

VILLAGE OF CALEDONIA, WISCONSIN
Caledonia, Wisconsin

FINANCIAL STATEMENTS
December 31, 2017

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INDEPENDENT AUDITORS' REPORT

Village Board
Village of Caledonia, Wisconsin
Caledonia, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Caledonia, Wisconsin, as of and for the year ended December 31, 2017, 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, 2017, 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.

Emphasis-of-Matter

As discussed in Note 16 to the financial statements, in 2017, the Village of Caledonia, Wisconsin adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation, the Village of Caledonia, Wisconsin reported a restatement for the change in accounting principle. Our opinion is not modified with respect to this matter.

As discussed in Note 16 to the financial statements, the fund balance of Tax Incremental District No. 4 has been restated as of December 31, 2016. 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, and schedule of changes in the Village's total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

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

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 June 27, 2018, on our consideration of the Village of Caledonia, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Caledonia, Wisconsin'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 of Caledonia, Wisconsin's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
June 27, 2018

BASIC FINANCIAL STATEMENTS

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Net Position
December 31, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and investments	\$ 12,664,691	\$ 10,381,519	\$ 23,046,210
Receivables (net)	24,055,604	4,390,902	28,446,506
Internal balances	15,734	(15,734)	-
Restricted assets			
Cash and cash equivalents	-	6,390,386	6,390,386
Capital assets			
Land	950,414	57,223	1,007,637
Construction in process	20,024,759	3,912,275	23,937,034
Other capital assets	132,660,133	109,363,805	242,023,938
Intangible assets	5,000,000	-	5,000,000
Less: accumulated depreciation	<u>(58,622,766)</u>	<u>(30,629,347)</u>	<u>(89,252,113)</u>
Total assets	<u>136,748,569</u>	<u>103,851,029</u>	<u>240,599,598</u>
Deferred outflows of resources			
Unamortized treatment facility	-	3,850,906	3,850,906
Deferred amounts related to pension	4,172,963	758,412	4,931,375
Loss on refunding	<u>22,713</u>	<u>159,964</u>	<u>182,677</u>
Total deferred outflows	<u>4,195,676</u>	<u>4,769,282</u>	<u>8,964,958</u>
Liabilities			
Accounts payable and accrued expenses	1,521,752	1,466,508	2,988,260
Accrued interest payable	299,594	107,094	406,688
Deposits	288,304	-	288,304
Unearned grant revenues	98,768	-	98,768
Liabilities payable from restricted assets			
Current portion of revenue bonds	-	1,053,104	1,053,104
Accrued interest	-	78,680	78,680
Noncurrent liabilities			
Due within one year	3,109,514	1,595,652	4,705,166
Due in more than one year	<u>50,848,368</u>	<u>34,049,647</u>	<u>84,898,015</u>
Total liabilities	<u>56,166,300</u>	<u>38,350,685</u>	<u>94,516,985</u>
Deferred inflows of resources			
Subsequent year tax levy	13,316,734	897,577	14,214,311
Deferred amounts related to pension	<u>1,554,073</u>	<u>363,366</u>	<u>1,917,439</u>
Total deferred inflows	<u>14,870,807</u>	<u>1,260,943</u>	<u>16,131,750</u>
Net Position			
Net investment in capital assets	54,839,793	55,591,811	110,431,604
Restricted	5,029,793	2,432,245	7,462,038
Unrestricted	<u>10,037,552</u>	<u>10,984,627</u>	<u>21,022,179</u>
TOTAL NET POSITION	<u>\$ 69,907,138</u>	<u>\$ 69,008,683</u>	<u>\$ 138,915,821</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Activities
Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 2,687,533	\$ 705,188	\$ 20,894	\$ -	\$ (1,961,451)	\$ -	\$ (1,961,451)
Public safety	10,434,231	1,650,491	4,640	189,487	(8,589,613)	-	(8,589,613)
Public works	6,994,594	3,872,507	1,396,480	86,998	(1,638,609)	-	(1,638,609)
Health and human services	2,865,916	950,352	1,598,529	-	(317,035)	-	(317,035)
Culture, education and recreation	268,648	144,921	-	-	(123,727)	-	(123,727)
Economic development and assistance	1,099,007	-	-	-	(1,099,007)	-	(1,099,007)
Interest and fiscal charges	1,368,439	-	-	-	(1,368,439)	-	(1,368,439)
Total governmental activities	<u>25,718,368</u>	<u>7,323,459</u>	<u>3,020,543</u>	<u>276,485</u>	<u>(15,097,881)</u>	<u>-</u>	<u>(15,097,881)</u>
Business-type activities							
Sewer Utility	5,966,239	5,760,671	-	10,550	-	(195,018)	(195,018)
Water Utility	4,131,756	3,497,306	-	136,385	-	(498,065)	(498,065)
Total business-type activities	<u>10,097,995</u>	<u>9,257,977</u>	<u>-</u>	<u>146,935</u>	<u>-</u>	<u>(693,083)</u>	<u>(693,083)</u>
TOTAL	\$ 35,816,363	\$ 16,581,436	\$ 3,020,543	\$ 423,420	(15,097,881)	(693,083)	(15,790,964)
General revenues							
Taxes							
Property taxes, levied for general purposes					11,115,775	901,591	12,017,366
Property taxes, levied for debt services					1,577,458	-	1,577,458
Property taxes, levied for tax increment districts					316,310	-	316,310
Intergovernmental revenues not restricted to specific programs					901,815	-	901,815
Investment income					427,502	66,758	494,260
Miscellaneous					258,430	11,379	269,809
Total general revenues					<u>14,597,290</u>	<u>979,728</u>	<u>15,577,018</u>
Change in net position					(500,591)	286,645	(213,946)
Net position - beginning of year, as restated					<u>70,407,729</u>	<u>68,722,038</u>	<u>139,129,767</u>
Net position - end of year					<u>\$ 69,907,138</u>	<u>\$ 69,008,683</u>	<u>\$ 138,915,821</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Balance Sheet – Governmental Funds
December 31, 2017

	General Fund	Four Mile Capital Projects Fund	Tax Increment District No. 4	Joint Health	Nonmajor Governmental Funds	Total
Assets						
Cash and investments	\$ 4,487,428	\$ 187,827	\$ 3,506,010	\$ 761,457	\$ 3,721,969	\$ 12,664,691
Receivables						
Tax roll receivable						
Tax levy	9,702,016	-	197,856	176,915	3,239,947	13,316,734
Special assessments on tax roll	-	-	-	-	77,527	77,527
Other charges on tax roll	49,694	-	660	-	2,405,524	2,455,878
Accounts	267,902	5,503,064	-	285,432	189,487	6,245,885
Special assessments	14,253	-	1,250,971	-	529,052	1,794,276
Delinquent personal property taxes	165,304	-	-	-	-	165,304
Due from other funds	1,775,004	-	-	-	433,392	2,208,396
Advance to other funds	-	-	984,591	-	-	984,591
TOTAL ASSETS	\$ 16,461,601	\$ 5,690,891	\$ 5,940,088	\$ 1,223,804	\$ 10,596,898	\$ 39,913,282
Liabilities, Deferred Inflows, and Fund Balances						
Liabilities						
Accounts payable	\$ 690,579	\$ -	\$ -	\$ 103,173	\$ 36,462	\$ 830,214
Accrued payroll	394,576	-	-	82,434	-	477,010
Accrued liabilities	214,528	-	-	-	-	214,528
Due to other funds	433,392	-	93,235	207,019	1,459,016	2,192,662
Advance from other funds	-	-	-	-	984,591	984,591
Unearned grant revenues	-	-	-	98,768	-	98,768
Deposits	276,188	-	-	-	12,116	288,304
Total liabilities	<u>2,009,263</u>	<u>-</u>	<u>93,235</u>	<u>491,394</u>	<u>2,492,185</u>	<u>5,086,077</u>
Deferred Inflows of Resources						
Subsequent year tax levy	9,702,016	-	197,856	176,915	3,239,947	13,316,734
Special assessments	14,253	-	1,251,631	-	606,579	1,872,463
Long-term receivables	-	5,503,064	-	-	-	5,503,064
Other receivables	41,065	-	-	-	-	41,065
Total deferred inflows	<u>9,757,334</u>	<u>5,503,064</u>	<u>1,449,487</u>	<u>176,915</u>	<u>3,846,526</u>	<u>20,733,326</u>
Fund Balances (Deficit)						
Restricted	-	-	4,397,366	-	556,274	4,953,640
Committed	66,065	-	-	-	4,791,460	4,857,525
Assigned	-	187,827	-	555,495	-	743,322
Unassigned	4,628,939	-	-	-	(1,089,547)	3,539,392
Total fund balances (deficit)	<u>4,695,004</u>	<u>187,827</u>	<u>4,397,366</u>	<u>555,495</u>	<u>4,258,187</u>	<u>14,093,879</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 16,461,601	\$ 5,690,891	\$ 5,940,088	\$ 1,223,804	\$ 10,596,898	\$ 39,913,282

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, 2017

Total fund balances - governmental funds \$ 14,093,879

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

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

Land	950,414
Construction in progress	20,024,759
Other capital assets	132,660,133
Intangible assets	5,000,000
Less: accumulated depreciation	(58,622,766)

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	1,872,463
Long-term receivables	5,503,064
Other receivables	41,065

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

Deferred outflows related to pension	4,172,963
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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	(44,049,095)
Premium on long-term debt	(908,321)
Unamortized loss on refunding	22,713
Mount Pleasant Agreement	(3,750,000)
Compensated absences	(315,481)
Accrued interest	(299,594)
Net pension liability	(267,146)
Net OPEB obligation	(4,667,839)
Deferred amounts related to pension	<u>(1,554,073)</u>

NET POSITION OF GOVERNMENT ACTIVITIES \$ 69,907,138

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, 2017

	General Fund	Four Mile Capital Projects Fund	Tax Increment District No. 4	Joint Health	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 9,553,641	\$ -	\$ -	\$ 175,416	\$ 3,284,762	\$ 13,013,819
Special assessments	-	-	124,776	-	140,214	264,990
Intergovernmental	2,050,323	-	1,320,567	1,598,529	334,056	5,303,475
Licenses and permits	894,524	-	-	253,692	-	1,148,216
Fines, forfeitures and penalties	416,883	-	-	-	-	416,883
Public charges for services	682,419	284,357	-	85,126	2,715,744	3,767,646
Intergovernmental charges for services	201,065	-	-	618,649	405,301	1,225,015
Investment and interest income	48,882	315,643	32,998	-	29,979	427,502
Miscellaneous	125,397	-	-	-	80,689	206,086
Total revenues	<u>13,973,134</u>	<u>600,000</u>	<u>1,478,341</u>	<u>2,731,412</u>	<u>6,990,745</u>	<u>25,773,632</u>
Expenditures						
Current						
General government	2,469,455	-	-	-	-	2,469,455
Public safety	8,984,927	-	-	-	359,957	9,344,884
Public works	2,201,928	-	-	-	1,702,232	3,904,160
Health and human services	28,381	-	-	2,629,034	11,153	2,668,568
Parks and recreation	-	-	-	-	241,847	241,847
Economic development and assistance	-	-	-	-	28,928	28,928
Capital outlay	-	-	4,052,708	-	3,670,903	7,723,611
Debt service						
Principal	-	400,000	5,740,090	-	1,442,245	7,582,335
Interest and fiscal charges	-	183,806	664,546	-	381,561	1,229,913
Debt issuance costs	-	-	151,610	-	-	151,610
Total expenditures	<u>13,684,691</u>	<u>583,806</u>	<u>10,608,954</u>	<u>2,629,034</u>	<u>7,838,826</u>	<u>35,345,311</u>
Excess (deficiency) of revenues over expenditures	<u>288,443</u>	<u>16,194</u>	<u>(9,130,613)</u>	<u>102,378</u>	<u>(848,081)</u>	<u>(9,571,679)</u>
Other financing sources (uses)						
Long-term debt issued	-	-	1,245,000	-	-	1,245,000
Refunding bonds issued	-	-	4,320,000	-	-	4,320,000
Premium on long-term debt issued	-	-	59,370	-	-	59,370
Transfer in	-	-	1,420,848	-	397,473	1,818,321
Transfer out	(371,834)	-	-	-	(1,446,487)	(1,818,321)
Total other financing sources (uses)	<u>(371,834)</u>	<u>-</u>	<u>7,045,218</u>	<u>-</u>	<u>(1,049,014)</u>	<u>5,624,370</u>
Net change in fund balances	(83,391)	16,194	(2,085,395)	102,378	(1,897,095)	(3,947,309)
Fund balances - beginning of year, as restated	<u>4,778,395</u>	<u>171,633</u>	<u>6,482,761</u>	<u>453,117</u>	<u>6,155,282</u>	<u>18,041,188</u>
Fund balances - end of year	<u>\$ 4,695,004</u>	<u>\$ 187,827</u>	<u>\$ 4,397,366</u>	<u>\$ 555,495</u>	<u>\$ 4,258,187</u>	<u>\$ 14,093,879</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, 2017

Net change in fund balances-total governmental funds \$ (3,947,309)

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	7,723,611
Capital outlay expenditures not capitalized in the statement of net position	(1,326,894)
Depreciation and amortization	(3,510,219)

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

Special Assessments	(268,496)
Long-term receivable	(287,359)

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	7,582,335
Long-term debt issued	(5,565,000)

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	(69,178)
Accrued interest on debt	(58,153)
Net OPEB obligation	(233,854)
Pension activity	(551,942)

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	(59,370)
Amortization of loss on refunding	(5,242)
Amortization of debt premium and discount	76,479

Change in net position of governmental activities \$ (500,591)

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Net Position – Proprietary Funds
December 31, 2017

	Business-type Activities - Enterprise		
	Sewer Utility	Water Utility	Totals
ASSETS			
Current			
Cash and investments	\$ 8,484,203	\$ 1,897,316	\$ 10,381,519
Accounts receivable	1,548,582	981,271	2,529,853
Tax roll receivable			
Tax levy	556,157	341,420	897,577
Special assessments on tax roll	-	41,247	41,247
Delinquent receivables on tax roll	509,355	364,415	873,770
Due from other funds	-	25,884	25,884
Total current assets	<u>11,098,297</u>	<u>3,651,553</u>	<u>14,749,850</u>
Noncurrent assets			
Restricted assets - cash and investments	4,621,028	1,769,358	6,390,386
Capital assets			
Land	34,764	22,459	57,223
Construction in progress	2,060,305	1,851,970	3,912,275
Other capital assets	65,036,310	44,327,495	109,363,805
Less: accumulated depreciation	(18,310,587)	(12,318,760)	(30,629,347)
Other assets			
Special assessments	41,075	7,380	48,455
Total noncurrent assets	<u>53,482,895</u>	<u>35,659,902</u>	<u>89,142,797</u>
Total assets	<u>64,581,192</u>	<u>39,311,455</u>	<u>103,892,647</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized treatment facility	3,850,906	-	3,850,906
Deferred amounts related to pension	379,206	379,206	758,412
Loss on refunding	65,383	94,581	159,964
Total deferred outflows	<u>4,295,495</u>	<u>473,787</u>	<u>4,769,282</u>
LIABILITIES			
Current liabilities			
Accounts payable	593,296	847,272	1,440,568
Accrued payroll	13,090	12,850	25,940
Accrued interest	81,675	25,419	107,094
Due to other funds	33,751	7,867	41,618
Current portion of compensated absences	6,528	6,528	13,056
Current portion of general obligation debt	419,144	240,000	659,144
Current portion of Racine Clean Water Fund Loans	923,452	-	923,452
Liabilities payable from restricted assets			
Current portion of revenue bonds	688,104	365,000	1,053,104
Accrued interest	31,992	46,688	78,680
Total current liabilities	<u>2,791,032</u>	<u>1,551,624</u>	<u>4,342,656</u>
Noncurrent liabilities			
Long-term debt			
General obligation	5,276,101	2,948,896	8,224,997
Revenue bonds	13,534,325	7,680,000	21,214,325
Racine Clean Water Fund Loans	3,925,044	-	3,925,044
Long-term portion of compensated absences	6,363	6,363	12,726
Net pension liability	170,214	170,214	340,428
Net OPEB obligation	179,143	152,984	332,127
Total noncurrent liabilities	<u>23,091,190</u>	<u>10,958,457</u>	<u>34,049,647</u>
Total liabilities	<u>25,882,222</u>	<u>12,510,081</u>	<u>38,392,303</u>
DEFERRED INFLOWS OF RESOURCES			
Subsequent years tax levy	556,157	341,420	897,577
Deferred amounts related to pension	181,683	181,683	363,366
Total deferred inflows	<u>737,840</u>	<u>523,103</u>	<u>1,260,943</u>
NET POSITION			
Net investment in capital assets	31,877,706	23,714,105	55,591,811
Restricted	1,679,831	752,414	2,432,245
Unrestricted	8,699,088	2,285,539	10,984,627
TOTAL NET POSITION	<u>\$ 42,256,625</u>	<u>\$ 26,752,058</u>	<u>\$ 69,008,683</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, 2017

	Business-type Activities - Enterprise		
	Sewer Utility	Water Utility	Totals
OPERATING REVENUES			
Public charges for services	\$ 5,760,671	\$ 3,497,306	\$ 9,257,977
OPERATING EXPENSES			
Operation and maintenance	3,209,705	2,875,574	6,085,279
Depreciation	1,233,097	833,807	2,066,904
Amortization expense	804,421	-	804,421
Taxes	22,401	25,718	48,119
Total operating expenses	<u>5,269,624</u>	<u>3,735,099</u>	<u>9,004,723</u>
Operating income (loss)	<u>491,047</u>	<u>(237,793)</u>	<u>253,254</u>
NONOPERATING REVENUES (EXPENSES)			
Property taxes levied	555,088	346,503	901,591
Interest income	54,362	12,396	66,758
Interest expense	(696,615)	(396,657)	(1,093,272)
Miscellaneous	10,450	929	11,379
Total nonoperating revenues (expenses)	<u>(76,715)</u>	<u>(36,829)</u>	<u>(113,544)</u>
Income (loss) before contributions and transfers	<u>414,332</u>	<u>(274,622)</u>	<u>139,710</u>
CAPITAL CONTRIBUTIONS			
Special assessments	10,550	49,585	60,135
Impact fees	-	86,800	86,800
Total capital contributions	<u>10,550</u>	<u>136,385</u>	<u>146,935</u>
Change in net position	424,882	(138,237)	286,645
Net position - beginning of year, as restated	<u>41,831,743</u>	<u>26,890,295</u>	<u>68,722,038</u>
Net position - end of year	<u>\$ 42,256,625</u>	<u>\$ 26,752,058</u>	<u>\$ 69,008,683</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, 2017

	Business-type Activities - Enterprise		
	Sewer Utility	Water Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 5,799,452	\$ 3,464,299	\$ 9,263,751
Paid to suppliers for goods and services	(2,812,943)	(2,560,481)	(5,373,424)
Paid to employees for services	(384,729)	(252,712)	(637,441)
Received from other funds	156	(1,690)	(1,534)
Net cash provided by operating activities	<u>2,601,936</u>	<u>649,416</u>	<u>3,251,352</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Taxes	555,088	346,503	901,591
Miscellaneous	10,450	929	11,379
Net cash provided by noncapital financing activities	<u>565,538</u>	<u>347,432</u>	<u>912,970</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,670,907)	(1,218,054)	(2,888,961)
Debt issued	4,555,000	2,445,000	7,000,000
Premium from debt issuance	124,237	66,810	191,047
Debt retired	(1,802,150)	(505,000)	(2,307,150)
Interest and other fiscal charges paid	(666,013)	(376,736)	(1,042,749)
Impact fees	-	86,800	86,800
Special assessments received	10,550	52,001	62,551
Net cash provided by capital and related financing activities	<u>550,717</u>	<u>550,821</u>	<u>1,101,538</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	54,362	12,396	66,758
Net increase in cash and cash equivalents	3,772,553	1,560,065	5,332,618
Cash and cash equivalents - beginning of year	<u>9,332,678</u>	<u>2,106,609</u>	<u>11,439,287</u>
Cash and cash equivalents - end of year	<u>\$ 13,105,231</u>	<u>\$ 3,666,674</u>	<u>\$ 16,771,905</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, 2017

	Business-type Activities - Enterprise		
	Sewer Utility	Water Utility	Totals
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH FLOWS FROM			
OPERATING ACTIVITIES			
Operating income (loss)	\$ 491,047	\$ (237,793)	\$ 253,254
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	1,233,097	833,807	2,066,904
Amortization	804,421	-	804,421
Changes in assets and liabilities			
Accounts receivable	38,781	(33,007)	5,774
Accounts payable	(10,490)	43,415	32,925
OPEB activity	7,592	7,592	15,184
Pension activity	17,969	17,969	35,938
Due from other funds	156	(1,690)	(1,534)
Accrued expenses	19,363	19,123	38,486
Net cash provided by operating activities	\$ 2,601,936	\$ 649,416	\$ 3,251,352
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments	\$ 8,484,203	\$ 1,897,316	\$ 10,381,519
Restricted cash and cash equivalents	4,621,028	1,769,358	6,390,386
CASH AND CASH EQUIVALENTS	\$ 13,105,231	\$ 3,666,674	\$ 16,771,905

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Fiduciary Net Position - Fiduciary Fund
December 31, 2017

	<u>Tax Collection Agency Fund</u>
ASSETS	
Cash and investments	\$ 18,323,577
Taxes receivable	<u>25,746,764</u>
TOTAL ASSETS	<u>\$ 44,070,341</u>
LIABILITIES	
Due to other taxing units	<u>\$ 44,070,341</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

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).

As discussed in Note 16 to the financial statements, in 2017, the Village of Caledonia, Wisconsin adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation, the Village of Caledonia, Wisconsin reported a restatement for the change in accounting principle. Our opinion is not modified with respect to this matter.

A. Reporting Entity

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

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 Financial Statements
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

The Village reports the following major governmental funds:

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

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

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

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.

The Village reports the following nonmajor governmental funds:

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

Refuse	Joint Parks
Recycling	Fire Service Fund
Memorial Park Cemetery	Equipment Replacement
Caledonia Storm Sewer District	Donations
Parks and Recreation	Impact Fees
K9	

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

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

Tax Increment District No. 1	Village Hall
Tax Increment District No. 3	Capital Projects

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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

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

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

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

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 Financial Statements
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deposits and Investments (continued)

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

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

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

Receivables

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

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 - 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax deed - 2017 delinquent real estate taxes	October 2020

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 Financial Statements
December 31, 2017

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	15-75 Years
Machinery and Equipment	4-20 Years
Utility System	7-100 Years
Infrastructure	40-70 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 Financial Statements
December 31, 2017

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

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.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

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)

Long-Term Obligations/Conduit Debt (continued)

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.

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

Claims and Judgments

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

Net Position and Fund Balance Classifications

Government-Wide Statements

Net Position is classified in three components:

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

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)

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.

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

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

A. Budgetary Information (continued)

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

The Village exceeded budget in the following functional expenditure categories during the year ended December 31, 2017:

General Government	\$24,431
Public Safety	92,627

The functional expenditure categories that exceeded budget for the year ending December 31, 2017 were a result of the inclusion of HRA and FSA activities, which are combined with the Village's General Fund for presentation in accordance with Generally Accepted Accounting Principles (GAAP).

B. Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end. As of December 31, 2017, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Nonmajor governmental funds		
Special Revenue		
Recycling	\$ 2,194	Long-term deficit due to expenditures exceeding revenues
Memorial Park Cemetery	5,342	Long-term deficit due to expenditures exceeding revenues
Joint Parks	82,743	Long-term deficit due to expenditures exceeding revenues
Capital Projects		
Tax Increment District No. 1	<u>999,268</u>	Long-term deficit due to expenditures exceeding revenues
Total deficit fund balance	<u>\$ 1,089,547</u>	

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS

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

	<u>Carrying Value</u>	<u>Financial Institution Balances</u>	<u>Risks</u>
Governmental and Fiduciary Activities			
Petty cash	\$ 2,029	\$ -	N/A
Deposits			
Demand deposits	15,167,723	15,575,540	Custodial Credit Risk
Total deposits	<u>15,167,723</u>	<u>15,575,540</u>	
Investments			
Local Government Investment Pool (LGIP)	19,195,938	19,195,939	Interest Rate Risk and Credit Risk
Money Market Mutual Fund	1,545,103	1,545,103	Credit Risk
Certificates of deposits	8,272,980	8,296,000	Interest Rate Risk and Custodial Credit Risk
US Agency Securities	<u>3,576,400</u>	<u>3,585,000</u>	Interest Rate Risk and Credit Risk
Total investments	<u>32,590,421</u>	<u>32,622,042</u>	
Total deposits and investments	<u>\$ 47,760,173</u>	<u>\$ 48,197,582</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 23,046,210		
Restricted cash and investments	6,390,386		
Per statement of fiduciary net assets -			
Agency Fund	<u>18,323,577</u>		
Total deposits and investments	<u>\$ 47,760,173</u>		

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

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution and the LGIP above the applicable insurance coverage provided by the FDIC. Although the fund had reserves available at December 31, 2017, 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.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk

Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village. The following table illustrates the Village's deposit balances exposed to custodial credit risk as uninsured and uncollateralized:

	Financial Institution Balances	Uninsured Uncollateralized Balances
Statement of net position		
Governmental Activities	\$ 18,190,489	\$ -
Business Type Activities	16,806,209	101,118
Statement of fiduciary assets		
Agency fund	13,200,884	-
Total Village Balances	\$ 48,197,582	\$ 101,118

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, 2017, \$101,118 of the Village's investment balance of \$48,197,582 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, 2017, the Village's investments were as follows:

Investment Type	Carrying Value	Maturity (Months)	S&P Rating
Local Government Investment Pool (NAV)	\$ 19,195,938	1.17	Unrated
Money Market Mutual Fund	1,545,103	1.23	AAAm
Certificates of Deposits	8,272,980	9.60	Unrated
US Agency Securities	3,576,400	7.71	AA+
Total investments	\$ 32,590,421		

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

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, 2017:

- Certificates of Deposits of \$8,272,980 are valued using a matrix pricing model (Level 2 inputs).
- Money Market Mutual Funds of \$1,545,103 are valued using a matrix pricing model (Level 2 inputs)
- U.S. Agency Securities of \$3,576,400 are valued using a matrix pricing model (Level 2 inputs).

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Restricted Cash

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

	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Totals</u>
Equipment replacement fund	\$ 417,619	\$ -	\$ 417,619
Revenue bond debt service fund	1,294,204	799,102	2,093,306
Unspent bond proceeds	<u>2,909,205</u>	<u>970,256</u>	<u>3,879,461</u>
Total restricted assets	\$ 4,621,028	\$ 1,769,358	\$ 6,390,386

NOTE 4 - RECEIVABLES

As of December 31, 2017, the Village has the following governmental activities/fund receivables outstanding:

	<u>General Fund</u>	<u>Four Mile Capital Projects Fund</u>	<u>Tax Increment District No. 4</u>	<u>Joint Health</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Activities</u>
Taxes receivable:						
Property tax levy	\$ 9,702,016	\$ -	\$ 197,856	\$ 176,915	\$ 3,239,947	\$ 13,316,734
Special assessments	-	-	-	-	77,527	77,527
Other charges	49,694	-	660	-	2,405,524	2,455,878
Accounts receivable	352,459	5,503,064	-	285,432	189,487	6,330,442
Special assessments	14,253	-	1,250,971	-	529,052	1,794,276
Delinquent personal property taxes	<u>165,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,304</u>
Receivables, gross	10,283,726	5,503,064	1,449,487	462,347	6,441,537	24,140,161
Allowance for doubtful accounts	<u>(84,557)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,557)</u>
Receivables, net	\$ 10,199,169	\$ 5,503,064	\$ 1,449,487	\$ 462,347	\$ 6,441,537	\$ 24,055,604

The Village has recorded an allowance for doubtful accounts in the amount of \$84,557 related to the Emergency Management Service (EMS) receivables outstanding. The allowance is estimated based upon historical collectability related to these services.

As of December 31, 2017, 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 Financial Statements
December 31, 2017

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	\$ -	\$ 13,316,734	\$ 13,316,734
Special assessments	1,872,463	-	1,872,463
Receivable for construction	5,503,064	-	5,503,064
Other receivables	41,065	-	41,065
Total deferred inflows	<u>\$ 7,416,592</u>	<u>\$ 13,316,734</u>	<u>\$ 20,733,326</u>

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 950,414	\$ -	\$ -	\$ 950,414
Construction in progress	18,305,418	5,219,323	3,499,982	20,024,759
Total capital assets, not being depreciated	<u>19,255,832</u>	<u>5,219,323</u>	<u>3,499,982</u>	<u>20,975,173</u>
Capital assets being depreciated				
Buildings	3,352,917	2,936,869	-	6,289,786
Machinery and equipment	10,839,686	1,133,989	444,503	11,529,172
Roads	97,027,568	606,518	-	97,634,086
Storm sewers	15,866,150	-	-	15,866,150
Bridges	1,340,939	-	-	1,340,939
Intangible assets	5,000,000	-	-	5,000,000
Total capital assets being depreciated	<u>133,427,260</u>	<u>4,677,376</u>	<u>444,503</u>	<u>137,660,133</u>
Accumulated depreciation				
Buildings	1,282,110	123,070	-	1,405,180
Machinery and equipment	7,304,016	651,107	444,503	7,510,620
Roads	39,740,700	2,169,311	-	41,910,011
Storm sewers	6,694,543	420,648	-	7,115,191
Bridges	348,181	21,083	-	369,264
Intangible assets	187,500	125,000	-	312,500
Total accumulated depreciation	<u>55,557,050</u>	<u>3,510,219</u>	<u>444,503</u>	<u>58,622,766</u>
Net capital assets being depreciated	<u>77,870,210</u>	<u>1,167,157</u>	<u>-</u>	<u>79,037,367</u>
Total Governmental Activities capital assets, net of accumulated depreciation	<u>\$ 97,126,042</u>	<u>\$ 6,386,480</u>	<u>\$ 3,499,982</u>	<u>\$ 100,012,540</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 6 - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities		
General government		\$ 160,677
Public safety		362,047
Public works, which includes depreciation of infrastructure		2,900,120
Health and human services		70,148
Park and recreation		<u>17,227</u>
Total Governmental Activities		<u>\$ 3,510,219</u>

Capital asset activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 57,223	\$ -	\$ -	\$ 57,223
Construction in progress	<u>2,725,152</u>	<u>2,565,735</u>	<u>1,378,612</u>	<u>3,912,275</u>
Total capital assets not being depreciated	<u>2,782,375</u>	<u>2,565,735</u>	<u>1,378,612</u>	<u>3,969,498</u>
Capital assets being depreciated				
Water treatment plant	789,800	-	-	789,800
Transmission and distribution plant	42,209,469	605,996	-	42,815,465
Water general plant	700,904	21,388	-	722,292
Collection system plant	62,041,570	851,574	-	62,893,144
Collection system pumping plant	1,336,367	-	-	1,336,367
Sewer general plant	<u>795,595</u>	<u>11,142</u>	-	<u>806,737</u>
Total capital assets being depreciated	<u>107,873,705</u>	<u>1,490,100</u>	<u>-</u>	<u>109,363,805</u>
Accumulated depreciation				
Water treatment plant	365,739	34,363	-	400,102
Transmission and distribution plant	10,667,715	769,994	-	11,437,709
Water general plant	451,499	29,450	-	480,949
Collection system plant	15,703,873	1,193,962	-	16,897,835
Collection system pumping plant	988,593	25,714	-	1,014,307
Sewer general plant	<u>385,024</u>	<u>13,421</u>	-	<u>398,445</u>
Total accumulated depreciation	<u>28,562,443</u>	<u>2,066,904</u>	<u>-</u>	<u>30,629,347</u>
Net capital assets being depreciated	<u>79,311,262</u>	<u>(576,804)</u>	<u>-</u>	<u>78,734,458</u>
Total Business-type Activities capital assets, net of accumulated depreciation	<u>\$ 82,093,637</u>	<u>\$ 1,988,931</u>	<u>\$ 1,378,612</u>	<u>\$ 82,703,956</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities		
Sewer		\$ 1,233,097
Water		<u>833,807</u>
Total Business-type Activities		<u>\$ 2,066,904</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 7 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Due to/from

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

	Due to			Total
	General Fund	Nonmajor Governmental Funds	Water Fund	
Due from				
General Fund	\$ -	\$ 433,392	\$ -	\$ 433,392
Joint Health	207,019	-	-	207,019
Tax Increment District No. 4	93,235	-	-	93,235
Nonmajor Governmental Funds	1,459,016	-	-	1,459,016
Sewer Utility	7,867	-	25,884	33,751
Water Utility	7,867	-	-	7,867
	Total	\$ 433,392	\$ 25,884	\$ 2,234,280

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 \$984,591 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 2019 – 2034 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 Financial Statements
December 31, 2017

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 Fund - General Fund	Nonmajor governmental funds - Capital Projects	\$ 371,834
Nonmajor governmental funds - Debt Service TID No. 1	Major governmental Fund - TID No. 4 TID No. 4	250,000 1,170,848
Nonmajor governmental funds - Capital Projects	Nonmajor governmental funds - Village Hall	<u>25,639</u>
	Total transfers	<u>\$ 1,818,321</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 Financial Statements
December 31, 2017

NOTE 8 - LONG-TERM OBLIGATIONS

As of December 31, 2017, the Village has noncurrent liabilities outstanding for governmental activities purposes of:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
General obligation debt					
Bonds and notes payable	\$ 46,066,430	\$ 5,565,000	\$ 7,582,335	\$ 44,049,095	\$ 1,729,394
Debt premium (discount)	925,430	59,370	76,479	908,321	-
Total general obligation debt	<u>46,991,860</u>	<u>5,624,370</u>	<u>7,658,814</u>	<u>44,957,416</u>	<u>1,729,394</u>
Other Liabilities					
Mount Pleasant Note Payable	3,750,000	-	-	3,750,000	1,250,000
Accumulated sick leave	100,032	282,958	197,629	185,361	-
Accumulated vacation	28,580	614,625	601,884	41,321	41,321
Accumulated compensatory time	117,691	203,623	232,515	88,799	88,799
Net pension liability	808,021	-	540,875	267,146	-
Net OPEB obligation	2,244,323	2,423,516	-	4,667,839	-
Total other liabilities	<u>7,048,647</u>	<u>3,524,722</u>	<u>1,572,903</u>	<u>9,000,466</u>	<u>1,380,120</u>
 Total Governmental Activities long-term liabilities	 <u>\$ 54,040,507</u>	 <u>\$ 9,149,092</u>	 <u>\$ 9,231,717</u>	 <u>\$ 53,957,882</u>	 <u>\$ 3,109,514</u>

As of December 31, 2017, the Village has noncurrent liabilities outstanding for business-type activities purposes of:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities					
Long-term debt					
General obligation debt	\$ 9,205,526	\$ -	\$ 647,209	\$ 8,558,317	\$ 659,144
Revenue bonds	16,034,455	7,000,000	762,026	22,272,429	1,053,104
Subtotal	25,239,981	7,000,000	1,409,235	30,830,746	1,712,248
Bond premium (discount)	148,457	191,047	18,680	320,824	-
Total long-term debt	<u>25,388,438</u>	<u>7,191,047</u>	<u>1,427,915</u>	<u>31,151,570</u>	<u>1,712,248</u>
Other liabilities					
Racine Clean Water Fund Loans	5,746,411	-	897,915	4,848,496	923,452
Compensated Absence	-	25,782	-	25,782	13,056
Net pension liability	375,642	-	35,214	340,428	-
Net OPEB obligation	160,425	171,702	-	332,127	-
Total other liabilities	<u>6,282,478</u>	<u>197,484</u>	<u>933,129</u>	<u>5,546,833</u>	<u>936,508</u>
 Total Business-type Activities long-term liabilities	 <u>\$ 31,670,916</u>	 <u>\$ 7,388,531</u>	 <u>\$ 2,361,044</u>	 <u>\$ 36,698,403</u>	 <u>\$ 2,648,756</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2017, was \$104,825,160. Total general obligation debt outstanding at year-end was \$52,607,412.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

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, 2017, 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 12/31/2017</u>
General debt service					
Promissory notes	7/7/2009	4/1/2019	2.50 - 3.90%	\$ 1,000,000	\$ 450,000
Promissory notes	8/12/2010	4/1/2020	2.00 - 3.00%	700,000	240,000
Promissory notes	6/28/2011	4/1/2021	0.80 - 2.60%	2,125,000	515,000
Taxable general obligation bonds	10/11/2011	4/1/2024	1.00 - 3.40%	4,175,000	2,500,000
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	760,000
Promissory notes	10/2/2013	4/1/2023	2.00-3.00%	3,020,000	2,225,000
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	1,635,000
General obligation bonds	12/4/2014	4/1/2034	2.00-3.25%	8,250,000	8,250,000
State Trust Fund loan	10/22/2013	3/15/2018	3.00%	203,675	53,813
State Trust Fund loan	3/17/2015	3/15/2024	3.25%	150,000	120,282
Promissory notes	12/3/2015	4/1/2035	3.00-4.00%	9,375,000	9,375,000
Promissory notes	7/14/2016	4/1/2036	2.00-3.00%	3,820,000	3,820,000
Promissory notes	7/14/2016	4/1/2026	1.80-2.25%	4,490,000	3,760,000
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	<u>2,165,000</u>
Total Governmental Activities - general obligation debt					<u>\$ 44,049,095</u>

The governmental activities general obligation outstanding as of December 31, 2017 matures as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,729,394	\$ 1,225,380	\$ 2,954,774
2019	1,716,087	1,208,672	2,924,759
2020	1,616,602	1,168,482	2,785,084
2021	1,742,149	1,127,767	2,869,916
2022	1,742,707	1,085,608	2,828,315
2023-2027	12,027,157	4,545,245	16,572,402
2028-2032	14,300,000	2,537,700	16,837,700
2033-2037	<u>9,174,999</u>	<u>541,919</u>	<u>9,716,918</u>
Total	<u>\$ 44,049,095</u>	<u>\$ 13,440,773</u>	<u>\$ 57,489,868</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

General Obligation Debt (continued)

As of December 31, 2017, the Village has general obligation debt outstanding for business-type activities purposes of:

<u>Business-type Activities General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2017</u>
Water Utility					
Refunding bonds	8/12/2010	4/1/2029	2.00 - 4.00%	\$ 4,285,000	\$ 2,610,000
Promissory notes	7/12/2012	5/1/2022	0.50 - 2.15%	1,075,000	425,000
Water subtotal					<u>3,035,000</u>
Sewer Utility					
Clean Water Fund Loan	11/14/2001	5/1/2021	2.75%	238,169	58,543
Clean Water Fund Loan	2/26/2003	5/1/2022	2.75%	4,175,357	1,294,774
General obligation bonds	7/12/2012	5/1/2032	2.00 - 3.00%	4,230,000	4,095,000
General obligation bonds	7/14/2016	4/1/2018	2.00 - 3.00%	160,000	75,000
Sewer subtotal					<u>5,523,317</u>
Business-type activities subtotal					<u>\$ 8,558,317</u>

The business-type activities general obligation outstanding as of December 31, 2017 matures as follows:

<u>Year Ending December 31,</u>	<u>Business-Type Activities General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 659,144	\$ 253,533	\$ 912,677
2019	681,271	222,332	903,603
2020	708,593	205,240	913,833
2021	731,117	187,077	918,194
2022	733,192	167,422	900,614
2023-2027	2,805,000	573,198	3,378,198
2028-2032	<u>2,240,000</u>	<u>149,188</u>	<u>2,389,188</u>
Total	<u>\$ 8,558,317</u>	<u>\$ 1,757,990</u>	<u>\$ 10,316,307</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

Revenue Debt

As of December 31, 2017, 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 12/31/2017
Water Utility					
Water and Sewer System revenue bonds	10/2/2013	5/1/2030	3.00 - 4.38%	\$ 5,515,000	\$ 5,170,000
Water and Sewer System revenue bonds	7/21/2016	5/1/2036	2.00 - 3.00%	450,000	430,000
Water and Sewer System revenue bonds	10/18/2017	11/1/2037	3.00 - 3.25%	2,445,000	<u>2,445,000</u>
Water subtotal					<u>8,045,000</u>
Sewer Utility					
Clean Water Fund Loan	11/14/2012	5/1/2032	2.63%	10,427,087	7,837,429
Water and Sewer System revenue bonds	7/21/2016	5/1/2036	2.00 - 3.00%	1,910,000	1,835,000
Water and Sewer System revenue bonds	10/18/2017	11/1/2037	3.00 - 3.25%	4,550,000	<u>4,555,000</u>
Sewer subtotal					<u>14,227,429</u>
Business-type activities subtotal					<u>\$ 22,272,429</u>

The business-type activities revenue debt outstanding as of December 31, 2017 matures as follows:

Year Ending December 31,	Business-Type Activities - Revenue Bond Debt					
	Sewer Utility			Water Utility		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 688,104	\$ 383,585	\$ 1,071,689	\$ 365,000	\$ 272,079	\$ 637,079
2019	704,473	360,154	1,064,627	380,000	258,427	638,427
2020	721,140	341,260	1,062,400	385,000	247,151	632,151
2021	743,114	321,853	1,064,967	395,000	235,652	630,652
2022	755,402	302,004	1,057,406	405,000	223,851	628,851
2023-2027	4,077,921	1,195,293	5,273,214	2,195,000	918,505	3,113,505
2028-2032	4,652,275	611,136	5,263,411	2,630,000	489,374	3,119,374
2033-2037	1,885,000	143,119	2,028,119	1,290,000	77,673	1,367,673
Total	<u>\$ 14,227,429</u>	<u>\$ 3,658,404</u>	<u>\$ 17,885,833</u>	<u>\$ 8,045,000</u>	<u>\$ 2,722,712</u>	<u>\$ 10,767,712</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

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, 2017 consist of the following:

Business-type Activities						
Racine Clean Water Fund Loans	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2017	
Clean Water Fund Loans	4/10/2002	5/1/2021	2.75%	\$ 557,254	\$	143,181
Clean Water Fund Loans	7/24/2002	5/1/2022	2.86%	3,153,607		1,002,959
Clean Water Fund Loans	11/27/2002	5/1/2022	2.867%	10,785,114		3,577,115
Racine Advance	8/25/2008	5/1/2021	5.00%	399,300		<u>125,241</u>
Total Business-type Activities Racine Clean Water Fund Loans						<u>\$ 4,848,496</u>

Debt service requirements to maturity are as follows:

Year Ending December 31,	Business-type Activities Racine Clean Water Fund Loans		
	Principal	Interest	Total
2018	\$ 923,452	\$ 127,966	\$ 1,051,418
2019	949,705	100,650	1,050,355
2020	976,694	72,571	1,049,265
2021	1,004,442	43,675	1,048,117
2022	<u>994,203</u>	<u>14,513</u>	<u>1,008,716</u>
Total	<u>\$ 4,848,496</u>	<u>\$ 359,375</u>	<u>\$ 5,207,871</u>

Current Refunding

On October 18, 2017, the Village issued \$3,400,000 in General Obligation Refunding Bonds, Series 2017A, with an interest rate from 2.80 – 3.50% and \$920,000 in General Obligation Corporate Purpose Bonds, Series 2017C with an interest rate from 3.00 – 3.10% to current refund \$5,725,000 of Tax Bond Anticipation Notes, Series 2016C dated July 21, 2016 with an interest rate of 1.625%

The cash flow requirements on the refunded debt prior to the current refunding was \$5,771,516 in 2018. The cash flow requirements on the general obligation refunding bonds are \$6,381,565 from 2018 through 2037. The net present value of the savings at an effective interest rate of 3.50% are \$1,496,810; and the economic loss on the transaction is \$221,021.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

Mount Pleasant Interceptor Agreement

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

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

The final terms of the agreement and amendment were met in 2015 and the Village of Caledonia made the initial payment in March of 2015. As of December 31, 2017, the Village owed \$3,750,000 in principal relating to the agreement.

Other Debt Information

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 9 - WISCONSIN RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)

General Information about the Pension Plan (continued)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10.0%
2008	6.6%	0.0%
2009	(2.1)%	(42.0)%
2010	(1.3)%	(22.0)%
2011	(1.2)%	11.0%
2012	(7.0)%	(7.0)%
2013	(9.6)%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	(5.0)%

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

During the reporting period, the WRS recognized \$721,363 in contributions from the employer.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)

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

At December 31, 2017, the Village reported a liability of \$607,575 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the Village's proportion was 0.07371348%, which was an increase of 0.00087172% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Village recognized pension expense of \$1,580,014.

At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 231,668	\$ (1,910,771)
Changes in assumptions	635,243	-
Net differences between projected and actual earnings on pension plan investments	3,024,317	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	49,519	(6,668)
Employer contributions subsequent to the measurement date	990,628	-
Total	\$ 4,931,375	\$ (1,917,439)

The \$990,628 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. 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>
2018	\$ 822,327
2019	822,327
2020	559,927
2021	(182,248)
2022	975

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)

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

Actuarial assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases	
Inflation:	3.2%
Seniority\Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)

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

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation%</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50.00%	45.00%	8.30%	5.40%
Fixed Income	24.50%	37.00%	4.20%	1.40%
Inflation Sensitive Assets	15.50%	20.00%	4.30%	1.50%
Real Estate	8.00%	7.00%	6.50%	3.60%
Private Equity/Debt	8.00%	7.00%	9.40%	6.50%
Multi-Asset	<u>4.00%</u>	<u>4.00%</u>	<u>6.60%</u>	<u>3.70%</u>
Total Core Fund	<u>110.00%</u>	<u>120.00%</u>	<u>7.40%</u>	<u>4.50%</u>
<u>Variable Fund Asset Class</u>				
U.S. Equities	70.00%	70.00%	7.60%	4.70%
International Equities	<u>30.00%</u>	<u>30.00%</u>	<u>8.50%</u>	<u>5.60%</u>
Total Variable Fund	<u>100.00%</u>	<u>100.00%</u>	<u>7.90%</u>	<u>5.00%</u>

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

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

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend will always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)

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

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability (asset)	\$ 7,993,040	\$ 607,575	\$ (5,079,567)

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>.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	15
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	105
	120

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

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

Total OPEB Liability

The Village's total OPEB liability of \$4,999,966 was measured as of December 31, 2017, and was determined by an actuarial valuation as January 1, 2017.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2017 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, 2017
Measurement date	December 31, 2017
Inflation	3.50%
Discount rate	3.50%
Healthcare cost trend	4.2 - 6.5%
Salary increases including inflation	WRS; see actuarial assumptions for details
Mortality	WRS; see actuarial assumptions for details
Actuarial cost method	Entry Age Normal

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 the Wisconsin 2012 Mortality table (multiplied by 50% for males and females) as the base table and project future improvements with MP-2015 generational improvement scale (multiplied by 50%), as adopted by the Board in connection with the 2012-2014 Experience Study performed by the actuary for the Wisconsin Retirement System.

- Post-retirement: This assumption applies to death of participants after retirement. Rates are based on the Wisconsin 2012 Mortality Table as the base table and project future improvements with MP-2015 generational improvement scale (multiplied by 50%), as adopted by the Board in connection with the 2012-2014 Experience Study performed by the actuary for the Wisconsin Retirement System.

- Post-Disability: This assumption applies to death after disablement. Rates are based on the 2012-2014 Experience Study performed by the actuary for the Wisconsin Retirement System (multiplied by the 50% for males and females and set forward one year for males).

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period 2012 – 2014 for the Wisconsin Retirement System (WRS).

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2017	\$ 4,750,928
Changes for the year:	
Service Cost	203,523
Interest on total OPEB liability	173,405
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumption changes or inputs	-
Benefit payments	(127,890)
Net change in total OPEB liability	249,038
Balance at December 31, 2017	\$ 4,999,966

Changes of assumptions and other inputs reflect a change in the discount rate from 4.00 percent in 2016 to 3.50 percent in 2017.

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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	<u>2.50%</u>	<u>3.50%</u>	<u>4.50%</u>
Total OPEB Liability	\$ 5,494,964	\$ 4,999,966	\$ 4,547,508

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 (3.20-4.50 percent) or 1-percentage-point higher (5.20-6.50 percent) than the current discount rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 4,331,620	\$ 4,999,966	\$ 5,832,793

There are no deferred outflows of resources or deferred inflows of resources to be reported related to this activity for the year ended December 31, 2017.

For the year ending December 31, 2017, the Village recognized OPEB expense of \$376,927.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 11 - NET POSITION

Net position reported on the government wide statement of net position at December 31, 2017, includes the following:

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets			
Land	\$ 950,414	\$ 57,223	\$ 1,007,637
Construction in progress	20,024,759	3,912,275	23,937,034
Other capital assets, net of accumulated depreciation	<u>79,037,367</u>	<u>78,734,458</u>	<u>157,771,825</u>
	100,012,540	82,703,956	182,716,496
Less: related long-term debt outstanding	(48,711,470)	(31,151,570)	(79,863,040)
Add: Loss on refunding	22,713	159,964	182,677
Add: Unspent bond proceeds	<u>3,516,010</u>	<u>3,879,461</u>	<u>7,395,471</u>
Total net investment in capital assets	<u>54,839,793</u>	<u>55,591,811</u>	<u>110,431,604</u>
Restricted			
Debt service	-	2,014,626	2,014,626
Donations	101,275	-	101,275
Impact fees	361,414	-	361,414
Capital projects	-	-	-
Tax incremental districts	4,567,104	-	4,567,104
Equipment replacement	<u>-</u>	<u>417,619</u>	<u>417,619</u>
Total restricted	<u>5,029,793</u>	<u>2,432,245</u>	<u>7,462,038</u>
Unrestricted	<u>10,037,553</u>	<u>10,984,627</u>	<u>21,022,180</u>
Total Governmental Activities net position	<u>\$ 69,907,139</u>	<u>\$ 69,008,683</u>	<u>\$ 138,915,822</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 12 - FUND BALANCE

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

	<u>General Fund</u>	<u>Four Mile Capital Projects Fund</u>	<u>Tax Increment District No. 4</u>	<u>Joint Health</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Restricted:						
Tax increment districts	-	-	4,397,366	-	59,748	4,457,114
K9 donations	-	-	-	-	1,882	1,882
Donations	-	-	-	-	99,393	99,393
Impact fees	-	-	-	-	361,414	361,414
Debt service	-	-	-	-	33,837	33,837
Total restricted	<u>-</u>	<u>-</u>	<u>4,397,366</u>	<u>-</u>	<u>556,274</u>	<u>4,953,640</u>
Committed:						
Refuse	-	-	-	-	64,559	64,559
Storm sewer	-	-	-	-	3,477,445	3,477,445
Equipment replacement	-	-	-	-	21,827	21,827
Capital projects	-	-	-	-	1,220,689	1,220,689
Parks and recreation	-	-	-	-	6,940	6,940
HRA\FSA	66,065	-	-	-	-	66,065
Total committed	<u>66,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,791,460</u>	<u>4,857,525</u>
Assigned:	<u>-</u>	<u>187,827</u>	<u>-</u>	<u>555,495</u>	<u>-</u>	<u>743,322</u>
Unassigned	<u>4,628,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,089,547)</u>	<u>3,539,392</u>
Total fund balance	<u>\$ 4,695,004</u>	<u>\$ 187,827</u>	<u>\$ 4,397,366</u>	<u>\$ 555,495</u>	<u>\$ 4,258,187</u>	<u>\$ 14,093,879</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 13 - RISK MANAGEMENT

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

The Village has purchased commercial insurance for health insurance claims. The deductibles for a single plan, employee plus spouse plan, and family plan are \$1,000, \$2,000, and \$3,000, respectively, for a policy year. The Village reimburses employees for actual amounts of deductibles incurred. All funds of the Village participate in the risk management program. Committed fund balance at year-end of \$24,509 is included in the General Fund. Effective December 31, 2012 this plan has been discontinued. Employees may continue to submit claims for deductibles incurred until all of the related fund balance has been depleted.

NOTE 14 - TAX ABATEMENTS

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

As of December 31, 2017, the Village maintains and operates Tax Increment District No. 1, Tax Increment District No. 3, and Tax Increment District No. 4, which are presented in the financial statements as capital projects fund.

The Village has tax rebate agreements with 2 entities as of December 31, 2017:

<u>TID</u>	<u>Purpose</u>	<u>Percentage of Increment Abated during the Fiscal Year</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
3	Development	50.00%	\$ <u>1,482</u>
			<u>\$ 1,482</u>

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

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.

NOTE 16 - PRIOR PERIOD ADJUSTMENT

The Village adopted GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of January 1, 2017. The primary objective of the Statement is to improve accounting and financial reporting for postemployment benefits other than pensions, and replaces the requirements of Statements No. 45. As a result, the Village's beginning of the year net position has been restated as follows:

	<u>12/31/16</u>		<u>Restatement</u>		<u>Restated</u> <u>12/31/16</u>
Governmental Activities	\$ 72,720,164	\$	(2,189,662)	\$	70,530,502
Business-type Activities	68,878,556		(156,518)		68,722,038
Sewer Utility	41,916,461		(84,718)		41,831,743
Water Utility	26,962,095		(71,800)		26,890,295

In addition, Tax Increment District No. 4 has been restated for the correction of an error in the recognition of certain construction contracts payable as of December 31, 2016. The Village did not identify and include these payables and related capital outlays in the previous year's financial statements. As a result, the beginning fund balance has been adjusted from \$6,605,534 to \$6,482,761, a decrease of \$122,773.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2017

NOTE 17 – SUBSEQUENT EVENTS

On February 17, 2018 the Village entered into a Memorandum of Understanding (MOU) with Racine County and the Village of Mount Pleasant regarding future water and sewer utility infrastructure. The Memorandum provides for an amendment of the 2014 Mount Pleasant Interceptor Agreement whereby the Mount Pleasant shall undertake and fund and the Village shall be allowed to connect to a major sewer capacity project, which project is termed the 2018 Major Capacity Project. The Village's pro rata share of the 2018 Major Capacity Project is estimated to be approximately \$26,600,000, to be paid to the Village of Mount Pleasant over the same period and at the same interest cost that the Village of Mount Pleasant finances its own pro rata share of the project. Other terms of the Memorandum include among other things the Village paying \$4,000,000 to the Village of Mount Pleasant as satisfaction of currently unpaid amounts under the 2014 Agreement, as well as the Village being held harmless by the Racine County and the Village of Mount Pleasant from any costs otherwise payable to the City of Racine for certain regional water improvements for future growth. The Memorandum may be terminated in writing by the Village, Racine County or the Village of Mount Pleasant if certain contingencies are not met prior to June 30, 2018, otherwise the terms of the MOU shall remain in effect. As of June 21, 2018 the Memorandum has not been terminated.

This information is an integral part of the accompanying financial statements.

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, 2017

	<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	\$ 9,549,365	\$ 9,549,365	\$ 9,553,641	\$ 4,276
Intergovernmental	2,028,341	2,028,341	2,050,323	21,982
Licenses and permits	729,295	729,295	894,524	165,229
Fines, forfeitures and penalties	360,000	426,880	416,883	(9,997)
Public charges for services	589,871	589,871	682,419	92,548
Intergovernmental charges for services	161,263	161,263	201,065	39,802
Investment and interest income	10,000	34,295	48,882	14,587
Miscellaneous	35,600	56,090	125,397	69,307
Total revenues	<u>13,463,735</u>	<u>13,575,400</u>	<u>13,973,134</u>	<u>397,734</u>
EXPENDITURES				
General government	2,287,769	2,445,024	2,469,455	(24,431)
Public safety	8,759,865	8,892,300	8,984,927	(92,627)
Public works	2,387,720	2,209,695	2,201,928	7,767
Health and human services	28,381	28,381	28,381	-
Total expenditures	<u>13,463,735</u>	<u>13,575,400</u>	<u>13,684,691</u>	<u>(109,291)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	288,443	<u>\$ 288,443</u>
Other financing sources (uses)				
Transfer out	-	-	(371,834)	(371,834)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(371,834)</u>	<u>(371,834)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(83,391)	<u>\$ (83,391)</u>
Fund balance - beginning of year			<u>4,778,395</u>	
Fund balance - end of year			<u>\$ 4,695,004</u>	

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual – Joint Health
Year Ended December 31, 2017

	<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	\$ 175,416	\$ 175,416	\$ 175,416	\$ -
Intergovernmental	1,248,850	1,630,601	1,598,529	(32,072)
Licenses and permits	239,500	239,500	253,692	14,192
Public charges for services	74,260	74,260	85,126	10,866
Intergovernmental charges for services	618,619	618,619	618,649	30
Miscellaneous	8,500	8,500	-	(8,500)
Total revenues	<u>2,365,145</u>	<u>2,746,896</u>	<u>2,731,412</u>	<u>(15,484)</u>
EXPENDITURES				
Health and human services	<u>2,365,145</u>	<u>2,746,896</u>	<u>2,629,034</u>	<u>117,862</u>
Total expenditures	<u>2,365,145</u>	<u>2,746,896</u>	<u>2,629,034</u>	<u>117,862</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	102,378	<u>\$ 102,378</u>
Fund balance - beginning of year			<u>453,117</u>	
Fund balance - end of year			<u>\$ 555,495</u>	

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of the Village's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
December 31, 2017

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Village's proportion of the net pension liability (asset)	0.07371348%	0.07284176%	0.07383797%
Village's proportionate share of the net pension liability (asset)	\$ 607,575	\$ 1,183,664	\$ (1,813,663)
Village's covered payroll	\$ 8,768,144	\$ 8,412,395	\$ 8,007,763
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.12%	98.20%	102.74%

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of the Village's Contributions
Wisconsin Retirement System
December 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 990,628	\$ 721,363	\$ 705,586	\$ 710,670
Contributions in relation to the contractually required contributions	\$ 990,628	\$ 721,363	\$ 705,586	\$ 710,670
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 8,768,144	\$ 8,768,144	\$ 8,412,395	\$ 8,007,763
Contributions as a percentage of covered payroll	11.30%	8.23%	8.39%	8.87%

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of Changes in the Village's
Total OPEB Liability and Related Ratios
Last 10 Fiscal Year*
December 31, 2017

	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 203,522
Interest on total OPEB liability	173,406
Changes in benefit terms	-
Effect of economic/demographic gains (losses)	-
Effect of assumption changes or inputs	-
Benefit payments	(127,890)
Net change in total OPEB liability	<u>249,038</u>
Total OPEB liability, beginning	4,750,928
Total OPEB liability, ending	<u>\$ 4,999,966</u>
Covered payroll	<u>\$ 9,364,343</u>
Total OPEB as a % of covered payroll	<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.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Required Supplementary Information
Year Ended December 31, 2017

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, 2017:

General Government	\$24,431
Public Safety	92,627

The functional expenditure categories that exceeded budget for the year ending December 31, 2017 were a result of the inclusion of HRA and FSA activities, which are combined with the Village's General Fund for presentation in accordance with Generally Accepted Accounting Principles (GAAP).

WISCONSIN RETIREMENT SYSTEM

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

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

SUPPLEMENTARY INFORMATION

VILLAGE OF CALEDONIA, WISCONSIN
Combining Balance Sheet – Nonmajor Governmental Funds
December 31, 2017

	Special Revenue Funds						
	Refuse	Recycling	Memorial Park Cemetery	Caledonia Storm Sewer District	Parks and Recreation	K9	Joint Parks
ASSETS							
Cash and investments	\$ -	\$ -	\$ 852	\$ 2,503,824	\$ 16,152	\$ -	\$ 6,644
Tax roll receivable							
Tax levy	-	-	12,500	-	70,800	-	70,000
Special assessments on tax roll	-	-	-	56,703	-	-	-
Other charges on tax roll	929,934	483,731	-	991,859	-	-	-
Other receivables	-	-	-	-	-	-	-
Special assessments receivable	-	-	-	409,402	-	-	-
Due from other funds	-	-	-	-	-	1,882	-
TOTAL ASSETS	\$ 929,934	\$ 483,731	\$ 13,352	\$ 3,961,788	\$ 86,952	\$ 1,882	\$ 76,644
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 46	\$ 24	\$ -	\$ 6,122	\$ 9,212	\$ -	\$ 2,472
Due to other funds	865,329	485,901	6,194	-	-	-	86,915
Advance from other funds	-	-	-	-	-	-	-
Deposits	-	-	-	12,116	-	-	-
Total liabilities	<u>865,375</u>	<u>485,925</u>	<u>6,194</u>	<u>18,238</u>	<u>9,212</u>	<u>-</u>	<u>89,387</u>
Deferred Inflows of Resources							
Subsequent year tax levy	-	-	12,500	-	70,800	-	70,000
Special assessments	-	-	-	466,105	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>466,105</u>	<u>70,800</u>	<u>-</u>	<u>70,000</u>
Fund Balances (Deficit)							
Restricted	-	-	-	-	-	1,882	-
Committed	64,559	-	-	3,477,445	6,940	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	(2,194)	(5,342)	-	-	-	(82,743)
Total fund balances (deficit)	<u>64,559</u>	<u>(2,194)</u>	<u>(5,342)</u>	<u>3,477,445</u>	<u>6,940</u>	<u>1,882</u>	<u>(82,743)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 929,934	\$ 483,731	\$ 13,352	\$ 3,961,788	\$ 86,952	\$ 1,882	\$ 76,644

VILLAGE OF CALEDONIA, WISCONSIN
Combining Balance Sheet – Nonmajor Governmental Funds (Continued)
December 31, 2017

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	Equipment Replacement	Donations	Impact Fees		Tax Increment District No. 1	Tax Increment District No. 3	Capital Projects	
ASSETS								
Cash and investments	\$ 21,827	\$ 21,410	\$ 361,414	\$ -	\$ -	\$ 45,846	\$ 744,000	\$ 3,721,969
Tax roll receivable								
Tax levy	-	-	-	1,677,274	111,935	134,696	1,162,742	3,239,947
Special assessments on tax roll	-	-	-	20,824	-	-	-	77,527
Other charges on tax roll	-	-	-	-	-	-	-	2,405,524
Other receivables	-	-	-	-	-	-	189,487	189,487
Special assessments receivable	-	-	-	119,650	-	-	-	529,052
Due from other funds	-	77,983	-	33,837	-	13,902	305,788	433,392
TOTAL ASSETS	<u>\$ 21,827</u>	<u>\$ 99,393</u>	<u>\$ 361,414</u>	<u>\$ 1,851,585</u>	<u>\$ 111,935</u>	<u>\$ 194,444</u>	<u>\$ 2,402,017</u>	<u>\$ 10,596,898</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,586	\$ 36,462
Due to other funds	-	-	-	-	14,677	-	-	1,459,016
Advance from other funds	-	-	-	-	984,591	-	-	984,591
Deposits	-	-	-	-	-	-	-	12,116
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>999,268</u>	<u>-</u>	<u>18,586</u>	<u>2,492,185</u>
Deferred Inflows of Resources								
Subsequent year tax levy	-	-	-	1,677,274	111,935	134,696	1,162,742	3,239,947
Special assessments	-	-	-	140,474	-	-	-	606,579
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,817,748</u>	<u>111,935</u>	<u>134,696</u>	<u>1,162,742</u>	<u>3,846,526</u>
Fund Balances (Deficit)								
Restricted	-	99,393	361,414	33,837	-	59,748	-	556,274
Committed	21,827	-	-	-	-	-	1,220,689	4,791,460
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(999,268)	-	-	(1,089,547)
Total fund balances (deficit)	<u>21,827</u>	<u>99,393</u>	<u>361,414</u>	<u>33,837</u>	<u>(999,268)</u>	<u>59,748</u>	<u>1,220,689</u>	<u>4,258,187</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 21,827</u>	<u>\$ 99,393</u>	<u>\$ 361,414</u>	<u>\$ 1,851,585</u>	<u>\$ 111,935</u>	<u>\$ 194,444</u>	<u>\$ 2,402,017</u>	<u>\$ 10,596,898</u>

VILLAGE OF CALEDONIA, WISCONSIN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2017

	Special Revenue Funds							
	Refuse	Recycling	Memorial Park Cemetery	Caledonia Storm Sewer District	Parks and Recreation	K9	Joint Parks	Fire Service Fund
REVENUES								
Taxes	\$ -	\$ -	\$ 10,000	\$ -	\$ 63,000	\$ -	\$ 58,659	\$ -
Special assessments	-	-	-	80,762	-	-	-	-
Intergovernmental	-	60,924	-	-	-	-	-	-
Public charges for services	929,628	483,660	-	992,296	26,342	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-	58,659	346,642
Investment and interest income	-	-	9	22,682	-	-	50	-
Miscellaneous	-	-	-	-	-	6,539	18,460	-
Total revenues	<u>929,628</u>	<u>544,584</u>	<u>10,009</u>	<u>1,095,740</u>	<u>89,342</u>	<u>6,539</u>	<u>135,828</u>	<u>346,642</u>
EXPENDITURES								
Current								
Public safety	-	-	-	-	-	5,214	-	346,642
Public works	923,584	520,782	-	257,866	-	-	-	-
Health and human services	-	-	11,153	-	-	-	-	-
Culture, recreation and education	-	-	-	-	82,628	-	153,414	-
Economic development and assistance	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	52,837	-	-	3,500	-
Debt service								
Principal	-	-	-	270,000	-	-	-	-
Interest and fiscal charges	-	-	-	45,000	-	-	-	-
Total expenditures	<u>923,584</u>	<u>520,782</u>	<u>11,153</u>	<u>625,703</u>	<u>82,628</u>	<u>5,214</u>	<u>156,914</u>	<u>346,642</u>
Excess (deficiency) of revenues over expenditures	<u>6,044</u>	<u>23,802</u>	<u>(1,144)</u>	<u>470,037</u>	<u>6,714</u>	<u>1,325</u>	<u>(21,086)</u>	<u>-</u>
OTHER FINANCING SOURCES								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,044	23,802	(1,144)	470,037	6,714	1,325	(21,086)	-
Fund balances (deficit) - beginning of year	<u>58,515</u>	<u>(25,996)</u>	<u>(4,198)</u>	<u>3,007,408</u>	<u>226</u>	<u>557</u>	<u>(61,657)</u>	<u>-</u>
Fund balances (deficit) - end of year	<u>\$ 64,559</u>	<u>\$ (2,194)</u>	<u>\$ (5,342)</u>	<u>\$ 3,477,445</u>	<u>\$ 6,940</u>	<u>\$ 1,882</u>	<u>\$ (82,743)</u>	<u>\$ -</u>

VILLAGE OF CALEDONIA, WISCONSIN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor
Governmental Funds (Continued)
Year Ended December 31, 2017

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds	
	Equipment Replacement	Donations	Impact Fees		Tax Increment District No. 1	Tax Increment District No. 3	Village Hall		Capital Projects
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ 1,577,458	\$ 186,257	\$ 130,053	\$ -	\$ 1,259,335	\$ 3,284,762
Special assessments	-	-	-	59,452	-	-	-	-	140,214
Intergovernmental	-	-	-	-	367	18,621	-	254,144	334,056
Public charges for services	-	-	59,920	-	-	-	-	223,898	2,715,744
Intergovernmental charges for services	-	-	-	-	-	-	-	-	405,301
Investment and interest income	153	-	-	-	-	245	6,840	-	29,979
Miscellaneous	10,071	14,213	-	-	-	-	-	31,406	80,689
Total revenues	<u>10,224</u>	<u>14,213</u>	<u>59,920</u>	<u>1,636,910</u>	<u>186,624</u>	<u>148,919</u>	<u>6,840</u>	<u>1,768,783</u>	<u>6,990,745</u>
EXPENDITURES									
Current									
Public safety	-	8,101	-	-	-	-	-	-	359,957
Public works	-	-	-	-	-	-	-	-	1,702,232
Health and human services	-	-	-	-	-	-	-	-	11,153
Culture, recreation and education	-	5,805	-	-	-	-	-	-	241,847
Economic development and assistance	-	-	-	-	-	28,928	-	-	28,928
Capital outlay	-	-	-	-	5,498	-	2,233,137	1,375,931	3,670,903
Debt service									
Principal	-	-	-	1,172,245	-	-	-	-	1,442,245
Interest and fiscal charges	-	-	-	247,213	-	89,348	-	-	381,561
Total expenditures	<u>-</u>	<u>13,906</u>	<u>-</u>	<u>1,419,458</u>	<u>5,498</u>	<u>118,276</u>	<u>2,233,137</u>	<u>1,375,931</u>	<u>7,838,826</u>
Excess (deficiency) of revenues over expenditures	<u>10,224</u>	<u>307</u>	<u>59,920</u>	<u>217,452</u>	<u>181,126</u>	<u>30,643</u>	<u>(2,226,297)</u>	<u>392,852</u>	<u>(848,081)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	25,639	371,834	397,473
Transfers out	-	-	-	(250,000)	(1,170,848)	-	-	(25,639)	(1,446,487)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>(1,170,848)</u>	<u>-</u>	<u>25,639</u>	<u>346,195</u>	<u>(1,049,014)</u>
Net change in fund balances	10,224	307	59,920	(32,548)	(989,722)	30,643	(2,200,658)	739,047	(1,897,095)
Fund balances (deficit) - beginning of year	<u>11,603</u>	<u>99,086</u>	<u>301,494</u>	<u>66,385</u>	<u>(9,546)</u>	<u>29,105</u>	<u>2,200,658</u>	<u>481,642</u>	<u>6,155,282</u>
Fund balances (deficit) - end of year	<u>\$ 21,827</u>	<u>\$ 99,393</u>	<u>\$ 361,414</u>	<u>\$ 33,837</u>	<u>\$ (999,268)</u>	<u>\$ 59,748</u>	<u>\$ -</u>	<u>\$ 1,220,689</u>	<u>\$ 4,258,187</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, 2017**

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ 1,174,406	\$ 1,190,344
Administration	1,940	3,453
Total Project Costs	<u>1,176,346</u>	<u>1,193,797</u>
Project Revenues		
Tax increments	186,257	186,257
Exempt computer aid	367	8,272
Total Revenues	<u>186,624</u>	<u>194,529</u>
Net Cost Recoverable Through TIF Increments - December 31, 2017	<u>\$ 989,722</u>	<u>\$ 999,268</u>

**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, 2017**

	<u>Year Ended</u>	<u>From Date of Creation</u>
Sources of Funds		
Tax increments	\$ 186,257	\$ 186,257
Exempt computer aid	<u>367</u>	<u>8,272</u>
Total Sources	<u>186,624</u>	<u>194,529</u>
 Use of Funds		
Capital expenditures	1,174,406	1,190,344
Administration	<u>1,940</u>	<u>3,453</u>
Total Uses	<u>1,176,346</u>	<u>1,193,797</u>
 Change in Fund Balance	 (989,722)	 (999,268)
Beginning Fund Balance (Deficit)	<u>(9,546)</u>	<u>-</u>
 Ending Fund Balance (Deficit)	 <u>\$ (999,268)</u>	 <u>\$ (999,268)</u>
 Reconciliation of Recoverable Costs		
Less: Fund balance		<u>\$ 999,268</u>
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2017		 <u>\$ 999,268</u>

**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, 2017**

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ 2,171	\$ 3,251,554
Developer grants/incentives	21,482	102,319
Administration	5,275	8,103
Interest and fiscal charges	89,348	255,785
Total Project Costs	118,276	3,617,761
 Project Revenues		
Tax increments	130,053	457,192
Exempt computer aid	18,621	105,175
Investment income	245	2,856
Premium from issuance of long-term debt	-	37,286
Total Revenues	148,919	602,509
 Net Cost Recoverable Through TIF Increments - December 31, 2017		
	\$ (30,643)	\$ 3,015,252

**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, 2017**

	<u>Year Ended</u>	<u>From Date of Creation</u>
Sources of Funds		
Tax increments	\$ 130,053	\$ 457,192
Exempt computer aid	18,621	105,175
Investment income	245	2,856
Premium from the issuance of long-term debt	-	37,286
Proceeds from long-term debt	-	3,075,000
Total Sources	<u>148,919</u>	<u>3,677,509</u>
 Use of Funds		
Capital expenditures	2,171	3,251,554
Developers grants/incentives	21,482	102,319
Administration	5,275	8,103
Interest and fiscal charges	89,348	255,785
Total Uses	<u>118,276</u>	<u>3,617,761</u>
 Change in Fund Balance	 30,643	 59,748
Beginning Fund Balance (Deficit)	<u>29,105</u>	<u>-</u>
Ending Fund Balance (Deficit)	<u>\$ 59,748</u>	<u>\$ 59,748</u>
 Reconciliation of Recoverable Costs		
G.O. Debt		\$ 3,075,000
Less: Fund balance		<u>(59,748)</u>
 Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2017		 <u>\$ 3,015,252</u>

**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, 2017**

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	1,630,316	\$ 21,710,824
Developer grants/incentives	1,221,932	2,809,009
Administration	29,612	31,537
Interest and fiscal charges	816,156	1,929,489
Total Project Costs	<u>3,698,016</u>	<u>26,480,859</u>
 Project Revenues		
Tax increments	-	17,715
Exempt computer aid	1,906	1,906
Special assessments	124,776	688,559
Intergovernmental	1,318,661	1,318,661
Investment income	32,998	82,607
Transfer in	250,000	250,000
Premium from issuance of long-term debt	59,370	836,268
Total Revenues	<u>1,787,711</u>	<u>3,195,716</u>
 Net Cost Recoverable Through TIF Increments - December 31, 2017	 <u>\$ 1,910,305</u>	 <u>\$ 23,285,143</u>

**Village of Caledonia, Wisconsin
Tax Incremental District No. 4
Historical Summary of Sources, Uses, and Status of Funds
From Date of Creation through December 31, 2017**

	<u>Year Ended</u>	<u>From Date of Creation</u>
Sources of Funds		
Tax increments	\$ -	\$ 17,715
Exempt computer aid	1,906	1,906
Special assessments	124,776	688,559
Intergovernmental	1,318,661	1,318,661
Investment income	32,998	82,607
Transfer in	250,000	250,000
Premium from the issuance of long-term debt	59,370	836,268
Proceeds from long-term debt	<u>5,565,000</u>	<u>34,810,000</u>
Total Sources	<u>7,352,711</u>	<u>38,005,716</u>
 Use of Funds		
Capital expenditures	1,630,316	21,710,824
Developers grants/incentives	1,221,932	2,809,009
Administration	29,612	31,537
Interest and fiscal charges	816,156	1,929,489
Principal on long-term debt	<u>5,740,090</u>	<u>7,004,718</u>
Total Uses	<u>9,438,106</u>	<u>33,485,577</u>
 Change in Fund Balance	 (2,085,395)	 4,520,139
 Beginning Fund Balance (Deficit)	 <u>6,482,761</u>	 <u>-</u>
 Ending Fund Balance (Deficit)	 <u>\$ 4,397,366</u>	 <u>\$ 4,520,139</u>
 Reconciliation of Recoverable Costs		
G.O. Debt		\$ 27,805,282
Less: Fund balance		<u>(4,520,139)</u>
 Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2017		 <u>\$ 23,285,143</u>