

VILLAGE OF JACKSON

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2020

VILLAGE OF JACKSON

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CPAs and Business Advisors

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Jackson, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Jackson (the "Village"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain 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 as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Village Board
Village of Jackson, Wisconsin

Emphasis of a Matter

As described in Note N to the financial statements, the December 31, 2020 financial statement have been restated to correct the following misstatements: (1) A prior period adjustment was made to bring the liability for compensated absences into the government-wide statements. (2) A prior period adjustment was made to correct an error in expenses reported in the prior year.

Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Sitzberger & Company, S.C.

Sitzberger & Company, S.C.
Brookfield, Wisconsin
November 1, 2021

VILLAGE OF JACKSON
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government		Totals
	Governmental Activities	Business-type Activities	
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 8,664,672	\$ 881,596	\$ 9,546,268
Taxes receivable	2,823,877	-	2,823,877
Accounts receivable (net of allowance for doubtful accounts)	83,140	796,906	880,046
Inventory	-	42,565	42,565
Non-current assets:			
Restricted - cash and investments	2,202,415	3,059,756	5,262,171
Special assessments receivable	294,680	-	294,680
Net pension asset	496,043	139,909	635,952
Capital assets:			
Land	2,007,922	384,719	2,392,641
Construction in progress	7,476,626	280,468	7,757,094
Capital assets, net of accumulated depreciation	17,643,334	29,814,043	47,457,377
TOTAL ASSETS	41,692,709	35,399,962	77,092,671
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows related to pension	1,182,098	333,412	1,515,510
Deferred outflows related to OPEB	75,558	21,312	96,870
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,257,656	354,724	1,612,380
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable, tax equivalent and other accrued expenses	1,720,853	515,919	2,236,772
Accrued salaries and benefits	152,151	21,822	173,973
Accrued interest	60,511	-	60,511
Developer escrow funds held	2,368	39,669	42,037
Developer agreement payments	164,557	-	164,557
Long-term debt, due within one year	1,987,357	-	1,987,357
Non-current liabilities:			
Developer agreement payments	1,814,321	-	1,814,321
Long-term debt, due in more than one year	14,023,325	-	14,023,325
Unamortized premium on debt	232,433	-	232,433
Net OPEB liability	173,742	49,005	222,747
Accrued compensated absences	409,187	115,121	524,308
TOTAL LIABILITIES	20,740,805	741,536	21,482,341
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property taxes	6,101,694	-	6,101,694
Deferred inflows related to pension	1,488,135	419,731	1,907,866
Deferred inflows related to OPEB	27,187	7,670	34,857
TOTAL DEFERRED INFLOWS OF RESOURCES	7,617,016	427,401	8,044,417
<u>NET POSITION</u>			
Net investment in capital assets	13,019,090	30,198,762	43,217,852
Restricted	3,182,320	3,059,756	6,242,076
Unrestricted	(1,608,866)	1,327,231	(281,635)
TOTAL NET POSITION	\$ 14,592,544	\$ 34,585,749	\$ 49,178,293

See accompanying notes.

VILLAGE OF JACKSON
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-type Activities	
<u>PRIMARY GOVERNMENT</u>							
<u>GOVERNMENTAL ACTIVITIES</u>							
General government	\$ 925,274	\$ 117,780	\$ 113,274	\$ 365,000	\$ (329,220)	\$ -	\$ (329,220)
Public safety	2,766,046	561,080	391,679	42,465	(1,770,822)	-	(1,770,822)
Public works	1,420,414	113,200	351,410	-	(955,804)	-	(955,804)
Culture and recreation	772,089	284,465	42,998	24,300	(420,326)	-	(420,326)
Conservation and development	151,497	2,000	-	-	(149,497)	-	(149,497)
Interest on long-term debt	384,010	-	-	-	(384,010)	-	(384,010)
TOTAL GOVERNMENTAL	6,419,330	1,078,525	899,361	431,765	(4,009,679)	-	(4,009,679)
<u>BUSINESS-TYPE ACTIVITIES</u>							
Water	1,520,076	1,343,231	-	419,229	-	242,384	242,384
Sewer	1,999,646	1,893,140	-	587,643	-	481,137	481,137
TOTAL BUSINESS-TYPE	3,519,722	3,236,371	-	1,006,872	-	723,521	723,521
TOTAL PRIMARY GOVERNMENT	\$ 9,939,052	\$4,314,896	\$ 899,361	\$ 1,438,637	(4,009,679)	723,521	(3,286,158)
<u>GENERAL REVENUES</u>							
Property taxes					5,843,658	-	5,843,658
Mobile home fees					87,186	-	87,186
Motel/Hotel room tax					32,077	-	32,077
Payments in lieu of taxes					255,759	-	255,759
State aids - Unrestricted					389,541	-	389,541
Interest on investments					75,009	15,757	90,766
Miscellaneous					68,359	-	68,359
Rent					57,367	-	57,367
Gain on sale of Village property					6,652	-	6,652
TOTAL GENERAL REVENUES					6,815,608	15,757	6,831,365
CHANGE IN NET POSITION					2,805,929	739,278	3,545,207
NET POSITION - BEGINNING OF YEAR					12,152,365	33,960,840	46,113,205
Prior Period Adjustment					(365,750)	(114,369)	(480,119)
NET POSITION - BEGINNING OF YEAR, AS RESTATED					11,786,615	33,846,471	45,633,086
NET POSITION - END OF YEAR					\$ 14,592,544	\$ 34,585,749	\$ 49,178,293

See accompanying notes.

**VILLAGE OF JACKSON
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Fire/EMS Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and investments	\$3,443,216	\$ 1,591,586	\$2,530,944	\$ 531,688	\$ 567,238	\$ 8,664,672
Receivables:						
Taxes	1,297,048	861,931	469,367	-	195,531	2,823,877
Accounts (net of allowance for doubtful accounts)	21,605	-	406	54,192	6,937	83,140
Special assessments	-	-	260,449	-	34,231	294,680
Restricted Assets:						
Cash and investments	29,992	38,099	1,524,374	-	609,950	2,202,415
TOTAL ASSETS	4,791,861	2,491,616	4,785,540	585,880	1,413,887	14,068,784
<u>LIABILITIES</u>						
Accounts payable and accrued expenses	84,340	-	1,350,492	15,843	270,178	1,720,853
Accrued salaries and fringes	117,957	-	-	24,174	10,020	152,151
Deposits held	2,368	-	-	-	-	2,368
TOTAL LIABILITIES	204,665	-	1,350,492	40,017	280,198	1,875,372
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Property taxes	2,779,289	1,875,577	1,021,350	-	425,478	6,101,694
Special assessments	-	-	260,449	-	34,231	294,680
TOTAL DEFERRED INFLOWS OF RESOURCES	2,779,289	1,875,577	1,281,799	-	459,709	6,396,374
<u>FUND BALANCES</u>						
Restricted	-	616,039	2,153,249	-	413,032	3,182,320
Assigned	-	-	-	545,863	262,697	808,560
Unassigned	1,807,907	-	-	-	(1,749)	1,806,158
TOTAL FUND BALANCES	1,807,907	616,039	2,153,249	545,863	673,980	5,797,038
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$4,791,861	\$ 2,491,616	\$4,785,540	\$ 585,880	1,413,887	\$ 14,068,784

See accompanying notes.

VILLAGE OF JACKSON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 5,797,038

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds as assets.

Capital assets	37,256,508	
Accumulated depreciation	<u>(10,128,626)</u>	
		27,127,882

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds. 294,680

The Village's proportionate share of the Wisconsin Retirement System net pension asset is reported on the statement of net position, but is not reported in the governmental funds. 496,043

The Village's proportionate share of the net OPEB liability for the Local Retiree Life Insurance Fund ("LRLIF") administered by the Wisconsin Department of Employee Trust Funds ("ETF") is reported on the statement of net position, but is not reported in the governmental funds. (173,742)

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods, and therefore, are not reported in the governmental funds.

Deferred outflows related to pensions	1,182,098	
Deferred inflows related to pensions	(1,488,135)	
Deferred outflows related to OPEB	75,558	
Deferred inflows related to OPEB	<u>(27,187)</u>	
		(257,666)

Long-term debt and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Long-term debt and related items at year end consist of:

Long-term debt	(16,010,682)	
Unamortized premium on debt issuance	(232,433)	
Developer agreements	(1,978,878)	
Compensated absences	<u>(409,187)</u>	
		(18,631,180)

Accrued interest payable on debt is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (60,511)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 14,592,544

See accompanying notes.

VILLAGE OF JACKSON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Fire/EMS Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>REVENUES</u>						
Taxes	\$2,836,309	\$ 1,773,751	\$1,230,636	\$ -	\$ 338,302	6,178,998
Payments in lieu of taxes	7,235	-	-	-	-	7,235
Room tax	-	-	-	-	32,077	32,077
Special assessments	-	-	57,286	-	55,820	113,106
Intergovernmental	831,652	-	24,910	46,633	16,848	920,043
Licenses and permits	330,272	-	-	-	-	330,272
Fines and forfeitures	28,837	-	-	-	-	28,837
Charges for services	100,685	-	-	297,490	287,675	685,850
Intergovernmental charges for services	-	-	-	341,751	42,998	384,749
Interest income	18,086	602	40,928	79	27,282	86,977
Other	87,592	-	365,000	13,713	2,000	468,305
TOTAL REVENUES	4,240,668	1,774,353	1,718,760	699,666	803,002	9,236,449
<u>EXPENDITURES</u>						
Current:						
General government	844,466	-	18,125	-	170,937	1,033,528
Public safety	1,687,466	-	-	846,471	-	2,533,937
Public works	968,201	-	12,811	-	-	981,012
Culture and recreation	173,078	-	-	-	481,841	654,919
Capital outlay	42,277	-	6,774,856	-	1,462,339	8,279,472
Debt Service:						
Principal	-	1,898,537	60,302	-	106,729	2,065,568
Interest and fiscal charges	-	441,807	-	-	-	441,807
TOTAL EXPENDITURES	3,715,488	2,340,344	6,866,094	846,471	2,221,846	15,990,243
EXCESS (DEFICIENCY) OF REVENUES						
OVER (UNDER) EXPENDITURES	525,180	(565,991)	(5,147,334)	(146,805)	(1,418,844)	(6,753,794)
<u>OTHER FINANCING SOURCES (USES)</u>						
Proceeds from sale of capital assets	6,652	-	-	-	-	6,652
Transfers in (out)	(350,403)	580,092	(363,888)	278,949	(144,750)	-
TOTAL OTHER FINANCING SOURCES (USES)	(343,751)	580,092	(363,888)	278,949	(144,750)	6,652
NET CHANGE IN FUND BALANCES	181,429	14,101	(5,511,222)	132,144	(1,563,594)	(6,747,142)
FUND BALANCES - BEGINNING	1,626,478	601,938	7,664,471	413,719	2,250,433	12,557,039
Prior Period Adjustment	-	-	-	-	(12,859)	(12,859)
FUND BALANCES - BEGINNING, AS RESTATED	1,626,478	601,938	7,664,471	413,719	2,237,574	12,544,180
FUND BALANCES - ENDING	\$1,807,907	\$ 616,039	\$2,153,249	\$ 545,863	\$ 673,980	\$ 5,797,038

See accompanying notes.

VILLAGE OF JACKSON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (6,747,142)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	8,279,472	
Depreciation expense	(768,666)	
		7,510,806

Certain revenue is unavailable in the governmental funds because they are not available to pay current period expenditures. In the statement of activities, these are recorded as revenue in the current year (23,080)

In the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as an expense. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

Pension expense	(154,361)	
Village pension contributions	166,238	
OPEB expense	(14,336)	
Village OPEB contributions	736	
		(1,723)

Amortization of premium from the issuance of debt reduces the balances of the respective item in the statement of net position. The amortization is an expenditure in the statement of net position, but is not shown in the governmental funds. 64,509

Governmental funds report proceeds from the issuance of long-term debt as other financing sources, but issuing debt increases long-term liabilities in the statement of net position. Repayments of long-term debt principal are expenditures in the governmental funds but the repayments reduce long-term liabilities in the statement of net position.

Principal payments on developer agreement	167,031	
Principal payments on bonds, notes, and capital leases	1,898,537	
		2,065,568

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

Changes in interest accrued on long-term debt	(6,713)	
Changes in compensated absences	(56,296)	
		(63,009)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,805,929

See accompanying notes.

VILLAGE OF JACKSON
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
	<u>Utility</u>	<u>Utility</u>	
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 299,977	\$ 581,619	\$ 881,596
Customer accounts receivable	342,451	454,455	796,906
Inventories	42,565	-	42,565
Total Current Assets	<u>684,993</u>	<u>1,036,074</u>	<u>1,721,067</u>
Non-current Assets:			
Cash and investments - restricted	21,643	3,038,113	3,059,756
Net pension asset	63,595	76,314	139,909
Capital Assets:			
Land	352,219	32,500	384,719
Construction in progress	262,135	18,333	280,468
Capital assets, net of accumulated depreciation	16,721,666	13,092,377	29,814,043
Total Non-current Assets	<u>17,421,258</u>	<u>16,257,637</u>	<u>33,678,895</u>
TOTAL ASSETS	18,106,251	17,293,711	35,399,962
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows related to pension	151,551	181,861	333,412
Deferred outflows related to OPEB	9,687	11,625	21,312
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>161,238</u>	<u>193,486</u>	<u>354,724</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 18,267,489</u>	<u>\$ 17,487,197</u>	<u>\$ 35,754,686</u>

See accompanying notes.

VILLAGE OF JACKSON
STATEMENTS OF NET POSITION - CONTINUED
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Totals
	Utility	Utility	
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	\$ 101,248	\$ 154,958	\$ 256,206
Accrued salaries and benefits	10,925	10,897	21,822
Accrued property tax equivalent	259,713	-	259,713
Developer escrow funds held	20,712	18,957	39,669
Total Current Liabilities	392,598	184,812	577,410
Non-current liabilities:			
Net OPEB liability	22,275	26,730	49,005
Accrued compensated absences	74,406	40,715	115,121
Total Non-current Liabilities	96,681	67,445	164,126
TOTAL LIABILITIES	489,279	252,257	741,536
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows related to pension	190,787	228,944	419,731
Deferred inflows related to OPEB	3,486	4,184	7,670
TOTAL DEFERRED INFLOWS	194,273	233,128	427,401
<u>NET POSITION</u>			
Net investment in capital assets	17,073,885	13,124,877	30,198,762
Restricted for:			
Capital Projects	21,643	1,971,035	1,992,678
Equipment Replacement	-	1,067,078	1,067,078
Unrestricted	488,409	838,822	1,327,231
TOTAL NET POSITION	17,583,937	17,001,812	34,585,749
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 18,267,489	\$ 17,487,197	\$ 35,754,686

See accompanying notes.

VILLAGE OF JACKSON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
<u>OPERATING REVENUES</u>			
Charges for service	\$ 1,343,231	\$ 1,877,763	\$ 3,220,994
Other operating revenues	13,681	15,377	29,058
TOTAL OPERATING REVENUES	1,356,912	1,893,140	3,250,052
<u>OPERATING EXPENSES</u>			
Operation and maintenance	1,010,573	1,175,464	2,186,037
Depreciation	509,503	824,182	1,333,685
TOTAL OPERATING EXPENSES	1,520,076	1,999,646	3,519,722
OPERATING INCOME (LOSS)	(163,164)	(106,506)	(269,670)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest income	733	15,024	15,757
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(162,431)	(91,482)	(253,913)
Capital contributions/Impact fees	405,548	587,643	993,191
CHANGE IN NET POSITION	243,117	496,161	739,278
NET POSITION - BEGINNING OF YEAR	17,412,077	16,548,763	33,960,840
Prior Period Adjustment	(71,257)	(43,112)	(114,369)
NET POSITION - BEGINNING OF YEAR, AS RESTATED	17,340,820	16,505,651	33,846,471
NET POSITION - END OF YEAR	\$ 17,583,937	\$ 17,001,812	\$ 34,585,749

See accompanying notes.

VILLAGE OF JACKSON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 1,332,206	\$ 1,893,851	\$ 3,226,057
Payments to suppliers	(558,509)	(624,125)	(1,182,634)
Payments to employees	(299,054)	(420,565)	(719,619)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>474,643</u>	<u>849,161</u>	<u>1,323,804</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Capital contributions	405,548	587,643	993,191
Acquisition and construction of capital assets	(856,655)	(574,136)	(1,430,791)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(451,107)</u>	<u>13,507</u>	<u>(437,600)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest income	<u>733</u>	<u>15,024</u>	<u>15,757</u>
NET CHANGE IN CASH AND INVESTMENTS	24,269	877,692	901,961
CASH AND INVESTMENTS - BEGINNING OF YEAR	<u>297,351</u>	<u>2,742,040</u>	<u>3,039,391</u>
CASH AND INVESTMENTS - END OF YEAR	<u><u>\$ 321,620</u></u>	<u><u>\$ 3,619,732</u></u>	<u><u>\$ 3,941,352</u></u>

See accompanying notes.

VILLAGE OF JACKSON
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</u>			
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Operating income (loss)	\$ (163,164)	\$ (106,506)	\$ (269,670)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	536,558	824,182	1,360,740
Changes in assets and liabilities:			
(Increase) decrease in customer and other receivables	(24,706)	711	(23,995)
(Increase) decrease in inventories	8,512	-	8,512
(Increase) decrease related to pensions and OPEB	222	268	490
Increase (decrease) in accounts payable	85,940	111,602	197,542
Increase (decrease) in accrued liabilities	7,420	2,344	9,764
Increase (decrease) in developer escrow funds held	20,712	18,957	39,669
Increase (decrease) in compensated absences payable	3,149	(2,397)	752
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 474,643</u>	<u>\$ 849,161</u>	<u>\$ 1,323,804</u>
<u>RECONCILIATION OF CASH AND INVESTMENTS TO STATEMENT OF NET POSITION - PROPRIETARY FUNDS</u>			
Cash and investments reported as current assets	\$ 299,977	\$ 581,619	\$ 881,596
Cash and investments reported as restricted assets	21,643	3,038,113	3,059,756
TOTAL CASH AND INVESTMENTS	<u>\$ 321,620</u>	<u>\$ 3,619,732</u>	<u>\$ 3,941,352</u>
<u>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Capital outlay paid by developers	<u>\$ 349,500</u>	<u>\$ 387,100</u>	<u>\$ 736,600</u>

See accompanying notes.

VILLAGE OF JACKSON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020

	Custodial Funds
	Tax Collection Fund
<u>ASSETS</u>	
Cash and investments	\$ 4,302,322
Taxes receivable	3,658,384
TOTAL ASSETS	7,960,706
<u>LIABILITIES</u>	
Due to other taxing units	7,960,706
TOTAL LIABILITIES	7,960,706
NET POSITION	\$ -

VILLAGE OF JACKSON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2020

	Custodial Funds
	Tax Collection Fund
<u>ADDITIONS</u>	
Collection of property tax	\$ 7,516,240
TOTAL ADDITIONS	7,516,240
<u>DEDUCTIONS</u>	
Distributions to other governmental units	7,516,240
TOTAL DEDUCTIONS	7,516,240
NET POSITION, January 1	-
NET POSITION, December 31	\$ -

See accompanying notes.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note A - Summary of Significant Accounting Policies

The financial statements of the Village of Jackson (the “Village”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Village are described below.

Financial Reporting Entity

This report includes all of the funds of the Village of Jackson (“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. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. 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.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities are, in substance, part of the government’s operations and are reported with similar funds of the primary government.

This report does not contain any component units or blended component units.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods and services. Eliminations have been made to avoid double counting of internal activities of the Village.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Fund Financial Statements

Financial statements of the reporting entity are organized into 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, fund equity, revenues, and expenditure/expenses.

Funds are organized 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 Village or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, 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
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. 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.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Major Governmental Funds

The Village reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all financial transactions except those legally and administratively required to be accounted for in another fund.

Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of, general long-term obligations principal, interest and related costs (other than debt accounted for in the Proprietary Funds).

Capital Projects Fund – This fund accounts for the activities involving borrowing for construction or purchase of capital assets. Transactions of Tax Incremental District No. 4 may also be included in this fund.

Fire/EMS Fund – This fund accounts for the activities of the fire department and ambulance services of the village

Major Proprietary Funds

The Village reports the following major proprietary funds:

Sewer Utility Enterprise Fund – This fund accounts for the activities of operating the sewage treatment plant, sewage pumping stations, and collections systems.

Water Utility Enterprise Fund – This fund accounts for the activities of operating the water distribution system.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Non-Major Funds

The Village reports the following non-major governmental funds:

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or assigned to expenditures for specific purposes. The Village reports the following non-major special revenue funds:

Recreation Fund

Hotel/Motel Tax Fund

Park Fund

Capital Projects Funds – Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures of funds for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village reports the following non-major capital projects funds:

Tax Incremental District No. 5

Tax Incremental District No. 6

Tax Incremental District No. 7

Additionally, the Village reports the following fund type:

Fiduciary Funds – Custodial funds are used to account for assets held by the Village in a purely custodial capacity. The Village's custodial fund is used for recording assets collected for other taxing jurisdictions. Since by definition these assets are held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not included in the preparation of the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. 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 60 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, pension and OPEB 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. Amounts received prior to meeting eligibility requirements are recorded as unearned revenue.

Special assessments are recorded 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 by the county are reported as receivable and deferred inflows of resources.

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 governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent years' operations. For governmental fund financial statements, deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred inflows of resources is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds allow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

All Financial Statements

The preparation of the Village's financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Investments

The Village's cash and investments are considered to be cash on hand, demand deposits, savings deposits, certificates of deposit, the Wisconsin Local Government Investment Pool and government agency securities.

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period.

The Village categorizes fair value measurements of its investments based on the hierarchy established by GAAP. The Asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The local government investment pool ("LGIP") is valued at amortized cost, and the certificates of deposit ("CD's") are valued at cost plus accrued interest.

For purposes of the statement of cash flows for the enterprise funds, cash equivalents are temporary cash investments with a maturity of three months or less at the date of purchase. Pooled bank accounts that are shared between its various accounting funds are maintained.

Investment of Village funds are restricted by state statutes. Permitted investments for the Village include any of the following:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in Wisconsin.
- Bonds or securities of any county, drainage district, technical college district, Village, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or by the Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed by the federal government and its agencies.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

The Village has not adopted a formal investment policy.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned or to which the Village is otherwise entitled and has not yet received.

In the fund financial statements, material receivables in the governmental funds include revenue accruals such as intergovernmental grants and aids and other similar revenues since they are usually both measurable and available. Receivables collectible, but not available, are deferred in the fund financial statements in accordance with the modified accrual basis of accounting but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No provision for uncollectible accounts receivable has been made for the proprietary funds because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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 provided. In addition to property taxes for the municipality, taxes are collected for and remitted to the state and county governments as well as the local and vocational school districts. Taxes for all state and other local governmental units billed in the current year for the succeeding year are reflected as receivables and as due to other governmental units on the statement of net position – fiduciary (agency) fund. Taxes are levied in December on the assessed value as of the prior January 1.

Details of the Village’s property tax calendar for the 2020 tax levy follows:

Lien and levy dates	December 2020
Real estate collection due dates:	
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property tax due in full	January 31, 2021
Final settlement with county	August 2021
Tax sale of 2020 delinquent real estate taxes	October 2023

Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection. Therefore, management has determined that no allowance is considered necessary.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term inter-fund loans are reported as “due to and from other funds”. Long-term inter-fund loans (noncurrent portion) are reported as “advances from and to other funds”. Inter-fund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Inventories

Inventories of the utility enterprise fund are generally used in the operation and maintenance of the Water Utility. The inventories are valued at cost using the first-in/first-out method (FIFO), which approximates market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements or other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

Cash and equivalents of the Village's governmental and proprietary funds have been restricted for the following purposes:

	Governmental Funds	Proprietary Funds	Total
Impact fees	\$ 29,992	\$ 21,643	\$ 51,635
Capitalized interest	38,099		38,099
Unspent debt proceeds	2,134,324	-	2,134,324
Equipment replacement fund	-	1,067,078	1,067,078
Connection fees	-	1,971,035	1,971,035
Total Restricted Assets	\$ 2,202,415	\$ 3,059,756	\$ 5,262,171

Capital Assets

Government Wide Statements

Capital assets, which include property, plant and equipment and intangible assets, are reported in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial cost of more than \$5,000 for general capital assets and infrastructure assets, with an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical costs if actual amounts are unavailable. Donated capital 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. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but GASB No. 34 does not require the Village to retroactively report all major infrastructure assets. The Village has not retroactively reported infrastructure acquired by its governmental fund types prior to implementation of GASB 34.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed funds proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

The range of estimated useful lives by type of asset is as follows:

Buildings	20 – 50 Years
Land improvements	20 – 50 Years
Equipment	5 – 25 Years
Infrastructure	40 Years

Fund Financial Statements

In the fund financial statements, capital assets acquired in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Compensated Absences

Employees earn vacation time and compensatory time off in varying amounts in accordance with Village policy. All full-time employees are eligible for paid vacation annually on the anniversary of their date of hire. Payments for vacation will be made at rates in effect when the benefits are used. At December 31, 2020, the total vacation and compensatory benefits accrued were \$409,187 for the governmental activities and \$115,121 for the business-type activities.

Full-time employees may accumulate unused sick leave up to a maximum of 960 hours. Upon retirement from Village employment, in accordance with any provisions of the Wisconsin State Retirement Fund, fifty (50) percent of the value of the accrued sick leave hours, to a maximum of 480 hours based on the last hourly base rate, shall be placed into an account to be used by the retiree or his spouse for medical insurance premiums.

Nonexempt employees shall be allowed to utilize accrued compensatory time off, subject to approval of the Department Head, provided the employee gives advance notice of two (2) working days. The choice of compensatory time credit or pay must be made by the employee when the overtime is worked. Compensatory time off will be allowed to accumulate until the employee has accrued a total of forty (40) hours in a regenerated account. Accumulated compensatory time off must be used in the calendar year in which it is earned, except that compensatory time off earned in November and December in a given year may be used on or before March 1st of the following year. In the event that accumulated compensatory time off is not used by the dates set forth above, employees will be paid on the first pay period in January of the next year for the unused time unless extenuating medical or operational reasons exist. Exempt employees are not eligible for compensatory time off.

All vested vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Outflows / Inflows of Resources

In accordance with GASB, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Deferred Outflows / Inflows of Resources (continued)

The separate financial statement elements, deferred outflows of resources, represents an increase in net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflows of resources (expense/expenditure) until then. The Village reports deferred outflows of resources related to pensions and OPEB.

The separate financial statement element, deferred inflows of resources, represents an increase in net position or fund balance that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. The Village reports deferred inflows of resources related to property taxes, pensions, and OPEB.

Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, capital leases, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt and premiums on issuance are reported as other financing sources. Payments of principle and interest, losses on debt refunding, as well as costs of issuance are reported as expenditures.

For the government-wide statements, bond premiums are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refunding are amortized over the remaining life of the old debt, or the life of then new debt, whichever is shorter. The balance at year end for premiums is shown as a liability on the statement of net position. The balance at year-end for gains/losses, is shown as a deferred outflows or resources or deferred inflow of resources on the statement of net position. The accounting for proprietary fund obligations is the same in the fund financial statements as it is in the government-wide financial statements.

Pensions

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

Other Post-Employment Benefits (OPEB)

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

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Net Position and Fund Balances

Government-wide Financial Statements

Equity is classified as Net Position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances or any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position - 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.

Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in 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.

Governmental Fund Financial Statements

Governmental fund equity is classified as fund balance. GASB established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is found to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made is identifying amounts that are considered nonspendable. Fund balance is further classified as restricted, committed, assigned and unassigned. The Village’s fund balance classification policies and procedures are as follows:

Non-spendable Fund Balance - includes amounts that cannot be spent because they are not in a spendable form and cannot be converted to cash or because they are legally or contractually required to remain intact.

Restricted Fund Balance - includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Assigned Fund Balance - includes amounts that are constrained by the Village’s intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Village Board.

Committed Fund Balance - includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Village Board, the Village’s highest level of decision-making authority. This formal action is a Village Board resolution.

Unassigned Fund Balance - is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports an unassigned fund balance amount.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Governmental Fund Financial Statements (continued)

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the Village's general policy to use restricted resources first.

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the Village's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Proprietary fund equity is classified in the same manner as the Government-wide statements.

Utility User Rates

Water utility user rates currently in place were approved by the Village Board effective February 11, 2020. Sewer utility rates currently in place were approved by the Village Board effective April 15, 2017.

Claims and Judgements

Claims and judgments are recorded as liabilities if all of the conditions of GASB pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

Note B - Stewardship, Compliance, and Accountability

Deficit Fund Equity

The following individual fund had a deficit fund balance as of December 31, 2020:

	Deficit
Tax Incremental District No. 5	<u>\$ (1,749)</u>

The deficit fund balance will be eliminated by future increment levied by the fund.

DNR Replacement Fund

The Wisconsin Department of Natural Resources required the creation of an equipment replacement fund as a condition of receiving a grant for the sewer utility. The equipment replacement fund has been established and the balance at December 31, 2020 was \$1,067,078.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note C - Cash and Investments

The Village's cash and investments at December 31, 2020 consisted of the following:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Petty cash	\$ 150	\$ -	\$ 150
Custodial Risk:			
Demand deposits	3,762,320	-	3,762,320
Ameritrade cash	23	-	23
Ameritrade money market	1,870	-	1,870
Money market	9,216,078	-	9,216,078
Local government investment pool	-	3,625,320	3,625,320
Custodial and Interest Rate Risk:			
Ameritrade municipal securities	-	2,505,000	2,505,000
Total cash and investments	<u>\$ 12,980,441</u>	<u>\$ 6,130,320</u>	<u>\$ 19,110,761</u>

The Village's cash and investments are reported in the financial statements as follows:

Per Statement of Net Position

Cash and investments	\$ 9,546,268
Restricted cash and investments	5,262,171

Per Statement of Fiduciary Net Position

Tax collection fund	4,302,322
Total cash and investments	<u>\$ 19,110,761</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. Deposits in local banks and the Wisconsin Government Investment Pool (LGIP) are also insured by the State Deposit Guarantee Fund ("SDGF") in the amount of \$400,000 per financial institution. 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 not be significant to individual Cities. Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insured against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, SDGF insurance, and income on the investment during the calendar quarter a loss occurs.

Money market investments may be withdrawn upon request.

The LGIP does not have a credit quality rating and is also not subject to credit risk disclosures because investments are not issued in securities form. It is part of the State Investment Fund ("SIF") and is managed by the State of Wisconsin Investment Board. The LGIP is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually and carries investments at amortized cost for purposes of calculating income to participants. At December 31, 2020 the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

In accordance with certain contractual provisions, investment income associated with LGIP is assigned to the corresponding fund in which the assets are held. Participants in LGIP have the right to withdraw their funds in total on one day's notice. The LGIP does not include any involuntary participants.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note C - Cash and Investments (continued)

A separate financial report for SIF is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from [HTTP://www.doa.state.wi.us/Division/Budget-and-Financial/LGIP](http://www.doa.state.wi.us/Division/Budget-and-Financial/LGIP).

The Village has investments with Ameritrade consisting of cash, money market investments, and municipal securities. Ameritrade has no minimum investment period, no short-term redemption fees and funds are available the next business day. The investments are SIPC insured. Ameritrade is governed by the U.S. Securities and Exchange Commission's Rule 606. A separate financial report for Ameritrade is prepared annually and can be obtained from <http://tdameritrade.com/financial-statement#financial-statement>.

The Village has adopted an investment policy which permits all investments allowed under the state statutes.

Custodial Risk

Custodial risk is the risk that, in the event of a financial institution failure, the Village's deposits may not be returned to the Village. The Village's carrying value for cash and investments was \$19,110,761 at December 31, 2020, of which \$3,556,893 was fully insured and \$14,180,910 was uninsured and uncollateralized.

The Village has policies to minimize custodial risk, which is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to it, by:

- Maintaining a list of financial institutions, public depositories and broker/dealers authorized by resolution to provide deposit and investment services.
- All financial institutions, public depositories and broker/dealers authorized by resolution to provide deposit and investment services must supply as appropriate audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.

Credit Risk

The Village has policies to minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in the policy resolution.
- The village board shall by resolution each year approve the public depositories within the Village that are deemed appropriate for use under the state and federal law.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- Maintain balances with its banking financial institutions that do not exceed the combined amount FDIC insurance and State Deposit Guarantee Fund insurance, along with the amount of collateralized deposits per an agreement with its primary banking institution. However, deposits may temporarily exceed the insured and collateralized amounts during periods when property taxes are collected.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020
 (CONTINUED)

Note C - Cash and Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates 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. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Village's investment policy limits the maturity of any security in accordance with state statutes and structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Information regarding the exposure of the Village's investments to this risk using the segmented time distribution model is as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Investment Maturities in Years</u>		
		<u><1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>
TD Ameritrade				
Municipal securities	\$ 2,505,000	\$ 2,505,000	\$ -	\$ -

Fair Value Measurements of Investments

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and is described as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 Significant inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Significant unobservable inputs for an asset or liability.

	<u>Fair Value Measurement Using</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Municipal securities	\$ 2,505,000	\$ -	\$ -	\$ 2,505,000

Note D - Receivables

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not available and cannot be used to liquidate liabilities of the current period. Special assessments are not available and cannot be used to liquidate liabilities in the current period. Governmental funds also report deferred inflows of resources in connection with resources that have been received, but not yet earned.

A provision for uncollectable accounts has been provided for rescue squad receivables as the Village has determined that some accounts will not be collected. The receivable and allowance at year end for these rescue squad services were \$227,876 and (\$176,266), respectively.

A provision for uncollectable accounts has not been provided in the customer accounts receivable of the Water and Sewer utilities as the Village has the statutory authority to collect all delinquent utility bills from the property tax roll.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note D - Receivables (continued)

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

	Unearned
Property taxes	\$ 6,101,694
Special assessments	294,680
Total deferred / unearned revenue for governmental funds	\$ 6,396,374

Note E - Capital Assets

Governmental Activities

Governmental capital asset activity for the year ended December 31, 2020 was as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 1,932,974	\$ 74,948	\$ -	\$ 2,007,922
Construction in progress	176,160	7,301,466	1,000	7,476,626
Total capital assets not being depreciated	2,109,134	7,376,414	1,000	9,484,548
Capital assets being depreciated:				
Buildings and improvements	6,407,964	-	-	6,407,964
Equipment	4,433,382	35,926	30,832	4,438,476
Infrastructure	16,058,388	867,132	-	16,925,520
Total capital assets being depreciated	26,899,734	903,058	30,832	27,771,960
Less: accumulated depreciation	(9,390,792)	(768,666)	(30,832)	(10,128,626)
Net capital assets being depreciated	17,508,942	\$ 134,392	\$ -	17,643,334
Net governmental activities capital assets	\$ 19,618,076			\$ 27,127,882

Depreciation expense was charged to governmental activities of the Village as follows:

General government	\$ 19,413
Public safety	186,307
Public works (includes depreciation of infrastructure)	449,520
Culture and recreation	113,426
Total governmental activities depreciation expense	\$ 768,666

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note E - Capital Assets (continued)

Business-type Activities

Capital asset activity in the business type activities for the year ended December 31, 2020 was as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Water Utility:				
Capital assets not being depreciated				
Land	\$ 352,219	\$ -	\$ -	\$ 352,219
Construction in progress	-	262,135	-	262,135
Total capital assets not being depreciated	352,219	262,135	-	614,354
Capital assets being depreciated				
Infrastructure	22,861,208	567,465	30,000	23,398,673
Less: accumulated depreciation	(6,197,504)	(509,503)	(30,000)	(6,677,007)
Net capital assets being depreciated	16,663,704	57,962	-	16,721,666
Net water utility capital assets	\$ 17,015,923			\$ 17,336,020
Sewer Utility:				
Capital assets not being depreciated				
Land	\$ 32,500	\$ -	\$ -	\$ 32,500
Construction in progress	-	18,333	-	18,333
Total capital assets not being depreciated	32,500	18,333	-	50,833
Capital assets being depreciated				
Infrastructure	31,366,548	555,803	-	31,922,351
Less: accumulated depreciation	(18,005,792)	(824,182)	-	(18,829,974)
Net capital assets being depreciated	13,360,756	(268,379)	-	13,092,377
Net sewer utility capital assets	\$ 13,393,256			\$ 13,143,210

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020
 (CONTINUED)

Note E - Capital Assets (continued)

Business-type Activities (continued)

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

Water Utility	\$	509,503
Sewer Utility		824,182
Total business-type activities depreciation expense		<u><u>\$ 1,333,685</u></u>

Note F - Inter-fund Receivables, Payables and Transfers

Inter-fund transfers consist of the following:

The Village maintains one checking account for all disbursements. The cash is reflected in the general fund and all other funds. Funds with a negative cash balance are reflected as an offset to the positive balances of cash in other funds of the financial statements. No funds had negative cash balances as of December 31, 2020.

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
Tax Increment District #7	Debt Service	\$ 78,365
Fire/EMS	Debt Service	71,454
Capital Projects Fund (TID #4)	Debt Service	363,888
Tax Increment District #6	Debt Service	66,385
General Fund	Fire/EMS	350,403
		<u><u>\$ 930,495</u></u>

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note G - Long-Term Obligations

Outstanding debt and other long-term obligations were comprised of the following at December 31, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
General obligation debt:					
General obligation notes	\$ 4,178,696	\$ -	\$ 358,324	\$ 3,820,372	\$ 420,131
General obligation bonds	12,915,000	-	1,442,000	11,473,000	1,466,000
Direct borrowings					
State trust fund loans	815,523	-	98,213	717,310	101,226
Total general obligation debt	17,909,219	-	1,898,537	16,010,682	1,987,357
Other liabilities:					
Developer agreements	\$ 2,145,909	\$ -	\$ 167,031	\$ 1,978,878	\$ 164,557
Premium on debt issuance	296,941	-	64,509	232,432	-
Compensated absences	352,891	56,296	-	409,187	-
Total other liabilities	2,795,741	56,296	231,540	2,620,497	164,557
Total governmental activities long-term obligations	\$ 20,704,960	\$ 56,296	\$ 2,130,077	\$ 18,631,179	\$ 2,151,914
<u>Business-Type Activities</u>					
Other liabilities:					
Compensated absences	\$ 114,368	\$ 753	\$ -	\$ 115,121	\$ -
Total Long-Term Obligations	\$ 20,819,328	\$ 57,049	\$ 2,130,077	\$ 18,746,300	\$ 2,151,914

General Obligation Debt

General obligation notes and bonds payable are backed by the full faith and credit of the Village. Governmental funds general obligation debt will be retired by future property tax levies and tax increments accumulated in the Debt Service Fund. Business-type activities general obligation debt will be retired by revenues from user fees or, if the revenues are not sufficient to cover debt, by future tax levies.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note G - Long-Term Obligations (continued)

General Obligation Debt (continued)

General obligation debt of the Village currently outstanding is as follows:

Governmental Activities	Date of Issue	Final Maturity	Interest Rates	Original Principal	Balance 12/31/2020
G.O.Promissory Note	08/16/12	04/01/22	0.45% - 2.45%	\$2,380,000	\$ 400,000
G.O. Promissory Note	04/10/18	05/01/28	3.25%	600,000	495,371
G.O. Taxable Promissory Notes	06/27/19	06/01/28	2.65% - 3.00%	1,020,000	1,020,000
G.O. Promissory Notes	12/30/19	06/01/29	1.35% - 2.00%	2,005,000	1,905,000
G.O.Refunding Bonds	12/09/14	06/01/28	0.40% - 3.55%	3,025,000	1,603,000
G.O. Community Dev Bonds	06/27/19	06/01/39	3.00%	1,235,000	1,235,000
G.O. Refunding Bonds	01/25/17	12/01/22	2.00% - 3.00%	4,865,000	2,385,000
G.O Bonds	12/30/19	06/01/39	2.00% - 3.00%	6,350,000	6,250,000
State Trust Fund Loan	03/21/17	03/15/27	3.00%	550,000	401,535
State Trust Fund Loan	11/28/16	03/15/26	3.00%	450,000	315,776
Total general obligation debt - governmental activities					\$ 16,010,682

The annual debt service requirements to maturity for general obligation long term debt as of December 31, 2020, are as follows:

Year Ending December 31,	Governmental Activities						Total
	General Obligation Notes		General Obligation Bonds		State Trust Fund Loans		
	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 420,131	\$ 83,637	\$ 1,466,000	\$ 297,650	\$ 101,226	\$ 21,519	\$ 2,390,163
2022	451,948	73,760	1,485,000	254,797	104,263	18,483	2,388,251
2023	368,824	64,532	435,000	220,696	107,391	15,355	1,211,798
2024	395,733	56,082	471,000	207,345	110,579	12,166	1,252,905
2025	427,764	46,623	492,000	192,798	113,930	8,816	1,281,931
2026-2030	1,755,971	76,914	3,004,000	830,000	117,348	5,398	5,789,631
2031-2035	-	-	2,515,000	354,116	62,574	1,877	2,933,567
2036-2039	-	-	1,605,000	61,092	-	-	1,666,092
	\$ 3,820,371	\$ 401,548	\$ 11,473,000	\$ 2,418,494	\$ 717,311	\$ 83,614	\$ 18,914,338

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020
 (CONTINUED)

Note G - Long-Term Obligations (continued)

Debt premiums are deferred and amortized using the straight-line method over the life of the debt issue in the government-wide statements. The unamortized debt premiums are reported in the liability section.

Activity for the year ended December 31, 2020 is summarized as follows:

	Balance 1/1/2020	Additions	Amortization	Balance 12/31/2020
Governmental activities	\$ 296,941	\$ -	\$ (64,509)	\$ 232,432

Developer Agreement Obligations

The Village has entered into various developer agreements with developers. The Village is obligated to pay various amounts to developers if certain conditions of the developer agreements are fulfilled that contribute to economic development or otherwise benefits the Village or the citizens of the Village. As December 31, 2020, the Village was obligated under nine agreements the sum of \$1,978,878. These amounts will be paid out over various time periods. A portion of the annual tax increments levied for TID #4 and TID #5 are being used to fund these payments.

Compensated Absences

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

Margin of Indebtedness

The Wisconsin Statutes restrict the Village's general obligation debt to 5% of the equalized value of all property in the Village. This amount is compared below with the outstanding debt on December 31, 2020.

Equalized Value - 2020	\$ 785,455,400
Debt limit (5% of \$785,455,400)	39,272,770
Deduct general obligation debt	16,010,682
Margin of indebtedness	\$ 23,262,088

Subsequent Debt Issuance

In 2021, the Village Board approved the issuance and sale of \$8,030,000 general obligation bonds. The debt was issued February 25, 2021. The proceeds from issuance will be used for the construction of a combined fire and police safety building. The loan matures on December 1, 2040, with a variable interest rate from 1 – 3%. This subsequent issuance is not included in the above debt schedules.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note H - Lease Income

The Village has entered into various lease agreements with telecommunications companies, wherein the Village has agreed to allow the use of Village property for the purpose of telecommunications relays. The leases expire in 2023 and automatically renew each year unless a six-month notice of cancelation is given by the lessee. Payments received on these leases totaled \$57,367 for the year ended December 31, 2020. Future minimum lease payments receivable in conjunction with these leases are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 60,367
2022	43,400
2023	<u>39,745</u>
Total lease income	<u>\$ 143,512</u>

Note I - WRS 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, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees), and expected to be employed for at least one year from employee’s date of hire are eligible to participate in the WRS.

ETF issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020
 (CONTINUED)

Note I - WRS Pension Plan (continued)

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:

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$213,126 in contributions from the employer.

Contribution rates as of December 31, 2020 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.74%
Protective without Social Security	6.75%	16.34%

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note I - WRS Pension Plan (continued)

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

At December 31, 2020, the Village reported an asset of \$635,952 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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, 2019, the Village's proportion was 0.01972279%, which was an increase of 0.00068450% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized pension expense of \$241,750.

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

At December 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,207,182	\$ 604,114
Net differences between projected and actual earnings on pension plan investments	-	1,300,112
Changes in assumptions	49,556	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,591	3,640
Employer contributions subsequent to the measurement date	252,181	-
	\$ 1,515,510	\$ 1,907,866

The amount of \$252,181 reported as deferred outflows related to pension resulting from the Village'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, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflow of Resources	Deferred Inflow of Resources
2021	\$ 888,279	\$ 1,079,122
2022	874,006	1,017,473
2023	698,445	675,153
2024	155,890	489,408

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020
 (CONTINUED)

Note I - WRS Pension Plan (continued)

Actuarial assumptions. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.00%
Discount Rate:	7.00%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 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 JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note I - WRS Pension Plan (continued)

Long-term Expected Return on Plan Assets (continued)

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

Asset Allocation Targets and Expected Returns			
As of December 31, 2019			
<u>Core Fund Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term</u> <u>Expected Nominal</u> <u>Rate of Return %</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return %</u>
	%		
Global Equities	49	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

Single Discount rate. A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020
 (CONTINUED)

Note I - WRS Pension Plan (continued)

Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate. The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension liability (asset)	\$ 1,637,692	\$ (635,952)	\$ (2,335,763)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

Note J - Other Post-Employment Benefits – Local Retiree Life Insurance Fund (“LRLIF”)

General Information about the Other Post-Employment Benefits

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

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <http://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>

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

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

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

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020
 (CONTINUED)

Note J - Other Post-Employment Benefits – Local Retiree Life Insurance Fund (“LRLIF”) - (continued)

Contribution rates as of December 31, 2020 are:

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

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

Life Insurance Employee Contribution Rates* For the year ended December 31, 2019		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$945 in contributions from the employer.

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

At December 31, 2020, the Village reported a liability of \$222,747 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village’s proportion of the net OPEB liability was based on the Village’s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31 2019, the Village’s proportion was 0.05231000%, which was an increase of 0.00120900% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized OPEB expense of \$25,239.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note J - Other Post-Employment Benefits – Local Retiree Life Insurance Fund (“LRLIF”) - (continued)

At December 31, 2020, the Village’s reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,978
Net differences between projected and actual earnings on OPEB plan investments	4,202	-
Changes in assumptions	82,172	24,500
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,398	379
Employer contributions subsequent to measurement date	1,098	-
	\$ 96,870	\$ 34,857

The amount of \$1,098 reported as deferred outflows related to OPEB resulting from the Village’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Deferred Outflow of Resources	Deferred Inflow of Resources
2021	\$ 17,215	\$ 6,692
2022	17,215	6,692
2023	16,762	6,692
2024	16,295	6,692
2025	14,727	6,491
Thereafter	13,558	1,598

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020
 (CONTINUED)

Note J - Other Post-Employment Benefits – Local Retiree Life Insurance Fund (“LRLIF”) - (continued)

Actuarial assumptions. The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total OPEB liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

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

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2019

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Credit Bonds	Barclays Credit	45%	2.12%
US Long Credit Bonds	Barclays Long Credit	5%	2.90%
US Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note J - Other Post-Employment Benefits – Local Retiree Life Insurance Fund (“LRLIF”) - (continued)

Single Discount rate. A single discount rate of 2.87% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the Village’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Village’s proportionate share of the net OPEB liability calculated using the discount rate of 2.87 percent, as well as what the Village’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
Village's proportionate share of the OPEB liability	\$ 307,575	\$ 222,747	\$ 158,208

Note K - Litigation and Contingencies

Village management is unaware of any pending or threatened litigation against the Village that would have a material effect on the financial statements.

Note L - Subsequent Events

Management has evaluated the need for disclosure or recording of transactions resulting from subsequent events through November 1, 2021 the date the financial statements were available to be issued; and concluded the following matters required disclosure:

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net position. Other financial impact could occur through such potential impact is unknown at this time.

Subsequent to year-end, the Village issued \$8,030,000 in General Obligation Public Safety Building Bonds. See footnote G for additional information.

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note M - Net Position and Fund Balances

Government-wide Financial Statement of Net Position

Governmental Activities

Governmental net position at December 31, 2020 consists of the following:

Net investment in capital assets:

Land	\$ 2,007,922	
Construction in process	7,476,626	
Other capital assets, net of accumulated depreciation	17,643,334	
Less: Related long-term debt	(13,876,359)	
Less: Unamortized debt premium	(232,433)	
	13,019,090	\$ 13,019,090

Restricted for:

Debt service	616,039	
Capital projects	2,153,249	
TID 6	65,955	
TID 7	347,077	
	3,182,320	

Unrestricted

(1,608,866)

Total Governmental Activities Net Position

\$ 14,592,544

Business-type Activities:

Net investment in capital assets

Land	\$ 384,719	
Construction in process	280,468	
Capital assets, net of accumulated depreciation	29,814,043	
	30,479,230	\$ 30,479,230

Restricted for:

Capital projects	1,992,678	
Equipment replacement	1,067,078	
	3,059,756	

Unrestricted

1,046,763

Total Business-type Activities Net Position

\$ 34,585,749

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note M - Net Position and Fund Balances (continued)

Governmental Fund Financial Statements

Restricted:

Debt service fund	\$ 616,039	
Capital projects fund	2,153,249	
TID 6	65,955	
TID 7	347,077	
	3,182,320	\$ 3,182,320

Assigned:

Recreation fund	33,295	
Hotel/Motel tax fund	184,514	
Park fund	44,888	
Fire/EMS fund	545,863	
	808,560	

Unassigned:

1,806,158

Total governmental funds - Fund balance

\$ 5,797,038

Note N - Restatement of Net Position

A prior period adjustment was made to decrease the net position of the governmental and business-type activities due to a misstatement in the liability related to accrued compensated absences. The Village previously did not report this liability.

A prior period adjustment was made to decrease the fund balance of the Tax Incremental District No. 7 due to a misstatement in the reporting of a prior period liability.

The net effect of these changes in net position are as follows:

	Governmental Activities	Business-type Activities
Net position as of December 31, 2019	\$ 12,152,365	\$ 33,960,840
Adjustment due to correction of an error - compensated absences	(352,891)	(114,369)
Adjustment due to correction of an error - prior period liability	(12,859)	-
Net position as of December 31, 2019, as restated	\$ 11,786,615	\$ 33,846,471

The net effect of this change in fund balance is as follows:

	TID 7
Fund balance as of December 31, 2019	\$ 1,933,367
Adjustment due to correction of an error - prior period liability	(12,859)
Fund balance as of December 31, 2019, as restated	\$ 1,920,508

VILLAGE OF JACKSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note O - Effect of New Accounting Standards on Financial Statements

The Government Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest-cost Incurred Before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF JACKSON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND REVENUES
YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>TAXES</u>				
General property taxes	\$ 2,493,734	\$ 2,493,734	\$ 2,493,734	\$ -
Ag use-value penalties	-	-	7,235	7,235
Mobile home parking fees	108,000	108,000	87,186	(20,814)
Taxes from Utilities	260,000	260,000	255,341	(4,659)
Interest on personal property taxes	1,000	1,000	48	(952)
TOTAL TAXES	2,862,734	2,862,734	2,843,544	(19,190)
<u>INTERGOVERNMENTAL</u>				
Shared taxes from state	326,520	326,520	317,451	(9,069)
State personal property aid	16,743	16,743	16,743	-
State video service aid	9,748	9,748	9,748	-
Exempt computer aid	20,689	20,689	20,689	-
Recycling grants	10,553	10,553	10,552	(1)
Police - State/Federal aids	1,900	1,900	1,920	20
State Aid - in lieu of taxes	550	550	418	(132)
State transportation aid	340,857	340,857	340,857	-
COVID-19 grant program	-	-	113,274	113,274
TOTAL INTERGOVERNMENTAL	727,560	727,560	831,652	104,092
<u>LICENSES AND PERMITS</u>				
Liquor license	3,677	3,677	3,740	63
Hotel/Motel license	300	300	300	-
Operators license	5,000	5,000	5,419	419
Cigarette license	250	250	300	50
Video franchise fees	100,000	100,000	87,933	(12,067)
Dog license	6,500	6,500	7,174	674
Cat license	600	600	566	(34)
Other licenses	800	800	2,074	1,274
Building permits	130,000	130,000	207,439	77,439
Planning/Zoning application fees	3,500	3,500	3,675	175
WI permit seals	1,500	1,500	675	(825)
Address/Fire #	1,500	1,500	1,754	254
Erosion control permits	3,500	3,500	9,043	5,543
Publication fees	300	300	180	(120)
TOTAL LICENSES AND PERMITS	257,427	257,427	330,272	83,706
<u>FINES AND FORFEITURES</u>				
Police - Court penalties	58,000	58,000	26,326	(31,674)
Police - Parking fines	4,500	4,500	2,511	(1,989)
TOTAL FINES AND FORFEITURES	\$ 62,500	\$ 62,500	\$ 28,837	\$ (33,663)

See accompanying notes to required supplementary information.

VILLAGE OF JACKSON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND REVENUES
YEAR ENDED DECEMBER 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>CHARGES FOR SERVICES</u>				
Police - Accident reports	\$ 400	\$ 400	\$ 332	\$ (68)
Police - OWI test/fingerprinting	1,600	1,600	1,770	170
Police and Fire impact fees	40,000	40,000	42,465	2,465
Police - Warrant fees	1,500	1,500	28	(1,472)
Police - False alarm revenue	100	100	-	(100)
Clerks fees	11,500	11,500	10,094	(1,406)
Public works revenue	100	100	5,694	5,594
Recycling revenue	100	100	567	467
Street opening permits	100	100	225	125
NSF charges	80	80	-	(80)
Aurora Healthcare payment	39,000	39,000	39,510	510
TOTAL CHARGES FOR SERVICES	<u>94,480</u>	<u>94,480</u>	<u>100,685</u>	<u>6,205</u>
<u>MISCELLANEOUS AND INTEREST</u>				
Interest on temporary investments	20,000	20,000	18,086	(1,914)
Insurance dividends	11,600	11,600	27,987	16,387
Verizon lease	26,623	26,623	26,623	-
US Cellular lease	30,745	30,745	30,745	-
Police - Sales of vehicles	6,000	6,000	6,652	652
Police - Sale of property	500	500	-	(500)
Police - Donations	-	-	1,375	1,375
Miscellaneous general revenue	3,000	3,000	862	(2,138)
TOTAL MISCELLANEOUS AND INTEREST	<u>98,468</u>	<u>98,468</u>	<u>112,330</u>	<u>13,862</u>
TOTAL REVENUES	<u>\$ 4,103,169</u>	<u>\$ 4,103,169</u>	<u>\$ 4,247,320</u>	<u>\$ 155,012</u>

See accompanying notes to required supplementary information.

VILLAGE OF JACKSON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>GENERAL GOVERNMENT</u>				
Village board	\$ 28,950	\$ 28,950	\$ 44,218	\$ (15,268)
Appointed committee wages	2,000	2,000	1,260	740
Village attorney	45,000	45,000	55,897	(10,897)
Administrative wages	405,923	405,923	439,269	(33,346)
Administration	26,050	26,050	27,375	(1,325)
Elections	25,000	25,000	25,168	(168)
Admin - Audit and accounting	18,975	18,975	26,090	(7,115)
Assessments	36,866	36,866	36,867	(1)
Insurance	55,000	55,000	49,221	5,779
Utilities	22,600	22,600	17,467	5,133
Supplies	2,000	2,000	91,355	(89,355)
Computer and internet	15,150	15,150	18,088	(2,938)
Repairs and maintenance	10,000	10,000	8,656	1,344
Signs	1,500	1,500	1,452	48
Licenses and fees	2,057	2,057	2,084	(27)
TOTAL GENERAL GOVERNMENT	697,071	697,071	844,466	(147,396)
<u>PUBLIC SAFETY</u>				
Police department	1,551,610	1,551,610	1,584,906	(33,296)
Emergency government	2,000	2,000	904	1,096
Building inspector	145,150	145,150	101,656	43,494
TOTAL PUBLIC SAFETY	1,698,760	1,698,760	1,687,466	11,294
<u>PUBLIC WORKS</u>				
Engineering	31,971	31,971	34,099	(2,128)
Streets	567,219	567,219	531,573	35,646
Storm sewers	1,000	1,000	3,420	(2,420)
Trash	326,551	326,551	249,514	77,037
Recycling	181,739	181,739	149,595	32,144
TOTAL PUBLIC WORKS	\$ 1,108,480	\$ 1,108,480	\$ 968,201	\$ 140,279

See accompanying notes to required supplementary information.

VILLAGE OF JACKSON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>CULTURE AND RECREATION</u>				
Parks	\$ 193,741	\$ 193,741	\$ 173,078	\$ 20,663
<u>CAPITAL OUTLAY</u>				
Parks	13,000	13,000	6,350	6,650
Police	41,714	41,714	35,927	5,787
TOTAL CAPITAL OUTLAY	<u>54,714</u>	<u>54,714</u>	<u>42,277</u>	<u>12,437</u>
TOTAL EXPENDITURES	<u>3,752,766</u>	<u>3,752,766</u>	<u>3,715,488</u>	<u>37,277</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(350,403)</u>	<u>(350,403)</u>	<u>(350,403)</u>	<u>-</u>
CHANGES IN FUND BALANCES	-	-	181,429	<u>117,735</u>
FUND BALANCES - BEGINNING OF YEAR	<u>1,615,105</u>	<u>1,615,105</u>	<u>1,626,478</u>	
FUND BALANCES - END OF YEAR	<u>\$ 1,615,105</u>	<u>\$ 1,615,105</u>	<u>\$ 1,807,907</u>	

See accompanying notes to required supplementary information.

VILLAGE OF JACKSON
BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUND - FIRE AND RESCUE
YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Intergovernmental	\$ 70,463	\$ 70,463	\$ 46,633	\$ (23,830)
Public charges for services	265,300	265,300	297,490	32,190
Intergovernmental charges for services	312,685	312,685	341,751	29,066
Interest income	100	-	79	79
Miscellaneous	67,625	67,625	13,713	(53,912)
TOTAL REVENUES	716,173	716,073	699,666	(16,407)
<u>EXPENDITURES</u>				
Public safety	1,066,576	1,066,576	846,471	220,105
TOTAL PUBLIC SAFETY	1,066,576	1,066,576	846,471	220,105
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	350,403	350,403	350,403	-
Transfers out	-	-	(71,454)	(71,454)
TOTAL OTHER FINANCING SOURCES (USES)	350,403	350,403	278,949	(71,454)
CHANGES IN FUND BALANCES	-	-	132,144	\$ (132,144)
FUND BALANCES - BEGINNING OF YEAR	263,090	263,090	413,719	
FUND BALANCES - END OF YEAR	\$ 263,090	\$ 263,090	\$ 545,863	

See accompanying notes to required supplementary information.

VILLAGE OF JACKSON

DECEMBER 31, 2020

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Wisconsin Retirement System
Last 10 Fiscal Years***

WRS Year End	Proportion of the net pension (asset) liability	Proportionate share of the net pension (asset) liability	Covered-employee payroll	Net pension (asset) liability as a percentage of employee payroll	Plan fiduciary net position as a percentage of total pension (asset) liability
2019	0.01972279%	\$ (635,952)	\$ 2,541,523	-25.02%	102.96%
2018	0.01903829%	\$ 677,322	\$ 2,388,882	28.36%	96.45%
2017	0.01831388%	\$ (543,760)	\$ 2,278,882	-23.86%	102.93%
2016	0.01780272%	\$ 145,947	\$ 2,221,840	6.57%	99.12%
2015	0.01782027%	\$ 289,291	\$ 2,128,161	13.59%	98.20%
2014	0.00178682%	\$ (438,892)	\$ 2,005,966	-21.88%	102.74%

**SCHEDULE OF CONTRIBUTIONS
Wisconsin Retirement System
Last 10 Fiscal Years***

WRS Year End	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered-employee payroll
2019	\$ 213,126	\$ 213,126	\$ -	\$ 2,541,523	8.39%
2018	\$ 203,618	\$ 203,618	\$ -	\$ 2,388,882	8.52%
2017	\$ 192,405	\$ 192,405	\$ -	\$ 2,278,882	8.44%
2016	\$ 173,975	\$ 173,975	\$ -	\$ 2,221,840	7.83%
2015	\$ 170,215	\$ 170,215	\$ -	\$ 2,128,161	8.00%
2014	\$ 169,291	\$ 169,291	\$ -	\$ 2,005,966	8.44%

*The amounts presented for each fiscal year were determined as of the prior calendar year-end.

*GASB Pronouncements 67 and 68 require the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented for this schedule.

See accompanying notes to required supplementary information.

VILLAGE OF JACKSON

DECEMBER 31, 2020

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
Local Retiree Life Insurance
Last 10 Fiscal Years***

LRLIF Year End	Proportion of the net OPEB (asset) liability	Proportionate share of the net OPEB (asset) liability	Covered-employee payroll	Net OPEB (asset) liability as a percentage of employee payroll	Plan fiduciary net position as a percentage of total OPEB (asset) liability
2019	0.05223100%	\$ 222,746	\$ 2,379,000	9.36%	37.58%
2018	0.51101000%	\$ 131,858	\$ 2,305,000	5.72%	48.69%
2017	0.04788100%	\$ 144,054	\$ 2,013,533	7.15%	44.81%

**SCHEDULE OF CONTRIBUTIONS - OPEB
Local Retiree Life Insurance
Last 10 Fiscal Years***

LRLIF Year End	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2019	\$ 945	\$ 945	\$ -	\$ 2,379,000	0.04%
2018	\$ 1,673	\$ 1,673	\$ -	\$ 4,126,000	0.04%
2017	\$ 1,802	\$ 1,802	\$ -	\$ 3,991,195	0.05%

*The amounts presented for each fiscal year were determined as of the prior calendar year-end.

*GASB Pronouncement 75 require the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented for this schedule.

VILLAGE OF JACKSON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

Note 1. Budgetary Information

The Village creates a budget for the General Fund and the Fire/EMS Fund. The Village reviews and adopts its annual budget by December or earlier of the preceding year. The budgetary information included in the accompanying financial statements is comprised of the originally approved budget plus or minus approved revisions of budgeted revenues and expenditures. These budgets are adopted on a basis consistent with GAAP. Management control of the budgetary process has been established at the departmental level of expenditure. A department can be a fund, cost center, program or other activity for which control of expenditures is considered desirable. Budget appropriations for certain capital projects funds are project oriented, often possessing multi-year lives; consequently, budgeted capital projects expenditures are controlled through fund balances. The budget may be amended for supplemental appropriations periodically during the year. Budget changes require a two-thirds approval by the Village Board. The 2020 general fund budget was not amended.

Note 2. Excess Expenditures over Appropriations

The Village had the following expenditures in excess of appropriations as presented in the “Budgetary Comparison Schedule – General Fund Expenditures”.

	<u>Amount</u>
General government	<u>\$ 147,396</u>

The excess expenditures were absorbed by revenues in excess of budget.

Note 3. WRS Information

Changes of benefit terms: There were no changes of benefit terms for any participating employee in the WRS.

Changes of assumptions: No significant change in assumptions were noted from the prior year.

Note 4. OPEB Information

Change of benefit terms: There were no changes of benefit terms for any participating employer in the LRLIF.

Changes of assumptions: Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section in footnote J in the Notes to Financial Statements, above.

SUPPLEMENTARY INFORMATION

**VILLAGE OF JACKSON
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
DECEMBER 31, 2020**

	<u>Special Revenue Funds</u>			Total Nonmajor Funds Special Revenue Funds
	Recreation Fund	Hotel/ Motel Tax Fund	Park Fund	
<u>ASSETS</u>				
Cash and investments	\$ 154,379	\$ 177,722	\$ 44,888	\$ 376,989
Receivables:				
Taxes receivable	89,161	-	-	89,161
Notes receivable	-	6,937	-	6,937
TOTAL ASSETS	<u>243,540</u>	<u>184,659</u>	<u>44,888</u>	<u>473,087</u>
<u>LIABILITIES</u>				
Accounts payable	6,210	145	-	6,355
Accrued salaries and fringes	10,020	-	-	10,020
TOTAL LIABILITIES	<u>16,230</u>	<u>145</u>	<u>-</u>	<u>16,375</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Property taxes	194,015	-	-	194,015
<u>FUND BALANCES</u>				
Assigned	33,295	184,514	44,888	262,697
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 243,540</u>	<u>\$ 184,659</u>	<u>\$ 44,888</u>	<u>\$ 473,087</u>

VILLAGE OF JACKSON
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
YEAR ENDED DECEMBER 31, 2020

	<u>Special Revenue Funds</u>			Total Nonmajor Funds Special Revenue Funds
	Recreation Fund	Hotel/ Motel Tax Fund	Park Fund	
<u>REVENUES</u>				
Taxes	\$ 191,915	\$ -	\$ -	\$ 191,915
Room tax	-	32,077	-	32,077
Intergovernmental	16,848	-	-	16,848
Charges for services	263,375	-	24,300	287,675
Intergovernmental charges for services	42,998	-	-	42,998
Interest income	-	-	1,157	1,157
TOTAL REVENUES	<u>515,136</u>	<u>32,077</u>	<u>25,457</u>	<u>572,670</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	51,830	-	51,830
Culture and recreation	481,841	-	-	481,841
TOTAL EXPENDITURES	<u>481,841</u>	<u>51,830</u>	<u>-</u>	<u>533,671</u>
CHANGES IN FUND BALANCES	33,295	(19,753)	25,457	38,999
FUND BALANCES - BEGINNING	<u>-</u>	<u>204,267</u>	<u>19,431</u>	<u>223,698</u>
FUND BALANCES - ENDING	<u>\$ 33,295</u>	<u>\$ 184,514</u>	<u>\$ 44,888</u>	<u>\$ 262,697</u>

VILLAGE OF JACKSON
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
DECEMBER 31, 2020

	Capital Projects Funds			Total Nonmajor Capital Projects Funds
	TID 5	TID 6	TID 7	
<u>ASSETS</u>				
Cash and investments	\$ 123,819	\$ 66,430	\$ -	\$ 190,249
Receivables:				
Taxes receivable	106,370	-	-	106,370
Special assessments	-	34,231	-	34,231
Restricted Assets:				
Cash and investments	-	-	609,950	609,950
TOTAL ASSETS	230,189	100,661	609,950	940,800
<u>LIABILITIES</u>				
Accounts payable	475	475	262,873	263,823
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Property taxes	231,463	-	-	231,463
Special assessments	-	34,231	-	34,231
TOTAL DEFERRED INFLOWS OF RESOURCES	231,463	34,231	-	265,694
<u>FUND BALANCES</u>				
Restricted	-	65,955	347,077	413,032
Unassigned	(1,749)	-	-	(1,749)
TOTAL FUND BALANCES	(1,749)	65,955	347,077	411,283
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 230,189	\$ 100,661	\$ 609,950	\$ 940,800

VILLAGE OF JACKSON
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
YEAR ENDED DECEMBER 31, 2020

	Capital Projects Funds			Total Nonmajor Capital Projects Funds
	TID 5	TID 6	TID 7	
<u>REVENUES</u>				
Taxes	\$ 113,541	\$ 32,846	\$ -	\$ 146,387
Special assessments	-	55,820	-	55,820
Interest income	-	12,002	14,123	26,125
Miscellaneous	-	-	2,000	2,000
TOTAL REVENUES	113,541	100,668	16,123	230,332
<u>EXPENDITURES</u>				
Current:				
General government	12,125	19,777	87,205	119,107
Capital outlay	-	38,355	1,423,984	1,462,339
Debt Service:				
Principal	106,729	-	-	106,729
TOTAL EXPENDITURES	118,854	58,132	1,511,189	1,688,175
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,313)	42,536	(1,495,066)	(1,457,843)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers in (out)	-	(66,385)	(78,365)	(144,750)
CHANGES IN FUND BALANCES	(5,313)	(23,849)	(1,573,431)	(1,602,593)
FUND BALANCES - BEGINNING	3,564	89,804	1,933,367	2,026,735
Prior Period Adjustment	-	-	(12,859)	(12,859)
FUND BALANCES - BEGINNING, AS RESTATED	3,564	89,804	1,920,508	2,013,876
FUND BALANCES - ENDING	\$ (1,749)	\$ 65,955	\$ 347,077	\$ 411,283