

**VILLAGE OF
JACKSON**

**AUDITED FINANCIAL
STATEMENTS**

DECEMBER 31, 2016



JAMES R. FRECHETTE

CERTIFIED PUBLIC ACCOUNTANT

VILLAGE OF JACKSON
December 31, 2016
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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, 2016, 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, 2016, 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 flourish at the end.

June 13, 2017
Mukwonago, WI

JAMES R. FRECHETTE
CERTIFIED PUBLIC ACCOUNTANT

BASIC FINANCIAL STATEMENTS

VILLAGE OF JACKSON
STATEMENT OF NET POSITION
December 31, 2016

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and Investments	\$ 1,696,430	\$ (663,759)	\$ 1,032,671
Taxes Receivable	5,903,807	0	5,903,807
Accounts Receivable	451,487	679,053	1,130,540
Inventory and Prepayments	0	51,315	51,315
Noncurrent Assets:			
Cash and Investments - Restricted	2,207,729	2,799,431	5,007,160
Net Pension Asset (Liability)	(289,291)	0	(289,291)
Capital Assets	25,160,821	52,809,416	77,970,237
Less: Accumulated Depreciation	(8,214,131)	(20,556,311)	(28,770,442)
Total Assets	<u>26,916,852</u>	<u>35,119,145</u>	<u>62,035,997</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension - Differences between Expected and Actual Experience	48,940	0	48,940
Pension - Differences between Expected and Actual Investment Income	1,184,439	0	1,184,439
Pension - Change in Actuarial Assumptions	202,400	0	202,400
Pension - Change in Proportional Share and Differences in Actual Contributions	4,091	0	4,091
Pension - Contributions after Measurement Date	146,624	0	146,624
Total Deferred Outflows of Resources	<u>1,586,494</u>	<u>0</u>	<u>1,586,494</u>
Total Assets and Deferred Outflows	<u>\$ 28,503,346</u>	<u>\$ 35,119,145</u>	<u>\$ 63,622,491</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 70,521	\$ 369,398	\$ 439,919
Accrued Salaries and Benefits	98,971	10,797	109,768
Accrued Interest Payable	34,268	4,177	38,445
Developer Agreement Payments - Current	18,426	0	18,426
Notes and Bonds - Current	0	846,247	846,247
Noncurrent Liabilities:			
Developer Agreement Payments	2,360,933	0	2,360,933
Notes and Bonds Payable	12,593,000	686,993	13,279,993
Total Liabilities	<u>15,176,119</u>	<u>1,917,612</u>	<u>17,093,731</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property Taxes	5,894,926	0	5,894,926
Special Assessments	287,762	0	287,762
Pension - Differences between Expected and Actual Experience	608,807	0	608,807
Total Deferred Inflows of Resources	<u>6,791,495</u>	<u>0</u>	<u>6,791,495</u>
Total Liabilities and Deferred Inflows	<u>21,967,614</u>	<u>1,917,612</u>	<u>23,885,226</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	4,363,690	30,421,120	34,784,810
Restricted for:			
Debt Service	214,671	0	214,671
Capital Projects	1,956,021	1,857,300	3,813,321
Park	97,650	0	97,650
Police Impact Fees	246,383	0	246,383
Equipment Replacement	0	942,131	942,131
Unrestricted (Deficit)	(342,683)	(19,018)	(361,701)
Total Net Position	<u>6,535,732</u>	<u>33,201,533</u>	<u>39,737,265</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 28,503,346</u>	<u>\$ 35,119,145</u>	<u>\$ 63,622,491</u>

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, 2016

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	\$ 685,693	\$ 144,511	\$ 0	\$ 0	\$ (541,182)	\$ 0	\$ (541,182)
Public Safety	2,316,698	497,494	297,848	83,931	(1,437,425)	0	(1,437,425)
Public Works	1,683,794	150,176	259,417	0	(1,274,201)	0	(1,274,201)
Culture and Recreation	804,343	267,962	40,658	44,900	(450,823)	0	(450,823)
Conservation and Development	2,480,000	0	0	0	(2,480,000)	0	(2,480,000)
Interest on Long-Term Debt	451,387	0	0	0	(451,387)	0	(451,387)
Total Governmental Activities	<u>8,421,915</u>	<u>1,060,143</u>	<u>597,923</u>	<u>128,831</u>	<u>(6,635,018)</u>	<u>0</u>	<u>(6,635,018)</u>
Business-type Activities:							
Water	1,384,201	1,182,882	0	54,940	0	(146,379)	(146,379)
Sewer	1,993,320	1,822,014	0	279,704	0	108,398	108,398
Total Support Services	<u>3,377,521</u>	<u>3,004,896</u>	<u>0</u>	<u>334,644</u>	<u>0</u>	<u>(37,981)</u>	<u>(37,981)</u>
Total Primary Government	<u>\$ 11,799,436</u>	<u>\$ 4,065,039</u>	<u>\$ 597,923</u>	<u>\$ 463,475</u>	<u>(6,635,018)</u>	<u>(37,981)</u>	<u>\$ (6,672,999)</u>
General Revenues:							
Property Taxes					5,598,059	0	5,598,059
Mobile Home Fees					110,290	0	110,290
Motel/Hotel Room Tax					50,346	0	50,346
Payments In Lieu of Taxes					334,034	0	334,034
State Aids - Unrestricted					372,840	0	372,840
Interest on Investments					2,621	17,401	20,022
Rent					45,306	0	45,306
Miscellaneous					73,707	0	73,707
Transfers					<u>0</u>	<u>0</u>	<u>0</u>
Total General Revenues and Transfers					<u>6,587,203</u>	<u>17,401</u>	<u>6,604,604</u>
Change in Net Position					(47,815)	(20,580)	(68,395)
Net Position - Beginning of Year					6,583,571	33,222,113	39,805,684
Prior Period Adjustment (See Note 4a)					(24)		(24)
Net Position - End of Year					<u>\$ 6,535,732</u>	<u>\$ 33,201,533</u>	<u>\$ 39,737,265</u>

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

VILLAGE OF JACKSON
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2016

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and Investments	\$ 1,083,519	\$ 214,671	\$ 0	\$ 398,090	\$ 1,696,280
Taxes Receivable	2,152,336	1,655,738	1,777,307	318,426	5,903,807
Accounts Receivable	76,874			86,851	163,725
Special Assessments Receivable	287,762				287,762
Cash and Investments - Restricted	246,383		1,961,496		2,207,879
TOTAL ASSETS	\$ 3,846,874	\$ 1,870,409	\$ 3,738,803	\$ 803,367	\$ 10,259,453
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 44,761	\$ 0	\$ 5,475	\$ 20,285	\$ 70,521
Accrued Salaries and Fringes	76,741			22,230	98,971
Total Liabilities	121,502	0	5,475	42,515	169,492
Deferred Inflows of Resources:					
Property Taxes	2,143,455	1,655,738	1,777,307	318,426	5,894,926
Special Assessments	287,762				287,762
Total Deferred Inflows of Resources	2,431,217	1,655,738	1,777,307	318,426	6,182,688
Fund Balances:					
Restricted:					
Debt Service		214,671			214,671
Capital Projects - TID No. 2			950,064		950,064
Capital Projects - Other			1,005,957		1,005,957
Police Impact Fees	246,383				246,383
Park				97,650	97,650
Assigned:					
Fire and Rescue				520,185	520,185
Unassigned	1,047,772			(175,409)	872,363
Total Fund Balances	1,294,155	214,671	1,956,021	442,426	3,907,273
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,846,874	\$ 1,870,409	\$ 3,738,803	\$ 803,367	\$ 10,259,453

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, 2016

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

Total Fund Balances - Governmental Funds	\$	3,907,273
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This includes:		
Capital Assets		25,160,821
Accumulated Depreciation		(8,214,131)
Some Assets (Liabilities), including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds		
Net Pension Asset (Liability)		(289,291)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows of resources related to pensions		1,586,494
Deferred inflows of resources related to pensions		(608,807)
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		(12,593,000)
Developer Agreement Payments Payable		(2,379,359)
Accrued Interest on Long-Term Debt		(34,268)
Net Position of Governmental Activities	\$	6,535,732

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, 2016

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>					
Taxes	\$ 2,557,484	\$ 1,596,055	\$ 1,628,250	\$ 310,477	\$ 6,092,266
Special Assessments	9,446		135,298		144,744
Intergovernmental	626,337		8,203	36,348	670,888
License and Permits	306,113				306,113
Forfeitures and Penalties	73,725				73,725
Public Charges for Services	146,041		797	533,529	680,367
Intergovernmental Charges for Services				589,984	589,984
Miscellaneous	84,574			21,025	105,599
TOTAL REVENUES	<u>3,803,720</u>	<u>1,596,055</u>	<u>1,772,548</u>	<u>1,491,363</u>	<u>8,663,686</u>
<u>EXPENDITURES</u>					
Current:					
General Government	627,165	0	0	0	627,165
Public Safety	1,769,292			582,844	2,352,136
Public Works	938,299				938,299
Culture and Recreation	176,514			446,494	623,008
Capital Outlay			1,652,564	111,586	1,764,150
Debt Service:					
Principal		2,181,000	22,398	119,067	2,322,465
Interest and Other		366,179	84,896		451,075
TOTAL EXPENDITURES	<u>3,511,270</u>	<u>2,547,179</u>	<u>1,759,858</u>	<u>1,259,991</u>	<u>9,078,298</u>
Excess of Revenues Over (Under) Expenditures	<u>292,450</u>	<u>(951,124)</u>	<u>12,690</u>	<u>231,372</u>	<u>(414,612)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds from Long-Term Debt	0	0	450,000	0	450,000
Transfers In (Out)	0	948,866	(521,668)	(427,198)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>948,866</u>	<u>(71,668)</u>	<u>(427,198)</u>	<u>450,000</u>
Net Change in Fund Balances	292,450	(2,258)	(58,978)	(195,826)	35,388
Fund Balances - Beginning	1,001,705	216,929	2,014,999	638,252	3,871,885
Fund Balances - Ending	<u>\$ 1,294,155</u>	<u>\$ 214,671</u>	<u>\$ 1,956,021</u>	<u>\$ 442,426</u>	<u>\$ 3,907,273</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, 2016

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

Net change in fund balances - total governmental funds	\$	35,388
<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		1,401,921
Depreciation on Fixed Assets		(674,478)
<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>		
		(2,930,000)
<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		2,322,465
<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		363,916
Interest Incurred for the Year		(364,228)
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
Pension contributions		145,394
Cost of benefits earned net of employee contributions (pension expense)		(348,193)
Change in net position of governmental activities	\$	(47,815)

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, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 2,485,888	\$ 2,485,888	\$ 2,557,484	\$ 71,596
Special Assessments	9,446	9,446	9,446	0
Intergovernmental	626,156	626,156	626,337	181
License and Permits	275,097	275,097	306,113	31,016
Forfeitures and Penalties	61,605	61,605	73,725	12,120
Public Charges for Services	92,325	92,325	146,041	53,716
Miscellaneous	68,165	68,165	84,574	16,409
TOTAL REVENUES	<u>3,618,682</u>	<u>3,618,682</u>	<u>3,803,720</u>	<u>185,038</u>
EXPENDITURES				
Current:				
General Government	712,556	712,556	627,165	85,391
Public Safety	1,773,792	1,773,792	1,769,292	4,500
Public Works	966,938	966,938	938,299	28,639
Culture and Recreation	165,396	165,396	176,514	(11,118)
TOTAL EXPENDITURES	<u>3,618,682</u>	<u>3,618,682</u>	<u>3,511,270</u>	<u>107,412</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>292,450</u>	<u>292,450</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	0	0	292,450	292,450
Fund Balance - Beginning	1,001,705	1,001,705	1,001,705	0
Fund Balance - Ending	<u>\$ 1,001,705</u>	<u>\$ 1,001,705</u>	<u>\$ 1,294,155</u>	<u>\$ 292,450</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, 2016

	Business-Type Activities - Enterprise Funds		Totals Current Year
	Water Utility	Sewer Utility	
<u>ASSETS</u>			
Current Assets:			
Cash and Investments	\$ 28,097	\$ (691,856)	\$ (663,759)
Accounts Receivable	274,926	404,127	679,053
Inventory	51,315	0	51,315
Total Current Assets	354,338	(287,729)	66,609
Noncurrent Assets:			
Cash and Investments	251,033	2,548,398	2,799,431
Capital Assets	22,122,263	30,687,153	52,809,416
Less: Accumulated Depreciation	(4,927,106)	(15,629,205)	(20,556,311)
Total Noncurrent Assets	17,446,190	17,606,346	35,052,536
Total Assets	\$ 17,800,528	\$ 17,318,617	\$ 35,119,145
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 8,644	\$ 33,948	\$ 42,592
Accrued Salaries and Benefits	5,230	5,567	10,797
Accrued Taxes Payable	326,806	0	326,806
Total Current Liabilities	340,680	39,515	380,195
Current Liabilities Payable from Restricted Assets:			
General Obligation Bonds Payable	120,000	330,000	450,000
Clean Water Fund Loans Payable	0	396,247	396,247
Accrued Interest Payable	98	4,079	4,177
Total Current Liabilities Payable from Restricted Assets	120,098	730,326	850,424
Noncurrent Liabilities:			
General Obligation Bonds Payable	20,000	260,000	280,000
Clean Water Fund Loans Payable	0	406,993	406,993
Total Noncurrent Liabilities	20,000	666,993	686,993
Total Liabilities	480,778	1,436,834	1,917,612
<u>NET POSITION</u>			
Net Investment in Capital Assets	16,755,157	13,665,963	30,421,120
Restricted for:			
Capital Projects	251,033	1,606,267	1,857,300
Equipment Replacement	0	942,131	942,131
Unrestricted	313,560	(332,578)	(19,018)
Total Net Position	17,319,750	15,881,783	33,201,533
Total Liabilities and Net Position	\$ 17,800,528	\$ 17,318,617	\$ 35,119,145

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, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
<u>REVENUES</u>			
Charges for Services	\$ 1,175,453	\$ 1,818,166	\$ 2,993,619
Other Operating Revenues	7,429	3,848	11,277
Total Operating Revenues	<u>1,182,882</u>	<u>1,822,014</u>	<u>3,004,896</u>
<u>EXPENSES</u>			
Operation and Maintenance	943,457	1,175,588	2,119,045
Depreciation	438,914	785,114	1,224,028
Total Operating Expenses	<u>1,382,371</u>	<u>1,960,702</u>	<u>3,343,073</u>
Operating Income	(199,489)	(138,688)	(338,177)
<u>Nonoperating Revenues (Expenses):</u>			
Interest on Investments	6,437	10,964	17,401
Interest Expense	(1,830)	(32,618)	(34,448)
Total Nonoperating Revenues (Expenses)	<u>4,607</u>	<u>(21,654)</u>	<u>(17,047)</u>
Income Before Contributions and Transfers	(194,882)	(160,342)	(355,224)
Capital Contributions/Impact Fees	54,940	279,704	334,644
Transfers In (Out)	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position	(139,942)	119,362	(20,580)
Net Position - Beginning	17,459,692	15,762,421	33,222,113
Net Position - Ending	<u>\$ 17,319,750</u>	<u>\$ 15,881,783</u>	<u>\$ 33,201,533</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, 2016

	Business-Type Activities - Enterprise Funds		Totals
	Water Utility	Sewer Utility	
<u>Cash Flows From Operating Activities:</u>			
Receipts from Customers	\$ 1,179,417	\$ 1,808,509	\$ 2,987,926
Net Payments to Village for Suppliers and Payroll	(948,229)	(1,173,397)	(2,121,626)
Net Cash Flows from Operating Activities	<u>231,188</u>	<u>635,112</u>	<u>866,300</u>
<u>Cash Flows From Noncapital Financing Activities:</u>			
Transfer to Other Funds	0	0	0
Transfer from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Flows from Noncapital Related Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>			
Capital Contributions	54,940	279,704	334,644
Proceeds from Long-Term Debt	0	0	0
Purchases of Capital Assets	(432,072)	2,100	(429,972)
Principal Paid on Capital Debt	(120,000)	(705,784)	(825,784)
Interest Paid on Capital Debt	(2,252)	(35,702)	(37,954)
Net Cash Flow from Capital and Related Financing Activities	<u>(499,384)</u>	<u>(459,682)</u>	<u>(959,066)</u>
<u>Cash Flow From Investing Activities:</u>			
Interest Income	6,437	10,964	17,401
Net Cash Flow from Investing Activities	<u>6,437</u>	<u>10,964</u>	<u>17,401</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(261,759)	186,394	(75,365)
Cash and Cash Equivalents - January 1	540,889	1,670,148	2,211,037
Cash and Cash Equivalents - December 31	<u>\$ 279,130</u>	<u>\$ 1,856,542</u>	<u>\$ 2,135,672</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, 2016

	Business-Type Activities - Enterprise Funds		Totals
	Water Utility	Sewer Utility	
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income	\$ (199,489)	\$ (138,688)	\$ (338,177)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	460,913	785,114	1,246,027
(Increase) Decrease in Accounts Receivable	(3,465)	(13,505)	(16,970)
(Increase) Decrease in Inventories/Prepayments	(4,038)	0	(4,038)
Increase (Decrease) in Accounts Payable	(25,131)	(157)	(25,288)
Increase (Decrease) in Accrued Liabilities	2,398	2,348	4,746
Total Adjustments	430,677	773,800	1,204,477
Net Cash Provided by Operating Activities	\$ 231,188	\$ 635,112	\$ 866,300
<u>Noncash Investing, Capital, and Financing Activities:</u>			
Capital Outlay Paid by Developers	\$ 0	\$ 0	

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, 2016

		<u>Agency Funds</u>	<u>Tax Collection Fund</u>
<u>ASSETS</u>			
Cash and Investments	\$	6,325,184	
Taxes Receivable			297,884
			<u>6,623,068</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$		<u>6,623,068</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, 2016

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 non-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.

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

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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.

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

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

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, 2016

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 2016. Due dates for collection of taxes are January 31, 2017 and July 31, 2017.

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 \$76,942 at December 31, 2016. 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, 2016

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, 2016 was immaterial. The value of vested benefits was calculated based upon rate of pay in effect at December 31, 2016.

Pensions

For purposes of measuring the net pension asset or liability, 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 Pension Plan and additions to/deductions from the Wisconsin Retirement System Pension Plan's fiduciary have been determined on the same basis as they are reported by the Wisconsin Retirement System Pension Plan. 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.

Accounting Changes

The WRS adopted GASB Statement No. 82, Pension Issues, and amendment of GASB No. 67, No. 68, and No. 73 during the year ended December 31, 2015. Statement No. 82 addresses the presentation of payroll-related measures in the Required Supplemental Information, the selection of assumptions used in determining the total pension liability and related measures, and the classification of employer-paid member contributions.

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.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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.
- 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 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.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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, 2016, expenditures exceeded budgeted amounts in the following funds:

The General Fund had excess expenditures for Culture and Recreation (\$11,118). These overexpenditures were funded by available fund balance and by other functions in which budgeted amounts were in excess of actual expenditures.

C. Deficit Fund Equity/Net Position

The Recreation Fund had a deficit fund balance of \$160,937 as of December 31, 2016. In addition, the Tax Incremental District No. 5 had a deficit fund balance of \$14,322 at December 31, 2016.

D. 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, 2016 was \$ 942,131.

E. 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.

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, 2016, \$2,972,598 of the government's bank balance of \$8,872,353 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	2,902,227
Total	\$	<u><u>2,902,227</u></u>

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

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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 2016, the village's investments consisted of amounts in the State Treasurer's Investment Pool. The balance at December 31, 2016 was \$3,562,883 for the state investment pool.

Total cash and investments at December 31, 2016 consisted of the following:

Deposits	\$	8,801,982
Investments – State Investment Pool		3,562,883
Petty Cash		150
Total Cash and Investments	\$	<u>12,365,015</u>
Total per financial statements:		
Cash and Investments – Current	\$	1,032,671
Cash and Investments – Restricted		5,007,160
Agency Fund – Tax Collection Fund		6,325,184
Total	\$	<u>12,365,015</u>

B – RESTRICTED ASSETS

The following represent the balances of restricted assets as of December 31, 2016:

Capital Projects Fund:

Capital Outlay Funds - TID No. 2	\$	950,064
Capital Outlay Funds - Other		1,011,432
Total	\$	<u>1,961,496</u>

General Fund:

Police Impact Fees	\$	<u>246,383</u>
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Water Utility:

Impact Fees	\$	<u>251,033</u>
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Sewer Utility:

Department of Natural Resources Equipment Replacement Fund	\$	942,131
Connection Fees		1,575,763
South Interceptor Connection Fees		30,504
Total	\$	<u>2,548,398</u>

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

C - CAPITAL ASSETS

Governmental activities:

	<u>Balance</u> <u>1-01-2016</u>	<u>Additions</u>	<u>Removals</u>	<u>Balance</u> <u>12-31-2016</u>
Land	\$ 847,361	\$ 0	\$ 0	\$ 847,361
Buildings & Improvements	5,986,532	452,219	0	6,438,751
Equipment	3,456,052	114,345	0	3,570,397
Infrastructure	13,493,993	835,357	25,038	14,304,312
Totals	<u>23,783,938</u>	<u>1,401,921</u>	<u>25,038</u>	<u>25,160,821</u>

Less: Accumulated

Depreciation for:

Buildings & Improvements	1,561,483	134,239	0	1,695,722
Equipment	1,823,952	201,590	0	2,025,542
Infrastructure	4,179,256	338,649	25,038	4,492,867

Total Accumulated

Depreciation	<u>7,564,691</u>	<u>674,478</u>	<u>25,038</u>	<u>8,214,131</u>
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Governmental Activities Capital

Assets – Net	<u>\$ 16,219,247</u>	<u>\$ 727,443</u>	<u>\$ 0</u>	<u>\$ 16,946,690</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	166,417
Public Works	389,645
Culture and Recreation	102,023
Total Depreciation of Governmental Activities	<u>\$ 674,478</u>

Business-type activities:

	<u>Balance</u> <u>1-01-2016</u>	<u>Additions</u>	<u>Removals</u>	<u>Balance</u> <u>12-31-2016</u>
Land – Water Utility	\$ 352,219	\$ 0	\$ 0	\$ 352,219
Land – Sewer Utility	32,500	0	0	32,500
Water Utility Infrastructure	21,351,272	432,072	13,300	21,770,044
Sewer Utility Infrastructure	30,671,543	0	16,890	30,654,653
Totals	<u>52,407,534</u>	<u>432,072</u>	<u>30,190</u>	<u>52,809,416</u>

Less: Accumulated

Depreciation for:

Water Utility	4,479,493	460,913	13,300	4,927,106
Sewer Utility	14,858,881	785,114	14,790	15,629,205

Total Accumulated

Depreciation	<u>19,338,374</u>	<u>1,246,027</u>	<u>28,090</u>	<u>20,556,311</u>
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Business-Type Activities

Capital Assets – Net	<u>\$ 33,069,160</u>	<u>\$ (813,955)</u>	<u>\$ 2,100</u>	<u>\$ 32,253,105</u>
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VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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

Water Utility	\$	460,913
Sewer Utility		785,114
Total Depreciation of Business-type activities	\$	1,246,027

D – 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 an offset to the positive balances of cash in the financial statements. These include the Sewer Utility (\$691,856), TID #5 (\$14,472), and the Recreation Fund (\$154,080).

The Capital Projects Fund transferred \$948,866 to the Debt Service Fund to pay for their budgeted portion of debt service payments in 2016. The Fire and Rescue Fund also transferred \$24,690 to the Debt Service Fund to pay for its portion of the refunded long-term debt due in 2016. The Community Development Authority Fund transferred \$402,508 to the Capital Projects Fund to be used for future capital purchases.

E - LONG-TERM OBLIGATIONS

Long-Term obligations of the village at December 31, 2016 are as follows:

Governmental Activities:

	<u>Balance</u> <u>1-1-2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12-31-2016</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
General					
Obligation:					
Notes/Bonds	\$ 14,324,000	\$ 450,000	\$ 2,181,000	\$ 12,593,000	\$ 2,218,000
Developer					
Agreements	40,824	2,480,000	141,465	2,379,359	18,426
Totals	\$ 14,364,824	\$ 2,930,000	\$ 2,322,465	\$ 14,972,359	\$ 2,236,426

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

Business-Type Activities:

	<u>Balance</u> 1-1-2016	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 12-31-2016	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
General					
Obligation Bonds:					
Water Utility	\$ 260,000	\$ 0	\$ 120,000	\$ 140,000	\$ 120,000
Sewer Utility	910,000	0	320,000	590,000	330,000
Clean Water					
Fund:					
Sewer Utility	1,189,024	0	385,784	803,240	396,247
Totals	\$ <u>2,359,024</u>	\$ <u>0</u>	\$ <u>825,784</u>	\$ <u>1,533,240</u>	\$ <u>846,247</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, 2016 was \$30,735,420. General obligation debt totaled \$13,323,000 at December 31, 2016.

Governmental activities debt at December 31, 2016 is comprised of the following individual issues:

Issue	Original Amount	Issue Dates	Interest Rates	Maturity Dates	Balances 12-31-2016
G.O. Refunding Bonds	\$ 6,975,000	1-25-07	3.55-3.95%	12-1-22	\$ 5,225,000
G.O. Refunding Bonds	1,235,000	10-9-13	.40-1.75%	4-1-19	475,000
G.O. Promissory Note	4,845,000	8-26-10	2.00-2.625%	12-1-18	720,000
G.O. Promissory Note	2,380,000	8-16-12	.45-2.45%	4-1-22	1,250,000
G.O. Refunding Bonds	3,025,000	12-9-14	.4-3.55%	6-1-28	2,293,000
G.O. Refunding Bonds	3,255,000	9-22-15	.6-1.05%	12-1-18	2,180,000
State Trust Fund Loan	450,000	11-28-16	3.0%	3-15-26	450,000
Total Governmental Activities Debt					\$ <u>12,593,000</u>

Business-type debt at December 31, 2016 is comprised of the following individual issues:

Issue	Original Amount	Issue Dates	Interest Rates	Maturity Dates	Balances 12-31-2016
Water Utility:					
G.O. Refunding Bond	\$ 260,000	9-22-15	.6-1.05%	12-1-18	\$ 140,000
Sewer Utility:					
Clean Water Fund	6,130,258	7-8-98	2.712%	5-1-18	803,240
G.O. Refunding Bond	910,000	9-22-15	.6-1.05%	12-1-18	590,000
Total Business-Type Debt					\$ <u>1,533,240</u>

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

Aggregate cash flow requirements for the retirement of long-term principal and interest on December 31, 2016 is as follows:

Governmental Activities:

Year Ended December 31	Principal	Interest	Total
2017	\$ 2,218,000	\$ 329,978	\$ 2,547,978
2018	2,261,836	314,174	2,576,010
2019	1,710,019	270,486	1,980,505
2020	1,619,370	215,949	1,835,319
2021	1,644,820	159,782	1,804,602
2022-2026	2,698,955	231,230	2,930,185
2027-2031	440,000	15,654	455,654
Totals	\$ <u>12,593,000</u>	\$ <u>1,537,253</u>	\$ <u>14,130,253</u>

Business-type Activities:

Year Ended December 31	Principal	Interest	Total
2017	\$ 846,247	\$ 22,951	\$ 869,198
2018	686,993	8,459	695,452
Totals	\$ <u>1,533,240</u>	\$ <u>31,410</u>	\$ <u>1,564,650</u>

F. 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, 2016, the village was obligated under four agreements the sum of \$2,379,359. These amounts will be paid out over various time periods. In addition, the village is obligated to pay a portion of the interest on a developer loan. The amount of interest paid in 2016 was \$84,896. A portion of the annual tax increments levied are being used to fund these payments.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 – OTHER INFORMATION

A - PRIOR PERIOD ADJUSTMENT

The Statement of Activities Net Position at January 1, 2016 was adjusted for the effect of GASB 82. This adjustment of \$(24) relates to Village's share of the Net Assets (Liability) of the Wisconsin Retirement System pension plan.

B - DEFINED BENEFIT PENSION PLAN

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

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.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

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. 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 \$170,215 in contributions from the employer.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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

At December 31, 2016, the Village of Jackson reported a liability (asset) of \$289,291 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village of Jackson's proportion of the net pension liability (asset) was based on the Village of Jackson's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the Village of Jackson's proportion was .01780272%, which was a decrease of .00006548% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Village of Jackson recognized pension expense of \$348,193.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

At December 31, 2016, the Village of Jackson reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$48,940	\$608,807
Changes in assumptions	\$202,400	\$0
Net differences between projected and actual earnings on pension plan investments	\$1,184,439	\$0
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$4,091	\$0
Employer contributions subsequent to the measurement date	\$146,624	\$0
Total	\$1,586,494	\$608,807

\$146,624 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. 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 Inflows of Resources
2016	\$373,969	\$147,333
2017	\$373,969	\$147,333
2018	\$373,969	\$147,333
2019	\$311,474	\$147,333
Thereafter	\$6,489	\$19,475

Actuarial assumptions. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases: Inflation Seniority/Merit	3.2% 0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 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:

Retirement Funds				
Asset Allocation Targets				
And Expected Returns				
As of December 31, 2015				
Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
US Equities	27%	23%	7.6%	4.7%
International Equities	24.5%	22%	8.5%	5.6%
Fixed Income	27.5%	37%	4.4%	1.6%
Inflation Sensitive Assets	10%	20%	4.2%	1.4%
Real Estate	7%	7%	6.5%	3.6%
Private Equity/Debt	7%	7%	9.4%	6.5%
Multi-Asset	4%	4%	6.7%	3.8%
Total Core Fund	107%	120%	7.4%	4.5%
Variable Fund Asset Class				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5.0%
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75% Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.				

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF JACKSON
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2016

Sensitivity of the Village of Jackson's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Village of Jackson's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Village of Jackson's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
Village of Jackson's proportionate share of the net pension liability (asset)	\$2,029,091	\$289,291	\$(1,069,524)

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

C – 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.

D – 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.

E – SUBSEQUENT EVENTS

The Water Utility and the Sewer Utility both increased their utility rates by three percent in 2017. The rate increase is effective on April 15, 2017.

On March 21, 2017, the village borrowed \$550,000 additional funds for the purpose of financing a building purchase and renovations of the building. The interest rate of the loan was 3% and the loan matures March 15, 2027.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF JACKSON
 SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 WISCONSIN RETIREMENT SYSTEM PENSION PLAN
 December 31, 2016

Last 10 Fiscal Years

	<u>2014</u>	<u>2015</u>
Village's proportion of the Net Pension Liability (Asset)	0.01786820%	0.01780272%
Beginning Balance of Net Pension Liability (Asset)	\$ (715,548)	\$ (438,772)
Village's proportionate share of the Net Pension Liability (Asset)	\$ (438,892)	\$ 289,291
Village's covered-employee payroll	\$ 2,005,966	\$ 2,128,161
Village's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	-21.88%	13.59%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%

The Village is required to show information for 10 years. Only 2014 and 2015 are available.

Notes to Required Supplementary Information:

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

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

VILLAGE OF JACKSON
 SCHEDULE OF THE VILLAGE CONTRIBUTIONS
 December 31, 2016

WISCONSIN RETIREMENT SYSTEM PENSION PLAN

Last 10 Fiscal Years

	<u>2014</u>	<u>2015</u>
Contractually required contributions	\$ 169,291	\$ 170,215
Contributions in relation to the contractually required contribution	(169,291)	(170,215)
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>
Village's covered-employee payroll	\$ 2,005,966	\$ 2,128,161
Contributions as a percentage of covered-employee payroll	8.44%	8.00%

The Village is required to show information for 10 years. Only 2014 and 2015 are available.

Notes to Required Supplementary Information:

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

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

SUPPLEMENTAL INFORMATION

VILLAGE OF JACKSON
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2016

	Recreation Fund	Community Development Authority Fund	Park Fund	Fire and Rescue Fund	TID #5 Fund	Total Nonmajor Funds
ASSETS						
Cash and Investments	\$ (154,080)	\$ 0	\$ 97,650	\$ 468,992	\$ (14,472)	\$ 398,090
Taxes Receivable	188,000				130,426	318,426
Accounts Receivable	3,883			82,968		86,851
TOTAL ASSETS	\$ <u>37,803</u>	\$ <u>0</u>	\$ <u>97,650</u>	\$ <u>551,960</u>	\$ <u>115,954</u>	\$ <u>803,367</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Vouchers Payable	\$ 5,654	\$ 0	\$ 0	\$ 14,631	\$ 0	\$ 20,285
Accrued Payroll	5,086			17,144		22,230
Total Liabilities	<u>10,740</u>	<u>0</u>	<u>0</u>	<u>31,775</u>	<u>0</u>	<u>42,515</u>
Deferred Inflows of Resources:						
Property Taxes	<u>188,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>130,426</u>	<u>318,426</u>
Fund Balances:						
Restricted	0	0	97,650		0	97,650
Assigned				520,185		520,185
Unassigned	(160,937)				(14,472)	(175,409)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ <u>37,803</u>	\$ <u>0</u>	\$ <u>97,650</u>	\$ <u>551,960</u>	\$ <u>115,954</u>	\$ <u>803,367</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, 2016

	<u>Recreation Fund</u>	<u>Community Development Authority Fund</u>	<u>Park Fund</u>	<u>Fire and Rescue Fund</u>	<u>TID #5 Fund</u>	<u>Total Nonmajor Funds</u>
REVENUES						
Taxes	\$ 183,811	\$ 0	\$ 0	\$ 0	\$ 126,666	\$ 310,477
Intergovernmental				36,348		36,348
Public Charges for Services	267,962		44,900	220,667		533,529
Intergovernmental Charges	40,658			549,326		589,984
Miscellaneous			343	20,682		21,025
TOTAL REVENUES	<u>492,431</u>	<u>0</u>	<u>45,243</u>	<u>827,023</u>	<u>126,666</u>	<u>1,491,363</u>
EXPENDITURES						
Current:						
Public Safety	0	0	0	582,844	0	582,844
Culture and Recreation	446,494					446,494
Capital Outlay:						
Public Safety				109,862		109,862
Conservation and Development					1,724	1,724
Debt Service:						
Principal					119,067	119,067
TOTAL EXPENDITURES	<u>446,494</u>	<u>0</u>	<u>0</u>	<u>692,706</u>	<u>120,791</u>	<u>1,259,991</u>
Excess of Revenues Over (Under) Expenditures	<u>45,937</u>	<u>0</u>	<u>45,243</u>	<u>134,317</u>	<u>5,875</u>	<u>231,372</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from Long-Term Debt						0
Operating Transfer In (Out)	0	(402,508)	0	(24,690)	0	(427,198)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(402,508)</u>	<u>0</u>	<u>(24,690)</u>	<u>0</u>	<u>(427,198)</u>
Net Changes in Fund Balances	45,937	(402,508)	45,243	109,627	5,875	(195,826)
Fund Balances - Beginning	(206,874)	402,508	52,407	410,558	(20,347)	638,252
Fund Balances - Ending	<u>\$ (160,937) \$</u>	<u>\$ 0 \$</u>	<u>\$ 97,650 \$</u>	<u>\$ 520,185 \$</u>	<u>\$ (14,472) \$</u>	<u>\$ 442,426</u>

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