

VILLAGE OF CALEDONIA, WISCONSIN
Caledonia, Wisconsin

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
December 31, 2021



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VILLAGE OF CALEDONIA, WISCONSIN

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet - Governmental Funds	6
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position.....	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	9
Statement of Net Position - Proprietary Funds	10
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	11
Statement of Cash Flows - Proprietary Funds.....	12
Statement of Fiduciary Net Position	14
Statement of Changes in Fiduciary Net Position	15
Notes to Financial Statements	16
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	68
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Joint Health	69
Schedule of Village's Proportionate Share of the Net Pension Liability (Asset).....	70
Schedule of the Village's Contributions – WRS Pension.....	70
Schedule of Changes in the Village's Total OPEB Liability and Related Ratios	71
Schedule of Village's Proportionate Share of the Net OPEB Liability (Asset).....	72
Schedule of the Village's Contributions – LRLIF OPEB.....	72
Notes to Required Supplementary Information	73

VILLAGE OF CALEDONIA, WISCONSIN

TABLE OF CONTENTS (Continued)

SUPPLEMENTARY INFORMATION

Combining Balance Sheet - Nonmajor Governmental Funds 75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds 77

OTHER INFORMATION

Tax Incremental District No. 1 Historical Summary of Project Costs, Project
Revenues, and Net Cost to be Recovered through Tax Increments..... 79
Tax Incremental District No. 1 Historical Summary of Sources, Uses, and
Status of Funds 80
Tax Incremental District No. 3 Historical Summary of Project Costs, Project
Revenues, and Net Cost to be Recovered through Tax Increments..... 81
Tax Incremental District No. 3 Historical Summary of Sources, Uses, and
Status of Funds 82
Tax Incremental District No. 4 Historical Summary of Project Costs, Project
Revenues, and Net Cost to be Recovered through Tax Increments..... 83
Tax Incremental District No. 4 Historical Summary of Sources, Uses, and
Status of Funds 84
Tax Incremental District No. 5 Historical Summary of Project Costs, Project
Revenues, and Net Cost to be Recovered through Tax Increments..... 85
Tax Incremental District No. 5 Historical Summary of Sources, Uses, and
Status of Funds 86

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS 87**

Schedule of Findings and Responses 89



INDEPENDENT AUDITORS' REPORT

Village Board
Village of Caledonia, Wisconsin
Caledonia, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Caledonia, Wisconsin (the Village), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as included in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

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


Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2022, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 29, 2022

BASIC FINANCIAL STATEMENTS

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 17,421,274	\$ 7,302,520	\$ 24,723,794
Receivables (net)	20,319,982	5,632,232	25,952,214
Internal balances	(1,382,112)	1,382,112	-
Prepaid expenses	287,288	7,523	294,811
Restricted assets:			
Cash and cash equivalents	-	16,169,227	16,169,227
Net pension asset	5,256,636	378,282	5,634,918
Capital assets:			
Land	1,230,898	57,223	1,288,121
Intangible assets - land easements	73,000	-	73,000
Construction in process	881,894	3,425,595	4,307,489
Other capital assets	129,033,254	169,282,430	298,315,684
Intangible assets - infrastructure	8,827,186	-	8,827,186
Less: accumulated depreciation	<u>(64,628,047)</u>	<u>(48,456,440)</u>	<u>(113,084,487)</u>
Total assets	<u>117,321,253</u>	<u>155,180,704</u>	<u>272,501,957</u>
Deferred outflows of resources			
Unamortized treatment facility	-	23,956,888	23,956,888
Deferred amounts related to pension	8,876,273	636,261	9,512,534
Deferred amounts related to OPEB retiree medical insurance	1,405,601	101,100	1,506,701
Deferred amounts related to OPEB retiree life insurance	438,834	31,564	470,398
Loss on refunding	1,745	94,058	95,803
Total deferred outflows of resources	<u>10,722,453</u>	<u>24,819,871</u>	<u>35,542,324</u>
Liabilities			
Accounts payable and accrued expenses	1,747,907	2,240,371	3,988,278
Accrued interest payable	464,595	180,339	644,934
Deposits	551,641	-	551,641
Unearned grant revenues	1,322,854	-	1,322,854
Liabilities payable from restricted assets:			
Current portion of revenue bonds	-	1,425,402	1,425,402
Accrued interest	-	189,605	189,605
Noncurrent liabilities:			
Pension liability	-	-	-
OPEB - retiree medical insurance	6,267,366	450,788	6,718,154
OPEB - retiree life insurance	956,576	68,803	1,025,379
Due within one year	3,472,378	2,019,497	5,491,875
Due in more than one year	<u>54,498,676</u>	<u>66,356,998</u>	<u>120,855,674</u>
Total liabilities	<u>69,281,993</u>	<u>72,931,803</u>	<u>142,213,796</u>
Deferred inflows of resources			
Subsequent year tax levy	15,827,542	556,708	16,384,250
Deferred amounts related to special assessments	-	-	-
Deferred amounts related to pension	11,519,492	828,972	12,348,464
Deferred amounts related to OPEB retiree medical insurance	488,733	35,152	523,885
Deferred amounts related to OPEB retiree life insurance	114,814	8,259	123,073
Total deferred inflows of resources	<u>27,950,581</u>	<u>1,429,091</u>	<u>29,379,672</u>
Net Position			
Net investment in capital assets	20,238,409	90,151,070	110,389,479
Restricted:			
Pension asset	5,256,636	378,282	5,634,918
Economic Development	1,723,656	-	1,723,656
Debt service	4,630,909	2,309,151	6,940,060
Impact fees	411,987	-	411,987
Donations and grants	208,132	-	208,132
Equipment replacement	-	586,213	586,213
Unrestricted	<u>(1,658,597)</u>	<u>12,214,965</u>	<u>10,556,368</u>
TOTAL NET POSITION	<u>\$ 30,811,132</u>	<u>\$ 105,639,681</u>	<u>\$ 136,450,813</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Activities
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 3,131,343	\$ 1,493,150	\$ 13	\$ -	\$ (1,638,180)	\$ -	\$ (1,638,180)
Public safety	9,873,862	1,400,124	741,240	70,569	(7,661,929)	-	(7,661,929)
Public works	7,061,384	3,250,035	1,485,840	-	(2,325,509)	-	(2,325,509)
Health and human services	3,568,516	1,113,933	2,692,298	-	237,715	-	237,715
Culture, education, and recreation	298,993	178,985	-	-	(120,008)	-	(120,008)
Economic development and assistance	2,646,359	603,082	63,115	-	(1,980,162)	-	(1,980,162)
Interest and fiscal charges	1,695,556	-	-	-	(1,695,556)	-	(1,695,556)
Total governmental activities	<u>28,276,013</u>	<u>8,039,309</u>	<u>4,982,506</u>	<u>70,569</u>	<u>(15,183,629)</u>	<u>-</u>	<u>(15,183,629)</u>
Business-type activities:							
Sewer Utility	6,287,920	7,070,179	-	10,450	-	792,709	792,709
Water Utility	4,853,830	4,165,799	-	214,343	-	(473,688)	(473,688)
Stormwater Utility	929,946	1,050,315	-	45,851	-	166,220	166,220
Total business-type activities	<u>12,071,696</u>	<u>12,286,293</u>	<u>-</u>	<u>270,644</u>	<u>-</u>	<u>485,241</u>	<u>485,241</u>
TOTAL	<u>40,347,709</u>	<u>20,325,602</u>	<u>4,982,506</u>	<u>341,213</u>	<u>(15,183,629)</u>	<u>485,241</u>	<u>(14,698,388)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					12,625,087	653,418	13,278,505
Property taxes, levied for debt services					2,400,425	-	2,400,425
Property taxes, levied for tax increment districts					1,015,716	-	1,015,716
Intergovernmental revenues not restricted to specific programs					1,093,070	-	1,093,070
Investment income					279,758	4,421	284,179
Gain on the sale of capital assets					96,872	-	96,872
Miscellaneous					602,392	206,214	808,606
Total general revenues					<u>18,113,320</u>	<u>864,053</u>	<u>18,977,373</u>
Transfers					285,000	(285,000)	-
Change in net position					3,214,691	1,064,294	4,278,985
Net position - beginning of year					<u>27,596,441</u>	<u>104,575,387</u>	<u>132,171,828</u>
Net position - end of year					<u>\$ 30,811,132</u>	<u>\$ 105,639,681</u>	<u>\$ 136,450,813</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Balance Sheet – Governmental Funds
December 31, 2021

	General Fund	Debt Service Fund	Tax Increment District No. 4	Joint Health	Nonmajor Governmental Funds	Total
Assets						
Cash and investments	\$ 8,569,288	\$ 1,776,625	\$ 1,327,383	\$ 678,979	\$ 5,068,999	\$ 17,421,274
Receivables:						
Property taxes	6,933,236	1,470,407	293,476	-	1,082,260	9,779,379
Special assessments	-	64,347	1,149,678	-	-	1,214,025
Special charges	59,674	-	-	-	1,614,730	1,674,404
Accounts receivable	792,046	4,189,873	-	516,886	102,665	5,601,470
Notes receivable	-	-	-	-	2,013,006	2,013,006
Due from other governments	-	-	-	37,698	-	37,698
Due from other funds	1,404,709	-	-	-	-	1,404,709
Advance to other funds	-	3,500,000	684,591	-	-	4,184,591
Prepaid expenses	287,288	-	-	-	-	287,288
TOTAL ASSETS	\$ 18,046,241	\$ 11,001,252	\$ 3,455,128	\$ 1,233,563	\$ 9,881,660	\$ 43,617,844
Liabilities, Deferred Inflows, and Fund Balances						
Liabilities:						
Accounts payable	\$ 263,577	\$ -	\$ 151,788	\$ 142,815	\$ 421,804	\$ 979,984
Accrued payroll	466,587	-	-	75,522	-	542,109
Accrued liabilities	5,274	-	-	-	220,540	225,814
Due to other funds	-	-	-	-	1,404,709	1,404,709
Advance from other funds	-	-	3,500,000	-	2,066,703	5,566,703
Unearned grant revenues	-	-	-	-	1,322,854	1,322,854
Deposits	551,641	-	-	-	-	551,641
Total liabilities	<u>1,287,079</u>	<u>-</u>	<u>3,651,788</u>	<u>218,337</u>	<u>5,436,610</u>	<u>10,593,814</u>
Deferred Inflows of Resources:						
Subsequent year tax levy	11,171,322	2,405,748	479,332	-	1,771,140	15,827,542
Special assessments	-	-	1,149,017	-	-	1,149,017
Long-term receivables	-	4,254,220	-	-	2,013,006	6,267,226
Other receivables	41,065	-	-	-	-	41,065
Total deferred inflows of resources	<u>11,212,387</u>	<u>6,659,968</u>	<u>1,628,349</u>	<u>-</u>	<u>3,784,146</u>	<u>23,284,850</u>
Fund Balances (Deficit):						
Nonspendable	287,288	3,500,000	684,591	-	-	4,471,879
Restricted	-	841,284	-	-	620,119	1,461,403
Committed	46,232	-	-	-	1,361,661	1,407,893
Assigned	-	-	-	1,015,226	-	1,015,226
Unassigned	5,213,255	-	(2,509,600)	-	(1,320,876)	1,382,779
Total fund balances (deficit)	<u>5,546,775</u>	<u>4,341,284</u>	<u>(1,825,009)</u>	<u>1,015,226</u>	<u>660,904</u>	<u>9,739,180</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 18,046,241	\$ 11,001,252	\$ 3,455,128	\$ 1,233,563	\$ 9,881,660	\$ 43,617,844

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, 2021

Total fund balances - governmental funds \$ 9,739,180

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

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

Land	1,230,898
Intangible assets - land easements	73,000
Construction in progress	881,894
Other capital assets	129,033,254
Intangible assets - infrastructure	8,827,186
Less: accumulated depreciation	(64,628,047)

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	1,149,017
Long-term receivables	6,267,226
Other receivables	41,065

Long-term assets are not considered available; therefore, are not reported in the balance sheet - governmental funds.

Net pension asset	5,256,636
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Long-term assets and deferred outflows of resources are not related to the current period and, therefore, are not reported in the funds.

Deferred outflows related to loss on refunding	1,745
Deferred outflows related to pension	8,876,273
Deferred outflows related to OPEB retiree medical insurance	1,405,601
Deferred outflows related to OPEB retiree life insurance	438,834

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	(56,497,869)
Premium on long-term debt	(1,272,633)
Compensated absences	(200,552)
Accrued interest	(464,595)
Net OPEB obligation - retiree medical insurance	(6,267,366)
Net OPEB obligation - retiree life insurance	(956,576)
Deferred inflows related to pension	(11,519,492)
Deferred inflows related to OPEB - retiree medical insurance	(488,733)
Deferred inflows related to OPEB - retiree life insurance	(114,814)

NET POSITION OF GOVERNMENT ACTIVITIES \$ 30,811,132

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, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Tax Increment District No. 4</u>	<u>Joint Health</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Taxes	\$ 10,461,801	\$ 2,400,425	\$ 714,859	\$ 193,354	\$ 2,270,789	\$ 16,041,228
Special assessments	-	18,789	437,062	-	-	455,851
Intergovernmental	2,584,043	-	22,564	2,692,298	847,240	6,146,145
Licenses and permits	1,163,587	-	-	379,748	-	1,543,335
Fines, forfeitures and penalties	277,810	-	-	-	114,549	392,359
Public charges for services	1,188,840	354,629	156,020	480	1,856,718	3,556,687
Intergovernmental charges for services	176,906	-	-	649,008	10,374	836,288
Investment and interest income	9,962	245,663	22,658	344	1,385	280,012
Miscellaneous	207,448	-	2,334	7,812	107,998	325,592
Total revenues	<u>16,070,397</u>	<u>3,019,506</u>	<u>1,355,497</u>	<u>3,923,044</u>	<u>5,209,053</u>	<u>29,577,497</u>
Expenditures						
Current:						
General government	2,908,719	-	-	-	114,549	3,023,268
Public safety	9,407,465	-	-	-	830,966	10,238,431
Public works	2,568,061	-	-	-	1,667,021	4,235,082
Health and human services	13,110	-	-	3,872,348	4,650	3,890,108
Culture, education, and recreation	-	-	-	-	220,477	220,477
Economic development and assistance	180,611	-	20,040	-	21,761	222,412
Capital outlay	-	-	126,613	-	4,939,569	5,066,182
Debt service:						
Principal	-	1,540,000	17,149	-	120,000	1,677,149
Interest and fiscal charges	-	542,434	1,107,566	-	128,913	1,778,913
Total expenditures	<u>15,077,966</u>	<u>2,082,434</u>	<u>1,271,368</u>	<u>3,872,348</u>	<u>8,047,906</u>	<u>30,352,022</u>
Excess (deficiency) of revenues over expenditures	<u>992,431</u>	<u>937,072</u>	<u>84,129</u>	<u>50,696</u>	<u>(2,838,853)</u>	<u>(774,525)</u>
Other financing sources (uses)						
Long-term refunding debt issued	-	4,720,370	-	-	4,802,635	9,523,005
Premium on long-term refunding debt issued	-	178,702	-	-	-	178,702
Payment to escrow agent	-	(4,761,990)	-	-	(1,447,952)	(6,209,942)
Proceeds from the sale of capital assets	-	-	-	-	47,065	47,065
Transfer in	-	3,500,000	1,000,000	-	323,004	4,823,004
Transfer out	(7,500)	(1,000,000)	(3,500,000)	-	(30,504)	(4,538,004)
Total other financing sources (uses)	<u>(7,500)</u>	<u>2,637,082</u>	<u>(2,500,000)</u>	<u>-</u>	<u>3,694,248</u>	<u>3,823,830</u>
Net change in fund balances	984,931	3,574,154	(2,415,871)	50,696	855,395	3,049,305
Fund balances - beginning of year	<u>4,561,844</u>	<u>767,130</u>	<u>590,862</u>	<u>964,530</u>	<u>(194,491)</u>	<u>6,689,875</u>
Fund balances - end of year	<u>\$ 5,546,775</u>	<u>\$ 4,341,284</u>	<u>\$ (1,825,009)</u>	<u>\$ 1,015,226</u>	<u>\$ 660,904</u>	<u>\$ 9,739,180</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, 2021

Net change in fund balances-total governmental funds \$ 3,049,305

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

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

Capital outlays	5,066,182
Capital outlay expenditures not capitalized in the statement of net position	(2,423,947)
Loss on disposal of capital assets	(37,988)
Depreciation and amortization	(3,800,950)

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

Special assessments	(5,670)
Long-term receivable	1,641,317
Other receivables	(7,440)

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	7,917,149
Long-term refunding debt issued	(9,523,005)

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	137,128
Accrued interest on debt	(38,783)
OPEB activity - retiree medical insurance	(228,741)
OPEB activity - retiree life insurance	(123,939)
Pension activity	1,680,693

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	(178,702)
Amortization of loss on refunding	(5,242)
Amortization of debt premium and discount	97,324

Change in net position of governmental activities \$ 3,214,691

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Net Position – Proprietary Funds
December 31, 2021

	Business-type Activities - Enterprise			
	Nonmajor			Totals
	Sewer Utility	Water Utility	Stormwater Utility	
ASSETS				
Current:				
Cash and investments	\$ 5,124,370	\$ 1,552,397	\$ 625,753	\$ 7,302,520
Accounts receivable	1,910,692	1,065,129	885	2,976,706
Tax roll receivable:				
Tax levy	340,549	-	-	340,549
Special charges on the tax roll	-	-	1,024,662	1,024,662
Special assessments on tax roll	2,660	22,975	301,047	326,682
Delinquent receivables on tax roll	527,032	338,736	-	865,768
Prepaid expenses	1,640	1,640	4,243	7,523
Total current assets	<u>7,906,943</u>	<u>2,980,877</u>	<u>1,956,590</u>	<u>12,844,410</u>
Noncurrent assets:				
Restricted assets				
Cash and investments	13,909,675	2,259,552	-	16,169,227
Net pension asset	155,594	144,245	78,443	378,282
Capital assets:				
Land	34,764	22,459	-	57,223
Construction in progress	1,260,821	1,874,921	289,853	3,425,595
Other capital assets	96,312,725	55,274,047	17,695,658	169,282,430
Less: accumulated depreciation	(24,459,622)	(15,191,914)	(8,804,904)	(48,456,440)
Other assets:				
Advance from other funds	1,105,000	277,112	-	1,382,112
Special assessments	4,688	93,177	-	97,865
Total noncurrent assets	<u>88,323,645</u>	<u>44,753,599</u>	<u>9,259,050</u>	<u>142,336,294</u>
Total assets	<u>96,230,588</u>	<u>47,734,476</u>	<u>11,215,640</u>	<u>155,180,704</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized sewer capacity	23,956,888	-	-	23,956,888
Deferred amounts related to pension	261,885	242,099	132,277	636,261
Deferred amounts related to OPEB - retiree life insurance	12,983	12,042	6,539	31,564
Deferred amounts related to OPEB - retiree health insurance	41,585	38,572	20,943	101,100
Loss on refunding	39,229	54,829	-	94,058
Total deferred outflows of resources	<u>24,312,570</u>	<u>347,542</u>	<u>159,759</u>	<u>24,819,871</u>
LIABILITIES				
Current liabilities:				
Accounts payable	439,170	1,759,153	42,048	2,240,371
Accrued interest	179,625	714	-	180,339
Current portion of compensated absences	4,986	4,986	-	9,972
Current portion of general obligation debt	463,193	-	-	463,193
Current portion of Clean Water Fund loans	1,492,443	-	-	1,492,443
Current portion of unamortized premium	30,851	23,038	-	53,889
Liabilities payable from restricted assets	-	-	-	-
Current portion of revenue bonds	875,402	550,000	-	1,425,402
Accrued interest	124,670	64,935	-	189,605
Total current liabilities	<u>3,610,340</u>	<u>2,402,826</u>	<u>42,048</u>	<u>6,055,214</u>
Noncurrent liabilities:				
Long-term debt:				
General obligation	3,315,000	-	-	3,315,000
Revenue bonds	26,590,196	12,305,000	-	38,895,196
Clean Water Fund loans	22,825,420	-	-	22,825,420
Unamortized premium	916,395	401,205	-	1,317,600
Long-term portion of compensated absences	1,891	1,891	-	3,782
Net OPEB liability - retiree medical insurance	185,421	171,985	93,382	450,788
Net OPEB liability - retiree life insurance	28,300	26,250	14,253	68,803
Total noncurrent liabilities	<u>53,862,623</u>	<u>12,906,331</u>	<u>107,635</u>	<u>66,876,589</u>
Total liabilities	<u>57,472,963</u>	<u>15,309,157</u>	<u>149,683</u>	<u>72,931,803</u>
DEFERRED INFLOWS OF RESOURCES				
Subsequent years tax levy	556,708	-	-	556,708
Deferred amounts related to pension	340,972	316,100	171,900	828,972
Deferred amounts related to OPEB retiree life insurance	14,459	13,411	7,282	35,152
Deferred amounts related to OPEB retiree life insurance	3,397	3,151	1,711	8,259
Total deferred inflows of resources	<u>915,536</u>	<u>332,662</u>	<u>180,893</u>	<u>1,429,091</u>
NET POSITION				
Net investment in capital assets	51,886,858	29,083,605	9,180,607	90,151,070
Restricted:				
Pension asset	155,594	144,245	78,443	378,282
Debt service	1,314,613	994,538	-	2,309,151
Equipment replacement	586,213	-	-	586,213
Unrestricted	<u>8,211,381</u>	<u>2,217,811</u>	<u>1,785,773</u>	<u>12,214,965</u>
TOTAL NET POSITION	<u>\$ 62,154,659</u>	<u>\$ 32,440,199</u>	<u>\$ 11,044,823</u>	<u>\$ 105,639,681</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, 2021

	Business-type Activities - Enterprise			Totals
	Sewer Utility	Water Utility	Nonmajor Stormwater Utility	
OPERATING REVENUES				
Public charges for services	\$ 7,070,179	\$ 4,165,799	\$ 1,050,315	\$ 12,286,293
OPERATING EXPENSES				
Operation and maintenance	2,406,134	3,434,523	469,114	6,309,771
Depreciation	1,822,973	1,026,972	441,369	3,291,314
Amortization expense	783,368	-	-	783,368
Taxes	22,807	22,595	9,233	54,635
Total operating expenses	<u>5,035,282</u>	<u>4,484,090</u>	<u>919,716</u>	<u>10,439,088</u>
Operating income (loss)	<u>2,034,897</u>	<u>(318,291)</u>	<u>130,599</u>	<u>1,847,205</u>
NONOPERATING REVENUES (EXPENSES)				
Property taxes levied	555,855	97,563	-	653,418
Interest income	2,912	888	621	4,421
Interest expense	(1,252,638)	(369,740)	(10,230)	(1,632,608)
Miscellaneous	117,219	88,995	-	206,214
Total nonoperating revenues (expenses)	<u>(576,652)</u>	<u>(182,294)</u>	<u>(9,609)</u>	<u>(768,555)</u>
Income (loss) before contributions and transfers	<u>1,458,245</u>	<u>(500,585)</u>	<u>120,990</u>	<u>1,078,650</u>
CAPITAL CONTRIBUTIONS				
Impact fees	-	192,200	-	192,200
Special assessments	10,450	22,143	45,851	78,444
Total capital contributions	<u>10,450</u>	<u>214,343</u>	<u>45,851</u>	<u>270,644</u>
TRANSFERS				
Transfer out	-	-	(285,000)	(285,000)
Total transfers	<u>-</u>	<u>-</u>	<u>(285,000)</u>	<u>(285,000)</u>
Change in net position	1,468,695	(286,242)	(118,159)	1,064,294
Net position - beginning of year	<u>60,685,964</u>	<u>32,726,441</u>	<u>11,162,982</u>	<u>104,575,387</u>
Net position - end of year	<u>\$ 62,154,659</u>	<u>\$ 32,440,199</u>	<u>\$ 11,044,823</u>	<u>\$ 105,639,681</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, 2021

	<u>Business-type Activities - Enterprise</u>			<u>Totals</u>
	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Nonmajor Stormwater Utility</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 6,858,187	\$ 4,581,224	\$ 1,035,691	\$ 12,475,102
Paid to suppliers for goods and services	(2,475,700)	(3,271,645)	(260,404)	(6,007,749)
Paid to employees for services	(502,308)	(460,738)	(229,398)	(1,192,444)
Net cash provided by operating activities	<u>3,880,179</u>	<u>848,841</u>	<u>545,889</u>	<u>5,274,909</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes	746,817	(132,022)	-	614,795
Miscellaneous	117,219	88,995	-	206,214
Advance from\to other funds	(1,105,000)	-	-	(1,105,000)
Transfers from\to other funds	-	-	(285,000)	(285,000)
Net cash provided (used) by noncapital financing activities	<u>(240,964)</u>	<u>(43,027)</u>	<u>(285,000)</u>	<u>(568,991)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,520,246)	(939,739)	(267,160)	(2,727,145)
Debt issued	13,145,000	3,075,000	-	16,220,000
Premium from debt issuance	690,622	161,557	-	852,179
Debt retired	(2,313,673)	(605,000)	(900,000)	(3,818,673)
Interest and other fiscal charges paid	(1,068,137)	(385,270)	(16,599)	(1,470,006)
Impact fees	-	192,200	-	192,200
Special assessments received	34,202	53,477	57,646	145,325
Net cash provided (used) by capital and related financing activities	<u>8,967,768</u>	<u>1,552,225</u>	<u>(1,126,113)</u>	<u>9,393,880</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>2,912</u>	<u>888</u>	<u>621</u>	<u>4,421</u>
Net increase (decrease) in cash and cash equivalents	12,609,895	2,358,927	(864,603)	14,104,219
Cash and cash equivalents - beginning of year	<u>6,424,150</u>	<u>1,453,022</u>	<u>1,490,356</u>	<u>9,367,528</u>
Cash and cash equivalents - end of year	<u>\$ 19,034,045</u>	<u>\$ 3,811,949</u>	<u>\$ 625,753</u>	<u>\$ 23,471,747</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Cash Flows - Proprietary Funds (Continued)
Year Ended December 31, 2021

	Business-type Activities - Enterprise			
	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Nonmajor</u>	
			<u>Stormwater Utility</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,034,897	\$ (318,291)	\$ 130,599	\$ 1,847,205
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,822,973	1,026,972	441,369	3,291,314
Amortization	805,280	-	-	805,280
Changes in assets and liabilities:				
Accounts receivable	(211,992)	415,425	-	203,433
Special charges receivable	-	-	(14,624)	(14,624)
Prepaid expenses	(1,250)	(390)	(4,243)	(5,883)
Accounts payable	(515,153)	(236,769)	13,053	(738,869)
OPEB activity	37,755	32,949	19,659	90,363
Pension activity	(92,331)	(71,055)	(39,924)	(203,310)
Net cash provided by operating activities	<u>\$ 3,880,179</u>	<u>\$ 848,841</u>	<u>\$ 545,889</u>	<u>\$ 5,274,909</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 5,124,370	\$ 1,552,397	\$ 625,753	\$ 7,302,520
Restricted cash and cash equivalents	<u>13,909,675</u>	<u>2,259,552</u>	<u>-</u>	<u>16,169,227</u>
CASH AND CASH EQUIVALENTS	<u>\$ 19,034,045</u>	<u>\$ 3,811,949</u>	<u>\$ 625,753</u>	<u>\$ 23,471,747</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Fiduciary Net Position - Fiduciary Fund
December 31, 2021

	Tax Collection Custodial Fund
ASSETS	
Cash and investments	\$ 13,832,146
Taxes receivable	21,737,064
TOTAL ASSETS	35,569,210
LIABILITIES	
Due to other governments	13,832,146
DEFERRED INFLOWS OF RESOURCES	
Property taxes levied for subsequent year	21,737,064
NET POSITION	
Restricted for tax collections	\$ -

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Statement of Changes in Fiduciary Net Position - Fiduciary Fund
Year Ended December 31, 2021

	Tax Collection Custodial Fund
ADDITIONS	
Taxes and special charges collected	\$ 13,159,097
DEDUCTIONS	
Payments to other taxing jurisdictions	13,159,097
CHANGE IN NET POSITION	-
Net position - beginning of year	-
Net position - end of year	\$ -

The accompanying notes are an integral part of this statement.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

The Village reports the following major governmental funds:

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

Debt Service Fund - accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The debt service fund was presented as a nonmajor governmental fund in the prior year.

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

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

Refuse	Fire Safer Grant
Recycling	CARES Act
Memorial Park Cemetery	ARPA
Parks and Recreation	Fire Services
Joint Parks	Donations
Municipal Court	Retiree Health Insurance
	Impact Fees

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

Capital Projects Fund	Tax Increment District No. 3
Tax Increment District No. 1	Tax Increment District No. 5

The Village reports the following nonmajor enterprise funds:

Stormwater Utility - accounts for operations of the stormwater system.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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

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

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's Water Utility, Sewer Utility, Stormwater Utility, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for 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 taxes, special assessments, licenses and permits, and public charges for services revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Village considers intergovernmental revenues to be available if they are collected within 90 days of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, pension expenditures, and other postemployment benefits, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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

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

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

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

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

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

All Financial Statements

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

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

Deposits and Investments

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

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

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

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deposits and Investments (continued)

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

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

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

Receivables

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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 - 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property taxes in full	January 31, 2022
Tax deed - 2021 delinquent real estate taxes	October 2024

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

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

Prepaid Items

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

Restricted Assets

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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 value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

Fund Financial Statements

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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, and the Village's cost sharing arrangement with the Village of Mt. Pleasant, Wisconsin for additional sewer capacity. 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 where the employee falls under the guidance of the Village personnel policy or their designated union contract. All accrued time is reported in the government-wide and proprietary fund financial statements.

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

Pensions

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Other Postemployment Benefits (continued)

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

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

Long-Term Obligations

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. 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.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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)

Claims and Judgments

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

Net Position and Fund Balance Classifications

Government-Wide Statements

Net Position is classified in three components:

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

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

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.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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)

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.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

The Village exceeded budget in the following functional expenditure categories during the year ended December 31, 2021:

General Fund:

Public Works	\$ 304,051
Health and Human Services	13,110
Economic Development	180,611

Joint Health:

Health and Human Services	590,663
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VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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

B. Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end. As of December 31, 2021, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Capital Projects Funds		
Tax Increment District No. 1	\$ (684,107)	Long-term deficit due to expenditures exceeding revenues
Tax Increment District No. 3	(347,419)	Long-term deficit due to expenditures exceeding revenues
Tax Increment District No. 4	(1,825,009)	Long-term deficit due to expenditures exceeding revenues
Tax Increment District No. 5	<u>(289,350)</u>	Long-term deficit due to expenditures exceeding revenues
Total deficit fund balance	<u>\$ (3,145,885)</u>	

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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	\$ 800	\$ -	N/A
Deposits:			
Demand deposits	<u>14,321,281</u>	<u>14,200,542</u>	Custodial Credit Risk
Total deposits	<u>14,321,281</u>	<u>14,200,542</u>	
Investments:			
Local Government Investment Pool (LGIP)	22,326,648	22,326,648	Interest Rate Risk and Credit Risk
Certificates of Deposits	1,498,700	1,498,700	Interest Rate Risk, Credit Risk, and Custodial Credit Risk
Cash Management Series	1,002,325	1,002,325	Custodial Credit Risk
Investment Class	14,252,395	14,252,395	Custodial Credit Risk Interest Rate Risk, Custodial Credit Risk
Limited Term Duration Series	<u>1,323,017</u>	<u>1,323,017</u>	
Total investments	<u>40,403,085</u>	<u>40,403,085</u>	
Total deposits and investments	<u>\$ 54,725,166</u>	<u>\$ 54,603,627</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 24,723,793		
Restricted cash and investments	16,169,227		
Per statement of fiduciary net position - Custodial Fund	<u>13,832,146</u>		
Total deposits and investments	<u>\$ 54,725,166</u>		

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution and the LGIP above the applicable insurance coverage provided by the FDIC. Although the fund had reserves available at December 31, 2021, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund is abolished. This coverage has been considered in computing custodial credit risk.

Custodial Credit Risk

Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village. As of December 31, 2021, \$0 of the Village's total bank balances of \$14,200,542 was uninsured and uncollateralized.

Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Village will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2021, \$19,073,826 of the Village's investment balance of \$40,403,085 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, 2021, the Village's investments were as follows:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Average Maturity (Months)</u>	<u>S&P Rating</u>
Local Government Investment Pool (NAV)	\$ 22,326,648	1.30	Unrated
Certificates of Deposits	1,498,700	4.54	Unrated
Cash Management Series	1,002,325	Not applicable	Not applicable
Investment Class	14,252,395	Not applicable	Not applicable
Limited Term Duration Series	1,323,017	0.87	Unrated
Total investments	<u>\$ 40,403,085</u>		

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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, 2021:

- Certificates of Deposits of \$1,498,700 are valued using a matrix pricing model (Level 2 inputs).
- WISC Limited Term Duration Series of \$1,323,017 are valued using a matrix pricing model (Level 2 inputs).
- WISC Cash Management Series of \$1,002,325 are valued using a matrix pricing model (Level 2 inputs).
- WISC Investment Class of \$14,252,395 are valued using a matrix pricing model (Level 2 inputs).

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Restricted Cash

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

	Sewer Utility	Water Utility	Totals
Equipment replacement fund	\$ 586,213	\$ -	\$ 586,213
Revenue bond debt service fund	1,439,283	1,059,473	2,498,756
Unspent bond proceeds	<u>11,884,179</u>	<u>1,200,079</u>	<u>13,084,258</u>
Total restricted assets - cash and investments	<u>\$ 13,909,675</u>	<u>\$ 2,259,552</u>	<u>\$ 16,169,227</u>

NOTE 4 - RECEIVABLES

As of December 31, 2021, the Village has the following governmental activities/fund receivables outstanding:

	General Fund	Debt Service Fund	Tax Increment District No. 4	Joint Health	Nonmajor Governmental Funds	Total Governmental Activities
Taxes receivable:						
Property tax levy	\$ 6,827,944	\$ 1,470,407	\$ 293,476	\$ -	\$ 1,082,260	\$ 9,674,087
Other charges	59,674	-	-	-	1,614,730	1,674,404
Accounts receivable	792,046	4,189,873	-	516,886	102,665	5,601,470
Due from other governments	-	-	-	37,698	-	37,698
Special assessments	-	64,347	1,149,678	-	-	1,214,025
Notes receivable	-	-	-	-	2,013,006	2,013,006
Delinquent personal property taxes	<u>105,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,292</u>
Receivables, gross	7,784,956	5,724,627	1,443,154	554,584	4,812,661	20,319,982
Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receivables, net	<u>\$ 7,784,956</u>	<u>\$ 5,724,627</u>	<u>\$ 1,443,154</u>	<u>\$ 554,584</u>	<u>\$ 4,812,661</u>	<u>\$ 20,319,982</u>

As of December 31, 2021, the Village has not recorded any allowance related to receivables outstanding for the Sewer, Water, and Stormwater Utility. All receivables are expected to be collected within one year.

During 2021, the Village has issued a note receivable to a developer to support economic development within the Village's Tax Increment District No. 5. The developer has the ability to draw a maximum of \$4,000,000 in principal. The note bears interest at the Village's cost to borrow under the terms of the note payable with Johnson Bank. Principal and interest will be due in a balloon payment on July 8th, 2022. The principal balance as of December 31, 2021 is \$2,013,006.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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	\$ -	\$ 15,827,542	\$ 15,827,542
Special assessments	1,149,017	-	1,149,017
Long-term receivables	6,267,226	-	6,267,226
Other receivables	<u>41,065</u>	<u>-</u>	<u>41,065</u>
Total deferred inflows of resources	<u>\$ 7,457,308</u>	<u>\$ 15,827,542</u>	<u>\$ 23,284,850</u>

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 1,230,898	\$ -	\$ -	\$ -	\$ 1,230,898
Intangible assets - land easements	73,000	-	-	-	73,000
Construction in progress	<u>577,844</u>	<u>888,164</u>	<u>584,114</u>	<u>-</u>	<u>881,894</u>
Total capital assets, not being depreciated	<u>1,881,742</u>	<u>888,164</u>	<u>584,114</u>	<u>-</u>	<u>2,185,792</u>
Capital assets being depreciated:					
Buildings	9,959,215	-	-	1,938,582	11,897,797
Machinery and equipment	12,695,282	1,649,058	241,972	(1,828,826)	12,273,542
Roads	102,472,462	689,127	-	(109,756)	103,051,833
Bridges	1,810,082	-	-	-	1,810,082
Intangible assets	<u>8,827,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,827,186</u>
Total capital assets being depreciated	<u>135,764,227</u>	<u>2,338,185</u>	<u>241,972</u>	<u>-</u>	<u>137,860,440</u>
Accumulated depreciation:					
Buildings	2,182,784	417,042	-	1,207,455	3,807,281
Machinery and equipment	8,910,227	673,147	198,939	(1,205,263)	8,179,172
Roads	48,614,968	2,375,168	-	(7,237)	50,982,899
Bridges	444,242	114,913	-	-	559,155
Intangible assets	<u>878,860</u>	<u>220,680</u>	<u>-</u>	<u>-</u>	<u>1,099,540</u>
Total accumulated depreciation	<u>61,031,081</u>	<u>3,800,950</u>	<u>198,939</u>	<u>(5,045)</u>	<u>64,628,047</u>
Net capital assets being depreciated	<u>74,733,146</u>	<u>(1,462,765)</u>	<u>43,033</u>	<u>5,045</u>	<u>73,232,393</u>
Total Governmental Activities capital assets, net of accumulated depreciation	<u>\$ 76,614,888</u>	<u>\$ (574,601)</u>	<u>\$ 627,147</u>	<u>\$ 5,045</u>	<u>\$ 75,418,185</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 6 - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities		
General government		\$ 200,900
Public safety		525,507
Public works, which includes depreciation of infrastructure		3,005,822
Health and human services		14,819
Culture, education, and recreation		<u>53,902</u>
Total Governmental Activities		<u>\$ 3,800,950</u>

Capital asset activity for the year ended December 31, 2021 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>1,432,079</u>	<u>3,413,673</u>	<u>1,420,157</u>	<u>3,425,595</u>
Total capital assets not being depreciated	<u>1,489,302</u>	<u>3,413,673</u>	<u>1,420,157</u>	<u>3,482,818</u>
Capital assets being depreciated:				
Water treatment plant	789,800	-	-	789,800
Transmission and distribution plant	53,468,431	644,458	403,171	53,709,718
Water general plant	758,487	16,042	-	774,529
Storm sewers	17,592,888	36,523	15,000	17,614,411
Storm sewer equipment	81,247	-	-	81,247
Collection system plant	92,999,623	447,274	-	93,446,897
Collection system pumping plant	1,336,367	-	-	1,336,367
Sewer general plant	<u>1,513,415</u>	<u>16,046</u>	<u>-</u>	<u>1,529,461</u>
Total capital assets being depreciated	<u>168,540,258</u>	<u>1,160,343</u>	<u>418,171</u>	<u>169,282,430</u>
Accumulated depreciation:				
Water treatment plant	500,352	33,328	-	533,680
Transmission and distribution plant	13,505,811	962,506	403,170	14,065,147
Water general plant	561,949	31,138	14,948	578,139
Storm sewers	8,378,483	438,661	-	8,817,144
Storm sewer equipment	-	2,708	-	2,708
Collection system plant	20,727,389	1,768,881	-	22,496,270
Collection system pumping plant	1,089,513	25,391	-	1,114,904
Sewer general plant	<u>819,747</u>	<u>28,701</u>	<u>-</u>	<u>848,448</u>
Total accumulated depreciation	<u>45,583,244</u>	<u>3,291,314</u>	<u>418,118</u>	<u>48,456,440</u>
Net capital assets being depreciated	<u>122,957,014</u>	<u>(2,130,971)</u>	<u>53</u>	<u>120,825,990</u>
Total Business-type Activities capital assets, net of accumulated depreciation	<u>\$ 124,446,316</u>	<u>\$ 1,282,702</u>	<u>\$ 1,420,210</u>	<u>\$ 124,308,808</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities		
Sewer		\$ 1,822,973
Water		1,026,972
Storm Water		<u>441,369</u>
Total Business-type Activities		<u>\$ 3,291,314</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 7 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Due to/from

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

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	
	Refuse Fund	\$ 835,419
	Recycling Fund	456,976
	Fire Safer Grant	42,007
	Tax Incremental District No. 3	<u>70,307</u>
Total due to General Fund		<u>\$ 1,404,709</u>

All amounts are due within one year.

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

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

Advance to/from

The Village's Tax Increment District No. 4 has advanced \$684,591 to Tax Incremental District No. 1 to assist in funding expenditures of the District. Principal repayments of \$75,000 plus accrued interest on the outstanding balance incurred at a rate of 2.9%, will be transacted in 2022 – 2031 until the balance is paid in full.

The Village's Water Utility has advanced \$277,112 to Tax Incremental District No. 3 to assist in funding expenditures of the District. Principal repayments of \$35,000 plus accrued interest on the outstanding balance incurred at a rate of 2.5%, will be transacted in 2022 – 2029 until the balance is paid in full.

The Village's Sewer Utility has advanced \$1,105,000 to Tax Incremental District No. 5 to assist in funding expenditures of the District. Repayment of principal will be based on the availability of future property tax increments. No interest will be accrued on the outstanding advance.

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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

Transfer in/out

The following is a schedule of interfund transfers:

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
Major governmental funds - Debt Service Fund TID No. 4	Major governmental Fund - TID No. 4 Debt Service Fund	\$ 1,000,000 3,500,000
Major governmental funds - General Fund	Nonmajor governmental funds - Parks and Recreation	7,500
Nonmajor governmental funds - Parks and Recreation Joint Parks	Nonmajor governmental funds - Capital Projects Capital Projects	15,252 15,252
Proprietary funds - Stormwater Utility	Nonmajor governmental funds - Capital Projects	<u>285,000</u>
	Total transfers	<u>\$ 4,823,004</u>

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 8 - LONG-TERM OBLIGATIONS

As of December 31, 2021, 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 - bonded	\$ 53,405,000	\$ 7,510,000	\$ 6,485,000	\$ 54,430,000	\$ 1,950,000
Note payable - direct borrowings	1,487,012	2,013,006	1,432,149	2,067,869	17,707
Debt premium (discount)	1,191,256	178,701	97,324	1,272,633	100,671
Total general obligation debt	<u>56,083,268</u>	<u>9,701,707</u>	<u>8,014,473</u>	<u>57,770,502</u>	<u>2,068,378</u>
Other Liabilities:					
Accumulated sick leave	138,802	441,368	443,626	136,544	444,000
Accumulated vacation	152,302	693,322	820,733	24,891	821,000
Accumulated compensatory time	46,576	131,419	138,878	39,117	139,000
Total other liabilities	<u>337,680</u>	<u>1,266,109</u>	<u>1,403,237</u>	<u>200,552</u>	<u>1,404,000</u>
Total Governmental Activities long-term liabilities	<u>\$ 56,420,948</u>	<u>\$ 10,967,816</u>	<u>\$ 9,417,710</u>	<u>\$ 57,971,054</u>	<u>\$ 3,472,378</u>

As of December 31, 2021, 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 - bonded	\$ 4,745,000	\$ -	\$ 1,240,000	\$ 3,505,000	\$ 190,000
General obligation debt - direct borrowings	554,310	-	281,117	273,193	273,193
Revenue debt - bonded	18,890,000	16,220,000	825,000	34,285,000	945,000
Revenue debt - direct borrowings	6,503,712	-	468,114	6,035,598	480,402
Subtotal	<u>30,693,022</u>	<u>16,220,000</u>	<u>2,814,231</u>	<u>44,098,791</u>	<u>1,888,595</u>
Bond premium (discount)	560,495	852,179	41,185	1,371,489	53,889
Total long-term debt	<u>31,253,517</u>	<u>17,072,179</u>	<u>2,855,416</u>	<u>45,470,280</u>	<u>1,942,484</u>
Other liabilities:					
Clean Water Fund Loans - direct borrowings	1,998,643	23,323,662	1,004,442	24,317,863	1,492,443
Compensated Absence	13,754	-	-	13,754	9,972
Total other liabilities	<u>2,012,397</u>	<u>23,323,662</u>	<u>1,004,442</u>	<u>24,331,617</u>	<u>1,502,415</u>
Total Business-type Activities long-term liabilities	<u>\$ 33,265,914</u>	<u>\$ 40,395,841</u>	<u>\$ 3,859,858</u>	<u>\$ 69,801,897</u>	<u>\$ 3,444,899</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

General Obligation Direct Borrowings – New Issue

During 2021, the Village issued a private placement note that allows the Village to draw up to \$5,000,000. The Village is required to make interest payments monthly at an interest rate of 1.6%. The principal is due in one balloon payment of the principal balance drawn on January 15, 2023. The proceeds of the note are being used to provide financing to a developer as a part of the approved project plan. As of December 31, 2021, the Village has drawn \$2,013,006.

Revenue Debt Bonded – New Issue

Water System and Sewerage System Revenue Bonds, Series 2021

During 2021, the Village issued water system and sewerage system revenue bonds, series 2021 in the amount of \$16,220,000. The bonds pay principal annually on May 1st and interest semiannually on May 1st and November 1st at interest rates ranging from 2.0% to 4.0% and will mature on May 1st, 2042. Proceeds of the bonds are used to finance water and sewerage system projects, and deposit to the debt service fund.

Clean Water Fund Loan

During 2021, the Village of Caledonia and the Village of Mt. Pleasant issued a Clean Water Fund Loan with the Wisconsin Department of Administration through the State of Wisconsin Environmental Improvement Fund. The proceeds of the loan will be used by the Village of Mt. Pleasant to create sewerage system improvements with additional capacity to handle the flow through from surrounding Villages to the Racine Wastewater Treatment Facility. The Village has recorded the value of the additional capacity as a deferred outflow of resources in the amount of \$23,323,662. The maximum loan amount to be drawn is \$80,276,100 with a stated interest rate of 2.9%. The Village of Caledonia's share of the liability is 32.39%. As of December 31, 2021, \$72,008,838 has been drawn against the loan. The Village share of the total loan amount as of December 31, 2021 is \$23,323,662.

General Obligation Debt Bonded – New Issue – Current Refunding

General Obligation Promissory Notes, Series 2021A

During 2021, the Village issued general obligation promissory notes, series 2021A in the amount of \$4,630,000. The notes pay principal annually on April 1st and interest semiannually on April 1st and October 1st at interest rates ranging from 1.0% to 2.0% and will mature on April 1st, 2030. The proceeds of the notes were used to current refund the Village's general obligation road improvement bonds, series 2011C; general obligation promissory notes, series 2012B; and general obligation promissory notes, series 2013A.

The debt service requirements on the old debt (General Obligation Road Improvement Bonds, Series 2011C) balances totaled \$4,279,900. The debt service requirement of the new debt balances total \$3,817,575. The economic gain on the refunding of \$372,785 when the change in debt service payments are discounted using an effective interest rate of 1.294%, through April 1st, 2030.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

General Obligation Debt Bonded – New Issue – Current Refunding

General Obligation Promissory Notes, Series 2021A

The debt service requirements on the old debt (General Obligation Promissory Notes, Series 2012B) balances totaled \$315,549. The debt service requirement of the new debt balances total \$153,000. The economic gain on the refunding of \$1,661 when the change in debt service payments are discounted using an effective interest rate of 1.132%, through May 1st, 2022.

The debt service requirements on the old debt (General Obligation Promissory Notes, Series 2013A) balances totaled \$171,365. The debt service requirement of the new debt balances total \$164,800. The economic gain on the refunding of \$4,142 when the change in debt service payments are discounted using an effective interest rate of 0.853%, through April 1st, 2023.

General Obligation Debt Bonded – New Issue – Current Refunding

Taxable General Obligation Promissory Notes, Series 2021B

During 2021, the Village issued general obligation promissory notes, series 2021B in the amount of \$2,880,000. The notes pay principal annually on April 1st and interest semiannually on April 1st and October 1st at interest rates ranging from 1.0% to 2.0% and will mature on April 1st, 2030. A portion of the proceeds of the taxable notes financed an economic development project in the Village's TID No. 5. Additionally, proceeds of the taxable notes were used to current refund the Village's taxable general obligation road improvement bonds, series 2011B and general obligation promissory notes, dated October 19th, 2020, issued to the Racine Unified School District.

The debt service requirements on the old debt (General Obligation Road Improvement Bonds, Series 2011B) balances totaled \$948,600. The debt service requirement of the new debt balances total \$906,400. The economic gain on the refunding of \$24,766 when the change in debt service payments are discounted using an effective interest rate of 1.514%, through April 1st, 2024.

The debt service requirements on the old debt (General Obligation Promissory Notes, dated October 19, 2020, issued to the Racine Unified School District) balances totaled \$1,947,500. The debt service requirement of the new debt balances total \$1,605,820. The economic gain on the refunding of \$309,778 when the change in debt service payments are discounted using an effective interest rate of 1.658%, through May 21st, 2030.

Legal Debt Margin

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2021, was \$135,184,450. Total general obligation debt outstanding at year-end was \$70,506,396.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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, 2021, 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 12/31/2021</u>
General debt service:					
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	1,045,000
General obligation bonds	12/4/2014	4/1/2034	2.00-3.25%	8,250,000	8,130,000
State trust fund loan - direct borrowing	3/17/2015	3/15/2024	3.25%	150,000	54,863
General obligation bonds	12/3/2015	4/1/2035	3.00-4.00%	9,375,000	9,375,000
General obligation bonds	7/14/2016	4/1/2036	2.00-3.00%	3,820,000	3,820,000
Promissory notes	7/14/2016	4/1/2026	1.80-2.25%	4,490,000	2,645,000
Taxable general obligation bonds	10/18/2017	4/1/2037	2.80-3.50%	3,400,000	3,400,000
General obligation bonds	10/18/2017	4/1/2037	3.00-3.10%	2,165,000	2,165,000
General obligation bonds	11/15/2018	4/1/2038	3.00-4.00%	11,990,000	11,790,000
Promissory notes	11/26/2019	4/1/2029	2.00%	1,635,000	1,370,000
General obligation bonds	9/15/2020	4/1/2040	2.00%	2,000,000	2,000,000
General obligation promissory notes	4/1/2021	4/1/2030	1.00-2.00%	4,630,000	4,630,000
General obligation promissory notes	4/1/2021	4/1/2030	1.00-2.00%	2,880,000	2,880,000
General obligation promissory notes	7/29/2021	1/15/2023	1.60%	2,013,006	<u>2,013,006</u>
Total Governmental Activities - general obligation debt					<u>\$ 56,497,869</u>

The governmental activities general obligation outstanding as of December 31, 2021 matures as follows:

Year Ending December 31,	Governmental Activities General Obligation Debt - Bonded			Year Ending December 31,	Governmental Activities General Obligation Debt - Direct Borrowing		
	Principal	Interest	Total		Principal	Interest	Total
2022	\$ 1,950,000	\$ 1,742,726	\$ 3,692,726	2022	\$ 17,707	\$ 81,833	\$ 99,540
2023	2,420,000	1,613,952	4,033,952	2023	2,031,288	21,221	2,052,509
2024	2,955,000	1,531,204	4,486,204	2024	18,874	615	19,489
2025	3,540,000	1,431,705	4,971,705	2025	-	-	-
2026	3,835,000	1,319,610	5,154,610	2026	-	-	-
2027-2031	20,100,000	4,763,570	24,863,570	2027-2031	-	-	-
2032-2036	15,660,000	1,805,707	17,465,707	2032-2036	-	-	-
2037-2041	3,970,000	146,076	4,116,076	2037-2041	-	-	-
Total	<u>\$ 54,430,000</u>	<u>\$ 14,354,550</u>	<u>\$ 68,784,550</u>	Total	<u>\$ 2,067,869</u>	<u>\$ 103,669</u>	<u>\$ 2,171,538</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

General Obligation Debt (continued)

As of December 31, 2021, the Village has general obligation debt outstanding for business-type activities purposes of:

<u>Business-type Activities</u> <u>General Obligation Debt</u>	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>12/31/2021</u>
Sewer Utility:					
Clean Water Fund Loan - direct borrowing	2/26/2003	5/1/2022	2.75%	\$ 4,172,703	\$ 273,193
General obligation bonds	7/12/2012	5/1/2032	2.00-3.00%	4,230,000	<u>3,505,000</u>
Sewer subtotal					<u>3,778,193</u>
Business-type activities subtotal					<u>\$ 3,778,193</u>

The business-type activities general obligation outstanding as of December 31, 2021 matures as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Business-Type Activities</u> <u>General Obligation Debt - Bonded</u>			<u>Year Ending</u> <u>December 31,</u>	<u>Business-Type Activities</u> <u>General Obligation Debt - Direct Borrowing</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 190,000	\$ 89,760	\$ 279,760	2022	\$ 273,193	\$ 3,756	\$ 276,949
2023	470,000	82,808	552,808	2023	-	-	-
2024	285,000	74,478	359,478	2024	-	-	-
2025	290,000	67,648	357,648	2025	-	-	-
2026	295,000	60,334	355,334	2026	-	-	-
2027-2031	1,625,000	173,269	1,798,269	2027-2031	-	-	-
2032-2036	350,000	5,250	355,250	2032-2036	-	-	-
2037-2041	-	-	-	2037-2041	-	-	-
Total	<u>\$ 3,505,000</u>	<u>\$ 553,547</u>	<u>\$ 4,058,547</u>	Total	<u>\$ 273,193</u>	<u>\$ 3,756</u>	<u>\$ 276,949</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

Revenue Debt

As of December 31, 2021, 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 12/31/2021
Water Utility:					
Water and Sewer System revenue bonds	10/2/2013	5/1/2030	3.00-4.38%	\$ 5,515,000	\$ 4,120,000
Water and Sewer System revenue bonds	7/21/2016	5/1/2036	2.00-3.00%	450,000	350,000
Water and Sewer System revenue bonds	10/18/2017	5/1/2037	3.00-3.25%	2,445,000	2,050,000
Water and Sewer System revenue bonds	11/26/2019	5/1/2039	2.00-4.00%	1,145,000	1,065,000
Water and Sewer System revenue bonds	9/15/2020	5/1/2040	2.00-3.00%	2,195,000	2,195,000
Water and Sewer System revenue bonds	11/8/2021	5/1/2042	2.00-4.00%	3,075,000	<u>3,075,000</u>
Water subtotal					<u>12,855,000</u>
Sewer Utility:					
Clean Water Fund Loan - direct borrowing	11/14/2012	5/1/2032	2.63%	9,683,189	6,035,598
Water and Sewer System revenue bonds	7/21/2016	5/1/2036	2.00-3.00%	1,910,000	1,510,000
Water and Sewer System revenue bonds	10/18/2017	5/1/2037	3.00-3.25%	4,555,000	3,825,000
Water and Sewer System revenue bonds	11/26/2019	5/1/2039	2.00-4.00%	3,185,000	2,950,000
Water and Sewer System revenue bonds	11/8/2021	5/1/2042	2.00-4.00%	13,145,000	<u>13,145,000</u>
Sewer subtotal					<u>27,465,598</u>
Business-type activities subtotal					<u>\$ 40,320,598</u>

The business-type activities revenue debt outstanding as of December 31, 2021 matures as follows:

Year Ending December 31,	Business-Type Activities Revenue Debt - Bonded			Year Ending December 31,	Business-Type Activities Revenue - Direct Borrowing		
	Principal	Interest	Total		Principal	Interest	Total
2022	\$ 945,000	\$ 985,497	\$ 1,930,497	2022	\$ 480,402	\$ 152,129	\$ 632,531
2023	965,000	964,971	1,929,971	2023	493,013	139,353	632,366
2024	1,540,000	923,401	2,463,401	2024	505,954	126,242	632,196
2025	1,580,000	869,113	2,449,113	2025	519,235	112,786	632,021
2026	1,640,000	812,486	2,452,486	2026	532,865	98,977	631,842
2027-2031	9,165,000	3,133,072	12,298,072	2027-2031	2,881,632	274,730	3,156,362
2032-2036	9,990,000	1,601,237	11,591,237	2032-2036	622,497	8,170	630,667
2037-2041	7,290,000	462,422	7,752,422	2037-2041	-	-	-
2042	1,170,000	-	1,170,000	2042	-	-	-
Total	<u>\$ 34,285,000</u>	<u>\$ 9,752,199</u>	<u>\$ 44,037,199</u>	Total	<u>\$ 6,035,598</u>	<u>\$ 912,387</u>	<u>\$ 6,947,985</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

Racine Clean Water Fund Loans

City of 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, 2021 consist of the following:

Business-type Activities					
Racine Clean Water	Date of	Final	Interest	Original	Balance
<u>Fund Loans</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>12/31/2021</u>
Clean Water Fund Loans - direct borrowing	7/24/2002	5/1/2022	2.86%	\$ 3,153,607	\$ 212,062
Clean Water Fund Loans - direct borrowing	11/27/2002	5/1/2022	2.867%	10,785,114	756,427
Racine Advance - direct borrowing	8/25/2008	5/1/2022	5.00%	399,300	25,712
Clean Water Fund Loans - direct borrowing	5/1/2022	5/1/2051	2.90%	23,323,662	<u>23,323,662</u>
Total Business-type Activities Racine Clean Water Fund Loans					<u>\$ 24,317,863</u>

Debt service requirements to maturity are as follows:

Year Ending	Business-type Activities		
	Racine Clean Water Fund Loans		
<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,492,443	\$ 684,256	\$ 2,176,699
2023	512,689	654,503	1,167,192
2024	527,557	639,420	1,166,977
2025	542,856	623,899	1,166,755
2026	558,599	607,928	1,166,527
2027-2031	3,045,586	2,783,382	5,828,968
2032-2036	3,513,563	2,308,620	5,822,183
2037-2041	4,053,447	1,760,907	5,814,354
2042-2046	4,676,290	1,129,034	5,805,324
2046-2051	<u>5,394,833</u>	<u>400,068</u>	<u>5,794,901</u>
Total	<u>\$ 24,317,863</u>	<u>\$ 11,592,017</u>	<u>\$ 35,909,880</u>

Other Debt Information

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

Acceleration Clause and Security

The Village's general obligation outstanding notes from private placements related to governmental activities of \$2,067,869 contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs. The State Trust Fund Loan and Johnson Bank note is secured by the Village's taxing authority.

The Village's general obligation outstanding notes from private placements related to business-type activities of \$273,193 contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs. This obligation is secured by the Village's taxing authority.

The Village's revenue bonds from private placements related to business-type activities of \$6,035,598 contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs. The security for the Village's obligation shall be a pledge of revenues to be derived from the Village's Sewerage System.

The Village's revenue bonds related to business-type activities of \$34,285,000 contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs. The security for the Village's obligation shall be a pledge of revenues to be derived from the Village's Water and Sewerage System.

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)

General Information about the Pension Plan (continued)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0

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

During the reporting period, the WRS recognized \$1,163,739 in contributions from the employer.

Contribution rates as of December 31, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including Executives and Elected Officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)

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

At December 31, 2021, the Village reported an asset of \$5,634,918 for its proportionate share of the Net Pension Asset. The Net Pension Asset was measured as of December 31, 2020, and the Total Pension Liability used to calculate the Net Pension Asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the Net Pension Asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the Village's proportion was 0.09025777%, which was an increase of 0.00454034% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Village recognized pension revenue of \$602,641.

At December 31, 2021, 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	\$ 8,155,455	\$ 1,756,670
Changes in assumptions	127,810	-
Net differences between projected and actual earnings on pension plan investments	-	10,579,097
Changes in proportion and differences between employer contributions and proportionate share of contributions	65,530	12,697
Employer contributions subsequent to the measurement date	1,163,739	-
Total	\$ 9,512,534	\$ 12,348,464

The \$1,163,739 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Asset in the year ended December 31, 2022. 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 Ending December 31:</u>	<u>Net Amortization of Deferred Outflows and Deferred Inflows of Resources</u>
2022	\$ (1,031,752)
2023	(269,779)
2024	(1,898,598)
2025	(799,540)
2026	-

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)

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

Actuarial assumptions. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority\Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)

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

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	51.00%	7.20%	4.70%
Fixed Income	25.00%	3.20%	0.80%
Inflation Sensitive Assets	16.00%	2.00%	-0.40%
Real Estate	8.00%	5.60%	3.10%
Private Equity/Debt	11.00%	10.20%	7.60%
Multi-Asset	4.00%	5.80%	3.30%
Total Core Fund	115.00%	6.60%	4.10%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.00%	6.60%	4.10%
International Equities	30.00%	7.40%	4.90%
Total Variable Fund	100.00%	7.10%	4.60%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.40%
 Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

NOTE 9 - WISCONSIN RETIREMENT SYSTEM (continued)

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

Single discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension liability (asset)	\$ 5,363,660	\$ (5,634,918)	\$ (13,713,291)

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

Payables to the Plan

Payables to the WRS as of December 31, 2021 are \$242,662 for the employer and employee portion of the December 2021 required contributions.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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

General Information about the OPEB Plan

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

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

Employees covered by benefit terms. At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	23
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>79</u>
	<u><u>102</u></u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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

Total OPEB Liability

The Village’s total OPEB liability of \$6,718,154 was measured as of December 31, 2021, and was determined by an actuarial valuation as January 1, 2022.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2022 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, 2022
Measurement date	December 31, 2021
Inflation	2.25%
Discount rate	2.06%
Healthcare cost trend	5.00 – 11.50%
Salary increases including inflation	3.00%
Retirement rates	WRS; see actuarial assumptions for details
Termination rates	WRS; see actuarial assumptions for details
Disability rates	WRS; see actuarial assumptions for details
Mortality rates	WRS; see actuarial assumptions for details
Actuarial cost method	Entry Age Normal – Level % of Pay

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

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period 2015 – 2017 for the Wisconsin Retirement System (WRS).

Retirement Rates

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

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

Termination Rates

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

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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

Total OPEB Liability (continued)

Disability Rates

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

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

Mortality Rates

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2021	\$ 5,554,166
Changes for the year:	
Service Cost	211,185
Interest on total OPEB liability	149,338
Effect of assumption changes or inputs	1,641,807
Differences between expected and actual	(590,966)
Benefit payments	(247,376)
Net change in total OPEB liability	1,163,988
Balance at December 31, 2021	\$ 6,718,154

Changes of Assumptions

The actuary for the Wisconsin Retirement System performed an actuarial experience study of WRS experience dated November 19, 2021. The actuarial assumptions affected included total payroll increases, mortality rates, mortality improvement rates, retirement rates, termination rates, and disability rates. In addition, the discount rate was updated from 2.75% in 2020 to 2.06% in 2021.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Village, as well as what the Village’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.06%) or 1-percentage-point higher (3.06%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	<u>1.06%</u>	<u>2.06%</u>	<u>3.06%</u>
Total OPEB Liability	\$ 7,334,248	\$ 6,718,154	\$ 6,166,039

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

	1% Decrease	Current Trend Rate	1% Increase
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	\$ 6,041,314	\$ 6,718,154	\$ 7,510,091

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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

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

For the year ended December 31, 2021, the Village recognized OPEB expense of \$491,191. At December 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Projected and Actual Experiences	\$ 18,750	\$ 523,885
Changes of Actuarial Assumptions	1,487,951	-
Net Differences Between Projected and Actual Investment Earnings on OPEB Plan Investment	-	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	-
Employer Contributions Subsequent to the Measurement Date	-	-
Total	\$ 1,506,701	\$ 523,885

At December 31, 2021, the Village reported deferred outflows and inflows of resources that will be realized as follows:

Year Ending December 31,	Deferred Outflows and Inflows of Resources
2022	\$ 124,973
2023	124,973
2024	124,973
2025	124,973
2026	124,973
Thereafter	357,951

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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

General Information about the Other Postemployment Benefits

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

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

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

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

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

Contribution rates as of December 31, 2021 are:

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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

General Information about the Other Postemployment Benefits (continued)

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2020 are as listed below:

Life Insurance			
Member Contribution Rates*			
For the year ended December 31, 2020			
<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>	
Under 30	\$ 0.05	\$	0.05
30-34	0.06		0.06
35-39	0.07		0.07
40-44	0.08		0.08
45-49	0.12		0.12
50-54	0.22		0.22
55-59	0.39		0.39
60-64	0.49		0.49
65-69	0.57		0.57

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

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

At December 31, 2021, the Village reported a liability of \$1,025,379 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the Village's proportion was 0.18640800%, which was an increase of 0.01494800% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Village recognized OPEB expense of \$135,861.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to the Financial Statements
December 31, 2021

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

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

At December 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Projected and Actual Experiences	\$ -	\$ 48,928
Changes of Actuarial Assumptions	398,887	70,356
Net Differences Between Projected and Actual Investment Earnings on OPEB Plan Investment	14,929	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	56,582	3,789
Total	\$ 470,398	\$ 123,073

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

Year Ending December 31,	Deferred Outflows and Inflows of Resources
2022	\$ 65,521
2023	63,907
2024	62,244
2025	55,921
2026	65,320
Thereafter	34,412

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2021

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

Actuarial Assumptions

The total OPEB liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net Pension Liability:	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation:	3.0%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2021

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

Actuarial Assumptions (continued)

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

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December, 2020

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Credit Bonds	Barclays Credit	50%	1.47%
U.S. Mortgages	Barclays MBS	50%	0.82%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20% respectively. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2021

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

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

Single Discount rate. A single discount rate of 2.25% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

Sensitivity of the Village’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Village’s proportionate share of the Net OPEB Liability (Asset) calculated using the discount rate of 2.25%, as well as what the Village’s proportionate share of the Net OPEB Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Village's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,394,808	\$ 1,025,379	\$ 745,990

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

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2021

NOTE 12 - NET POSITION

Net position reported on the government wide statement of net position at December 31, 2021 includes the following:

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets:			
Land	\$ 1,230,898	\$ 57,223	\$ 1,288,121
Intangible assets - land easements	73,000	-	73,000
Construction in progress	881,894	3,425,595	4,307,489
Other capital assets, net of accumulated depreciation	<u>73,232,393</u>	<u>120,825,990</u>	<u>194,058,383</u>
	75,418,185	124,308,808	199,726,993
Less: related long-term debt outstanding	(55,757,496)	(46,464,481)	(102,221,977)
Less: related accounts payable	(275,180)	(871,573)	(1,146,753)
Add: Loss on refunding	1,745	94,058	95,803
Add: Unspent bond proceeds	<u>851,155</u>	<u>13,084,258</u>	<u>13,935,413</u>
Total net investment in capital assets	<u>20,238,409</u>	<u>90,151,070</u>	<u>110,389,479</u>
Restricted:			
Pension asset	5,256,636	378,282	5,634,918
Debt service	4,630,909	2,309,151	6,940,060
Donations	147,220	-	147,220
Grants	60,912	-	60,912
Impact fees	411,987	-	411,987
Development	1,723,656	-	1,723,656
Equipment replacement	-	586,213	586,213
Total restricted	<u>12,231,320</u>	<u>3,273,646</u>	<u>15,504,966</u>
Unrestricted	<u>(1,658,597)</u>	<u>12,214,965</u>	<u>10,556,368</u>
Total Governmental Activities net position	<u>\$ 30,811,132</u>	<u>\$ 105,639,681</u>	<u>\$ 136,450,813</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2021

NOTE 13 - FUND BALANCE

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2021, include the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Tax Increment District No. 4</u>	<u>Joint Health</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:						
Prepaid items	\$ 287,288	\$ -	\$ -	\$ -	\$ -	\$ 287,288
Advance to other funds	-	3,500,000	684,591	-	-	4,184,591
Total nonspendable	<u>287,288</u>	<u>3,500,000</u>	<u>684,591</u>	<u>-</u>	<u>-</u>	<u>4,471,879</u>
Restricted:						
Fire safer grant	-	-	-	-	60,658	60,658
Donations	-	-	-	-	147,220	147,220
Grants	-	-	-	-	254	254
Impact fees	-	-	-	-	411,987	411,987
Debt service	-	841,284	-	-	-	841,284
Total restricted	<u>-</u>	<u>841,284</u>	<u>-</u>	<u>-</u>	<u>620,119</u>	<u>1,461,403</u>
Committed:						
Refuse	-	-	-	-	98,548	98,548
Recycling	-	-	-	-	97,167	97,167
Cemetery	-	-	-	-	111,751	111,751
Capital projects	-	-	-	-	780,052	780,052
Parks and recreation	-	-	-	-	274,143	274,143
HRA\FSA	46,232	-	-	-	-	46,232
Total committed	<u>46,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,361,661</u>	<u>1,407,893</u>
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,015,226</u>	<u>-</u>	<u>1,015,226</u>
Unassigned	<u>5,213,255</u>	<u>-</u>	<u>(2,509,600)</u>	<u>-</u>	<u>(1,320,876)</u>	<u>1,382,779</u>
Total fund balance	<u>\$ 5,546,775</u>	<u>\$ 4,341,284</u>	<u>\$ (1,825,009)</u>	<u>\$ 1,015,226</u>	<u>\$ 660,904</u>	<u>\$ 9,739,180</u>

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Financial Statements
December 31, 2021

NOTE 14 - RISK MANAGEMENT

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

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

NOTE 15 - COMMITMENTS AND CONTINGENCIES

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

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

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

NOTE 16 – SUBSEQUENT EVENTS

Effective January 1, 2022, the Village transferred the assets and operation of the Central Racine County Health Department (Joint Health) to Racine County. Under the terms of the agreement, the Village will no longer be responsible for ownership of the assets or responsibility for the liabilities incurred on or after the effective date of the transfer.

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, 2021

	<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	\$ 10,481,886	\$ 10,481,886	\$ 10,461,801	\$ (20,085)
Intergovernmental	2,528,006	2,528,006	2,584,043	56,037
Licenses and permits	885,398	885,398	1,163,587	278,189
Fines, forfeitures, and penalties	330,000	330,000	277,810	(52,190)
Public charges for services	863,251	863,251	1,188,840	325,589
Intergovernmental charges for services	199,000	199,000	176,906	(22,094)
Investment and interest income	54,500	54,500	9,962	(44,538)
Miscellaneous	14,000	14,000	207,448	193,448
Total revenues	<u>15,356,041</u>	<u>15,356,041</u>	<u>16,070,397</u>	<u>714,356</u>
EXPENDITURES				
General government	2,941,894	2,941,894	2,908,719	33,175
Public safety	9,700,156	9,700,156	9,407,465	292,691
Public works	2,531,478	2,531,478	2,568,061	(36,583)
Health and human services	13,350	13,350	13,110	240
Economic development	169,163	169,163	180,611	(11,448)
Total expenditures	<u>15,356,041</u>	<u>15,356,041</u>	<u>15,077,966</u>	<u>278,075</u>
Excess (deficiency) of revenues over expenditures	-	-	992,431	992,431
Other financing sources (uses)				
Transfer out	-	-	(7,500)	(7,500)
Total other financing sources (uses)	-	-	(7,500)	(7,500)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	984,931	<u>\$ 984,931</u>
Fund balance - beginning of year			<u>4,561,844</u>	
Fund balance - end of year			<u>\$ 5,546,775</u>	

See the accompanying notes to the required supplementary information.

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual – Joint Health
Year Ended December 31, 2021

	<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	\$ 193,354	\$ 193,354	\$ 193,354	\$ -
Intergovernmental	1,980,842	1,980,842	2,692,298	711,456
Licenses and permits	342,445	342,445	379,748	37,303
Public charges for services	1,515	1,515	480	(1,035)
Intergovernmental charges for services	714,399	714,399	649,008	(65,391)
Investment and interest income	13,000	13,000	344	(12,656)
Miscellaneous	36,130	36,130	7,812	(28,318)
Total revenues	<u>3,281,685</u>	<u>3,281,685</u>	<u>3,923,044</u>	<u>641,359</u>
EXPENDITURES				
Health and human services	<u>3,281,685</u>	<u>3,281,685</u>	<u>3,872,348</u>	<u>(590,663)</u>
Total expenditures	<u>3,281,685</u>	<u>3,281,685</u>	<u>3,872,348</u>	<u>(590,663)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	50,696	<u>\$ 50,696</u>
Fund balance - beginning of year			<u>964,530</u>	
Fund balance - end of year			<u>\$ 1,015,226</u>	

See the accompanying notes to the required supplementary information.

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of the Village's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
December 31, 2021

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Village's proportion of the net pension liability (asset)	0.09025777%	0.08571743%	0.08252873%	0.07791811%	0.07371348%	0.07284176%	0.07383797%
Village's proportionate share of the net pension liability (asset)	\$ (5,634,917)	\$ (2,763,921)	\$ 2,936,113	\$ (2,313,481)	\$ 607,575	\$ 1,183,664	\$ (1,813,663)
Village's covered payroll	\$ 11,328,364	\$ 10,302,301	\$ 10,049,826	\$ 9,547,134	\$ 8,768,144	\$ 8,412,395	\$ 8,007,763
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.26%	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of the Village's Contributions
Wisconsin Retirement System
December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,163,739	\$ 1,072,216	\$ 897,919	\$ 893,468	\$ 856,044	\$ 721,363	\$ 705,586	\$ 710,670
Contributions in relation to the contractually required contributions	\$ 1,163,739	\$ 1,072,216	\$ 897,919	\$ 893,468	\$ 856,044	\$ 721,363	\$ 705,586	\$ 710,670
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 11,625,918	\$ 11,328,364	\$ 10,302,301	\$ 10,049,826	\$ 9,547,134	\$ 8,768,144	\$ 8,412,395	\$ 8,007,763
Contributions as a percentage of covered payroll	10.01%	9.46%	8.72%	8.89%	8.97%	8.23%	8.39%	8.87%

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

See the accompanying notes to the required supplementary information.

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of Changes in the Village's
Total OPEB Liability and Related Ratios
Last 10 Fiscal Year*
December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability					
Service cost	\$ 211,185	\$ 208,810	\$ 212,649	\$ 200,873	\$ 203,523
Interest on total OPEB liability	149,338	155,794	152,248	182,029	173,406
Effect of assumption changes or inputs	1,641,807	-	43,341	-	-
Differences between expected and actual	(590,966)	-	24,999	-	-
Benefit payments	<u>(247,376)</u>	<u>(266,873)</u>	<u>(232,122)</u>	<u>(127,548)</u>	<u>(127,891)</u>
Net change in total OPEB liability	1,163,988	97,731	201,115	255,354	249,038
Total OPEB liability, beginning	<u>5,554,166</u>	<u>5,456,435</u>	<u>5,255,320</u>	<u>4,999,966</u>	<u>4,750,928</u>
Total OPEB liability, ending	<u>\$ 6,718,154</u>	<u>\$ 5,554,166</u>	<u>\$ 5,456,435</u>	<u>\$ 5,255,320</u>	<u>\$ 4,999,966</u>
Covered payroll	<u>\$ 11,759,310</u>	<u>\$ 11,897,162</u>	<u>\$ 10,743,844</u>	<u>\$ 9,551,630</u>	<u>\$ 9,364,343</u>
Total OPEB as a % of covered payroll	<u>57%</u>	<u>47%</u>	<u>51%</u>	<u>55%</u>	<u>53%</u>

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

See the accompanying notes to the required supplementary information.

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of the Village's Proportionate Share of the Net OPEB Liability (Asset)
Local Retiree Life Insurance Fund
December 31, 2021

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Village's proportion of the net OPEB liability (asset)	0.18640800%	0.17146000%	0.17324200%	0.17012800%
Village's proportionate share of the net OPEB liability (asset)	\$ 1,025,379	\$ 730,111	\$ 447,025	\$ 511,845
Village's covered employee payroll	\$ 10,750,000	\$ 9,924,000	\$ 9,900,000	\$ 7,154,369
Plan fiduciary net position as a percentage of the total pension liability (asset)	31.36%	37.58%	48.69%	44.81%

VILLAGE OF CALEDONIA, WISCONSIN
Schedule of the Village's Contributions
Local Retiree Life Insurance Fund
December 31, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 3,717	\$ 3,403	\$ 3,337	\$ 3,230
Contributions in relation to the contractually required contributions	\$ 3,717	\$ 3,403	\$ 3,337	\$ 3,230
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Village's covered employee payroll	\$ 10,750,000	\$ 9,924,000	\$ 9,900,000	\$ 7,154,369
Contributions as a percentage of covered employee payroll	0.03%	0.03%	0.03%	0.05%

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

See the accompanying notes to the required supplementary information.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Required Supplementary Information
Year Ended December 31, 2021

BUDGETARY INFORMATION

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

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

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

The Village exceeded budget in the following functional expenditure categories during the year ended December 31, 2021:

General Fund:	
Public Works	\$ 304,051
Health and Human Services	13,110
Economic Development	180,611
Joint Health:	
Health and Human Services	590,663

WISCONSIN RETIREMENT SYSTEM - PENSION

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

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

LOCAL RETIREE INSURANCE FUND - OPEB

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

Changes of Assumptions – The Single Discount Rate assumption used to develop Total OPEB Liability changed from the prior year. Please refer to the Actuarial Assumptions section above for additional detail.

VILLAGE OF CALEDONIA, WISCONSIN
Notes to Required Supplementary Information
Year Ended December 31, 2021

RETIREE MEDICAL INSURANCE - OPEB

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

Changes of Assumptions – The actuary for the Wisconsin Retirement System performed an actuarial experience study of WRS experience dated November 19, 2021. The actuarial assumptions affected included total payroll increases, mortality rates, mortality improvement rates, retirement rates, termination rates, and disability rates. In addition, the discount rate was updated from 2.75% in 2020 to 2.06% in 2021.

SUPPLEMENTARY INFORMATION

VILLAGE OF CALEDONIA, WISCONSIN
Combining Balance Sheet – Nonmajor Governmental Funds
December 31, 2021

	Special Revenue Funds						
	Refuse	Recycling	Memorial Park Cemetery	Parks and Recreation	Joint Parks	Municipal Court	Fire Safer Grant
ASSETS							
Cash and investments	\$ -	\$ -	\$ 111,751	\$ 123,181	\$ 226,392	\$ -	\$ -
Tax roll receivable:							
Tax levy	-	-	-	46,784	42,167	-	-
Other charges on tax roll	1,016,970	597,760	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	102,665
Notes receivable	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,016,970</u>	<u>\$ 597,760</u>	<u>\$ 111,751</u>	<u>\$ 169,965</u>	<u>\$ 268,559</u>	<u>\$ -</u>	<u>\$ 102,665</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 83,003	\$ 43,617	\$ -	\$ 6,272	\$ 10,573	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	835,419	456,976	-	-	-	-	42,007
Advance from other funds	-	-	-	-	-	-	-
Unearned grant revenues	-	-	-	-	-	-	-
Total liabilities	<u>918,422</u>	<u>500,593</u>	<u>-</u>	<u>6,272</u>	<u>10,573</u>	<u>-</u>	<u>42,007</u>
Deferred Inflows of Resources:							
Subsequent year tax levy	-	-	-	77,087	70,449	-	-
Long term receivables	-	-	-	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,087</u>	<u>70,449</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):							
Restricted	-	-	-	-	-	-	60,658
Committed	98,548	97,167	111,751	86,606	187,537	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficit)	<u>98,548</u>	<u>97,167</u>	<u>111,751</u>	<u>86,606</u>	<u>187,537</u>	<u>-</u>	<u>60,658</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 1,016,970</u>	<u>\$ 597,760</u>	<u>\$ 111,751</u>	<u>\$ 169,965</u>	<u>\$ 268,559</u>	<u>\$ -</u>	<u>\$ 102,665</u>

VILLAGE OF CALEDONIA, WISCONSIN
Combining Balance Sheet – Nonmajor Governmental Funds (Continued)
December 31, 2021

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds		
	CARES Act	ARPA	Fire Services	Donations	Retiree Health Insurance	Impact Fees	Capital Projects Fund	Tax Increment District No. 1		Tax Increment District No. 3	Tax Increment District No. 5
ASSETS											
Cash and investments	\$ 254	\$ 1,322,854	\$ -	\$ 150,274	\$ 220,645	\$ 411,987	\$ 1,464,715	\$ 40,888	\$ 94,948	\$ 901,110	\$ 5,068,999
Tax roll receivable:											
Tax levy	-	-	-	-	-	-	761,163	64,977	148,312	18,857	1,082,260
Other charges on tax roll	-	-	-	-	-	-	-	-	-	-	1,614,730
Accounts receivable	-	-	-	-	-	-	-	-	-	-	102,665
Notes receivable	-	-	-	-	-	-	-	-	-	2,013,006	2,013,006
TOTAL ASSETS	\$ 254	\$ 1,322,854	\$ -	\$ 150,274	\$ 220,645	\$ 411,987	\$ 2,225,878	\$ 105,865	\$ 243,260	\$ 2,932,973	\$ 9,881,660
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ 3,054	\$ 105	\$ -	\$ 201,841	\$ -	\$ -	\$ 73,339	\$ 421,804
Accrued liabilities	-	-	-	-	220,540	-	-	-	-	-	220,540
Due to other funds	-	-	-	-	-	-	-	-	70,307	-	1,404,709
Advance from other funds	-	-	-	-	-	-	-	684,591	277,112	1,105,000	2,066,703
Unearned grant revenues	-	1,322,854	-	-	-	-	-	-	-	-	1,322,854
Total liabilities	<u>-</u>	<u>1,322,854</u>	<u>-</u>	<u>3,054</u>	<u>220,645</u>	<u>-</u>	<u>201,841</u>	<u>684,591</u>	<u>347,419</u>	<u>1,178,339</u>	<u>5,436,610</u>
Deferred Inflows of Resources:											
Subsequent year tax levy	-	-	-	-	-	-	1,243,985	105,381	243,260	30,978	1,771,140
Long term receivables	-	-	-	-	-	-	-	-	-	2,013,006	2,013,006
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,243,985</u>	<u>105,381</u>	<u>243,260</u>	<u>2,043,984</u>	<u>3,784,146</u>
Fund Balances (Deficit):											
Restricted	254	-	-	147,220	-	411,987	-	-	-	-	620,119
Committed	-	-	-	-	-	-	780,052	-	-	-	1,361,661
Unassigned	-	-	-	-	-	-	-	(684,107)	(347,419)	(289,350)	(1,320,876)
Total fund balances (deficit)	<u>254</u>	<u>-</u>	<u>-</u>	<u>147,220</u>	<u>-</u>	<u>411,987</u>	<u>780,052</u>	<u>(684,107)</u>	<u>(347,419)</u>	<u>(289,350)</u>	<u>660,904</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 254	\$ 1,322,854	\$ -	\$ 150,274	\$ 220,645	\$ 411,987	\$ 2,225,878	\$ 105,865	\$ 243,260	\$ 2,932,973	\$ 9,881,660

VILLAGE OF CALEDONIA, WISCONSIN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2021

	Special Revenue Funds						
	Refuse	Recycling	Memorial Park Cemetery	Parks and Recreation	Joint Parks	Municipal Court	
REVENUES							
Taxes	-	-	6,000	117,625	102,631	-	125,934
Intergovernmental	-	67,683	-	-	-	-	380,835
Fines, forfeitures and penalties	-	-	-	-	-	114,549	-
Public charges for services	1,016,755	597,633	23,745	16,204	101,407	-	-
Intergovernmental charges for services	-	-	-	-	374	-	-
Investment and interest income	-	-	38	56	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>1,016,755</u>	<u>665,316</u>	<u>29,783</u>	<u>133,885</u>	<u>204,412</u>	<u>114,549</u>	<u>506,769</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	114,549	-
Public safety	-	-	-	-	-	-	503,967
Public works	996,295	670,726	-	-	-	-	-
Health and human services	-	-	4,650	-	-	-	-
Culture, recreation and education	-	-	-	100,018	120,459	-	-
Economic development and assistance	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>996,295</u>	<u>670,726</u>	<u>4,650</u>	<u>100,018</u>	<u>120,459</u>	<u>114,549</u>	<u>503,967</u>
Excess (deficiency) of revenues over expenditures	<u>20,460</u>	<u>(5,410)</u>	<u>25,133</u>	<u>33,867</u>	<u>83,953</u>	<u>-</u>	<u>2,802</u>
OTHER FINANCING SOURCES							
Proceeds from the issuance of long-term debt	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	7,500	-	-	-
Transfers out	-	-	-	(15,252)	(15,252)	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,752)</u>	<u>(15,252)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	20,460	(5,410)	25,133	26,115	68,701	-	2,802
Fund balances (deficit) - beginning of year	<u>78,088</u>	<u>102,577</u>	<u>86,618</u>	<u>60,491</u>	<u>118,836</u>	<u>-</u>	<u>57,856</u>
Fund balances (deficit) - end of year	<u>\$ 98,548</u>	<u>\$ 97,167</u>	<u>\$ 111,751</u>	<u>\$ 86,606</u>	<u>\$ 187,537</u>	<u>\$ -</u>	<u>\$ 60,658</u>

VILLAGE OF CALEDONIA, WISCONSIN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor
Governmental Funds (Continued)
Year Ended December 31, 2021

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds	
	CARES Act	ARPA	Fire Services	Donations	Impact Fees	Capital Projects Fund	Tax Increment District No. 1	Tax Increment District No. 3		Tax Increment District No. 5
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,617,742	\$ 111,201	\$ 189,656	\$ -	\$ 2,270,789
Intergovernmental	-	-	287,602	-	-	70,569	23	40,528	-	847,240
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	-	114,549
Public charges for services	-	-	39,974	-	61,000	-	-	-	-	1,856,718
Intergovernmental charges for services	-	-	-	-	-	-	-	10,000	-	10,374
Investment and interest income	254	-	-	53	150	796	38	-	-	1,385
Miscellaneous	-	-	-	11,126	-	-	-	-	96,872	107,998
Total revenues	<u>254</u>	<u>-</u>	<u>327,576</u>	<u>11,179</u>	<u>61,150</u>	<u>1,689,107</u>	<u>111,262</u>	<u>230,184</u>	<u>106,872</u>	<u>5,209,053</u>
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	114,549
Public safety	-	-	327,576	(577)	-	-	-	-	-	830,966
Public works	-	-	-	-	-	-	-	-	-	1,667,021
Health and human services	-	-	-	-	-	-	-	-	-	4,650
Culture, recreation and education	-	-	-	-	-	-	-	-	-	220,477
Economic development and assistance	-	-	-	-	-	-	150	16,725	4,886	21,761
Capital outlay	-	-	-	-	-	2,678,398	2,500	34,027	2,224,644	4,939,569
Debt service:										
Principal	-	-	-	-	-	-	-	120,000	-	120,000
Interest and fiscal charges	-	-	-	-	-	-	29,466	88,347	11,100	128,913
Total expenditures	<u>-</u>	<u>-</u>	<u>327,576</u>	<u>(577)</u>	<u>-</u>	<u>2,678,398</u>	<u>32,116</u>	<u>259,099</u>	<u>2,240,630</u>	<u>8,047,906</u>
Excess (deficiency) of revenues over expenditures	<u>254</u>	<u>-</u>	<u>-</u>	<u>11,756</u>	<u>61,150</u>	<u>(989,291)</u>	<u>79,146</u>	<u>(28,915)</u>	<u>(2,133,758)</u>	<u>(2,838,853)</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from the issuance of long-term debt	-	-	-	-	-	789,629	-	-	4,013,006	4,802,635
Payment to escrow agent	-	-	-	-	-	-	-	-	(1,447,952)	(1,447,952)
Proceeds from the sale of capital assets	-	-	-	-	-	47,065	-	-	-	47,065
Transfers in	-	-	-	-	-	315,504	-	-	-	323,004
Transfers out	-	-	-	-	-	-	-	-	-	(30,504)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,152,198</u>	<u>-</u>	<u>-</u>	<u>2,565,054</u>	<u>3,694,248</u>
Net change in fund balances	254	-	-	11,756	61,150	162,907	79,146	(28,915)	431,296	855,395
Fund balances (deficit) - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,464</u>	<u>350,837</u>	<u>617,145</u>	<u>(763,253)</u>	<u>(318,504)</u>	<u>(720,646)</u>	<u>(194,491)</u>
Fund balances (deficit) - end of year	<u>\$ 254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,220</u>	<u>\$ 411,987</u>	<u>\$ 780,052</u>	<u>\$ (684,107)</u>	<u>\$ (347,419)</u>	<u>\$ (289,350)</u>	<u>\$ 660,904</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, 2021**

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ 900	\$ 1,393,944
Administration	1,750	9,548
Interest and fiscal charges	<u>29,466</u>	<u>125,515</u>
Total Project Costs	<u>32,116</u>	<u>1,529,007</u>
Project Revenues		
Tax increments	111,201	627,226
Intergovernmental	23	9,997
Investment and interest income	38	38
Premium from issuance of long-term debt	<u>-</u>	<u>7,639</u>
Total Revenues	<u>111,262</u>	<u>644,900</u>
Net Cost Recoverable Through TIF Increments - December 31, 2021	<u>\$ (79,146)</u>	<u>\$ 884,107</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, 2021**

	<u>Year Ended</u>	<u>From Date of Creation</u>
Sources of Funds		
Tax increments	\$ 111,201	\$ 627,226
Intergovernmental	23	9,997
Investment and interest income	38	38
Premium from the issuance of long-term debt	-	7,639
Proceeds from long-term debt	-	200,000
Total Sources	<u>111,262</u>	<u>844,900</u>
 Use of Funds		
Capital expenditures	900	1,393,944
Administration	1,750	9,548
Interest and fiscal charges	<u>29,466</u>	<u>125,515</u>
Total Uses	<u>32,116</u>	<u>1,529,007</u>
 Change in Fund Balance	 79,146	 (684,107)
Beginning Fund Balance (Deficit)	<u>(763,253)</u>	<u>-</u>
 Ending Fund Balance (Deficit)	 <u>\$ (684,107)</u>	 <u>\$ (684,107)</u>
 Reconciliation of Recoverable Costs		
G.O. Debt		\$ 200,000
Less: Fund balance		<u>684,107</u>
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2021		<u>\$ 884,107</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, 2021**

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ 23,926	\$ 3,815,742
Developer grants/incentives	16,575	177,410
Administration	10,251	46,576
Interest and fiscal charges	<u>88,347</u>	<u>619,103</u>
Total Project Costs	<u>139,099</u>	<u>4,658,831</u>
 Project Revenues		
Tax increments	189,656	1,090,460
Intergovernmental	40,528	214,345
Investment income	-	4,231
Premium from issuance of long-term debt	<u>-</u>	<u>37,376</u>
Total Revenues	<u>230,184</u>	<u>1,346,412</u>
 Net Cost Recoverable Through TIF Increments - December 31, 2021		
	<u>\$ (91,085)</u>	<u>\$ 3,312,419</u>

**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, 2021**

	Year Ended	From Date of Creation
Sources of Funds		
Tax increments	\$ 189,656	\$ 1,090,460
Intergovernmental	40,528	214,345
Investment income	-	4,231
Premium from the issuance of long-term debt	-	37,376
Proceeds from long-term debt	-	3,085,000
Total Sources	230,184	4,431,412
 Use of Funds		
Capital expenditures	23,926	3,815,742
Developers grants/incentives	16,575	177,410
Administration	10,251	46,576
Interest and fiscal charges	88,347	619,103
Principal	120,000	120,000
Total Uses	259,099	4,778,831
 Change in Fund Balance	 (28,915)	 (347,419)
Beginning Fund Balance (Deficit)	(318,504)	-
 Ending Fund Balance (Deficit)	 \$ (347,419)	 \$ (347,419)
 Reconciliation of Recoverable Costs		
G.O. Debt		\$ 2,965,000
Less: Fund balance		347,419
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2021		\$ 3,312,419

**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, 2021**

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ 99,060	\$ 30,197,948
Developer grants/incentives	-	5,968,049
Administration	47,593	212,275
Transfer out	3,500,000	3,525,000
Interest and fiscal charges	<u>1,107,566</u>	<u>6,104,218</u>
Total Project Costs	<u>4,754,219</u>	<u>46,007,490</u>
Project Revenues		
Tax increments	714,859	1,613,102
Special assessments	437,062	1,236,023
Intergovernmental	22,564	1,360,250
Public charges for services	156,020	156,020
Investment income	22,658	311,173
Miscellaneous	2,334	2,334
Transfer in	1,000,000	3,500,000
Premium from issuance of long-term debt	<u>-</u>	<u>1,213,369</u>
Total Revenues	<u>2,355,497</u>	<u>9,392,271</u>
Net Cost Recoverable Through TIF Increments - December 31, 2021	<u>\$ 2,398,722</u>	<u>\$ 36,615,219</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, 2021**

	Year Ended	From Date of Creation
Sources of Funds		
Tax increments	\$ 714,859	\$ 1,613,102
Special assessments	437,062	1,236,023
Intergovernmental	22,564	1,360,250
Public charges for services	156,020	156,020
Investment income	22,658	311,173
Miscellaneous	2,334	2,334
Transfer in	1,000,000	3,500,000
Premium from the issuance of long-term debt	-	1,213,369
Proceeds from long-term debt	-	45,610,347
Total Sources	2,355,497	55,002,618
 Use of Funds		
Capital expenditures	99,060	30,197,948
Developers grants/incentives	-	5,968,049
Administration	47,593	212,275
Interest and fiscal charges	1,107,566	6,104,218
Transfer out	3,500,000	3,525,000
Principal on long-term debt	17,149	10,820,137
Total Uses	4,771,368	56,827,627
 Change in Fund Balance	 (2,415,871)	 (1,825,009)
Beginning Fund Balance (Deficit)	590,862	-
Ending Fund Balance (Deficit)	\$ (1,825,009)	\$ (1,825,009)
 Reconciliation of Recoverable Costs		
G.O. Debt		\$ 34,790,210
Less: Fund balance		1,825,009
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2021		\$ 36,615,219

**Village of Caledonia, Wisconsin
Tax Incremental District No. 5
Historical Summary of Project Costs, Project Revenues, and
Net Cost to be Recovered through Tax Increments
From Date of Creation through December 31, 2021**

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ 2,195,829	\$ 4,932,964
Administration	33,701	84,550
Transfer out	-	20,504
Interest and fiscal charges	<u>44,052</u>	<u>76,116</u>
Total Project Costs	<u>2,273,582</u>	<u>5,114,134</u>
 Project Revenues		
Intergovernmental charges for services	10,000	10,000
Investment income	-	915
Miscellaneous	96,872	96,872
Transfer in	-	144,000
Premium from issuance of long-term debt	<u>-</u>	<u>4,991</u>
Total Revenues	<u>106,872</u>	<u>256,778</u>
 Net Cost Recoverable Through TIF Increments - December 31, 2021		
	<u>\$ 2,166,710</u>	<u>\$ 4,857,356</u>

**Village of Caledonia, Wisconsin
Tax Incremental District No. 5
Historical Summary of Sources, Uses, and Status of Funds
From Date of Creation through December 31, 2021**

	<u>Year Ended</u>	<u>From Date of Creation</u>
Sources of Funds		
Intergovernmental	\$ 10,000	\$ 10,000
Investment income	-	915
Miscellaneous	96,872	96,872
Transfer in	-	144,000
Premium from the issuance of long-term debt	-	4,991
Proceeds from long-term debt	<u>4,013,006</u>	<u>5,983,006</u>
Total Sources	<u>4,119,878</u>	<u>6,239,784</u>
 Use of Funds		
Capital expenditures	2,195,829	4,932,964
Administration	33,701	84,550
Transfer out	-	20,504
Interest and fiscal charges	44,052	76,116
Principal on long-term debt	<u>1,415,000</u>	<u>1,415,000</u>
Total Uses	<u>3,688,582</u>	<u>6,529,134</u>
 Change in Fund Balance	 431,296	 (289,350)
Beginning Fund Balance (Deficit)	<u>(720,646)</u>	<u>-</u>
 Ending Fund Balance (Deficit)	 <u>\$ (289,350)</u>	 <u>\$ (289,350)</u>
 Reconciliation of Recoverable Costs		
G.O. Debt		\$ 4,568,006
Less: Fund balance		<u>289,350</u>
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2021		<u>\$ 4,857,356</u>

OTHER INDEPENDENT AUDITORS' REPORT



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

Village Board
Village of Caledonia, Wisconsin
Caledonia, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Caledonia, Wisconsin (the Village), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated July 29, 2022.

Report on Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2021-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2021-002 to be a significant deficiency.

Report on Compliance and Other Matters

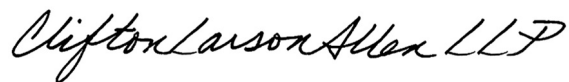
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Village of Caledonia, Wisconsin's Response to Findings

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 29, 2022

**VILLAGE OF CALEDONIA, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings

2021 – 001: Preparation of the Financial Statements

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

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

Condition: The Village does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and related footnote disclosures, which are complete, and presented in accordance with GAAP.

In addition, audit procedures identified two material misstatements proposed to management as an audit adjustment.

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

The identified material misstatements related to the amortization of the deferred outflow of resources related to the unamortized treatment plant in the Sewer Utility and the Business-type Activities and the recognition of revenue related to the American Rescue Plan Act (ARPA) Grant included in the aggregate remaining opinion unit.

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

The Village's internal controls failed to identify the errors for which material adjustments were proposed as a result of audit procedures.

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

Without the performance of the annual audit, the misstatements would have not been detected by management.

Repeat Finding: 2020-001

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

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

**VILLAGE OF CALEDONIA, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings (continued)

2021 – 002: Segregation of Duties

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

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

Condition: During our evaluation of internal controls it is noted that the accounting functions between the Utilities and the Health Department were not appropriately segregated. The accounting functions have been designed in a manner that allows any one individual to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction. In addition, decentralized cash collections at the Utility and the Health Department rely on one individual to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Context: While performing our audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that the duties are properly segregated. Individual users have the ability to prepare, review, and approve transactions within the general ledger without intervention from another individual to determine the appropriateness of the transaction. Management has centralized cash collection to improve the segregation of duties around the receipt process at the Village Hall.

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

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

Repeat Finding: 2020-002

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

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



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