



**JOHNSON BLOCK**  
**CPAs**



**JOHNSON CREEK**  
Crossroads With A Future

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT  
For the Year Ended December 31, 2018**

**Village of Johnson Creek  
Table of Contents  
December 31, 2018**

---

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	i-ii
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	iii-xii
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
Statement of Net Position .....	1
Statement of Activities .....	2
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	6
Statement of Net Position – Proprietary Funds .....	7-8
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	9
Statement of Cash Flows – Proprietary Funds .....	10-11
Statement of Fiduciary Net Position – Fiduciary Funds .....	12
Notes to the Financial Statements .....	13-48
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Major Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (With Variances) - General Fund .....	49
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (With Variances) - TIF #2 Fund .....	50
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (With Variances) - TIF #3 Fund .....	51
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (With Variances) - Fire/EMS Fund .....	52
Wisconsin Retirement System Schedules .....	53
Local Retiree Life Insurance Fund Schedules .....	54
Notes to the Required Supplementary Information .....	55-56
<b>SUPPLEMENTARY INFORMATION</b>	
Combining Balance Sheet – Non-Major Governmental Funds .....	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds .....	58



## INDEPENDENT AUDITOR'S REPORT

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

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal 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, 2018, 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.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, effective January 1, 2018, the Village of Johnson Creek adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. Our opinions are not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Wisconsin Retirement System schedules, and the Local Retiree Life Insurance Fund schedules 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.

***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 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 combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

*Johnson Block and Company, Inc.*

Johnson Block and Company, Inc.  
Certified Public Accountants  
June 25, 2019

# VILLAGE OF JOHNSON CREEK

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2018

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, 2018. 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 2018 is \$352,511,200 of which \$227,706,900 is non-TIF (Tax Incremental Financing) property. Total equalized value in 2017 was \$334,970,500, of which \$215,326,500 was non-TIF property and in 2016 total equalized value was \$312,986,500, of which \$199,798,500 was non-TIF property. Overall equalized value (estimate of the market value of all property) was up \$17,540,700 from 2017 to 2018. Net new construction also increased by \$5,886,300 during the same period according to figures released by the State of Wisconsin Department of Revenue.

Village assets exceeded liabilities by \$29,547,117 at the close of FY 2018, up from \$27,553,327 FY 2017 and \$26,842,620 FY 2016. Of this amount, \$6,698,438 is considered unrestricted, \$202,445 is restricted for specific purposes, and \$22,646,234 is invested in capital assets net of related debt.

Net position for business-type activities was \$24,327,064 at the close of FY 2018, up from \$24,044,673 at close of FY 2017 and up from \$23,885,078 at the close of FY 2016. Net position for governmental-type activities was \$5,220,053 at the close of FY 2018, up from \$3,508,654 at the close of FY 2017 and \$2,957,542 at the close of FY 2016.

The Village experienced a net increase of \$2,872,146 in fixed assets during 2018 due to new infrastructure and equipment added in the governmental and proprietary funds. Governmental funds fixed assets decreased by \$937,803, while proprietary funds fixed assets increased by \$3,616,569.

---

### 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.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018

---

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

---

**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* – 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 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.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018

---

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

---

**Fund Financial Statements (Continued)**

The Village of Johnson Creek maintains seven 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 Library Fund, Room Tax Fund, Fire Fund, and Capital Outlay 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 49-52, have been provided as required supplementary information for the General Fund, the two separate TIF Funds and Fire Fund.

*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* – 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 13-48 of this report.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018

**FINANCIAL ANALYSIS OF THE VILLAGE**

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 \$29,547,117 at the close of the most recent fiscal year and \$27,553,327 at the close of the prior fiscal year, as presented in the following tables.

<b>Village of Johnson Creek's Net Position</b>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 9,885,761	\$ 9,259,440	\$ 5,055,048	\$ 4,915,460	\$ 14,940,809	\$ 14,174,900
Capital Assets	13,586,712	14,524,515	22,830,864	19,050,915	36,417,576	33,575,430
Total Assets	23,472,473	23,783,955	27,885,912	23,966,375	51,358,385	47,750,330
Deferred Outflows	258,813	303,049	234,120	256,990	492,933	560,039
Long-Term Liabilities	13,708,339	15,885,935	3,265,648	76,092	16,973,987	15,962,027
Other Liabilities	224,831	339,876	415,055	55,932	639,886	395,808
Total Liabilities	13,933,170	16,225,811	3,680,703	132,024	17,613,873	16,357,835
Deferred Inflows	4,578,063	4,352,539	112,265	46,668	4,690,328	4,399,207
Net Position:						
Net Investment in Capital Assets	2,983,551	2,130,776	19,662,683	19,050,915	22,646,234	21,181,691
Restricted	197,561	178,491	4,884	-	202,445	178,491
Unrestricted	2,038,941	1,199,387	4,659,497	4,993,758	6,698,438	6,193,145
Total Net Positions	\$ 5,220,053	\$ 3,508,654	\$ 24,327,064	\$ 24,044,673	\$ 29,547,117	\$ 27,553,327

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 \$22,646,234 compared to \$21,181,691 for the year ended 2017 and \$19,942,464 for the year ended 2016. 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, \$202,445 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, library trust fund, and possible pension asset from the Wisconsin Retirement System. The remaining balance of unrestricted net position is \$6,698,438 up from \$6,193,145 in the prior year.



VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018

**FINANCIAL ANALYSIS OF THE VILLAGE (Continued)**

Village of Johnson Creek's Change in Net Position						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services and fees, fines and costs	\$ 421,353	\$ 347,894	\$ 1,368,075	\$ 1,255,109	\$ 1,789,428	\$ 1,603,003
Operating grants and contributions	244,928	232,994	-	-	244,928	232,994
Capital grants and contributions	-	-	639,394	-	639,394	-
General revenues:						
Taxes	4,630,404	4,458,666	-	-	4,630,404	4,458,666
Special Assessments	21,526	26,492	-	-	21,526	26,492
Intergovernmental revenues not restricted to specific programs	296,183	326,820	-	-	296,183	326,820
Unrestricted Interest and Investment Earnings	63,962	107,985	21,753	22,008	85,715	129,993
Miscellaneous	106,941	69,893	18,292	17,847	125,233	87,740
Special Items	-	-	-	-	-	-
Total Revenues	5,785,297	5,570,744	2,047,514	1,294,964	7,832,811	6,865,708
Expenses:						
General Government	489,378	537,133	-	-	489,378	537,133
Public Safety	1,399,259	1,361,212	-	-	1,399,259	1,361,212
Public Works	1,392,334	1,446,275	-	-	1,392,334	1,446,275
Health, Welfare & Sanitation	7,638	7,538	-	-	7,638	7,538
Culture and Recreation	414,864	452,467	-	-	414,864	452,467
Conservation & Development	169,364	56,365	-	-	169,364	56,365
Interest on long-term debt	396,453	784,627	-	-	396,453	784,627
Water & Sewer	-	-	1,569,731	1,457,310	1,569,731	1,457,310
Total Expenses:	4,269,290	4,645,617	1,569,731	1,457,310	5,839,021	6,102,927
Increase (Decrease) in Net Position before transfers	1,516,007	925,127	477,783	(162,346)	1,993,790	762,781
Transfers	195,392	(360,261)	(195,392)	360,261	-	-
Increase (Decrease) in Net Position	1,711,399	564,866	282,391	197,915	1,993,790	762,781
Net Position – January 1	3,508,654	2,957,542	24,044,673	23,885,078	27,553,327	26,842,620
Restatement - Implementation of GASB Statement No. 75	-	(13,754)	-	(38,320)	-	(52,074)
Net Position – December 31	5,220,053	3,508,654	24,327,064	24,044,673	29,547,117	27,553,327

Governmental activities increased the Village of Johnson Creek's net position by \$1,711,399 and business-type activities increased the Village's net position by \$282,391 for an overall increase of net position of \$1,993,790.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018

---

**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 \$529,236 or 22.5% of the total General Fund balance. This can be compared to the Village's unassigned fund balance of \$622,119 at YE 2017. The reason for the decline in the unassigned fund balance in 2018 is due to a new ambulance purchase. The Village purchased the ambulance in 2018 and completed the financing during the 2019 fiscal year. Total fund balance of the General Fund amounted to \$2,349,042 down from \$2,561,481 YE 2017 and \$2,368,029 YE 2016. The Village Board adopted a Fund Balance Policy in 2016 to assign an amount in excess of 25-30%

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 26.3% of total General Fund expenditures, which total fund balance represents 116.4% 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.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018

---

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (Continued)**

---

**Proprietary Funds (Continued)**

Unrestricted net position of the Water Utility at the end of the year amounted to \$1,564,246 up from \$1,519,374 in 2017 and \$1,457,522 for the year ended 2016. Unrestricted net position of the Sewer Utility at the end of the year amounted to \$3,095,251 down from \$3,512,704 in 2017 and \$3,859,787 for the year ended 2016.

**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 2018 budget, total expenditures were under budget by \$54,957, while total revenues collected were \$121,470 more than budgeted. Interest income was greater than budgeted due to a scheduled TIF #3 advance payment to the General Fund. Also permit revenue was greater than budgeted due to new construction.

---

**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, 2018, amounts to \$36.4 million (net of accumulated depreciation) up from \$33.6 million at the end of fiscal year 2017 and \$34.1 million for 2016. 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.

VILLAGE OF JOHNSON CREEK

MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Capital Assets (Continued)**

Village of Johnson Creek's Capital Assets						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,011,921	\$ 2,011,921	\$ 38,982	\$ 38,982	\$ 2,050,903	\$ 2,050,903
Construction Work in Progress	-	-	5,617,342	1,224,742	5,617,342	1,224,742
Land and Construction Work in Progress	2,011,921	2,011,921	5,656,324	1,263,724	7,668,245	3,275,645
Buildings	4,213,783	4,194,871	1,552,967	1,552,967	5,766,750	5,747,838
Vehicles & Equipment	4,821,076	4,830,111	1,711,229	1,711,229	6,532,305	6,541,340
Infrastructure	22,128,492	21,898,897	23,633,404	23,621,379	45,761,896	45,520,276
Other Capital Assets	31,163,351	30,923,879	26,897,600	26,885,575	58,060,951	57,809,454
Accumulated Depreciation	(19,588,560)	(18,411,285)	(9,723,060)	(9,098,384)	(29,311,620)	(27,509,669)
Other Capital Assets, net of depreciation	11,574,791	12,512,594	17,174,540	17,787,191	28,749,331	30,299,785
Total Capital Assets	\$ 13,586,712	\$ 14,524,515	\$ 22,830,864	\$ 19,050,915	\$ 36,417,576	\$ 33,575,430

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

- Improvements to Village Hall Administrative Offices
- Installation of new phone system in all Municipal Buildings
- Addition of Luci’s Corner children’s area in Public Library, funded by donations
- Purchase of inflatable water rescue boat, seven sets of turnout gear, and two infra-red heaters in the middle bays of Station #1 for the Fire Department
- Replacement of Fire Department’s 704 Ambulance
- Upgrade of Wastewater Treatment Plant

Additional information on the Village of Johnson Creek’s capital assets can be found in Note 8 of this report.

**Long-Term Debt**

At the end of the current fiscal year, the Village of Johnson Creek had total debt outstanding of \$16.7 million, up from \$15.8 million FY 2017 and down from \$18.1 million FY 2016. Of this amount, \$6,670,000 comprises debt backed by the full faith and credit of the government. This amount is down from \$8,125,000 in 2017 and \$7,220,000 in 2016. The remainder of the Village of Johnson Creek’s debt represents bonds secured solely by specified revenue sources.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018

---

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

---

**Long-Term Debt (Continued)**

Village of Johnson Creek's Outstanding Debt						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
General Obligation Debt	\$ 6,670,000	\$ 8,125,000	\$ -	\$ -	\$ 6,670,000	\$ 8,125,000
Bond Anticipation Notes	-	-	1,250,000	-	1,250,000	-
Revenue Bonds	-	-	1,918,181	-	1,918,181	-
CDA Lease Revenue Bonds	6,885,000	7,640,000	-	-	6,885,000	7,640,000
<b>Total Debt Outstanding</b>	<b>\$ 13,555,000</b>	<b>\$ 15,765,000</b>	<b>\$ 3,168,181</b>	<b>\$ -</b>	<b>\$ 16,723,181</b>	<b>\$ 15,765,000</b>

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 \$6,670,000 is 39.8% of its \$17.6 million debt limitation, down from 48.5% FY 2017. This is attributed to increase in equalized value and the ongoing debt payments each year.

Additional information on the Village of Johnson Creek's long term debt can be found in Note 9 of this report.

---

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

---

2018 State of Wisconsin estimates indicate the current Johnson Creek population is 2,997. The most recent US Census (2010) results showed a .70% increase in population from 2000 to 2010.

Residential construction contributed to thirteen new single-family residential building permits being issued with a total estimated value of \$3,038,396.

Assessed valuation of properties in the Village in 2018 was \$327,346,200 including properties in the TIF districts, an increase of \$501,800 from the prior year. Equalized valuation (the State of Wisconsin's estimate of the market value of property) increased by \$17,540,700 to \$352,511,200. The ratio of equalized to assessed values as determined by the State of Wisconsin was 92.86%.

VILLAGE OF JOHNSON CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2018

---

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (Continued)**

---

Village water rates have been in effect since 1997 and a simplified rate case was completed in 2017, increasing rates by three percent. The Village Board voted in 2009 to temporarily reduce the sewer rates from \$5.63 to \$4.21 that were in effect since 2001 and spend down approximately \$100,000 of sewer reserves. The Village Board has approved a contract for a Wastewater Treatment Facility Upgrade Design Phase. In July 2017 the Village Board voted to increase the sewer volume rate back to the 2010 rate of \$5.63. To alleviate the impact on customers they spread the increase out over a two year period with a \$0.71 increase in November 2017 and another \$0.71 increase in June of 2019. This adjustment will help fund the upgrade of the Wastewater Treatment Facility.

---

**REQUEST FOR INFORMATION**

---

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

Sam Bell, Clerk/Treasurer  
Village of Johnson Creek  
125 Depot St.  
P.O. Box 238  
Johnson Creek, Wisconsin 53038  
(920) 699-2296  
info@johnsoncreekwi.org

## **BASIC FINANCIAL STATEMENTS**

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

**Statement of Net Position  
December 31, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,181,387	\$ 4,832,515	\$ 8,013,902
Receivables			
Taxes	4,491,968	-	4,491,968
Accounts, net	142,000	117,888	259,888
Special Assessments	124,675	-	124,675
Inventories	-	34,944	34,944
Prepaid Expenses	49,945	9,159	59,104
Other Assets	84,516	-	84,516
Restricted Assets			
Restricted Cash and Investments	1,672,593	4,884	1,677,477
Net Pension Asset	138,677	55,658	194,335
Capital Assets			
Land, Improvements, and Construction in Progress	2,011,921	5,656,324	7,668,245
Other Capital Assets, Net of Depreciation	11,574,791	17,174,540	28,749,331
Total Capital Assets	13,586,712	22,830,864	36,417,576
Total Assets	23,472,473	27,885,912	51,358,385
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Outflows	256,845	103,085	359,930
Deferred OPEB Outflows	1,968	5,482	7,450
Unamortized Loss on Advanced Refunding	-	125,553	125,553
Total Deferred Outflows of Resources	258,813	234,120	492,933
 Total Assets and Deferred Outflows of Resources	 \$ 23,731,286	 \$ 28,120,032	 \$ 51,851,318
<b>LIABILITIES</b>			
Accounts Payable	\$ 38,731	\$ 399,787	\$ 438,518
Accrued Expenses	128,958	4,420	133,378
Accrued Interest Payable	57,142	10,848	67,990
Long-Term Liabilities			
Due Within One Year	2,553,001	2,556	2,555,557
Due in More Than One Year	11,139,000	3,212,563	14,351,563
Deferred Regulatory Liability	-	5,011	5,011
Net OPEB Liability	16,338	45,518	61,856
Total Liabilities	13,933,170	3,680,703	17,613,873
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2018 Tax Levy	4,303,181	-	4,303,181
Deferred Pension Inflows	274,068	109,998	384,066
Deferred OPEB Inflows	814	2,267	3,081
Total Deferred Inflows of Resources	4,578,063	112,265	4,690,328
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,983,551	19,662,683	22,646,234
Restricted	197,561	4,884	202,445
Unrestricted	2,038,941	4,659,497	6,698,438
Total Net Position	5,220,053	24,327,064	29,547,117
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 23,731,286	 \$ 28,120,032	 \$ 51,851,318

See accompanying notes to the basic financial statements.



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

**Statement of Activities  
For the Year Ended December 31, 2018**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary Government</b>							
Governmental Activities							
General Government	\$ 489,378	\$ 72,431	\$ -	\$ -	\$ (416,947)		\$ (416,947)
Public Safety	1,399,259	324,313	34,083	-	(1,040,863)		(1,040,863)
Public Works	1,392,334	16,157	139,333	-	(1,236,844)		(1,236,844)
Health, Welfare and Sanitation	7,638	75	-	-	(7,563)		(7,563)
Culture and Recreation	414,864	8,377	71,512	-	(334,975)		(334,975)
Conservation and Development	169,364	-	-	-	(169,364)		(169,364)
Interest on Long-term debt	396,453	-	-	-	(396,453)		(396,453)
Total Governmental Activities	<u>4,269,290</u>	<u>421,353</u>	<u>244,928</u>	<u>-</u>	<u>(3,603,009)</u>		<u>(3,603,009)</u>
Business-type Activities							
Water	562,173	636,817	-	-	-	\$ 74,644	74,644
Sewer	1,007,558	731,258	-	639,394	-	363,094	363,094
Total Business-type Activities	<u>1,569,731</u>	<u>1,368,075</u>	<u>-</u>	<u>639,394</u>	<u>-</u>	<u>437,738</u>	<u>437,738</u>
Total Primary Government	<u>\$ 5,839,021</u>	<u>\$ 1,789,428</u>	<u>\$ 244,928</u>	<u>\$ 639,394</u>	<u>(3,603,009)</u>	<u>437,738</u>	<u>(3,165,271)</u>
<b>General Revenues:</b>							
Taxes:							
Property taxes					4,231,910	-	4,231,910
Other taxes					398,494	-	398,494
Special assessments					21,526	-	21,526
Shared taxes from state					296,183	-	296,183
Impact fees					14,230	-	14,230
Interest income					63,962	21,753	85,715
Miscellaneous					92,711	18,292	111,003
Transfers					195,392	(195,392)	-
Total general revenues and transfers					<u>5,314,408</u>	<u>(155,347)</u>	<u>5,159,061</u>
Change in net position					<u>1,711,399</u>	<u>282,391</u>	<u>1,993,790</u>
Net position - Beginning, Restated					<u>3,508,654</u>	<u>24,044,673</u>	<u>27,553,327</u>
Net position - Ending					<u>\$ 5,220,053</u>	<u>\$ 24,327,064</u>	<u>\$ 29,547,117</u>

See accompanying notes to the basic financial statements.

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

**Balance Sheet  
Governmental Funds  
December 31, 2018**

	<b>General Fund</b>	<b>TIF #2</b>	<b>TIF #3</b>	<b>Fire/EMS Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,505,563	\$ 873,083	\$ 397,165	\$ 191,524	\$ 214,051	\$ 3,181,386
Receivables:						
Taxes	1,386,407	1,499,449	1,604,757	-	-	4,490,613
Delinquent Personal Property Taxes	1,355	-	-	-	-	1,355
Special Assessments	-	124,675	-	-	-	124,675
Accounts	17,156	-	-	-	36,022	53,178
Other	-	-	-	88,822	-	88,822
Other Assets	84,516	-	-	-	-	84,516
Prepaid Expenses	-	-	49,945	-	-	49,945
Restricted Cash	180,581	693,715	689,196	-	109,101	1,672,593
Advances Receivable	886,683	-	-	-	-	886,683
Total Assets	<u>\$ 4,062,261</u>	<u>\$ 3,190,922</u>	<u>\$ 2,741,063</u>	<u>\$ 280,346</u>	<u>\$ 359,174</u>	<u>\$ 10,633,766</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 18,455	\$ -	\$ -	\$ 20,033	\$ 243	\$ 38,731
Accrued Liabilities	81,450	-	-	44,981	2,528	128,959
Advances Payable	-	-	886,683	-	-	886,683
Total Liabilities	<u>99,905</u>	<u>-</u>	<u>886,683</u>	<u>65,014</u>	<u>2,771</u>	<u>1,054,373</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows	1,613,314	1,624,124	1,604,757	60,231	-	4,902,426
Total Deferred Inflows of Resources	<u>1,613,314</u>	<u>1,624,124</u>	<u>1,604,757</u>	<u>60,231</u>	<u>-</u>	<u>4,902,426</u>
<b>FUND BALANCES</b>						
Nonspendable	745,647	-	49,945	-	-	795,592
Restricted	180,581	1,566,798	689,196	-	356,403	2,792,978
Assigned	893,578	-	-	155,101	-	1,048,679
Unassigned (Deficit)	529,236	-	(489,518)	-	-	39,718
Total Fund Balances	<u>2,349,042</u>	<u>1,566,798</u>	<u>249,623</u>	<u>155,101</u>	<u>356,403</u>	<u>4,676,967</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,062,261</u>	<u>\$ 3,190,922</u>	<u>\$ 2,741,063</u>	<u>\$ 280,346</u>	<u>\$ 359,174</u>	<u>\$ 10,633,766</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, 2018**

Total fund balance, governmental funds	\$ 4,676,967
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.	13,586,712
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.	372,337
Unamortized debt discounts are not recognized in the fund financial statements since they are not due and payable in the current period. However, they are included in the Statement of Net Position.	46,807
The net pension asset is not a current financial resource and is, therefore, not reported in the fund financial statements.	138,677
The net OPEB liability is not a current financial use and is, therefore, not reported in the fund financial statements.	(16,338)
Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension and OPEB plans. These items are reflected in the Statement of Net Position and are being amortized with pension and OPEB expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.	
Deferred outflows of resources	258,813
Deferred inflows of resources	(274,882)
Interest accrued on advances between funds are recorded as income on the Statement of Activities but are recorded as deferred inflows on the fund financial statements.	226,910
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	(57,142)
Long term debt - Current portion	(2,210,000)
Long term debt	(11,345,000)
Compensated Absences	(140,238)
Termination Benefits	(43,570)
Total	(13,795,950)
Net Position of Governmental Activities in the Statement of Net Position	\$ 5,220,053

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, 2018**

	<u>General Fund</u>	<u>TIF #2</u>	<u>TIF #3</u>	<u>Fire/EMS Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Property Taxes	\$ 1,376,875	\$ 1,449,904	\$ 1,405,131	\$ 181,395	\$ -	\$ 4,413,305
Other Taxes	55,498	-	-	-	161,632	217,130
Special Assessment Revenue	10,504	21,955	180,678	-	-	213,137
Intergovernmental	402,551	23,312	10,263	33,443	52,889	522,458
License and Permits	120,687	-	-	-	-	120,687
Fines, Forfeits and Penalties	32,233	-	-	-	3,037	35,270
Public Charges for Services	38,812	-	-	214,137	30	252,979
Interest Income	82,454	7,620	10,104	3,996	1,651	105,825
Miscellaneous Income	40,369	-	-	50,020	25,882	116,271
Total Revenues	<u>2,159,983</u>	<u>1,502,791</u>	<u>1,606,176</u>	<u>482,991</u>	<u>245,121</u>	<u>5,997,062</u>
<b>EXPENDITURES</b>						
Current:						
General Government	359,136	4,400	5,586	72,652	2,233	444,007
Public Safety	715,764	-	-	471,186	-	1,186,950
Public Works	503,935	-	-	-	-	503,935
Health and Human Services	7,638	-	-	-	-	7,638
Culture, Recreation and Education	88,512	-	-	-	221,726	310,238
Conservation and Development	48,705	-	43,122	-	11,532	103,359
Capital Outlay	623	-	-	229,152	38,337	268,112
Debt Service:						
Principal Repayment	255,000	886,975	933,025	135,000	-	2,210,000
Interest Expense and Fiscal Charges	38,793	152,481	185,572	21,599	-	398,445
Total Expenditures	<u>2,018,106</u>	<u>1,043,856</u>	<u>1,167,305</u>	<u>929,589</u>	<u>273,828</u>	<u>5,432,684</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>141,877</u>	<u>458,935</u>	<u>438,871</u>	<u>(446,598)</u>	<u>(28,707)</u>	<u>564,378</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	311,753	-	172,322	299,410	194,337	977,822
Transfers Out	(666,069)	-	-	(2,318)	(114,043)	(782,430)
Total Other Financing Sources and Uses	<u>(354,316)</u>	<u>-</u>	<u>172,322</u>	<u>297,092</u>	<u>80,294</u>	<u>195,392</u>
Net Change in Fund Balances	(212,439)	458,935	611,193	(149,506)	51,587	759,770
Fund Balances (Deficits) - Beginning	2,561,481	1,107,863	(361,570)	304,607	304,816	3,917,197
Fund Balances - Ending	<u>\$ 2,349,042</u>	<u>\$ 1,566,798</u>	<u>\$ 249,623</u>	<u>\$ 155,101</u>	<u>\$ 356,403</u>	<u>\$ 4,676,967</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, 2018**

Net change in fund balances - total governmental funds: \$ 759,770

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 (\$239,472) net of depreciation (\$1,177,275) in the current period. (937,803)

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. (170,274)

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. (41,495)

Economic development expenses charged for special assessments recovered through tax increments. (67,354)

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 \$0 debt proceeds during the year net of principal payments \$2,210,000. 2,210,000

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	12,411
Amortization of debt discounts	(10,418)
Change in compensated absences not reflected on governmental funds	12,548
Termination benefits not reflected on governmental funds	(32,053)

Pension and OPEB expense reported in the governmental funds represents current year required contributions into the defined benefit pension and OPEB plans. Pension and OPEB expense in the Statement of Activities are actuarially determined by the defined benefit pension and OPEB plans as the differences between the net pension asset and net OPEB liability from the prior year to the current year, with some adjustments. (23,933)

Change in net position of governmental activities \$ 1,711,399

See accompanying notes to the basic financial statements.

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

**Statement of Net Position  
Proprietary Funds  
December 31, 2018**

	<b>Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,395,218	\$ 3,437,297	\$ 4,832,515
Receivables			
Accounts	37,443	80,445	117,888
Inventories	34,944	-	34,944
Prepaid Expenses	3,329	5,830	9,159
Total Current Assets	1,470,934	3,523,572	4,994,506
Restricted Assets:			
Restricted Cash and Cash Equivalents	4,092	792	4,884
Net Pension Asset	27,829	27,829	55,658
Total Restricted Assets	31,921	28,621	60,542
Capital Assets:			
Land and Improvements	21,004	17,978	38,982
Construction Work in Progress	785,370	4,831,972	5,617,342
Other Capital Assets	9,550,832	17,346,768	26,897,600
Less Accumulated Depreciation	(2,630,440)	(7,092,620)	(9,723,060)
Net Capital Assets	7,726,766	15,104,098	22,830,864
Total Assets	9,229,621	18,656,291	27,885,912
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized Loss on Debt Defeasance	125,553	-	125,553
Deferred Pension Outflows	51,542	51,543	103,085
Deferred OPEB Outflows	2,995	2,487	5,482
Total Deferred Outflows of Resources	180,090	54,030	234,120
Total Assets and Deferred Outflows of Resources	\$ 9,409,711	\$ 18,710,321	\$ 28,120,032

See accompanying notes to the basic financial statements.

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

**Statement of Net Position  
Proprietary Funds  
December 31, 2018**

	<b>Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 2,807	\$ 396,980	\$ 399,787
Accrued Liabilities	2,210	2,210	4,420
Accrued Interest Payable	-	10,848	10,848
Total Current Liabilities	5,017	410,038	415,055
Non-Current Liabilities:			
Long-Term Debt			
Notes Payable	-	1,250,000	1,250,000
Revenue Bonds Payable	-	1,918,181	1,918,181
Total Long-Term Debt	-	3,168,181	3,168,181
Total Non-Current Liabilities	-	3,168,181	3,168,181
Other Liabilities:			
Termination Benefits	2,886	2,886	5,772
Compensated Absences	20,583	20,583	41,166
Deferred Regulatory Credit	5,011	-	5,011
Net OPEB Liability	24,872	20,646	45,518
Total Other Liabilities	53,352	44,115	97,467
Total Liabilities	58,369	3,622,334	3,680,703
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Inflows	54,999	54,999	109,998
Deferred OPEB Inflows	1,239	1,028	2,267
Total Deferred Inflows of Resources	56,238	56,027	112,265
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,726,766	11,935,917	19,662,683
Restricted	4,092	792	4,884
Unrestricted	1,564,246	3,095,251	4,659,497
Total Net Position	9,295,104	15,031,960	24,327,064
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 9,409,711	\$ 18,710,321	\$ 28,120,032

See accompanying notes to the basic financial statements.

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

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2018**

	<b>Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 624,888	\$ 728,378	\$ 1,353,266
Other Operating Revenues	11,928	2,881	14,809
Total Operating Revenues	636,816	731,259	1,368,075
<b>OPERATING EXPENSES</b>			
Operation and Maintenance	357,614	500,676	858,290
Depreciation	190,609	440,067	630,676
Total Operating Expenses	548,223	940,743	1,488,966
Operating Income (Loss)	88,593	(209,484)	(120,891)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and Investment Revenue	5,788	15,965	21,753
Miscellaneous Non-Operating Revenue	17,686	606	18,292
Interest Expense	-	(65,172)	(65,172)
Miscellaneous Expense	-	(1,643)	(1,643)
Amortization Expense	(13,950)	-	(13,950)
Total Non-Operating Revenues (Expenses)	9,524	(50,244)	(40,720)
Income (Loss) Before Transfers and Capital Contributions	98,117	(259,728)	(161,611)
Capital Contributions	-	639,394	639,394
Transfers Out	(191,594)	(3,798)	(195,392)
Change in Net Position	(93,477)	375,868	282,391
Total Net Position - Beginning, Restated	9,388,581	14,656,092	24,044,673
Total Net Position - Ending	\$ 9,295,104	\$ 15,031,960	\$ 24,327,064

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, 2018**

	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<u>Cash Flows from Operating Activities:</u>			
Receipts from customers	\$ 642,650	\$ 730,182	\$ 1,372,832
Payments to suppliers	(98,770)	(300,026)	(398,796)
Payments to employees	(224,074)	(220,894)	(444,968)
Taxes paid	(191,594)	-	(191,594)
	128,212	209,262	337,474
 <u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and construction of plant assets	(33,627)	(3,351,214)	(3,384,841)
Proceeds from long-term debt	-	3,168,181	3,168,181
Interest paid	-	(54,324)	(54,324)
	(33,627)	(237,357)	(270,984)
 <u>Cash Flows from Investing Activities:</u>			
Interest income	5,788	15,965	21,753
	5,788	15,965	21,753
Net cash provided (used) by investing activities	5,788	15,965	21,753
Net increase (decrease) in cash and equivalents	100,373	(12,130)	88,243
<u>Cash and Equivalents, Beginning of year</u>	1,298,937	3,450,219	4,749,156
<u>Cash and Equivalents, End of year</u>	\$ 1,399,310	\$ 3,438,089	\$ 4,837,399
 <u>Reconciliation to Statement of Net Position:</u>			
Current cash and cash equivalents	\$ 1,395,218	\$ 3,437,297	\$ 4,832,515
Restricted cash and cash equivalents	4,092	792	4,884
	\$ 1,399,310	\$ 3,438,089	\$ 4,837,399

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, 2018**

	<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)	\$ 88,593	\$ (209,484)	\$ (120,891)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Miscellaneous	17,686	(4,835)	12,851
Tax equivalent transfer	(191,594)	-	(191,594)
Joint meter allocation	6,398	(6,398)	-
Depreciation	190,609	440,067	630,676
Pension expense	3,474	3,473	6,947
OPEB expense	2,177	1,806	3,983
Changes in Assets and Liabilities:			
Customer accounts receivable	5,855	(1,077)	4,778
Inventories	(465)	-	(465)
Accounts payable	804	(19,955)	(19,151)
Accrued liabilities	4,675	5,665	10,340
Net cash provided (used) by operating activities	\$ 128,212	\$ 209,262	\$ 337,474
<b>Noncash Capital and Related Financing</b>			
Plant financed by accounts payable	\$ -	\$ 386,390	\$ 386,390

See accompanying notes to the basic financial statements.

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

**Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2018**

	<u><b>Tax Agency</b></u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 3,580,320
Receivables:	
Taxes Receivable	357,063
Total Assets	<u>\$ 3,937,383</u>
<b>LIABILITIES</b>	
Due to Other Governments	\$ 3,937,383
Total Liabilities	<u>\$ 3,937,383</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

**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 and EMS, 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 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 (a) it is able to impose its will on that organization or (b) 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. 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.

**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.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

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

**B. Government-Wide and Fund Financial Statements (Continued)**

**Government-Wide Statements (Continued)**

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 |
| - Fire/EMS Fund | - Sewer Fund  | - Water Fund  |

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

**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/EMS Fund - This fund is specifically funded for operating and maintaining the Fire and EMS Department.
- Room 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.

*Capital Projects Fund*

The Capital Projects Fund is specifically funded to account for the capital expenditures made by the Village.

**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.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

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

**B. Government-Wide and Fund Financial Statements (Continued)**

**Proprietary Fund Types (Continued)**

*Enterprise Funds (Continued)*

- 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.

**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, 2018**

---

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

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

**Fund Financial Statements (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, 2018**

---

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

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

**Fund Financial Statements (Continued)**

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.

**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.
- (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 Village 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 Note 3 for additional information.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

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

**D. Assets, Liabilities, and Net Position or Equity**

**Temporary Cash Investments**

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

**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 – 2018 tax roll:

Lien date and levy date	January 1, 2019
Tax bills mailed	December, 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes due in full	January 31, 2019
Tax sale – 2018 delinquent real estate taxes	October, 2021

**Accounts Receivable**

The Village's management charges off all general accounts considered to be uncollectable prior to year end. The Village, in 2018, established an allowance for uncollectible accounts as follows:

Fire/EMS Fund	\$50,335
---------------	----------

**Inventory**

Inventory is valued at the lower of cost or market.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

**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 acquisition 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.

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

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

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**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, 2018, 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.

**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.

**Equity Classifications**

*Government-Wide Statements*

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

1. 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.
2. Restricted – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, (b) law through constitutional provisions or enabling legislation.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

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

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**Equity Classifications (Continued)**

*Government-Wide Statements (Continued)*

3. 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:

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.

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.

Any excess of revenues and other financing sources over expenditures and other financing uses at the end of the fiscal year will be added to the fund balance. The Village will work to achieve and then maintain an unreserved balance in the General Fund to provide for unanticipated expense of a non-recurring nature. It is the goal of the Village to achieve and maintain a General Fund unassigned fund balance at a minimum of 25% of the ensuing year’s budgeted General Fund expenditures. It shall be used for either working capital, to help cover revenue shortfalls, unanticipated emergency expenditures, stabilize the tax rate, and provide liquidity. An amount in excess of 30% is to be considered for assignment.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

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

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**Equity Classifications (Continued)**

*Fund Financial Statements (Continued)*

The Village's long-term goal for fund balance is to achieve and then maintain a General Fund balance that would alleviate the need to borrow short-term for operational cash flow needs. The General Fund balance shall not be used for recurring costs in the operating budget.

**Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board ("GASB") 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 that were not covered by insurance.

**Pensions**

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

**Other Postemployment Benefits**

The fiduciary net position of the Local Retiree Life Insurance Fund ("LRLIF") has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net other postemployment benefits ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**E. 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 2017-2018 tax year. Changes in debt service from one year to the next are generally exempt from this limit.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

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

**F. Change in Accounting Principle**

Effective January 1, 2018, the City adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Implementation of GASB 75 required beginning net position in the governmental activities and business-type activities to be decreased by \$13,754 and \$38,320. Additionally, due to the implementation, beginning net position in the Water and Sewer Utilities decreased by \$20,939 and \$17,381, respectively.

**3. Cash and Temporary Cash Investments**

Cash for all Village funds are pooled for investment purposes. At December 31, 2018, the cash and investments consist of the following:

Petty Cash	\$	400
Deposits with Financial Institutions		11,888,388
U.S. Government Securities Fund		1,382,911
Total Cash and Investments		\$ 13,271,699

Cash and investments as of December 31, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position		
Cash and Investments	\$	8,013,902
Restricted Cash		1,677,477
Statement of Fiduciary Net Position		
Tax Agency Cash		3,580,320
Total Cash and Investments		\$ 13,271,699

**A. 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.

- The US Treasury Investment funds have an Aaa rating from Moody’s Investor Services.

**B. 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, 2018**

---

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

**B. Custodial Credit Risk (Continued)**

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for demand deposit accounts and \$250,000 for time and savings deposit 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, 2018, the Village had \$12,053,727 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	\$	2,132,333
Collateralized in the Financial Institutions Name		9,622,829
Uninsured/Uncollateralized		298,565
Total Deposits with Financial Institutions	\$	12,053,727

**C. 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.

As of December 31, 2018, the Village has the following investments and maturities:

	Fair Value	Weighted Average Maturity (Days)
US Treasury Investments	\$ 1,382,911	37
Total	\$ 1,382,911	

**4. Fair Value Measurement**

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurements date.

The Village uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.



**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

**4. Fair Value Measurement (Continued)**

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the Village’s assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The Village uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the Village measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

Assets at Fair Value as of December 31, 2018				
	Fair Value	Level 1	Level 2	Level 3
US Treasury Investments	\$ 1,382,911	\$ 1,382,911	\$ -	\$ -
	\$ 1,382,911	\$ 1,382,911	\$ -	\$ -

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

All of the Village’s receivables are expected to be collected within one year except for \$124,675 in TIF #2.

As of December 31, 2018, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Property taxes receivable	\$ -	\$ 4,303,181	\$ 4,303,181
Special assessments and charges not yet due	312,107	-	312,107
Interest on advances	226,907	-	226,907
EMS charges	60,231	-	60,231
Total Deferred Inflows of Resources for Governmental Funds	\$ 599,245	\$ 4,303,181	\$ 4,902,426

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

**A. Advances**

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Interest Rate	Principal Amount	Accrued Interest	Balance 12/31/18	Amount Due Within One Year
General Fund	TIF #3	3%	\$ 659,264	\$ 227,419	\$ 886,683	\$ 193,611
Total All Funds					\$ 886,683	\$ 193,611

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

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

**A. Advances (Continued)**

All interest rates charged on advances were approved through Board resolution. The Board has also approved the following repayment schedule:

Repayment Year		
2019	\$	193,611
2020		193,611
2021		193,611
2022		193,611
2023		193,611
Total		<u>968,055</u>
Less: anticipated future interest accrued		(81,372)
Current Advance Payable		<u>\$ 886,683</u>

**B. 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	\$ 91,946	Operations
General Fund	Fire Fund	Eliminated	2,318	Operations
General Fund	Library Fund	Eliminated	22,097	Operations
Library Fund	General Fund	Eliminated	156,000	Operations
Fire Fund	General Fund	Eliminated	299,410	Levy
Fire Fund	Capital Projects Fund	Eliminated	38,337	Capital Outlay
TIF #3	General Fund	Eliminated	172,322	TIF Close Out
General Fund	Sewer Fund		3,798	Operations
General Fund	Water Fund		3,798	Operations
General Fund	Water Fund		187,796	Tax Equivalent
Total Transfers - Fund Financials			<u>\$ 977,822</u>	
General Fund	Water Fund	\$ 187,796	\$ -	Tax Equivalent
General Fund	Water Fund	3,798	-	Operations
General Fund	Sewer Fund	3,798	-	Operations
Total Transfers - Government-Wide Statement of Activities		<u>\$ 195,392</u>	<u>\$ -</u>	

Generally, transfers are used to (a) move revenues from the fund that collects them to the fund that the budget requires to expend them, (b) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (c) 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, 2018**

---

**7. Restricted Cash**

The Village reports various restricted cash accounts on the Statement of Net Position and the governmental fund financial statements. Restricted cash as of December 31, 2018, is as follows:

Fund	Amount	Purpose
<b>General Fund</b>		
Impact Fees	\$ 94,113	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	70,657	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	15,811	The Village is also collecting fees to plant trees from homeowners. These fees were set by Village ordinances.
<b>Total General Fund</b>	<u>\$ 180,581</u>	
<b>TIF #2 - Debt Reserves</b>	<u>\$ 693,715</u>	The Community Development Authority (CDA) bonds require money to be accumulated for the purpose of paying principal and interest payments. These amounts have been restricted for the purpose of making principal and interest payments.
<b>TIF #3 - Debt Reserves</b>	<u>\$ 689,196</u>	The Community Development Authority (CDA) bonds require money to be accumulated for the purpose of paying principal and interest payments. These amounts have been restricted for the purpose of making principal and interest payments.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

**7. Restricted Cash (Continued)**

Fund	Amount	Purpose
<b>Library Fund</b>		
		The Village library 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	\$ 16,980	
<b>Capital Projects Fund</b>		
		The 2016 General Obligation Refunding Bonds restrict the proceeds to specific capital projects.
Unspent Bond Proceeds	\$ 92,121	
Total Governmental Funds	<u>\$ 1,672,593</u>	

**8. Capital Assets**

Capital asset activity in the governmental activities for the year ended December 31, 2018, was as follows:

	<u>Balance 1/1/2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2018</u>
<b>Governmental Activities</b>				
Non-depreciable Capital Assets:				
Land	\$ 2,011,921	\$ -	\$ -	\$ 2,011,921
Total Non-depreciable Capital Assets	<u>2,011,921</u>	<u>-</u>	<u>-</u>	<u>2,011,921</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	4,194,871	18,912	-	4,213,783
Equipment	4,600,516	220,560	-	4,821,076
Infrastructure	22,128,492	-	-	22,128,492
Total Capital Assets Being Depreciated	<u>30,923,879</u>	<u>239,472</u>	<u>-</u>	<u>31,163,351</u>
Total Capital Assets	<u>32,935,800</u>	<u>239,472</u>	<u>-</u>	<u>33,175,272</u>
Less: Accumulated Depreciation	<u>18,411,285</u>	<u>1,177,275</u>	<u>-</u>	<u>19,588,560</u>
Capital Assets Net of Depreciation	<u>\$ 14,524,515</u>	<u>\$ (937,803)</u>	<u>\$ -</u>	<u>\$ 13,586,712</u>

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

**8. Capital Assets (Continued)**

Depreciation expense was charged to governmental activities as follows:

<b>Governmental Activities</b>		
General Government	\$	11,498
Public Safety		173,692
Public Works		885,715
Culture and Recreation		<u>106,370</u>
Total Governmental Activities Depreciation Expense	\$	<u><u>1,177,275</u></u>

Capital asset activity in the business-type activities for the year ended December 31, 2018, was as follows:

<u>Water</u>	<u>Balance</u> <u>1/1/2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2018</u>
Non-Depreciable Capital Assets:				
Land	\$ 21,004	\$ -	\$ -	\$ 21,004
Construction in Process	<u>769,768</u>	<u>15,602</u>	<u>-</u>	<u>785,370</u>
Total Non-Depreciable Capital Assets	<u>790,772</u>	<u>15,602</u>	<u>-</u>	<u>806,374</u>
Capital Assets Being Depreciated:				
Buildings	757,987	-	-	757,987
Equipment	1,472,020	-	-	1,472,020
Infrastructure	<u>7,308,800</u>	<u>18,025</u>	<u>6,000</u>	<u>7,320,825</u>
Total Capital Assets Being Depreciated	<u>9,538,807</u>	<u>18,025</u>	<u>6,000</u>	<u>9,550,832</u>
Total Capital Assets	<u>10,329,579</u>	<u>33,627</u>	<u>6,000</u>	<u>10,357,206</u>
Less: Accumulated Depreciation	<u>(2,439,433)</u>	<u>(197,007)</u>	<u>(6,000)</u>	<u>(2,630,440)</u>
Capital Assets Net of Depreciation	<u><u>\$ 7,890,146</u></u>	<u><u>\$ (163,380)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,726,766</u></u>

Construction work in progress for the Water Utility reported above includes \$769,768 related to the costs of starting construction of a potential new well. Current regulatory and environmental standards may make this site not suitable for a future well. The Village intends to pursue using this location and will assess if the regulatory, environmental, and costs factors may result in this asset being impaired. As of December 31, 2018, no adjustment has been made in the financial statements related to potential impairment.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

**8. Capital Assets (Continued)**

<u>Sewer</u>	<u>Balance</u> <u>1/1/2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2018</u>
Non-Depreciable Capital Assets:				
Land	\$ 17,978	\$ -	\$ -	\$ 17,978
Construction in Process	454,974	4,376,998	-	4,831,972
<b>Total Non-Depreciable Capital Assets</b>	<u>472,952</u>	<u>4,376,998</u>	<u>-</u>	<u>4,849,950</u>
Capital Assets Being Depreciated:				
Buildings	794,980	-	-	794,980
Equipment	239,209	-	-	239,209
Infrastructure	16,312,579	-	-	16,312,579
<b>Total Capital Assets Being Depreciated</b>	<u>17,346,768</u>	<u>-</u>	<u>-</u>	<u>17,346,768</u>
<b>Total Capital Assets</b>	<u>17,819,720</u>	<u>4,376,998</u>	<u>-</u>	<u>22,196,718</u>
Less: Accumulated Depreciation	<u>(6,658,951)</u>	<u>(433,669)</u>	<u>-</u>	<u>(7,092,620)</u>
<b>Capital Assets Net of Depreciation</b>	<u>\$ 11,160,769</u>	<u>\$ 3,943,329</u>	<u>\$ -</u>	<u>\$ 15,104,098</u>
<b>Total Business-Type Capital Assets</b>	<u>\$ 19,050,915</u>	<u>\$ 3,779,949</u>	<u>\$ -</u>	<u>\$ 22,830,864</u>

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

<b>Business-Type Activities</b>	
Water-Depreciation	\$ 190,609
Sewer-Depreciation	440,067
	<u>440,067</u>
<b>Total Business-Type Activities Depreciation Expense</b>	<u>\$ 630,676</u>

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

**9. 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, 2018:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 8,125,000	\$ -	\$ 1,455,000	\$ 6,670,000	\$ 1,230,000
CDA Lease Revenue Bonds	7,640,000	-	755,000	6,885,000	1,320,000
Less Unamortized Debt Discount	(57,225)	-	(10,418)	(46,807)	-
Sub-Total	<u>15,707,775</u>	<u>-</u>	<u>2,199,582</u>	<u>13,508,193</u>	<u>2,550,000</u>
Other Liabilities					
Termination Benefits	11,517	36,793	4,740	43,570	3,001
Compensated Absences	152,786	-	12,548	140,238	-
Total Other Liabilities	<u>164,303</u>	<u>36,793</u>	<u>17,288</u>	<u>183,808</u>	<u>3,001</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 15,872,078</u>	<u>\$ 36,793</u>	<u>\$ 2,216,870</u>	<u>\$ 13,692,001</u>	<u>\$ 2,553,001</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable					
Revenue Bonds	\$ -	\$ 1,918,181	\$ -	\$ 1,918,181	\$ -
Bond Anticipation Notes	-	1,250,000	-	1,250,000	-
Sub-Total	<u>-</u>	<u>3,168,181</u>	<u>-</u>	<u>3,168,181</u>	<u>-</u>
Other Liabilities					
Termination Benefits	9,810	-	4,038	5,772	2,556
Compensated Absences	25,268	15,898	-	41,166	-
Total Other Liabilities	<u>35,078</u>	<u>15,898</u>	<u>4,038</u>	<u>46,938</u>	<u>2,556</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 35,078</u>	<u>\$ 3,184,079</u>	<u>\$ 4,038</u>	<u>\$ 3,215,119</u>	<u>\$ 2,556</u>

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

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

**A. Governmental Debt**

Long-term debt issues outstanding at December 31, 2018, and total debt outstanding were as follows:

	<u>Date Of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/18</u>	<u>Current Portion</u>
<b>Governmental Activities</b>						
<u>General Obligation</u>						
2010 General Fund						
GO Refunding Bonds	12/17/2010	3/1/2020	1.7-3.5%	\$ 1,165,000	\$ 215,000	\$ 105,000
2011 General Fund						
GO Refunding Bonds	3/1/2011	3/1/2022	1.1-4.0%	\$ 2,820,000	1,145,000	270,000
2011 General Fund						
GO Refunding Bonds	11/15/2011	12/1/2021	.6-3.0%	\$ 2,070,000	720,000	235,000
2012 TIF 2 and 3						
GO Refunding Bonds	7/17/2012	8/1/2022	.6-2.5%	\$ 1,655,000	710,000	170,000
2016 A Fire and Capital						
GO Notes	8/15/2016	8/1/2026	1.75-2%	\$ 1,300,000	1,300,000	110,000
2016 B						
GO Refunding Notes	12/12/2016	12/1/2024	2.0-2.15%	\$ 1,360,000	1,020,000	160,000
2017 A TIF 2						
GO Refunding Bonds	11/15/2017	12/1/2021	1.2-1.55%	\$ 960,000	560,000	180,000
2017 B TIF 3						
GO Refunding Bonds	11/15/2017	12/1/2021	2.0-2.4%	\$ 1,000,000	1,000,000	-
Total Governmental Activities -- General Obligation Debt					<u>6,670,000</u>	<u>1,230,000</u>
<u>CDA Lease Revenue Bonds</u>						
2012 TIF 3 CDA Refunding						
Lease Revenue Bonds	12/17/2012	12/1/2026	1.25-2.9%	\$ 2,785,000	1,940,000	-
2013 TIF 2 CDA Refunding						
Lease Revenue Bonds	10/3/2013	12/1/2022	2.5-3.25%	\$ 1,780,000	1,780,000	430,000
2015 TIF 2 CDA Refunding						
Lease Revenue Bonds	9/2/2015	12/1/2023	.85-2.85%	\$ 1,740,000	1,230,000	175,000
2017 TIF 3 CDA						
Refunding Lease Revenue B	11/15/2017	12/1/2022	1.3% -2.0%	\$ 2,235,000	1,935,000	715,000
Total Governmental Activities -- CDA Lease Revenue Bonds					<u>6,885,000</u>	<u>1,320,000</u>
<b>Total Governmental Activities</b>					<u>\$ 13,555,000</u>	<u>\$ 2,550,000</u>



**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

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

**A. Governmental Debt (Continued)**

Debt service requirements to maturity are as follows:

	Total GO Principal	Total GO Interest	CDA Lease Revenue Bonds Principal	CDA Lease Revenue Bonds Interest	Governmental Activities Debt Service
2019	\$ 1,230,000	\$ 155,096	\$ 1,320,000	\$ 168,968	\$ 2,874,064
2020	1,530,000	125,377	990,000	144,167	2,789,544
2021	1,550,000	89,606	1,010,000	121,765	2,771,371
2022	1,285,000	50,217	1,125,000	96,478	2,556,695
2023	350,000	21,833	965,000	66,960	1,403,793
2024-2026	725,000	25,847	1,475,000	84,095	2,309,942
	<u>\$ 6,670,000</u>	<u>\$ 467,976</u>	<u>\$ 6,885,000</u>	<u>\$ 682,433</u>	<u>\$ 14,705,409</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, 2018, is \$17,625,560. Debt subject to the limit is \$6,670,000.

**B. Business-Type Debt**

Long-term debt issues outstanding at December 31, 2018, and total debt outstanding were as follows:

	Date Of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/18	Current Portion
<b>Business-Type Activities</b>						
<u>Sewer Utility</u>						
2018 Note Anticipation Notes	8/20/2018	5/1/2023	2.50%	\$ 1,250,000	\$ 1,250,000	\$ -
2018 Clean Water Fund Loan	5/9/2018	5/1/2038	1.87%	\$ 2,156,245	1,918,181	-
<b>Total Business-Type Activities</b>					<u>\$ 3,168,181</u>	<u>\$ -</u>

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

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

**B. Business-Type Debt (Continued)**

Debt service requirements to maturity are as follows:

	Revenue Bonds			Note Anticipation Note		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ -	\$ 35,033	\$ 35,033	\$ -	\$ 31,250	\$ 31,250
2020	85,013	35,075	120,088	-	31,251	31,251
2021	86,603	33,471	120,074	-	31,252	31,252
2022	88,222	31,836	120,058	-	31,253	31,253
2023	89,872	30,171	120,043	1,250,000	15,625	1,265,625
2024-2028	475,206	124,765	599,971	-	-	-
2029-2033	521,331	78,209	599,540	-	-	-
2034-2038	571,934	27,134	599,068	-	-	-
	<u>\$ 1,918,181</u>	<u>\$ 395,694</u>	<u>\$ 2,313,875</u>	<u>\$ 1,250,000</u>	<u>\$ 140,631</u>	<u>\$ 1,390,631</u>

**10. Defined Benefit Pension Plan**

**A. Plan Description**

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

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

**B. Vesting**

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

**C. Benefits Provided**

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

**10. Defined Benefit Pension Plan (Continued)**

**C. Benefits Provided (Continued)**

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

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

The WRS also provides death and disability benefits for employees.

**D. Post-Retirement Adjustments**

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4.0

**E. Contributions**

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

During the reporting period, the WRS recognized \$66,282 in contributions from the municipality.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

**10. Defined Benefit Pension Plan (Continued)**

**E. Contributions (Continued)**

Contribution rates as of December 31, 2018, are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2018, the Village reported a liability (asset) of \$194,335 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016, rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability (asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was 0.00654522%, which was an increase of 0.00009126% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village recognized pension expense of \$88,573.

Pension amounts have been allocated to the proprietary funds and business-type activities. Allocations were based on the proportionate share of current year contributions to the pension plan made by the proprietary funds and business-type activities relative to the total contributions made by the Village.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

**10. Defined Benefit Pension Plan (Continued)**

**F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 246,906	\$ (115,495)
Changes of assumptions	38,396	-
Net difference between projected and actual earnings on pension plan investments	-	(267,096)
Changes in proportion and difference between Employer contributions and proportionate share of contributions	9,092	(1,475)
Employer contributions subsequent to the measurement date	65,536	-
Total	\$ 359,930	\$ (384,066)

\$65,536 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year Ended December 31:</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2019	\$ 25,302
2020	974
2021	(65,676)
2022	(50,731)
2023	459
Total	\$ (89,672)

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

**10. Defined Benefit Pension Plan (Continued)**

**G. Actuarial Assumptions**

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

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-Retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017, is based upon a roll-forward of the liability calculated from the December 31, 2016, actuarial valuation.

**H. Long-Term Expected Return on Plan Assets**

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

**10. Defined Benefit Pension Plan (Continued)**

**H. Long-Term Expected Return on Plan Assets (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Allocation Targets and Expected Returns</b>			
<b>As of December 31, 2017</b>			
<u>Core Fund Asset Class</u>	<u>Asset Allocation</u> %	<u>Long-Term</u> <u>Expected Nominal</u> <u>Rate of Return %</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return %</u>
Global Equities	50	8.2	5.3
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

**I. Single Discount Rate**

A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

**10. Defined Benefit Pension Plan (Continued)**

**J. Sensitivity of the Village of Johnson Creek’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate**

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

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase to Discount Rate (8.20%)</b>
Village's proportionate share of the net pension liability (asset)	\$ 502,811	\$ (194,335)	\$ (724,188)

**K. Pension Plan Fiduciary Net Position**

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

**11. Other Postemployment Benefits**

**A. Plan description**

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

**B. OPEB Plan Fiduciary Net Position**

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

**C. Benefits Provided**

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

**D. Contributions**

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



**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

**11. Other Postemployment Benefits (Continued)**

**D. Contributions (Continued)**

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

Contribution rates as of December 31, 2018 are:

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

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

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

During the reporting period, the LRLIF recognized \$390 in contributions from the employer.

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

At December 31, 2018, the Village reported a liability (asset) of \$61,856 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016, rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability (asset) was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was 0.02056000%, which was a decrease of 0.001049% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village recognized OPEB expense of \$6,207.

OPEB amounts have been allocated to the proprietary funds and business-type activities. Allocations were based on the proportionate share of current year contributions to the OPEB plan made by the proprietary funds and business-type activities relative to the total contributions made by the Village.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

**11. Other Postemployment Benefits (Continued)**

**E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 872
Changes of assumptions	5,977	-
Net differences between projected and actual earnings on OPEB plan investments	712	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,209
Employer contributions subsequent to the measurement date	761	-
Totals	<u>\$ 7,450</u>	<u>\$ 3,081</u>

\$761 reported as deferred outflows related to OPEB resulting from the Village employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended December 31:</b>	<b>Net Outflows (Inflows) of Resources</b>
2019	\$ 622
2020	622
2021	622
2022	622
2023	444
Thereafter	676
Total	<u>\$ 3,608</u>

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

**11. Other Postemployment Benefits (Continued)**

**F. Actuarial Assumptions**

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

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

**G. Long-Term Expected Return on Plan Assets**

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

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

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

**11. Other Postemployment Benefits (Continued)**

**H. Single Discount Rate**

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

**I. Sensitivity of the Village's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate**

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

	<b>1% Decrease to Discount Rate (2.63%)</b>	<b>Current Discount Rate (3.63%)</b>	<b>1% Increase to Discount Rate (4.63%)</b>
Village's proportionate share of the net OPEB liability (asset)	\$ 87,427	\$ 61,856	\$ 42,234

**J. OPEB Plan Fiduciary Net Position**

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

**12. Net Position/Fund Balances**

**A. Net Position**

Net position reported on the government-wide statement of net position at December 31, 2018 include the following:

	<u>Governmental</u>	<u>Water</u>	<u>Sewer</u>
Capital Assets Net of Depreciation	\$ 13,586,712	\$ 7,726,766	\$ 15,104,098
Less: Related Long-Term Debt Outstanding	(13,555,000)	-	(3,168,181)
Plus: Unamortized Debt Expenses	46,807	-	-
Plus: Debt Used for Business-Type Capital Assets	1,430,000	-	-
Plus: Debt Reserves - TIF 2 & 3	1,382,911	-	-
Plus: Debt Proceeds in Restricted Cash	92,121	-	-
Total Net Investment in Capital Assets	<u>2,983,551</u>	<u>7,726,766</u>	<u>11,935,917</u>
Restricted			
General Fund	180,581	-	-
Library	16,980	-	-
Impact Fees	-	4,092	792
Total Restricted	<u>197,561</u>	<u>4,092</u>	<u>792</u>
Unrestricted	<u>2,038,941</u>	<u>1,564,246</u>	<u>3,095,251</u>
Total Net Position	<u>\$ 5,220,053</u>	<u>\$ 9,295,104</u>	<u>\$ 15,031,960</u>

**B. Fund Balances**

Fund balances on the fund financial statements as of December 31, 2018 include the following:

**Nonspendable Fund Balance**

**General Fund**

Delinquent Personal Property Taxes	\$ 1,355
Advances to Other Funds (net of unavaliable interest)	659,776
Other Assets	84,516
Total General Fund	<u>745,647</u>

**TIF District #3**

Prepaid Expenses	49,945
Total Nonspendable Fund Balance	<u>\$ 795,592</u>

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

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

**B. Fund Balances (Continued)**

**Restricted Fund Balance**

<u>General Fund</u>	
Impact / Developer Fees	\$ 164,770
Other	15,811
Total General Fund	180,581
<u>TIF District #2</u>	
Debt Service	1,566,798
<u>TIF District #3</u>	
Debt Service	689,196
<u>Library Fund</u>	
Library Expenditures	41,180
<u>Room Tax Fund</u>	
Operations	223,102
<u>Capital Projects Fund</u>	
Unspent Bond Proceeds	92,121
Total Restricted Fund Balance	\$ 2,792,978
<b>Assigned Fund Balance</b>	
<u>General Fund</u>	
Capital Purchases	\$ 893,578
<u>Fire/EMS Fund</u>	
Capital Purchases	155,101
Total Assigned Fund Balance	\$ 1,048,679
<b>Unassigned Fund Balance (Deficit)</b>	
<u>General Fund</u>	
	\$ 529,236
<u>TIF District #3</u>	
	(489,518)
Total Unassigned Fund Balance (Deficit)	\$ 39,718

The TIF #3 deficit is anticipated to be replenished with future tax increment revenue.

**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 2017, the Village had \$61,081 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.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2018**

---

**13. Commitments and Contingencies (Continued)**

**A. Developer Commitments and Contingencies**

The Village approved a development agreement with a developer for the development of an assisted living facility. The developer agrees to develop in two phases with the first phase to be completed and available for occupancy on or about June 1, 2019. The Village agreed to provide a loan to the developer in the amount of \$250,000. The loan will disburse loan proceeds at the time the building inspector inspects footings for Phase 1 have been constructed in accordance with site and building plans. In addition, the Village has agreed to convey three Village-owned parcels to the developer with conditions of minimum tax base development. No accrual has been made since the conditions for the loan and land transfer have not been met yet.

**B. Professional Services and Construction Commitments**

The Village has plans for a water treatment facility plant upgrade project that is expected to cost \$4,438,000. As of December 31, 2018, the Village paid engineering, planning, and construction costs of \$4,831,972. The Village intends to finance the project with sewer funds on hand, a clean water fund loan and a general obligation borrowing. In May 2018, the Village approved the issuance of \$2,156,245 Sewerage System Revenue Bonds through a Clean Water Fund Loan Program. Draws against this loan are requested as project expenditures are incurred and submitted for reimbursement. The initial terms of the loan include an interest rate of 1.87% with maturity in 2038.

**C. Legal Contingencies**

From time to time, the Village may be party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, no provision has been made in the financial statements. The Village has tax refund claims of approximately \$150,000 relating to property assessments. The Village is defending the claims. If unsuccessful, the overlying taxing jurisdictions will be responsible for their portion of taxes. The Village's portion of tax assessments is approximately 25%.

**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.

## 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, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,381,140	\$ 1,376,875	\$ 1,376,875	\$ -
Other Taxes	62,950	62,950	55,498	(7,452)
Special Assessment Revenue	-	-	10,504	10,504
Intergovernmental	396,667	405,433	402,551	(2,882)
License and Permits	89,860	89,900	120,687	30,787
Fines, Forfeits and Penalties	21,000	21,500	32,233	10,733
Public Charges for Services	45,450	45,450	38,812	(6,638)
Interest Income	4,250	4,250	82,454	78,204
Miscellaneous Income	27,150	32,155	40,369	8,214
Total Revenues	<u>2,028,467</u>	<u>2,038,513</u>	<u>2,159,983</u>	<u>121,470</u>
<b>EXPENDITURES</b>				
Current:				
General Government	381,637	382,080	359,136	22,944
Public Safety	693,471	695,821	715,764	(19,943)
Public Works	529,397	529,297	503,935	25,362
Health and Human Services	7,726	7,651	7,638	13
Culture, Recreation and Education	104,822	104,702	88,512	16,190
Conservation and Development	60,899	55,618	48,705	6,913
Capital Outlay	-	4,100	623	3,477
Debt Service:				
Principal Repayment	255,000	255,000	255,000	-
Interest Expense	38,793	38,794	38,793	1
Total Expenditures	<u>2,071,745</u>	<u>2,073,063</u>	<u>2,018,106</u>	<u>54,957</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(43,278)</u>	<u>(34,550)</u>	<u>141,877</u>	<u>176,427</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	311,450	312,950	311,753	(1,197)
Transfers Out	(783,610)	(793,830)	(666,069)	127,761
Total Other Financing Sources and Uses	<u>(472,160)</u>	<u>(480,880)</u>	<u>(354,316)</u>	<u>126,564</u>
Net Change in Fund Balances	(515,438)	(515,430)	(212,439)	302,991
Fund Balances - Beginning	2,561,481	2,561,481	2,561,481	-
Fund Balances - Ending	<u>\$ 2,046,043</u>	<u>\$ 2,046,051</u>	<u>\$ 2,349,042</u>	<u>\$ 302,991</u>

See accompanying notes to the required supplementary information

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, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,378,104	1,378,104	\$ 1,449,904	\$ 71,800
Special Assessment Revenue	21,000	21,000	21,955	955
Intergovernmental	-	-	23,312	23,312
Interest Income	3,500	3,500	7,620	4,120
Total Revenues	<u>1,402,604</u>	<u>1,402,604</u>	<u>1,502,791</u>	<u>100,187</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,250	1,250	4,400	(3,150)
Debt Service:				
Principal Repayment	886,975	886,975	886,975	-
Interest Expense	152,838	152,838	152,481	357
Total Expenditures	<u>1,041,063</u>	<u>1,041,063</u>	<u>1,043,856</u>	<u>(2,793)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>361,541</u>	<u>361,541</u>	<u>458,935</u>	<u>97,394</u>
Net Change in Fund Balances	361,541	361,541	458,935	97,394
Fund Balances - Beginning	1,107,863	1,107,863	1,107,863	-
Fund Balances - Ending	<u>\$ 1,469,404</u>	<u>\$ 1,469,404</u>	<u>\$ 1,566,798</u>	<u>\$ 97,394</u>

See accompanying notes to the required supplementary information

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, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,367,922	1,367,922	\$ 1,405,131	\$ 37,209
Special Assessment Revenue	150,000	150,000	180,678	30,678
Intergovernmental	-	-	10,263	10,263
License and Permits	-	10,000	-	(10,000)
Interest Income	4,000	4,000	10,104	6,104
Total Revenues	<u>1,521,922</u>	<u>1,531,922</u>	<u>1,606,176</u>	<u>74,254</u>
<b>EXPENDITURES</b>				
Current:				
General Government	5,750	88,275	5,586	82,689
Conservation and Development	-	764,750	43,122	721,628
Capital Outlay	-	162,000	-	162,000
Debt Service:				
Principal Repayment	933,025	933,025	933,025	-
Interest Expense	161,850	161,850	185,572	(23,722)
Total Expenditures	<u>1,100,625</u>	<u>2,109,900</u>	<u>1,167,305</u>	<u>942,595</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>421,297</u>	<u>(577,978)</u>	<u>438,871</u>	<u>1,016,849</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Long-Term Debt	-	620,000	-	(620,000)
Transfers In	-	-	172,322	172,322
Transfers Out	(214,901)	(214,901)	-	214,901
Total Other Financing Sources and Uses	<u>(214,901)</u>	<u>405,099</u>	<u>172,322</u>	<u>(232,777)</u>
Net Change in Fund Balances	206,396	(172,879)	611,193	784,072
Fund Balances - Beginning	(361,570)	(361,570)	(361,570)	-
Fund Balances - Ending	<u>\$ (155,174)</u>	<u>\$ (534,449)</u>	<u>\$ 249,623</u>	<u>\$ 784,072</u>

See accompanying notes to the required supplementary information

Village of Johnson Creek

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with Variances)  
Fire/EMS Fund  
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 181,395	\$ 181,395	\$ 181,395	\$ -
Intergovernmental	18,000	18,000	33,443	15,443
Public Charges for Services	185,500	185,000	214,137	29,137
Interest Income	1,200	1,200	3,996	2,796
Miscellaneous Income	16,544	16,544	50,020	33,476
Total Revenues	<u>402,639</u>	<u>402,139</u>	<u>482,991</u>	<u>80,852</u>
<b>EXPENDITURES</b>				
Current:				
General Government	70,868	70,730	72,652	(1,922)
Public Safety	471,264	470,514	471,186	(672)
Capital Outlay	263,000	263,000	229,152	33,848
Debt Service				
Principal Repayment	135,000	135,000	135,000	-
Interest Expense	21,599	21,599	21,599	-
Total Expenditures	<u>961,731</u>	<u>960,843</u>	<u>929,589</u>	<u>31,254</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(559,092)</u>	<u>(558,704)</u>	<u>(446,598)</u>	<u>112,106</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Long-Term Debt	195,000	-	-	-
Transfers In	298,410	299,410	299,410	-
Transfers Out	(2,318)	(2,318)	(2,318)	-
Total Other Financing Sources and Uses	<u>491,092</u>	<u>297,092</u>	<u>297,092</u>	<u>-</u>
Net Change in Fund Balances	(68,000)	(261,612)	(149,506)	112,106
Fund Balances - Beginning	304,607	304,607	304,607	-
Fund Balances - Ending	<u>\$ 236,607</u>	<u>\$ 42,995</u>	<u>\$ 155,101</u>	<u>\$ 112,106</u>

See accompanying notes to the required supplementary information

**VILLAGE OF JOHNSON CREEK  
WISCONSIN RETIREMENT SYSTEM  
December 31, 2018**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
AS OF THE MEASUREMENT DATE**

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2017	-0.00654522%	\$ (194,335)	\$ 863,070	(22.52%)	102.93%
2016	0.00645396%	53,196	862,316	6.17%	99.12%
2015	0.00662708%	107,689	850,888	12.66%	98.20%
2014	-0.00676213%	(166,051)	795,592	(20.87%)	102.74%

**SCHEDULE OF VILLAGE'S CONTRIBUTIONS  
FOR THE YEAR ENDED**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2018	\$ 65,537	\$ (65,537)	-	\$ 845,461	7.75%
2017	65,710	(65,710)	-	863,071	7.61%
2016	62,734	(62,734)	-	862,316	7.28%
2015	63,185	(63,185)	-	850,888	7.43%

See accompanying notes to the required supplementary information

**VILLAGE OF JOHNSON CREEK  
LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES  
December 31, 2018**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
AS OF THE MEASUREMENT DATE**

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2017	0.02056000%	\$ 61,856	\$ 864,607	7.15%	44.81%

**SCHEDULE OF CONTRIBUTIONS  
FOR THE YEAR ENDED**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2018	\$ 761	\$ (761)	-	\$ 621,470	0.12%

See accompanying notes to the required supplementary information

**VILLAGE OF JOHNSON CREEK**  
**Notes to the Required Supplementary Information**  
**December 31, 2018**

---

**1. 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 2017 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.

The Village incurred expenditures in excess of budget as follows:

Fund	Department	Final Budget	Actual Expenditures	Variance
General	Public Safety	\$ 695,821	\$ 715,764	\$ (19,943)
TIF #2	General Government	1,250	4,400	(3,150)
TIF #3	Interest Expense	161,850	185,572	(23,722)
Fire/EMS	General Government	70,730	72,652	(1,922)
Fire/EMS	Public Safety	470,514	471,186	(672)

In total, General Fund expenditures were under budget by \$54,957.

**VILLAGE OF JOHNSON CREEK**  
**Notes to the Required Supplementary Information**  
**December 31, 2018**

---

**2. Wisconsin Retirement System Schedules**

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 6 preceding years.

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

*Changes of assumptions:* There were no changes of assumptions.

**3. Local Retiree Life Insurance Fund Schedules**

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 9 preceding years.

*Changes in benefit terms:* There were no changes of benefit terms for any participating employer in LRLIF.

*Changes of assumptions:* There were no changes of assumptions.



## SUPPLEMENTARY INFORMATION

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

**Combining Balance Sheet  
Non-Major Governmental Funds  
December 31, 2018**

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>
	<u>Library Fund</u>	<u>Room Tax Fund</u>	<u>General Capital Projects</u>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 26,971	\$ 187,080	\$ -	\$ 214,051
Receivables:				
Accounts	-	36,022	-	36,022
Restricted Cash	16,980	-	92,121	109,101
Total Assets	<u>\$ 43,951</u>	<u>\$ 223,102</u>	<u>\$ 92,121</u>	<u>\$ 359,174</u>
 <b>LIABILITIES</b>				
Accounts Payable	\$ 243	\$ -	\$ -	\$ 243
Accrued Liabilities	2,528	-	-	2,528
Total Liabilities	<u>2,771</u>	<u>-</u>	<u>-</u>	<u>2,771</u>
 <b>FUND BALANCES</b>				
Restricted	41,180	223,102	92,121	356,403
Total Fund Balances	<u>41,180</u>	<u>223,102</u>	<u>92,121</u>	<u>356,403</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 43,951</u>	<u>\$ 223,102</u>	<u>\$ 92,121</u>	<u>\$ 359,174</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, 2018**

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>
	<u>Library Fund</u>	<u>Room Tax Fund</u>	<u>General Capital Projects</u>	
<b>REVENUES</b>				
Other Taxes	\$ -	\$ 161,632	\$ -	\$ 161,632
Intergovernmental	52,889	-	-	52,889
Fines, Forfeits and Penalties	3,037	-	-	3,037
Interest Income	470	811	370	1,651
Miscellaneous Income	25,882	-	-	25,882
Total Revenues	<u>82,308</u>	<u>162,443</u>	<u>370</u>	<u>245,121</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,233	-	-	2,233
Culture, Recreation and Education	221,726	-	-	221,726
Conservation and Development	-	11,532	-	11,532
Capital Outlay	-	-	38,337	38,337
Total Expenditures	<u>223,959</u>	<u>11,532</u>	<u>38,337</u>	<u>273,828</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(141,651)</u>	<u>150,911</u>	<u>(37,967)</u>	<u>(28,707)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	156,000	-	38,337	194,337
Transfers Out	(22,097)	(91,946)	-	(114,043)
Total Other Financing Sources and Uses	<u>133,903</u>	<u>(91,946)</u>	<u>38,337</u>	<u>80,294</u>
Net Change in Fund Balances	(7,748)	58,965	370	51,587
Fund Balances - Beginning	48,928	164,137	91,751	304,816
Fund Balances - Ending	<u>\$ 41,180</u>	<u>\$ 223,102</u>	<u>\$ 92,121</u>	<u>\$ 356,403</u>