

**VILLAGE OF
JACKSON**

**AUDITED FINANCIAL
STATEMENTS**

DECEMBER 31, 2014



JAMES R. FRECHETTE

CERTIFIED PUBLIC ACCOUNTANT

VILLAGE OF JACKSON
December 31, 2014
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Independent Auditor's Report

To the Village Board
Village of Jackson
Jackson, Wisconsin

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Jackson, Wisconsin as of and for the year ended December 31, 2014, which collectively comprise the Village's basic financial statements as listed in table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Jackson, Wisconsin as of December 31, 2014, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

A handwritten signature in black ink, appearing to read "James R. Frechette". The signature is fluid and cursive, with a prominent initial "J" and "F".

May 13, 2015
Mukwonago, WI

JAMES R. FRECHETTE
CERTIFIED PUBLIC ACCOUNTANT

BASIC FINANCIAL STATEMENTS

VILLAGE OF JACKSON
STATEMENT OF NET POSITION
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and Investments	\$ 2,100,320	\$ 5,552	\$ 2,105,872
Taxes Receivable	4,905,498	0	4,905,498
Accounts Receivable	383,723	683,404	1,067,127
Inventory and Prepayments	0	38,759	38,759
Noncurrent Assets:			
Cash and Investments - Restricted	2,756,484	3,884,068	6,640,552
Long-Term Advances	1,320,067	(1,320,067)	0
Capital Assets	23,651,827	53,798,337	77,450,164
Less: Accumulated Depreciation	(7,009,884)	(20,050,564)	(27,060,448)
Total Assets	28,108,035	37,039,489	65,147,524
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	161,035	377,060	538,095
Cash Overdraft	0	1,432,970	1,432,970
Accrued Salaries and Benefits	85,198	5,711	90,909
Accrued Interest Payable	47,029	14,445	61,474
Notes and Bonds - Current	2,442,337	644,261	3,086,598
Noncurrent Liabilities:			
Developer Agreement Payments	32,512		32,512
Notes and Bonds Payable	14,284,628	2,518,396	16,803,024
Total Liabilities	17,052,739	4,992,843	22,045,582
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property Taxes	5,382,557		5,382,557
Special Assessments	293,377		293,377
Total Deferred Inflows of Resources	5,675,934	0	5,675,934
Total Liabilities and Deferred Inflows	22,728,673	4,992,843	27,721,516
<u>NET POSITION</u>			
Net Investment in Capital Assets	(85,022)	30,585,116	30,500,094
Restricted for:			
Debt Service	229,309	211,262	440,571
Capital Projects	2,610,334	2,845,681	5,456,015
Community Development Authority	402,253	0	402,253
Park	46,834	0	46,834
Police Impact Fees	122,506	0	122,506
Equipment Replacement	0	827,126	827,126
Unrestricted (Deficit)	2,053,148	(2,422,539)	(369,391)
Total Net Position	\$ 5,379,362	\$ 32,046,646	\$ 37,426,008

The notes to the financial statements are an integral part of this statement.

VILLAGE OF JACKSON
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
General Government	\$ 617,506	\$ 127,965	\$ 0	\$ 0	\$ (489,541)	\$ 0	\$ (489,541)
Public Safety	2,074,541	492,972	281,619	53,577	(1,246,373)	0	(1,246,373)
Public Works	1,273,327	53,049	274,367	473,150	(472,761)	0	(472,761)
Culture and Recreation	675,308	211,817	75,959	26,169	(361,363)	0	(361,363)
Conservation and Development	42,419				(42,419)	0	(42,419)
Interest on Long-Term Debt	1,157,269	0	0	0	(1,157,269)	0	(1,157,269)
Total Governmental Activities	<u>5,840,370</u>	<u>885,803</u>	<u>631,945</u>	<u>552,896</u>	<u>(3,769,726)</u>	<u>0</u>	<u>(3,769,726)</u>
Business-type Activities:							
Water	1,330,031	1,158,709	0	4,150,587	0	3,979,265	3,979,265
Sewer	1,789,661	1,681,012	0	181,290	0	72,641	72,641
Telecommunications	474,740	1,552	0	0	0	(473,188)	(473,188)
Total Support Services	<u>3,594,432</u>	<u>2,841,273</u>	<u>0</u>	<u>4,331,877</u>	<u>0</u>	<u>3,578,718</u>	<u>3,578,718</u>
Total Primary Government	<u>\$ 9,434,802</u>	<u>\$ 3,727,076</u>	<u>\$ 631,945</u>	<u>\$ 4,884,773</u>	<u>(3,769,726)</u>	<u>3,578,718</u>	<u>\$ (191,008)</u>
General Revenues:							
Property Taxes					5,952,785	0	5,952,785
Mobile Home Fees					118,128	0	118,128
Motel/Hotel Room Tax					43,252	0	43,252
Payments In Lieu of Taxes					283,895	0	283,895
State Aids - Unrestricted					387,119	0	387,119
Interest on Investments					305	3,181	3,486
Rent					42,907	0	42,907
Miscellaneous					124,832	0	124,832
Transfers					<u>0</u>	<u>0</u>	<u>0</u>
Total General Revenues and Transfers					<u>6,953,223</u>	<u>3,181</u>	<u>6,956,404</u>
Change in Net Position					3,183,497	3,581,899	6,765,396
Net Position - Beginning of Year					<u>2,195,865</u>	<u>28,464,747</u>	<u>30,660,612</u>
Net Position - End of Year					<u>\$ 5,379,362</u>	<u>\$ 32,046,646</u>	<u>\$ 37,426,008</u>

The notes to the financial statements are an integral part of this report.

VILLAGE OF JACKSON
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2014

	General Fund	Debt Service Fund	Capital Projects Fund	Community Development Authority Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 1,211,373	\$ 229,309	\$ 0	\$ 402,253	\$ 257,385	\$ 2,100,320
Taxes Receivable	1,564,772	1,766,047	1,390,206		184,473	4,905,498
Accounts Receivable	51,603				38,743	90,346
Special Assessments Receivable	293,377					293,377
Long-Term Advance	1,320,067					1,320,067
Cash and Investments - Restricted	122,506		2,633,978			2,756,484
TOTAL ASSETS	\$ 4,563,698	\$ 1,995,356	\$ 4,024,184	\$ 402,253	\$ 480,601	\$ 11,466,092
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 116,281	\$ 0	\$ 8,047	\$ 0	\$ 36,707	\$ 161,035
Accrued Salaries and Fringes	71,608				13,590	85,198
Total Liabilities	187,889	0	8,047	0	50,297	246,233
Deferred Inflows of Resources:						
Property Taxes	2,041,831	1,766,047	1,390,206	0	184,473	5,382,557
Special Assessments	293,377					293,377
Total Deferred Inflows of Resources	2,335,208	1,766,047	1,390,206	0	184,473	5,675,934
Fund Balances:						
Nonspendable:						
Advance to Telecommunications Fund	1,320,067					1,320,067
Restricted:						
Debt Service		229,309				229,309
Capital Projects			2,625,931		(15,597)	2,610,334
Community Development Authority				402,253		402,253
Police Impact Fees	122,506					122,506
Park					46,834	46,834
Assigned:						
Fire and Rescue					469,737	469,737
Unassigned	598,028				(255,143)	342,885
Total Fund Balances	2,040,601	229,309	2,625,931	402,253	245,831	5,543,925
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,563,698	\$ 1,995,356	\$ 4,024,184	\$ 402,253	\$ 480,601	\$ 11,466,092

The notes to the financial statements are an integral part of this statement.

VILLAGE OF JACKSON
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
 SHEET TO THE STATEMENT OF NET POSITION
 As Of December 31, 2014

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

Total Fund Balances - Governmental Funds	\$	5,543,925
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This includes:		
Capital Assets		23,651,827
Accumulated Depreciation		(7,009,884)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These include:		
Notes and Bonds Payable		(16,726,965)
Developer Agreement Payments Payable		(32,512)
Accrued Interest on Long-Term Debt		(47,029)
Net Position of Governmental Activities	\$	<u><u>5,379,362</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF JACKSON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended December 31, 2014

	General Fund	Debt Service Fund	Capital Projects Fund	Community Development Authority Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>						
Taxes	\$ 2,441,153	\$ 1,526,094	\$ 1,416,814	\$ 864,819	\$ 149,210	\$ 6,398,090
Special Assessments	10,145		36,381			46,526
Intergovernmental	611,022		481,279	47,935	30,491	1,170,727
License and Permits	354,517					354,517
Forfeitures and Penalties	59,061					59,061
Public Charges for Services	180,617				432,666	613,283
Intergovernmental Charges for Services					598,359	598,359
Miscellaneous	59,901			163	112	60,176
TOTAL REVENUES	<u>3,716,416</u>	<u>1,526,094</u>	<u>1,934,474</u>	<u>912,917</u>	<u>1,210,838</u>	<u>9,300,739</u>
<u>EXPENDITURES</u>						
Current:						
General Government	558,962	0	0	42,150	0	601,112
Public Safety	1,649,916				554,687	2,204,603
Public Works	902,429					902,429
Culture and Recreation	160,332				412,953	573,285
Capital Outlay	51,655		26,823		65,685	144,163
Debt Service:						
Principal		3,317,113	121,461	74,708		3,513,282
Interest and Other		675,545	112,704	5,603		793,852
TOTAL EXPENDITURES	<u>3,323,294</u>	<u>3,992,658</u>	<u>260,988</u>	<u>122,461</u>	<u>1,033,325</u>	<u>8,732,726</u>
Excess of Revenues Over (Under) Expenditures	<u>393,122</u>	<u>(2,466,564)</u>	<u>1,673,486</u>	<u>790,456</u>	<u>177,513</u>	<u>568,013</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Proceeds from Long-Term Debt	0	3,025,000		0	0	3,025,000
Payment to Refunding Escrow Agent		(2,849,279)				(2,849,279)
Transfers In (Out)		2,349,542	(948,538)	(1,285,329)	(115,675)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>2,525,263</u>	<u>(948,538)</u>	<u>(1,285,329)</u>	<u>(115,675)</u>	<u>175,721</u>
Net Change in Fund Balances	393,122	58,699	724,948	(494,873)	61,838	743,734
Fund Balances - Beginning	1,647,479	170,610	1,900,983	897,126	183,993	4,800,191
Fund Balances - Ending	<u>\$ 2,040,601</u>	<u>\$ 229,309</u>	<u>\$ 2,625,931</u>	<u>\$ 402,253</u>	<u>\$ 245,831</u>	<u>\$ 5,543,925</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF JACKSON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2014

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

Net change in fund balances - total governmental funds	\$	743,734
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital Outlays		78,849
Depreciation on Fixed Assets		(613,230)
<p>The issuance of long-term debt is reported in the governmental funds as a other financing source, but has no effect on the statement of activities. (net of premium)</p>		
		(3,025,000)
<p>Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is recorded as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. These include:</p>		
Principal Paid on Long-Term Loans		5,988,283
<p>Payment of interest on long-term debt is reported in the governmental funds as an expenditure when paid, but is recorded in the statement of activities as incurred.</p>		
Interest Paid on Long-Term Debt		755,426
Interest Incurred for the Year		(744,565)
Change in net position of governmental activities	\$	3,183,497

The notes to the financial statements are an integral part of this statement.

VILLAGE OF JACKSON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

For The Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 2,390,099	\$ 2,390,099	\$ 2,441,153	\$ 51,054
Special Assessments	9,860	9,860	10,145	285
Intergovernmental	604,919	604,919	611,022	6,103
License and Permits	203,060	203,060	354,517	151,457
Forfeitures and Penalties	76,205	76,205	59,061	(17,144)
Public Charges for Services	135,500	135,500	180,617	45,117
Miscellaneous	55,201	55,201	59,901	4,700
TOTAL REVENUES	<u>3,474,844</u>	<u>3,474,844</u>	<u>3,716,416</u>	<u>241,572</u>
EXPENDITURES				
Current:				
General Government	653,156	653,156	558,962	94,194
Public Safety	1,719,150	1,719,150	1,701,571	17,579
Public Works	960,266	960,266	902,429	57,837
Culture and Recreation	143,272	143,272	160,332	(17,060)
TOTAL EXPENDITURES	<u>3,475,844</u>	<u>3,475,844</u>	<u>3,323,294</u>	<u>152,550</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,000)</u>	<u>(1,000)</u>	<u>393,122</u>	<u>394,122</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Long-term Debt	0	0	0	0
Operating Transfer In (Out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(1,000)	(1,000)	393,122	394,122
Fund Balance - Beginning	1,647,479	1,647,479	1,647,479	0
Fund Balance - Ending	<u>\$ 1,646,479</u>	<u>\$ 1,646,479</u>	<u>\$ 2,040,601</u>	<u>\$ 394,122</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF JACKSON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2014

	Business-Type Activities - Enterprise Funds			Totals Current Year
	Water Utility	Sewer Utility	Tele- Communications Utility	
<u>ASSETS</u>				
Current Assets:				
Cash and Investments	\$ 0	\$ 0	\$ 5,552	\$ 5,552
Accounts Receivable	295,056	388,348	0	683,404
Inventory	38,759			38,759
Total Current Assets	333,815	388,348	5,552	727,715
Noncurrent Assets:				
Cash and Investments	1,169,379	2,714,689	0	3,884,068
Capital Assets	21,579,742	30,297,596	1,920,999	53,798,337
Less: Accumulated Depreciation	(4,049,043)	(14,080,522)	(1,920,999)	(20,050,564)
Total Noncurrent Assets	18,700,078	18,931,763	0	37,631,841
Total Assets	19,033,893	19,320,111	5,552	38,359,556
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	59,310	40,520	130	99,960
Cash Overdraft	546,933	886,037		1,432,970
Accrued Salaries and Benefits	2,673	3,038		5,711
Accrued Taxes Payable	277,100			277,100
Total Current Liabilities	886,016	929,595	130	1,815,741
Current Liabilities Payable from Restricted Assets:				
General Obligation Bonds Payable		83,663		83,663
Clean Water Fund Loans Payable		375,598		375,598
Revenue Bonds Payable	113,573	71,427		185,000
Accrued Interest Payable	2,965	11,480	0	14,445
Total Current Liabilities Payable from Restricted Assets	116,538	542,168	0	658,706
Noncurrent Liabilities:				
General Obligation Bonds Payable		734,372		734,372
Clean Water Fund Loans Payable		1,189,024		1,189,024
Revenue Bonds Payable	365,275	229,725		595,000
Long-Term Advance from General Fund			1,320,067	1,320,067
Total Noncurrent Liabilities	365,275	2,153,121	1,320,067	3,838,463
Total Liabilities	1,367,829	3,624,884	1,320,197	6,312,910
<u>NET POSITION</u>				
Net Investment in Capital Assets	17,051,851	13,533,265	0	30,585,116
Restricted for:				
Debt Service	133,515	77,747		211,262
Capital Projects	1,035,864	1,809,817		2,845,681
Equipment Replacement		827,126		827,126
Unrestricted	(555,166)	(552,728)	(1,314,645)	(2,422,539)
Total Net Position	\$ 17,666,064	\$ 15,695,227	\$ (1,314,645)	\$ 32,046,646

The notes to the financial statements are an integral part of this statement.

VILLAGE OF JACKSON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Business-Type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Tele- Communications Utility	
REVENUES				
Charges for Services	\$ 1,082,253	\$ 1,678,723	\$ 1,552	\$ 2,762,528
Other Operating Revenues	76,456	2,289	0	78,745
Total Operating Revenues	<u>1,158,709</u>	<u>1,681,012</u>	<u>1,552</u>	<u>2,841,273</u>
EXPENSES				
Operation and Maintenance	914,472	934,189	6,847	1,855,508
Depreciation	396,497	766,464	467,893	1,630,854
Total Operating Expenses	<u>1,310,969</u>	<u>1,700,653</u>	<u>474,740</u>	<u>3,486,362</u>
Operating Income	(152,260)	(19,641)	(473,188)	(645,089)
Nonoperating Revenues (Expenses):				
Interest on Investments	932	2,249	0	3,181
Interest Expense	(19,062)	(89,008)	0	(108,070)
Amortization Expense	0	0	0	0
Total Nonoperating Revenues (Expenses)	<u>(18,130)</u>	<u>(86,759)</u>	<u>0</u>	<u>(104,889)</u>
Income Before Contributions and Transfers	(170,390)	(106,400)	(473,188)	(749,978)
Capital Contributions/Impact Fees	4,150,587	181,290	0	4,331,877
Transfers In (Out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position	3,980,197	74,890	(473,188)	3,581,899
Net Position - Beginning	13,685,867	15,620,337	(841,457)	28,464,747
Net Position - Ending	<u>\$ 17,666,064</u>	<u>\$ 15,695,227</u>	<u>\$ (1,314,645)</u>	<u>\$ 32,046,646</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF JACKSON
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For The Year Ended December 31, 2014

	Business-Type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Tele- Communications	
<u>Cash Flows From Operating Activities:</u>				
Receipts from Customers	\$ 1,125,298	\$ 1,688,461	\$ 1,553	\$ 2,815,312
Net Payments to Village for Suppliers and Payroll	(857,903)	(914,892)	(2,591)	(1,775,386)
Net Cash Flows from Operating Activities	<u>267,395</u>	<u>773,569</u>	<u>(1,038)</u>	<u>1,039,926</u>
<u>Cash Flows From Noncapital Financing Activities:</u>				
Transfer to Other Funds	0	0	0	0
Transfer from Other Funds	0	0	0	0
Net Cash Flows from Noncapital Related Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Capital Contributions	151,700	181,290	0	332,990
Purchases of Capital Assets	(200,598)	(90,340)	0	(290,938)
Principal Paid on Capital Debt	(107,434)	(461,134)	0	(568,568)
Interest Paid on Capital Debt	(19,698)	(91,327)	0	(111,025)
Net Cash Flow from Capital and Related Financing Activities	<u>(176,030)</u>	<u>(461,511)</u>	<u>0</u>	<u>(637,541)</u>
<u>Cash Flow From Investing Activities:</u>				
Interest Income	932	2,249	0	3,181
Net Cash Flow from Investing Activities	<u>932</u>	<u>2,249</u>	<u>0</u>	<u>3,181</u>
Net Increase (Decrease) in Cash and Cash Equivalents	92,297	314,307	(1,038)	405,566
Cash and Cash Equivalents - January 1	530,149	1,514,345	6,590	2,051,084
Cash and Cash Equivalents - December 31	<u>\$ 622,446</u>	<u>\$ 1,828,652</u>	<u>\$ 5,552</u>	<u>\$ 2,456,650</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

VILLAGE OF JACKSON
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For The Year Ended December 31, 2014

	Business-Type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Tele- Communications	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income	\$ (152,260)	\$ (19,641)	\$ (473,188)	\$ (645,089)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	412,438	766,464	467,893	1,646,795
(Increase) Decrease in Accounts Receivable	(33,410)	7,449	4,158	(21,803)
(Increase) Decrease in Inventories/Prepayments	(1,350)	0	0	(1,350)
Increase (Decrease) in Accounts Payable	47,728	18,641	99	66,468
Increase (Decrease) in Accrued Liabilities	(5,751)	656	0	(5,095)
Total Adjustments	<u>419,655</u>	<u>793,210</u>	<u>472,150</u>	<u>1,685,015</u>
Net Cash Provided by Operating Activities	<u>\$ 267,395</u>	<u>\$ 773,569</u>	<u>\$ (1,038)</u>	<u>\$ 1,039,926</u>
Noncash Investing, Capital, and Financing Activities:				
Capital Outlay for Water Mains	<u>\$ 3,998,887</u>	<u>\$ 0</u>	<u>\$ 0</u>	

The Notes to the Financial Statements are an Integral Part of this Statement.

VILLAGE OF JACKSON
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
December 31, 2014

		<u>Agency Funds</u>	<u>Tax Collection Fund</u>
<u>ASSETS</u>			
Cash and Investments	\$	6,145,193	
Taxes Receivable			0
		<u>6,145,193</u>	
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$	<u>6,145,193</u>	
<u>NET POSITION</u>			
Net Position	\$		<u>0</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Jackson, Wisconsin is a municipality governed by a village president and a six-member village board.

The financial statements of the Village of Jackson have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Village are described below:

This report presents the village and its component units. Component units are entities for which the village is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the village's operations. The Community Development Authority of the Village of Jackson is included in this report as a blended component unit and is reported as a major governmental fund.

B. Government-wide and Fund Financial Statements

Government-wide statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and user charges for support.

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 clearly identifiable with a specific function or segment. 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.

Fund Financial statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. The village reports the following major governmental and business-type funds:

Governmental Funds

General Fund is the village's primary operating fund. It accounts for all financial resources of the village, except those required to be accounted for in another fund.

Debt Service Fund accounts for the accumulation for and payment of all long-term obligations of the governmental funds except those accounted for specifically in other governmental funds.

Community Development Authority accounts for the activities of the authority, which is a blended component unit of the village. Transactions related to Tax Incremental District No. 3 may be included in this fund.

Capital Projects Fund accounts for the activities involving borrowing for construction or purchase of capital assets. Transactions of Tax Incremental District's No. 2, No. 3, No. 4, and No. 5 may also be included in this fund.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

Enterprise Funds

Water Utility accounts for the activities of the village's water system.

Sewer Utility accounts for the activities of the village's sewer system.

Telecommunications Utility accounts for the activities of the village's telecommunication projects.

The Village also reports the following non-major governmental funds:

Park Fund	Recreation Fund	Fire and Rescue Fund
Tax Incremental District No. 5		

Additionally, the Village reports the following fund types that are not included in the government-wide financial statements:

The *Tax Collection Agency Fund* accounts for assets received from taxpayers held for distribution to other taxing units.

C. Measurement Focus and Basis of Accounting

Government-wide statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recognized as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Fund financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state aids, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

D. Assets, Liabilities, and Net Position or Equity

Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes permit the village to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. Agency issues, high grade commercial paper, and the State Treasurer's Investment Pool. Available balances in the debt service fund may be invested in municipal obligations, U.S. Government obligations, and the State Treasurer's Investment Pool. Investments are reported at fair value unless the difference between amortized costs and fair value are immaterial.

The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission as an investment company. The Investment pool is managed by the State of Wisconsin Investment Board with oversight by a Board of Trustees as authorized in Wisconsin Statutes Chapter 25.

Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the village, taxes are collected for the state, county, school district, and technical college district. Property taxes levied for village purposes as well as other governmental units are recorded as "Taxes Receivable" in the fund statements. The village portion of the levy is shown as "Deferred Property Taxes" and the other governmental units portion is shown as "Due to Other Taxing Units". The village share is recognized as revenue in the following year when the services financed by the levy are provided. Taxes collected in advance of the year for which they are levied are shown as reduction of the taxes receivable balance at December 31. The lien date and levy date are both in December 2014. Due dates for collection of taxes are January 31, 2015 and July 31, 2015.

Long-Term Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method except for the fire and rescue fund billings. An allowance for uncollectible fire and rescue billings has been established in the amount of \$38,743 at December 31, 2014. An allowance for uncollectible telecommunication revenues has also been established in the amount of \$20,785 for the Telecommunications Fund. No allowance for uncollectible accounts has been provided for any other receivables since such allowance would not be material.

Inventories and Prepayments

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings, land improvements, equipment, and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure assets prior to January 1, 2004 have been included.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciable capital assets of the Village are depreciated using the straight line method over the following estimated useful lives:

<u>Assets:</u>	<u>Years</u>
Buildings	20-50
Land Improvements	20-50
Equipment	5-25
Infrastructure	40

In the fund financial statements, governmental fund fixed assets are accounted for as capital outlay expenditures in the year purchased. No depreciation is recorded in the governmental fund financial statements. Fixed assets in the proprietary funds are accounted for the same way as in the government-wide statements.

Compensated Absences

The Village has not recorded liabilities for vested employee vacations and sick leave. Under terms of employment, village employees are granted vacations and sick leave in varying amounts. All vested vacation and sick leave pay are accrued, if material, when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured.

Benefits are recorded as expenditures in the fund statements as paid while recorded in the statement of activities, if material, as earned. The value of vested benefits at December 31, 2014 was immaterial. The value of vested benefits was calculated based upon rate of pay in effect at December 31, 2014.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, if material, are deferred and amortized over the life of the bonds or notes using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to 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.

Equity Classifications

Equity in the government-wide financial statements is reflected in three components:

- Net Investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, notes, land contracts, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

- Restricted net position – consists of net position with restrictions placed on their use either by external groups or state and federal law.
- Unrestricted net position – All other net position that do not meet the definition of the other two.

Equity in the Fund financial statements is reflected in the following categories:

- Nonspendable Fund Balance – This includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The village shall report inventories, prepaid items, long-term advances and receivables, and other amounts legally or contractually required to be maintained intact as nonspendable.
- Restricted Fund Balance – This includes amounts limited by external parties, laws or regulations, constitutional provisions or enabling legislation. The village shall report amounts as restricted that can be spent only for specific purposes stipulated by constitution, external source providers, or through legislation. When both restricted and unrestricted resources are available for use, it is village policy to use unrestricted resources first, then restricted resources as they are needed.
- Committed Fund Balance – This includes amounts that are committed for specific purposes by formal action of the Village Board.
- Assigned Fund Balance – This includes amounts that are intended to be used for specific purposes but are neither restricted nor formally committed. Intent can be expressed by the Board or by an individual or subordinate high level body to which the Village Board has delegated authority. The village board has not delegated authority to assign fund balance for a specific intended purpose.
- Unassigned Fund Balance – This includes any remaining amounts in the General Fund that are not classified as nonspendable, restricted, committed, or assigned. In other funds, the unassigned classification shall be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

A budget for the General Fund was adopted on a basis consistent with generally accepted accounting principles. The budget was adopted in compliance with all material state statutes.

Budgetary information as presented in the fund financial statements is derived from:

- A public hearing to obtain taxpayer comments on the proposed budget
- The annual operating budget as originally adopted by the village board
- Individual amendments, if any, to the original budget as approved by the village board during the year.

Budget appropriations lapse at year-end unless specifically carried over to the next year.

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2014, expenditures exceeded budgeted amounts in the following funds:

The General Fund had excess expenditures for Culture and Recreation (\$17,060). These overexpenditures were funded by available fund balance and by other functions in which budgeted amounts were in excess of actual expenditures.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

C. Deficit Fund Equity/Net Position

The Recreation Fund had a deficit fund balance of \$255,143 as of December 31, 2014. In addition, the Tax Incremental District No. 5 had a deficit fund balance of 15,597 at December 31, 2014.

The Telecommunications Utility Fund, created in 2004, had deficit net position of \$1,314,645 as of December 31, 2014. The utility has incurred large operating expenses from 2005 thru 2011, but has only accrued a small amount of user charges.

D. Restricted Revenue Bond Accounts

Under the provisions of the ordinances authorizing the issuance of the 2008 water utility and sewer utility revenue bonds, a portion of the operating revenues must be set aside in various accounts as described below:

Special Redemption Fund – To be used for the payment of principal and interest on the bonds. Revenues sufficient to pay the principal and interest on the bonds shall be set aside into this fund.

Depreciation Fund – The depreciation fund shall be used for the payment of principal and interest on the outstanding bonds at any time when there is insufficient money in the special redemption fund and for the maintenance of the reserve fund. When the balance in the special redemption fund is sufficient for its purposes, money in the depreciation fund may be expended for repairs, replacements, new construction, extensions, or additions to the system. Revenues shall be deposited into the water system and sewer system depreciation funds until such amounts as the village board may from time to time determine to constitute an adequate and reasonable depreciation account for the water system and sewer system is accumulated therein. The Village Board has not yet determined the depreciation fund funding amounts.

Reserve Account – To additionally secure the payment of principal and interest on the bonds, a separate account is to be established within the special redemption fund known as the reserve account. The amount in the reserve account shall be \$174,000. Funds in the reserve account are to be used solely for the payment of debt service on the bonds if ever net revenues of the water system and sewerage system are insufficient to make a debt service payment. The balance in the reserve account at December 31, 2014 was \$ 181,096.

The various funds and accounts have been established.

E. DNR Replacement Fund

The Wisconsin Department of Natural Resources required the creation of a equipment replacement fund as a condition of receiving a grant for the sewer utility. The equipment replacement fund has been established and the balance at December 31, 2014 was \$ 827,126.

F. Long-Term Debt Proceeds

The long-term debt issues require that the proceeds be used for a specific purpose and that the funds be separated from operating funds. During the year, proceeds from long-term debt have been deposited in the village's operating funds.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A - CASH AND INVESTMENTS

The village's deposits may include checking accounts, savings accounts, money market accounts, and certificates of deposit. The village's investments consisted of deposits in the State Treasurer's Investment Pool and United States Treasury Notes.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2014, \$8,719,320 of the government’s bank balance of \$8,969,320 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	8,868,608
Total	\$	8,868,608

Differences between bank balance and book balance represent deposits in transit and outstanding checks.

FDIC insurance provides coverage in the amount of \$250,000. Depository insurance is also provided by the State Deposit Guarantee Fund of the State of Wisconsin. The coverage is limited to \$400,000 above the applicable insurance provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available. As a result, this coverage was not considered in computing the above amount.

State Statutes authorize the village to invest in various types of investments as per Wisconsin Statute 66.04(2) and 67.11(2). During 2014, the village’s investments consisted of amounts in the State Treasurer’s Investment Pool and U.S. Treasury Notes. The balance at December 31, 2014 was \$4,339,889 for the state investment pool.

Total cash and investments at December 31, 2014 consisted of the following:

Deposits	\$	9,118,608
Investments – State Investment Pool		4,339,889
Petty Cash		150
Total Cash and Investments	\$	13,458,647
Total per financial statements:		
Cash and Investments – Current	\$	2,105,872
Cash and Investments – Restricted		6,640,552
Cash and Investments – Cash Overdraft		(1,432,970)
Agency Fund – Tax Collection Fund		6,145,193
Total	\$	13,458,647

B – RESTRICTED ASSETS

The following represent the balances of restricted assets as of December 31, 2014:

Capital Projects Fund:	
Capital Outlay Funds, including TID, Special Assessments, & Other	\$ <u>2,633,978</u>
Community Development Authority:	
Reserve Funds	\$ <u>0</u>
General Fund:	
Police Impact Fees	\$ <u>122,506</u>
Water Utility:	
Bond Reserve Fund – 2008 Issue	\$ 111,124
Special Redemption Fund – 2008 Issue	843
Depreciation Fund – 2008 Issue	21,548
Impact Fees	1,035,864
Total	\$ <u>1,169,379</u>

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

Sewer Utility:

Department of Natural Resources Equipment Replacement Fund	\$	827,126
Bond Reserve Fund – 2008 Issue		69,972
Special Redemption Fund – 2008 Issue		2,356
Depreciation Fund – 2008 Issue		5,419
Connection Fees		1,787,208
South Interceptor Connection Fees		22,608
Total	\$	<u>2,714,689</u>

C - CAPITAL ASSETS

Governmental activities:

	<u>Balance</u> 1-01-2014	<u>Additions</u>	<u>Removals</u>	<u>Balance</u> 12-31-2014
Land	\$ 847,361	\$ 0	\$ 0	\$ 847,361
Buildings & Improvements	5,986,532	0	0	5,986,532
Equipment	3,245,092	78,849	0	3,323,941
Infrastructure	13,493,993	0	0	13,493,993
Totals	<u>23,572,978</u>	<u>78,849</u>	<u>0</u>	<u>23,651,827</u>

Less: Accumulated

Depreciation for:

Buildings & Improvements	1,293,003	134,240	0	1,427,243
Equipment	1,561,176	160,599	0	1,721,775
Infrastructure	3,542,475	318,391	0	3,860,866

Total Accumulated

Depreciation	<u>6,396,654</u>	<u>613,230</u>	<u>0</u>	<u>7,009,884</u>
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Governmental Activities Capital

Assets – Net	\$ <u>17,176,324</u>	\$ <u>(534,831)</u>	\$ <u>0</u>	\$ <u>16,641,943</u>
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Land and construction work in progress are not depreciated. Depreciation expense was charged to the following governmental functions as follows:

General Government	\$	16,393
Public Safety		123,916
Public Works		370,898
Culture and Recreation		102,023
Total Depreciation of Governmental Activities	\$	<u>613,230</u>

Business-type activities:

	<u>Balance</u> 1-01-2014	<u>Additions</u>	<u>Removals</u>	<u>Balance</u> 12-31-2014
Land – Water Utility	\$ 352,219	\$ 0	\$ 0	\$ 352,219
Land – Sewer Utility	32,500	0	0	32,500
Water Utility Infrastructure	17,050,348	4,199,485	22,310	21,227,523
Sewer Utility Infrastructure	30,174,755	90,341	0	30,265,096
Telecommunications	1,920,999	0	0	1,920,999
Totals	<u>49,530,821</u>	<u>4,289,826</u>	<u>22,310</u>	<u>53,798,337</u>

Less: Accumulated

Depreciation for:

Water Utility	3,658,915	412,438	22,310	4,049,043
Sewer Utility	13,314,058	766,464	0	14,080,522
Telecommunications	1,453,105	467,894	0	1,920,999

Total Accumulated

Depreciation	<u>18,426,078</u>	<u>1,646,796</u>	<u>22,310</u>	<u>20,050,564</u>
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Business-Type Activities

Capital Assets – Net	\$ <u>31,104,743</u>	\$ <u>2,643,030</u>	\$ <u>0</u>	\$ <u>33,747,773</u>
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VILLAGE OF JACKSON
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2014

Land and construction work in progress are not depreciated. Depreciation expense was charged to the following business-type functions as follows:

Water Utility	\$	412,438
Sewer Utility		766,464
Telecommunications Utility		467,894
Total Depreciation of Business-type activities	\$	1,646,796

The useful life of the Telecommunications fixed assets has been reduced to zero.

E – INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<u>Due to/ From Other Funds:</u>		
None	None	\$ 0

The village maintains one checking account for all disbursements. The cash is reflected in the General Fund and all other funds. Funds with a negative cash balance are reflected as cash overdrafts in the financial statements. These include the water utility (\$546,933), Sewer Utility (\$886,037), TID #5 (\$15,597), and the Recreation Fund (\$245,170).

The Community Development Authority and the Capital Projects Fund transferred \$1,285,329 and \$948,538, respectively, to the Debt Service Fund to pay for their budgeted portion of debt service payments in 2014. The Fire and Rescue Fund also transferred \$115,675 to the Debt Service Fund to pay for its portion of the refunded long-term debt due in 2014.

F - LONG-TERM OBLIGATIONS

Long-Term obligations of the village at December 31, 2014 are as follows:

Governmental Activities:

	<u>Balance 1-1-2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12-31-2014</u>	<u>Amounts Due Within One Year</u>
General Obligation:					
Notes/Bonds	\$ 15,584,078	\$ 3,025,000	\$ 1,882,113	\$ 16,726,965	\$ 2,442,337
CDA Revenue Bonds	3,910,000	0	3,910,000	0	0
Totals	\$ 19,494,078	\$ 3,025,000	\$ 5,792,113	\$ 16,726,965	\$ 2,442,337

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

Business-Type Activities:

	<u>Balance</u> 1-1-2014	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 12-31-2014	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
General Obligation:					
Bonds – Sewer	\$ 845,922	\$ 0	\$ 27,887	\$ 818,035	\$ 83,663
Revenue Bonds:					
Water Utility	586,282	0	107,434	478,848	113,573
Sewer Utility	368,718	0	67,566	301,152	71,427
Clean Water Fund:					
Sewer Utility	1,930,303	0	365,681	1,564,622	375,598
Totals	\$ <u>3,731,225</u>	\$ <u>0</u>	\$ <u>568,568</u>	\$ <u>3,162,657</u>	\$ <u>644,261</u>

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the village. Business-type activities debt is payable from user fees of those funds.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed five percent of the equalized value of taxable property within the village. The debt limit for general obligation debt as of December 31, 2014 was \$27,691,485. General obligation debt totaled \$17,545,000 at December 31, 2014.

Governmental activities debt at December 31, 2014 is comprised of the following individual issues:

Issue	Original Amount	Issue Dates	Interest Rates	Maturity Dates	Balances 12-31-2014
G.O. Refunding Bonds	\$ 4,884,500	11-1-05	3.7-3.75%	12-1-18	\$ 3,581,965
G.O. Refunding Bonds	6,975,000	1-25-07	3.55-3.95%	12-1-22	5,875,000
G.O. Refunding Bonds	1,235,000	10-9-13	.40-1.75%	4-1-19	940,000
G.O. Promissory Note	4,845,000	8-26-10	2.00-2.625%	12-1-18	1,530,000
G.O. Promissory Note	2,380,000	8-16-12	.45-2.45%	4-1-22	1,775,000
G.O. Refunding Bonds	3,025,000	12-9-14	.4-3.55%	6-1-28	3,025,000
Total Governmental Activities Debt					\$ <u>16,726,965</u>

Business-type debt at December 31, 2014 is comprised of the following individual issues:

Issue	Original Amount	Issue Dates	Interest Rates	Maturity Dates	Balances 12-31-2014
Water Utility:					
Revenue Bond	\$ 1,068,200	2-10-08	3.3-3.8%	5-1-18	\$ 478,848
Sewer Utility:					
Revenue Bond	671,800	2-10-08	3.3-3.8%	5-1-18	301,152
Clean Water Fund	6,130,258	7-8-98	2.712%	5-1-18	1,564,622
G.O. Refunding Bond	1,115,500	11-1-05	3.7-3.75%	12-1-18	818,035
Total Business-Type Debt					\$ <u>3,162,657</u>

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

Aggregate cash flow requirements for the retirement of long-term principal and interest on December 31, 2014 is as follows:

Governmental Activities (excluding CDA):

Year Ended December 31	Principal	Interest	Total
2015	\$ 2,442,337	\$ 496,758	\$ 2,939,095
2016	2,143,956	452,282	2,596,238
2017	2,201,660	391,488	2,593,148
2018	2,235,012	326,537	2,561,549
2019	1,664,000	258,211	1,922,211
2020-2024	5,189,000	517,715	5,706,715
2025-2029	851,000	59,989	910,989
Totals	\$ <u>16,726,965</u>	\$ <u>2,502,980</u>	\$ <u>19,229,945</u>

Business-type Activities:

Year Ended December 31	Principal	Interest	Total
2015	\$ 644,261	\$ 93,505	\$ 737,766
2016	812,828	73,241	886,069
2017	842,587	46,600	889,187
2018	862,981	18,826	881,807
Totals	\$ <u>3,162,657</u>	\$ <u>232,172</u>	\$ <u>3,394,829</u>

G. DEVELOPER AGREEMENT OBLIGATIONS

The village has entered into various developer agreements with developers. The village is obligated to pay various amounts to developers if certain conditions of the developer agreements are fulfilled. As December 31, 2014, the village was obligated under seven agreements the sum of \$32,512. These amounts will be paid out over various time periods. The annual tax increments levied are being used to fund these payments.

H. LONG-TERM ADVANCE BETWEEN GENERAL FUND AND TELECOMMUNICATIONS UTILITY

The village passed a resolution in 2011(11-09) that established a long-term advance between the General Fund and the Telecommunications Utility. The advance will be repaid as revenues in excess of expenses are received by the utility. No interest is being charged on the advance. No amounts were repaid in 2014.

VILLAGE OF JACKSON
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2014

NOTE 5 – OTHER INFORMATION

A - DEFINED BENEFIT PENSION PLAN

All eligible Village of Jackson employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions 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. Contribution rates for 2014 are:

	Employee	Employer
General (including Teachers)	7.0%	7.0%
Protective with Social Security	7.0%	10.31%

The payroll for village employees covered by the WRS for the year ended December 31, 2014 was \$2,005,966, the employer's total payroll was \$2,195,306. The total required contribution for the year ended December 31, 2014 was \$309,581, which consisted of \$184,239, or 9.2% of payroll from the employer and \$125,342, or 6.3% of payroll from the employees. Total contributions for the years ended December 31, 2013 and 2012 were \$255,803 and \$255,803, respectively. These contributions were equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employees three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contribution and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed 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 thru June 30, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of service to be vested.

The village had no prior service liability at December 31, 2014.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of the State Statutes. The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI. 53707-7931.

B – RISK MANAGEMENT

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

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

C – 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 the terms of the grants. Management believes such disallowances, if any, that would be immaterial.

D – COMMUNITY DEVELOPMENT AUTHORITY LEASES

Lease dated 4-1-1999

The lease agreement between the Village and the Community Development Authority is dated as of April 1, 1999 and expires at the earlier of the redemption of all of the bonds or December 1, 2017. During the term of the lease the village agrees to pay the authority rents during the calendar year equal to 100% of principal and interest requirements of the Community Development Authority Revenue Bonds in such calendar year. The facilities subject to the lease include certain real estate and public infrastructure improvements in the village's Tax Incremental District No. 3, including streets, the village's largest capacity water supply well and elevated water storage facility.

The village intends to use the tax increments generated within Tax Incremental District No. 3 of the village to make the rental payments due under the lease. The payment of the principal and interest on the bonds is reflected in the Community Development Authority Fund or the Debt Service Fund of the village.

The agreement also provides that if at any time the balance in the Reserve Account of the debt service fund falls below the reserve requirement of \$500,000 the village covenants to pay the authority an amount sufficient to restore the Reserve Account to the reserve requirement. The bonds related to this lease agreement were refinanced and the agreement was replaced by a lease agreement dated September 9, 2009.

Lease dated 11-19-2008

A lease agreement between the Village and the Community Development Authority for the \$3,000,000 Community Development Lease Revenue Bonds commenced on November 19, 2008 and expires at the earlier of the redemption of all of the bonds or December 1, 2028. During the term of the lease the village agrees to pay the authority rents on May 1 and November 1 of each year equal to 100% of the principal and interest requirements of the bonds on the next debt service payment date. The facilities subject to the Lease (the "leased property") include the Community Center and the three acre site it is located on.

The Authority shall establish a Reserve Account for this issue in the amount of \$250,235. The lease provides that if at any time the balance in the Reserve Account of the debt service fund falls below the reserve requirement of \$250,235, the village agrees to pay to the paying agent for the authority additional funds to restore the reserve account to the reserve requirement. The bonds related to this lease agreement were refinanced with general obligation debt in 2014.

Lease dated September 9, 2009

The amended lease agreement between the Village and the Community Development Authority for the \$3,100,000 Community Development Authority Lease Revenue Bonds commenced on September 9, 2009 and expires on June 1, 2015, unless the parties shall sooner terminate this agreement by mutual agreement: provided, however, that the end of said term shall not be advanced nor shall this agreement expire or be terminated so long as the bonds shall be outstanding; provided, further, that when the authority shall have fully paid all of the principal and interest on the bonds, the lease agreement shall automatically terminate.

The Authority shall establish a Reserve Account for this issue in the amount of \$310,000. The lease provides that if at any time the balance of the Reserve Account of the debt service fund falls below the reserve requirement of \$310,000 the village covenants to pay the authority an amount sufficient to restore the Reserve Account to the reserve requirement. The bonds related to this lease agreement were refinanced with general obligation debt in 2014.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

E – LONG-TERM DEBT REFINANCING

In December 2014, the Village issued \$3,025,000 General Obligation Refunding Bonds with an average interest rate of 2.84% to refund two Community Development Authority Revenue Bonds totaling \$3,175,000. The average interest rate on the refinanced revenue bonds were 3.0 to 5.6%. The net proceeds of \$2,849,279 were used to refund a 2008 Community Development Authority Revenue Bond and purchased U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 Community Development Authority Revenue Bonds. As a result, the 2008 Community Development Authority Revenue Bonds are considered to be defeased and the liability for those bonds has been removed from the government wide statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$73,000. The village completed the advance refunding to reduce its total debt service payments over the next 14 years by \$250,425. The economic gain is immaterial.

F – TELECOMMUNICATIONS UTILITY LEASE

The village approved the lease and option to purchase certain village telecommunications utility assets in December, 2010. The transaction was approved by the Public Service Commission of Wisconsin. The initial term of the lease/option agreement is 20 years. During the term of the lease/option agreement, the village will share in the revenues generated from the utility. The percentage of gross revenues to be paid to the village varies depending on the nature of the service provided, but in no event will the lease payments fall below \$1,200 per month. Payments have not been made in a timely manner from the company and a total of \$20,785 is receivable at December 31, 2014. No additional revenues were accrued in 2014 as no payments are being made. This includes the minimum monthly charge plus other expenses paid by the village for the company. In addition, an allowance for uncollectible lease payments has been established in the amount of \$20,785 at December 31, 2014.

The lease/option agreement grants the company the right to purchase the utility. The company may exercise that right to purchase during an option period as defined in the agreement. The purchase price will be determined based on a formula that takes into account the revenues generated from the utility during the lease portion of the agreement. The proceeds of the lease and sale, if applicable, will be used to pay the costs associated with the utility, including outstanding debt service for the utility.

SUPPLEMENTAL INFORMATION

VILLAGE OF JACKSON
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2014

	Recreation Fund	Fire and Rescue Fund	Park Fund	TID #5 Fund	Total Nonmajor Funds
ASSETS					
Cash and Investments	\$ (245,170)	\$ 471,318	\$ 46,834	\$ (15,597)	\$ 257,385
Taxes Receivable	184,473				184,473
Accounts Receivable		38,743			38,743
TOTAL ASSETS	\$ <u>(60,697)</u>	\$ <u>510,061</u>	\$ <u>46,834</u>	\$ <u>(15,597)</u>	\$ <u>480,601</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Vouchers Payable	\$ 7,621	\$ 29,086	\$ 0	\$ 0	\$ 36,707
Accrued Payroll	2,352	11,238			13,590
Total Liabilities	<u>9,973</u>	<u>40,324</u>	<u>0</u>	<u>0</u>	<u>50,297</u>
Deferred Inflows of Resources:					
Property Taxes	<u>184,473</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>184,473</u>
Fund Balances:					
Reserved	0	0	46,834	(15,597)	31,237
Assigned		469,737			469,737
Unassigned	(255,143)				(255,143)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ <u>(60,697)</u>	\$ <u>510,061</u>	\$ <u>46,834</u>	\$ <u>(15,597)</u>	\$ <u>480,601</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF JACKSON
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2014

	<u>Recreation Fund</u>	<u>Fire and Rescue Fund</u>	<u>Park Fund</u>	<u>TID #5 Fund</u>	<u>Total Nonmajor Funds</u>
REVENUES					
Taxes	\$ 149,210	\$ 0	\$ 0	\$ 0	\$ 149,210
Intergovernmental		30,491			30,491
Public Charges for Services	210,985	195,512	26,169		432,666
Intergovernmental Charges	75,959	522,400			598,359
Miscellaneous		77	35		112
TOTAL REVENUES	<u>436,154</u>	<u>748,480</u>	<u>26,204</u>	<u>0</u>	<u>1,210,838</u>
EXPENDITURES					
Current:					
Public Safety	0	554,687	0	0	554,687
Culture and Recreation	412,953				412,953
Capital Outlay:					
Public Safety		50,088			50,088
Conservation and Development				15,597	15,597
TOTAL EXPENDITURES	<u>412,953</u>	<u>604,775</u>	<u>0</u>	<u>15,597</u>	<u>1,033,325</u>
Excess of Revenues Over (Under) Expenditures	<u>23,201</u>	<u>143,705</u>	<u>26,204</u>	<u>(15,597)</u>	<u>177,513</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from Long-Term Debt					0
Operating Transfer In (Out)	0	(115,675)	0	0	(115,675)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(115,675)</u>	<u>0</u>	<u>0</u>	<u>(115,675)</u>
Net Changes in Fund Balances	23,201	28,030	26,204	(15,597)	61,838
Fund Balances - Beginning	(278,344)	441,707	20,630	0	183,993
Fund Balances - Ending	<u>\$ (255,143)</u>	<u>\$ 469,737</u>	<u>\$ 46,834</u>	<u>\$ (15,597)</u>	<u>\$ 245,831</u>

The notes to the financial statements are an integral part of this statement.