

VILLAGE OF CALEDONIA, WISCONSIN
Caledonia, Wisconsin

FINANCIAL STATEMENTS
December 31, 2020



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VILLAGE OF CALEDONIA, WISCONSIN

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
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BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
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INDEPENDENT AUDITORS' REPORT

Village Board
Village of Caledonia, Wisconsin
Caledonia, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Caledonia, Wisconsin (the "Village"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Caledonia, Wisconsin as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

The Village adopted Government Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which established standards for improving guidance regarding the identification of fiduciary activities for accounting and financial reporting purpose and how those activities should be reported. The impacts to the financial statements of implementing this standard has been discussed in Note 1. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Other Information

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

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

The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2021, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
July 30, 2021

BASIC FINANCIAL STATEMENTS

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Net Position
December 31, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and investments	\$ 13,187,163	\$ 7,324,279	\$ 20,511,442
Receivables (net)	18,167,137	5,931,550	24,098,687
Internal balances	(277,112)	277,112	-
Prepaid expenses	524,883	2,500	527,383
Restricted assets:			
Cash and cash equivalents	-	2,043,249	2,043,249
Net pension asset	2,575,104	188,817	2,763,921
Capital assets:			
Land	1,230,898	57,223	1,288,121
Intangible assets - land easements	73,000	-	73,000
Construction in process	577,844	1,432,079	2,009,923
Other capital assets	126,937,041	168,540,258	295,477,299
Intangible assets - infrastructure	8,827,186	-	8,827,186
Less: accumulated depreciation	<u>(61,031,081)</u>	<u>(45,583,244)</u>	<u>(106,614,325)</u>
Total assets	<u>110,792,063</u>	<u>140,213,823</u>	<u>251,005,886</u>
Deferred outflows of resources			
Unamortized treatment facility	-	1,437,646	1,437,646
Deferred amounts related to pension	6,088,744	446,452	6,535,196
Deferred amounts related to OPEB retiree medical insurance	53,059	3,890	56,949
Deferred amounts related to OPEB retiree life insurance	281,136	21,722	302,858
Loss on refunding	<u>6,987</u>	<u>94,058</u>	<u>101,045</u>
Total deferred outflows of resources	<u>6,429,926</u>	<u>2,003,768</u>	<u>8,433,694</u>
Liabilities			
Accounts payable and accrued expenses	2,601,088	2,552,579	5,153,667
Accrued interest payable	425,812	43,670	469,482
Deposits	455,694	-	455,694
Liabilities payable from restricted assets:			
Current portion of revenue bonds	-	1,293,114	1,293,114
Accrued interest	-	122,487	122,487
Noncurrent liabilities:			
OPEB - retiree medical insurance	5,174,816	379,350	5,554,166
OPEB - retiree life insurance	680,233	49,878	730,111
Due within one year	1,660,000	1,855,531	3,515,531
Due in more than one year	<u>54,760,948</u>	<u>30,117,269</u>	<u>84,878,217</u>
Total liabilities	<u>65,758,591</u>	<u>36,413,878</u>	<u>102,172,469</u>
Deferred inflows of resources			
Subsequent year tax levy	16,026,313	653,418	16,679,731
Deferred amounts related to pension	7,731,124	566,878	8,298,002
Deferred amounts related to OPEB retiree life insurance	<u>109,520</u>	<u>8,030</u>	<u>117,550</u>
Total deferred inflows of resources	<u>23,866,957</u>	<u>1,228,326</u>	<u>25,095,283</u>
Net Position			
Net investment in capital assets	21,004,788	90,843,302	111,848,090
Restricted	4,051,441	2,109,579	6,161,020
Unrestricted	<u>2,540,212</u>	<u>11,622,506</u>	<u>14,162,718</u>
TOTAL NET POSITION	<u>\$ 27,596,441</u>	<u>\$ 104,575,387</u>	<u>\$ 132,171,828</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Activities
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 3,603,799	\$ 1,411,650	\$ 23,141	\$ -	\$ (2,169,008)	\$ -	\$ (2,169,008)
Public safety	10,362,358	1,196,723	645,045	-	(8,520,590)	-	(8,520,590)
Public works	7,036,594	848,468	1,572,823	-	(4,615,303)	-	(4,615,303)
Health and human services	4,005,275	1,209,843	2,864,880	-	69,448	-	69,448
Culture, education, and recreation	367,340	202,512	-	-	(164,828)	-	(164,828)
Economic development and assistance	2,781,684	13,861	43,126	-	(2,724,697)	-	(2,724,697)
Interest and fiscal charges	1,647,193	-	-	-	(1,647,193)	-	(1,647,193)
Total governmental activities	<u>29,804,243</u>	<u>4,883,057</u>	<u>5,149,015</u>	<u>-</u>	<u>(19,772,171)</u>	<u>-</u>	<u>(19,772,171)</u>
Business-type activities:							
Sewer Utility	7,354,354	6,330,328	-	243,557	-	(780,469)	(780,469)
Water Utility	4,614,261	3,787,366	-	636,717	-	(190,178)	(190,178)
Stormwater Utility	809,486	1,026,246	-	369,251	-	586,011	586,011
Total business-type activities	<u>12,778,101</u>	<u>11,143,940</u>	<u>-</u>	<u>1,249,525</u>	<u>-</u>	<u>(384,636)</u>	<u>(384,636)</u>
TOTAL	<u>\$ 42,582,344</u>	<u>\$ 16,026,997</u>	<u>\$ 5,149,015</u>	<u>\$ 1,249,525</u>	<u>(19,772,171)</u>	<u>(384,636)</u>	<u>(20,156,807)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					11,941,023	913,834	12,854,857
Property taxes, levied for debt services					2,425,432	-	2,425,432
Property taxes, levied for tax increment districts					374,129	-	374,129
Intergovernmental revenues not restricted to specific programs					1,070,075	-	1,070,075
Investment income					346,981	112,547	459,528
Gain on the sale of capital assets					73,060	4,000	77,060
Miscellaneous					1,407,110	175,887	1,582,997
Total general revenues					<u>17,637,810</u>	<u>1,206,268</u>	<u>18,844,078</u>
Transfers					<u>(10,773,657)</u>	<u>10,773,657</u>	<u>-</u>
Change in net position					(12,908,018)	11,595,289	(1,312,729)
Net position - beginning of year					<u>40,504,459</u>	<u>92,980,098</u>	<u>133,484,557</u>
Net position - end of year					<u>\$ 27,596,441</u>	<u>\$ 104,575,387</u>	<u>\$ 132,171,828</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Balance Sheet – Governmental Funds
December 31, 2020

	General Fund	Debt Service Fund	Tax Increment District No. 4	Capital Projects	Joint Health	Nonmajor Governmental Funds	Total
Assets							
Cash and investments	\$ 7,407,360	\$ 1,757,434	\$ 655,566	\$ 1,370,412	\$ 727,308	\$ 1,269,083	\$ 13,187,163
Receivables:							
Property taxes	6,249,546	1,411,121	420,572	951,945	114,043	385,894	9,533,121
Special assessments	-	81,407	1,155,347	-	-	-	1,236,754
Special charges	49,648	-	-	-	-	1,564,894	1,614,542
Accounts receivable	470,584	4,544,502	-	20,906	661,395	85,333	5,782,720
Due from other funds	1,743,736	-	-	-	-	-	1,743,736
Advance to other funds	-	-	759,591	-	-	-	759,591
Prepaid expenses	524,008	-	-	-	875	-	524,883
TOTAL ASSETS	\$ 16,444,882	\$ 7,794,464	\$ 2,991,076	\$ 2,343,263	\$ 1,503,621	\$ 3,305,204	\$ 34,382,510
Liabilities, Deferred Inflows, and Fund Balances							
Liabilities:							
Accounts payable	\$ 588,701	\$ 1,000	\$ 530,668	\$ 108,376	\$ 247,359	\$ 437,350	\$ 1,913,454
Accrued payroll	349,597	-	-	-	90,938	-	440,535
Accrued liabilities	1,095	-	-	-	-	246,004	247,099
Due to other funds	-	-	-	-	-	1,743,736	1,743,736
Advance from other funds	-	-	-	-	-	1,036,703	1,036,703
Deposits	455,694	-	-	-	-	-	455,694
Total liabilities	<u>1,395,087</u>	<u>1,000</u>	<u>530,668</u>	<u>108,376</u>	<u>338,297</u>	<u>3,463,793</u>	<u>5,837,221</u>
Deferred Inflows of Resources:							
Subsequent year tax levy	10,446,886	2,400,425	714,859	1,617,742	193,354	653,047	16,026,313
Special assessments	-	-	1,154,687	-	-	-	1,154,687
Long-term receivables	-	4,625,909	-	-	-	-	4,625,909
Other receivables	41,065	-	-	-	7,440	-	48,505
Total deferred inflows of resources	<u>10,487,951</u>	<u>7,026,334</u>	<u>1,869,546</u>	<u>1,617,742</u>	<u>200,794</u>	<u>653,047</u>	<u>21,855,414</u>
Fund Balances (Deficit):							
Nonspendable	524,008	-	-	-	-	-	524,008
Restricted	-	767,130	590,862	-	-	544,157	1,902,149
Committed	238,289	-	-	617,145	-	446,610	1,302,044
Assigned	-	-	-	-	964,530	-	964,530
Unassigned	3,799,547	-	-	-	-	(1,802,403)	1,997,144
Total fund balances (deficit)	<u>4,561,844</u>	<u>767,130</u>	<u>590,862</u>	<u>617,145</u>	<u>964,530</u>	<u>(811,636)</u>	<u>6,689,875</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 16,444,882	\$ 7,794,464	\$ 2,991,076	\$ 2,343,263	\$ 1,503,621	\$ 3,305,204	\$ 34,382,510

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Reconciliation of the Balance Sheet of the Governmental Funds to the
Statement of Net Position
December 31, 2020

Total fund balances - governmental funds \$ 6,689,875

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

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

Land	1,230,898
Intangible assets - land easements	73,000
Construction in progress	577,844
Other capital assets	126,937,041
Intangible assets - infrastructure	8,827,186
Less: accumulated depreciation	(61,031,081)

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	1,154,687
Long-term receivables	4,625,909
Other receivables	48,505

Long-term assets are not considered available; therefore, are not reported in

Net pension asset	2,575,104
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Long-term assets and deferred outflows of resources are not related to the current period and, therefore, are not reported in the funds.

Deferred outflows related to loss on refunding	6,987
Deferred outflows related to pension	6,088,744
Deferred outflows related to OPEB retiree medical insurance	53,059
Deferred outflows related to OPEB retiree life insurance	281,136

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

Bonds and notes payable	(54,892,012)
Premium on long-term debt	(1,191,256)
Compensated absences	(337,680)
Accrued interest	(425,812)
Net OPEB obligation - retiree medical insurance	(5,174,816)
Net OPEB obligation - retiree life insurance	(680,233)
Deferred inflows related to pension	(7,731,124)
Deferred inflows related to OPEB - retiree life insurance	<u>(109,520)</u>

NET POSITION OF GOVERNMENT ACTIVITIES \$ 27,596,441

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2020

	General Fund	Debt Service Fund	Tax Increment District No. 4	Capital Projects	Joint Health	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 9,889,731	\$ 2,425,432	\$ 374,129	\$ 1,289,100	\$ 186,345	\$ 575,847	\$ 14,740,584
Special assessments	-	449,591	13,861	-	-	-	463,452
Intergovernmental	2,687,512	-	12,589	-	2,563,660	955,329	6,219,090
Licenses and permits	917,904	-	-	-	308,377	-	1,226,281
Fines, forfeitures and penalties	215,818	-	-	-	-	120,339	336,157
Public charges for services	1,117,846	336,462	-	-	3,847	1,830,393	3,288,548
Intergovernmental charges for services	208,482	-	-	-	821,103	70,000	1,099,585
Investment and interest income	42,391	263,538	27,282	8,416	2,569	2,535	346,731
Miscellaneous	149,880	250	-	16,107	25,824	435,846	627,907
Total revenues	<u>15,229,564</u>	<u>3,475,273</u>	<u>427,861</u>	<u>1,313,623</u>	<u>3,911,725</u>	<u>3,990,289</u>	<u>28,348,335</u>
Expenditures							
Current:							
General government	3,164,662	-	-	-	-	120,339	3,285,001
Public safety	8,880,306	-	-	-	-	795,095	9,675,401
Public works	2,440,298	-	-	-	-	1,645,999	4,086,297
Health and human services	14,432	-	-	-	3,550,200	368,413	3,933,045
Parks and recreation	-	-	-	-	-	308,016	308,016
Economic development and assistance	145,585	-	20,040	-	-	21,761	187,386
Capital outlay	-	-	2,806,347	1,826,842	-	2,483,919	7,117,108
Debt service:							
Principal	-	1,545,000	16,602	-	-	-	1,561,602
Interest and fiscal charges	-	440,324	1,136,836	-	-	137,319	1,714,479
Total expenditures	<u>14,645,283</u>	<u>1,985,324</u>	<u>3,979,825</u>	<u>1,826,842</u>	<u>3,550,200</u>	<u>5,880,861</u>	<u>31,868,335</u>
Excess (deficiency) of revenues over expenditures	<u>584,281</u>	<u>1,489,949</u>	<u>(3,551,964)</u>	<u>(513,219)</u>	<u>361,525</u>	<u>(1,890,572)</u>	<u>(3,520,000)</u>
Other financing sources (uses)							
Long-term debt issued	-	-	2,000,000	-	-	1,415,000	3,415,000
Premium on long-term debt issued	-	-	68,584	-	-	-	68,584
Proceeds from the sale of capital assets	-	-	-	85,982	-	-	85,982
Transfer in	-	245,305	1,000,000	163,984	-	18,000	1,427,289
Transfer out	(153,000)	(1,000,000)	-	-	-	(4,426,210)	(5,579,210)
Total other financing sources (uses)	<u>(153,000)</u>	<u>(754,695)</u>	<u>3,068,584</u>	<u>249,966</u>	<u>-</u>	<u>(2,993,210)</u>	<u>(582,355)</u>
Net change in fund balances	431,281	735,254	(483,380)	(263,253)	361,525	(4,883,782)	(4,102,355)
Fund balances - beginning of year	<u>4,130,563</u>	<u>31,876</u>	<u>1,074,242</u>	<u>880,398</u>	<u>603,005</u>	<u>4,072,146</u>	<u>10,792,230</u>
Fund balances - end of year	<u>\$ 4,561,844</u>	<u>\$ 767,130</u>	<u>\$ 590,862</u>	<u>\$ 617,145</u>	<u>\$ 964,530</u>	<u>\$ (811,636)</u>	<u>\$ 6,689,875</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2020

Net change in fund balances-total governmental funds \$ (4,102,355)

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

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

Capital outlays	7,117,108
Capital outlay expenditures not capitalized in the statement of net position	(2,776,298)
Loss on disposal of capital assets	(19,522)
Depreciation and amortization	(3,591,451)
Capital assets transferred to the Stormwater Utility	(7,933,675)

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

Special Assessments	(461,371)
Long-term receivable	(255,055)
Other receivables	(28,487)

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

Repayment of debt principal	1,561,602
Long-term debt issued	(3,415,000)
Long-term debt transferred to the Stormwater Utility	1,190,000

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

Compensated absences	(105,189)
Accrued interest on debt	(8,841)
OPEB activity - retiree medical insurance	(132,413)
OPEB activity - retiree life insurance	(59,203)
Pension activity	(17,350)
Pension and OPEB liabilities transferred to the Stormwater Utility	121,939

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	(68,584)
Amortization of loss on refunding	(5,242)
Amortization of debt premium and discount	<u>81,369</u>

Change in net position of governmental activities \$ (12,908,018)

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Net Position – Proprietary Funds
December 31, 2020

	Business-type Activities - Enterprise			
	Nonmajor			Totals
	Sewer Utility	Water Utility	Stormwater Utility	
ASSETS				
Current:				
Cash and investments	\$ 5,238,447	\$ 595,476	\$ 1,490,356	\$ 7,324,279
Accounts receivable	1,717,849	1,479,621	885	3,198,355
Tax roll receivable:				
Tax levy	57,907	326,270	-	384,177
Special charges on the tax roll	-	-	1,010,038	1,010,038
Special assessments on tax roll	2,660	25,684	312,842	341,186
Delinquent receivables on tax roll	507,883	339,669	-	847,552
Prepaid expenses	1,250	1,250	-	2,500
Total current assets	<u>7,525,996</u>	<u>2,767,970</u>	<u>2,814,121</u>	<u>13,108,087</u>
Noncurrent assets:				
Restricted assets				
Cash and investments	1,185,703	857,546	-	2,043,249
Net pension asset	77,412	72,725	38,680	188,817
Capital assets:				
Land	34,764	22,459	-	57,223
Construction in progress	332,497	950,701	148,881	1,432,079
Other capital assets	95,849,405	55,016,718	17,674,135	168,540,258
Less: accumulated depreciation	(22,636,649)	(14,568,112)	(8,378,483)	(45,583,244)
Other assets:				
Advance from other funds	-	277,112	-	277,112
Special assessments	28,440	121,802	-	150,242
Total noncurrent assets	<u>74,871,572</u>	<u>42,750,951</u>	<u>9,483,213</u>	<u>127,105,736</u>
Total assets	<u>82,397,568</u>	<u>45,518,921</u>	<u>12,297,334</u>	<u>140,213,823</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized treatment facility	1,437,646	-	-	1,437,646
Deferred amounts related to pension	183,039	171,955	91,458	446,452
Deferred amounts related to OPEB - retiree life insurance	9,005	8,494	4,223	21,722
Deferred amounts related to OPEB - retiree health insurance	1,595	1,498	797	3,890
Loss on refunding	39,229	54,829	-	94,058
Total deferred outflows of resources	<u>1,670,514</u>	<u>236,776</u>	<u>96,478</u>	<u>2,003,768</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,082,925	1,350,942	118,712	2,552,579
Accrued interest	30,128	7,173	6,369	43,670
Current portion of compensated absences	4,986	4,986	-	9,972
Current portion of general obligation debt	451,117	95,000	295,000	841,117
Current portion of Racine Clean Water Fund Loans	1,004,442	-	-	1,004,442
Liabilities payable from restricted assets				
Current portion of revenue bonds	858,114	435,000	-	1,293,114
Accrued interest	68,613	53,874	-	122,487
Total current liabilities	<u>3,500,325</u>	<u>1,946,975</u>	<u>420,081</u>	<u>5,867,381</u>
Noncurrent liabilities:				
Long-term debt:				
General obligation	3,778,193	75,000	605,000	4,458,193
Revenue bonds	14,320,598	9,780,000	-	24,100,598
Racine Clean Water Fund Loans	994,201	-	-	994,201
Unamortized premium	277,677	282,818	-	560,495
Long-term portion of compensated absences	1,891	1,891	-	3,782
Net OPEB liability - retiree medical insurance	155,517	146,075	77,758	379,350
Net OPEB liability - retiree life insurance	20,449	19,211	10,218	49,878
Total noncurrent liabilities	<u>19,548,526</u>	<u>10,304,995</u>	<u>692,976</u>	<u>30,546,497</u>
Total liabilities	<u>23,048,851</u>	<u>12,251,970</u>	<u>1,113,057</u>	<u>36,413,878</u>
DEFERRED INFLOWS OF RESOURCES				
Subsequent years tax levy	97,563	555,855	-	653,418
Deferred amounts related to pension	232,412	218,338	116,128	566,878
Deferred amounts related to OPEB retiree life insurance	3,292	3,093	1,645	8,030
Total deferred inflows of resources	<u>333,267</u>	<u>777,286</u>	<u>117,773</u>	<u>1,228,326</u>
NET POSITION				
Net investment in capital assets	51,708,311	30,680,175	8,454,816	90,843,302
Restricted	1,194,502	876,397	38,680	2,109,579
Unrestricted	7,783,151	1,169,869	2,669,486	11,622,506
TOTAL NET POSITION	<u>\$ 60,685,964</u>	<u>\$ 32,726,441</u>	<u>\$ 11,162,982</u>	<u>\$ 104,575,387</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Revenues, Expenses, and Changes in Fund Net Position –
Proprietary Funds
Year Ended December 31, 2020

	Business-type Activities - Enterprise			Totals
	Sewer Utility	Water Utility	Nonmajor Stormwater Utility	
OPERATING REVENUES				
Public charges for services	\$ 6,330,328	\$ 3,787,366	\$ 1,026,246	\$ 11,143,940
OPERATING EXPENSES				
Operation and maintenance	4,131,150	3,095,643	344,694	7,571,487
Depreciation	1,783,529	1,031,093	423,919	3,238,541
Amortization expense	817,497	-	-	817,497
Taxes	24,043	23,931	7,654	55,628
Total operating expenses	<u>6,756,219</u>	<u>4,150,667</u>	<u>776,267</u>	<u>11,683,153</u>
Operating income (loss)	<u>(425,891)</u>	<u>(363,301)</u>	<u>249,979</u>	<u>(539,213)</u>
NONOPERATING REVENUES (EXPENSES)				
Property taxes levied	559,359	354,475	-	913,834
Interest income	58,520	39,360	14,667	112,547
Interest expense	(598,135)	(463,594)	(33,219)	(1,094,948)
Gain on sale of property and equipment	-	4,000	-	4,000
Miscellaneous	99,443	76,444	-	175,887
Total nonoperating revenues (expenses)	<u>119,187</u>	<u>10,685</u>	<u>(18,552)</u>	<u>111,320</u>
Income (loss) before contributions and transfers	<u>(306,704)</u>	<u>(352,616)</u>	<u>231,427</u>	<u>(427,893)</u>
CAPITAL CONTRIBUTIONS				
Impact fees	1,550	131,750	-	133,300
Special assessments	240,457	504,967	369,251	1,114,675
Contributed capital	1,550	-	6,621,735	6,623,285
Total capital contributions	<u>243,557</u>	<u>636,717</u>	<u>6,990,986</u>	<u>7,871,260</u>
TRANSFERS				
Transfer in	124,197	87,156	4,151,922	4,363,275
Transfer out	-	-	(211,353)	(211,353)
Total transfers	<u>124,197</u>	<u>87,156</u>	<u>3,940,569</u>	<u>4,151,922</u>
Change in net position	61,050	371,257	11,162,982	11,595,289
Net position - beginning of year	<u>60,624,914</u>	<u>32,355,184</u>	<u>-</u>	<u>92,980,098</u>
Net position - end of year	<u>\$ 60,685,964</u>	<u>\$ 32,726,441</u>	<u>\$ 11,162,982</u>	<u>\$ 104,575,387</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2020

	Business-type Activities - Enterprise			Totals
	Sewer Utility	Water Utility	Nonmajor Stormwater Utility	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 6,320,472	\$ 3,349,707	\$ 1,026,420	\$ 10,696,599
Paid to suppliers for goods and services	(4,703,626)	(2,416,418)	(200,528)	(7,320,572)
Paid to employees for services	(450,028)	(425,281)	(197,762)	(1,073,071)
Payments to other funds	409,374	(409,374)	-	-
Net cash provided by operating activities	<u>1,576,192</u>	<u>98,634</u>	<u>628,130</u>	<u>2,302,956</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes	599,015	557,466	-	1,156,481
Miscellaneous	99,443	76,444	-	175,887
Transfers from\to other funds	124,197	87,156	2,953,061	3,164,414
Net cash provided by noncapital financing activities	<u>822,655</u>	<u>721,066</u>	<u>2,953,061</u>	<u>4,496,782</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,615,927)	(731,757)	(1,845,061)	(4,192,745)
Gain (loss) on disposal of capital assets	-	4,001	-	4,001
Debt issued	-	2,195,000	-	2,195,000
Premium from debt issuance	-	143,650	-	143,650
Debt retired	(2,261,247)	(2,800,000)	(290,000)	(5,351,247)
Interest and other fiscal charges paid	(617,569)	(522,765)	(26,850)	(1,167,184)
Impact fees	1,550	131,750	-	133,300
Special assessments received	228,053	425,425	56,409	709,887
Net cash used by capital and related financing activities	<u>(4,265,140)</u>	<u>(1,154,696)</u>	<u>(2,105,502)</u>	<u>(7,525,338)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	58,520	39,360	14,667	112,547
Net increase (decrease) in cash and cash equivalents	(1,807,773)	(295,636)	1,490,356	(613,053)
Cash and cash equivalents - beginning of year	8,231,923	1,748,658	-	9,980,581
Cash and cash equivalents - end of year	<u>\$ 6,424,150</u>	<u>\$ 1,453,022</u>	<u>\$ 1,490,356</u>	<u>\$ 9,367,528</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Cash Flows - Proprietary Funds (Continued)
Year Ended December 31, 2020

	Business-type Activities - Enterprise			
	Sewer Utility	Water Utility	Nonmajor	
			Stormwater Utility	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (425,891)	\$ (363,301)	\$ 249,979	\$ (539,213)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,783,529	1,031,093	423,919	3,238,541
Amortization	804,420	-	-	804,420
Changes in assets and liabilities:				
Accounts receivable	(9,856)	(437,659)	3,089	(444,426)
Special charges receivable	-	-	(2,915)	(2,915)
Prepaid expenses	(1,250)	(1,250)	-	(2,500)
Accounts payable	(972,657)	299,176	5,406	(668,075)
OPEB activity	(4,913)	(15,593)	87,976	67,470
Pension activity	(3,581)	(1,475)	(139,324)	(144,380)
Due from other funds	409,374	(409,374)	-	-
Accrued expenses	(2,983)	(2,983)	-	(5,966)
Net cash provided by operating activities	<u>\$ 1,576,192</u>	<u>\$ 98,634</u>	<u>\$ 628,130</u>	<u>\$ 2,302,956</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 5,238,447	\$ 595,476	\$ 1,490,356	\$ 7,324,279
Restricted cash and cash equivalents	<u>1,185,703</u>	<u>857,546</u>	<u>-</u>	<u>2,043,249</u>
CASH AND CASH EQUIVALENTS	<u>\$ 6,424,150</u>	<u>\$ 1,453,022</u>	<u>\$ 1,490,356</u>	<u>\$ 9,367,528</u>

Noncash Activity

During 2020, the Village closed there Storm Sewer District Special Revenue Fund and opened a Stormwater Utility. As a result, the governmental activities transferred capital assets with a net book value of \$7,933,674 and long-term liabilities in the amount of \$1,190,000.

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Fiduciary Net Position - Fiduciary Fund
December 31, 2020

	Tax Collection Custodial Fund
ASSETS	
Cash and investments	\$ 14,004,700
Taxes receivable	20,001,603
TOTAL ASSETS	34,006,303
LIABILITIES	
Due to other governments	14,004,700
DEFERRED INFLOWS OF RESOURCES	
Property taxes levied for subsequent year	20,001,603
NET POSITION	
Restricted for tax collections	\$ -

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Changes in Fiduciary Net Position - Fiduciary Fund
December 31, 2020

	Tax Collection Custodial Fund
ADDITIONS	
Taxes and special charges collected	\$ 23,575,386
DEDUCTIONS	
Payments to other taxing jurisdictions	23,575,386
CHANGE IN NET POSITION	-
Net position - January 1	-
Net position - December 31	\$ -

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

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. The debt service fund was presented as a nonmajor governmental fund in the prior year.

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

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

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

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.

Stormwater Utility - accounts for operations of the stormwater system.

The Village reports the following nonmajor governmental funds:

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

Refuse	Municipal Court
Recycling	Fire Safer Grant
Memorial Park Cemetery	CARES Act
Caledonia Storm Sewer District	Fire Services
Parks and Recreation	Donations
Joint Parks	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.

Four Mile Capital Projects Fund*	Tax Increment District No. 3
Tax Increment District No. 1	Tax Increment District No. 5

*The Four Mile Capital Projects Fund was presented as a major governmental fund in the prior year.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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 and sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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

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

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

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

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Utilities are charges to customers for sales and services and taxes levied specifically for public fire protection. Special assessments are recorded as receivables when levied and as contribution revenue when property owner connects to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

All Financial Statements

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

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

Deposits and Investments

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

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

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

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deposits and Investments (continued)

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

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

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

Receivables

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

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 - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax deed - 2020 delinquent real estate taxes	October 2023

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

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

Prepaid Items

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

Restricted Assets

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Outflows of Resources

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

Compensated Absences

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

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

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

Pensions

For purposes of measuring the Net Pension Liability (Asset), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

Other Postemployment Benefits (OPEB) Local Retiree Life Insurance – The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Other Postemployment Benefits (continued)

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

Long-Term Obligations/Conduit Debt

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

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

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

Claims and Judgments

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Net Position and Fund Balance Classifications

Government-Wide Statements

Net Position is classified in three components:

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

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

Fund Statements

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

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

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

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

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Net Position and Fund Balance Classifications (continued)

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

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

E. Accounting Standards

Standards Implemented in the Current Year

The Village changed accounting policies related to accounting for fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement No. 84, Fiduciary Activities, in 2020. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is not material.

The Village changed accounting policies related to certain disclosures related to debt, including direct borrowing and direct placements by adopting Statement of Governmental Accounting Standards (GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, in 2020. Accordingly, there is no effect as a result of the accounting change as of the beginning of the year.

The Village changed accounting policies related to determining the presentation of majority equity interests by adopting Statement of Governmental Accounting Standards (GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61, in 2020. Accordingly, there is no effect as a result of the accounting change as of the beginning of the year.

Standards to be Implemented in Future Years

In June 2017, the GASB issued GASB Statement No. 87, Leases, which modifies the guidance regarding the classification, accounting, and financial reporting of leases. The Village will implement the requirements of this standard beginning with the year ending December 31, 2022. The impact of this standard on the Village's financial statements is not yet determined.

In May 2019, the GASB issued GASB Statement No. 91, Conduit Debt Obligations, which addresses certain accounting and financial reporting aspects of conduit debt obligations. The Village will implement the requirements of this standard beginning with the year ending December 31, 2022. The impact of this standard on the Village's financial statements is not yet determined.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

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)

Standards to be Implemented in Future Years (continued)

In January 2020, the GASB issued GASB Statement No. 92, Omnibus 2020, which addresses a variety of accounting and financial report items, including specific item related to OPEB reporting and asset retirement obligations. The Village will implement the requirements of this standard beginning with the year ending December 31, 2022. The impact of this standard on the Village's financial statements is not yet determined.

In March 2020, the GASB issued GASB Statement No. 93, Replacement of Interbank Offer Rates, which addresses the use of future interbank offer rates. The Village will implement the requirements of this standard beginning with the year ending December 31, 2022. The impact of this standard on the Village's financial statements is not yet determined.

In May 2019, the GASB issued GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, which addresses accounting and financial reporting of public-private and public-public partnership and availability payment arrangements. The Village will implement the requirements of this standard beginning with the year ending December 31, 2023. The impact of this standard on the Village's financial statements is not yet determined.

In June 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The Village will implement the requirements of this standard beginning with the year ending December 31, 2023. The impact of this standard on the Village's financial statements is not yet determined.

In June 2020, the GASB issued GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an Amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, which increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. The Village will implement the requirements of this standard beginning with the year ending December 31, 2022. The impact of this standard on the Village's financial statements is not yet determined.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

The Village exceeded budget in the following functional expenditure categories during the year ended December 31, 2020:

General Fund:	
General Government	\$ 1,082
Joint Health:	
Health and Human Services	570,840

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

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

B. Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end. As of December 31, 2020, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Nonmajor governmental funds		
Capital Projects		
Tax Increment District No. 1	\$ (763,253)	Long-term deficit due to expenditures exceeding revenues
Tax Increment District No. 3	(318,504)	Long-term deficit due to expenditures exceeding revenues
Tax Increment District No. 5	<u>(720,646)</u>	Long-term deficit due to expenditures exceeding revenues
Total deficit fund balance	<u>\$ (1,802,403)</u>	

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS

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

	<u>Carrying Value</u>	<u>Financial Institution Balances</u>	<u>Risks</u>
Governmental and Fiduciary Activities			
Petty cash	\$ 950	\$ -	N/A
Deposits:			
Demand deposits	<u>13,060,250</u>	<u>12,290,474</u>	Custodial Credit Risk
Total deposits	<u>13,060,250</u>	<u>12,290,474</u>	
Investments			
Local Government Investment Pool (LGIP)	21,759,910	21,759,909	Interest Rate Risk and Credit Risk
Certificates of Deposits	311,263	311,263	Interest Rate Risk, Credit Risk and Custodial Credit Risk
U.S. Treasury Securities	<u>1,427,018</u>	<u>1,427,018</u>	Interest Rate Risk, Custodial Credit Risk
Total investments	<u>23,498,191</u>	<u>23,498,190</u>	
Total deposits and investments	<u>\$ 36,559,391</u>	<u>\$ 35,788,664</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 20,511,442		
Restricted cash and investments	2,043,249		
Per statement of fiduciary net position -			
Custodial Fund	<u>14,004,700</u>		
Total deposits and investments	<u>\$ 36,559,391</u>		

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution and the LGIP above the applicable insurance coverage provided by the FDIC. Although the fund had reserves available at December 31, 2020, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund is abolished. This coverage has been considered in computing custodial credit risk.

Custodial Credit Risk

Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village. As of December 31, 2020, \$0 of the Village's total bank balances of \$12,290,474 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, 2020, none of the Village's investment balance of \$23,496,058 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, 2020, the Village's investments were as follows:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Average Maturity (Months)</u>	<u>S&P Rating</u>
Local Government Investment Pool (NAV)	\$ 21,759,910	0.60	Unrated
Certificates of Deposits	311,263	3.00	See Below
U.S. Treasury Securities	1,427,018	2.57	Not applicable
Total investments	<u>\$ 23,498,191</u>		

As of December 31, 2020, the certificates of deposits are rated as follows:

<u>Rating</u>	<u>Amount</u>
A+	\$ 158,632
Not rated	152,631
Total	<u>\$ 311,263</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurements

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

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

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

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

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

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

The Village has the following recurring fair value measurements as of December 31, 2020:

- Certificates of Deposits of \$311,263 are valued using a matrix pricing model (Level 2 inputs).
- U.S. Treasury Securities of \$1,427,018 are valued using a matrix pricing model (Level 2 inputs).

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Restricted Cash

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

	Sewer Utility	Water Utility	Totals
Equipment replacement fund	\$ 546,779	\$ -	\$ 546,779
Revenue bond debt service fund	<u>638,924</u>	<u>857,546</u>	<u>1,496,470</u>
Total restricted assets - cash and investments	<u>\$ 1,185,703</u>	<u>\$ 857,546</u>	<u>\$ 2,043,249</u>

NOTE 4 - RECEIVABLES

As of December 31, 2020, the Village has the following governmental activities/fund receivables outstanding:

	General Fund	Debt Service Fund	Tax Increment District No. 4	Capital Projects	Joint Health	Nonmajor Governmental Funds
Taxes receivable:						
Property tax levy	\$ 6,145,294	\$ 1,411,121	\$ 420,572	\$ 951,945	\$ 114,043	\$ 385,894
Other charges	49,648	-	-	-	-	1,564,894
Accounts receivable	470,584	4,544,502	-	20,906	661,395	85,333
Due from other governments						
Special assessments	-	81,407	1,155,347	-	-	-
Delinquent personal property taxes	<u>104,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receivables, gross	6,769,778	6,037,030	1,575,919	972,851	775,438	2,036,121
Allowance for doubtful accounts	-	-	-	-	-	-
Receivables, net	<u>\$ 6,769,778</u>	<u>\$ 6,037,030</u>	<u>\$ 1,575,919</u>	<u>\$ 972,851</u>	<u>\$ 775,438</u>	<u>\$ 2,036,121</u>

As of December 31, 2020, the Village has not recorded any allowance related to receivables outstanding for the Sewer or Water Utility. All receivables are expected to be collected within one year.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 5 - DEFERRED INFLOWS OF RESOURCES

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

	<u>Unavailable</u>	<u>Tax Levy</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 16,026,313	\$ 16,026,313
Special assessments	1,154,687	-	1,154,687
Receivable for construction	4,625,909	-	4,625,909
Other receivables	48,505	-	48,505
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>\$ 5,829,101</u>	<u>\$ 16,026,313</u>	<u>\$ 21,855,414</u>

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Contributed to Other Funds</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 1,230,898	\$ -	\$ -	\$ -	\$ 1,230,898
Intangible assets - land easements	73,000	-	-	-	73,000
Construction in progress	269,764	326,611	18,531	-	577,844
Total capital assets, not being depreciated	<u>1,573,662</u>	<u>326,611</u>	<u>18,531</u>	<u>-</u>	<u>1,881,742</u>
Capital assets being depreciated:					
Buildings	9,959,215	-	-	-	9,959,215
Machinery and equipment	12,398,960	598,435	302,113	-	12,695,282
Roads	99,525,841	2,946,621	-	-	102,472,462
Storm sewers	15,888,238	-	-	(15,888,238)	-
Bridges	1,340,939	469,143	-	-	1,810,082
Intangible assets	8,827,186	-	-	-	8,827,186
Total capital assets being depreciated	<u>147,940,379</u>	<u>4,014,199</u>	<u>302,113</u>	<u>(15,888,238)</u>	<u>135,764,227</u>
Accumulated depreciation:					
Buildings	1,853,200	329,584	-	-	2,182,784
Machinery and equipment	8,483,447	727,902	301,122	-	8,910,227
Roads	46,334,495	2,280,473	-	-	48,614,968
Storm sewers	7,954,563	-	-	(7,954,563)	-
Bridges	411,430	32,812	-	-	444,242
Intangible assets	658,180	220,680	-	-	878,860
Total accumulated depreciation	<u>65,695,315</u>	<u>3,591,451</u>	<u>301,122</u>	<u>(7,954,563)</u>	<u>61,031,081</u>
Net capital assets being depreciated	<u>82,245,064</u>	<u>422,748</u>	<u>991</u>	<u>(7,933,675)</u>	<u>74,733,146</u>
Total Governmental Activities capital assets, net of accumulated depreciation	<u>\$ 83,818,726</u>	<u>\$ 749,359</u>	<u>\$ 19,522</u>	<u>\$ (7,933,675)</u>	<u>\$ 76,614,888</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 6 - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities		
General government		\$ 247,042
Public safety		408,501
Public works, which includes depreciation of infrastructure		2,857,376
Health and human services		19,208
Culture, education, and recreation		<u>59,324</u>
Total Governmental Activities		<u>\$ 3,591,451</u>

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Contributed from Other Funds</u>	<u>Ending Balance</u>
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 57,223	\$ -	\$ -	\$ -	\$ 57,223
Construction in progress	3,177,839	2,892,805	4,638,565	-	1,432,079
Total capital assets not being depreciated	<u>3,235,062</u>	<u>2,892,805</u>	<u>4,638,565</u>	<u>-</u>	<u>1,489,302</u>
Capital assets being depreciated:					
Water treatment plant	789,800	-	-	-	789,800
Transmission and distribution plant	53,399,675	266,419	197,663	-	53,468,431
Water general plant	737,888	20,599	-	-	758,487
Storm sewers	-	1,704,650	-	15,888,238	17,592,888
Storm sewer equipment	-	81,247	-	-	81,247
Collection system plant	89,080,993	4,293,291	374,661	-	92,999,623
Collection system pumping plant	1,336,367	-	-	-	1,336,367
Sewer general plant	1,494,655	18,760	-	-	1,513,415
Total capital assets being depreciated	<u>146,839,378</u>	<u>6,384,966</u>	<u>572,324</u>	<u>15,888,238</u>	<u>168,540,258</u>
Accumulated depreciation:					
Water treatment plant	467,024	33,328	-	-	500,352
Transmission and distribution plant	12,742,284	961,190	197,663	-	13,505,811
Water general plant	525,373	36,576	-	-	561,949
Storm sewers	-	423,919	-	7,954,564	8,378,483
Collection system plant	19,359,307	1,742,743	374,661	-	20,727,389
Collection system pumping plant	1,064,122	25,391	-	-	1,089,513
Sewer general plant	804,353	15,394	-	-	819,747
Total accumulated depreciation	<u>34,962,463</u>	<u>3,238,541</u>	<u>572,324</u>	<u>7,954,564</u>	<u>45,583,244</u>
Net capital assets being depreciated	<u>111,876,915</u>	<u>3,146,425</u>	<u>-</u>	<u>7,933,674</u>	<u>122,957,014</u>
Total Business-type Activities capital assets, net of accumulated depreciation	<u>\$ 115,111,977</u>	<u>\$ 6,039,230</u>	<u>\$ 4,638,565</u>	<u>\$ 7,933,674</u>	<u>\$ 124,446,316</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities		
Sewer		\$ 1,783,529
Water		1,031,093
Storm Water		<u>423,919</u>
Total Business-type Activities		<u>\$ 3,238,541</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 7 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Due to/from

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

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	
	Refuse Fund	\$ 821,953
	Recycling Fund	438,381
	Fire Safer Grant	27,477
	Joint Parks Fund	110,697
	Tax Incremental District No. 1	2,912
	Tax Incremental District No. 3	40,642
	Tax Incremental District No. 5	412,371
Total due to General Fund		<u>\$ 1,743,736</u>

All amounts are due within one year.

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

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

Advance to/from

The Village's Tax Increment District No. 4 has advanced \$759,591 to Tax Incremental District No. 1 to assist in funding expenditures of the District. Principal repayments of \$75,000 plus accrued interest on the outstanding balance incurred at a rate of 2.9 percent, will be transacted in 2021 – 2031 until the balance is paid in full.

The Village's Water Utility has advanced \$277,112 to Tax Incremental District No. 3 to assist in funding expenditures of the District. Principal repayments of \$35,000 plus accrued interest on the outstanding balance incurred at a rate of 2.5 percent, will be transacted in 2021 – 2029 until the balance is paid in full.

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

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

Transfer in/out

The following is a schedule of interfund transfers:

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
Major governmental funds - Debt Service Fund General Fund	Major governmental Fund - TID No. 4 Capital Projects	\$ 1,000,000 135,000
Major governmental funds - General Fund	Nonmajor governmental funds - Parks	18,000
Nonmajor governmental funds - Donation Four Mile Capital Projects Fund	Major governmental funds - Capital Projects Debt Service Fund	28,984 245,305
Nonmajor governmental funds - Stormwater	Proprietary funds - Stormwater Utility	4,151,921
Proprietary funds - Stormwater Utility Stormwater Utility	Proprietary funds - Water Utility Sewer Utility	87,156 <u>124,197</u>
	Total transfers	<u>\$ 5,790,563</u>

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 8 - LONG-TERM OBLIGATIONS

As of December 31, 2020, the Village has noncurrent liabilities outstanding for governmental activities purposes of:

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities						
General obligation debt:						
Bonds and notes payable - bonded	\$ 54,140,000	\$ (1,190,000)	\$ 2,000,000	\$ 1,545,000	\$ 53,405,000	\$ 1,642,851
Note payable - direct borrowings	88,614	-	1,415,000	16,602	1,487,012	17,149
Debt premium (discount)	1,204,041	-	68,584	81,369	1,191,256	-
Total general obligation debt	<u>55,432,655</u>	<u>(1,190,000)</u>	<u>3,483,584</u>	<u>1,642,971</u>	<u>56,083,268</u>	<u>1,660,000</u>
Other Liabilities:						
Accumulated sick leave	156,784	-	278,536	296,518	138,802	-
Accumulated vacation	42,198	-	802,301	692,197	152,302	-
Accumulated compensatory time	33,509	-	72,648	59,581	46,576	-
Total other liabilities	<u>232,491</u>	<u>-</u>	<u>1,153,485</u>	<u>1,048,296</u>	<u>337,680</u>	<u>-</u>
Total Governmental Activities long-term liabilities	<u>\$ 55,665,146</u>	<u>\$ (1,190,000)</u>	<u>\$ 4,637,069</u>	<u>\$ 2,691,267</u>	<u>\$ 56,420,948</u>	<u>\$ 1,660,000</u>

As of December 31, 2020, the Village has noncurrent liabilities outstanding for business-type activities purposes of:

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities						
Long-term debt:						
General obligation debt - bonded	\$ 6,390,000	\$ 1,190,000	\$ -	\$ 2,835,000	\$ 4,745,000	\$ 560,000
General obligation debt - direct borrowings	827,903	-	-	273,593	554,310	281,117
Revenue debt - bonded	17,505,000	-	2,195,000	810,000	18,890,000	825,000
Revenue debt - direct borrowings	6,959,852	-	-	456,140	6,503,712	468,114
Subtotal	31,682,755	1,190,000	2,195,000	4,374,733	30,693,022	2,134,231
Bond premium (discount)	485,531	-	143,650	68,686	560,495	-
Total long-term debt	<u>32,168,286</u>	<u>1,190,000</u>	<u>2,338,650</u>	<u>4,443,419</u>	<u>31,253,517</u>	<u>2,134,231</u>
Other liabilities:						
Racine Clean Water Fund Loans - Direct Borrowings	2,975,338	-	-	976,695	1,998,643	1,004,442
Compensated Absence	13,754	-	-	-	13,754	9,972
Total other liabilities	<u>2,989,092</u>	<u>-</u>	<u>-</u>	<u>976,695</u>	<u>2,012,397</u>	<u>1,014,414</u>
Total Business-type Activities long-term liabilities	<u>\$ 35,157,378</u>	<u>\$ 1,190,000</u>	<u>\$ 2,338,650</u>	<u>\$ 5,420,114</u>	<u>\$ 33,265,914</u>	<u>\$ 3,148,645</u>

Transfer of Long-Term Liabilities

During 2020, the Village transferred \$1,190,000 in long-term debt from the Stormwater Special Revenue Fund along with the related capital assets to the Storm Water Utility Fund.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

General Obligation Direct Borrowings – New Issue

During 2020, the Village issued a private placement note in the amount of \$1,415,000. The note pays principal and interest annually on October 21 at an interest rate of 5%. The proceeds from the note are being used for the purchase of land from the local school district with the intent to use for economic development purposes within Tax Increment District No. 5.

General Obligation Debt Bonded – New Issue

During 2020, the Village issued general obligation community development bonds, series 2020 in the amount of \$2,000,000. The bonds pay principal annually on April 1 and interest semiannually on April 1 and October 1 at an interest rate of 2.0% and will mature on April 1, 2040. The proceeds from the note are being used for the purchase of providing financial assistance to community development projects within Tax Increment District No. 4.

Revenue Debt Bonded – New Issue – Current Refunding

During 2020, the Village issued water system and sewerage system revenue refunding bonds, series 2020 in the amount of \$2,195,000. The bonds pay principal annually on May 1 and interest semiannually on May 1 and November 1 at interest rates ranging from 2.0% to 3.0% and will mature on May 1, 2040. The proceeds of the bonds were used to current refund the General Obligation Refunding Bonds, Series 2010A, dated August 12, 2010, which were originally set to mature on April 1, 2029, and to make a deposit of \$143,650 to the revenue bond reserve account. The debt service requirements on the old debt balance totaled \$2,521,475. The debt service requirement of the new debt balance total \$2,705,398. While the new debt has an increase in debt service of \$183,923, there is an estimated economic gain on the refunding of \$152,334 when the change in debt service payments are discounted using an effective interest rate of 1.8% through May 1, 2040.

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, 2020, was \$126,700,660. Total general obligation debt outstanding at year-end was \$66,509,338.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

General Obligation Debt

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

As of December 31, 2020, the Village has general obligation debt outstanding for governmental activities purposes of:

<u>Governmental Activities General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2020</u>
General debt service:					
Taxable general obligation bonds	10/11/2011	4/1/2024	1.00 - 3.40%	4,175,000	\$ 1,300,000
General obligation bonds	10/11/2011	4/1/2030	3.00 - 3.20%	3,600,000	3,600,000
Promissory notes	7/12/2012	5/1/2022	0.50 - 2.15%	2,235,000	310,000
Promissory notes	10/2/2013	4/1/2023	2.00-3.00%	3,020,000	250,000
General obligation water bonds	10/2/2013	4/1/2033	2.90-4.00%	1,180,000	1,180,000
General obligation water bonds	4/3/2014	4/1/2030	0.75-3.30%	1,735,000	1,210,000
General obligation bonds	12/4/2014	4/1/2034	2.00-3.25%	8,250,000	8,250,000
State trust fund loan - direct borrowing	3/17/2015	3/15/2024	3.25%	150,000	72,012
General obligation bonds	12/3/2015	4/1/2035	3.00-4.00%	9,375,000	9,375,000
General obligation bonds	7/14/2016	4/1/2036	2.00-3.00%	3,820,000	3,820,000
Promissory notes	7/14/2016	4/1/2026	1.80-2.25%	4,490,000	3,020,000
Taxable general obligation bonds	10/18/2017	4/1/2037	2.80 - 3.50%	3,400,000	3,400,000
General obligation bonds	10/18/2017	4/1/2037	3.00 - 3.10%	2,165,000	2,165,000
General obligation bonds	11/15/2018	4/1/2038	3.00 - 4.00%	11,990,000	11,890,000
Promissory notes	11/6/2019	4/1/2029	2.00%	1,635,000	1,635,000
General obligation bonds	8/26/2020	4/1/2040	2.00%	2,000,000	2,000,000
General obligation note - direct borrowing	10/19/2020	10/21/2030	5.00%	1,415,000	1,415,000
Total Governmental Activities - general obligation debt					<u>\$ 54,892,012</u>

The governmental activities general obligation outstanding as of December 31, 2020 matures as follows:

Year Ending December 31,	Governmental Activities General Obligation Debt - Bonded			Year Ending December 31,	Governmental Activities General Obligation Debt - Direct Borrowing		
	Principal	Interest	Total		Principal	Interest	Total
2021	\$ 1,660,000	\$ 1,614,913	\$ 3,274,913	2021	\$ 17,149	\$ 52,340	\$ 69,489
2022	1,925,000	1,569,355	3,494,355	2022	17,707	51,793	69,500
2023	2,285,000	1,513,454	3,798,454	2023	18,282	101,208	119,490
2024	2,690,000	1,444,406	4,134,406	2024	143,874	83,615	227,489
2025	3,160,000	1,361,307	4,521,307	2025	150,000	64,500	214,500
2026-2030	18,620,000	5,229,662	23,849,662	2026-2030	1,140,000	185,000	1,325,000
2031-2035	16,835,000	2,347,660	19,182,660	2031-2035	-	-	-
2036-2040	6,230,000	306,024	6,536,024	2036-2040	-	-	-
Total	<u>\$ 53,405,000</u>	<u>\$ 15,386,781</u>	<u>\$ 68,791,781</u>	Total	<u>\$ 1,487,012</u>	<u>\$ 538,456</u>	<u>\$ 2,025,468</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

General Obligation Debt (continued)

As of December 31, 2020, the Village has general obligation debt outstanding for business-type activities purposes of:

<u>Business-type Activities</u> <u>General Obligation Debt</u>	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>12/31/2020</u>
Water Utility:					
Promissory notes	7/12/2012	5/1/2022	0.50 - 2.15%	\$ 1,075,000	\$ 170,000
Water subtotal					<u>170,000</u>
Sewer Utility:					
Clean Water Fund Loan - direct borrowing	11/14/2001	5/1/2021	2.75%	238,392	15,237
Clean Water Fund Loan - direct borrowing	2/26/2003	5/1/2022	2.75%	4,172,703	539,073
General obligation bonds	7/12/2012	5/1/2032	2.00 - 3.00%	4,230,000	3,675,000
Sewer subtotal					<u>4,229,310</u>
Stormwater Utility:					
Promissory notes	10/2/2013	4/1/2023	2.00-3.00%	3,020,000	900,000
Business-type activities subtotal					<u>\$ 5,299,310</u>

The business-type activities general obligation outstanding as of December 31, 2020 matures as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Business-Type Activities</u> <u>General Obligation Debt - Bonded</u>			<u>Year Ending</u> <u>December 31,</u>	<u>Business-Type Activities</u> <u>General Obligation Debt - Direct Borrowing</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 560,000	\$ 115,031	\$ 675,031	2021	\$ 281,117	\$ 11,379	\$ 292,496
2022	565,000	102,531	667,531	2022	273,193	3,756	276,949
2023	775,000	86,916	861,916	2023	-	-	-
2024	285,000	74,478	359,478	2024	-	-	-
2025	290,000	67,648	357,648	2025	-	-	-
2026-2030	1,575,000	217,928	1,792,928	2026-2030	-	-	-
2031-2035	695,000	20,925	715,925	2031-2035	-	-	-
2036-2040	-	-	-	2036-2040	-	-	-
Total	<u>\$ 4,745,000</u>	<u>\$ 685,457</u>	<u>\$ 5,430,457</u>	Total	<u>\$ 554,310</u>	<u>\$ 15,135</u>	<u>\$ 569,445</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

Revenue Debt

As of December 31, 2020, 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 12/31/2020
Water Utility:					
Water and Sewer System revenue bonds	10/2/2013	5/1/2030	3.00 - 4.38%	\$ 5,515,000	\$ 4,395,000
Water and Sewer System revenue bonds	7/21/2016	5/1/2036	2.00 - 3.00%	450,000	370,000
Water and Sewer System revenue bonds	10/18/2017	5/1/2037	3.00 - 3.25%	2,445,000	2,150,000
Water and Sewer System revenue bonds	11/26/2019	5/1/2039	2.00 - 4.00%	1,145,000	1,105,000
Water and Sewer System revenue bonds	9/15/2020	5/1/2040	2.00 - 3.00%	2,195,000	2,195,000
Water subtotal					10,215,000
Sewer Utility:					
Clean Water Fund Loan - direct borrowing	11/14/2012	5/1/2032	2.63%	9,683,189	6,503,712
Water and Sewer System revenue bonds	7/21/2016	5/1/2036	2.00 - 3.00%	1,910,000	1,595,000
Water and Sewer System revenue bonds	10/18/2017	5/1/2037	3.00 - 3.25%	4,555,000	4,015,000
Water and Sewer System revenue bonds	11/26/2019	5/1/2039	2.00 - 4.00%	3,185,000	3,065,000
Sewer subtotal					15,178,712
Business-type activities subtotal					\$ 25,393,712

The business-type activities revenue debt outstanding as of December 31, 2020 matures as follows:

Year Ending December 31,	Business-Type Activities Revenue Debt - Bonded			Year Ending December 31,	Business-Type Activities Revenue - Direct Borrowing		
	Principal	Interest	Total		Principal	Interest	Total
2021	\$ 825,000	\$ 570,345	\$ 1,395,345	2021	\$ 468,114	\$ 164,578	\$ 632,692
2022	945,000	563,997	1,508,997	2022	480,402	152,129	632,531
2023	965,000	507,577	1,472,577	2023	493,013	139,353	632,366
2024	990,000	477,007	1,467,007	2024	505,954	126,242	632,196
2025	1,015,000	445,019	1,460,019	2025	519,235	112,786	632,021
2026-2030	5,630,000	1,695,544	7,325,544	2026-2030	2,807,924	349,405	3,157,329
2031-2035	5,710,000	761,934	6,471,934	2031-2035	1,229,070	32,472	1,261,542
2036-2040	2,810,000	121,760	2,931,760	2036-2040	-	-	-
Total	\$ 18,890,000	\$ 5,143,183	\$ 24,033,183	Total	\$ 6,503,712	\$ 1,076,965	\$ 7,580,677

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

Racine Clean Water Fund Loans

Racine Clean Water Fund Loans are payable from revenues derived from the operation of the Sewer Utility. Racine Clean Water Fund Loans at December 31, 2020 consist of the following:

Business-type Activities					
Racine Clean Water	Date of	Final	Interest	Original	Balance
<u>Fund Loans</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>12/31/2020</u>
Clean Water Fund Loans - direct borrowing	4/10/2002	5/1/2021	2.75%	\$ 557,254	\$ 37,265
Clean Water Fund Loans - direct borrowing	7/24/2002	5/1/2022	2.86%	3,153,607	418,226
Clean Water Fund Loans - direct borrowing	11/27/2002	5/1/2022	2.867%	10,785,114	1,491,774
Racine Advance - direct borrowing	8/25/2008	5/1/2022	5.00%	399,300	<u>51,378</u>
Total Business-type Activities Racine Clean Water Fund Loans					<u>\$ 1,998,643</u>

Debt service requirements to maturity are as follows:

Year Ending	Business-type Activities		
	Racine Clean Water Fund Loans		
<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,004,442	\$ 43,163	\$ 1,047,605
2022	<u>994,201</u>	<u>14,513</u>	<u>1,008,714</u>
Total	<u>\$ 1,998,643</u>	<u>\$ 57,676</u>	<u>\$ 2,056,319</u>

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.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

Acceleration Clause and Security

The Village's general obligation outstanding notes from private placements related to governmental activities of \$1,415,000 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. This obligation is secured by the Village's taxing authority.

The Village's general obligation outstanding notes from private placements related to business-type activities of \$554,310 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. This obligation is secured by the Village's taxing authority.

The Village's revenue bonds from private placements related to business-type activities of \$6,503,712 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 believes it is in compliance with the covenants of the outstanding debt obligations.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 9 - WISCONSIN RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating Village of Caledonia on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)

General Information about the Pension Plan (continued)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

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

During the reporting period, the WRS recognized \$1,072,216 in contributions from the employer.

Contribution rates as of December 31, 2020 are:

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)

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

At December 31, 2020, the Village reported an asset of \$2,763,921 for its proportionate share of the Net Pension Asset. The Net Pension Asset was measured as of December 31, 2019, and the Total Pension Liability used to calculate the Net Pension Asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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 Asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Village's proportion was 0.08571743%, which was an increase of 0.00318870% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized pension expense of \$1,045,033.

At December 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,246,554	\$ 2,625,549
Changes in assumptions	215,382	-
Net differences between projected and actual earnings on pension plan investments	-	5,650,438
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,044	22,015
Employer contributions subsequent to the measurement date	<u>1,072,216</u>	<u>-</u>
Total	<u>\$ 6,535,196</u>	<u>\$ 8,298,002</u>

The \$1,072,216 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 Asset in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Net Amortization of Deferred Outflows and Deferred Inflows of Resources</u>
2021	\$ (843,721)
2022	(630,744)
2023	93,048
2024	(1,453,605)
2025	-

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)

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

Actuarial assumptions. The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases	
Inflation:	3.0%
Seniority\Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.9%

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)

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

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49.00%	8.00%	5.10%
Fixed Income	24.50%	4.90%	2.10%
Inflation Sensitive Assets	15.50%	4.00%	1.20%
Real Estate	9.00%	6.30%	3.50%
Private Equity/Debt	8.00%	10.60%	7.60%
Multi-Asset	4.00%	6.90%	4.00%
Total Core Fund	110.00%	7.50%	4.60%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.00%	7.50%	4.60%
International Equities	30.00%	8.20%	5.30%
Total Variable Fund	100.00%	7.80%	4.90%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
 Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)

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

Single discount rate. A single discount rate of 7.00% 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 7.00% and a municipal bond rate of 2.75% (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, 2019. 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 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
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Village's proportionate share of the net pension liability (asset)	\$ 7,117,591	\$ (2,763,921)	\$ (10,151,488)
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Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Payables to the Plan

Payables to the WRS as of December 31, 2020 are \$221,047 for the employer and employee portion of the December 2020 required contributions.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

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

General Information about the OPEB Plan

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

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

Employees covered by benefit terms. At December 31, 2020, the following employees were covered by the benefit terms:

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

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

Total OPEB Liability

The Village’s total OPEB liability of \$5,554,166 was measured as of December 31, 2020, and was determined by an actuarial valuation as January 1, 2019.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	January 1, 2019
Measurement date	December 31, 2020
Inflation	2.75%
Discount rate	2.75%
Healthcare cost trend	0.0 – 7.0%
Salary increases including inflation	WRS; see actuarial assumptions for details
Mortality	WRS; see actuarial assumptions for details
Actuarial cost method	Entry Age Normal – Level % of Pay

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

Mortality rates were based on the following criteria:

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

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

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

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

Changes in the Total OPEB Liability

		<u>Total OPEB Liability</u>
Balance at January 1, 2020	\$	5,456,435
Changes for the year:		
Service Cost		208,810
Interest on total OPEB liability		155,794
Effect of plan changes		-
Effect of economic/demographic gains or losses		-
Effect of assumption changes or inputs		-
Differences between expected and actual		-
Benefit payments		<u>(266,873)</u>
Net change in total OPEB liability		<u>97,731</u>
Balance at December 31, 2020	\$	<u><u>5,554,166</u></u>

There were no changes of assumptions that resulted in an adjustment to the liability for the year ended December 31, 2020.

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>1.75%</u>	<u>2.75%</u>	<u>3.75%</u>
Total OPEB Liability \$	6,049,231	\$ 5,554,166	\$ 5,099,795

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:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
		<u>Trend Rate</u>	
Total OPEB Liability \$	5,043,531	\$ 5,554,166	\$ 6,146,074

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

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

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

For the year ended December 31, 2020, the Village recognized OPEB expense of \$364,604. At December 31, 2020, 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	\$ 20,832	\$ -
Changes of Actuarial Assumptions	36,117	-
Net Differences Between Projected and Actual Investment Earnings on OPEB Plan Investment	-	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	-
Employer Contributions Subsequent to the Measurement Date	-	-
Total	\$ 56,949	\$ -

At December 31, 2020, the Village reported deferred outflows and inflows of resources that will be realized as follows:

Year Ended December 31,	Deferred Outflows and Inflows of Resources
2021	\$ 5,695
2022	5,695
2023	5,695
2024	5,695
2025	5,695
Thereafter	28,474

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

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

General Information about the Other Postemployment Benefits

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

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

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

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

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

Contribution rates as of December 31, 2019 are:

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

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

General Information about the Other Postemployment Benefits (continued)

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

Life Insurance			
Employee Contribution Rates*			
For the year ended December 31, 2019			
<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>	
Under 30	\$ 0.05	\$	0.05
30-34	0.06		0.06
35-39	0.07		0.07
40-44	0.08		0.08
45-49	0.12		0.12
50-54	0.22		0.22
55-59	0.39		0.39
60-64	0.49		0.49
65-69	0.57		0.57

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

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

At December 31, 2020, the Village reported a liability of \$730,111 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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, 2019, the Village’s proportion was 0.17146000%, which was a decrease of 0.00178200% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized OPEB expense of \$80,532.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2020

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

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

At December 31, 2020, 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	\$ -	\$ 32,708
Changes of Actuarial Assumptions	269,340	80,307
Net Differences Between Projected and Actual Investment Earnings on OPEB Plan Investment	13,773	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	18,637	4,535
Total	\$ 301,750	\$ 117,550

\$0 reported as deferred outflows related to OPEB resulting from the Village’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Deferred Outflows and Inflows of Resources
2021	\$ 32,299
2022	32,299
2023	30,814
2024	29,285
2025	23,364
Thereafter	36,139

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2020

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

Actuarial Assumptions

The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net Pension Liability:	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases:	
Inflation:	3.0%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2020

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

Actuarial Assumptions (continued)

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

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December, 2019

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Credit Bonds	Barclays Credit	45%	2.12%
U.S. Long Credit Bonds	Barclays Long Credit	5%	2.90%
U.S. Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. 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.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2020

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

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

Single Discount rate. A single discount rate of 2.87% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. 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 4.22 percent, as well as what the Village’s proportionate share of the Net OPEB Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
Village's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,008,160	\$ 730,111	\$ 518,568

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2020

NOTE 12 - NET POSITION

Net position reported on the government wide statement of net position at December 31, 2020 includes the following:

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets:			
Land	\$ 1,230,898	\$ 57,223	\$ 1,288,121
Intangible assets - land easements	73,000	-	73,000
Construction in progress	577,844	1,432,079	2,009,923
Other capital assets, net of accumulated depreciation	<u>74,733,146</u>	<u>122,957,014</u>	<u>197,690,160</u>
	76,614,888	124,446,316	201,061,204
Less: related long-term debt outstanding	(54,668,268)	(33,252,160)	(87,920,428)
Less: related accounts payable	(948,819)	(444,912)	(1,393,731)
Add: Loss on refunding	6,987	94,058	101,045
Add: Unspent bond proceeds	-	-	-
Total net investment in capital assets	<u>21,004,788</u>	<u>90,843,302</u>	<u>111,848,090</u>
Restricted:			
Pension asset	2,575,104	188,819	2,763,923
Debt service	341,318	1,373,981	1,715,299
Donations	135,464	-	135,464
Grants	57,856	-	57,856
Impact fees	350,837	-	350,837
Development	590,862	-	590,862
Equipment replacement	-	546,779	546,779
Total restricted	<u>4,051,441</u>	<u>2,109,579</u>	<u>6,161,020</u>
Unrestricted	<u>2,540,212</u>	<u>11,622,506</u>	<u>14,162,718</u>
Total Governmental Activities net position	<u>\$ 27,596,441</u>	<u>\$ 104,575,387</u>	<u>\$ 132,171,828</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2020

NOTE 13 - FUND BALANCE

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2020, include the following:

	General Fund	Debt Service Fund	Tax Increment District No. 4	Capital Projects	Joint Health	Nonmajor Governmental Funds	Total
Nonspendable:							
Prepaid items	\$ 524,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 524,008
Total nonspendable	<u>524,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>524,008</u>
Restricted:							
Tax increment districts	-	-	590,862	-	-	-	590,862
Donations	-	-	-	-	-	135,464	135,464
Grants	-	-	-	-	-	57,856	57,856
Impact fees	-	-	-	-	-	350,837	350,837
Debt service	-	767,130	-	-	-	-	767,130
Total restricted	<u>-</u>	<u>767,130</u>	<u>590,862</u>	<u>-</u>	<u>-</u>	<u>544,157</u>	<u>1,902,149</u>
Committed:							
Refuse	-	-	-	-	-	78,088	78,088
Recycling	-	-	-	-	-	102,577	102,577
Cemetery	-	-	-	-	-	86,618	86,618
Capital projects	-	-	-	617,145	-	-	617,145
Parks and recreation	-	-	-	-	-	179,327	179,327
HRA\FSA	238,289	-	-	-	-	-	238,289
Total committed	<u>238,289</u>	<u>-</u>	<u>-</u>	<u>617,145</u>	<u>-</u>	<u>446,610</u>	<u>1,302,044</u>
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>964,530</u>	<u>-</u>	<u>964,530</u>
Unassigned	<u>3,799,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,802,403)</u>	<u>1,997,144</u>
Total fund balance	<u>\$ 4,561,844</u>	<u>\$ 767,130</u>	<u>\$ 590,862</u>	<u>\$ 617,145</u>	<u>\$ 964,530</u>	<u>\$ (811,636)</u>	<u>\$ 6,689,875</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2020

NOTE 14 - RISK MANAGEMENT

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

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

NOTE 15 - COMMITMENTS AND CONTINGENCIES

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual – General Fund
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES				
Taxes	\$ 9,881,048	\$ 9,881,048	\$ 9,889,731	\$ 8,683
Intergovernmental	2,646,920	2,646,920	2,687,512	40,592
Licenses and permits	1,014,892	1,014,892	917,904	(96,988)
Fines, forfeitures, and penalties	393,932	393,932	215,818	(178,114)
Public charges for services	742,600	742,600	1,117,846	375,246
Intergovernmental charges for services	262,141	262,141	208,482	(53,659)
Investment and interest income	94,500	94,500	42,391	(52,109)
Miscellaneous	31,750	31,750	149,880	118,130
Total revenues	<u>15,067,783</u>	<u>15,067,783</u>	<u>15,229,564</u>	<u>161,781</u>
EXPENDITURES				
General government	3,342,805	3,342,805	3,164,662	178,143
Public safety	9,037,961	9,037,961	8,880,306	157,655
Public works	2,494,404	2,494,404	2,440,298	54,106
Health and human services	13,350	13,350	14,432	(1,082)
Economic development	179,263	179,263	145,585	33,678
Total expenditures	<u>15,067,783</u>	<u>15,067,783</u>	<u>14,645,283</u>	<u>422,500</u>
Excess (deficiency) of revenues over expenditures	-	-	584,281	584,281
Other financing sources (uses)				
Transfer out	<u>(153,000)</u>	<u>(153,000)</u>	<u>(153,000)</u>	-
Total other financing sources (uses)	<u>(153,000)</u>	<u>(153,000)</u>	<u>(153,000)</u>	-
Net change in fund balance	<u>\$ (153,000)</u>	<u>\$ (153,000)</u>	431,281	<u>\$ 584,281</u>
Fund balance - beginning of year			<u>4,130,563</u>	
Fund balance - end of year			<u>\$ 4,561,844</u>	

See the accompanying notes to the required supplementary information.

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual – Joint Health
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES				
Taxes	\$ 186,345	\$ 186,345	\$ 186,345	\$ -
Intergovernmental	1,774,423	1,774,423	2,563,660	789,237
Licenses and permits	270,000	270,000	308,377	38,377
Public charges for services	38,665	38,665	3,847	(34,818)
Intergovernmental charges for services	660,817	660,817	821,103	160,286
Miscellaneous	19,110	19,110	28,393	9,283
Total revenues	<u>2,949,360</u>	<u>2,949,360</u>	<u>3,911,725</u>	<u>962,365</u>
EXPENDITURES				
Health and human services	<u>2,979,360</u>	<u>2,979,360</u>	<u>3,550,200</u>	<u>(570,840)</u>
Total expenditures	<u>2,979,360</u>	<u>2,979,360</u>	<u>3,550,200</u>	<u>(570,840)</u>
Net change in fund balance	<u>\$ (30,000)</u>	<u>\$ (30,000)</u>	361,525	<u>\$ 391,525</u>
Fund balance - beginning of year			<u>603,005</u>	
Fund balance - end of year			<u>\$ 964,530</u>	

See the accompanying notes to the required supplementary information.

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of the Village's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
December 31, 2020

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Village's proportion of the net pension liability (asset)	0.08571743%	0.08252873%	0.07791811%	0.07371348%	0.07284176%	0.07383797%
Village's proportionate share of the net pension liability (asset)	\$ (2,763,921)	\$ 2,936,113	\$ (2,313,481)	\$ 607,575	\$ 1,183,664	\$ (1,813,663)
Village's covered payroll	\$ 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)	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
December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,072,216	\$ 897,919	\$ 893,468	\$ 856,044	\$ 721,363	\$ 705,586	\$ 710,670
Contributions in relation to the contractually required contributions	\$ 1,072,216	\$ 897,919	\$ 893,468	\$ 856,044	\$ 721,363	\$ 705,586	\$ 710,670
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 11,328,364	\$ 10,302,301	\$ 10,049,826	\$ 9,547,134	\$ 8,768,144	\$ 8,412,395	\$ 8,007,763
Contributions as a percentage of covered payroll	9.46%	8.72%	8.89%	8.97%	8.23%	8.39%	8.87%

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

See the accompanying notes to the required supplementary information.

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of Changes in the Village's
Total OPEB Liability and Related Ratios
Last 10 Fiscal Year*
December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability				
Service cost	\$ 208,810	\$ 212,649	\$ 200,873	\$ 203,523
Interest on total OPEB liability	155,794	152,248	182,029	173,406
Changes in benefit terms	-	-	-	-
Effect of economic/demographic gains (losses)	-	-	-	-
Effect of assumption changes or inputs	-	43,341	-	-
Differences between expected and actual	-	24,999	-	-
Benefit payments	<u>(266,873)</u>	<u>(232,122)</u>	<u>(127,548)</u>	<u>(127,891)</u>
Net change in total OPEB liability	97,731	201,115	255,354	249,038
Total OPEB liability, beginning	<u>5,456,435</u>	<u>5,255,320</u>	<u>4,999,966</u>	<u>4,750,928</u>
Total OPEB liability, ending	<u>\$ 5,554,166</u>	<u>\$ 5,456,435</u>	<u>\$ 5,255,320</u>	<u>\$ 4,999,966</u>
Covered payroll	<u>\$ 11,897,162</u>	<u>\$ 10,743,844</u>	<u>\$ 9,551,630</u>	<u>\$ 9,364,343</u>
Total OPEB as a % of covered payroll	<u>47%</u>	<u>51%</u>	<u>55%</u>	<u>53%</u>

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

See the accompanying notes to the required supplementary information.

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of the Village's Proportionate Share of the Net OPEB Liability (Asset)
Local Retiree Life Insurance Fund
December 31, 2020

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Village's proportion of the net OPEB liability (asset)	0.17146000%	0.17324200%	0.17012800%
Village's proportionate share of the net OPEB liability (asset)	\$ 730,111	\$ 447,025	\$ 511,845
Village's covered employee payroll	\$ 9,924,000	\$ 9,900,000	\$ 7,154,369
Plan fiduciary net position as a percentage of the total pension liability (asset)	37.58%	48.69%	44.81%

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of the Village's Contributions
Local Retiree Life Insurance Fund
December 31, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 3,403	\$ 3,337	\$ 3,230
Contributions in relation to the contractually required contributions	\$ 3,403	\$ 3,337	\$ 3,230
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Village's covered employee payroll	\$ 9,924,000	\$ 9,900,000	\$ 7,154,369
Contributions as a percentage of covered employee payroll	0.03%	0.03%	0.05%

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

See the accompanying notes to the required supplementary information.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Required Supplementary Information
Year Ended December 31, 2020

BUDGETARY INFORMATION

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

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

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

The Village exceeded budget in the following functional expenditure categories during the year ended December 31, 2020:

General Fund:	
General Government	\$ 1,082
Joint Health:	
Health and Human Services	570,840

WISCONSIN RETIREMENT SYSTEM - PENSION

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

Changes of Assumptions - No significant change in assumptions were noted from the prior year.

LOCAL RETIREE INSURANCE FUND - OPEB

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

Changes of Assumptions - Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.

SUPPLEMENTARY INFORMATION

VILLAGE OF CALEDONIA, WISCONSIN
Combining Balance Sheet – Nonmajor Governmental Funds
December 31, 2020

	Special Revenue Funds					
	Refuse	Recycling	Memorial Park Cemetery	Parks and Recreation	Joint Parks	Fire Safer Grant
ASSETS						
Cash and investments	\$ -	\$ -	\$ 90,035	\$ 110,332	\$ 168,751	\$ 52,178
Tax roll receivable:						
Tax levy	-	-	3,913	69,621	60,888	73,756
Other charges on tax roll	981,136	583,758	-	-	-	-
Accounts receivable	-	-	-	-	-	85,333
TOTAL ASSETS	\$ 981,136	\$ 583,758	\$ 93,948	\$ 179,953	\$ 229,639	\$ 211,267
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 81,095	\$ 42,800	\$ 1,330	\$ 1,837	\$ 457	\$ -
Accrued liabilities	-	-	-	-	7,715	-
Due to other funds	821,953	438,381	-	-	-	27,477
Advance from other funds	-	-	-	-	-	-
Total liabilities	<u>903,048</u>	<u>481,181</u>	<u>1,330</u>	<u>1,837</u>	<u>8,172</u>	<u>27,477</u>
Deferred Inflows of Resources:						
Subsequent year tax levy	-	-	6,000	117,625	102,631	125,934
Special assessments	-	-	-	-	-	-
Long term receivables	-	-	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>117,625</u>	<u>102,631</u>	<u>125,934</u>
Fund Balances (Deficit):						
Restricted	-	-	-	-	-	57,856
Committed	78,088	102,577	86,618	60,491	118,836	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficit)	<u>78,088</u>	<u>102,577</u>	<u>86,618</u>	<u>60,491</u>	<u>118,836</u>	<u>57,856</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 981,136	\$ 583,758	\$ 93,948	\$ 179,953	\$ 229,639	\$ 211,267

VILLAGE OF CALEDONIA, WISCONSIN
Combining Balance Sheet – Nonmajor Governmental Funds (Continued)
December 31, 2020

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Donations	Retiree Health Insurance	Impact Fees	Tax Increment District No. 1	Tax Increment District No. 3	Tax Increment District No. 5	
ASSETS							
Cash and investments	\$ 135,520	\$ 238,289	\$ 350,837	\$ 45,917	\$ 77,224	\$ -	\$ 1,269,083
Tax roll receivable:							
Tax levy	-	-	-	65,284	112,432	-	385,894
Other charges on tax roll	-	-	-	-	-	-	1,564,894
Accounts receivable	-	-	-	-	-	-	85,333
TOTAL ASSETS	\$ 135,520	\$ 238,289	\$ 350,837	\$ 111,201	\$ 189,656	\$ -	\$ 3,305,204
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 56	\$ -	\$ -	\$ 750	\$ 750	\$ 308,275	\$ 437,350
Accrued liabilities	-	238,289	-	-	-	-	246,004
Due to other funds	-	-	-	2,912	40,642	412,371	1,743,736
Advance from other funds	-	-	-	759,591	277,112	-	1,036,703
Total liabilities	<u>56</u>	<u>238,289</u>	<u>-</u>	<u>763,253</u>	<u>318,504</u>	<u>720,646</u>	<u>3,463,793</u>
Deferred Inflows of Resources:							
Subsequent year tax levy	-	-	-	111,201	189,656	-	653,047
Special assessments	-	-	-	-	-	-	-
Long term receivables	-	-	-	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,201</u>	<u>189,656</u>	<u>-</u>	<u>653,047</u>
Fund Balances (Deficit):							
Restricted	135,464	-	350,837	-	-	-	544,157
Committed	-	-	-	-	-	-	446,610
Unassigned	-	-	-	(763,253)	(318,504)	(720,646)	(1,802,403)
Total fund balances (deficit)	<u>135,464</u>	<u>-</u>	<u>350,837</u>	<u>(763,253)</u>	<u>(318,504)</u>	<u>(720,646)</u>	<u>(811,636)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 135,520	\$ 238,289	\$ 350,837	\$ 111,201	\$ 189,656	\$ -	\$ 3,305,204

VILLAGE OF CALEDONIA, WISCONSIN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2020

	Special Revenue Funds							
	Refuse	Recycling	Memorial Park Cemetery	Caledonia Storm Sewer District	Parks and Recreation	Joint Parks	Municipal Court	
REVENUES								
Taxes	\$ -	\$ -	\$ 11,000	\$ -	\$ 66,300	\$ 70,000	\$ -	\$ 147,393
Intergovernmental	-	67,359	-	-	-	-	-	268,611
Fines, forfeitures and penalties	-	-	-	-	-	-	120,339	-
Public charges for services	981,136	583,758	9,286	-	4,154	49,358	-	-
Intergovernmental charges for services	-	-	-	-	-	70,000	-	-
Investment and interest income	-	-	79	-	260	-	-	-
Miscellaneous	-	-	129,465	-	-	265,273	-	-
Total revenues	<u>981,136</u>	<u>651,117</u>	<u>149,830</u>	<u>-</u>	<u>70,714</u>	<u>454,631</u>	<u>120,339</u>	<u>416,004</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	120,339	-
Public safety	-	-	-	-	-	-	-	358,148
Public works	979,005	666,994	-	-	-	-	-	-
Health and human services	-	-	65,993	-	-	-	-	-
Culture, recreation and education	-	-	-	-	82,783	225,233	-	-
Economic development and assistance	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>979,005</u>	<u>666,994</u>	<u>65,993</u>	<u>-</u>	<u>82,783</u>	<u>225,233</u>	<u>120,339</u>	<u>358,148</u>
Excess (deficiency) of revenues over expenditures	<u>2,131</u>	<u>(15,877)</u>	<u>83,837</u>	<u>-</u>	<u>(12,069)</u>	<u>229,398</u>	<u>-</u>	<u>57,856</u>
OTHER FINANCING SOURCES								
Proceeds from the issuance of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	18,000	-	-	-
Transfers out	-	-	-	(4,151,921)	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,151,921)</u>	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,131	(15,877)	83,837	(4,151,921)	5,931	229,398	-	57,856
Fund balances (deficit) - beginning of year	<u>75,957</u>	<u>118,454</u>	<u>2,781</u>	<u>4,151,921</u>	<u>54,560</u>	<u>(110,562)</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) - end of year	<u>\$ 78,088</u>	<u>\$ 102,577</u>	<u>\$ 86,618</u>	<u>\$ -</u>	<u>\$ 60,491</u>	<u>\$ 118,836</u>	<u>\$ -</u>	<u>\$ 57,856</u>

VILLAGE OF CALEDONIA, WISCONSIN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor
Governmental Funds (Continued)
Year Ended December 31, 2020

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds	
	CARES Act	Fire Services	Donations	Impact Fees	Four Mile Capital Projects Fund	Tax Increment District No. 1	Tax Increment District No. 3		Tax Increment District No. 5
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,336	\$ 174,818	\$ -	\$ 575,847
Intergovernmental	301,220	287,602	-	-	-	381	30,156	-	955,329
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	120,339
Public charges for services	-	123,701	-	79,000	-	-	-	-	1,830,393
Intergovernmental charges for services	-	-	-	-	-	-	-	-	70,000
Investment and interest income	-	-	470	1,364	-	-	65	297	2,535
Miscellaneous	1,200	-	39,908	-	-	-	-	-	435,846
Total revenues	<u>302,420</u>	<u>411,303</u>	<u>40,378</u>	<u>80,364</u>	<u>-</u>	<u>106,717</u>	<u>205,039</u>	<u>297</u>	<u>3,990,289</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	120,339
Public safety	-	411,303	25,644	-	-	-	-	-	795,095
Public works	-	-	-	-	-	-	-	-	1,645,999
Health and human services	302,420	-	-	-	-	-	-	-	368,413
Culture, recreation and education	-	-	-	-	-	-	-	-	308,016
Economic development and assistance	-	-	-	-	-	150	16,725	4,886	21,761
Capital outlay	-	-	-	-	-	2,450	157,688	2,323,781	2,483,919
Debt service:									
Interest and fiscal charges	-	-	-	-	-	31,640	96,275	9,404	137,319
Total expenditures	<u>302,420</u>	<u>411,303</u>	<u>25,644</u>	<u>-</u>	<u>-</u>	<u>34,240</u>	<u>270,688</u>	<u>2,338,071</u>	<u>5,880,861</u>
Excess (deficiency) of revenues over expenditures	-	-	14,734	80,364	-	72,477	(65,649)	(2,337,774)	(1,890,572)
OTHER FINANCING SOURCES (USES)									
Proceeds from the issuance of long-term debt	-	-	-	-	-	-	-	1,415,000	1,415,000
Transfers in	-	-	-	-	-	-	-	-	18,000
Transfers out	-	-	(28,984)	-	(245,305)	-	-	-	(4,426,210)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(28,984)</u>	<u>-</u>	<u>(245,305)</u>	<u>-</u>	<u>-</u>	<u>1,415,000</u>	<u>(2,993,210)</u>
Net change in fund balances	-	-	(14,250)	80,364	(245,305)	72,477	(65,649)	(922,774)	(4,883,782)
Fund balances (deficit) - beginning of year	-	-	149,714	270,473	245,305	(835,730)	(252,855)	202,128	4,072,146
Fund balances (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,464</u>	<u>\$ 350,837</u>	<u>\$ -</u>	<u>\$ (763,253)</u>	<u>\$ (318,504)</u>	<u>\$ (720,646)</u>	<u>\$ (811,636)</u>

OTHER INFORMATION

**Village of Caledonia, Wisconsin
Tax Incremental District No. 1
Historical Summary of Project Costs, Project Revenues, and
Net Cost to be Recovered through Tax Increments
From Date of Creation through December 31, 2020**

	Year Ended	From Date of Creation
Project Costs		
Capital expenditures	\$ 900	\$ 1,393,044
Administration	1,700	7,798
Interest and fiscal charges	31,640	96,049
Total Project Costs	34,240	1,496,891
 Project Revenues		
Tax increments	106,336	516,025
Intergovernmental	381	9,974
Premium from issuance of long-term debt	-	7,639
Total Revenues	106,717	533,638
 Net Cost Recoverable Through TIF Increments - December 31, 2020		
	\$ (72,477)	\$ 963,253

**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, 2020**

	Year Ended	From Date of Creation
Sources of Funds		
Tax increments	\$ 106,336	\$ 516,025
Intergovernmental	381	9,974
Premium from the issuance of long-term debt	-	7,639
Proceeds from long-term debt	-	200,000
Total Sources	106,717	733,638
 Use of Funds		
Capital expenditures	900	1,393,044
Administration	1,700	7,798
Interest and fiscal charges	31,640	96,049
Principal on long-term debt	-	-
Total Uses	34,240	1,496,891
 Change in Fund Balance	 72,477	 (763,253)
Beginning Fund Balance (Deficit)	(835,730)	-
 Ending Fund Balance (Deficit)	 \$ (763,253)	 \$ (763,253)
 Reconciliation of Recoverable Costs		
G.O. Debt		\$ 200,000
Less: Fund balance		763,253
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2020		\$ 963,253

**Village of Caledonia, Wisconsin
Tax Incremental District No. 3
Historical Summary of Project Costs, Project Revenues, and
Net Cost to be Recovered through Tax Increments
From Date of Creation through December 31, 2020**

	Year Ended	From Date of Creation
Project Costs		
Capital expenditures	\$ 147,239	\$ 3,791,816
Developer grants/incentives	16,575	160,835
Administration	10,599	36,325
Interest and fiscal charges	96,275	530,756
Total Project Costs	270,688	4,519,732
 Project Revenues		
Tax increments	174,818	900,804
Intergovernmental	30,156	173,817
Investment income	65	4,231
Premium from issuance of long-term debt	-	37,376
Total Revenues	205,039	1,116,228
 Net Cost Recoverable Through TIF Increments - December 31, 2020		
	\$ 65,649	\$ 3,403,504

**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, 2020**

	Year Ended	From Date of Creation
Sources of Funds		
Tax increments	\$ 174,818	\$ 900,804
Intergovernmental	30,156	173,817
Investment income	65	4,231
Premium from the issuance of long-term debt	-	37,376
Proceeds from long-term debt	-	3,085,000
Total Sources	205,039	4,201,228
 Use of Funds		
Capital expenditures	147,239	3,791,816
Developers grants/incentives	16,575	160,835
Administration	10,599	36,325
Interest and fiscal charges	96,275	530,756
Total Uses	270,688	4,519,732
 Change in Fund Balance	 (65,649)	 (318,504)
 Beginning Fund Balance (Deficit)	 (252,855)	 -
 Ending Fund Balance (Deficit)	 \$ (318,504)	 \$ (318,504)
 Reconciliation of Recoverable Costs		
G.O. Debt		\$ 3,085,000
Less: Fund balance		318,504
 Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2020		 \$ 3,403,504

**Village of Caledonia, Wisconsin
Tax Incremental District No. 4
Historical Summary of Project Costs, Project Revenues, and
Net Cost to be Recovered through Tax Increments
From Date of Creation through December 31, 2020**

	Year Ended	From Date of Creation
Project Costs		
Capital expenditures	\$ 2,774,862	\$ 30,098,888
Developer grants/incentives	-	5,968,049
Administration	51,525	164,682
Transfer out	-	25,000
Interest and fiscal charges	1,136,836	4,996,652
Total Project Costs	3,963,223	41,253,271
 Project Revenues		
Tax increments	374,129	898,243
Special assessments	13,861	798,961
Intergovernmental	12,589	1,337,686
Investment income	27,282	288,515
Transfer in	1,000,000	2,500,000
Premium from issuance of long-term debt	68,584	1,213,369
Total Revenues	1,496,445	7,036,774
 Net Cost Recoverable Through TIF Increments - December 31, 2020		
	\$ 2,466,778	\$ 34,216,497

**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, 2020**

	Year Ended	From Date of Creation
Sources of Funds		
Tax increments	\$ 374,129	\$ 898,243
Special assessments	13,861	798,961
Intergovernmental	12,589	1,337,686
Investment income	27,282	288,515
Transfer in	1,000,000	2,500,000
Premium from the issuance of long-term debt	68,584	1,213,369
Proceeds from long-term debt	<u>2,000,000</u>	<u>45,610,347</u>
Total Sources	<u>3,496,445</u>	<u>52,647,121</u>
 Use of Funds		
Capital expenditures	2,774,862	30,098,888
Developers grants/incentives	-	5,968,049
Administration	51,525	164,682
Interest and fiscal charges	1,136,836	4,996,652
Transfer out	-	25,000
Principal on long-term debt	<u>16,602</u>	<u>10,802,988</u>
Total Uses	<u>3,979,825</u>	<u>52,056,259</u>
 Change in Fund Balance	 (483,380)	 590,862
 Beginning Fund Balance (Deficit)	 <u>1,074,242</u>	 <u>-</u>
 Ending Fund Balance (Deficit)	 <u>\$ 590,862</u>	 <u>\$ 590,862</u>
 Reconciliation of Recoverable Costs		
G.O. Debt		\$ 34,807,359
Less: Fund balance		<u>(590,862)</u>
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2020		<u>\$ 34,216,497</u>

**Village of Caledonia, Wisconsin
Tax Incremental District No. 5
Historical Summary of Project Costs, Project Revenues, and
Net Cost to be Recovered through Tax Increments
From Date of Creation through December 31, 2020**

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ 2,291,680	\$ 2,737,135
Administration	36,987	50,849
Transfer Out	-	20,504
Interest and fiscal charges	<u>9,404</u>	<u>32,064</u>
Total Project Costs	<u>2,338,071</u>	<u>2,840,552</u>
 Project Revenues		
Investment Income	297	915
Transfer in	-	144,000
Premium from issuance of long-term debt	<u>-</u>	<u>4,991</u>
Total Revenues	<u>297</u>	<u>149,906</u>
 Net Cost Recoverable Through TIF Increments - December 31, 2020		
	<u>\$ 2,337,774</u>	<u>\$ 2,690,646</u>

**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, 2020**

	<u>Year Ended</u>	<u>From Date of Creation</u>
Sources of Funds		
Investment Income	\$ 297	\$ 915
Transfer in	-	144,000
Premium from the issuance of long-term debt	-	4,991
Proceeds from long-term debt	<u>1,415,000</u>	<u>1,970,000</u>
Total Sources	<u>1,415,297</u>	<u>2,119,906</u>
 Use of Funds		
Capital expenditures	2,291,680	2,737,135
Administration	36,987	50,849
Transfer Out	-	20,504
Debt issuance costs	<u>9,404</u>	<u>32,064</u>
Total Uses	<u>2,338,071</u>	<u>2,840,552</u>
 Change in Fund Balance	 (922,774)	 (720,646)
Beginning Fund Balance (Deficit)	<u>202,128</u>	<u>-</u>
 Ending Fund Balance (Deficit)	 <u>\$ (720,646)</u>	 <u>\$ (720,646)</u>
 Reconciliation of Recoverable Costs		
G.O. Debt		\$ 1,970,000
Less: Fund balance		<u>720,646</u>
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2020		<u>\$ 2,690,646</u>

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, 2020, 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, 2021.

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.

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 Village's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

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's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
July 30, 2021

**VILLAGE OF CALEDONIA, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020**

Section II – Financial Statement Findings

2020 – 001: Preparation of the Financial Statements

Type of Finding:

- Significant Deficiency 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 Generally Accepted Accounting Principles (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.

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.

Repeat Finding: 2019-001

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.

**VILLAGE OF CALEDONIA, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020**

Section II – Financial Statement Findings (continued)

2020 – 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 the accounting functions between the Village, Utilities, and the Health Department were not appropriately segregated. The accounting functions have been designed in a manner that allows any one individual to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction. In addition, decentralized cash collections rely on 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. Management has centralized cash collection to improve the segregation of duties around the receipt process.

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: 2019-002

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.