

**VILLAGE OF COLFAX
INDEPENDENT AUDITORS' REPORT
ON FINANCIAL STATEMENTS
WITH SUPPLEMENTAL FINANCIAL INFORMATION
December 31, 2022**

VILLAGE OF COLFAX
December 31, 2022
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Independent Auditors' Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Colfax (“Village”) as of December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplemental information in the table of contents be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information (as shown in the table of contents) in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding 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 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 opinions on the basic financial statements are not affected by this missing information.

CERTIFIED PUBLIC ACCOUNTANTS

Eau Claire, Wisconsin
September 29, 2023

Village of Colfax
BASIC FINANCIAL STATEMENTS
December 31, 2022

VILLAGE OF COLFAX
STATEMENT OF NET POSITION
December 31, 2022

	Primary government		
	Governmental	Business-type	Totals
	Activities	Activities	
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 886,611	\$ 360,606	\$ 1,247,217
Taxes receivable	658,922	-	658,922
Accounts receivable	181,134	109,671	290,805
Notes receivable	5,368	-	5,368
Leases receivable	-	278,307	278,307
Other	-	290	290
Inventories	-	6,134	6,134
Prepaid expenses	11,307	3,482	14,789
Internal balances	284,775	(284,775)	-
Total current assets	2,028,117	473,715	2,501,832
<i>Noncurrent assets:</i>			
Restricted assets:			
Cash and cash equivalents	4,712	261,719	266,431
Net pension asset	265,209	39,749	304,958
Deferred debits	-	594,806	594,806
Notes receivable	278,964	-	278,964
Investment in joint venture	60,368	-	60,368
Capital assets, net of depreciation	2,982,004	3,436,423	6,418,427
Total noncurrent assets	3,591,257	4,332,697	7,923,954
Total assets	\$ 5,619,374	\$ 4,806,412	\$ 10,425,786
DEFERRED OUTFLOWS OF RESOURCES			
Resources related to pensions	\$ 518,504	\$ 77,712	\$ 596,216
LIABILITIES			
<i>Current liabilities:</i>			
Accounts payable and accrued expenses	\$ 94,527	\$ 15,810	\$ 110,337
Deferred revenue	121,206	-	121,206
Total current liabilities	215,733	15,810	231,543
<i>Current liabilities payable from restricted assets:</i>			
Accrued interest	2,461	6,109	8,570
Current maturities of long-term liabilities	179,157	159,761	338,918
Total current liabilities payable from restricted assets	181,618	165,870	347,488
<i>Noncurrent liabilities:</i>			
Vested compensated absences	67,025	-	67,025
Noncurrent portion of long-term liabilities	424,015	1,219,460	1,643,475
Total long-term liabilities	491,040	1,219,460	1,710,500
Total liabilities	\$ 888,391	\$ 1,401,140	\$ 2,289,531
DEFERRED INFLOWS OF RESOURCES			
Resources related to pensions	\$ 625,197	\$ 93,703	\$ 718,900
Resources related to leases	-	271,062	271,062
Unavailable property taxes	653,556	-	653,556
Total deferred inflows of resources	\$ 1,278,753	\$ 364,765	\$ 1,643,518
NET POSITION			
Net investment in capital assets	\$ 2,378,832	\$ 1,517,552	\$ 3,896,384
Restricted	399,579	255,610	655,189
Unrestricted	1,192,323	1,345,057	2,537,380
Total net position	\$ 3,970,734	\$ 3,118,219	\$ 7,088,953

See accompanying notes to financial statements

VILLAGE OF COLFAX
STATEMENT OF ACTIVITIES
For Year Ended December 31, 2022

<u>Functions/Programs</u>	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	\$ 248,736	\$ 226	\$ 14,657	\$ -	\$ (233,853)	\$ -	\$ (233,853)
Public safety	767,839	548,331	89,763	-	(129,745)	-	(129,745)
Public works	400,136	20,155	75,880	-	(304,101)	-	(304,101)
Health and human services	10,585	4,621	-	-	(5,964)	-	(5,964)
Culture, recreation and education	214,100	1,014	93,997	-	(119,089)	-	(119,089)
Conservation and development	187,963	-	-	-	(187,963)	-	(187,963)
Interest on long-term liabilities (exclusive of \$0 of direct interest expenses charged to other functions)	18,268	-	-	-	(18,268)	-	(18,268)
Total governmental activities	1,847,627	574,347	274,297	-	(998,983)	-	(998,983)
Business-type activities:							
Water and sewer	437,743	475,208	-	-	-	37,465	37,465
Total business-type activities	437,743	475,208	-	-	-	37,465	37,465
Total primary government	\$ 2,285,370	\$ 1,049,555	\$ 274,297	\$ -	(998,983)	37,465	(961,518)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					393,024	-	393,024
Property taxes, levied for debt service					78,821	-	78,821
Property taxes, levied for tax incremental districts					151,108	-	151,108
Other taxes					28,858	-	28,858
Grants and contributions not restricted to specific program					290,139	133,242	423,381
Unrestricted investment earnings					7,539	788	8,327
Licenses, permits, fines and forfeits					12,422	-	12,422
Miscellaneous					25,783	21,449	47,232
Donations					26,844	-	26,844
Transfers					36,895	(36,895)	-
Total general revenues and transfers					1,051,433	118,584	1,170,017
Change in net position					52,450	156,049	208,499
Net position - Beginning of year					3,918,284	2,962,170	6,880,454
Net position - End of year					\$ 3,970,734	\$ 3,118,219	\$ 7,088,953

See accompanying notes to financial statements

**VILLAGE OF COLFAX
BALANCE SHEET -
GOVERNMENTAL FUNDS
December 31, 2022**

	Major Fund - General Fund	Major Fund - Debt Service Fund	Major Fund - TID #5 Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 720,629	\$ 26,124	\$ -	\$ 139,857	\$ 886,610
Receivables (net)					
Taxes	412,727	77,721	9,283	159,191	658,922
Accounts	181,134	-	-	-	181,134
Prepaid expenses	11,307	-	-	-	11,307
Due from other funds	500,080	143,342	-	164,548	807,970
Restricted cash and investments	<u>4,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,712</u>
Total assets	<u>\$ 1,830,589</u>	<u>\$ 247,187</u>	<u>\$ 9,283</u>	<u>\$ 463,596</u>	<u>\$ 2,550,655</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 93,526	\$ -	\$ -	\$ 1,000	\$ 94,526
Deferred revenue	-	-	-	121,206	121,206
Due to other funds	116,869	178,110	215,305	12,911	523,195
Total liabilities	<u>210,395</u>	<u>178,110</u>	<u>215,305</u>	<u>135,117</u>	<u>738,927</u>
Deferred inflows of resources:					
Unavailable property taxes	<u>407,361</u>	<u>77,721</u>	<u>9,283</u>	<u>159,191</u>	<u>653,556</u>
Total deferred inflows of resources	407,361	77,721	9,283	159,191	653,556
Fund balances:					
Nonspendable	11,307	-	-	-	11,307
Restricted	217,596	-	-	181,983	399,579
Assigned	391,093	-	-	-	391,093
Unassigned	<u>592,837</u>	<u>(8,644)</u>	<u>(215,305)</u>	<u>(12,695)</u>	<u>356,193</u>
Total fund balance	<u>1,212,833</u>	<u>(8,644)</u>	<u>(215,305)</u>	<u>169,288</u>	<u>1,158,172</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,830,589</u>	<u>\$ 247,187</u>	<u>\$ 9,283</u>	<u>\$ 463,596</u>	<u>\$ 2,550,655</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, 2022

Total fund balances - Governmental funds \$ 1,158,172

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.

Capital assets	\$	5,758,738	
Accumulated depreciation		<u>(2,776,734)</u>	2,982,004

Investment in joint ventures in governmental activities are not financial resources and therefore are not reported in the funds.

\$ 60,368

The net pension asset does not relate to current financial resources and is not reported in the governmental funds

\$ 265,209

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

\$ 518,504

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

\$ (625,197)

Long-term notes receivable are not available financial resources and therefore are not reported in the funds.

\$ 284,332

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.

Bonds/notes payable	\$	(603,172)	
Vested compensated benefits		(67,025)	
Accrued interest payable		<u>(2,461)</u>	<u>(672,658)</u>

Net position of governmental activities \$ 3,970,734

VILLAGE OF COLFAX
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For Year Ended December 31, 2022

	Major Fund - General Fund	Major Fund - Debt Service Fund	Major Fund - TID #5 Fund	Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes and special assessments	\$ 421,882	\$ 78,820	\$ -	\$ 151,108	\$ 651,810
Intergovernmental	547,054	-	-	17,382	564,436
Licenses and permits	9,883	-	-	-	9,883
Fines, forfeitures and penalties	2,539	-	-	-	2,539
Public charges for services	397,136	-	-	-	397,136
Intergovernmental charges for services	207,716	-	-	-	207,716
Investment earnings	7,539	-	-	116	7,655
Miscellaneous	54,913	-	-	-	54,913
Total revenues	<u>1,648,662</u>	<u>78,820</u>	<u>-</u>	<u>168,606</u>	<u>1,896,088</u>
EXPENDITURES					
Current:					
General government	206,167	-	1,425	21,067	228,659
Public safety	741,488	-	-	-	741,488
Public works	299,639	-	-	-	299,639
Health and human services	11,168	-	-	-	11,168
Culture, recreation and education	205,901	-	-	-	205,901
Conservation and development	214	-	-	-	214
Capital outlay	38,360	-	274,373	-	312,733
Debt service:					
Principal	-	296,779	-	-	296,779
Interest and other charges	-	21,552	-	-	21,552
Total expenditures	<u>1,502,937</u>	<u>318,331</u>	<u>275,798</u>	<u>21,067</u>	<u>2,118,133</u>
Excess (deficiency) of revenues over (under) expenditures	145,725	(239,511)	(275,798)	147,539	(222,045)
OTHER FINANCING SOURCES (USES)					
Transfers in	36,895	239,511	-	25,000	301,406
Transfers out	-	(25,000)	-	(239,511)	(264,511)
Total other financing sources (uses)	<u>36,895</u>	<u>214,511</u>	<u>-</u>	<u>(214,511)</u>	<u>36,895</u>
Net change in fund balances	182,620	(25,000)	(275,798)	(66,972)	(185,150)
Fund balances - Beginning of year	<u>1,030,213</u>	<u>16,356</u>	<u>60,493</u>	<u>236,260</u>	<u>1,343,322</u>
Fund balances - End of year	<u>\$ 1,212,833</u>	<u>\$ (8,644)</u>	<u>\$ (215,305)</u>	<u>\$ 169,288</u>	<u>\$ 1,158,172</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, 2022

Net change in fund balances—Total governmental funds \$ (185,150)

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	\$ 145,783	
Loss on disposal of capital assets	(2,400)	
Depreciation expense reported in the statement of activities	<u>(252,078)</u>	(108,695)

Governmental funds report activity from investments in joint ventures as revenue/expenditures. However, the revenues/expenditures aren't reported in the statement of activities, rather as a decrease/increase in the Village's investment in joint ventures on the statement of net position. The change in the Village's equity interest in joint venture investments are not current resources and are not reported in governmental fund financial statements, but are reported in the statement of activities

Joint venture investment reported in governmental fund statements	\$	9,718
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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.

Long-term debt proceeds received provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position by the amount of the bonds issued.

Principal repayments on long-term debt	<u>296,779</u>	296,779
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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	\$	(24,091)
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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	\$ 3,284	
Increase (decrease) in accrued vested compensated absences	(896)	
Change in GASB 68 net pension asset/(liability) and related deferred inflows/outflows	<u>61,501</u>	<u>63,889</u>

Change in net position of governmental activities	\$	<u>52,450</u>
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VILLAGE OF COLFAX
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2022

	Enterprise funds		
	Water Utility	Sewer Utility	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents	\$ 391,382	\$ (30,776)	\$ 360,606
Receivables, net:			
Customer accounts	51,165	58,506	109,671
Interest income	-	96	96
Lease	278,307	-	278,307
Other	194	-	194
Inventories	6,134	-	6,134
Prepaid expenses	1,442	2,040	3,482
Total current assets	<u>728,624</u>	<u>29,866</u>	<u>758,490</u>
Noncurrent assets:			
Restricted cash and cash equivalents	63,242	198,477	261,719
Net pension assets	23,261	16,488	39,749
Deferred debits	-	594,806	594,806
Capital assets:			
Land, land improvements and construction in progress	8,958	105,387	114,345
Distribution and collections systems	2,515,287	1,256,706	3,771,993
Buildings and equipment	174,328	1,302,577	1,476,905
Construction work in progress	-	539,650	539,650
Less - Accumulated depreciation	<u>(1,017,216)</u>	<u>(1,449,254)</u>	<u>(2,466,470)</u>
Total noncurrent assets	<u>1,767,860</u>	<u>2,564,837</u>	<u>4,332,697</u>
Deferred outflows of resources:			
Resources related to pensions	<u>45,477</u>	<u>32,235</u>	<u>77,712</u>
Total assets and deferred outflows of resources	<u>\$ 2,541,961</u>	<u>\$ 2,626,938</u>	<u>\$ 5,168,899</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Accounts payable	\$ 4,317	\$ 7,942	\$ 12,259
Accrued payroll	1,992	1,559	3,551
Due to other funds	141,339	143,436	284,775
Total current liabilities	<u>147,648</u>	<u>152,937</u>	<u>300,585</u>
Current liabilities payable from restricted assets:			
Accrued interest	603	5,506	6,109
Current maturities of bonds, notes and loans payable	55,000	104,761	159,761
Total current liabilities payable from restricted assets	<u>55,603</u>	<u>110,267</u>	<u>165,870</u>
Noncurrent liabilities:			
Bonds, notes and loans payable	<u>235,000</u>	<u>984,460</u>	<u>1,219,460</u>
Total liabilities	<u>438,251</u>	<u>1,247,664</u>	<u>1,685,915</u>
Deferred inflows of resources:			
Resources related to leases	271,062	-	271,062
Resources related to pensions	54,834	38,869	93,703
	<u>325,896</u>	<u>38,869</u>	<u>364,765</u>
Net position:			
Net investment in capital assets	1,391,357	126,195	1,517,552
Restricted	62,639	192,971	255,610
Unrestricted	323,818	1,021,239	1,345,057
Total net position	<u>1,777,814</u>	<u>1,340,405</u>	<u>3,118,219</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,541,961</u>	<u>\$ 2,626,938</u>	<u>\$ 5,168,899</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, 2022

	Enterprise funds		
	Water Utility	Sewer Utility	Total
OPERATING REVENUES			
Charges for services	\$ 264,218	\$ 204,599	\$ 468,817
Miscellaneous operating revenues	3,777	2,614	6,391
Total operating revenues	<u>267,995</u>	<u>207,213</u>	<u>475,208</u>
OPERATING EXPENSES			
Payroll costs	52,757	37,858	90,615
Depreciation	60,760	63,436	124,196
Taxes	7,518	2,714	10,232
Operating supplies	21,144	15,263	36,407
Repairs and maintenance	5,600	26,613	32,213
Transportation	963	874	1,837
Purchased power	19,823	9,250	29,073
Employee benefits	7,805	12,063	19,868
Office supplies	2,238	1,420	3,658
Insurance	5,487	7,212	12,699
Outside services	20,479	24,228	44,707
Miscellaneous	564	2,408	2,972
Total operating expenses	<u>205,138</u>	<u>203,339</u>	<u>408,477</u>
Operating income	62,857	3,874	66,731
NONOPERATING INCOME (EXPENSE)			
Investment income	190	598	788
Rents from utility property	21,449	-	21,449
Interest expense	(9,420)	(19,846)	(29,266)
Total nonoperating revenues (expenses)	<u>12,219</u>	<u>(19,248)</u>	<u>(7,029)</u>
Income before contributions and transfers	75,076	(15,374)	59,702
Transfers out	(36,146)	(749)	(36,895)
Capital contributions	53,804	79,438	133,242
Total transfers and contributions	<u>17,658</u>	<u>78,689</u>	<u>96,347</u>
Change in net position	92,734	63,315	156,049
Net position - Beginning of year	<u>1,685,080</u>	<u>1,277,090</u>	<u>2,962,170</u>
Net position - End of year	<u>\$ 1,777,814</u>	<u>\$ 1,340,405</u>	<u>\$ 3,118,219</u>

See accompanying notes to financial statements

VILLAGE OF COLFAX
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For Year Ended December 31, 2022

		<u>Enterprise funds</u> Water and <u>Sewer Utilities</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$	478,921
Cash received from the rental of utility property		21,449
Cash payments to suppliers for goods and services		(158,809)
Cash payments for taxes		(10,232)
Cash payments to employees for services		(121,059)
Net cash provided by (used in) operating activities		<u>210,270</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payment in lieu of taxes to the general fund - property tax equivalent		<u>(36,895)</u>
Net cash provided by (used in) noncapital financing activities		<u>(36,895)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of utility plant		(689,673)
Principal paid on capital debt		(159,650)
Proceeds received on capital debt		539,650
Capital contributions		133,242
Interest paid on capital debt		(30,098)
Net cash provided by (used in) capital and related financing activities		<u>(206,529)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income		<u>788</u>
Net cash provided by (used in) investing activities		<u>788</u>
Net change in cash and cash equivalents		(32,366)
Cash and cash equivalents - Beginning		<u>654,691</u>
Cash and cash equivalents - End	\$	<u><u>622,325</u></u>

See accompanying notes to financial statements

VILLAGE OF COLFAX
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
For Year Ended December 31, 2022

		<u>Enterprise funds</u> Water and <u>Sewer Utilities</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$	66,731
Adjustments to reconcile operating income to net cash provided by operating activities:		
Rent from utility property		21,449
Depreciation		124,196
GASB No. 68 adjustment for pension expense		(10,291)
Changes in assets and liabilities:		
Receivables, net		3,713
Other assets		(1,253)
Accrued payroll		(285)
Accounts payable - related to operating activities only		6,010
Net cash provided by (used in) operating activities	\$	<u><u>210,270</u></u>
 RECONCILIATION OF CASH AND CASH EQUIVALENTS TO PROPRIETARY FUNDS STATEMENT OF NET POSITION TOTALS		
Cash and cash equivalents	\$	360,606
Restricted cash and cash equivalents		<u>261,719</u>
Total cash and cash equivalents	\$	<u><u>622,325</u></u>

See accompanying notes to financial statements

VILLAGE OF COLFAX
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2022

	Custodial Fund Youth softball and baseball	Custodial Fund Tax Collection
ASSETS		
Cash and cash equivalents	\$ 50,998	\$ 212,467
Accrued interest receivable	270	-
Taxes receivable	-	535,968
 Total assets	 \$ 51,268	 \$ 748,435
LIABILITIES		
Due to other governments	\$ -	\$ 748,435
NET POSITION		
Restricted in perpetuity - Nonexpendable	50,334	
Reserved for youth softball and baseball programs - Expendable	270	
Unreserved - Expendable	664	
 Total net position	 \$ 51,268	

See accompanying notes to financial statements

VILLAGE OF COLFAX
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For Year Ended December 31, 2022

	<u>Custodial Fund</u> Youth softball and baseball	<u>Custodial Fund</u> Tax Collection	<u>Total</u>
ADDITIONS			
Investment earnings	\$ 84	\$ -	\$ 84
Property taxes collected from other governments	<u>-</u>	<u>590,106</u>	<u>590,106</u>
Total additions	<u>84</u>	<u>590,106</u>	<u>590,190</u>
DEDUCTIONS			
Property taxes disbursed to other governments	<u>-</u>	<u>590,106</u>	<u>590,106</u>
Total deductions	<u>-</u>	<u>590,106</u>	<u>590,106</u>
Change in net position	84	-	84
Net position - Beginning of year	<u>51,184</u>	<u>-</u>	<u>51,184</u>
Net position - End of year	<u>\$ 51,268</u>	<u>\$ -</u>	<u>\$ 51,268</u>

See accompanying notes to financial statements

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022

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, 2022

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.
- **Tax Incremental Districts (TID) #5** – accounts for the Village’s activities in TID #5.

The Village reports Tax Incremental Districts (TID) #3, #4 and American Rescue Plant Act fund 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 2022 tax levy for the Village and other taxing authorities to be received in 2023.
- **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, 2022

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, 2022

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, 2022

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, 2022

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Receivables (Continued)

Property tax calendar – 2022 tax roll:

Lien date	January 1, 2022
Levy date	November, 2022
Tax bills mailed	December, 2022
Payment in full, or first installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property taxes in full	January 31, 2022

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, 2022

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, 2022

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, 2022

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 \$45,830 and accumulated vacation carryover is \$20,299.

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, 2022 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, 2022

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, 2022

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 and deferred outflows 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.

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, 2022

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

13. Leases

For the year ended December 31, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

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, 2022

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, 2022, \$307,396 of the Village’s bank balance of \$1,894,325 was exposed to custodial credit risk as follows:

Collateralized with pledged securities held by agent and in the Village's name	\$ <u>307,396</u>
Total deposits subject to custodial credit risk	\$ <u><u>307,396</u></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	\$ <u>1,777,113</u>
Total deposits	\$ <u><u>1,777,113</u></u>
Per statement of net position:	
Unrestricted cash and cash equivalents	\$ 1,247,217
Restricted cash and cash equivalents	266,431
Per statement of net position - Fiduciary funds:	
Custodial fund - Tax collections	212,467
Custodial fund - Youth softball and baseball	<u>50,998</u>
Total	\$ <u><u>1,777,113</u></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, 2022

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, 2022 are as follows:

Allowance for uncollectible accounts - General fund	\$ <u>110,809</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 9.28.23quent 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:

	Unavailable	Unearned	Total
Governmental funds:			
Taxes receivable:			
Current year property taxes receivable (general fund)	\$ 412,727	-	412,727
Current year property taxes receivable (debt service)	77,721	-	77,721
Current year property taxes receivable (tax increment funds)	<u>168,474</u>	<u>-</u>	<u>168,474</u>
Total deferred inflows - balance sheet	<u>\$ 658,922</u>	<u>-</u>	<u>658,922</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	\$ 28,871
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CDBG revolving loan fund (RLF) - consists of notes receivable from 20 Village citizens. These notes are interest free and have various maturities

	255,461
	<u>\$ 284,332</u>

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

Notes receivable - current	\$ 5,368
Notes receivable - noncurrent	<u>278,964</u>
Total notes receivable	<u>\$ 284,332</u>

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 4 RESTRICTED ASSETS – PROPRIETARY FUNDS

The following is a list of restricted assets reported in the proprietary fund at December 31, 2022:

	Restricted Assets	Less - Liabilities Payable From Restricted Assets	Restricted Net Position
Bond redemption fund	\$ 113,122	6,109	107,013
Depreciation fund	49,766	-	49,766
Operation and maintenance	71,271	-	71,271
DNR replacement account	<u>27,560</u>	<u>-</u>	<u>27,560</u>
Totals	<u>\$ 261,719</u>	<u>6,109</u>	<u>255,610</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, 2022

Note 5 CAPITAL ASSETS

Capital asset activity in the governmental activities for the year ended December 31, 2022 was as follows:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
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	-	(8,000)	1,696,965
Land improvements	43,393	-	-	43,393
Machinery and equipment	285,037	4,204	-	289,241
Vehicles	564,040	-	-	564,040
Property in the open	83,708	-	-	83,708
Intangibles	13,500	-	-	13,500
Infrastructure	2,812,446	135,249	-	2,947,695
Construction work-in-progress	-	6,330	-	6,330
Total capital assets being depreciated/ amortized	<u>5,507,089</u>	<u>145,783</u>	<u>(8,000)</u>	<u>5,644,872</u>
Less - Accumulated depreciation/ amortization for:				
Buildings	(762,810)	(57,154)	5,600	(814,364)
Land improvements	(31,796)	(1,130)	-	(32,926)
Machinery and equipment	(288,625)	(29,420)	-	(318,045)
Vehicles	(317,666)	(51,776)	-	(369,442)
Property in the open	(48,814)	(5,307)	-	(54,121)
Intangibles	(8,100)	(900)	-	(9,000)
Infrastructure	(1,072,445)	(106,391)	-	(1,178,836)
Total accumulated depreciation/amortization	<u>(2,530,256)</u>	<u>(252,078)</u>	<u>5,600</u>	<u>(2,776,734)</u>
Governmental activities capital assets - Net	<u>\$ 3,090,699</u>	<u>(106,295)</u>	<u>(2,400)</u>	<u>2,982,004</u>

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 5 CAPITAL ASSETS (Continued)

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

General government	\$ 24,750
Public safety	64,522
Public works	139,242
Culture, recreation and education	17,357
Conservation and development	<u>6,207</u>
Total depreciation expense - Governmental activities	<u>\$ 252,078</u>

Capital asset activity in the business-type activities for the year ended December 31, 2022 was as follows:

	Balance 1/1/22	Additions/ Reclassifications	Deletions	Balance 12/31/2022
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	3,629,064	149,006	(6,077)	3,771,993
Building and equipment	1,476,905	-	-	1,476,905
Construction work-in-progress	-	539,650	-	539,650
Total capital assets being depreciated	<u>5,105,969</u>	<u>688,656</u>	<u>(6,077)</u>	<u>5,788,548</u>
Less - Accumulated depreciation for:				
Distribution and collection systems	(1,516,867)	(91,602)	6,077	(1,602,392)
Building and equipment	(831,484)	(32,594)	-	(864,078)
Total accumulated depreciation	<u>(2,348,351)</u>	<u>(124,196)</u>	<u>6,077</u>	<u>(2,466,470)</u>
Capital assets - Net	<u>\$ 2,871,963</u>	<u>564,460</u>	<u>-</u>	<u>3,436,423</u>

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

Water utility	\$ 63,727
Sewer utility	<u>60,469</u>
Total business-type activities depreciation expense	<u>\$ 124,196</u>

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 6 LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2022 was as follows:

	<u>Balance</u> <u>1/1/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Amounts</u> <u>due within</u> <u>one year</u>
<u>Governmental activities:</u>					
General obligation debt from:					
direct borrowings and direct					
placements:					
General obligation bonds	\$ 505,000	-	(80,000)	425,000	80,000
Promissory notes	<u>394,951</u>	<u>-</u>	<u>(216,779)</u>	<u>178,172</u>	<u>99,157</u>
Total bonds and notes payable	899,951	-	(296,779)	603,172	179,157
Other liabilities:					
Compensated absences	<u>66,129</u>	<u>896</u>	<u>-</u>	<u>67,025</u>	<u>-</u>
Total long-term liabilities	<u>\$ 966,080</u>	<u>896</u>	<u>(296,779)</u>	<u>670,197</u>	<u>179,157</u>
	<u>Balance</u> <u>1/1/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Amounts</u> <u>due within</u> <u>one year</u>
<u>Business-type activities:</u>					
General obligation debt from					
direct borrowings:					
General obligation bonds	\$ 529,221	539,650	(74,650)	994,221	74,761
Revenue bonds from					
direct borrowings:					
Revenue bonds	<u>470,000</u>	<u>-</u>	<u>(85,000)</u>	<u>385,000</u>	<u>85,000</u>
Total long-term liabilities	<u>\$ 999,221</u>	<u>539,650</u>	<u>(159,650)</u>	<u>1,379,221</u>	<u>159,761</u>

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 \$603,172 and outstanding bonds from direct borrowings related to business-type activities of \$1,379,221. 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, 2022

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, 2022 consist of the following:

<u>Type</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates (%)</u>	<u>Original Indebtedness</u>	<u>Balance Outstanding 12/31/2022</u>
Series 2013A refunding G.O. bonds, callable 12/1/2021	2/6/2013	12/1/2028	1.0 - 3.0	\$ 1,310,000	\$ 485,000
Less: Portion liquidated by business-type activities					<u>(60,000)</u>
Subtotal					425,000
Promissory note - Dairy State	11/1/2016	7/1/2023	2.01	\$ 410,000	61,965
2015 Promissory note - DSB	6/15/2015	7/1/2025	2.69	\$ 350,000	<u>116,207</u>
Total general obligation debt, governmental activities					603,172
Other long-term liabilities:					
Compensated absences					67,025
Less: Current portion					<u>(179,157)</u>
Total governmental activities long-term liabilities					<u>\$ 491,040</u>

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, 2022 consist of the following:

<u>Type</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates (%)</u>	<u>Original Indebtedness</u>	<u>Outstanding 12/31/2022</u>
Series 2013B refunding revenue bonds, callable 12/1/2021	6/18/2013	12/1/2027	1.0 - 3.0	\$ 1,160,000	\$ 385,000
Note payable*	7/26/2020	7/26/2029	3.25	\$ 581,700	394,571
2022 Promissory note - DSB	2/24/2022	9/1/2024	1.81	\$ 539,650	539,650
Add: Portion of G.O. debt liquidated by business-type activities					<u>60,000</u>
					1,379,221
Less: Current portion					<u>(159,761)</u>
					<u>\$ 1,219,460</u>

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022, the Village had available credit on this note of \$235,429.

Interest expense incurred and recognized in the statement of activities was \$21,552 for governmental activities and \$29,266 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
2023	179,157	15,018	194,175	74,761	25,803	100,564
2024	118,275	11,108	129,383	616,343	21,726	638,069
2025	125,695	7,848	133,543	78,764	11,970	90,734
2026	60,000	5,040	65,040	80,864	9,509	90,373
2027	60,000	3,480	63,480	68,034	6,949	74,983
2028-2032	60,045	1,800	61,845	75,455	7,112	82,567
Totals	\$ 603,172	44,294	647,466	\$ 994,221	83,069	919,740

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, 2022 in accordance with Wisconsin Statutes follows:

Debt limit (\$69,115,000 x 5%)	\$ 3,455,750
Deduct long-term debts applicable to debt margin	<u>1,597,393</u>
Margin on indebtedness	<u>\$ 1,858,357</u>

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

Years	Business-type activities		
	Revenue debt		
	Principal	Interest	Total
2023	85,000	10,901	95,901
2024	90,000	8,775	98,775
2025	90,000	6,300	96,300
2026	60,000	3,600	63,600
2027	60,000	1,800	61,800
2028-2032	-	-	-
Totals	\$ 385,000	31,376	416,376

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 7 LEASE DISCLOSURES

On January 1, 2022, the Village entered into a 202 month lease as Lessor for the use of Land - Cell Tower. An initial lease receivable was recorded in the amount of \$287,164. As of December 31, 2022, the value of the lease receivable is \$278,307. The lessee is required to make monthly payments of \$1,283 that increase by 103% annually in November of each year. The lease has an interest rate of 2.34%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of December 31, 2022 was \$271,061, and the Village recognized lease revenue of \$16,103 during the fiscal year.

Leases receivable and deferred inflow of resources related to leases as of December 31, 2022 are as follows:

BUSINESS TYPE ACTIVITIES:	Balance as of <u>January 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance as of <u>December 31, 2022</u>
<u>Leases Receivable</u>				
Cell Tower Lease	\$ 287,164	\$ -	\$ 8,857	\$ 278,307

BUSINESS TYPE ACTIVITIES:	Balance as of <u>January 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance as of <u>December 31, 2022</u>
<u>Deferred Inflow of Resources</u>				
Cell Tower Lease	\$ 287,164	\$ -	\$ 16,103	\$ 271,061

The future payments of lease receivables as of December 31 is as follows:

Fiscal Year	<u>Business Type Activities</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2023	\$ 9,528	\$ 6,411	\$ 15,939
2024	10,237	6,181	16,418
2025	10,977	5,933	16,910
2026	11,749	5,668	17,417
2027	12,555	5,385	17,940
2028 - 2032	76,134	21,969	98,103
2033 - 2037	102,109	11,619	113,728
2038 - 2039	45,018	1,024	46,042
Total	<u>\$ 278,307</u>	<u>\$ 64,191</u>	<u>\$ 342,498</u>

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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>.

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

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective 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, 2022

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:

Year	Core Fund Adjustment	Variable Fund Adjustment
2012	-7.0%	-7.0%
2013	-9.6%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	-5.0%
2017	2.0%	4.0%
2018	2.4%	17.0%
2019	0.0%	-10.0%
2020	1.7%	21.0%
2021	5.1%	13.0%

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 \$44,367 in contributions from the employer.

Contribution rates as of December 31, 2022 are:

	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022, the Village reported a liability (asset) of \$(304,958) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the Village's proportion was 0.00378352%, which was an decrease of 0.00005582% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized pension expense of \$26,374.

At December 31, 2022, 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	\$ 492,645	\$ 35,525
Changes in assumptions	56,894	-
Net differences between projected and actual earnings on pension plan investments	-	682,218
Changes in proportionate and difference between employer contributions and proportionate share of contributions	1,328	1,156
Employer contributions subsequent to the measurement date	45,349	-
Total - costing-sharing multiple-employer pension plan	\$ 596,216	\$ 718,899

The amount of \$45,349 reported as Deferred Outflows of Resources 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, 2022.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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
2023	\$ 240,151	\$ 260,709
2024	150,225	229,001
2025	109,027	145,068
2026	51,464	84,121
2027	-	-
Thereafter	-	-

Actuarial Assumptions

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

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

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

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 8 DEFINED BENEFIT PENSION (Continued)

Actuarial Assumptions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

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

<u>Core Fund Asset Class</u>	Current Asset Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Global Equities	52.0%	6.8%	4.2%
Fixed Income	25.0%	4.3%	1.8%
Inflation Sensitive Assets	19.0%	2.7%	0.2%
Real Estate	7.0%	5.6%	3.0%
Private Equity/Debt	12.0%	9.7%	7.0%
Total Core Fund	115.0%	6.6%	4.0%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0%	6.3%	3.7%
International Equities	30.0%	7.2%	4.6%
Total Variable Fund	100.0%	6.8%	4.2%

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

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 8 DEFINED BENEFIT PENSION (Continued)

Actuarial Assumptions (Continued)

Single Discount Rate. A single discount rate of 6.8% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84% (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, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the 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 6.8 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 (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
	<u> </u>	<u> </u>	<u> </u>
District's proportionate share of the net pension liability (asset)	\$ 216,389	\$ (304,958)	\$ (680,232)

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

Payables to the pension plan

As of December 31, 2022 the Village has payables of \$0 relating to the pension plan. This amount represents legally required contributions based on the December 31, 2022 payroll reporting period.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 9 INTERFUND BALANCES AND ACTIVITY

Interfund balances at December 31, 2022 consisted of the following:

	Due from other funds	Due to other funds
Governmental funds:		
Major funds - recorded in:		
General fund	\$ 500,080	116,869
Debt service fund	143,342	178,110
TID #5	-	215,305
Nonmajor funds	164,548	12,911
Subtotal - governmental funds	807,970	523,195
Proprietary funds - recorded in:		
Water utility	-	141,339
Sewer utility	-	143,436
Subtotal - proprietary funds	-	284,775
Total due to/from other funds	\$ 807,970	807,970

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, 2022, consisted of the following:

Recorded in	Transfers in	Transfers out
Governmental funds:		
General fund - property tax equivalent	\$ 36,895	-
Debt service fund	239,511	-
Nonmajor funds - TID #3	25,000	-
Nonmajor funds - debt service payments	-	264,511
Subtotal - governmental funds	301,406	264,511
Enterprise fund - water and sewer	-	36,895
Total	\$ 301,406	301,406

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, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) recognize a payment in lieu of taxes for the property tax equivalent owed by the utilities to the general fund.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 10 NET POSITION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net position at December 31, 2022 is classified in the statement of net position as follows:

Governmental Activities:

Net investment in capital assets:

Capital assets, net of accumulated depreciation	\$ 2,982,004
Less - Related long-term debt outstanding	<u>(603,172)</u>
Total invested in capital assets	2,378,832

Restricted for:

Future CDBG grant program expenditures	36,930
Perpetual care of cemetery	28,500
Future library operations	19,021
Future improvements of the Village Hall, donations/grants	77,912
Donations reserved for Village Hall elevator project	55,233
Future TIF fund activities	<u>181,983</u>
Total restricted	399,579

Unrestricted	<u>1,192,323</u>
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Total governmental activities net position	<u>\$ 3,970,734</u>
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Business-type Activities:

Net investment in capital assets:

Capital assets, net of accumulated depreciation	\$ 2,896,773
Less - Related long-term debt outstanding	<u>(1,379,221)</u>
Total invested in capital assets	1,517,552

Restricted

Bond redemption fund - used for future principal and interest payments on bonds - cash balance less related current liability for principal and interest	107,013
For future plant renewals and replacements or to make up deficiencies in bond fund (depreciation and operations & maintenance)	121,037
For critical equipment replacements in the sewer fund per DNR regulations	<u>27,560</u>
Total restricted	255,610

Unrestricted	<u>1,345,057</u>
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Total business-type activities net position	<u>\$ 3,118,219</u>
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VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 11 GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2022 include the following:

Nonspendable:

Prepaid expenditures	\$ <u>11,307</u>
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Restricted for:

Future CDBG grant program expenditures	36,930
Perpetual care of cemetery	28,500
Future library operations	19,021
Future improvements of the Village Hall, donations/grants	77,912
Donations reserved for Village Hall elevator project	55,233
Future TIF #3 expenditures	<u>181,983</u>
Total restricted fund balances	<u>399,579</u>

Assigned for:

Future major equipment replacement, various departments	236,959
Spreading garden, fencing, improvements in cemetery	6,663
Library operations	14,345
Street improvements	42,709
Holiday decorations	3,229
Economic development	20,000
Future improvements to the Village Hall	<u>67,188</u>
Total assigned fund balances	<u>391,093</u>

Unassigned, undesignated:

Debt service expenditures	(8,644)
Future TIF #4 expenditures	(12,695)
Future TIF #5 expenditures	(215,305)
Major fund - General fund	<u>592,837</u>
Total unassigned fund balances	<u>356,193</u>

Total governmental fund balances	\$ <u><u>1,158,172</u></u>
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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, 2022

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, 2022, the Village paid \$6,850 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 2022, the Village appropriated \$22,461 as support for the CCFD, incurred \$3,138 in costs associated with on call charges from the CCFD and paid \$8,730 in tax-deferred benefits for volunteer firefighters under the State of Wisconsin Service Award program (formerly known as LOSA) for total expenditures of \$34,329; the CCFD provided \$8,730 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 consists of six municipalities and the Elk Mound group consists of three municipalities. 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 assessed to each member based on the budgeted operating costs associated with the corresponding site.

In 2022 the Village incurred \$30,726 in per capita fees. 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 2022 the Village received \$21,008 related the administrative of the waste and recycling program.

The waste and recycling program issues unaudited financial statements annually.

VILLAGE OF COLFAX
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 16 TAX INCREMENTAL DISTRICT FUNDS

The Village established its Tax Incremental Financing (TIF) District numbers 3, 4 and 5 pursuant to a law enacted to provide a process by which local units of government could finance public works or improvements in blighted areas from taxes levied by county, village, schools and other local jurisdictions based on the increase in property values within a designated geographic area. When a tax incremental district is established, the state determines the aggregate value of taxable property located within the district (the base value). Taxes derived from levies by all local jurisdictions on property values exceeding the base value determined by the state are allocated to the Village for financing improvements within the district. Tax increments generated within the combined districts will be allocated to the Village until project costs for the district are recovered by the Village. These costs have been financed by proceeds from general obligation notes and advances from the Village.

Wisconsin statutes require the filing of annual reports (PE-300 form) electronically with the Wisconsin Department of Revenue each year by July 1. The statutes further require a joint review board meeting with representatives of the underlying taxing authorities at which the PE300 form is reviewed and those officials are informed of the performance of the TIF district. These reports are available online at <https://ww2.revenue.wi.gov/VaultPublic/publish/tidar/report.html>.

Note 17 BUDGETARY INFORMATION

Budgetary Control

See Note 1. F. for further details and policies of the Village relative to annual budgets. The Village's general fund controls expenditures at the functional level. Some individual functions experienced expenditures which exceeded appropriations. The detail of these items can be found in the Village's budgetary comparison schedule, shown as required supplementary information.

Note 18 EFFECT OF NEW ACCOUNTING STANDARDS ON FINANCIAL STATEMENTS

The Government Accounting Standards Board (GASB) has approved the following:

- Statement No. 91, Conduit Debt Obligations
- Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements
- Statement No. 96, Subscription-Based Information Technology Arrangements
- Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62
- Statement No. 101, Compensated Absences

When they become effective, application of these standards may restate portions of these financial statements.

**VILLAGE OF COLFAX
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2022**

VILLAGE OF COLFAX
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts - Budgetary Basis (Note 2)	Variance with Final Budget Positive Negative
	Original	Final		
REVENUES				
Taxes and special assessments	\$ 471,809	\$ 471,809	\$ 500,703	\$ 28,894
Intergovernmental	469,956	469,956	460,322	(9,634)
Licenses and permits	9,310	9,310	9,883	573
Fines, forfeitures and penalties	2,500	2,500	2,539	39
Public charges for services	32,482	32,482	36,481	3,999
Intergovernmental charges for services	7,500	7,500	24,640	17,140
Investment earnings	9,896	9,896	7,371	(2,525)
Miscellaneous	11,480	11,480	44,403	32,923
Total revenues	<u>1,014,933</u>	<u>1,014,933</u>	<u>1,086,342</u>	<u>71,409</u>
EXPENDITURES				
Current:				
General government	220,661	220,661	206,164	14,497
Public safety	371,481	371,481	334,178	37,303
Public works	265,974	265,974	274,794	(8,820)
Health and human services	21,193	21,193	11,168	10,025
Culture, recreation and education	221,866	221,866	205,901	15,965
Conservation and development	1,500	1,500	214	1,286
Debt service - principal and interest	-	-	78,820	(78,820)
Capital outlay	65,509	65,509	38,360	27,149
Total expenditures	<u>1,168,184</u>	<u>1,168,184</u>	<u>1,149,599</u>	<u>18,585</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(153,251)</u>	<u>(153,251)</u>	<u>(63,257)</u>	<u>89,994</u>
OTHER FINANCING SOURCES				
Transfers in - property tax equivalent	36,895	36,895	36,895	-
Total other financing sources	<u>36,895</u>	<u>36,895</u>	<u>36,895</u>	<u>-</u>
Net change in fund balances	(116,356)	(116,356)	(26,362)	89,994
Fund balances - Beginning of year	<u>1,030,213</u>	<u>1,030,213</u>	<u>1,030,213</u>	<u>-</u>
Fund balances - End of year	<u>\$ 913,857</u>	<u>\$ 913,857</u>	<u>\$ 1,003,851</u>	<u>\$ 89,994</u>

VILLAGE OF COLFAX
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION- BUDGETARY COMPARISON
SCHEDULE
December 31, 2022

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, 2022.

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	\$ 1,086,342
Adjustments:	
Intergovernmental aid - budgeted in rescue squad	86,732
Public charges for services - budgeted in rescue squad	356,525
Public charges for services - budgeted in CDBG	4,130
Intergovernmental charges - budgeted in rescue squad	183,076
Investment earnings - budgeted in CDBG	167
Miscellaneous - budgeted in rescue squad	10,510
Debt service - tax levy reported in the debt service fund for financial reporting, however it is budgeted in the general fund.	(78,820)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - general fund	\$ 1,648,662
Expenditures:	
Actual amounts (budgetary basis) per the budgetary schedules	\$ 1,149,599
Adjustments:	
Public safety - budgeted in rescue squad	407,313
Public works - budgeted in CDBG	24,845
Debt service - principal and interest is reported in the debt service fund for financial reporting, however it is budgeted in the general fund	(78,820)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - general fund	\$ 1,502,937

COLFAX VILLAGE
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2022

**SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY (ASSET)
COST-SHARING MULTIPLE-EMPLOYER PENSION PLAN**
Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<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	0.0037835%	0.0038393%	0.0038014%	0.0036455%	0.0034067%	0.0033456%	0.0032133%	0.00304372%
Village's proportionate share of the net pension liability (asset)	\$ (304,958)	\$ (239,694)	\$ (122,573)	\$ 129,694	\$ (101,150)	\$ 27,575	\$ 52,215	\$ (74,762)
Village's covered-employee payroll	\$ 581,039	\$ 555,536	\$ 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.	-52.48%	-43.15%	-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)	106.02%	105.26%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 44,367	\$ 41,391	\$ 40,625	\$ 41,062	\$ 35,719	\$ 32,361	\$ 31,736	\$ 32,921
Contributions in relation to the contractually required contributions	\$ 44,367	\$ 41,391	\$ 40,625	\$ 41,062	\$ 35,719	\$ 32,361	\$ 31,736	\$ 32,921
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Village's covered-employee payroll	\$ 581,039	\$ 555,536	\$ 567,046	\$ 554,916	\$ 476,746	\$ 449,517	\$ 428,682	\$ 433,797
Contributions as a percentage of covered-employee payroll	7.64%	7.45%	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.

VILLAGE OF COLFAX
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULES OF
VILLAGE’S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) AND
CONTRIBUTIONS
December 31, 2022

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.

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

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

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

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

VILLAGE OF COLFAX
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULES OF
VILLAGE’S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) AND
CONTRIBUTIONS
December 31, 2022

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

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

VILLAGE OF COLFAX
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULES OF
VILLAGE’S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) AND
CONTRIBUTIONS
December 31, 2022

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

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