

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

**FINANCIAL STATEMENTS**  
December 31, 2016

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## 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, as of and for the year ended December 31, 2016, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Caledonia, Wisconsin as of December 31, 2016, 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, post-employment benefit schedule of funding progress, schedule of the Village's proportionate share of the net pension liability (asset), and schedule of the Village's contributions 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 of Caledonia, Wisconsin'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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2017, on our consideration of the Village of Caledonia, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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 of Caledonia, Wisconsin's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
June 26, 2017

## **BASIC FINANCIAL STATEMENTS**

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Statement of Net Position**  
**December 31, 2016**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 17,002,400	\$ 9,905,327	\$ 26,907,727
Receivables (net)	24,013,151	4,403,106	28,416,257
Internal balances	17,268	(17,268)	-
Prepaid items	9,428	-	9,428
Restricted assets			
Cash and cash equivalents	-	1,533,960	1,533,960
Net pension asset	-	-	-
Capital assets			
Land	950,414	57,223	1,007,637
Construction in process	18,305,418	2,725,152	21,030,570
Other capital assets	128,427,260	107,873,705	236,300,965
Intangible assets	5,000,000	-	5,000,000
Less: accumulated depreciation	<u>(55,557,050)</u>	<u>(28,562,443)</u>	<u>(84,119,493)</u>
Total assets	<u>138,168,289</u>	<u>97,918,762</u>	<u>236,087,051</u>
<b>Deferred outflows of resources</b>			
Unamortized treatment facility	-	4,655,327	4,655,327
Deferred amounts related to pension	5,804,285	864,622	6,668,907
Loss on refunding	<u>27,955</u>	<u>192,915</u>	<u>220,870</u>
Total deferred outflows	<u>5,832,240</u>	<u>5,712,864</u>	<u>11,545,104</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	1,518,646	1,632,617	3,151,263
Accrued interest payable	241,441	80,435	321,876
Deposits	321,513	-	321,513
Unearned grant revenues	56,137	-	56,137
Liabilities payable from restricted assets			
Current portion of revenue bonds	-	762,028	762,028
Accrued interest	-	69,087	69,087
Noncurrent liabilities			
Due within one year	2,103,638	1,545,124	3,648,762
Due in more than one year	<u>51,936,869</u>	<u>29,363,764</u>	<u>81,300,633</u>
Total liabilities	<u>56,178,244</u>	<u>33,453,055</u>	<u>89,631,299</u>
<b>Deferred inflows of resources</b>			
Subsequent year tax levy	13,009,543	901,591	13,911,134
Deferred amounts related to pension	<u>2,092,578</u>	<u>398,424</u>	<u>2,491,002</u>
Total deferred inflows	<u>15,102,121</u>	<u>1,300,015</u>	<u>16,402,136</u>
<b>Net Position</b>			
Net investment in capital assets	55,218,329	58,579,510	113,797,839
Restricted	1,005,485	965,696	1,971,181
Unrestricted	<u>16,496,350</u>	<u>9,333,350</u>	<u>25,829,700</u>
<b>TOTAL NET POSITION</b>	<u>\$ 72,720,164</u>	<u>\$ 68,878,556</u>	<u>\$ 141,598,720</u>

The accompanying notes are an integral part of this statement.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Statement of Activities**  
**Year Ended December 31, 2016**

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	\$ 2,457,527	\$ 690,262	\$ 21,251	\$ -	\$ (1,746,014)	\$ -	\$ (1,746,014)
Public safety	9,213,774	1,320,018	43,059	-	(7,850,697)	-	(7,850,697)
Public works	6,439,668	4,522,137	1,045,907	90,001	(781,623)	-	(781,623)
Health and human services	2,239,821	968,551	1,051,165	-	(220,105)	-	(220,105)
Culture, education and recreation	316,898	146,808	-	-	(170,090)	-	(170,090)
Economic development and assistance	74,116	-	-	-	(74,116)	-	(74,116)
Interest and fiscal charges	1,109,696	-	-	-	(1,109,696)	-	(1,109,696)
Total governmental activities	<u>21,851,500</u>	<u>7,647,776</u>	<u>2,161,382</u>	<u>90,001</u>	<u>(11,952,341)</u>	<u>-</u>	<u>(11,952,341)</u>
Business-type activities							
Sewer Utility	5,571,505	5,742,766	-	11,077	-	182,338	182,338
Water Utility	3,942,593	3,572,089	-	142,169	-	(228,335)	(228,335)
Total business-type activities	<u>9,514,098</u>	<u>9,314,855</u>	<u>-</u>	<u>153,246</u>	<u>-</u>	<u>(45,997)</u>	<u>(45,997)</u>
<b>TOTAL</b>	<u>\$ 31,365,598</u>	<u>\$ 16,962,631</u>	<u>\$ 2,161,382</u>	<u>\$ 243,247</u>	<u>(11,952,341)</u>	<u>(45,997)</u>	<u>(11,998,338)</u>
General revenues							
Taxes							
Property taxes, levied for general purposes					10,878,483	1,200,341	12,078,824
Property taxes, levied for debt services					1,416,000	-	1,416,000
Property taxes, levied for tax increment districts					158,749	-	158,749
Intergovernmental revenues not restricted to specific programs					885,240	-	885,240
Investment income					422,717	51,356	474,073
Insurance Proceeds					33,147	-	33,147
Loss on the sale of capital assets					-	(34,826)	(34,826)
Miscellaneous					226,487	11,118	237,605
Total general revenues					<u>14,020,823</u>	<u>1,227,989</u>	<u>15,248,812</u>
Change in net position					2,068,482	1,181,992	3,250,474
Net position - beginning of year					<u>70,651,682</u>	<u>67,696,564</u>	<u>138,348,246</u>
Net position - end of year					<u>\$ 72,720,164</u>	<u>\$ 68,878,556</u>	<u>\$ 141,598,720</u>

The accompanying notes are an integral part of this statement.



**VILLAGE OF CALEDONIA, WISCONSIN**  
**Balance Sheet – Governmental Funds**  
**December 31, 2016**

	<u>General Fund</u>	<u>Four Mile Capital Projects Fund</u>	<u>Tax Increment District No. 4</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>					
Cash and investments	\$ 4,716,567	\$ 171,633	\$ 6,673,819	\$ 5,440,381	\$ 17,002,400
Receivables					
Tax roll receivable					
Tax levy	9,549,365	-	-	3,460,178	13,009,543
Special assessments on tax roll	-	-	-	28,879	28,879
Other charges on tax roll	51,751	-	660	2,436,651	2,489,062
Accounts	299,119	5,790,423	-	239,172	6,328,714
Special assessments	14,253	-	1,375,747	662,145	2,052,145
Delinquent personal property taxes	104,808	-	-	-	104,808
Due from other funds	1,870,973	-	-	647,198	2,518,171
Prepaid items	9,188	-	-	240	9,428
<b>TOTAL ASSETS</b>	<b><u>\$ 16,616,024</u></b>	<b><u>\$ 5,962,056</u></b>	<b><u>\$ 8,050,226</u></b>	<b><u>\$ 12,914,844</u></b>	<b><u>\$ 43,543,150</u></b>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 716,951	\$ -	\$ 42,248	\$ 135,411	\$ 894,610
Accrued payroll	372,232	-	-	74,636	446,868
Accrued liabilities	177,168	-	-	-	177,168
Due to other funds	647,198	-	26,037	1,827,668	2,500,903
Due to other governments	-	-	-	-	-
Unearned grant revenues	-	-	-	56,137	56,137
Deposits	319,397	-	-	2,116	321,513
Total liabilities	<u>2,232,946</u>	<u>-</u>	<u>68,285</u>	<u>2,095,968</u>	<u>4,397,199</u>
<b>Deferred Inflows of Resources</b>					
Subsequent year tax levy	9,549,365	-	-	3,460,178	13,009,543
Special assessments	14,253	-	1,376,407	750,299	2,140,959
Long-term receivables	-	5,790,423	-	-	5,790,423
Other receivables	41,065	-	-	-	41,065
Total deferred inflows	<u>9,604,683</u>	<u>5,790,423</u>	<u>1,376,407</u>	<u>4,210,477</u>	<u>20,981,990</u>
<b>Fund Balances (Deficit)</b>					
Nonspendable	9,188	-	-	240	9,428
Restricted	-	-	6,605,534	2,697,285	9,302,819
Committed	60,755	171,633	-	3,559,394	3,791,782
Assigned	-	-	-	453,117	453,117
Unassigned	4,708,452	-	-	(101,637)	4,606,815
Total fund balances (deficit)	<u>4,778,395</u>	<u>171,633</u>	<u>6,605,534</u>	<u>6,608,399</u>	<u>18,163,961</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<b><u>\$ 16,616,024</u></b>	<b><u>\$ 5,962,056</u></b>	<b><u>\$ 8,050,226</u></b>	<b><u>\$ 12,914,844</u></b>	<b><u>\$ 43,543,150</u></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, 2016**

Total fund balances - governmental funds \$ 18,163,961

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	950,414
Construction in progress	18,305,418
Other capital assets	128,427,260
Intangible assets	5,000,000
Less: accumulated depreciation	(55,557,050)

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

Special assessments receivable	2,140,959
Long-term receivables	5,790,423
Other receivables	41,065

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

Deferred outflows related to pension	5,804,285
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Some liabilities and deferred inflows, 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	(46,066,430)
Premium on long-term debt	(925,430)
Unamortized loss on refunding	27,955
Mount Pleasant Agreement	(3,750,000)
Compensated absences	(246,303)
Accrued interest	(241,441)
Net pension liability	(808,021)
Net OPEB obligation	(2,244,323)
Deferred amounts related to pension	<u>(2,092,578)</u>

**NET POSITION OF GOVERNMENT ACTIVITIES \$ 72,720,164**

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, 2016**

	General Fund	Four Mile Capital Projects Fund	Tax Increment District No. 4	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 9,410,827	\$ -	\$ 17,715	\$ 3,024,690	\$ 12,453,232
Special assessments	-	-	563,783	64,506	628,289
Intergovernmental	1,996,285	-	-	1,130,257	3,126,542
Licenses and permits	792,706	-	-	245,089	1,037,795
Fines, forfeitures and penalties	470,511	-	-	-	470,511
Public charges for services	690,807	-	-	2,575,293	3,266,100
Intergovernmental charges for services	224,550	-	-	674,057	898,607
Capital grants	-	272,638	-	-	272,638
Investment and interest income	36,076	327,362	43,808	15,471	422,717
Contributions and donations	-	-	-	33,221	33,221
Miscellaneous	148,761	-	-	44,505	193,266
Total revenues	<u>13,770,523</u>	<u>600,000</u>	<u>625,306</u>	<u>7,807,089</u>	<u>22,802,918</u>
<b>Expenditures</b>					
Current					
General government	2,176,813	-	-	225	2,177,038
Public safety	8,273,044	-	-	44,023	8,317,067
Public works	2,249,862	-	-	1,700,170	3,950,032
Health and human services	28,450	-	-	2,083,459	2,111,909
Parks and recreation	-	-	-	234,037	234,037
Economic development and assistance	-	-	-	74,116	74,116
Capital outlay	-	-	14,826,151	2,892,322	17,718,473
Debt service					
Principal	-	400,000	14,628	2,360,711	2,775,339
Interest and fiscal charges	-	190,556	453,311	371,482	1,015,349
Debt issuance costs	-	-	176,695	-	176,695
Total expenditures	<u>12,728,169</u>	<u>590,556</u>	<u>15,470,785</u>	<u>9,760,545</u>	<u>38,550,055</u>
Excess (deficiency) of revenues over expenditures	<u>1,042,354</u>	<u>9,444</u>	<u>(14,845,479)</u>	<u>(1,953,456)</u>	<u>(15,747,137)</u>
<b>Other financing sources (uses)</b>					
Long-term debt issued	-	-	9,545,000	4,330,000	13,875,000
Premium on long-term debt issued	-	-	200,029	93,366	293,395
Discount on long-term debt issued	-	-	-	-	-
Insurance proceeds	-	-	-	33,147	33,147
Proceeds from the sale of capital assets	-	-	-	9,700	9,700
Transfer in	-	-	-	255,000	255,000
Transfer out	-	-	-	(255,000)	(255,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>9,745,029</u>	<u>4,466,213</u>	<u>14,211,242</u>
Net change in fund balances	1,042,354	9,444	(5,100,450)	2,512,757	(1,535,895)
Fund balances - beginning of year	<u>3,736,041</u>	<u>162,189</u>	<u>11,705,984</u>	<u>4,095,642</u>	<u>19,699,856</u>
Fund balances - end of year	<u>\$ 4,778,395</u>	<u>\$ 171,633</u>	<u>\$ 6,605,534</u>	<u>\$ 6,608,399</u>	<u>\$ 18,163,961</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, 2016**

Net change in fund balances-total governmental funds \$ (1,535,895)

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	17,718,473
Capital asset purchases reported in functional expenses	517,203
Capital assets disposed	(72,259)
Depreciation and amortization	(3,536,051)

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

Special Assessments	1,356,554
Long-term receivable	(272,637)

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	2,775,339
Long-term debt issued	(13,875,000)

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	(14,941)
Accrued interest on debt	32,345
Net OPEB obligation	(183,380)
Pension activity	(597,877)

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	(293,395)
Amortization of loss on refunding	(5,242)
Amortization of debt premium and discount	<u>55,245</u>

**Change in net position of governmental activities \$ 2,068,482**

The accompanying notes are an integral part of this statement.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Statement of Net Position - Proprietary Funds**  
**December 31, 2016**

	<u>Business-type Activities - Enterprise</u>		
	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Totals</u>
<b>ASSETS</b>			
Current			
Cash and investments	\$ 8,569,242	\$ 1,336,085	\$ 9,905,327
Accounts receivable	1,545,856	939,936	2,485,792
Tax roll receivable			
Tax levy	555,088	346,503	901,591
Special assessments on tax roll	-	41,203	41,203
Delinquent receivables on tax roll	550,862	372,743	923,605
Due from other funds	-	25,884	25,884
Total current assets	<u>11,221,048</u>	<u>3,062,354</u>	<u>14,283,402</u>
Noncurrent assets			
Restricted assets - cash and investments	763,436	770,524	1,533,960
Capital assets			
Land	34,764	22,459	57,223
Construction in progress	1,541,094	1,184,058	2,725,152
Other capital assets	64,173,532	43,700,173	107,873,705
Less: accumulated depreciation	(17,077,490)	(11,484,953)	(28,562,443)
Other assets			
Special assessments	41,075	9,840	50,915
Total noncurrent assets	<u>49,476,411</u>	<u>34,202,101</u>	<u>83,678,512</u>
Total assets	<u>60,697,459</u>	<u>37,264,455</u>	<u>97,961,914</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized treatment facility	4,655,327	-	4,655,327
Deferred amounts related to pension	432,311	432,311	864,622
Loss on refunding	78,459	114,456	192,915
Total deferred outflows	<u>5,166,097</u>	<u>546,767</u>	<u>5,712,864</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	892,704	726,677	1,619,381
Accrued payroll	6,618	6,618	13,236
Accrued interest	53,906	26,529	80,435
Due to other funds	33,595	9,557	43,152
Current portion of general obligation debt	407,209	240,000	647,209
Current portion of Racine Clean Water Fund Loans	897,915	-	897,915
Liabilities payable from restricted assets			
Current portion of revenue bonds	497,028	265,000	762,028
Accrued interest	36,135	32,952	69,087
Total current liabilities	<u>2,825,110</u>	<u>1,307,333</u>	<u>4,132,443</u>
Noncurrent liabilities			
Long-term debt			
General obligation	5,572,108	3,134,666	8,706,774
Revenue bonds	9,672,427	5,600,000	15,272,427
Racine Clean Water Fund Loans	4,848,496	-	4,848,496
Net pension liability	187,821	187,821	375,642
Net OPEB obligation	86,833	73,592	160,425
Total noncurrent liabilities	<u>20,367,685</u>	<u>8,996,079</u>	<u>29,363,764</u>
Total liabilities	<u>23,192,795</u>	<u>10,303,412</u>	<u>33,496,207</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Subsequent years tax levy	555,088	346,503	901,591
Deferred amounts related to pension	199,212	199,212	398,424
Total deferred inflows	<u>754,300</u>	<u>545,715</u>	<u>1,300,015</u>
<b>NET POSITION</b>			
Net investment in capital assets	33,523,510	25,056,000	58,579,510
Restricted	727,301	238,395	965,696
Unrestricted	<u>7,665,650</u>	<u>1,667,700</u>	<u>9,333,350</u>
<b>TOTAL NET POSITION</b>	<u>\$ 41,916,461</u>	<u>\$ 26,962,095</u>	<u>\$ 68,878,556</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, 2016**

	<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	\$ 5,742,766	\$ 3,572,089	\$ 9,314,855
<b>OPERATING EXPENSES</b>			
Operation and maintenance	2,894,304	2,738,555	5,632,859
Depreciation	1,208,002	841,781	2,049,783
Amortization expense	804,420	-	804,420
Taxes	19,731	23,536	43,267
Total operating expenses	<u>4,926,457</u>	<u>3,603,872</u>	<u>8,530,329</u>
Operating income (loss)	<u>816,309</u>	<u>(31,783)</u>	<u>784,526</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Property taxes levied	556,995	643,346	1,200,341
Interest income	46,723	4,633	51,356
Interest expense	(645,048)	(338,721)	(983,769)
Gain\Loss) on disposal of assets	(212)	(34,614)	(34,826)
Miscellaneous	9,460	1,658	11,118
Total nonoperating revenues (expenses)	<u>(32,082)</u>	<u>276,302</u>	<u>244,220</u>
Income before contributions and transfers	<u>784,227</u>	<u>244,519</u>	<u>1,028,746</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Special assessments	11,077	84,819	95,896
Impact fees	-	57,350	57,350
Total capital contributions	<u>11,077</u>	<u>142,169</u>	<u>153,246</u>
Change in net position	795,304	386,688	1,181,992
Net position - beginning of year	<u>41,121,157</u>	<u>26,575,407</u>	<u>67,696,564</u>
Net position - end of year	<u>\$ 41,916,461</u>	<u>\$ 26,962,095</u>	<u>\$ 68,878,556</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, 2016**

	<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	\$ 5,771,136	\$ 3,522,270	\$ 9,293,406
Paid to suppliers for goods and services	(3,199,692)	(2,501,610)	(5,701,302)
Paid to employees for services	<u>336,074</u>	<u>(199,937)</u>	<u>136,137</u>
Net cash provided by operating activities	<u>2,907,518</u>	<u>822,282</u>	<u>3,729,800</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Taxes	556,995	643,346	1,200,341
Miscellaneous	<u>9,460</u>	<u>1,658</u>	<u>11,118</u>
Net cash provided by noncapital financing activities	<u>566,455</u>	<u>645,004</u>	<u>1,211,459</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(751,451)	(142,130)	(893,581)
Proceeds on capital assets disposed	-	79,948	79,948
Debt issued	2,070,000	450,000	2,520,000
Premium from debt issuance	40,546	-	40,546
Debt retired	(1,839,763)	(630,000)	(2,469,763)
Interest and other fiscal charges paid	(641,310)	(322,308)	(963,618)
Cash deposited to refunding escrow	-	-	-
Impact fees	-	84,819	84,819
Special assessments received	<u>11,077</u>	<u>66,384</u>	<u>77,461</u>
Net cash provided by (used in) capital and related financing activities	<u>(1,110,901)</u>	<u>(413,287)</u>	<u>(1,524,188)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>46,723</u>	<u>4,633</u>	<u>51,356</u>
Net increase (decrease) in cash and cash equivalents	2,409,795	1,058,632	3,468,427
Cash and cash equivalents - beginning of year	<u>6,922,883</u>	<u>1,047,977</u>	<u>7,970,860</u>
Cash and cash equivalents - end of year	<u>\$ 9,332,678</u>	<u>\$ 2,106,609</u>	<u>\$ 11,439,287</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, 2016**

	<b>Business-type Activities - Enterprise</b>		
	<b>Sewer Utility</b>	<b>Water Utility</b>	<b>Totals</b>
<b>RECONCILIATION OF OPERATING INCOME</b>			
<b>TO NET CASH FLOWS FROM</b>			
<b>OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 816,309	\$ (31,783)	\$ 784,526
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	1,208,002	841,781	2,049,783
Amortization	804,420	-	804,420
Changes in assets and liabilities			
Accounts receivable	28,370	(49,819)	(21,449)
Accounts payable	(17,679)	(7,497)	(25,176)
Net OPEB obligation	11,169	11,173	22,342
Pension activity	56,916	56,916	113,832
Due from other funds	-	1,559	1,559
Accrued expenses	11	(48)	(37)
Net cash provided by operating activities	\$ 2,907,518	\$ 822,282	\$ 3,729,800
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>			
Cash and investments	\$ 8,569,242	\$ 1,336,085	\$ 9,905,327
Restricted cash and cash equivalents	763,436	770,524	1,533,960
<b>CASH AND CASH EQUIVALENTS</b>	<b>\$ 9,332,678</b>	<b>\$ 2,106,609</b>	<b>\$ 11,439,287</b>

The accompanying notes are an integral part of this statement.



**VILLAGE OF CALEDONIA, WISCONSIN**  
**Statement of Fiduciary Net Position - Fiduciary Fund**  
**December 31, 2016**

	<u><b>Tax Collection Agency Fund</b></u>
<b>ASSETS</b>	
Cash and investments	\$ 20,855,061
Taxes receivable	<u>22,383,217</u>
<b>TOTAL ASSETS</b>	<u>\$ 43,238,278</u>
<b>LIABILITIES</b>	
Due to other taxing units	<u>\$ 43,238,278</u>

The accompanying notes are an integral part of this statement.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

**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 of Caledonia, Wisconsin. 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, 2016**

**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, liabilities, deferred inflows, 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, liabilities, and deferred outflows, 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, 2016**

**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 of Caledonia.

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	Joint Health
Memorial Park Cemetery	Equipment Replacement
Caledonia Storm Sewer District	Donations
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	Village Hall
Tax Increment District No. 3	Capital Projects

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.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

**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.

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.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

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

*Fund Financial Statements* (continued)

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, 2016**

**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, Liabilities, 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, 2016**

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

**D. Assets, Liabilities, 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, 2016**

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

**D. Assets, Liabilities, and Net Position or Fund Balances** (continued)

Receivables (continued)

Property tax calendar - 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax deed - 2016 delinquent real estate taxes	October 2019

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, 2016**

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

**D. Assets, Liabilities, and Net Position or Fund Balances** (continued)

Pensions

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

The WRS adopted GASB Statement No. 82, Pension Issues, an amendment of GASB No. 67, No. 68, and No. 73 during the year ended December 31, 2015. Statement No. 82 addresses the presentation of payroll-related measurer in the Required Supplementary Information, the selection of assumptions used in determining the total pension liability and related measures, and the classification of employer-paid member contributions.

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 estimated fair value 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	15-75 Years
Machinery and Equipment	4-20 Years
Utility System	7-100 Years
Infrastructure	40-70 Years

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

**D. Assets, Liabilities, and Net Position or Fund Balances** (continued)

*Fund Financial Statements*

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

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 vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

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 post employment benefits, 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 refundings 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.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

**D. Assets, Liabilities, and Net Position or Fund Balances** (continued)

Long-Term Obligations/Conduit Debt (continued)

The Village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$3,000,000, made up of one issue.

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.

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.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

**D. Assets, Liabilities, and Net Position or Fund Balances** (continued)

Net Position and Fund Balance Classifications (continued)

*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.

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.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

**A. Budgetary Information** (continued)

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 did not exceed budget in any of the functional expenditure categories during the year ending December 31, 2016.

**B. Deficit Balances**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. As of December 31, 2016, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
<b><i>Nonmajor governmental funds</i></b>		
<b>Special Revenue</b>		
Recycling	\$ 25,996	Long-term deficit due to expenditures exceeding revenues
Memorial Park Cemetery	4,198	Long-term deficit due to expenditures exceeding revenues
Joint Parks	61,657	Long-term deficit due to expenditures exceeding revenues
<b>Capital Projects</b>		
Tax Increment District No. 1	<u>9,546</u>	Long-term deficit due to expenditures exceeding revenues
Total deficit fund balance	<u>\$ 101,397</u>	

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

**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	\$ 2,619	\$ -	N/A
Deposits			
Demand deposits	<u>28,573,700</u>	<u>31,005,473</u>	Custodial Credit Risk
Total deposits	<u>28,573,700</u>	<u>31,005,473</u>	
Investments			
Local Government Investment Pool (LGIP)	10,664,061	10,664,061	Interest Rate Risk and Credit Risk
Certificates of deposit	9,813,505	9,818,000	Custodial Credit Risk
US Agency Securities	<u>242,863</u>	<u>245,000</u>	Interest Rate Risk and Credit Risk
Total investments	<u>20,720,429</u>	<u>20,727,061</u>	
Total deposits and investments	<u>\$ 49,296,748</u>	<u>\$ 51,732,534</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 26,907,727		
Restricted cash and investments	1,533,960		
Per statement of fiduciary net assets - Agency Fund	<u>20,855,061</u>		
Total deposits and investments	<u>\$ 49,296,748</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.

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. However, although the fund had reserves available at December 31, 2016, 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 not been considered in computing custodial credit risk.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

***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. The following table illustrates the Village's deposit balances exposed to custodial credit risk as uninsured and uncollateralized:

	<u>Financial Institution Balances</u>	<u>Uninsured Uncollateralized Balances</u>
Statement of net position		
Governmental Activities	\$ 10,652,631	\$ 551,282
Business Type Activities	9,315,781	4,150,781
Statement of fiduciary assets		
Agency fund	<u>20,855,061</u>	<u>1,668,121</u>
Total Village Balances	<u>\$ 40,823,473</u>	<u>\$ 6,370,184</u>

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, 2016, none of the Village's investment balance of \$10,909,061 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, 2016, 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)	\$ 10,664,061	1.63	Unrated
Certificates of Deposits	9,813,505	3.03	Unrated
US Agency Securities	242,863	23.00	AA+
Total investments	<u>\$ 20,720,429</u>		



**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

**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, 2016:

- U.S. Agency securities of \$242,863 are valued using a matrix pricing model (Level 2 inputs).

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

***Restricted Cash***

The Caledonia Utilities have established the following restricted assets as required by the Wisconsin Department of Natural Resources and the revenue bond resolutions:

	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Totals</u>
Equipment replacement fund	\$ 340,628	\$ -	\$ 340,628
Revenue bond reserve fund	-	499,177	499,177
Revenue bond debt service fund	<u>422,808</u>	<u>271,347</u>	<u>694,155</u>
<b>Total restricted assets</b>	<u>\$ 763,436</u>	<u>\$ 770,524</u>	<u>\$ 1,533,960</u>

The Taxable Sewer Revenue Bonds issued November 14, 2012 require that the municipality shall establish an equipment replacement fund according to s. NR 162.08, Wisconsin Administrative Code, and maintain the equipment replacement fund as a separate fund of the municipality. Annual deposits shall be made to the equipment replacement fund in amounts sufficient to meet the equipment replacement schedule developed by the municipality. The annual deposit amount was determined to be \$36,917. As of December 31, 2016, the Village did not make the required deposit for the 2016 fiscal year.

**NOTE 4 - RECEIVABLES**

Receivables as of year-end for the Village's individual major funds, nonmajor funds and fiduciary funds in the aggregate, including \$84,557 of allowances for uncollectible accounts, are detailed on the governmental funds balance sheet, proprietary funds statement of net position and the fiduciary funds statement of fiduciary net position. All amounts reported in the governmental funds are expected to be collected within one year except for \$5,790,423 of accounts receivable, \$1,376,407 of TIF special assessments, and \$764,552 of special assessment receivables. All amounts reported in the proprietary funds are expected to be collected within one year except for \$50,915 of special assessment receivables.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

**NOTE 5 - DEFERRED INFLOWS**

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	\$ -	\$ 13,009,543	\$ 13,009,543
Special assessments	2,140,959	-	2,140,959
Receivable for construction	5,790,423	-	5,790,423
Other receivables	<u>41,065</u>	<u>-</u>	<u>41,065</u>
<b>Total deferred inflows</b>	<u>\$ 7,972,447</u>	<u>\$ 13,009,543</u>	<u>\$ 20,981,990</u>

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 950,414	\$ -	\$ -	\$ 950,414
Construction in progress	<u>1,680,770</u>	<u>16,624,648</u>	<u>-</u>	<u>18,305,418</u>
Total capital assets, not being depreciated	<u>2,631,184</u>	<u>16,624,648</u>	<u>-</u>	<u>19,255,832</u>
Capital assets being depreciated				
Buildings	3,352,917	-	-	3,352,917
Machinery and equipment	10,122,579	966,542	249,435	10,839,686
Roads	96,383,082	644,486	-	97,027,568
Storm sewers	15,866,150	-	-	15,866,150
Bridges	1,340,939	-	-	1,340,939
Intangible assets	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>
Total capital assets being depreciated	<u>132,065,667</u>	<u>1,611,028</u>	<u>249,435</u>	<u>133,427,260</u>
Accumulated depreciation				
Buildings	1,172,246	109,864	-	1,282,110
Machinery and equipment	6,782,613	698,579	177,176	7,304,016
Roads	37,579,823	2,160,877	-	39,740,700
Storm sewers	6,273,895	420,648	-	6,694,543
Bridges	327,098	21,083	-	348,181
Intangible assets	<u>62,500</u>	<u>125,000</u>	<u>-</u>	<u>187,500</u>
Total accumulated depreciation	<u>52,198,175</u>	<u>3,536,051</u>	<u>177,176</u>	<u>55,557,050</u>
Net capital assets being depreciated	<u>79,867,492</u>	<u>(1,925,023)</u>	<u>72,259</u>	<u>77,870,210</u>
Total Governmental Activities capital assets, net of accumulated depreciation	<u>\$ 82,498,676</u>	<u>\$ 14,699,625</u>	<u>\$ 72,259</u>	<u>\$ 97,126,042</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>		
General government		\$ 146,942
Public safety		396,678
Public works, which includes depreciation of infrastructure		2,896,921
Health and human services		78,044
Park and recreation		<u>17,466</u>
Total Governmental Activities		<u>\$ 3,536,051</u>

Capital asset activity for the year ended December 31, 2016, 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>2,088,201</u>	<u>1,247,418</u>	<u>610,467</u>	<u>2,725,152</u>
Total capital assets not being depreciated	<u>2,145,424</u>	<u>1,247,418</u>	<u>610,467</u>	<u>2,782,375</u>
Capital assets being depreciated				
Water treatment plant	789,800	-	-	789,800
Transmission and distribution plant	42,312,145	19,724	122,400	42,209,469
Water general plant	691,904	9,000	-	700,904
Collection system plant	61,451,620	589,950	-	62,041,570
Collection system pumping plant	1,336,367	-	-	1,336,367
Sewer general plant	<u>786,595</u>	<u>9,000</u>	<u>-</u>	<u>795,595</u>
Total capital assets being depreciated	<u>107,368,431</u>	<u>627,674</u>	<u>122,400</u>	<u>107,873,705</u>
Accumulated depreciation				
Water treatment plant	331,376	34,363	-	365,739
Transmission and distribution plant	9,909,030	766,523	7,838	10,667,715
Water general plant	410,604	40,895	-	451,499
Collection system plant	14,536,293	1,167,580	-	15,703,873
Collection system pumping plant	962,988	25,605	-	988,593
Sewer general plant	<u>370,207</u>	<u>14,817</u>	<u>-</u>	<u>385,024</u>
Total accumulated depreciation	<u>26,520,498</u>	<u>2,049,783</u>	<u>7,838</u>	<u>28,562,443</u>
Net capital assets being depreciated	<u>80,847,933</u>	<u>(1,422,109)</u>	<u>114,562</u>	<u>79,311,262</u>
Total Business-type Activities capital assets, net of accumulated depreciation	<u>\$ 82,993,357</u>	<u>\$ (174,691)</u>	<u>\$ 725,029</u>	<u>\$ 82,093,637</u>

Depreciation expense was charged to functions as follows:

<b>Business-Type Activities</b>		
Sewer		\$ 1,208,002
Water		<u>841,781</u>
Total Business-type Activities		<u>\$ 2,049,783</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

	Due to			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water Fund</u>	
<b><u>Due from</u></b>				
General Fund	\$ -	\$ 647,198	\$ -	\$ 647,198
Tax Increment District No. 4	26,037	-	-	26,037
Nonmajor Governmental Funds	1,827,668	-	-	1,827,668
Sewer Utility	7,711	-	25,884	33,595
Water Utility	9,557	-	-	9,557
	<u>\$ 1,870,973</u>	<u>\$ 647,198</u>	<u>\$ 25,884</u>	<u>\$ 2,544,055</u>
<b>Total</b>	<u>\$ 1,870,973</u>	<u>\$ 647,198</u>	<u>\$ 25,884</u>	<u>\$ 2,544,055</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.

The following is a schedule of interfund transfers:

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
Nonmajor governmental funds - Equipment Replacement	Nonmajor governmental funds - Capital Projects	<u>\$ 255,000</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.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

**NOTE 8 - LONG-TERM OBLIGATIONS**

As of December 31, 2016, the Village has noncurrent liabilities outstanding for governmental activities purposes of:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Refunding</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>						
General obligation debt						
Bonds and notes payable	\$ 34,966,769	\$ 13,875,000	\$ 1,920,339	\$ 855,000	\$ 46,066,430	\$ 1,857,335
Debt premium (discount)	687,280	293,395	55,245	-	925,430	-
Total general obligation debt	<u>35,654,049</u>	<u>14,168,395</u>	<u>1,975,584</u>	<u>855,000</u>	<u>46,991,860</u>	<u>1,857,335</u>
Other Liabilities						
Mount Pleasant Note Payable	3,750,000	-	-	-	3,750,000	-
Accumulated sick leave	98,904	152,601	151,473	-	100,032	100,032
Accumulated vacation	28,301	596,813	596,534	-	28,580	28,580
Accumulated compensatory time	104,157	173,052	159,518	-	117,691	117,691
Net pension liability (asset)	(1,709,897)	2,517,918	-	-	808,021	-
Net OPEB obligation	2,060,943	337,417	154,037	-	2,244,323	-
Total other liabilities	<u>4,332,408</u>	<u>3,777,801</u>	<u>1,061,562</u>	<u>-</u>	<u>7,048,647</u>	<u>246,303</u>
Total Governmental Activities long-term liabilities	<u>\$ 39,986,457</u>	<u>\$ 17,946,196</u>	<u>\$ 3,037,146</u>	<u>\$ 855,000</u>	<u>\$ 54,040,507</u>	<u>\$ 2,103,638</u>

As of December 31, 2016, the Village has noncurrent liabilities outstanding for business-type activities purposes of:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Refunding</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Business-Type Activities</b>						
Long-term debt						
General obligation debt	\$ 10,130,984	\$ 160,000	\$ 925,458	\$ 160,000	\$ 9,205,526	\$ 647,209
Revenue bonds	14,185,686	2,360,000	511,231	-	16,034,455	762,028
Subtotal	24,316,670	2,520,000	1,436,689	160,000	25,239,981	1,409,237
Bond premium (discount)	109,325	50,135	11,003	-	148,457	-
Total long-term debt	<u>24,425,995</u>	<u>2,570,135</u>	<u>1,447,692</u>	<u>160,000</u>	<u>25,388,438</u>	<u>1,409,237</u>
Other liabilities						
Racine Clean Water Fund Loans	6,619,486	-	873,075	-	5,746,411	897,915
Net pension liability (asset)	(103,766)	479,408	-	-	375,642	-
Net OPEB obligation	138,083	22,342	-	-	160,425	-
Total other liabilities	<u>6,653,803</u>	<u>501,750</u>	<u>873,075</u>	<u>-</u>	<u>6,282,478</u>	<u>897,915</u>
Total Business-type Activities long-term liabilities	<u>\$ 31,079,798</u>	<u>\$ 3,071,885</u>	<u>\$ 2,320,767</u>	<u>\$ 160,000</u>	<u>\$ 31,670,916</u>	<u>\$ 2,307,152</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, 2016, was \$100,033,040. Total general obligation debt outstanding at year end was \$57,181,956.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

**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, 2016, 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 12/31/2016</u>
General debt service					
Promissory notes	7/7/2009	4/1/2019	2.50 - 3.90%	1,000,000	600,000
Promissory notes	8/12/2010	4/1/2020	2.00 - 3.00%	700,000	315,000
Promissory notes	6/28/2011	4/1/2021	0.80 - 2.60%	1,485,000	640,000
Taxable general obligation bonds	10/11/2011	4/1/2024	1.00 - 3.40%	4,175,000	2,900,000
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	860,000
Promissory notes	10/2/2013	4/1/2023	2.00-3.00%	3,020,000	2,495,000
General obligation water bonds	10/2/2013	4/1/2023	2.90-4.00%	1,180,000	1,180,000
Promissory notes	4/3/2014	4/1/2025	0.75-3.30%	1,735,000	1,735,000
Promissory notes	12/4/2014	4/1/2034	2.00-3.25%	8,250,000	8,250,000
State Trust Fund loan	10/22/2013	3/15/2018	3.00%	203,675	106,058
State Trust Fund loan	3/17/2013	3/15/2024	3.25%	150,000	135,372
Promissory notes	12/3/2015	4/1/2035	3.00-4.00%	9,375,000	9,375,000
Promissory notes	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	4,330,000
Promissory notes	7/21/2016	4/1/2018	1.63%	5,725,000	<u>5,725,000</u>
Total Governmental Activities - general obligation debt					<u>\$ 46,066,430</u>

The governmental activities general obligation outstanding as of December 31, 2016 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>
2017	\$ 1,857,335	\$ 1,138,685	\$ 2,996,020
2018	1,729,394	1,150,928	2,880,322
2019	7,441,087	1,079,403	8,520,490
2020	1,616,602	992,697	2,609,299
2021	1,742,149	951,982	2,694,131
2022-2026	11,079,863	3,985,191	15,065,054
2027-2031	11,910,000	2,259,252	14,169,252
2032-2036	<u>8,690,000</u>	<u>544,307</u>	<u>9,234,307</u>
Total	<u>\$ 46,066,430</u>	<u>\$ 12,102,445</u>	<u>\$ 58,168,875</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

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

As of December 31, 2016, the Village has general obligation debt outstanding for business-type activities purposes of:

<u>Business-type Activities</u> <u>General Obligation Debt</u>	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>12/31/2016</u>
Water Utility					
Refunding bonds	8/12/2010	4/1/2029	2.00 - 4.00%	\$ 4,285,000	\$ 2,765,000
Promissory notes	7/12/2012	5/1/2022	0.50 - 2.15%	1,075,000	<u>510,000</u>
Water subtotal					<u>3,275,000</u>
Sewer Utility					
Clean Water Fund Loan	11/14/2001	5/1/2021	2.75%	238,169	72,213
Clean Water Fund Loan	2/26/2003	5/1/2022	2.75%	4,175,357	1,533,313
General obligation bonds	7/12/2012	5/1/2032	2.00 - 3.00%	4,230,000	4,165,000
General obligation bonds	7/14/2016	4/1/2018	2.00 - 3.00%	160,000	<u>160,000</u>
Sewer subtotal					<u>5,930,526</u>
Business-type activities subtotal					<u>\$ 9,205,526</u>

The business-type activities general obligation outstanding as of December 31, 2016 matures as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Business-Type Activities</u> <u>General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 647,209	\$ 262,913	\$ 910,122
2018	659,144	253,533	912,677
2019	681,271	222,332	903,603
2020	708,593	205,240	913,833
2021	731,117	187,077	918,194
2022-2026	2,973,192	660,089	3,633,281
2027-2031	2,455,000	224,469	2,679,469
2032-2036	<u>350,000</u>	<u>5,250</u>	<u>355,250</u>
Total	<u>\$ 9,205,526</u>	<u>\$ 2,020,902</u>	<u>\$ 11,226,428</u>



**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

**Revenue Debt**

As of December 31, 2016, 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 12/31/2016</b>
Water Utility					
Water and Sewer System revenue bonds	8/12/2010	4/1/2029	2.00 - 4.00%	\$ 4,285,000	\$ 5,415,000
Water and Sewer System revenue bonds	7/12/2012	5/1/2022	0.50 - 2.15%	1,075,000	<u>450,000</u>
Water subtotal					<u>5,865,000</u>
Sewer Utility					
Clean Water Fund Loan	11/14/2012	5/1/2032	2.63%	4,718,102	8,259,455
Water and Sewer System revenue bonds	7/21/2016	5/1/1936	2.00 - 3.00%	1,910,000	<u>1,910,000</u>
Sewer subtotal					<u>10,169,455</u>
Business-type activities subtotal					<u>\$ 16,034,455</u>

The business-type activities revenue debt outstanding as of December 31, 2016 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>
2017	\$ 497,026	\$ 255,859	\$ 752,885	\$ 265,000	\$ 204,501	\$ 469,501
2018	513,104	243,084	756,188	270,000	196,677	466,677
2019	524,473	229,967	754,440	280,000	188,627	468,627
2020	536,140	216,547	752,687	285,000	180,351	465,351
2021	553,114	202,765	755,879	295,000	171,852	466,852
2022-2026	2,976,470	794,422	3,770,892	1,595,000	716,763	2,311,763
2027-2031	3,376,632	388,372	3,765,004	1,915,000	401,345	2,316,345
2032-2036	<u>1,192,496</u>	<u>50,858</u>	<u>1,243,354</u>	<u>960,000</u>	<u>46,520</u>	<u>1,006,520</u>
Total	<u>\$ 10,169,455</u>	<u>\$ 2,381,875</u>	<u>\$ 12,551,330</u>	<u>\$ 5,865,000</u>	<u>\$ 2,106,635</u>	<u>\$ 7,971,635</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

**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, 2016 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 12/31/2016</b>	
Clean Water Fund Loans	4/10/2002	5/1/2021	2.75%	\$ 557,254	\$	176,613
Clean Water Fund Loans	7/24/2002	5/1/2022	2.86%	3,153,607		1,187,133
Clean Water Fund Loans	11/27/2002	5/1/2022	2.867%	10,785,114		4,233,847
Racine Advance	8/25/2008	5/1/2021	5.00%	399,300		<u>148,818</u>
Total Business-type Activities Racine Clean Water Fund Loans						<u>\$ 5,746,411</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>
2017	\$ 897,915	\$ 154,532	\$ 1,052,447
2018	923,452	127,966	1,051,418
2019	949,705	100,650	1,050,355
2020	976,694	72,571	1,049,265
2021	1,004,442	43,675	1,048,117
2022-2023	<u>994,203</u>	<u>14,513</u>	<u>1,008,716</u>
Total	<u>\$ 5,746,411</u>	<u>\$ 513,907</u>	<u>\$ 6,260,318</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

***Mount Pleasant Interceptor Agreement***

In September of 2008, the Village entered into an agreement with the Village of Mount Pleasant, regarding use of and connection to the Mount Pleasant Interceptor System and the KR Force Main, owned by the Village of Mount Pleasant. The Village agreed to pay Mount Pleasant \$5,000,000. No payment is required until connection is made to the Mount Pleasant Interceptor System. Upon connection to the Mount Pleasant Interceptor System and prior to discharging wastewater the Village shall pay \$1,250,000 of the total cost plus accrued interest on the entire balance. Payment for the balance requires \$1,250,000 plus accrued interest on the entire balance no later than 36 months following connection, an additional \$1,250,000 plus accrued interest on the entire balance no later than 72 months following connection, and the final \$1,250,000 plus accrued interest on the entire balance no later than 108 months following connection. In addition, the agreement also provides for additional cost-sharing between the Village and the Village of Mount Pleasant for future expansion of the sewer system as needed.

In August of 2014, the Village amended the agreement with the Village of Mount Pleasant to establish additional terms for connection. The amendment established that the interest accruing on the unpaid balance of the \$5,000,000 shall be calculated at a rate equal to the interest rate equal to the interest rate from the most current general obligation borrowing by the Village of Mount Pleasant, which will reset annually on January 15<sup>th</sup> until the balance is paid in full.

The final terms of the agreement and amendment were met in 2015 and the Village of Caledonia made the initial payment in March of 2015. As of December 31, 2016, the Village owed \$3,750,000 in principal relating to the agreement.

***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.

**Current Refunding**

On July 14, 2016 the Village issued \$995,000 of General Obligation Promissory Notes and used \$33,921 of Village funds to refund \$1,015,000 in outstanding General Obligation Refunding Bonds and to pay interest due of \$13,921. This resulted in an aggregate difference in cash flow of \$43,653 between the refunded debt and the refunding debt. The economic gain on this transaction using an effective interest rate of 1.72% was \$42,798.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

**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 WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

**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 occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

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

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

The WRS also provides death and disability benefits for employees.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

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

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2006	0.8%	3.0%
2007	3.0%	10.0%
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%

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. 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 \$705,586 in contributions from the employer.

Contribution rates as of December 31, 2016 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.8%	6.8%
Executives and Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

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

At December 31, 2016, the Village reported a liability of \$1,183,663 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. 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, 2015, the Village's proportion was 0.07284176%, which was a decrease of 0.0009962% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Village recognized pension expense of \$1,445,362.

At December 31, 2016, 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	\$ 200,242	\$ 2,491,002
Changes in assumptions	828,143	-
Net differences between projected and actual earnings on pension plan investments	4,846,261	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	67,803	-
Employer contributions subsequent to the measurement date	<u>726,458</u>	<u>-</u>
Total	<u>\$ 6,668,907</u>	<u>\$ 2,491,002</u>

The \$726,458 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 (asset) in the year ending June 30, 2017. 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>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ 1,543,571	\$ (602,827)
2018	1,543,571	(602,827)
2019	1,543,571	(602,827)
2020	1,284,198	(602,827)
2021	27,538	(79,694)
Thereafter	-	-

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

**Pension Liabilities, 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, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset):	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases	
Inflation:	3.2%
Seniority\Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

**Pension Liabilities, 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:

<b><u>Core Fund Asset Class</u></b>	<b><u>Current Asset Allocation %</u></b>	<b><u>Destination Target Asset Allocation%</u></b>	<b><u>Long-Term Expected Nominal Rate of Return %</u></b>	<b><u>Long-Term Expected Real Rate of Return %</u></b>
U.S. Equities	27.00%	23.00%	7.60%	4.70%
International Equities	24.50%	22.00%	8.50%	5.60%
Fixed Income	27.50%	37.00%	4.40%	1.60%
Inflation Sensitive Assets	10.00%	20.00%	4.20%	1.40%
Real Estate	7.00%	7.00%	6.50%	3.60%
Private Equity/Debt	7.00%	7.00%	9.40%	6.50%
Multi-Asset	4.00%	4.00%	6.70%	3.80%
<b>Total Core Fund</b>	<b><u>107.00%</u></b>	<b><u>120.00%</u></b>	<b><u>7.40%</u></b>	<b><u>4.50%</u></b>
<b><u>Variable Fund Asset Class</u></b>				
U.S. Equities	70.00%	70.00%	7.60%	4.70%
International Equities	30.00%	30.00%	8.50%	5.60%
<b>Total Variable Fund</b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>7.90%</u></b>	<b><u>5.00%</u></b>

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

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

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability (asset). This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend will 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

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

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

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's porportionate share of the net pensoin liability (asset)	<u>\$ 8,302,245</u>	<u>\$ 1,183,664</u>	<u>\$ (4,376,074)</u>

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://legis.wisconsin.gov/lab/> and reference report 15-11.

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The Village administers a single-employer defined benefit healthcare plan. The plan provides health insurance coverage for eligible retirees and their spouses through the Village's plan. Benefit provisions are established through collective bargaining agreements and provide eligible retirees and their spouse's healthcare insurance at established contribution rates. The plan does not issue a publicly available financial report.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the Village and the union. The Village makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. For fiscal year 2016, the Village contributed \$154,037 to the plan. Plan members receiving benefits contribute 50% of their premium costs if certain longevity requirements are met or 100% of their premium costs otherwise. For fiscal year 2016, there were no member contributions. Administrative costs of the plan are financed through investment earnings.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the Village's net OPEB obligation.

Annual required contribution	\$ 430,055
Interest on net OPEB obligation	87,959
Adjustment to annual required contribution	<u>(158,257)</u>
Annual OPEB cost	359,757
Contributions made	<u>(154,037)</u>
Increase in net OPEB obligation (asset)	205,720
 Net OPEB Obligation - Beginning of Year	 <u>2,199,028</u>
 Net OPEB Obligation - End of Year	 <u>\$ 2,404,748</u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the preceding two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2016	\$ 359,757	42.82%	\$ 2,404,748
12/31/2015	365,572	38.46%	2,199,026
12/31/2014	370,040	34.43%	1,974,041

The funded status of the plan as of January 1, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 3,545,911
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 3,545,911</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 8,166,861
UAAL as a percentage of covered payroll	43.42%

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (continued)

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return and an annual healthcare cost trend rate of 8.5% initially, reduced by decrements to an ultimate rate of 5.5% after 13 years. Both rates include a 3% inflation assumption. The actuarial value of Retiree Health plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

**NOTE 11 - NET POSITION**

Net position reported on the government wide statement of net position at December 31, 2016, includes the following:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net investment in capital assets			
Land	\$ 950,414	\$ 57,223	\$ 1,007,637
Construction in progress	18,305,418	2,725,152	21,030,570
Other capital assets, net of accumulated depreciation	<u>77,870,210</u>	<u>79,311,262</u>	<u>157,181,472</u>
	97,126,042	82,093,637	179,219,679
Less: related long-term debt outstanding	(50,741,860)	(24,889,261)	(75,631,121)
Add: Loss on refunding	27,955	192,915	220,870
Add: Unspent bond proceeds	<u>8,806,192</u>	<u>1,182,219</u>	<u>9,988,411</u>
Total net investment in capital assets	<u>55,218,329</u>	<u>58,579,510</u>	<u>113,797,839</u>
Restricted			
Debt service	575,243	625,068	1,200,311
Donations	99,643	-	99,643
Development	330,599	-	330,599
Equipment replacement	<u>-</u>	<u>340,628</u>	<u>340,628</u>
Total restricted	<u>1,005,485</u>	<u>965,696</u>	<u>1,971,181</u>
Unrestricted	<u>16,496,350</u>	<u>9,333,350</u>	<u>25,829,700</u>
Total Governmental Activities net position	<u>\$ 72,720,164</u>	<u>\$ 68,878,556</u>	<u>\$ 141,598,720</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

**NOTE 12 - FUND BALANCE**

***Governmental Funds***

Governmental fund balances reported on the fund financial statements at December 31, 2016, include the following:

	<b>General Fund</b>	<b>Four Mile Capital Projects Fund</b>	<b>Tax Increment District No. 4</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Nonspendable:</b>					
Prepaid items	\$ 9,188	\$ -	\$ -	\$ 240	\$ 9,428
<b>Restricted:</b>					
Tax increment districts	-	-	6,605,534	29,105	6,634,639
K9 donations	-	-	-	557	557
Donations	-	-	-	99,086	99,086
Impact fees	-	-	-	301,494	301,494
Debt service	-	-	-	66,385	66,385
Village hall	-	-	-	2,200,658	2,200,658
Total restricted	<u>-</u>	<u>-</u>	<u>6,605,534</u>	<u>2,697,285</u>	<u>9,302,819</u>
<b>Committed:</b>					
Refuse	-	-	-	58,515	58,515
Storm sewer	-	-	-	3,007,408	3,007,408
Equipment replacement	-	-	-	11,603	11,603
Capital projects	-	-	-	481,642	481,642
Parks and rec	-	-	-	226	226
HRA\FSA	60,755	-	-	-	60,755
Capital projects	<u>-</u>	<u>171,633</u>	<u>-</u>	<u>-</u>	<u>171,633</u>
Total committed	<u>60,755</u>	<u>171,633</u>	<u>-</u>	<u>3,559,394</u>	<u>3,791,782</u>
<b>Assigned:</b>					
Joint health	<u>-</u>	<u>-</u>	<u>-</u>	<u>453,117</u>	<u>453,117</u>
<b>Unassigned</b>					
	<u>4,708,452</u>	<u>-</u>	<u>-</u>	<u>(101,637)</u>	<u>4,606,815</u>
<b>Total fund balance</b>	<b><u>\$ 4,778,395</u></b>	<b><u>\$ 171,633</u></b>	<b><u>\$ 6,605,534</u></b>	<b><u>\$ 6,608,399</u></b>	<b><u>\$ 18,163,961</u></b>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

**NOTE 13 - 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. Committed fund balance at year-end of \$24,509 is included in the General Fund. 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 14 - TAX ABATEMENTS**

The Village of Caledonia, Wisconsin enters into agreements with developers under the provisions of Wisconsin Statutes 66.1105 "Tax Increment Law," which allows the Village to rebate taxes generated under a specific developer agreement in order to incentive economic development.

As of December 31, 2016, the Village maintains and operates Tax Increment District No. 1, Tax Increment District No. 3, and Tax Increment District No. 4, which are presented in the financial statements as capital projects fund.

The Village has tax rebate agreements with 2 entities as of December 31, 2016:

<u>TID</u>	<u>Purpose</u>	<u>Percentage of Increment Abated during the Fiscal Year</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
3	Development	50.00%	\$ <u>11,525</u>
			<u>\$ 11,525</u>

The Village has not made any commitments as part of the agreements other than to abate a portion of taxes generated by the additional increment value. The Village is not subject to any tax abatement agreements entered into by other governmental entities.

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to the Financial Statements**  
**December 31, 2016**

**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 to the \$5.0 million Mount Pleasant Interceptor System Agreement, signed in August 2014, the Village of Caledonia is required to reimburse the Village of Mount Pleasant 70% of the construction costs of a gravity main, not to exceed \$2,100,000. Amounts are due with 60 days of receipt of proof of payment from Mount Pleasant to the contractor. Additionally, the Village of Caledonia agrees to construct a force main to connect the Caledonia Conveyance System to the gravity main.

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.

**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, 2016**

	<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	\$ 9,410,827	\$ 9,410,827	\$ 9,410,827	\$ -
Intergovernmental	1,961,165	1,961,165	1,996,285	35,120
Licenses and permits	729,295	729,295	792,706	63,411
Fines, forfeitures and penalties	310,000	310,000	470,511	160,511
Public charges for services	486,950	486,950	690,807	203,857
Intergovernmental charges for services	177,500	177,500	224,550	47,050
Investment and interest income	10,000	10,000	36,076	26,076
Miscellaneous	111,600	81,600	148,761	67,161
Total revenues	<u>13,197,337</u>	<u>13,167,337</u>	<u>13,770,523</u>	<u>603,186</u>
<b>EXPENDITURES</b>				
General government	2,251,891	2,303,347	2,176,813	126,534
Public safety	8,455,651	8,462,165	8,273,044	189,121
Public works	2,461,345	2,373,375	2,249,862	123,513
Health and human services	28,450	28,450	28,450	-
Total expenditures	<u>13,197,337</u>	<u>13,167,337</u>	<u>12,728,169</u>	<u>439,168</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	1,042,354	<u>\$ 1,042,354</u>
<b>Other financing sources (uses)</b>				
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,042,354	<u>\$ 1,042,354</u>
Fund balance - beginning of year			<u>3,736,041</u>	
Fund balance - end of year			<u>\$ 4,778,395</u>	

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Schedule of OPEB Funding Progress**  
**December 31, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {(b-a)/c}
1/1/2008	\$ -	\$ 3,143,536	\$ 3,143,536	-	\$ 7,902,000	39.78 %
1/1/2011	-	4,294,720	4,294,720	-	7,832,569	54.83
1/1/2014	-	3,545,911	3,545,911	-	8,304,811	42.70

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Schedule of the Village's Proportionate Share of the Net Pension Liability (Asset)**  
**Wisconsin Retirement System**  
**December 31, 2016**

	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.07284176%	0.07383797%
Village's proportionate share of the net pension liability (asset)	\$ 1,183,664	\$ (1,813,663)
Village's covered - employee payroll	\$ 8,412,395	\$ 8,007,763
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.20%	102.74%

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Schedule of the Village's Contributions**  
**Wisconsin Retirement System**  
**December 31, 2016**

	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 705,586	\$ 710,670
Contributions in relation to the contractually required contributions	\$ 705,586	\$ 710,670
Contribution deficiency (excess)	\$ -	\$ -
Village's covered - employee payroll	\$ 8,412,395	\$ 8,007,763
Contributions as a percentage of covered - employee payroll	8.39%	8.87%

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Notes to Required Supplementary Information**  
**Year Ended December 31, 2016**

**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 did not exceed budget in any of the functional expenditure categories during the year ending December 31, 2016.

**WISCONSIN RETIREMENT SYSTEM**

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

Changes of Assumptions - There were no changes in the assumptions.

**SUPPLEMENTARY INFORMATION**

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**December 31, 2016**

ASSETS	Special Revenue Funds							
	Refuse	Recycling	Memorial Park Cemetery	Caledonia Storm Sewer District	Parks and Recreation	K9	Joint Parks	Joint Health
Cash and investments	\$ -	\$ -	\$ 843	\$ 2,027,727	\$ 11,426	\$ -	\$ -	\$ 601,018
Tax roll receivable								
Tax levy	-	-	10,000	-	63,000	-	58,659	175,416
Special assessments on tax roll	-	-	-	2,369	-	-	-	-
Other charges on tax roll	928,302	464,151	-	1,044,198	-	-	-	-
Other receivables	-	-	-	-	-	-	-	239,172
Special assessments receivable	-	-	-	469,271	-	-	-	-
Due from other funds	-	-	-	-	-	557	-	-
Prepaid items and other assets	-	-	-	-	-	-	240	-
<b>TOTAL ASSETS</b>	<b>\$ 928,302</b>	<b>\$ 464,151</b>	<b>\$ 10,843</b>	<b>\$ 3,543,565</b>	<b>\$ 74,426</b>	<b>\$ 557</b>	<b>\$ 58,899</b>	<b>\$ 1,015,606</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>								
Liabilities								
Accounts payable	\$ 46	\$ 24	\$ -	\$ 3,127	\$ 11,200	\$ -	\$ 2,418	\$ 97,786
Accrued payroll	-	-	-	-	-	-	-	74,636
Due to other funds	869,741	490,123	5,041	-	-	-	59,479	158,514
Unearned grant revenues	-	-	-	-	-	-	-	56,137
Deposits	-	-	-	2,116	-	-	-	-
Total liabilities	<u>869,787</u>	<u>490,147</u>	<u>5,041</u>	<u>5,243</u>	<u>11,200</u>	<u>-</u>	<u>61,897</u>	<u>387,073</u>
Deferred Inflows of Resources								
Subsequent year tax levy	-	-	10,000	-	63,000	-	58,659	175,416
Special assessments	-	-	-	530,914	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>530,914</u>	<u>63,000</u>	<u>-</u>	<u>58,659</u>	<u>175,416</u>
Fund Balances (Deficit)								
Nonspendable	-	-	-	-	-	-	240	-
Restricted	-	-	-	-	-	557	-	-
Committed	58,515	-	-	3,007,408	226	-	-	-
Assigned	-	-	-	-	-	-	-	453,117
Unassigned	-	(25,996)	(4,198)	-	-	-	(61,897)	-
Total fund balances (deficit)	<u>58,515</u>	<u>(25,996)</u>	<u>(4,198)</u>	<u>3,007,408</u>	<u>226</u>	<u>557</u>	<u>(61,657)</u>	<u>453,117</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<b>\$ 928,302</b>	<b>\$ 464,151</b>	<b>\$ 10,843</b>	<b>\$ 3,543,565</b>	<b>\$ 74,426</b>	<b>\$ 557</b>	<b>\$ 58,899</b>	<b>\$ 1,015,606</b>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Combining Balance Sheet – Nonmajor Governmental Funds (Continued)**  
**December 31, 2016**

ASSETS	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	Village Hall	Capital Projects	
Cash and investments	\$ 11,603	\$ 21,501	\$ 301,494	\$ -	\$ -	\$ 28,887	\$ 2,435,882	\$ -	\$ 5,440,381
Tax roll receivable									
Tax levy	-	-	-	1,577,458	186,256	130,054	-	1,259,335	3,460,178
Special assessments on tax roll	-	-	-	26,510	-	-	-	-	28,879
Other charges on tax roll	-	-	-	-	-	-	-	-	2,436,651
Other receivables	-	-	-	-	-	-	-	-	239,172
Special assessments receivable	-	-	-	192,874	-	-	-	-	662,145
Due from other funds	-	77,585	-	66,386	-	218	-	502,452	647,198
Prepaid items and other assets	-	-	-	-	-	-	-	-	240
<b>TOTAL ASSETS</b>	<b>\$ 11,603</b>	<b>\$ 99,086</b>	<b>\$ 301,494</b>	<b>\$ 1,863,228</b>	<b>\$ 186,256</b>	<b>\$ 159,159</b>	<b>\$ 2,435,882</b>	<b>\$ 1,761,787</b>	<b>\$ 12,914,844</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,810	\$ 135,411
Accrued payroll	-	-	-	-	-	-	-	-	74,636
Due to other funds	-	-	-	-	9,546	-	235,224	-	1,827,668
Unearned grant revenues	-	-	-	-	-	-	-	-	56,137
Deposits	-	-	-	-	-	-	-	-	2,116
Total liabilities	-	-	-	-	9,546	-	235,224	20,810	2,095,968
Deferred Inflows of Resources									
Subsequent year tax levy	-	-	-	1,577,458	186,256	130,054	-	1,259,335	3,460,178
Special assessments	-	-	-	219,385	-	-	-	-	750,299
Total deferred inflows	-	-	-	1,796,843	186,256	130,054	-	1,259,335	4,210,477
Fund Balances (Deficit)									
Nonspendable	-	-	-	-	-	-	-	-	240
Restricted	-	99,086	301,494	66,385	-	29,105	2,200,658	-	2,697,285
Committed	11,603	-	-	-	-	-	-	481,642	3,559,394
Assigned	-	-	-	-	-	-	-	-	453,117
Unassigned	-	-	-	-	(9,546)	-	-	-	(101,637)
Total fund balances (deficit)	11,603	99,086	301,494	66,385	(9,546)	29,105	2,200,658	481,642	6,608,399
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<b>\$ 11,603</b>	<b>\$ 99,086</b>	<b>\$ 301,494</b>	<b>\$ 1,863,228</b>	<b>\$ 186,256</b>	<b>\$ 159,159</b>	<b>\$ 2,435,882</b>	<b>\$ 1,761,787</b>	<b>\$ 12,914,844</b>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2016**

	Special Revenue Funds							
	Refuse	Recycling	Memorial Park Cemetery	Caledonia Storm Sewer District	Parks and Recreation	K9	Joint Parks	Joint Health
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ 10,000	\$ -	\$ 63,000	\$ -	\$ 58,659	\$ 175,357
Special assessments	-	-	-	36,641	-	-	-	-
Intergovernmental	-	57,841	-	-	-	-	-	1,051,165
Licenses and permits	-	-	-	-	-	-	-	245,089
Public charges for services	927,197	464,059	635	987,824	14,028	-	-	104,525
Intergovernmental charges for services	-	-	-	-	-	-	55,755	618,302
Investment and interest income	-	-	2	9,152	-	-	43	-
Contributions and donations	-	-	-	-	-	33,221	-	-
Miscellaneous	-	104	-	50	-	-	17,527	6,258
Total revenues	<u>927,197</u>	<u>522,004</u>	<u>10,637</u>	<u>1,033,667</u>	<u>77,028</u>	<u>33,221</u>	<u>131,984</u>	<u>2,200,696</u>
<b>EXPENDITURES</b>								
Current								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	32,664	-	-
Public works	922,106	517,957	-	260,107	-	-	-	-
Health and human services	-	-	13,044	-	-	-	-	2,070,415
Culture, recreation and education	-	-	-	-	76,507	-	155,433	-
Economic development and assistance	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	18,901	-	-	-	-
Debt service								
Principal	-	-	-	265,000	-	-	-	-
Interest and fiscal charges	-	-	-	50,350	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>922,106</u>	<u>517,957</u>	<u>13,044</u>	<u>594,358</u>	<u>76,507</u>	<u>32,664</u>	<u>155,433</u>	<u>2,070,415</u>
Excess (deficiency) of revenues over expenditures	<u>5,091</u>	<u>4,047</u>	<u>(2,407)</u>	<u>439,309</u>	<u>521</u>	<u>557</u>	<u>(23,449)</u>	<u>130,281</u>
<b>OTHER FINANCING SOURCES</b>								
Transfers out	-	-	-	-	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-	3,200	-	-	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on long-term debt issued	-	-	-	-	-	-	-	-
Premium on long-term debt issued	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Insurance proceeds	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	5,091	4,047	(2,407)	439,309	3,721	557	(23,449)	130,281
Fund balances (deficit) - beginning of year	<u>53,424</u>	<u>(30,043)</u>	<u>(1,791)</u>	<u>2,568,099</u>	<u>(3,495)</u>	<u>-</u>	<u>(38,208)</u>	<u>322,836</u>
Fund balances (deficit) - end of year	<u>\$ 58,515</u>	<u>\$ (25,996)</u>	<u>\$ (4,198)</u>	<u>\$ 3,007,408</u>	<u>\$ 226</u>	<u>\$ 557</u>	<u>\$ (61,657)</u>	<u>\$ 453,117</u>

**VILLAGE OF CALEDONIA, WISCONSIN**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor**  
**Governmental Funds (Continued)**  
**Year Ended December 31, 2016**

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds				Racine Water Capital Project	Total Nonmajor Governmental Funds
	Equipment Replacement	Donations	Impact Fees		Tax Increment District No. 1	Tax Increment District No. 3	Village Hall	Capital Projects		
<b>REVENUES</b>										
Taxes	\$ -	\$ -	\$ -	\$ 1,416,000	\$ -	\$ 141,034	\$ -	\$ 1,160,640	\$ -	\$ 3,024,690
Special assessments	-	-	-	27,865	-	-	-	-	-	64,506
Intergovernmental	-	-	-	-	688	20,563	-	-	-	1,130,257
Licenses and permits	-	-	-	-	-	-	-	-	-	245,089
Public charges for services	-	-	77,025	-	-	-	-	-	-	2,575,293
Intergovernmental charges for services	-	-	-	-	-	-	-	-	-	674,057
Investment and interest income	484	-	-	-	-	15	5,775	-	-	15,471
Contributions and donations	-	-	-	-	-	-	-	-	-	33,221
Miscellaneous	-	20,066	-	500	-	-	-	-	-	44,505
Total revenues	<u>484</u>	<u>20,066</u>	<u>77,025</u>	<u>1,444,365</u>	<u>688</u>	<u>161,612</u>	<u>5,775</u>	<u>1,160,640</u>	<u>-</u>	<u>7,807,089</u>
<b>EXPENDITURES</b>										
Current										
General government	-	-	-	-	-	-	225	-	-	225
Public safety	-	11,359	-	-	-	-	-	-	-	44,023
Public works	-	-	-	-	-	-	-	-	-	1,700,170
Health and human services	-	-	-	-	-	-	-	-	-	2,083,459
Culture, recreation and education	-	2,097	-	-	-	-	-	-	-	234,037
Economic development and assistance	-	-	-	-	12,938	61,178	-	-	-	74,116
Capital outlay	-	-	-	-	-	-	1,266,621	1,606,800	-	2,892,322
Debt service										
Principal	-	-	-	2,095,711	-	-	-	-	-	2,360,711
Interest and fiscal charges	-	-	-	216,213	-	71,648	33,271	-	-	371,482
Debt issuance costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>13,456</u>	<u>-</u>	<u>2,311,924</u>	<u>12,938</u>	<u>132,826</u>	<u>1,300,117</u>	<u>1,606,800</u>	<u>-</u>	<u>9,760,545</u>
Excess (deficiency) of revenues over expenditures	<u>484</u>	<u>6,610</u>	<u>77,025</u>	<u>(867,559)</u>	<u>(12,250)</u>	<u>28,786</u>	<u>(1,294,342)</u>	<u>(446,160)</u>	<u>-</u>	<u>(1,953,456)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers out	(255,000)	-	-	-	-	-	-	-	-	(255,000)
Proceeds from the sale of capital assets	6,500	-	-	-	-	-	-	-	-	9,700
Long-term debt issued	-	-	-	835,000	-	-	3,495,000	-	-	4,330,000
Discount on long-term debt issued	-	-	-	-	-	-	-	-	-	-
Premium on long-term debt issued	-	-	-	93,366	-	-	-	-	-	93,366
Transfers in	-	-	-	-	-	-	-	255,000	-	255,000
Insurance proceeds	-	-	-	-	-	-	-	33,147	-	33,147
Total other financing sources (uses)	<u>(248,500)</u>	<u>-</u>	<u>-</u>	<u>928,366</u>	<u>-</u>	<u>-</u>	<u>3,495,000</u>	<u>288,147</u>	<u>-</u>	<u>4,466,213</u>
Net change in fund balances	(248,016)	6,610	77,025	60,807	(12,250)	28,786	2,200,658	(158,013)	-	2,512,757
Fund balances (deficit) - beginning of year	259,619	92,476	224,469	5,578	2,704	319	-	639,655	-	4,095,642
Fund balances (deficit) - end of year	\$ 11,603	\$ 99,086	\$ 301,494	\$ 66,385	\$ (9,546)	\$ 29,105	\$ 2,200,658	\$ 481,642	\$ -	\$ 6,608,399