



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

**VILLAGE OF JOHNSON CREEK
AUDITED FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

Quality service through our commitment to clients and staff.

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**Village of Johnson Creek
Table of Contents
December 31, 2015**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS	i-ix
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements	
Statement of Net Position.....	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in	
Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position – Proprietary Funds	7-8
Statement of Revenues, Expenses and Changes in	
Fund Net Position – Proprietary Funds.....	9
Statement of Cash Flows – Proprietary Funds	10-11
Statement of Fiduciary Net Position – Fiduciary Funds.....	12
Notes to the Financial Statements	13-44
REQUIRED SUPPLEMENTARY INFORMATION:	
Major Funds	
Schedule of Revenues, Expenditures and Changes in	
Fund Balance – Budget and Actual (With Variances) - General Fund.....	45
Schedule of Revenues, Expenditures and Changes in	
Fund Balance – Budget and Actual (With Variances) – TIF #2 Fund.....	46
Schedule of Revenues, Expenditures and Changes in	
Fund Balance – Budget and Actual (With Variances) – TIF #3 Fund.....	47
Schedule of Revenues, Expenditures and Changes in	
Fund Balance – Budget and Actual (With Variances) – Fire Fund	48
Wisconsin Retirement System Schedules	49
SUPPLEMENTARY INFORMATION:	
Combining Balance Sheet – Non-Major Governmental Funds	50
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances – Non-Major Governmental Funds	51



Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

June 21, 2016

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, 2015, 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, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Emphasis of Matter

As discussed in Note 1 to the financial statements, effective January 1, 2015, the Village of Johnson Creek adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplemental Information

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

Johnson Block & Company, Inc.

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

Village of Johnson Creek

Management's Discussion and Analysis

December 31, 2015

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, 2015. 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 2015 is \$296,300,300, of which \$180,471,600 is non-TIF (Tax Incremental Financing) property. Total equalized value in 2014 was \$294,236,400, of which \$192,225,500 was non-TIF property and in 2013 total equalized value was \$286,308,900, of which \$185,485,000 was non-TIF property. Overall equalized value (estimate of the market value of all property) was up \$2,063,900 from 2014 to 2015. Net new construction also increased by \$5,643,800 during the same period according to figures released by the State of Wisconsin Department of Revenue.
- Village assets exceeded liabilities by \$26,516,489 at the close of FY 2015, up from \$26,596,635 FY 2014 (restated) and \$26,124,133 FY 2013. Of this amount, \$4,984,681 is considered unrestricted, \$508,227 is restricted for specific purposes and \$21,023,581 is invested in capital assets net of related debt.
- Net position for business-type activities was \$24,247,032 at the close of FY 2015, down from \$24,606,614 at the close of FY 2014 (restated) and \$24,664,386 FY 2013. Net position for governmental-type activities was \$2,269,457 at the close of FY 2015 up from \$1,990,021 FY 2014 (restated).
- The Village experienced a net decrease of \$763,628 in fixed assets during 2015 due to normal depreciation during a year in which little infrastructure and equipment was added. Governmental funds fixed assets decreased by \$370,322 and proprietary funds fixed assets decreased by \$393,306.

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 45-48, have been provided as required supplementary information for the general fund, the two separate TIF funds and fire fund.

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

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

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

Fiduciary funds. 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 13-44 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 \$26,516,489 at the close of the most recent fiscal year and \$26,596,635 (restated) at the close of the prior fiscal year, as presented in the following tables.

Village of Johnson Creek's Net Position						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 8,791,130	\$ 8,092,975	\$ 5,033,130	\$ 5,047,592	\$ 13,824,260	\$13,140,567
Capital Assets	16,286,074	16,656,396	19,058,940	19,452,246	35,345,014	36,108,642
Total Assets	25,077,204	24,749,371	24,092,070	24,499,838	49,169,274	49,249,209
Deferred Outflows	269,433	207,681	218,372	198,971	487,805	406,652
Long-Term Liabilities	19,025,738	18,941,920	49,656	45,273	19,075,394	18,987,193
Other Liabilities	245,464	285,361	13,754	46,922	259,218	332,283
Total Liabilities	19,271,202	19,227,281	63,410	92,195	19,334,612	19,319,476
Deferred Inflows	3,805,978	3,739,750	-	-	3,805,978	3,739,750
Net Position:						
Net Investment in Capital Assets	1,964,641	2,567,824	19,058,940	19,452,246	21,023,581	22,020,070
Restricted	409,987	413,766	98,240	98,726	508,227	512,492
Unrestricted	(105,171)	(991,569)	5,089,852	5,055,642	4,984,681	4,064,073
Total Net Positions	\$ 2,269,457	\$ 1,990,021	\$24,247,032	\$24,606,614	\$ 26,516,489	\$26,596,635

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 \$21,023,581 compared to \$22,020,070 for the year ended 2014 and \$22,333,746 for the year ended 2013. 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, \$508,227 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. For the current year and restated 2014 net position, the restricted asset also includes the pension asset from the Wisconsin Retirement System. The 2014 net position had to be restated due to the GASB 68 and GASB 71 requiring reporting pension plans with an effective fiscal year of 2014. More information can be found in Note 9 on pages 35-40 of this report. The remaining balance of *unrestricted net position* is \$4,984,681 up from \$4,064,073 the prior year.

Village of Johnson Creek
Management's Discussion & Analysis

Village of Johnson Creek's Change in Net Position						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services and fees, fines and costs	\$ 434,632	\$ 474,942	\$ 1,209,925	\$ 1,150,772	\$ 1,644,557	\$ 1,625,714
Operating grants and contributions	269,030	294,638	-	-	269,030	294,638
General revenues:						
Taxes	4,040,473	3,742,038	-	-	4,040,473	3,742,038
Special Assessments	50,967	80,186	-	-	50,967	80,186
Intergovernmental revenues not restricted to specific programs	325,827	304,945	-	-	325,827	304,945
Unrestricted Interest and Investment Earnings	16,098	14,030	70,087	193,481	86,185	207,511
Miscellaneous	50,409	106,851	19,459	14,765	69,868	121,616
Special Items	-	(50,175)	-	-	-	(50,175)
Total Revenues	5,187,436	4,967,455	1,324,471	1,359,018	6,511,907	6,326,473
Expenses:						
General Government	472,754	476,800	-	-	472,754	476,800
Public Safety	1,271,573	1,224,388	-	-	1,271,573	1,224,388
Public Works	1,429,789	1,436,579	-	-	1,429,789	1,436,579
Health, Welfare & Sanitation	7,240	7,101	-	-	7,240	7,101
Culture and Recreation	353,905	367,334	-	-	353,905	367,334
Conservation & Development	793,080	528,823	-	-	793,080	528,823
Interest on long-term debt	780,816	832,088	-	-	780,816	832,088
Water & Sewer	-	-	1,482,896	1,327,752	1,482,896	1,327,752
Total Expenses:	5,109,157	4,873,113	1,482,896	1,327,752	6,592,053	6,200,865
Increase (Decrease) in Net Position before transfers	78,279	94,342	(158,425)	31,266	(80,146)	125,608
Transfers	201,157	187,764	(201,157)	(187,764)	-	-
Increase (Decrease) in Net Position	279,436	282,106	(359,582)	(156,498)	(80,146)	125,608
Net Position – January 1, restated	1,990,021	1,459,747	24,606,614	24,664,386	26,596,635	26,124,133
Restatement - Implementation of GASB Statement No. 68 and GASB Statement No. 71	-	248,168	-	98,726	-	346,894
Net Position – December 31, restated	2,269,457	1,990,021	24,247,032	24,606,614	26,516,489	26,596,635

Governmental activities increased the Village of Johnson Creek's net position by \$279,436 and business-type activities decreased the Village's net position by \$359,582 for an overall decrease of net position of \$80,146.

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 \$507,028 or 22.3% of the total general fund balance. This can be compared to the Village's unassigned fund balance of \$999,922 at YE 2014. Total fund balance of the general fund amounted to \$2,273,104 up from \$2,183,788 YE 2014 and \$2,285,625 YE 2013. The interfund advance from the General Fund to the Fire Fund caused a major decrease in fund balance. However, the Fire Fund is expected to repay the General Fund with future debt proceeds. Continued decrease in total general fund balance is also 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 24.6% of total general fund expenditures, which total fund balance represents 110.5% 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 \$1,344,211 down from \$1,398,188 in 2014 and \$1,307,660 for the year ended 2013. Unrestricted net position of the Sewer Utility at the end of the year amounted to \$3,745,641 up from \$3,657,454 in 2014 and \$3,355,275 for the year ended 2013.

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 2015 budget, total expenditures were over budget by \$13,022. The Public Safety line is over budget mainly because when the building permits increase (revenue), the inspections costs increase. Revenues collected were \$111,526 more than budgeted which is partly due to building permits fee increased for new developments in the village.

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, 2015, amounts to \$35.3 million (net of accumulated depreciation) down from \$36.1 million at the end of fiscal year 2014 and \$37.8 million for 2013. The reason for the steady decline is normal depreciation during years in which there were few major capital purchases or projects. Investment in capital assets includes land, buildings, vehicles and equipment, and utility infrastructure.

Village of Johnson Creek's Capital Assets						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,011,921	\$ 2,011,921	\$ 38,982	\$ 38,982	\$ 2,050,903	\$ 2,050,903
Construction Work in Progress	-	182,470	769,768	769,768	769,768	952,238
Land and Construction Work in Progress	2,011,921	2,194,391	808,750	808,750	2,820,671	3,003,141
Buildings	4,194,871	3,291,708	1,552,967	1,552,967	5,747,838	4,844,675
Vehicles & Equipment	4,143,372	4,014,908	1,637,587	1,569,899	5,780,959	5,584,807
Infrastructure	21,898,897	21,888,495	22,942,958	22,807,645	44,841,855	44,696,140
Other Capital Assets	30,237,140	29,195,111	26,133,512	25,930,511	56,370,652	55,125,622
Accumulated Depreciation	(15,962,987)	(14,733,106)	(7,883,322)	(7,287,015)	(23,846,309)	(22,020,121)
Other Capital Assets, net of depreciation	14,274,153	14,462,005	18,250,190	18,643,496	32,524,343	33,105,501
Total Capital Assets	\$ 16,286,074	\$ 16,656,396	\$ 19,058,940	\$ 19,452,246	\$ 35,345,014	\$ 36,108,642

Village of Johnson Creek
Management's Discussion & Analysis

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

- Reconditioning the CASE Endloader
- Replacement Lighting Cabinet on River Drive (due to an accident)
- Improvements to Land for a Stormwater Retention Pond in River Creek
- Improvements to Land for a Stormwater Retention Pond on Wright Road
- Annual investment in the Public Library's collection
- Purchased 1989 Arrow Custom Tower Fire Tuck
- Purchased Fire Turnout Gear

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

Long-term debt. At the end of the current fiscal year, the Village of Johnson Creek had total debt outstanding of \$18.8 million, up from \$18.7 million FY 2014 and \$20.5 million FY 2013. Of this amount, \$6,995,000 comprises debt backed by the full faith and credit of the government. This amount is down from \$9,345,000 in 2014 and \$10,340,000 in 2013. The remainder of the Village of Johnson Creek's debt represents bonds secured solely by specified revenue sources.

Village of Johnson Creek's Outstanding Debt						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
General Obligation Debt	\$ 6,995,000	\$ 9,345,000	\$ -	\$ -	\$ 6,995,000	\$ 9,345,000
Bond Anticipation Notes	1,395,000	-	-	-	1,395,000	-
CDA Lease Revenue Bonds	10,390,000	9,390,000	-	-	10,390,000	9,390,000
Total Debt Outstanding	\$18,780,000	\$18,735,000	\$ -	\$ -	\$18,780,000	\$18,735,000

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total equalized valuation. The Village's current outstanding general obligation debt of \$6,995,000 is 47.2% of its \$14.8 million debt limitation, down from 63.5% FY 2014. 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

2015 State of Wisconsin estimates indicate the current Johnson Creek population is 2,908. The most recent US Census (2010) results showed a .70% increase in population from 2000 to 2010.

Residential construction contributed to sixteen new single-family residential building permits being issued with a total estimated value of \$3,496,612.

Assessed valuation of properties in the Village was \$289,033,900 including properties in the TIF districts, an increase of \$6,857,800 from the prior year. Equalized valuation (the State of Wisconsin's estimate of the market value of property) increase by \$2,063,900 to \$296,300,300. The ratio of equalized to assessed values as determined by the State of Wisconsin was 97.55%.

Village water rates have been in effect since 1997 and a simplified rate case will be considered for 2016. 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 2016 and is reviewed annually by the auditors. However, the Village Board has approved a facility study of the sanitary sewer for 2015 and will continue through 2016.

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
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, 2015**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,771,854	\$ 2,771,008	\$ 6,542,862
Receivables			
Taxes	3,987,501	209	3,987,710
Accounts, net	97,227	108,646	205,873
Special Assessments	878,593	36,861	915,454
Internal Balances	(2,031,296)	2,031,296	-
Inventories	-	32,599	32,599
Prepays	-	5,239	5,239
Other Assets	78,130	-	78,130
Restricted Assets			
Restricted Cash and Investments	1,890,296	-	1,890,296
Net Pension Asset	118,825	47,272	166,097
Capital Assets			
Land, Improvements, and Construction in Progress	2,011,921	808,750	2,820,671
Other Capital Assets, Net of Depreciation	14,274,153	18,250,190	32,524,343
Total Capital Assets	16,286,074	19,058,940	35,345,014
Total Assets	25,077,204	24,092,070	49,169,274
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized Debt Discount	141,312	-	141,312
Deferred Pension Outflows	128,121	50,968	179,089
Unamortized Loss on Advanced Refunding	-	167,404	167,404
Total Deferred Outflows of Resources	269,433	218,372	487,805
 Total Assets and Deferred Outflows of Resources	 \$ 25,346,637	 \$ 24,310,442	 \$ 49,657,079
LIABILITIES			
Accounts Payable	\$ 24,156	\$ 10,001	\$ 34,157
Accrued Expenses	137,600	3,753	141,353
Accrued Interest Payable	83,708	-	83,708
Long-Term Liabilities			
Due Within One Year	1,972,548	-	1,972,548
Due in More Than One Year	16,895,000	-	16,895,000
Compensated Absences	158,190	41,638	199,828
Deferred Regulatory Liability	-	8,018	8,018
Total Liabilities	19,271,202	63,410	19,334,612
DEFERRED INFLOWS OF RESOURCES			
2015 Tax Levy	3,805,978	-	3,805,978
Total Deferred Inflows of Resources	3,805,978	-	3,805,978
NET POSITION			
Net Investment in Capital Assets	1,964,641	19,058,940	21,023,581
Restricted	409,987	98,240	508,227
Unrestricted (Deficit)	(105,171)	5,089,852	4,984,681
Total Net Position	2,269,457	24,247,032	26,516,489
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 25,346,637	 \$ 24,310,442	 \$ 49,657,079

See accompanying notes to the basic financial statements.

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

**Statement of Activities
For the Year Ended December 31, 2015**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 472,754	\$ 61,137	\$ -	\$ -	\$ (411,617)		\$ (411,617)
Public Safety	1,271,573	189,150	24,154	-	(1,058,269)		(1,058,269)
Public Works	1,429,789	152,042	190,829	-	(1,086,918)		(1,086,918)
Health, Welfare and Sanitation	7,240	150	-	-	(7,090)		(7,090)
Culture and Recreation	353,905	25,402	54,047	-	(274,456)		(274,456)
Conservation and Development	793,080	6,751	-	-	(786,329)		(786,329)
Interest on Long-term debt	780,816	-	-	-	(780,816)		(780,816)
Total Governmental Activities	<u>5,109,157</u>	<u>434,632</u>	<u>269,030</u>	<u>-</u>	<u>(4,405,495)</u>		<u>(4,405,495)</u>
Business-type Activities							
Water	528,517	589,733	-	25,000	-	\$ 86,216	86,216
Sewer	954,379	620,192	-	-	-	(334,187)	(334,187)
Total Business-type Activities	<u>1,482,896</u>	<u>1,209,925</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>(247,971)</u>	<u>(247,971)</u>
Total Primary Government	<u>\$ 6,592,053</u>	<u>\$ 1,644,557</u>	<u>\$ 269,030</u>	<u>\$ 25,000</u>	<u>(4,405,495)</u>	<u>(247,971)</u>	<u>(4,653,466)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					3,739,750	-	3,739,750
Other taxes					300,723	-	300,723
Special assessments					50,967	-	50,967
Shared taxes from state					325,827	-	325,827
Impact fees					8,564	-	8,564
Interest income					16,098	70,087	86,185
Miscellaneous					41,845	19,459	61,304
Transfers					201,157	(201,157)	-
Total general revenues and transfers					<u>4,684,931</u>	<u>(111,611)</u>	<u>4,573,320</u>
Change in net position					<u>279,436</u>	<u>(359,582)</u>	<u>(80,146)</u>
Net position - Beginning, as previously reported					1,741,853	24,507,888	26,249,741
Prior period adjustment - Implementation of GASB Statement No. 68 and GASB Statement No. 71					248,168	98,726	346,894
Net position - Beginning, as restated					<u>1,990,021</u>	<u>24,606,614</u>	<u>26,596,635</u>
Net position - Ending					<u>\$ 2,269,457</u>	<u>\$ 24,247,032</u>	<u>\$ 26,516,489</u>

See accompanying notes to the basic financial statements.

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

**Balance Sheet
Governmental Funds
December 31, 2015**

	<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>
ASSETS						
Cash and Cash Equivalents	\$ 588,735	\$ 1,011,027	\$ 1,937,648	\$ 107,879	\$ 126,565	\$ 3,771,854
Receivables:						
Taxes	1,260,244	1,418,856	1,307,292	-	-	3,986,392
Delinquent Personal Property Taxes	1,109	-	-	-	-	1,109
Special Assessments	25,722	269,892	582,979	-	-	878,593
Accounts	67,308	-	-	-	25,588	92,896
Other	-	17	-	4,314	-	4,331
Other Assets	78,130	-	-	-	-	78,130
Restricted Cash	146,791	816,157	672,943	228,663	25,742	1,890,296
Advances Receivable	1,806,381	-	-	-	-	1,806,381
Total Assets	<u>\$ 3,974,420</u>	<u>\$ 3,515,949</u>	<u>\$ 4,500,862</u>	<u>\$ 340,856</u>	<u>\$ 177,895</u>	<u>\$ 12,509,982</u>
LIABILITIES						
Accounts Payable	\$ 13,833	\$ 296	\$ 289	\$ 1,815	\$ 7,924	\$ 24,157
Accrued Liabilities	108,157	548	548	26,485	1,863	137,601
Advances Payable	-	699,507	2,502,907	635,263	-	3,837,677
Total Liabilities	<u>121,990</u>	<u>700,351</u>	<u>2,503,744</u>	<u>663,563</u>	<u>9,787</u>	<u>3,999,435</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows	1,579,326	1,715,236	1,884,628	-	-	5,179,190
Total Deferred Inflows of Resources	<u>1,579,326</u>	<u>1,715,236</u>	<u>1,884,628</u>	<u>-</u>	<u>-</u>	<u>5,179,190</u>
FUND BALANCES						
Nonspendable	1,619,285	-	-	-	-	1,619,285
Restricted	146,791	1,100,362	672,943	228,663	168,108	2,316,867
Unassigned (Deficit)	507,028	-	(560,453)	(551,370)	-	(604,795)
Total Fund Balances (Deficit)	<u>2,273,104</u>	<u>1,100,362</u>	<u>112,490</u>	<u>(322,707)</u>	<u>168,108</u>	<u>3,331,357</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,974,420</u>	<u>\$ 3,515,949</u>	<u>\$ 4,500,862</u>	<u>\$ 340,856</u>	<u>\$ 177,895</u>	<u>\$ 12,509,982</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, 2015**

Total fund balance, governmental funds \$ 3,331,357

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. 16,286,074

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. 1,054,669

Unamortized debt discounts are not recognized in the fund financial statements since they are not due and payable in the current period. However, they are included in the Statement of Net Position. 141,312

The net pension asset is not a current financial resource and is, therefore, not reported in the fund financial statements. 118,825

Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.

Deferred outflows of resources 128,121

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. 318,545

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	(83,708)	
Long term debt - Current portion	(1,885,000)	
Long term debt	(16,895,000)	
Developer Commitments - Current portion	(87,548)	
Compensated Absences	(158,190)	
Total	(19,109,446)	(19,109,446)

Net Position of Governmental Activities in the Statement of Net Position \$ 2,269,457

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, 2015**

	<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>
REVENUES						
Property Taxes	\$ 1,258,295	\$ 1,366,568	\$ 1,114,886	\$ 137,106	\$ -	\$ 3,876,855
Other Taxes	48,583	-	-	-	115,034	163,617
Special Assessment Revenue	16,412	15,537	171,806	-	-	203,755
Intergovernmental	487,261	30,645	6,040	16,863	54,047	594,856
License and Permits	177,630	6,750	1	-	-	184,381
Fines, Forfeits and Penalties	23,578	-	-	-	4,517	28,095
Public Charges for Services	235,126	-	-	-	-	235,126
Interest Income	2,321	4,740	6,676	1,950	908	16,595
Miscellaneous Income	52,090	676	-	20,320	9,939	83,025
Total Revenues	<u>2,301,296</u>	<u>1,424,916</u>	<u>1,299,409</u>	<u>176,239</u>	<u>184,445</u>	<u>5,386,305</u>
EXPENDITURES						
Current:						
General Government	231,904	80,282	68,644	56,575	2,867	440,272
Public Safety	878,354	-	-	193,247	-	1,071,601
Public Works	457,843	-	-	-	-	457,843
Health and Human Services	7,240	-	-	-	-	7,240
Culture, Recreation and Education	75,472	-	-	-	190,136	265,608
Conservation and Development	-	137,741	431,446	-	57,505	626,692
Capital Outlay	-	-	7,012	671,680	98,642	777,334
Debt Service:						
Principal Repayment	327,840	728,825	596,175	117,160	-	1,770,000
Interest Expense and Fiscal Charges	78,387	367,543	330,326	45,864	-	822,120
Total Expenditures	<u>2,057,040</u>	<u>1,314,391</u>	<u>1,433,603</u>	<u>1,084,526</u>	<u>349,150</u>	<u>6,238,710</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>244,256</u>	<u>110,525</u>	<u>(134,194)</u>	<u>(908,287)</u>	<u>(164,705)</u>	<u>(852,405)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from Refunding Bonds	-	1,740,000	1,395,000	-	-	3,135,000
Principal Payments on Refunding Bonds	-	(1,320,000)	-	-	-	(1,320,000)
Transfers In	362,097	-	461,425	249,938	267,099	1,340,559
Transfers Out	(517,037)	(461,425)	-	(2,318)	(158,622)	(1,139,402)
Total Other Financing Sources and Uses	<u>(154,940)</u>	<u>(41,425)</u>	<u>1,856,425</u>	<u>247,620</u>	<u>108,477</u>	<u>2,016,157</u>
Net Change in Fund Balances	89,316	69,100	1,722,231	(660,667)	(56,228)	1,163,752
Fund Balances (Deficits) - Beginning	2,183,788	1,031,262	(1,609,741)	337,960	224,336	2,167,605
Fund Balances (Deficits) - Ending	<u>\$ 2,273,104</u>	<u>\$ 1,100,362</u>	<u>\$ 112,490</u>	<u>\$ (322,707)</u>	<u>\$ 168,108</u>	<u>\$ 3,331,357</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, 2015**

Net change in fund balances - total governmental funds: \$ 1,163,752

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 (\$859,559) net of depreciation (\$1,229,881) in the current period. (370,322)

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. (166,070)

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. 52,613

Economic development expenses charged for special assessments recovered through tax increments. (304,188)

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 \$3,135,000 debt proceeds during the year net of principal payments \$3,090,000. (45,000)

This is the amount of current year developer commitments reported as an accrued liability. (46,301)

The is the amount of previously accrued developer commitments paid during the year. 22,823

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 10,776

Amortization of debt discounts (22,085)

Change in compensated absences not reflected on governmental funds (15,340)

Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments. (1,222)

Change in net position of governmental activities \$ 279,436

See accompanying notes to the basic financial statements.

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

**Statement of Net Position
Proprietary Funds
December 31, 2015**

	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 1,044,454	\$ 1,726,554	\$ 2,771,008
Receivables			
Taxes	63	146	209
Special Assessments	-	36,861	36,861
Accounts	38,086	70,560	108,646
Inventories	32,599	-	32,599
Prepaid Expenses	1,906	3,333	5,239
Total Current Assets	1,117,108	1,837,454	2,954,562
Restricted Assets:			
Net Pension Asset	23,636	23,636	47,272
Total Restricted Assets	23,636	23,636	47,272
Capital Assets:			
Land and Improvements	21,004	17,978	38,982
Construction Work in Progress	769,768	-	769,768
Other Capital Assets	9,495,808	16,637,704	26,133,512
Less Accumulated Depreciation	(2,067,405)	(5,815,917)	(7,883,322)
Net Capital Assets	8,219,175	10,839,765	19,058,940
Noncurrent Assets:			
Advances Receivable	92,522	1,938,774	2,031,296
Total Noncurrent Assets	92,522	1,938,774	2,031,296
Total Assets	9,452,441	14,639,629	24,092,070
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized Loss on Debt Defeasance	167,404	-	167,404
Deferred Pension Outflows	25,484	25,484	50,968
Total Deferred Outflows of Resources	192,888	25,484	218,372
Total Assets and Deferred Outflows of Resources	\$ 9,645,329	\$ 14,665,113	\$ 24,310,442

See accompanying notes to the basic financial statements.

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

**Statement of Net Position
Proprietary Funds
December 31, 2015**

	Enterprise Funds		
	Water	Sewer	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 2,073	\$ 7,928	\$ 10,001
Accrued Liabilities	1,913	1,840	3,753
Total Current Liabilities	3,986	9,768	13,754
Other Liabilities:			
Compensated Absences	20,819	20,819	41,638
Deferred Regulatory Credit	8,018	-	8,018
Total Other Liabilities	28,837	20,819	49,656
Total Liabilities	32,823	30,587	63,410
NET POSITION			
Net Investment in Capital Assets	8,219,175	10,839,765	19,058,940
Restricted for:			
Employee Pension Plan	49,120	49,120	98,240
Unrestricted	1,344,211	3,745,641	5,089,852
Total Net Position	9,612,506	14,634,526	24,247,032
Total Liabilities and Net Position	\$ 9,645,329	\$ 14,665,113	\$ 24,310,442

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, 2015**

Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 582,402	\$ 618,287	\$ 1,200,689
Other Operating Revenues	7,331	1,905	9,236
Total Operating Revenues	<u>589,733</u>	<u>620,192</u>	<u>1,209,925</u>
OPERATING EXPENSES			
Operation and Maintenance	328,511	533,217	861,728
Depreciation	186,056	420,976	607,032
Total Operating Expenses	<u>514,567</u>	<u>954,193</u>	<u>1,468,760</u>
Operating Income (Loss)	<u>75,166</u>	<u>(334,001)</u>	<u>(258,835)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and Investment Revenue	6,587	63,500	70,087
Miscellaneous Non-Operating Revenue	19,459	-	19,459
Miscellaneous Expense	-	(186)	(186)
Amortization Expense	(13,950)	-	(13,950)
Total Non-Operating Revenues (Expenses)	<u>12,096</u>	<u>63,314</u>	<u>75,410</u>
Income (Loss) Before Transfers and Capital Contributions	87,262	(270,687)	(183,425)
Capital Contributions	25,000	-	25,000
Transfers Out	(197,359)	(3,798)	(201,157)
Change in Net Position	<u>(85,097)</u>	<u>(274,485)</u>	<u>(359,582)</u>
Total Net Position - Beginning, as previously stated	9,648,240	14,859,648	24,507,888
Prior Period Adjustment - Implementation of GASB Statement No. 68 and GASB Statement No. 71	49,363	49,363	98,726
Net Position - Beginning, as restated	<u>9,697,603</u>	<u>14,909,011</u>	<u>24,606,614</u>
Total Net Position - Ending	<u>\$ 9,612,506</u>	<u>\$ 14,634,526</u>	<u>\$ 24,247,032</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, 2015**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Cash Flows from Operating Activities:</u>			
Receipts from customers	\$ 583,439	\$ 609,991	\$ 1,193,430
Payments to suppliers	(140,069)	(398,569)	(538,638)
Payments to employees	(170,727)	(166,379)	(337,106)
Taxes paid	(197,359)	-	(197,359)
Net cash provided (used) by operating activities	<u>75,284</u>	<u>45,043</u>	<u>120,327</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and construction of plant assets	(135,873)	(52,853)	(188,726)
Addition to advances transferred in from TIF	-	(56,469)	(56,469)
Net cash provided (used) by capital and related financing activities	<u>(135,873)</u>	<u>(109,322)</u>	<u>(245,195)</u>
<u>Cash Flows from Investing Activities:</u>			
Interest income	<u>6,586</u>	<u>63,500</u>	<u>70,086</u>
Net cash provided (used) by investing activities	<u>6,586</u>	<u>63,500</u>	<u>70,086</u>
Net increase (decrease) in cash and equivalents	(54,003)	(779)	(54,782)
<u>Cash and Equivalents, Beginning of year</u>	<u>1,098,457</u>	<u>1,727,333</u>	<u>2,825,790</u>
<u>Cash and Equivalents, End of year</u>	<u>\$ 1,044,454</u>	<u>\$ 1,726,554</u>	<u>\$ 2,771,008</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, 2015**

	Water	Sewer	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating Income (Loss)	\$ 75,166	\$ (334,001)	\$ (258,835)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Miscellaneous	19,459	(3,984)	15,475
Tax equivalent transfer	(197,359)	-	(197,359)
Joint meter allocation	5,694	(5,694)	-
Amortization	(2,695)	-	(2,695)
Depreciation	186,056	420,976	607,032
Pension expense	243	243	486
Changes in Assets and Liabilities:			
Customer accounts receivable	(6,294)	(10,201)	(16,495)
Inventories	1,503	-	1,503
Accounts payable	(4,490)	(20,502)	(24,992)
Accrued liabilities	(1,999)	(1,794)	(3,793)
Net cash provided (used) by operating activities	\$ 75,284	\$ 45,043	\$ 120,327

See accompanying notes to the basic financial statements.

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

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2015**

	<u>Tax Agency</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,753,591
Receivables:	
Taxes Receivable	764,195
Total Assets	<u>\$ 3,517,786</u>
LIABILITIES	
Due to Other Governments	\$ 3,517,786
Total Liabilities	<u>\$ 3,517,786</u>

See accompanying notes to the basic financial statements.

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

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, 2015

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, 2015

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

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

Proprietary Fund Types

Enterprise Funds

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

The Village maintains two enterprises funds as listed below:

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

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

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

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

Fiduciary Fund Type

Agency Fund

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

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

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, 2015

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.

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.

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

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

Deposits and Investments (Continued)

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.

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 – 2015 tax roll:

Lien date and levy date	January 1, 2016
Tax bills mailed	December, 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes due in full	January 31, 2016
Tax sale – 2015 delinquent real estate taxes	October, 2018

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

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

Accounts Receivable

The Village's management charges off all general accounts considered to be uncollectable prior to year end. The Village, in 2015, established an allowance for uncollectible accounts as follows:

General Fund EMS Fees	\$15,819
Fire Fund	\$43,179

Inventory

Inventory is valued at the lower of cost or market.

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.

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

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

Capital Assets (Continued)

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

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

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

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, 2015 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, 2015

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, 2015

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 if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to 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 2014 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, 2015

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 2014-2015 tax year. Changes in debt service from one year to the next are generally exempt from this limit.

G. Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. As of December 31, 2015, the following individual funds held a deficit balance:

Fund	Amount	Reason
Fire Fund	\$(322,707)	Project costs in excess of revenues

The Fire Fund deficit is anticipated to be replenished by debt.

H. Pensions

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

I. Change in Accounting Principle

Effective January 1, 2015, the Village adopted the provisions of 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. Implementation of GASB Statements No. 68 and 71 required net position in the governmental activities to be increased by \$248,168 and to be increased by \$98,726 in the business-type and enterprise funds. A prior period adjustment was made to reflect the January 1, 2014 beginning net pension asset of \$203,884 in the governmental activities and \$81,109 in the business-type activities/enterprise funds and beginning deferred outflows of resources of \$44,284 and \$17,617 for Village and utility contributions to the WRS after the December 31, 2013 measurement date through December 31, 2014, respectively.

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

3. Cash and Temporary Cash Investments

Cash for all Village funds are pooled for investment purposes. At December 31, 2015, the cash and investments consist of the following:

Petty Cash	\$ 400
Deposits with Financial Institutions	9,701,492
U.S. Government Securities Fund	<u>1,484,857</u>
Total Cash and Investments	<u><u>\$ 11,186,749</u></u>

Cash and investments as of December 31, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and Investments	\$ 6,542,862
Restricted Cash	1,890,296
Statement of Fiduciary Net Position	
Tax Agency Cash	<u>2,753,591</u>
Total Cash and Investments	<u><u>\$ 11,186,749</u></u>

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.

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.

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

3. Cash and Temporary Cash Investments (Continued)

As of December 31, 2015, the Village had \$9,816,224 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	\$	4,254,631
Collateralized in the Financial Institutions Name		3,344,472
Uninsured/Uncollateralized		2,217,121
Total Deposits with Financial Institutions	\$	9,816,224

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, 2015, the Village has the following investments and maturities:

	Fair Value	Weighted Average Maturity (Days)
US Treasury Investments	\$ 1,484,857	53
Total	\$ 1,484,857	

4. Receivables and Deferred Inflows of Resources

All of the Village's receivables are expected to be collected within one year except for \$269,892 in TIF #2 and \$577,336 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	\$ -	\$ 3,805,978	\$ 3,805,978
Special assessments and charges not yet due	1,027,641	-	1,027,641
Interest on advances	332,388	-	332,388
EMS charges	27,026	-	27,026
Total Deferred Inflows of Resources for Governmental Funds	\$ 1,387,055	\$ 3,805,978	\$ 5,193,033

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

5. Interfund Receivables/Payables, Advances, and Transfers

Advances

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Accrued Interest</u>	<u>Balance 12/31/15</u>	<u>Amount Due Within One Year</u>
General Fund	TIF #3	3%	\$ 897,054	\$274,064	\$ 1,171,118	\$ -
General Fund	Fire Fund	3%	616,760	18,503	635,263	635,263
Water Fund	TIF #3	3%	84,671	7,851	92,522	-
Sewer Fund	TIF #2	3%	621,956	77,551	699,507	-
Sewer Fund	TIF #3	3%	1,081,540	157,727	<u>1,239,267</u>	<u>-</u>
Total All Funds					<u>\$ 3,837,677</u>	<u>\$ 635,263</u>

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

The interfund payable to the General Fund from the Fire Fund is expected to be repaid with future debt proceeds.

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

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	\$ 130,060	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	140,481	Operations
Fire Fund	General Fund	Eliminated	249,938	Levy
Capital Projects Fund	General Fund	Eliminated	126,618	Operations
TIF #2	TIF #3	Eliminated	461,425	Forgive Advance
General Fund	Sewer Fund		3,798	Operations
General Fund	Water Fund		3,798	Operations
General Fund	Water Fund		193,561	Tax Equivalent
Total Transfers - Fund Financials			<u>\$ 1,340,559</u>	
General Fund	Water Fund	\$ 193,561	\$ -	Tax Equivalent
General Fund	Water Fund	3,798	-	Operations
General Fund	Sewer Fund	3,798	-	Operations
Total Transfers - Government-Wide Statement of Activities		<u>\$ 201,157</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, 2015

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, 2015 is as follows:

General Fund

Impact Fees	\$	82,189	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		41,814	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		17,842	The Village is also collecting fees to plant trees from homeowners. These fees were set by Village ordinances.
EMS FAP Account		<u>4,946</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.
Total General Fund	\$	<u>146,791</u>	
TIF #2 - Debt Reserves	\$	<u>816,157</u>	The Community Development Authority (CDA) bonds require money to be accumulated for the purpose of paying principal and interest payments. These amounts have been restricted for the purpose of making principal and interest payments.

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

6. Restricted Cash (Continued)

TIF #3 - Debt Reserves

Debt Reserves	\$	668,700	The Community Development Authority (CDA) bonds require money to be accumulated for the purpose of paying principal and interest payments. These amounts have been restricted for the purpose of making principal and interest payments.
Unspent Bond Proceeds		<u>4,243</u>	The 2015 Taxable Note Anticipation Notes restrict the proceeds to specific developer agreements.
Total TIF #3	\$	<u>672,943</u>	

Library Fund

Restricted Contributions	\$	<u>16,250</u>	The Village library has received contributions which, according to the contributors, are restricted in use. These funds can only be used for library books and equipment.

Fire Fund

Unspent Bond Proceeds	\$	<u>228,663</u>	The 2006 General Obligation Promissory Notes for the Fire Fund restrict the proceeds to specific capital projects.

Capital Projects Fund

Unspent Bond Proceeds	\$	<u>9,492</u>	The 2006 General Obligation Promissory Notes for General Fund restrict the proceeds to specific capital projects.

Total Governmental Funds		<u><u>\$ 1,890,296</u></u>	
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VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

7. Capital Assets

A summary of changes in fixed assets is as follows:

	Balance 1/1/2015	Additions	Retirements	Balance 12/31/2015
Governmental Activities				
Non-depreciable Capital Assets:				
Land	\$ 2,011,921	\$ -	\$ -	\$ 2,011,921
Construction in Progress	182,470	-	182,470	-
Total Non-depreciable Capital Assets	2,194,391	-	182,470	2,011,921
Capital Assets Being Depreciated:				
Buildings and Improvements	3,291,708	903,163	-	4,194,871
Equipment	4,014,908	128,464	-	4,143,372
Infrastructure	21,888,495	10,402	-	21,898,897
Total Capital Assets Being Depreciated	29,195,111	1,042,029	-	30,237,140
Total Capital Assets	31,389,502	1,042,029	182,470	32,249,061
Less: Accumulated Depreciation	14,733,106	1,229,881	-	15,962,987
Capital Assets Net of Depreciation	\$ 16,656,396	\$ (187,852)	\$ 182,470	\$ 16,286,074

Depreciation expense was charged to governmental activities as follows:

Governmental Activities	
General Government	\$ 12,181
Public Safety	177,461
Public Works	935,813
Culture and Recreation	104,426
Total Governmental Activities Depreciation Expense	\$ 1,229,881

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

7. Capital Assets (Continued)

Business-Type Capital Assets

<u>Water</u>	<u>Balance</u> <u>1/1/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2015</u>
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	50,831	-	1,455,173
Infrastructure	7,183,331	110,042	10,725	7,282,648
Total Capital Assets Being Depreciated	<u>9,345,660</u>	<u>160,873</u>	<u>10,725</u>	<u>9,495,808</u>
Total Capital Assets	<u>10,136,432</u>	<u>160,873</u>	<u>10,725</u>	<u>10,286,580</u>
Less: Accumulated Depreciation	<u>(1,886,380)</u>	<u>(191,750)</u>	<u>(10,725)</u>	<u>(2,067,405)</u>
Capital Assets Net of Depreciation	<u>\$ 8,250,052</u>	<u>\$ (30,877)</u>	<u>\$ -</u>	<u>\$ 8,219,175</u>
<u>Sewer</u>	<u>Balance</u> <u>1/1/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2015</u>
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	16,857	-	182,414
Infrastructure	15,624,314	35,996	-	15,660,310
Total Capital Assets Being Depreciated:	<u>16,584,851</u>	<u>52,853</u>	<u>-</u>	<u>16,637,704</u>
Total Capital Assets	<u>16,602,829</u>	<u>52,853</u>	<u>-</u>	<u>16,655,682</u>
Less: Accumulated Depreciation	<u>(5,400,635)</u>	<u>(415,282)</u>	<u>-</u>	<u>(5,815,917)</u>
Capital Assets Net of Depreciation	<u>\$ 11,202,194</u>	<u>\$ (362,429)</u>	<u>\$ -</u>	<u>\$ 10,839,765</u>
Total Business-Type Capital Assets	<u>\$ 19,452,246</u>	<u>\$ (393,306)</u>	<u>\$ -</u>	<u>\$ 19,058,940</u>

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

7. Capital Assets (Continued)

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

Business-Type Activities	
Water-Depreciation	\$ 186,056
Sewer-Depreciation	<u>420,976</u>
Total Business-Type Activities Depreciation Expense	<u><u>\$ 607,032</u></u>

8. Long-Term Obligations

All general obligation notes and bonds payable are backed by the full faith and credit of the municipality. Notes and bonds will be retired by future property tax levies. Proprietary fund debt is payable by revenues from user fees of those funds, or if the revenues are not sufficient, by future tax levies. The following is a summary of long-term debt transactions of the Village for the year ended December 31, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Debt	\$ 9,345,000	\$ -	\$ 2,350,000	\$ 6,995,000	\$ 985,000
Bond Anticipation Notes	-	1,395,000	-	1,395,000	-
CDA Lease Revenue Bonds	9,390,000	1,740,000	740,000	10,390,000	900,000
Sub-Total	<u>18,735,000</u>	<u>3,135,000</u>	<u>3,090,000</u>	<u>18,780,000</u>	<u>1,885,000</u>
Other Liabilities					
Vested Compensated Absences	142,850	15,340	-	158,190	-
Developer Commitments (Note 12)	64,070	440,023	416,545	87,548	87,548
Total Other Liabilities	<u>206,920</u>	<u>455,363</u>	<u>-</u>	<u>245,738</u>	<u>87,548</u>
Total Governmental Activities Long-Term Liabilities	<u><u>\$ 18,941,920</u></u>	<u><u>\$ 3,590,363</u></u>	<u><u>\$ 3,090,000</u></u>	<u><u>\$ 19,025,738</u></u>	<u><u>\$ 1,972,548</u></u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
Compensated Absences	\$ 36,252	\$ 5,386	\$ -	\$ 41,638	\$ -
Total Business-type Activities Long-Term Liabilities	<u><u>\$ 36,252</u></u>	<u><u>\$ 5,386</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 41,638</u></u>	<u><u>\$ -</u></u>

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

8. Long-Term Obligations (Continued)

Long-term debt issues outstanding at December 31, 2015 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 12/31/15</u>	<u>Current Portion</u>
Governmental Activities						
<u>General Obligation</u>						
2006 General Fund						
GO Promissory Notes	5/1/2006	12/1/2024	4.25-4.38	\$ 1,892,090	\$ 1,261,376	\$ 118,260
2006 Fire and EMS						
GO Promissory Notes	5/1/2006	12/1/2024	4.25-4.38	\$ 507,910	338,624	31,740
2008 Fire and EMS						
GO Promissory Notes	1/28/2008	2/1/2018	2.85-3.4	\$ 1,140,000	390,000	125,000
2010 General Fund						
GO Refunding Bonds	12/17/2010	3/1/2020	1.7-3.5	\$ 1,165,000	500,000	90,000
2011 General Fund						
GO Refunding Bonds	3/1/2011	3/1/2022	1.1-4.0	\$ 2,820,000	1,915,000	250,000
2011 General Fund						
GO Refunding Bonds	11/15/2011	12/1/2021	.6-3.0%	\$ 2,070,000	1,395,000	210,000
2012 TIF 2 and 3						
GO Refunding Bonds	7/17/2012	8/1/2022	.6-2.5%	\$ 1,655,000	1,195,000	160,000
Total Governmental Activities -- General Obligation Debt					<u>\$ 6,995,000</u>	<u>\$ 985,000</u>
<u>Bond Anticipation Notes</u>						
2015 TIF 3 Taxable						
Note Anticipation Notes	11/13/2015	12/1/2018	1.60%	\$ 1,395,000	\$ 1,395,000	\$ -
Total Governmental Activities -- Bond Anticipation Notes					<u>\$ 1,395,000</u>	<u>\$ -</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	\$ 1,960,000	\$ 450,000
2007 TIF 3 CDA Lease						
Revenue Bonds	11/8/2007	12/1/2022	3.4-4.4	\$ 4,150,000	2,125,000	-
2012 TIF 3 CDA Refunding						
Lease Revenue Bonds	12/17/2012	12/1/2026	1.25-2.9	\$ 2,785,000	2,785,000	280,000
2013 TIF 2 CDA Refunding						
Lease Revenue Bonds	10/3/2013	12/1/2022	2.5-3.25%	\$ 1,780,000	1,780,000	-
2015 TIF 2 CDA Refunding						
Lease Revenue Bonds	9/2/2015	12/1/2023	.85-2.85%	\$ 1,740,000	1,740,000	170,000
Total Governmental Activities -- CDA Lease Revenue Bonds					<u>\$ 10,390,000</u>	<u>\$ 900,000</u>
Total Governmental Activities					<u>\$ 18,780,000</u>	<u>\$ 1,885,000</u>

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

8. Long-Term Obligations (Continued)

Governmental Debt (Continued)

Debt service requirements to maturity are as follows:

	Total GO Principal	Total GO Interest	Total NAN Principal	Total NAN Interest	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest
2016	\$ 985,000	\$ 227,277	\$ -	\$ 23,250	\$ 900,000	\$ 327,068
2017	1,020,000	185,216	-	22,320	920,000	304,572
2018	1,050,000	157,172	1,395,000	22,320	945,000	279,362
2019	955,000	128,631	-	-	1,465,000	251,480
2020	980,000	98,852	-	-	625,000	201,285
2021-2025	2,005,000	131,928	-	-	5,030,000	416,075
2026	-	-	-	-	505,000	14,645
	<u>\$ 6,995,000</u>	<u>\$ 929,076</u>	<u>\$ 1,395,000</u>	<u>\$ 67,890</u>	<u>\$ 10,390,000</u>	<u>\$ 1,794,487</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, 2015 is \$14,815,015. Debt subject to the limit is \$6,995,000.

9. Defined Benefit Pension Plan

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

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

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

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

9. Defined Benefit Pension Plan (Continued)

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

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

During the reporting period, the WRS recognized \$61,666 in contributions from the municipality.

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

9. Defined Benefit Pension Plan (Continued)

Contribution rates as of December 31, 2015 are:

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

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

At December 31, 2015, the Village reported an asset of \$166,097 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the Village's proportion was 0.00676213%, which was a decrease of 0.00046662% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Village recognized pension expense of \$67,777.

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

At December 31, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

9. Defined Benefit Pension Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,079	\$ -
Net difference between projected and actual earnings on pension plan investments	80,432	-
Changes in proportion and difference between Village contributions and proportionate share of contributions	11,394	-
Village contributions subsequent to the measurement date	63,184	-
Total	\$ 179,089	\$ -

\$63,185 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 26,425	\$ -
2017	26,425	-
2018	26,425	-
2019	26,425	-
2020	10,204	-

Actuarial assumptions. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

9. Defined Benefit Pension Plan (Continued)

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset):	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-Retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 –2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

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

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

9. Defined Benefit Pension Plan (Continued)

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

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21%
International Equities	5.7%	23%
Fixed Income	1.7%	36%
Inflation Sensitive Assets	2.3%	20%
Real Estate	4.2%	7%
Private Equity/Debt	6.9%	7%
Multi-Asset	3.9%	6%
Cash	0.9%	-20%

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
Village's proportionate share of the net pension liability (asset)	\$ 468,587	\$ (166,097)	\$ (667,343)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

10. Net Position/Fund Balances

Governmental Activities

Net position reported on the government-wide statement of net position at December 31, 2015 include the following:

Capital Assets Net of Depreciation	\$ 16,286,074
Less: Related Long-Term Debt Outstanding	(18,780,000)
Plus: Unamortized Debt Expenses	141,312
Plus: Debt Used for Business-Type Capital Assets	2,590,000
Plus: Debt Reserves - TIF 2 & 3	1,484,857
Plus: Debt Proceeds in Restricted Cash	238,155
Plus: Unspent Bond Proceeds - TIF 3	4,243
Total Net Investment in Capital Assets	1,964,641
Restricted	
General Fund	146,791
Library	16,250
Employee Pension Plan	246,946
Total Restricted	409,987
Unrestricted	(105,171)
Total Governmental Activities Net Position (Deficit)	\$ 2,269,457

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, 2015:

Capital Assets Net of Depreciation	\$ 19,058,940
Total Net Investment in Capital Assets	19,058,940
Restricted	
Employee Pension Plan	98,240
Total Restricted	98,240
Unrestricted	5,089,852
Total Business-Type Activities Net Position	\$ 24,247,032

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

10. Net Position/Fund Balances (Continued)

Fund balances on the fund financial statements as of December 31, 2015 include the following:

Nonspendable Fund Balance	
<u>General Fund</u>	
Delinquent Personal Property Taxes	\$ 1,109
Delinquent Special Assessments/Charges	25,722
Advances to Other Funds (net of unearned interest)	1,514,324
Other Assets	<u>78,130</u>
Total General Fund	<u>1,619,285</u>
Total Nonspendable Fund Balance	<u><u>\$ 1,619,285</u></u>
 Restricted Fund Balance	
<u>General Fund</u>	
Impact / Developer Fees	\$ 124,003
EMS FAP Account	4,946
Other	<u>17,842</u>
Total General Fund	<u>146,791</u>
 <u>TIF District #2</u>	
Debt Service	<u>1,100,362</u>
 <u>TIF District #3</u>	
Future Projects and Incentives	4,243
Debt Service	<u>668,700</u>
	<u>672,943</u>
 <u>Library Fund</u>	
Library Expenditures	<u>36,950</u>
 <u>Room Tax Fund</u>	
Operations	<u>17,664</u>
 <u>Fire Fund</u>	
Fire Association Expenditures	<u>228,663</u>
 <u>Capital Projects Fund</u>	
Capital Projects Expenditures	<u>113,494</u>
Total Restricted Fund Balance	<u><u>\$ 2,316,867</u></u>

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

10. Net Position/Fund Balances (Continued)

Unassigned Fund Balance (Deficit)	
<u>General Fund</u>	<u>\$ 507,028</u>
<u>TIF District #3</u>	<u>(560,453)</u>
<u>Fire Fund</u>	<u>(551,370)</u>
Total Unassigned Fund Balance (Deficit)	<u><u>\$ (604,795)</u></u>

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

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	\$ 832,989	\$ 878,354	\$ (45,365)
General	Public Works	456,781	457,843	(1,062)
TIF #2	Interest Expense	257,561	367,543	(109,982)
TIF #3	Conservation and Development	333,833	431,446	(97,613)
TIF #3	Interest Expense	220,176	344,169	(110,150)
Fire	Interest Expense	27,361	45,864	(18,503)

In total, general fund expenditures were over budget by \$13,022.

VILLAGE OF JOHNSON CREEK
Notes to Financial Statements
December 31, 2015

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 2015, the Village had \$75,613 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 11.25% of the difference between assessed values of improvements and current assessed value. The grant is limited to \$150,000 and is to be paid by TIF #2. The final payment expected to be paid in 2016 of \$41,449 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. A payment is expected to be paid by TIF #2 in 2016 in the amount of \$36,870. The liability has been accrued in the government-wide financial statements. (See Note 8)

There is an additional cash grant of .061442% of improvement values for an additional developer. The Village (TIF #2) made an initial payment of \$22,977 (\$26,395 less development fees) in 2015. Another cash grant is expected to be paid on September 1, 2016 in the amount of \$9,229. The liability has been accrued in the government-wide financial statements. (See Note 8)

In 2016, the Village approved an additional developer incentive (economic development grant) for the actual cost of site preparation and improvements limited to an amount not greater than \$888,857. This grant is contingent on completion of site improvements therefore the conditions of the agreement have not yet been met and no liability 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.

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, 2015**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,262,251	\$ 1,262,251	\$ 1,258,295	\$ (3,956)
Other Taxes	51,585	51,585	48,583	(3,002)
Special Assessment Revenue	-	-	16,412	16,412
Intergovernmental	472,306	472,306	487,261	14,955
License and Permits	98,000	98,000	177,630	79,630
Fines, Forfeits and Penalties	48,000	48,000	23,578	(24,422)
Public Charges for Services	206,150	206,150	235,126	28,976
Interest Income	5,000	5,000	2,321	(2,679)
Miscellaneous Income	46,478	46,478	52,090	5,612
Total Revenues	<u>2,189,770</u>	<u>2,189,770</u>	<u>2,301,296</u>	<u>111,526</u>
EXPENDITURES				
Current:				
General Government	252,884	252,884	231,904	20,980
Public Safety	832,989	832,989	878,354	(45,365)
Public Works	456,781	456,781	457,843	(1,062)
Health and Human Services	7,400	7,400	7,240	160
Culture, Recreation and Education	87,737	87,737	75,472	12,265
Debt Service:				
Principal Repayment	327,840	327,840	327,840	-
Interest Expense	78,387	78,387	78,387	-
Total Expenditures	<u>2,044,018</u>	<u>2,044,018</u>	<u>2,057,040</u>	<u>(13,022)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>145,752</u>	<u>145,752</u>	<u>244,256</u>	<u>98,504</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	244,667	244,667	362,097	117,430
Transfers Out	(390,419)	(390,419)	(517,037)	(126,618)
Total Other Financing Sources and Uses	<u>(145,752)</u>	<u>(145,752)</u>	<u>(154,940)</u>	<u>(9,188)</u>
Net Change in Fund Balances	-	-	89,316	89,316
Fund Balances - Beginning	<u>2,183,788</u>	<u>2,183,788</u>	<u>2,183,788</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,183,788</u>	<u>\$ 2,183,788</u>	<u>\$ 2,273,104</u>	<u>\$ 89,316</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, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,396,896	\$ 1,396,896	\$ 1,366,568	\$ (30,328)
Special Assessment Revenue	16,400	16,400	15,537	(863)
Intergovernmental	10,970	10,970	30,645	19,675
License and Permits	15,000	15,000	6,750	(8,250)
Interest Income	3,000	3,000	4,740	1,740
Miscellaneous Income	-	-	676	676
Total Revenues	<u>1,442,266</u>	<u>1,442,266</u>	<u>1,424,916</u>	<u>(17,350)</u>
EXPENDITURES				
Current:				
General Government	121,579	121,579	80,282	41,297
Conservation and Development	334,301	334,301	137,741	196,560
Debt Service:				
Principal Repayment	728,825	728,825	728,825	-
Interest Expense	<u>257,561</u>	<u>257,561</u>	<u>367,543</u>	<u>(109,982)</u>
Total Expenditures	<u>1,442,266</u>	<u>1,442,266</u>	<u>1,314,391</u>	<u>127,875</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>110,525</u>	<u>110,525</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long-Term Debt	-	-	1,740,000	(1,740,000)
Principal Payments on Refunding Bonds	-	-	(1,320,000)	1,320,000
Transfers Out	-	-	(461,425)	(461,425)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>(41,425)</u>	<u>(881,425)</u>
Net Change in Fund Balances	-	-	69,100	(770,900)
Fund Balances - Beginning	<u>1,031,262</u>	<u>1,031,262</u>	<u>1,031,262</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,031,262</u>	<u>\$ 1,031,262</u>	<u>\$ 1,100,362</u>	<u>\$ (770,900)</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, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,128,428	\$ 1,128,428	\$ 1,114,886	\$ (13,542)
Special Assessment Revenue	139,000	139,000	171,806	32,806
Intergovernmental	6,000	6,000	6,040	40
License and Permits	20,000	20,000	1	(19,999)
Interest Income	2,500	2,500	6,676	4,176
Total Revenues	<u>1,295,928</u>	<u>1,295,928</u>	<u>1,299,409</u>	<u>3,481</u>
EXPENDITURES				
Current:				
General Government	110,424	110,424	68,644	41,780
Conservation and Development	333,833	333,833	431,446	(97,613)
Capital Outlay	37,000	37,000	7,012	29,988
Debt Service:				
Principal Repayment	596,175	596,175	596,175	-
Interest Expense	220,176	220,176	330,326	(110,150)
Total Expenditures	<u>1,297,608</u>	<u>1,297,608</u>	<u>1,433,603</u>	<u>(135,995)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,680)</u>	<u>(1,680)</u>	<u>(134,194)</u>	<u>(132,514)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long-Term Debt	-	-	1,395,000	(1,395,000)
Transfers In	-	-	461,425	461,425
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>1,856,425</u>	<u>(933,575)</u>
Net Change in Fund Balances	(1,680)	(1,680)	1,722,231	(1,066,089)
Fund Balances - Beginning	(1,609,741)	(1,609,741)	(1,609,741)	-
Fund Balances - Ending	<u>\$ (1,611,421)</u>	<u>\$ (1,611,421)</u>	<u>\$ 112,490</u>	<u>\$ (1,066,089)</u>

Village of Johnson Creek

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Fire Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 137,106	\$ 137,106	\$ 137,106	\$ -
Intergovernmental	15,750	15,750	16,863	1,113
Public Charges for Services	1,000	1,000	-	(1,000)
Interest Income	1,500	1,500	1,950	450
Miscellaneous Income	14,291	14,291	20,320	6,029
Total Revenues	<u>169,647</u>	<u>169,647</u>	<u>176,239</u>	<u>6,592</u>
EXPENDITURES				
Current:				
General Government	64,548	64,548	56,575	7,973
Public Safety	208,198	208,198	193,247	14,951
Capital Outlay	725,000	788,000	671,680	116,320
Debt Service				
Principal Repayment	117,160	117,160	117,160	-
Interest Expense	27,361	27,361	45,864	(18,503)
Total Expenditures	<u>1,142,267</u>	<u>1,205,267</u>	<u>1,084,526</u>	<u>120,741</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(972,620)</u>	<u>(1,035,620)</u>	<u>(908,287)</u>	<u>127,333</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long-Term Debt	700,000	700,000	-	700,000
Transfers In	249,938	249,938	249,938	-
Transfers Out	(2,318)	(2,318)	(2,318)	-
Total Other Financing Sources and Uses	<u>947,620</u>	<u>947,620</u>	<u>247,620</u>	<u>700,000</u>
Net Change in Fund Balances	(25,000)	(88,000)	(660,667)	827,333
Fund Balances - Beginning	337,960	337,960	337,960	-
Fund Balances - Ending	<u>\$ 312,960</u>	<u>\$ 249,960</u>	<u>\$ (322,707)</u>	<u>\$ 827,333</u>

**VILLAGE OF JOHNSON CREEK
WISCONSIN RETIREMENT SYSTEM SCHEDULES**

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

	December 31, 2014
Village's proportion of the net pension liability (asset)	0.00676213%
Village's proportionate share of the net pension liability (asset)	\$ (166,097)
Village's covered-employee payroll	\$ 792,592
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-20.96%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

**SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED**

	December 31, 2015
Contractually required contributions	\$ 63,185
Contributions in relation to the contractually required contributions	\$ 63,185
Contribution deficiency (excess)	\$ -
Village's covered-employee payroll	\$ 850,888
Contributions as a percentage of covered-employee payroll	7.43%

**Notes to the Wisconsin Retirement System Schedules
for the Year Ended December 31, 2015**

Change of benefits terms. There were no changes of benefits terms for any participating employer in WRS.

Change of assumptions. There were no changes in the assumptions.

SUPPLEMENTARY INFORMATION

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

**Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2015**

	<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>	
ASSETS				
Cash and Cash Equivalents	\$ 22,563	\$ -	\$ 104,002	\$ 126,565
Receivables:				
Accounts	-	25,588	-	25,588
Restricted Cash	16,250	-	9,492	25,742
Total Assets	<u>\$ 38,813</u>	<u>\$ 25,588</u>	<u>\$ 113,494</u>	<u>\$ 177,895</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 7,924	\$ -	\$ 7,924
Accrued Liabilities	1,863	-	-	1,863
Total Liabilities	<u>1,863</u>	<u>7,924</u>	<u>-</u>	<u>9,787</u>
FUND BALANCES				
Restricted	<u>36,950</u>	<u>17,664</u>	<u>113,494</u>	<u>168,108</u>
Total Fund Balances	<u>36,950</u>	<u>17,664</u>	<u>113,494</u>	<u>168,108</u>
Total Liabilities and Fund Balances	<u>\$ 38,813</u>	<u>\$ 25,588</u>	<u>\$ 113,494</u>	<u>\$ 177,895</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, 2015**

	<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>	
REVENUES				
Other Taxes	\$ -	\$ 115,034	\$ -	\$ 115,034
Intergovernmental	54,047	-	-	54,047
Fines, Forfeits and Penalties	4,517	-	-	4,517
Interest Income	187	222	499	908
Miscellaneous Income	9,439	-	500	9,939
Total Revenues	<u>68,190</u>	<u>115,256</u>	<u>999</u>	<u>184,445</u>
EXPENDITURES				
Current:				
General Government	2,367	500	-	2,867
Culture, Recreation and Education	190,136	-	-	190,136
Conservation and Development	-	57,505	-	57,505
Capital Outlay	1,011	-	97,631	98,642
Total Expenditures	<u>193,514</u>	<u>58,005</u>	<u>97,631</u>	<u>349,150</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(125,324)</u>	<u>57,251</u>	<u>(96,632)</u>	<u>(164,705)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	140,481	-	126,618	267,099
Transfers Out	(22,097)	(136,525)	-	(158,622)
Total Other Financing Sources and Uses	<u>118,384</u>	<u>(136,525)</u>	<u>126,618</u>	<u>108,477</u>
Net Change in Fund Balances	(6,940)	(79,274)	29,986	(56,228)
Fund Balances - Beginning	43,890	96,938	83,508	224,336
Fund Balances - Ending	<u>\$ 36,950</u>	<u>\$ 17,664</u>	<u>\$ 113,494</u>	<u>\$ 168,108</u>