund**  
**Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 9,587,215	\$ 9,587,215	9,594,174	\$ 6,959
Intergovernmental	2,511,069	2,511,069	2,191,789	(319,280)
Licenses and permits	1,034,392	1,034,392	879,327	(155,065)
Fines, forfeitures, and penalties	543,000	543,000	477,970	(65,030)
Public charges for services	720,705	720,705	704,351	(16,354)
Intergovernmental charges for services	199,000	199,000	463,771	264,771
Investment and interest income	72,500	72,500	80,129	7,629
Miscellaneous	222,600	222,600	137,043	(85,557)
Total revenues	<u>14,890,481</u>	<u>14,890,481</u>	<u>14,528,554</u>	<u>(361,927)</u>
<b>EXPENDITURES</b>				
General government	2,796,845	2,796,845	3,254,545	(457,700)
Public safety	9,568,140	9,568,140	9,136,854	431,286
Public works	2,512,513	2,512,513	2,416,098	96,415
Health and human services	12,983	12,983	13,410	(427)
Economic development	-	-	179,293	(179,293)
Total expenditures	<u>14,890,481</u>	<u>14,890,481</u>	<u>15,000,200</u>	<u>(109,719)</u>
Excess (deficiency) of revenues over expenditures	-	-	(471,646)	(471,646)
<b>Other financing sources (uses)</b>				
Transfer out	-	-	(18,000)	(18,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(18,000)</u>	<u>(18,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(489,646)	<u>\$ (489,646)</u>
Fund balance - beginning of year			<u>4,620,209</u>	
Fund balance - end of year			<u>\$ 4,130,563</u>	

See the accompanying notes to the required supplementary information.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance – Budget and Actual – Joint Health**  
**Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES</b>				
Taxes	\$ 181,223	\$ 181,223	\$ 181,223	\$ -
Intergovernmental	1,826,030	1,826,030	1,833,292	7,262
Licenses and permits	261,500	261,500	330,002	68,502
Public charges for services	36,665	36,665	20,874	(15,791)
Intergovernmental charges for services	643,968	643,968	675,278	31,310
Miscellaneous	15,614	15,614	13,734	(1,880)
Total revenues	<u>2,965,000</u>	<u>2,965,000</u>	<u>3,054,403</u>	<u>89,403</u>
<b>EXPENDITURES</b>				
Health and human services	<u>2,995,000</u>	<u>2,995,000</u>	<u>3,037,433</u>	<u>(42,433)</u>
Total expenditures	<u>2,995,000</u>	<u>2,995,000</u>	<u>3,037,433</u>	<u>(42,433)</u>
Excess (deficiency) of revenues over expenditures	(30,000)	(30,000)	16,970	46,970
<b>Other financing sources (uses)</b>				
Transfer in	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Total other financing sources (uses)	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	16,970	<u>\$ 16,970</u>
Fund balance - beginning of year			<u>586,035</u>	
Fund balance - end of year			<u>\$ 603,005</u>	

See the accompanying notes to the required supplementary information.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Schedule of the Village's Proportionate Share of the Net Pension Liability (Asset)**  
**Wisconsin Retirement System**  
**December 31, 2019**

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Village's proportion of the net pension liability (asset)	0.08252873%	0.07791811%	0.07371348%	0.07284176%	0.07383797%
Village's proportionate share of the net pension liability (asset)	\$ 2,936,113	\$ (2,313,481)	\$ 607,575	\$ 1,183,664	\$ (1,813,663)
Village's covered payroll	\$ 10,049,826	\$ 9,547,134	\$ 8,768,144	\$ 8,412,395	\$ 8,007,763
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.45%	102.93%	99.12%	98.20%	102.74%

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Schedule of the Village's Contributions**  
**Wisconsin Retirement System**  
**December 31, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 897,919	\$ 893,468	\$ 856,044	\$ 721,363	\$ 705,586
Contributions in relation to the contractually required contributions	\$ 897,919	\$ 893,468	\$ 856,044	\$ 721,363	\$ 705,586
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 10,302,301	\$ 10,049,826	\$ 9,547,134	\$ 8,768,144	\$ 8,412,395
Contributions as a percentage of covered payroll	8.72%	8.89%	8.97%	8.23%	8.39%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported with the current GASB standards, they should not be reported.

See the accompanying notes to the required supplementary information.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Schedule of Changes in the Village's**  
**Total OPEB Liability and Related Ratios**  
**Last 10 Fiscal Year\***  
**December 31, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service cost	\$ 212,649	\$ 200,873	\$ 203,523
Interest on total OPEB liability	152,248	182,029	173,406
Changes in benefit terms	-	-	-
Effect of economic/demographic gains (losses)	-	-	-
Effect of assumption changes or inputs	43,341	-	-
Differences between expected and actual	24,998	-	-
Benefit payments	<u>(232,122)</u>	<u>(127,548)</u>	<u>(127,891)</u>
Net change in total OPEB liability	201,114	255,354	249,038
Total OPEB liability, beginning	<u>5,255,320</u>	<u>4,999,966</u>	<u>4,750,928</u>
Total OPEB liability, ending	<u><u>\$ 5,456,434</u></u>	<u><u>\$ 5,255,320</u></u>	<u><u>\$ 4,999,966</u></u>
Covered payroll	<u><u>\$ 10,743,844</u></u>	<u><u>\$ 9,551,630</u></u>	<u><u>\$ 9,364,343</u></u>
Total OPEB as a % of covered payroll	<u><u>51%</u></u>	<u><u>55%</u></u>	<u><u>53%</u></u>

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

See the accompanying notes to the required supplementary information.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Schedule of the Village's Proportionate Share of the Net OPEB Liability (Asset)**  
**Local Retiree Life Insurance Fund**  
**December 31, 2019**

	<b>12/31/2018</b>	<b>12/31/2017</b>
Village's proportion of the net OPEB liability (asset)	0.17324200%	0.17012800%
Village's proportionate share of the net OPEB liability (asset)	\$ 447,025	\$ 511,845
Village's covered employee payroll	\$ 9,900,000	\$ 7,154,369
Plan fiduciary net position as a percentage of the total pension liability (asset)	48.69%	44.81%

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Schedule of the Village's Contributions**  
**Local Retiree Life Insurance Fund**  
**December 31, 2019**

	<b>2019</b>	<b>2018</b>
Contractually required contributions	\$ 3,403	\$ 3,337
Contributions in relation to the contractually required contributions	\$ 3,403	\$ 3,337
Contribution deficiency (excess)	\$ -	\$ -
Village's covered employee payroll	\$ 9,968,000	\$ 9,900,000
Contributions as a percentage of covered employee payroll	0.03%	0.03%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

See the accompanying notes to the required supplementary information.



**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to Required Supplementary Information**  
**Year Ended December 31, 2019**

**BUDGETARY INFORMATION**

Budgetary information is derived from the annual operating budget and is presented using accounting principles generally accepted in the United States of America and the modified accrual basis of accounting.

A budget has been adopted for the General, Special Revenue (except those noted in the following sentence), Debt Service, and Capital Projects Fund (except those noted in the following sentence). Budgets have not been formally adopted for the Equipment Replacement Special Revenue Fund, Impact Fees Special Revenue Fund, and Donations Special Revenue Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action. Appropriations lapse at year-end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the fund level of expenditure.

The Village exceeded budget in the following functional expenditure categories during the year ended December 31, 2019:

General Government	\$ 519,452
Public Works	169,193
Health and Human Services	427
Economic Development	179,293

**WISCONSIN RETIREMENT SYSTEM - PENSION**

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

Changes of Assumptions - Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, postretirement adjustment, wage inflation rate, mortality and separation rates.

**LOCAL RETIREE INSURANCE FUND - OPEB**

Changes of Benefit Terms - There were no changes of benefit terms for any participating employer in the local retiree insurance fund.

Changes of Assumptions - Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

**SUPPLEMENTARY INFORMATION**

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**December 31, 2019**

	Special Revenue Funds						
	Refuse	Recycling	Memorial Park Cemetery	Caledonia Storm Sewer District	Parks and Recreation	Joint Parks	Fire Safer Grant
<b>ASSETS</b>							
Cash and investments	\$ -	\$ -	\$ 2,781	\$ 3,164,413	\$ 55,472	\$ 100	\$ -
Tax roll receivable:							
Tax levy	-	-	11,000		66,300	70,000	147,393
Other charges on tax roll	957,632	553,080	-	1,007,123	-	-	-
Other receivables	-	-	-	3,974	-	35	-
Special assessments receivable	-	-	-	356,297	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 957,632</b>	<b>\$ 553,080</b>	<b>\$ 13,781</b>	<b>\$ 4,531,807</b>	<b>\$ 121,772</b>	<b>\$ 70,135</b>	<b>\$ 147,393</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 96,817	\$ 44,054	\$ -	\$ 23,589	\$ 912	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	784,858	390,572	-	-	-	110,697	-
Advance from other funds	-	-	-	-	-	-	-
Total liabilities	<u>881,675</u>	<u>434,626</u>	<u>-</u>	<u>23,589</u>	<u>912</u>	<u>110,697</u>	<u>-</u>
Deferred Inflows of Resources:							
Subsequent year tax levy	-	-	11,000	-	66,300	70,000	147,393
Special assessments	-	-	-	356,297	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>11,000</u>	<u>356,297</u>	<u>66,300</u>	<u>70,000</u>	<u>147,393</u>
Fund Balances (Deficit):							
Restricted	-	-	-	-	-	-	-
Committed	75,957	118,454	2,781	4,151,921	54,560	-	-
Unassigned	-	-	-	-	-	(110,562)	-
Total fund balances (deficit)	<u>75,957</u>	<u>118,454</u>	<u>2,781</u>	<u>4,151,921</u>	<u>54,560</u>	<u>(110,562)</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<b>\$ 957,632</b>	<b>\$ 553,080</b>	<b>\$ 13,781</b>	<b>\$ 4,531,807</b>	<b>\$ 121,772</b>	<b>\$ 70,135</b>	<b>\$ 147,393</b>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Combining Balance Sheet – Nonmajor Governmental Funds (Continued)**  
**December 31, 2019**

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	Donations	Retiree Health Insurance	Impact Fees		Tax Increment District No. 1	Tax Increment District No. 3	Tax Increment District No. 5	
<b>ASSETS</b>								
Cash and investments	\$ 152,417	\$ 163,258	\$ 270,473	\$ 31,876	\$ -	\$ 54,329	\$ 228,195	\$ 4,123,314
Tax roll receivable:								
Tax levy	-	-	-	2,425,432	106,336	174,818	-	3,001,279
Other charges on tax roll	-	-	-	-	-	-	-	2,517,835
Other receivables	-	-	-	-	-	-	-	4,009
Special assessments receivable	-	-	-	98,549	-	-	-	454,846
<b>TOTAL ASSETS</b>	<u>\$ 152,417</u>	<u>\$ 163,258</u>	<u>\$ 270,473</u>	<u>\$ 2,555,857</u>	<u>\$ 106,336</u>	<u>\$ 229,147</u>	<u>\$ 228,195</u>	<u>\$ 10,101,283</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 2,703	\$ -	\$ -	\$ -	\$ -	\$ 30,072	\$ 26,067	\$ 224,214
Accrued liabilities	-	163,258	-	-	-	-	-	163,258
Due to other funds	-	-	-	-	1,139	-	-	1,287,266
Advance from other funds	-	-	-	-	834,591	277,112	-	1,111,703
Total liabilities	<u>2,703</u>	<u>163,258</u>	<u>-</u>	<u>-</u>	<u>835,730</u>	<u>307,184</u>	<u>26,067</u>	<u>2,786,441</u>
Deferred Inflows of Resources:								
Subsequent year tax levy	-	-	-	2,425,432	106,336	174,818	-	3,001,279
Special assessments	-	-	-	98,549	-	-	-	454,846
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,523,981</u>	<u>106,336</u>	<u>174,818</u>	<u>-</u>	<u>3,456,125</u>
Fund Balances (Deficit):								
Restricted	149,714	-	270,473	31,876	-	-	202,128	654,191
Committed	-	-	-	-	-	-	-	4,403,673
Unassigned	-	-	-	-	(835,730)	(252,855)	-	(1,199,147)
Total fund balances (deficit)	<u>149,714</u>	<u>-</u>	<u>270,473</u>	<u>31,876</u>	<u>(835,730)</u>	<u>(252,855)</u>	<u>202,128</u>	<u>3,858,717</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<u>\$ 152,417</u>	<u>\$ 163,258</u>	<u>\$ 270,473</u>	<u>\$ 2,555,857</u>	<u>\$ 106,336</u>	<u>\$ 229,147</u>	<u>\$ 228,195</u>	<u>\$ 10,101,283</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2019**

	Special Revenue Funds							
	Refuse	Recycling	Memorial Park Cemetery	Caledonia Storm Sewer District	Parks and Recreation	K9	Joint Parks	
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ 12,500	\$ -	\$ 75,800	\$ -	\$ 70,000	\$ -
Special assessments	-	-	-	59,483	-	-	-	-
Intergovernmental	-	67,370	-	-	-	-	-	-
Public charges for services	957,453	553,010	3,770	1,028,754	31,944	-	41,724	-
Intergovernmental charges for services	-	-	-	-	-	-	70,000	-
Investment and interest income	-	-	20	79,202	98	-	53	-
Miscellaneous	-	-	-	600	-	-	-	-
Total revenues	<u>957,453</u>	<u>620,380</u>	<u>16,290</u>	<u>1,168,039</u>	<u>107,842</u>	<u>-</u>	<u>181,777</u>	<u>-</u>
<b>EXPENDITURES</b>								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	951,007	546,877	-	469,856	-	-	-	-
Health and human services	-	-	6,711	-	-	-	-	-
Culture, recreation and education	-	-	-	-	95,900	-	219,125	-
Economic development and assistance	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	103,571	-	-	-	-
Debt service:								
Principal	-	-	-	280,000	-	-	-	-
Interest and fiscal charges	-	-	-	34,000	-	-	-	-
Total expenditures	<u>951,007</u>	<u>546,877</u>	<u>6,711</u>	<u>887,427</u>	<u>95,900</u>	<u>-</u>	<u>219,125</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>6,446</u>	<u>73,503</u>	<u>9,579</u>	<u>280,612</u>	<u>11,942</u>	<u>-</u>	<u>(37,348)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES</b>								
Proceeds from the issuance of long-term debt	-	-	-	-	-	-	-	-
Premium from the issuance of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	23,924	-	-	-
Transfers out	-	-	-	-	-	(2,151)	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,924</u>	<u>(2,151)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,446	73,503	9,579	280,612	35,866	(2,151)	(37,348)	-
Fund balances (deficit) - beginning of year	69,511	44,951	(6,798)	3,871,309	18,694	2,151	(73,214)	-
Fund balances (deficit) - end of year	<u>\$ 75,957</u>	<u>\$ 118,454</u>	<u>\$ 2,781</u>	<u>\$ 4,151,921</u>	<u>\$ 54,560</u>	<u>\$ -</u>	<u>\$ (110,562)</u>	<u>\$ -</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor**  
**Governmental Funds (Continued)**  
**Year Ended December 31, 2019**

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	Equipment Replacement	Donations	Impact Fees		Tax Increment District No. 1	Tax Increment District No. 3	Tax Increment District No. 5	
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ 2,044,764	\$ 111,497	\$ 134,098	\$ -	\$ 2,448,659
Special assessments	-	-	-	24,278	-	-	-	83,761
Intergovernmental	-	-	-	-	949	19,591	-	87,910
Public charges for services	-	-	51,000	-	-	-	-	2,667,655
Intergovernmental charges for services	-	-	-	-	-	-	-	70,000
Investment and interest income	-	664	8,775	-	-	757	618	90,187
Miscellaneous	-	50,463	-	-	-	-	-	51,063
Total revenues	-	51,127	59,775	2,069,042	112,446	154,446	618	5,499,235
<b>EXPENDITURES</b>								
Current:								
Public safety	-	20,578	-	-	-	-	-	20,578
Public works	-	-	-	-	-	-	-	1,967,740
Health and human services	-	-	-	-	-	-	-	6,711
Culture, recreation and education	-	1,108	35,065	-	-	-	-	351,198
Economic development and assistance	-	-	-	-	-	20,476	-	20,476
Capital outlay	-	-	-	-	1,915	108,084	459,317	672,887
Debt service:								
Principal	-	-	-	1,020,000	-	-	-	1,300,000
Interest and fiscal charges	-	-	-	282,419	32,906	89,348	22,660	461,333
Total expenditures	-	21,686	35,065	1,302,419	34,821	217,908	481,977	4,800,923
Excess (deficiency) of revenues over expenditures	-	29,441	24,710	766,623	77,625	(63,462)	(481,359)	698,312
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from the issuance of long-term debt	-	-	-	-	-	10,000	555,000	565,000
Premium from the issuance of long-term debt	-	-	-	-	-	90	4,991	5,081
Transfers in	-	2,151	-	24,605	-	-	144,000	194,680
Transfers out	(70,043)	(5,924)	(129,484)	(750,000)	-	-	(20,504)	(978,106)
Total other financing sources (uses)	(70,043)	(3,773)	(129,484)	(725,395)	-	10,090	683,487	(213,345)
Net change in fund balances	(70,043)	25,668	(104,774)	41,228	77,625	(53,372)	202,128	484,967
Fund balances (deficit) - beginning of year	70,043	124,046	375,247	(9,352)	(913,355)	(199,483)	-	3,373,750
Fund balances (deficit) - end of year	\$ -	\$ 149,714	\$ 270,473	\$ 31,876	\$ (835,730)	\$ (252,855)	\$ 202,128	\$ 3,858,717

## **OTHER INFORMATION**

**Village of Caledonia, Wisconsin  
Tax Incremental District No. 1  
Historical Summary of Project Costs, Project Revenues, and  
Net Cost to be Recovered through Tax Increments  
From Date of Creation through December 31, 2019**

	<b>Year Ended</b>	<b>From Date of Creation</b>
<b>Project Costs</b>		
Capital expenditures	\$ 900	\$ 1,392,144
Administration	1,015	6,098
Interest and fiscal charges	32,906	64,409
Total Project Costs	34,821	1,462,651
 <b>Project Revenues</b>		
Tax increments	111,497	409,689
Exempt computer aid	949	9,593
Premium from issuance of long-term debt	-	7,639
Total Revenues	112,446	426,921
 <b>Net Cost Recoverable Through TIF Increments - December 31, 2019</b>		
	\$ (77,625)	\$ 1,035,730



**Village of Caledonia, Wisconsin  
Tax Incremental District No. 1  
Historical Summary of Sources, Uses, and Status of Funds  
From Date of Creation through December 31, 2019**

	<b>Year Ended</b>	<b>From Date of Creation</b>
<b>Sources of Funds</b>		
Tax increments	\$ 111,497	\$ 409,689
Exempt computer aid	949	9,593
Premium from the issuance of long-term debt	-	7,639
Proceeds from long-term debt	-	200,000
Total Sources	112,446	626,921
 <b>Use of Funds</b>		
Capital expenditures	900	1,392,144
Administration	1,015	6,098
Interest and fiscal charges	32,906	64,409
Principal on long-term debt	-	-
Total Uses	34,821	1,462,651
 <b>Change in Fund Balance</b>	 77,625	 (835,730)
<b>Beginning Fund Balance (Deficit)</b>	(913,355)	-
<b>Ending Fund Balance (Deficit)</b>	\$ (835,730)	\$ (835,730)
 <b>Reconciliation of Recoverable Costs</b>		
G.O. Debt		\$ 200,000
Less: Fund balance		835,730
<b>Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2018</b>		<b>\$ 1,035,730</b>

**Village of Caledonia, Wisconsin  
Tax Incremental District No. 3  
Historical Summary of Project Costs, Project Revenues, and  
Net Cost to be Recovered through Tax Increments  
From Date of Creation through December 31, 2019**

	<b>Year Ended</b>	<b>From Date of Creation</b>
<b>Project Costs</b>		
Capital expenditures	\$ 93,416	\$ 3,644,577
Developer grants/incentives	20,476	144,260
Administration	14,668	25,726
Interest and fiscal charges	89,348	434,481
Total Project Costs	217,908	4,249,044
 <b>Project Revenues</b>		
Tax increments	134,098	725,986
Exempt computer aid	19,591	143,661
Investment income	757	4,166
Transfer in	-	-
Premium from issuance of long-term debt	90	37,376
Total Revenues	154,536	911,189
 <b>Net Cost Recoverable Through TIF Increments - December 31, 2019</b>		
	<b>\$ 63,372</b>	<b>\$ 3,337,855</b>

**Village of Caledonia, Wisconsin  
Tax Incremental District No. 3  
Historical Summary of Sources, Uses, and Status of Funds  
From Date of Creation through December 31, 2019**

	<b>Year Ended</b>	<b>From Date of Creation</b>
<b>Sources of Funds</b>		
Tax increments	\$ 134,098	\$ 725,986
Exempt computer aid	19,591	143,661
Investment income	757	4,166
Premium from the issuance of long-term debt	90	37,376
Proceeds from long-term debt	10,000	3,085,000
Total Sources	164,536	3,996,189
 <b>Use of Funds</b>		
Capital expenditures	93,416	3,644,577
Developers grants/incentives	20,476	144,260
Administration	14,668	25,726
Interest and fiscal charges	89,348	434,481
Total Uses	217,908	4,249,044
 <b>Change in Fund Balance</b>	 (53,372)	 (252,855)
<b>Beginning Fund Balance (Deficit)</b>	(199,483)	-
<b>Ending Fund Balance (Deficit)</b>	\$ (252,855)	\$ (252,855)
 <b>Reconciliation of Recoverable Costs</b>		
G.O. Debt		\$ 3,085,000
Less: Fund balance		252,855
<b>Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2018</b>		<b>\$ 3,337,855</b>

**Village of Caledonia, Wisconsin  
Tax Incremental District No. 4  
Historical Summary of Project Costs, Project Revenues, and  
Net Cost to be Recovered through Tax Increments  
From Date of Creation through December 31, 2019**

	<u>Year Ended</u>	<u>From Date of Creation</u>
<b>Project Costs</b>		
Capital expenditures	\$ 2,028,919	\$ 27,324,026
Developer grants/incentives	672,589	5,968,049
Administration	49,886	113,157
Transfer out	-	25,000
Interest and fiscal charges	1,034,244	3,859,816
Total Project Costs	<u>3,785,638</u>	<u>37,290,048</u>
 <b>Project Revenues</b>		
Tax increments	308,543	524,114
Exempt computer aid	2,596	6,436
Special assessments	11,694	785,100
Intergovernmental	-	1,318,661
Investment income	84,485	261,233
Transfer in	750,000	1,500,000
Premium from issuance of long-term debt	2,696	1,144,785
Total Revenues	<u>1,160,014</u>	<u>5,540,329</u>
 <b>Net Cost Recoverable Through TIF Increments - December 31, 2019</b>	 <u>\$ 2,625,624</u>	 <u>\$ 31,749,719</u>

**Village of Caledonia, Wisconsin  
Tax Incremental District No. 4  
Historical Summary of Sources, Uses, and Status of Funds  
From Date of Creation through December 31, 2019**

	<b>Year Ended</b>	<b>From Date of Creation</b>
<b>Sources of Funds</b>		
Tax increments	\$ 308,543	\$ 524,114
Exempt computer aid	2,596	6,436
Special assessments	11,694	785,100
Intergovernmental	-	1,318,661
Investment income	84,485	261,233
Transfer in	750,000	1,500,000
Premium from the issuance of long-term debt	2,696	1,144,785
Proceeds from long-term debt	300,000	43,610,347
<b>Total Sources</b>	<b>1,460,014</b>	<b>49,150,676</b>
 <b>Use of Funds</b>		
Capital expenditures	2,028,919	27,324,026
Developers grants/incentives	672,589	5,968,049
Administration	49,886	113,157
Interest and fiscal charges	1,034,244	3,859,816
Transfer out	-	25,000
Principal on long-term debt	16,087	10,786,386
<b>Total Uses</b>	<b>3,801,725</b>	<b>48,076,434</b>
 <b>Change in Fund Balance</b>	 (2,341,711)	 1,074,242
<b>Beginning Fund Balance (Deficit)</b>	<b>3,415,953</b>	<b>-</b>
 <b>Ending Fund Balance (Deficit)</b>	 <b>\$ 1,074,242</b>	 <b>\$ 1,074,242</b>
 <b>Reconciliation of Recoverable Costs</b>		
G.O. Debt		\$ 32,823,961
Less: Fund balance		(1,074,242)
<b>Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2018</b>		<b>\$ 31,749,719</b>

**Village of Caledonia, Wisconsin  
Tax Incremental District No. 5  
Historical Summary of Project Costs, Project Revenues, and  
Net Cost to be Recovered through Tax Increments  
From Date of Creation through December 31, 2019**

	<b>Year Ended</b>	<b>From Date of Creation</b>
<b>Project Costs</b>		
Capital expenditures	\$ 445,455	\$ 445,455
Administration	13,862	13,862
Transfer Out	20,504	20,504
Interest and fiscal charges	22,660	22,660
Total Project Costs	502,481	502,481
 <b>Project Revenues</b>		
Tax increments	-	-
Exempt computer aid	-	-
Investment Income	618	618
Transfer in	144,000	144,000
Premium from issuance of long-term debt	4,991	4,991
Total Revenues	149,609	149,609
 <b>Net Cost Recoverable Through TIF Increments - December 31, 2019</b>		
	<b>\$ 352,872</b>	<b>\$ 352,872</b>

**Village of Caledonia, Wisconsin  
Tax Incremental District No. 5  
Historical Summary of Sources, Uses, and Status of Funds  
From Date of Creation through December 31, 2019**

	<b>Year Ended</b>	<b>From Date of Creation</b>
<b>Sources of Funds</b>		
Tax increments	\$ -	\$ -
Exempt computer aid	-	-
Investment Income	618	618
Transfer in	144,000	144,000
Premium from the issuance of long-term debt	4,991	4,991
Proceeds from long-term debt	555,000	555,000
Total Sources	704,609	704,609
 <b>Use of Funds</b>		
Capital expenditures	445,455	445,455
Administration	13,862	13,862
Transfer Out	20,504	20,504
Debt issuance costs	22,660	22,660
Principal on long-term debt	-	-
Total Uses	502,481	502,481
 <b>Change in Fund Balance</b>	 202,128	 202,128
 <b>Beginning Fund Balance (Deficit)</b>	 -	 -
 <b>Ending Fund Balance (Deficit)</b>	 \$ 202,128	 \$ 202,128
 <b>Reconciliation of Recoverable Costs</b>		
G.O. Debt		\$ 555,000
Less: Fund balance		(202,128)
<b>Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2018</b>		 \$ 352,872

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