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2025 FINANCIAL MANAGEMENT PLAN FOR THE:

Village of Jackson, WI

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SECTION 1 – BACKGROUND

In May 2025, Ehlers was engaged to prepare the Village's third 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.
- Identify a 10-year plan for projected utility rate adjustments that maintain affordable, fair, and equitable rates for users. In addition, in Spring 2025, the Village filed an application for a Conventional Rate Case, one of the windows of opportunity for water rate adjustments with the Public Service Commission.
- 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 sessions/workshops with Department Heads and the Village Board. An introductory planning session was held with Department Heads on August 6th. The formal workshops were held with the Village Board on August 12th (General & Operating Funds and Capital), and October 20th (CIP Recap, Operations Update, TIDs Summary, and Water & Sewer Funds). During these workshops, the Village was 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
- Water utility revenues
- Sewer utility revenues

Collectively, these non-property tax revenue sources are expected to repay approximately 27% of the scheduled debt service of all Village G.O. debt issued as of January 1, 2026.

Table 1
Existing G.O. Debt Base Case

Village of Jackson, WI

Year Ending	Existing Debt									Year Ending
	Total G.O. Debt Payments	G.O. Debt Expense	Less: EMS	Less: TID #6	Less: TID #7	Less: Sewer	Less: Water	Net Tax Levy	Change in DS Levy To Prior Year	
2025	2,163,024	1,600	(71,454)	(309,910)	(128,565)	0	0	1,654,695		2025
2026	2,408,000	1,700	(71,454)	(323,610)	(150,632)	(54,619)	(54,619)	1,754,766	100,070	2026
2027	2,449,267	1,700	(71,454)	(341,968)	(150,855)	(65,663)	(65,663)	1,755,364	599	2027
2028	2,389,142	1,700	(71,456)	(345,100)	(152,453)	(64,163)	(64,163)	1,693,508	(61,857)	2028
2029	2,203,065	1,700	0	(292,975)	(158,782)	(62,663)	(62,663)	1,627,683	(65,825)	2029
2030	1,979,015	1,700		(285,675)	(171,482)	(61,163)	(61,163)	1,401,233	(226,450)	2030
2031	2,000,899	1,700		(288,055)	(174,979)	(59,663)	(59,663)	1,420,240	19,008	2031
2032	2,005,048	1,700		(289,995)	(173,255)	(63,038)	(63,038)	1,417,422	(2,818)	2032
2033	1,991,896	1,700		(281,535)	(176,311)	(66,163)	(66,163)	1,403,425	(13,997)	2033
2034	1,952,185	1,700		(272,895)	(174,144)	(64,163)	(64,163)	1,378,521	(24,904)	2034
2035	1,937,128	1,700		(269,138)	(178,460)	(62,363)	(62,363)	1,366,505	(12,016)	2035
2036	1,917,735	1,700		(260,075)	(182,539)	(60,763)	(60,763)	1,355,296	(11,208)	2036
2037	1,903,240	1,700		(250,825)	(186,276)	(59,163)	(59,163)	1,349,514	(5,783)	2037
2038	1,911,695	1,700		(266,000)	(189,670)	(62,463)	(62,463)	1,332,800	(16,714)	2038
2039	1,868,358	1,700		(265,400)	(178,334)	(60,663)	(60,663)	1,304,999	(27,802)	2039
2040	1,257,444	1,700		0	(35,744)	(63,700)	(63,700)	1,096,000	(208,999)	2040
2041	944,394	1,700			0	(66,469)	(66,469)	813,156	(282,844)	2041
2042	921,100	1,700				(64,131)	(64,131)	794,538	(18,619)	2042
2043	892,500	1,700				(61,794)	(61,794)	770,613	(23,925)	2043
2044	828,988	1,700				(64,275)	(64,275)	702,138	(68,475)	2044
2045	393,663	1,700				(66,463)	(66,463)	262,438	(439,700)	2045
2046	0					0	0	0	(262,438)	2046
Total	34,154,758	34,000	(214,365)	(4,033,245)	(2,433,917)	(1,253,538)	(1,253,538)	25,000,156		Total

Wisconsin State Statues 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, 2025 was $1,431,604,400 with a corresponding debt principal limit of $71,580,220. The Village's outstanding debt principal as of December 31, 2025 was $26,484,893, 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 Value (TID IN)[1]	Debt Limit	Existing Principal Outstanding	**% of Limit**
2025	1,431,604,400	71,580,220	26,484,893	**37%**
2026	1,474,500,560	73,725,028	24,973,713	**34%**
2027	1,518,682,048	75,934,102	23,288,171	**31%**
2028	1,564,187,377	78,209,369	21,610,000	**28%**
2029	1,611,056,214	80,552,811	20,065,000	**25%**
2030	1,698,742,514	84,937,126	18,695,000	**22%**
2031	1,749,643,120	87,482,156	17,260,000	**20%**
2032	1,802,068,896	90,103,445	15,780,000	**18%**
2033	1,860,251,561	93,012,578	14,270,000	**15%**
2034	1,921,909,040	96,095,452	12,755,000	**13%**
2035	1,992,695,939	99,634,797	11,210,000	**11%**
2036	2,061,255,856	103,062,793	9,640,000	**9%**
2037	2,129,511,089	106,475,554	8,040,000	**8%**
2038	2,200,003,103	110,000,155	6,385,000	**6%**
2039	2,296,747,374	114,837,369	4,725,000	**4%**
2040	2,372,736,616	118,636,831	3,635,000	**3%**
2041	2,451,214,381	122,560,719	2,825,000	**2%**
2042	2,532,261,480	126,613,074	2,005,000	**2%**
2043	2,615,961,329	130,798,066	1,180,000	**1%**
2044	2,702,400,033	135,120,002	385,000	**0%**
2045	2,791,666,472	139,583,324	0	**0%**
2046	2,883,852,391	144,192,620		**0%**
2047	2,979,052,491	148,952,625		**0%**
2048	3,077,364,523	153,868,226		**0%**

Notes:

1) Projected TID IN EV based on 5-year average at 3.0% 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

Moodys	S&P	Rating Description
Aaa	AAA	Highest rating assigned. The obligor's capacity to meet its financial commitment on the obligation is *EXTREMELY STRONG*
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 *VERY STRONG*
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 *STRONG*
A2	A	
A3	A-	
Baa1	BBB+	Exhibits *ADEQUATE* 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, and the Village's Water and Sewer Enterprise is rated A2, both by Moody's Investors Service. The most recent credit opinion was released April 4, 2025. Credit strengths identified for the Village include strong available fund balance & liquidity, favorable location near Milwaukee with growing tax base largely due to new construction, and for the Water & Sewer Enterprise, stable water and sewer customer base, and the sewer system's autonomous rate setting. Credit weaknesses identified for the Village include elevated overall leverage and limited revenue raising flexibility due to state-imposed levy limits, and for the Water & Sewer Enterprise, modest sized operations of water and sewer utilities, and water utility rate increases requiring Wisconsin Public Service Commission approval. 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

- for the Village, maintenance of current available fund balance ratio while successfully executing planned capital projects, and maintenance of long-term liabilities ratio below 300%;
- for the water and sewer enterprise, significant bolstering of days cash on hand and debt service coverage metrics.

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

- for the Village, reduction of available fund balance ratio approaching 25%, and sustained increase in long-term liabilities ratio to levels approaching 400%;
- for the water and sewer enterprise, deterioration of liquidity or debt service coverage, & material increase in debt burden.

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

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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 (2024)	Adj Gross Inc as % of State (2024)	Per Capita Eq. Value (2025)	Eq. Value TID - IN (2025)	Population (2025)	Last update
Jackson	A1	2.93%	1.95%	63.60%	$3,271	$5,187	12.80%	58.78%	13.24%	$81,449	106.28%	$176,829	1,431,604,400	8,096	01/20/26
Slinger	A1	3.21%	2.42%	54.77%	$4,168	$5,521	11.02%	7.63%	9.19%	$92,479	120.67%	$172,165	1,146,618,700	6,660	01/29/26
St. Francis	A1	5.89%	1.95%	93.36%	$2,310	$6,975	9.00%	30.98%	16.87%	$66,636	86.95%	$118,431	1,068,599,900	9,023	01/29/26
Lake Mills	AA-	6.90%	2.06%	74.86%	$3,285	$10,990	11.25%	89.90%	15.93%	$91,494	119.38%	$159,251	1,088,482,300	6,835	01/20/26
Platteville	AA-	5.77%	2.79%	71.60%	$2,410	$4,980	6.88%	29.79%	16.79%	$61,780	80.61%	$86,509	1,004,711,500	11,614	12/18/25
Lawrence	A	4.56%	2.38%	63.59%	$4,868	$9,313	13.43%	40.78%	43.24%	$134,322	175.27%	$204,162	1,431,379,600	7,011	01/20/26
Elkhorn	Aa3	3.64%	2.53%	43.86%	$3,391	$4,883	9.13%	49.81%	19.62%	$74,714	97.49%	$134,145	1,376,055,800	10,258	12/15/25
East Troy	Aa3	3.29%	2.05%	73.01%	$2,767	$4,424	10.65%	40.75%	10.57%	$78,905	102.96%	$134,659	682,585,700	5,069	11/17/25

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 27% of all current G.O. debt service payments will be paid from other revenue sources such as TIDs and water & sewer utilities. 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.

Table 4
Rating Factors Adjusted
Village of Jackson, WI

	Direct Debt Burden	Direct Debt per Capita
All Current Village GO Debt	1.95%	$3,452
Excluding Abatements	1.44%	$2,548

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 2021 through 2025, Village equalized value increased by an average of 11.83% per year. This average includes value increases that occurred within TID 5, TID 6, and TID 7. A total of 8.61% 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**).

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	
2021	2022	916,555,900							
2022	2023	1,069,281,100	16.66%	123,271,000	13.45%	23,577,300	2.57%	5,876,900	0.64%
2023	2024	1,182,093,600	10.55%	88,548,400	8.28%	25,567,500	2.39%	-1,303,400	-0.12%
2024	2025	1,308,958,400	10.73%	93,035,800	7.87%	49,237,900	4.17%	-15,408,900	-1.30%
2025	2026	1,431,604,400	9.37%	63,185,500	4.83%	57,398,600	4.39%	2,061,900	0.16%
AVERAGE CHANGE			**11.83%**	**92,010,175**	**8.61%**	**38,945,325**	**3.38%**	**-2,193,375**	**-0.16%**

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	
2021	2022	852,019,000							
2022	2023	990,140,900	16.21%	111,484,056	13.08%	21,322,882	2.50%	5,314,962	0.62%
2023	2024	1,089,204,200	10.00%	77,756,425	7.85%	22,451,421	2.27%	-1,144,546	-0.12%
2024	2025	1,215,652,500	11.61%	92,730,361	8.51%	49,076,251	4.51%	-15,358,312	-1.41%
2025	2026	1,370,601,400	12.75%	79,827,501	6.57%	72,516,429	5.97%	2,604,970	0.21%
AVERAGE CHANGE			**12.64%**	**90,449,586**	**9.00%**	**41,341,746**	**3.81%**	**-2,145,732**	**-0.17%**

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 anticipated value added from a future Town of Jackson attachment; therefore, approximately $100 million has been added to the value projections. (Note – TID 4's closure in 2025 is reflected in the 2025 TID OUT Equalized Value in Table 5.)

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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	
2026	2027	1,414,511,217	3.20%	30,853,937	2.25%	13,055,880	0.95%		0.00%
2027	2028	1,459,827,769	3.20%	31,842,402	2.25%	13,474,150	0.95%		0.00%
2028	2029	1,506,596,122	3.20%	32,862,534	2.25%	13,905,820	0.95%		0.00%
2029	2030	1,554,862,788	3.20%	33,915,347	2.25%	14,351,319	0.95%		0.00%
2030	2031	1,644,088,868	5.74%	35,001,890	2.25%	14,811,091	0.95%	39,413,100	2.53%
2031	2032	1,696,760,376	3.20%	37,010,480	2.25%	15,661,028	0.95%		0.00%
2032	2033	1,751,119,315	3.20%	38,196,181	2.25%	16,162,758	0.95%		0.00%
2033	2034	1,807,219,745	3.20%	39,419,868	2.25%	16,680,563	0.95%		0.00%
2034	2035	1,865,117,460	3.20%	40,682,758	2.25%	17,214,957	0.95%		0.00%
2035	2036	1,932,116,638	3.59%	41,986,107	2.25%	17,766,470	0.95%	7,246,600	0.39%
2036	2037	2,013,771,161	4.23%	43,494,342	2.25%	18,404,682	0.95%	19,755,500	1.02%
2037	2038	2,078,286,142	3.20%	45,332,486	2.25%	19,182,495	0.95%		0.00%
2038	2039	2,144,867,983	3.20%	46,784,799	2.25%	19,797,042	0.95%		0.00%
2039	2040	2,247,583,800	4.79%	48,283,639	2.25%	20,431,278	0.95%	34,000,900	1.59%
2040	2041	2,319,589,413	3.20%	50,595,899	2.25%	21,409,714	0.95%		0.00%
2041	2042	2,393,901,862	3.20%	52,216,835	2.25%	22,095,615	0.95%		0.00%
2042	2043	2,470,595,051	3.20%	53,889,700	2.25%	22,803,490	0.95%		0.00%
2043	2044	2,549,745,253	3.20%	55,616,159	2.25%	23,534,043	0.95%		0.00%
2044	2045	2,631,431,181	3.20%	57,397,928	2.25%	24,288,000	0.95%		0.00%
2045	2046	2,715,734,073	3.20%	59,236,780	2.25%	25,066,113	0.95%		0.00%
2046	2047	2,802,737,769	3.20%	61,134,542	2.25%	25,869,153	0.95%		0.00%
2047	2048	2,892,528,792	3.20%	63,093,103	2.25%	26,697,920	0.95%		0.00%
2048	2049	2,985,196,442	3.20%	65,114,411	2.25%	27,553,239	0.95%		0.00%
2049	2050	3,080,832,876	3.20%	67,200,474	2.25%	28,435,959	0.95%		0.00%
2050	2051	3,179,533,204	3.20%	69,353,369	2.25%	29,346,959	0.95%		0.00%
2051	2052	3,281,395,585	3.20%	71,575,236	2.25%	30,287,145	0.95%		0.00%
2052	2053	3,386,521,320	3.20%	73,868,285	2.25%	31,257,451	0.95%		0.00%
2053	2054	3,495,014,958	3.20%	76,234,795	2.25%	32,258,843	0.95%		0.00%
2054	2055	3,606,984,396	3.20%	78,677,122	2.25%	33,292,316	0.95%		0.00%
2055	2056	3,722,540,987	3.20%	81,197,692	2.25%	34,358,898	0.95%		0.00%

V.	Projection of TID IN Equalized Value						
Vaulation Year	Budget Year	Projected TID IN Equalized Value		Economic Change		New Construction	
2026	2027	1,474,500,560	3.00%	30,804,611	2.15%	12,091,550	0.84%
2027	2028	1,518,682,048	3.00%	31,727,631	2.15%	12,453,857	0.84%
2028	2029	1,564,187,377	3.00%	32,678,308	2.15%	12,827,021	0.84%
2029	2030	1,611,056,214	3.00%	33,657,471	2.15%	13,211,366	0.84%
2030	2031	1,698,742,514	5.44%	34,665,973	2.15%	13,607,227	0.84%
2031	2032	1,749,643,120	3.00%	36,552,767	2.15%	14,347,839	0.84%
2032	2033	1,802,068,896	3.00%	37,648,023	2.15%	14,777,753	0.84%
2033	2034	1,860,251,561	3.23%	38,776,097	2.15%	15,220,549	0.84%
2034	2035	1,921,909,040	3.31%	40,028,045	2.15%	15,711,969	0.84%
2035	2036	1,992,695,939	3.68%	41,354,762	2.15%	16,232,738	0.84%
2036	2037	2,061,255,856	3.44%	42,877,923	2.15%	16,830,615	0.84%
2037	2038	2,129,511,089	3.31%	44,353,164	2.15%	17,409,682	0.84%
2038	2039	2,200,003,103	3.31%	45,821,849	2.15%	17,986,176	0.84%
2039	2040	2,296,747,374	4.40%	47,338,664	2.15%	18,581,563	0.84%
2040	2041	2,372,736,616	3.31%	49,420,363	2.15%	19,398,680	0.84%
2041	2042	2,451,214,381	3.31%	51,055,465	2.15%	20,040,496	0.84%
2042	2043	2,532,261,480	3.31%	52,744,113	2.15%	20,703,332	0.84%
2043	2044	2,615,961,329	3.31%	54,488,048	2.15%	21,387,868	0.84%
2044	2045	2,702,400,033	3.30%	56,289,063	2.15%	22,094,809	0.84%
2045	2046	2,791,666,472	3.30%	58,149,012	2.15%	22,824,884	0.84%
2046	2047	2,883,852,391	3.30%	60,069,806	2.15%	23,578,842	0.84%
2047	2048	2,979,052,491	3.30%	62,053,421	2.15%	24,357,458	0.84%
2048	2049	3,077,364,523	3.30%	64,101,893	2.15%	25,161,533	0.84%
2049	2050	3,178,889,387	3.30%	66,217,327	2.15%	25,991,891	0.84%
2050	2051	3,283,731,232	3.30%	68,401,892	2.15%	26,849,386	0.84%
2051	2052	3,391,997,561	3.30%	70,657,831	2.15%	27,734,896	0.84%
2052	2053	3,503,799,336	3.30%	72,987,457	2.15%	28,649,330	0.84%
2053	2054	3,619,251,093	3.30%	75,393,156	2.15%	29,593,625	0.84%
2054	2055	3,738,471,050	3.29%	77,877,395	2.15%	30,568,748	0.84%
2055	2056	3,861,581,233	3.29%	80,442,715	2.15%	31,575,698	0.84%

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.

Table 7
Forecast
Village of Jackson, WI

GENERAL CODES			
CODE	DEFINITION		EXPLANATION
Z	Zero	[redacted]	Sets the value in all five years of the forecast period to zero.
L	Last	[redacted]	Sets the value in all five years of the forecast period to the value in the most recent budget or actual column.
5YRAV	Average	[redacted]	Sets the value in all five years of the forecast period to the average of the prior five year's values.
ACTUAL AV	Average	[redacted]	Sets the value in all five years of the forecast period to the average of the prior three year actual results values.
T	Trend	[redacted]	Sets the value to trend year over year

EXPENDITURE CODES			
CODE	DEFINITION	INCREASE	EXPLANATION
C	Commodities	3.00%	Fuel & Mileage, Office Supplies, Operating Supplies, Utilities, Uniforms, Office Furniture & Equipment
E	Employee Insurance	10.00%	Health & Life Insurance, Post Employment Health Plan, Long Term Disability
I	Insurance	8.00%	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	4.00%	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. Furthermore, planned additions to the Village's staffing structure are incorporated in the expenditure projections, including

- hiring an additional Fire Fighter/Paramedic in 2027, increasing the Fire wages & benefits (note: this is maintained in a separate Fire & EMS fund), and
- hiring an additional position within the Department of Public Works in 2028, increasing the Streets Operation wages & benefits.

On average, General Fund expenditures for operations (excluding debt) are expected to increase by an average of 2.63%, or on average $488,962 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 Expenditure Restraint Program (ERP) payments, the Village's mill rate must be at least $5 per thousand of equalized value, <u>and</u> 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. Beginning with budget 2025, the Village's mill rate dropped below $5 per thousand of equalized value, and continues to remain below $5 in budget 2026 and projected budget 2027. For budget 2027, per the FMP's current projections, the Village *may* reach a mill rate above $5 beginning in budget 2028, at which point the Village should consider budgeting contingency revenue and expense line items to max allowable increase to ensure ERP qualification at that time.

Budget Year Payment Year	2024 2025	2025 2026	2026 2027	2027 2028	2028 2029	2029 2030	2030 2031	2031 2032
NNC (%)	2.37%	4.16%	4.35%	0.84%	0.84%	0.84%	0.84%	0.84%
Forecasted NNC Allowance^	1.42%	2.00%	2.00%	0.51%	0.51%	0.51%	0.51%	0.51%
Forecasted CPI-U Allowance	5.40%	3.20%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Maximum Allowance	6.82%	5.20%	4.70%	3.21%	3.21%	3.21%	3.21%	3.21%
Projected Increase	12.44%	5.16%	6.10%	15.92%	2.96%	3.20%	3.20%	3.20%
Qualification*	YES*	NO	NO	NO	YES	YES	YES	YES
Allowable ERP Expense		6,424,213	6,723,521	7,031,745	8,150,983	8,391,864	8,660,403	8,937,536
TID OUT EV	1,089,204,200	1,215,652,500	1,370,601,400	1,414,511,217	1,459,827,769	1,506,596,122	1,554,862,788	1,644,088,868
TID OUT EV Mill Rate	5.31	4.99	4.90	4.87	5.08	5.25	5.41	5.43
Levy Need to $5 Mill Rate			6,853,007	7,072,556	7,299,139	7,532,981	7,774,314	8,220,444
Additional Levy Need			136,827	179,946	(110,164)	(379,038)	(644,945)	(710,670)

^NNC Allowance = 60% of NNC capped @ 2% under current law.
*2024 Qualification automatic due to Act 12
**When Mill Rate is above 5.00, the Village may begin to qualify for ERP again (green years) with budgeting contingency to max allowable increase.

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 2026 budgeted levels. This amount includes the County and Municipal Aid provided by Act 12 (approximately $215,000). With few 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.

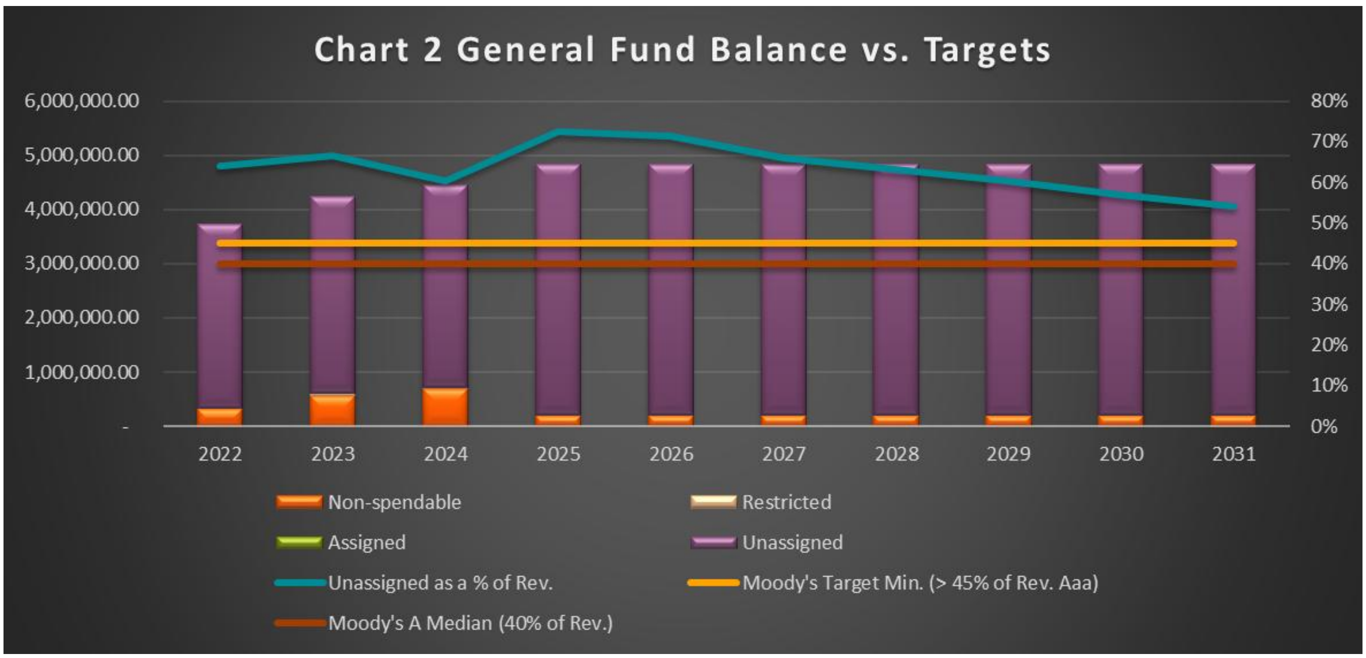
Under the current law a municipality is allowed to levy the prior year's actual levy, plus an increase by a percentage equal to net new construction in the preceding year (or zero, if none). This amount is labeled as base levy and should cover operating expenditures that are not tied to any levy limit 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.

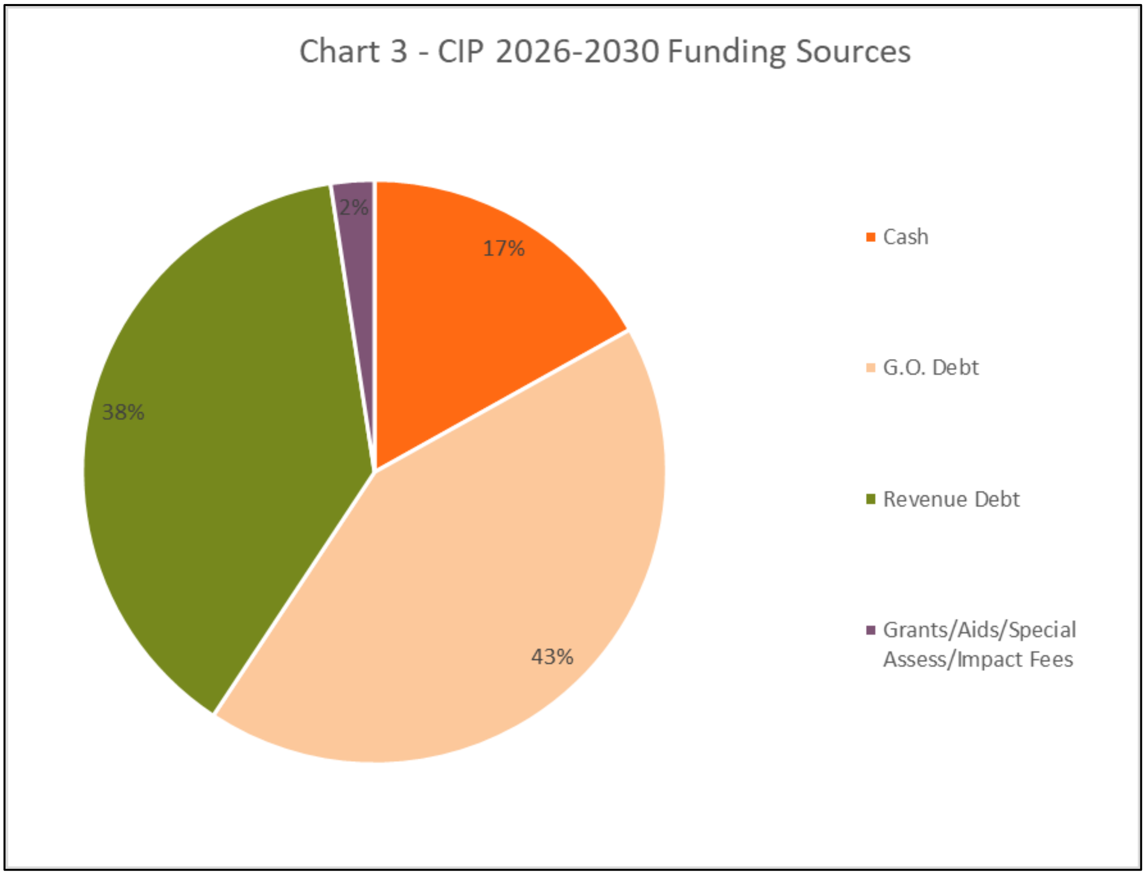
	Actual			Projected	Budget	Projected				
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
GENERAL FUND										
REVENUES										
Taxes	3,486,312	3,811,487	4,313,011	4,556,734	4,920,296	5,326,173	5,759,570	6,115,551	6,571,236	7,020,581
Property Taxes General	3,062,728	3,493,652	4,058,981	4,267,404	4,640,296	5,076,173	5,509,570	5,865,551	6,321,236	6,770,581
Other Taxes	423,584	317,835	254,029	289,330	280,000	250,000	250,000	250,000	250,000	250,000
Intergovernmental Revenues	729,823	738,992	881,883	982,101	1,021,539	1,021,539	1,021,539	1,021,539	1,021,539	1,021,539
Licenses & Permits	393,031	403,405	503,884	389,166	326,461	324,507	324,507	324,507	324,507	324,507
Fines, Forfeitures & Penalties	82,123	175,498	63,684	57,181	62,958	58,713	58,713	58,713	58,713	58,713
Public Charges for Services	20,232	32,639	34,360	29,728	15,608	19,003	19,003	19,003	19,003	19,003
Interest Income	9,367	172,462	319,474	280,000	50,000	50,000	50,000	50,000	50,000	50,000
Other Financing Sources	583,454	105,525	69,697	103,701	95,279	1,097,786	897,786	802,001	614,838	442,607
TOTAL REVENUES	**5,304,343**	**5,440,008**	**6,185,993**	**6,398,610**	**6,492,141**	**7,897,721**	**8,131,118**	**8,391,313**	**8,659,835**	**8,936,950**
EXPENDITURES										
General Government	767,009	762,370	749,612	838,121	950,102	2,000,281	1,853,847	1,815,292	1,689,323	1,582,581
Public Safety	2,480,982	3,039,268	3,090,552	3,283,493	3,597,463	3,877,003	4,071,144	4,276,020	4,572,024	4,852,488
Public Works	1,045,221	1,116,811	1,204,649	1,356,996	1,354,888	1,404,955	1,558,882	1,619,440	1,682,958	1,749,629
Culture & Recretation	219,108	207,787	505,293	504,806	570,529	596,325	628,087	661,404	696,372	733,094
Economic Development	-	-	-	-	-	-	-	-	-	-
Misc. Expenses	-	-	17,771	18,600	19,158	19,158	19,158	19,158	19,158	19,158
TOTAL EXPENDITURES	**4,512,320**	**5,126,236**	**5,567,877**	**6,002,016**	**6,492,141**	**7,897,721**	**8,131,118**	**8,391,313**	**8,659,835**	**8,936,950**

5.3 Capital Finance Plan

For the 2026 – 2030 planning period, the Village's Capital Improvement Plan (CIP) identifies total project costs of $47,678,247. **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 weighted towards debt and this could be reduced with further appropriation of General Fund Surplus Reserves to the Capital Projects Fund. Additionally, it should also be noted that roughly $25 million of the total $47 million CIP for the next 5 years is to fund the Sewer utility's Wastewater Treatment Project from 2027-2029, financed by the Clean Water Fund Loan program (Revenue debt). **Appendix B** provides a summary breakdown of these project costs by category and year. Consideration should be given to any debt issuance recommended after 2025, at the time planning to finance the projects, as other debt instruments may be more attractive to the Village at that time.



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 2026, the Village would be at 39% of its debt limit following the proposed 2026 G.O. debt issue. Based on the projected financings over the planning period from 2026-2033, the average percentage of its statutory limit is 36%, and the maximum percentage of its statutory limit is 44%. 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	**Statutory Limit (5% EV)**		**Village Limit (3% EV)**		
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	Principal Existing & Proposed	**% of Limit**	Residual	**% of Limit**	Residual	Year Ending
							$26,484,893	**37%**	$45,095,327	**62%**	$16,463,239	2025
3,840,000							$28,813,713	**39%**	$44,911,315	**65%**	$15,421,303	2026
3,840,000	5,560,000						$32,688,171	**43%**	$43,245,932	**72%**	$12,872,291	2027
3,840,000	5,560,000	3,065,000					$34,075,000	**44%**	$44,134,369	**73%**	$12,850,621	2028
3,770,000	5,445,000	3,065,000	1,705,000				$32,345,000	**40%**	$48,207,811	**67%**	$15,986,686	2029
3,670,000	5,285,000	2,930,000	1,705,000	1,995,000			$30,580,000	**36%**	$54,357,126	**60%**	$20,382,275	2030
3,570,000	5,110,000	2,785,000	1,640,000	1,995,000			$28,725,000	**33%**	$58,757,156	**55%**	$23,764,294	2031
3,470,000	4,905,000	2,640,000	1,575,000	1,950,000	2,655,000		$26,795,000	**30%**	$63,308,445	**50%**	$27,267,067	2032
3,345,000	4,700,000	2,495,000	1,510,000	1,905,000	2,655,000	3,045,000	$24,810,000	**27%**	$68,202,578	**44%**	$30,997,547	2033
3,200,000	4,525,000	2,350,000	1,445,000	1,860,000	2,570,000	3,045,000	$22,830,000	**24%**	$73,265,452	**40%**	$34,827,271	2034
3,050,000	4,350,000	2,205,000	1,380,000	1,815,000	2,485,000	2,995,000	$20,815,000	**21%**	$78,819,797	**35%**	$38,965,878	2035
2,900,000	4,175,000	2,060,000	1,315,000	1,770,000	2,400,000	2,945,000	$18,775,000	**18%**	$84,287,793	**30%**	$43,062,676	2036
2,745,000	3,980,000	1,915,000	1,250,000	1,725,000	2,315,000	2,895,000	$16,680,000	**16%**	$89,795,554	**26%**	$47,205,333	2037
2,590,000	3,845,000	1,770,000	1,185,000	1,680,000	2,230,000	2,845,000	$14,590,000	**13%**	$95,410,155	**22%**	$51,410,093	2038
2,435,000	3,760,000	1,660,000	995,000	1,635,000	2,145,000	2,795,000	$12,580,000	**11%**	$102,257,369	**18%**	$56,322,421	2039
2,205,000	3,575,000	1,550,000	795,000	1,590,000	2,060,000	2,745,000	$10,965,000	**9%**	$107,671,831	**15%**	$60,217,098	2040
1,920,000	3,230,000	1,425,000	585,000	1,545,000	1,975,000	2,695,000	$9,400,000	**8%**	$113,160,719	**13%**	$64,136,431	2041
1,585,000	2,835,000	1,375,000	445,000	1,425,000	1,890,000	2,645,000	$7,800,000	**6%**	$118,813,074	**10%**	$68,167,844	2042
1,215,000	2,450,000	1,275,000	305,000	1,305,000	1,805,000	2,595,000	$6,120,000	**5%**	$124,678,066	**8%**	$72,358,840	2043
775,000	2,055,000	1,165,000	165,000	1,185,000	1,720,000	2,545,000	$4,380,000	**3%**	$130,740,002	**5%**	$76,692,001	2044
260,000	1,305,000	1,050,000	0	1,075,000	1,635,000	2,495,000	$2,615,000	**2%**	$136,968,324	**3%**	$81,134,994	2045
0	315,000	875,000	0	915,000	1,535,000	2,345,000	$1,190,000	**1%**	$143,002,620	**1%**	$85,325,572	2046
	0	710,000	0	730,000	1,130,000	1,990,000	$710,000	**0%**	$148,242,625	**1%**	$88,661,575	2047
		0	0	545,000	795,000	1,685,000	$0	**0%**	$153,868,226	**0%**	$92,320,936	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 amount needed to pay General Obligation debt service authorized after July 1, 2005, is exempt 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

	Budget	Projected				
Levy Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Budget Year	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Levy Need						
Levy for General Fund	3,644,767	3,928,539	4,298,295	4,588,040	4,895,120	5,220,835
Levy for Recreation Fund	284,871	298,182	316,788	336,232	356,561	377,823
Levy for Fire/EMS	710,657	849,453	894,486	941,278	1,069,555	1,171,924
Levy for Capital	321,119	-	-	-	-	-
Levy for Debt Service	1,754,766	1,816,436	1,899,733	2,046,467	2,098,023	2,160,533
Total Levy Need	**6,716,180**	**6,892,610**	**7,409,302**	**7,912,018**	**8,419,259**	**8,931,114**
Tax Rate and Sample Tax Bill						
Assessed Value (TID IN)[1]	1,335,954,400	1,346,301,240	1,356,267,762	1,365,622,810	1,374,320,794	1,415,147,248
Incremental Value (Equalized)	61,003,000	59,989,343	58,854,280	57,591,255	56,193,426	54,653,645
Assessment Ratio [1,2]	0.9331	0.9131	0.8931	0.8731	0.8531	0.8331
Incremental Value (Assessed)	56,919,201	54,773,616	52,560,154	50,280,377	47,936,126	45,529,534
Assessed Value (TID OUT)	1,279,035,199	1,291,527,624	1,303,707,608	1,315,342,433	1,326,384,668	1,369,617,713
Tax Rate	**$5.25**	**$5.34**	**$5.68**	**$6.02**	**$6.35**	**$6.52**
Sample Property Assessed Value	**$402,800.00**	**$402,800.00**	**$402,800.00**	**$402,800.00**	**$402,800.00**	**$402,800.00**
Sample Property Tax Bill	**$2,115.09**	**$2,149.66**	**$2,289.22**	**$2,422.91**	**$2,556.78**	**$2,626.61**
Tax Bill Change from Year Prior ($)	**$61.60**	**$34.57**	**$139.56**	**$133.70**	**$133.87**	**$69.83**
Tax Bill Change from Year Prior (%)	**3.00%**	**1.63%**	**6.49%**	**5.84%**	**5.53%**	**2.73%**
Levy Limits						
Line 8 Allowable Before Adjustment (Base Levy)	4,562,713	4,601,833	5,119,630	5,556,687	5,915,675	6,444,200
Line E Adjustment (Actual or Proj. Min. Debt)	2,153,467	1,816,436	1,899,733	2,046,467	2,098,023	2,160,533
Other Adjustments	-	-	-	-	-	-
Total Allowable	6,716,180	6,418,269	7,019,363	7,603,154	8,013,698	8,604,733
Levy Need	6,716,180	6,892,610	7,409,302	7,912,018	8,419,259	8,931,114
Allowable (Deficit)/Excess	0	(474,340)	(389,939)	(308,863)	(405,561)	(326,381)
Max Allowable Line E	2,408,000	2,693,789	2,923,482	3,001,228	3,025,743	3,234,254
Remaining Line E Adjustment Capacity	254,532	877,353	1,023,749	954,760	927,720	1,073,721

NOTES:
1) Assessed value increases assumed beyond 1/1/25 valuations at discounted historical average of NNC.
2) Assumes 2% assessment ratio decrease from fair market and assessed values annually beyond 1/1/26.

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 2025 levels by an assumed Net New Construction ("NNC") increase of 0.845% 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 2026 and would not have the required structured capacity in its existing debt structure. At the point of executing the 2026 financing, Ehlers can present options for

structuring. Additionally, the 2027 budget includes additional expenditures beyond the inflationary forecasts to account for the expectation of an additional fire fighter/paramedic; and for the 2028 budget, the expectation of hiring an addition position in the department of public works. Budget 2026 through 2028 also includes increases in all police department wages due to recent union contract updates.

- Levy Limits
  - Starting with Budget Year 2027, 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 0.845% 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:	2025

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. The final year of increment received in 2025 was used for affordable housing through a transfer to TID 7. The incremental value returned to the tax roll in 2025, and the Village received an additional levy limit increase of $106K in 2025 for budget 2026 as a result.

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 (2021-2025) 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, prior to pursuing the 2025 Conventional Rate Case.

Table 11
Water Rate Performance
Village of Jackson, WI

Component	Description	2021	2022	2023	2024	Est 2025	Budget 2026
	Shown with no increase						
Cash Basis							
1	O&M and PILOT	$1,048,620	$965,471	$1,060,535	$1,158,837	$1,217,990	$1,368,525
2	Debt	$0	$0	$22,420	$191,404	$169,975	$219,844
3	Cash Funded Capital^	$449,956	$72,293	$942,631	$1,386,509	$101,985	$153,951
	Less:						
	Other Revenue	$44,760	$49,129	$73,136	$52,017	$66,672	$65,682
	Interest Income	$104	$2,831	$31,550	$24,914	$23,000	$23,000
	Revenue Requirement (Costs less Other Income)	$1,453,712	$985,804	$1,920,900	$2,659,819	$1,400,278	$1,653,639
	User Rates Revenue[1]	$1,351,629	$1,344,130	$1,413,393	$1,496,169	$1,583,377	$1,861,610
	Rate Adequacy	($102,083)	$358,326	($507,507)	($1,163,650)	$183,099	$207,971
	Rate Adjustment Needed	7.55%	0.00%	35.91%	77.78%	0.00%	0.00%
Utility Basis (PSC)							
1	O&M and PILOT	$1,048,620	$965,471	$1,060,535	$1,158,837	$1,217,990	$1,368,525
2	Depreciation	$218,085	$227,420	$233,798	$254,056	$280,062	$280,062
	NIRB	$5,955,124	$6,090,124	$6,016,807	$6,816,927	$7,535,001	$8,662,691
	PSC Benchmark ROI %	4.90%	4.90%	6.50%	6.50%	6.20%	6.80%
3	PSC Calculated ROI	$291,801	$298,416	$391,092	$443,100	$467,170	$589,063
	Less:						
	Other Revenue	$44,760	$49,129	$73,136	$52,017	$66,672	$65,682
	Revenue Requirement (Costs less Other Income)	$1,513,746	$1,442,178	$1,612,289	$1,803,976	$1,898,550	$2,171,968
	User Rates Revenue	$1,351,629	$1,344,130	$1,413,393	$1,496,169	$1,583,377	$1,861,610
	Rate Adequacy	($162,117)	($98,048)	($198,896)	($307,807)	($315,173)	($310,358)
	Rate Adjustment Needed	11.99%	7.29%	14.07%	20.57%	19.91%	16.67%

Notes:
^Includes recommended debt coverage at 1.6x annual debt payment

Operating and maintenance expenses are expected to increase by 9% from 2025 to 2026 budget. In addition, the utility has increased its rate base by about 7% since its last Conventional Rate Case ("CRC") with the PSC. The Utility pursued a Conventional Rate Case in 2025, with the increased user rates to be implemented April 1, 2026. Overall, the PSC determined the Utility needs a 24.24% increase to total revenues generated by the utility. Prior to this, 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 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 2026 CRC implementation. 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 2026-2035

Village of Jackson, WI

	Estimated	Budget	Projected								
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues											
Total Revenues from User Rates[1]	$1,583,377	$1,954,490	$1,954,490	$2,013,125	$2,073,518	$2,073,518	$2,135,724	$2,135,724	$2,199,796	$2,199,796	$2,589,244
Percent Increase to User Rates		**24.24%**	**0.00%**	**3.00%**	**3.00%**	**0.00%**	**3.00%**	**0.00%**	**3.00%**	**0.00%**	**17.70%**
Cumulative Percent Rate Increase		**24.24%**	**24.24%**	**27.97%**	**31.81%**	**31.81%**	**35.76%**	**35.76%**	**39.83%**	**39.83%**	**64.59%**
Dollar Amount Increase to Revenues		**$371,113**	**$0**	**$58,635**	**$60,394**	**$0**	**$62,206**	**$0**	**$64,072**	**$0**	**$389,448**
Total Other Revenues	$89,672	$88,682	$71,440	$78,663	$80,770	$82,831	$83,743	$84,720	$84,256	$95,643	$96,562
Total Revenues	$1,673,049	$2,043,172	$2,025,930	$2,091,787	$2,154,288	$2,156,349	$2,219,467	$2,220,444	$2,284,051	$2,295,439	$2,685,806
Less: Expenses											
Operating and Maintenance[2]	$960,218	$1,110,753	$1,138,401	$1,166,737	$1,195,780	$1,225,545	$1,256,053	$1,287,320	$1,319,367	$1,352,212	$1,385,875
PILOT Payment	$257,772	$257,772	$272,036	$275,969	$283,831	$283,831	$290,866	$293,152	$298,193	$304,493	$306,772
Net Before Debt Service and Capital Expenditures	$455,059	$674,647	$615,493	$649,081	$674,677	$646,972	$672,548	$639,972	$666,492	$638,734	$993,159
Debt Service											
Existing Debt P&I	$169,975	$219,844	$226,138	$219,888	$213,638	$207,388	$201,138	$194,888	$193,963	$188,363	$182,963
New (2026-2035) Debt Service P&I		$0	$81,626	$120,739	$204,176	$183,854	$224,984	$236,011	$231,245	$241,038	$235,378
Total Debt Service	$169,975	$219,844	$307,764	$340,626	$417,814	$391,241	$426,121	$430,898	$425,208	$429,400	$418,340
Transfer In (Out)/Cap. Contr.	$0	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
Less: Capital Improvements	$800,000	$1,404,739	$370,924	$746,094	$0	$664,899	$209,183	$461,330	$576,554	$208,538	$178,174
Debt Proceeds	$815,000	$1,325,000	$335,000	$705,000	$0	$435,000	$0	$0	$0	$0	$0
Net Annual Cash Flow	**$300,084**	**$395,064**	**$291,805**	**$287,360**	**$276,864**	**$45,832**	**$57,245**	**($232,256)**	**($315,270)**	**$20,796**	**$416,645**
Restricted and Unrestricted Cash Balance:											
Balance at first of year	$1,297,855	$1,645,239	$2,040,303	$2,332,109	$2,619,469	$2,896,333	$2,942,165	$2,999,410	$2,767,153	$2,451,883	$2,472,680
Net Annual Cash Flow Addition/(subtraction)	$300,084	$395,064	$291,805	$287,360	$276,864	$45,832	$57,245	-$232,256	-$315,270	$20,796	$416,645
Balance at end of year	$1,597,939	$2,040,303	$2,332,109	$2,619,469	$2,896,333	$2,942,165	$2,999,410	$2,767,153	$2,451,883	$2,472,680	$2,889,325
"All-in" Debt Coverage	2.68	3.16	2.06	1.96	1.66	1.70	1.63	1.53	1.61	1.53	2.42
PSC Days Cash on Hand	588	435	554	625	663	673	661	598	511	507	597

Notes:
1) Assumes no changes in customer count or usage beyond Test Year.
2) Assumes 2.50% 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 (2021-2025) historical performance of the sewer utility. Operating and maintenance expenses are expected to increase 7% from 2025 to 2026 budget. In 2025, the sewer utility approved an 18% increase to be implemented January 1, 2026. Prior to that, the 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.

Revenue Requirement: Component	Description	2021	2022	2023	2024	Est 2025	Budget 2026
	Shown with no increase						
Cash Basis							
1	Operating and Maintenance	$1,103,644	$1,416,224	$1,476,066	$1,458,766	$1,501,874	$1,602,399
2	Debt	$0	$0	$41,470	$366,036	$445,553	$731,364
3	Cash Funded Capital^	$206,041	$225,844	$2,081,235	$2,228,669	$267,332	$1,201,019
	Less:						
	Other Revenue	$3,197	$3,467	$7,526	$39,222	$200	$0
	Interest Income	$1,951	$58,598	$221,169	$154,384	$138,000	$138,000
	Revenue Requirement (Costs less Other Income)	$1,304,537	$1,580,003	$3,370,076	$3,859,865	$2,076,559	$3,396,782
	User Rates Revenue[1]	$1,866,881	$1,881,312	$1,903,787	$1,962,146	$2,078,928	$2,451,645
	Rate Adequacy	$562,344	$301,309	($1,466,289)	($1,897,719)	$2,369	($945,137)
	Rate Adjustment Needed	0.00%	0.00%	77.02%	96.72%	0.00%	38.55%
Utility Basis (PSC)							
1	Operating and Maintenance	$1,103,644	$1,416,224	$1,476,066	$1,458,766	$1,501,874	$1,602,399
2	Depreciation	$826,648	$837,182	$863,039	$913,467	$923,367	$983,104
	NIRB	$12,419,582	$11,804,387	$14,030,053	$18,549,912	$19,480,271	$20,510,767
3	Typical ROI (2.5%)	$310,490	$295,110	$350,751	$463,748	$487,007	$512,769
	Less:						
	Other Revenue	$3,197	$3,467	$7,526	$39,222	$200	$0
	Interest Income	$1,951	$58,598	$221,169	$154,384	$138,000	$138,000
	Revenue Requirement (Costs less Other Income)	$2,235,634	$2,486,451	$2,461,161	$2,642,375	$2,774,048	$2,960,272
	User Rates Revenue	$1,866,881	$1,881,312	$1,903,787	$1,962,146	$2,078,928	$2,451,645
	Rate Adequacy	($368,753)	($605,139)	($557,374)	($680,229)	($695,119)	($508,627)
	Rate Adjustment Needed	19.75%	32.17%	29.28%	34.67%	33.44%	20.75%

Notes:
^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 2026-2035
Village of Jackson, WI

	Budget	Projected								
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues										
Total Revenues from User Rates[1]	$2,453,135	$2,992,825	$3,591,390	$4,237,840	$4,576,868	$4,714,174	$4,855,599	$5,001,267	$5,151,305	$5,151,305
Percent Increase to User Rates	**18.00%**	**22.00%**	**20.00%**	**18.00%**	**8.00%**	**3.00%**	**3.00%**	**3.00%**	**3.00%**	**0.00%**
Cumulative Percent Rate Increase	**18.00%**	**43.96%**	**72.75%**	**103.85%**	**120.16%**	**126.76%**	**133.56%**	**140.57%**	**147.79%**	**147.79%**
Dollar Amount Increase to Revenues		**$539,690**	**$598,565**	**$646,450**	**$339,027**	**$137,306**	**$141,425**	**$145,668**	**$150,038**	**$0**
Total Other Revenues	$138,000	$51,429	$57,365	$65,561	$70,824	$75,799	$79,453	$86,048	$92,230	$97,601
Total Revenues	$2,591,135	$3,044,255	$3,648,755	$4,303,402	$4,647,692	$4,789,973	$4,935,052	$5,087,314	$5,243,535	$5,248,906
Less: Expenses										
Operating and Maintenance	$1,602,399	$1,650,471	$1,699,985	$1,750,985	$1,803,515	$1,857,620	$1,913,349	$1,970,749	$2,029,871	$2,090,768
Net Before Debt Service and Capital Expenditures	$988,736	$1,393,783	$1,948,770	$2,552,417	$2,844,177	$2,932,353	$3,021,703	$3,116,565	$3,213,663	$3,158,138
Debt Service										
Existing Debt P&I	$731,364	$733,593	$723,277	$703,209	$693,390	$683,569	$683,496	$678,897	$670,021	$661,343
New (2026-2035) Debt Service P&I	$0	$186,631	$555,417	$1,397,924	$1,829,070	$1,874,274	$1,858,488	$1,899,401	$1,948,019	$1,929,929
Total Debt Service	$731,364	$920,225	$1,278,694	$2,101,133	$2,522,460	$2,557,843	$2,541,985	$2,578,298	$2,618,040	$2,591,272
Transfer In (Out)/Cap. Contr.	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000
Less: Capital Improvements	$3,334,532	$3,880,000	$14,360,447	$8,595,000	$459,196	$209,183	$481,549	$696,594	$258,538	$628,174
Debt Issued/Grants/Aid	$2,465,000	$3,800,000	$14,310,000	$8,470,000	$435,000	$0	$461,330	$576,554	$0	$0
Net Annual Cash Flow	**($412,160)**	**$593,559**	**$819,629**	**$526,284**	**$497,521**	**$365,328**	**$659,499**	**$618,227**	**$537,085**	**$138,692**
Restricted and Unrestricted Cash Balance:										
Balance at first of year	$5,555,092	$5,142,932	$5,736,491	$6,556,120	$7,082,404	$7,579,926	$7,945,253	$8,604,752	$9,222,979	$9,760,065
Net Annual Cash Flow Addition/(subtraction)	($412,160)	$593,559	$819,629	$526,284	$497,521	$365,328	$659,499	$618,227	$537,085	$138,692
Balance at end of year	$5,142,932	$5,736,491	$6,556,120	$7,082,404	$7,579,926	$7,945,253	$8,604,752	$9,222,979	$9,760,065	$9,898,757
"All-in"Debt Coverage	1.63	1.73	1.68	1.31	1.21	1.22	1.27	1.29	1.30	1.30

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;
    - conservative budgeting practices which have let to level tax bill impacts over the past three years of completing this analysis; and
    - projected Town of Jackson attachment planned in 2030, resulting in an estimated $39M of added equalized value to the Village's tax base.
- 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 will 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. There is opportunity to budget a contingency next year to support future qualification potential.

As seen with the closure of TID 4 in 2025, the 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.

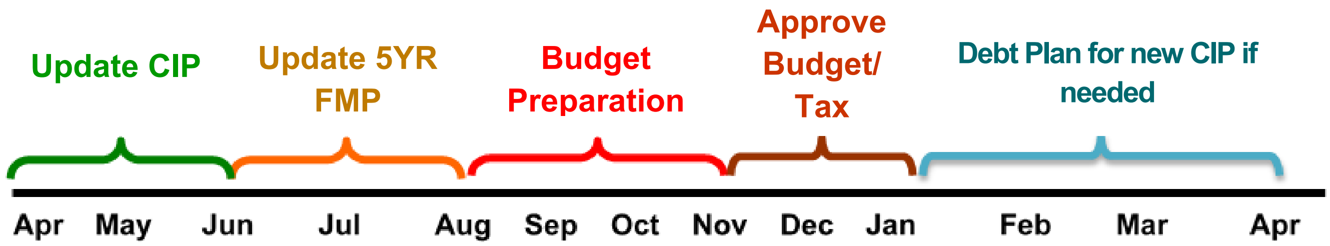
SECTION 10 – RECOMMENDATIONS

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 continued 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/HR Assistant; Jack Straehler, Director of Public Works; Aaron Swaney, Fire Department Chief; Ryan Vossekuil, Police Chief; and Tyler Mentzel, Parks & Recreation Director for their input and guidance throughout the course of this process.