

**VILLAGE OF COLFAX
INDEPENDENT AUDITORS' REPORT
ON FINANCIAL STATEMENTS
WITH SUPPLEMENTAL FINANCIAL INFORMATION
December 31, 2020**

VILLAGE OF COLFAX
December 31, 2020
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Independent Auditors' Report

To the Village Board of Trustees
Village of Colfax
Colfax, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Management has omitted a 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.

Bauman Associates, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

Eau Claire, Wisconsin
August 31, 2021

VILLAGE OF COLFAX
BASIC FINANCIAL STATEMENTS
December 31, 2020

VILLAGE OF COLFAX
STATEMENT OF NET POSITION
December 31, 2020

	Primary government		
	<u>Governmental</u>	<u>Business-type</u>	<u>Totals</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 1,331,632	\$ 407,983	\$ 1,739,615
Taxes receivable	520,733	-	520,733
Accounts receivable	93,090	110,499	203,589
Notes receivable	5,056	-	5,056
Other	-	6,332	6,332
Inventories	-	6,181	6,181
Prepaid expenses	7,159	2,150	9,309
Internal balances	124,085	(124,085)	-
Total current assets	<u>2,081,755</u>	<u>409,060</u>	<u>2,490,815</u>
<i>Noncurrent assets:</i>			
Restricted assets:			
Cash and cash equivalents	4,684	260,585	265,269
Net pension asset	107,559	15,014	122,573
Deferred debits	-	592,338	592,338
Notes receivable	336,228	-	336,228
Investment in joint venture	22,560	-	22,560
Capital assets, net of depreciation	3,050,310	2,822,740	5,873,050
Total noncurrent assets	<u>3,521,341</u>	<u>3,690,677</u>	<u>7,212,018</u>
Total assets	<u>\$ 5,603,096</u>	<u>\$ 4,099,737</u>	<u>\$ 9,702,833</u>
DEFERRED OUTFLOWS OF RESOURCES			
Resources related to pensions	<u>\$ 249,464</u>	<u>\$ 34,822</u>	<u>\$ 284,286</u>
LIABILITIES			
<i>Current liabilities:</i>			
Accounts payable and accrued expenses	<u>\$ 94,868</u>	<u>\$ 14,133</u>	<u>\$ 109,001</u>
Total current liabilities	<u>94,868</u>	<u>14,133</u>	<u>109,001</u>
<i>Current liabilities payable from restricted assets:</i>			
Accrued interest	5,504	6,967	12,471
Current maturities of long-term liabilities	174,680	151,009	325,689
Total current liabilities payable from restricted assets	<u>180,184</u>	<u>157,976</u>	<u>338,160</u>
<i>Noncurrent liabilities:</i>			
Vested compensated absences	56,972	-	56,972
Noncurrent portion of long-term liabilities	779,865	1,002,201	1,782,066
Total long-term liabilities	<u>836,837</u>	<u>1,002,201</u>	<u>1,839,038</u>
Total liabilities	<u>\$ 1,111,889</u>	<u>\$ 1,174,310</u>	<u>\$ 2,286,199</u>
DEFERRED INFLOWS OF RESOURCES			
Resources related to pensions	\$ 322,852	\$ 45,066	\$ 367,918
Unavailable property taxes	600,536	-	600,536
Total deferred inflows of resources	<u>\$ 923,388</u>	<u>\$ 45,066</u>	<u>\$ 968,454</u>
NET POSITION			
Net investment in capital assets	\$ 2,095,765	\$ 1,669,530	\$ 3,765,295
Restricted	406,930	253,618	660,548
Unrestricted	1,314,588	992,035	2,306,623
Total net position	<u>\$ 3,817,283</u>	<u>\$ 2,915,183</u>	<u>\$ 6,732,466</u>

See accompanying notes to financial statements.

VILLAGE OF COLFAX
STATEMENT OF ACTIVITIES
For Year Ended December 31, 2020

Functions/Programs	Program revenues			Net (expenses) revenues and changes in net position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 232,984	\$ 112	\$ -	\$ -	(232,872)	\$ -	(232,872)
Public safety	768,596	366,598	18,644	-	(383,354)	-	(383,354)
Public works	371,917	15,237	75,074	-	(281,606)	-	(281,606)
Health and human services	15,187	852	-	-	(14,335)	-	(14,335)
Culture, recreation and education	202,873	9,231	77,967	-	(115,675)	-	(115,675)
Conservation and development	6,207	-	-	-	(6,207)	-	(6,207)
Interest on long-term liabilities							
(exclusive of \$0 of direct interest expenses charged to other functions)	25,082	-	-	-	(25,082)	-	(25,082)
Total governmental activities	1,622,846	392,030	171,685	-	(1,059,131)	-	(1,059,131)
Business-type activities:							
Water and sewer	399,243	482,593	-	-	-	83,350	83,350
Total business-type activities	399,243	482,593	-	-	-	83,350	83,350
Total primary government	\$ 2,022,089	\$ 874,623	\$ 171,685	\$ -	(1,059,131)	83,350	(975,781)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					387,062	-	387,062
Property taxes, levied for debt service					80,911	-	80,911
Property taxes, levied for tax incremental districts					111,443	-	111,443
Other taxes					26,485	-	26,485
Grants and contributions not restricted to specific program					311,383	-	311,383
Unrestricted investment earnings					11,340	1,463	12,803
Licenses, permits, fines and forfeits					14,614	-	14,614
Miscellaneous					15,790	14,597	30,387
Special items:							
Gain(loss) on disposal of asset					10,099	-	10,099
Transfers					43,644	(43,644)	-
Total general revenues, special items, and transfers					1,012,771	(27,584)	985,187
Change in net position					(46,360)	55,766	9,406
Net position - Beginning of year					3,863,643	2,859,417	6,723,060
Net position - End of year				\$	3,817,283	\$ 2,915,183	\$ 6,732,466

See accompanying notes to financial statements.

**VILLAGE OF COLFAX
BALANCE SHEET -
GOVERNMENTAL FUNDS
December 31, 2020**

	Major Fund - General Fund	Major Fund - Debt Service Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,242,998	\$ 6,906	\$ 81,728	\$ 1,331,632
Receivables (net)				
Taxes	338,504	68,550	113,679	520,733
Accounts	93,090	-	-	93,090
Prepaid expenses	7,159	-	-	7,159
Due from other funds	124,085	68,986	164,548	357,619
Restricted cash and investments	4,684	-	-	4,684
Total assets	\$ <u>1,810,520</u>	\$ <u>144,442</u>	\$ <u>359,955</u>	\$ <u>2,314,917</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 94,868	\$ -	\$ -	\$ 94,868
Due to other funds	173,833	46,790	12,911	233,534
Total liabilities	268,701	46,790	12,911	328,402
Deferred inflows of resources:				
Unavailable property taxes	388,079	79,921	132,536	600,536
Total deferred inflows of resources	388,079	79,921	132,536	600,536
Fund balances:				
Nonspendable	7,159	-	-	7,159
Restricted	180,195	17,731	214,508	412,434
Assigned	504,892	-	-	504,892
Unassigned	461,494	-	-	461,494
Total fund balance	1,153,740	17,731	214,508	1,385,979
Total liabilities, deferred inflows of resources and fund balances	\$ <u>1,810,520</u>	\$ <u>144,442</u>	\$ <u>359,955</u>	\$ <u>2,314,917</u>

See accompanying notes to financial statements.

VILLAGE OF COLFAX
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2020

Total fund balances - Governmental funds	\$ 1,385,979
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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.

	\$	5,455,475		
Capital assets				
Accumulated depreciation		<u>(2,405,165)</u>		3,050,310

Investment in joint ventures in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 22,560
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The net pension asset does not relate to current financial resources and is not reported in the governmental funds	\$ 107,559
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Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	\$ 249,464
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Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	\$ (322,852)
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Long-term notes receivable are not available financial resources and therefore are not reported in the funds.	\$ 341,284
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Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

	\$	(954,545)		
Bonds/notes payable				
Vested compensated benefits		(56,972)		
Accrued interest payable		<u>(5,504)</u>		<u>(1,017,021)</u>

Net position of governmental activities	\$ <u>3,817,283</u>
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VILLAGE OF COLFAX
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For Year Ended December 31, 2020

	Major Fund - General Fund	Major Fund - Debt Service Fund	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes and special assessments	\$ 413,547	\$ 80,911	\$ 111,443	\$ 605,901
Intergovernmental	465,686	-	17,382	483,068
Licenses and permits	11,060	-	-	11,060
Fines, forfeitures and penalties	3,554	-	-	3,554
Public charges for services	265,257	-	-	265,257
Intergovernmental charges for services	150,338	-	-	150,338
Investment earnings	11,219	-	398	11,617
Miscellaneous	24,017	-	-	24,017
Total revenues	<u>1,344,678</u>	<u>80,911</u>	<u>129,223</u>	<u>1,554,812</u>
EXPENDITURES				
Current:				
General government	206,924	-	1,885	208,809
Public safety	702,205	-	-	702,205
Public works	254,056	-	-	254,056
Health and human services	15,137	-	-	15,137
Culture, recreation and education	200,068	-	-	200,068
Capital outlay	22,651	-	-	22,651
Debt service:				
Principal	-	167,423	-	167,423
Interest and other charges	-	26,249	-	26,249
Total expenditures	<u>1,401,041</u>	<u>193,672</u>	<u>1,885</u>	<u>1,596,598</u>
Excess (deficiency) of revenues over (under) expenditures	(56,363)	(112,761)	127,338	(41,786)
OTHER FINANCING SOURCES (USES)				
Transfers in	43,644	91,484	-	135,128
Transfers out	-	-	(91,484)	(91,484)
Total other financing sources (uses)	<u>43,644</u>	<u>91,484</u>	<u>(91,484)</u>	<u>43,644</u>
Net change in fund balances	(12,719)	(21,277)	35,854	1,858
Fund balances - Beginning of year	<u>1,166,459</u>	<u>39,008</u>	<u>178,654</u>	<u>1,384,121</u>
Fund balances - End of year	<u>\$ 1,153,740</u>	<u>\$ 17,731</u>	<u>\$ 214,508</u>	<u>\$ 1,385,979</u>

See accompanying notes to financial statements.

VILLAGE OF COLFAX
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For Year Ended December 31, 2020

Net change in fund balances—Total governmental funds	\$	1,858
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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 as depreciation expense.

Capital outlay reported in governmental fund statements	\$	24,026	
Gain on disposal of capital assets		10,099	
Depreciation expense reported in the statement of activities		<u>(233,057)</u>	(198,932)

Governmental funds report investments in joint ventures as expenditures. However, the expenditures aren't reported in the statement of activities, and rather increase the Village's investment in joint ventures on the statement of net position

Joint venture investment reported in governmental fund statements	\$	22,560
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Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Additionally, any premium or discount received upon issuance of the debt is amortized as a component of interest expense over the term of the bonds.

Principal repayments on long-term debt	\$	167,423
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Note receivable repayments and write offs are reflected as reductions in notes receivable in the statement of activities, however these are reported as revenues in the funds since it is an available resource. Additionally, the issuance of new loans is shown as an expenditure in the funds. The net activity during the year is as presented:

Repayments on note receivables	\$	(32,069)
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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.

Increase (decrease) in accrued interest	\$	1,168	
Increase (decrease) in accrued vested compensated absences		(5,488)	
Change in GASB 68 net pension asset/(liability) and related deferred inflows/outflows		<u>(2,880)</u>	<u>(7,200)</u>

Change in net position of governmental activities	\$	<u>(46,360)</u>
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VILLAGE OF COLFAX
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2020

	Enterprise funds		
	Water Utility	Sewer Utility	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents	\$ 326,617	\$ 81,366	\$ 407,983
Receivables, net:			
Customer accounts	51,600	58,899	110,499
Interest income	-	96	96
Other	411	5,825	6,236
Inventories	6,181	-	6,181
Prepaid expenses	865	1,285	2,150
Total current assets	<u>385,674</u>	<u>147,471</u>	<u>533,145</u>
Noncurrent assets:			
Restricted cash and cash equivalents	63,032	\$ 197,553	260,585
Net pension assets	8,739	6,275	15,014
Deferred debits	-	592,338	592,338
Capital assets:			
Land, land improvements and construction in progress	8,958	105,387	114,345
Distribution and collections systems	2,394,329	1,088,952	3,483,281
Buildings and equipment	174,328	1,296,178	1,470,506
Less - Accumulated depreciation	<u>(914,987)</u>	<u>(1,330,405)</u>	<u>(2,245,392)</u>
Total noncurrent assets	<u>1,734,399</u>	<u>1,956,278</u>	<u>3,690,677</u>
Deferred outflows of resources:			
Resources related to pensions	<u>20,268</u>	<u>14,554</u>	<u>34,822</u>
Total assets and deferred outflows of resources	\$ <u>2,140,341</u>	\$ <u>2,118,303</u>	\$ <u>4,258,644</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Accounts payable	\$ 6,806	\$ 4,705	\$ 11,511
Accrued payroll	1,543	1,079	2,622
Due to other funds	<u>68,965</u>	<u>55,120</u>	<u>124,085</u>
Total current liabilities	<u>77,314</u>	<u>60,904</u>	<u>138,218</u>
Current liabilities payable from restricted assets:			
Accrued interest	898	6,069	6,967
Current maturities of bonds, notes and loans payable	<u>55,000</u>	<u>96,009</u>	<u>151,009</u>
Total current liabilities payable from restricted assets	<u>55,898</u>	<u>102,078</u>	<u>157,976</u>
Noncurrent liabilities:			
Bonds, notes and loans payable	<u>340,000</u>	<u>662,201</u>	<u>1,002,201</u>
Total liabilities	<u>473,212</u>	<u>825,183</u>	<u>1,298,395</u>
Deferred inflows of resources:			
Resources related to pensions	<u>26,231</u>	<u>18,835</u>	<u>45,066</u>
Net position:			
Net investment in capital assets	1,267,628	401,902	1,669,530
Restricted	62,134	191,484	253,618
Unrestricted	<u>311,136</u>	<u>680,899</u>	<u>992,035</u>
Total net position	<u>1,640,898</u>	<u>1,274,285</u>	<u>2,915,183</u>
Total liabilities, deferred inflows of resources and net position	\$ <u>2,140,341</u>	\$ <u>2,118,303</u>	\$ <u>4,258,644</u>

See accompanying notes to financial statements.

VILLAGE OF COLFAX
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For Year Ended December 31, 2020

	Enterprise funds		
	Water Utility	Sewer Utility	Total
OPERATING REVENUES			
Charges for services	\$ 263,037	\$ 204,221	\$ 467,258
Miscellaneous operating revenues	3,028	12,307	15,335
Total operating revenues	266,065	216,528	482,593
OPERATING EXPENSES			
Payroll costs	44,129	31,687	75,816
Depreciation	58,724	60,123	118,847
Taxes	6,450	2,295	8,745
Operating supplies	18,498	14,547	33,045
Repairs and maintenance	4,230	10,726	14,956
Purchased power	16,330	6,476	22,806
Employee benefits	11,028	13,673	24,701
Office supplies	2,054	1,811	3,865
Insurance	7,402	9,268	16,670
Outside services	23,970	20,679	44,649
Miscellaneous	1,911	2,669	4,580
Total operating expenses	194,726	173,954	368,680
Operating income	71,339	42,574	113,913
NONOPERATING INCOME (EXPENSE)			
Investment income	344	1,119	1,463
Rents from utility property	14,597	-	14,597
Interest expense	(8,186)	(22,377)	(30,563)
Total nonoperating revenues (expenses)	6,755	(21,258)	(14,503)
Income before contributions and transfers	78,094	21,316	99,410
Transfers out	(42,736)	(908)	(43,644)
Total transfers and contributions	(42,736)	(908)	(43,644)
Change in net position	35,358	20,408	55,766
Net position - Beginning of year	1,605,540	1,253,877	2,859,417
Net position - End of year	\$ 1,640,898	\$ 1,274,285	\$ 2,915,183

See accompanying notes to financial statements.

VILLAGE OF COLFAX
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For Year Ended December 31, 2020

	<u>Enterprise funds</u> Water and Sewer Utilities
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 478,705
Cash received from the rental of utility property	14,597
Cash payments to suppliers for goods and services	(129,061)
Cash payments for taxes	(8,745)
Cash payments to employees for services	(99,905)
Net cash provided by operating activities	<u>255,591</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payment in lieu of taxes to the general fund - property tax equivalent	<u>(43,644)</u>
Net cash used in noncapital financing activities	<u>(43,644)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of utility plant	(15,729)
Receipt from sale of utility plant	5,116
Principal paid on capital debt	(158,490)
Payments to vendors for future capital costs	(481,700)
Proceeds received from capital debt	481,700
Interest paid on capital debt	(25,151)
Net cash used in capital and related financing activities	<u>(194,254)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>1,463</u>
Net cash provided by investing activities	<u>1,463</u>
Net change in cash and cash equivalents	19,156
Cash and cash equivalents - Beginning	<u>649,412</u>
Cash and cash equivalents - End	\$ <u><u>668,568</u></u>

See accompanying notes to financial statements.

VILLAGE OF COLFAX
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
For Year Ended December 31, 2020

	<u>Enterprise funds</u> <u>Water and</u> <u>Sewer Utilities</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 113,913
Adjustments to reconcile operating income to net cash provided by operating activities:	
Rent from utility property	14,597
Depreciation	118,847
GASB No. 68 adjustment for pension expense	39
Changes in assets and liabilities:	
Receivables, net	(3,888)
Other assets	1,795
Accrued payroll	573
Accounts payable - related to operating activities only	9,715
Net cash provided by operating activities	\$ <u>255,591</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO PROPRIETARY FUNDS STATEMENT OF NET POSITION TOTALS	
Cash and cash equivalents	\$ 407,983
Restricted cash and cash equivalents	260,585
Total cash and cash equivalents	\$ <u>668,568</u>

See accompanying notes to financial statements.

VILLAGE OF COLFAX
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2020

	<u>Custodial Fund</u> Youth softball and baseball	<u>Custodial Fund</u> Tax Collection
ASSETS		
Cash and cash equivalents	\$ 50,664	\$ 114,990
Accrued interest receivable	270	-
Taxes receivable	<u>-</u>	<u>687,384</u>
 Total assets	 \$ <u><u>50,934</u></u>	 \$ <u><u>802,374</u></u>
LIABILITIES		
Due to other governments	\$ <u><u>-</u></u>	\$ <u><u>802,374</u></u>
NET POSITION		
Restricted in perpetuity - Nonexpendable	50,000	
Reserved for youth softball and baseball programs - Expendable	270	
Unreserved - Expendable	<u>664</u>	
 Total net position	 \$ <u><u>50,934</u></u>	

See accompanying notes to financial statements.

VILLAGE OF COLFAX
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For Year Ended December 31, 2020

	<u>Custodial Fund</u> Youth softball and baseball	<u>Custodial Fund</u> Tax Collection	<u>Total</u>
ADDITIONS			
Investment earnings	\$ 475	\$ -	\$ 475
Property taxes collected from other governments	<u>-</u>	<u>527,104</u>	<u>527,104</u>
Total additions	<u>475</u>	<u>527,104</u>	<u>527,579</u>
DEDUCTIONS			
Contributions of resources transferred to the general fund	675	-	675
Property taxes disbursed to other governments	<u>-</u>	<u>527,104</u>	<u>527,104</u>
Total deductions	<u>675</u>	<u>527,104</u>	<u>527,779</u>
Change in net position	(200)	-	(200)
Net position - Beginning of year	<u>51,134</u>	<u>-</u>	<u>51,134</u>
Net position - End of year	<u>\$ 50,934</u>	<u>\$ -</u>	<u>\$ 50,934</u>

See accompanying notes to financial statements.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Village of Colfax was incorporated in 1904 under the provisions of the State of Wisconsin. The Village operates under a form of government comprised of an elected Village Board of Trustees. The Village provides municipal services considered by its Board of Trustees to be necessary for the health and well-being of its citizens, including police, fire protection, highways and streets, parks and recreation, library, health and certain social services and general administrative services. In addition, the Village owns and operates an enterprise activity that provides water and sewer services to its citizens.

This report includes all 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. 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. This report does not contain any component units.

B. BASIS OF FINANCIAL STATEMENT PRESENTATION

Basis of financial statement presentation

The Village is required to report two government-wide financial statements as basic financial statements required for all governmental units, the Statement of Net Position and the Statement of Activities. Both statements are prepared on the full accrual basis. The modified accrual basis of accounting continues to be the appropriate basis of accounting for the fund financial statements.

In addition, all funds in the fund financial statements are reported as governmental activities, business-type activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

Finally, all non-fiduciary funds are further classified as major or nonmajor funds. In reporting financial condition and results of operations for the governmental units, the concentration is on major funds versus nonmajor funds.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into individual funds, each of which are separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, deferred outflows and inflows, net position/fund equity, revenues, and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental, proprietary and fiduciary statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b) Total assets, liabilities, revenues or expenditures of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c) In addition, any other governmental or proprietary fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 required to be accounted for in another fund.
- **Debt service fund** – accounts for the Village’s debt service activities. It is used to account for all debt (exclusive of the water and sewer utility) service related financial resources as well as principal and interest and related fiscal charges relative to the long-term debt of the Village.

The Village reports Tax Incremental Districts (TID) #3 and #4 as nonmajor special revenue governmental funds.

The Village reports the following major enterprise funds:

- **Water utility** – accounts for the operations of the water system.
- **Sewer utility** – accounts for the operations of the sewerage system.

The Village reports no nonmajor proprietary funds.

In addition, the Village reports, as custodial funds, the following funds:

- **Tax collection** – accounts for the 2020 tax levy for the Village and other taxing authorities to be received in 2021.
- **Youth softball and baseball** – accounts for the gift of \$50,000 and expendable earnings thereof, the income of which is used to support youth baseball and softball in the Village and other communities as specified by the donor.

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.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities and the financial statements of the proprietary and fiduciary funds 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 economic asset 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 revenue. Grants and similar items are recognized as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board.

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

Fund Financial Statements

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

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Fund Financial Statements (Continued)

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows. Delinquent special assessments being held for collection by the county are reported as receivables and restricted fund balance in the general fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, and interest. Other general revenues such as fines and forfeitures, inspections 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 source does not meet both the measurable and available criteria for recognition in the current period. Deferred inflows are also reported 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. When both the revenue recognition criteria are met in subsequent periods or when the Village has a legal claim to the resources, the liability is removed from the balance sheet (decrease in deferred inflow) and the revenue is recognized.

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

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. Operating expenses for proprietary funds include operations and maintenance expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of financial statements in conformity with generally accepted accounting principles 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.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and investments

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

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

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association maturing in three years or less.
2. 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, the University of Wisconsin Hospitals and Clinics Authority, local cultural arts district, the Wisconsin Aerospace Authority, and a local professional football stadium district.
3. Bonds or securities issued or guaranteed by the federal government, or by a commission, board or other instrumentality of the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements that are fully collateralized by bonds or securities.

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 prices. No investments are 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.

Investments in joint ventures are reported in governmental funds only to the extent that financial resources are currently receivable or payable, and as revenue and expenditures only if the recognition criteria are met. In the government-wide financial statements, the entire investment is reported using the equity method and is adjusted for any profit or operating transactions between the Village and the joint venture.

2. Receivables

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

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

2. Receivables (Continued)

Property tax calendar – 2020 tax roll:

Lien date	January 1, 2020
Levy date	November, 2020
Tax bills mailed	December, 2020
Payment in full, or first installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020

Pursuant to an agreement for an administrative fee, property taxes are collected by the County until January 31 and property tax collections after that date are also accepted by the County, which assumes all responsibility for delinquent real estate taxes.

Deferred inflows are also recorded for grant funds received but not earned and a receivable is recorded for grant funds earned but not received.

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

Transactions during the course of operations between individual funds may result in amounts owed between funds. For fund financial statement reporting, short-term interfund loans are reported as “due to and from other funds” and long-term loans are reported as “advances to and from other funds”. Interfund receivables and payables between funds in the government-wide statement of net position are eliminated. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

3. Inventories, deferred debits, and prepaid items

There are no governmental fund inventory items at the end of the year. Proprietary fund inventories are generally used for construction and for operation and maintenance, and thus are not resale inventories. They are valued at the actual cost, and charged to construction, operation and maintenance expense when used.

Deferred debits are prepaid construction-related costs to vendors that will be capitalized into plant in a subsequent period when the construction occurs and the plant is placed into service. These costs are shown as noncurrent assets on the statement of net position for proprietary funds.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

4. Restricted assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from these restricted assets will be used first for the retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

Government-Wide Statements

5. Capital assets

In the government-wide financial statements and the proprietary fund statements, fixed assets are accounted for as capital assets. Capital assets are defined by the Village as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of 2 years for general capital assets and 20 years for infrastructure assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34 governmental units are required to account for all fixed assets including infrastructure in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but not required. The Village has chosen not to retroactively report its infrastructure assets acquired before January 1, 2004.

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

Depreciation and amortization of all exhaustible fixed assets are recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization are provided over the assets' estimated useful lives using the straight-line method of depreciation and amortization for governmental activities and on a composite basis for the water and sewer utilities.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

5. Capital assets (Continued)

The range of estimated useful lives by type of asset is as follows:

- Buildings	20 - 50 years
- Land improvements	20 - 30 years
- Vehicles	3 - 20 years
- Machinery and equipment	5 - 10 years
- Sewer system	41 years
- Water system	4 - 77 years
- Intangibles	3 - 15 years
- Property in the open	10 - 20 years
- Infrastructure	20 - 30 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental funds are accounted for as capital outlay expenditures of the governmental fund upon acquisition and are not capitalized and related depreciation is not reported in the fund financial statements. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Debt issuance costs

In governmental funds, government-wide and proprietary fund-type financial statements debt issuance costs are recognized as expenditures in the current period.

7. Compensated absences

Government-Wide Statements

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured (i.e. sign employee retirement agreements) or are payable with expendable available resources. There were no such agreements and thus no accrual is reflected in the governmental funds.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

7. Compensated absences (Continued)

Under terms of employment, employees may accrue sick leave of up to 60 days or 480 hours. Upon retirement, the amount may be used toward the payment of health insurance premiums, or paid out in a lump-sum at the current rate of pay. Employees may carry over 5 days or 40 hours of accrued vacation each year. Any accrued vacation over this amount not used within one year will be paid to employees at a rate reduced by one half of employee's current wages. Only benefits considered to be vested are disclosed in these statements. Accumulated sick leave is \$42,137 and accumulated vacation carryover is \$14,835.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2020 are determined on the basis of current salary rates and include salary related payments.

Proprietary Funds

There is no estimated liability for compensated absences in this fund.

8. Long-term liabilities

For government-wide financial statements, all long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities. Long-term liabilities consist primarily of notes, bonds or loans payable, capital leases, and compensated absences.

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

9. 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 resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. 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 COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

10. Equity classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

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

Governmental funds:

Equity is classified as fund balance and displayed in five possible components:

- a. Nonspendable – Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – Consists of amounts with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Committed – consists of amounts that are imposed by formal action of the Village Board of Trustees, the government’s highest level of decision-making authority. A committed fund balance may be established, modified, or removed only by a majority vote (2/3) of the elected council.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

10. Equity classifications (Continued)

Fund Statements (Continued)

- d. Assigned – consists of amounts that are constrained by the Village’s intent to be used for specific purposes but are neither restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The Village Board of Trustees delegates to the Village’s Administrator or his/her designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.
- e. Unassigned – consists of residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Village to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, the policy is that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Proprietary funds - Equity is classified the same as equity for the government-wide statements.

11. Deferred inflows of resources

As applicable, the statements of net position and balance sheets report a separate section for deferred outflows of resources after total assets and for deferred inflows of resources after total liabilities. There are distinct and separate financial statement elements which represent the net position that applies to future periods and thus will not be recognized as an outflow (expense) or inflow (revenue) until that time. The Village has one item that qualifies as a deferred outflow of resources this is the deferred amounts relating to pensions. The Village has two items that qualify as deferred inflow of resources, which are the deferred amount relating to property taxes which are not collected within 60 days of year-end and the deferred amount relating to pensions. See Note 8 for additional information related to the deferred outflows and deferred inflows relating to pensions.

12. Pensions

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

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.D.

A budget has been adopted for all governmental funds of the Village, except for the tax incremental financing districts.

The budgeted amounts presented include any amendments adopted during the year. Transfers between departments and changes to the overall budget must be approved by a two-thirds vote of the Board of Trustees. There were no supplemental appropriations during the year. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. The General fund budget is adopted at the departmental level of expenditure. All other governmental funds of the Village are adopted at the functional level of expenditure.

As allowed by GASB Statement No. 41 *Budgetary Comparison Schedules – Perspective Differences*, management has elected to present the budgetary comparison schedules as required supplementary information.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 2 DEPOSITS AND INVESTMENTS

Custodial credit risk – Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of December 31, 2020, \$824,753 of the Village's bank balance of \$2,217,836 was exposed to custodial credit risk as follows:

Collateralized with pledged securities held by	
agent and in the Village's name	\$ 824,753
Total deposits subject to custodial credit risk	<u>\$ 824,753</u>

Fluctuating cash flows during the year due to tax collections, receipt of state aids, and borrowings may have resulted in temporary balances exceeding insured amounts by substantially higher amounts than reported at the balance sheet date. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit. Deposits in each local and area bank are insured by the FDIC up to \$250,000 each for interest bearing and non-interest bearing time and savings deposits. The deposit accounts held are further insured for excess balances by a letter of credit issued by the Federal Home Loan Bank of Chicago. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual organizations. This coverage has been considered in computing custodial credit risk for deposits.

The following is a reconciliation of carrying amounts of deposits and cash on hand to the financial statements:

Carrying value of deposits	\$ 2,170,538
Total deposits	<u>\$ 2,170,538</u>

Per statement of net position:

Unrestricted cash and cash equivalents	\$ 1,739,615
Restricted cash and cash equivalents	265,269

Per statement of net position - Fiduciary funds:

Custodial fund - Tax collections	114,990
Custodial fund - Youth softball and baseball	<u>50,664</u>
Total	<u>\$ 2,170,538</u>

Interest rate risk – Deposits:

This is the risk that changes in interest rates will adversely affect the value of the Village's deposits. The Village does not have a formal deposit policy for interest rate risk.

Credit risk – Investments:

State statutes limit deposits to the investments noted in footnote 1E. The Village has no deposit policy that would further limit its deposit choices.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 3 RECEIVABLES

Receivables of the general fund are reported net of the allowance for uncollectible amounts. The total allowance for uncollectible amounts related to general fund revenues (all relate to the rescue squad receivables billed to customers for ambulance service) as of December 31, 2020 are as follows:

Allowance for uncollectible accounts - General fund	\$ <u>111,631</u>
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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 receivable are applicable to the subsequent period, and therefore not earned, and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition 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 and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Governmental funds:			
Taxes receivable:			
Current year property taxes receivable (general fund)	\$ 338,504	-	338,504
Current year property taxes receivable (debt service)	68,550	-	68,550
Current year property taxes receivable (tax increment funds)	<u>113,679</u>	<u>-</u>	<u>113,679</u>
Total deferred inflows - balance sheet	\$ <u>520,733</u>	<u>-</u>	<u>520,733</u>

The governmental funds also report the following notes receivable in the statement of net position:

Note receivable from Colfax Prairie Homes, dated 12/1996.
 Payments of \$527 monthly through 11/1/2026, bears interest at a rate of 3%, secured by an interest in the underlying property
 This note may be prepaid at any time without penalty

\$ 39,449

CDBG revolving loan fund (RLF) - consists of notes receivable from 20 Village citizens. These notes are interest free and have various maturities

301,835
 \$ 341,284

The notes receivable are shown on the statement of net position as follows:

Notes receivable - current	\$ 5,056
Notes receivable - noncurrent	<u>336,228</u>
Total notes receivable	\$ <u>341,284</u>

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 4 RESTRICTED ASSETS – PROPRIETARY FUNDS

The following is a list of restricted assets reported in the proprietary fund at December 31, 2020:

		Less - Liabilities Payable From	
	Restricted Assets	Restricted Assets	Restricted Net Position
Bond redemption fund	\$ 112,746	6,967	105,779
Depreciation fund	49,600	-	49,600
Operation and maintenance	70,791	-	70,791
DNR replacement account	<u>27,448</u>	<u>-</u>	<u>27,448</u>
Totals	<u>\$ 260,585</u>	<u>6,967</u>	<u>253,618</u>

Redemption – used to segregate resources accumulated for debt service payments over the next year.

Depreciation – used to report resources set aside to fund plant renewals and replacement or make up future potential deficiencies in the redemption account per revenue bond requirements.

Operation and maintenance – used to report resources set aside to fund operating expenses for one month's time period per revenue bond requirements.

Replacement – used to report resources set aside to fund critical equipment replacement account required by the Wisconsin Department of Natural Resources.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 5 CAPITAL ASSETS

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

	Balance 1/1/20	Additions	Deletions	Balance 12/31/20
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 113,866	-	-	113,866
Total capital assets not being depreciated/amortized	<u>113,866</u>	<u>-</u>	<u>-</u>	<u>113,866</u>
Capital assets being depreciated/amortized:				
Buildings	1,704,965	-	-	1,704,965
Land improvements	43,393	-	-	43,393
Machinery and equipment	402,302	29,699	(27,276)	404,725
Vehicles	530,161	-	-	530,161
Property in the open	66,563	17,145	-	83,708
Intangibles	13,500	-	-	13,500
Infrastructure	<u>2,561,157</u>	<u>-</u>	<u>-</u>	<u>2,561,157</u>
Total capital assets being depreciated/ amortized	<u>5,322,041</u>	<u>46,844</u>	<u>(27,276)</u>	<u>5,341,609</u>
Less - Accumulated depreciation/ amortization for:				
Buildings	(648,182)	(57,314)	-	(705,496)
Land improvements	(29,536)	(1,130)	-	(30,666)
Machinery and equipment	(250,602)	(35,052)	14,559	(271,095)
Vehicles	(327,488)	(43,745)	-	(371,233)
Property in the open	(38,795)	(4,712)	-	(43,507)
Intangibles	(6,300)	(900)	-	(7,200)
Infrastructure	<u>(885,762)</u>	<u>(90,206)</u>	<u>-</u>	<u>(975,968)</u>
Total accumulated depreciation/amortization	<u>(2,186,665)</u>	<u>(233,059)</u>	<u>14,559</u>	<u>(2,405,165)</u>
Governmental activities capital assets - Net	<u>\$ 3,249,242</u>	<u>(186,215)</u>	<u>(12,717)</u>	<u>3,050,310</u>

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 5 CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to governmental activities as follows:

General government	\$ 21,708
Public safety	62,091
Public works	123,532
Culture, recreation and education	19,519
Conservation and development	<u>6,209</u>
Total depreciation expense - Governmental activities	<u>\$ 233,059</u>

Capital asset activity in the business-type activities for the year ended December 31, 2020 was as follows:

	Balance 1/1/20	Additions/ Reclassifications	Deletions	Balance 12/31/20
Business-type activities:				
Capital assets not being depreciated:				
Land and land rights	\$ 114,345	-	-	114,345
Total capital assets not being depreciated	<u>114,345</u>	<u>-</u>	<u>-</u>	<u>114,345</u>
Capital assets being depreciated:				
Distribution and collection systems	3,483,849	-	(568)	3,483,281
Building and equipment	1,459,851	29,731	(19,076)	1,470,506
Total capital assets being depreciated	<u>4,943,700</u>	<u>29,731</u>	<u>(19,644)</u>	<u>4,953,787</u>
Less - Accumulated depreciation for:				
Distribution and collection systems	(1,354,628)	(83,662)	526	(1,437,764)
Building and equipment	(772,443)	(35,185)		(807,628)
Total accumulated depreciation	<u>(2,127,071)</u>	<u>(118,847)</u>	<u>526</u>	<u>(2,245,392)</u>
Capital assets - Net	<u>\$ 2,930,974</u>	<u>(89,116)</u>	<u>(19,118)</u>	<u>2,822,740</u>

Depreciation expense was charged to business-type functions as follows:

Water utility	\$ 58,724
Sewer utility	<u>60,123</u>
Total business-type activities depreciation expense	<u>\$ 118,847</u>

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 6 LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Balance 1/1/20	Increases	Decreases	Balance 12/31/20	Amounts due within one year
<u>Governmental activities:</u>					
General obligation debt from: direct borrowings and direct placements:					
General obligation bonds	\$ 660,000	-	(75,000)	585,000	80,000
Promissory notes	461,968	-	(92,423)	369,545	94,680
Total bonds and notes payable	1,121,968	-	(167,423)	954,545	174,680
Other liabilities:					
Compensated absences	51,484	5,488	-	56,972	-
Net pension liability	114,792	-	(114,792)	-	-
Total long-term liabilities	\$ 1,288,244	5,488	(282,215)	1,011,517	174,680

	Balance 1/1/20	Increases	Decreases	Balance 12/31/20	Amounts due within one year
<u>Business-type activities:</u>					
General obligation debt from direct borrowings:					
General obligation bonds	\$ 195,000	481,700	(78,490)	598,210	66,009
Revenue bonds from direct borrowings:					
Revenue bonds	635,000	-	(80,000)	555,000	85,000
Total long-term liabilities	\$ 830,000	481,700	(158,490)	1,153,210	151,009

General Obligation Debt

All general obligation bonds and notes payable are backed by the full faith and credit of the Village. Bonds and notes payable will be retired by future property tax levies or tax increments accumulated by the general fund. It is the intention of the Village to finance the repayment of business-type general obligation debt with user fees from the water and sewer utility, however this debt is subject to the legal debt limit shown later in this note.

The Village has outstanding bonds from direct borrowings and direct placements related to governmental activities of \$954,545 and outstanding bonds from direct borrowings related to business-type activities of \$1,153,210. The purpose of the governmental and business-type activities general obligation debt is to finance various capital improvements and tax incremental district planned projects.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 6 LONG-TERM LIABILITIES (Continued)

Revenue Debt

Business-type activities revenue debt is to be financed by revenues from user fees of those funds. The purpose of these bonds is to finance capital improvements.

Long-term liabilities of the governmental activities at December 31, 2020 consist of the following:

Type	Date of Issue	Final Maturity	Interest Rates (%)	Original Indebtedness	Balance Outstanding 12/31/20
Series 2013A refunding G.O. bonds, callable 12/1/2021	2/6/2013	12/1/2028	1.0 - 3.0	\$ 1,310,000	\$ 670,000
Less: Portion liquidated by business-type activities					(85,000)
Subtotal					585,000
Promissory note - Dairy State	11/1/2016	7/1/2023	2.01	\$ 410,000	181,729
2015 Promissory note - DSB	6/15/2015	7/1/2025	2.69	\$ 350,000	187,816
Total general obligation debt, governmental activities					954,545
Other long-term liabilities:					
Compensated absences					56,972
Less: Current portion					(174,680)
Total governmental activities long-term liabilities					\$ 836,837

Estimated payments of compensated absences and other commitments are not included in the above schedule.

Long-term liabilities of the business-type activities at December 31, 2020 consist of the following:

Type	Date of Issue	Final Maturity	Interest Rates (%)	Original Indebtedness	Balance Outstanding 12/31/20
Series 2013B refunding revenue bonds, callable 12/1/2021	6/18/2013	12/1/2027	1.0 - 3.0	\$ 1,160,000	\$ 555,000
Note payable*	7/26/2020	7/26/2029	3.25	\$ 581,700	513,210
Add: Portion of G.O. debt liquidated by business-type activities					85,000
					1,153,210
Less: Current portion					(151,009)
					\$ 1,002,201

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 6 LONG-TERM LIABILITIES (Continued)

* The Village has the ability to draw \$630,000 on this note payable with Dairy State Bank. At December 31, 2020, the Village had available credit on this note of \$48,300 which will be drawn as construction occurs in 2021.

Interest expense incurred and recognized in the statement of activities was \$26,250 for governmental activities and \$30,563 for business-type activities. None of the interest cost incurred was capitalized.

Debt service requirements to maturity on general obligation debt are as follows:

Years	Governmental activities			Business-type activities		
	Notes from Direct Borrowings and Direct Placements			Notes from Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 174,680	22,643	197,323	\$ 66,009	20,915	86,924
2022	176,824	18,899	195,723	72,854	18,869	91,723
2023	179,157	15,018	194,175	74,761	17,663	92,424
2024	118,275	11,108	129,383	76,693	14,400	91,093
2025	125,466	7,848	133,314	78,763	11,970	90,733
2026-2030	180,000	10,320	190,320	229,273	23,570	252,843
Totals	\$ 954,402	85,836	1,040,238	\$ 598,353	107,387	705,740

In accordance with Wisconsin Statutes, the total general obligation debt of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. The legal debt limit and margin of indebtedness as of December 31, 2020 in accordance with Wisconsin Statutes follows:

Debt limit (\$57,684,200 x 5%)	\$ 2,884,210
Deduct long-term debts applicable to debt margin	<u>1,552,755</u>
Margin on indebtedness	\$ <u>1,331,455</u>

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 6 LONG-TERM LIABILITIES (Continued)

Debt service requirements to maturity on revenue debt are as follows:

Years	Business-type activities		
	Revenue debt		
	Principal	Interest	Total
2021	\$ 85,000	14,937	99,937
2022	85,000	13,026	98,026
2023	85,000	10,901	95,901
2024	90,000	8,775	98,775
2025	90,000	6,300	96,300
2026-2030	120,000	5,400	125,400
Totals	\$ 555,000	59,339	614,339

Note 7 LEASE DISCLOSURES

Lessee/Lessor – Operating leases

The Village has no material operating leases with a remaining noncancellable term exceeding one year.

Lessee/Lessor – Capital leases

The Village has no material capital leases.

Note 8 DEFINED BENEFIT PENSION

The Wisconsin Retirement System (“WRS”) is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 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.

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

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 8 DEFINED BENEFIT PENSION (Continued)

Vesting

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

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 8 DEFINED BENEFIT PENSION (Continued)

Post-Retirement Adjustments

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

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

Contributions

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

During the reporting period, the WRS recognized \$40,625 in contributions from the employer.

Contribution rates as of December 31, 2020 are:

	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 8 DEFINED BENEFIT PENSION (Continued)

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

At December 31, 2020, the Village reported a liability (asset) of \$(122,573) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability (asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Village's proportion was 0.00380138%, which was an increase of 0.00015592% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized pension expense of \$44,312.

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

	Deferred Outflow of Resources	Deferred Inflows of Resources
Cost-Sharing Multiple-Employer Pension Plan:		
Differences between expected and actual experience	\$ 232,673	\$ 116,437
Changes in assumptions	9,551	-
Net differences between projected and actual earnings on pension plan investments	-	250,584
Changes in proportionate and difference between employer contributions and proportionate share of contributions	598	897
Employer contributions subsequent to the measurement date	41,464	-
	<u>284,286</u>	<u>367,918</u>
Total - costing-sharing multiple-employer pension plan	\$ 284,286	\$ 367,918

The total of \$41,464 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 (asset) in the year ended December 31, 2020.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 8 DEFINED BENEFIT PENSION (Continued)

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

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

Year ended December 31:	Deferred Outflow of Resources	Deferred Inflow of Resources
2020	\$ 82,350	\$ 122,038
2021	81,164	114,600
2022	64,856	76,083
2023	14,452	55,197
2024	-	-
Thereafter	-	-

Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 8 DEFINED BENEFIT PENSION (Continued)

Actuarial Assumptions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2018 using experience from January 1, 2015 to December 31, 2017. Based on the experience study, actuarial assumptions used to measure the total pension liability changed from the prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

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

Core Fund Asset Class	Current Asset Allocation	Long-Term	
		Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Global Equities	49.0%	8.0%	5.1%
Fixed Income	24.5%	4.9%	2.1%
Inflation Sensitive Assets	15.5%	4.0%	1.2%
Real Estate	9.0%	6.3%	3.5%
Private Equity/Debt	8.0%	10.6%	7.6%
Multi-Asset	4.0%	6.9%	4.0%
Total Core Fund	110.0%	7.5%	4.6%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0%	7.5%	4.6%
International Equities	30.0%	8.2%	5.3%
Total Variable Fund	100.0%	7.8%	4.9%

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

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

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 8 DEFINED BENEFIT PENSION (Continued)

Actuarial Assumptions (Continued)

Single Discount Rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's proportionate share of the net pension liability (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 7.00 percent, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
District's proportionate share of the net pension liability (asset)	\$ 315,649	\$ (122,573)	\$ (450,196)

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

Payables to the pension plan

As of December 31, 2020 the Village has payables of \$0 relating to the pension plan. This amount represents legally required contributions based on the December 31, 2020 payroll reporting period.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 9 INTERFUND BALANCES AND ACTIVITY

Interfund balances at December 31, 2020 consisted of the following:

	<u>Due from other funds</u>	<u>Due to other funds</u>
Governmental funds:		
Major funds - recorded in:		
General fund	\$ 124,085	173,833
Debt service fund	68,986	46,790
Nonmajor funds	<u>164,548</u>	<u>12,911</u>
Subtotal - governmental funds	357,619	233,534
Proprietary funds - recorded in:		
Water utility	-	68,965
Sewer utility	<u>-</u>	<u>55,120</u>
Subtotal - proprietary funds	<u>-</u>	<u>124,085</u>
Total due to/from other funds	<u>\$ 357,619</u>	<u>357,619</u>

The main purpose of these interfund balances is working capital loans provided to the funds owing these amounts. There is no definitive repayment date for these amounts.

The balances for those amounts not owed as working capital loans resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions recorded in the accounting system, (3) payments between funds are made.

Interfund transfers for the year ended December 31, 2020, consisted of the following:

<u>Recorded in</u>	<u>Transfers in</u>	<u>Transfers out</u>
Governmental funds:		
General fund - property tax equivalent	\$ 43,644	-
Debt service fund	91,484	
Nonmajor funds - debt service payments	<u>-</u>	<u>91,484</u>
Subtotal - governmental funds	135,128	91,484
Enterprise fund - water and sewer	<u>-</u>	<u>43,644</u>
Total	<u>\$ 135,128</u>	<u>135,128</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 10 NET POSITION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net position at December 31, 2020 is classified in the statement of net position as follows:

Governmental Activities:

Net investment in capital assets:

Capital assets, net of accumulated depreciation	\$ 3,050,310
Less - Related long-term debt outstanding	<u>(954,545)</u>
Total invested in capital assets	2,095,765

Restricted for:

Future CDBG grant program expenditures	31,311
Perpetual care of cemetery	28,500
Future library operations	18,558
Future improvements of the Village Hall, donations/grants	77,912
Donations reserved for Village Hall elevator project	23,914
Future TIF fund activities	214,508
Future general obligation debt service	<u>12,227</u>
Total restricted	406,930

Unrestricted	<u>1,314,588</u>
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Total governmental activities net position	<u>\$ 3,817,283</u>
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Business-type Activities:

Net investment in capital assets:

Capital assets, net of accumulated depreciation	\$ 2,822,740
Less - Related long-term debt outstanding	<u>(1,153,210)</u>
Total invested in capital assets	1,669,530

Restricted

Bond redemption fund - used for future principal and interest payments on bonds - cash balance less related current liability for principal and interest	105,779
For future plant renewals and replacements or to make up deficiencies in bond fund (depreciation and operations & maintenance)	120,391
For critical equipment replacements in the sewer fund per DNR regulations	<u>27,448</u>
Total restricted	253,618

Unrestricted	<u>992,035</u>
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Total business-type activities net position	<u><u>\$ 2,915,183</u></u>
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VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 11 GOVERNMENTAL FUND BALANCES

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

Nonspendable:

Prepaid expenditures	\$ <u>7,159</u>
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Restricted for:

Future CDBG grant program expenditures	31,311
Perpetual care of cemetery	28,500
Future library operations	18,558
Future improvements of the Village Hall, donations/grants	77,912
Donations reserved for Village Hall elevator project	23,914
Future TIF #3 expenditures	168,719
Future TIF #4 expenditures	45,789
Debt service expenditures	<u>17,731</u>
Total restricted fund balances	<u>412,434</u>

Assigned for:

Future major equipment replacement, various departments	235,127
Spreading garden, fencing, improvements in cemetery	5,863
Library operations	17,830
Street improvements	140,966
Holiday decorations	3,229
Economic development	20,000
Future improvements to the Village Hall	<u>81,877</u>
Total assigned fund balances	<u>504,892</u>

Unassigned, undesignated:

Major fund - General fund	<u>461,494</u>
Total governmental fund balances	\$ <u><u>1,385,979</u></u>

Note 12 COMMITMENTS AND CONTINGENCIES

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.

Funding for the operating budget of the Village comes from a variety of sources. The State of Wisconsin provides a variety of funding to the Village, primarily in the form of grants and shared revenues. The funding level of these sources depends on the approval by the Wisconsin state legislature and the governor as part of the biennial budget process. The amount of funding the Village receives from the state is subject to change based on the enactment of future budgets and approved changes in funding levels by the state legislature and the governor.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 12 COMMITMENTS AND CONTINGENCIES (Continued)

During 2019 the Village signed an agreement with the U.S. Department of the Army (Corps of Engineers) for streambank and shoreline protection improvements relative to the Village's wastewater lagoons. The estimated cost of the project totals \$1,662,000 with Village's share at 35% or approximately \$581,700. The Village has available credit of \$630,000 in the form of a loan with Dairy State Bank and has drawn \$581,700 as of December 31, 2020, to pay for costs. This loan is further described at Note 6. Construction is anticipated to begin in 2021.

Note 13 RISK MANAGEMENT

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

Note 14 RELATED PARTY TRANSACTIONS

The Village utilized the services of a business owned by an employee for street sweeping services. For the year ended December 31, 2020, the Village paid \$6,700 for these services. See also Note 15 for significant transactions with the Colfax Community Fire Department, a related party joint venture.

Note 15 JOINT VENTURES

The Village is a member of the Colfax Community Fire Department ("CCFD"), which is supported by five municipalities for the purpose of sharing costs to provide fire protection service to its citizens. The CCFD has a joint fire board, which consists of a designee from each municipality plus the Village of Colfax's village board president. All costs of the CCFD shall be shared by the parties in an amount proportionate to their respective equalized property valuations. For 2020, the Village appropriated \$22,451 as support for the CCFD, incurred \$4,207 in costs associated with on call charges from the CCFD and paid \$9,630 in tax-deferred benefits for volunteer firefighters under the State of Wisconsin Service Award program (formerly known as LOSA) for total expenditures of \$36,288; the CCFD provided \$9,630 in support to cover the Service Award benefits. The CCFD issues unaudited financial statements annually.

In 2020 the Village became a Responsible Unit (RU) of two waste and recycling collection sites, previously operated by Dunn County Solid Waste and Recycling. The Colfax Collection Site and the Elk Mound Collection Site. The Colfax site is owned by the Village and the Elk Mound site is owned by the Village of Elk Mound. The Colfax RU consists of two groups, the Colfax group which has six municipalities members and the Elk Mound group which consists of three municipalities members. These two groups have a joint committee which consists of a member from each municipality with the Village's president being chair of the committee. The initial start up costs were paid by the members of each group for the site that they are members of. The general operating costs are funded through a per capita fee that is determined with the costs associated with the corresponding site.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 15 JOINT VENTURES (Continued)

As the RU the Village is responsible for the administration of the program, including providing staffing, paying the bills, tracking expenses and revenues, reporting to the DNR, and distributing educational materials to the residents. In 2020 the Village incurred \$22,560 in expenditures related to printing and advertising, operating supplies, and capital equipment for the waste and recycling sites.

Note 16 TAX INCREMENTAL DISTRICT FUNDS

The Village has created two tax incremental financing districts (TIF districts or TIDs) in accordance with Section 66.1105 of the Wisconsin Statutes. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after creation of the district. The tax on the increased value is called a tax increment.

TID #3 and TID #4 were in existence during the year ended December 31, 2020. The resolutions creating TID #3 and TID #4 were dated September 10, 2002 and February 22, 2006, respectively. Resolutions subsequently amending TID #3 were dated October 2, 2006 and May 8, 2014. TID #4 was amended October 10, 2016, to allow the sharing of its tax increments with TID #3. The estimated amount of the increments to be shared over the remaining life of both TID's total approximately \$264,000. At the creation of TID #3, the statutes provided that no project costs could be expended later than seven years after the creation date of the district. The statutes further allowed the municipality to collect tax increments for sixteen years after the last project expenditure is made or until the net project cost of the district had been recovered, whichever occurred first. The State enacted several changes relating to tax incremental districts in 2004 (with amending legislation in 2005). One of these changes extended the expenditure period for all current and future districts, effective October 1, 2004, to five years prior to the termination of the district's unextended maximum life. For those districts that had reached the end of its project expenditure period prior to October 1, 2004, it allows a municipality to expend additional project costs included in the project plan beginning October 1, 2004 (subject to certain conditions). The unextended maximum life of TID #4 is twenty years.

	<u>TID #3</u>	<u>TID #4</u>
Last date to incur project costs	2024	2021
Final Dissolution date	2029	2026

The project plans for the districts, on file in the office of the Village Clerk-Treasurer, detail the proposed projects, the estimated years of construction or site acquisition and the estimated costs of the individual project components of the districts. Project costs uncollected at the dissolution date are absorbed by the municipality.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 16 TAX INCREMENTAL DISTRICT FUNDS (continued)

The following is a summary of TID #3 and TID #4 project costs and revenues through December 31, 2020:

	<u>TID #3</u>	<u>TID #4</u>
Accumulated project costs:		
From inception to December 31, 2020	\$ 1,376,885	\$ 263,902
Accumulated project revenues:		
Tax increments	908,946	296,150
Intergovernmental revenues	13,473	5,235
Interest on investments	4,410	88
Personal property tax aid	16,252	7,662
Rent	277	556
Other grant sources	26,862	-
Transfers in	99,125	-
Total project revenues	<u>1,069,345</u>	<u>309,691</u>
Future project revenues necessary to recover net costs to date	\$ <u>307,540</u>	\$ <u>(45,789)</u>

The summary of transactions is reconcilable to the TID fund balances (deficits) at December 31, 2020 as follows:

	<u>TID #3</u>	<u>TID #4</u>
Year-end balances of long-term debt payable from TID funds:		
Promissory note dated 11/1/16	\$ 142,166	\$ -
Promissory note dated 6/15/15	187,817	-
G.O. Refunding bonds dated 2/6/13	125,000	-
Total balance of long-term debt payable from TID funds	\$ <u>454,983</u>	\$ -
Less - unrecovered costs	<u>307,540</u>	<u>(45,789)</u>
Fund balance (deficit), December 31, 2020	\$ <u>147,443</u>	\$ <u>45,789</u>

Note 17 COVID-19

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent of the impact on the Village may be both direct and indirect and will vary based on the duration of the outbreak and other factors. An estimate of the financial effect on the Village's financial statements at December 31, 2020 cannot be determined at this time.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 18 BUDGETARY INFORMATION

Budgetary Control

See Note 1. F. for further details and policies of the Village relative to annual budgets

Note 19 SUBSEQUENT EVENT

In February 2021 the village board approved \$120,000 of general obligation debt to be used to partially finance street construction projects that will take place in 2021.

VILLAGE OF COLFAX
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2020

VILLAGE OF COLFAX
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts - Budgetary Basis (Note 2)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and special assessments	\$ 496,577	\$ 496,577	\$ 494,458	\$ (2,119)
Intergovernmental	457,085	457,085	449,769	(7,316)
Licenses and permits	11,860	11,860	11,060	(800)
Fines, forfeitures and penalties	2,200	2,200	3,554	1,354
Public charges for services	22,850	22,850	49,230	26,380
Intergovernmental charges for services	8,600	8,600	9,630	1,030
Miscellaneous	28,975	28,975	34,912	5,937
Total revenues	1,028,147	1,028,147	1,052,613	24,466
EXPENDITURES				
Current:				
General government	217,264	217,264	206,924	10,340
Public safety	355,963	355,963	327,604	28,359
Public works	252,024	252,024	254,056	(2,032)
Health and human services	25,289	25,289	15,137	10,152
Culture, recreation and education	201,984	201,984	200,068	1,916
Debt service - principal and interest	80,910	80,910	80,910	-
Capital outlay	66,805	66,805	22,651	44,154
Total expenditures	1,200,239	1,200,239	1,107,350	92,889
Excess (deficiency) of revenues over (under) expenditures	(172,092)	(172,092)	(54,737)	117,355
OTHER FINANCING SOURCES				
Transfers in from other funds	9,896	9,896	-	(9,896)
Transfers in - property tax equivalent	45,116	45,116	43,644	(1,472)
Total other financing sources	55,012	55,012	43,644	(11,368)
Net change in fund balances	(117,080)	(117,080)	(11,093)	105,987
Fund balances - Beginning of year	1,166,459	1,166,459	1,166,459	-
Fund balances - End of year	\$ 1,049,379	\$ 1,049,379	\$ 1,155,366	\$ 105,987

VILLAGE OF COLFAX
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION- BUDGETARY COMPARISON
SCHEDULE
December 31, 2020

Note 1 EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The Village controls expenditures at the department level. Some individual line items experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's preceding schedule of revenues, expenditures and changes in fund balances – budget and actual for the year ended December 31, 2020.

Note 2 EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES

	<u>General fund</u>
Revenues:	
Actual amounts (budgetary basis) per the budgetary schedules	\$ 1,052,613
Adjustments:	
Public charges for services - budgeted in rescue squad	216,027
Intergovernmental charges - budgeted in rescue squad	156,625
Miscellaneous - budgeted in rescue squad	324
Debt service - tax levy reported in the debt service fund for financial reporting, however it is budgeted in the general fund.	-
	<u>(80,911)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - general fund	\$ <u>1,344,678</u>
Expenditures:	
Actual amounts (budgetary basis) per the budgetary schedules	\$ 1,107,350
Adjustments:	
Public safety - budgeted in rescue squad	374,601
Rescue Squad - principal and interest is reported in the general fund for financial reporting, however it is budgeted in the rescue squad	-
Debt service - principal and interest is reported in the debt service fund for financial reporting, however it is budgeted in the general fund	<u>(80,910)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - general fund	\$ <u>1,401,041</u>

VILLAGE OF COLFAX
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2020

**SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY (ASSET)
COST-SHARING MULTIPLE-EMPLOYER PENSION PLAN**

Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension asset	0.0038014%	0.0036455%	0.0034067%	0.0033456%	0.0032133%	0.00304372%
Village's proportionate share of the net pension liability (asset)	\$ (122,573)	\$ 129,694	\$ (101,150)	\$ 27,575	\$ 52,215	\$ (74,762)
Village's covered-employee payroll	\$ 567,046	\$ 554,916	\$ 476,746	\$ 449,517	\$ 428,682	\$ 433,797
Village's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	-21.62%	23.37%	-21.22%	6.13%	12.18%	-17.23%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%

**SCHEDULE OF VILLAGE'S CONTRIBUTIONS
COST-SHARING MULTIPLE-EMPLOYER PENSION PLAN**

Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 40,625	\$ 41,062	\$ 35,719	\$ 32,361	\$ 31,736	\$ 32,921
Contributions in relation to the contractually required contributions	\$ 40,625	\$ 41,062	\$ 35,719	\$ 32,361	\$ 31,736	\$ 32,921
Contribution deficiency (excess)	-	-	-	-	-	-
Village's covered-employee payroll	\$ 567,046	\$ 554,916	\$ 476,746	\$ 449,517	\$ 428,682	\$ 433,797
Contributions as a percentage of covered-employee payroll	7.16%	7.40%	7.49%	7.20%	7.40%	7.59%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Amounts are presented only for the years for which this information is available.

See accompanying notes to the Village's proportionate share of net pension liability (asset) and contributions schedules.

VILLAGE OF COLFAX
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULES OF
VILLAGE’S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) AND
CONTRIBUTIONS
December 31, 2020

Note 1 DISCLOSURE OF CHANGES OF BENEFIT TERMS AND ASSUMPTIONS

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

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