

**VILLAGE OF
JACKSON**

**AUDITED FINANCIAL
STATEMENTS**

DECEMBER 31, 2018



JAMES R. FRECHETTE

CERTIFIED PUBLIC ACCOUNTANT

VILLAGE OF JACKSON
December 31, 2018
TABLE OF CONTENTS

	<u>Page</u>
Table of Contents	
Independent Auditor's Report	1-2
Basic Financial Statements:	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position	3
Statement of Activities	4
<u>Fund Financial Statements:</u>	
Balance Sheet – Governmental Funds	5
Reconciliation of Governmental Funds Balance Sheet to The Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Fire/EMS Fund	10
Statement of Net Position – Proprietary Funds	11
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	12
Statement of Cash Flows – Proprietary Funds	13-14
Statement of Fiduciary Net Position – Fiduciary Funds	15
Notes to the Financial Statements	16-35
<u>Required Supplemental Information:</u>	
Schedule of Village's Proportionate Share of the Net Pension Liability (Asset)	36
Schedule of Village Contributions – Wisconsin Retirement System	37
Schedule of Village's Proportionate Share of the Net OPEB Liability (Asset)	38
<u>Other Supplemental Information:</u>	
Combining Balance Sheet – Nonmajor Governmental Funds	39
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	40

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, 2018 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in table of contents.

Management's Responsibility for the Financial Statements

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

Auditor 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Fire/EMS Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in the Notes to the financial statements, in 2018 the Village adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplemental information related to the Village's pension and OPEB information on pages 36-38 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Jackson, Wisconsin's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



JAMES R. FRECHETTE
CERTIFIED PUBLIC ACCOUNTANT

May 1, 2019
Mukwonago, WI

BASIC FINANCIAL STATEMENTS

VILLAGE OF JACKSON
STATEMENT OF NET POSITION
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and Investments	\$ 2,437,369	\$ (634,022)	\$ 1,803,347
Taxes Receivable	5,686,952	0	5,686,952
Accounts Receivable	198,055	748,678	946,733
Inventory and Prepayments	0	53,156	53,156
Noncurrent Assets:			
Cash and Investments - Restricted	2,337,800	2,212,461	4,550,261
Special Assessments Receivable	530,654		530,654
Net Pension Asset	424,133	119,627	543,760
Capital Assets	28,052,773	54,371,478	82,424,251
Less: Accumulated Depreciation	(9,520,829)	(22,949,936)	(32,470,765)
Total Assets	30,146,907	33,921,442	64,068,349
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows related to Pensions	788,518	222,402	1,010,920
Deferred Outflows related to OPEB	12,859	3,626	16,485
Total Deferred Outflows of Resources	801,377	226,028	1,027,405
Total Assets and Deferred Outflows	\$ 30,948,284	\$ 34,147,470	\$ 65,095,754
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 300,863	\$ 294,177	\$ 595,040
Accrued Salaries and Benefits	104,773	12,899	117,672
Accrued Interest Payable	57,644	0	57,644
Developer Agreement Payments - Current	179,866	0	179,866
Notes and Bonds - Current (Net of Premium)	1,859,077	0	1,859,077
Noncurrent Liabilities:			
Developer Agreement Payments	2,145,908	0	2,145,908
Net OPEB Liability	112,362	31,692	144,054
Notes and Bonds Payable (Net of Premium)	7,387,075	0	7,387,075
Total Liabilities	12,147,568	338,768	12,486,336
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property Taxes	5,680,131	0	5,680,131
Deferred Inflows related to Pensions	837,972	236,351	1,074,323
Deferred Inflows related to OPEB	2,010	567	2,577
Total Deferred Inflows of Resources	6,520,113	236,918	6,757,031
Total Liabilities and Deferred Inflows	18,667,681	575,686	19,243,367
<u>NET POSITION</u>			
Net Investment in Capital Assets	9,285,792	31,421,542	40,707,334
Restricted for:			
Debt Service	552,398	0	552,398
Capital Projects	1,891,800	1,589,440	3,481,240
Park	57,125	0	57,125
Police Impact Fees	247,150	0	247,150
Hotel/Motel Room Tax	272,556	0	272,556
Equipment Replacement	0	623,021	623,021
Unrestricted (Deficit)	(26,218)	(62,219)	(88,437)
Total Net Position	12,280,603	33,571,784	45,852,387
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 30,948,284	\$ 34,147,470	\$ 65,095,754

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, 2018

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	\$ 744,408	\$ 107,963	\$ 0	\$ 0	\$ (636,445)	\$ 0	\$ (636,445)
Public Safety	2,576,893	522,604	345,097	51,790	(1,657,402)	0	(1,657,402)
Public Works	1,769,325	325,368	283,523	61,819	(1,098,615)	0	(1,098,615)
Culture and Recreation	824,591	330,777	39,761	125,630	(328,423)	0	(328,423)
Conservation and Development	342,587	0	0	151,237	(191,350)	0	(191,350)
Interest on Long-Term Debt	196,610	0	0	0	(196,610)	0	(196,610)
Total Governmental Activities	<u>6,454,414</u>	<u>1,286,712</u>	<u>668,381</u>	<u>390,476</u>	<u>(4,108,845)</u>	<u>0</u>	<u>(4,108,845)</u>
Business-type Activities:							
Water	1,316,099	1,266,887	0	52,980	0	3,768	3,768
Sewer	2,199,448	1,922,908	0	163,096	0	(113,444)	(113,444)
Total Support Services	<u>3,515,547</u>	<u>3,189,795</u>	<u>0</u>	<u>216,076</u>	<u>0</u>	<u>(109,676)</u>	<u>(109,676)</u>
Total Primary Government	<u>\$ 9,969,961</u>	<u>\$ 4,476,507</u>	<u>\$ 668,381</u>	<u>\$ 606,552</u>	<u>(4,108,845)</u>	<u>(109,676)</u>	<u>\$ (4,218,521)</u>
General Revenues:							
Property Taxes					6,040,253	0	6,040,253
Mobile Home Fees					95,420	0	95,420
Motel/Hotel Room Tax					52,919	0	52,919
Payments In Lieu of Taxes					255,057	0	255,057
State Aids - Unrestricted					361,166	0	361,166
Interest on Investments					20,343	61,106	81,449
Rent					49,744	0	49,744
Miscellaneous					120,916	0	120,916
Transfers					<u>0</u>	<u>0</u>	<u>0</u>
Total General Revenues and Transfers					<u>6,995,818</u>	<u>61,106</u>	<u>7,056,924</u>
Change in Net Position					2,886,973	(48,570)	2,838,403
Net Position - Beginning of Year					9,160,895	33,532,778	42,693,673
Prior Period Adjustments - See Note 4A					232,735	87,377	320,112
Net Position - End of Year					<u>\$ 12,280,603</u>	<u>\$ 33,571,585</u>	<u>\$ 45,852,188</u>

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

VILLAGE OF JACKSON
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Fire/EMS Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 1,232,791	\$ 552,398	\$ 0	\$ 441,731	\$ 210,449	\$ 2,437,369
Taxes Receivable	2,414,922	1,717,940	1,241,143		308,662	5,682,667
Accounts Receivable	52,858		20,789	113,157	11,251	198,055
Special Assessments Receivable			397,204		133,450	530,654
Cash and Investments - Restricted	247,150		2,090,650			2,337,800
TOTAL ASSETS	\$ 3,947,721	\$ 2,270,338	\$ 3,749,786	\$ 554,888	\$ 663,812	\$ 11,186,545
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 58,869	\$ 0	\$ 219,639	\$ 15,316	\$ 4,671	\$ 298,495
Deposits	2,368					2,368
Accrued Salaries and Fringes	81,378			16,807	6,588	104,773
Total Liabilities	142,615	0	219,639	32,123	11,259	405,636
Deferred Inflows of Resources:						
Property Taxes	2,408,101	1,717,940	1,241,143	0	308,662	5,675,846
Special Assessments			397,204		133,450	530,654
Total Deferred Inflows of Resources	2,408,101	1,717,940	1,638,347	0	442,112	6,206,500
Fund Balances:						
Restricted:						
Debt Service		552,398				552,398
Capital Projects - Other			1,891,800			1,891,800
Police Impact Fees	247,150					247,150
Room Tax					272,556	272,556
Park					57,125	57,125
Assigned:						
Fire/EMS				522,765		522,765
Unassigned	1,149,855				(119,240)	1,030,615
Total Fund Balances	1,397,005	552,398	1,891,800	522,765	210,441	4,574,409
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,947,721	\$ 2,270,338	\$ 3,749,786	\$ 554,888	\$ 663,812	\$ 11,186,545

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, 2018

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

Total Fund Balances - Governmental Funds	\$	4,574,409
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This includes:		
Capital Assets		28,052,773
Accumulated Depreciation		(9,520,829)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
		530,654
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		1,242,463
Deferred inflows of resources related to pensions		(1,291,917)
Deferred outflows and inflows or resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows of resources related to OPEB		12,859
Deferred inflows of resources related to OPEB		(2,010)
Long-term (assets) liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These include:		
Notes and Bonds Payable (Net of Premium)		(9,246,152)
Developer Agreement Payments Payable		(2,325,774)
Net Pension Asset (Liability)		424,133
Net OPEB Asset (Liability)		(112,362)
Accrued Interest on Long-Term Debt		(57,644)
Net Position of Governmental Activities	\$	12,280,603

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, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Fire/EMS Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 2,500,386	\$ 1,725,158	\$ 1,853,596	\$ 0	\$ 365,866	\$ 6,445,006
Special Assessments	56,652		185,314			241,966
Intergovernmental	638,960		69,593	57,510		766,063
License and Permits	225,629					225,629
Forfeitures and Penalties	55,452					55,452
Public Charges for Services	122,162			316,442	356,407	795,011
Intergovernmental Charges for Services				589,056	39,761	628,817
Miscellaneous	147,124		251,237	18,338	2,735	419,434
TOTAL REVENUES	3,746,365	1,725,158	2,359,740	981,346	764,769	9,577,378
EXPENDITURES						
Current:						
General Government	619,739	0	43,291	0	57,660	720,690
Public Safety	1,894,563			717,058		2,611,621
Public Works	942,123					942,123
Culture and Recreation	182,312				530,065	712,377
Capital Outlay	35,951		1,622,467	1,057,534	97,093	2,813,045
Debt Service:						
Principal		2,270,059	66,444		117,450	2,453,953
Interest and Other		300,256	26,807		0	327,063
TOTAL EXPENDITURES	3,674,688	2,570,315	1,759,009	1,774,592	802,268	10,580,872
Excess of Revenues Over (Under) Expenditures	71,677	(845,157)	600,731	(793,246)	(37,499)	(1,003,494)
OTHER FINANCING SOURCES (USES)						
Proceeds from Long-Term Debt	0	0	0	600,000	0	600,000
Transfers In (Out)		1,159,526	(1,133,166)	(26,360)		0
Total Other Financing Sources (Uses)	0	1,159,526	(1,133,166)	573,640	0	600,000
Net Change in Fund Balances	71,677	314,369	(532,435)	(219,606)	(37,499)	(403,494)
Fund Balances - Beginning	1,600,625	238,029	2,424,235	742,371	(27,357)	4,977,903
Prior Period Adjustment - See Note 4A	(275,297)				275,297	0
Fund Balances - Ending	\$ 1,397,005	\$ 552,398	\$ 1,891,800	\$ 522,765	\$ 210,441	\$ 4,574,409

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, 2018

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

Net change in fund balances - total governmental funds	\$	(403,494)
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.		
Capital Outlays		2,157,529
Depreciation on Fixed Assets		(799,937)
Certain revenue is unavailable in the governmental funds because they are not available to pay current period expenditures. In the statement of activities, these are recorded as revenue in the current year.		
		74,313
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)		
		(689,220)
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:		
Principal Paid on Long-Term Loans		2,270,059
Principal Paid on Long-Term Advances		183,894
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.		
Interest Paid on Long-Term Debt		324,414
Interest Incurred for the Year on Long-Term Debt		(274,533)
Amortization of Premium on Long-Term Debt		80,572
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.		
Pension contributions		159,238
Pension expense)		(185,515)
Governmental funds report OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.		
OPEB contributions		1,416
OPEB expense		(11,763)
Change in net position of governmental activities	\$	2,886,973

VILLAGE OF JACKSON

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

For The Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 2,555,405	\$ 2,555,405	\$ 2,500,386	\$ (55,019)
Special Assessments	68,686	68,686	56,652	(12,034)
Intergovernmental	646,101	646,101	638,960	(7,141)
License and Permits	256,331	256,331	225,629	(30,702)
Forfeitures and Penalties	63,000	63,000	55,452	(7,548)
Public Charges for Services	102,788	102,788	122,162	19,374
Miscellaneous	87,745	87,745	147,124	59,379
TOTAL REVENUES	3,780,056	3,780,056	3,746,365	(33,691)
EXPENDITURES				
Current:				
General Government	714,905	714,905	619,739	95,166
Public Safety	1,871,255	1,871,255	1,930,514	(59,259)
Public Works	1,006,944	1,006,944	942,123	64,821
Culture and Recreation	186,952	186,952	182,312	4,640
TOTAL EXPENDITURES	3,780,056	3,780,056	3,674,688	105,368
Excess of Revenues Over (Under) Expenditures	0	0	71,677	71,677
OTHER FINANCING SOURCES (USES):				
Proceeds from Long-term Debt	0	0	0	0
Operating Transfer In (Out)	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	0	71,677	71,677
Fund Balance - Beginning (Adjusted)	1,325,328	1,325,328	1,325,328	0
Fund Balance - Ending	\$ 1,325,328	\$ 1,325,328	\$ 1,397,005	\$ 71,677

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

VILLAGE OF JACKSON
 FIRE AND RESCUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL -
 FIRE/EMS FUND

For The Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 0	\$ 0	\$ 0	0
Intergovernmental	57,195	57,195	57,510	315
Public Charges for Services	253,200	253,200	316,442	63,242
Intergovernmental Charges for Services	588,695	588,695	589,056	361
Miscellaneous	100	100	18,338	18,238
TOTAL REVENUES	899,190	899,190	981,346	82,156
<u>EXPENDITURES</u>				
Current:				
Public Safety	815,748	815,748	1,774,592	(958,844)
TOTAL EXPENDITURES	815,748	815,748	1,774,592	(958,844)
Excess of Revenues Over (Under) Expenditures	83,442	83,442	(793,246)	(876,688)
<u>OTHER FINANCING SOURCES (USES):</u>				
Proceeds from Long-term Debt	0	0	600,000	600,000
Operating Transfer In (Out)	(26,360)	(26,360)	(26,360)	0
Total Other Financing Sources (Uses)	(26,360)	(26,360)	573,640	600,000
Net Change in Fund Balances	57,082	57,082	(219,606)	(276,688)
Fund Balance - Beginning	348,847	348,847	742,371	393,524
Fund Balance - Ending	\$ 405,929	\$ 405,929	\$ 522,765	\$ 116,836

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

VILLAGE OF JACKSON
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals Current Year
ASSETS			
Current Assets:			
Cash and Investments	\$ 52,377	\$ (686,399)	\$ (634,022)
Accounts Receivable	313,958	434,720	748,678
Inventory	53,156	0	53,156
Total Current Assets	419,491	(251,679)	167,812
Noncurrent Assets:			
Cash and Investments	33,973	2,178,488	2,212,461
Net Pension Assets	54,376	65,251	119,627
Capital Assets	22,977,555	31,393,923	54,371,478
Less: Accumulated Depreciation	(5,761,646)	(17,188,290)	(22,949,936)
Total Noncurrent Assets	17,304,258	16,449,372	33,753,630
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow of Resources - Pensions	101,092	121,310	222,402
Deferred Outflow of Resources - OPEB	1,648	1,978	3,626
Total Deferred Outflows of Resources	102,740	123,288	226,028
Total Assets and Deferred Outflows	\$ 17,826,489	\$ 16,320,981	\$ 34,147,470
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 14,589	\$ 28,317	\$ 42,906
Accrued Salaries and Benefits	6,075	6,824	12,899
Accrued Taxes Payable	251,271	0	251,271
Total Current Liabilities	271,935	35,141	307,076
Current Liabilities Payable from Restricted Assets:			
General Obligation Bonds Payable	0	0	0
Accrued Interest Payable	0	0	0
Total Current Liabilities Payable from Restricted Assets	0	0	0
Noncurrent Liabilities:			
General Obligation Bonds Payable	0	0	0
Net OPEB Liability	14,405	17,287	31,692
Total Noncurrent Liabilities	14,405	17,287	31,692
Total Liabilities	286,340	52,428	338,768
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Pensions	107,432	128,919	236,351
Deferred Inflows of Resources - OPEB	258	309	567
Total Deferred Inflows of Resources	107,690	129,228	236,918
Total Liabilities and Deferred Inflows	394,030	181,656	575,686
NET POSITION			
Net Investment in Capital Assets	17,215,909	14,205,633	31,421,542
Restricted for:			
Capital Projects	33,973	1,555,467	1,589,440
Equipment Replacement	0	623,021	623,021
Unrestricted	182,577	(244,796)	(62,219)
Total Net Position	17,432,459	16,139,325	33,571,784
Total Liabilities and Net Position	\$ 17,826,489	\$ 16,320,981	\$ 34,147,470

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, 2018

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
<u>REVENUES</u>			
Charges for Services	\$ 1,255,488	\$ 1,914,048	\$ 3,169,536
Other Operating Revenues	11,399	8,860	20,259
Total Operating Revenues	<u>1,266,887</u>	<u>1,922,908</u>	<u>3,189,795</u>
<u>EXPENSES</u>			
Operation and Maintenance	865,005	1,379,345	2,244,350
Depreciation	450,812	813,812	1,264,624
Total Operating Expenses	<u>1,315,817</u>	<u>2,193,157</u>	<u>3,508,974</u>
Operating Income	<u>(48,930)</u>	<u>(270,249)</u>	<u>(319,179)</u>
<u>Nonoperating Revenues (Expenses):</u>			
Interest on Investments	14,043	47,063	61,106
Interest Expense	(192)	(6,182)	(6,374)
Total Nonoperating Revenues (Expenses)	<u>13,851</u>	<u>40,881</u>	<u>54,732</u>
Income Before Contributions and Transfers	(35,079)	(229,368)	(264,447)
Capital Contributions/Impact Fees	52,980	163,096	216,076
Transfers In (Out)	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position	17,901	(66,272)	(48,371)
Net Position - Beginning	17,374,841	16,157,937	33,532,778
Prior Period Adjustments - See Note 4A	39,717	47,660	87,377
Net Position - Ending	<u>\$ 17,432,459</u>	<u>\$ 16,139,325</u>	<u>\$ 33,571,784</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, 2018

	Business-Type Activities - Enterprise Funds		Totals
	Water Utility	Sewer Utility	
<u>Cash Flows From Operating Activities:</u>			
Receipts from Customers	\$ 1,263,181	\$ 1,951,012	\$ 3,214,193
Payments to Employees	(242,906)	(267,179)	(510,085)
Payments to Suppliers for Goods & Services	(588,272)	(1,103,604)	(1,691,876)
Net Cash Flows from Operating Activities	<u>432,003</u>	<u>580,229</u>	<u>1,012,232</u>
<u>Cash Flows From Noncapital Financing Activities:</u>			
Transfer to Other Funds	0	0	0
Transfer from Other Funds	0	0	0
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	52,980	163,096	216,076
Proceeds from Long-Term Debt	0	0	0
Purchases of Capital Assets	(610,322)	(458,174)	(1,068,496)
Principal Paid on Capital Debt	(20,000)	(666,993)	(686,993)
Interest Paid on Capital Debt	(210)	(8,249)	(8,459)
Net Cash Flow from Capital and Related Financing Activities	<u>(577,552)</u>	<u>(970,320)</u>	<u>(1,547,872)</u>
<u>Cash Flow From Investing Activities:</u>			
Interest Income	14,043	47,063	61,106
Net Cash Flow from Investing Activities	<u>14,043</u>	<u>47,063</u>	<u>61,106</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(131,506)	(343,028)	(474,534)
Cash and Cash Equivalents - January 1	217,856	1,835,117	2,052,973
Cash and Cash Equivalents - December 31	<u>\$ 86,350</u>	<u>\$ 1,492,089</u>	<u>\$ 1,578,439</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, 2018

	Business-Type Activities - Enterprise Funds		Totals
	Water Utility	Sewer Utility	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income	\$ (49,020)	\$ (270,358)	\$ (319,378)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	476,603	813,812	1,290,415
(Increase) Decrease in Accounts Receivable	(3,706)	28,104	24,398
(Increase) Decrease in Inventories/Prepayments	1,204	0	1,204
Increase (Decrease) in Accounts Payable	1,369	2,199	3,568
Increase (Decrease) in Accrued Liabilities	767	727	1,494
Increase (Decrease) in Deferred Inflows/Outflows	4,786	5,745	10,531
Total Adjustments	<u>481,023</u>	<u>850,587</u>	<u>1,331,610</u>
Net Cash Provided by Operating Activities	<u>\$ 432,003</u>	<u>\$ 580,229</u>	<u>\$ 1,012,232</u>
<u>Noncash Investing, Capital, and Financing Activities:</u>			
Capital Outlay Paid by Developers	<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, 2018

		Agency Funds		Tax Collection Fund
<u>ASSETS</u>				
Cash and Investments	\$	5,219,462		
Taxes Receivable		1,902,073		
		7,121,535		
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$	7,121,535		
<u>NET POSITION</u>				
Net Position	\$	0		

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

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

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.

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.

Fire/EMS Fund accounts for the activities of the fire department and ambulance services of the village.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

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	Tax Incremental District No. 6
Hotel/Motel Tax 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, 2018

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 Inflows of Resources - 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 2018. Due dates for collection of taxes are January 31, 2019 and July 31, 2019.

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 EMS fund billings. An allowance for uncollectible fire and EMS billings has been established in the amount of \$41,272 at December 31, 2018. 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, 2018

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, 2018 was immaterial. The value of vested benefits was calculated based upon rate of pay in effect at December 31, 2018.

Pensions

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

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, 2018

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.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of financial position will sometimes report separate sections for deferred outflows and inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period(s) and thus, will not be recognized as an inflow of resources (revenue) until then.

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 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.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

E. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The required budgetary comparison information is presented in the basic financial statements. 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, 2018, expenditures exceeded budgeted amounts in the following funds:

The General Fund had excess expenditures for Public Safety (\$59,259). The Fire/EMS Fund had excess expenditures of \$958,844. These over-expenditures were funded by the proceeds from long-term debt, excess revenues over budget, and by available fund balance.

C. Deficit Fund Equity/Net Position

The Recreation Fund had a deficit fund balance of \$102,081 as of December 31, 2018. Tax Incremental District No. 5 had a deficit fund balance of \$2,659 at December 31, 2018. Tax Incremental District No. 6 had a deficit fund balance of \$13,000 at December 31, 2018.

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, 2018 was \$ 623,021.

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.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

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, 2018, \$2,04,692 of the government’s bank balance of \$8,818,074 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	1,956,138
Total	\$	1,956,138

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 2018, the village’s investments consisted of amounts in the State Treasurer’s Investment Pool. The balance at December 31, 2018 was \$2,843,398 for the state investment pool.

Total cash and investments at December 31, 2018 consisted of the following:

Deposits	\$	8,729,522
Investments – State Investment Pool		2,843,398
Petty Cash		150
Total Cash and Investments	\$	11,573,070
Total per financial statements:		
Cash and Investments – Current	\$	1,803,347
Cash and Investments – Restricted		4,550,261
Agency Fund – Tax Collection Fund		5,219,462
Total	\$	11,573,070

B – RESTRICTED ASSETS

The following represent the balances of restricted assets as of December 31, 2018:

Capital Projects Fund:		
Capital Outlay	\$	2,090,650
 General Fund:		
Police Impact Fees	\$	247,150
 Water Utility:		
Impact Fees	\$	33,973
 Sewer Utility:		
Department of Natural Resources Equipment Replacement Fund	\$	623,021
Connection Fees		1,518,996
South Interceptor Connection Fees		36,471
Total	\$	2,178,488

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

C - CAPITAL ASSETS

Governmental activities:	<u>Balance</u>			<u>Balance</u>		
	<u>1-01-2018</u>	<u>Additions</u>	<u>Removals</u>	<u>12-31-2018</u>		
Land	\$ 847,361	\$ 0	\$ 0	\$ 847,361		
Buildings & Improvements	5,986,532	295,101	0	6,281,633		
Equipment	3,556,775	1,268,049	102,868	4,721,956		
Infrastructure	15,005,861	406,964	19,000	15,393,825		
Construction Work In Progress	620,583	187,415	0	807,998		
Totals	<u>26,017,112</u>	<u>2,157,529</u>	<u>121,868</u>	<u>28,052,773</u>		
Less: Accumulated						
Depreciation for:						
Buildings & Improvements	1,829,962	134,241	0	1,964,203		
Equipment	2,196,178	299,332	102,868	2,392,642		
Infrastructure	4,816,620	366,364	19,000	5,163,984		
Total Accumulated	<u>8,842,760</u>	<u>799,937</u>	<u>121,868</u>	<u>9,520,829</u>		
Governmental Activities Capital						
Assets – Net	<u>\$ 17,174,352</u>	<u>\$ 1,357,592</u>	<u>\$ 0</u>	<u>\$ 18,531,944</u>		

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	256,829
Public Works	421,825
Culture and Recreation	104,890
Total Depreciation of Governmental Activities	<u>\$ 799,937</u>

Business-type activities:	<u>Balance</u>			<u>Balance</u>		
	<u>1-01-2018</u>	<u>Additions</u>	<u>Removals</u>	<u>12-31-2018</u>		
Land – Water Utility	\$ 352,219	\$ 0	\$ 0	\$ 352,219		
Land – Sewer Utility	32,500	0	0	32,500		
Water Utility Infrastructure	21,636,857	592,716	58,925	22,170,648		
Sewer Utility Infrastructure	30,927,275	458,173	24,025	31,361,423		
Water Utility Construction Work In Progress	437,082	17,606	0	454,688		
Totals	<u>53,385,933</u>	<u>1,068,495</u>	<u>82,950</u>	<u>54,371,478</u>		
Less: Accumulated						
Depreciation for:						
Water Utility	5,343,968	476,603	58,925	5,761,646		
Sewer Utility	16,398,504	813,811	24,025	17,188,290		
Total Accumulated	<u>21,742,472</u>	<u>1,290,414</u>	<u>82,950</u>	<u>22,949,936</u>		
Business-Type Activities						
Capital Assets – Net	<u>\$ 31,643,461</u>	<u>\$ (221,919)</u>	<u>\$ 0</u>	<u>\$ 31,421,542</u>		

Construction Work In Progress includes the Public Works/Water Utility building and property acquisition costs.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

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

Water Utility	\$	476,603
Sewer Utility		813,811
Total Depreciation of Business-type activities	\$	<u>1,290,414</u>

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	\$ <u>0</u>

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 other funds of the financial statements. These include the Sewer Utility (\$686,399), TID #5 (\$2,659), TID #6 (\$14,500), and the Recreation Fund (\$90,822).

The Capital Projects Fund (TID #2 and #4) transferred \$1,133,166 to the Debt Service Fund to pay for their budgeted portion of debt service payments in 2018 and the remaining debt payments related to TID #2.. The Fire/EMS Fund also transferred \$26,360 to the Debt Service Fund to pay for its portion of the refunded long-term debt due in 2018.

E - LONG-TERM OBLIGATIONS

Long-Term obligations of the village at December 31, 2018 are as follows:

Governmental Activities:

	<u>Balance</u> <u>1-1-2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12-31-2018</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
General					
Obligation:					
Notes/Bonds	\$ 10,765,000	\$ 600,000	\$ 2,270,059	\$ 9,094,941	\$ 1,795,721
Premium on Bonds	231,783	0	80,572	151,211	63,356
Developer					
Agreements	2,420,448	89,220	183,894	2,325,774	179,866
Totals	\$ <u>13,417,231</u>	\$ <u>689,220</u>	\$ <u>2,534,525</u>	\$ <u>11,571,926</u>	\$ <u>2,038,943</u>

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

Business-Type Activities:

	<u>Balance</u> <u>1-1-2018</u>		<u>Increases</u>		<u>Decreases</u>		<u>Balance</u> <u>12-31-2018</u>		<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
General									
Obligation Bonds:									
Water Utility	\$ 20,000	\$	0	\$	20,000	\$	0	\$	0
Sewer Utility	260,000		0		260,000		0		0
Clean Water									
Fund:									
Sewer Utility	406,993		0		406,993		0		0
Totals	\$ <u>686,993</u>	\$	<u>0</u>	\$	<u>686,993</u>	\$	<u>0</u>	\$	<u>0</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, 2018 was \$34,170,010. General obligation debt totaled \$9,094,941 at December 31, 2018.

Governmental activities debt at December 31, 2018 is comprised of the following individual issues:

<u>Issue</u>	<u>Original</u> <u>Amount</u>	<u>Issue</u> <u>Dates</u>	<u>Interest</u> <u>Rates</u>	<u>Maturity</u> <u>Dates</u>	<u>Balances</u> <u>12-31-2018</u>
G.O. Refunding Bonds	1,235,000	10-9-13	.40-1.75%	4-1-19	\$ 150,000
G.O. Promissory Note	2,380,000	8-16-12	.45-2.45%	4-1-22	800,000
G.O. Refunding Bonds	3,025,000	12-9-14	.4-3.55%	6-1-28	1,954,000
State Trust Fund Loan	450,000	11-28-16	3.0%	3-15-26	409,164
G.O. Refunding Bonds	4,865,000	1-25-17	2.0-3.0%	12-1-22	4,680,000
State Trust Fund Loan	550,000	3-21-17	3.0%	3-15-27	501,777
G.O. Promissory Note	600,000	4-10-18	3.25%	5-1-28	600,000
Total Governmental Activities Debt					\$ <u>9,094,941</u>

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

Aggregate cash flow requirements for the retirement of long-term principal and interest on December 31, 2018 is as follows:

Governmental Activities:

Year Ended December 31	Principal	Interest	Total
2019	\$ 1,795,722	\$ 246,553	\$ 2,042,275
2020	1,698,537	199,020	1,897,557
2021	1,717,357	150,944	1,868,301
2022	1,751,211	101,532	1,852,743
2023	356,215	65,091	421,306
2024-2028	1,775,899	152,606	1,928,505
Totals	<u>\$ 9,094,941</u>	<u>\$ 915,746</u>	<u>\$ 10,010,687</u>

The premium on the long-term debt issue dated January 25, 2017 is being amortized over the life of the long-term bonds using the effective interest method. The amount amortized in 2018 was \$80,572. The remaining balance at December 31, 2018 was \$151,211.

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 that contribute to economic development or otherwise benefits the village or the citizens of the village. As December 31, 2018, the village was obligated under seven agreements the sum of \$2,325,774. These amounts will be paid out over various time periods. In addition, the village was obligated to pay a portion of the interest on a developer loan through May 20, 2018. The amount of interest paid in 2018 was \$26,807. A portion of the annual tax increments levied for TID #4 and TID #5 are being used to fund these payments.

NOTE 4 – OTHER INFORMATION

A – PRIOR PERIOD ADJUSTMENTS

The village has several prior period adjustments as of January 1, 2018.

These first was to separate the Hotel/Motel Tax Fund from the General Fund. This amount was \$275,297.

The next related to Pension (GASB 68) related information for the Wisconsin Retirements System. The adjustment was a decrease of the Net Position for the Governmental Activities in the amount of \$15,108 and the Business-Type Activities of \$4,261 for a total of \$19,369. In addition, the Pension related information was adjusted between the Governmental Activities (increase) and Business-Type Activities (decrease) in the amount of \$117,352.

The next related to the implementation of GASB 75 related to OPEB. The effect was to decrease the Net Position of the Governmental Activities by \$91,166 and the Business-Type Activities by \$25,714 for a total of \$116,880.

The recording of Special Assessments was adjusted to reflect the proper accounting treatment in the amount of \$456,361.

The net effect of these was to increase the Governmental Activities Net Position by \$232,735 and increase the Business-Type Activities Net position by \$87,377.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

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 service retirement participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

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

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

Year	Core Fund Adjustment	Variable Fund Adjustment
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
2016	0.5	(5.0)
2017	2.0	4.0

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

During the reporting period, the WRS recognized \$192,405 in contributions from the employer.

Contribution rates as of December 31, 2018 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2018, the Village of Jackson reported a liability (asset) of \$(543,760) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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, 2017, the Village of Jackson's proportion was .01831388%, which was an increase of .00060704% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village of Jackson recognized pension expense of \$237,841.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

At December 31, 2018, 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	\$690,860	\$323,162
Net differences between projected and actual earnings on pension plan investments. Net of \$581,981 outflow and \$1,329,330 inflow.	\$0	\$747,349
Changes in assumptions	\$107,436	\$0
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$6,502	\$3,812
Employer contributions subsequent to the measurement date	\$206,122	\$0
Total	\$1,010,920	\$1,074,323

\$206,122 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, 2018. 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
2018	\$554,774	\$494,149
2019	\$490,504	\$494,149
2020	\$176,779	\$362,622
2021	\$163,418	\$305,377
Thereafter	\$1,304	\$7

Actuarial assumptions. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
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	3.2%
Seniority/Merit	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, 2018

Actuarial assumptions are based upon an experience study conducted in 2016 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 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:

Asset Allocation Targets And Expected Returns				
As of December 31, 2017				
Core Fund Asset Class		Asset Allocation %	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Global Equities		50%	8.2%	5.3%
Fixed Income		24.5	4.2	1.4
Inflation Sensitive Assets		15.5	3.8	1.0
Real Estate		8	6.5	3.6
Private Equity/Debt		8	9.4	6.5
Multi-Asset		4	6.5	3.6
Total Core Fund		110	7.3	4.4
Variable Fund Asset Class				
U.S. Equities		70	7.5	4.6
International Equities		30	7.8	4.9
Total Variable Fund		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 3.31%. 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.

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:

VILLAGE OF JACKSON
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

	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)	\$1,406,894	\$(543,760)	\$(2,026,319)

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 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

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

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

Contributions.

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

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

Contribution rates as of December 31, 2017 are:

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

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are as listed below:

Life Insurance Employee Contribution Rates For the year ended December 31, 2017	
Attained Age	Basic
Under 30	\$0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$909 in contributions from the employer.

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

At December 31, 2018, the Village of Jackson reported a liability (asset) of \$144,054 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 OPEB liability (asset) was based on the Village of Jackson's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the Village of Jackson's proportion was .04788100%, which was a decrease of .00026% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village of Jackson recognized OPEB expense of \$15,081.

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

At December 31, 2018, the Village of Jackson reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$0	\$2,030
Net differences between projected and investment earnings on plan investments	\$1,659	\$0
Changes in actuarial assumptions	\$13,920	\$0
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$0	\$547
Employer contributions subsequent to the measurement date	\$1,001	\$0
Total	\$16,580	\$2,577

\$1,001 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Deferred Outflow of Resources	Deferred Inflows of Resources
2018	\$2,547	\$395
2019	\$2,547	\$395
2020	\$2,547	\$395
2021	\$2,547	\$395
2022	\$2,131	\$395
2023	\$2,131	\$395
2024	\$1,129	\$207

VILLAGE OF JACKSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

Actuarial assumptions. The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	3.44%
Long-Term Expected Rated of Return:	5.00%
Discount Rate:	3.63%
Salary Increases	
Inflation:	3.20%
Seniority/Merit:	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

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

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2017**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65%	2.61%
US Long Credit Bonds	Barclays Long Credit	3%	3.08%
US Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

Single Discount rate. A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

VILLAGE OF JACKSON
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

Sensitivity of the Village of Jackson’s proportionate share of the net OPEB liability (asset) to changes in the discount rate. The following presents the Village of Jackson’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.63 percent, as well as what the Village of Jackson’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase To Discount Rate (4.63%)
Village of Jackson’s proportionate share of the net OPEB liability (asset)	\$203,603	\$144,054	\$98,356

OPEB plan fiduciary net position. Detailed information about the OPEB 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

Management of the Village has evaluated all subsequent events for possible recognition or disclosure through the date of the financial statements. There have been no subsequent events that require recognition or disclosure except as follows:

In 2019, the village sold village property to the local school district. The village used these funds plus additional funds from the Capital Projects Fund to purchase a different property. This property will be used for various activities, including a possible TID #7 and public safety building.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF JACKSON
SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
WISCONSIN RETIREMENT SYSTEM
December 31, 2018

Last 10 Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Village's proportion of the Net Pension Liability (Asset)	0.01786820%	0.01780272%	0.01780272%	1.83138800%
Beginning Balance of Net Pension Liability (Asset)	\$ (715,548)	\$ (438,772)	\$ 289,291	\$ 145,947
Village's proportionate share of the Net Pension Liability (Asset)	\$ (438,892)	\$ 289,291	\$ 145,947	\$ (543,760)
Village's covered-employee payroll	\$ 2,005,966	\$ 2,128,161	\$ 2,221,840	\$ 2,278,882
Village's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	-21.88%	13.59%	6.57%	-23.86%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%	102.93%

The Village is required to show information for 10 years. Only 2014, 2015, 2016, and 2017 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, 2017

WISCONSIN RETIREMENT SYSTEM

Last 10 Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contributions	\$ 169,291	\$ 170,215	\$ 173,975	\$ 192,405
Contributions in relation to the contractually required contribution	(169,291)	(170,215)	(173,975)	(192,405)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Village's covered-employee payroll	\$ 2,005,966	\$ 2,128,161	2,221,840	\$ 2,278,882
Contributions as a percentage of covered-employee payroll	8.44%	8.00%	7.83%	8.44%

The Village is required to show information for 10 years. Only 2014, 2015, 2016, and 2017 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 VILLAGE'S PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY (ASSET)

LOCAL RETIREE LIFE INSURANCE FUND
 December 31, 2018

Last 10 Fiscal Years

	<u>2017</u>
Village's proportion of the Net OPEB Liability (Asset) - Percentage - Current Year	4.78810000%
Beginning Balance of Net OPEB Liability (Asset)	\$ 116,880
Village's proportion of the Net OPEB Liability (Asset) - Dollars - Current Year	\$ 144,054
Village's covered-employee payroll	\$ 2,013,533
Village's proportionate share of the Net OPEB Liability (Asset) as a percentage of its covered-employee payroll	7.15%
Plan fiduciary net position as a percentage of the total OPEB Liability (Asset)	44.81%

The Village is required to show information for 10 years. Only 2017 is 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, 2018

	Recreation Fund	Hotel/ Motel Tax Fund	Park Fund	TID #5 Fund	TID #6 Fund	Total Nonmajor Funds
ASSETS						
Cash and Investments	\$ (90,822)	\$ 261,305	\$ 57,125	\$ (2,659)	\$ (14,500)	210,449
Taxes Receivable	188,000			120,662		308,662
Special Assessments Receivable					133,450	133,450
Accounts Receivable		11,251				11,251
TOTAL ASSETS	\$ 97,178	\$ 272,556	\$ 57,125	\$ 118,003	\$ 118,950	\$ 663,812
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Vouchers Payable	\$ 4,671	\$ 0	\$ 0	\$ 0	\$ 0	4,671
Accrued Payroll	6,588					6,588
Total Liabilities	11,259	0	0	0	0	11,259
Deferred Inflows of Resources:						
Special assessments					133,450	133,450
Property Taxes	188,000	0	0	120,662	0	308,662
Total Deferred Inflows of Resources	188,000	0	0	120,662	133,450	442,112
Fund Balances:						
Restricted	0	272,556	57,125	0	0	329,681
Assigned						0
Unassigned	(102,081)			(2,659)	(14,500)	(119,240)
Total Fund Balance	(102,081)	272,556	57,125	(2,659)	(14,500)	210,441
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 97,178	\$ 272,556	\$ 57,125	\$ 118,003	\$ 118,950	\$ 663,812

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, 2018

	<u>Recreation Fund</u>	<u>Hotel/ Motel Tax Fund</u>	<u>Park Fund</u>	<u>TID #5 Fund</u>	<u>TID #6 Fund</u>	<u>Total Nonmajor Funds</u>
REVENUES						
Taxes	\$ 188,000	\$ 52,919	\$ 0	\$ 124,947	\$ 0	\$ 365,866
Intergovernmental						0
Public Charges for Services	330,777		25,630			356,407
Intergovernmental Charges	39,761					39,761
Miscellaneous			2,735			2,735
TOTAL REVENUES	<u>558,538</u>	<u>52,919</u>	<u>28,365</u>	<u>124,947</u>	<u>0</u>	<u>764,769</u>
EXPENDITURES						
Current:						
General Government	0	55,660		500	1,500	57,660
Public Safety						0
Culture and Recreation	530,065					530,065
Capital Outlay:						0
Public Safety						0
Culture and Recreation			97,093			97,093
Conservation and Development						0
Debt Service:						0
Principal				117,450		117,450
TOTAL EXPENDITURES	<u>530,065</u>	<u>55,660</u>	<u>97,093</u>	<u>117,950</u>	<u>1,500</u>	<u>802,268</u>
Excess of Revenues Over (Under) Expenditures	<u>28,473</u>	<u>(2,741)</u>	<u>(68,728)</u>	<u>6,997</u>	<u>(1,500)</u>	<u>(37,499)</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from Long-Term Debt						0
Operating Transfer In (Out)	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	28,473	(2,741)	(68,728)	6,997	(1,500)	(37,499)
Fund Balances - Beginning	(130,554)	0	125,853	(9,656)	(13,000)	(27,357)
Prior Period Adjustment - See Note 4A		275,297				275,297
Fund Balances - Ending	<u>\$ (102,081)</u>	<u>\$ 272,556</u>	<u>\$ 57,125</u>	<u>\$ (2,659)</u>	<u>\$ (14,500)</u>	<u>\$ 210,441</u>

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