



**Johnson & Block**  
AND COMPANY, INC.

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Certified Public Accountants

**VILLAGE OF JOHNSON CREEK  
AUDITED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013**

*Quality service through our commitment to clients and staff.*

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December 31, 2013**

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Certified Public Accountants

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## **INDEPENDENT AUDITOR'S REPORT**

June 23, 2014

To the Village Board  
Village of Johnson Creek  
Johnson Creek, Wisconsin

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Johnson Creek, Wisconsin, as of and for the year ended December 31, 2013, which collectively comprise the Village's basic financial statements as listed in the 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Johnson Creek, Wisconsin, as of December 31, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Required Supplementary Information***

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

### ***Report on Supplemental Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Johnson Creek, Wisconsin's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The combining and individual 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Johnson Block & Company, Inc.*

Johnson Block and Company, Inc.  
Certified Public Accountants  
Madison, Wisconsin

Village of Johnson Creek  
Management's Discussion and Analysis

December 31, 2013

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The Management's Discussion and Analysis of the Village of Johnson Creek's financial performance provides an overview of the Village's financial activities for the fiscal year ended December 31, 2013. Please read it in conjunction with the Village of Johnson Creek's financial statements.

***Financial Highlights***

- Total equalized value of real and personal property in the Village for 2013 is \$286,308,900, of which \$185,485,000 is non-TIF (Tax Incremental Financing) property. Total equalized value in 2012 was \$311,126,000, of which \$190,272,100 was non-TIF property and in 2011 total equalized value was \$321,963,000, of which \$207,468,200 was non-TIF property. Overall equalized value (estimate of the market value of all property) was down \$24,817,100 from 2012 to 2013. However, net new construction increased by \$3,846,300 during the same period according to figures released by the State of Wisconsin Department of Revenue.
- Village assets exceeded liabilities by \$26,124,133 at the close of FY2013, up from \$25,606,201 FY 2012 and \$25,794,830 FY2011 (restated). Of this amount, \$3,514,297 is considered unrestricted, \$276,090 is restricted for specific purposes and \$22,333,746 is invested in capital assets net of related debt.
- Net position for business-type activities was \$24,664,386 at the close of FY2013, down from \$24,937,187 at the close of FY 2012 and \$25,320,944 FY 2011. Net position for governmental-type activities was \$1,459,747 at the close of FY 2013 up from \$669,014 FY 2012.
- The Village experienced a net decrease of \$1,468,608 in fixed assets during 2013 due to normal depreciation during a year in which little infrastructure and equipment was added. Governmental funds fixed assets decreased by \$978,065 and proprietary funds fixed assets decreased by \$654,998.

Village of Johnson Creek  
Management's Discussion & Analysis

***Overview of the Financial Statements***

The Village of Johnson Creek basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

Other supplementary information in addition to the basic financial statements is provided as required.

***Government-Wide Financial Statements.*** The government-wide financial statements are designed to provide readers with a broad overview of Village finances, in a manner similar to a private-sector business.

The statement of net position presents information on all Village assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Johnson Creek is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. (e.g., uncollected taxes.)

Both of the government-wide financial statements distinguish functions of the Village of Johnson Creek that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities of the Village include general administration; public safety; public works; health, welfare and sanitation; culture and recreation, conservation and development and debt service. Business-type activities of the Village include a Water Utility and a Sewer Utility.

The government-wide financial statements can be found on pages 1-2 of this report.

***Fund financial statements.*** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Johnson Creek, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

***Governmental funds.*** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable*

Village of Johnson Creek  
Management's Discussion & Analysis

*resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Additionally, other non-financial factors may need to be considered, such as changes in the Village's property tax base and condition of infrastructure.

The Village of Johnson Creek maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in the fund balances for the general fund, TIF #2 fund and TIF #3 fund, all of which are considered to be major funds. The fire fund, library fund and room tax fund are considered non-major funds for which data is shown in a single, aggregated presentation.

The basic governmental fund financial statements are found on pages 3-6 of this report.

The Village of Johnson Creek adopts an annual appropriated budget for the general fund and various other funds as required by state statute. Budgetary comparison statements, found on pages 41-43, have been provided as required supplementary information for the general fund and the two separate TIF funds.

***Proprietary funds.*** The Village of Johnson Creek maintains two proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses enterprise funds to account for its water utility and its sewer utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water utility and sewer utility as both are considered to be major funds of the Village of Johnson Creek.

The basic proprietary fund financial statements are found on pages 7-11 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government or for other funds. Fiduciary funds are *not* reflected in the government-wide financial statements. The only fiduciary fund maintained by the Village is the tax agency fund which records the tax roll and tax collections for other taxing jurisdictions within the Village of Johnson Creek. The accounting used for fiduciary funds is much like that used for governmental funds.

The basic fiduciary fund financial statement can be found on page 12 of this report.

***Notes to the financial statements.*** The notes provide additional information essential to full understanding of data provided in the government-wide and fund financial statements such as a description of the Village's accounting policies and detail of inter-fund balances, restricted cash balances, fixed asset changes and debt service. The notes to the financial statements can be found on pages 13-40 of this report.

Village of Johnson Creek  
Management's Discussion & Analysis

***Overview of the Financial Statements***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Johnson Creek, assets exceeded liabilities by \$26,124,133 at the close of the most recent fiscal year and \$25,606,201 at the close of the prior fiscal year, as presented in the following tables.

Village of Johnson Creek's Net Position						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 7,821,638	\$ 8,081,006	\$ 4,539,481	\$ 4,330,459	\$ 12,361,119	\$ 12,411,465
Capital Assets	17,795,730	18,773,795	20,001,451	20,491,994	37,797,181	39,265,789
Total Assets	25,617,368	26,854,801	24,540,932	24,822,453	50,158,300	51,677,254
Deferred Outflows	185,481	210,538	195,304	209,254	380,785	419,792
Long-Term Liabilities	20,610,282	22,258,289	40,400	71,866	20,650,682	22,330,155
Other Liabilities	272,814	264,782	31,450	22,654	304,264	287,436
Total Liabilities	20,883,096	22,523,071	71,850	94,520	20,954,946	22,617,591
Deferred Inflows	3,460,006	3,873,254	-	-	3,460,006	3,873,254
Net Position:						
Net Investment in Capital Assets	2,332,295	2,009,929	20,001,451	20,491,994	22,333,746	22,501,923
Restricted	276,090	261,716	-	83,927	276,090	345,643
Unrestricted	(1,148,638)	(1,602,631)	4,662,935	4,361,266	3,514,297	2,758,635
Total Net Positions	\$ 1,459,747	\$ 669,014	\$ 24,664,386	\$ 24,937,187	\$ 26,124,133	\$ 25,606,201

The Village of Johnson Creek's net position reflects its investment in capital assets (e.g., land, building, machinery, equipment, and infrastructure), less any related debt used to acquire those assets, as a positive \$22,333,746 compared to \$22,501,923 for the year ended 2012 and \$17,793,314 for the year ended 2011. The Village uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position, \$276,090 represents resources subject to external restrictions on how they may be used. These restricted assets include reserves as required by long-term debt requirements, impact fee collections, funds restricted by State law, and a library trust fund. The remaining balance of *unrestricted net position* is \$3,514,297 up from \$2,758,635 the prior year.

Village of Johnson Creek  
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<b>Village of Johnson Creek's Change in Net Position</b>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services and fees, fines and costs	\$ 345,462	\$ 314,081	\$ 1,166,524	\$ 1,174,727	\$ 1,511,986	\$ 1,488,808
Operating grants and contributions	353,134	349,353	-	-	353,134	349,353
<b>General revenues:</b>						
Taxes	4,143,331	3,716,940	-	-	4,143,331	3,716,940
Special Assessments	13,966	64,091	-	-	13,966	64,091
Intergovernmental revenues not restricted to specific programs	283,764	276,173	-	-	283,764	276,173
Unrestricted Interest and Investment Earnings	13,561	20,851	8,808	13,553	22,369	34,404
Miscellaneous	100,483	43,068	15,031	19,638	115,514	62,706
<b>Total Revenues</b>	<b>5,229,078</b>	<b>4,784,557</b>	<b>1,190,363</b>	<b>1,207,918</b>	<b>6,419,441</b>	<b>5,992,475</b>
<b>Expenses:</b>						
General Government	464,112	442,491	-	-	464,112	442,491
Public Safety	1,144,062	1,127,952	-	-	1,144,062	1,127,952
Public Works	1,391,023	1,366,633	-	-	1,391,023	1,366,633
Health, Welfare & Sanitation	7,476	7,744	-	-	7,476	7,744
Culture and Recreation	369,010	357,067	-	-	369,010	357,067
Conservation & Development	431,069	429,171	-	-	431,069	429,171
Interest on long-term debt	800,531	951,753	-	-	800,531	951,753
Water & Sewer	-	-	1,294,226	1,498,293	1,294,226	1,498,293
<b>Total Expenses:</b>	<b>4,607,283</b>	<b>4,682,811</b>	<b>1,294,226</b>	<b>1,498,293</b>	<b>5,901,509</b>	<b>6,181,104</b>
Increase (Decrease) in Net Position before transfers	621,795	101,746	(103,863)	(290,375)	517,932	(188,629)
Transfers	168,938	93,382	(168,938)	(93,382)	-	-
Increase (Decrease) in Net Position	790,733	195,128	(272,801)	(383,757)	517,932	(188,629)
Net Position – January 1	669,014	473,886	24,937,187	25,320,944	25,606,201	25,794,830
Net Position – December 31	1,459,747	669,014	24,664,386	24,937,187	26,124,133	25,606,201

Governmental activities increased the Village of Johnson Creek's net position by \$790,733 and business-type activities decreased the Village's net position by \$272,801 for an overall increase of net position of \$517,932.

Village of Johnson Creek  
Management's Discussion & Analysis

***Financial Analysis of the Government's Funds***

As noted earlier, the Village of Johnson Creek uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental funds.*** The focus on the Village of Johnson Creek's *governmental funds* reporting is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

*Nonspendable fund balance* includes funds either not in spendable form or required to be maintained intact. The majority of Village of Johnson Creek funds reported as nonspendable are amounts due from other funds. *Restricted fund balance* reports funds with restricted uses determined by outside sources such as creditors, grantors or by state law. Johnson Creek funds reported as restricted include those subject to long-term debt obligations as well as impact fee and room tax collections. *Committed fund balance* reports resources subject to limitations the government imposes upon itself at its highest level of decision making and that remain binding unless removed in the same manner. The Village currently does not report funds in this category. *Assigned fund balance* reports resources for which the local government has established an intended use. Johnson Creek's assigned fund balance includes funds designated for future capital expenditures examples of which include computer upgrades, building repairs, park improvements or squad car replacements.

The Village's general fund – the chief operating fund of the Village of Johnson Creek showed an unassigned fund balance of \$969,823 or 42.4% of the total general fund balance. This can be compared to the Village's unassigned fund balance of \$950,548 at YE 2012. Total fund balance of the general fund amounted to \$2,285,625 down from \$2,364,567 YE 2012 and \$2,522,469 YE 2011. Continued decrease in total general fund balance is a result of Village Board decisions in recent years to spend reserve balances to fund small scale capital projects or purchases rather than issuing debt to fund such expenditures.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 47.4% of total general fund expenditures, which total fund balance represents 111.8% of that same amount.

***Proprietary funds.*** The Village of Johnson Creek's reporting on proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water utility at the end of the year amounted to \$1,307,660 up from \$1,146,164 in 2012 and \$3,624,068 for the year ended 2011. Unrestricted net position of the Sewer Utility at the end of the year amounted to \$3,355,275 up from \$3,215,102 in 2012 and \$2,515,132 for the year ended 2011.

Village of Johnson Creek  
Management's Discussion & Analysis

**Fiduciary funds.** The Village of Johnson Creek's reporting on fiduciary funds provides information not reflected in the government-wide financial statements. The only fiduciary fund maintained by the Village is the tax collection fund and is used to account for resources held for other funds or taxing jurisdictions.

**General Fund Budgetary Highlights**

In the 2013 budget, total expenditures were under budget by \$39,077. This can be largely attributed to lower than anticipated capital outlay expenditures and reduced expenditures within general government. Revenues collected were \$23,566 less than budgeted which is due partly to lower than anticipated collections on ambulance calls as well lower than anticipated plan commission fee revenue due to slower development.

**Capital Asset and Debt Administration**

**Capital assets.** The Village of Johnson Creek's investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to \$37.8 million (net of accumulated depreciation) down from \$39.3 million at the end of fiscal year 2012 and \$39.8 million for 2011. The reason for the steady decline is normal depreciation during years in which there were few major capital purchases or projects. Investment in capital assets includes land, buildings, vehicles and equipment, and utility infrastructure.

<b>Village of Johnson Creek's Capital Assets</b>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,241,811	\$ 2,079,353	\$ 38,982	\$ 38,982	\$ 2,280,793	\$ 2,118,335
Construction Work in Progress	-	202,500	769,768	769,768	769,768	972,268
Land and Construction Work in Progress	2,241,811	2,281,853	808,750	808,750	3,050,561	3,090,603
Buildings	3,305,520	3,197,757	1,552,967	1,552,967	4,858,487	4,750,724
Vehicles & Equipment	3,968,397	3,889,019	1,569,899	1,524,232	5,538,296	5,413,251
Infrastructure	21,826,300	21,719,902	22,755,711	22,717,502	44,582,011	44,437,404
Other Capital Assets	29,100,217	28,806,678	25,878,577	25,794,701	54,978,794	54,601,379
Accumulated Depreciation	(13,546,298)	(12,314,736)	(6,685,876)	(6,111,457)	(20,232,174)	(18,426,193)
Other Capital Assets, net of depreciation	15,553,919	16,491,942	19,192,701	19,683,244	34,746,620	36,175,186
<b>Total Capital Assets</b>	<b>\$ 17,795,730</b>	<b>\$ 18,773,795</b>	<b>\$20,001,451</b>	<b>\$20,491,994</b>	<b>\$ 37,797,181</b>	<b>\$ 39,265,789</b>

Village of Johnson Creek  
Management's Discussion & Analysis

Capital asset events during the current fiscal year included the following:

- Purchased the towns portion of the Fire Department building and land
- Purchased the towns portion of the EMS Department building and land
- Replaced the roof at Old Garage
- Purchased a UTV & Trailer and Skidster for use by the Fire Department
- Purchased radar speedboard for use by the Police Department
- Resurfaced Village Street - Village Walk Ln
- Finished surfacing tennis courts located at Firemans Park
- Purchased scoreboard located at Firemans Centennial Park
- Purchased playground equipment for Fireman's Park
- Annual investment in the Public Library's collection

Additional information on the Village of Johnson Creek's capital assets can be found in Note 7 on pages 31-33 of this report.

Village of Johnson Creek  
Management's Discussion & Analysis

**Long-term debt.** At the end of the current fiscal year, the Village of Johnson Creek had total debt outstanding of \$20.5 million, down from \$22.1 million FY 2012 and \$26 million FY 2011. Of this amount, \$10,340,000 comprises debt backed by the full faith and credit of the government. This amount is down from \$11,315,000 in 2012 and \$10,415,000 in 2011. The remainder of the Village of Johnson Creek's debt represents bonds secured solely by specified revenue sources.

<b>Village of Johnson Creek's Outstanding Debt</b>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General Obligation Debt	\$10,340,000	\$11,315,000	\$ -	\$ -	\$10,340,000	\$11,315,000
CDA Lease Revenue Bonds	10,150,000	10,825,000	-	-	10,150,000	10,825,000
<b>Total Debt Outstanding</b>	<b>\$20,490,000</b>	<b>\$22,140,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$20,490,000</b>	<b>\$22,140,000</b>

In 2013 the Village issued \$1,780,000 of CDA Lease Revenue Bonds to advance refund \$1,710,000 of the outstanding 2004 CDA Lease Revenue Bonds. Cash was also used to refund apportionment of the interest due on the CDA Lease Revenue Bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total equalized valuation. The Village's current outstanding general obligation debt of \$10,340,000 is 72.2% of its \$14.3 million debt limitation.

Additional information on the Village of Johnson Creek's long term debt can be found in note 8 on pages 33-35 of this report.

Village of Johnson Creek  
Management's Discussion & Analysis

***Economic Factors and Next Year's Budgets and Rates***

2013 State of Wisconsin estimates indicate the current Johnson Creek population is 2,818. The most recent US Census (2010) results showed a .70% increase in population from 2000 to 2010.

Residential construction continued in spite of the sluggish housing market. Fourteen new single-family residential building permits were issued with a total estimated value of \$2,748,133.

Assessed valuation of properties in the Village was \$282,757,200 including properties in the TIF districts, a decrease of \$24,892,500, from the prior year. Equalized valuation (the State of Wisconsin's estimate of the market value of property) decreased by \$24,817,100 to \$286,308,900. The ratio of equalized to assessed values as determined by the State of Wisconsin was 98.68%.

Village water rates have been in effect since 1997 and no water rate change is anticipated for 2014. The Village Board voted in 2009 to temporarily reduce the sewer rates that were in effect since 2001 and spend down approximately \$100,000 of sewer reserves. The lower rate, effective January, 2010, is anticipated to continue through 2014 and is reviewed annually. However, the Village Board has approved a facility study of the sanitary sewer for 2014.

***Request for Information***

Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to:

Joan Dykstra, Clerk/Treasurer or Mark Johnsrud, Administrator  
Village of Johnson Creek  
125 Depot St.  
P.O. Box 238  
Johnson Creek, Wisconsin 53038  
(920) 699-2296  
info@johnsoncreekwi.org

**Village of Johnson Creek  
Johnson Creek, WI**

**Statement of Net Position  
December 31, 2013**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,455,027	\$ 2,583,882	\$ 5,038,909
Receivables			
Taxes	3,625,862	-	3,625,862
Accounts	88,147	95,915	184,062
Special Assessments	1,509,260	36,861	1,546,121
Internal Balances	(1,787,657)	1,787,657	-
Restricted Cash and Investments	1,857,133	-	1,857,133
Inventories	-	29,927	29,927
Prepays	-	5,239	5,239
Other Assets	73,866	-	73,866
Capital Assets			
Land, Improvements, and Construction in Progress	2,241,811	808,750	3,050,561
Other Capital Assets, Net of Depreciation	15,553,919	19,192,701	34,746,620
Total Capital Assets	17,795,730	20,001,451	37,797,181
Total Assets	25,617,368	24,540,932	50,158,300
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized Debt Discount	\$ 185,481	\$ -	\$ 185,481
Unamortized Loss on Advanced Refunding	-	195,304	195,304
Total Deferred Outflows of Resources	185,481	195,304	380,785
 Total Assets and Deferred Outflows of Resources	 \$ 25,802,849	 \$ 24,736,236	 \$ 50,539,085
<b>LIABILITIES</b>			
Accounts Payable	\$ 40,380	\$ 19,761	\$ 60,141
Accrued Expenses	123,832	11,689	135,521
Accrued Interest Payable	108,602	-	108,602
Long-Term Liabilities			
Debt - Due Within One Year	1,755,000	-	1,755,000
Debt - Due in More Than One Year	18,735,000	-	18,735,000
Compensated Absences	120,282	30,377	150,659
Deferred Regulatory Liability	-	10,023	10,023
Total Liabilities	20,883,096	71,850	20,954,946
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2013 Tax Levy	3,460,006	-	3,460,006
Total Deferred Inflows of Resources	3,460,006	-	3,460,006
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,332,295	20,001,451	22,333,746
Restricted	276,090	-	276,090
Unrestricted	(1,148,638)	4,662,935	3,514,297
Total Net Position	1,459,747	24,664,386	26,124,133
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 25,802,849	 \$ 24,736,236	 \$ 50,539,085

See accompanying notes to the basic financial statements.

**Village of Johnson Creek  
Johnson Creek, WI**

**Statement of Activities  
For the Year Ended December 31, 2013**

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>						
Governmental Activities						
General Government	\$ 464,112	\$ 54,199	\$ -	\$ (409,913)		\$ (409,913)
Public Safety	1,144,062	207,534	24,984	(911,544)		(911,544)
Public Works	1,391,023	76,879	252,661	(1,061,483)		(1,061,483)
Health, Welfare and Sanitation	7,476	175	-	(7,301)		(7,301)
Culture and Recreation	369,010	6,675	75,489	(286,846)		(286,846)
Conservation and Development	431,069	-	-	(431,069)		(431,069)
Interest on Long-term debt	800,531	-	-	(800,531)		(800,531)
Total Governmental Activities	<u>4,607,283</u>	<u>345,462</u>	<u>353,134</u>	<u>(3,908,687)</u>		<u>(3,908,687)</u>
Business-type Activities						
Water	446,651	564,297	-	-	\$ 117,646	117,646
Sewer	847,575	602,227	-	-	(245,348)	(245,348)
Total business-type Activities	<u>1,294,226</u>	<u>1,166,524</u>	<u>-</u>	<u>-</u>	<u>(127,702)</u>	<u>(127,702)</u>
Total Primary Government	<u>\$ 5,901,509</u>	<u>\$ 1,511,986</u>	<u>\$ 353,134</u>	<u>(3,908,687)</u>	<u>(127,702)</u>	<u>(4,036,389)</u>
<b>General Revenues:</b>						
Taxes:						
Property taxes, levied for general purposes				3,873,254	-	3,873,254
Other taxes				270,077	-	270,077
Special assessments				13,966	-	13,966
Shared taxes from state				283,764	-	283,764
Impact Fees				14,824	-	14,824
Interest income				13,561	8,808	22,369
Miscellaneous				85,659	15,031	100,690
Special item - loss on sale of land				(24,623)	-	(24,623)
Transfers				168,938	(168,938)	-
Total general revenues and transfers				<u>4,699,420</u>	<u>(145,099)</u>	<u>4,554,321</u>
Change in net position				790,733	(272,801)	517,932
Net position - Beginning				669,014	24,937,187	25,606,201
Net position - Ending				<u>\$ 1,459,747</u>	<u>\$ 24,664,386</u>	<u>\$ 26,124,133</u>

See accompanying notes to the basic financial statements.

Village of Johnson Creek  
Johnson Creek, Wisconsin

Balance Sheet  
Governmental Funds  
December 31, 2013

	General Fund	TIF #2	TIF #3	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,190,873	\$ 533,532	\$ 420,066	\$ 310,556	\$ 2,455,027
Receivables:					
Taxes	1,169,681	1,311,741	1,144,891	-	3,626,313
Delinquent Personal Property Taxes	55	-	-	-	55
Special Assessments	29,327	435,085	1,044,848	-	1,509,260
Accounts	71,859	-	-	16,169	88,028
Other	-	18	-	102	120
Other Assets	73,866	-	-	-	73,866
Restricted Cash	170,020	642,156	668,716	376,241	1,857,133
Advances Receivable	1,103,891	434,936	-	-	1,538,827
Total Assets	<u>\$ 3,809,572</u>	<u>\$ 3,357,468</u>	<u>\$ 3,278,521</u>	<u>\$ 703,068</u>	<u>\$ 11,148,629</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts Payable	\$ 34,418	\$ 619	\$ 501	\$ 8,953	\$ 44,491
Accrued Liabilities	83,679	1,590	1,590	32,860	119,719
Advances Payable	-	621,956	2,704,529	-	3,326,485
Total Liabilities	<u>118,097</u>	<u>624,165</u>	<u>2,706,620</u>	<u>41,813</u>	<u>3,490,695</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2013 Tax Levy and Special Assessments	1,405,850	1,746,827	2,184,095	-	5,336,772
Total Deferred Inflows of Resources	<u>1,405,850</u>	<u>1,746,827</u>	<u>2,184,095</u>	<u>-</u>	<u>5,336,772</u>
<b>FUND BALANCES</b>					
Nonspendable	1,034,068	434,936	-	-	1,469,004
Restricted	170,020	642,156	668,716	481,605	1,962,497
Assigned	174,297	-	-	179,650	353,947
Unassigned	907,240	(90,616)	(2,280,910)	-	(1,464,286)
Total Fund Balances (Deficit)	<u>2,285,625</u>	<u>986,476</u>	<u>(1,612,194)</u>	<u>661,255</u>	<u>2,321,162</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,809,572</u>	<u>\$ 3,357,468</u>	<u>\$ 3,278,521</u>	<u>\$ 703,068</u>	<u>\$ 11,148,629</u>

See accompanying notes to the basic financial statements.

**Village of Johnson Creek  
Johnson Creek, Wisconsin**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
December 31, 2013**

Total fund balance, governmental funds \$ 2,321,162

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 17,795,730

Special assessments set up for installment are reported as revenue in the Statement of Net Position when earned, but they are recorded as deferred inflows of resources in the fund financial statements. 1,669,931

Unamortized debt discounts are not recognized in the fund financial statements. 185,481

Interest accrued on advances between governmental funds. 206,327

Some liabilities, (such as General Obligation Debt and Accrued Interest), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Accrued Interest	(108,602)	
Long term debt - Current portion	(1,755,000)	
Long term debt	(18,735,000)	
Compensated Absences	(120,282)	
Total	<u>(20,718,884)</u>	

Net Position of Governmental Activities in the Statement of Net Position \$ 1,459,747

See accompanying notes to the basic financial statements.

Village of Johnson Creek  
Johnson Creek, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2013

	General Fund	TIF #2	TIF #3	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 1,148,313	\$ 1,475,750	\$ 1,249,191	\$ 136,491	\$ 4,009,745
Other Taxes	52,438	-	-	81,148	133,586
Special Assessment Revenue	12,510	53,179	141,873	-	207,562
Intergovernmental	513,558	26,668	5,159	91,513	636,898
License and Permits	94,384	3,100	-	-	97,484
Fines, Forfeits and Penalties	38,868	-	-	6,675	45,543
Public Charges for Services	197,882	-	-	200	198,082
Interest Income	5,417	2,831	2,777	2,536	13,561
Miscellaneous Income	58,317	36,062	5,721	18,634	118,734
Total Revenues	<u>2,121,687</u>	<u>1,597,590</u>	<u>1,404,721</u>	<u>337,197</u>	<u>5,461,195</u>
<b>EXPENDITURES</b>					
Current:					
General Government	232,007	110,803	56,319	58,031	457,160
Public Safety	800,754	-	-	198,439	999,193
Public Works	458,942	-	-	-	458,942
Health and Human Services	7,476	-	-	-	7,476
Culture, Recreation and Education	76,489	-	-	183,240	259,729
Conservation and Development	-	112,919	110,766	30,646	254,331
Capital Outlay	52,363	-	-	-	52,363
Debt Service					
Principal Repayment	320,840	682,250	607,750	109,160	1,720,000
Interest Expense and Fiscal Charges	95,260	327,556	454,254	34,865	911,935
Total Expenditures	<u>2,044,131</u>	<u>1,233,528</u>	<u>1,229,089</u>	<u>614,381</u>	<u>5,121,129</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>77,556</u>	<u>364,062</u>	<u>175,632</u>	<u>(277,184)</u>	<u>340,066</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Refunding Bonds	-	1,780,000	-	-	1,780,000
Principal Payments on Refunding Bonds	-	(1,710,000)	-	-	(1,710,000)
Debt Issuance Costs	-	(69,411)	-	-	(69,411)
Transfers In	238,989	-	-	395,487	634,476
Transfers Out	(395,487)	-	-	(54,609)	(450,096)
Total Other Financing Sources and Uses	<u>(156,498)</u>	<u>589</u>	<u>-</u>	<u>340,878</u>	<u>184,969</u>
Net Change in Fund Balances	(78,942)	364,651	175,632	63,694	525,035
Fund Balances (Deficits) - Beginning	2,364,567	621,825	(1,787,826)	597,561	1,796,127
Fund Balances (Deficits) - Ending	<u>\$ 2,285,625</u>	<u>\$ 986,476</u>	<u>\$ (1,612,194)</u>	<u>\$ 661,255</u>	<u>\$ 2,321,162</u>

See accompanying notes to the basic financial statements.

**Village of Johnson Creek  
Johnson Creek, Wisconsin**

**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, 2013**

Net change in fund balances - total governmental funds: \$ 525,035

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount of capital outlays (\$308,753) net of depreciation (\$1,231,562) in the current period. (922,809)

Sale of Land (55,256)

Prepaid insurance reflected in the governmental activities. (13,615)

Governmental funds record special assessment revenues when available and collectible. In contrast, such revenues are reported in the Statement of Activities when earned. This represents special assessments and other revenue accrued on the government-wide statements, but not on the fund statements. (176,862)

Interest charged on advances to other funds is recorded as an expenditure in the governmental funds but interest income is deferred until the revenue is available and collectible. In contrast, the interest income deferred is reported in the Statement of Activities when earned. This is the elimination entry between governmental funds. 206,327

Economic development expenses charged for special assessments recovered through tax increments. (394,581)

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of debt repayments during the year. 3,430,000

This is the amount of current year debt discounts setup as an unamortized asset. 22,250

Proceeds from bonds payable are recorded as revenue in the fund statements but increase long-term liabilities in the government-wide statements. (1,780,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest not reflected on Governmental funds (456)

Amortization of debt discounts and loss on refunding (47,307)

Change in compensated absences not reflected on governmental funds (1,993)

Change in net position of governmental activities \$ 790,733

See accompanying notes to the basic financial statements.

Village of Johnson Creek

Statement of Net Position  
Proprietary Funds  
December 31, 2013

	<u>Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 997,801	\$ 1,586,081	\$ 2,583,882
Receivables			
Taxes	247	347	594
Special Assessments	-	36,861	36,861
Accounts	32,739	62,281	95,020
Other	301	-	301
Inventories	29,927	-	29,927
Prepaid Expenses	1,906	3,333	5,239
Total Current Assets	<u>1,062,921</u>	<u>1,688,903</u>	<u>2,751,824</u>
Capital Assets:			
Land and Improvements	21,004	17,978	38,982
Construction Work in Progress	769,768	-	769,768
Other Capital Assets	9,319,171	16,559,406	25,878,577
Less Accumulated Depreciation	<u>(1,699,544)</u>	<u>(4,986,332)</u>	<u>(6,685,876)</u>
Net Capital Assets	<u>8,410,399</u>	<u>11,591,052</u>	<u>20,001,451</u>
Noncurrent Assets			
Advances Receivable	<u>84,671</u>	<u>1,702,986</u>	<u>1,787,657</u>
Total Noncurrent Assets	<u>84,671</u>	<u>1,702,986</u>	<u>1,787,657</u>
Total Assets	<u>9,557,991</u>	<u>14,982,941</u>	<u>24,540,932</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized Loss on Debt Defeasance	<u>195,304</u>	<u>-</u>	<u>195,304</u>
Total Deferred Outflows of Resources	<u>195,304</u>	<u>-</u>	<u>195,304</u>
Total Assets and Deferred Outflows of Resources	<u><u>9,753,295</u></u>	<u><u>14,982,941</u></u>	<u><u>24,736,236</u></u>

See accompanying notes to the basic financial statements.

Village of Johnson Creek

Statement of Net Position  
 Proprietary Funds  
 December 31, 2013

	<u>Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 4,538	\$ 15,223	\$ 19,761
Accrued Liabilities	5,486	6,203	11,689
Total Current Liabilities	<u>10,024</u>	<u>21,426</u>	<u>31,450</u>
Other Liabilities			
Compensated Absences	15,189	15,188	30,377
Deferred Regulatory Credit	10,023	-	10,023
Total Other Liabilities	<u>25,212</u>	<u>15,188</u>	<u>40,400</u>
Total Non-Current Liabilities	<u>25,212</u>	<u>15,188</u>	<u>40,400</u>
Total Liabilities	<u>35,236</u>	<u>36,614</u>	<u>71,850</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	8,410,399	11,591,052	20,001,451
Unrestricted	1,307,660	3,355,275	4,662,935
Total Net Position	<u>9,718,059</u>	<u>14,946,327</u>	<u>24,664,386</u>
Total Liabilities and Net Position	<u>\$ 9,753,295</u>	<u>\$ 14,982,941</u>	<u>\$ 24,736,236</u>

See accompanying notes to the basic financial statements.

Village of Johnson Creek

Statement of Revenues, Expenses and Changes in Fund Net Position  
 Proprietary Funds  
 For the Year Ended December 31, 2013

	<u>Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 556,044	\$ 599,214	\$ 1,155,258
Other Operating Revenues	8,253	3,013	11,266
Total Operating Revenues	<u>564,297</u>	<u>602,227</u>	<u>1,166,524</u>
<b>OPERATING EXPENSES</b>			
Operation and Maintenance	248,554	428,719	677,273
Depreciation	184,147	418,025	602,172
Total Operating Expenses	<u>432,701</u>	<u>846,744</u>	<u>1,279,445</u>
Operating Income (Loss)	<u>131,596</u>	<u>(244,517)</u>	<u>(112,921)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and Investment Revenue	3,341	5,467	8,808
Miscellaneous Non-Operating Revenue	14,699	332	15,031
Miscellaneous Expense	-	(831)	(831)
Amortization Expense	(13,950)	-	(13,950)
Total Non-Operating Revenues (Expenses)	<u>4,090</u>	<u>4,968</u>	<u>9,058</u>
Income (Loss) Before Transfers and Capital Contributions	<u>135,686</u>	<u>(239,549)</u>	<u>(103,863)</u>
Capital Contributions - Paid by TIF	7,721	7,721	15,442
Transfers Out	<u>(180,582)</u>	<u>(3,798)</u>	<u>(184,380)</u>
Change in Net Position	(37,175)	(235,626)	(272,801)
Total Net Position - Beginning	<u>9,755,234</u>	<u>15,181,953</u>	<u>24,937,187</u>
Total Net Position - Ending	<u>\$ 9,718,059</u>	<u>\$ 14,946,327</u>	<u>\$ 24,664,386</u>

See accompanying notes to the basic financial statements.

**Village of Johnson Creek  
Johnson Creek, Wisconsin**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2013**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Cash Flows from Operating Activities:</u>			
Receipts from customers	\$ 564,684	\$ 601,486	\$ 1,166,170
Payments to suppliers	(110,040)	(276,483)	(386,523)
Payments to employees	(140,582)	(169,933)	(310,515)
Taxes paid	(176,784)	-	(176,784)
Net cash provided (used) by operating activities	<u>137,278</u>	<u>155,070</u>	<u>292,348</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and construction of plant assets	(16,948)	(79,240)	(96,188)
Advances	(24,790)	-	(24,790)
Payments on advances transferred in from TIF	-	22,972	22,972
Net cash provided (used) by capital and related financing activities	<u>(41,738)</u>	<u>(56,268)</u>	<u>(98,006)</u>
<u>Cash Flows from Investing Activities:</u>			
Interest Income	<u>3,341</u>	<u>5,467</u>	<u>8,808</u>
Net cash provided (used) by investing activities	<u>3,341</u>	<u>5,467</u>	<u>8,808</u>
Net increase (decrease) in cash and equivalents	98,881	104,269	203,150
<u>Cash and Equivalents, Beginning of year</u>	<u>898,920</u>	<u>1,481,812</u>	<u>2,380,732</u>
<u>Cash and Equivalents, End of year</u>	<u>\$ 997,801</u>	<u>\$ 1,586,081</u>	<u>\$ 2,583,882</u>

See accompanying notes to the basic financial statements.

**Village of Johnson Creek  
Johnson Creek, Wisconsin**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2013**

	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating Income (loss)	\$ 131,596	\$ (244,517)	\$ (112,921)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Miscellaneous	10,901	(4,296)	6,605
Tax equivalent transfer	(176,784)	-	(176,784)
Joint meter allocation	4,977	(4,977)	-
Depreciation	184,147	418,025	602,172
Changes in Assets and Liabilities:			
Customer accounts receivable	387	(741)	(354)
Inventories	(3,699)	-	(3,699)
Accounts payable	1,264	6,885	8,149
Accrued liabilities	(15,511)	(15,309)	(30,820)
Net cash provided (used) by operating activities	\$ 137,278	\$ 155,070	\$ 292,348

See accompanying notes to the basic financial statements.

**Village of Johnson Creek**

**Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2013**

	<u><b>Tax Agency</b></u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,418,681
Receivables:	
Taxes Receivable	700,293
Total Assets	<u>\$ 3,118,974</u>
<b>LIABILITIES</b>	
Due to Other Governments	\$ 3,118,974
Total Liabilities	<u>\$ 3,118,974</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**1. Nature of Operations**

The Village of Johnson Creek (Village) is a local government municipality incorporated under the Wisconsin State Statutes as a village. The Village provides the following services to its residents: water service, sewer service, police, fire, public works, parks, library, administration and others.

**2. Summary of Significant Accounting Policies**

The accounting policies of the Village conform to accounting principles generally accepted in the United States as established by the Governmental Accounting Standards Board (GASB). The Village grants credit to its customers, substantially all of whom are its utility customers, its residents or other municipalities.

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

The following is a summary of the more significant policies:

**A. Reporting Entity**

This report includes all of the funds of the Village. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report contains the following blended component unit.

Community Development Authority

This report includes the Community Development Authority (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the board of the Village of Johnson Creek. The CDA meets the criteria of a component unit of the Village. The CDA was included as a blended component unit because it provides services exclusively, or almost exclusively, to the Village. See Note 16 for further detail. The CDA itself did not have any financial transactions other than the issuance of CDA debt. The CDA activity was blended with the TIF districts.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**2. Summary of Significant Accounting Policies (Continued)**  
**B. Government-Wide and Fund Financial Statements**

**Government-Wide Statements**

The statement of net position and the statement of activities present financial information about the Village's governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. These statements distinguish between the governmental and business-type activities of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by the fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for business-type activities and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for good or services offered by the programs and (b) grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

**Fund Financial Statements**

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

Funds are identified as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the government or meets the following criteria:

1. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

In addition, any other governmental or proprietary fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

The Village reports the following major funds:

- |                |               |               |
|----------------|---------------|---------------|
| - General Fund | - TIF #2 Fund | - TIF #3 Fund |
| - Sewer Fund   | - Water Fund  |               |

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**2. Summary of Significant Accounting Policies (Continued)**  
**B. Government-Wide and Fund Financial Statements (Continued)**

The following fund types are used by the Village:

**Governmental Fund Types**

**General Fund**

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains five such funds:

TIF Funds - These funds are specifically funded for community improvements within a specific Tax Incremental Financing District. The Village maintains two Tax Incremental Financing (TIF) Districts and each District is accounted for as a separate TIF Fund. These are reported as TIF #2 & TIF #3 Funds.

Fire Fund - This fund is specifically funded for operating and maintaining the Fire department.

Hotel Tax Fund - This fund is specifically funded by hotel tax revenues and the related expenditures.

Library Fund - This fund is specifically funded for operating and maintaining the Village library.

**Proprietary Fund Types**

**Enterprise Funds**

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Village maintains two enterprises funds as listed below:

Water Fund - This fund represents the self-sustaining activity of water service provided to the Village residences and businesses. The Water Fund is a regulated municipal utility and operates under service rules which are established by the Public Service Commission of Wisconsin (PSC). The accounting records are maintained in accordance with the uniform system of accounts prescribed by the PSC.

Sewer Fund - This fund represents the self-sustaining activity of sewer service provided to the Village residences and businesses. The Sewer Fund is a non-regulated municipal utility which operates under service rules established by the Village Board.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**2. Summary of Significant Accounting Policies (Continued)**  
**B. Government-Wide and Fund Financial Statements (Continued)**

**Fiduciary Fund Type**

**Agency Fund**

Trust and agency funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and for other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The following agency fund is presented in this report: Tax Agency Fund.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**Government-Wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

**Fund Financial Statements**

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**2. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village, which are not available, are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

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

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The Village reports deferred inflows of resources on its balance sheet. Deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**2. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

The proprietary funds follow all pronouncements of the Governmental Accounting Standards Board. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the water and sewer utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**2. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, and Net Position or Equity**

**Deposits and Investments**

The Village is required to invest its funds in accordance with Section 66.04(2) of the Wisconsin Statutes. Such statute authorizes the Village to invest any of its funds not immediately needed in:

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State if the time deposits mature in not more than three years;
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
- (3) Bonds or securities of any county, drainage district, VTAE district, village, city, town, district or school district of this State;
- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
- (5) Bonds or securities issued under the authority of the municipality;
- (6) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes;
- (7) Agreements in which a public depository agrees to repay funds advanced to it by the City plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
- (8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- (9) Repurchase agreements with public depositories, with certain conditions.
- (10) Bonds issued by the University of Wisconsin Hospital and Clinics Authority.

The Village has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the Village's individual major funds, and in the aggregate for non-major and agency funds.

All deposits of the Village are made in board designated official depositories. The Village may designate, as an official depository, any bank or savings association. Also, the Village may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

See Footnote 3 for additional information.

**Temporary Cash Investments**

Temporary cash investments consist of certificates of deposit with local banks. These are stated at cost, which approximates market value.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**2. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**Enterprise Funds Statement of Cash Flows**

For purposes of the statement of cash flows, for the enterprise funds, all money market deposits and time deposits with original maturities of three months or less are considered cash equivalents. Any cash investment with an original maturity of over three months and less than one year is reported as temporary cash investments. Restricted assets have been considered cash equivalents.

**Property Taxes**

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school districts and the technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as deferred inflows of resources and due to other taxing units on the accompanying balance sheet. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2013 tax roll:

Lien date and levy date	January 1, 2014
Tax bills mailed	December, 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	July 31, 2014
Personal property taxes due in full	January 31, 2014
Tax sale – 2013 delinquent real estate taxes	October, 2016

**Accounts Receivable**

The Village's management charges off all general accounts considered to be uncollectable prior to year end. The Village, in 2013, established an allowance for uncollectible accounts as follows:

General Fund EMS Fees	\$16,101
Fire Fund	\$66,218

**Inventory**

Inventory is valued at the lower of cost or market.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**2. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**Capital Outlay Items**

Capital outlay items (capital assets) are recorded as expenditures in the governmental fund types. Accounting principles generally accepted in the United States of America require that these fixed assets be capitalized at cost in the government-wide financial statements.

Capital outlay items in the enterprise funds are recorded as fixed assets on the appropriate balance sheet.

**Capital Assets**

**Fund Financial Statements**

General fixed assets acquired for governmental purposes are recorded as current year expenditures in the governmental funds. Purchased fixed assets are capitalized at cost or estimated cost in the government-wide financial statements. Contributed fixed assets are recorded at fair market value at the time received.

Account principles generally accepted in the United States of America do not require depreciation to be recorded on capital assets for fund financial reporting.

**Government-Wide Statements**

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

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Under current accounting standards governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. The Village has retroactively reported all infrastructure acquired by its governmental fund types prior to January 1, 1980.

Additions to and replacements of capital assets are recorded at original cost, which includes material, labor, and overhead.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**2. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**Capital Assets (Continued)**

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, while accumulated depreciation is reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Buildings	40 Years
Improvements	10-35 Years
Machinery & Equipment	3-10 Years
Infrastructure	25-50 Years

**Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. The amount of accumulated sick leave that will not be repaid with expendable available resources is not material to these financial statements.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated sick leave liabilities at December 31, 2013 are determined on a basis of current salary rates and include salary related payments.

In accordance with Village policies, employees may not carry over vacation or personal time if unused at year end. Employees may accumulate sick leave, to specified maximum amounts, and then convert the accumulated sick leave to paid health care benefits upon retirement.

In February 2013 the Village Board approved an amendment to the personnel policy manual that put a limit on the sick leave conversion upon retirement or death. The amendment caps the maximum benefit paid out at \$7,200 for employees hired after February 13, 2013.

**Long-Term Obligations/Conduit Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and notes payable. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as "Other Financing Sources" and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

The Village may approve the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds would not be reported as liabilities in the accompanying financial statements. There are no IRB's outstanding at year end.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**2. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**Equity Classifications**

**Government-Wide Statements**

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

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

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use restricted resources first, then unrestricted resources as they are needed.

**Fund Financial Statements**

Government fund equity is classified as fund balance.

In the fund financial statements, governmental fund balance is presented in five possible categories:

**Nonspendable** – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

**Restricted** – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

**Assigned** – resources neither restricted nor committed for which a government has a stated intended use as established by the Village Board or a body or official to which the Village Board has delegated the authority to assign amounts for specific purposes.

**Unassigned** – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**2. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**Equity Classifications (Continued)**

When restricted and other fund balance resources are available for use, it is the Village's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

**Claims and Judgments**

Claims and judgments are recorded as liabilities in 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 be liquidated with expendable available financial resources, a liability is recorded in the government-wide financial statements. The related expenditure is recognized with the liability and is liquidated.

There were no significant claims or judgments at year end.

**E. Annual Operation Budget**

The operation budget for all funds is prepared annually by the Village Board. The budget is prepared and presented on the same basis of accounting as the financial statements.

The budget was passed in November 2012 and was amended by the Village board as needed during the year. For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Tentative budget is prepared and made available for public inspection before November 1.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to December 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Village Board may make transfers between the various items in any fund not exceeding the 10% of the total of such fund as set forth in the budget.
6. The Village Board may amend the budget (in other ways) by the same procedures required of its original adoption.

**Excess Expenditures over Appropriations**

The Village controls expenditures at the department level. Some individual line items experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's year-end budget to actual report. See additional information about expenditures in excess of budgeted amounts in Note 11.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**2. Summary of Significant Accounting Policies (Continued)**

**F. Limitations on the Village's Tax Levy**

The State has passed current legislation that limits the Village's future tax levies. Generally, the Village is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the Village's equalized value due to new construction, or 0% for the 2013-2014 tax year. Changes in debt service from one year to the next are generally exempt from this limit.

**3. Cash and Temporary Cash Investments**

Cash for all Village funds are pooled for investment purposes. At December 31, 2013, the cash and investments consist of the following:

Petty Cash	\$ 300
Deposits with Financial Institutions	8,003,551
U.S. Government Securities Fund	1,310,872
Total Cash and Investments	9,314,723

Cash and investments as of December 31, 2013 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and Investments	\$ 5,038,909
Restricted Cash	1,857,133
Statement of Fiduciary Net Position	
Tax Agency Cash	2,418,681
Total Cash and Investments	\$ 9,314,723

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investments choices.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Village would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The Village does not have an investment policy for custodial credit risk.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**3. Cash and Temporary Cash Investments (Continued)**

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for non-interest bearing accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

As of December 31, 2013, the Village had \$7,547,562 on deposit with financial institutions. Of this amount the Village had deposits in excess of federal depository insurance limits that were exposed to custodial credit risk as follows:

Insured by Federal and State Deposit Insurance	5,330,848
Collateralized in the Financial Institutions Name	2,216,714
Total Deposits with Financial Institutions	\$ 7,547,562

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year exceeding uninsured amounts at the balance sheet date.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates.

**4. Receivables and Deferred Inflows of Resources**

All of the Village's receivables are expected to be collected within one year except for \$3,605 in the general fund, \$435,085 in TIF #2 and \$1,039,204 in TIF #3.

At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Property taxes receivable	\$ -	\$ 3,626,819	\$ 3,626,819
Special assessments not yet due	1,477,895	-	1,477,895
Deferred Interest on Advances	206,327	-	206,327
EMS Charges	25,731	-	25,731
Total Deferred Inflows of Resources			
For Governmental Funds	\$ 1,709,953	\$ 3,626,819	\$ 5,336,772

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**5. Interfund Receivables/Payables, Advances, and Transfers**

Advances

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Due Within One Year</u>
General Fund	TIF #3	\$ 1,103,892	\$ -
TIF #2	TIF #3	434,936	-
Water Fund	TIF #3	84,671	-
Sewer Fund	TIF #2	621,956	-
Sewer Fund	TIF #3	<u>1,081,030</u>	<u>-</u>
Total All Funds		<u>\$ 3,326,485</u>	<u>\$ -</u>

In 2013, the Village Board approved an interfund interest rate on all funds advanced to TIF #3 from the General Fund from 2002 to date in the amount of 3%. As a result, \$206,327 has been recorded as interest expense in TIF #3 and interest income has been recorded as a deferred inflow on the general fund. Currently no repayment schedule exists.

Subsequent to yearend the Village Board approved an interfund interest rate of 3% on the remaining advances reported above.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

**5. Interfund Receivables/Payables, Advances, and Transfers (Continued)**

Transfers

The following is a schedule of interfund transfers:

Transferred To	Transferred From	Per Government- Wide Statements	Per Fund Statements	Purpose
General Fund	Room Tax Fund	Eliminated	\$ 23,729	Operations
General Fund	Room Tax Fund	Eliminated	6,465	Operations
General Fund	Fire Fund	Eliminated	2,318	Operations
General Fund	Library Fund	Eliminated	22,097	Operations
Library Fund	General Fund	Eliminated	129,928	Operations
Fire Fund	General Fund	Eliminated	232,570	Levy
Fire Fund	General Fund	Eliminated	32,989	Future Capital
General Fund	Sewer Fund		3,798	Operations
General Fund	Water Fund		3,798	Operations
General Fund	Water Fund		176,784	Tax Equivalent
Sub-Total Governmental Funds			<u>\$ 634,476</u>	
General Fund	Water Fund	\$ 176,784	\$ -	Tax Equivalent
General Fund	Water Fund	3,798	-	Operations
General Fund	Sewer Fund	3,798	-	Operations
Water Fund	TIF #2 Fund	(7,721)	(7,721)	Capital Contribution
Water Fund	TIF #2 Fund	(7,721)	(7,721)	Capital Contribution
Sub-Total Proprietary Funds		<u>\$ 168,938</u>	<u>\$ (15,442)</u>	
Less: Fund eliminations		-		
Total Transfers- Government-Wide Statement of Activities		<u>\$ 168,938</u>		

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**6. Restricted Cash**

The Village reports various restricted cash accounts on the Statement of Net Position and the Governmental and Business-Type Fund Financial Statements. Restricted cash as of December 31, 2013 is as follows:

Fund	Amount	Purpose
<b>General Fund</b>		
Unspent Bond Proceeds	\$ 43,327	The 2006 General Obligation Promissory Notes for General Fund restrict the proceeds to specific capital projects.
Impact Fees	84,934	The Village collected impact fees from new developments. These fees are restricted in use by State Statutes. The impact fees can be used for public infrastructure improvements, public safety improvements and for parks.
Developer Fees	11,985	The Village collected Westside Development fees that are restricted by Village ordinance for public infrastructure improvements to certain areas within the Village. These fees were set by Village ordinances.
Tree Planting Fees	12,956	The Village is also collecting fees to plant trees from homeowners. These fees were set by Village ordinances.
EMS FAP Account	16,818	The EMS Department has received grant and state aid, which according to the State of Wisconsin, are restricted in use. These funds can only be used for specific EMS equipment and services.
<b>Total General Fund</b>	<u>\$ 170,020</u>	
<b>TIF #2 - Debt Reserves</b>	<u>\$ 642,156</u>	The Community Development Authority (CDA) bonds require money to be accumulated for the purpose of paying principal and interest payments. The following amounts have been restricted for the purpose of making principal and interest payments.
<b>TIF #3 - Debt Reserves</b>	<u>668,716</u>	

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**6. Restricted Cash (Continued)**

Fund	Amount	Purpose
<b>Library Fund</b>		
		The Village has received contributions, which according to the contributors, are restricted in use. These funds can only be used for library books and equipment.
Restricted Contributions	<u>\$ 12,562</u>	
<b>Fire Fund</b>		
		The 2006 General Obligation Promissory Notes for the Fire Fund restrict the proceeds to specific capital projects.
Unspent Bond Proceeds	\$ 226,884	
Impact Fees	<u>136,795</u>	Collection of impact fees noted above.
<b>Total Fire Fund</b>	<u>\$ 363,679</u>	
Total Governmental Funds	<u><u>\$ 1,857,133</u></u>	

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

**7. Capital Assets**

A summary of changes in fixed assets is as follows:

	<u>Balance 1/1/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/13</u>
<b>Governmental Activities</b>				
Non-depreciable Capital Assets:				
Land	\$ 2,079,353	\$ 217,714	\$ 55,256	\$ 2,241,811
Construction in Progress	202,500	-	202,500	-
Total Non-depreciable Capital Assets	<u>2,281,853</u>	<u>217,714</u>	<u>257,756</u>	<u>2,241,811</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	3,197,757	107,763	-	3,305,520
Equipment	3,889,019	79,378	-	3,968,397
Infrastructure	21,719,902	106,398	-	21,826,300
Total Capital Assets Being Depreciated	<u>28,806,678</u>	<u>293,539</u>	<u>-</u>	<u>29,100,217</u>
Total Capital Assets	<u>\$ 31,088,531</u>	<u>\$ 511,253</u>	<u>\$ 257,756</u>	<u>\$ 31,342,028</u>
Less: Accumulated Depreciation	<u>12,314,736</u>	<u>1,231,562</u>	<u>-</u>	<u>13,546,298</u>
Capital Assets Net of Depreciation	<u>\$ 18,773,795</u>	<u>\$ (720,309)</u>	<u>\$ 257,756</u>	<u>\$ 17,795,730</u>

Depreciation expense was charged to governmental activities as follows:

<b>Governmental Activities</b>	
General Government	\$ 13,163
Public Safety	164,855
Public Works	943,038
Culture and Recreation	<u>110,506</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,231,562</u>

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

**7. Capital Assets (Continued)**

**Business-Type Capital Assets**

<u>Water</u>	<b>Balance 1/1/2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 12/31/2013</b>
Non-Depreciable Capital Assets:				
Land	\$ 21,004	\$ -	\$ -	\$ 21,004
Construction in Process	769,768	-	-	769,768
Total Non-Depreciable Capital Assets	<u>790,772</u>	<u>-</u>	<u>-</u>	<u>790,772</u>
Capital Assets Being Depreciated:				
Buildings	757,987	-	-	757,987
Equipment	1,416,356	-	12,014	1,404,342
Infrastructure	7,135,898	24,669	3,725	7,156,842
Total Capital Assets Being Depreciated:	<u>9,310,241</u>	<u>24,669</u>	<u>15,739</u>	<u>9,319,171</u>
Total Capital Assets	<u>10,101,013</u>	<u>24,669</u>	<u>15,739</u>	<u>10,109,943</u>
Less: Accumulated Depreciation	<u>(1,526,159)</u>	<u>(189,124)</u>	<u>(15,739)</u>	<u>(1,699,544)</u>
Capital Assets Net of Depreciation	<u>\$ 8,574,854</u>	<u>\$ (164,455)</u>	<u>\$ -</u>	<u>\$ 8,410,399</u>
<u>Sewer</u>	<b>Balance 1/1/2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 12/31/2013</b>
Non-Depreciable Capital Assets:				
Land	\$ 17,978	\$ -	\$ -	\$ 17,978
Total Non-Depreciable Capital Assets	<u>17,978</u>	<u>-</u>	<u>-</u>	<u>17,978</u>
Capital Assets Being Depreciated:				
Buildings	794,980	-	-	794,980
Equipment	107,876	69,695	12,014	165,557
Infrastructure	15,581,604	17,265	-	15,598,869
Total Capital Assets Being Depreciated:	<u>16,484,460</u>	<u>86,960</u>	<u>12,014</u>	<u>16,559,406</u>
Total Capital Assets	<u>16,502,438</u>	<u>86,960</u>	<u>12,014</u>	<u>16,577,384</u>
Less: Accumulated Depreciation	<u>(4,585,298)</u>	<u>(413,048)</u>	<u>(12,014)</u>	<u>(4,986,332)</u>
Capital Assets Net of Depreciation	<u>\$ 11,917,140</u>	<u>\$ (326,088)</u>	<u>\$ -</u>	<u>\$ 11,591,052</u>
<b>Total Business-Type Capital Assets</b>	<u>\$ 20,491,994</u>	<u>\$ (490,543)</u>	<u>\$ -</u>	<u>\$ 20,001,451</u>

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

**7. Capital Assets (Continued)**

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

<b>Business-Type Activities</b>	
Water-Depreciation	\$ 184,147
Sewer-Depreciation	<u>418,025</u>
Total Business-Type Activities Depreciation Expense	<u><u>\$ 602,172</u></u>

**8. Long-Term Obligations**

All general obligation notes and bonds payable are backed by the full faith and credit of the municipality. Notes and bonds will be retired by future property tax levies. Proprietary fund debt is payable by revenues from user fees of those funds, or if the revenues are not sufficient, by future tax levies. The following is a summary of long-term debt transactions of the Village for the year ended December 31, 2013:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 11,315,000	\$ -	\$ 975,000	\$ 10,340,000	\$ 995,000
CDA Lease Revenue Bonds	<u>10,825,000</u>	<u>1,780,000</u>	<u>2,455,000</u>	<u>10,150,000</u>	<u>760,000</u>
Sub-Total	<u>22,140,000</u>	<u>1,780,000</u>	<u>3,430,000</u>	<u>20,490,000</u>	<u>1,755,000</u>
Other Liabilities					
Vested Compensated Absences	<u>118,289</u>	<u>1,993</u>	<u>-</u>	<u>120,282</u>	<u>-</u>
Total Other Liabilities	<u>118,289</u>	<u>1,993</u>	<u>-</u>	<u>120,282</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u><u>\$ 22,258,289</u></u>	<u><u>\$ 1,781,993</u></u>	<u><u>\$ 3,430,000</u></u>	<u><u>\$ 20,610,282</u></u>	<u><u>\$ 1,755,000</u></u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable					
Compensated Absences	<u>\$ 60,841</u>	<u>\$ -</u>	<u>\$ 30,464</u>	<u>\$ 30,377</u>	<u>\$ -</u>
Total Business-type Activities Long-Term Liabilities	<u><u>\$ 60,841</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 30,464</u></u>	<u><u>\$ 30,377</u></u>	<u><u>\$ -</u></u>

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

**8. Long-Term Obligations (Continued)**

Long-term debt issues outstanding at December 31, 2013 and total debt outstanding were as follows:

<b>Governmental Debt</b>	<u>Date Of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/13</u>	<u>Current Portion</u>
<b>Governmental Activities</b>						
<u>General Obligation</u>						
2006 General Fund						
GO Promissory Notes	5/1/2006	12/1/2024	4.25-4.38	\$ 1,892,090	\$ 1,419,056	\$ 78,840
2006 Fire and EMS						
GO Promissory Notes	5/1/2006	12/1/2024	4.25-4.38	\$ 507,910	380,944	21,160
2008 Fire and EMS						
GO Promissory Notes	1/28/2008	2/1/2018	2.85-3.4	\$ 1,140,000	625,000	115,000
2010 General Fund						
GO Refunding Bonds	12/17/2010	3/1/2020	1.7-3.5	\$ 1,165,000	945,000	220,000
2011 General Fund						
GO Refunding Bonds	3/1/2011	3/1/2022	1.1-4.0	\$ 2,820,000	2,390,000	235,000
2011 General Fund						
GO Refunding Notes	3/1/2011	3/1/2016	2.60%	\$ 1,320,000	1,320,000	-
2011 General Fund						
GO Refunding Bonds	11/15/2011	12/1/2021	.6-3.0%	\$ 2,070,000	1,755,000	170,000
2012 TIF 2 and 3						
GO Refunding Bonds	7/17/2012	8/1/2022	.6-2.5%	\$ 1,655,000	1,505,000	155,000
Total Governmental Activities -- General Obligation Debt					<u>\$ 10,340,000</u>	<u>\$ 995,000</u>
<u>CDA Lease Revenue Bonds</u>						
2008 TIF 2 CDA						
Lease Revenue Bonds	11/8/2007	12/1/2022	3.6-4.4	\$ 3,985,000	\$ 2,820,000	\$ 420,000
2007 TIF 3 CDA						
Lease Revenue Bonds	11/8/2007	12/1/2022	3.4-4.4	\$ 4,150,000	2,765,000	340,000
2012 TIF 3 CDA						
Refunding Lease Revenue	12/17/2012	12/1/2026	1.25-2.9	\$ 2,785,000	2,785,000	-
2013 TIF 2 CDA						
Refunding Lease Revenue	10/3/2013	12/1/2022	2.5-3.25%	\$ 1,780,000	1,780,000	-
Total Governmental Activities -- CDA Lease Revenue Bonds					<u>\$ 10,150,000</u>	<u>\$ 760,000</u>
<b>Total Governmental Activities</b>					<u>\$ 20,490,000</u>	<u>\$ 1,755,000</u>

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**8. Long-Term Obligations (Continued)**

**Governmental Debt (Continued)**

Debt service requirements to maturity are as follows:

	Total GO Principal	Total GO Interest	Total CDA Lease Revenue Bonds Principal	Total CDA Lease Revenue Bonds Interest	Total Governmental Activities Debt Service
2014	\$ 995,000	\$ 285,612	\$ 760,000	\$ 354,033	\$ 2,394,645
2015	1,030,000	265,678	740,000	317,808	2,353,486
2016	2,305,000	227,277	730,000	289,318	3,551,595
2017	1,020,000	185,216	750,000	268,267	2,223,483
2018	1,050,000	157,172	775,000	245,267	2,227,439
2019-2023	3,740,000	350,661	4,920,000	682,500	9,693,161
2024-2026	200,000	8,750	1,475,000	84,095	1,767,845
	<u>\$ 10,340,000</u>	<u>\$ 1,480,366</u>	<u>\$ 10,150,000</u>	<u>\$ 2,241,288</u>	<u>\$ 24,211,654</u>

The Village's general obligation debt limit is equal to 5% of the Village's total equalized value. The Village's debt limit as of December 31, 2013 is \$14,315,445. Debt subject to the limit is \$10,340,000.

Current Year Advance Debt Refunding

In 2013, the Village issued \$1,780,000 of CDA Refunding Lease Revenue Bonds with an interest rate ranging from 4.70% to 4.85%. The Village issued the lease revenue bonds to advance refund \$1,710,000 of the outstanding 2004 CDA Lease Revenue Bonds. The Village also used funds on hand to refund a portion of the interest due.

The advance refunding reduced total debt service payments over the next nine years by nearly \$150,000. The economic gain due to the reduction in debt service payments associated with the issuance of \$1,780,000 of CDA Refunding Lease Revenue Bonds was \$136,680.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**9. Defined Benefit Pension Plan**

All eligible Village employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teacher, and Executive and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rate for 2013 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.65%	6.65%
Protective with Social Security	6.65%	9.75%

The payroll for the Village's employees covered by the WRS for the year ended December 31, 2013 was \$867,964; the employer's total payroll was \$1,024,723. The total required contribution for the year ended December 31, 2013 was \$121,998, which consisted of \$57,579, or 6.6% of payroll from the employer and \$64,419, or 7.4% of payroll from employees. Total contributions for the years ending December 31, 2011 and 2010 were \$104,214 and \$112,179, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. Participants employed prior to July 1, 2011 are immediately vested. Participants hired after June 30, 2011 are fully vested after five years.

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**10. Net Position/Fund Balances**

Governmental Activities

Net position reported on the government-wide statement of net position at December 31, 2013 include the following:

Capital Assets Net of Depreciation	\$ 17,795,730
Less: Related Long-Term Debt Outstanding	(20,490,000)
Plus: Unamortized Debt Expenses	185,482
Plus: Debt Used for Business - Type Capital Assets	3,260,000
Plus: Debt Reserves - TIF 2 & 3	1,310,872
Plus: Debt Proceeds in Restricted Cash	270,211
Total Net Investment in Capital Assets	2,332,295
Restricted	
General Fund	126,733
Fire	136,795
Library	12,562
Total Restricted	276,090
Unrestricted	(1,148,638)
Total Governmental Activities Net Position (Deficit)	\$ 1,459,747

Business-Type Activities

The following calculation supports the water and sewer utilities' balance of net position net investment in capital assets, as of December 31, 2013:

Capital Assets Net of Depreciation	\$ 20,001,451
Total Net Investment in Capital Assets	20,001,451
Unrestricted	4,662,935
Total Business-Type Activities Net Position	\$ 24,664,386

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**10. Net Position/Fund Balances (Continued)**

Fund balances on the fund financial statements as of December 31, 2013 include the following:

**Nonspendable Fund Balance**

General Fund

Delinquent Personal Property Taxes	\$ 55
Delinquent Special Assessments/Charges	\$ 62,583
Advances to Other Funds (net of unearned interest)	897,564
Other Assets	73,866
Total General Fund	1,034,068

TIF District #2

Advances to Other Funds	434,936
Total Nonspendable Fund Balance	\$ 1,469,004

**Restricted Fund Balance**

General Fund

Unspent Bond Proceeds	\$ 43,327
Impact / Developer Fees	96,919
EMS FAP Account	16,818
Other	12,956
Total General Fund	170,020

TIF District #2

Debt Service	642,156
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TIF District #3

Debt Service	668,716
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Library Fund

Library Expenditures	41,221
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Room Tax Fund

Operations	76,705
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Fire Fund

Fire Association Expenditures	363,679
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Total Restricted Fund Balance	\$ 1,962,497
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**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**10. Net Position/Fund Balances (Continued)**

<b>Assigned Fund Balance</b>		
<u>General Fund</u>		
Capital Purchases	\$	174,297
Total General Fund		174,297
<u>Fire Fund</u>		
Fire Expenditures		179,650
Total Assigned Fund Balance	\$	353,947
<b>Unassigned Fund Balance (Deficit)</b>		
<u>General Fund</u>		\$ 907,240
<u>TIF District #2</u>		(90,616)
<u>TIF District #3</u>		(2,280,910)
Total Unassigned Fund Balance (Deficit)	\$	(1,464,286)

The TIF #2 and TIF #3 deficits are anticipated to be replenished with future tax increment revenue.

**11. Expenditures in Excess of Budget**

The Village incurred expenditures in excess of budget as follow:

Fund	Department	Final Budget	Actual Expenditures	Variance
General	Public Safety	\$ 799,025	\$ 800,754	\$ (1,729)
General	Public Works	443,156	458,942	(15,786)
General	Health and Human Services	6,900	7,476	(576)
TIF #2	General Government	95,053	110,803	(15,750)
TIF #3	Interest Expense	322,311	454,254	(131,943)

In total, general fund expenditures were under budget by \$39,077.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2013**

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**12. Johnson Creek Fire Association and EMS**

Effective January 1, 2007, the Johnson Creek Community Fire Association and the Johnson Creek EMS became part of the Village. There are four other municipalities that continue to contract services from the Fire and EMS and also contribute towards the operation. In accordance with the contracts for Fire Protection, each of the municipalities have rights to their proportionate share of the book value on equipment purchased. In May 2013, the Village terminated the existing contract with the participating municipalities. While the District continues to provide services to each municipality, the participating municipalities no longer have an interest in the value of assets owned by the District. As part of the termination agreement the Village paid each participating municipality their proportionate share of the buyout totaling \$202,500. The agreement assigns all ownership of the District's assets to the Village.

**13. Commitments and Contingencies**

The Village has a number of agreements in which the tax increment on developments will be used to reduce special assessments. In 2013, the Village had \$394,581 in special assessments paid by tax increments. This amount was recorded as an economic development expense on the government-wide financial statements. Future payments are contingent upon adequate increments.

Developer Commitments and Contingencies

The Village has a commitment with a local developer to provide a cash grant equal to 10% of the difference between assessed values of improvements and current assessed value of \$224,500. The grant is limited to \$150,000 and is to be paid by TIF #2 in 2 installments - September 1, 2015 and September 1, 2016. The agreement originally required substantial completion by December 31, 2013 but was amended and now requires substantial completion by June 1, 2014.

The Village has a second developer commitment for a cash grant of \$212,355 upon completion of improvements and occupancy. Improvements have not begun yet. Grant payments will be made by the TIF.

There is an additional cash grant of .060984% of improvement values for an additional developer. The Village anticipates making a payment of \$5,488.56 in September 2014.

**14. Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Village carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**15. Community Development Authority**

The Village created a community authority ("the authority") pursuant to Wisconsin Statutes. The Authority is a legally separate entity that is appointed by the Village Board. The intention of the Authority is to purchase, manage and finance public improvements associated with TIF #2 and TIF #3. The Authority obtained financing (CDA lease revenue bonds) that was used to purchase TIF #2 and TIF #3 infrastructure from the Village and lease the infrastructure back to the Village.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Johnson Creek

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with Variances)  
General Fund  
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,149,541	\$ 1,149,541	\$ 1,148,313	\$ (1,228)
Other Taxes	51,953	51,953	52,438	485
Special Assessment Revenue	9,583	9,583	12,510	2,927
Intergovernmental	490,406	490,406	513,558	23,152
License and Permits	84,875	84,875	94,384	9,509
Fines, Forfeits and Penalties	48,000	48,000	38,868	(9,132)
Public Charges for Services	233,650	233,650	197,882	(35,768)
Interest Income	6,000	6,000	5,417	(583)
Miscellaneous Income	71,245	71,245	58,317	(12,928)
Total Revenues	<u>2,145,253</u>	<u>2,145,253</u>	<u>2,121,687</u>	<u>(23,566)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	264,600	264,600	232,007	32,593
Public Safety	799,025	799,025	800,754	(1,729)
Public Works	429,600	443,156	458,942	(15,786)
Health and Human Services	6,900	6,900	7,476	(576)
Culture, Recreation and Education	88,827	88,827	76,489	12,338
Capital Outlay	64,600	64,600	52,363	12,237
Debt Service				
Principal Repayment	320,840	320,840	320,840	-
Interest Expense	95,260	95,260	95,260	-
Total Expenditures	<u>2,069,652</u>	<u>2,083,208</u>	<u>2,044,131</u>	<u>39,077</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>75,601</u>	<u>62,045</u>	<u>77,556</u>	<u>15,511</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	237,297	237,297	238,989	1,692
Transfers Out	(362,498)	(362,498)	(395,487)	(32,989)
Total Other Financing Sources and Uses	<u>(125,201)</u>	<u>(125,201)</u>	<u>(156,498)</u>	<u>(31,297)</u>
Net Change in Fund Balances	(49,600)	(63,156)	(78,942)	(15,786)
Fund Balances - Beginning	2,364,567	2,364,567	2,364,567	-
Fund Balances - Ending	<u>\$ 2,314,967</u>	<u>\$ 2,301,411</u>	<u>\$ 2,285,625</u>	<u>\$ (15,786)</u>

Village of Johnson Creek

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with Variances)

TIF #2

For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,269,157	\$ 1,269,157	\$ 1,475,750	\$ 206,593
Special Assessment Revenue	-	-	53,179	53,179
Intergovernmental	10,970	10,970	26,668	15,698
License and Permits	5,000	5,000	3,100	(1,900)
Interest Income	6,000	6,000	2,831	(3,169)
Miscellaneous Income	-	-	36,062	36,062
Total Revenues	<u>1,291,127</u>	<u>1,291,127</u>	<u>1,597,590</u>	<u>306,463</u>
<b>EXPENDITURES</b>				
Current:				
General Government	95,053	95,053	110,803	(15,750)
Conservation and Development	186,268	186,268	112,919	73,349
Debt Service				
Principal Repayment	682,250	682,250	682,250	-
Interest Expense	327,556	327,556	327,556	-
Total Expenditures	<u>1,291,127</u>	<u>1,291,127</u>	<u>1,233,528</u>	<u>57,599</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	364,062	364,062
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Long-Term Debt	-	-	1,780,000	(1,780,000)
Principal Payments on Refunding Bonds	-	-	(1,710,000)	1,710,000
Bond Issuance Costs	-	-	(69,411)	69,411
Total Other Financing Sources and Uses	-	-	<u>589</u>	<u>(589)</u>
Net Change in Fund Balances	-	-	364,651	363,473
Fund Balances - Beginning	621,825	621,825	621,825	-
Fund Balances - Ending	<u>\$ 621,825</u>	<u>\$ 621,825</u>	<u>\$ 986,476</u>	<u>\$ 363,473</u>

Village of Johnson Creek

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with Variances)

TIF #3

For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,245,034	\$ 1,245,034	\$ 1,249,191	\$ 4,157
Special Assessment Revenue	143,402	143,402	141,873	(1,529)
Intergovernmental	8,500	8,500	5,159	(3,341)
License and Permits	20,000	20,000	-	(20,000)
Interest Income	10,000	10,000	2,777	(7,223)
Miscellaneous Income	1,680	1,680	5,721	4,041
Total Revenues	<u>1,428,616</u>	<u>1,428,616</u>	<u>1,404,721</u>	<u>(23,895)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	102,898	102,898	56,319	46,579
Conservation and Development	120,657	120,657	110,766	9,891
Debt Service				
Principal Repayment	882,750	882,750	607,750	275,000
Interest Expense	322,311	322,311	454,254	(131,943)
Total Expenditures	<u>1,428,616</u>	<u>1,428,616</u>	<u>1,229,089</u>	<u>199,527</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>175,632</u>	<u>175,632</u>
Net Change in Fund Balances	-	-	175,632	175,632
Fund Balances - Beginning	<u>(1,787,826)</u>	<u>(1,787,826)</u>	<u>(1,787,826)</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (1,787,826)</u>	<u>\$ (1,787,826)</u>	<u>\$ (1,612,194)</u>	<u>\$ 175,632</u>

SUPPLEMENTARY INFORMATION

**Village of Johnson Creek  
Johnson Creek, Wisconsin**

**Combining Balance Sheet  
Non-Major Governmental Funds  
December 31, 2013**

	<u>Special Revenue Funds</u>			<u>Non-Major Governmental Funds</u>
	<u>Library Fund</u>	<u>Fire Fund</u>	<u>Room Tax Fund</u>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 33,729	\$ 210,586	\$ 66,241	\$ 310,556
Receivables:				
Accounts	-	-	16,169	16,169
Other	-	102	-	102
Restricted Cash	12,562	363,679	-	376,241
Total Assets	<u>\$ 46,291</u>	<u>\$ 574,367</u>	<u>\$ 82,410</u>	<u>\$ 703,068</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts Payable	\$ 214	\$ 3,034	\$ 5,705	\$ 8,953
Accrued Liabilities	4,856	28,004	-	32,860
Total Liabilities	<u>5,070</u>	<u>31,038</u>	<u>5,705</u>	<u>41,813</u>
<b>FUND BALANCES</b>				
Restricted	41,221	363,679	76,705	481,605
Assigned	-	179,650	-	179,650
Total Fund Balances	<u>41,221</u>	<u>543,329</u>	<u>76,705</u>	<u>661,255</u>
Total Liabilities and Fund Balances	<u>\$ 46,291</u>	<u>\$ 574,367</u>	<u>\$ 82,410</u>	<u>\$ 703,068</u>

**Village of Johnson Creek  
Johnson Creek, Wisconsin**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended December 31, 2013**

	<u>Special Revenue Funds</u>			<u>Non-Major Governmental Funds</u>
	<u>Library Fund</u>	<u>Fire Fund</u>	<u>Room Tax Fund</u>	
<b>REVENUES</b>				
Property Taxes	\$ -	\$ 136,491	\$ -	\$ 136,491
Other Taxes	-	-	81,148	81,148
Intergovernmental	75,489	16,024	-	91,513
Fines, Forfeits and Penalties	6,675	-	-	6,675
Public Charges for Services	-	200	-	200
Interest Income	236	2,182	118	2,536
Miscellaneous Income	6,202	12,432	-	18,634
Total Revenues	<u>88,602</u>	<u>167,329</u>	<u>81,266</u>	<u>337,197</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,707	55,224	100	58,031
Public Safety	-	198,439	-	198,439
Culture, Recreation and Education	183,240	-	-	183,240
Conservation and Development	-	-	30,646	30,646
Debt Service				
Principal Repayment	-	109,160	-	109,160
Interest Expense	-	34,865	-	34,865
Total Expenditures	<u>185,947</u>	<u>397,688</u>	<u>30,746</u>	<u>614,381</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(97,345)</u>	<u>(230,359)</u>	<u>50,520</u>	<u>(277,184)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	129,928	265,559	-	395,487
Transfers Out	(22,097)	(2,318)	(30,194)	(54,609)
Total Other Financing Sources and Uses	<u>107,831</u>	<u>263,241</u>	<u>(30,194)</u>	<u>340,878</u>
Net Change in Fund Balances	10,486	32,882	20,326	63,694
Fund Balances - Beginning	30,735	510,447	56,379	597,561
Fund Balances - Ending	<u>\$ 41,221</u>	<u>\$ 543,329</u>	<u>\$ 76,705</u>	<u>\$ 661,255</u>