

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 4, 2024

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

The Notes shall be designated as "qualified tax-exempt obligations".

New Issue

Rating Application Made: Moody's Investors Service, Inc.

VILLAGE OF CALEDONIA, WISCONSIN (Racine County)

\$9,495,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024A

BID OPENING: November 12, 2024, 10:00 A.M., C.T.

CONSIDERATION: November 12, 2024, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$9,495,000* General Obligation Promissory Notes, Series 2024A (the "Notes") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the Village of Caledonia, Wisconsin (the "Village"), for public purposes, including paying the cost of water system and sewer system improvements inside and outside of Tax Incremental District No. 4, Crawford Park improvements, street improvement projects and the acquisition of a fire truck. The Notes are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF NOTES: December 4, 2024

MATURITY: April 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2025	\$395,000	2032	\$425,000	2039	\$535,000
2026	350,000	2033	435,000	2040	560,000
2027	360,000	2034	445,000	2041	580,000
2028	370,000	2035	470,000	2042	605,000
2029	380,000	2036	485,000	2043	625,000
2030	395,000	2037	500,000	2044	655,000
2031	410,000	2038	515,000		

***MATURITY ADJUSTMENTS:** The Village reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: April 1, 2025 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing on April 1, 2034 and thereafter are subject to call for prior optional redemption on April 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$9,376,312.50.

MAXIMUM BID: \$9,969,750.00.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$189,900 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Village officials or a bank or trust company to be selected by the Village.

BOND COUNSEL AND

DISCLOSURE COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the Village to give any information or to make any representation other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Village. *This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.*

This Official Statement is not to be construed as a contract with the underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Official Statement and any addenda thereto relying on information of the Village and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles & Brady LLP will serve as Disclosure Counsel to the Village with respect to the Notes. Compensation of Ehlers and Associates, Inc., payable entirely by the Village, is contingent upon the delivery of the Notes.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Official Statement was prepared for the Village for dissemination to potential investors. Its primary purpose is to disclose information regarding the Notes to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Official Statement describes the conditions under which the Village is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Notes, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Notes and all times subsequent thereto up to and including the time of the delivery of the Notes, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Notes; (3) a certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Notes, (b) neither the corporate existence or boundaries of the Village nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the Village which indicates that the Village does not expect to use the proceeds of the Notes in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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**VILLAGE OF CALEDONIA
VILLAGE BOARD**

		<u>Term Expires</u>
Tom Weatherston	Village President	April 2025
Michael Lambrecht	Village Trustee	April 2025
Fran Martin	Village Trustee	April 2026
Holly McManus	Village Trustee	April 2025
Nancy H. Pierce	Village Trustee	April 2025
Dale Stillman	Village Trustee	April 2026
Lee Wishau	Village Trustee	April 2026

ADMINISTRATION

Todd Willis, Village Administrator
Wayne Krueger, Finance Director
Jennifer Olsen, Village Clerk/Treasurer

PROFESSIONAL SERVICES

Elaine Ekes, Pruitt, Ekes & Geary, S.C., Village Attorney, Racine, Wisconsin
Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin
(Other office located in Roseville, Minnesota)

INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the Village of Caledonia, Wisconsin (the "Village") and the issuance of its \$9,495,000* General Obligation Promissory Notes, Series 2024A (the "Notes"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution authorizing the issuance and sale of the Notes ("Authorizing Resolution") to be adopted by the Village Board on November 12, 2024.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the Village's municipal advisor. A copy of this Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of December 4, 2024. The Notes will mature on April 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2025, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Notes shall be payable as provided in the Authorizing Resolution.

The Village may select Village officials or a bank or trust company to act as paying agent (the "Paying Agent"). If a bank or trust company is selected, the Village will pay the charges for Paying Agent services. The Village reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the Village, the Notes maturing on or after April 1, 2034 shall be subject to optional redemption prior to maturity on April 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

*Preliminary, subject to change.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the Village. If only part of the Notes having a common maturity date are called for redemption, then the Village or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the Village, for public purposes, including paying the cost of water system and sewer system improvements inside and outside of Tax Incremental District No. 4, Crawford Park improvements, street improvement projects and the acquisition of a fire truck.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Notes	\$9,495,000	
Estimated Interest Earnings	<u>84,306</u>	
Total Sources		\$9,579,306
Uses		
Estimated Underwriter's Discount	\$118,688	
Cost of Issuance	108,775	
Deposit to Borrowed Money Fund	9,350,000	
Rounding Amount	<u>1,843</u>	
Total Uses		\$9,579,306

*Preliminary, subject to change.

SECURITY

For the prompt payment of the Notes with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the Village will be irrevocably pledged. The Village will levy a direct, annual, irrepealable tax on all taxable property in the Village sufficient to pay the interest on the Notes when it becomes due and also to pay and discharge the principal on the Notes at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

RATING

General obligation debt of the Village is currently rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"). The Village has requested a rating on the Notes from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Notes, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the Village nor the underwriter undertake responsibility to bring to the attention of the owner of the Notes any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Notes, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the Village shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

On the date of issue and delivery of the Notes, the Village shall execute and deliver a Continuing Disclosure Certificate, under which the Village will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the Village are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the Village to comply with the Disclosure Undertaking will not constitute an event of default on the Notes. However, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

The Village did not timely file notice of the incurrence of a financial obligation in July 2021. Except to the extent that the preceding is deemed to be material, the Village believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The Village has reviewed its continuing disclosure responsibilities, including the two new material events, to help ensure compliance in the future. Ehlers is currently engaged as dissemination agent for the Village.

LEGAL MATTERS

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the Village ("Bond Counsel"), and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the Village; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B).

Quarles & Brady LLP has also been retained by the Village to serve as Disclosure Counsel to the Village with respect to the Notes. Although, as Disclosure Counsel to the Village, Quarles & Brady LLP has assisted the Village with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in the Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Notes for any investor.

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Notes under existing law substantially in the following form:

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Village has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Village comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes."

The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Notes may be enacted. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Notes is less than the principal amount payable at maturity, such Notes ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

BOND PREMIUM

To the extent that the initial offering price of certain of the Notes is more than the principal amount payable at maturity, such Notes ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes shall be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the Village in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the Village, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the Village under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the Village for the fiscal year ended December 31, 2023 have been audited by CliftonLarsonAllen LLP, Milwaukee, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Notes without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here. Potential investors should read this Official Statement, including the appendices, in its entirety.

Taxes: The Notes will be general obligations of the Village, the ultimate payment of which rests in the Village's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the Village in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State of Wisconsin (the "State") may affect the overall financial condition of the Village, the taxable value of property within the Village, and the ability of the Village to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the Village and to the Notes. The Village can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the Village or the taxing authority of the Village.

Ratings; Interest Rates: In the future, the Village's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Notes for resale prior to maturity.

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Notes may fall for purposes of resale. Noncompliance by the Village with the covenants in the Authorizing Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Notes in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

Continuing Disclosure: A failure by the Village to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Notes. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Notes to the accounts of the Beneficial Owners of the Notes may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the Village to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Notes.

Depository Risk: Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the Village, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the Village may have an adverse effect on the value of the Notes in the secondary market.

Secondary Market for the Notes: No assurance can be given that a secondary market will develop for the purchase and sale of the Notes or, if a secondary market exists, that such Notes can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Notes at the request of the owners thereof. Prices of the Notes as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Notes. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Notes will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

Cybersecurity: The Village is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the Village will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

CURRENT PROPERTY VALUATIONS

2024 Equalized Value	\$3,709,713,100
2024 Equalized Value Reduced by Tax Increment Valuation	\$3,550,762,300
2024 Assessed Value	\$3,646,628,500

2024 EQUALIZED VALUE BY CLASSIFICATION

	2024 Equalized Value¹	Percent of Total Equalized Value
Residential	\$3,159,202,300	85.160%
Commercial	385,200,900	10.384%
Manufacturing	58,581,000	1.579%
Agricultural	3,119,100	0.084%
Undeveloped	1,459,200	0.039%
Ag Forest	932,800	0.025%
Forest	8,712,800	0.235%
Other	92,505,000	2.494%
Personal Property ²	<u>0</u>	<u>0.000%</u>
 Total	 <u><u>\$3,709,713,100</u></u>	 <u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2020	\$2,374,616,900	\$2,534,013,200	9.41%
2021	2,769,446,000	2,703,689,000	6.70%
2022	3,120,157,200	3,102,954,000	14.77%
2023	3,396,110,700	3,476,127,000	12.03%
2024	3,646,628,500	3,709,713,100	6.72%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

¹ Includes tax increment valuation.

² Personal property has been exempted from taxation as of January 1, 2024 (see “TAX LEVIES AND COLLECTIONS” herein).

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2023 Equalized Value ¹	Percent of Village's Total Equalized Value
Caledonia WI Title Holder, LLC	Warehouse	\$29,856,383	0.86%
Scannell Properties #513, LLC	Manufacturing/Warehouse	21,239,089	0.61%
Caledonia Partners, LLC	Apartments	15,235,612	0.44%
SC Johnson & Sons Inc.	Recreation Complex	12,904,088	0.37%
Lakeshore Village	Apartments	12,085,358	0.35%
Individual	Apartments	10,813,813	0.31%
Central Storage & Warehouse, LLC	Cold Storage Warehouse	10,783,209	0.31%
Greentree Station LLC	Retail	10,681,981	0.31%
DNKC Property Management, LLC	Manufacturing/Warehouse	10,464,990	0.30%
Pro Bio RE LLC	Manufacturing/Warehouse	<u>8,804,090</u>	<u>0.25%</u>
Total		\$142,868,613	4.11%
Village's Total 2023 Equalized Value ²		\$3,476,127,000	

Source: The Village.

DEBT

DIRECT DEBT³

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)* \$88,610,000

Revenue Debt (see schedules following)

Total revenue debt secured by sewer and water revenues \$35,391,229

*Preliminary, subject to change.

¹ Calculated by dividing the 2023 Assessed Values by the 2023 Aggregate Ratio of assessment for the Village. Information for 2024 is not yet available.

² Includes tax increment valuation.

³ Outstanding debt is as of the dated date of the Notes.

Other Obligations

Issue Date	Original Amount	Name of Issue	Final Maturity	Amount Outstanding
06/09/2021	\$25,912,000	2021 Village of Mt. Pleasant Clean Water Fund Loan ¹	05/01/2051	\$24,567,840

DEBT PAYMENT HISTORY

The Village has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The Village anticipates issuing approximately \$3,600,000 of water system and sewerage system revenue bonds in 2025. Other than the preceding, the Village has no current plans for additional financing in the next 12 months.

DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$3,709,713,100
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$185,485,655
Less: General Obligation Debt*	<u>(88,610,000)</u>
Unused Debt Limit*	<u><u>\$96,875,655</u></u>

*Preliminary, subject to change.

¹ On June 9, 2021 the Village of Mount Pleasant issued \$80,276,100 Sewer System Revenue Bonds, Series 2021, dated June 9, 2021 through a Clean Water Fund Loan through the State of Wisconsin's Environmental Improvement Fund (the "2021 Clean Water Fund Loan"), which financed, among other things, certain sewerage system improvements. The Village, pursuant to existing intergovernmental agreements, has a contractual obligation to annually pay for a portion of the total debt service payment equal to 32.39% of the principal and interest to be repaid. The Village budgets for this payment through its Sanitary Sewer Utility. This is a contractual obligation through existing intermunicipal agreements and not a general obligation of the Village.

Village of Caledonia, Wisconsin
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 12/04/2024)

	Corporate Purpose Bonds Series 2012A		Water System Bonds Series 2013B		Water System Bonds Series 2014A		Community Development Bonds Series 2014B		Community Development Bonds Series 2015A	
Dated	07/12/2012		10/02/2013		04/03/2014		12/04/2014		12/03/2015	
Amount	\$4,230,000		\$1,180,000		\$1,735,000		\$8,250,000		\$9,375,000	
Maturity	05/01		04/01		04/01		04/01		04/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	290,000	67,648	100,000	38,644	100,000	16,500	630,000	200,718	450,000	283,350
2026	295,000	60,334	105,000	35,184	100,000	13,825	655,000	184,813	525,000	263,850
2027	305,000	52,531	110,000	31,556	100,000	11,000	675,000	166,500	600,000	241,350
2028	315,000	44,159	115,000	27,544	100,000	8,025	695,000	145,950	675,000	219,225
2029	325,000	35,196	120,000	23,138	100,000	4,900	715,000	124,800	750,000	197,850
2030	335,000	25,708	125,000	18,544	100,000	1,650	745,000	101,969	825,000	174,225
2031	345,000	15,675	130,000	13,600			770,000	77,350	900,000	148,350
2032	350,000	5,250	135,000	8,300			800,000	51,838	975,000	119,738
2033			140,000	2,800			585,000	29,331	1,050,000	88,350
2034							610,000	9,913	1,125,000	54,638
2035									1,200,000	18,600
2036										
2037										
2038										
2039										
2040										
2041										
2042										
2043										
2044										
	2,560,000	306,500	1,080,000	199,309	600,000	55,900	6,880,000	1,093,180	9,075,000	1,809,525

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Village of Caledonia, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 12/04/2024)

	Community Development Bonds Series 2016A		Promissory Notes Series 2016B		Taxable Refunding Bonds Series 2017A		Corporate Purpose Bonds Series 2017C		Corporate Purpose Bonds Series 2018A	
Dated	07/14/2016		07/14/2016		10/18/2017		10/18/2017		11/15/2018	
Amount	\$3,820,000		\$4,490,000		\$3,400,000		\$2,165,000		\$11,990,000	
Maturity	04/01		04/01		04/01		04/01		04/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	175,000	95,675	550,000	15,385	0	110,390	0	65,395	545,000	386,419
2026	200,000	91,925	595,000	5,355	0	110,390	0	65,395	580,000	363,919
2027	225,000	87,675			265,000	106,680	175,000	62,770	625,000	339,819
2028	250,000	82,925			270,000	98,920	175,000	57,520	665,000	317,344
2029	275,000	77,675			280,000	90,530	180,000	52,195	715,000	296,197
2030	300,000	71,925			285,000	81,701	185,000	46,720	770,000	272,513
2031	325,000	65,513			295,000	72,493	190,000	41,095	825,000	243,500
2032	370,000	56,550			305,000	62,816	195,000	35,320	890,000	209,200
2033	400,000	45,000			315,000	52,663	200,000	29,395	725,000	176,900
2034	425,000	32,625			330,000	41,938	205,000	23,320	675,000	148,900
2035	425,000	19,875			340,000	30,630	215,000	17,020	765,000	120,100
2036	450,000	6,750			350,000	18,813	220,000	10,385	840,000	88,000
2037					365,000	6,388	225,000	3,488	865,000	53,900
2038									915,000	18,300
2039										
2040										
2041										
2042										
2043										
2044										
	3,820,000	734,113	1,145,000	20,740	3,400,000	884,350	2,165,000	510,018	10,400,000	3,035,009

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Village of Caledonia, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 12/04/2024)

	Promissory Notes Series 2019		Community Development Bonds Series 2020		Promissory Notes Series 2021A		Taxable Promissory Notes Series 2021B		Corporate Purpose Bonds Series 2022A	
Dated	11/26/2019		09/15/2020		04/01/2021		04/01/2021		10/06/2022	
Amount	\$1,635,000		\$2,000,000		\$4,630,000		\$2,880,000		\$24,745,000	
Maturity	04/01		04/01		04/01		04/01		04/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	105,000	20,350	0	40,000	615,000	46,563	270,000	23,835	850,000	1,053,050
2026	100,000	18,300	0	40,000	625,000	34,163	350,000	19,385	860,000	1,010,300
2027	280,000	14,500	0	40,000	630,000	24,763	250,000	16,135	1,080,000	961,800
2028	290,000	8,800	0	40,000	635,000	18,438	295,000	12,570	1,115,000	906,925
2029	295,000	2,950	0	40,000	645,000	11,231	295,000	8,293	1,145,000	850,425
2030			0	40,000	480,000	3,600	380,000	3,040	1,190,000	792,050
2031			0	40,000					1,225,000	731,675
2032			0	40,000					1,160,000	672,050
2033			0	40,000					1,255,000	611,675
2034			0	40,000					1,300,000	547,800
2035			0	40,000					1,345,000	481,675
2036			400,000	36,000					1,395,000	420,150
2037			400,000	28,000					1,450,000	363,250
2038			400,000	20,000					1,505,000	304,150
2039			400,000	12,000					1,560,000	242,850
2040			400,000	4,000					1,620,000	177,225
2041									1,680,000	107,100
2042									1,680,000	35,700
2043										
2044										
	1,070,000	64,900	2,000,000	540,000	3,630,000	138,756	1,840,000	83,258	23,415,000	10,269,850

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Village of Caledonia, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 12/04/2024)

	Corporate Purpose Bonds Series 2023A		Promissory Notes Series 2024A							
Dated	05/25/2023		12/04/2024							
Amount	\$6,135,000		\$9,495,000*							
Maturity	04/01		04/01							
Calendar Year Ending	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	100,000	253,750	395,000	274,565	5,175,000	2,992,235	8,167,235	83,435,000	5.84%	2025
2026	100,000	248,750	350,000	322,410	5,440,000	2,888,296	8,328,296	77,995,000	11.98%	2026
2027	100,000	243,750	360,000	311,547	5,780,000	2,712,375	8,492,375	72,215,000	18.50%	2027
2028	100,000	238,750	370,000	300,378	6,065,000	2,527,471	8,592,471	66,150,000	25.35%	2028
2029	100,000	233,750	380,000	288,903	6,320,000	2,338,032	8,658,032	59,830,000	32.48%	2029
2030	100,000	228,750	395,000	276,887	6,215,000	2,139,281	8,354,281	53,615,000	39.49%	2030
2031	100,000	223,750	410,000	264,085	5,515,000	1,937,085	7,452,085	48,100,000	45.72%	2031
2032	100,000	218,750	425,000	250,471	5,705,000	1,730,282	7,435,282	42,395,000	52.16%	2032
2033	230,000	210,500	435,000	236,172	5,335,000	1,522,786	6,857,786	37,060,000	58.18%	2033
2034	225,000	199,125	445,000	221,321	5,340,000	1,319,579	6,659,579	31,720,000	64.20%	2034
2035	230,000	187,750	470,000	205,484	4,990,000	1,121,134	6,111,134	26,730,000	69.83%	2035
2036	490,000	172,200	485,000	188,676	4,630,000	940,974	5,570,974	22,100,000	75.06%	2036
2037	515,000	152,100	500,000	170,890	4,320,000	778,015	5,098,015	17,780,000	79.93%	2037
2038	535,000	131,100	515,000	152,113	3,870,000	625,663	4,495,663	13,910,000	84.30%	2038
2039	555,000	109,300	535,000	132,153	3,050,000	496,303	3,546,303	10,860,000	87.74%	2039
2040	575,000	86,700	560,000	110,800	3,155,000	378,725	3,533,725	7,705,000	91.30%	2040
2041	600,000	63,200	580,000	88,280	2,860,000	258,580	3,118,580	4,845,000	94.53%	2041
2042	625,000	38,700	605,000	64,580	2,910,000	138,980	3,048,980	1,935,000	97.82%	2042
2043	655,000	13,100	625,000	39,668	1,280,000	52,768	1,332,768	655,000	99.26%	2043
2044			655,000	13,428	655,000	13,428	668,428	0	100.00%	2044
	6,035,000	3,253,775	9,495,000	3,912,807	88,610,000	26,911,989	115,521,989			

* Preliminary, subject to change.

Village of Caledonia, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Water and Sewerage Revenues
(As of 12/04/2024)

	Taxable Sewerage System Revenue Bonds Series 2012		Water System & Sewerage System Revenue Bonds Series 2013C		Water System & Sewerage System Revenue Bonds Series 2016D		Water System & Sewerage System Revenue Bonds Series 2017B		Water System & Sewerage System Revenue Bonds Series 2019	
Dated	11/14/2012		10/02/2013		07/21/2016		10/18/2017		11/26/2019	
Amount	\$9,683,189		\$5,515,000		\$2,360,000		\$7,000,000		\$4,330,000	
Maturity	05/01		05/01		05/01		05/01		05/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	519,235	112,786	305,000	126,236	110,000	38,500	315,000	146,813	185,000	95,069
2026	532,865	98,977	320,000	115,059	115,000	36,250	325,000	137,213	190,000	87,569
2027	546,853	84,806	330,000	103,031	115,000	33,806	330,000	127,388	205,000	79,669
2028	561,208	70,263	345,000	89,944	120,000	31,163	345,000	117,263	210,000	71,369
2029	575,940	55,338	355,000	75,944	125,000	28,250	355,000	106,763	220,000	62,769
2030	591,058	40,021	375,000	61,109	125,000	25,125	360,000	96,038	225,000	56,119
2031	606,573	24,302	390,000	44,844	130,000	21,775	375,000	85,013	230,000	51,569
2032	622,496	8,170	405,000	27,453	130,000	18,200	390,000	73,538	230,000	46,825
2033			425,000	9,297	135,000	14,556	405,000	61,613	240,000	41,681
2034					140,000	10,775	415,000	49,313	245,000	36,072
2035					145,000	6,675	435,000	36,291	250,000	30,194
2036					150,000	2,250	455,000	22,384	260,000	23,975
2037							470,000	7,638	265,000	17,413
2038									270,000	10,725
2039									280,000	3,675
2040										
2041										
2042										
	4,556,229	494,662	3,250,000	652,917	1,540,000	267,325	4,975,000	1,067,263	3,505,000	714,691

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Village of Caledonia, Wisconsin
Schedule of Bonded Indebtedness continued
Revenue Debt Secured by Water and Sewerage Revenues
(As of 12/04/2024)

	Water System & Sewerage System Revenue Bonds Series 2020		Water System & Sewerage System Revenue Bonds Series 2021		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	Dated	Amount	Maturity	Dated						
	09/15/2020	\$2,195,000	05/01	11/08/2021	\$16,220,000	05/01				
Calendar Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	100,000	38,400	565,000	424,094	2,099,235	981,897	3,081,133	33,291,994	5.93%	2025
2026	100,000	35,400	590,000	400,994	2,172,865	911,461	3,084,326	31,119,128	12.07%	2026
2027	105,000	32,850	615,000	376,894	2,246,853	838,443	3,085,297	28,872,275	18.42%	2027
2028	110,000	30,700	645,000	351,694	2,336,208	762,394	3,098,602	26,536,067	25.02%	2028
2029	110,000	28,500	670,000	325,394	2,410,940	682,956	3,093,896	24,125,128	31.83%	2029
2030	115,000	26,250	695,000	298,094	2,486,058	602,755	3,088,813	21,639,069	38.86%	2030
2031	115,000	23,950	720,000	269,794	2,566,573	521,246	3,087,819	19,072,496	46.11%	2031
2032	115,000	21,650	745,000	244,219	2,637,496	440,055	3,077,551	16,435,000	53.56%	2032
2033	120,000	19,300	770,000	221,494	2,095,000	367,941	2,462,941	14,340,000	59.48%	2033
2034	120,000	16,900	985,000	200,094	1,905,000	313,153	2,218,153	12,435,000	64.86%	2034
2035	125,000	14,450	1,005,000	180,194	1,960,000	267,803	2,227,803	10,475,000	70.40%	2035
2036	125,000	11,950	1,025,000	159,894	2,015,000	220,453	2,235,453	8,460,000	76.10%	2036
2037	130,000	9,400	1,045,000	138,541	1,910,000	172,991	2,082,991	6,550,000	81.49%	2037
2038	130,000	6,800	1,070,000	116,069	1,470,000	133,594	1,603,594	5,080,000	85.65%	2038
2039	135,000	4,150	1,095,000	92,381	1,510,000	100,206	1,610,206	3,570,000	89.91%	2039
2040	140,000	1,400	1,120,000	67,463	1,260,000	68,863	1,328,863	2,310,000	93.47%	2040
2041			1,140,000	41,325	1,140,000	41,325	1,181,325	1,170,000	96.69%	2041
2042			1,170,000	13,894	1,170,000	13,894	1,183,894	0	100.00%	2042
	1,895,000	322,050	15,670,000	3,922,522	35,391,229	7,441,429	42,832,659			

OVERLAPPING DEBT¹

Taxing District	2024 Equalized Value²	% In Village	Total G.O. Debt³	Village's Proportionate Share
Racine County	\$26,176,725,900	14.1718%	\$146,185,000	\$20,717,046
Racine School District	16,426,251,100	22.5841%	207,355,000	46,829,261
Gateway Technical College District	79,547,895,224	4.6635%	75,250,000	<u>3,509,284</u>
Village's Share of Total Overlapping Debt				<u><u>\$71,055,591</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$3,709,713,100	Debt/ Per Capita 25,428⁴
Total General Obligation Debt*	\$88,610,000	2.39%	\$3,484.74
Village's Share of Total Overlapping Debt	<u>71,055,591</u>	<u>1.92%</u>	<u>2,794.38</u>
Total*	\$159,665,591	4.31%	\$6,279.12

*Preliminary, subject to change.

¹ Overlapping debt is as of the dated date of the Notes. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

² Includes tax increment valuation.

³ Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

⁴ Estimated 2024 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for Village Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2019/20	\$14,061,325	100%	\$6.16
2020/21	15,010,597	100%	6.04
2021/22	14,968,591	100%	5.63
2022/23	15,927,507	100%	5.27
2023/24	19,049,579	100%	5.68

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year. The personal property tax has been repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax has been replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023.

PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

Year Levied/ Year Collected	Schools¹	County	Local	Total
2019/20	\$10.29	\$3.54	\$6.16	\$19.99
2020/21	10.29	3.40	6.04	19.73
2021/22	9.99	3.38	5.63	19.00
2022/23	8.45	3.12	5.27	16.84
2023/24	8.81	2.95	5.68	17.44

Source: Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent; for a tax incremental district created after December 31, 2024, the valuation factor includes 90% of the equalized value increase due to new construction that is located in a tax incremental district, but does not include any improvements removed in a tax incremental district). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

¹ The Schools tax rate reflects the composite rate of all local school districts and technical college district.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by the Wisconsin Department of Revenue ("DOR") call into question the availability of this exception if the revenue shortfall is planned or ongoing. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Notes were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Notes.

REVENUE FROM THE STATE

In addition to local property taxes described above, a number of state programs exist which provide revenue to the Village. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the Village that can be used for any public purpose. Chapter 79, Wis. Stats. includes other revenue sharing programs, which each have their own requirements. 2023 Wisconsin Act 12 ("Act 12") created a supplement to shared revenue, with payments to the Village beginning in 2024. This supplemental shared revenue may be used only for the purposes specified in section 79.037, Wis. Stats. In 2024, the Village is expected to receive approximately \$1,272,000 in shared revenue under Chapter 79, Wis. Stats., an increase from the approximately \$826,000 received in 2023. The Village is currently estimated to receive approximately \$1,295,000 in shared revenue under Chapter 79, Wis. Stats., in 2025. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.

THE ISSUER

VILLAGE GOVERNMENT

The Village was established as a town in 1842 and incorporated as a village on November 16, 2005, and is governed by a Village President and six other Village Board members. The Village President is a voting member. All are elected to staggered two-year terms. The appointed Village Administrator, Finance Director and Village Clerk/Treasurer are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The Village employs a staff of 135 full-time, five part-time, and 10 seasonal employees. All eligible employees in the Village are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

Village employees are generally required to contribute half of the actuarially determined contributions, and the Village generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2021 ("Fiscal Year 2021"), the fiscal year ended December 31, 2022 ("Fiscal Year 2022") and the fiscal year ended December 31, 2023 ("Fiscal Year 2023"), the Village's portion of contributions to WRS (not including any employee contributions) totaled \$1,163,739, \$1,018,821, and \$1,103,343, respectively.

Governmental Accounting Standards Board Statement No. 68 ("GASB 68") requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2022, the total pension liability of the WRS was calculated as \$123.7 billion and the fiduciary net position of the WRS was calculated as \$118.4 billion, resulting in a net pension liability of \$5.3 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2023, the Village reported a liability of \$4,929,447 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2022 based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. The Village's proportion was 0.09304875% of the aggregate WRS net pension liability as of December 31, 2022.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 10 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

All eligible Village personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the Village is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the Village is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless Village were to seek approval for a higher increase through a referendum). Ultimately, the Village can unilaterally implement the wages for a collective bargaining unit.¹

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the Village, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is total base wages, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

¹ On July 3, 2024, a Wisconsin circuit court judge issued a decision in the case *Abbotsford Education Association vs. Wisconsin Employment Relations Commission, Case No. 2023CV3152*, denying the Wisconsin State Legislature's intervening motion to dismiss the plaintiffs' challenge to the different classifications the Act created regarding collective bargaining rights. The court's order denying the motion to dismiss states that the Act violates the equal protection clause of the Wisconsin Constitution and declares those provisions of the Act relating to collective bargaining modifications unconstitutional and void. The decision further instructs the parties to make additional filings to the court as to whether the court should issue judgment on the pleadings in light of the court's order or take some other action to bring the case to a final judgment. In the event that a final judgment is entered to the same effect, it is expected that the decision would be appealed. No guarantee can be made regarding the future outcome of the case or any subsequent appeals.

The following bargaining units represent employees of the Village:

Bargaining Unit	Expiration Date of Current Contract
Firefighters Local 2740	December 31, 2025
Professional Policemen's Association Local 403	December 31, 2022*
Highway Local 704 Labor Association of Wisconsin	December 31, 2024*

*Contracts are currently in negotiations. The Village expects that new contracts with terms through December 31, 2025 may be finalized in the near future.

OTHER POST EMPLOYMENT BENEFITS

The Village provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to employees who have terminated their employment with the Village and have satisfied specified eligibility standards through a single-employer defined benefit plan. Membership of the plan consisted of 18 retirees receiving benefits and 70 active plan members as of December 31, 2023, the most recent measurement date.

OPEB calculations are required to be updated every two years and be prepared in accordance with Statement No. 75 of the Governmental Accounting Standards Board ("GASB 75"). An actuarial study for the plan prepared in accordance with GASB 75 was most recently completed by Lauterbach & Amen, LLP in March 2024 with an actuarial valuation date of January 1, 2024 (the "Actuarial Report").

For Fiscal Year 2023, the Village's contributions for the plan totaled \$349,146. The Village's current funding practice is to pay the amount of benefits due in a given year on a "pay-as-you-go" basis.

Under GASB 75, a net OPEB liability is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position, which terms have similar meanings as under GASB 68 for pension plans.

As of December 31, 2023, the plan's total OPEB liability was \$7,386,016 and the plan fiduciary net position was \$0, resulting in a net OPEB liability of \$7,386,016.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information, see Note 11 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

The Village also participates in the Local Retiree Life Insurance Fund ("LRLIF"), which is a cost-sharing multiple-employer defined benefit plan established by Chapter 40. The ETF and the Group Insurance Board have statutory authority for program administration and oversight, including establishing contribution requirements for employers.

For Fiscal Year 2023, the Village's portion of contribution to the LRLIF totaled \$3,411. For Fiscal Year 2023, the Village reported a liability of \$647,822 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2022 based on the Village's share of contributions to the LRLIF relative to the contributions of all participating employers. The Village's proportion was 0.17004000% of the aggregate LRLIF net OPEB liability as of December 31, 2022.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note 12 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the Village or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Notes or otherwise questioning the validity of the Notes.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Notes are outstanding, in a way that would allow the Village to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the Village to file for relief under Chapter 9. If, in the future, the Village were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the Village could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the Village is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the Village could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Notes could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Notes, and there could ultimately be no assurance that holders of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Notes could be viewed as having no priority (a) over claims of other creditors of the Village; (b) to any particular assets of the Village, or (c) to revenues otherwise designated for payment to holders of the Notes.

Moreover, if the Village were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Notes would not occur.

FUNDS ON HAND (as of September 30, 2024)

Fund	Total Cash and Investments
Village Cash - Tri City National Bank	\$1,518,733
Village Cash - Johnson Bank	1,857,796
Village- LGIP	12,134,610
Utility- LGIP	2,708,322
PMA Utility Debt Reserve Funds	2,711,375
PMA Utility 2021 Water/Sewer Revenue Funds	358,062
PMA ARPA Funds	2,930,560
Ehlers Caledonia 2022 Series A Funds	3,882,752
Ehlers Caledonia 2023 Series A Funds	<u>606,560</u>
Total Funds on Hand	<u><u>\$28,708,770</u></u>

ENTERPRISE FUNDS

Revenues available for debt service for the Village's enterprise funds have been as follows as of December 31 each year:

	2021 Audited	2022 Audited	2023 Audited
Sewer			
Total Operating Revenues	\$7,070,179	\$7,591,783	\$8,175,177
Less: Operating Expenses	<u>(5,035,282)</u>	<u>(5,205,385)</u>	<u>(5,862,463)</u>
Operating Income	\$2,034,897	\$2,386,398	\$2,312,714
Plus: Depreciation	1,822,973	1,831,401	1,967,886
Interest Income	2,912	174,949	239,029
Special Assessments	10,450	14,038	6,550
Amortization Expense	<u>783,368</u>	<u>579,420</u>	<u>341,906</u>
Revenues Available for Debt Service	<u><u>\$4,654,600</u></u>	<u><u>\$4,986,206</u></u>	<u><u>\$4,868,085</u></u>
Water			
Total Operating Revenues	\$4,165,799	\$4,157,857	\$4,279,429
Less: Operating Expenses	<u>(4,484,090)</u>	<u>(4,567,925)</u>	<u>(4,557,742)</u>
Operating Income	(\$318,291)	(\$410,068)	(\$278,313)
Plus: Depreciation	1,026,972	1,045,572	1,029,102
Interest Income	888	33,610	51,338
Special Assessments	22,143	61,722	103,937
Impact Fee	<u>192,200</u>	<u>86,800</u>	<u>75,950</u>
Revenues Available for Debt Service	<u><u>\$923,912</u></u>	<u><u>\$817,636</u></u>	<u><u>\$982,014</u></u>
Stormwater Utility			
Total Operating Revenues	\$1,050,315	\$1,054,052	\$1,073,835
Less: Operating Expenses	<u>(919,716)</u>	<u>(1,326,046)</u>	<u>(1,319,393)</u>
Operating Income	\$130,599	(\$271,994)	(\$245,558)
Plus: Depreciation	441,369	432,155	489,210
Interest Income	621	9,976	20,810
Special Assessment	<u>45,851</u>	<u>12,436</u>	<u>0</u>
Revenues Available for Debt Service	<u><u>\$618,440</u></u>	<u><u>\$182,573</u></u>	<u><u>\$264,462</u></u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the Village's General Fund. These summaries are not purported to be the complete audited financial statements of the Village, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the Village. Copies of the complete statements are available upon request. Appendix A includes the 2023 audited financial statements.

FISCAL YEAR ENDING DECEMBER 31						
COMBINED STATEMENT	2020	2021	2022	2023	2024	2025
	Audited	Audited	Audited	Audited	Adopted Budget ¹	Proposed Budget ²
Revenues						
Taxes & special assessments	\$9,889,731	\$10,461,801	\$11,197,266	\$11,960,415	\$13,964,012	\$14,101,158
Intergovernmental	2,687,512	2,584,043	2,943,131	2,559,190	3,237,482	3,311,407
Licenses and permits	917,904	1,163,587	1,169,074	1,346,720	1,059,040	1,112,100
Fines, forfeitures and penalties	215,818	277,810	380,100	384,528	320,000	375,000
Public charges for services	1,117,846	1,188,840	1,304,788	1,604,692	1,694,863	1,722,363
Intergovernmental charges for services	208,482	176,906	469,272	494,022	225,500	225,500
Investment and interest income	42,391	9,962	185,042	1,147,477	64,000	514,500
Miscellaneous	149,880	207,448	112,808	154,366	12,000	12,000
Total Revenues	<u>\$15,229,564</u>	<u>\$16,070,397</u>	<u>\$17,761,481</u>	<u>\$19,651,410</u>	<u>\$20,576,897</u>	<u>\$21,374,028</u>
Expenditures						
Current:						
General government	\$3,164,662	\$2,908,719	\$3,191,432	\$2,933,495	\$2,293,509	\$2,837,470
Public safety	8,880,306	9,407,465	10,889,612	11,847,518	14,450,129	14,930,657
Public works	2,440,298	2,568,061	2,438,905	2,590,399	3,521,731	3,304,688
Health and human services	14,432	13,110	8,340	15,600	15,240	18,120
Economic development and assistance	145,585	180,611	169,277	374,072	296,288	283,093
Total Expenditures	<u>\$14,645,283</u>	<u>\$15,077,966</u>	<u>\$16,697,566</u>	<u>\$17,761,084</u>	<u>\$20,576,897</u>	<u>\$21,374,028</u>
Excess of revenues over (under) expenditures	\$584,281	\$992,431	\$1,063,915	\$1,890,326	\$0	\$0
Other Financing Sources (Uses)						
Transfers in	\$0	\$0	\$0	\$185,320		
Transfers (out)	(153,000)	(7,500)	(15,000)	0		
Total Other Financing Sources (Uses)	<u>(153,000)</u>	<u>(7,500)</u>	<u>(15,000)</u>	<u>185,320</u>		
Net changes in Fund Balances	\$431,281	\$984,931	\$1,048,915	\$2,075,646		
General Fund Balance January 1	<u>\$4,130,563</u>	<u>\$4,561,844</u>	<u>\$5,546,775</u>	<u>\$6,595,690</u>		
General Fund Balance December 31	\$4,561,844	\$5,546,775	\$6,595,690	\$8,671,336		
DETAILS OF DECEMBER 31 FUND BALANCE						
Nonspendable	\$524,008	\$287,288	\$559,049	\$355,999		
Committed	238,289	46,232	11,265	11,265		
Unassigned	3,799,547	5,213,255	6,025,376	8,304,072		
Total	<u>\$4,561,844</u>	<u>\$5,546,775</u>	<u>\$6,595,690</u>	<u>\$8,671,336</u>		

¹ The 2024 budget was adopted on November 14, 2023.

² The 2025 budget is expected to be adopted on November 12, 2024.

GENERAL INFORMATION

LOCATION

The Village, with a 2020 U.S. Census population of 25,361 and a current estimated population of 25,428 comprises an area of 48.7 square miles, and is located in Racine County along the shores of Lake Michigan, immediately west and north of the City of Racine and is approximately 15 miles south of the City of Milwaukee.

LARGER EMPLOYERS¹

Larger employers near the Village in Racine County include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Racine Unified School District	Elementary and secondary education	2,394
Advocate Aurora	Healthcare	2,350
Ascension All Saints Hospital	Healthcare	2,150
SC Johnson	Cleaning compound manufacturing	2,000
CNH America LLC	Farm machinery and equipment manufacturing	1,500
Foxconn Industrial Internet	Electronics manufacturer	1,100
Racine County	County government and services	1,058
Cree Lighting	Lighting manufacturing	1,000
Gateway Technical College District	Vocational Education	919
Insinkerator	Garbage disposal equipment manufacturing	890

Source: Racine County, Economic Development Corporation, Racine Unified School District and Gateway Technical College District.

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

BUILDING PERMITS

	2020	2021	2022	2023	2024 ¹
<u>New Single Family Homes</u>					
No. of building permits	68	58	43	50	41
Valuation	\$18,842,393	\$23,086,180	\$17,286,898	\$16,154,258	\$17,195,871
<u>New Multiple Family Buildings</u>					
No. of building permits	1	0	8	0	0
Valuation	\$400,000	\$0	\$1,417,000	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	3	7	7	7	3
Valuation	\$27,825,000	\$23,016,754	\$59,527,838	\$63,183,543	\$37,776,042
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	741	734	704	693	647
Valuation	\$56,193,798	\$57,226,337	\$126,798,211	\$110,761,066	\$93,955,450

Source: The Village.

¹ As of September 30, 2024.

U.S. CENSUS DATA

Population Trend: The Village

2010 U.S. Census Population	24,705
2020 U.S. Census Population	25,361
Percent of Change 2010 - 2020	2.66%
2024 Estimated Population	25,428

Income and Age Statistics

	The Village	Racine County	State of Wisconsin	United States
2022 per capita income	\$44,793	\$38,288	\$40,130	\$41,261
2022 median household income	\$90,346	\$72,658	\$72,458	\$75,149
2022 median family income	\$106,538	\$90,539	\$92,974	\$92,646
2022 median gross rent	\$982	\$985	\$992	\$1,268
2022 median value owner occupied units	\$260,400	\$226,500	\$231,400	\$281,900
2022 median age	44.9 yrs.	40.2 yrs.	39.9 yrs.	38.5 yrs.

	State of Wisconsin	United States
Village % of 2022 per capita income	111.62%	108.56%
Village % of 2022 median family income	114.59%	114.99%

Housing Statistics

	<u>The Village</u>		
	2020	2022	Percent of Change
All Housing Units	10,667	10,653	-0.13%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center (https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx) and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Year	<u>Average Employment</u>		<u>Average Unemployment</u>		
	Racine County	The Village	Racine County	The Village	State of Wisconsin
2020	91,061	12,735	7.4%	6.5%	6.4%
2021	93,931	13,136	4.8%	3.6%	3.9%
2022	95,384	13,339	3.5%	2.9%	2.9%
2023 ¹	96,372	13,478	3.6%	2.9%	3.0%
2024, September ¹	97,892	13,690	2.9%	2.5%	2.5%

Source: *Wisconsin Department of Workforce Development.*

¹ Preliminary.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the Village's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The Village has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Official Statement, nor has the Village requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the Village since the date of the financial statements, in connection with the issuance of the Notes, the Village represents that there have been no material adverse changes in the financial position or results of operations of the Village, nor has the Village incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

VILLAGE OF CALEDONIA, WISCONSIN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

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INDEPENDENT AUDITORS' REPORT

Village Board
Village of Caledonia, Wisconsin
Caledonia, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Caledonia, Wisconsin (the Village), as of and for the year ended December 31, 2023, 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, 2023, 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 listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

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

Other Information


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

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

Village Board
Village of Caledonia, Wisconsin

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2024, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 12, 2024

BASIC FINANCIAL STATEMENTS

VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 29,215,854	\$ 3,840,152	\$ 33,056,006
Receivables, Net	26,227,429	6,411,773	32,639,202
Internal Balances	(1,312,112)	1,312,112	-
Prepaid Expenses	355,999	8,938	364,937
Unamortized Sewer Capacity	-	25,301,080	25,301,080
Restricted Assets:			
Cash and Cash Equivalents	-	4,922,755	4,922,755
Capital Assets:			
Land and Land Improvements	1,066,376	57,223	1,123,599
Intangible Assets - Land Easements	73,000	-	73,000
Construction in Process	14,881,595	2,038,552	16,920,147
Other Capital Assets	131,770,270	193,129,977	324,900,247
Intangible Assets - Infrastructure	8,827,186	-	8,827,186
Less: Accumulated Depreciation\Amortization	(71,453,052)	(51,861,099)	(123,314,151)
Total Assets	139,652,545	185,161,463	324,814,008
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts Related to Pension	16,889,880	1,437,552	18,327,432
Deferred Amounts Related to OPEB Retiree Medical Insurance	2,192,928	186,809	2,379,737
Deferred Amounts Related to OPEB Retiree Life Insurance	265,034	22,564	287,598
Loss on Refunding	-	94,058	94,058
Total Deferred Outflows of Resources	19,347,842	1,740,983	21,088,825
LIABILITIES			
Accounts Payable and Accrued Expenses	4,417,538	1,666,877	6,084,415
Accrued Interest Payable	847,954	154,160	1,002,114
Deposits	420,198	-	420,198
Unearned Grant Revenues	2,645,708	-	2,645,708
Liabilities Payable from Restricted Assets:			
Current Portion of Revenue Bonds	-	2,045,954	2,045,954
Accrued Interest	-	174,129	174,129
Noncurrent Liabilities:			
Pension Liability	4,542,701	386,746	4,929,447
Net OPEB - Retiree Medical Insurance	6,806,214	579,802	7,386,016
OPEB - Retiree Life Insurance	596,997	50,825	647,822
Due Within One Year	7,834,842	875,884	8,710,726
Due in More Than One Year	79,216,655	63,163,823	142,380,478
Total Liabilities	107,328,807	69,098,200	176,427,007

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2023**

	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Subsequent Year Tax Levy	\$ 21,172,498	\$ 359,478	\$ 21,531,976
Deferred Amounts Related to Special Assessments	-	-	-
Deferred Amounts Related to Leases	-	319,289	319,289
Deferred Amounts Related to Pension	9,570,941	814,829	10,385,770
Deferred Amounts Related to OPEB Retiree Medical Insurance	983,707	83,801	1,067,508
Deferred Amounts Related to OPEB Retiree Life Insurance	483,048	41,125	524,173
Total Deferred Inflows of Resources	32,210,194	1,618,522	33,828,716
NET POSITION			
Net Investment in Capital Assets	5,123,053	101,947,816	107,070,869
Restricted:			
Economic Development	1,235,434	-	1,235,434
Debt Service	2,709,386	4,088,442	6,797,828
Impact Fees	492,286	-	492,286
Donations and Grants	257,707	-	257,707
Equipment Replacement	-	660,184	660,184
Unrestricted	9,643,520	9,489,282	19,132,802
Total Net Position	\$ 19,461,386	\$ 116,185,724	\$ 135,647,110

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF CALEDONIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 3,169,433	\$ 1,536,574	\$ -	\$ -	\$ (1,632,859)	\$ -	\$ (1,632,859)
Public Safety	13,753,910	2,114,458	98,403	-	(11,541,049)	-	(11,541,049)
Public Works	8,763,248	1,371,010	1,443,565	-	(5,948,673)	-	(5,948,673)
Health and Human Services	192,464	117,112	-	-	(75,352)	-	(75,352)
Culture, Education, and Recreation	37,014	60,450	-	-	23,436	-	23,436
Economic Development and Assistance	4,817,266	270,170	43,126	-	(4,503,970)	-	(4,503,970)
Interest and Fiscal Charges	2,773,181	-	-	-	(2,773,181)	-	(2,773,181)
Total Governmental Activities	33,506,516	5,469,774	1,585,094	-	(26,451,648)	-	(26,451,648)
Business-Type Activities:							
Sewer Utility	7,351,763	8,175,177	-	6,550	-	829,964	829,964
Water Utility	4,901,913	4,279,429	-	179,887	-	(442,597)	(442,597)
Stormwater Utility	1,319,393	1,073,835	-	-	-	(245,558)	(245,558)
Total business-type activities	13,573,069	13,528,441	-	186,437	-	141,809	141,809
Total	\$ 47,079,585	\$ 18,998,215	\$ 1,585,094	\$ 186,437	(26,451,648)	141,809	(26,309,839)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					12,850,765	552,808	13,403,573
Property Taxes, Levied for Debt Services					3,102,616	-	3,102,616
Property Taxes, Levied for Tax Increment Districts					1,324,488	-	1,324,488
Intergovernmental Revenues not Restricted to Specific Programs					1,084,563	-	1,084,563
Investment Income					1,997,204	311,177	2,308,381
Gain on the Sale of Capital Assets					852,892	-	852,892
Miscellaneous					1,475,296	206,310	1,681,606
Total General Revenues					22,687,824	1,070,295	23,758,119
Transfers					(7,707,953)	7,707,953	-
CHANGE IN NET POSITION					(11,471,777)	8,920,057	(2,551,720)
Net Position - Beginning of Year					30,933,163	107,265,667	138,198,830
NET POSITION - END OF YEAR					\$ 19,461,386	\$ 116,185,724	\$ 135,647,110

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF CALEDONIA, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Tax Increment District No. 4	Tax Increment District No. 5	Nonmajor Governmental Funds	Total
ASSETS							
Cash and Investments	\$ 11,148,255	\$ 1,499,456	\$ 7,327,059	\$ 4,780,853	\$ 30,005	\$ 4,430,226	\$ 29,215,854
Receivables:							
Property Taxes	9,143,883	2,579,016	721,230	990,750	57,746	330,718	13,823,343
Special Assessments	-	30,996	-	1,110,296	-	-	1,141,292
Special Charges	69,406	-	-	-	-	1,785,098	1,854,504
Accounts Receivable	1,986,151	-	-	-	-	-	1,986,151
Notes Receivable	-	3,422,139	-	-	4,000,000	-	7,422,139
Due From Other Funds	1,839,487	-	-	-	-	-	1,839,487
Advance to Other Funds	-	3,500,000	-	534,591	-	-	4,034,591
Prepaid Expenses	355,999	-	-	-	-	-	355,999
Total Assets	\$ 24,543,181	\$ 11,031,607	\$ 8,048,289	\$ 7,416,490	\$ 4,087,751	\$ 6,546,042	\$ 61,673,360
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 640,583	\$ -	\$ 1,930,582	\$ 44,199	\$ 741,219	\$ 177,404	\$ 3,533,987
Accrued Payroll	842,852	-	-	-	-	-	842,852
Accrued Liabilities	4,200	-	-	-	-	36,499	40,699
Due to Other Funds	-	-	-	-	388,175	1,451,312	1,839,487
Advance From Other Funds	-	-	-	3,500,000	1,105,000	741,703	5,346,703
Unearned Grant Revenues	-	-	-	-	-	2,645,708	2,645,708
Deposits	420,198	-	-	-	-	-	420,198
Total Liabilities	1,907,833	-	1,930,582	3,544,199	2,234,394	5,052,626	14,669,634
DEFERRED INFLOWS OF RESOURCES							
Subsequent Year Tax Levy	13,964,012	3,974,267	1,111,300	1,526,561	87,751	508,607	21,172,498
Unavailable Revenue - Special Assessments	-	30,996	-	1,110,296	-	-	1,141,292
Unavailable Revenue - Notes Receivable	-	3,422,139	-	-	4,000,000	-	7,422,139
Total Deferred Inflows of Resources	13,964,012	7,427,402	1,111,300	2,636,857	4,087,751	508,607	29,735,929
FUND BALANCES (DEFICIT)							
Nonspendable	355,999	-	-	-	-	-	355,999
Restricted	-	3,604,205	5,006,407	1,235,434	-	749,993	10,596,039
Committed	11,265	-	-	-	-	480,979	492,244
Assigned	-	-	-	-	-	634,634	634,634
Unassigned	8,304,072	-	-	-	(2,234,394)	(880,797)	5,188,881
Total Fund Balances (Deficit)	8,671,336	3,604,205	5,006,407	1,235,434	(2,234,394)	984,809	17,267,797
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 24,543,181	\$ 11,031,607	\$ 8,048,289	\$ 7,416,490	\$ 4,087,751	\$ 6,546,042	\$ 61,673,360

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF CALEDONIA, WISCONSIN
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Total fund balances - governmental funds	\$	17,267,797
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		1,066,376
Intangible assets - land easements		73,000
Construction in progress		14,881,595
Other capital assets		131,770,270
Intangible assets - infrastructure		8,827,186
Less: accumulated depreciation		(71,453,052)
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		1,141,292
Long-term receivables		7,422,139
Long-term assets and deferred outflows of resources are not related to the current period and, therefore, are not reported in the funds.		
Deferred outflows related to pension		16,889,880
Deferred outflows related to OPEB retiree medical insurance		2,192,928
Deferred outflows related to OPEB retiree life insurance		265,034
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		(84,163,874)
Premium on long-term debt		(2,661,655)
Compensated absences		(225,968)
Accrued interest		(847,954)
Net pension liability		(4,542,701)
OPEB liability - retiree medical insurance		(6,806,214)
Net OPEB liability - retiree life insurance		(596,997)
Deferred inflows related to pension		(9,570,941)
Deferred inflows related to OPEB - retiree medical insurance		(983,707)
Deferred inflows related to OPEB - retiree life insurance		(483,048)
NET POSITION OF GOVERNMENT ACTIVITIES	\$	19,461,386

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Tax Increment District No. 4	Tax Increment District No. 5	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 11,960,415	\$ 3,102,616	\$ 890,350	\$ 858,219	\$ 71,142	\$ 395,127	\$ 17,277,869
Intergovernmental	2,559,190	-	-	12,589	-	97,878	2,669,657
Licenses and Permits	1,346,720	-	-	-	-	-	1,346,720
Fines, Forfeitures and Penalties	384,528	-	-	-	-	1,138	385,666
Public Charges for Services	1,604,692	393,958	-	270,170	-	1,855,346	4,124,166
Intergovernmental Charges for Services	494,022	-	-	-	-	-	494,022
Investment and Interest Income	1,147,477	259,057	463,836	53,647	599	72,588	1,997,204
Miscellaneous	154,366	68,310	-	-	-	858,662	1,081,338
Total Revenues	19,651,410	3,755,631	1,422,496	1,194,625	71,741	3,280,739	29,376,642
EXPENDITURES							
Current:							
General Government	2,933,495	-	-	-	-	-	2,933,495
Public Safety	11,847,518	-	-	-	-	233,120	12,080,638
Public Works	2,590,399	-	-	-	-	1,922,067	4,512,466
Health and Human Services	15,600	-	-	-	-	7,356	22,956
Economic Development and Assistance	374,072	-	-	59,880	2,844,363	17,911	3,296,226
Capital Outlay	-	-	21,165,392	1,496,728	21,858	5,885	22,689,863
Debt Service:							
Principal	-	2,367,720	-	371,442	302,280	191,840	3,233,282
Interest and Fiscal Charges	-	1,347,168	23,423	1,221,610	75,263	114,428	2,781,892
Total Expenditures	17,761,084	3,714,888	21,188,815	3,149,660	3,243,764	2,492,607	51,550,818
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,890,326	40,743	(19,766,319)	(1,955,035)	(3,172,023)	788,132	(22,174,176)
OTHER FINANCING SOURCES (USES)							
Proceeds From the Issuance of Long-Term Debt	-	-	920,000	3,510,000	1,705,000	-	6,135,000
Premium on Long-Term Debt Issued	-	-	47,351	181,342	87,975	-	316,668
Proceeds From the Sale of Capital Assets	-	-	27,900	-	996,892	-	1,024,792
Transfer In	185,320	-	-	1,000,000	-	-	1,185,320
Transfer Out	-	(1,000,000)	-	-	-	(185,320)	(1,185,320)
Total Other Financing Sources (Uses)	185,320	(1,000,000)	995,251	4,691,342	2,789,867	(185,320)	7,476,460
NET CHANGE IN FUND BALANCES	2,075,646	(959,257)	(18,771,069)	2,736,307	(382,156)	602,812	(14,697,716)
Fund Balances - Beginning of Year	6,595,690	4,563,462	23,777,475	(1,500,873)	(1,852,238)	381,997	31,965,513
FUND BALANCES - END OF YEAR	\$ 8,671,336	\$ 3,604,205	\$ 5,006,407	\$ 1,235,434	\$ (2,234,394)	\$ 984,809	\$ 17,267,797

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF CALEDONIA, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net change in fund balances-total governmental funds \$ (14,697,716)

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	22,689,863
Capital outlay expenditures not capitalized in the statement of net position	(2,384,380)
Construction in process transferred to the Village's Utilities	(7,707,953)
Difference between proceeds from the sale of capital assets and gain (loss) on the sale of capital assets	(255,674)
Depreciation and amortization	(3,839,867)

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

Special assessments	26,065
Long-term receivable	(441,571)
Other receivables	(71,336)

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

Repayment of debt principal	3,233,282
Long-term debt issued	(6,135,000)

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

Compensated absences	(28,053)
Accrued interest on debt	(160,408)
OPEB activity - retiree medical insurance	(204,210)
OPEB activity - retiree life insurance	(52,130)
Pension activity	(1,295,140)

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	(316,668)
Amortization of debt premium and discount	169,119

Change in net position of governmental activities \$ (11,471,777)

**VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023**

	Business-type Activities - Enterprise			Totals
	Sewer Utility	Water Utility	Nonmajor Stormwater Utility	
ASSETS				
Current:				
Cash and Investments	\$ 3,559,366	\$ -	\$ 280,786	\$ 3,840,152
Accounts Receivable	2,261,873	1,089,376	-	3,351,249
Leases Receivable	-	8,097	-	8,097
Tax Roll Receivable:				
Tax Levy	233,027	-	-	233,027
Special Charges on the Tax Roll	-	-	1,058,883	1,058,883
Special Assessments on Tax Roll	-	20,159	177,358	197,517
Delinquent Receivables on Tax Roll	733,148	375,390	-	1,108,538
Due From Other Funds	976,600	-	-	976,600
Prepaid Expenses	2,077	2,618	4,243	8,938
Total Current Assets	<u>7,766,091</u>	<u>1,495,640</u>	<u>1,521,270</u>	<u>10,783,001</u>
Noncurrent Assets:				
Restricted Assets				
Cash and Investments	3,878,650	1,044,105	-	4,922,755
Capital Assets:				
Land and Land Improvements	34,764	22,459	-	57,223
Construction in Progress	1,681,839	322,374	34,339	2,038,552
Other Capital Assets	112,411,337	58,023,038	22,695,602	193,129,977
Less: Accumulated Depreciation	(28,247,128)	(13,872,754)	(9,741,217)	(51,861,099)
Other Assets:				
Advance From Other Funds	1,105,000	207,112	-	1,312,112
Unamortized Sewer Capacity	25,301,080	-	-	25,301,080
Leases Receivable	-	324,412	-	324,412
Special Assessments	4,688	125,362	-	130,050
Total Noncurrent Assets	<u>116,170,230</u>	<u>46,196,108</u>	<u>12,988,724</u>	<u>175,355,062</u>
Total Assets	<u>123,936,321</u>	<u>47,691,748</u>	<u>14,509,994</u>	<u>186,138,063</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amounts Related to Pension	493,459	480,675	463,418	1,437,552
Deferred Amounts Related to OPEB - Retiree Life Insurance	7,800	7,550	7,214	22,564
Deferred Amounts Related to OPEB - Retiree Health Insurance	64,491	62,587	59,731	186,809
Loss on Refunding	39,229	54,829	-	94,058
Total Deferred Outflows of Resources	<u>604,979</u>	<u>605,641</u>	<u>530,363</u>	<u>1,740,983</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2023**

	Business-type Activities - Enterprise			
	Sewer Utility	Water Utility	Nonmajor Stormwater Utility	Totals
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 715,835	\$ 892,655	\$ 58,387	\$ 1,666,877
Accrued Interest	154,160	-	-	154,160
Due to Other Funds	-	976,600	-	976,600
Current Portion of Compensated Absences	5,004	5,004	-	10,008
Current Portion of General Obligation Debt	285,000	-	-	285,000
Current Portion of Clean Water Fund Loans	580,876	-	-	580,876
Liabilities Payable From Restricted Assets				
Current Portion of Revenue Bonds	1,355,954	690,000	-	2,045,954
Accrued Interest	121,670	52,459	-	174,129
Total Current Liabilities	<u>3,218,499</u>	<u>2,616,718</u>	<u>58,387</u>	<u>5,893,604</u>
Noncurrent Liabilities:				
Long-Term Debt:				
General Obligation	2,560,000	-	-	2,560,000
Revenue Bonds	25,179,459	11,433,618	-	36,613,077
Clean Water Fund Loans	23,986,964	-	-	23,986,964
Unamortized Premium	-	-	-	-
Long-Term Portion of Compensated Absences	1,891	1,891	-	3,782
Net Pension Liability	133,696	129,399	123,651	386,746
Total OPEB Liability - Retiree Medical Insurance	200,161	194,252	185,389	579,802
Net OPEB Liability - Retiree Life Insurance	17,570	17,005	16,250	50,825
Total Noncurrent Liabilities	<u>52,079,741</u>	<u>11,776,165</u>	<u>325,290</u>	<u>64,181,196</u>
Total Liabilities	<u>55,298,240</u>	<u>14,392,883</u>	<u>383,677</u>	<u>70,074,800</u>
DEFERRED INFLOWS OF RESOURCES				
Subsequent Years Tax Levy	359,478	-	-	359,478
Deferred Amounts Related to Leases	-	319,289	-	319,289
Deferred Amounts Related to Pension	281,682	272,629	260,518	814,829
Deferred Amounts Related to OPEB - Retiree Life Insurance	28,931	28,076	26,794	83,801
Deferred Amounts Related to OPEB Retiree Life Insurance	14,217	13,760	13,148	41,125
Total Deferred Inflows of Resources	<u>684,308</u>	<u>633,754</u>	<u>300,460</u>	<u>1,618,522</u>
NET POSITION				
Net Investment in Capital Assets	56,520,271	32,422,444	12,987,141	101,929,856
Restricted:				
Debt Service	3,096,796	991,646	-	4,088,442
Equipment Replacement	660,184	-	-	660,184
Unrestricted	8,281,501	(143,338)	1,369,079	9,507,242
TOTAL NET POSITION	<u>\$ 68,558,752</u>	<u>\$ 33,270,752</u>	<u>\$ 14,356,220</u>	<u>\$ 116,185,724</u>

See accompanying Notes to Basic Financial Statements.

VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Business-type Activities - Enterprise			Totals
	Sewer Utility	Water Utility	Nonmajor Stormwater Utility	
OPERATING REVENUES				
Public Charges for Services	\$ 8,175,177	\$ 4,279,429	\$ 1,073,835	\$ 13,528,441
OPERATING EXPENSES				
Operation and Maintenance	3,536,061	3,509,589	809,178	7,854,828
Depreciation	1,967,886	1,029,102	489,210	3,486,198
Amortization Expense	341,906	-	-	341,906
Taxes	16,610	19,051	21,005	56,666
Total Operating Expenses	<u>5,862,463</u>	<u>4,557,742</u>	<u>1,319,393</u>	<u>11,739,598</u>
OPERATING INCOME (LOSS)	2,312,714	(278,313)	(245,558)	1,788,843
NONOPERATING REVENUES (EXPENSES)				
Property Taxes Levied	552,808	-	-	552,808
Interest Income	239,029	51,338	20,810	311,177
Interest Expense	(1,489,300)	(344,171)	-	(1,833,471)
Miscellaneous	110,958	92,514	2,838	206,310
Total Nonoperating Revenues (Expenses)	<u>(586,505)</u>	<u>(200,319)</u>	<u>23,648</u>	<u>(763,176)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,726,209	(478,632)	(221,910)	1,025,667
CAPITAL CONTRIBUTIONS				
Impact Fees	-	75,950	-	75,950
Special Assessments	6,550	103,937	-	110,487
Contributed Capital	2,344,697	1,581,190	3,782,066	7,707,953
Total Capital Contributions	<u>2,351,247</u>	<u>1,761,077</u>	<u>3,782,066</u>	<u>7,894,390</u>
CHANGE IN NET POSITION	4,077,456	1,282,445	3,560,156	8,920,057
Net Position - Beginning of Year	<u>64,481,296</u>	<u>31,988,307</u>	<u>10,796,064</u>	<u>107,265,667</u>
NET POSITION - END OF YEAR	<u>\$ 68,558,752</u>	<u>\$ 33,270,752</u>	<u>\$ 14,356,220</u>	<u>\$ 116,185,724</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF CALEDONIAS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Business-type Activities - Enterprise			Totals
	Sewer Utility	Water Utility	Nonmajor Stormwater Utility	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from Customers	\$ 8,045,034	\$ 4,250,108	\$ 1,056,494	\$ 13,351,636
Paid to Suppliers for Goods and Services	(3,440,888)	(3,547,614)	(385,225)	(7,373,727)
Paid to Employees for Services	(385,661)	(416,260)	(429,182)	(1,231,103)
Net Cash Provided (Used) by Operating Activities	4,218,485	286,234	242,087	4,746,806
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes	465,291	-	-	465,291
Payments From (to) Other Funds	(976,600)	1,011,600	-	35,000
Miscellaneous	110,958	78,107	2,838	191,903
Net Cash Provided (Used) by Noncapital Financing Activities	(400,351)	1,089,707	2,838	692,194
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(2,859,983)	(1,539,491)	(385,517)	(4,784,991)
Debt Retired	(1,929,598)	(559,200)	-	(2,488,798)
Interest and Other Fiscal Charges Paid	(1,539,668)	(371,615)	-	(1,911,283)
Special Assessments Received	9,211	105,650	41,212	156,073
Net Cash Used by Capital and Related Financing Activities	(6,320,038)	(2,288,706)	(344,305)	(8,953,049)
CASH FLOWS FROM INVESTING ACTIVITIES				
Lease Receipts	-	7,854	-	7,854
Investment Income	239,029	51,338	20,810	311,177
Net Cash Provided (Used) by Investing Activities	239,029	59,192	20,810	319,031
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,262,875)	(853,573)	(78,570)	(3,195,018)
Cash and Cash Equivalents - Beginning of Year	9,700,891	1,897,678	359,356	11,957,925
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,438,016</u>	<u>\$ 1,044,105</u>	<u>\$ 280,786</u>	<u>\$ 8,762,907</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Business-type Activities - Enterprise			Totals
	Sewer Utility	Water Utility	Nonmajor Stormwater Utility	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 2,312,714	\$ (278,313)	\$ (245,558)	\$ 1,788,843
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation	1,967,886	1,029,102	489,210	3,486,198
Amortization	341,906	-	-	341,906
Increase (Decrease) in Assets:				
Accounts Receivable	(130,143)	(29,321)	-	(159,464)
Special Charges Receivable	-	-	(17,341)	(17,341)
Prepaid Expenses	-	(275)	-	(275)
(Increase) Decrease in Liabilities				
Accounts Payable	(329,466)	(482,773)	(48,761)	(861,000)
OPEB Activity	151,066	155,059	182,577	488,702
Pension Activity	(95,496)	(107,263)	(118,040)	(320,799)
Accrued Expenses	18	18	-	36
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,218,485</u>	<u>\$ 286,234</u>	<u>\$ 242,087</u>	<u>\$ 4,746,806</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and Investments	\$ 3,559,366	\$ -	\$ 280,786	\$ 3,840,152
Restricted Cash and Cash Equivalents	<u>3,878,650</u>	<u>1,044,105</u>	<u>-</u>	<u>4,922,755</u>
CASH AND CASH EQUIVALENTS	<u>\$ 7,438,016</u>	<u>\$ 1,044,105</u>	<u>\$ 280,786</u>	<u>\$ 8,762,907</u>
NONCASH ACTIVITY				
Capital assets contributed from the Tax Increment Districts	<u>\$ 2,344,697</u>	<u>\$ 1,581,190</u>	<u>\$ 3,782,066</u>	<u>\$ 7,707,953</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023**

	Tax Collection Custodial Fund
ASSETS	
Cash and Investments	\$ 13,871,068
Taxes Receivable	25,603,336
Total Assets	39,474,404
LIABILITIES	
Due to Other Governments	13,871,068
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	25,603,336
NET POSITION	
Restricted for Tax Collections	\$ -

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF CALEDONIA, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Tax Collection Custodial Fund
ADDITIONS	
Taxes and Special Charges Collected	\$ 26,737,935
DEDUCTIONS	
Payments to Other Taxing Jurisdictions	26,737,935
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	-
NET POSITION - END OF YEAR	\$ -

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

A. Reporting Entity

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

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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.

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

The Village reports the following major governmental funds:

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

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

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

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

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

The Village reports the following major enterprise funds:

Sewer Utility - accounts for operations of the sewer system.

Water Utility - accounts for operations of the water system.

The Village reports the following nonmajor governmental funds:

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

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

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

Tax Increment District No. 1

Tax Increment District No. 3

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

The Village reports the following nonmajor enterprise funds:

Stormwater Utility - accounts for operations of the stormwater system.

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

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

Government-Wide Financial Statements

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

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers taxes, special assessments, licenses and permits, and public charges for services revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Village considers intergovernmental revenues to be available if they are collected within 90 days of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, pension expenditures, and other postemployment benefits, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

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

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

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

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

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

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

All Financial Statements

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

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

Deposits and Investments

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments (Continued)

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

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

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

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 - 2023 tax roll:

Lien date and levy date	December 2023
Tax bills mailed	December 2023
Payment in full, or	January 31, 2024
First installment due	January 31, 2024
Second installment due	July 31, 2024
Personal property taxes in full	January 31, 2024
Tax deed - 2023 delinquent real estate taxes	October 2026

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

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

Lease Receivable

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

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

Prepaid Items

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Sewer Capacity

The asset relating to the sewer capacity include project costs incurred in connection with the Village's cost sharing arrangement with the Village's cost sharing arrangement with the Village of Mt. Pleasant, Wisconsin for additional sewer capacity. These costs have been recorded as an asset due to the benefit which will result from the inclusion of these costs in future rate structures. These costs are deferred and amortized over the term of the related debt issues.

Restrict Assets

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

Capital Assets

Government-Wide Statements

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

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

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

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (Continued)

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

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

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

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.

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pensions

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

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

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

Other Postemployment Benefits

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

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

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

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Subscription-Based Information Technology (SBITA)

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

Long-Term Obligations

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

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

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

Claims and Judgments

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position and Fund Balance Classifications

Government-Wide Statements

Net Position is classified in three components:

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

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

Fund Statements

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

- a. Not in spendable form; or
- b. Legally or contractually required to be maintained intact.

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

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position and Fund Balance Classifications (Continued)

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

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

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

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

E. Adoption of New Accounting Standards

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires not disclosures regarding a SBITA.

The Village adopted the requirements of the guidance effective January 1, 2023 and has applied the provisions of this standard to the beginning of the period of adoption.

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023:

General Fund:	
Public Safety	\$28,652

B. Deficit Balances

Accounting principles generally accepted in the United States of America require disclosure of individual funds that have deficit balances at year-end. As of December 31, 2023, the following individual funds held a deficit balance:

Fund	Amount	Reason
Capital Projects Funds		
Tax Increment District No. 1	\$ (531,502)	Long-Term Deficit Due to Expenditures Exceeding Revenues
Tax Increment District No. 3	(349,295)	Long-Term Deficit Due to Expenditures Exceeding Revenues
Tax Increment District No. 5	(2,234,394)	Long-Term Deficit Due to Expenditures Exceeding Revenues
Total Deficit Fund Balance	<u>\$ (3,115,191)</u>	

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS

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

	Carrying Value	Financial Institution Balances	Risks
Governmental and Fiduciary Activities			
Petty Cash	\$ 800	\$ -	N/A
Deposits:			
Demand Deposits	22,821,436	22,769,421	Custodial Credit Risk
Time and Savings	4,277,413	4,277,413	Custodial Credit Risk
Certificates of Deposits	1,239,713	1,239,713	Custodial Credit Risk
Total Deposits	<u>\$ 28,338,562</u>	<u>\$ 28,286,547</u>	
Investments:			
Local Government Investment			
Pool (LGIP)	\$ 14,282,285	\$ 14,282,285	Interest Rate Risk and Credit Risk
U.S. Agencies	673,462	673,462	Interest Rate Risk and Credit Risk
U.S. Treasuries	8,206,247	8,206,247	Interest Rate Risk and Credit Risk
Cash Management Series	179	179	Custodial Credit Risk
Investment Class	348,294	348,294	Custodial Credit Risk
Total Investments	<u>23,510,467</u>	<u>23,510,467</u>	
Total Deposits and Investments	<u>\$ 51,849,829</u>	<u>\$ 51,797,014</u>	
Reconciliation to Financial Statements			
Per Statement of Net Position:			
Unrestricted Cash and Investments	\$ 33,056,006		
Restricted Cash and Investments	4,922,755		
Per Statement of Fiduciary Net Position - Custodial Fund	<u>13,871,068</u>		
Total Deposits and Investments	<u>\$ 51,849,829</u>		

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

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution and the LGIP above the applicable insurance coverage provided by the FDIC. Although the fund had reserves available at December 31, 2023, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund is abolished. This coverage has been considered in computing custodial credit risk.

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village. As of December 31, 2023, \$1,054,676 of the Village's total bank balances of \$28,286,547 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, 2023, none of the Village's investment balance of \$348,473 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, 2023, the Village's investments were as follows:

Investment Type	Carrying Value	Average Maturity (Years)	S&P Rating
Local Government Investment Pool (NAV)	\$ 14,282,285	< 1 Year	Unrated
U.S. Agencies	673,462	< 1 Year	AA+
U.S. Treasuries	6,701,625	< 1 Year	AA+
U.S. Treasuries	1,504,622	< 1 Year	A-1+
Cash Management Series	179	Not applicable	Not applicable
Investment Class	348,294	Not applicable	Not applicable
Total investments	<u>\$ 23,510,467</u>		

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.

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

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

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

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

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

The Village has the following recurring fair value measurements as of December 31, 2023:

- U.S. Agencies of \$673,462 are valued using a matrix pricing model (Level 2 inputs).
- U.S. Treasuries of \$8,206,247 are valued using a matrix pricing model (Level 2 inputs).
- WISC Cash Management Series of \$179 are valued using a matrix pricing model (Level 2 inputs).
- WISC Investment Class of \$348,294 are valued using a matrix pricing model (Level 2 inputs).

Restricted Cash

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

	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Totals</u>
Equipment Replacement Fund	\$ 660,184	\$ -	\$ 660,184
Revenue Bond Debt Service Fund	<u>3,218,466</u>	<u>1,044,105</u>	<u>4,262,571</u>
 Total Restricted Assets - Cash and Investments	 <u>\$ 3,878,650</u>	 <u>\$ 1,044,105</u>	 <u>\$ 4,922,755</u>

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 RECEIVABLES

As of December 31, 2023, the Village has the following governmental activities/fund receivables outstanding:

	General Fund	Debt Service Fund	Capital Projects Fund	Tax Increment District No. 4	Tax Increment District No. 5	Nonmajor Governmental Funds	Total Governmental Activities
Taxes Receivable:							
Property Tax Levy	\$ 9,058,129	\$ 2,579,016	\$ 721,230	\$ 990,750	\$ 57,746	\$ 330,718	\$ 13,737,589
Delinquent Personal Property Taxes	85,754	-	-	-	-	-	85,754
Other Charges	69,406	-	-	-	-	1,785,098	1,854,504
Accounts Receivable	1,986,151	-	-	-	-	-	1,986,151
Special Assessments	-	30,996	-	1,110,296	-	-	1,141,292
Notes Receivable	-	3,422,139	-	-	4,000,000	-	7,422,139
Receivables, Gross	11,199,440	6,032,151	721,230	2,101,046	4,057,746	2,115,816	26,227,429
Allowance for Doubtful Accounts	-	-	-	-	-	-	-
Receivables, Net	<u>\$ 11,199,440</u>	<u>\$ 6,032,151</u>	<u>\$ 721,230</u>	<u>\$ 2,101,046</u>	<u>\$ 4,057,746</u>	<u>\$ 2,115,816</u>	<u>\$ 26,227,429</u>

As of December 31, 2023, the Village has not recorded any allowance related to receivables outstanding for the Sewer, Water, and Stormwater Utility. All receivables are expected to be collected within one year.

During 2021, the Village has issued a note receivable to a developer to support economic development within the Village's Tax Increment District No. 5. The developer has the ability to draw a maximum of \$4,000,000 in principal. The note bears interest at the Village's cost to borrow under the terms of the note payable with Johnson Bank. Principal and interest will be due in a balloon payment on July 8, 2022. On July 29, 2022, the Village and the developer amended the initial loan agreement to extend the due date to July 14, 2023. On July 11, 2023, the Village and the developer amended the second amendment loan agreement to extend the due date to January 15, 2024. On April 9, 2024, the Village and the developer amended the third amendment loan agreement to extend the due date to January 15, 2028. The principal balance as of December 31, 2023 is \$4,000,000.

NOTE 5 DEFERRED INFLOWS OF RESOURCES

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

	Unavailable	Tax Levy	Totals
Property Taxes Receivable for Subsequent Year	\$ -	\$ 21,172,498	\$ 21,172,498
Special Assessments	1,141,292	-	1,141,292
Notes Receivable	7,422,139	-	7,422,139
Total Deferred Inflows of Resources	<u>\$ 8,563,431</u>	<u>\$ 21,172,498</u>	<u>\$ 29,735,929</u>

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 LEASES

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

The Village recognized \$7,549 in interest revenue and \$14,407 in lease revenue totaling \$21,956 of rental income for the year ended December 31, 2023. Total future lease payments to be received under the lease agreement are as follows:

<u>Year Ending December 31,</u>	<u>Lease Receivable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 8,097	\$ 7,369	\$ 15,466
2025	8,281	7,185	15,466
2026	9,640	6,986	16,626
2027	10,254	6,759	17,013
2028	10,487	6,526	17,013
2029-2033	60,950	28,790	89,740
2034-2038	77,694	21,020	98,714
2039-2043	97,380	11,206	108,586
2044-2046	49,726	1,220	50,946
Total	<u>\$ 332,509</u>	<u>\$ 97,061</u>	<u>\$ 429,570</u>

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated:				
Land	\$ 1,210,376	\$ -	\$ 144,000	\$ 1,066,376
Intangible Assets - Land Easements	73,000	-	-	73,000
Construction in Progress	4,922,907	18,950,661	8,991,973	14,881,595
Total Capital Assets, not Being Depreciated	6,206,283	18,950,661	9,135,973	16,020,971
Capital Assets Being Depreciated:				
Buildings	11,877,767	74,866	-	11,952,633
Land Improvements	-	30,690	-	30,690
Machinery and Equipment	11,832,490	1,620,034	204,494	13,248,030
Roads	103,815,583	913,252	-	104,728,835
Bridges	1,810,082	-	-	1,810,082
Intangible Assets	8,827,186	-	-	8,827,186
Total Capital Assets Being Depreciated	138,163,108	2,638,842	204,494	140,597,456
Accumulated Depreciation:				
Buildings	4,104,420	319,561	-	4,423,981
Land Improvements	-	767	-	767
Machinery and Equipment	8,200,629	735,579	92,820	8,843,388
Roads	53,406,669	2,448,368	-	55,855,037
Bridges	674,067	114,912	-	788,979
Intangible Assets	1,320,220	220,680	-	1,540,900
Total Accumulated Depreciation	67,706,005	3,839,867	92,820	71,453,052
Net Capital Assets Being Depreciated	70,457,103	(1,201,025)	111,674	69,144,404
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 76,663,386</u>	<u>\$ 17,749,636</u>	<u>\$ 9,247,647</u>	<u>\$ 85,165,375</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 122,525
Public Safety	503,286
Public Works, Which Includes Depreciation of Infrastructure	3,175,851
Culture, Education, and Recreation	38,205
Total Governmental Activities	<u>\$ 3,839,867</u>

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Business-Type Activities				
Capital Assets not Being Depreciated:				
Land	\$ 57,223	\$ -	\$ -	\$ 57,223
Construction in Progress	13,493,339	4,281,924	15,736,711	2,038,552
Total Capital Assets not Being Depreciated	13,550,562	4,281,924	15,736,711	2,095,775
Capital Assets Being Depreciated:				
Water Treatment Plant	789,800	26,089	-	815,889
Transmission and Distribution Plant	54,316,662	3,372,866	1,275,863	56,413,665
Water General Plant	793,484	-	-	793,484
Storm Sewers	17,787,838	4,733,543	-	22,521,381
Storm Sewer Equipment	81,247	92,974	-	174,221
Collection System Plant	93,870,638	-	-	93,870,638
Collection System Pumping Plant	1,336,367	15,674,871	-	17,011,238
Sewer General Plant	1,529,461	-	-	1,529,461
Total Capital Assets Being Depreciated	170,505,497	23,900,343	1,275,863	193,129,977
Accumulated Depreciation:				
Water Treatment Pplant	567,008	20,941	-	587,949
Transmission and Distribution Pplant	12,943,160	990,586	1,275,863	12,657,883
Water General Plant	609,347	17,575	-	626,922
Storm Sewers	9,246,591	484,952	-	9,731,543
Storm Sewer Equipment	5,416	4,258	-	9,674
Collection System Plant	24,315,890	1,941,053	-	26,256,943
Collection System Pumping Plant	1,114,904	26,833	-	1,141,737
Sewer General Plant	848,448	-	-	848,448
Total Accumulated Depreciation	49,650,764	3,486,198	1,275,863	51,861,099
Net Capital Assets Being Depreciated	120,854,733	20,414,145	-	141,268,878
Total Business-type Activities capital assets, net of accumulated depreciation	\$ 134,405,295	\$ 24,696,069	\$ 15,736,711	\$ 143,364,653

Depreciation expenses was charged to functions as follows:

Business-Type Activities	
Sewer	\$ 1,967,886
Water	1,029,102
Storm Water	489,210
Total Business-Type Activities	\$ 3,486,198

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Due To/From

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Funds - General Fund	Major Governmental Funds - Tax Increment District No. 5	\$ 388,175
Major Proprietary Funds - Sewer Utility	Major Proprietary Funds - Water Utility	976,600
Major Governmental Funds - General Fund	Nonmajor Governmental Funds - Refuse	916,616
	Recycling	392,513
	Tax Increment District No. 3	142,183
		<u>\$ 2,816,087</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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Funds - Debt Service Fund	Major Governmental Funds - Tax Increment District No. 4	\$ 3,500,000
Major Governmental Funds - Tax Increment District No. 4	Nonmajor Governmental Funds - Tax Increment District No. 1	534,591
Proprietary Funds - Sewer Utility	Major Governmental Funds - Tax Increment District No. 5	1,105,000
Proprietary Funds - Water Utility	Nonmajor Governmental Funds - Tax Increment District No. 3	207,112
		<u>\$ 5,346,703</u>

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

Advance To/From (Continued)

The Village's Tax Increment District No. 4 has advanced \$534,591 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 2023 – 2031 until the balance is paid in full.

The Village's Water Utility has advanced \$207,112 to Tax Incremental District No. 3 to assist in funding expenditures of the District. Principal repayments of \$35,000 plus accrued interest on the outstanding balance incurred at a rate of 2.5%, will be transacted in 2023 – 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.

Transfer In/Out

Fund Transferred From	Fund Transferred To	Amount
Major Governmental Funds - Debt Service Fund	Major Governmental Funds - Tax Incremental District No. 4	\$ 1,000,000
Nonmajor Governmental Funds - Parks and Recreation	Major Governmental Funds - General Fund	60,658
Major Governmental Funds - Fire Safer	Major Governmental Funds - General Fund	124,662
	Total Transfers	\$ 1,185,320

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.

The Village closed the parks and recreation special revenue fund and the fire safer special revenue funds during 2023 and the remaining fund balance of \$60,658 and \$124,662, respectively, were transferred to the Village's general fund

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

Transfer In/Out (Continued)

During the year, the Village transferred capital assets constructed by funding from the governmental activities Tax Increment District No. 5 to the business-type activities Sewer Utility, Water Utility and Stormwater Utility in the amounts of \$2,344,697, \$1,581,190, and \$3,782,066, respectively. This transfer is reflected in the statement of activities.

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

NOTE 9 LONG-TERM OBLIGATIONS

As of December 31, 2023, the Village has noncurrent liabilities outstanding for governmental activities purposes of:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt:					
Bonds and Notes Payable - Bonded	\$ 77,225,000	\$ 6,135,000	\$ 3,215,000	\$ 80,145,000	\$ 3,590,000
Note Payable - Direct Borrowings	4,037,156	-	18,282	4,018,874	4,018,874
Debt Premium (Discount)	2,514,106	316,668	169,119	2,661,655	-
Total General Obligation Debt	<u>83,776,262</u>	<u>6,451,668</u>	<u>3,402,401</u>	<u>86,825,529</u>	<u>7,608,874</u>
Other Liabilities:					
Accumulated Sick Leave	135,546	293,274	315,739	113,081	113,081
Accumulated Vacation	12,813	773,521	701,851	84,483	84,483
Accumulated Compensatory Time	49,556	94,278	115,430	28,404	28,404
Total Other Liabilities	<u>197,915</u>	<u>1,161,073</u>	<u>1,133,020</u>	<u>225,968</u>	<u>225,968</u>
 Total Governmental Activities Long-Term Liabilities	 <u>\$ 83,974,177</u>	 <u>\$ 7,612,741</u>	 <u>\$ 4,535,421</u>	 <u>\$ 87,051,497</u>	 <u>\$ 7,834,842</u>

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 LONG-TERM OBLIGATIONS (CONTINUED)

As of December 31, 2023, the Village has noncurrent liabilities outstanding for business-type activities purposes of:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities					
Long-Term Debt:					
General Obligation Debt - Bonded	\$ 3,315,000	\$ -	\$ 470,000	\$ 2,845,000	\$ 285,000
Revenue Debt - Bonded	33,340,000	-	965,000	32,375,000	1,540,000
Revenue Debt - Direct Borrowings	5,555,196	-	493,013	5,062,183	505,954
Subtotal	42,210,196	-	1,928,013	40,282,183	2,330,954
Bond Premium (Discount)	1,295,580	-	73,732	1,221,848	-
Total Long-Term Debt	43,505,776	-	2,001,745	41,504,031	2,330,954
Other liabilities:					
Clean Water Fund Loans - Direct Borrowings	24,821,826	306,799	560,785	24,567,840	580,876
Compensated Absence	13,754	36	-	13,790	10,008
Total Other Liabilities	24,835,580	306,835	560,785	24,581,630	590,884
Total Business-Type Activities					
Long-Term Liabilities	\$ 68,341,356	\$ 306,835	\$ 2,562,530	\$ 66,085,661	\$ 2,921,838

General Obligation Direct Borrowings – New Issue

During 2023, the Village issued general obligation corporate purpose bonds, series 2023A in the amount of \$6,135,00 with interest rates ranging from 4.0% to 5.0%. The Village is required to make principal payments annually on April 1 and interest payments semiannually on April 1 and October 1. The bonds mature serially through April 1, 2043. The proceeds of the bonds will be used to finance the cost of street improvement projects and providing financial assistance to community development projects under section 66.1105, Wisconsin Statutes, by paying project costs included in the project plans for the Village's Tax Incremental Districts No. 4 and No. 5.

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, 2023, was \$173,806,350. Total general obligation debt outstanding at year-end was \$87,008,874.

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 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, 2023, the Village has general obligation debt outstanding for governmental activities purposes of:

Governmental Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2023
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	700,000
General Obligation Bonds	12/4/2014	4/1/2034	2.00-3.25%	8,250,000	7,445,000
State Trust Fund Loan - Direct Borrowing	3/17/2015	3/15/2024	3.25%	150,000	18,874
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	1,670,000
Taxable General Obligation Bonds	10/18/2017	4/1/2037	2.80-3.50%	3,400,000	3,400,000
General Obligation Bonds	10/18/2017	4/1/2037	3.00-3.10%	2,165,000	2,165,000
General Obligation Bonds	11/15/2018	4/1/2038	3.00-4.00%	11,990,000	10,910,000
Promissory Notes	11/26/2019	4/1/2029	2.00%	1,635,000	1,170,000
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	4,225,000
General Obligation Promissory Notes	4/1/2021	4/1/2030	1.00-2.00%	2,880,000	2,000,000
General Obligation Promissory Notes - Direct Borrowing	7/29/2021	7/31/2024	7.13%	4,000,000	4,000,000
General Obligation Promissory Notes	9/20/2022	4/1/2042	4.00-5.00%	24,745,000	23,950,000
General Obligation Corporate Purpose Bonds	5/25/2023	10/1/2043	4.00-5.00%	6,135,000	6,135,000

Total Governmental Activities - General Obligation Debt \$ 84,163,874

The governmental activities general obligation outstanding as of December 31, 2023 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
2024	\$ 3,590,000	\$ 2,940,731	\$ 6,530,731	2024	\$ 4,018,874	\$ 615	\$ 4,019,489
2025	4,490,000	2,719,168	7,209,168	2025	-	-	-
2026	4,795,000	2,560,863	7,355,863	2026	-	-	-
2027	5,115,000	2,391,332	7,506,332	2027	-	-	-
2028	5,380,000	2,211,210	7,591,210	2028	-	-	-
2029-2033	25,690,000	8,256,643	33,946,643	2029-2033	-	-	-
2034-2038	20,735,000	3,858,061	24,593,061	2034-2038	-	-	-
2039-2043	10,350,000	902,843	11,252,843	2039-2043	-	-	-
Total	<u><u>\$ 80,145,000</u></u>	<u><u>\$ 25,840,851</u></u>	<u><u>\$ 105,985,851</u></u>	Total	<u><u>\$ 4,018,874</u></u>	<u><u>\$ 615</u></u>	<u><u>\$ 4,019,489</u></u>

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Debt (Continued)

The business-type activities general obligation outstanding as of December 31, 2023 matures as follows:

Business-Type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2023
Sewer Utility:					
General Obligation Bonds	7/12/2012	5/1/2032	2.00-3.00%	\$ 4,230,000	<u>\$ 2,845,000</u>
Business-Type Activities Subtotal					<u>\$ 2,845,000</u>

The business-type activities general obligation debt outstanding as of December 31, 2023 matures as follows:

Year Ending December 31,	Business-Type Activities General Obligation Debt - Bonded		
	Principal	Interest	Total
2024	\$ 285,000	\$ 74,478	\$ 359,478
2025	290,000	67,648	357,648
2026	295,000	60,334	355,334
2027	305,000	52,531	357,531
2028	315,000	44,159	359,159
2029-2033	1,355,000	81,829	1,436,829
2034-2038	-	-	-
2039-2043	-	-	-
Total	<u>\$ 2,845,000</u>	<u>\$ 380,979</u>	<u>\$ 3,225,979</u>

Revenue Debt

As of December 31, 2023, the Village has revenue debt outstanding for business-type activities purposes of:

Business-Type Activities <u>Revenue Debt</u>	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2023
Water Utility:					
Water and Sewer System Revenue Bonds	10/2/2013	5/1/2030	3.00-4.38%	\$ 5,515,000	\$ 3,550,000
Water and Sewer System Revenue Bonds	7/21/2016	5/1/2036	2.00-3.00%	450,000	310,000
Water and Sewer System Revenue Bonds	10/18/2017	5/1/2037	3.00-3.25%	2,445,000	1,840,000
Water and Sewer System Revenue Bonds	11/26/2019	5/1/2039	2.00-4.00%	1,145,000	975,000
Water and Sewer System Revenue Bonds	9/15/2020	5/1/2040	2.00-3.00%	2,195,000	1,995,000
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					11,745,000
Sewer Utility:					
Clean Water Fund Loan - Direct Borrowing	11/14/2012	5/1/2032	2.63%	9,683,189	5,062,183
Water and Sewer System Revenue Bonds	7/21/2016	5/1/2036	2.00-3.00%	1,910,000	1,340,000
Water and Sewer System Revenue Bonds	10/18/2017	5/1/2037	3.00-3.25%	4,555,000	3,440,000
Water and Sewer System Revenue Bonds	11/26/2019	5/1/2039	2.00-4.00%	3,185,000	2,705,000
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>25,692,183</u>
Business-Type Activities Subtotal					<u>\$ 37,437,183</u>

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Debt (Continued)

The business-type activities revenue debt outstanding as of December 31, 2023 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
2024	\$ 1,540,000	\$ 563,957	\$ 2,103,957	2024	\$ 505,954	\$ 126,242	\$ 632,196
2025	1,580,000	527,169	2,107,169	2025	519,235	112,786	632,021
2026	1,640,000	488,742	2,128,742	2026	532,865	98,977	631,842
2027	1,700,000	448,895	2,148,895	2027	546,853	84,806	631,659
2028	1,775,000	407,188	2,182,188	2028	561,208	70,263	631,471
2029-2033	9,800,000	1,375,609	11,175,609	2029-2033	2,396,068	127,831	2,523,899
2034-2038	9,260,000	430,192	9,690,192	2034-2038	-	-	-
2039-2043	5,080,000	9,225	5,089,225	2039-2043	-	-	-
Total	<u>\$ 32,375,000</u>	<u>\$ 4,250,977</u>	<u>\$ 36,625,977</u>	Total	<u>\$ 5,062,183</u>	<u>\$ 620,905</u>	<u>\$ 5,683,088</u>

Clean Water Fund Loans

The Village, in conjunction with the Village of Mt. Pleasant, Wisconsin entered into an agreement for a sewer expansion project. The Village of Mt. Pleasant, Wisconsin issued Clean Water Fund Loans for which the Village is responsible for repayment of 32.39% of the principal and interest to be repaid. Clean Water Fund Loans at December 31, 2023 consist of the following:

Business-type Activities Racine Clean Water Fund Loans	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2023
Clean Water Fund Loans - Direct Borrowing	5/1/2022	5/1/2051	2.90%	\$ 25,912,000	\$ 24,567,840
Total Business-type Activities Racine Clean Water Fund Loans					<u>\$ 24,567,840</u>

Debt service requirements to maturity are as follows:

Year Ending December 31,	Business-type Activities Racine Clean Water Fund Loans		
	Principal	Interest	Total
2024	\$ 580,876	\$ 704,045	\$ 1,284,921
2025	597,721	686,955	1,284,676
2026	615,055	669,370	1,284,425
2027	632,892	651,274	1,284,166
2028	651,246	632,654	1,283,900
2029-2033	3,550,714	2,864,516	6,415,230
2034-2038	4,096,308	2,311,011	6,407,319
2039-2043	4,725,736	1,672,456	6,398,192
2044-2048	5,451,881	935,799	6,387,680
2049-2053	3,665,411	161,471	3,826,882
Total	<u>\$ 24,567,840</u>	<u>\$ 11,289,551</u>	<u>\$ 35,857,391</u>

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 LONG-TERM OBLIGATIONS (CONTINUED)

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.

Acceleration Clause and Security

The Village's general obligation outstanding notes from direct placements related to governmental activities of \$4,018,874 contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs. The State Trust Fund Loan and Johnson Bank note is secured by the Village's taxing authority.

The Village's revenue bonds from direct placements related to business-type activities of \$5,062,183 contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs. The security for the Village's obligation shall be a pledge of revenues to be derived from the Village's Sewerage System.

The Village's clean water fund loans from direct placements related to business-type activities of \$29,630,023 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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 WISCONSIN RETIREMENT SYSTEM

General Information about the Pension Plan

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

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

General Information about the Pension Plan (Continued)

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

Year Ended December 31,	Core Fund Adjustment	Variable Fund Adjustment
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	-	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

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.

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

General Information about the Pension Plan (Continued)

During the reporting period, the WRS recognized \$1,103,343 in contributions from the employer.

Contribution rates as of December 31, 2023 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including Executives and Elected Officials)	6.50%	6.50%
Protective with Social Security	6.50%	12.00%
Protective without Social Security	6.50%	16.40%

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

At December 31, 2023, the Village reported a liability of \$4,929,447 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2022, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the Net Pension Liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the Village's proportion was 0.09304875%, which was an increase of 0.00001030% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Village recognized pension expense of \$2,498,794.

At December 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 7,851,081	\$ 10,314,558
Changes in Assumptions	969,333	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	8,373,994	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	29,681	71,212
Employer Contributions Subsequent to the Measurement Date	<u>1,103,343</u>	<u>-</u>
Total	<u>\$ 18,327,432</u>	<u>\$ 10,385,770</u>

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

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

The \$1,103,343 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2024. 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>
2024	\$ 281,335
2025	1,414,561
2026	1,441,276
2027	3,701,147
2028	-

Actuarial assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

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

<u>Core Fund Asset Class</u>	Current Asset Allocation Percent	Long-Term Expected Nominal Rate of Return Percent	Long-Term Expected Real Rate of Return Percent
Global Equities	48.00%	7.60%	5.00%
Public Fixed Income	25.00%	5.30%	2.70%
Inflation Sensitive Assets	19.00%	3.60%	1.10%
Real Estate	8.00%	5.20%	2.60%
Private Equity/Debt	15.00%	9.60%	6.90%
Total Core Fund	115.00%	7.40%	4.80%
 <u>Variable Fund Asset Class</u>			
U.S. Equities	70.00%	7.20%	4.60%
International Equities	30.00%	8.10%	5.50%
Total Variable Fund	100.00%	7.70%	5.10%

- (1) Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.
- (2) New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.50%.
- (3) The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range up to 20%.

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

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

Single discount rate. A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05% (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, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the expected long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Village's Proportionate Share of the Net Pension Liability (Asset)	\$ 16,360,674	\$ 4,929,447	\$ (2,934,256)

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

Payables to the Plan

Payables to the WRS as of December 31, 2023 are \$148,026 for the employer and employee portion of the December 2023 required contributions.

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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

General Information about the OPEB Plan

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

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

Employees covered by benefit terms. At December 31, 2023, the following employees were covered by the benefit terms:

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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

General Information about the OPEB Plan (Continued)

Total OPEB Liability

The Village's total OPEB liability of \$7,386,016 was measured as of December 31, 2023, and was determined by an actuarial valuation as January 1, 2024.

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

Valuation Date	January 1, 2024
Measurement Date	December 31, 2023
Inflation	2.25%
Discount Rate	3.26
Healthcare Cost Trend	5.00-9.50%
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, 2024 valuation were based on the results of an actuarial experience study for the period 2015 – 2017 for the Wisconsin Retirement System (WRS).

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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

Total OPEB Liability (Continued)

Retirement Rates

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

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

Termination Rates

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

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

Disability Rates

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

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

Mortality Rates

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2023	\$ 5,911,833
Changes for the Year:	
Service Cost	184,471
Interest on Total OPEB Liability	216,426
Differences Between Expected and Actual Experience	733,504
Effect of Assumption Changes or Inputs	691,928
Benefit Payments	(349,146)
Net Change in Total OPEB Liability	1,477,183
Balance at December 31, 2023	\$ 7,389,016

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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

Changes of Assumptions

The discount rate was updated from 3.72% in 2022 to 3.26% in 2023.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Village, as well as what the Village’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current discount rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB Liability	\$ 8,089,065	\$ 7,386,016	\$ 6,756,169

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 6,617,209	\$ 7,386,016	\$ 8,283,995

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

For the year ended December 31, 2023, the Village recognized OPEB expense of \$591,634. At December 31, 2023, 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	\$ 661,487	\$ 389,729
Changes of Actuarial Assumptions	1,718,250	677,779
Total	\$ 2,379,737	\$ 1,067,508

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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

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

At December 31, 2023, the Village reported deferred outflows and inflows of resources that will be realized as follows:

<u>Year Ending December 31,</u>	<u>Deferred Outflows and Inflows of Resources</u>
2024	\$ 193,738
2025	193,738
2026	193,738
2027	193,738
2028	193,738
Thereafter	343,539

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

General Information about the Other Postemployment Benefits

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

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

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

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

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

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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

General Information about the Other Postemployment Benefits (Continued)

Contribution rates as of December 31, 2023 are:

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

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2022 are as listed below:

Life Insurance				
Member Contribution Rates*				
For the year ended December 31, 2022				
Attained Age	Basic		Supplemental	
Under 30	\$	0.05	\$	0.05
30-34		0.06		0.06
35-39		0.07		0.07
40-44		0.08		0.08
45-49		0.12		0.12
50-54		0.22		0.22
55-59		0.39		0.39
60-64		0.49		0.49
65-69		0.57		0.57

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

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

At December 31, 2023, the Village reported a liability of \$647,822 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. 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, 2022, the Village's proportion was 0.17004000%, which was a decrease of 0.01918300% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Village recognized OPEB expense of \$62,896.

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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

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

At December 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Projected and Actual Experiences	\$ -	\$ 63,400
Changes of Actuarial Assumptions	232,749	382,393
Net Differences Between Projected and Actual Investment Earnings on OPEB Plan Investment	12,157	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	42,692	78,380
Total	<u>\$ 287,598</u>	<u>\$ 524,173</u>

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

<u>Year Ending December 31,</u>	<u>Deferred Outflows and Inflows of Resources</u>
2024	\$ (15,142)
2025	(21,023)
2026	(12,667)
2027	(43,439)
2028	(73,871)
Thereafter	(70,433)
Total	<u>\$ (236,575)</u>

Actuarial Assumptions

The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2022
Measurement Date of Net Pension Liability:	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*:	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Inflation:	3.0%
Seniority/Merit:	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO Index

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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

Actuarial Assumptions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total OPEB Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

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

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2022

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interim Credit	50%	2.45%
U.S. Mortgages	Bloomberg U.S. MBS	50%	2.83%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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

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

Single Discount rate. A single discount rate of 3.76% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.76% as of December 31, 2022. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

Sensitivity of the Village’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Village’s proportionate share of the Net OPEB Liability (Asset) calculated using the discount rate of 3.76%, as well as what the Village’s proportionate share of the Net OPEB Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.76%) or 1-percentage-point higher (4.76%) than the current rate:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
Village's Proportionate Share of the Net OPEB Liability (Asset)	\$ 883,238	\$ 647,822	\$ 467,405

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 13 NET POSITION

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Investment in Capital Assets:			
Land	\$ 1,066,376	\$ 57,223	\$ 1,123,599
Intangible Assets - Land Easements	73,000	-	73,000
Construction in Progress	14,881,595	2,038,552	16,920,147
Other Capital Assets, Net of Accumulated Depreciation	<u>69,144,404</u>	<u>141,268,878</u>	<u>210,413,282</u>
	85,165,375	143,364,653	228,530,028
Less: Related Long-Term Debt outstanding	(82,825,529)	(41,504,036)	(124,329,565)
Less: Related Accounts Payable	(2,049,000)	(6,859)	(2,055,859)
Add: Loss on Refunding	-	94,058	94,058
Add: Unspent Bond Proceeds	<u>4,832,207</u>	<u>-</u>	<u>4,832,207</u>
Total Net Investment in Capital Assets	5,123,053	101,947,816	107,070,869
Restricted:			
Development	1,235,434	-	1,235,434
Debt Service	2,709,386	4,088,442	6,797,828
Donations	170,594	-	170,594
Grants	87,113	-	87,113
Impact Fees	492,286	-	492,286
Equipment Replacement	<u>-</u>	<u>660,184</u>	<u>660,184</u>
Total Restricted	<u>4,694,813</u>	<u>4,748,626</u>	<u>9,443,439</u>
Unrestricted	<u>9,643,520</u>	<u>9,489,282</u>	<u>19,132,802</u>
Total Governmental Activities Net Position	<u>\$ 19,461,386</u>	<u>\$ 116,185,724</u>	<u>\$ 135,647,110</u>

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 14 FUND BALANCE

Governmental Funds

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

	General Fund	Debt Service Fund	Capital Projects	Tax Increment District No. 4	Tax Increment District No. 5	Nonmajor Governmental Funds	Total
Nonspendable:							
Prepaid Items	\$ 355,999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 355,999
Restricted:							
Tax Increment Districts	-	-	-	1,235,434	-	-	1,235,434
Fire Safer Grant	-	-	-	-	-	-	-
Capital Projects	-	-	5,006,407	-	-	-	5,006,407
Donations	-	-	-	-	-	170,594	170,594
Grants	-	-	-	-	-	87,113	87,113
Impact Fees	-	-	-	-	-	492,286	492,286
Debt Service	-	3,604,205	-	-	-	-	3,604,205
Total Restricted	-	3,604,205	5,006,407	1,235,434	-	749,993	10,596,039
Committed:							
Refuse	-	-	-	-	-	110,538	110,538
Recycling	-	-	-	-	-	205,992	205,992
Cemetery	-	-	-	-	-	164,449	164,449
Parks and Recreation	-	-	-	-	-	-	-
HRA/IFSA	11,265	-	-	-	-	-	11,265
Total Committed	11,265	-	-	-	-	480,979	492,244
Assigned:							
Settlement Proceeds	-	-	-	-	-	634,634	634,634
Unassigned	8,304,072	-	-	-	(2,234,394)	(880,797)	5,188,881
Total Fund Balance	<u>\$ 8,671,336</u>	<u>\$ 3,604,205</u>	<u>\$ 5,006,407</u>	<u>\$ 1,235,434</u>	<u>\$ (2,234,394)</u>	<u>\$ 984,809</u>	<u>\$ 17,267,797</u>

NOTE 15 RISK MANAGEMENT

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

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 16 COMMITMENTS AND CONTINGENCIES

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CALEDONIA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
REVENUES - BUDGETARY BASIS				
Taxes	\$ 12,017,497	\$ 12,017,497	\$ 11,960,415	\$ (57,082)
Intergovernmental	2,565,026	2,567,665	2,559,190	(8,475)
Licenses and Permits	1,022,945	1,022,946	1,346,720	323,774
Fines, Forfeitures, and Penalties	390,000	390,000	384,528	(5,472)
Public Charges for Services	1,024,150	1,438,827	1,505,830	67,003
Intergovernmental Charges for Services	532,550	532,550	494,022	(38,528)
Investment and Interest Income	14,550	1,084,103	1,147,477	63,374
Miscellaneous	31,470	31,470	84,300	52,830
Total Revenues - Budgetary Basis	<u>17,598,188</u>	<u>19,085,058</u>	<u>19,482,482</u>	<u>397,424</u>
EXPENDITURES - BUDGETARY BASIS				
General Government	2,855,531	2,988,511	2,825,708	162,803
Public Safety	11,515,330	11,799,667	11,828,319	(28,652)
Public Works	2,733,077	2,716,322	2,590,399	125,923
Health and Human Services	15,600	15,600	15,600	-
Economic Development	478,650	478,650	374,072	104,578
Total Expenditures - Budgetary Basis	<u>17,598,188</u>	<u>17,998,750</u>	<u>17,634,098</u>	<u>364,652</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES - BUDGETARY BASIS	-	1,086,308	1,848,384	762,076
OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS				
Transfer In	-	-	185,320	185,320
Total Other Financing Sources (Uses) - Budgetary Basis	<u>-</u>	<u>-</u>	<u>185,320</u>	<u>185,320</u>
NET CHANGE IN FUND BALANCE - BUDGETARY BASIS	<u>\$ -</u>	<u>\$ 1,086,308</u>	2,033,704	<u>\$ 947,396</u>
Fund Balance - Beginning of Year - Budgetary Basis			<u>6,584,424</u>	
FUND BALANCE - END OF YEAR - BUDGETARY BASIS			8,618,128	
Reconciliation of Budgetary Bases to GAAP:				
Health Reimbursement Account Fund - Beginning Fund Balance			(14,656)	
Health Reimbursement Account Fund - Revenues			70,066	
Health Reimbursement Account Fund - Expenditures			(19,199)	
Flexible Spending Account Fund - Beginning Fund Balance			25,922	
Flexible Spending Account Fund - Revenues			98,862	
Flexible Spending Account Fund - Expenditures			(107,787)	
FUND BALANCE - END OF YEAR - GAAP			<u>\$ 8,671,336</u>	

See accompanying Notes to the Required Supplementary Information.

**VILLAGE OF CALEDONIA, WISCONSIN
 SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHRE OF THE NET PENSION LIABILITY (ASSET)
 SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS
 WISCONSIN RETIREMENT SYSTEM
 DECEMBER 31, 2023**

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 1,103,343	\$ 1,018,821	\$ 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	\$ 1,103,343	\$ 1,018,821	\$ 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	\$ 9,781,506	\$ 9,941,078	\$ 11,625,918	\$ 11,328,364	\$ 10,302,301	\$ 10,049,826	\$ 9,547,134	\$ 8,768,144	\$ 8,412,395	\$ 8,007,763
Contributions as a Percentage of Covered Payroll	11.28%	10.25%	10.01%	9.46%	8.72%	8.89%	8.97%	8.23%	8.39%	8.87%

See accompanying Notes to the Required Supplementary Information.

**VILLAGE OF CALEDONIA, WISCONSIN
SCHEDULE OF CHANGES IN THE VILLAGE'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*
DECEMBER 31, 2023**

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	\$ 184,471	\$ 252,830	\$ 211,185	\$ 208,810	\$ 212,649	\$ 200,873	\$ 203,523
Interest on Total OPEB Liability	213,426	135,124	149,338	155,794	152,248	182,029	173,406
Changes in Benefit Terms	-	-	-	-	-	-	-
Effect of Economic/Demographic Gains (Losses)	-	-	-	-	-	-	-
Effect of Assumption Changes or Inputs	691,928	-	1,641,807	-	43,341	-	-
Differences Between Expected and Actual Benefit Payments	733,504	(876,836)	(590,966)	-	24,999	-	-
	(349,146)	(317,439)	(247,376)	(266,873)	(232,122)	(127,548)	(127,891)
Net Change in Total OPEB Liability	1,474,183	(806,321)	1,163,988	97,731	201,115	255,354	249,038
Total OPEB Liability - Beginning	5,911,833	6,718,154	5,554,166	5,456,435	5,255,320	4,999,966	4,750,928
Total OPEB Liability - Ending	<u>\$ 7,386,016</u>	<u>\$ 5,911,833</u>	<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	\$ 10,185,462	\$ 10,052,662	\$ 11,759,310	\$ 11,897,162	\$ 10,743,844	\$ 9,551,630	\$ 9,364,343
Total OPEB as a Percent of Covered Payroll	<u>73%</u>	<u>59%</u>	<u>57%</u>	<u>47%</u>	<u>51%</u>	<u>55%</u>	<u>53%</u>

See accompanying Notes to the Required Supplementary Information.

**VILLAGE OF CALEDONIA, WISCONSIN
SCHEDULE OF THE VILLAGE'S SHARE OF THE NET OPEB LIABILITY (ASSET)
SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
DECEMBER 31, 2023**

**VILLAGE OF CALEDONIA, WISCONSIN
Schedule of the Village's Proportionate Share of the Net OPEB Liability (Asset)**

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

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

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

See accompanying Notes to the Required Supplementary Information.

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 1 BUDGETARY INFORMATION

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

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

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

The Village exceeded budget in the following functional expenditure categories during the year ended December 31, 2023:

General Fund	
Public Safety	\$ 28,652

NOTE 2 WISCONSIN RETIREMENT SYSTEM - PENSION

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

Changes of Assumptions

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

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 2 WISCONSIN RETIREMENT SYSTEM – PENSION (CONTINUED)

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

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 2 WISCONSIN RETIREMENT SYSTEM – PENSION (CONTINUED)

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

	2022	2021	2020	2019	2018
Valuation Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.0%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	1.9%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 2 WISCONSIN RETIREMENT SYSTEM – PENSION (CONTINUED)

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

	2017	2016	2015	2014	2013
Valuation Date:	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006 - 2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

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

**VILLAGE OF CALEDONIA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 3 RETIREE MEDICAL INSURANCE – OPEB

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

Changes of Assumptions – The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 3.72% to 3.26% for the current year. The underlying index used is the Bond Buyer 20-Bond GO Index as discussed in more detail later in this section. The choice of index is unchanged from the prior year. The rate has been updated to the current Fiscal Year end based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 74 and Statement 75.

Since the Employer does not have a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in the determination of the Total OPEB Liability was also changed from 3.72% to 3.26%.

NOTE 4 LOCAL RETIREE INSURANCE FUND – OPEB

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

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

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

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

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

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

SUPPLEMENTARY INFORMATION

**VILLAGE OF CALEDONIA, WISCONSIN
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	Special Revenue Funds					
	Refuse	Recycling	Memorial Park Cemetery	Parks and Recreation	Equipment Replacement	Fire Safer Grant
ASSETS						
Cash and Investments	\$ -	\$ -	\$ 164,466	\$ -	\$ 37,054	\$ -
Tax Roll Receivable:						
Tax Levy	-	-	-	-	-	-
Other Charges on Tax Roll	1,123,598	661,500	-	-	-	-
Total Assets	<u>\$ 1,123,598</u>	<u>\$ 661,500</u>	<u>\$ 164,466</u>	<u>\$ -</u>	<u>\$ 37,054</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 96,444	\$ 62,995	\$ 17	\$ -	\$ 555	\$ -
Accrued Liabilities	-	-	-	-	36,499	-
Due to Other Funds	916,616	392,513	-	-	-	-
Advance From Other Funds	-	-	-	-	-	-
Unearned Grant Revenues	-	-	-	-	-	-
Total Liabilities	<u>1,013,060</u>	<u>455,508</u>	<u>17</u>	<u>-</u>	<u>37,054</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Subsequent Year Tax Levy	-	-	-	-	-	-
Total Deferred Inflows	-	-	-	-	-	-
FUND BALANCES (DEFICIT)						
Restricted	-	-	-	-	-	-
Committed	110,538	205,992	164,449	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficit)	<u>110,538</u>	<u>205,992</u>	<u>164,449</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,123,598</u>	<u>\$ 661,500</u>	<u>\$ 164,466</u>	<u>\$ -</u>	<u>\$ 37,054</u>	<u>\$ -</u>

**VILLAGE OF CALEDONIA, WISCONSIN
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2023**

CARES Act	Special Revenue Funds				Capital Projects Fund			Total Nonmajor Governmental Funds
	ARPA	Donations	Impact Fees	Increment District No. 1	Increment District No. 3	Tax	Tax	
\$ 254	\$ 2,732,567	\$ 822,621	\$ 492,286	\$ 39,524	\$ 141,454	\$ 4,430,226		
-	-	-	-	68,488	262,230	330,718		
-	-	-	-	-	-	1,785,098		
\$ 254	\$ 2,732,567	\$ 822,621	\$ 492,286	\$ 108,012	\$ 403,684	\$ 6,546,042		
\$ -	\$ -	\$ 17,393	\$ -	\$ -	\$ -	\$ 177,404		
-	-	-	-	-	-	36,499		
-	-	-	-	-	142,183	1,451,312		
-	-	-	-	534,591	207,112	741,703		
-	2,645,708	-	-	-	-	2,645,708		
-	2,645,708	17,393	-	534,591	349,295	5,052,626		
-	-	-	-	104,923	403,684	508,607		
-	-	-	-	104,923	403,684	508,607		
254	86,859	170,594	492,286	-	-	749,993		
-	-	-	-	-	-	480,979		
-	-	634,634	-	-	-	634,634		
-	-	-	-	(531,502)	(349,295)	(880,797)		
254	86,859	805,228	492,286	(531,502)	(349,295)	984,809		
\$ 254	\$ 2,732,567	\$ 822,621	\$ 492,286	\$ 108,012	\$ 403,684	\$ 6,546,042		

ASSETS

Cash and Investments
Tax Roll Receivable:
Tax Levy
Other Charges on Tax Roll

Total Assets

**LIABILITIES, DEFERRED INFLOWS,
AND FUND BALANCES**

LIABILITIES

Accounts Payable
Accrued Liabilities
Due to Other Funds
Advance From Other Funds
Unearned Grant Revenues
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Subsequent Year Tax Levy

Total Deferred Inflows

FUND BALANCES (DEFICIT)

Restricted
Committed
Assigned
Unassigned

Total Fund Balances (Deficit)

Total Liabilities, Deferred Inflows,
and Fund Balances

**VILLAGE OF CALEDONIA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Special Revenue Funds						
	Refuse	Recycling	Memorial Park Cemetery	Parks and Recreation	Equipment Replacement	Fire Safer Grant	
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	67,341	-	-	-	-	-
Fines, Forfeitures, and Penalties	-	-	1,138	-	-	-	-
Public Charges for Services	1,123,597	661,500	18,250	-	-	-	-
Investment and Interest Income	-	-	3,324	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	<u>1,123,597</u>	<u>728,841</u>	<u>22,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Current:							
Public Safety	-	-	-	-	-	-	-
Public Works	1,163,515	758,552	-	-	-	-	-
Health and Human Services	-	-	7,356	-	-	-	-
Economic Development and Assistance	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-
Total Expenditures	<u>1,163,515</u>	<u>758,552</u>	<u>7,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND EXPENDITURES	(39,918)	(29,711)	15,356	-	-	-	-
OTHER FINANCING SOURCES							
Transfers Out	-	-	-	(124,662)	-	(60,658)	(60,658)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(124,662)</u>	<u>-</u>	<u>(60,658)</u>	<u>(60,658)</u>
NET CHANGE IN FUND BALANCES	(39,918)	(29,711)	15,356	(124,662)	-	(60,658)	(60,658)
Fund Balances (Deficit) - Beginning of Year	150,456	235,703	149,093	124,662	-	60,658	60,658
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 110,538</u>	<u>\$ 205,992</u>	<u>\$ 164,449</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**VILLAGE OF CALEDONIA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Special Revenue Funds			Capital Projects Fund			Total Nonmajor Governmental Funds
	CARES Act	ARPA	Donations	Impact Fees	Increment District No. 1	Tax Increment District No. 3	
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 98,012	\$ 297,115	\$ 395,127
Intergovernmental	-	-	-	-	381	30,156	97,878
Fines, Forfeitures, and Penalties	-	-	-	-	-	-	1,138
Public Charges for Services	-	-	-	51,999	-	-	1,855,346
Investment and Interest Income	-	56,945	9,258	-	-	-	72,588
Miscellaneous	-	-	858,662	-	3,061	-	858,662
Total Revenues	-	56,945	867,920	51,999	101,454	327,271	3,280,739
EXPENDITURES							
Current:							
Public Safety	-	-	233,120	-	-	-	233,120
Public Works	-	-	-	-	-	-	1,922,067
Health and Human Services	-	-	-	-	-	-	7,356
Economic Development and Assistance	-	-	-	-	150	17,761	17,911
Capital Outlay	-	-	-	-	1,750	4,135	5,885
Debt Service:							
Principal	-	-	-	-	-	191,840	191,840
Interest and Fiscal Charges	-	-	-	-	25,116	89,312	114,428
Total Expenditures	-	-	233,120	-	27,016	303,048	2,492,607
EXCESS (DEFICIENCY) OF REVENUES AND EXPENDITURES	-	56,945	634,800	51,999	74,438	24,223	788,132
OTHER FINANCING SOURCES							
Transfers Out	-	-	-	-	-	-	(185,320)
Total Other Financing Sources	-	-	-	-	-	-	(185,320)
NET CHANGE IN FUND BALANCES	-	56,945	634,800	51,999	74,438	24,223	602,812
Fund Balances (Deficit) - Beginning of Year	254	29,914	170,428	440,287	(605,940)	(373,518)	381,997
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 254	\$ 86,859	\$ 805,228	\$ 492,286	\$ (531,502)	\$ (349,295)	\$ 984,809

OTHER INFORMATION

**VILLAGE OF CALEDONIA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 1
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES, AND
NET COST TO BE RECOVERD THROUGH TAX INCREMENTS
FROM DATE OF CREATION THROUGH DECEMBER 31, 2023**

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital Expenditures	\$ 150	\$ 1,394,244
Administration	1,750	12,298
Interest and Fiscal Charges	25,116	177,922
Total Project Costs	27,016	1,584,464
PROJECT REVENUES		
Tax Increments	98,012	830,619
Intergovernmental	381	10,759
Investment and Interest Income	3,061	3,945
Premium From Issuance of Long-Term Debt	-	7,639
Total Revenues	101,454	852,962
Net Cost Recoverable Through TIF Increments - December 31, 2023	\$ (74,438)	\$ 731,502

**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, 2023**

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	\$ 98,012	\$ 830,619
Intergovernmental	381	10,759
Investment and Interest Income	3,061	3,945
Premium From the Issuance of Long-Term Debt	-	7,639
Proceeds From Long-Term Debt	-	200,000
Total Sources	101,454	1,052,962
USE OF FUNDS		
Capital Expenditures	150	1,394,244
Administration	1,750	12,298
Interest and Fiscal Charges	25,116	177,922
Principal on Long-Term Debt	-	-
Total Uses	27,016	1,584,464
CHANGE IN FUND BALANCE	74,438	(531,502)
Beginning Fund Balance (Deficit)	(605,940)	-
ENDING FUND BALANCE (DEFICIT)	\$ (531,502)	\$ (531,502)
RECONCILIATION OF RECOVERABLE COSTS		
G.O. Debt		\$ 200,000
Less: Fund Balance		531,502
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2023		\$ 731,502

**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, 2023**

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital Expenditures	\$ 135	\$ 3,865,922
Developer Grants/Incentives	17,611	212,119
Administration	4,150	60,069
Interest and Fiscal Charges	89,312	802,052
Total Project Costs	111,208	4,940,162
PROJECT REVENUES		
Tax Increments	297,115	1,630,835
Intergovernmental	30,156	285,265
Investment Income	-	4,231
Premium From Issuance of Long-Term Debt	-	37,376
Total Revenues	327,271	1,957,707
Net Cost Recoverable Through TIF Increments - December 31, 2023	\$ (216,063)	\$ 2,982,455

**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, 2023**

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	\$ 297,115	\$ 1,630,835
Intergovernmental	30,156	285,265
Investment Income	-	4,231
Premium From the Issuance of Long-Term Debt	-	37,376
Proceeds From Long-Term Debt	-	3,085,000
Total Sources	327,271	5,042,707
USE OF FUNDS		
Capital Expenditures	135	3,865,922
Developers Grants/Incentives	17,611	212,119
Administration	4,150	60,069
Interest and Fiscal Charges	89,312	802,052
Principal	191,840	451,840
Total Uses	303,048	5,392,002
CHANGE IN FUND BALANCE	24,223	(349,295)
Beginning Fund Balance (Deficit)	(373,518)	-
ENDING FUND BALANCE (DEFICIT)	\$ (349,295)	\$ (349,295)
Reconciliation of Recoverable Costs		
G.O. Debt		\$ 2,633,160
Less: Fund Balance		349,295
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2023		\$ 2,982,455

**VILLAGE OF CALEDONIA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 4
HISTORICAL PROJECT COSTS, PROJECT REVENUES AND
NET COST TO BE RECOVERD THROUGH TAX INCREMENTS
FROM DATE OF CREATION THROUGH DECEMBER 31, 2023**

	Year Ended	From Date of Creation
PROECT COSTS		
Capital Expenditures	\$ 1,492,578	\$ 32,076,153
Developer Grants/Incentives	38,597	6,006,646
Administration	25,433	280,139
Transfer Out	-	3,525,000
Interest and Fiscal Charges	1,221,610	8,476,514
Total Project Costs	2,778,218	50,364,452
PROJECT REVENUES		
Tax Increments	858,219	2,950,653
Special Assessments	-	1,403,329
Intergovernmental	12,589	1,374,820
Public Charges for Services	270,170	668,290
Investment Income	53,647	394,688
Miscellaneous	-	2,334
Transfer In	1,000,000	5,500,000
Premium From Issuance of Long-Term Debt	181,342	1,394,711
Total Revenues	2,375,967	13,688,825
Net Cost Recoverable Through TIF Increments - December 31, 2023	\$ 402,251	\$ 36,675,627

**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, 2023**

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	\$ 858,219	\$ 2,950,653
Special Assessments	-	1,403,329
Intergovernmental	12,589	1,374,820
Public Charges for Services	270,170	668,290
Investment Income	53,647	394,688
Miscellaneous	-	2,334
Transfer In	1,000,000	5,500,000
Premium From the Issuance of Long-Term Debt	181,342	1,394,711
Proceeds From Long-Term Debt	3,510,000	49,120,347
Total Sources	5,885,967	62,809,172
 USE OF FUNDS		
Capital Expenditures	1,492,578	32,076,153
Administration	25,433	280,139
Interest and Fiscal Charges	1,221,610	8,476,514
Transfer Out	-	3,525,000
Principal on Long-Term Debt	371,442	11,209,286
Total Uses	3,149,660	61,573,738
 CHANGE IN FUND BALANCE	 2,736,307	 1,235,434
Beginning Fund Balance (Deficit)	(1,500,873)	-
 ENDING FUND BALANCE (DEFICIT)	 \$ 1,235,434	 \$ 1,235,434
 Reconciliation of Recoverable Costs		
G.O. Debt		\$ 37,911,061
Less: Fund Balance		(1,235,434)
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2023		\$ 36,675,627

**VILLAGE OF CALEDONIA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 5
HISTORICAL PROJECT COSTS, PROJECT REVENUES AND
NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
FROM DATE OF CREATION THROUGH DECEMBER 31, 2023**

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital Expenditures	\$ 21,858	\$ 8,151,440
Administration	-	111,780
Economic Development	2,844,363	2,844,363
Transfer Out	-	20,504
Interest and Fiscal Charges	75,263	150,499
Total Project Costs	2,941,484	11,278,586
PROJECT REVENUES		
Tax Increments	71,142	102,120
Intergovernmental Charges for Services	-	10,000
Investment Income	599	1,514
Miscellaneous	-	96,872
Transfer In	-	144,000
Proceeds from the Sale of Capital Assets	996,892	996,892
Premium From Issuance of Long-Term Debt	87,975	92,966
Total Revenues	1,156,608	1,444,364
Net Cost Recoverable Through TIF Increments - December 31, 2023	\$ 1,784,876	\$ 9,834,222

**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, 2023**

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	\$ 71,142	\$ 102,120
Intergovernmental	-	10,000
Investment Income	599	1,514
Miscellaneous	-	96,872
Transfer In	-	144,000
Proceeds from the Sale of Capital Assets	996,892	996,892
Premium From the Issuance of Long-Term Debt	87,975	92,966
Proceeds From Long-Term Debt	1,705,000	9,675,000
Total Sources	2,861,608	11,119,364
USE OF FUNDS		
Capital Expenditures	21,858	8,151,440
Administration	-	111,780
Economic Development	2,844,363	2,844,363
Transfer Out	-	20,504
Interest and Fiscal Charges	75,263	150,499
Principal on Long-Term Debt	302,280	2,075,172
Total Uses	3,243,764	13,353,758
CHANGE IN FUND BALANCE	(382,156)	(2,234,394)
Beginning Fund Balance (Deficit)	(1,852,238)	-
ENDING FUND BALANCE (DEFICIT)	\$ (2,234,394)	\$ (2,234,394)
Reconciliation of Recoverable Costs		
G.O. Debt		\$ 7,599,828
Less: Fund Balance		2,234,394
Net Costs Recoverable (Recovered) Through Tax Increments - December 31, 2023		\$ 9,834,222

OTHER INDEPENDENT AUDITORS' REPORT



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

Village Board
Village of Caledonia, Wisconsin
Caledonia, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Caledonia, Wisconsin (the Village), as of and for the year ended December 31, 2023, 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 12, 2024.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

Village of Caledonia, Wisconsin's Response to Findings

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 12, 2024

**VILLAGE OF CALEDONIA, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2023**

Section II – Financial Statement Findings

2023 – 001: Preparation of the Financial Statements

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Criteria: Village management is responsible for establishing and maintaining internal controls over the fair presentation of the financial statements including disclosures in accordance with 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.

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

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

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

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

Repeat Finding: 2022-001

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, 2023**

Section II – Financial Statement Findings (Continued)

2023 – 002: Segregation of Duties

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

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

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

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

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

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

Repeat Finding: 2022-002

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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FORM OF LEGAL OPINION

(See following pages)

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

December 4, 2024

Re: Village of Caledonia, Wisconsin ("Issuer")
\$9,495,000 General Obligation Promissory Notes, Series 2024A,
dated December 4, 2024 ("Notes")

We have acted as bond counsel to the Issuer in connection with the issuance of the Notes. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Notes are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on April 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2025	\$395,000	___%
2026	350,000	___
2027	360,000	___
2028	370,000	___
2029	380,000	___
2030	395,000	___
2031	410,000	___
2032	425,000	___
2033	435,000	___
2034	445,000	___
2035	470,000	___
2036	485,000	___
2037	500,000	___
2038	515,000	___
2039	535,000	___
2040	560,000	___
2041	580,000	___
2042	605,000	___
2043	625,000	___
2044	655,000	___

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2025.

The Notes maturing on April 1, 2034 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on April 1, 2033 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[The Notes maturing in the years _____ are subject to mandatory redemption by lot as provided in the Notes, at the redemption price of par plus accrued interest to the date of redemption and without premium.]

We further certify that we have examined a sample of the Notes and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

3. The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Notes. Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights

and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Village as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Village or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The Village may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Village of Caledonia, Racine County, Wisconsin (the "Issuer") in connection with the issuance of \$9,495,000 General Obligation Promissory Notes, Series 2024A, dated December 4, 2024 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on November 12, 2024 (the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated November 12, 2024 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Village Board of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the Village of Caledonia, Racine County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Village Clerk-Treasurer of the Issuer who can be contacted at 5043 Chester Lane, Caledonia, Wisconsin 53402, phone (262) 835-6414, fax (262) 835-2388.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2024, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - Direct Debt
2. DEBT - Debt Limit
3. VALUATIONS - Current Property Valuations
4. TAX LEVIES AND COLLECTIONS - Tax Levies and Collections

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist

it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 4th day of December, 2024.

(SEAL)

Thomas Weatherston
President

Jennifer Olsen
Village Clerk-Treasurer

NOTICE OF SALE

**\$9,495,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024A
VILLAGE OF CALEDONIA, WISCONSIN**

Bids for the purchase of \$9,495,000* General Obligation Promissory Notes, Series 2024A (the "Notes") of the Village of Caledonia, Wisconsin (the "Village") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the Village, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on November 12, 2024, at which time they will be opened, read and tabulated. The bids will be presented to the Village Board for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the Village will be accepted unless all bids are rejected.

AUTHORITY; PURPOSE; SECURITY

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the Village, for public purposes, including paying the cost of water system and sewer system improvements inside and outside of Tax Incremental District No. 4, Crawford Park improvements, street improvement projects and the acquisition of a fire truck. The Notes are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated December 4, 2024, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$395,000	2032	\$425,000	2039	\$535,000
2026	350,000	2033	435,000	2040	560,000
2027	360,000	2034	445,000	2041	580,000
2028	370,000	2035	470,000	2042	605,000
2029	380,000	2036	485,000	2043	625,000
2030	395,000	2037	500,000	2044	655,000
2031	410,000	2038	515,000		

ADJUSTMENT OPTION

The Village reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Bids for the Notes may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2025, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Notes will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Notes. So long as Cede & Co. is the registered owner of the Notes, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Notes.

PAYING AGENT

The Village may select Village officials or a bank or trust company to act as paying agent (the "Paying Agent"). If a bank or trust company is selected, the Village will pay the charges for Paying Agent services. The Village reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the Village, the Notes maturing on or after April 1, 2034 shall be subject to optional redemption prior to maturity on April 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the Village. If only part of the Notes having a common maturity date are called for redemption, then the Village or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

DELIVERY

On or about December 4, 2024, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the Village will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the Village, threatened. Payment for the Notes must be received by the Village at its designated depository on the date of closing in immediately available funds.

LEGAL MATTERS

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the Village ("Bond Counsel"), and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the Village; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

Quarles & Brady LLP has also been retained by the Village to serve as Disclosure Counsel to the Village with respect to the Notes. Although, as Disclosure Counsel to the Village, Quarles & Brady LLP has assisted the Village with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in the Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Notes for any investor.

SUBMISSION OF BIDS

Bids must not be for less than \$9,376,312.50, nor more than \$9,969,750.00, plus accrued interest on the principal sum of \$9,495,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the Village nor Ehlers shall be responsible for any failure to receive a submission.

A good faith deposit ("Deposit") in the amount of \$189,900 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The Village and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the Village scheduled for award of the Notes is adjourned, recessed, or continued to another date without award of the Notes having been made.

AWARD

The Notes will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The Village's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Notes will be awarded by lot. The Village reserves the right to reject any and all bids and to waive any informality in any bid.

BOND INSURANCE

If the Notes are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the Village requested and received a rating on the Notes from a rating agency, the Village will pay that rating fee. Any rating agency fees not requested by the Village are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Notes are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Notes.

CUSIP NUMBERS

The Village will assume no obligation for the assignment or printing of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes shall be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the Village will enter into an undertaking for the benefit of the holders of the Notes. A description of the details and terms of the undertaking is set forth in Appendix D of the Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Notes pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate, the form of which will be provided by Bond Counsel upon request.(a)The winning bidder shall assist the Village in establishing the issue price of the Notes and shall execute and deliver to the Village at closing an "issue

price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications. All actions to be taken by the Village under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Village by the Village's municipal advisor identified herein and any notice or report to be provided to the Village may be provided to the Village's municipal advisor.

(b) The Village intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "competitive sale requirements") because:

- (1) The Village shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Village may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Village anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the Village shall advise the winning bidder of such fact prior to the time of award of the sale of the Notes to the winning bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the Village agrees to use the rule selected by the winning bidder on its bid form to determine the issue price for the Notes. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Notes: (1) the first price at which 10% of a maturity of the Notes (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Notes (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Notes to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Notes, that the underwriters will neither offer nor sell unsold Notes of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the Village promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The Village acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in the third-party distribution agreement and the related pricing wires. The Village further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Notes.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the Village, Bond Counsel and Ehlers the prices at which the Notes have been sold to the public. That reporting obligation shall continue, whether or not the closing date of the Notes (the "Closing Date") has occurred, until either (i) all Notes of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Notes, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Village or bond counsel.

(f) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Notes of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Village or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Notes to any person that is a related party to an underwriter participating in the initial sale of the Notes to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Village (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public),
- (iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Notes are awarded by the Village to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Official Statement relating to the Notes prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Village Board

Jennifer Olsen, Village Clerk/Treasurer
Village of Caledonia, Wisconsin

BID FORM

The Village Board
Village of Caledonia, Wisconsin (the "Village")

November 12, 2024

RE: \$9,495,000* General Obligation Promissory Notes, Series 2024A (the "Notes")
DATED: December 4, 2024

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$9,376,312.50, nor more than \$9,969,750.00) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due	2025	_____ % due	2032	_____ % due	2039
_____ % due	2026	_____ % due	2033	_____ % due	2040
_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035	_____ % due	2042
_____ % due	2029	_____ % due	2036	_____ % due	2043
_____ % due	2030	_____ % due	2037	_____ % due	2044
_____ % due	2031	_____ % due	2038		

The Village reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$189,900 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about December 4, 2024.

This bid is subject to the Village's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Official Statement for the Notes.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the Village with the reoffering price of the Notes within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Notes identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ___ NO: ___.

If the competitive sale requirements are not met, we elect to use either the: ___ 10% test, or the ___ hold-the-offering-price rule to determine the issue price of the Notes.

Account Manager: _____ By: _____
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from December 4, 2024 of the above bid is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Village Board of the Village of Caledonia, Wisconsin, on November 12, 2024.

By: _____ By: _____
Title: _____ Title: _____