VILLAGE OF CALEDONIA, WISCONSIN

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

Village Board
Village of Caledonia, Wisconsin
Caledonia, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Caledonia, Wisconsin (the Village), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis-of-Matters

Change in Accounting Principle
As discussed in Note 17 to the financial statements, as of January 1, 2024, the Village adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Correction of Error
As discussed in Note 17 to the financial statements, in 2024, the Village restated governmental activities to correct an error related to the recognition of capital assets. The restatement resulted in an increase in capital assets and an increase to net position in the amount $7,707,953. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor financial statements, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the tax increment summaries, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2025, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 30, 2025

BASIC FINANCIAL STATEMENTS

VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	$ 26,521,117	$ 6,225,820	$ 32,746,937
Receivables, Net	26,579,701	6,305,394	32,885,095
Internal Balances	(1,277,112)	1,277,112	-
Prepaid Expenses	544,858	-	544,858
Unamortized Sewer Capacity	-	24,959,174	24,959,174
Restricted Assets:			
Cash and Cash Equivalents	-	5,321,534	5,321,534
Capital Assets:			
Land and Land Improvements	1,065,587	57,223	1,122,810
Intangible Assets - Land Easements	73,000	-	73,000
Construction in Process	3,987,812	2,685,972	6,673,784
Other Capital Assets	157,928,424	196,401,080	354,329,504
Intangible Assets - Infrastructure	8,827,186	-	8,827,186
Less: Accumulated Depreciation\Amortization	(74,571,809)	(55,091,651)	(129,663,460)
Total Assets	149,678,764	188,141,658	337,820,422
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts Related to Pension	10,845,606	934,945	11,780,551
Deferred Amounts Related to OPEB Retiree Medical Insurance	1,857,234	162,157	2,019,391
Deferred Amounts Related to OPEB Retiree Life Insurance	259,168	22,690	281,858
Loss on Refunding	-	70,544	70,544
Total Deferred Outflows of Resources	12,962,008	1,190,336	14,152,344
LIABILITIES			
Accounts Payable and Accrued Expenses	2,255,576	1,686,608	3,942,184
Accrued Interest Payable	813,689	154,684	968,373
Deposits	304,053	-	304,053
Unearned Grant Revenues	2,645,708	-	2,645,708
Liabilities Payable from Restricted Assets:			
Current Portion of Revenue Bonds	-	2,099,235	2,099,235
Accrued Interest	-	165,162	165,162
Noncurrent Liabilities:			
Pension Liability	1,203,390	105,124	1,308,514
Net OPEB - Retiree Medical Insurance	6,517,086	569,014	7,086,100
OPEB - Retiree Life Insurance	709,037	62,075	771,112
Due Within One Year	9,051,322	1,127,693	10,179,015
Due in More Than One Year	83,243,070	63,239,345	146,482,415
Total Liabilities	106,742,931	69,208,940	175,951,871

See accompanying Notes to Basic Financial Statements.

VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Subsequent Year Tax Levy	$ 22,376,572	$ 357,648	$ 22,734,220
Deferred Amounts Related to Leases	-	304,882	304,882
Deferred Amounts Related to Pension	6,472,246	565,391	7,037,637
Deferred Amounts Related to OPEB Retiree Medical Insurance	1,250,467	109,183	1,359,650
Deferred Amounts Related to OPEB Retiree Life Insurance	411,073	35,988	447,061
Total Deferred Inflows of Resources	30,510,358	1,373,092	31,883,450
NET POSITION			
Net Investment in Capital Assets	12,751,155	101,985,654	114,736,809
Restricted:			
Economic Development	1,720,653	-	1,720,653
Debt Service	2,399,586	4,082,726	6,482,312
Impact Fees	538,286	-	538,286
Donations and Grants	395,481	-	395,481
Equipment Replacement	-	697,101	697,101
Unrestricted	7,582,322	11,984,481	19,566,803
Total Net Position	$ 25,387,483	$ 118,749,962	$ 144,137,445

See accompanying Notes to Basic Financial Statements.

VILLAGE OF CALEDONIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental Activities:							
General Government	$ 3,143,836	$ 1,811,829	$ -	$ -	$ (1,332,007)	$ -	$ (1,332,007)
Public Safety	13,901,819	2,084,235	92,514	-	(11,725,070)	-	(11,725,070)
Public Works	5,363,859	1,410,436	1,299,209	-	(2,654,214)	-	(2,654,214)
Health and Human Services	29,200	86,541	-	-	57,341	-	57,341
Culture, Education, and Recreation	51,769	55,722	-	-	3,953	-	3,953
Economic Development and Assistance	6,640,226	-	43,126	-	(6,597,100)	-	(6,597,100)
Interest and Fiscal Charges	2,696,382	-	-	-	(2,696,382)	-	(2,696,382)
Total Governmental Activities	31,827,091	5,448,763	1,434,849	-	(24,943,479)	-	(24,943,479)
Business-Type Activities:							
Sewer Utility	8,001,769	8,275,456	-	672,962	-	946,649	946,649
Water Utility	4,764,199	4,329,895	-	757,649	-	323,345	323,345
Stormwater Utility	1,293,795	1,104,839	-	636,359	-	447,403	447,403
Total business-type activities	14,059,763	13,710,190	-	2,066,970	-	1,717,397	1,717,397
Total	$ 45,886,854	$ 19,158,953	$ 1,434,849	$ 2,066,970	(24,943,479)	1,717,397	(23,226,082)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					15,111,254	359,478	15,470,732
Property Taxes, Levied for Debt Services					3,974,267	-	3,974,267
Property Taxes, Levied for Tax Increment Districts					2,122,919	-	2,122,919
Intergovernmental Revenues not Restricted to Specific Programs					1,594,455	-	1,594,455
Investment Income					1,582,716	285,243	1,867,959
Gain on the Sale of Capital Assets					191,334	19,917	211,251
Miscellaneous					671,568	182,203	853,771
Total General Revenues					25,248,513	846,841	26,095,354
CHANGE IN NET POSITION					305,034	2,564,238	2,869,272
Net Position - Beginning of Year, As Restated					25,082,449	116,185,724	141,268,173
NET POSITION - END OF YEAR					$ 25,387,483	$ 118,749,962	$ 144,137,445

See accompanying Notes to Basic Financial Statements.

VILLAGE OF CALEDONIA, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Tax Increment District No. 4	Tax Increment District No. 5	Nonmajor Governmental Funds	Total
ASSETS							
Cash and Investments	$ 11,856,524	$ 1,815,904	$ 4,867,756	$ 3,394,010	$ -	$ 4,586,923	$ 26,521,117
Receivables:							
Property Taxes	8,963,713	2,832,940	749,713	1,332,243	54,609	289,267	14,222,485
Special Assessments	-	15,498	-	1,106,904	-	-	1,122,402
Special Charges	68,838	-	-	-	-	1,841,372	1,910,210
Accounts Receivable	2,317,694	-	-	-	-	-	2,317,694
Notes Receivable	-	3,006,910	-	-	4,000,000	-	7,006,910
Due From Other Funds	2,899,878	-	-	-	-	-	2,899,878
Advance to Other Funds	-	3,500,000	-	459,591	-	-	3,959,591
Prepaid Expenses	544,858	-	-	-	-	-	544,858
Total Assets	$ 26,651,505	$ 11,171,252	$ 5,617,469	$ 6,292,748	$ 4,054,609	$ 6,717,562	$ 60,505,145
LIABILITIES, DEFFERED INFLOWS, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	$ 245,287	$ -	$ 273,962	$ 912,095	$ 277	$ 168,777	$ 1,600,398
Accrued Payroll	615,542	-	-	-	-	-	615,542
Accrued Liabilities	6,636	-	-	-	-	33,000	39,636
Due to Other Funds	-	-	-	-	1,453,981	1,445,897	2,899,878
Advance From Other Funds	-	-	-	3,500,000	1,070,000	666,703	5,236,703
Unearned Grant Revenues	-	-	-	-	-	2,645,708	2,645,708
Deposits	304,053	-	-	-	-	-	304,053
Total Liabilities	1,171,518	-	273,962	4,412,095	2,524,258	4,960,085	13,341,918
DEFERRED INFLOWS OF RESOURCES							
Subsequent Year Tax Levy	14,101,158	4,457,977	1,178,417	2,095,382	86,032	457,606	22,376,572
Unavailable Revenue - Special Assessments	-	15,498	-	1,106,904	-	-	1,122,402
Unavailable Revenue - Notes Receivable	-	3,006,910	-	-	4,000,000	-	7,006,910
Unavailable Revenue - Other Receivables	422,935	-	-	-	-	-	422,935
Total Deferred Inflows of Resources	14,524,093	7,480,385	1,178,417	3,202,286	4,086,032	457,606	30,928,819
FUND BALANCES (DEFICIT)							
Nonspendable	544,858	-	-	-	-	-	544,858
Restricted	-	3,690,867	4,165,090	-	-	933,767	8,789,724
Committed	11,265	-	-	-	-	395,333	406,598
Assigned	-	-	-	-	-	634,634	634,634
Unassigned	10,399,771	-	-	(1,321,633)	(2,555,681)	(663,863)	5,858,594
Total Fund Balances (Deficit)	10,955,894	3,690,867	4,165,090	(1,321,633)	(2,555,681)	1,299,871	16,234,408
Total Liabilities, Deferred Inflows, and Fund Balances	$ 26,651,505	$ 11,171,252	$ 5,617,469	$ 6,292,748	$ 4,054,609	$ 6,717,562	$ 60,505,145

See accompanying Notes to Basic Financial Statements.

VILLAGE OF CALEDONIA, WISCONSIN
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024

Total fund balances - governmental funds	$ 16,234,408
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	1,065,587
Intangible assets - land easements	73,000
Construction in progress	3,987,812
Other capital assets	157,928,424
Intangible assets - infrastructure	8,827,186
Less: accumulated depreciation	(74,571,809)
Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	
Special assessments receivable	1,122,402
Long-term receivables	7,006,910
Other receivables	422,935
Long-term assets and deferred outflows of resources are not related to the current period and, therefore, are not reported in the funds.	
Deferred outflows related to pension	10,845,606
Deferred outflows related to OPEB retiree medical insurance	1,857,234
Deferred outflows related to OPEB retiree life insurance	259,168
Some liabilities and deferred inflows of resources , including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(86,720,000)
Premium on long-term debt	(2,776,184)
Compensated absences	(2,480,336)
Accrued interest	(813,689)
SBITA Agreements	(317,872)
Net pension liability	(1,203,390)
OPEB liability - retiree medical insurance	(6,517,086)
Net OPEB liability - retiree life insurance	(709,037)
Deferred inflows related to pension	(6,472,246)
Deferred inflows related to OPEB - retiree medical insurance	(1,250,467)
Deferred inflows related to OPEB - retiree life insurance	(411,073)
NET POSITION OF GOVERNMENT ACTIVITIES	$ 25,387,483

See accompanying Notes to Basic Financial Statements.

VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Tax Increment District No. 4	Tax Increment District No. 5	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	$ 13,999,954	$ 3,974,267	$ 1,111,300	$ 1,526,561	$ 87,751	$ 508,607	$ 21,208,440
Intergovernmental	2,918,764	-	-	12,589	-	97,951	3,029,304
Licenses and Permits	1,130,958	-	-	-	-	-	1,130,958
Fines, Forfeitures and Penalties	367,308	-	-	-	-	60	367,368
Public Charges for Services	1,545,653	415,229	-	-	-	1,896,141	3,857,023
Intergovernmental Charges for Services	519,827	-	-	-	-	-	519,827
Investment and Interest Income	990,503	271,432	134,534	83,542	-	101,762	1,581,773
Miscellaneous	184,996	-	-	-	-	72,286	257,282
Total Revenues	21,657,963	4,660,928	1,245,834	1,622,692	87,751	2,676,807	31,951,975
EXPENDITURES							
Current:							
General Government	3,104,224	-	-	-	-	-	3,104,224
Public Safety	13,032,574	-	-	-	-	22,733	13,055,307
Public Works	2,774,496	-	-	-	-	1,997,520	4,772,016
Health and Human Services	15,240	-	-	-	-	13,687	28,927
Culture, Education, and Recreation	-	-	-	-	-	266	266
Economic Development and Assistance	446,871	-	-	2,769,093	93,700	19,439	3,329,103
Capital Outlay	-	-	5,347,548	3,270,775	18,954	21,394	8,658,671
Debt Service:							
Principal	-	2,164,620	-	1,126,887	109,920	207,448	3,608,875
Interest and Fiscal Charges	-	1,409,646	74,081	1,323,060	124,280	83,290	3,014,357
Total Expenditures	19,373,405	3,574,266	5,421,629	8,489,815	346,854	2,365,777	39,571,746
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,284,558	1,086,662	(4,175,795)	(6,867,123)	(259,103)	311,030	(7,619,771)
OTHER FINANCING SOURCES (USES)							
Proceeds From the Issuance of Long-Term Debt	-	-	3,080,000	3,085,000	-	-	6,165,000
Premium on Long-Term Debt Issued	-	-	150,161	162,872	-	-	313,033
Proceeds From the Sale of Capital Assets	-	-	104,317	-	-	4,032	108,349
Transfer In	-	-	-	1,062,184	-	-	1,062,184
Transfer Out	-	(1,000,000)	-	-	(62,184)	-	(1,062,184)
Total Other Financing Sources (Uses)	-	(1,000,000)	3,334,478	4,310,056	(62,184)	4,032	6,586,382
NET CHANGE IN FUND BALANCES	2,284,558	86,662	(841,317)	(2,557,067)	(321,287)	315,062	(1,033,389)
Fund Balances - Beginning of Year	8,671,336	3,604,205	5,006,407	1,235,434	(2,234,394)	984,809	17,267,797
FUND BALANCES - END OF YEAR	$ 10,955,894	$ 3,690,867	$ 4,165,090	$ (1,321,633)	$ (2,555,681)	$ 1,299,871	$ 16,234,408

See accompanying Notes to Basic Financial Statements.

VILLAGE OF CALEDONIA, WISCONSIN
RECONCILATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

Net change in fund balances-total governmental funds	$ (1,033,389)
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.	
Capital outlays	8,658,671
Capital outlay expenditures not capitalized in the statement of net position	(204,987)
Difference between proceeds from the sale of capital assets and gain (loss) on the sale of capital assets	(789)
Depreciation and amortization	(4,419,540)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Special assessments	(18,890)
Long-term receivable	(415,229)
Other receivables	422,935
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	3,608,875
Long-term debt issued	(6,165,000)
SBITA payable	85,645
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	(152,904)
Accrued interest on debt	34,265
OPEB activity - retiree medical insurance	(313,326)
OPEB activity - retiree life insurance	(45,931)
Pension activity	393,732
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	(313,033)
Amortization of debt premium and discount	183,929
Change in net position of governmental activities	$ 305,034

See accompanying Notes to Basic Financial Statements.

VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-type Activities - Enterprise			
	Sewer Utility	Water Utility	Nonmajor Stormwater Utility	Totals
ASSETS				
Current:				
Cash and Investments	$ 5,874,062	$ -	$ 351,758	$ 6,225,820
Accounts Receivable	2,219,230	1,155,569	-	3,374,799
Leases Receivable	-	8,281	-	8,281
Tax Roll Receivable:				
Tax Levy	227,465	-	-	227,465
Special Charges on the Tax Roll	-	-	1,080,404	1,080,404
Special Assessments on Tax Roll	-	19,477	142,622	162,099
Delinquent Receivables on Tax Roll	639,112	367,053	-	1,006,165
Total Current Assets	9,462,451	1,550,380	1,574,784	12,587,615
Noncurrent Assets:				
Restricted Assets				
Cash and Investments	3,909,496	1,412,038	-	5,321,534
Capital Assets:				
Land and Land Improvements	34,764	22,459	-	57,223
Construction in Progress	2,308,273	299,498	78,201	2,685,972
Other Capital Assets	112,552,260	60,141,240	23,707,580	196,401,080
Less: Accumulated Depreciation	(29,859,593)	(14,930,695)	(10,301,363)	(55,091,651)
Other Assets:				
Advance From Other Funds	1,070,000	207,112	-	1,277,112
Unamortized Sewer Capacity	24,959,174	-	-	24,959,174
Leases Receivable	-	316,131	-	316,131
Special Assessments	4,688	125,362	-	130,050
Total Noncurrent Assets	114,979,062	47,593,145	13,484,418	176,056,625
Total Assets	124,441,513	49,143,525	15,059,202	188,644,240
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amounts Related to Pension	313,393	302,074	319,478	934,945
Deferred Amounts Related to OPEB - Retiree Life Insurance	7,554	7,300	7,836	22,690
Deferred Amounts Related to OPEB - Retiree Health Insurance	52,100	53,918	56,139	162,157
Loss on Refunding	29,422	41,122	-	70,544
Total Deferred Outflows of Resources	402,469	404,414	383,453	1,190,336

See accompanying Notes to Basic Financial Statements.

VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2024

	Business-type Activities - Enterprise			
	Sewer Utility	Water Utility	Nonmajor Stormwater Utility	Totals
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 725,752	$ 885,081	$ 75,775	$ 1,686,608
Accrued Interest	154,684	-	-	154,684
Current Portion of Compensated Absences	4,986	4,986	-	9,972
Current Portion of General Obligation Debt	370,000	150,000	-	520,000
Current Portion of Clean Water Fund Loans	597,721	-	-	597,721
Liabilities Payable From Restricted Assets				
Current Portion of Revenue Bonds	1,394,235	705,000	-	2,099,235
Accrued Interest	115,923	49,239	-	165,162
Total Current Liabilities	3,363,301	2,296,888	75,775	5,735,964
Noncurrent Liabilities:				
Long-Term Debt:				
General Obligation	3,295,000	1,955,000	-	5,250,000
Revenue Bonds	23,790,665	10,805,656	-	34,596,321
Clean Water Fund Loans	23,389,242	-	-	23,389,242
Long-Term Portion of Compensated Absences	1,891	1,891	-	3,782
Net Pension Liability	34,934	33,878	36,312	105,124
Total OPEB Liability - Retiree Medical Insurance	182,821	189,199	196,994	569,014
Net OPEB Liability - Retiree Life Insurance	20,666	19,972	21,437	62,075
Total Noncurrent Liabilities	50,715,219	13,005,596	254,743	63,975,558
Total Liabilities	54,078,520	15,302,484	330,518	69,711,522
DEFERRED INFLOWS OF RESOURCES				
Subsequent Years Tax Levy	357,648	-	-	357,648
Deferred Amounts Related to Leases	-	304,882	-	304,882
Deferred Amounts Related to Pension	187,886	182,210	195,295	565,391
Deferred Amounts Related to OPEB - Retiree Life Insurance	35,081	36,304	37,798	109,183
Deferred Amounts Related to OPEB Retiree Life Insurance	11,981	11,579	12,428	35,988
Total Deferred Inflows of Resources	592,596	534,975	245,521	1,373,092
NET POSITION				
Net Investment in Capital Assets	56,170,477	32,330,759	13,484,418	101,985,654
Restricted:				
Debt Service	3,096,472	986,254	-	4,082,726
Equipment Replacement	697,101	-	-	697,101
Unrestricted	10,208,816	393,467	1,382,198	11,984,481
TOTAL NET POSITION	$ 70,172,866	$ 33,710,480	$ 14,866,616	$ 118,749,962

See accompanying Notes to Basic Financial Statements.

VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-type Activities - Enterprise			
	Sewer Utility	Water Utility	Nonmajor Stormwater Utility	Totals
OPERATING REVENUES				
Public Charges for Services	$ 8,275,456	$ 4,329,895	$ 1,104,839	$ 13,710,190
OPERATING EXPENSES				
Operation and Maintenance	3,974,631	3,346,004	711,859	8,032,494
Depreciation	2,134,239	1,057,941	560,146	3,752,326
Amortization Expense	341,906	-	-	341,906
Taxes	20,325	19,021	21,790	61,136
Total Operating Expenses	6,471,101	4,422,966	1,293,795	12,187,862
OPERATING INCOME (LOSS)	1,804,355	(93,071)	(188,956)	1,522,328
NONOPERATING REVENUES (EXPENSES)				
Property Taxes Levied	359,478	-	-	359,478
Interest Income	218,609	40,508	26,126	285,243
Interest Expense	(1,530,668)	(341,233)	-	(1,871,901)
Gain on Sale of Property and Equipment	18,121	1,796	-	19,917
Miscellaneous	86,156	59,180	36,867	182,203
Total Nonoperating Revenues (Expenses)	(848,304)	(239,749)	62,993	(1,025,060)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	956,051	(332,820)	(125,963)	497,268
CAPITAL CONTRIBUTIONS				
Impact Fees	-	150,970	-	150,970
Special Assessments	10,264	12,833	1,354	24,451
Contributed Capital	662,698	593,846	635,005	1,891,549
Total Capital Contributions	672,962	757,649	636,359	2,066,970
TRANSFERS				
Transfer In	-	14,899	-	14,899
Transfer Out	(14,899)	-	-	(14,899)
Total Transfers	(14,899)	14,899	-	-
CHANGE IN NET POSITION	1,614,114	439,728	510,396	2,564,238
Net Position - Beginning of Year	68,558,752	33,270,752	14,356,220	116,185,724
NET POSITION - END OF YEAR	$ 70,172,866	$ 33,710,480	$ 14,866,616	$ 118,749,962

See accompanying Notes to Basic Financial Statements.

VILLAGE OF CALEDONIAS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-type Activities - Enterprise			
	Sewer Utility	Water Utility	Nonmajor Stormwater Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from Customers	$ 8,412,135	$ 4,272,039	$ 1,083,318	$ 13,767,492
Paid to Suppliers for Goods and Services	(3,565,731)	(1,894,289)	(245,807)	(5,705,827)
Paid to Employees for Services	(431,148)	(403,995)	(444,787)	(1,279,930)
Net Cash Provided by Operating Activities	4,415,256	1,973,755	392,724	6,781,735
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes	369,360	-	-	369,360
Payments From (to) Other Funds	474,018	(474,018)	-	-
Miscellaneous	86,156	59,180	36,867	182,203
Advance From\to Other Funds	35,000	-	-	35,000
Transfers From\to Other Funds	(14,899)	14,899	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	949,635	(399,939)	36,867	586,563
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(628,869)	(2,567,654)	(420,835)	(3,617,358)
Gain (Loss) on Disposal of Capital Assets	18,121	1,796	-	19,917
Debt Issued	1,105,000	2,105,000	-	3,210,000
Premium From Debt Issuance	54,523	101,788	-	156,311
Debt Retired	(2,221,830)	(690,000)	-	(2,911,830)
Interest and Other Fiscal Charges Paid	(1,575,167)	(355,496)	-	(1,930,663)
Impact Fees	-	150,970	-	150,970
Special Assessments Received	10,264	13,515	36,090	59,869
Net Cash Used by Capital and Related Financing Activities	(3,237,958)	(1,240,081)	(384,745)	(4,862,784)
CASH FLOWS FROM INVESTING ACTIVITIES				
Lease Receipts	-	(6,310)	-	(6,310)
Investment Income	218,609	40,508	26,126	285,243
Net Cash Provided by Investing Activities	218,609	34,198	26,126	278,933
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,345,542	367,933	70,972	2,784,447
Cash and Cash Equivalents - Beginning of Year	7,438,016	1,044,105	280,786	8,762,907
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 9,783,558	$ 1,412,038	$ 351,758	$ 11,547,354

See accompanying Notes to Basic Financial Statements.

VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-type Activities - Enterprise			
	Sewer Utility	Water Utility	Nonmajor Stormwater Utility	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 1,804,355	$ (93,071)	$ (188,956)	$ 1,522,328
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation	2,136,675	1,057,941	560,146	3,754,762
Amortization	341,906	-	-	341,906
Increase (Decrease) in Assets:				
Accounts Receivable	136,679	(57,856)	-	78,823
Special Charges Receivable	-	-	(21,521)	(21,521)
Prepaid Expenses	2,077	2,618	4,243	8,938
(Increase) Decrease in Liabilities				
Accounts Payable	9,917	1,058,600	17,388	1,085,905
OPEB Activity	(113,006)	(97,607)	(70,547)	(281,160)
Pension Activity	96,671	103,148	91,971	291,790
Accrued Expenses	(18)	(18)	-	(36)
Net Cash Provided (Used) by Operating Activities	$ 4,415,256	$ 1,973,755	$ 392,724	$ 6,781,735
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and Investments	$ 5,874,062	$ -	$ 351,758	$ 6,225,820
Restricted Cash and Cash Equivalents	3,909,496	1,412,038	-	5,321,534
CASH AND CASH EQUIVALENTS	$ 9,783,558	$ 1,412,038	$ 351,758	$ 11,547,354
NONCASH ACTIVITY				
Capital assets contributed from the Tax Increment Districts	$ 662,698	$ 593,846	$ 635,005	$ 1,891,549

See accompanying Notes to Basic Financial Statements.

VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2024

	Tax Collection Custodial Fund
ASSETS	
Cash and Investments	$ 14,160,715
Taxes Receivable	24,696,587
Total Assets	38,857,302
LIABILITIES	
Due to Other Governments	14,160,715
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	24,696,587
NET POSITION	
Restricted for Tax Collections	$ -

See accompanying Notes to Basic Financial Statements.

VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Tax Collection Custodial Fund
ADDITIONS	
Taxes and Special Charges Collected	$ 29,562,355
DEUCTIONS	
Payments to Other Taxing Jurisdictions	29,562,355
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	-
NET POSITION - END OF YEAR	$ -

See accompanying Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

A. Reporting Entity

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. An emphasis is placed on major funds within the governmental and proprietary categories.

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.

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

Capital Projects Fund – accounts for the capital outlay activities associated with the construction and acquisition of capital assets of the Village.

Tax Increment District No. 4 – special revenue fund that accounts for the economic development activities (i.e. tax increment revenue, project costs and associated financing activities) associated with the active tax increment districts of the Village.

Tax Increment District No. 5 – special revenue fund that accounts for the economic development activities (i.e. tax increment revenue, project costs and associated financing activities) associated with the active tax increment districts of the Village.

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 or committed by the Village Board to expenditures for specified purposes.

Refuse	Fire Safer Grant
Recycling	CARES Act
Memorial Park Cemetery	ARPA
Parks and Recreation	Equipment Replacement Fund
Donations	Impact Fees

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

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

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 nonmajor enterprise funds:

Stormwater Utility - accounts for operations of the stormwater system.

Custodial 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 Custodial Fund.

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

Government-Wide Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 taxes, special assessments, licenses and permits, and public charges for services revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Village considers intergovernmental revenues to be available if they are collected within 90 days 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Fiduciary 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.

All Financial Statements

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

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

Deposits and Investments

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments (Continued)

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments (Continued)

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

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

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

Receivables

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables (Continued)

Property tax calendar - 2024 tax roll:

Lien date and levy date	December 2024
Tax bills mailed	December 2024
Payment in full, or	January 31, 2025
First installment due	January 31, 2025
Second installment due	July 31, 2025
Personal property taxes in full	January 31, 2025
Tax deed - 2024 delinquent real estate taxes	October 2027

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, Sewer, and Stormwater 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.

Lease Receivable

The Village is a lessor to an outside party for the right to use the water tower for the placement of telecommunications equipment. Under the lease agreement, the Village recognizes a lease receivable and deferred inflow of resources based on the criteria dictated by GASB Statement No. 87, *Leases*. The Village measures the lease receivable at the present value of payments expected to be received during the lease term. During the lease term, the lease receivable is reduced by the principal portion of the lease payments received.

Deferred inflows of resources related to leases are initially measured as the amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Lease revenue is recognized on a straight-line basis over the term of the lease.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Sewer Capacity

The asset relating to the sewer capacity include project costs incurred in connection with the Village's cost sharing arrangement with the Village's cost sharing arrangement with the Village of Mt. Pleasant, Wisconsin for additional sewer capacity. These costs have been recorded as an asset 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.

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.

Capital Assets

Government-Wide Statements

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (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 and Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. The Village has three items qualify for reporting in this category. It is the deferred outflows related to loss of refunding, pension and OPEB. The deferred amounts related to pension and OPEB related to pension and OPEB relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Village has four items that qualify for reporting in this category. Unavailable revenues are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments, and long-term receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In government-wide financial statements, the Village report deferred amounts related to leases, pension, OPEB, and subsequent year tax levy.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated Absences

The Village of Caledonia recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – *vacation* and *sick leave*. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

The Village of Caledonia's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

The Village of Caledonia's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employment of the Village of Caledonia and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pensions

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue)

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

Other Postemployment Benefits (OPEB) Local Retiree Life Insurance – The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring following:

- Net OPEB Liability,
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other-Post-Employment Benefits, and
- OPEB Expense (Revenue).

Information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Subscription-Based Information Technology (SBITA)

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, other postemployment benefits 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 which approximates the interest method. Gains or losses on prior refunding's are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year-end for both premiums and discounts are shown as an increase or decrease in the liability section of the statement of net position.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. The liability for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position and Fund Balance Classifications

Government-Wide Statements
Net Position is classified in three components:

a. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation\amortization, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability or deferred inflow relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or deferred inflows or if the liability will be liquidated with the restricted assets reported.

c. The unrestricted component of net position is the amount of the assets and deferred outflows, net of the liabilities and deferred inflows that are not included in the determination of net investment in capital assets or the restricted components of net position.

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

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

a Not in spendable form; or

b. Legally or contractually required to be maintained intact.

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

a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or

b. Imposed by law through constitutional provisions or enabling legislation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position and Fund Balance Classifications (Continued)

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.

E. Implementation of New Accounting Standards

The Village adopted GASB Statement No. 101, Compensated Absences, in 2024. This Statement updated the recognition and measurement guidance for compensated absences, as well as amended the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. The Village adopted the requirements of this Statement effective January 1, 2024, and has applied the provisions of this Statement to the beginning of the earliest period presented. The adoption of this Statement required restatement of previously reported balances as included Note 17.

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 CARES Act Fund, ARPA Fund, Impact Fee Fund, and Donations Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

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

The Village did not exceed budget in any functional expenditure categories during the year ended December 31, 2024.

B. Deficit Balances

Accounting principles generally accepted in the United States of America require disclosure of individual funds that have deficit balances at year-end. As of December 31, 2024, the following individual funds held a deficit balance:

Fund	Amount	Reason
Capital Projects Funds		
Tax Increment District No. 1	$ (456,094)	Long-Term Deficit Due to Expenditures Exceeding Revenues
Tax Increment District No. 3	(207,769)	Long-Term Deficit Due to Expenditures Exceeding Revenues
Tax Increment District No. 4	(1,321,633)	Long-Term Deficit Due to Expenditures Exceeding Revenues
Tax Increment District No. 5	(2,555,681)	Long-Term Deficit Due to Expenditures Exceeding Revenues
Total Deficit Fund Balance	$ (4,541,177)	

NOTE 3 DEPOSITS AND INVESTMENTS

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

	Carrying Value	Financial Institution Balances	Risks
Governmental and Fiduciary Activities			
Petty Cash	$ 900	$ -	N/A
Deposits:			
Demand Deposits	24,709,304	25,011,353	Custodial Credit Risk
Time and Savings	4,059,204	4,059,204	Custodial Credit Risk
Certificates of Deposits	2,690,400	2,690,400	Custodial Credit Risk
Total Deposits	$ 31,458,908	$ 31,760,957	
Investments:			
Local Government Investment Pool (LGIP)	$ 11,437,007	$ 11,437,008	Interest Rate Risk and Credit Risk
U.S. Treasuries	5,983,563	5,983,603	Interest Rate Risk and Credit Risk
Cash Management Series	21,970	21,970	Custodial Credit Risk
Investment Class	3,326,838	3,326,838	Custodial Credit Risk
Total Investments	20,769,378	20,769,419	
Total Deposits and Investments	$ 52,229,186	$ 52,530,376	
Reconciliation to Financial Statements			
Per Statement of Net Position:			
Unrestricted Cash and Investments	$ 32,339,847		
Restricted Cash and Investments	5,728,624		
Per Statement of Fiduciary Net Position - Custodial Fund	14,160,715		
Total Deposits and Investments	$ 52,229,186		

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. Although the fund had reserves available at December 31, 2024, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund is abolished. This coverage has been considered in computing custodial credit risk.

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. As of December 31, 2024, $4,960,148 of the Village's total bank balances of $31,760,957 was uninsured and uncollateralized.

Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Village will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2024, none of the Village's investment balance of $20,769,419 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, 2024, the Village's investments were as follows:

Investment Type	Carrying Value	Average Maturity (Years)	S&P Rating
Local Government Investment Pool (NAV)	$ 11,437,007	< 1 Year	Unrated
U.S. Treasuries	3,857,190	< 1 Year	AA+
U.S. Treasuries	2,126,373	< 1 Year	A-1+
Cash Management Series	21,970	Not applicable	Not applicable
Investment Class	3,326,838	Not applicable	Not applicable
Total investments	$ 20,769,378		

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.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

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, 2024:

- U.S. Treasuries of $5,983,603 are valued using a matrix pricing model (Level 2 inputs).
- WISC Cash Management Series of $21,970 are valued using a matrix pricing model (Level 2 inputs).
- WISC Investment Class of $3,326,838 are valued using a matrix pricing model (Level 2 inputs).

Restricted Cash

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

	Sewer Utility	Water Utility	Totals
Equipment Replacement Fund	$ 697,101	$ -	$ 697,101
Revenue Bond Debt Service Fund	3,212,395	1,035,493	4,247,888
Unspent bond proceeds	-	376,545	376,545
Total Restricted Assets - Cash and Investments	$ 3,909,496	$ 1,412,038	$ 5,321,534

NOTE 4 RECEIVABLES

As of December 31, 2024, the Village has the following governmental activities/fund receivables outstanding:

	General Fund	Debt Service Fund	Capital Projects Fund	Tax Increment District No. 4	Tax Increment District No. 5	Nonmajor Governmental Funds	Total Governmental Activities
Taxes Receivable:							
Property Tax Levy	$ 8,963,713	$ 2,832,940	$ 749,713	$ 1,332,243	$ 54,609	$ 289,267	$ 14,222,485
Other Charges	68,838	-	-	-	-	1,841,372	1,910,210
Accounts Receivable	2,317,694	-	-	-	-	-	2,317,694
Special Assessments	-	15,498	-	1,106,904	-	-	1,122,402
Notes Receivable	-	3,006,910	-	-	4,000,000	-	7,006,910
Receivables, Gross	11,350,245	5,855,348	749,713	2,439,147	4,054,609	2,130,639	26,579,701
Allowance for Doubtful Accounts	-	-	-	-	-	-	-
Receivables, Net	$ 11,350,245	$ 5,855,348	$ 749,713	$ 2,439,147	$ 4,054,609	$ 2,130,639	$ 26,579,701

As of December 31, 2024, the Village has not recorded any allowance related to receivables outstanding for the Sewer, Water, and Stormwater Utility. All receivables are expected to be collected within one year.

During 2021, the Village has issued a note receivable to a developer to support economic development within the Village's Tax Increment District No. 5. The developer has the ability to draw a maximum of $4,000,000 in principal. The note bears interest at the Village's cost to borrow under the terms of the note payable with Johnson Bank. Principal and interest will be due in a balloon payment on July 8, 2022. On July 29, 2022, the Village and the developer amended the initial loan agreement to extend the due date to July 14, 2023. On July 11, 2023, the Village and the developer amended the second amendment loan agreement to extend the due date to January 15, 2024. On July 29, 2025, the Village and the developer amended the third amendment loan agreement to extend the due date to January 15, 2028. The principal balance as of December 31, 2024 is $4,000,000.

NOTE 5 DEFERRED INFLOWS OF RESOURCES

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

	Unavailable	Tax Levy	Totals
Property Taxes Receivable for Subsequent Year	$ -	$ 22,376,572	$ 22,376,572
Special Assessments	1,122,402	-	1,122,402
Notes Receivable	7,006,910	-	7,006,910
Other Receivables	422,935	-	422,935
Total Deferred Inflows of Resources	$ 8,552,247	$ 22,376,572	$ 30,928,819

NOTE 6 LEASES

The Village, acting as lessor, leases access to the its water tower to a lessee under a long-term, noncancellable lease agreement. The lease expires on March 1, 2046. In calculating the lease receivable and deferred inflows of resources, the Village utilized an estimated incremental borrowing rate of 2.5% as a stated interest rate is not included in the lease agreement.

The Village recognized $7,369 in interest revenue and $14,407 in lease revenue totaling $21,776 of rental income for the year ended December 31, 2024. Total future lease payments to be received under the lease agreement are as follows:

	Lease Receivable		
Year Ending December 31,	Principal	Interest	Total
2025	$ 8,281	$ 7,185	$ 15,466
2026	9,640	6,986	16,626
2027	10,254	6,759	17,013
2028	10,487	6,526	17,013
2029	10,725	6,287	17,012
2030-2034	64,058	27,384	91,442
2035-2039	81,355	19,231	100,586
2040-2044	101,678	8,967	110,645
2025-2049	27,937	368	28,305
Total	$ 324,415	$ 89,693	$ 414,108

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance (As Restated)	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated:				
Land	$ 1,066,376	$ -	$ 789	$ 1,065,587
Intangible Assets - Land Easements	73,000	-	-	73,000
Construction in Progress	22,589,548	5,789,683	24,391,419	3,987,812
Total Capital Assets, not Being Depreciated	23,728,924	5,789,683	24,392,208	5,126,399
Capital Assets Being Depreciated:				
Buildings	11,952,633	22,947,640	24,996	34,875,277
Land Improvements	30,690	250,749	-	281,439
Machinery and Equipment	13,248,030	2,841,823	1,289,923	14,799,930
Roads	104,728,835	1,015,208	-	105,744,043
Bridges	1,810,082	-	-	1,810,082
Intangible Assets	8,827,186	-	-	8,827,186
Right-of-Use Asset - SBITA	-	417,653	-	417,653
Total Capital Assets Being Depreciated	140,597,456	27,473,073	1,314,919	166,755,610
Accumulated Depreciation:				
Buildings	4,423,981	550,554	24,996	4,949,539
Land Improvements	767	7,803	-	8,570
Machinery and Equipment	8,843,388	830,019	1,289,923	8,383,484
Roads	55,855,037	2,474,893	-	58,329,930
Bridges	788,979	114,912	-	903,891
Intangible Assets	1,540,900	441,359	-	1,982,259
Right-of-Use Asset - SBITA	-	14,136	-	14,136
Total Accumulated Depreciation	71,453,052	4,433,676	1,314,919	74,571,809
Net Capital Assets Being Depreciated	69,144,404	23,039,397	-	92,183,801
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 92,873,328	$ 28,829,080	$ 24,392,208	$ 97,310,200

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	$ 121,196
Public Safety	565,081
Public Works, Which Includes	
Depreciation of Infrastructure	3,698,563
Culture, Education, and Recreation	48,836
Total Governmental Activities	$ 4,433,676

NOTE 7 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Business-Type Activities				
Capital Assets not Being Depreciated:				
Land	$ 57,223	$ -	$ -	$ 57,223
Construction in Progress	2,038,552	2,347,787	1,700,367	2,685,972
Total Capital Assets not Being Depreciated	2,095,775	2,347,787	1,700,367	2,743,195
Capital Assets Being Depreciated:				
Water Treatment Plant	815,889	-	-	815,889
Transmission and Distribution Plant	56,413,665	2,118,204	-	58,531,869
Water General Plant	793,484	-	-	793,484
Storm Sewers	22,521,381	874,896	-	23,396,277
Storm Sewer Equipment	174,221	137,079	-	311,300
Collection System Plant	93,870,638	662,698	521,774	94,011,562
Collection System Pumping Plant	17,011,238	-	-	17,011,238
Sewer General Plant	1,529,461	-	-	1,529,461
Total Capital Assets Being Depreciated	193,129,977	3,792,877	521,774	196,401,080
Accumulated Depreciation:				
Water Treatment Pplant	587,949	17,719	-	605,668
Transmission and Distribution Pplant	12,657,883	1,030,618	-	13,688,501
Water General Plant	626,922	9,604	-	636,526
Storm Sewers	9,731,543	546,650	-	10,278,193
Storm Sewer Equipment	9,674	13,496	-	23,170
Collection System Plant	26,256,943	2,134,239	521,774	27,869,408
Collection System Pumping Plant	1,141,737	-	-	1,141,737
Sewer General Plant	848,448	-	-	848,448
Total Accumulated Depreciation	51,861,099	3,752,326	521,774	55,091,651
Net Capital Assets Being Depreciated	141,268,878	40,551	-	141,309,429
Total Business-type Activities capital assets, net of accumulated depreciation	$ 143,364,653	$ 2,388,338	$ 1,700,367	$ 144,052,624

Depreciation expenses was charged to functions as follows:

Business-Type Activities	
Sewer	$ 2,134,239
Water	1,057,941
Storm Water	560,146
Total Business-Type Activities	$ 3,752,326

NOTE 8 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Due To/From

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

Receivable Fund	Payable Fund	Amount
Major Governmental Funds - General Fund	Major Governmental Funds - Tax Increment District No. 5	$ 1,453,981
Major Governmental Funds - General Fund	Nonmajor Governmental Funds - Refuse	1,016,097
	Recycling	429,800
		$ 2,899,878

All amounts are due within one year.

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

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

Advance To/From

Receivable Fund	Payable Fund	Amount
Major Governmental Funds - Debt Service Fund	Major Governmental Funds - Tax Increment District No. 4	$ 3,500,000
Major Governmental Funds - Tax Increment District No. 4	Nonmajor Governmental Funds - Tax Increment District No. 1	459,591
Proprietary Funds - Sewer Utility	Major Governmental Funds - Tax Increment District No. 5	1,070,000
Proprietary Funds - Water Utility	Nonmajor Governmental Funds - Tax Increment District No. 3	207,112
		$ 5,236,703

NOTE 8 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

Advance To/From (Continued)

The Village's Tax Increment District No. 4 has advanced $459,591 to Tax Incremental District No. 1 to assist in funding expenditures of the District. Principal repayments of $75,000 plus accrued interest on the outstanding balance incurred at a rate of 2.9%, will be transacted in 2025– 2031 until the balance is paid in full.

The Village's Water Utility has advanced $207,112 to Tax Incremental District No. 3 to assist in funding expenditures of the District. Principal repayments of $35,000 plus accrued interest on the outstanding balance incurred at a rate of 2.5%, will be transacted in 2025 – 2029 until the balance is paid in full.

The Village's Sewer Utility has advanced $1,070,000 to Tax Incremental District No. 5 to assist in funding expenditures of the District. Repayment of principal will be based on the availability of future property tax increments. No interest will be accrued on the outstanding advance.

The Village's Debt Service Fund advanced $3,500,000 to Tax Incremental District No. 4 to assist in funding expenditures of the District. Repayment of principal will be based on the availability of future property tax increments. No interest will be accrued on the outstanding advance.

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

Transfer In/Out

Fund Transferred From	Fund Transferred To	Amount
Major Governmental Funds - Debt Service Fund	Major Governmental Funds - Tax Incremental District No. 4	$ 1,000,000
Proprietary Funds Sewer Utility	Proprietary Funds Water Utility	14,899
Major Governmental Funds - Tax Incremental District No. 5	Major Governmental Funds - Tax Incremental District No. 4	62,184
	Total Transfers	$ 1,077,083

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.

NOTE 9 LONG-TERM OBLIGATIONS

As of December 31, 2024, the Village has noncurrent liabilities outstanding for governmental activities purposes of:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt:					
Bonds and Notes Payable - Bonded	$ 80,145,000	$ 6,165,000	$ 3,590,000	$ 82,720,000	$ 4,710,000
Note Payable - Direct Borrowings	4,018,874	-	18,874	4,000,000	4,000,000
Debt Premium (Discount)	2,647,080	313,033	183,929	2,776,184	165,397
Total General Obligation Debt	86,810,954	6,478,033	3,792,803	89,496,184	8,875,397
Other Liabilities:					
SBITA Payable	-	417,653	99,781	317,872	72,902
Compensated Absences*	2,327,433	152,903	-	2,480,336	103,023
Total Other Liabilities	2,327,433	570,556	99,781	2,798,208	175,925
Total Governmental Activities Long-Term Liabilities	$ 89,138,387	$ 7,048,589	$ 3,892,584	$ 92,294,392	$ 9,051,322

*The compensated absence balance was restated due to the implementation of GASB Statement No. 101, See Note 17. The change in the compensated absence liability is presented as a net change.

As of December 31, 2024, the Village has noncurrent liabilities outstanding for business-type activities purposes of:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities					
Long-Term Debt:					
General Obligation Debt - Bonded	$ 2,845,000	$ 3,210,000	$ 285,000	$ 5,770,000	$ 520,000
Revenue Debt - Bonded	32,375,000	-	1,540,000	30,835,000	1,580,000
Revenue Debt - Direct Borrowings	5,062,183	-	505,954	4,556,229	519,235
Subtotal	40,282,183	3,210,000	2,330,954	41,161,229	2,619,235
Bond Premium (Discount)	1,221,848	156,294	73,833	1,304,309	-
Total Long-Term Debt	41,504,031	3,366,294	2,404,787	42,465,538	2,619,235
Other liabilities:					
Clean Water Fund Loans - Direct Borrowings	24,567,840	-	580,876	23,986,964	597,721
Compensated Absence	13,790	-	-	13,790	6,972
Total Other Liabilities	24,581,630	-	580,876	24,000,754	604,693
Total Business-Type Activities Long-Term Liabilities	$ 66,085,661	$ 3,366,294	$ 2,985,663	$ 66,466,292	$ 3,223,928

NOTE 9 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Direct Borrowings – New Issue

During 2024, the Village issued general obligation corporate purpose bonds, series 2024A in the amount of $9,375,000 with interest rates ranging from 4.0% to 5.0%. The Village is required to make principal payments annually on April 1 and interest payments semiannually on April 1 and October 1. The bonds mature serially through April 1, 2044. The proceeds of the bonds will be used to finance the cost public purposes, including paying the cost of water system and sewer system improvements inside and outside of Tax Incremental District No. 4, Crawford Park improvements, street improvement projects and the acquisition of a fire truck.

Legal Debt Margin

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, 2024, was $185,485,655. Total general obligation debt outstanding at year-end was $92,490,000.

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, 2024, the Village has general obligation debt outstanding for governmental activities purposes of:

Governmental Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2024
General Debt Service:					
General Obligation Bonds	10/2/2013	4/1/2033	2.90-4.00%	$ 1,180,000	$ 1,080,000
General Obligation Bonds	4/3/2014	4/1/2030	0.75-3.30%	1,735,000	600,000
General Obligation Bonds	12/4/2014	4/1/2034	2.00-3.25%	8,250,000	6,880,000
General Obligation Bonds	12/3/2015	4/1/2035	3.00-4.00%	9,375,000	9,075,000
General Obligation Bonds	7/14/2016	4/1/2036	2.00-3.00%	3,820,000	3,820,000
Promissory Notes	7/14/2016	4/1/2026	1.80-2.25%	4,490,000	1,145,000
Taxable General Obligation Bonds	10/18/2017	4/1/2037	2.80-3.50%	3,400,000	3,400,000
General Obligation Bonds	10/18/2017	4/1/2037	3.00-3.10%	2,165,000	2,165,000
General Obligation Bonds	11/15/2018	4/1/2038	3.00-4.00%	11,990,000	10,400,000
Promissory Notes	11/26/2019	4/1/2029	2.00%	1,635,000	1,070,000
General Obligation Bonds	9/15/2020	4/1/2040	2.00%	2,000,000	2,000,000
General Obligation Promissory Notes	4/1/2021	4/1/2030	1.00-2.00%	4,630,000	3,630,000
General Obligation Promissory Notes	4/1/2021	4/1/2030	1.00-2.00%	2,880,000	1,840,000
General Obligation Promissory Notes	9/20/2022	4/1/2042	4.25 - 5%	24,745,000	23,415,000
General Obligation Corporate Purpose Bonds	5/25/2023	10/1/2043	4.00%	6,135,000	6,035,000
General Obligation Promissory Notes -	11/12/2024	4/1/2044	5.00%	6,165,000	6,165,000
Direct Borrowing	7/29/2021	7/31/2024	7.13%	4,000,000	4,000,000
Total Governmental Activities - General Obligation Debt					$ 86,720,000

NOTE 9 LONG-TERM OBLIGATIONS (CONTINUED)

The governmental activities general obligation outstanding as of December 31, 2024 matures as follows:

Year Ending	Governmental Activities General Obligation Debt - Bonded		
December 31,	Principal	Interest	Total
2025	$ 4,710,000	$ 2,864,119	$ 7,574,119
2026	4,895,000	2,758,654	7,653,654
2027	5,215,000	2,598,398	7,813,398
2028	5,485,000	2,427,911	7,912,911
2029	5,860,000	2,250,159	8,110,159
2030-2034	26,400,000	8,332,447	34,732,447
2035-2039	20,140,000	3,733,074	23,873,074
2040-2044	10,015,000	750,925	10,765,925
Total	$ 82,720,000	$ 25,715,687	$ 108,435,687

Year Ending	Governmental Activities General Obligation Debt - Direct Borrowing		
December 31,	Principal	Interest	Total
2025	$ 4,000,000	$ -	$ 4,000,000
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030-2034	-	-	-
2035-2039	-	-	-
2040-2044	-	-	-
Total	$ 4,000,000	$ -	$ 4,000,000

The business-type activities general obligation outstanding as of December 31, 2024 matures as follows:

Business-Type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2024
Sewer Utility:					
General Obligation Bonds	7/12/2012	5/1/2032	2.00-3.00%	$ 4,230,000	$ 2,560,000
General Obligation Bonds	11/12/2024	4/1/2044	4.00-5.00%	1,105,000	1,105,000
Sewer Subtotal					3,665,000
Water Utility:					
General Obligation Bonds	11/12/2024	4/1/2044	4.00-5.00%	$ 2,105,000	$ 2,105,000
Sewer Subtotal					2,105,000
Business-Type Activities Subtotal					$ 5,770,000

The business-type activities general obligation debt outstanding as of December 31, 2024 matures as follows:

Year Ending	Business-Type Activities General Obligation Debt - Bonded		
December 31,	Principal	Interest	Total
2025	$ 520,000	$ 178,883	$ 698,883
2026	400,000	188,009	588,009
2027	410,000	174,956	584,956
2028	425,000	161,209	586,209
2029	440,000	146,621	586,621
2030-2034	1,705,000	508,258	2,213,258
2035-2039	840,000	292,600	1,132,600
2040-2044	1,030,000	106,000	1,136,000
Total	$ 5,770,000	$ 1,756,536	$ 7,526,536

NOTE 9 LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Debt

As of December 31, 2024, the Village has revenue debt outstanding for business-type activities purposes of:

Business-Type Activities Revenue Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2024
Water Utility:					
Water and Sewer System Revenue Bonds	10/2/2013	5/1/2030	3.00-4.38%	$ 5,515,000	$ 3,250,000
Water and Sewer System Revenue Bonds	7/21/2016	5/1/2036	2.00-3.00%	450,000	290,000
Water and Sewer System Revenue Bonds	10/18/2017	5/1/2037	3.00-3.25%	2,445,000	1,735,000
Water and Sewer System Revenue Bonds	11/26/2019	5/1/2039	2.00-4.00%	1,145,000	930,000
Water and Sewer System Revenue Bonds	9/15/2020	5/1/2040	2.00-3.00%	2,195,000	1,895,000
Water and Sewer System Revenue Bonds	11/8/2021	5/1/2042	2.00-4.00%	3,075,000	2,955,000
Water Subtotal					11,055,000
Sewer Utility:					
Clean Water Fund Loan - Direct Borrowing	11/14/2012	5/1/2032	2.63%	9,683,189	4,556,229
Water and Sewer System Revenue Bonds	7/21/2016	5/1/2036	2.00-3.00%	1,910,000	1,250,000
Water and Sewer System Revenue Bonds	10/18/2017	5/1/2037	3.00-3.25%	4,555,000	3,240,000
Water and Sewer System Revenue Bonds	11/26/2019	5/1/2039	2.00-4.00%	3,185,000	2,575,000
Water and Sewer System Revenue Bonds	11/8/2021	5/1/2042	2.00-4.00%	13,145,000	12,715,000
Sewer Subtotal					24,336,229
Business-Type Activities Subtotal					$ 35,391,229

The business-type activities revenue debt outstanding as of December 31, 2024 matures as follows:

Year Ending December 31,	Business-Type Activities Revenue Debt - Bonded Principal	Interest	Total
2025	$ 1,580,000	$ 869,113	$ 2,449,113
2026	1,640,000	812,486	2,452,486
2027	1,700,000	753,639	2,453,639
2028	1,775,000	692,132	2,467,132
2029	1,835,000	627,621	2,462,621
2030-2034	9,870,000	2,172,661	12,042,661
2035-2039	8,865,000	895,047	9,760,047
2040-2044	3,570,000	124,081	3,694,081
Total	$ 30,835,000	$ 6,946,780	$ 37,781,780

Year Ending December 31,	Business-Type Activities Revenue - Direct Borrowing Principal	Interest	Total
2025	$ 519,235	$ 112,786	$ 632,021
2026	532,865	98,977	631,842
2027	546,853	84,806	631,659
2028	561,208	70,263	631,471
2029	575,940	55,338	631,278
2030-2034	1,820,128	72,493	1,892,621
2035-2039	-	-	-
2040-2044	-	-	-
Total	$ 4,556,229	$ 494,663	$ 5,050,892

Clean Water Fund Loans

The Village, in conjunction with the Village of Mt. Pleasant, Wisconsin entered into an agreement for a sewer expansion project. The Village of Mt. Pleasant, Wisconsin issued Clean Water Fund Loans for which the Village is responsible for repayment of 32.39% of the principal and interest to be repaid. Clean Water Fund Loans at December 31, 2024 consist of the following:

Business-type Activities Racine Clean Water Fund Loans	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2024
Clean Water Fund Loans - Direct Borrowing	5/1/2022	5/1/2051	2.90%	$ 25,912,000	$ 23,986,964
Total Business-type Activities Racine Clean Water Fund Loans					$ 23,986,964

NOTE 9 LONG-TERM OBLIGATIONS (CONTINUED)

Debt service requirements to maturity are as follows:

	Business-type Activities Racine Clean Water Fund Loans		
Year Ending December 31,	Principal	Interest	Total
2025	$ 597,721	$ 686,955	$ 1,284,676
2026	615,055	669,370	1,284,425
2027	632,892	651,274	1,284,166
2028	651,246	632,654	1,283,900
2029-2033	3,550,714	2,864,515	6,415,229
2034-2038	4,096,307	2,311,012	6,407,319
2039-2043	4,725,735	1,672,455	6,398,190
2044-2048	5,451,882	935,780	6,387,662
2049-2053	3,665,412	161,471	3,826,883
Total	$ 23,986,964	$ 10,585,486	$ 34,572,450

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.

NOTE 9 LONG-TERM OBLIGATIONS (CONTINUED)

Acceleration Clause and Security

The Village's general obligation outstanding notes from direct placements related to governmental activities of $4,000,000 contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs. The State Trust Fund Loan and Johnson Bank note is secured by the Village's taxing authority.

The Village's revenue bonds from direct placements related to business-type activities of $4,556,229 contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs. The security for the Village's obligation shall be a pledge of revenues to be derived from the Village's Sewerage System.

The Village's clean water fund loans from direct placements related to business-type activities of $28,543,193 contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs. The security for the Village's obligation shall be a pledge of revenues to be derived from the Village's Water and Sewerage System.

The Village believes it is in compliance with the covenants of the outstanding debt obligations.

Subscription-Based Information Technology Arrangements

The Village has entered into subscription based-information technology arrangements (SBITAs) for various software programs supporting general government, public works and public safety activities. The SBITA arrangements expire at various dates through 2028.

As of December 31, 2024, SBITA assets and the related accumulated amortization totaled $417,653 and $14,136, respectively.

The future subscription payments under SBITA agreements are as follows:

	Governmental Activities		
Year Ending December 31,	Principal	Interest	Total
2025	$ 72,902	$ 9,257	$ 82,159
2026	77,138	7,030	84,168
2027	81,584	4,673	86,257
2028	86,248	2,181	88,429
Total	$ 317,872	$ 23,141	$ 341,013

NOTE 10 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 employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements.

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

NOTE 10 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

General Information about the Pension Plan (Continued)

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

Year Ended December 31,	Core Fund Adjustment	Variable Fund Adjustment
2014	4.7 %	25.0 %
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	-	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

NOTE 10 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

General Information about the Pension Plan (Continued)

During the reporting period, the WRS recognized $1,333,462 in contributions from the employer.

Contribution rates as of December 31, 2024 are:

Employee Category	Employee	Employer
General (including Executives and Elected Officials)	6.80%	6.80%
Protective with Social Security	6.80%	13.20%
Protective without Social Security	6.80%	18.10%

Pension Liability, Pension Expenses (Benefit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2024, the Village reported a liability of $1,308,514 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2023, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. 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, 2023, the Village's proportion was 0.08800840%, which was a decrease of 0.00504035% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the Village recognized pension expense of $908,126.

At December 31, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 5,275,916	$ 6,987,983
Changes in Assumptions	570,343	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	4,559,959	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	40,871	49,654
Employer Contributions Subsequent to the Measurement Date	1,333,462	-
Total	$ 11,780,551	$ 7,037,637

NOTE 10 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Pension Liability, Pension Expenses (Benefit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The $1,333,462 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31,	Net Amortization of Deferred Outflows and Deferred Inflows of Resources
2025	$ 698,723
2026	723,448
2027	2,861,499
2028	(874,217)
2029	-

Actuarial assumptions. The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability (Asset):	December 31, 2023
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases Wage Inflation:	3.0%
Seniority/Merit:	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

*No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.

NOTE 10 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Pension Liability, Pension Expenses (Benefit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2023 actuarial valuation.

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

Core Fund Asset Class	Current Asset Allocation Percent	Long-Term Expected Nominal Rate of Return Percent	Long-Term Expected Real Rate of Return Percent
Public Equity	40.00%	7.30%	4.50%
Public Fixed Income	27.00%	5.80%	3.00%
Inflation Sensitive	19.00%	4.40%	1.70%
Real Estate	8.00%	5.80%	3.00%
Private Equity/Debt	18.00%	9.60%	6.70%
Leverage	-12.00%	3.70%	1.00%
Total Core Fund	100.00%	7.40%	4.60%
Variable Fund Asset Class			
U.S. Equities	70.00%	6.80%	4.00%
International Equities	30.00%	7.60%	4.80%
Total Variable Fund	100.00%	7.30%	4.50%

(1) Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.
(2) New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.7%.
(3) The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%

NOTE 10 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Pension Liability, Pension Expenses (Benefit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Single discount rate. A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 3.77% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the expected long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Village's Proportionate Share of the Net Pension Liability (Asset)	$ 12,647,421	$ 1,308,514	$ (6,625,799)

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

Payables to the Plan

Payables to the WRS as of December 31, 2024 are $223,373 for the employer and employee portion of the December 2024 required contributions.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE MEDICAL INSURANCE

General Information about the OPEB Plan

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

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

Employees covered by benefit terms. At December 31, 2024, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	18
Inactive Employees Entitled to but not yet Receiving Benefit Payments	-
Active Employees	70
	88

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE MEDICAL INSURANCE (CONTINUED)

General Information about the OPEB Plan (Continued)

Total OPEB Liability

The Village's total OPEB liability of $7,086,100 was measured as of December 31, 2024, and was determined by an actuarial valuation as January 1, 2024.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	January 1, 2024
Measurement Date	December 31, 2023
Inflation	2.25
Discount Rate	4.08
Healthcare Cost Trend	5.00-6.6%
Salary Increases Including Inflation	3.00%
Retirement Rates	WRS; See Actuarial Assumptions for Details
Termination Rates	WRS; See Actuarial Assumptions for Details
Disability Rates	WRS; See Actuarial Assumptions for Details
Mortality Rates	WRS; See Actuarial Assumptions for Details
Actuarial Cost Method	Entry Age Normal - Level % of Pay

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

The actuarial assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study for the period 2015 – 2017 for the Wisconsin Retirement System (WRS).

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE MEDICAL INSURANCE (CONTINUED)

Total OPEB Liability (Continued)

Retirement Rates

Retirement rates for police and fire are based on rates from the Wisconsin Retirement System Experience Study Report for Protective with Social Security Non-State Employees dated November 19, 2021

Retirement rates for all others are based on rates from the Wisconsin Retirement System Experience Study Report for General Non-State Employees dated November 19, 2021.

Termination Rates

Retirement rates for police and fire are based on rates from the Wisconsin Retirement System Experience Study Report for Protective with Social Security Non-State Employees dated November 19, 2021

Retirement rates for all others are based on rates from the Wisconsin Retirement System Experience Study Report for General Non-State Employees dated November 19, 2021.

Disability Rates

Retirement rates for police and fire are based on rates from the Wisconsin Retirement System Experience Study Report for Protective with Social Security Non-State Employees dated November 19, 2021

Retirement rates for all others are based on rates from the Wisconsin Retirement System Experience Study Report for General Non-State Employees dated November 19, 2021.

Mortality Rates

Mortality rates are based on rates from the Wisconsin Retirement System (WRS) Experience Study Report dated November 19, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2023	$ 7,386,016
Changes for the Year:	
Service Cost	255,329
Interest on Total OPEB Liability	236,359
Differences Between Expected and Actual Experience	-
Effect of Assumption Changes or Inputs	(520,162)
Benefit Payments	(271,442)
Net Change in Total OPEB Liability	(299,916)
Balance at December 31, 2023	$ 7,086,100

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE MEDICAL INSURANCE (CONTINUED)

Changes of Assumptions

The discount rate was updated from 3.26% in 2023 to 4.08% in 2024.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current discount rate:

	1% Decrease (3.08%)	Discount Rate (4.08%)	1% Increase (5.08%)
Total OPEB Liability	$ 7,726,689	$ 7,086,100	$ 6,511,180

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$ 6,327,287	$ 7,086,100	$ 7,972,123

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

For the year ended December 31, 2024, the Village recognized OPEB expense of $624,013. At December 31, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Projected and Actual Experiences	$ 572,803	$ 322,650
Changes of Actuarial Assumptions	1,446,588	1,037,000
Total	$ 2,019,391	$ 1,359,650

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE MEDICAL INSURANCE (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2024, the Village reported deferred outflows and inflows of resources that will be realized as follows:

Year Ending December 31,	Deferred Outflows and Inflows of Resources
2025	$ 132,325
2026	132,325
2027	132,325
2028	132,325
2029	109,664
Thereafter	20,777

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE LIFE INSURANCE

General Information about the Other Postemployment Benefits

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

OPEB Plan Fiduciary Net Position – ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

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

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

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

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE LIFE INSURANCE (CONTINUED)

General Information about the Other Postemployment Benefits (Continued)

Contribution rates as of December 31, 2023 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of Member Contribution
25% Post Retirement Coverage	20% of Member Contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per $1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2023 are as listed below:

Life Insurance
Member Contribution Rates*
For the year ended December 31, 2023

Attained Age	Basic	Supplemental
Under 30	$ 0.05	$ 0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

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

At December 31, 2024, the Village reported a liability of $771,112 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2023, the Village's proportion was 0.16760900%, which was a decrease of 0.00243100% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the Village recognized OPEB expense of $55,333.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE LIFE INSURANCE (CONTINUED)

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

At December 31, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Projected and Actual Experiences	$ -	$ 68,245
Changes of Actuarial Assumptions	241,211	303,647
Net Differences Between Projected and Actual Investment Earnings on OPEB Plan Investment	10,418	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	30,229	75,169
Total	$ 281,858	$ 447,061

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Deferred Outflows and Inflows of Resources
2025	$ (11,345)
2026	(3,143)
2027	(33,469)
2028	(63,559)
2029	(61,047)
Thereafter	7,359
Total	$ (165,204)

Actuarial Assumptions

The total OPEB liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2023
Measurement Date of Net Pension Liability:	December 31, 2023
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*:	3.26%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.32%
Salary Increases:	
Inflation:	3.0%
Seniority/Merit:	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO Index

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE LIFE INSURANCE (CONTINUED)

Actuarial Assumptions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total OPEB Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the January 1, 2023 actuarial valuation.

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

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2023

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interim Credit	40%	2.32%
U.S. Mortgages	Bloomberg U.S. MBS	60%	2.52%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate remained unchanged from the prior year at 2.30%.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE LIFE INSURANCE (CONTINUED)

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

Single Discount rate. A single discount rate of 3.32% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.76% for the prior year. The change in the discount rate was primarily caused by the increase in the municipal bond rate from 3.72% as of December 31, 2022 to 3.26% as of December 31, 2023. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the Village's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Village's proportionate share of the Net OPEB Liability (Asset) calculated using the discount rate of 3.32%, as well as what the Village's proportionate share of the Net OPEB Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.32%) or 1-percentage-point higher (4.32%) than the current rate:

	1% Decrease to Discount Rate (2.32%)	Current Discount Rate (3.32%)	1% Increase to Discount Rate (4.32%)
Village's Proportionate Share of the Net OPEB Liability (Asset)	$ 1,036,095	$ 771,112	$ 568,842

NOTE 13 NET POSITION

Net position reported on the government wide statement of net position at December 31, 2024 includes the following:

	Governmental Activities	Business-type Activities	Total
Net Investment in Capital Assets:			
Land	$ 1,065,587	$ 57,223	$ 1,122,810
Intangible Assets - Land Easements	73,000	-	73,000
Construction in Progress	3,987,812	2,685,972	6,673,784
Other Capital Assets, Net of Accumulated Depreciation	92,183,801	141,309,429	233,493,230
	97,310,200	144,052,624	241,362,824
Less: Related Long-Term Debt outstanding	(85,496,184)	(42,465,538)	(127,961,722)
Less: Related Accounts Payable	(1,189,426)	(48,521)	(1,237,947)
Less: SBITA Payable	(317,872)	-	(317,872)
Add: Loss on Refunding	-	70,544	70,544
Add: Unspent Bond Proceeds	2,444,437	376,545	2,820,982
Total Net Investment in Capital Assets	12,751,155	101,985,654	114,736,809
Restricted:			
Development	1,720,653	-	1,720,653
Debt Service	2,399,586	4,082,726	6,482,312
Donations	240,449	-	240,449
Grants	155,032	-	155,032
Impact Fees	538,286	-	538,286
Development	-	-	-
Equipment Replacement	-	697,101	697,101
Total Restricted	5,054,006	4,779,827	9,833,833
Unrestricted	7,582,322	11,577,391	19,159,713
Total Governmental Activities Net Position	$ 25,387,483	$ 118,342,872	$ 143,730,355

NOTE 14 FUND BALANCE

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2024 include the following:

	General Fund	Debt Service Fund	Capital Projects	Tax Increment District No. 4	Tax Increment District No. 5	Nonmajor Governmental Funds	Total
Nonspendable:							
Prepaid Items	$ 544,858	$ -	$ -	$ -	$ -	$ -	$ 544,858
Restricted:							
Tax Increment Districts	-	-	-	-	-	-	-
Fire Safer Grant	-	-	-	-	-	-	-
Capital Projects	-	-	4,165,090	-	-	-	4,165,090
Donations	-	-	-	-	-	240,449	240,449
Grants	-	-	-	-	-	155,032	155,032
Impact Fees	-	-	-	-	-	538,286	538,286
Debt Service	-	3,690,867	-	-	-	-	3,690,867
Total Restricted	-	3,690,867	4,165,090	-	-	933,767	8,789,724
Committed:							
Refuse	-	-	-	-	-	59,218	59,218
Recycling	-	-	-	-	-	171,669	171,669
Cemetery	-	-	-	-	-	164,446	164,446
Parks and Recreation	-	-	-	-	-	-	-
HRA\FSA	11,265	-	-	-	-	-	11,265
Total Committed	11,265	-	-	-	-	395,333	406,598
Assigned:							
Settlment Proceeds	-	-	-	-	-	634,634	634,634
Unassigned	10,399,771	-	-	(1,321,633)	(2,555,681)	(663,863)	5,858,594
Total Fund Balance	$ 10,955,894	$ 3,690,867	$ 4,165,090	$ (1,321,633)	$ (2,555,681)	$ 1,299,871	$ 16,234,408

NOTE 15 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, limited family plan, and family plan are $3,000, $6,000, and $6,000, respectively, for a policy year. The Village contributes $1,500 for a single plan employee, and $3,000 for a limited family plan and a family plan employee to a Health Reimbursement Account for out-of-pocket medical expenses. Employees also have the option to contribute to a Flexible Spending Account.

NOTE 16 COMMITMENTS AND CONTINGENCIES

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

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

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

NOTE 17 RESTATEMENT OF PREVIOUSLY PRESENTED BALANCES

During fiscal year 2024, the Village determined that construction in progress related to a new development that were contributed by a private developer in the prior year were not reported. Therefore, in the governmental activities capital assets, net of depreciation, were understated by $7.7 million as of December 31, 2024. In addition, public works revenue from capital grants and contributions was understated by $7.7 million, which results in an increase of $7.7 million on the prior year's change in net position. The effect of correcting that error is shown in the table below. Our opinion is not modified with respect to this matter.

Effective January 1, 2024, the Village implemented GASB No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of the implementation of this standard, the compensated absences liability of January 1, 2024 was understated by $2,275,495 in the Governmental Activities. The effect of the implementation of this standard is shown below.

	Balances As Previously Reported	Change in Accounting Principle	Correction of an Error	Restated Balances
Government-Wide:				
Governmental Activities	$ 19,461,386	$ (2,275,495)	$ 7,707,953	$ 24,893,844
Total Primary Government	$ 19,461,386	$ (2,275,495)	$ 7,707,953	$ 24,893,844

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CALEDONIA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts			Variance with Final Budget
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES - BUDGETARY BASIS				
Taxes	$ 13,981,617	$ 13,981,617	$ 13,999,954	$ 18,337
Intergovernmental	2,912,827	2,912,827	2,918,764	5,937
Licenses and Permits	1,059,040	1,059,040	1,130,958	71,918
Fines, Forfeitures, and Penalties	320,000	320,000	367,308	47,308
Public Charges for Services	1,678,393	1,678,393	1,468,602	(209,791)
Intergovernmental Charges for Services	532,550	532,550	519,827	(12,723)
Investment and Interest Income	64,000	784,000	990,503	206,503
Miscellaneous	28,470	28,470	103,409	74,939
Total Revenues - Budgetary Basis	20,576,897	21,296,897	21,499,325	202,428
EXPENDITURES - BUDGETARY BASIS				
General Government	3,079,548	3,109,697	3,030,534	79,163
Public Safety	13,874,845	13,725,246	13,032,574	692,672
Public Works	3,041,940	3,009,388	2,774,496	234,892
Health and Human Services	15,240	15,240	15,240	-
Economic Development	565,124	502,350	446,871	55,479
Total Expenditures - Budgetary Basis	20,576,697	20,361,921	19,299,715	1,062,206
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES - BUDGETARY BASIS	200	934,976	2,199,610	1,264,634
NET CHANGE IN FUND BALANCE - BUDGETARY BASIS	$ 200	$ 934,976	2,199,610	$ 1,264,634
Fund Balance - Beginning of Year - Budgetary Basis			8,618,128	
FUND BALANCE - END OF YEAR - BUDGETARY BASIS			10,817,738	
Reconciliation of Budgetary Bases to GAAP:				
Health Reimbursement Account Fund - Beginning Fund Balance			36,211	
Health Reimbursement Account Fund - Revenues			81,587	
Flexible Spending Account Fund - Beginning Fund Balance			16,997	
Flexible Spending Account Fund - Revenues			77,051	
Flexible Spending Account Fund - Expenditures			(73,690)	
FUND BALANCE - END OF YEAR - GAAP			$ 10,955,894	

See accompanying Notes to the Required Supplementary Information.

VILLAGE OF CALEDONIA, WISCONSIN
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
DECEMBER 31, 2024

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of the Village's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last Ten Measurement Periods

	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Village's Proportion of the Net Pension Liability (Asset)	0.88008400%	0.09304875%	0.09303845%	0.09025777%	0.08571743%	0.08252873%	0.07791811%	0.07371348%	0.07284176%	0.07383797%
Village's Proportionate Share of the Net Pension Liability (Asset)	$ 1,308,514	$ 4,929,447	$ (7,499,069)	$ (5,634,917)	$ (2,763,921)	$ 2,936,113	$ (2,313,481)	$ 607,575	$ 1,183,664	$ (1,813,663)
Village's Covered Payroll	$ 9,777,327	$ 9,941,078	$ 11,625,918	$ 11,328,364	$ 10,302,301	$ 10,049,826	$ 9,547,134	$ 8,768,144	$ 8,412,395	$ 8,007,763
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	98.85%	95.72%	106.02%	105.26%	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of the Village's Contributions
Wisconsin Retirement System
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	$ 1,333,462	$ 1,098,927	$ 1,018,821	$ 1,163,739	$ 1,072,216	$ 897,919	$ 893,468	$ 856,044	$ 721,363	$ 705,586
Contributions in Relation to the Contractually Required Contributions	$ 1,333,462	$ 1,098,927	$ 1,018,821	$ 1,163,739	$ 1,072,216	$ 897,919	$ 893,468	$ 856,044	$ 721,363	$ 705,586
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Village's Covered Payroll	$ 10,941,740	$ 9,777,327	$ 9,941,078	$ 11,625,918	$ 11,328,364	$ 10,302,301	$ 10,049,826	$ 9,547,134	$ 8,768,144	$ 8,412,395
Contributions as a Percentage of Covered Payroll	12.19%	11.24%	10.25%	10.01%	9.46%	8.72%	8.89%	8.97%	8.23%	8.39%

See accompanying Notes to the Required Supplementary Information.

VILLAGE OF CALEDONIA, WISCONSIN
SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*
DECEMBER 31, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost	$ 255,329	$ 184,471	$ 252,830	$ 211,185	$ 208,810	$ 212,649	$ 200,873
Interest on Total OPEB Liability	236,359	213,426	135,124	149,338	155,794	152,248	182,029
Effect of Assumption Changes or Inputs	(520,162)	691,928	-	1,641,807	-	43,341	-
Differences Between Expected and Actual	-	733,504	(876,836)	(590,966)	-	24,999	-
Benefit Payments	(271,442)	(349,146)	(317,439)	(247,376)	(266,873)	(232,122)	(127,548)
Net Change in Total OPEB Liability	(299,916)	1,474,183	(806,321)	1,163,988	97,731	201,115	255,354
Total OPEB Liability - Beginning	7,386,016	5,911,833	6,718,154	5,554,166	5,456,435	5,255,320	4,999,966
Total OPEB Liability - Ending	$ 7,086,100	$ 7,386,016	$ 5,911,833	$ 6,718,154	$ 5,554,166	$ 5,456,435	$ 5,255,320
Covered Payroll	$ 10,879,448	$ 10,185,462	$ 10,052,662	$ 11,759,310	$ 11,897,162	$ 10,743,844	$ 9,551,630
Total OPEB as a Percent of Covered Payroll	65%	73%	59%	57%	47%	51%	55%

See accompanying Notes to the Required Supplementary Information.

VILLAGE OF CALEDONIA, WISCONSIN
SCHEDULE OF THE VILLAGE'S SHARE OF THE NET OPEB LIABILITY (ASSET)
SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
DECEMBER 31, 2024

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of the Village's Proportionate Share of the Net OPEB Liability (Asset)
Local Retiree Life Insurance Fund
Last Ten Measurement Periods

	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Village's Proportion of the Net OPEB Liability (Asset)	0.16760900%	0.17004000%	0.18922300%	0.18640800%	0.17146000%	0.17324200%	0.17012800%
Village's Proportionate Share of the Net OPEB Liability (Asset)	$ 771,112	$ 647,822	$ 1,118,378	$ 1,025,379	$ 730,111	$ 447,025	$ 511,845
Village's Covered Employee Payroll	$ 9,397,000	$ 9,542,000	$ 11,270,000	$ 10,750,000	$ 9,924,000	$ 9,900,000	$ 7,154,369
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	33.90%	38.81%	29.57%	31.36%	37.58%	48.69%	44.81%

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of the Village's Contributions
Local Retiree Life Insurance Fund
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	$ 3,415	$ 3,411	$ 3,872	$ 3,717	$ 3,403	$ 3,337	$ 3,230
Contributions in Relation to the Contractually Required Contributions	$ 3,415	$ 3,411	$ 3,872	$ 3,717	$ 3,403	$ 3,337	$ 3,230
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Village's Covered Employee Payroll	$ 9,397,000	$ 9,542,000	$ 11,270,000	$ 10,750,000	$ 9,924,000	$ 9,900,000	$ 7,154,369
Contributions as a Percentage of Covered Employee Payroll	0.04%	0.04%	0.03%	0.03%	0.03%	0.03%	0.05%

See accompanying Notes to the Required Supplementary Information.

NOTE 1 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 CARES Act Fund, ARPA Fund, Impact Fee Fund, and Donations 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.

NOTE 2 WISCONSIN RETIREMENT SYSTEM - PENSION

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

Changes of Assumptions

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

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

NOTE 2 WISCONSIN RETIREMENT SYSTEM – PENSION (CONTINUED)

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

NOTE 2 WISCONSIN RETIREMENT SYSTEM – PENSION (CONTINUED)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2023	2022	2021	2020	2019
Valuation Date:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	7.0%	7.0%	7.0%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.7%	1.9%	1.9%	1.9%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

NOTE 2 WISCONSIN RETIREMENT SYSTEM – PENSION (CONTINUED)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2018	2017	2016	2015	2014
Valuation Date:	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.

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

NOTE 3 RETIREE MEDICAL INSURANCE – OPEB

Changes of Benefit Terms - There were no changes of benefit terms.

Changes of Assumptions – The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 3.26% to 4.08% for the current year. The underlying index used is the Bond Buyer 20-Bond GO Index as discussed in more detail later in this section. The choice of index is unchanged from the prior year. The rate has been updated to the current Fiscal Year end based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 74 and Statement 75.

Since the Employer does not have a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in the determination of the Total OPEB Liability was also changed from 3.26% to 4.08%.

NOTE 4 LOCAL RETIREE INSURANCE FUND – OPEB

Benefit Terms: There were no recent changes in benefit terms.

Assumptions: In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

VILLAGE OF CALEDONIA, WISCONSIN
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Special Revenue Funds					
	Refuse	Recycling	Memorial Park Cemetery	Parks and Recreation	Equipment Replacement	Fire Safer Grant
ASSETS						
Cash and Investments	$ -	$ -	$ 164,485	$ -	$ 33,000	$ -
Tax Roll Receivable:						-
Tax Levy	-	-	-	-	-	-
Other Charges on Tax Roll	1,176,512	664,860	-	-	-	-
Total Assets	$ 1,176,512	$ 664,860	$ 164,485	$ -	$ 33,000	$ -
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ 101,197	$ 63,391	$ 39	$ -	$ -	$ -
Accrued Liabilities	-	-	-	-	33,000	-
Due to Other Funds	1,016,097	429,800	-	-	-	-
Advance From Other Funds	-	-	-	-	-	-
Unearned Grant Revenues	-	-	-	-	-	-
Total Liabilities	1,117,294	493,191	39	-	33,000	-
DEFERRED INFLOWS OF RESOURCES						
Subsequent Year Tax Levy	-	-	-	-	-	-
Total Deferred Inflows	-	-	-	-	-	-
FUND BALANCES (DEFICIT)						
Restricted	-	-	-	-	-	-
Committed	59,218	171,669	164,446	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficit)	59,218	171,669	164,446	-	-	-
Total Liabilities, Deferred Inflows, and Fund Balances	$ 1,176,512	$ 664,860	$ 164,485	$ -	$ 33,000	$ -

VILLAGE OF CALEDONIA, WISCONSIN
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2024

	Special Revenue Funds				Capital Projects Fund		Total
	CARES Act	ARPA	Donations	Impact Fees	Tax Increment District No. 1	Tax Increment District No. 3	Nonmajor Governmental Funds
ASSETS							
Cash and Investments	$ 254	$ 2,800,486	$ 876,141	$ 538,286	$ 41,340	$ 132,931	$ 4,586,923
Tax Roll Receivable:							
Tax Levy	-	-	-	-	63,579	225,688	289,267
Other Charges on Tax Roll	-	-	-	-	-	-	1,841,372
Total Assets	$ 254	$ 2,800,486	$ 876,141	$ 538,286	$ 104,919	$ 358,619	$ 6,717,562
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	$ -	$ -	$ 1,058	$ -	$ 1,931	$ 1,161	$ 168,777
Accrued Liabilities	-	-	-	-	-	-	33,000
Due to Other Funds	-	-	-	-	-	-	1,445,897
Advance From Other Funds	-	-	-	-	459,591	207,112	666,703
Unearned Grant Revenues	-	2,645,708	-	-	-	-	2,645,708
Total Liabilities	-	2,645,708	1,058	-	461,522	208,273	4,960,085
DEFERRED INFLOWS OF RESOURCES							
Subsequent Year Tax Levy	-	-	-	-	99,491	358,115	457,606
Total Deferred Inflows	-	-	-	-	99,491	358,115	457,606
FUND BALANCES (DEFICIT)							
Restricted	254	154,778	240,449	538,286	-	-	933,767
Committed	-	-	-	-	-	-	395,333
Assigned	-	-	634,634	-	-	-	634,634
Unassigned	-	-	-	-	(456,094)	(207,769)	(663,863)
Total Fund Balances (Deficit)	254	154,778	875,083	538,286	(456,094)	(207,769)	1,299,871
Total Liabilities, Deferred Inflows, and Fund Balances	$ 254	$ 2,800,486	$ 876,141	$ 538,286	$ 104,919	$ 358,619	$ 6,717,562

VILLAGE OF CALEDONIA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	Special Revenue Funds					
	Refuse	Recycling	Memorial Park Cemetery	Parks and Recreation	Equipment Replacement	Fire Safer Grant
REVENUES						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	67,414	-	-	-	-
Fines, Forfeitures, and Penalties	-	-	60	-	-	-
Public Charges for Services	1,176,058	664,593	9,490	-	-	-
Investment and Interest Income	-	-	4,134	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	1,176,058	732,007	13,684	-	-	-
EXPENDITURES						
Current:						
General Government	-	-	-	-		-
Public Safety	-	-	-	-	-	-
Public Works	1,227,378	770,142	-	-	-	-
Health and Human Services	-	-	13,687	-	-	-
Culture, Recreation, and Education	-	220	-	-	-	-
Economic Development and Assistance	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	1,227,378	770,362	13,687	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND EXPENDITURES	(51,320)	(38,355)	(3)	-	-	-
OTHER FINANCING SOURCES						
Proceeds from the Sale of Capital Assets	-	4,032	-	-	-	-
Total Other Financing Sources	-	4,032	-	-	-	-
NET CHANGE IN FUND BALANCES	(51,320)	(34,323)	(3)	-	-	-
Fund Balances (Deficit) - Beginning of Year	110,538	205,992	164,449	-	-	-
FUND BALANCES (DEFICIT) - END OF YEAR	$ 59,218	$ 171,669	$ 164,446	$ -	$ -	$ -

VILLAGE OF CALEDONIA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	CARES Act	ARPA	Donations	Impact Fees	Tax Increment District No. 1	Tax Increment District No. 3	
REVENUES							
Taxes	$ -	$ -	$ -	$ -	$ 104,923	$ 403,684	$ 508,607
Intergovernmental	-	-	-	-	381	30,156	97,951
Fines, Forfeitures, and Penalties	-	-	-	-	-	-	60
Public Charges for Services	-	-	-	46,000	-	-	1,896,141
Investment and Interest Income	-	67,919	20,348	-	3,381	5,980	101,762
Miscellaneous	-	-	72,286	-	-	-	72,286
Total Revenues	-	67,919	92,634	46,000	108,685	439,820	2,676,807
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	22,733	-	-	-	22,733
Public Works	-	-	-	-	-	-	1,997,520
Health and Human Services	-	-	-	-	-	-	13,687
Culture, Recreation, and Education	-	-	46	-	-	-	266
Economic Development and Assistance	-	-	-	-	1,150	18,289	19,439
Capital Outlay	-	-	-	-	20,093	1,301	21,394
Debt Service:							
Principal	-		-	-	8,568	198,880	207,448
Interest and Fiscal Charges	-	-	-	-	3,466	79,824	83,290
Total Expenditures	-	-	22,779	-	33,277	298,294	2,365,777
EXCESS (DEFICIENCY) OF REVENUES AND EXPENDITURES	-	67,919	69,855	46,000	75,408	141,526	311,030
OTHER FINANCING SOURCES							
Proceeds from the Sale of Capital Assets	-	-	-	-	-	-	4,032
Total Other Financing Sources	-	-	-	-	-	-	4,032
NET CHANGE IN FUND BALANCES	-	67,919	69,855	46,000	75,408	141,526	315,062
Fund Balances (Deficit) - Beginning of Year	254	86,859	805,228	492,286	(531,502)	(349,295)	984,809
FUND BALANCES (DEFICIT) - END OF YEAR	$ 254	$ 154,778	$ 875,083	$ 538,286	$ (456,094)	$ (207,769)	$ 1,299,871

OTHER INFORMATION

VILLAGE OF CALEDONIA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 1
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES, AND NET COST TO BE RECOVERD THROUGH TAX INCREMENTS
FROM DATE OF CREATION THROUGH DECEMBER 31, 2024

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital Expenditures	$ 20,093	$ 1,414,337
Administration	-	12,298
Economic Development	1,150	1,150
Interest and Fiscal Charges	3,466	181,388
Total Project Costs	24,709	1,609,173
PROJECT REVENUES		
Tax Increments	104,923	935,542
Intergovernmental	381	11,140
Investment and Interest Income	3,381	7,326
Premium From Issuance of Long-Term Debt	-	7,639
Total Revenues	108,685	961,647
Net Cost Recoverable Through TIF Increments - December 31, 2024	$ (83,976)	$ 647,526

VILLAGE OF CALEDONIA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 1
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
FROM DATE OF CREATION THROUGH DECEMBER 31, 2024

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	$ 104,923	$ 935,542
Intergovernmental	381	11,140
Investment and Interest Income	3,381	7,326
Premium From the Issuance of Long-Term Debt	-	7,639
Proceeds From Long-Term Debt	-	200,000
Total Sources	108,685	1,161,647
USE OF FUNDS		
Capital Expenditures	20,093	1,414,337
Administration	-	12,298
Developers Grants/Incentives	1,150	1,150
Interest and Fiscal Charges	3,466	181,388
Principal on Long-Term Debt	8,568	8,568
Total Uses	33,277	1,617,741
CHANGE IN FUND BALANCE	75,408	(456,094)
Beginning Fund Balance (Deficit)	(531,502)	-
ENDING FUND BALANCE (DEFCIT)	$ (456,094)	$ (456,094)
RECONCILIATION OF RECOVERABLE COSTS		
G.O. Debt		$ 191,432
Less: Fund Balance		456,094
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2024		$ 647,526

VILLAGE OF CALEDONIA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 3
HISTORICAL SUMMARY OF PROECT COSTS, PROJECT REVENUES, AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
FROM DATE OF CREATION THROUGH DECEMBER 31, 2024

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital Expenditures	$ 1,301	$ 3,867,223
Developer Grants/Incentives	18,139	230,258
Administration	150	60,219
Interest and Fiscal Charges	79,824	881,876
Total Project Costs	99,414	5,039,576
PROJECT REVENUES		
Tax Increments	403,684	2,034,519
Intergovernmental	30,156	315,421
Investment Income	5,980	10,211
Premium From Issuance of Long-Term Debt	-	37,376
Total Revenues	439,820	2,397,527
Net Cost Recoverable Through TIF Increments - December 31, 2024	$ (340,406)	$ 2,642,049

VILLAGE OF CALEDONIA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 3
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
FROM DATE OF CREATION THROUGH DECEMBER 31, 2024

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	$ 403,684	$ 2,034,519
Intergovernmental	30,156	315,421
Investment Income	5,980	10,211
Premium From the Issuance of Long-Term Debt	-	37,376
Proceeds From Long-Term Debt	-	3,085,000
Total Sources	439,820	5,482,527
USE OF FUNDS		
Capital Expenditures	1,301	3,867,223
Developers Grants/Incentives	18,139	230,258
Administration	150	60,219
Interest and Fiscal Charges	79,824	881,876
Principal	198,880	650,720
Total Uses	298,294	5,690,296
CHANGE IN FUND BALANCE	141,526	(207,769)
Beginning Fund Balance (Deficit)	(349,295)	-
ENDING FUND BALANCE (DEFICIT)	$ (207,769)	$ (207,769)
Reconciliation of Recoverable Costs		
G.O. Debt		$ 2,434,280
Less: Fund Balance		207,769
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2024		$ 2,642,049

VILLAGE OF CALEDONIA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 4
HISTORICAL PROJECT COSTS, PROJECT REVENUES AND
NET COST TO BE RECOVERD THROUGH TAX INCREMENTS
FROM DATE OF CREATION THROUGH DECEMBER 31, 2024

	Year Ended	From Date of Creation
PROECT COSTS		
Capital Expenditures	$ 3,270,775	$ 35,346,928
Developer Grants/Incentives	2,769,093	8,775,739
Administration	-	280,139
Transfer Out	-	3,525,000
Interest and Fiscal Charges	1,323,060	9,799,574
Total Project Costs	7,362,928	57,727,380
PROJECT REVENUES		
Tax Increments	1,526,561	4,477,214
Special Assessments	-	1,403,329
Intergovernmental	12,589	1,387,409
Public Charges for Services	-	668,290
Investment Income	83,542	478,230
Miscellaneous	-	2,334
Transfer In	1,062,184	6,562,184
Premium From Issuance of Long-Term Debt	162,872	1,557,583
Total Revenues	2,847,748	16,536,573
Net Cost Recoverable Through TIF Increments - December 31, 2024	$ 4,515,180	$ 41,190,807

VILLAGE OF CALEDONIA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 4
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
FROM DATE OF CREATION THROUGH DECEMBER 31, 2024

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	$ 1,526,561	$ 4,477,214
Special Assessments	-	1,403,329
Intergovernmental	12,589	1,387,409
Public Charges for Services	-	668,290
Investment Income	83,542	478,230
Miscellaneous	-	2,334
Transfer In	1,062,184	6,562,184
Premium From the Issuance of Long-Term Debt	162,872	1,557,583
Proceeds From Long-Term Debt	3,085,000	52,205,347
Total Sources	5,932,748	68,741,920
USE OF FUNDS		
Capital Expenditures	3,270,775	35,346,928
Developers Grants/Incentives	2,769,093	8,775,739
Administration	-	280,139
Interest and Fiscal Charges	1,323,060	9,799,574
Transfer Out	-	3,525,000
Principal on Long-Term Debt	1,126,887	12,336,173
Total Uses	8,489,815	70,063,553
CHANGE IN FUND BALANCE	(2,557,067)	(1,321,633)
Beginning Fund Balance (Deficit)	1,235,434	-
ENDING FUND BALANCE (DEFICIT)	$ (1,321,633)	$ (1,321,633)
Reconciliation of Recoverable Costs		
G.O. Debt		$ 39,869,174
Less: Fund Balance		1,321,633
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2024		$ 41,190,807

VILLAGE OF CALEDONIA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 5
HISTORICAL PROJECT COSTS, PROJECT REVENUES AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
FROM DATE OF CREATION THROUGH DECEMBER 31, 2024

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital Expenditures	$ 18,954	$ 8,170,394
Administration	-	111,780
Economic Development	93,700	2,938,063
Transfer Out	62,184	82,688
Interest and Fiscal Charges	124,280	274,779
Total Project Costs	299,118	11,577,704
PROJECT REVENUES		
Tax Increments	87,751	189,871
Intergovernmental Charges for Services	-	10,000
Investment Income	-	1,514
Miscellaneous	-	96,872
Transfer In	-	144,000
Proceeds from the Sale of Capital Assets	-	996,892
Premium From Issuance of Long-Term Debt	-	92,966
Total Revenues	87,751	1,532,115
Net Cost Recoverable Through TIF Increments - December 31, 2024	$ 211,367	$ 10,045,589

VILLAGE OF CALEDONIA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 5
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
FROM DATE OF CREATION THROUGH DECEMBER 31, 2024

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	$ 87,751	$ 189,871
Intergovernmental	-	10,000
Investment Income	-	1,514
Miscellaneous	-	96,872
Transfer In	-	144,000
Proceeds from the Sale of Capital Assets	-	996,892
Premium From the Issuance of Long-Term Debt	-	92,966
Proceeds From Long-Term Debt	-	9,675,000
Total Sources	87,751	11,207,115
USE OF FUNDS		
Capital Expenditures	18,954	8,170,394
Administration	-	111,780
Economic Development	93,700	2,938,063
Transfer Out	62,184	82,688
Interest and Fiscal Charges	124,280	274,779
Principal on Long-Term Debt	109,920	2,185,092
Total Uses	409,038	13,762,796
CHANGE IN FUND BALANCE	(321,287)	(2,555,681)
Beginning Fund Balance (Deficit)	(2,234,394)	-
ENDING FUND BALANCE (DEFICIT)	$ (2,555,681)	$ (2,555,681)
Reconciliation of Recoverable Costs		
G.O. Debt		$ 7,489,908
Less: Fund Balance		2,555,681
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2024		$ 10,045,589

OTHER INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Village Board
Village of Caledonia, Wisconsin
Caledonia, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Caledonia, Wisconsin (the Village), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated July 30, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

Village of Caledonia, Wisconsin's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 30, 2025

Section II – Financial Statement Findings

2024 – 001: Preparation of the Financial Statements and Audit Adjustments

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Criteria: Village management is responsible for establishing and maintaining internal controls over the fair presentation of the financial statements including disclosures in accordance with accounting principles generally accepted in the United States of America (GAAP) as set by the Government Accounting Standards Board (GASB).

Condition: The Village does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and related footnote disclosures, which are complete, and presented in accordance with GAAP. In addition, the Village restated the beginning net position of the governmental activities to increase capital assets and increase beginning net position in the amount of $7,707,953. We identified a material adjustment in the amount of $422,935 needed for the decrease in revenue and an increase in the deferred inflow at year end related to EMS billings as the portion that was greater than 60 days past due has increased from the prior year due to the transition of the third party service provider during fiscal year 2024.

Context: Management has informed us that they do not have an internal control policy in place over annual financial reporting and that they do not have the necessary staff capacity to prepare the annual financial statements including footnote disclosures.

Cause: The Village relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the Village's internal controls in the normal course of business.

Without the assistance of the audit firm in preparing the financial statements, the misstatements would have not been detected by management.

Repeat Finding: 2023-001

Recommendation: We recommend that sufficient financial statement and disclosure review procedures be performed by an individual possessing a thorough understanding of applicable accounting principles generally accepted in the United States of America and knowledge of the Village's activities and operations.

Views of responsible officials: There is no disagreement with the audit finding.

Section II – Financial Statement Findings (Continued)

2024 – 002: Segregation of Duties

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Criteria: Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Condition: During our evaluation of internal controls, it is noted that certain accounting functions of the within the Village were not appropriately segregated. Certain accounting functions have been designed in a manner that allows one individual to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Context: While performing our audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that the duties are properly segregated. Individual users have the ability to prepare, review, and approve transactions within the general ledger without intervention from another individual to determine the appropriateness of the transaction.

Cause: The Village has worked to implement members of the Finance team into roles and responsibilities that align with activities of the Village's various functions but has not yet designed a system of controls that integrate these individuals into roles that will appropriately segregate the duties of these individuals.

Effect: Lack of segregation of duties creates an inherent risk that may allow for errors or irregularities to go undetected and uncorrected.

Repeat Finding: 2023-002

Recommendation: We recommend that the Village implement detective controls that will provide reasonable assurance that the activity that is occurring within the general ledger and related sub-ledgers are subject to routine review by an individual with the skills, knowledge, and expertise to determine the appropriateness of the information. This should include a report of the activity with the appropriate documentation of who performed the review and when it occurred. This should be performed on a routine basis as determined by a documented control process.

Views of responsible officials: There is no disagreement with the audit finding.