



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

Certified Public Accountants

# *Johnson Creek*

W I S C O N S I N

**AUDITED FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2014**

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

[www.johnsonblock.com](http://www.johnsonblock.com)

**Village of Johnson Creek  
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December 31, 2014**

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Certified Public Accountants

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## **INDEPENDENT AUDITOR'S REPORT**

July 13, 2015

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, 2014, which collectively comprise the Village's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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

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

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

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

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

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



### ***Opinions***

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

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

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

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

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

*Johnson Block & Company, Inc.*

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

## Village of Johnson Creek

### Management's Discussion and Analysis

December 31, 2014

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The Management's Discussion and Analysis of the Village of Johnson Creek's financial performance provides an overview of the Village's financial activities for the fiscal year ended December 31, 2014. 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 2014 is \$294,236,400, of which \$192,225,500 is non-TIF (Tax Incremental Financing) property. Total equalized value in 2013 was \$286,308,900, of which \$185,485,000 was non-TIF property and in 2012 total equalized value was \$311,126,000, of which \$190,272,100 was non-TIF property. Overall equalized value (estimate of the market value of all property) was up \$7,927,500 from 2013 to 2014. Net new construction also increased by \$3,588,600 during the same period according to figures released by the State of Wisconsin Department of Revenue.
- Village assets exceeded liabilities by \$26,249,741 at the close of FY2014, up from \$26,124,133 FY 2013 and \$25,606,201 FY 2012. Of this amount, \$4,064,073 is considered unrestricted, \$165,598 is restricted for specific purposes and \$22,020,070 is invested in capital assets net of related debt.
- Net position for business-type activities was \$24,507,888 at the close of FY2014, down from \$24,664,386 at the close of FY 2013 and \$24,937,187 FY 2012. Net position for governmental-type activities was \$1,741,853 at the close of FY 2014 up from \$1,459,747 FY 2013.
- The Village experienced a net decrease of \$1,688,539 in fixed assets during 2014 due to normal depreciation during a year in which little infrastructure and equipment was added. Governmental funds fixed assets decreased by \$1,139,334 and proprietary funds fixed assets decreased by \$549,205.

Village of Johnson Creek  
Management's Discussion & Analysis

***Overview of the Financial Statements***

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

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

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

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

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

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

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

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

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

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

Village of Johnson Creek  
Management's Discussion & Analysis

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

The Village of Johnson Creek maintains 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, fire fund, TIF #2 fund and TIF #3 fund, all of which are considered to be major funds. The library fund, room tax 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 41-43, have been provided as required supplementary information for the general fund and the two separate TIF funds.

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

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

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

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

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

***Notes to the financial statements.*** The notes provide additional information essential to full understanding of data provided in the government-wide and fund financial statements such as a description of the Village's accounting policies and detail of inter-fund balances, restricted cash balances, fixed asset changes and debt service. The notes to the financial statements can be found on pages 13-41 of this report.

Village of Johnson Creek  
Management's Discussion & Analysis

***Overview of the Financial Statements***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Johnson Creek, assets exceeded liabilities by \$26,249,741 at the close of the most recent fiscal year and \$26,124,133 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	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 7,889,091	\$ 7,821,638	\$ 4,966,483	\$ 4,539,481	\$ 12,855,574	\$12,361,119
Capital Assets	16,656,396	17,795,730	19,452,246	20,001,451	36,108,642	37,797,181
Total Assets	24,545,487	25,617,368	24,418,729	24,540,932	48,964,216	50,158,300
Deferred Outflows	163,397	185,481	181,354	195,304	344,751	380,785
Long-Term Liabilities	18,941,920	20,610,282	45,273	40,400	18,987,193	20,650,682
Other Liabilities	285,361	272,814	46,922	31,450	332,283	304,264
Total Liabilities	19,227,281	20,883,096	92,195	71,850	19,319,476	20,954,946
Deferred Inflows	3,739,750	3,460,006	-	-	3,739,750	3,460,006
Net Position:						
Net Investment in Capital Assets	2,567,824	2,332,295	19,452,246	20,001,451	22,020,070	22,333,746
Restricted	165,598	276,090	-	-	165,598	276,090
Unrestricted	(991,569)	(1,148,638)	5,055,642	4,662,935	4,064,073	3,514,297
Total Net Positions	\$ 1,741,853	\$ 1,459,747	\$24,507,888	\$24,664,386	\$ 26,249,741	\$26,124,133

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 \$22,020,070 compared to \$22,333,746 for the year ended 2013 and \$22,501,923 for the year ended 2012. 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, \$165,598 represents resources subject to external restrictions on how they may be used. These restricted assets include reserves as required by long-term debt requirements, impact fee collections, funds restricted by State law, and a library trust fund. The remaining balance of *unrestricted net position* is \$4,064,073 up from \$3,514,297 the prior year.



Village of Johnson Creek  
Management's Discussion & Analysis

<b>Village of Johnson Creek's Change in Net Position</b>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services and fees, fines and costs	\$ 474,942	\$ 345,462	\$ 1,150,772	\$ 1,166,524	\$ 1,625,714	\$ 1,511,986
Operating grants and contributions	294,638	353,134	-	-	294,638	353,134
<b>General revenues:</b>						
Taxes	3,742,038	4,143,331	-	-	3,742,038	4,143,331
Special Assessments	80,186	13,966	-	-	80,186	13,966
Intergovernmental revenues not restricted to specific programs	304,945	283,764	-	-	304,945	283,764
Unrestricted Interest and Investment Earnings	14,030	13,561	193,481	8,808	207,511	22,369
Miscellaneous	106,851	100,483	14,765	15,031	121,616	115,514
Special Items	(50,175)	(24,623)	-	-	(50,175)	(24,623)
<b>Total Revenues</b>	<b>4,967,455</b>	<b>5,229,078</b>	<b>1,359,018</b>	<b>1,190,363</b>	<b>6,326,473</b>	<b>6,419,441</b>
<b>Expenses:</b>						
General Government	476,800	464,112	-	-	476,800	464,112
Public Safety	1,224,388	1,144,062	-	-	1,224,388	1,144,062
Public Works	1,436,579	1,391,023	-	-	1,436,579	1,391,023
Health, Welfare & Sanitation	7,101	7,476	-	-	7,101	7,476
Culture and Recreation	367,334	369,010	-	-	367,334	369,010
Conservation & Development	528,823	431,069	-	-	528,823	431,069
Interest on long-term debt	832,088	800,531	-	-	832,088	800,531
Water & Sewer	-	-	1,327,752	1,294,226	1,327,752	1,294,226
<b>Total Expenses:</b>	<b>4,873,113</b>	<b>4,607,283</b>	<b>1,327,752</b>	<b>1,294,226</b>	<b>6,200,865</b>	<b>5,901,509</b>
Increase (Decrease) in Net Position before transfers	94,342	621,795	31,266	(103,863)	125,608	517,932
Transfers	187,764	168,938	(187,764)	(168,938)	-	-
Increase (Decrease) in Net Position	282,106	790,733	(156,498)	(272,801)	125,608	517,932
Net Position – January 1	1,459,747	669,014	24,664,386	24,937,187	26,124,133	25,606,201
Net Position – December 31	1,741,853	1,459,747	24,507,888	24,664,386	26,249,741	26,124,133

Governmental activities increased the Village of Johnson Creek's net position by \$282,106 and business-type activities decreased the Village's net position by \$156,498 for an overall increase of net position of \$125,608.

Village of Johnson Creek  
Management's Discussion & Analysis

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

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

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

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

The Village's general fund – the chief operating fund of the Village of Johnson Creek showed an unassigned fund balance of \$999,922 or 45.8% of the total general fund balance. This can be compared to the Village's unassigned fund balance of \$907,240 at YE 2013. Total fund balance of the general fund amounted to \$2,183,788 down from \$2,285,625 YE 2013 and \$2,364,567 YE 2012. Continued decrease in total general fund balance is a result of Village Board decisions in recent years to spend reserve balances to fund small scale capital projects or purchases rather than issuing debt to fund such expenditures.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 45.7% of total general fund expenditures, which total fund balance represents 107.8% of that same amount.

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

Unrestricted net position of the water utility at the end of the year amounted to \$1,398,188 up from \$1,307,660 in 2013 and \$1,146,164 for the year ended 2012. Unrestricted net position of the Sewer Utility at the end of the year amounted to \$3,657,454 up from \$3,355,275 in 2013 and \$3,215,102 for the year ended 2012.

Village of Johnson Creek  
Management's Discussion & Analysis

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

**General Fund Budgetary Highlights**

In the 2014 budget, total expenditures were under budget by \$13,777. The Public Safety line is over budget mainly because when the building permits increase (revenue), the inspections costs increase and an ambulance repair on the engine. Revenues collected were \$85,022 more than budgeted which is partly due to building permits fee increased for new developments in the village. The fund balance appears to be negative because the Village established a Fund 10 for Capital Outlay, with a transfer out of general fund. However, there would have been an increase in fund balance of \$116,243 without the transfer out of \$218,080.

**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, 2014, amounts to \$36.1 million (net of accumulated depreciation) down from \$37.8 million at the end of fiscal year 2013 and \$39.3 million for 2012. The reason for the steady decline is normal depreciation during years in which there were few major capital purchases or projects. Investment in capital assets includes land, buildings, vehicles and equipment, and utility infrastructure.

<b>Village of Johnson Creek's Capital Assets</b>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,011,921	\$ 2,241,811	\$ 38,982	\$ 38,982	\$ 2,050,903	\$ 2,280,793
Construction Work in Progress	182,470	-	769,768	769,768	952,238	769,768
Land and Construction Work in Progress	2,194,391	2,241,811	808,750	808,750	3,003,141	3,050,561
Buildings	3,291,708	3,305,520	1,552,967	1,552,967	4,844,675	4,858,487
Vehicles & Equipment	4,014,908	3,968,397	1,569,899	1,569,899	5,584,807	5,538,296
Infrastructure	21,888,495	21,826,300	22,807,645	22,755,711	44,696,140	44,582,011
Other Capital Assets	29,195,111	29,100,217	25,930,511	25,878,577	55,125,622	54,978,794
Accumulated Depreciation	(14,733,106)	(13,546,298)	(7,287,015)	(6,685,876)	(22,020,121)	(20,232,174)
Other Capital Assets, net of depreciation	14,462,005	15,553,919	18,643,496	19,192,701	33,105,501	34,746,620
<b>Total Capital Assets</b>	<b>\$16,656,396</b>	<b>\$17,795,730</b>	<b>\$19,452,246</b>	<b>\$20,001,451</b>	<b>\$36,108,642</b>	<b>\$37,797,181</b>

Village of Johnson Creek  
Management's Discussion & Analysis

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

- Purchased Groomer for Baseball Fields
- Replaced Railroad Crossings at River Drive and Depot St (Lincoln St was at no cost to the Village)
- Partial Construction of new Fire Annex Building
- Annual investment in the Public Library's collection
- Demolished Old EMS Building (no value)
- Purchased police department vehicle
- Disposal of land on Wright Rd and Resort Dr.

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

Village of Johnson Creek  
Management's Discussion & Analysis

**Long-term debt.** At the end of the current fiscal year, the Village of Johnson Creek had total debt outstanding of \$18.7 million, down from \$20.5 million FY 2013 and \$22.1 million FY 2012. Of this amount, \$9,345,000 comprises debt backed by the full faith and credit of the government. This amount is down from \$10,340,000 in 2013 and \$11,315,000 in 2012. The remainder of the Village of Johnson Creek's debt represents bonds secured solely by specified revenue sources.

<b>Village of Johnson Creek's Outstanding Debt</b>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
General Obligation Debt	\$ 9,345,000	\$10,340,000	\$ -	\$ -	\$ 9,345,000	\$10,340,000
CDA Lease Revenue Bonds	9,390,000	10,150,000	-	-	9,390,000	10,150,000
<b>Total Debt Outstanding</b>	<b>\$18,735,000</b>	<b>\$20,490,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$18,735,000</b>	<b>\$20,490,000</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 \$9,345,000 is 63.5% of its \$14.7 million debt limitation, down from 72.2% FY 2013. 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 8 on pages 33-35 of this report.

Village of Johnson Creek  
Management's Discussion & Analysis

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

2014 State of Wisconsin estimates indicate the current Johnson Creek population is 2,873. The most recent US Census (2010) results showed a .70% increase in population from 2000 to 2010.

Residential construction continued in spite of the sluggish housing market. Fifteen new single-family residential building permits were issued with a total estimated value of \$3,209,948. Also in 2014 there were two new two-family building permits with a total estimated value of \$693,600.

Assessed valuation of properties in the Village was \$282,176,100 including properties in the TIF districts, a decrease of \$581,100, from the prior year. Equalized valuation (the State of Wisconsin's estimate of the market value of property) increase by \$7,927,500 to \$294,236,400. The ratio of equalized to assessed values as determined by the State of Wisconsin was 95.90%.

Village water rates have been in effect since 1997 and no water rate change is anticipated for 2015. The Village Board voted in 2009 to temporarily reduce the sewer rates that were in effect since 2001 and spend down approximately \$100,000 of sewer reserves. The lower rate, effective January, 2010, is anticipated to continue through 2015 and is reviewed annually. However, the Village Board has approved a facility study of the sanitary sewer for and will continue through 2015.

***Request for Information***

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

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

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

**Statement of Net Position  
December 31, 2014**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,711,289	\$ 2,825,790	\$ 5,537,079
Receivables			
Taxes	3,930,024	-	3,930,024
Accounts	111,656	92,360	204,016
Special Assessments	1,318,628	36,861	1,355,489
Internal Balances	(1,972,132)	1,972,132	-
Restricted Cash and Investments	1,713,628	-	1,713,628
Inventories	-	34,101	34,101
Prepays	-	5,239	5,239
Other Assets	75,998	-	75,998
Capital Assets			
Land, Improvements, and Construction in Progress	2,194,391	808,750	3,003,141
Other Capital Assets, Net of Depreciation	14,462,005	18,643,496	33,105,501
Total Capital Assets	16,656,396	19,452,246	36,108,642
Total Assets	24,545,487	24,418,729	48,964,216
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized Debt Discount	163,397	-	163,397
Unamortized Loss on Advanced Refunding	-	181,354	181,354
Total Deferred Outflows of Resources	163,397	181,354	344,751
 Total Assets and Deferred Outflows of Resources	 \$ 24,708,884	 \$ 24,600,083	 \$ 49,308,967
<b>LIABILITIES</b>			
Accounts Payable	\$ 53,292	\$ 34,991	\$ 88,283
Accrued Expenses	137,585	11,931	149,516
Accrued Interest Payable	94,484	-	94,484
Long-Term Liabilities			
Due Within One Year:	1,802,035	-	1,802,035
Due in More Than One Year	16,997,035	-	16,997,035
Compensated Absences	142,850	36,252	179,102
Deferred Regulatory Liability	-	9,021	9,021
Total Liabilities	19,227,281	92,195	19,319,476
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2014 Tax Levy	3,739,750	-	3,739,750
Total Deferred Inflows of Resources	3,739,750	-	3,739,750
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,567,824	19,452,246	22,020,070
Restricted	165,598	-	165,598
Unrestricted	(991,569)	5,055,642	4,064,073
Total Net Position	1,741,853	24,507,888	26,249,741
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 24,708,884	 \$ 24,600,083	 \$ 49,308,967

See accompanying notes to the basic financial statements.

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

**Statement of Activities  
For the Year Ended December 31, 2014**

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>						
Governmental Activities						
General Government	\$ 476,800	\$ 82,654	\$ -	\$ (394,146)		\$ (394,146)
Public Safety	1,224,388	238,072	20,571	(965,745)		(965,745)
Public Works	1,436,579	120,637	209,085	(1,106,857)		(1,106,857)
Health, Welfare and Sanitation	7,101	100	-	(7,001)		(7,001)
Culture and Recreation	367,334	22,229	64,982	(280,123)		(280,123)
Conservation and Development	528,823	11,250	-	(517,573)		(517,573)
Interest on Long-term debt	832,088	-	-	(832,088)		(832,088)
Total Governmental Activities	<u>4,873,113</u>	<u>474,942</u>	<u>294,638</u>	<u>(4,103,533)</u>		<u>(4,103,533)</u>
Business-type Activities						
Water	477,893	568,789	-	-	\$ 90,896	90,896
Sewer	849,859	581,983	-	-	(267,876)	(267,876)
Total business-type Activities	<u>1,327,752</u>	<u>1,150,772</u>	<u>-</u>	<u>-</u>	<u>(176,980)</u>	<u>(176,980)</u>
Total Primary Government	<u>\$ 6,200,865</u>	<u>\$ 1,625,714</u>	<u>\$ 294,638</u>	<u>(4,103,533)</u>	<u>(176,980)</u>	<u>(4,280,513)</u>
<b>General Revenues:</b>						
Taxes:						
Property taxes, levied for general purposes				3,460,007	-	3,460,007
Other taxes				282,031	-	282,031
Special assessments				80,186	-	80,186
Shared taxes from state				304,945	-	304,945
Impact Fees				17,628	-	17,628
Interest income				14,030	193,481	207,511
Miscellaneous				89,223	14,765	103,988
<i>Special item - loss on sale of land</i>				(50,175)	-	(50,175)
Transfers				187,764	(187,764)	-
Total general revenues and transfers				<u>4,385,639</u>	<u>20,482</u>	<u>4,406,121</u>
Change in net position				282,106	(156,498)	125,608
Net position - Beginning				1,459,747	24,664,386	26,124,133
Net position - Ending				<u>\$ 1,741,853</u>	<u>\$ 24,507,888</u>	<u>\$ 26,249,741</u>

See accompanying notes to the basic financial statements.



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

**Balance Sheet  
Governmental Funds  
December 31, 2014**

	<u>General Fund</u>	<u>TIF #2</u>	<u>TIF #3</u>	<u>Fire Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,119,916	\$ 639,505	\$ 616,740	\$ 152,374	\$ 182,755	\$ 2,711,290
Receivables:						
Taxes	1,268,307	1,382,105	1,274,688	-	-	3,925,100
Delinquent Personal Property Taxes	4,924	-	-	-	-	4,924
Special Assessments	25,722	380,021	912,885	-	-	1,318,628
Accounts	89,166	-	-	-	21,371	110,537
Other	-	17	-	102	1,000	1,119
Other Assets	75,998	-	-	-	-	75,998
Restricted Cash	142,797	642,143	668,709	227,725	32,254	1,713,628
Advances Receivable	1,137,008	461,425	-	-	-	1,598,433
Total Assets	<u>\$ 3,863,838</u>	<u>\$ 3,505,216</u>	<u>\$ 3,473,022</u>	<u>\$ 380,201</u>	<u>\$ 237,380</u>	<u>\$ 11,459,657</u>
<b>LIABILITIES</b>						
Liabilities:						
Accounts Payable	\$ 20,749	\$ 4,477	\$ 7,642	\$ 12,726	\$ 7,698	\$ 53,292
Accrued Liabilities	99,234	1,745	1,745	29,515	5,346	137,585
Advances Payable	-	679,118	2,891,447	-	-	3,570,565
Total Liabilities	<u>119,983</u>	<u>685,340</u>	<u>2,900,834</u>	<u>42,241</u>	<u>13,044</u>	<u>3,761,442</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows	1,560,067	1,788,614	2,181,929	-	-	5,530,610
Total Deferred Inflows of Resources	<u>1,560,067</u>	<u>1,788,614</u>	<u>2,181,929</u>	<u>-</u>	<u>-</u>	<u>5,530,610</u>
<b>FUND BALANCES</b>						
Nonspendable	1,041,069	434,937	-	-	-	1,476,006
Restricted	142,797	642,143	668,709	227,725	224,336	1,905,710
Assigned	-	-	-	110,235	-	110,235
Unassigned	999,922	(45,818)	(2,278,450)	-	-	(1,324,346)
Total Fund Balances (Deficit)	<u>2,183,788</u>	<u>1,031,262</u>	<u>(1,609,741)</u>	<u>337,960</u>	<u>224,336</u>	<u>2,167,605</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,863,838</u>	<u>\$ 3,505,216</u>	<u>\$ 3,473,022</u>	<u>\$ 380,201</u>	<u>\$ 237,380</u>	<u>\$ 11,459,657</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, 2014**

Total fund balance, governmental funds	\$ 2,167,605
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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.	16,656,396
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Special assessments set up for installment are reported as revenue in the Statement of Net Position when earned, but they are recorded as deferred inflows of resources in the fund financial statements.	1,524,929
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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 include in the Statement of Net Position.	163,397
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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.	265,930
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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	(94,484)	
Long term debt - Current portion	(1,770,000)	
Long term debt	(16,965,000)	
Developer Commitments - Current portion	(32,035)	
Developer Commitments	(32,035)	
Compensated Absences	(142,850)	
Total	(19,036,404)	

Net Position of Governmental Activities in the Statement of Net Position	\$ 1,741,853
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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, 2014**

	<u>General Fund</u>	<u>TIF #2</u>	<u>TIF #3</u>	<u>Fire Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Property Taxes	\$ 1,160,324	\$ 1,294,663	\$ 1,005,020	\$ 136,491	\$ -	\$ 3,596,498
Other Taxes	49,989	-	-	-	95,551	145,540
Special Assessment Revenue	19,259	17,078	139,871	-	-	176,208
Intergovernmental	497,611	14,005	5,579	17,407	64,982	599,584
License and Permits	151,321	9,900	1,350	-	-	162,571
Fines, Forfeits and Penalties	38,325	-	-	-	5,669	43,994
Public Charges for Services	242,811	-	-	50	-	242,861
Interest Income	4,143	3,802	3,729	2,096	483	14,253
Miscellaneous Income	78,924	66,442	36	12,454	9,141	166,997
Total Revenues	<u>2,242,707</u>	<u>1,405,890</u>	<u>1,155,585</u>	<u>168,498</u>	<u>175,826</u>	<u>5,148,506</u>
<b>EXPENDITURES</b>						
Current:						
General Government	233,253	85,933	76,987	58,122	2,575	456,870
Public Safety	869,181	-	-	163,605	-	1,032,786
Public Works	433,830	-	-	-	-	433,830
Health and Human Services	7,101	-	-	-	-	7,101
Culture, Recreation and Education	67,394	-	-	-	179,843	247,237
Conservation and Development	-	228,360	1,409	-	41,396	271,165
Capital Outlay	179	-	36,167	213,034	164,209	413,589
Debt Service						
Principal Repayment	321,840	703,825	616,175	113,160	-	1,755,000
Interest Expense and Fiscal Charges	87,147	342,986	422,394	31,198	-	883,725
Total Expenditures	<u>2,019,925</u>	<u>1,361,104</u>	<u>1,153,132</u>	<u>579,119</u>	<u>388,023</u>	<u>5,501,303</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>222,782</u>	<u>44,786</u>	<u>2,453</u>	<u>(410,621)</u>	<u>(212,197)</u>	<u>(352,797)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	257,225	-	-	232,570	374,274	864,069
Transfers Out	(581,844)	-	-	(27,318)	(55,667)	(664,829)
Total Other Financing Sources and Uses	<u>(324,619)</u>	<u>-</u>	<u>-</u>	<u>205,252</u>	<u>318,607</u>	<u>199,240</u>
Net Change in Fund Balances	(101,837)	44,786	2,453	(205,369)	106,410	(153,557)
Fund Balances (Deficits) - Beginning	2,285,625	986,476	(1,612,194)	543,329	117,926	2,321,162
Fund Balances (Deficits) - Ending	<u>\$ 2,183,788</u>	<u>\$ 1,031,262</u>	<u>\$ (1,609,741)</u>	<u>\$ 337,960</u>	<u>\$ 224,336</u>	<u>\$ 2,167,605</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, 2014**

Net change in fund balances - total governmental funds: \$ (153,557)

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 (\$314,754) net of depreciation (\$1,224,198) in the current period. (909,444)

Loss on Sale of Land (229,890)

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. (69,436)

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. 59,603

Economic development expenses charged for special assessments recovered through tax increments. (75,565)

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of debt repayments during the year. 1,755,000

This is the amount of current year developer commitments reported as an accrued liability. (64,070)

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 14,118

Amortization of debt discounts (22,085)

Change in compensated absences not reflected on governmental funds (22,568)

Change in net position of governmental activities \$ 282,106

See accompanying notes to the basic financial statements.

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

**Statement of Net Position  
Proprietary Funds  
December 31, 2014**

	<b>Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,098,457	\$ 1,727,333	\$ 2,825,790
Receivables			
Taxes	495	654	1,149
Special Assessments	-	36,861	36,861
Accounts	31,059	59,851	90,910
Other	301	-	301
Inventories	34,101	-	34,101
Prepaid Expenses	1,906	3,333	5,239
Total Current Assets	1,166,319	1,828,032	2,994,351
Capital Assets:			
Land and Improvements	21,004	17,978	38,982
Construction Work in Progress	769,768	-	769,768
Other Capital Assets	9,345,660	16,584,851	25,930,511
Less Accumulated Depreciation	(1,886,380)	(5,400,635)	(7,287,015)
Net Capital Assets	8,250,052	11,202,194	19,452,246
Noncurrent Assets			
Advances Receivable	89,827	1,882,305	1,972,132
Total Noncurrent Assets	89,827	1,882,305	1,972,132
Total Assets	9,506,198	14,912,531	24,418,729
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized Loss on Debt Defeasance	181,354	-	181,354
Total Deferred Outflows of Resources	181,354	-	181,354
Total Assets and Deferred Outflows of Resources	9,687,552	14,912,531	24,600,083

See accompanying notes to the basic financial statements.

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

**Statement of Net Position  
Proprietary Funds  
December 31, 2014**

	<b>Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 6,563	\$ 28,428	\$ 34,991
Accrued Liabilities	5,602	6,329	11,931
Total Current Liabilities	12,165	34,757	46,922
Other Liabilities			
Compensated Absences	18,126	18,126	36,252
Deferred Regulatory Credit	9,021	-	9,021
Total Other Liabilities	27,147	18,126	45,273
Total Non-Current Liabilities	27,147	18,126	45,273
Total Liabilities	39,312	52,883	92,195
<b>NET POSITION</b>			
Net Investment in Capital Assets	8,250,052	11,202,194	19,452,246
Unrestricted	1,398,188	3,657,454	5,055,642
Total Net Position	9,648,240	14,859,648	24,507,888
Total Liabilities and Net Position	\$ 9,687,552	\$ 14,912,531	\$ 24,600,083

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, 2014**

**Enterprise Funds**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 561,316	\$ 579,612	\$ 1,140,928
Other Operating Revenues	7,473	2,371	9,844
Total Operating Revenues	<u>568,789</u>	<u>581,983</u>	<u>1,150,772</u>
<b>OPERATING EXPENSES</b>			
Operation and Maintenance	279,930	429,267	709,197
Depreciation	184,013	419,625	603,638
Total Operating Expenses	<u>463,943</u>	<u>848,892</u>	<u>1,312,835</u>
Operating Income (Loss)	<u>104,846</u>	<u>(266,909)</u>	<u>(162,063)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and Investment Revenue	8,636	184,845	193,481
Miscellaneous Non-Operating Revenue	14,616	150	14,766
Miscellaneous Expense	-	(967)	(967)
Amortization Expense	(13,950)	-	(13,950)
Total Non-Operating Revenues (Expenses)	<u>9,302</u>	<u>184,028</u>	<u>193,330</u>
Income (Loss) Before Transfers and Capital Contributions	<u>114,148</u>	<u>(82,881)</u>	<u>31,267</u>
Capital Contributions - Paid by Fire and EMS	11,475	-	11,475
Transfers Out	<u>(195,442)</u>	<u>(3,798)</u>	<u>(199,240)</u>
Change in Net Position	(69,819)	(86,679)	(156,498)
Total Net Position - Beginning	<u>9,718,059</u>	<u>14,946,327</u>	<u>24,664,386</u>
Total Net Position - Ending	<u>\$ 9,648,240</u>	<u>\$ 14,859,648</u>	<u>\$ 24,507,888</u>

See accompanying notes to the basic financial statements.

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

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2014**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Cash Flows from Operating Activities:</u>			
Receipts from customers	\$ 570,221	\$ 584,106	\$ 1,154,327
Payments to suppliers	(118,903)	(238,341)	(357,244)
Payments to employees	(150,141)	(184,594)	(334,735)
Taxes paid	(191,644)	-	(191,644)
	<u>109,533</u>	<u>161,171</u>	<u>270,704</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and construction of plant assets	(17,513)	(25,445)	(42,958)
Payments on advances transferred in from TIF	-	(179,319)	(179,319)
Net cash provided (used) by capital and related financing activities	<u>(17,513)</u>	<u>(204,764)</u>	<u>(222,277)</u>
<u>Cash Flows from Investing Activities:</u>			
Interest Income	<u>8,636</u>	<u>184,845</u>	<u>193,481</u>
Net cash provided (used) by investing activities	<u>8,636</u>	<u>184,845</u>	<u>193,481</u>
Net increase (decrease) in cash and equivalents	100,656	141,252	241,908
<u>Cash and Equivalents, Beginning of year</u>	<u>997,801</u>	<u>1,586,081</u>	<u>2,583,882</u>
<u>Cash and Equivalents, End of year</u>	<u>\$ 1,098,457</u>	<u>\$ 1,727,333</u>	<u>\$ 2,825,790</u>

See accompanying notes to the basic financial statements.



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

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2014**

	Water	Sewer	Total
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating Income (loss)	\$ 104,846	\$ (266,909)	\$ (162,063)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Miscellaneous	10,818	(4,615)	6,203
Tax equivalent transfer	(191,644)	-	(191,644)
Joint meter allocation	5,322	(5,322)	-
Amortization	(5,156)	-	(5,156)
Depreciation	184,013	419,625	603,638
Changes in Assets and Liabilities:			
Customer accounts receivable	1,432	2,123	3,555
Inventories	(4,174)	-	(4,174)
Accounts payable	2,025	13,205	15,230
Accrued liabilities	2,051	3,064	5,115
Net cash provided (used) by operating activities	\$ 109,533	\$ 161,171	\$ 270,704

See accompanying notes to the basic financial statements.

Village of Johnson Creek  
Johnson Creek, Wisconsin

Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2014

	<u>Tax Agency</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,471,899
Receivables:	
Taxes Receivable	995,698
Total Assets	<u>\$ 3,467,597</u>
<b>LIABILITIES</b>	
Due to Other Governments	\$ 3,467,597
Total Liabilities	<u>\$ 3,467,597</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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**1. Nature of Operations**

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

**2. Summary of Significant Accounting Policies**

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

The following is a summary of the more significant policies:

**A. Reporting Entity**

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

Community Development Authority

This report includes the Community Development Authority (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the board of the Village of Johnson Creek. The CDA meets the criteria of a component unit of the Village. The CDA was included as a blended component unit because it provides services exclusively, or almost exclusively, to the Village. See Note 14 for further detail. The CDA itself did not have any financial transactions other than the issuance of CDA debt. The CDA activity was blended with the TIF districts.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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

**Government-Wide Statements**

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

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

**Fund Financial Statements**

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

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

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

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

The Village reports the following major funds:

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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

The following fund types are used by the Village:

**Governmental Fund Types**

**General Fund**

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

**Special Revenue Funds**

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

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

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

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 - This 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.

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
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**2. Summary of Significant Accounting Policies (Continued)**  
**B. Government-Wide and Fund Financial Statements (Continued)**

**Fiduciary Fund Type**

**Agency Fund**

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

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

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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

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

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

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

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

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

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

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

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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

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

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

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



**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
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**2. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, and Net Position or Equity**

**Deposits and Investments**

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

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

**Temporary Cash Investments**

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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

**Enterprise Funds Statement of Cash Flows**

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

**Property Taxes**

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

Property tax calendar – 2014 tax roll:

Lien date and levy date	January 1, 2015
Tax bills mailed	December, 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes due in full	January 31, 2015
Tax sale – 2014 delinquent real estate taxes	October, 2017

**Accounts Receivable**

The Village's management charges off all general accounts considered to be uncollectable prior to year end. The Village, in 2014, established an allowance for uncollectible accounts as follows:

General Fund EMS Fees	\$23,172
Fire Fund	\$54,138

**Inventory**

Inventory is valued at the lower of cost or market.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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

**Capital Outlay Items**

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

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

**Capital Assets**

**Fund Financial Statements**

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

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

**Government-Wide Statements**

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

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

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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

**Capital Assets (Continued)**

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

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

**Compensated Absences**

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated sick leave liabilities at December 31, 2014 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.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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

**Equity Classifications**

**Government-Wide Statements**

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

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

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

**Fund Financial Statements**

Government fund equity is classified as fund balance.

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

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

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

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

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

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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

**Equity Classifications (Continued)**

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

**Claims and Judgments**

Claims and judgments are recorded as liabilities in all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, a liability is recorded in the government-wide financial statements. The related expenditure is recognized with the liability and is liquidated.

There were no significant claims or judgments at year end.

**E. Annual Operation Budget**

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

The budget was passed in November 2013 and was amended by the Village board as needed during the year. For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

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

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

**Excess Expenditures over Appropriations**

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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**2. Summary of Significant Accounting Policies (Continued)**  
**F. Limitations on the Village's Tax Levy**

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

**3. Cash and Temporary Cash Investments**

Cash for all Village funds are pooled for investment purposes. At December 31, 2014, the cash and investments consist of the following:

Petty Cash	\$	300
Deposits with Financial Institutions		8,411,454
U.S. Government Securities Fund		1,310,852
Total Cash and Investments		9,722,606

Cash and investments as of December 31, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position		
Cash and Investments	\$	5,537,079
Restricted Cash		1,713,628
Statement of Fiduciary Net Position		
Tax Agency Cash		2,471,899
Total Cash and Investments	\$	9,722,606

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.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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

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.

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, 2014, the Village had \$8,340,222 on deposit with financial institutions. Of this amount the Village had deposits in excess of federal depository insurance limits that were exposed to custodial credit risk as follows:

Insured by Federal and State Deposit Insurance	5,401,052
Collateralized in the Financial Institutions Name	2,645,905
Uninsured/Uncollateralized	293,265
Total Deposits with Financial Institutions	\$ 8,340,222

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

Interest Rate Risk

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

As of December 31, 2014, the Village has the following investments and maturities:

	Fair Value	Weighted Average Maturity (Days)
US Treasury Investments	\$ 1,310,852	51
Total	\$ 1,310,852	



**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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

All of the Village's receivables are expected to be collected within one year except for \$380,021 in TIF #2 and \$907,242 in TIF #3.

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

	Unavailable	Unearned	Total
Property taxes receivable	\$ -	\$ 3,925,100	\$ 3,925,100
Special assessments not yet due	1,287,262	-	1,287,262
Interest on Advances	265,932	-	265,932
EMS Charges	52,316	-	52,316
Total Deferred Inflows of Resources			
For Governmental Funds	\$ 1,605,510	\$ 3,925,100	\$ 5,530,610

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

Advances

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Interest Rate	Principal Amount	Accrued Interest	Balance 12/31/14	Amount Due Within One Year
General Fund	TIF #3	3%	\$ 897,564	\$239,444	\$ 1,137,008	\$ -
TIF #2	TIF #3	3%	434,937	26,488	461,425	-
Water Fund	TIF #3	3%	84,671	5,156	89,827	-
Sewer Fund	TIF #2	3%	621,956	57,672	679,628	-
Sewer Fund	TIF #3	3%	1,081,030	121,647	1,202,677	-
Total All Funds					\$ 3,570,565	\$ -

All interest rates charged on advances were approved through Board resolution. There is currently no repayment schedule in place.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
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**5. Interfund Receivables/Payables, Advances, and Transfers (Continued)**

Transfers

The following is a schedule of interfund transfers:

Transferred To	Transferred From	Per Government- Wide Statements	Per Fund Statements	Purpose
General Fund	Room Tax Fund	Eliminated	\$ 27,105	Operations
General Fund	Room Tax Fund	Eliminated	6,465	Operations
General Fund	Fire Fund	Eliminated	2,318	Operations
General Fund	Library Fund	Eliminated	22,097	Operations
Library Fund	General Fund	Eliminated	131,194	Operations
Fire Fund	General Fund	Eliminated	232,570	Levy
Capital Projects Fund	General Fund	Eliminated	218,080	Operations
Capital Projects Fund	Fire Fund	Eliminated	25,000	Operations
General Fund	Sewer Fund		3,798	Operations
General Fund	Water Fund		3,798	Operations
General Fund	Water Fund		191,644	Tax Equivalent
Total Transfers - Fund Financials			<u>\$ 864,069</u>	
General Fund	Water Fund	\$ 191,644	\$ -	Tax Equivalent
General Fund	Water Fund	3,798	-	Operations
General Fund	Sewer Fund	3,798	-	Operations
Water Fund	Fire Fund	(11,476)	-	Capital Contribution
Total Transfers - Government-Wide Statement of Activities			<u>\$ 187,764</u>	<u>\$ -</u>

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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**6. Restricted Cash**

The Village reports various restricted cash accounts on the Statement of Net Position and the Governmental and Business-Type Fund Financial Statements. Restricted cash as of December 31, 2014 is as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
<b>General Fund</b>		
Impact Fees	\$ 83,139	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	26,863	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	25,275	The Village is also collecting fees to plant trees from homeowners. These fees were set by Village ordinances.
EMS FAP Account	<u>7,520</u>	The EMS Department has received grant and state aid, which according to the State of Wisconsin, are restricted in use. These funds can only be used for specific EMS equipment and services.
<b>Total General Fund</b>	<u>\$ 142,797</u>	
<b>TIF #2 - Debt Reserves</b>	<u>\$ 642,143</u>	The Community Development Authority (CDA) bonds require money to be accumulated for the purpose of paying principal and interest payments.
<b>TIF #3 - Debt Reserves</b>	<u>\$ 668,709</u>	The following amounts have been restricted for the purpose of making principal and interest payments.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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**6. Restricted Cash (Continued)**

Fund	Amount	Purpose
<b>Library Fund</b>		
		The Village has received contributions, which according to the contributors, are restricted in use. These funds can only be used for library books and equipment.
Restricted Contributions	<u>\$ 22,801</u>	
<b>Fire Fund</b>		
		The 2006 General Obligation Promissory Notes for the Fire Fund restrict the proceeds to specific capital projects.
Unspent Bond Proceeds	\$ 227,725	
<b>Capital Projects Fund</b>		
		The 2006 General Obligation Promissory Notes for General Fund restrict the proceeds to specific capital projects.
Unspent Bond Proceeds	<u>\$ 9,453</u>	
Total Governmental Funds	<u><u>\$ 1,713,628</u></u>	

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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**7. Capital Assets**

A summary of changes in fixed assets is as follows:

	<u>Balance</u> <u>1/1/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/14</u>
<b>Governmental Activities</b>				
Non-depreciable Capital Assets:				
Land	\$ 2,241,811	\$ -	\$ 229,890	\$ 2,011,921
Construction in Progress	-	182,470	-	182,470
Total Non-depreciable Capital Assets	<u>2,241,811</u>	<u>182,470</u>	<u>229,890</u>	<u>2,194,391</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	3,305,520	-	13,812	3,291,708
Equipment	3,968,397	70,089	23,578	4,014,908
Infrastructure	21,826,300	62,195	-	21,888,495
Total Capital Assets Being Depreciated	<u>29,100,217</u>	<u>132,284</u>	<u>37,390</u>	<u>29,195,111</u>
Total Capital Assets	<u>\$ 31,342,028</u>	<u>\$ 314,754</u>	<u>\$ 267,280</u>	<u>\$ 31,389,502</u>
Less: Accumulated Depreciation	<u>13,546,298</u>	<u>1,224,198</u>	<u>37,390</u>	<u>14,733,106</u>
Capital Assets Net of Depreciation	<u>\$ 17,795,730</u>	<u>\$ (909,444)</u>	<u>\$ 229,890</u>	<u>\$ 16,656,396</u>

Depreciation expense was charged to governmental activities as follows:

<b>Governmental Activities</b>	
General Government	\$ 13,163
Public Safety	165,849
Public Works	934,345
Culture and Recreation	<u>110,841</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,224,198</u>

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

**7. Capital Assets (Continued)**

**Business-Type Capital Assets**

<u>Water</u>	<b>Balance 1/1/2014</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 12/31/2014</b>
Non-Depreciable Capital Assets:				
Land	\$ 21,004	\$ -	\$ -	\$ 21,004
Construction in Process	769,768	-	-	769,768
Total Non-Depreciable Capital Assets	<u>790,772</u>	<u>-</u>	<u>-</u>	<u>790,772</u>
Capital Assets Being Depreciated:				
Buildings	757,987	-	-	757,987
Equipment	1,404,342	-	-	1,404,342
Infrastructure	7,156,842	28,989	2,500	7,183,331
Total Capital Assets Being Depreciated:	<u>9,319,171</u>	<u>28,989</u>	<u>2,500</u>	<u>9,345,660</u>
Total Capital Assets	<u>10,109,943</u>	<u>28,989</u>	<u>2,500</u>	<u>10,136,432</u>
Less: Accumulated Depreciation	<u>(1,699,544)</u>	<u>(189,336)</u>	<u>(2,500)</u>	<u>(1,886,380)</u>
Capital Assets Net of Depreciation	<u>\$ 8,410,399</u>	<u>\$ (160,347)</u>	<u>\$ -</u>	<u>\$ 8,250,052</u>
<u>Sewer</u>	<b>Balance 1/1/2014</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 12/31/2014</b>
Non-Depreciable Capital Assets:				
Land	\$ 17,978	\$ -	\$ -	\$ 17,978
Total Non-Depreciable Capital Assets	<u>17,978</u>	<u>-</u>	<u>-</u>	<u>17,978</u>
Capital Assets Being Depreciated:				
Buildings	794,980	-	-	794,980
Equipment	165,557	-	-	165,557
Infrastructure	15,598,869	25,445	-	15,624,314
Total Capital Assets Being Depreciated:	<u>16,559,406</u>	<u>25,445</u>	<u>-</u>	<u>16,584,851</u>
Total Capital Assets	<u>16,577,384</u>	<u>25,445</u>	<u>-</u>	<u>16,602,829</u>
Less: Accumulated Depreciation	<u>(4,986,332)</u>	<u>(414,303)</u>	<u>-</u>	<u>(5,400,635)</u>
Capital Assets Net of Depreciation	<u>\$ 11,591,052</u>	<u>\$ (388,858)</u>	<u>\$ -</u>	<u>\$ 11,202,194</u>
<b>Total Business-Type Capital Assets</b>	<u>\$ 20,001,451</u>	<u>\$ (549,205)</u>	<u>\$ -</u>	<u>\$ 19,452,246</u>

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

**7. Capital Assets (Continued)**

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

<b>Business-Type Activities</b>	
Water-Depreciation	\$ 184,013
Sewer-Depreciation	<u>419,625</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 603,638</u>

**8. Long-Term Obligations**

All general obligation notes and bonds payable are backed by the full faith and credit of the municipality. Notes and bonds will be retired by future property tax levies. Proprietary fund debt is payable by revenues from user fees of those funds, or if the revenues are not sufficient, by future tax levies. The following is a summary of long-term debt transactions of the Village for the year ended December 31, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 10,340,000	\$ -	\$ 995,000	\$ 9,345,000	\$ 1,030,000
CDA Lease Revenue Bonds	<u>10,150,000</u>	<u>-</u>	<u>760,000</u>	<u>9,390,000</u>	<u>740,000</u>
Sub-Total	<u>20,490,000</u>	<u>-</u>	<u>1,755,000</u>	<u>18,735,000</u>	<u>1,770,000</u>
Other Liabilities					
Vested Compensated Absences	120,282	22,568	-	142,850	-
Developer Commitments (Note 11)	<u>-</u>	<u>64,070</u>	<u>-</u>	<u>64,070</u>	<u>32,035</u>
Total Other Liabilities	<u>120,282</u>	<u>86,638</u>	<u>-</u>	<u>206,920</u>	<u>32,035</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 20,610,282</u>	<u>\$ 86,638</u>	<u>\$ 1,755,000</u>	<u>\$ 18,941,920</u>	<u>\$ 1,802,035</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable					
Compensated Absences	<u>\$ 30,377</u>	<u>\$ 5,875</u>	<u>\$ -</u>	<u>\$ 36,252</u>	<u>\$ -</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 30,377</u>	<u>\$ 5,875</u>	<u>\$ -</u>	<u>\$ 36,252</u>	<u>\$ -</u>

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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

Long-term debt issues outstanding at December 31, 2014 and total debt outstanding were as follows:

**Governmental Debt**

	<u>Date Of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/14</u>	<u>Current Portion</u>
<b>Governmental Activities</b>						
<u>General Obligation</u>						
2006 General Fund						
GO Promissory Notes	5/1/2006	12/1/2024	4.25-4.38	\$ 1,892,090	\$ 1,340,216	\$ 78,840
2006 Fire and EMS						
GO Promissory Notes	5/1/2006	12/1/2024	4.25-4.38	\$ 507,910	359,784	21,160
2008 Fire and EMS						
GO Promissory Notes	1/28/2008	2/1/2018	2.85-3.4	\$ 1,140,000	510,000	120,000
2010 General Fund						
GO Refunding Bonds	12/17/2010	3/1/2020	1.7-3.5	\$ 1,165,000	725,000	225,000
2011 General Fund						
GO Refunding Bonds	3/1/2011	3/1/2022	1.1-4.0	\$ 2,820,000	2,155,000	240,000
2011 General Fund						
GO Refunding Notes	3/1/2011	3/1/2016	2.60%	\$ 1,320,000	1,320,000	-
2011 General Fund						
GO Refunding Bonds	11/15/2011	12/1/2021	.6-3.0%	\$ 2,070,000	1,585,000	190,000
2012 TIF 2 and 3						
GO Refunding Bonds	7/17/2012	8/1/2022	.6-2.5%	\$ 1,655,000	1,350,000	155,000
Total Governmental Activities -- General Obligation Debt					<u>\$ 9,345,000</u>	<u>\$ 1,030,000</u>
<u>CDA Lease Revenue Bonds</u>						
2008 TIF 2 CDA						
Lease Revenue Bonds	11/8/2007	12/1/2022	3.6-4.4	\$ 3,985,000	\$ 2,400,000	\$ 440,000
2007 TIF 3 CDA						
Lease Revenue Bonds	11/8/2007	12/1/2022	3.4-4.4	\$ 4,150,000	2,425,000	300,000
2012 TIF 3 CDA						
Refunding Lease Revenue	12/17/2012	12/1/2026	1.25-2.9	\$ 2,785,000	2,785,000	-
2013 TIF 2 CDA						
Refunding Lease Revenue	10/3/2013	12/1/2022	2.5-3.25%	\$ 1,780,000	1,780,000	-
Total Governmental Activities -- CDA Lease Revenue Bonds					<u>\$ 9,390,000</u>	<u>\$ 740,000</u>
<b>Total Governmental Activities</b>					<u>\$ 18,735,000</u>	<u>\$ 1,770,000</u>



**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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

**Governmental Debt (Continued)**

Debt service requirements to maturity are as follows:

	Total GO Principal	Total GO Interest	CDA Lease Revenue Bonds Principal	CDA Lease Revenue Bonds Interest	Governmental Activities Debt Service
2015	\$ 1,030,000	\$ 265,678	\$ 740,000	\$ 317,808	\$ 2,353,486
2016	2,305,000	227,277	730,000	289,318	3,551,595
2017	1,020,000	185,216	750,000	268,267	2,223,483
2018	1,050,000	157,172	775,000	245,267	2,227,439
2019	955,000	128,631	1,290,000	220,190	2,593,821
2020-2024	2,985,000	230,780	4,110,000	503,395	7,829,175
2025-2026	-	-	995,000	43,010	1,038,010
	<u>\$ 9,345,000</u>	<u>\$ 1,194,754</u>	<u>\$ 9,390,000</u>	<u>\$ 1,887,255</u>	<u>\$ 21,817,009</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, 2014 is \$14,711,820. Debt subject to the limit is \$9,345,000.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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**9. Defined Benefit Pension Plan**

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

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teacher, and Executive and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rate for 2014 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	7.00%	7.00%
Protective with Social Security	7.00%	10.10%

The payroll for the Village's employees covered by the WRS for the year ended December 31, 2014 was \$792,592; the employer's total payroll was \$965,140. The total required contribution for the year ended December 31, 2014 was \$117,148, which consisted of \$61,666, or 7.8% of payroll from the employer and \$55,481, or 7.0% of payroll from employees. Total contributions for the years ending December 31, 2013 and 2012 were \$121,998 and \$104,214, respectively, equal to the required contributions for each year.

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

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

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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**10. Net Position/Fund Balances**

Governmental Activities

Net position reported on the government-wide statement of net position at December 31, 2014 include the following:

Capital Assets Net of Depreciation	\$ 16,656,396
Less: Related Long-Term Debt Outstanding	(18,735,000)
Plus: Unamortized Debt Expenses	163,397
Plus: Debt Used for Business - Type Capital Assets	2,935,000
Plus: Debt Reserves - TIF 2 & 3	1,310,852
Plus: Debt Proceeds in Restricted Cash	237,179
Total Net Investment in Capital Assets	2,567,824
Restricted	
General Fund	142,797
Library	22,801
Total Restricted	165,598
Unrestricted	(991,569)
Total Governmental Activities Net Position (Deficit)	\$ 1,741,853

Business-Type Activities

The following calculation supports the water and sewer utilities' balance of net position net investment in capital assets, as of December 31, 2014:

Capital Assets Net of Depreciation	\$ 19,452,246
Total Net Investment in Capital Assets	19,452,246
Unrestricted	5,055,642
Total Business-Type Activities Net Position	\$ 24,507,888

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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

Fund balances on the fund financial statements as of December 31, 2014 include the following:

<u>General Fund</u>	
Delinquent Personal Property Taxes	\$ 4,924
Delinquent Special Assessments/Charges	62,583
Advances to Other Funds (net of unearned interest)	897,564
Other Assets	<u>75,998</u>
Total General Fund	<u>1,041,069</u>
<u>TIF District #2</u>	
Advances to Other Funds (net of unearned interest)	<u>434,937</u>
Total Nonspendable Fund Balance	<u>\$ 1,476,006</u>
<b>Restricted Fund Balance</b>	
<u>General Fund</u>	
Impact / Developer Fees	\$ 110,002
EMS FAP Account	7,520
Other	<u>25,275</u>
Total General Fund	<u>142,797</u>
<u>TIF District #2</u>	
Debt Service	<u>642,143</u>
<u>TIF District #3</u>	
Debt Service	<u>668,709</u>
<u>Library Fund</u>	
Library Expenditures	<u>43,890</u>
<u>Room Tax Fund</u>	
Operations	<u>96,938</u>
<u>Fire Fund</u>	
Fire Association Expenditures	<u>227,725</u>
<u>Capital Projects Fund</u>	
Capital Projects Expenditures	<u>83,508</u>
Total Restricted Fund Balance	<u>\$ 1,905,710</u>

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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

<b>Assigned Fund Balance</b>		
<u>Fire Fund</u>		
Fire Expenditures	\$	110,235
Total Assigned Fund Balance	\$	110,235
<b>Unassigned Fund Balance (Deficit)</b>		
<u>General Fund</u>		\$ 999,922
<u>TIF District #2</u>		(45,818)
<u>TIF District #3</u>		(2,278,450)
Total Unassigned Fund Balance (Deficit)	\$	(1,324,346)

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

**11. Expenditures in Excess of Budget**

The Village incurred expenditures in excess of budget as follow:

Fund	Department	Final Budget	Actual Expenditures	Variance
General	Public Safety	\$ 819,449	\$ 869,181	\$ (49,732)
General	Capital Outlay	-	179	(179)
TIF #2	Conservation and Development	144,446	228,360	(83,914)
TIF #2	Interest Expense	308,509	342,986	(34,477)
TIF #3	Capital Outlay	34,500	36,167	(1,667)
TIF #3	Interest Expense	235,476	422,394	(186,918)

In total, general fund expenditures were under budget by \$13,777.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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**12. 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 2014, the Village had \$75,565 in special assessments paid by tax increments. This amount was recorded as an economic development expense on the government-wide financial statements. Future payments are contingent upon adequate increments.

Developer Commitments and Contingencies

The Village has a commitment with a local developer to provide a cash grant equal to 10% of the difference between assessed values of improvements and current assessed value of \$224,500. The grant is limited to \$150,000 and is to be paid by TIF #2 in 2 installments - September 1, 2015 and September 1, 2016. A liability of \$64,070 has been accrued in the government-wide financial statements. (See Note 8)

The Village has a second developer commitment for a cash grant of 0.060984% of improvement values. Payments will be made by TIF #2 no later than September 1, 2016.

There is an additional cash grant of .061442% of improvement values for an additional developer. The Village (TIF #2) anticipates making an initial payment of \$26,395 within 30 days of completion of all improvements. Another cash grant is expected to be paid on September 1, 2016.

The Village has a final developer commitment for a cash grant not to exceed \$360,000. This amount will be paid by TIF #3 upon completion of the development.

The Village has a developer commitment due in August 2015 in the amount of \$10,745. No amount has been accrued.

**13. 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.

**14. Community Development Authority**

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

**15. Effect of New Accounting Standards on Current Year Financial Statements**

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. Application of these standards may require restatement of portions of these financial statements.

**VILLAGE OF JOHNSON CREEK**  
**Notes to Financial Statements**  
**December 31, 2014**

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**16. Subsequent Events**

In 2015, the Village approved an interfund loan from the General Fund to the Fire Fund not to exceed \$700,000 with an interest rate of 3%.

Also in 2015, the Village purchased a truck from the Village of Fontana in the amount of \$45,000 with an additional \$10,000 contingency to cover the cost of upgrades and maintenance.

The Village has also come into a professional services agreement regarding the Wright Road grading project. Expenditures associated with this project in 2015 have totaled \$179,570.

Lastly, the final pay request for the new fire and EMS building has been approved.

## 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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property Taxes	\$ 1,161,574	\$ 1,161,574	\$ 1,160,324	\$ (1,250)
Other Taxes	52,085	52,085	49,989	(2,096)
Special Assessment Revenue	3,626	3,626	19,259	15,633
Intergovernmental	490,700	490,700	497,611	6,911
License and Permits	84,875	84,875	151,321	66,446
Fines, Forfeits and Penalties	48,000	48,000	38,325	(9,675)
Public Charges for Services	233,650	233,650	242,811	9,161
Interest Income	5,000	5,000	4,143	(857)
Miscellaneous Income	78,175	78,175	78,924	749
Total Revenues	<u>2,157,685</u>	<u>2,157,685</u>	<u>2,242,707</u>	<u>85,022</u>
<b>EXPENDITURES</b>				
Current:				
General Government	271,568	271,568	233,253	38,315
Public Safety	819,449	819,449	869,181	(49,732)
Public Works	441,133	441,133	433,830	7,303
Health and Human Services	7,300	7,300	7,101	199
Culture, Recreation and Education	85,265	85,265	67,394	17,871
Capital Outlay	-	-	179	(179)
Debt Service				
Principal Repayment	321,840	321,840	321,840	-
Interest Expense	87,147	87,147	87,147	-
Total Expenditures	<u>2,033,702</u>	<u>2,033,702</u>	<u>2,019,925</u>	<u>13,777</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>123,983</u>	<u>123,983</u>	<u>222,782</u>	<u>98,799</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	239,781	239,781	257,225	17,444
Transfers Out	(363,764)	(363,764)	(581,844)	(218,080)
Total Other Financing Sources and Uses	<u>(123,983)</u>	<u>(123,983)</u>	<u>(324,619)</u>	<u>(200,636)</u>
Net Change in Fund Balances	-	-	(101,837)	(101,837)
Fund Balances - Beginning	2,285,625	2,285,625	2,285,625	-
Fund Balances - Ending	<u>\$ 2,285,625</u>	<u>\$ 2,285,625</u>	<u>\$ 2,183,788</u>	<u>\$ (101,837)</u>

**Village of Johnson Creek**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with Variances)  
TIF #2  
For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property Taxes	\$ 1,269,157	\$ 1,269,157	\$ 1,294,663	\$ 25,506
Special Assessment Revenue	16,400	16,400	17,078	678
Intergovernmental	10,970	10,970	14,005	3,035
License and Permits	5,000	5,000	9,900	4,900
Interest Income	3,000	3,000	3,802	802
Miscellaneous Income	-	-	66,442	66,442
Total Revenues	<u>1,304,527</u>	<u>1,304,527</u>	<u>1,405,890</u>	<u>101,363</u>
<b>EXPENDITURES</b>				
Current:				
General Government	96,247	96,247	85,933	10,314
Conservation and Development	144,446	144,446	228,360	(83,914)
Capital Outlay	51,500	51,500	-	51,500
Debt Service				
Principal Repayment	703,825	703,825	703,825	-
Interest Expense	308,509	308,509	342,986	(34,477)
Total Expenditures	<u>1,304,527</u>	<u>1,304,527</u>	<u>1,361,104</u>	<u>(56,577)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>44,786</u>	<u>44,786</u>
Net Change in Fund Balances	-	-	44,786	44,786
Fund Balances - Beginning	986,476	986,476	986,476	-
Fund Balances - Ending	<u>\$ 986,476</u>	<u>\$ 986,476</u>	<u>\$ 1,031,262</u>	<u>\$ 44,786</u>

Village of Johnson Creek

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with Variances)  
TIF #3  
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,245,034	\$ 1,245,034	\$ 1,005,020	\$ (240,014)
Special Assessment Revenue	143,402	143,402	139,871	(3,531)
Intergovernmental	8,500	8,500	5,579	(2,921)
License and Permits	20,000	20,000	1,350	(18,650)
Interest Income	4,500	4,500	3,729	(771)
Miscellaneous Income	1,680	1,680	36	(1,644)
Total Revenues	<u>1,423,116</u>	<u>1,423,116</u>	<u>1,155,585</u>	<u>(267,531)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	103,986	103,986	76,987	26,999
Conservation and Development	432,979	432,979	1,409	431,570
Capital Outlay	34,500	34,500	36,167	(1,667)
Debt Service				
Principal Repayment	616,175	616,175	616,175	-
Interest Expense	235,476	235,476	422,394	(186,918)
Total Expenditures	<u>1,423,116</u>	<u>1,423,116</u>	<u>1,153,132</u>	<u>269,984</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>2,453</u>	<u>2,453</u>
Net Change in Fund Balances	-	-	2,453	2,453
Fund Balances - Beginning	(1,612,194)	(1,612,194)	(1,612,194)	-
Fund Balances - Ending	<u>\$ (1,612,194)</u>	<u>\$ (1,612,194)</u>	<u>\$ (1,609,741)</u>	<u>\$ 2,453</u>

## SUPPLEMENTARY INFORMATION

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

**Combining Balance Sheet  
Non-Major Governmental Funds  
December 31, 2014**

	<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	\$ 25,652	\$ 83,048	\$ 74,055	\$ 182,755
Receivables:				
Accounts	-	21,371	-	21,371
Other	1,000	-	-	1,000
Restricted Cash	22,801	-	9,453	32,254
Total Assets	<u>\$ 49,453</u>	<u>\$ 104,419</u>	<u>\$ 83,508</u>	<u>\$ 237,380</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts Payable	\$ 217	\$ 7,481	\$ -	\$ 7,698
Accrued Liabilities	5,346	-	-	5,346
Total Liabilities	<u>5,563</u>	<u>7,481</u>	<u>-</u>	<u>13,044</u>
<b>FUND BALANCES</b>				
Restricted	43,890	96,938	83,508	224,336
Total Fund Balances	<u>43,890</u>	<u>96,938</u>	<u>83,508</u>	<u>224,336</u>
Total Liabilities and Fund Balances	<u>\$ 49,453</u>	<u>\$ 104,419</u>	<u>\$ 83,508</u>	<u>\$ 237,380</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, 2014**

	<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	\$ -	\$ 95,551	\$ -	\$ 95,551
Intergovernmental	64,982	-	-	64,982
Fines, Forfeits and Penalties	5,669	-	-	5,669
Interest Income	164	96	223	483
Miscellaneous Income	8,641	-	500	9,141
Total Revenues	<u>79,456</u>	<u>95,647</u>	<u>723</u>	<u>175,826</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,125	450	-	2,575
Culture, Recreation and Education	179,843	-	-	179,843
Conservation and Development	-	41,396	-	41,396
Capital Outlay	3,914	-	160,295	164,209
Total Expenditures	<u>185,882</u>	<u>41,846</u>	<u>160,295</u>	<u>388,023</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(106,426)</u>	<u>53,801</u>	<u>(159,572)</u>	<u>(212,197)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	131,194	-	243,080	374,274
Transfers Out	(22,097)	(33,570)	-	(55,667)
Total Other Financing Sources and Uses	<u>109,097</u>	<u>(33,570)</u>	<u>243,080</u>	<u>318,607</u>
Net Change in Fund Balances	2,671	20,231	83,508	106,410
Fund Balances - Beginning	41,219	76,707	-	117,926
Fund Balances - Ending	<u>\$ 43,890</u>	<u>\$ 96,938</u>	<u>\$ 83,508</u>	<u>\$ 224,336</u>