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2024 FINANCIAL MANAGEMENT PLAN FOR THE:

# Village of Jackson, WI



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## SECTION 1 – BACKGROUND

In August 2024, Ehlers was engaged to prepare the Village’s second comprehensive Five-Year Financial Management Plan (“FMP”) to continue to guide future financing decisions. This document summarizes the results of that planning effort and is intended to be used as an analytical framework for making future financial decisions. Because conditions can change rapidly and assumptions may or may not be borne out over time, it is recommended that this plan continue to be updated annually or at other key times prior to making long-term financing commitments.

## SECTION 2 – OBJECTIVES

During the FMP, Ehlers, Village staff, and elected officials identified the following objectives for the planning effort:

- Monitor historical and projected use of and eligibility with Expenditure Restraint Program and Levy Limit statutes.
- Identify impacts of personnel initiatives.
- Identify effective use of additional non-levy revenue sources including Act 12 County and Municipal Aid. In addition, leverage financial forecasting to project continued compliance with Act 12 stipulations to maintain eligibility status.
- Identify effective use of remaining ARPA dollars for capital needs.
- Identify a 10-year plan for projected utility rate adjustments that maintain affordable, fair, and equitable rates for users. In addition, understand effective use of the Public Service Commission of Wisconsin’s windows of opportunity for water rate adjustments.
- Analyze “all-in” capital funding scenario and identify appropriate use of cash versus debt financing.
- Maintain healthy Fund Balances during forecast period for all funds.

## SECTION 3 – PROCESS

Development and refinement of the financial plan model was completed during a series of planning workshops with the Village Board and FMP Committee. These workshops were held on August 27<sup>th</sup> (CIP & TID Funds), September 24<sup>th</sup> (General & Operating Funds), and October 29<sup>th</sup> (Water & Sewer Funds). During these workshops, Village officials were briefed on:

- the status of the Village’s financial position;
- historical and projected valuation trends;



- capital financing options;
- tax rate projections for operating, capital, and debt service expenditures;
- and cash flow projections for Water and Sewer Utilities and the Tax Incremental Districts 4, 5, 6 & 7 (“TID 4, 5, 6, or 7”).

In addition, there were several planning meetings with staff to identify several scenario based financial models and to refine assumptions built into future projections.

## SECTION 4 – CURRENT FINANCIAL POSITION

As part of the planning process, the current financial position of the Village was reviewed. This review included an analysis of current general obligation debt structure, and a comparison of credit and financial indicators of the Village to statewide medians and to selected communities in Wisconsin with similar demographics in terms of location or size.

### 4.1 General Obligation (G.O.) Debt Schedule

**Table 1** provides a schedule of existing Village G.O. debt and associated payments. G.O. debt is secured by the “full faith and credit” of the issuer, meaning the Village has an irrevocable duty to annually levy a property tax in an amount sufficient to ensure timely repayment of the debt. While the debt is ultimately secured by the ability to levy a property tax, the Village can, and does, abate portions of the levy with other sources of revenue available for debt payments. These other sources of revenue include:

- Payments from entities associated with the EMS department
- Tax increments from TID 6
- Tax increments from TID 7

Collectively, these non-property tax revenue sources are expected to repay approximately 24% of the scheduled debt service of all Village G.O. debt issued as of January 1, 2025.



**Table 1**  
**Existing G.O. Debt Base Case**

*Village of Jackson, WI*

Year Ending	Existing Debt						Change in DS To Prior Year	Year Ending
	Total G.O. Debt Payments	G.O. Debt Expense	Less: EMS	Less: TID #6	Less: TID #7	Net Tax Levy		
2024	1,905,606	800	(71,454)	(290,535)	(126,435)	1,417,982		2024
2025	2,163,024	1,600	(71,454)	(309,910)	(128,565)	1,654,695	236,714	2025
2026	2,154,050	1,600	(71,454)	(323,610)	(130,701)	1,629,885	(24,811)	2026
2027	2,172,717	1,600	(71,454)	(341,968)	(132,693)	1,628,202	(1,683)	2027
2028	2,118,092	1,600	(71,456)	(345,100)	(134,541)	1,568,595	(59,607)	2028
2029	1,932,640	1,600	0	(292,975)	(136,245)	1,505,020	(63,575)	2029
2030	1,714,340	1,600		(285,675)	(149,445)	1,280,820	(224,200)	2030
2031	1,737,099	1,600		(288,055)	(148,566)	1,302,078	21,258	2031
2032	1,717,998	1,600		(289,995)	(147,593)	1,282,010	(20,068)	2032
2033	1,697,721	1,600		(281,535)	(146,524)	1,271,263	(10,747)	2033
2034	1,666,260	1,600		(272,895)	(145,357)	1,249,608	(21,654)	2034
2035	1,653,728	1,600		(269,138)	(145,673)	1,240,517	(9,091)	2035
2036	1,631,335	1,600		(260,075)	(145,851)	1,227,009	(13,508)	2036
2037	1,609,340	1,600		(250,825)	(145,889)	1,214,226	(12,783)	2037
2038	1,610,895	1,600		(266,000)	(145,782)	1,200,713	(13,514)	2038
2039	1,566,158	1,600		(265,400)	(136,046)	1,166,311	(34,402)	2039
2040	920,275	1,600		0	0	921,875	(244,436)	2040
2041	608,700	1,600				610,300	(311,575)	2041
2042	592,200	1,600				593,800	(16,500)	2042
2043	575,500	1,600				577,100	(16,700)	2043
2044	499,800	1,600				501,400	(75,700)	2044
2045	0	0				0	(501,400)	2045
Total	30,341,870	32,000	(285,819)	(4,343,155)	(2,119,470)	23,625,427		Total

Wisconsin State Statutes limit the amount of G.O. debt principal that a community may have outstanding to 5% of its equalized value (including the value of any tax increments). Based on **Chart 1** below, the Village’s equalized value as of January 1, 2024 was \$1,308,958,400 with a corresponding debt principal limit of \$65,447,920. The Village’s outstanding debt principal as of December 31, 2024 was \$24,128,587 which is 37% of the limit. The following chart identifies future amortization of existing debt against the projected valuation and corresponding debt limit annually.



Chart 1. Existing Debt				
Year Ending	Projected Equalized		Existing Principal	
	Value (TID IN) <sup>1</sup>	Debt Limit	Outstanding	% of Limit
2024	1,308,958,400	65,447,920	24,128,587	37%
2025	1,341,614,717	67,080,736	22,669,893	34%
2026	1,375,085,754	68,754,288	21,158,713	31%
2027	1,409,391,837	70,469,592	19,583,171	28%
2028	1,444,553,800	72,227,690	18,015,000	25%
2029	1,480,592,995	74,029,650	16,585,000	22%
2030	1,517,531,307	75,876,565	15,330,000	20%
2031	1,555,391,168	77,769,558	14,015,000	18%
2032	1,594,195,569	79,709,778	12,685,000	16%
2033	1,633,968,075	81,698,404	11,340,000	14%
2034	1,674,732,838	83,736,642	9,990,000	12%
2035	1,716,514,614	85,825,731	8,615,000	10%
2036	1,759,338,775	87,966,939	7,225,000	8%
2037	1,803,231,327	90,161,566	5,820,000	6%
2038	1,848,218,924	92,410,946	4,375,000	5%
2039	1,894,328,887	94,716,444	2,935,000	3%
2040	1,941,589,215	97,079,461	2,110,000	2%
2041	1,990,028,610	99,501,430	1,575,000	2%
2042	2,039,676,486	101,983,824	1,035,000	1%
2043	2,090,562,994	104,528,150	490,000	0%
2044	2,142,719,035	107,135,952	0	0%
2045	2,196,176,281	109,808,814		0%
2046	2,250,967,196	112,548,360		0%
2047	2,307,125,053	115,356,253		0%
2048	2,364,683,953	118,234,198		0%

**Notes:**

1) Projected TID IN EV based on 5-year average at 2.49% annual inflation.



## 4.2 Financial Indicators

Investors in municipal bonds/notes and other forms of public debt may rely on ratings assigned by credit rating services as one determinant in judging the risk of a particular investment. As such, an issuer’s rating affects the price and interest rate that will be paid when debt is issued. Bond ratings are provided, for a fee, by firms such as Moody’s Investors Service, Standard & Poor’s, and Fitch Ratings.

**Table 2**, found below, defines the rating codes used by Moody’s Investors Service and Standard & Poor’s in evaluation of “Investment Grade” securities.

**Table 2**  
**Bond Ratings and Description**

*Village of Jackson WI*

Moody's	S&P	Rating Description
Aaa	AAA	Highest rating assigned. The obligor’s capacity to meet its financial commitment on the obligation is <b>EXTREMELY STRONG</b>
Aa1	AA+	Differs from the highest rated obligations only in small degree. The obligor’s capacity to meet its financial commitment on the obligation is <b>VERY STRONG</b>
Aa2	AA	
Aa3	AA-	
A1	A+	Is somewhat more susceptible to the adverse affects of changes in circumstances and economic conditions than obligations in higher rated categories. The obligor’s capacity to meet financial commitment on the obligation is still <b>STRONG</b>
A2	A	
A3	A-	
Baa1	BBB+	Exhibits <b>ADEQUATE</b> protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation
Baa2	BBB	
Baa3	BBB-	

The Village is rated A1 by a Moody’s Investors Service. The most recent credit opinion was released June 5, 2024. Credit strengths identified were above average resident income levels, favorable location near Milwaukee with growing tax base largely due to new construction, and healthy fund balance as a result of financial management practices. Credit weaknesses identified were elevated overall



leverage and limited revenue raising flexibility due to state-imposed levy limits. In addition to current strengths and weaknesses Moody's reports also indicate factors that could lead to an upgrade and downgrade. The latest report indicated the following factors that could lead to an upgrade including

- a material growth in the village's reserves, and
- significant moderation of overall leverage.

On the other hand, the latest report indicated the following factors that could lead to a downgrade including

- weakening of tax base or resident incomes,
- growth in leverage beyond planned debt issuances, and
- material declines in reserves.

Beyond the recent credit opinion, the typical financial indicators that are used by the rating agencies to determine credit quality are useful when gauging the financial position of a community. In assigning a rating to a bond, credit rating services examine various measures designed to assess the debt issuer's financial condition. Local governments can calculate these same measures for themselves and use them as the basis for self-evaluation, and in the development of formal or informal financial management policies. Typical financial indicators include:

- **Equalized Value of Community** - One of the most significant factors considered by credit rating services is the total value of all taxable property in the community. The size of a community's tax base is a reflection of its ability to pay, and accordingly, its creditworthiness. An additional qualitative indicator is the composition of the local tax base. A diverse property tax base of residential, commercial and industrial land uses that is not concentrated in a particular segment of the economy or in several large employers is considered more resilient to economic fluctuations.
- **Average Annual Growth** - An indicator of economic health and ability to repay existing and future debt, this calculation represents the average percentage growth in equalized value over the most recent five-year period for which data is available.
- **Per Capita Equalized Value** - Total equalized value, divided by population, this measure reflects the concentration of value relative to population. High value per capita may be an indicator of a large non-residential commercial or industrial base, or a community with comparatively large and high valued



homes. In general, a greater value per capita is a positive indicator of ability to repay debt.

- **Direct Debt Burden** - The total principal amount of debt outstanding, expressed as a percentage of the issuer's total equalized value, and as a total per capita. As opposed to Overall Debt Burden (see below), Direct Debt Burden calculations consider only that debt which is issued as an obligation of the municipality.
- **Overall Debt Burden** - Similar to Direct Debt Burden but includes the total principal amount of debt outstanding for all entities that have taxing authority within the community's boundaries, including the local government, the school district, the county, the technical college, and any special taxing jurisdictions. Both direct and overall debt burden reflect the tax effort required of individual taxpayers, and the community, to repay incurred debt obligations.
- **Payout Over Ten Years** - Expressed as a percentage, this indicator reflects the amount of debt principal of the issuer that will be retired within ten years. While various considerations must be considered when determining the appropriate term over which to repay a debt obligation, a rapid amortization of debt is a favorable credit indicator.
- **Undesignated General Fund Balance** - Expressed as a percentage of annual operating revenues, this indicator reflects the local government's financial flexibility and capability to deal with contingencies such as unexpected losses in revenue or emergency expenditures. Depending on the purpose for which it has been reserved, some portion of the undesignated reserved fund balance may also be included in this calculation.
- **Percentage of Expenditures for Debt Service** - The total of a local government's gross general obligation debt service payment expressed as a percentage of the sum of all operating and debt service fund expenditures. This measure assesses what proportions of a community's resources are being utilized for debt repayment, and the relative reliance on debt financing. In some cases, non-tax levy resources such as tax increments (TIF), special assessments and impact fees may be paying for a significant portion of the annual debt service payment. In these instances, it is also useful to calculate the percentage based on the net levy amount for debt service to reflect the application of these other resources.



- **Adjusted Gross Income Per Tax Return** – The total reported gross income within a political subdivision divided by the number of returns filed. This indicator provides a measure that can be used to assess relative wealth as compared to communities with similar characteristics.
- **Adjusted Gross Income as a Percentage of State Average** – Similar to Adjusted Gross Income per Tax Return, this indicator reflects the relative wealth of the community as compared to the Statewide average.

**Table 3** reflects the calculated factors for the Village based on information contained in the financial statements and other available sources. These factors are compared to various cities and villages of similar rating levels in the surrounding area where information was available.

When compared to like-rated peers, the Village is in good standing with the following factors:

- Overall Debt Burden
- Payout, 10-years
- Annual Average Growth
- Equalized Value

When compared to like-rated peers, the Village could improve the following factors:

- Undesignated General Fund % of Total Operating Revenues
- % of Exp. For Debt Service
- Population

*[INTENTIONALLY LEFT BLANK; TABLE 3 ON NEXT PAGE]*



**Table 3. RATING FACTORS OF COMPARABLE COMMUNITIES**

Municipality	Current Rating	Overall Debt Burden	Direct Debt Burden	Payout, 10-Years	Direct Debt Per Capita	Overall Debt Per Capita	Average Annual Growth FV	Undesignated Gen. Fund % of Total Op. Rev.	% of Exp. for Debt Service	Adj Gross Inc Per Return (2023)	Adj Gross Inc as % of State (2023)	Per Capita Eq. Value (2024)	Eq. Value TID - IN (2024)	Population (2024)
Jackson	A1	2.43%	2.04%	58.60%	\$3,077	\$3,669	12.38%	66.03%	10.62%	\$78,014	106.87%	\$165,147	1,308,958,400	7,926
Slinger	A1	3.28%	2.42%	52.51%	\$3,883	\$5,269	11.03%	9.19%	9.23%	\$86,251	118.15%	\$160,440	1,054,890,500	6,575
Horicon	A1	6.42%	2.60%	89.90%	\$2,594	\$6,462	7.47%	67.98%	7.12%	\$58,546	80.20%	\$100,602	385,708,000	3,834
Ripon	A1	3.91%	1.44%	100.00%	\$1,102	\$2,988	5.78%	23.57%	6.14%	\$60,369	82.70%	\$82,759	635,425,800	7,678
Waupun	Aa3	4.24%	2.20%	77.70%	\$1,545	\$2,979	10.66%	51.80%	10.74%	\$62,416	85.50%	\$70,256	787,635,000	11,211
Elkhorn	Aa3	4.13%	2.72%	77.46%	\$3,346	\$5,076	9.30%	59.98%	16.23%	\$66,032	90.45%	\$122,988	1,262,968,300	10,269

Source: Moody's Investor's Service Most Recent Credit Reports & Village or City Audits, State of Wisconsin (DOR)



It should be noted that as a fast-growing community, it is typical to see a correlated increase in debt obligations to provide necessary infrastructure for expansion. However, increased debt burden should be taken on carefully and with measure in place where growth can pay for growth. Therefore, as noted earlier in this plan, the Village expects that 24% of all current G.O. debt service payments will be paid from other revenue sources such as TIF. Since the financial indicators discussed in this section do not distinguish between G.O. debt that is repaid from general property taxes, and G.O. debt repaid with tax increments or other non-property tax sources, the Village’s indicators reflected above should be considered in the context of how debt is being repaid. **Table 4** provides a breakdown of two key indicators including and excluding G.O. debt allocated to abatement sources. When TID and Utility related debt is excluded, the Village’s percent of direct debt burden and direct debt per capita drops significantly. GO debt outstanding increased in 2024 due to the Jackson Community Center borrowing.

**Table 4**  
**Rating Factors Adjusted**

*Village of Jackson, WI*

	Direct Debt Burden	Direct Debt per Capita
All Current Village GO Debt	2.04%	\$3,077
Excluding Abatements	1.52%	\$2,482

### 4.3 Current Financial Position Conclusion

The analysis presented in this Section provides one way in which to benchmark the current financial health of the community. The remainder of the financial management plan will use future projections to investigate ways to maintain and improve the financial position. The Village presently has formal financial management policies that establish targeted Unassigned Fund Balance equal to 35% and a maximum Unassigned Fund Balance equal to 75% should be maintained of total General Fund Expenditures. The Village has adopted a financial policy to limit the Village’s G.O. Debt Capacity to 60% of the statutory limit (3% of TID In Equalized Value). While the Village can further develop policies or guidelines designed to control some of the measures discussed in this section, other variables, such as growth rates, personal income levels, and debt plans of other overlapping taxing entities are largely outside of the ability of the Village Board to influence or control.



## SECTION 5 – FINANCIAL PLAN DATA TABLES

### 5.1 Equalized Value

Projection of the tax rate impact of operating, capital and debt expenditures over time requires that assumptions be made as to the pattern of future growth in the Village. Projections developed for the Village’s financial model utilize equalized (fair market) values, which provide for more accurate forecasting by eliminating the need to account for changes in assessment ratios and revaluation. During the period from 2020 through 2024, Village equalized value increased by an average of 13.71% per year. This average includes value increases that occurred within TID 4, TID 5, and TID 7. A total of 8.09% of the average annual value increase was the result of economic (inflationary) change, with new construction and other changes accounting for the balance (see **Table 5**).

**Table 5**  
**Equalized Value Projection Model**

*Village of Jackson, WI*

I. Five-Year Historical TID IN Growth by Category (Data Per Wis. Dept. of Revenue)										
Vaulation Year	Budget Year	Historical TID IN Equalized Value		Economic Change		New Construction		Other & Personal Property		
2020	2021	785,455,400								
2021	2022	916,555,900	16.69%	44,860,300	5.71%	14,270,300	1.82%	71,969,900	9.16%	
2022	2023	990,140,900	8.03%	123,271,000	13.45%	23,577,300	2.57%	5,876,900	0.64%	
2023	2024	1,182,093,600	19.39%	88,548,400	8.94%	25,567,500	2.58%	-1,303,400	-0.13%	
2024	2025	1,308,958,400	10.73%	50,259,300	4.25%	6,979,500	0.59%	-2,617,600	-0.22%	
<b>AVERAGE CHANGE</b>			<b>13.71%</b>	<b>76,734,750</b>	<b>8.09%</b>	<b>17,598,650</b>	<b>1.89%</b>	<b>18,481,450</b>	<b>2.36%</b>	
II. Five-Year Historical TID OUT Growth by Category (Data Per Wis. Dept. of Revenue - Breakdown Assumes Same Ratios as TID IN)										
Vaulation Year	Budget Year	Historical TID OUT Equalized Value		Economic Change		New Construction		Other & Personal Property		
2020	2021	725,985,500								
2021	2022	852,019,000	17.36%	43,126,461	5.94%	13,718,757	1.89%	69,188,282	9.53%	
2022	2023	1,069,281,100	25.50%	363,961,627	42.72%	69,612,743	8.17%	17,351,738	2.04%	
2023	2024	1,089,204,200	1.86%	9,190,590	0.86%	2,653,695	0.25%	-135,282	-0.01%	
2024	2025	1,215,652,500	11.61%	50,094,298	4.60%	6,956,586	0.64%	-2,609,006	-0.24%	
<b>AVERAGE CHANGE</b>			<b>14.08%</b>	<b>116,593,244</b>	<b>13.53%</b>	<b>23,235,445</b>	<b>2.74%</b>	<b>20,948,933</b>	<b>2.83%</b>	

Based on historical value trends, a model was developed to forecast future valuation growth for purposes of projecting tax rates. The model (see **Table 6**) projects values using the following techniques: 1) an assumption that TID OUT and TID IN values will continue to increase year over year based on historical indications; 2) an assumption that TID OUT & IN Economic and New Construction values will increase by discounted straight-line method. This method is conservative as it projects that the Village will grow



at a slower rate than it has over the past five years. The equalized value projections do include the anticipated closure TID Closures (value transferring from IN to OUT) and therefore approximately \$160 million has been added to the value projections.

*[INTENTIONALLY LEFT BLANK; TABLE 6 ON NEXT PAGE]*



**Table 6**

IV. Projection of TID OUT Equalized Value									
Vaulation Year	Budget Year	Projected TID OUT Equalized Value		Economic Change		New Construction		TID Closure or Other Adjustment	
2025	2026	1,308,227,718	7.62%	24,556,181	2.02%	8,317,238	0.68%	59,701,800	4.91%
2026	2027	1,343,604,536	2.70%	26,426,200	2.02%	8,950,618	0.68%		0.00%
2027	2028	1,379,938,006	2.70%	27,140,812	2.02%	9,192,658	0.68%		0.00%
2028	2029	1,417,253,998	2.70%	27,874,748	2.02%	9,441,244	0.68%		0.00%
2029	2030	1,455,579,081	2.70%	28,628,531	2.02%	9,696,552	0.68%		0.00%
2030	2031	1,494,940,543	2.70%	29,402,697	2.02%	9,958,765	0.68%		0.00%
2031	2032	1,535,366,409	2.70%	30,197,799	2.02%	10,228,067	0.68%		0.00%
2032	2033	1,576,885,464	2.70%	31,014,401	2.02%	10,504,653	0.68%		0.00%
2033	2034	1,619,527,267	2.70%	31,853,086	2.02%	10,788,717	0.68%		0.00%
2034	2035	1,663,322,181	2.70%	32,714,451	2.02%	11,080,463	0.68%		0.00%
2035	2036	1,715,408,688	3.13%	33,599,108	2.02%	11,380,099	0.68%	7,107,300	0.43%
2036	2037	1,761,796,408	2.70%	34,651,256	2.02%	11,736,464	0.68%		0.00%
2037	2038	1,809,438,534	2.70%	35,588,287	2.02%	12,053,839	0.68%		0.00%
2038	2039	1,910,447,606	5.58%	36,550,658	2.02%	12,379,796	0.68%	52,078,617	2.88%
2039	2040	1,962,109,526	2.70%	38,591,042	2.02%	13,070,879	0.68%		0.00%
2040	2041	2,055,623,478	4.77%	39,634,612	2.02%	13,424,339	0.68%	40,455,000	2.06%
2041	2042	2,111,211,213	2.70%	41,523,594	2.02%	14,064,142	0.68%		0.00%
2042	2043	2,168,302,141	2.70%	42,646,467	2.02%	14,444,461	0.68%		0.00%
2043	2044	2,226,936,910	2.70%	43,799,703	2.02%	14,835,065	0.68%		0.00%
2044	2045	2,287,157,267	2.70%	44,984,126	2.02%	15,236,232	0.68%		0.00%
2045	2046	2,349,006,091	2.70%	46,200,577	2.02%	15,648,247	0.68%		0.00%
2046	2047	2,412,527,417	2.70%	47,449,923	2.02%	16,071,403	0.68%		0.00%
2047	2048	2,477,766,474	2.70%	48,733,054	2.02%	16,506,003	0.68%		0.00%
2048	2049	2,544,769,712	2.70%	50,050,883	2.02%	16,952,355	0.68%		0.00%
2049	2050	2,613,584,837	2.70%	51,404,348	2.02%	17,410,777	0.68%		0.00%
2050	2051	2,684,260,846	2.70%	52,794,414	2.02%	17,881,595	0.68%		0.00%
2051	2052	2,756,848,060	2.70%	54,222,069	2.02%	18,365,146	0.68%		0.00%
2052	2053	2,831,398,163	2.70%	55,688,331	2.02%	18,861,772	0.68%		0.00%
2053	2054	2,907,964,234	2.70%	57,194,243	2.02%	19,371,828	0.68%		0.00%
2054	2055	2,986,600,789	2.70%	58,740,878	2.02%	19,895,677	0.68%		0.00%

V. Projection of TID IN Equalized Value									
Vaulation Year	Budget Year	Projected TID IN Equalized Value		Economic Change		New Construction		Manual Adjustment	
2025	2026	1,363,058,717	4.13%	26,469,981	2.02%	6,186,336	0.47%	21,444,000	0.80%
2026	2027	1,411,337,746	3.54%	27,564,007	2.02%	6,442,022	0.47%	14,273,000	1.05%
2027	2028	1,451,408,256	2.84%	28,540,314	2.02%	6,670,196	0.47%	4,860,000	0.34%
2028	2029	1,488,274,458	2.54%	29,350,627	2.02%	6,859,575	0.47%	656,000	0.05%
2029	2030	1,529,052,409	2.74%	30,096,141	2.02%	7,033,810	0.47%	3,648,000	0.25%
2030	2031	1,569,871,703	2.67%	30,920,760	2.02%	7,226,533	0.47%	2,672,000	0.17%
2031	2032	1,611,385,369	2.64%	31,746,215	2.02%	7,419,451	0.47%	2,348,000	0.15%
2032	2033	1,651,586,731	2.49%	32,585,711	2.02%	7,615,651	0.47%	0	0.00%
2033	2034	1,692,791,050	2.49%	33,398,670	2.02%	7,805,649	0.47%	0	0.00%
2034	2035	1,735,023,348	2.49%	34,231,911	2.02%	8,000,387	0.47%	0	0.00%
2035	2036	1,778,309,271	2.49%	35,085,940	2.02%	8,199,983	0.47%	0	0.00%
2036	2037	1,822,675,105	2.49%	35,961,275	2.02%	8,404,559	0.47%		0.00%
2037	2038	1,868,147,792	2.49%	36,858,449	2.02%	8,614,239	0.47%		0.00%
2038	2039	1,914,754,946	2.49%	37,778,005	2.02%	8,829,149	0.47%		0.00%
2039	2040	1,962,524,871	2.49%	38,720,503	2.02%	9,049,422	0.47%		0.00%
2040	2041	2,055,623,478	4.74%	39,686,514	2.02%	9,275,190	0.47%		0.00%
2041	2042	2,111,211,213	2.70%	41,569,170	2.02%	9,715,188	0.47%		0.00%
2042	2043	2,168,302,141	2.70%	42,693,275	2.02%	9,977,904	0.47%		0.00%
2043	2044	2,226,936,910	2.70%	43,847,778	2.02%	10,247,724	0.47%		0.00%
2044	2045	2,287,157,267	2.70%	45,033,500	2.02%	10,524,841	0.47%		0.00%
2045	2046	2,349,006,091	2.70%	46,251,286	2.02%	10,809,452	0.47%		0.00%
2046	2047	2,412,527,417	2.70%	47,502,004	2.02%	11,101,758	0.47%		0.00%
2047	2048	2,477,766,474	2.70%	48,786,543	2.02%	11,401,970	0.47%		0.00%
2048	2049	2,544,769,712	2.70%	50,105,819	2.02%	11,710,300	0.47%		0.00%
2049	2050	2,613,584,837	2.70%	51,460,770	2.02%	12,026,967	0.47%		0.00%
2050	2051	2,684,260,846	2.70%	52,852,361	2.02%	12,352,198	0.47%		0.00%
2051	2052	2,756,848,060	2.70%	54,281,583	2.02%	12,686,223	0.47%		0.00%
2052	2053	2,831,398,163	2.70%	55,749,454	2.02%	13,029,281	0.47%		0.00%
2053	2054	2,907,964,234	2.70%	57,257,019	2.02%	13,381,616	0.47%		0.00%
2054	2055	2,986,600,789	2.70%	58,805,351	2.02%	13,743,479	0.47%		0.00%



## 5.2 Operating Budget Projections

A five-year projection of the Village’s general fund budget revenues and expenditures is included as **Appendix A** to this report. Specific assumptions as to rates of increase or decrease in revenues and expenditures are detailed within the Appendix. The following is an overview and summary of these assumptions.

### 5.2.1 General Fund Expenditures

While non-tax levy sources of revenue for most communities have remained stagnant, expenditures have not. Increases in the cost of employee health insurance, wages and increase in the cost of commodities such as fuel and salt have significantly outpaced net new construction. Based on these historical trends and Village staff’s expectation for categorical increases to expenditures, **Table 7** reflects the assumptions used in projecting operating expenses.

<b>Table 7 Forecast Village of Jackson, WI</b>			
<b>GENERAL CODES</b>			
<b>CODE</b>	<b>DEFINITION</b>		<b>EXPLANATION</b>
Z	Zero		Sets the value in all five years of the forecast period to zero.
L	Last		Sets the value in all five years of the forecast period to the value in the most recent budget or actual column.
SYRAV	Average		Sets the value in all five years of the forecast period to the average of the prior five year's values.
ACTUAL AV	Average		Sets the value in all five years of the forecast period to the average of the prior three year actual results values.
T	Trend		Sets the value to trend year over year
<b>EXPENDITURE CODES</b>			
<b>CODE</b>	<b>DEFINITION</b>	<b>INCREASE</b>	<b>EXPLANATION</b>
C	Commodities	2.00%	Fuel & Mileage, Office Supplies, Operating Supplies, Utilities, Uniforms, Office Furniture & Equipment
E	Employee Insurance	7.00%	Health, Dental & Life Insurance, Post Employment Health Plan, Long Term Disability
I	Insurance	7.00%	Property & Liability
S	Services	3.00%	Advertising & Printing, Communications, Contractual Services, Dues & Memberships, Janitorial Services, Maintenance Agreements, Meetings & Training, Professional Services, Publications & Subscriptions, Repairs & Maintenance
W	Wages	3.00%	Regular & Seasonal Wages, Overtime, Holiday & Misc. Compensation, Longevity, Premium Pay, Social Security, Retirement, Unemployment Compensation



Note that there is an exception to the above assumptions for police department wages as a result of recent contract updates with the union. This resulted in an increase in all police department wages by 4% annually, effective from the 2025 budget through 2028 budget. In 2029, the police department will revert to following the same trend for wage increases as all other departments.

On average, Village expenditures for operations (excluding debt and sinking fund reserve) are expected to increase by an average of 4.48%, or \$308,632 annually for the next five years.

In the state of Wisconsin local governments are allowed additional state shared revenue if they stay under expenditure restraints. To qualify for ERP payments, the Village must limit increases in its annual general fund expenditures to a percentage that does not exceed the sum of 60% of its net new construction factor plus an inflationary adjustment based on the Consumer Price Index. Currently, a budget amendment is necessary to ensure the Village will qualify for ERP payments in budget year 2025. The contingency revenue and expense will need to be part of future planning periods in order to qualify in future years.

Budget Year	2025	2026	2027	2028	2029	2030	2031
Payment Year	2026	2027	2028	2029	2030	2031	2031
NNC (%)	4.16%	0.52%	0.52%	0.52%	0.52%	0.52%	0.52%
Forecasted NNC Allowance <sup>^</sup>	2.00%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%
Forecasted CPI-U Allowance	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%
Maximum Allowance	5.20%	3.51%	3.51%	3.51%	3.51%	3.51%	3.51%
Projected Increase	5.16%	3.48%	5.12%	4.57%	3.86%	4.10%	
Qualification*	Yes	Yes	No	No	No	No	No

### 5.2.2 General Fund Revenues

To reflect the trend experienced by most local governments today, non-tax levy revenues were generally projected to remain flat at their 2025 budgeted levels. This amount includes the County and Municipal Aid provided by Act 12 (approximately \$208,000). The one exception to this is the Police Department wages increasing at 4% due to contract changes with the Union. The agreement for said increases is in effect for the next 4 years, moving back to inflationary wage increase of 3% in 2029 budget year. With no assumptions for increases in revenues, an increase in the tax levy for operating purposes would be required unless expenditures are further curtailed, additional revenues are found, or additional growth and development occurs that can help absorb future levy gaps.

Under the current law a municipality is allowed to levy the prior year’s actual levy may be increased by a percentage equal to net new construction in the preceding year (or zero, if none). This amount is labeled as base levy and should cover operating expenditures that



are not tied to any levy limit exclusions. Therefore, the base levy should be examined annually for future expectations against projected operating expenditures. As mentioned, the levy limit is subject to numerous adjustments that may reduce or increase allowable levy. Currently the only levy limit adjustment applicable to the Village on an annual basis is the debt service adjustment.

**Table 8** summarizes the projected annual tax levy required for operations, capital, and debt service.

**Table 8**  
**Projected General Fund Revenues and Expenditures**  
*Village of Jackson, WI*

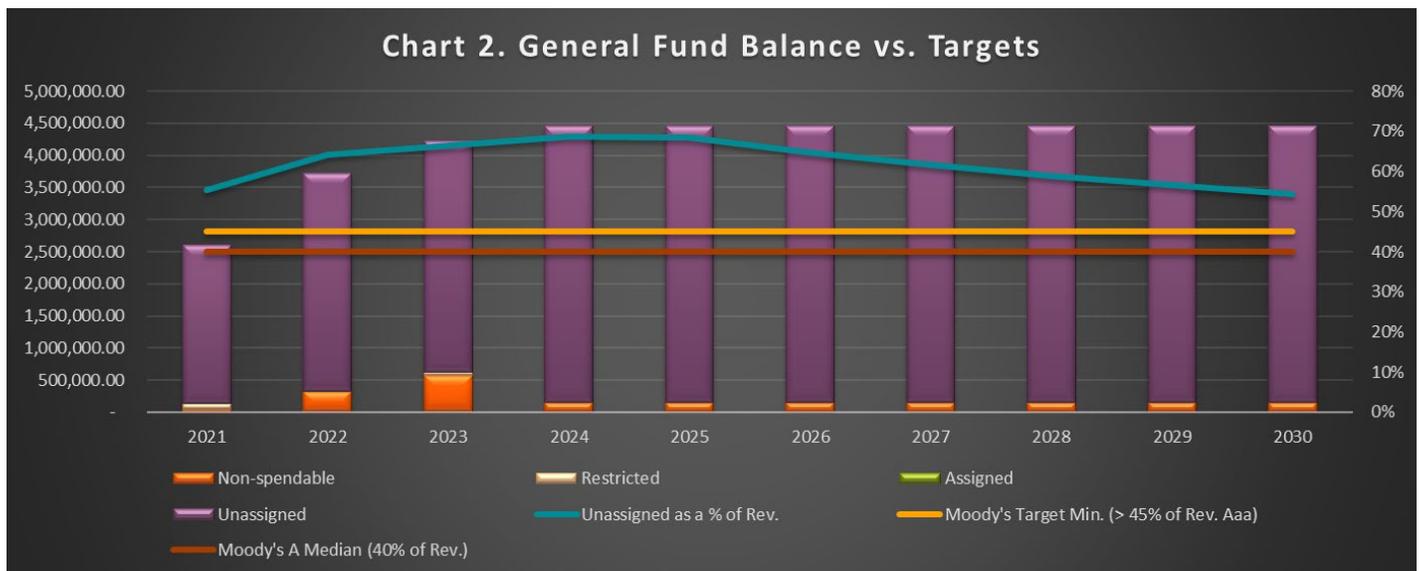
	Budget	Projected				
	2025	2026	2027	2028	2029	2030
<b>GENERAL FUND</b>						
<b>REVENUES</b>						
Taxes	4,556,404	4,872,467	5,288,806	5,608,050	5,890,325	6,201,174
<i>Property Taxes</i>	4,267,404	4,583,467	4,999,806	5,319,050	5,601,325	5,912,174
<i>Other Taxes</i>	289,000	289,000	289,000	289,000	289,000	289,000
Intergovernmental Revenues	956,939	956,939	956,939	956,939	956,939	956,939
Licenses & Permits	395,392	433,192	433,192	433,192	433,192	433,192
Fines, Forfeitures & Penalties	76,550	93,383	93,383	93,383	93,383	93,383
Public Charges for Services	40,000	55,614	55,614	55,614	55,614	55,614
Interest income	38,317	62,998	62,998	62,998	62,998	62,998
Other Financing Sources	216,237	170,775	94,775	94,775	94,775	94,775
<b>TOTAL REVENUES</b>	<b>6,279,839</b>	<b>6,645,367</b>	<b>6,985,707</b>	<b>7,304,953</b>	<b>7,587,229</b>	<b>7,898,079</b>
<b>EXPENDITURES</b>						
General Government	1,056,561	1,112,389	1,074,037	1,113,333	1,154,364	1,197,224
Public Safety	3,345,934	3,561,498	3,775,385	3,977,719	4,138,548	4,323,199
Public Works	1,353,938	1,374,089	1,509,269	1,556,209	1,604,857	1,655,287
Culture & Recreation	504,806	578,791	608,415	639,089	670,856	703,764
Economic Development	18,600	18,600	18,600	18,600	18,600	18,600
<b>TOTAL EXPENDITURES</b>	<b>6,279,839</b>	<b>6,645,367</b>	<b>6,985,706</b>	<b>7,304,951</b>	<b>7,587,226</b>	<b>7,898,075</b>

### 5.3 Capital Finance Plan

For the 2025 - 2030 planning period, the Village’s Capital Improvement Plan (CIP) identifies total project costs of \$42,834,780. **Appendix B** summarizes the projected funding sources. The various projects funding mechanisms were chosen based on their service life, project amount and ability for applicable fund to cash finance the project. The Village has also adopted a fund balance policy which set targets for the unassigned fund



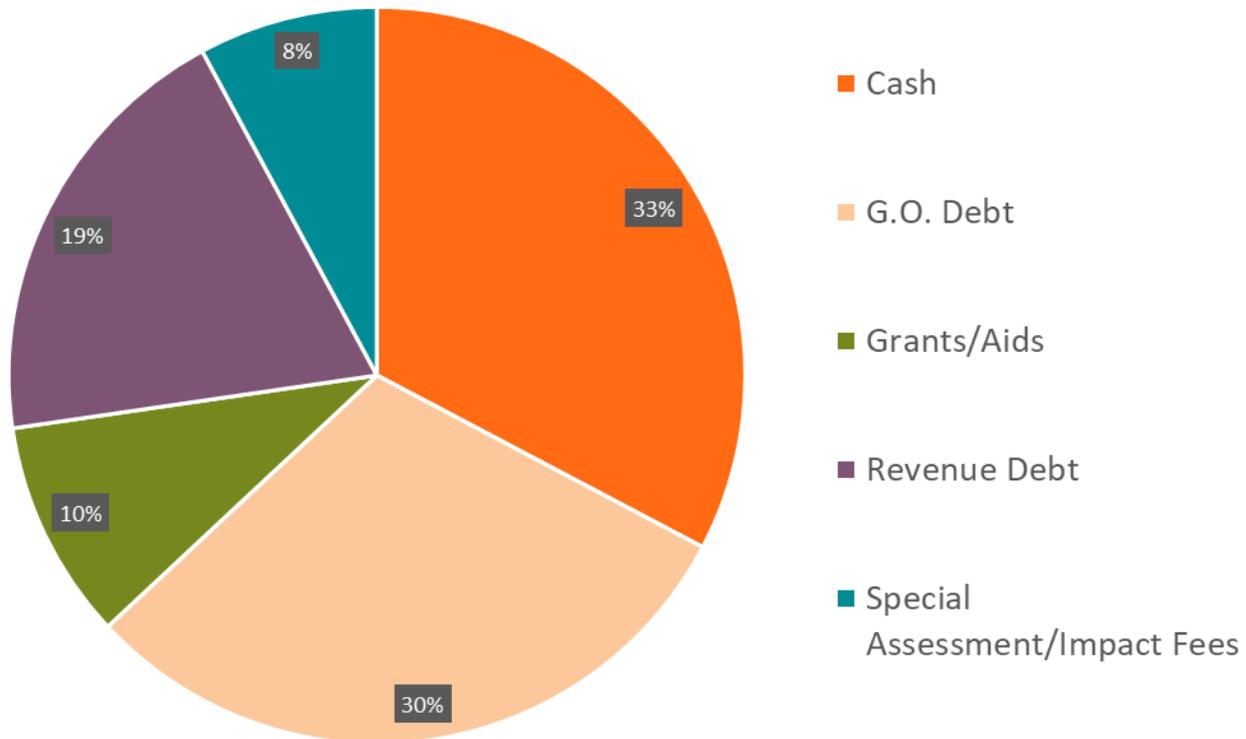
balance. See **Chart 2** below. Other benchmarks to consider would be GFOA recommendations. GFOA recommends, at a minimum, that governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two (2) months of regular general fund operating revenues or regular general fund operating expenditures (GFOA’s Executive Board: September 2015).



The Village should evaluate the balance between reducing its fund balance for capital needs with maintaining appropriate balances. The Village could use an annual year-end appropriation to transfer funds above a targeted amount to the Capital Projects Fund. As seen in **Chart 3**, for this plan, the distribution of funding source is slightly weighted towards debt and this could be reduced with further appropriation of General Fund Surplus Reserves to the Capital Projects Fund. **Appendix B** provides a summary breakdown of these project costs by category and year. Consideration should be given to any debt issuance recommended after 2024, at the time planning to finance the projects, as other debt instruments may be more attractive to the Village at that time.



Chart 3 - CIP Funding Sources



Other considerations when looking to fund projects should be the G.O. Debt Limit as discussed in Section 4.1. Although the Village has residual capacity under the debt limit, future funding pledged on a G.O. basis should look to leave capacity for emergency funding. **Table 9** below depicts the Village’s current and projected percentage of its debt limit and the residual capacity. Starting with year-end 2025, the Village is at 39% of its debt limit. Based on the projected financings the average percentage of its statutory limit for the planning period 2025-2030 is 42% and the maximum percentage of its statutory limit is 45%. Based on the Village’s current G.O. rating Ehlers recommends staying below 50% of its statutory limit (or 2.5% of its equalized value) to maintain this rating while other rating factors improve. In 2024, the Village adopted an internal policy to maintain G.O. debt within 3% of its equalized value as a best practice.



**Table 9**  
**General Obligation Debt Capacity Analysis - Impact of Financing Plan**

*Village of Jackson, WI*

Proposed Debt								Combined Principal Existing & Proposed	Statutory Limit (5% EV)		Village Policy Limit (3% EV)		Year Ending
2025 G.O. Notes	2026 G.O. Notes	2027 G.O. Notes	2028 G.O. Notes	2029 G.O. Notes	2030 G.O. Notes	2032 G.O. Notes	2033 G.O. Notes		% of Limit	Residual Capacity	% of Limit	Residual Capacity	
								\$24,128,587	37%	\$41,319,333	61%	\$15,140,165	2024
2,235,000								\$24,904,893	37%	\$43,248,043	61%	\$15,986,868	2025
2,235,000	6,020,000							\$29,413,713	42%	\$41,153,174	69%	\$12,926,419	2026
2,180,000	6,020,000	4,855,000						\$32,638,171	45%	\$39,932,242	75%	\$10,904,077	2027
2,125,000	5,905,000	4,855,000	2,320,000					\$33,220,000	45%	\$41,193,723	74%	\$11,428,234	2028
2,065,000	5,790,000	4,855,000	2,320,000	970,000				\$32,585,000	43%	\$43,867,620	71%	\$13,286,572	2029
2,005,000	5,675,000	4,790,000	2,235,000	930,000	585,000			\$31,550,000	40%	\$46,943,585	67%	\$15,546,151	2030
1,935,000	5,560,000	4,720,000	2,145,000	890,000	567,308			\$29,832,308	37%	\$50,736,960	62%	\$18,509,253	2031
1,845,000	5,415,000	4,640,000	2,050,000	840,000	548,732	2,285,000		\$30,308,732	37%	\$52,270,605	61%	\$19,238,870	2032
1,750,000	5,260,000	4,545,000	1,950,000	790,000	529,226	2,285,000	2,715,000	\$31,164,226	37%	\$53,475,326	61%	\$19,619,505	2033
1,655,000	5,105,000	4,440,000	1,845,000	740,000	508,746	2,285,000	2,715,000	\$29,283,746	34%	\$57,467,422	56%	\$22,766,955	2034
1,555,000	4,950,000	4,330,000	1,735,000	690,000	487,241	2,215,000	2,660,000	\$27,237,241	31%	\$61,678,223	51%	\$26,112,037	2035
1,450,000	4,795,000	4,215,000	1,620,000	640,000	464,661	2,145,000	2,605,000	\$25,159,661	28%	\$65,974,094	46%	\$29,520,592	2036
1,330,000	4,620,000	4,095,000	1,500,000	590,000	440,952	2,075,000	2,550,000	\$23,020,952	25%	\$70,386,437	41%	\$33,023,481	2037
1,205,000	4,415,000	3,970,000	1,375,000	540,000	416,058	2,005,000	2,495,000	\$20,796,058	22%	\$74,941,689	36%	\$36,646,590	2038
1,070,000	4,175,000	3,830,000	1,245,000	490,000	389,919	1,935,000	2,440,000	\$18,509,919	19%	\$79,616,325	31%	\$40,365,827	2039
890,000	3,800,000	3,620,000	1,110,000	440,000	362,473	1,865,000	2,385,000	\$16,582,473	16%	\$86,198,701	27%	\$45,086,231	2040
720,000	3,320,000	3,265,000	975,000	390,000	333,655	1,790,000	2,330,000	\$14,698,655	14%	\$90,861,906	23%	\$48,637,682	2041
550,000	2,880,000	2,885,000	840,000	335,000	303,396	1,715,000	2,275,000	\$12,818,396	12%	\$95,596,711	20%	\$52,230,669	2042
380,000	2,420,000	2,470,000	700,000	280,000	271,623	1,635,000	2,220,000	\$10,866,623	10%	\$100,480,222	16%	\$55,941,484	2043
195,000	1,940,000	1,990,000	560,000	225,000	238,263	1,545,000	2,165,000	\$8,858,263	8%	\$105,499,601	13%	\$59,756,455	2044
0	1,100,000	1,370,000	420,000	170,000	203,234	1,405,000	2,110,000	\$6,778,234	6%	\$110,672,071	10%	\$63,691,949	2045
	0	750,000	280,000	115,000	166,454	1,265,000	2,040,000	\$4,616,454	4%	\$116,009,917	6%	\$67,759,369	2046
		0	140,000	60,000	127,834	1,125,000	1,960,000	\$3,412,834	3%	\$120,475,489	5%	\$70,920,160	2047
			0	0	87,284	895,000	1,645,000	\$2,627,284	2%	\$124,611,201	3%	\$73,715,807	2048



## SECTION 6 – PROJECTED PROPERTY TAX IMPACTS

The concluding exercise of the Five-Year Financial Management planning process is a projection of the tax levy, and corresponding tax rates, for all levy supported purposes. Development of the forecasts discussed in the previous sections allows for a projection of the future tax levy and corresponding tax rates needed to support Village's operations, capital, and debt service. Since 2005, the amount by which the Village is permitted to increase its tax levy has been limited by State law. The current version of State levy limits allows the Village to increase its levy over the preceding year's actual levy by a percentage equal to its prior year net new construction increase. Additionally, any amounts needed to pay General Obligation debt service authorized after July 1, 2005 is exempted from the limits.

The Village's total levy is comprised of the General Fund, Recreation Fund, Fire/EMS Fund, Capital Project Fund and the Debt Service Fund. **Table 10** includes the Village's projected tax levy and tax rate from 2025-2030.



**Table 10**  
**Levy Allocation, Tax, and Levy Limit Projection**

*Village of Jackson, WI*

Levy Year Calendar/Budget Year	Budget		Projected			
	2024	2025	2026	2027	2028	2029
	2025	2026	2027	2028	2029	2030
<b>Levy Need</b>						
Amount Levied for General Fund	3,349,555	3,498,253	3,798,903	4,018,888	4,228,743	4,447,375
Amount Levied for Recreation	264,508	330,905	352,647	375,131	398,385	422,441
Amount Levied for Fire/EMS	653,341	714,663	793,259	882,388	912,157	973,013
Amount Levied for Capital	141,862	-	-	-	-	-
Amount Levied for Debt Service	1,654,695	1,758,993	1,889,665	1,978,303	2,028,007	2,077,822
<b>Total Levy Need</b>	<b>6,063,962</b>	<b>6,302,814</b>	<b>6,834,474</b>	<b>7,254,709</b>	<b>7,567,292</b>	<b>7,920,651</b>
<b>Tax Rate &amp; Sample Tax Bill</b>						
Assessed Value (TID In) <sup>1</sup>	1,280,767,200	1,295,270,773	1,310,663,413	1,436,894,173	1,453,194,993	1,469,925,356
Incremental Value (Equalized)	93,305,900	54,830,999	67,733,210	71,470,250	71,020,460	73,473,328
Assessment Ratio <sup>1,2</sup>	98%	88%	78%	99%	89%	79%
Incremental Value (Assessed)	91,296,360	48,166,997	52,727,790	70,755,547	63,208,209	58,043,929
Assessed Value (TID Out)	1,189,470,840	1,247,103,776	1,257,935,623	1,366,138,626	1,389,986,783	1,411,881,426
Tax Rate	\$5.10	\$5.05	\$5.43	\$5.31	\$5.44	\$5.61
Sample Property Assessed Value	402,800	402,800	402,800	437,447	437,447	437,447
Sample Property Tax Bill	\$2,053.49	\$2,035.74	\$2,188.45	\$2,323.01	\$2,381.53	\$2,454.08
Tax Bill Change from PY (\$)	\$60.61	(\$17.75)	\$152.71	\$134.56	\$58.52	\$72.55
Tax Bill Change from PY (%)	3.04%	-0.86%	7.50%	6.15%	2.52%	3.05%
<b>Levy Limits</b>						
Line 8 Allow b4 Adj. (Base Levy)	4,267,404	4,405,126	4,567,670	4,970,730	5,304,042	5,568,280
Line E Adj. (Actual or Proj. Min. Debt)	1,796,558	1,758,993	1,889,665	1,978,303	2,028,007	2,077,822
Other Adj.	0	0	0	0	0	0
Total Allowable	6,063,962	6,164,118	6,457,335	6,949,033	7,332,049	7,646,102
Levy Need	6,063,962	6,302,814	6,834,474	7,254,709	7,567,292	7,920,651
Allow (Deficit)/Excess	0	(138,696)	(377,139)	(305,676)	(235,243)	(274,549)
Max Allow Line E	2,163,024	2,579,633	2,855,345	3,006,179	2,975,980	3,005,478
Fire Debt Service	71,454	71,454	71,454	138,944	99,039	139,287
Remaining Line E Adj. Capacity	366,467	820,640	965,680	1,027,876	947,973	927,656
<b>Notes:</b>						
1) Assessed Value increases assumed beyond 1/1/23 valuations at Discounted historical average of NNC. Assumed revaluation for 1/1/24 values based on discussion with the Village Assessor.						
2) Assumes 10% ratio drop between fair market and assessed values annually beyond 1/1/25.						

Since expenditures are projected to increase at a faster rate than sources of non-tax levy revenue, increases in the Village’s tax levy would be required. With the levy limitation, the Village would be allowed to increase its base levy from 2024 levels by an assumed Net New Construction (“NNC”) increase of 0.517% annually. Allowance for debt service increases as proposed would continue to be outside this levy limit per state statute. Table 10 identifies a few key results (noting the assumptions used) as follows:

- Tax Rate and Tax Bill



- The Village plans to issue additional debt in 2025 and would not have the required structured capacity in its existing debt structure. At the point of executing the 2025 financing Ehlers can present options for structuring. Additionally, the 2025 budget includes additional expenditures beyond the inflationary forecasts to account for the expectation of an additional police officer as well as increases in wages due to recent union contract updates.
- Budget Year 2026 projects a decrease tax rate and tax bill as a result of added TID OUT assessed value from the expected TID #4 closure. This is projected to add 58M to TID OUT assessed value.
- Levy Limits
  - Starting with Budget Year 2026, the forecast model projects annual shortfalls in allowable base levy when compared to budgeted operating expenditures net debt service. The Village will need to either:
    - Overperform the 0.517% Net New Construction assumption
    - Reduce expenditures
    - Use additional debt service adjustment capacity due to abated debt. However, this should not be completed regularly or for recurring expenditures as the debt adjustment will be subtracted out in the following year’s worksheet. Therefore, if the portion for abated debt is decreased this additional debt service levy limit capacity decreases.

## SECTION 7 – TIF DISTRICTS & ECONOMIC DEVELOPMENT

Updates to the cash flow projections for each Tax Incremental District (“TID”) were prepared to monitor the performance of each TID. **Appendix C** includes an update to the TID increment projections and a cash flow projection for all active TIDs of the Village. Below is a summary of the status of each TID.

### 7.1 TID No. 4

TID Type:	Pre-1995: No Type Required
Expenditure Period Ended:	September 28, 2017
Maximum Life Ends:	September 28, 2025
Final Revenue Collection year:	2026



The Village adopted the Affordable Housing Extension on April 9, 2024 in order to use the last year of increment for TID #7. The Village also adopted the termination resolution December 9, 2024 to close the District.

**7.2 TID No. 5**

TID Type: Industrial  
 Expenditure Period Ends: May 20, 2029  
 Maximum Life Ends: May 20, 2034  
 Final Revenue Collection year: 2035

The district is tied to developer payments on a percentage basis and based on current valuations it will take the maximum life to satisfy the agreement.

**7.3 TID No. 6**

TID Type: Industrial  
 Expenditure Period Ends: November 14, 2033  
 Maximum Life Ends: November 14, 2038  
 Final Revenue Collection year: 2039

The district has outstanding debt related to the developments and eligible project costs. Additionally, the Sewer Utility is advancing funds to TID 6 in order to make payments owed to a Developer per the existing Developer Agreement. Based on current valuations, it will take the maximum life to payoff the debt and to repay the advance to the Sewer Utility.

**7.4 TID No. 7**

TID Type: Mixed-Use  
 Expenditure Period Ends: June 11, 2034  
 Maximum Life Ends: June 11, 2039  
 Final Revenue Collection year: 2040

The district is still in its early stages and has not completed all of the project costs identified in the original project plan. The future performance will be dictated by



future valuations. Ehlers recommends each proposed development be analyzed on its own merit that its projected increment can pay for its required project costs.

## 7.5 Economic Development Initiatives

The Village should continue to promote development and redevelopment in and outside of its tax increment districts. Net new construction within the tax increment district will help support the recovery on TIF obligations, reducing any required support from the Village as well as providing the ability for the districts to close sooner. Net new construction provides for growth in the tax base and allows for increases in the Village's levy limit.

## SECTION 8 - WATER AND SEWER UTILITIES

Utilities have a foundational goal of providing safe and reliable service at the most appropriate cost. This often becomes a balancing effort when making capital investment and growth decisions. Within the fundamental goal of providing reliable service lies the need for maintaining adequate reserves to cover the operating, maintenance and capital needs of a utility that provides around the clock service. Reserves for utilities generally fall within two categories: restricted and unrestricted. Restricted reserves are most commonly created in conjunction with a revenue debt obligation where the issuer is required to establish a Debt Service Reserve Fund to generally guarantee one year's principal and interest payment in the event utility revenues were not adequate to make the payment. The restricted reserve amount will be established and known within the issuing documents. Meanwhile, unrestricted reserves are determined by the utility and therefore are often monitored by external entities to measure the fiscal sustainability of the utility.

Outside of the foundational goal of utilities it is important to acknowledge their nature as an enterprise. Utilities are capital intensive in nature, meaning it costs a lot of money to produce revenue when compared to other businesses with lower asset needs. In addition, the costs to maintain the assets causes annual fluctuations in operating costs as it relates to maintenance expenses. Therefore it is imperative to analyze historical performance greater than one or two years when developing future projections for utilities. Detailed historical and future projected cash flow analyses were developed for both the water and sewer utilities as part of the Financial Management Plan. The Capital Improvement Plan was examined for both utilities and a funding plan developed based on maintaining fiscal sustainability.



**Appendix D** is the Water and Sewer Utility Analysis for the Financial Management Plan.

## 8.1 Water Utility

Section 1 of Appendix D outlines the 5-year (2020-2024) historical performance of the water utility. To understand whether rates have been sufficient it is important to analyze their ability to recover costs of operating the system under the two generally accepted methodologies. Under the cash-based method, revenue adequacy is measured for each year using several components. These components include: operation and maintenance expenses, debt service, and cash funded capital. Cash funded capital should include cash or surplus funded capital in each year and can include an adder for debt coverage as a measure to say the utility's rates should be greater than a dollar-for-dollar recovery of solely operating and debt expenses. Under the utility-based method, revenue adequacy is measured for each year using several components. These components include: operation and maintenance expenses, depreciation, and a benchmark return on rate base set by the Wisconsin Public Service Commission ("PSC"). Rate base or Net Investment Rate Base ("NIRB") is defined as the undepreciated value of the system. The PSC sets the benchmark rate of return for all utilities during the year based on a 3-month rolling average of AAA rated 30-year municipal bond yields plus two percent. The components of each individual methodology added together less other revenues not generated through user rates serve as the requirement that should be recovered in the user rates. Since the water utility is regulated by the PSC, the utility should continually track the Utility-based method as that is how the PSC will calculate rates when the utility applies for a rate adjustment. **Table 11** below identifies the current utility rate performance of the water utility.



**Table 11**  
**Water Rate Performance**

*Village of Jackson, WI*

Revenue Requirement		Shown with no increase				Est	Budget
Component	Description	2020	2021	2022	2023	2024	2025
<b>Cash Basis</b>							
1	O&M and PILOT	\$1,263,135	\$1,048,620	\$982,572	\$1,060,535	\$1,038,678	\$1,447,588
2	Debt	\$0	\$0	\$0	\$22,420	\$200,951	\$169,975
3	Cash Funded Capital^	\$856,655	\$449,956	\$72,293	\$942,631	\$226,071	\$496,985
Less:							
	Other Revenue	\$419,229	\$275,594	\$70,448	\$1,007,870	\$1,044,294	\$51,300
	Interest Income	\$733	\$104	\$2,831	\$31,550	\$17,335	\$21,830
	Revenue Requirement (Costs less Other Income)	\$1,699,828	\$1,222,878	\$981,586	\$986,166	\$404,071	\$2,041,418
	User Rates Revenue	\$1,343,231	\$1,351,629	\$1,344,130	\$1,413,393	\$1,683,950	\$1,766,122
	Rate Adequacy	(\$356,597)	\$128,751	\$362,544	\$427,227	\$1,279,879	(\$275,296)
	Rate Adjustment Needed	26.55%	0.00%	0.00%	0.00%	0.00%	15.59%
<b>Utility Basis (PSC)</b>							
1	O&M and PILOT	\$1,263,135	\$1,048,620	\$982,572	\$1,060,535	\$1,038,678	\$1,447,588
2	Depreciation	\$212,919	\$218,085	\$227,420	\$233,798	\$235,104	\$254,359
	NIRB	\$5,627,291	\$5,880,884	\$6,084,596	\$6,016,807	\$5,646,785	\$6,418,301
	PSC Benchmark ROI %	4.90%	4.90%	4.90%	6.50%	6.30%	6.20%
3	PSC Calculated ROI	\$275,737	\$288,163	\$298,145	\$391,092	\$355,747	\$397,935
Less:							
	Other Revenue	\$419,229	\$275,594	\$70,448	\$1,007,870	\$1,044,294	\$51,300
	Revenue Requirement (Costs less Other Income)	\$1,332,562	\$1,279,274	\$1,437,689	\$677,556	\$585,235	\$2,048,582
	User Rates Revenue	\$1,343,231	\$1,351,629	\$1,344,130	\$1,413,393	\$1,683,950	\$1,766,122
	Rate Adequacy	\$10,669	\$72,355	(\$93,559)	\$735,837	\$1,098,715	(\$282,460)
	Rate Adjustment Needed	0.00%	0.00%	6.96%	0.00%	0.00%	15.99%

**Notes:**

^Includes recommended debt coverage at 1.6x annual debt payment

Operating and maintenance expenses are expected to increase by 40% from 2024 to 2025 budget. In addition, the utility has increased its rate base by about 7% since its last Conventional Rate Case (“CRC”) with the PSC. The water utility’s last rate adjustment completed through a Conventional Rate Case (“CRC”) with the Wisconsin Public Service Commission (“PSC”) was implemented on October 10, 2010. The water utility’s last rate adjustment completed through a Simplified Rate Case (“SRC”) with the (“PSC”) was implemented on January 1, 2025.



**Appendix D** outlines future financial projections for the water utility. Due to the water utility's cash position, projected capital improvements, and the sewer utility future rate adjustment plans, Ehlers recommended several Simplified Rate Cases ("SRC") within the planning period as well as a Conventional Rate Case ("CRC") in 2026 as seen in **Table 12** below.

The SRCs will help to maintain revenues at a level matching inflationary operating expense assumption. Qualification for an SRC should be analyzed annually. To qualify for a simplified user rate increase, the utility must file the PSC Annual Report for the year prior and have a rate of return for the utility that is below the PSC's benchmark level, and either be at that level or below the benchmark after the simplified rate increase takes effect. The utility's cash position above industry benchmarks provides fiscal sustainability before the projected CRC in 2026. If the utility were to realize different capital needs, we generally recommend Conventional Rate Cases every 5-10 years to ensure rates match system conditions including assets in service, customer counts, and usage changes.



**Table 12**  
**Water Utility Cash Flow Analysis - Projected 2025-2034**

*Village of Jackson, WI*

	Budget	Projected								
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Revenues</b>										
Total Revenues from User Rates <sup>1</sup>	\$1,766,122	\$2,276,885	\$2,276,885	\$2,345,191	\$2,415,547	\$2,488,013	\$2,562,654	\$2,639,533	\$2,718,719	\$2,800,281
Percent Increase to User Rates	0.00%	28.92%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Percent Rate Increase	0.00%	28.92%	0.00%	3.00%	6.09%	9.27%	12.55%	15.93%	19.41%	22.99%
Dollar Amount Increase to Revenues		\$510,763	\$0	\$68,307	\$70,356	\$72,466	\$74,640	\$76,880	\$79,186	\$81,562
Total Other Revenues	\$25,830	\$9,789	\$12,409	\$13,380	\$10,368	\$13,041	\$17,439	\$18,555	\$40,452	\$38,740
<b>Total Revenues</b>	<b>\$1,791,952</b>	<b>\$2,286,674</b>	<b>\$2,289,294</b>	<b>\$2,358,571</b>	<b>\$2,425,914</b>	<b>\$2,501,055</b>	<b>\$2,580,093</b>	<b>\$2,658,088</b>	<b>\$2,759,171</b>	<b>\$2,839,021</b>
<b>Less: Expenses</b>										
Operating and Maintenance <sup>2</sup>	\$1,247,588	\$1,284,798	\$1,323,119	\$1,362,586	\$1,403,233	\$1,445,094	\$1,488,206	\$1,532,607	\$1,578,335	\$1,625,430
PILOT Payment	\$200,000	\$204,000	\$208,080	\$212,242	\$216,486	\$220,816	\$225,232	\$229,737	\$234,332	\$239,019
<b>Net Before Debt Service and Capital Expenditures</b>	<b>\$344,364</b>	<b>\$797,876</b>	<b>\$758,094</b>	<b>\$783,743</b>	<b>\$806,195</b>	<b>\$835,145</b>	<b>\$866,654</b>	<b>\$895,744</b>	<b>\$946,504</b>	<b>\$974,572</b>
<b>Debt Service</b>										
Existing Debt P&I	\$169,975	\$165,225	\$160,475	\$155,725	\$150,975	\$146,225	\$141,475	\$131,850	\$127,800	\$124,200
New (2025-2034) Debt Service P&I	\$0	\$62,911	\$78,691	\$82,147	\$85,385	\$83,504	\$165,755	\$173,159	\$239,666	\$250,341
<b>Total Debt Service</b>	<b>\$169,975</b>	<b>\$228,136</b>	<b>\$239,166</b>	<b>\$237,872</b>	<b>\$236,360</b>	<b>\$229,729</b>	<b>\$307,230</b>	<b>\$305,009</b>	<b>\$367,466</b>	<b>\$374,541</b>
Transfer In (Out)	\$47,300	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Less: Capital Improvements	\$1,409,950	\$1,223,640	\$353,000	\$1,176,525	\$63,400	\$834,247	\$364,811	\$691,984	\$774,527	\$247,614
Debt Proceeds	\$950,000	\$0	\$0	\$0	\$0	\$1,080,000	\$0	\$840,000	\$0	\$0
<b>Net Annual Cash Flow</b>	<b>(\$238,261)</b>	<b>(\$633,900)</b>	<b>\$185,929</b>	<b>(\$610,654)</b>	<b>\$526,435</b>	<b>\$871,168</b>	<b>\$214,614</b>	<b>\$758,751</b>	<b>(\$175,489)</b>	<b>\$372,418</b>
<b>Restricted and Unrestricted Cash Balance:</b>										
Balance at first of year	\$2,537,929	\$2,299,668	\$1,665,767	\$1,851,696	\$1,241,042	\$1,767,477	\$2,638,645	\$2,853,259	\$3,612,010	\$3,436,522
Net Annual Cash Flow Addition/(subtraction)	-\$238,261	-\$633,900	\$185,929	-\$610,654	\$526,435	\$871,168	\$214,614	\$758,751	-\$175,489	\$372,418
Balance at end of year	\$2,299,668	\$1,665,767	\$1,851,696	\$1,241,042	\$1,767,477	\$2,638,645	\$2,853,259	\$3,612,010	\$3,436,522	\$3,808,939
"All-in" Debt Coverage	2.30	3.59	3.25	3.38	3.50	3.72	2.89	3.00	2.63	2.66
PSC Days Cash on Hand	461	273	317	156	278	450	458	613	536	605

**Notes:**

- 1) Assumes no changes in customer count or usage beyond Test Year.
- 2) Assumes 3.00% annual inflation beyond budget year.

**Legend:**

- Simplified Rate Case (projected eligibility)
- Conventional (Full) Rate Case



## 8.2 Sewer Utility

Section 1 of the Sewer Utility portion of **Appendix D** outlines the 5-year (2020-2024) historical performance of the sewer utility. Operating and maintenance expenses are expected to increase 85% from 2024 to 2025 budget. The sewer utility’s last rate increase was effective in 2023 and resulted in 8% increase to the general service rates. Historical sewer rate performance is measured under the same methodologies as the water utility but is not regulated by the PSC.

**Table 13**  
**Sewer Rate Performance**

*Village of Jackson, WI*

Revenue Requirement		Shown with no increase				Est	Budget
Component	Description	2020	2021	2022	2023	2024	2025
<b>Cash Basis</b>							
1	Operating and Maintenance	\$1,175,464	\$1,103,644	\$1,416,224	\$1,476,066	\$1,026,821	\$1,905,462
2	Debt	\$0	\$0	\$0	\$41,470	\$411,579	\$445,553
3	Cash Funded Capital <sup>a</sup>	\$574,136	\$206,041	\$225,844	\$2,081,235	\$246,947	\$662,332
Less:							
	Other Revenue	\$603,020	\$473,539	\$104,499	\$1,221,785	\$783,845	\$204,550
	Interest Income	\$15,024	\$1,951	\$58,598	\$221,169	\$104,000	\$138,000
	Revenue Requirement (Costs less Other Income)	\$1,131,556	\$834,195	\$1,478,971	\$2,155,817	\$797,503	\$2,670,797
	User Rates Revenue	\$1,877,763	\$1,866,881	\$1,881,312	\$1,903,787	\$1,969,408	\$2,077,707
	Rate Adequacy	\$746,207	\$1,032,686	\$402,341	(\$252,030)	\$1,171,905	(\$593,090)
	Rate Adjustment Needed	0.00%	0.00%	0.00%	13.24%	0.00%	28.55%
<b>Utility Basis (PSC)</b>							
1	Operating and Maintenance	\$1,175,464	\$1,103,644	\$1,416,224	\$1,476,066	\$1,026,821	\$1,905,462
2	Depreciation	\$824,182	\$826,648	\$837,182	\$863,039	\$933,688	\$1,091,630
	NIRB	\$12,856,142	\$12,419,582	\$11,804,342	\$12,004,329	\$14,539,324	\$16,974,699
3	Typical ROI (2.5%)	\$321,404	\$310,490	\$295,109	\$300,108	\$363,483	\$424,367
Less:							
	Other Revenue	\$603,020	\$473,539	\$104,499	\$1,221,785	\$783,845	\$204,550
	Interest Income	\$15,024	\$1,951	\$58,598	\$221,169	\$104,000	\$138,000
	Revenue Requirement (Costs less Other Income)	\$1,703,006	\$1,765,292	\$2,385,418	\$1,196,259	\$1,436,147	\$3,078,910
	User Rates Revenue	\$1,877,763	\$1,866,881	\$1,881,312	\$1,903,787	\$1,969,408	\$2,077,707
	Rate Adequacy	\$174,757	\$101,589	(\$504,106)	\$707,528	\$533,261	(\$1,001,203)
	Rate Adjustment Needed	0.00%	0.00%	26.80%	0.00%	0.00%	48.19%

**Notes:**

<sup>a</sup>Includes recommended debt coverage at 1.6x annual debt payment



Historically the Sewer Utility rates are performing on both basis. However the Sewer Utility will be undertaking improvements to its treatment plant that will require a series of rate adjustments in order to fund the proposed debt service. Section 2 of the Sewer Utility portion of **Appendix D** outlines future financial projections for the sewer utility. Due to cash balances as seen in **Table 14** below, we recommend a mix of cash and debt financing for sewer related CIP items. Future rate adjustments shown are intended to fund all current and projected financial obligations.



**Table 14**  
**Sewer Utility Cash Flow Analysis - Projected 2025-2034**

*Village of Jackson, WI*

	Budget		Projected							
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Revenues</b>										
Total Revenues from User Rates <sup>1</sup>	\$2,451,694	\$2,892,999	\$3,413,739	\$3,761,469	\$3,874,313	\$3,990,542	\$4,110,259	\$4,233,566	\$4,360,573	\$4,491,391
Percent Increase to User Rates	18.00%	18.00%	18.00%	10.19%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Percent Rate Increase	18.00%	39.24%	64.30%	81.04%	86.47%	92.06%	97.83%	103.76%	109.87%	116.17%
Dollar Amount Increase to Revenues		\$441,305	\$520,740	\$347,730	\$112,844	\$116,229	\$119,716	\$123,308	\$127,007	\$130,817
<b>Other Revenues</b>										
Interest Income	\$138,000	\$16,782	\$14,507	\$18,732	\$17,088	\$18,304	\$18,023	\$18,622	\$18,515	\$17,997
Other Income	\$204,550	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Revenues	\$342,550	\$16,782	\$14,507	\$18,732	\$17,088	\$18,304	\$18,023	\$18,622	\$18,515	\$17,997
<b>Total Revenues</b>	<b>\$2,794,244</b>	<b>\$2,909,782</b>	<b>\$3,428,246</b>	<b>\$3,780,201</b>	<b>\$3,891,401</b>	<b>\$4,008,846</b>	<b>\$4,128,282</b>	<b>\$4,252,188</b>	<b>\$4,379,088</b>	<b>\$4,509,387</b>
<b>Less: Expenses</b>										
Operating and Maintenance	\$1,905,462	\$1,962,626	\$2,021,505	\$2,082,150	\$2,144,614	\$2,208,953	\$2,275,221	\$2,343,478	\$2,413,782	\$2,486,196
<b>Net Before Debt Service and Capital Expenditures</b>	<b>\$888,782</b>	<b>\$947,156</b>	<b>\$1,406,742</b>	<b>\$1,698,051</b>	<b>\$1,746,787</b>	<b>\$1,799,893</b>	<b>\$1,853,060</b>	<b>\$1,908,710</b>	<b>\$1,965,306</b>	<b>\$2,023,191</b>
<b>Debt Service</b>										
Existing Debt P&I	\$445,553	\$676,746	\$667,931	\$659,114	\$640,547	\$632,227	\$623,906	\$620,459	\$612,734	\$605,859
New (2025-2034) Debt Service P&I	\$0	\$103,439	\$406,560	\$622,845	\$640,018	\$648,611	\$699,883	\$700,325	\$805,275	\$801,462
<b>Total Debt Service</b>	<b>\$445,553</b>	<b>\$780,185</b>	<b>\$1,074,490</b>	<b>\$1,281,959</b>	<b>\$1,280,565</b>	<b>\$1,280,838</b>	<b>\$1,323,789</b>	<b>\$1,320,784</b>	<b>\$1,418,009</b>	<b>\$1,407,321</b>
Transfer In (Out)	\$204,550	\$100,000	\$100,000	\$100,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Less: Capital Improvements & COI	\$1,409,950	\$6,477,046	\$1,537,535	\$8,873,525	\$0	\$651,306	\$309,811	\$650,720	\$774,527	\$247,614
Debt Issued/Grants/Aid	\$950,000	\$5,300,000	\$2,795,000	\$7,700,000	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Annual Cash Flow</b>	<b>\$187,829</b>	<b>(\$910,075)</b>	<b>\$1,689,716</b>	<b>(\$657,433)</b>	<b>\$486,222</b>	<b>(\$112,251)</b>	<b>\$239,461</b>	<b>(\$42,794)</b>	<b>(\$207,230)</b>	<b>\$388,257</b>
<b>Restricted and Unrestricted Cash Balance:</b>										
Balance at first of year	\$6,525,163	\$6,712,992	\$5,802,917	\$7,492,634	\$6,835,200	\$7,321,422	\$7,209,170	\$7,448,631	\$7,405,837	\$7,198,608
Net Annual Cash Flow Addition/(subtraction)	\$187,829	(\$910,075)	\$1,689,716	(\$657,433)	\$486,222	(\$112,251)	\$239,461	(\$42,794)	(\$207,230)	\$388,257
Balance at end of year	\$6,712,992	\$5,802,917	\$7,492,634	\$6,835,200	\$7,321,422	\$7,209,170	\$7,448,631	\$7,405,837	\$7,198,608	\$7,586,865
"All-in" Debt Coverage	2.45	1.34	1.40	1.40	1.38	1.42	1.41	1.46	1.40	1.45

**Notes:**

- 1) Assumes no changes in customer count or usage beyond Test Year.
- 2) Assumes 3.00% annual inflation beyond budget year.

**Legend:**

- Increase depicted to maintain with assumed O&M inflation
- Increase needed above inflationary adjustment



## SECTION 9 – GENERAL CONCLUSIONS & OBSERVATIONS

The following is a summary of key conclusions and observations developed because of the modeling and workshop process and the development of the Financial Management Plan:

- The current favorable indicators under this five-year plan for the Village are
  - qualification for statutorily defined levy limits
  - an Unassigned General Fund balance above Moody’s A1 Medians (40% of operating revenues) and GFOA target of 2 months revenues;
  - a prioritized Capital Fund balance which promotes strategic capital improvement planning;
  - strong management due to the Board’s quarterly review of financials and annual Financial Management Plan preparation; and
  - conservative budgeting practices.
- The primary challenges going forward will be:
  - Finding the appropriate balance between a desire to keep taxes manageable as shown in Table 10, and the necessity to replace aging infrastructure that has reached the end of its useful life, and improvements intended to enhance quality of life in the community;
  - Levy limits, in their present form, are not expected to be a constraining factor for the Village. Due to the way debt service adjustments are made on the current levy limit worksheet, the Village’s projected tax levy will be below the amounts that it could levy under the limits. Future levy limits could become a constraining factor for the Village, particularly if the current adjustments allowed for debt service were to be eliminated. Continued growth to improve levy limit qualification without using abated debt
  - Given current and potential national economic conditions it is hard to project the likelihood of continued economic development and property evaluation; and
  - Expenditure Restraint Program qualification – projecting expenditure restraint pressures while meeting all of the objectives for projected expenditures for 2028 budget and beyond

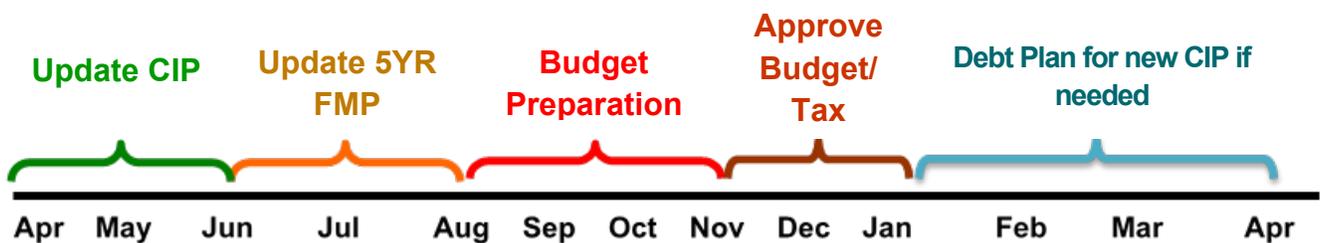


Closure of TIDs will have a positive impact on the Village’s financial position. These closures increase the Village’s tax base. This additional tax base will allow the Village to increase its tax levy, reduce its tax rate, or likely some combination of both (levy limit legislation, if still in effect, may restrict or limit the Village’s options in this regard). A larger tax base will also reduce the tax rate impact of future capital financing needs.

## SECTION 10 – RECOMMENDATIONS

To capitalize on its investment in this planning process, the Village should undertake the following actions as extensions of this plan:

- Update its CIP annually so it maintains a planning horizon, and accurately reflects planned projects and associated costs. Maintaining a current CIP also allows this information to be integrated into current year financing plans so that the impact of probable future borrowings can be assessed in addition to the notes or bonds currently proposed for issuance. Through the development of this plan, the Village should consider financing projects within the amount of debt issues being no greater than the amount of levy supported principal debt retiring annually. Additional consideration should be given to the G.O. Debt limit as discussed in Section 4.3.
- Review status of financial indicators in conjunction with future debt financings. As new debt issues are considered, their impact should be evaluated.
- Consider annual updates to this Five-Year Financial Management Plan. Changes in economic conditions, local priorities, state legislation and other variables require that the models be updated periodically if they are to remain a viable planning tool. The chart below reflects the upcoming fiscal planning cycle.





## SECTION 11 – ACKNOWLEDGEMENTS

On behalf of the project team, we would like to acknowledge the commitment and contributions provided by several members of Village staff in completing this project. We would like to recognize Jen Heidtke, Village Administrator, Darlene Smith, Treasurer, Brian Kober, Director of Public Works/Village Engineer, Aaron Swaney, Fire Department Chief, Ryan Vossekuil, Police Chief, and Kelly Valentino, Parks & Recreation Director for their input and guidance throughout the course of this process.