

CITY OF ONALASKA, WISCONSIN

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2021

CITY OF ONALASKA, WISCONSIN

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INDEPENDENT AUDITORS' REPORT

To the Common Council
City of Onalaska, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Onalaska, Wisconsin (the "City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Onalaska, Wisconsin's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Onalaska, Wisconsin, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Onalaska and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City of Onalaska's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Onalaska's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Onalaska's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Onalaska's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Onalaska's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of information required by 2015 water and sewer revenue bond are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of information required by 2015 water and sewer revenue bond are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2022, on our consideration of City of Onalaska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Onalaska's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
May 31, 2022

CITY OF ONALASKA, WISCONSIN
MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF ONALASKA, WISCONSIN Management's Discussion and Analysis

As management of the City of Onalaska, we offer readers of the City of Onalaska's financial statements this narrative overview and analysis of the financial activities of the City of Onalaska for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Onalaska exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$73,735,283 (*net position*).
- The City's total net position decreased by \$1,922,648 during 2021.
- As of the close of the current fiscal year, the City of Onalaska's governmental funds reported combined ending fund balances of \$17,302,210, an increase of \$1,350,873 in comparison with the prior year. Approximately \$8,977,452 of this total amount, or 52 percent, is available for spending at the City's discretion (*unassigned*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,996,074, or 95 percent of total General Fund expenditures for the fiscal year.
- The City of Onalaska's total debt decreased by \$726,332 or 1 percent during the current fiscal year.
- The City of Onalaska maintains an Aa-2 bond rating.

OVERVIEW OF THE FINANCIAL STATEMENTS

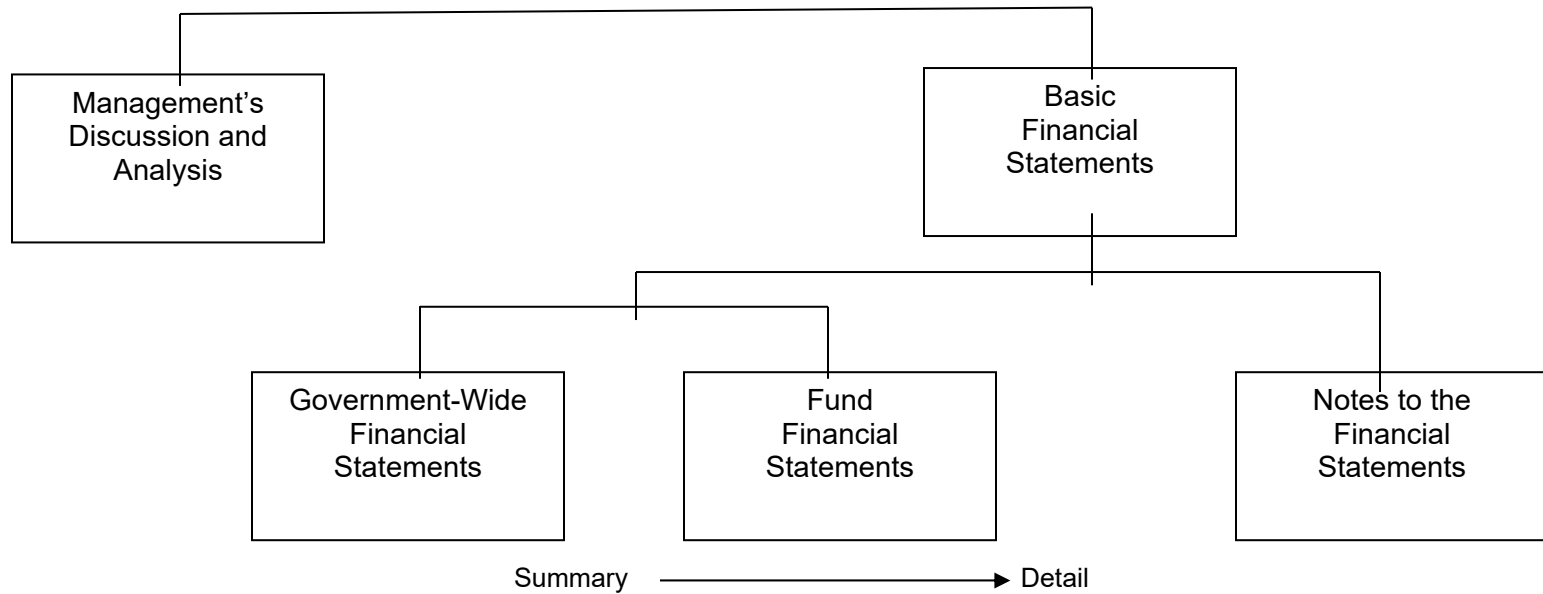
This discussion and analysis is intended to serve as an introduction to the City of Onalaska's basic financial statements, which consist of three components (see Diagram 1):

- (1) Government-wide financial statements, providing information for the City as a whole;
- (2) Fund financial statements, providing detailed information for the City's significant funds, and
- (3) Notes to the financial statements, providing additional information that is essential to understanding the government-wide and fund statements.

The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements.

In addition to the basic financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the City of Onalaska.

Diagram 1
Required Components of the Annual Financial Report



BASIC FINANCIAL STATEMENTS

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status, in a manner similar to a private-sector business:

1. *Statement of Net Position*: presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the two groups reported as *net position*. Over time, increases or decreases in net position may serve as a useful gauge of whether the City's financial situation is improving or deteriorating.
2. *Statement of Activities*: presents information showing how the City's net position changed during the most recent fiscal year.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's Government. These statements provide more detail than the Government-wide statements mentioned above. There are three parts to the Fund Financial Statements:

1. Governmental fund statements;
2. Proprietary fund statements; and

3. Fiduciary fund statements.

The next section of the basic financial statements is the **Notes** section. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **Supplementary Information** is provided to show details about the City's individual funds. Budgetary information required by the Wisconsin State Statutes also can be found in this part of the statements.

A. Government-Wide Financial Statements

As noted above, the two Government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets and deferred outflows or resources, and total liabilities and deferred inflows of resources.

The Government-wide statements are divided into three categories:

1. Governmental activities, which include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities.
2. Business-type activities, which are those that the City charges customers to provide. These include the water, sewer, and storm water services, cemetery, tourism, Gundersen Lutheran parking ramp, and Omni Center activities offered by the City of Onalaska.
3. Component units, which although are legally separate from the City, are fiscally dependent upon the City because the Council approves the budget, levies taxes, and issues general obligation debt for the unit. The City has one component unit, the Community Development Authority, which consists of the CDA Management Fund.

B. Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Onalaska, like all other governmental entities in Wisconsin, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the State of Wisconsin Statutes or the City's budget ordinance.

All of the funds of the City of Onalaska can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds**

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash, flow in and out, and what monies are left at year-end that will be available for spending the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Onalaska adopts an annual budget for its General Fund, as required by the State of Wisconsin Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Common Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities.

The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedule (see page 51) uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns:

1. The original budget as adopted by the Common Council;
2. The final budget as amended by the Common Council;
3. The actual resources, charges to appropriations, and ending balances in the General Fund; and
4. The difference or variance between the final budget and the actual resources and charges.

- ***Proprietary Funds***

The City of Onalaska has one kind of proprietary fund, Enterprise Funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Onalaska uses enterprise funds to account for its water, sewer, and storm water activity, and for its cemetery, tourism, Gundersen Lutheran parking ramp, and Omni Center activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net position and the Statement of Activities.

- ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Onalaska's own programs. The City of Onalaska has a fiduciary fund in the Tax Agency Fund, which records the tax roll and tax collections for other taxing jurisdictions within the City of Onalaska.

C. *Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 30 through 56 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes the combining statements referred to earlier in connection with non-major government funds, non-major enterprise funds, and information required by the 2015 water and sewer revenue bonds.

Required supplementary information can be found beginning on pages 57 through 60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure 1

CITY OF ONALASKA'S NET POSITION

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			TOTAL		
	2021	2020	Change	2021	2020	Change	2021	2020	Change
Current & Other Assets	\$ 34,078,436	\$ 30,299,822	\$ 3,778,614	\$ 8,663,764	\$ 8,283,482	\$ 380,282	\$ 42,742,200	\$ 38,583,304	\$ 4,158,896
Capital Assets	48,616,920	49,468,549	(851,629)	58,313,184	58,514,628	(201,444)	106,930,104	107,983,177	(1,053,073)
Deferred Outflows of Resources	5,302,222	3,817,124	1,485,098	1,062,802	898,702	164,100	6,365,024	4,715,826	1,649,198
Total Assets and Deferred Outflows of Resources	<u>87,997,578</u>	<u>83,585,495</u>	<u>4,412,083</u>	<u>68,039,750</u>	<u>67,696,812</u>	<u>342,938</u>	<u>153,037,328</u>	<u>151,282,307</u>	<u>4,755,021</u>
Long-Term Liabilities Outstanding	31,362,955	31,409,209	(46,254)	24,299,304	24,979,382	(680,078)	55,662,259	56,388,591	(726,332)
Other Liabilities	4,832,942	4,128,003	704,939	2,187,794	2,105,806	81,988	7,020,736	6,233,809	786,927
Deferred Inflows of Resources	18,269,182	15,781,933	2,487,249	1,349,868	1,065,339	284,529	19,619,050	16,847,272	2,771,778
Total Liabilities and Deferred Inflows of Resources	<u>54,465,079</u>	<u>51,319,145</u>	<u>3,145,934</u>	<u>27,836,966</u>	<u>28,150,527</u>	<u>(313,561)</u>	<u>82,302,045</u>	<u>79,469,672</u>	<u>2,832,373</u>
Net Position									
Net Investment in Capital									
Assets	16,755,506	17,555,874	(800,368)	33,746,953	33,800,211	(53,258)	50,502,459	51,356,085	(853,626)
Restricted	7,901,493	5,852,174	2,038,319	1,953,928	2,669,832	205,790	9,855,421	8,522,006	2,244,109
Unrestricted	8,875,500	8,858,302	28,198	4,501,903	3,076,242	503,967	13,377,403	11,934,544	532,165
Total Net Position	<u>\$ 33,532,499</u>	<u>\$ 32,266,350</u>	<u>\$ 1,266,149</u>	<u>\$ 40,202,784</u>	<u>\$ 39,546,285</u>	<u>\$ 656,499</u>	<u>\$ 73,735,283</u>	<u>\$ 71,812,635</u>	<u>\$ 1,922,648</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the City of Onalaska exceeded liabilities and deferred inflows of resources by \$73,735,283 as of December 31, 2021 (See Figure 1). The City's net position increased by \$1,922,648 for the fiscal year ended December 31, 2021. By far, the largest portion (69%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The City of Onalaska uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Onalaska's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Governmental Activities. Governmental activities increased the City's net position by \$1,266,149 (see Figure 1).

Business-type Activities. Business-type activities increased the City's net position by \$656,499 (see Figure 1).

Figure 2

CITY OF ONALASKA'S CHANGE IN NET POSITION

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			TOTAL		
	2021	2020	Change	2021	2020	Change	2021	2020	Change
REVENUE									
Program Revenue									
Charges for services	\$ 1,661,334	\$ 1,255,873	\$ 405,461	\$ 8,084,965	\$ 6,402,509	\$ 1,682,456	\$ 9,746,299	\$ 7,658,382	\$ 2,087,917
Operating grants and contributions	2,110,633	2,190,760	(80,127)	193,605	228,157	(34,552)	2,304,238	2,418,917	(114,679)
Capital grants and contributions	520,594	366,798	153,796	587,952	400,390	187,562	1,108,546	767,188	341,358
General Revenue									
Property taxes, levied for general purposes	11,498,697	11,370,151	128,546	321,174	320,929	245	11,819,871	11,691,080	128,791
Tax Increment	58,470		58,470	-	-	-	58,470	-	58,470
Other taxes	323,462	267,800	55,662	759,071	388,401	370,670	1,082,533	656,201	426,332
Intergovernmental revenue not restricted to specific programs	684,707	735,677	(50,970)	52,477	52,477	-	737,184	788,154	(50,970)
Interest and investment income	28,478	158,894	(130,416)	11,993	72,150	(60,157)	40,471	231,044	(190,573)
Gain of sale of City property	-	-	-	443	-	443	443	-	443
Miscellaneous	326,062	226,251	99,811	15,560	36,964	(21,404)	341,622	263,215	78,407
TOTAL REVENUE	17,212,437	16,572,204	640,233	10,027,240	7,901,977	2,125,263	27,239,677	24,474,181	2,765,496
EXPENSES									
General government	2,215,456	3,513,375	(1,297,919)	-	-	-	2,215,456	3,513,375	(1,297,919)
Public safety	5,736,394	6,061,246	(324,852)	-	-	-	5,736,394	6,061,246	(324,852)
Public works	5,324,978	4,938,515	386,463	-	-	-	5,324,978	4,938,515	386,463
Health and human services	75,165	73,691	1,474	-	-	-	75,165	73,691	1,474
Culture, recreation, and education	1,832,212	1,655,221	176,991	-	-	-	1,832,212	1,655,221	176,991
Conservation and development	188,199	161,407	26,792	-	-	-	188,199	161,407	26,792
Interest and fiscal charges	933,100	961,899	(28,799)	-	-	-	933,100	961,899	(28,799)
Water	-	-	-	2,891,998	2,735,189	156,809	2,891,998	2,735,189	156,809
Sewer	-	-	-	3,105,774	2,845,013	260,761	3,105,774	2,845,013	260,761
Storm Water	-	-	-	1,592,884	1,257,234	335,650	1,592,884	1,257,234	335,650
Cemetery	-	-	-	102,248	111,871	(9,623)	102,248	111,871	(9,623)
Tourism	-	-	-	528,899	443,054	85,845	528,899	443,054	85,845
Gundersen Lutheran parking ramp	-	-	-	210,468	218,160	(7,692)	210,468	218,160	(7,692)
Omni Center	-	-	-	579,254	580,333	(1,079)	579,254	580,333	(1,079)
TOTAL EXPENSES	16,305,504	17,365,354	(1,059,850)	9,011,525	8,190,854	820,671	25,317,029	25,556,208	(239,179)
CHANGE IN NET POSITION BEFORE TRANSFERS	906,933	(793,150)	1,700,083	1,015,715	(288,877)	1,304,592	1,922,648	(1,082,027)	3,004,675
TRANSFERS	359,216	280,676	78,540	(359,216)	(280,676)	(78,540)	-	-	-
CHANGE IN NET POSITION	1,266,149	(512,474)	1,778,623	656,499	(569,553)	1,226,052	1,922,648	(1,082,027)	3,004,675
NET POSITION, BEGINNING OF YEAR 1/1	32,266,350	32,778,824	(512,474)	39,546,285	40,286,401	(740,116)	71,812,635	73,065,225	(1,252,590)
PRIOR PERIOD ADJUSTMENT	-	-	-	-	(170,563)	170,563	-	(170,563)	170,563
NET POSITION, END OF YEAR, 12/31	\$ 33,532,499	\$ 32,266,350	\$ 1,266,149	\$ 40,202,784	\$ 39,546,285	\$ 656,499	\$ 73,735,283	\$ 71,812,635	\$ 1,922,648

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds. The focus of the City of Onalaska's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Onalaska's financing requirements. Specifically, the unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Onalaska. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$8,996,074, while the total fund balance reached \$9,507,144. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 95 percent of the total General Fund expenditures, while total fund balance represents 96 percent of that same amount.

At December 31, 2021, the governmental funds of the City of Onalaska reported a combined fund balance of \$17,302,210, an 8 percent increase over last year. Included in this change in fund balance is an increase in Fund Balance for the Capital Projects Fund.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories:

- (1) Amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available;
- (2) Amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and
- (3) Increases in appropriations that become necessary to maintain services.

Proprietary Funds. The City of Onalaska's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Water, Sewer, Storm Water and Gundersen Lutheran parking ramp departments at the end of the fiscal year amounted to \$3,987,363; the Cemetery, Tourism and Omni Center amounted to \$512,540. The total change in unrestricted net position was (\$300,484) for Water, Sewer, Storm Water and Gundersen Lutheran parking ramp and (\$203,483) for Cemetery, Tourism and Omni Center. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Onalaska's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of Onalaska's capital assets for its governmental and business-type activities as of December 31, 2021, totals \$106,930,104 (net of accumulated depreciation). These assets include buildings, roads, bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions and disposals:

Additions:

- Public works new truck, plow and equipment
- Valley View Mall storm sewer repair
- Multiple street reconstruction projects
- Roof replacement
- Fire department command vehicle
- Articulated tool cat
- Fiber optic cable project

Disposals:

- Trade-in and/or sale of vehicles and equipment.

Figure 3

CITY OF ONALASKA'S CAPITAL ASSETS

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			TOTAL		
	2021	2020	Change	2021	2020	Change	2021	2020	Change
Land	\$ 3,627,961	\$ 3,627,961	\$ -	\$ 1,421,641	\$ 1,421,641	\$ -	\$ 5,049,602	\$ 5,049,602	\$ -
Buildings	24,659,529	24,416,455	243,074	18,783,301	18,008,534	774,767	43,442,830	42,424,989	1,017,841
Infrastructure	49,822,136	48,551,531	1,270,605	65,460,668	63,514,937	1,945,731	115,282,804	112,066,468	3,216,336
Improvements	4,732,673	4,732,673	-	-	-	-	4,732,673	4,732,673	-
Machinery & Equipment	11,182,795	9,742,996	1,439,799	8,711,986	7,928,142	783,844	19,894,781	17,671,138	2,223,643
Construction in Progress	316,545	1,215,878	(899,333)	34,795	1,893,643	(1,858,848)	351,340	3,109,521	(2,758,181)
Less: Accumulated Depreciation	<u>(45,724,719)</u>	<u>(42,818,945)</u>	<u>(2,905,774)</u>	<u>(36,099,207)</u>	<u>(34,252,269)</u>	<u>(1,846,938)</u>	<u>(81,823,926)</u>	<u>(77,071,214)</u>	<u>(4,752,712)</u>
TOTAL	<u>\$48,616,920</u>	<u>\$49,468,549</u>	<u>\$ (851,629)</u>	<u>\$58,313,184</u>	<u>\$58,514,628</u>	<u>\$ (201,444)</u>	<u>\$106,930,104</u>	<u>\$107,983,177</u>	<u>\$ (1,053,073)</u>

Additional information on the City's capital assets can be found in Note 4 of the Basic Financial Statements.

Figure 4

CITY OF ONALASKA'S OUTSTANDING LONG-TERM OBLIGATIONS

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			TOTAL		
	2021	2020	Change	2021	2020	Change	2021	2020	Change
General Obligation Bonds/Notes	\$32,429,430	\$32,317,715	\$ 111,715	\$11,433,783	\$11,392,187	\$ 41,596	\$43,863,213	\$43,709,902	\$ 153,311
Mortgage Revenue Bonds	-	-	-	13,960,585	14,565,965	(605,380)	13,960,585	14,565,965	(605,380)
Other Long-Term Obligations	633,566	701,686	(68,120)	153,425	195,248	(41,823)	786,991	896,934	(109,943)
TOTAL	<u>\$33,062,996</u>	<u>\$33,019,401</u>	<u>\$ 43,595</u>	<u>\$25,547,793</u>	<u>\$26,153,400</u>	<u>\$ (605,607)</u>	<u>\$58,610,789</u>	<u>\$59,172,801</u>	<u>\$ (562,012)</u>

Long-Term Obligations. As of December 31, 2021, the City of Onalaska had total long-term obligations outstanding of \$58,610,789, of which \$43,863,213 is backed by the full faith and credit of the City. The remainder of the debt represents bonds secured solely by specified revenue sources, such as revenue bonds.

The City of Onalaska's total debt increased by \$562,012, or 1 percent during the past fiscal year.

State of Wisconsin statutes limit the amount of general obligation debt that a unit of government can issue to 5 percent of the total equalized valuation of taxable property located within the government's boundaries. The 2021 equalized valuation was \$2,408,452,900. The legal debt margin for the City of Onalaska is \$120,422,645. The City has a margin of indebtedness of \$77,254,813.

Additional information regarding the City of Onalaska's long-term debt can be found in Note 5 beginning on page 40 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following key economic indicators reflect the growth and prosperity of the City:

- Low unemployment. The Onalaska area's unemployment rate of 1.6 percent is below the State average of 2.0 percent.
- The City's adjusted gross income per return is \$76,149, compared to the state average of \$61,518.
- The new construction valuation for 2021 was 39,500,000, increase of \$8,982,430 from 2020 which includes tax-exempt permits totaling \$2,423,832
- The City's portion of the mill rate decreased .23 percent.
- The City's assessment ratio is 88.67 percent for tax year 2021. The City is undergoing a revaluation for tax year 2022.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, City of Onalaska, 415 Main Street, Onalaska, WI 54650.

CITY OF ONALASKA, WISCONSIN
BASIC FINANCIAL STATEMENTS

CITY OF ONALASKA, WISCONSIN
GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ONALASKA, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2021

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash and investments	\$ 19,323,021	\$ 2,424,576	\$ 21,747,597	\$ 430,242
Restricted cash and investments	-	2,185,188	2,185,188	-
Receivables				
Taxes	11,992,613	321,174	12,313,787	-
Delinquent personal property taxes	2,763	-	2,763	-
Accounts	2,916	1,669,021	1,671,937	-
Interest	-	2	2	-
Special assessments	18,256	5,748	24,004	-
Other, net of allowance for doubtful accounts	134,520	103,407	237,927	-
Internal balances	(1,111,789)	1,111,959	170	(170)
Due from other governments	547,296	-	547,296	-
Net pension asset (Wisconsin Retirement System)	2,839,488	465,378	3,304,866	-
Inventories	-	66,463	66,463	-
Prepaid items	47,574	7,795	55,369	-
Special assessments	281,778	303,053	584,831	-
Capital assets, net of accumulated depreciation				
Land and construction in progress	3,944,506	1,456,436	5,400,942	-
Buildings, systems, and equipment	44,672,414	56,856,748	101,529,162	-
TOTAL ASSETS	82,695,356	66,976,948	149,672,304	430,072
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refunding	250,910	234,919	485,829	-
Wisconsin Retirement System pension	4,828,545	791,373	5,619,918	-
Wisconsin Retirement System LRLIF	222,767	36,510	259,277	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,302,222	1,062,802	6,365,024	-
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 \$ 87,997,578	 \$ 68,039,750	 \$156,037,328	 \$ 430,072

(Continued on page 16)

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN
STATEMENT OF NET POSITION - Continued
DECEMBER 31, 2021

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
LIABILITIES				
Accounts payable	\$ 492,076	\$ 251,474	\$ 743,550	\$ -
Accrued payroll and fringe benefits	115,319	30,078	145,397	-
Accrued interest	222,389	81,153	303,542	-
Accrued liabilities	3,776	23,782	27,558	-
Unearned revenue - other	1,065,613	2,425	1,068,038	-
Current portion of long-term obligations	2,933,769	1,102,244	4,036,013	-
Payable from restricted assets				
Accrued interest	-	78,659	78,659	-
Current portion of long-term debt	-	617,979	617,979	-
Long-term obligations				
General obligation bonds and notes	29,644,386	10,378,898	40,023,284	-
Mortgage revenue bonds	-	13,342,606	13,342,606	-
Premium on long-term debt	651,218	358,238	1,009,456	-
Net OPEB liability (Wisconsin Retirement System LRLIF)	497,142	81,479	578,621	-
Compensated absences	570,209	138,083	708,292	-
TOTAL LIABILITIES	36,195,897	26,487,098	62,682,995	-
DEFERRED INFLOWS OF RESOURCES				
Wisconsin Retirement System pension	6,216,371	1,018,829	7,235,200	-
Wisconsin Retirement System LRLIF	60,198	9,865	70,063	-
Taxes levied for subsequent years	11,992,613	321,174	12,313,787	-
TOTAL DEFERRED INFLOWS OF RESOURCES	18,269,182	1,349,868	19,619,050	-
NET POSITION				
Net investment in capital assets	16,755,506	33,746,953	50,502,459	-
Restricted for:				
Debt service	695,381	1,488,550	2,183,931	-
Capital projects	1,304,602	-	1,304,602	-
Special revenue	3,062,022	-	3,062,022	-
WRS pension	2,839,488	463,378	3,302,866	-
Other	-	2,000	2,000	-
Unrestricted	8,875,500	4,501,903	13,377,403	430,072
TOTAL NET POSITION	33,532,499	40,202,784	73,735,283	430,072
TOTAL LIABILITIES, DEFERRED INFLOWS OR RESOURCES, AND NET POSITION	\$ 87,997,578	\$ 68,039,750	\$156,037,328	\$ 430,072

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION			COMPONENT UNIT
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	\$ 2,215,456	\$ 988,776	\$ -	\$ -	\$ (1,226,680)		\$ (1,226,680)	
Public safety	5,736,394	205,464	133,171	31,975	(5,365,784)		(5,365,784)	
Public works	5,324,978	111,134	1,834,929	488,619	(2,890,296)		(2,890,296)	
Health and human services	75,165	-	-	-	(75,165)		(75,165)	
Culture, recreation, and education	1,832,212	355,960	138,033	-	(1,338,219)		(1,338,219)	
Conservation and development	188,199	-	4,500	-	(183,699)		(183,699)	
Interest and fiscal charges	933,100	-	-	-	(933,100)		(933,100)	
TOTAL GOVERNMENTAL ACTIVITIES	<u>16,305,504</u>	<u>1,661,334</u>	<u>2,110,633</u>	<u>520,594</u>	<u>(12,012,943)</u>		<u>(12,012,943)</u>	
BUSINESS-TYPE ACTIVITIES								
Water	2,891,998	3,518,785	-	200,166		\$ 826,953	826,953	
Sewer	3,105,774	2,939,579	31,247	117,699		(17,249)	(17,249)	
Storm water	1,592,884	1,065,359	7,235	270,087		(250,203)	(250,203)	
Cemetery	102,248	130,065	-	-		27,817	27,817	
Tourism	528,899	7,082	-	-		(521,817)	(521,817)	
Gundersen Lutheran parking ramp	210,468	-	136,886	-		(73,582)	(73,582)	
Omni Center	579,254	424,095	18,237	-		(136,922)	(136,922)	
TOTAL BUSINESS-TYPE ACTIVITIES	<u>9,011,525</u>	<u>8,084,965</u>	<u>193,605</u>	<u>587,952</u>		<u>(145,003)</u>	<u>(145,003)</u>	
TOTAL PRIMARY GOVERNMENT	<u>\$ 25,317,029</u>	<u>\$ 9,746,299</u>	<u>\$ 2,304,238</u>	<u>\$ 1,108,546</u>	<u>\$ (12,012,943)</u>	<u>\$ (145,003)</u>	<u>\$ (12,157,946)</u>	
COMPONENT UNIT								
Community Development Authority	<u>\$ 15,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ (15,370)</u>	
GENERAL REVENUE								
Property taxes, levied for general purposes					\$ 11,498,697	\$ 321,174	\$ 11,819,871	\$ -
Property taxes, levied for tax incremental financing purposes					58,470	-	58,470	-
Other taxes					323,462	759,071	1,082,533	-
Intergovernmental revenue not restricted to specific programs					684,707	52,477	737,184	-
Interest and investment income					28,478	11,993	40,471	248
Sale of property					-	443	443	-
Miscellaneous					326,062	15,560	341,622	873
TRANSFERS					359,216	(359,216)	-	-
TOTAL GENERAL REVENUE AND TRANSFERS					<u>13,279,092</u>	<u>801,502</u>	<u>14,080,594</u>	<u>1,121</u>
CHANGE IN NET POSITION					1,266,149	656,499	1,922,648	(14,249)
NET POSITION - BEGINNING OF YEAR					<u>32,266,350</u>	<u>39,546,285</u>	<u>71,812,635</u>	<u>444,321</u>
NET POSITION - END OF YEAR					<u>\$ 33,532,499</u>	<u>\$ 40,202,784</u>	<u>\$ 73,735,283</u>	<u>\$ 430,072</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF ONALASKA, WISCONSIN
FUND FINANCIAL STATEMENTS**

CITY OF ONALASKA, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	GENERAL FUND	DEBT SERVICE	2021 CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and investments	\$ 9,601,664	\$ 697,820	\$ 1,087,879	\$ 7,935,658	\$ 19,323,021
Receivables					
Taxes	6,855,355	3,668,298		1,468,960	11,992,613
Delinquent personal property taxes	2,763	-	-	-	2,763
Special assessments	300,034	-	-	-	300,034
Other, net of allowance for doubtful accounts	93,569	-	-	43,867	137,436
Due from other governments	-	-	-	547,296	547,296
Prepaid items	47,574	-	-	-	47,574
Due from other funds	67,376	-	-	59,813	127,189
	<u>\$ 16,968,335</u>	<u>\$ 4,366,118</u>	<u>\$ 1,087,879</u>	<u>\$ 10,055,594</u>	<u>\$ 32,477,926</u>
TOTAL ASSETS					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 220,530	\$ 475	\$ 111,526	\$ 159,545	\$ 492,076
Accrued payroll and fringe benefits	114,189	-	-	1,130	115,319
Accrued liabilities	3,776	-	-	-	3,776
Due to other funds	-	1,964	240,685	996,329	1,238,978
TOTAL LIABILITIES	<u>338,495</u>	<u>2,439</u>	<u>352,211</u>	<u>1,157,004</u>	<u>1,850,149</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
Taxes levied for subsequent years	6,855,355	3,668,298	-	2,534,573	13,058,226
Special assessments	267,341	-	-	-	267,341
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,122,696</u>	<u>3,668,298</u>	<u>-</u>	<u>2,534,573</u>	<u>13,325,567</u>
FUND BALANCES					
Nonspendable	47,574	-	-	-	47,574
Restricted	-	695,381	735,668	3,630,956	5,062,005
Committed	-	-	-	2,751,683	2,751,683
Assigned	463,496	-	-	-	463,496
Unassigned	8,996,074	-	-	(18,622)	8,977,452
TOTAL FUND BALANCES	<u>9,507,144</u>	<u>695,381</u>	<u>735,668</u>	<u>6,364,017</u>	<u>17,302,210</u>
	<u>\$ 16,968,335</u>	<u>\$ 4,366,118</u>	<u>\$ 1,087,879</u>	<u>\$ 10,055,594</u>	<u>\$ 32,477,926</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Fund balances - total governmental funds \$ 17,302,210

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 48,616,920

Deferred charges for loss on refunding are recognized as an expense in the funds but deferred on the statement of net position. 250,910

Some revenue is unavailable in the funds because they are not available to pay current period's expenditures. 267,341

Wisconsin Retirement System net pension asset, deferred outflows of resources, and deferred inflows of resources are not current financial resources and are not reported in fund statements. 1,451,662

Other post employment benefits deferred inflows of resources and deferred outflows of resources are not current financial resources and are not reported in the fund statements. 162,569

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.

Accrued interest payable	\$	(222,389)	
Bonds and notes payable		(32,429,430)	
Premium		(736,586)	
LRLIF OPEB liability		(497,142)	
Compensated absences		(633,566)	
		(34,519,113)	<u>(34,519,113)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 33,532,499**

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	GENERAL FUND	DEBT SERVICE	2021 CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUE					
Taxes	\$ 6,907,610	\$ 3,523,461	\$ -	\$ 1,449,558	\$ 11,880,629
Special assessment	56,505	-	-	-	56,505
Intergovernmental	1,696,216	-	-	969,154	2,665,370
Licenses and permits	703,700	-	-	310	704,010
Fines, forfeits, and penalties	137,231	-	-	271,282	408,513
Public charges for services	239,262	-	-	227,753	467,015
Intergovernmental charges for services	70,929	-	-	82,579	153,508
Miscellaneous	133,873	1,185	1,388	318,704	455,150
TOTAL REVENUE	<u>9,945,326</u>	<u>3,524,646</u>	<u>1,388</u>	<u>3,319,340</u>	<u>16,790,700</u>
EXPENDITURES					
Current					
General government	1,608,600	-	-	422,933	2,031,533
Public safety	5,700,238	-	-	55,285	5,755,523
Public works	1,109,821	-	-	1,643,506	2,753,327
Health and human services	75,165	-	-	-	75,165
Culture, recreation, and education	917,731	-	-	98,238	1,015,969
Conservation and development	144,514	-	-	49,700	194,214
Capital outlay	-	-	1,974,371	1,197,753	3,172,124
Debt service					
Principal	-	2,606,669	-	-	2,606,669
Interest and fiscal charges	-	918,150	44,977	-	963,127
TOTAL EXPENDITURES	<u>9,556,069</u>	<u>3,524,819</u>	<u>2,019,348</u>	<u>3,467,415</u>	<u>18,567,651</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>389,257</u>	<u>(173)</u>	<u>(2,017,960)</u>	<u>(148,075)</u>	<u>(1,776,951)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	-	-	2,718,388	-	2,718,388
Transfer in	437,370	-	-	415,500	852,870
Transfer out	(415,500)	-	-	(63,174)	(478,674)
Premium on long-term debt	-	-	35,240	-	35,240
TOTAL OTHER FINANCING SOURCES	<u>21,870</u>	<u>-</u>	<u>2,753,628</u>	<u>352,326</u>	<u>3,127,824</u>
NET CHANGE IN FUND BALANCE	411,127	(173)	735,668	204,251	1,350,873
FUND BALANCE AT BEGINNING OF YEAR	<u>9,096,017</u>	<u>695,554</u>	<u>-</u>	<u>6,159,766</u>	<u>15,951,337</u>
FUND BALANCE AT END OF YEAR	<u>\$ 9,507,144</u>	<u>\$ 695,381</u>	<u>\$ 735,668</u>	<u>\$ 6,364,017</u>	<u>\$ 17,302,210</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Net change in fund balances - total governmental funds		\$ 1,350,873
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of		
Capital outlay reported in governmental fund statements		\$ 3,172,124
Depreciation expense reported in the statement of activities		<u>(3,461,172)</u>
Amount by which capital outlays are less than depreciation in the current period in the current period:		(289,048)
The net effect of various miscellaneous transactions involving capital assets (i.e., noncapitalized outlay and contributions) is to decrease net position:		(562,581)
Some capital assets acquired during the year were financed with long-term debt. The amount of the long-term debt is reported in the governmental funds as a source of financing. In the statement of net position however, long-term debt is not reported as a financing source, but rather constitutes a long-term liability. The amount of long-term debt issued in the governmental funds statement is:		(2,718,388)
Wisconsin Retirement System net pension (asset), deferred outflows of resources, and deferred inflows of resources changes.		877,681
Wisconsin Retirement System LRLIF OPEB liability, deferred inflows of resources, and deferred outflows of resources changes:		(66,186)
Certain employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
This year the accrual of these benefits decreased by:		68,120
Certain revenue is unavailable in the governmental funds because they are not available to pay current period expenditures. In the statement of activities, these are recorded as revenue in the current year.		4,222
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.		
The amount of long-term debt principal payments in the current year:		2,606,669
Governmental funds report the effect of premiums, discounts, and loss on refunding when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.		
The net effect of these differences in the current year:		(12,551)
In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as it accrues.		
The amount of interest and other debt costs paid during the current period		\$ 963,127
The amount of interest and other debt costs accrued during the current period		<u>(955,789)</u>
Interest and other debt costs paid is more than interest and other debt costs accrued by:		<u>7,338</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 1,266,149</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	WATER	SEWER	STORM WATER	GUNDERSEN LUTHERAN PARKING RAMP	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
ASSETS						
CURRENT ASSETS						
Cash and investments	\$ -	\$ 1,500,577	\$ 272,434	\$ 475	\$ 651,090	\$ 2,424,576
Restricted cash and investments						
Revenue bond special redemption fund	203,528	102,779	67,974	-	-	374,281
Revenue bond depreciation fund	475,000	400,000	40,000	-	-	915,000
Reserve fund	462,369	279,475	154,063	-	-	895,907
Accounts receivable						
Customer	735,279	641,531	255,979	-	36,232	1,669,021
Taxes	-	-	-	321,174	-	321,174
Other	2,440	15,332	-	-	85,635	103,407
Interest receivable	-	-	-	-	2	2
Due from other funds	841,591	394,060	519,771	-	-	1,755,422
Inventories	62,550	-	-	-	3,913	66,463
Prepaid expense	-	-	-	-	7,795	7,795
TOTAL CURRENT ASSETS	<u>2,782,757</u>	<u>3,333,754</u>	<u>1,310,221</u>	<u>321,649</u>	<u>784,667</u>	<u>8,533,048</u>
NONCURRENT ASSETS						
CAPITAL ASSETS						
Land	107,877	2,002	1,096,975	-	214,787	1,421,641
Construction work in progress	-	-	-	-	34,795	34,795
Buildings	3,920,054	3,315,759	3,581,674	5,560,530	2,405,284	18,783,301
Improvements other than buildings	25,401,650	16,653,269	23,000,901	-	404,846	65,460,666
Machinery and equipment	5,388,058	2,561,105	665,424	-	97,401	8,711,988
TOTAL CAPITAL ASSETS	<u>34,817,639</u>	<u>22,532,135</u>	<u>28,344,974</u>	<u>5,560,530</u>	<u>3,157,113</u>	<u>94,412,391</u>
Less accumulated depreciation	12,354,808	10,196,658	11,500,092	1,260,386	787,263	36,099,207
NET CAPITAL ASSETS	<u>22,462,831</u>	<u>12,335,477</u>	<u>16,844,882</u>	<u>4,300,144</u>	<u>2,369,850</u>	<u>58,313,184</u>
OTHER ASSETS						
Net pension asset (Wisconsin Retirement System)	173,594	156,846	55,866	-	79,072	465,378
Special assessments	167,157	141,644	-	-	-	308,801
TOTAL OTHER ASSETS	<u>340,751</u>	<u>298,490</u>	<u>55,866</u>	<u>-</u>	<u>79,072</u>	<u>774,179</u>
TOTAL NONCURRENT ASSETS	<u>22,803,582</u>	<u>12,633,967</u>	<u>16,900,748</u>	<u>4,300,144</u>	<u>2,448,922</u>	<u>59,087,363</u>
TOTAL ASSETS	<u>25,586,339</u>	<u>15,967,721</u>	<u>18,210,969</u>	<u>4,621,793</u>	<u>3,233,589</u>	<u>67,620,411</u>
DEFERRED OUTFLOWS OF RESOURCES						
Wisconsin Retirement System pension	295,196	266,716	94,999	-	134,462	791,373
Wisconsin Retirement System LRLIF	13,619	12,305	4,383	-	6,203	36,510
Loss on refunding	29,904	10,891	25,306	168,818	-	234,919
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>338,719</u>	<u>289,912</u>	<u>124,688</u>	<u>168,818</u>	<u>140,665</u>	<u>1,062,802</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 25,925,058</u>	<u>\$ 16,257,633</u>	<u>\$ 18,335,657</u>	<u>\$ 4,790,611</u>	<u>\$ 3,374,254</u>	<u>\$ 68,683,213</u>

(Continued on page 23)

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN
STATEMENT OF NET POSITION - Continued
PROPRIETARY FUNDS
DECEMBER 31, 2021

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	<u>WATER</u>	<u>SEWER</u>	<u>STORM WATER</u>	<u>GUNDERSEN LUTHERAN PARKING RAMP</u>	<u>NONMAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>
LIABILITIES						
CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS						
Accounts payable	\$ 46,175	\$ 121,868	\$ 28,920	\$ -	\$ 54,511	\$ 251,474
Accrued liabilities						
Payroll and fringe benefits	11,171	10,754	1,316	-	6,837	30,078
Interest	15,088	10,362	21,330	24,302	10,071	81,153
Other	-	-	-	-	23,782	23,782
Due to other funds	-	535,066	-	-	108,397	643,463
Unearned revenue - other	1,253	1,172	-	-	-	2,425
Current portion of long-term obligations	<u>167,948</u>	<u>125,682</u>	<u>273,078</u>	<u>430,000</u>	<u>105,536</u>	<u>1,102,244</u>
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	<u>241,635</u>	<u>804,904</u>	<u>324,644</u>	<u>454,302</u>	<u>309,134</u>	<u>2,134,619</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS						
Accrued revenue bond interest	41,730	21,288	15,641	-	-	78,659
Current portion of revenue bonds	<u>412,979</u>	<u>120,000</u>	<u>85,000</u>	<u>-</u>	<u>-</u>	<u>617,979</u>
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	<u>454,709</u>	<u>141,288</u>	<u>100,641</u>	<u>-</u>	<u>-</u>	<u>696,638</u>
TOTAL CURRENT LIABILITIES	<u>696,344</u>	<u>946,192</u>	<u>425,285</u>	<u>454,302</u>	<u>309,134</u>	<u>2,831,257</u>
NONCURRENT LIABILITIES						
Revenue bonds	7,880,106	3,497,500	1,965,000	-	-	13,342,606
General obligation bonds	1,845,867	1,494,671	2,750,786	2,775,000	1,512,574	10,378,898
Premium on long-term debt	138,941	89,618	111,352	-	18,327	358,238
Net OPEB liability (Wisconsin Retirement System LRLIF)	30,393	27,461	9,781	-	13,844	81,479
Compensated absences	<u>36,606</u>	<u>50,466</u>	<u>34,302</u>	<u>-</u>	<u>16,709</u>	<u>138,083</u>
TOTAL NONCURRENT LIABILITIES	<u>9,931,913</u>	<u>5,159,716</u>	<u>4,871,221</u>	<u>2,775,000</u>	<u>1,561,454</u>	<u>24,299,304</u>
TOTAL LIABILITIES	<u>10,628,257</u>	<u>6,105,908</u>	<u>5,296,506</u>	<u>3,229,302</u>	<u>1,870,588</u>	<u>27,130,561</u>
DEFERRED INFLOWS OF RESOURCES						
Wisconsin Retirement System pension	380,041	343,376	122,304	-	173,108	1,018,829
Wisconsin Retirement System LRLIF	3,680	3,325	1,184	-	1,676	9,865
Taxes levied for subsequent years	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,174</u>	<u>-</u>	<u>321,174</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>383,721</u>	<u>346,701</u>	<u>123,488</u>	<u>321,174</u>	<u>174,784</u>	<u>1,349,868</u>
NET POSITION						
Net investment in capital assets	12,326,791	7,406,500	12,183,248	1,095,144	735,270	33,746,953
Restricted	859,782	797,812	217,262	-	81,072	1,955,928
Unrestricted	<u>1,726,507</u>	<u>1,600,712</u>	<u>515,153</u>	<u>144,991</u>	<u>512,540</u>	<u>4,499,903</u>
TOTAL NET POSITION	<u>14,913,080</u>	<u>9,805,024</u>	<u>12,915,663</u>	<u>1,240,135</u>	<u>1,328,882</u>	<u>40,202,784</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 25,925,058</u>	<u>\$ 16,257,633</u>	<u>\$ 18,335,657</u>	<u>\$ 4,790,611</u>	<u>\$ 3,374,254</u>	<u>\$ 68,683,213</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	WATER	SEWER	STORM WATER	GUNDERSEN LUTHERAN PARKING RAMP	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
OPERATING REVENUE						
Charges for services	\$ 2,829,638	\$ 2,906,287	\$ 1,063,509	\$ -	\$ 527,229	\$ 7,326,663
Interdepartmental sales	611,663	-	-	-	-	611,663
Miscellaneous	83,125	33,292	1,850	-	33,334	151,601
TOTAL OPERATING REVENUE	<u>3,524,426</u>	<u>2,939,579</u>	<u>1,065,359</u>	<u>-</u>	<u>560,563</u>	<u>8,089,927</u>
OPERATING EXPENSES						
Plant and maintenance expenses:						
Operations	723,342	573,802	393,151	-	518,217	2,208,512
Maintenance	176,505	39,056	328,102	-	7,797	551,460
General and administrative	802,786	1,627,682	118,640	6,040	486,651	3,041,799
Depreciation	841,591	658,383	583,519	74,140	145,852	2,303,485
Taxes	42,427	40,688	15,061	-	12,988	111,164
TOTAL OPERATING EXPENSES	<u>2,586,651</u>	<u>2,939,611</u>	<u>1,438,473</u>	<u>80,180</u>	<u>1,171,505</u>	<u>8,216,420</u>
OPERATING INCOME (LOSS)	<u>937,775</u>	<u>(32)</u>	<u>(373,114)</u>	<u>(80,180)</u>	<u>(610,942)</u>	<u>(126,493)</u>
NONOPERATING REVENUE (EXPENSE)						
Taxes	-	-	-	321,174	-	321,174
Intergovernmental	-	-	-	189,363	-	189,363
Room tax	-	-	-	-	759,071	759,071
Interest income	4,980	6,247	566	-	200	11,993
Contributions	-	31,247	-	-	-	31,247
Miscellaneous revenue	-	-	7,235	-	43,815	51,050
Interest expense	(302,932)	(167,077)	(170,534)	(102,152)	(40,423)	(783,118)
Gain on disposal of capital assets	-	-	(719)	-	-	(719)
Debt issuance costs	(8,453)	(3,481)	-	-	-	(11,934)
Amortization of bond premium	17,553	8,589	20,097	-	1,527	47,766
Amortization of loss on refunding	(11,515)	(4,194)	(2,812)	(28,136)	-	(46,657)
TOTAL NONOPERATING (EXPENSE) REVENUE	<u>(300,367)</u>	<u>(128,669)</u>	<u>(146,167)</u>	<u>380,249</u>	<u>764,190</u>	<u>569,236</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	637,408	(128,701)	(519,281)	300,069	153,248	442,743
TRANSFERS IN	-	-	-	-	188,487	188,487
TRANSFERS (OUT)	(408,556)	(28,814)	-	-	(125,313)	(562,683)
CAPITAL CONTRIBUTIONS	<u>200,166</u>	<u>117,699</u>	<u>270,087</u>	<u>-</u>	<u>-</u>	<u>587,952</u>
CHANGE IN NET POSITION	429,018	(39,816)	(249,194)	300,069	216,422	656,499
TOTAL NET POSITION - BEGINNING	<u>14,484,062</u>	<u>9,844,840</u>	<u>13,164,857</u>	<u>940,066</u>	<u>1,112,460</u>	<u>39,546,285</u>
TOTAL NET POSITION - ENDING	<u>\$ 14,913,080</u>	<u>\$ 9,805,024</u>	<u>\$ 12,915,663</u>	<u>\$ 1,240,135</u>	<u>\$ 1,328,882</u>	<u>\$ 40,202,784</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	WATER	SEWER	STORM WATER	GUNDERSEN LUTHERAN PARKING RAMP	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash from sales and services	\$ 2,826,988	\$ 2,888,572	\$ 1,077,152	\$ -	\$ 653,853	\$ 7,446,565
Cash from public fire protection	611,663	-	-	-	-	611,663
Cash (paid) from operating transactions with other funds	310,255	271,757	(133,586)	-	(121,035)	327,391
Cash paid to suppliers for goods and service	(1,063,601)	(1,803,770)	(643,366)	(6,040)	(736,668)	(4,253,445)
Cash paid to employees for services	(659,912)	(610,367)	(214,566)	-	(394,540)	(1,879,385)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>2,025,393</u>	<u>746,192</u>	<u>85,634</u>	<u>(6,040)</u>	<u>(598,390)</u>	<u>2,252,789</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer from other funds	-	-	-	-	188,487	188,487
Transfer (to) other funds	(408,556)	(28,814)	-	-	(125,313)	(562,683)
Contributions	-	31,247	-	-	-	31,247
Room tax	-	-	-	-	749,100	749,100
NET CASH (USED IN) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(408,556)</u>	<u>2,433</u>	<u>-</u>	<u>-</u>	<u>812,274</u>	<u>406,151</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(1,201,962)	(204,728)	(84,915)	-	(23,646)	(1,515,251)
Debt principal payments	(551,838)	(239,460)	(315,756)	(400,000)	(101,731)	(1,608,785)
Interest and other debt payments	(309,564)	(171,245)	(167,216)	(104,497)	(40,955)	(793,477)
Nonoperating income	-	-	7,235	189,363	43,815	240,413
Proceeds from debt	410,000	150,000	485,000	-	-	1,045,000
Tax revenue received	-	-	-	321,174	-	321,174
Special assessments received	25,688	5,407	-	-	-	31,095
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,627,676)</u>	<u>(460,026)</u>	<u>(75,652)</u>	<u>6,040</u>	<u>(122,517)</u>	<u>(2,279,831)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	10,839	8,391	7,500	-	200	26,930
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>-</u>	<u>296,990</u>	<u>17,925</u>	<u>-</u>	<u>91,567</u>	<u>406,482</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,140,897</u>	<u>1,985,841</u>	<u>516,546</u>	<u>475</u>	<u>559,523</u>	<u>4,203,282</u>
CASH AND CASH EQUIVALENTS AT END AT YEAR	<u>\$ 1,140,897</u>	<u>\$ 2,282,831</u>	<u>\$ 534,471</u>	<u>\$ 475</u>	<u>\$ 651,090</u>	<u>\$ 4,609,764</u>

(Continued on page 26)

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>	<u>WATER</u>	<u>SEWER</u>	<u>STORM WATER</u>	<u>GUNDERSEN LUTHERAN PARKING RAMP</u>	<u>NONMAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>
Operating income (loss)	\$ 937,775	\$ (32)	\$ (373,114)	\$ (80,180)	\$ (610,942)	\$ (126,493)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	841,591	658,383	583,519	74,140	145,852	2,303,485
Depreciation charged to sewer	90,212	(90,212)	-	-	-	-
Changes in assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	(175,997)	(51,034)	11,793	-	2,441	(212,797)
Due from other funds	310,255	(15,295)	(133,586)	-	-	161,374
Due from other governments	-	-	-	-	36,184	36,184
Inventories	74,774	-	-	-	-	74,774
Increase (decrease) in liabilities						
Accounts payable	8,110	1,317	1,968	-	3,010	14,405
LRLIF net OPEB liability and deferred inflows/outflows	1,500	5,019	831	-	210	7,560
WRS net pension liability/asset and deferred inflows/outflows	(48,215)	(51,394)	(16,263)	-	(20,946)	(136,818)
Due to other funds	-	287,052	-	-	(121,035)	166,017
Unearned revenue - other	10	27	-	-	-	37
Other accrued expenses	(14,622)	2,361	10,486	-	(33,164)	(34,939)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 2,025,393</u>	<u>\$ 746,192</u>	<u>\$ 85,634</u>	<u>\$ (6,040)</u>	<u>\$ (598,390)</u>	<u>\$ 2,252,789</u>

(Continued on page 27)

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION

	WATER			SEWER		
	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS
Cash and Cash Equivalents	\$ -	\$ 1,140,897	\$ 1,140,897	\$ 1,500,577	\$ 782,254	\$ 2,282,831
	STORM SEWER			GUNDERSEN LUTHERAN PARKING RAMP		
	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS
Cash and Cash Equivalents	\$ 272,434	\$ 262,037	\$ 534,471	\$ 475	\$ -	\$ 475
	NONMAJOR ENTERPRISE FUNDS			TOTALS		
	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS
Cash and Cash Equivalents	\$ 651,090	\$ -	\$ 651,090	\$ 2,424,576	\$ 2,185,188	\$ 4,609,764

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Water Utility

During 2021, \$200,166 of fixed assets were contributed.

During 2021, \$11,693 of bond premium amortization and \$11,514 of loss on refunding amortization were recorded.

Sewer Utility

During 2021, \$117,699 of fixed assets were contributed.

During 2021, \$29,835 of bond premium was amortized and \$4,194 of loss on refunding amortization were recorded.

Storm Water Utility

During 2021, \$270,087 of fixed assets were contributed.

During 2021, \$13,163 of bond premium was amortized and \$2,812 of loss on refunding amortization were recorded.

Gundersen Lutheran Parking Ramp

During 2021, \$28,136 of loss on refunding amortization were recorded.

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2021

	<u>TAX CUSTODIAL FUND</u>
<u>ASSETS</u>	
Cash and investments	\$ 17,584,710
Taxes receivable	<u>12,423,798</u>
TOTAL ASSETS	<u>\$ 30,008,508</u>
 <u>LIABILITIES AND NET POSITION</u>	
LIABILITIES	
Due to other governments	\$ 17,584,710
DEFERRED INFLOWS OR RESOURCES	
Taxes levied for subsequent years	12,423,798
NET POSITION	
Restricted for other governments	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 30,008,508</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2021

	TAX CUSTODIAL FUND
ADDITIONS	
Collections from other governments	\$ 11,844,229
DEDUCTIONS	
Payments to other governments	<u>11,844,229</u>
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	<u>11,844,229</u>
PRIOR PERIOD ADJUSTMENT	<u>(11,844,229)</u>
NET POSITION - END OF YEAR	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the City of Onalaska, Wisconsin (the “City”) have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to government units. The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below.

Reporting City

The City of Onalaska, Wisconsin was incorporated in 1887, under the provisions of Chapter 280, Laws of Wisconsin, 1883. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The City's basic financial statements include the Community Development Authority, a component unit, as defined in GASB 14 and amended by GASB 39 and GASB 61. The criterion for including a legally separate organization as a component unit is the degree of financial accountability and fiscal dependency the City has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting City as a component unit.

The following circumstances set forth the City's financial accountability for a legally separate organization: the City is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. The City may be financially accountable if an organization is fiscally dependent on the City regardless of whether the organization has (1) a separately-elected governing body, (2) a governing body appointed by a higher level of government, or (3) a jointly-appointed governing body. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting City's financial statements from being misleading.

Component Unit

The Common Council appoints the governing body of the Community Development Authority of the City of Onalaska (CDA). The CDA is fiscally dependent upon the City because the Council approves the CDA's budget and can levy taxes for the CDA. The CDA and City have entered into a “Cooperation Agreement” to aid in the development and renewal of the “Redevelopment Area”. The CDA is discretely presented as a proprietary fund type in the City's financial statements. Current audited financial information is included in the City's financial statements. A separate audited financial statement was not issued.

Related Organization

The Common Council is responsible for appointing a minority of the members of the governing board of the Onalaska Enhancement Foundation Inc., but the City's accountability for this organization does not extend beyond making the appointments.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Basis of Presentation

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has one discretely presented component unit. The Community Development Authority is not considered to be a major component unit and is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenue, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

The City reports the following major governmental funds:

General Fund - Accounts for the City's primary operating activities. It is used to account for all financial resources, except those required to be accounted for in another fund.

Debt Service Fund - Accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

2021 Capital Projects Fund - Accounts for financial resources to be used for the acquisition or construction of major capital facilities.

The City reports the following major enterprise funds:

Water - Accounts for all activities necessary to provide water services to residents of the City and outlying areas. Fund activities include administration, billing and collection, operations, maintenance, and financing.

Sewer - Accounts for the maintenance of the City's sewer system. Wisconsin State Statutes Section 66.076, permits municipalities to implement sewer fees to recover the costs of operation, maintenance, repair, and depreciation of sewer collection and transportation facilities. Sewer maintenance costs are recovered through a user fee rather than through the property tax.

Storm Water - Accounts for the storm water management services of the City.

Gundersen Lutheran Parking Ramp - Accounts for the accumulation of resources for and payment of debt related to the construction costs of the parking ramp.

In addition, the City reports the following fund type:

Fiduciary - Tax Custodial Fund - This fund accounts for taxes and deposits collected by the City, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes are recorded in the year levied as receivables and unavailable revenue. They are recognized as revenue in the succeeding year when services financed by the levy are being provided. Special assessments are recorded as revenue when they become measurable and available as current assets. Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Grants are recorded as revenue when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and fiduciary funds are reported using the economic resource management focus and the accrual basis of accounting.

The proprietary funds distinguish *operating* revenue and expenses from *nonoperating* items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the water and sewer utilities is a charge to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Cash and Cash Equivalents

Cash and cash equivalents, as classified in the statement of cash flows, consist of all highly liquid investments with an initial maturity of three months or less.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Accounts Receivable

Accounts receivable are recorded at gross amounts less an allowance for doubtful accounts of \$853,071. No provision for uncollectible accounts receivable has been made in the accompanying proprietary fund financial statements because the water and sewer has the right to place delinquent bills on the tax roll.

Due To/From Advance To/From Other Funds

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as due to and from other funds. Long-term interfund loans (noncurrent portion) are reported as advances from and to other funds. In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation. Eliminations have been made for amounts due to/from and advance to/from within the same fund type on the government-wide statements.

Interfund Transactions

Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenues and expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

Inventory

Inventory is priced at the lower of cost (first-in, first-out) or market. The cost of governmental fund-type inventories are recorded as expenditures when purchased.

Prepaid Items

Cash payments benefiting future periods have been recorded as prepaid items. They will be reflected as expenditures or expenses when incurred in the subsequent year. Prepaid items in governmental funds are reserved for in nonspendable fund balance, because prepaids are not expendable available financial resources.

Restricted Cash and Investments

Restricted cash and investments include the following restricted asset accounts:

Revenue Bond Special Redemption Account - Segregated resources accumulated for future debt service payments.

Revenue Bond Reserve Account - Resources set aside to secure payment of principal and interest on the outstanding bonds.

Depreciation Fund - Resources set aside to meet deficiencies in the reserve or redemption accounts and for repairs or additions to utility systems.

Other - Deposits made by customers which are to be used for specific purposes.

CITY OF ONALASKA, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported at cost or estimated historical cost. Contributed assets are reported at estimated fair value at the time received. General infrastructure assets, such as roads, bridges, curbs, gutters, streets, sidewalks and drainage and lighting systems, acquired prior to January 1, 2003, are reported at estimated historical cost using deflated replacement cost. Capital assets are depreciated using the straight-line method. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Water, sewer, and storm water utility assets are being depreciated using rates prescribed by the Wisconsin Public Service Commission.

Major capital outlays for capital assets of business-type activities are included as part of the capitalized value of the assets constructed. Interest expenses incurred during construction were not capitalized as part of the additions to capital assets.

Capitalization thresholds and the estimated useful lives for the City and component unit are as follows:

Capital Asset Category	Capitalization Threshold	Estimated Useful Life
Infrastructure	\$ 5,000	20-50
Land	-	N/A
Land improvements	5,000	20-75
Buildings/structures/building improvements	5,000	5-50
Machinery and equipment	5,000	3-15
Vehicles	5,000	5-20

Debt Premiums and Discounts

In the government-wide and proprietary fund financial statements, debt premiums and discounts are deferred and amortized over the life of the debt. Long-term debt is reported net of the applicable debt premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay accumulates and vests and sick pay accumulates and vests with certain limitations. Upon retirement or death, one-half of an employee's sick leave, up to a maximum of 120 days, is paid to the retiree or the employee's spouse or estate, and one-half is used to pay for health and dental insurance.

Accumulated unpaid vacation and sick leave for employees is recorded as an expense and liability in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Pensions

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

Other Post-Employment Benefits (OPEB)

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has three items that qualify for reporting in this category: deferred loss on refunding, Wisconsin Retirement System pension, and Wisconsin Retirement System Local Retiree Life Insurance Fund. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Wisconsin Retirement System pension results from changes in the pension plan. The Wisconsin Retirement System Local Retiree Life Insurance Fund results from changes in the life insurance fund.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The City has three items that qualify for reporting in this category: unavailable revenue, Wisconsin Retirement System pension, and Wisconsin Retirement System Local Retiree Life Insurance Fund. A deferred inflow from unavailable revenue arises under a modified accrual basis of accounting. The unavailable revenue is from property taxes and special assessments. This amount is deferred and recognized as an inflow in the period the amount becomes available levied for subsequent years. The Wisconsin Retirement System pension results from changes in the pension plan. The Wisconsin Retirement System Local Retiree Life Insurance Fund results from changes in the life insurance fund.

Claims and Judgments

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

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Net Position Classifications

Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance Classifications

The City classifies its fund equity as follows:

1. Nonspendable fund balance consists of equity not in a spendable form or is legally or contractually required to be maintained intact.
2. Restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation.
3. Committed fund balance consists of equity constrained to specific purposes by the City itself, using its highest level of decision making authority - Common Council policies.
4. Assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body. The Common Council has authorized the Finance Director to assign fund balances through its financial management policy.
5. Unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the City's policy to record the net loss against committed fund balance, then assigned fund balance, and lastly to unassigned fund balance. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position area available.

State and Federal Aids

State general and categorical aids are recognized as revenue in the entitlement year. Federal aids and certain state aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenue.

Use of Estimates

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

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 2 - Cash and Investments

State statutes permit the City and the Component Unit to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the Debt Service Fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund. No significant violations of these restrictions occurred during the year.

As of December 31, 2021, the City had the following investments:

<u>INVESTMENT</u>	<u>WEIGHTED AVERAGE MATURITIES</u>	<u>FAIR VALUE</u>
State of Wisconsin Investment Pool	Less than one year	<u>\$ 790,773</u>

Determining Fair Value - The City categorizes its fair value measurements with in the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurement:

- 1) State of Wisconsin Local Government Investment Pool fair value is determined by the Pool's investment board based on published market quotations (level 2 inputs).

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the City's position in the Pool is the same as the value of the Pool shares. At December 31, 2021, the Pool's fair value was 100 percent of book value.

Income Allocation - Interest income is generally allocated to the fund which owns the checking account, savings account, money market, certificate of deposit, and investment.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to mature or may be tendered for purchase at the option of the holder within not more than seven years of the date acquired. The City and the Component Unit have formal investment policies that would further limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City and the Component Unit's investment policies do not further limit investment choices. The State of Wisconsin Investment Pool is not rated; however, the investments at all times consist solely of securities and instruments in which municipalities are permitted to invest.

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the City and the Component Unit's deposits may not be returned. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of December 31, 2021, \$20,444,736 of the City's bank balance of \$36,479,913 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank	<u>\$ 20,444,736</u>
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CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 3 - Property Taxes

Property taxes attach as an enforceable lien on property in December when the tax roll is certified. Taxes are levied in December and payable in two installments on January 31 and July 31, or payable in full on January 31. Special assessments, charges, and personal property taxes are payable in full on January 31. The City bills and collects its own property taxes and also taxes for the State, County, Technical College, and Public Schools until February 1, at which time all uncollected real estate taxes are turned over to the County for collection. Collection of the taxes and remittance of them to the appropriate entities are accounted for in the Tax Agency Fund. City property tax revenue is recognized in the year they are levied for and available for use. The 2021 tax roll has been set up as a receivable and offset by the amounts due to other governmental units and deferred income tax revenue for the City's portion. Advance tax collections are offset against the receivable.

NOTE 4 - Capital Assets

Capital asset balances and activity for the year ended December 31, 2021, are as follows:

	<u>BALANCES</u> 1/1/21	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>BALANCES</u> 12/31/21
<u>GOVERNMENTAL ACTIVITIES</u>					
<i>Capital assets not being depreciated:</i>					
Land	\$ 3,627,961	\$ -	\$ -	\$ -	\$ 3,627,961
Construction in progress	<u>1,215,878</u>	<u>1,168,799</u>	-	<u>(2,068,132)</u>	<u>316,545</u>
Total capital assets not being depreciated	<u>4,843,839</u>	<u>1,168,799</u>	-	<u>(2,068,132)</u>	<u>3,944,506</u>
<i>Capital assets being depreciated</i>					
Buildings	24,416,455	263,074	20,000	-	24,659,529
Infrastructure	48,551,531	656,697	465,054	1,078,962	49,822,136
Improvements other than buildings	4,732,673	-	-	-	4,732,673
Machinery and equipment	<u>9,742,996</u>	<u>536,922</u>	<u>86,293</u>	<u>989,170</u>	<u>11,182,795</u>
Total capital assets being depreciated	<u>87,443,655</u>	<u>1,456,693</u>	<u>571,347</u>	<u>2,068,132</u>	<u>90,397,133</u>
Less accumulated depreciation for:					
Buildings	10,668,931	612,869	7,333	-	11,274,467
Infrastructure	24,144,864	1,969,803	465,054	-	25,649,613
Improvements other than buildings	1,626,469	206,392	-	-	1,832,861
Machinery and equipment	<u>6,378,681</u>	<u>672,108</u>	<u>83,011</u>	-	<u>6,967,778</u>
Total accumulated depreciation	<u>42,818,945</u>	<u>3,461,172</u>	<u>555,398</u>	-	<u>45,724,719</u>
Total capital assets being depreciated, net	<u>44,624,710</u>	<u>(2,004,479)</u>	<u>15,949</u>	-	<u>44,672,414</u>
GOVERNMENTAL ACTIVITIES - CAPITAL ASSETS, NET	<u>\$ 49,468,549</u>	<u>\$ (835,680)</u>	<u>\$ 15,949</u>	<u>\$ -</u>	<u>\$ 48,616,920</u>

Depreciation expense for governmental activities was charged to functions as follows:

General government	\$ 226,207
Public safety	364,836
Public works	2,145,627
Culture, recreation, and education	723,706
Conservation and development	796
Total	<u>\$ 3,461,172</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 4 - Capital Assets - Continued

	<u>BALANCES</u> 1/1/21	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>BALANCES</u> 12/31/21
<u>BUSINESS-TYPE ACTIVITIES</u>					
<i>Capital assets not being depreciated:</i>					
Land	\$ 1,421,641	\$ -	\$ -	\$ -	\$ 1,421,641
Construction in progress	<u>1,893,643</u>	<u>344,096</u>	<u>-</u>	<u>(2,202,944)</u>	<u>34,795</u>
Total capital assets not being depreciated	<u>3,315,284</u>	<u>344,096</u>	<u>-</u>	<u>(2,202,944)</u>	<u>1,456,436</u>
<i>Capital assets being depreciated</i>					
Buildings	18,008,534	12,204	-	762,563	18,783,301
Infrastructure	63,514,939	1,432,185	418,462	932,006	65,460,668
Machinery and equipment	<u>7,928,140</u>	<u>314,718</u>	<u>39,247</u>	<u>508,375</u>	<u>8,711,986</u>
Total capital assets being depreciated	<u>89,451,613</u>	<u>1,759,107</u>	<u>457,709</u>	<u>2,202,944</u>	<u>92,955,955</u>
<i>Less accumulated depreciation for:</i>					
Buildings	3,678,263	454,575	-	-	4,132,838
Infrastructure	25,518,387	1,345,962	417,300	-	26,447,049
Machinery and equipment	<u>5,055,619</u>	<u>502,948</u>	<u>39,247</u>	<u>-</u>	<u>5,519,320</u>
Total accumulated depreciation	<u>34,252,269</u>	<u>2,303,485</u>	<u>456,547</u>	<u>-</u>	<u>36,099,207</u>
Total capital assets being depreciated, net	<u>55,199,344</u>	<u>(544,378)</u>	<u>1,162</u>	<u>2,202,944</u>	<u>56,856,748</u>
BUSINESS-TYPE ACTIVITIES					
CAPITAL ASSETS, NET					
	<u>\$ 58,514,628</u>	<u>\$ (200,282)</u>	<u>\$ 1,162</u>	<u>\$ -</u>	<u>\$ 58,313,184</u>

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

Water	\$ 844,598
Sewer	655,376
Storm Water	583,519
Parking Ramp	74,140
Cemetery	25,934
Tourism	<u>119,918</u>
Total	<u>\$ 2,303,485</u>

NOTE 5 - Long-Term Obligations

Details of the City's long-term obligations are as follows:

Summary of Long-Term Obligations

	<u>BALANCES</u> 1/1/21	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>BALANCES</u> 12/31/21	<u>DUE WITHIN</u> <u>ONE YEAR</u>
<u>GOVERNMENTAL ACTIVITIES:</u>					
State Trust Fund Loans	\$ 669,900	\$ 253,388	\$ (185,073)	\$ 738,215	\$ 204,929
General Obligation Bonds	31,647,811	2,465,000	(2,421,596)	31,691,215	2,580,115
Premium	786,714	35,240	(85,368)	736,586	85,368
Employee benefits:					
Vacation pay	153,896	-	(34,571)	119,325	11,933
Sick pay	547,790	-	(33,549)	514,241	51,424
Local retiree life insurance fund	<u>363,543</u>	<u>133,599</u>	<u>-</u>	<u>497,142</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$34,169,654</u>	<u>\$ 2,887,227</u>	<u>\$ (2,760,157)</u>	<u>\$34,296,724</u>	<u>\$ 2,933,769</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 5 - Long-Term Obligations - Continued

	BALANCES 1/1/21	ADDITIONS	PAYMENTS	BALANCES 12/31/21	DUE WITHIN ONE YEAR
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Mortgage Revenue Bonds	\$14,565,965	\$ -	\$ (605,380)	\$13,960,585	\$ 617,979
General Obligations Bonds	11,392,188	1,045,000	(1,003,405)	11,433,783	1,054,885
Premium	423,082	-	(32,827)	390,255	32,017
Employee Benefits:					
Vacation pay	49,684	-	(28,960)	20,724	2,072
Sick pay	145,565	-	(12,864)	132,701	13,270
Local retiree life insurance fund	64,035	17,444	-	81,479	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$26,640,519</u>	<u>\$ 1,062,444</u>	<u>\$ (1,683,436)</u>	<u>\$26,019,527</u>	<u>\$ 1,720,223</u>

Interest cost incurred during the year totaled \$903,330 for governmental activities and \$773,364 for business-type activities. Total interest paid during the year aggregated \$910,668 for governmental activities and \$771,789 for business-type activities. Zero interest was capitalized in governmental-type and business-type capital assets.

Governmental Fund Debt

All Governmental Fund debt is secured by the full faith and credit and unlimited taxing powers of the City. The Governmental Fund debt is expected to be repaid with general property taxes and special assessments. Governmental Fund debt at December 31, 2021, is comprised of the following issues:

ISSUE DESCRIPTION	RATES (%)	DATES OF MATURITY	BALANCE 12/31/21
<u>State Trust Fund Loans</u>			
2017 Issues	3.000%	2022	\$ 50,724
2020 Issues	2.500%	2025	434,103
2021 Issues	2.500%	2040	253,388
			<u>738,215</u>
<u>General Obligation Bonds</u>			
2011 Issues	2.000 - 4.000%	2030	133,048
2012 Issues	2.000 - 3.000%	2031	3,943,858
2013 Issues	2.000 - 3.000%	2032	1,170,000
2014 Issues	2.000 - 4.000%	2033	1,673,328
2015 Issues	2.000 - 4.000%	2034	1,650,551
2016 Issues	1.000 - 3.000%	2027	4,855,430
2017 Issues	2.000 - 3.000%	2031	4,075,000
2018 Issues	2.850 - 4.000%	2037	3,320,000
2019 Issues	3.000 - 4.000%	2039	3,980,000
2020 Issues	2.000%	2039	4,425,000
2021 Issues	2.000%	2040	2,465,000
			<u>31,691,215</u>
TOTAL GOVERNMENTAL FUND DEBT			<u>\$ 32,429,430</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 5 - Long-Term Obligations - Continued

Enterprise Debt

Enterprise Fund debt is expected to be repaid with Enterprise Fund revenue. Enterprise Fund debt at December 31, 2021, is comprised of the following issues:

<u>ISSUE DESCRIPTION</u>	<u>RATES (%)</u>	<u>DATES OF MATURITY</u>	<u>BALANCE 12/31/21</u>
<u>General Obligation Bonds</u>			
2011 Issue	2.000 - 4.000%	2030	\$ 131,952
2012 Issues	0.650 - 3.300%	2031	3,711,144
2013 Issues	2.000 - 3.000%	2032	519,999
2014 Issues	2.000 - 4.000%	2033	441,671
2015 Issue	2.000 - 4.000%	2034	559,447
2016 Issues	1.000 - 3.000%	2027	2,599,570
2017 Issues	2.000 - 3.000%	2031	1,190,000
2019 Issues	3.000 - 4.000%	2039	1,080,000
2020 Issues	2.000%	2039	155,000
2021 Issues	2.000%	2040	<u>1,045,000</u>
			<u>11,433,783</u>
<u>Mortgage Revenue Bonds</u>			
2015 Issue	2.000 - 3.000%	2027	1,290,000
2016 Issues	1.650%	2035	2,330,585
2019 Issues	3.000 - 4.000%	2039	<u>10,340,000</u>
			<u>13,960,585</u>
TOTAL ENTERPRISE DEBT			<u>\$ 25,394,368</u>

Mortgage Revenue Bond Requirements

The City's Mortgage Revenue Bonds require that cash be set aside in separate funds and restricted for specific purposes. Required and actual amounts as of December 31, 2021, are as follows:

	<u>WATER UTILITY</u>		<u>SEWER UTILITY</u>	
	<u>REQUIRED</u>	<u>ACTUAL</u>	<u>REQUIRED</u>	<u>ACTUAL</u>
Special Redemption Fund	\$ 203,528	\$ 203,528	\$ 102,779	\$ 102,779
Reserve Fund	462,369	462,369	279,475	279,475
Depreciation Fund	475,000	475,000	400,000	400,000

The City is in compliance with all material funding requirements of its mortgage revenue bonds.

General Obligation Debt Limit Calculation

The 2021 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$2,408,452,900. The legal debt limit and margin of indebtedness as of December 31, 2021, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5% of \$2,408,452,900)	\$120,422,645
Applicable long-term debt	(43,863,213)
Amount available in debt service fund	<u>695,381</u>
MARGIN OF INDEBTEDNESS	<u>\$ 77,254,813</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 5 - Long-Term Obligations - Continued

Maturities of Long-Term Obligations

Maturities of the long-term debt to maturity, at December 31, 2021, are:

<u>YEARS</u>	<u>GOVERNMENTAL FUND DEBT</u>		<u>ENTERPRISE FUND DEBT</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2022	\$ 2,785,044	\$ 900,698	\$ 1,672,865	\$ 764,838
2023	2,823,084	829,580	1,743,764	720,573
2024	2,869,451	733,172	1,793,970	649,533
2025	2,798,098	656,189	1,867,092	599,023
2026	2,602,920	577,029	1,948,769	543,279
2027-2031	9,059,389	2,012,403	7,678,497	1,877,417
2032-2036	7,136,444	837,673	5,934,411	841,047
2037-2040	2,355,000	99,195	2,755,000	133,348
TOTAL	<u>\$ 32,429,430</u>	<u>\$ 6,645,939</u>	<u>\$ 25,394,368</u>	<u>\$ 6,129,058</u>

The General Fund, Water Fund, Sewer Fund, Storm Water, Cemetery Fund, Tourism Fund, Gundersen Lutheran Parking Ramp Fund, and Omni Center Fund are used to liquidate vacation and sick pay.

NOTE 6 - Defeasance of Debt

The original accounting loss on two prior year advance refunding transactions was \$409,978 and \$422,044. These losses were being amortized over 12 and 15 years using the straight-line method. At December 31, 2021, there three and six remaining years of amortization and the unamortized balances are \$102,494 and \$168,817, respectively.

The original accounting loss on a prior year advance refunding transaction was \$196,731. This loss is being amortized over twelve years using the straight-line method. At December 31, 2021, there are five remaining years of amortization and the unamortized balance is \$40,795.

The original accounting loss on a prior year advance refunding transaction was \$138,712. This loss is being amortized over ten years using the straight-line method. At December 31, 2021, there are four remaining years of amortization and the unamortized balance is \$55,485.

The original accounting loss on a current year advance refunding transaction was \$183,923. This loss is being amortized over fourteen years using the straight-line method. At December 31, 2021, there are nine remaining years of amortization and the unamortization balance is \$118,236.

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

At December 31, 2021, \$265,000 of bonds outstanding are considered defeased.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 7 - Wisconsin Retirement System

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

ETF issued a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/publications/cafr.htm>.

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

Benefits Provided - Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

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

CITY OF ONALASKA, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2021

NOTE 7 - Wisconsin Retirement System - Continued

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21

Contributions - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives & Elected Officials Category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$730,713 in contributions from the employer.

Contribution rates as of December 31, 2021 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

At December 31, 2021, the City reported a liability (asset) of (\$3,304,866) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.05293598%, which was an increase of 0.00222131% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension expense of (\$352,628).

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 7 - Wisconsin Retirement System - Continued

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$4,783,156	\$1,030,283
Net differences between projected and actual earnings on pension plan investments	-	6,204,618
Changes in assumptions	74,960	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,088	299
Employer contributions subsequent to the measurement date	730,714	-
Total	\$5,619,918	\$7,235,200

\$730,714 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflows/ (Inflows) of Resources
2022	\$(602,234)
2023	(156,818)
2024	(1,115,711)
2025	(471,233)

Actuarial Assumptions - The total pension liability (asset) in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

* No Post-Retirement Adjustment is Guaranteed - Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 7 - Wisconsin Retirement System - Continued

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

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

Asset Allocation Targets and Expected Returns (as of December 31, 2020)

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6
New England Pension Consultants Long-Term US CPI (Inflation) Forecast : 2.4%			
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations			

Single Discount Rate - A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ONALASKA, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2021

NOTE 7 - Wisconsin Retirement System - Continued

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase To Discount Rate (8.0%)
City of Onalaska's proportionate share of the net pension liability (asset)	\$3,145,775	(\$3,304,866)	(\$8,042,814)

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

Payables to the Pension Plan

At December 31, 2021, the City reported a payable of \$14,214 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2021.

NOTE 8 - Local Retiree Life Insurance Fund - OPEB

General Information about the Other Post-Employment Benefits

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

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

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

Contributions

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

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

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 8 - Local Retiree Life Insurance Fund - OPEB - Continued

Contribution rates as of December 31, 2021 are:

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

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2020 are as listed below:

Life Insurance Employee Contribution Rates For the year ended December 31, 2020		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

During the reporting period, the LRLIF recognized \$2,097 contributions from the employer.

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

At December 31, 2021, the City reported a liability (asset) of \$578,621 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.10519000%, which was an increase of 0.00477700% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized OPEB expense of \$75,845.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 8 - Local Retiree Life Insurance Fund - OPEB - Continued

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 27,609
Net differences between projected and actual earnings on OPEB investments	8,424	-
Changes in assumptions	225,092	39,701
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,761	2,753
Employer contributions subsequent to the measurement date	-	-
Total	\$259,277	\$ 70,063

\$-0- reported as deferred outflows related to OPEB resulting from the City's Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflows/ (Inflows) of Resources
2022	\$36,152
2023	35,241
2024	34,303
2025	30,705
2026	35,184
2027	16,879
2028	750

Actuarial Assumptions - The total OPEB liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.10% - 5.60%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 actuarial valuation.

CITY OF ONALASKA, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2021

NOTE 8 - Local Retiree Life Insurance Fund - OPEB - Continued

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

Local OPEB Life Insurance
 Asset Allocation Targets and Expected Returns
 As of December 31, 2020

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Credit Bonds	Barclays Credit	50%	1.47%
US Mortgages	Barclays MBS	50%	0.82%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remained at 4.25%. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate remained at 2.20%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single Discount Rate - A single discount rate of 2.25% was used to measure the Total OPEB Liability for the current year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

CITY OF ONALASKA, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2021

NOTE 8 - Local Retiree Life Insurance Fund - OPEB - Continued

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.25 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase To Discount Rate (3.25%)
City of Onalaska's proportionate share of the net pension liability (asset)	\$787,090	\$578,621	\$420,962

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Payables to the OPEB Plan

At December 31, 2021, the City reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2021.

NOTE 9 - Interfund Receivables, Payables, Advances, and Transfers

Individual interfund receivable and payable balances at December 31, 2021, are as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
General	TIF #5	\$ 10,232
General	CDA	170
General	Omni-Center	48,584
Water	Debt Service	791
Water	Sewer	535,066
Water	2008 Capital Projects	19,218
Water	2015 Capital Projects	33,092
Water	2016 Capital Projects	40,118
Water	2017 Capital Projects	6,609
Water	2019 Capital Projects	289,344
Sewer	Debt Service	1,173
Sewer	2015 Capital Projects	12,504
Sewer	2016 Capital Projects	27,786
Sewer	2017 Capital Projects	73,355
Sewer	2018 Capital Projects	95,904
Sewer	2019 Capital Projects	74,799
Storm Water	2011 Capital Projects	90,696
Storm Water	2015 Capital Projects	3,112
Storm Water	2017 Capital Projects	99,866
Storm Water	2018 Capital Projects	22,412
Storm Water	2019 Capital Projects	144,525
Water	2020 Capital Projects	43,178
Sewer	2020 Capital Projects	48,688
Storm Water	2020 Capital Projects	25,574
General	TIF #6	8,390
2018 Capital Projects	Cemetery	59,813
Water	2021 Capital Projects	47,248
Sewer	2021 Capital Projects	59,851
Storm Water	2021 Capital Projects	133,586
		<u>\$ 2,055,684</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 9 - Interfund Receivables, Payables, Advances, and Transfers - Continued

The above balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are due within one year.

Individual fund transfers during 2021 are as follows:

<u>FUND TRANSFERRED TO</u>	<u>FUND TRANSFERRED FROM</u>	<u>AMOUNT</u>
Equipment Replacement	General Fund	\$ 415,500
General Fund	Water Fund	408,556
General Fund	Sewer Fund	28,814
Omni Center	Special Projects/Donations	63,174
Omni Center	Tourism	125,313
Tourism	General Fund	14,980
		<u>\$ 1,056,337</u>

Generally, transfers are used to move revenue from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10 - Net Position and Fund Balances

Portions of fund balances and net position are not available for current appropriation or expenditures as follows:

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Nonspendable</u>		
General Fund	Prepaid Expenses	<u>\$ 47,574</u>
<u>Restricted</u>		
Debt Service	Debt Service	\$ 695,381
Capital Projects	1996-2005 Debt Referendums	42,125
Capital Projects	2008 Debt Referendum	156,388
Capital Projects	2011 Debt Referendum	(14,119)
Capital Projects	2015 Debt Referendum	(58,546)
Capital Projects	2016 Debt Referendum	110,385
Capital Projects	2017 Debt Referendum	49,957
Capital Projects	2018 Debt Referendum	68,728
Capital Projects	2019 Debt Referendum	(215,694)
Capital Projects	2020 Debt Referendum	429,710
Capital Projects	2021 Debt Referendum	735,668
Special Revenue	Nonresident Park & Recreation	809,191
Special Revenue	Special Projects/Donations	1,346,626
Special Revenue	Shared Ride Taxi	809,191
Special Revenue	Municipal Court	87,372
Special Revenue	ARPA Funding	166
	TOTAL RESTRICTED FUND BALANCES	<u>\$ 5,062,005</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 10 - Net Position and Fund Balances - Continued

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Committed</u>		
Special Revenue	Refuse and Recycling	\$ 593,353
Special Revenue	Equipment Replacement	1,720,853
Special Revenue	Police Reserves	2,477
Special Revenue	Land Acquisition	435,000
TOTAL COMMITTED		<u>\$ 2,751,683</u>
<u>Assigned</u>		
General	Street Department Equipment	\$ 36,236
General	S.I.R. Insurance Deductible	146,990
General	Downtown Redevelopment	18,500
General	Computer Hardware/Software Update	15,000
General	Health/Dental/Vacation Former Employee	4,000
General	Street Maintenance Shop4	29,000
General	Street Snow & Ice	142,000
General	Street Lights	10,000
General	City Study	45,270
General	Tree Brush	4,500
General	City Hall Vehicle	3,000
General	Recreation/Parks	9,000
TOTAL ASSIGNED FUND BALANCE		<u>\$ 463,496</u>
<u>Restrictions - Enterprise Funds</u>		
Water	Water Bond Requirements	\$ 686,188
Sewer	Sewer Bond Requirements	640,966
Storm Water	Storm Water Bond Requirements	161,396
Cemetery	Cemetery Restricted Donations	2,000
Water	WRS Pension	173,594
Sewer	WRS Pension	156,846
Cemetery	WRS Pension	12,659
Omni Center	WRS Pension	43,134
Tourism	WRS Pension	23,279
Storm Water	WRS Pension	55,866
TOTAL RESTRICTED NET POSITION		<u>\$ 1,955,928</u>
<u>Restrictions - Governmental Activities</u>		
General	WRS Pension	\$ 2,839,488
General	Debt Service	695,381
General	Capital Projects	1,304,602
General	Special Revenue	3,062,022
TOTAL RESTRICTED		<u>\$ 7,901,493</u>

The Sewer Utility collects hook-up fees per City ordinance. At December 31, 2021, \$685,602 of the unrestricted net position balance has been designated for these collections.

Per City ordinance, the Cemetery allocates 20 percent of current year lot sales for perpetual care and capital improvements. At December 31, 2021, \$427,201 of unrestricted net position balance has been designated for these purposes.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 10 - Net Position and Fund Balances - Continued

The following funds had fund balance/net position deficits at December 31, 2021:

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Deficit</u>		
Omni Center	Operating expenses exceed operating income	\$ 52,748
TIF #5	Awaiting future TIF revenue	10,232
TIF #6	Awaiting future TIF revenue	8,390
		<u>\$ 71,370</u>

NOTE 11 - Tax Incremental Finance District

Tax increment financing, as authorized by Section 66.1105 of the Wisconsin Statutes, is a method by which the City can recover its development and public improvement costs in Tax Incremental Finance (TIF) District designated areas. These costs are recovered from the increased valuation in the designated area. The City has financed development and public improvement costs in its Districts through general fund advances and through the issuance of general obligation long-term debt. Project costs have been reported primarily as Capital Projects Funds expenditures. Tax increments will be used to repay general fund advances and to meet maturing debt obligations incurred to provide financing for development and public improvement costs within each District. Each District is allowed to collect tax increments until its termination date. Any over-collections are returned to the various taxing entities of the District. The City becomes liable for any cost not recovered by the termination date.

The City has three Tax Incremental Financing Districts. The following is a project summary of the activity and status of the TIF Districts through December 31, 2021:

	<u>TIF #5</u>	<u>TIF #6</u>
SOURCES OF FUNDS	\$ 309,470	\$ 13,928
USES OF FUNDS		
Admin costs	253,130	22,318
Project costs	<u>66,572</u>	<u>-</u>
TOTAL USES	<u>319,702</u>	<u>22,318</u>
FUND BALANCE AS OF DECEMBER 31, 2021	<u>\$ (10,232)</u>	<u>\$ (8,390)</u>
FUTURE REQUIREMENTS		
Due to General Fund	<u>\$ 10,232</u>	<u>\$ 8,390</u>
2021 Tax Increment	<u>\$ 229,097</u>	<u>\$ -</u>

NOTE 12 - Risk Management

The City is exposed to various risks of loss to torts; theft, damage, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the previous year. There have been no settlements in excess of coverage in any of the prior three fiscal years.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 12 - Risk Management - Continued

The City's liability insurance coverage is provided by Cities and Villages Mutual Insurance Company. This policy has a \$17,500 retained limit per occurrence and \$70,000 in aggregate. These policies are written as participating policies. To the extent actual losses and loss adjustment expenses vary from recorded amounts, policyholders may receive additional dividends or may be required to make additional premium payments at such times as any excess of deficiency of losses and loss adjustment expenses is known.

The City had no material outstanding claims liability at December 31, 2021. Estimates for claims liabilities are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

NOTE 13 - Prior Period Adjustment

The prior period adjustment of \$11,844,229 on the Statement of Changes in Net Position - Fiduciary Funds is correct the beginning net position of the tax custodian fund.

NOTE 14 - Subsequent Event

In March 2022, the City issued \$2,750,000 in General Obligation Corporate Purpose Bonds. These bonds are for 2022 City & Utility capital projects.

CITY OF ONALASKA, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONALASKA, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUE				
Taxes	\$ 6,880,002	\$ 6,880,002	\$ 6,907,610	\$ 27,608
Special assessment	41,300	41,300	56,505	15,205
Intergovernmental	1,659,272	1,659,272	1,696,216	36,944
Licenses and permits	443,690	443,690	703,700	260,010
Fines, forfeits, and penalties	157,000	157,000	137,231	(19,769)
Public charges for services	226,705	226,705	239,262	12,557
Intergovernmental charges for services	56,000	56,000	70,929	14,929
Miscellaneous	88,346	88,346	133,873	45,527
TOTAL REVENUE	<u>9,552,315</u>	<u>9,552,315</u>	<u>9,945,326</u>	<u>393,011</u>
EXPENDITURES				
Current				
General government	1,639,261	1,726,064	1,608,600	117,464
Public safety	5,844,371	5,844,971	5,700,238	144,733
Public works	1,141,837	1,142,837	1,109,821	33,016
Health and human services	75,165	75,165	75,165	-
Culture, recreation, and education	988,042	1,016,542	917,731	98,811
Conservation and development	288,639	171,736	144,514	27,222
TOTAL EXPENDITURES	<u>9,977,315</u>	<u>9,977,315</u>	<u>9,556,069</u>	<u>421,246</u>
EXCESS OF REVENUE (UNDER) OVER EXPENDITURES	<u>(425,000)</u>	<u>(425,000)</u>	<u>389,257</u>	<u>814,257</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	425,000	425,000	437,370	12,370
Transfers out	-	-	(415,500)	(415,500)
TOTAL OTHER FINANCING SOURCES	<u>425,000</u>	<u>425,000</u>	<u>21,870</u>	<u>(403,130)</u>
NET CHANGE IN FUND BALANCE	-	-	411,127	411,127
FUND BALANCE AT BEGINNING OF YEAR	<u>9,096,017</u>	<u>9,096,017</u>	<u>9,096,017</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 9,096,017</u>	<u>\$ 9,096,017</u>	<u>\$ 9,507,144</u>	<u>\$ 411,127</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
YEAR ENDED DECEMBER 31, 2021

Budgets are adopted each fiscal year in accordance with Section 65.90 of the Wisconsin Statutes. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 15, the Financial Services Director and Mayor submit to the Common Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted in the Council Chambers to obtain taxpayer comments.
3. Prior to December 1, the budget is legally enacted through passage of an ordinance.
4. The Financial Services Director is authorized to transfer budget amounts within departments upon committee approval; however, any revisions that alter the total expenditures of any fund must be approved by the Common Council by resolution.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the Police Reserve Fund) and Debt Service Fund. Capital Projects Funds are budgeted on a project basis, rather than an annual basis.
6. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgetary expenditure control is exercised at the department level within the fund.
8. Budgeted amounts are as authorized in the original budget resolution and subsequent revisions authorized by the Common Council.
9. Appropriations lapse at year end, except those specifically carried forward by Council action.
10. Encumbrance accounting is not used.

Excess of Actual Expenditures Over Budget in Individual Funds

None

CITY OF ONALASKA, WISCONSIN
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED DECEMBER 31, 2021

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years

Pension Plan Fiscal Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2020	0.05293598%	\$ (3,304,866)	\$ 6,604,463	-50.04%	105.26%
2019	0.05071467%	(1,635,272)	6,046,016	-27.05%	102.96%
2018	0.04859241%	1,728,765	5,752,577	30.05%	96.45%
2017	0.04693445%	(1,393,509)	5,435,874	-25.64%	102.93%
2016	0.04563095%	376,108	5,116,725	7.35%	99.12%
2015	0.04546990%	738,877	5,252,029	14.07%	98.20%
2014	0.04502789%	(1,106,008)	5,070,926	-21.81%	102.74%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

City Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 640,824	\$ (640,824)	\$ -	\$ 6,502,563	9.85%
2020	630,258	(630,258)	-	6,604,463	9.54%
2019	540,740	(540,740)	-	6,046,016	8.94%
2018	525,997	(525,997)	-	5,752,577	9.14%
2017	499,613	(499,613)	-	5,435,874	9.19%
2016	429,225	(429,225)	-	5,116,725	8.39%
2015	446,306	(446,306)	-	5,252,029	8.50%

The City implemented the Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2021

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - there were no changes in the assumptions.

CITY OF ONALASKA, WISCONSIN
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
YEAR ENDED DECEMBER 31, 2021

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
Last 10 Fiscal Years

OPEB Plan Fiscal Year	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2020	0.10519000%	\$ 578,621	\$ 5,049,000	11.46%	31.36%
2019	0.10041300%	427,578	5,156,000	8.29%	48.69%
2018	0.10170800%	262,441	4,990,000	5.26%	48.69%
2017	0.09752900%	293,424	4,101,373	7.15%	44.81%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

City Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 226	\$ (226)	\$ -	\$ 548,000	0.04%
2020	226	(226)	-	548,000	0.04%
2019	222	(222)	-	574,000	0.04%
2018	153	(153)	-	531,000	0.03%

The City implemented the Government Accounting Standards Board Statement No. 75 for the year ended December 31, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2021

Changes of benefit terms - There were no changes of benefit terms for any participating employer in the local retiree life insurance fund.

Changes of assumptions - The Single Discount Rate assumption used to develop Total OPEB Liability changed from the prior year.

CITY OF ONALASKA, WISCONSIN
OTHER SUPPLEMENTARY INFORMATION

CITY OF ONALASKA, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

ASSETS	SPECIAL REVENUE FUNDS										TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	NONRESIDENT AND PARK	SPECIAL PROJECTS/ DONATIONS	REFUSE AND RECYCLING	SHARED RIDE TAXI	EQUIPMENT REPLACEMENT	POLICE RESERVES	MUNICIPAL COURT SYSTEM	ARPA FUND	TIF #5	TIF #6		CAPITAL PROJECTS
Cash and investments	\$ 817,306	\$ 1,340,819	\$ 657,660	\$ 268,167	\$ 2,145,087	\$ 2,477	\$ 106,551	\$ 1,065,779	\$ -	\$ -	\$ 1,531,812	\$ 7,935,658
Taxes receivable	-	-	969,551	220,312	-	-	50,000	-	229,097	-	-	1,468,960
Other receivables	-	9,632	6,428	4,349	23,458	-	-	-	-	-	-	43,867
Due from other funds	-	-	-	-	-	-	-	-	-	-	59,813	59,813
Due from other governments	-	-	-	547,296	-	-	-	-	-	-	-	547,296
TOTAL ASSETS	\$ 817,306	\$ 1,350,451	\$ 1,633,639	\$ 1,040,124	\$ 2,168,545	\$ 2,477	\$ 156,551	\$ 1,065,779	\$ 229,097	\$ -	\$ 1,591,625	\$ 10,055,594
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES												
LIABILITIES												
Accounts payable	\$ 8,115	\$ 3,825	\$ 70,758	\$ 1,145	\$ 12,692	\$ -	\$ 18,026	\$ -	\$ -	\$ -	\$ 44,984	\$ 159,545
Accrued payroll and fringe benefits	-	-	(23)	-	-	-	1,153	-	-	-	-	1,130
Due to other funds	-	-	-	-	-	-	-	-	10,232	8,390	977,707	996,329
TOTAL LIABILITIES	8,115	3,825	70,735	1,145	12,692	-	19,179	-	10,232	8,390	1,022,691	1,157,004
DEFERRED INFLOWS OF RESOURCES												
Unavailable revenue - tax roll	-	-	969,551	220,312	-	-	50,000	1,065,613	229,097	-	-	2,534,573
FUND BALANCES												
Restricted	809,191	1,346,626	-	818,667	-	-	87,372	166	-	-	568,934	3,630,956
Committed	-	-	593,353	-	2,155,853	2,477	-	-	-	-	-	2,751,683
Unassigned	-	-	-	-	-	-	-	-	(10,232)	(8,390)	-	(18,622)
TOTAL FUND BALANCES	809,191	1,346,626	593,353	818,667	2,155,853	2,477	87,372	166	(10,232)	(8,390)	568,934	6,364,017
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 817,306	\$ 1,350,451	\$ 1,633,639	\$ 1,040,124	\$ 2,168,545	\$ 2,477	\$ 156,551	\$ 1,065,779	\$ 229,097	\$ -	\$ 1,591,625	\$ 10,055,594

CITY OF ONALASKA, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	SPECIAL REVENUE FUNDS										TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	NONRESIDENT AND PARK	SPECIAL PROJECTS/ DONATIONS	REFUSE AND RECYCLING	SHARED RIDE TAXI	EQUIPMENT REPLACEMENT	POLICE RESERVES	MUNICIPAL COURT SYSTEM	ARPA FUND	TIF #5	TIF #6		CAPITAL PROJECTS
REVENUE												
Taxes	\$ -	\$ 85,382	\$ 957,568	\$ 192,300	\$ 91,975	\$ -	\$ 63,863	\$ -	\$ 58,470	\$ -	\$ -	\$ 1,449,558
Intergovernmental	-	-	40,823	887,679	40,652	-	-	-	-	-	-	969,154
Licenses and permits	-	310	-	-	-	-	-	-	-	-	-	310
Fines, forfeits, and penalties	-	-	-	-	-	-	271,282	-	-	-	-	271,282
Public charges for services	136,423	4,597	86,733	-	-	-	-	-	-	-	-	227,753
Intergovernmental charges for services	-	-	-	82,079	-	-	500	-	-	-	-	82,579
Miscellaneous	1,016	183,871	25,253	20,927	72,227	-	560	166	-	13,928	756	318,704
TOTAL REVENUE	137,439	274,160	1,110,377	1,182,985	204,854	-	336,205	166	58,470	13,928	756	3,319,340
EXPENDITURES												
Current												
General government	-	-	-	-	4,007	-	405,808	-	1,800	11,318	-	422,933
Public safety	-	55,285	-	-	-	-	-	-	-	-	-	55,285
Public works	-	-	1,026,781	616,725	-	-	-	-	-	-	-	1,643,506
Culture, recreation, and education	-	98,238	-	-	-	-	-	-	-	-	-	98,238
Conservation and development	-	-	-	-	-	-	-	-	49,700	-	-	49,700
Capital outlay	12,955	61,806	-	159,880	358,976	-	88	-	-	-	604,048	1,197,753
TOTAL EXPENDITURES	12,955	215,329	1,026,781	776,605	362,983	-	405,896	-	51,500	11,318	604,048	3,467,415
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	124,484	58,831	83,596	406,380	(158,129)	-	(69,691)	166	6,970	2,610	(603,292)	(148,075)
OTHER FINANCING (USES) SOURCES												
Transfers in	-	-	-	-	415,500	-	-	-	-	-	-	415,500
Transfers out	-	(63,174)	-	-	-	-	-	-	-	-	-	(63,174)
TOTAL OTHER FINANCING (USES) SOURCES	-	(63,174)	-	-	415,500	-	-	-	-	-	-	352,326
NET CHANGE IN FUND BALANCE	124,484	(4,343)	83,596	406,380	257,371	-	(69,691)	166	6,970	2,610	(603,292)	204,251
FUND BALANCE AT BEGINNING OF YEAR	684,707	1,350,969	509,757	412,287	1,898,482	2,477	157,063	-	(17,202)	(11,000)	1,172,226	6,159,766
FUND BALANCE AT END OF YEAR	\$ 809,191	\$ 1,346,626	\$ 593,353	\$ 818,667	\$ 2,155,853	\$ 2,477	\$ 87,372	\$ 166	\$ (10,232)	\$ (8,390)	\$ 568,934	\$ 6,364,017

CITY OF ONALASKA, WISCONSIN
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2021

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>TOURISM</u>	<u>CEMETERY</u>	<u>OMNI CENTER</u>	<u>TOTAL NONMAJOR ENTERPRISE FUNDS</u>
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 601,449	\$ 49,641	\$ -	\$ 651,090
Accounts receivable				
Customer	-	-	36,232	36,232
Other	85,635	-	-	85,635
Interest receivable	-	2	-	2
Inventories	-	-	3,913	3,913
Prepaid expense	-	-	7,795	7,795
TOTAL CURRENT ASSETS	<u>687,084</u>	<u>49,643</u>	<u>47,940</u>	<u>784,667</u>
NONCURRENT ASSETS				
CAPITAL ASSETS				
Land	-	214,787	-	214,787
Construction work in progress	34,795	-	-	34,795
Buildings	2,388,247	17,037	-	2,405,284
Improvements other than buildings	-	404,846	-	404,846
Machinery and equipment	11,883	85,518	-	97,401
TOTAL CAPITAL ASSETS	<u>2,434,925</u>	<u>722,188</u>	<u>-</u>	<u>3,157,113</u>
Less accumulated depreciation	<u>598,057</u>	<u>189,206</u>	<u>-</u>	<u>787,263</u>
NET CAPITAL ASSETS	<u>1,836,868</u>	<u>532,982</u>	<u>-</u>	<u>2,369,850</u>
OTHER ASSETS				
Net pension asset (Wisconsin Retirement System)	<u>23,279</u>	<u>12,659</u>	<u>43,134</u>	<u>79,072</u>
TOTAL NONCURRENT ASSETS	<u>1,860,147</u>	<u>545,641</u>	<u>43,134</u>	<u>2,448,922</u>
TOTAL ASSETS	<u>2,547,231</u>	<u>595,284</u>	<u>91,074</u>	<u>3,233,589</u>
DEFERRED OUTFLOWS OF RESOURCES				
Wisconsin Retirement System pension	39,586	21,527	73,349	134,462
Wisconsin Retirement System LRLIF	<u>1,826</u>	<u>993</u>	<u>3,384</u>	<u>6,203</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>41,412</u>	<u>22,520</u>	<u>76,733</u>	<u>140,665</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,588,643</u>	<u>\$ 617,804</u>	<u>\$ 167,807</u>	<u>\$ 3,374,254</u>

(Continued on page 64)

CITY OF ONALASKA, WISCONSIN
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2021

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	<u>TOURISM</u>	<u>CEMETERY</u>	<u>OMNI CENTER</u>	<u>TOTAL NONMAJOR ENTERPRISE FUNDS</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 22,183	\$ 1,541	\$ 30,787	\$ 54,511
Accrued liabilities				
Payroll and fringe benefits	-	1,586	5,251	6,837
Interest	10,071	-	-	10,071
Other	-	-	23,782	23,782
Due to other funds	-	59,813	48,584	108,397
Current portion of long-term obligations	<u>103,763</u>	<u>848</u>	<u>925</u>	<u>105,536</u>
TOTAL CURRENT LIABILITIES	<u>136,017</u>	<u>63,788</u>	<u>109,329</u>	<u>309,134</u>
NONCURRENT LIABILITIES				
General obligation bonds	1,512,574	-	-	1,512,574
Premium on long-term debt	18,327	-	-	18,327
Compensated absences	752	7,628	8,329	16,709
Net OPEB liability (Wisconsin Retirement System LRLIF)	<u>4,076</u>	<u>2,216</u>	<u>7,552</u>	<u>13,844</u>
TOTAL NONCURRENT LIABILITIES	<u>1,535,729</u>	<u>9,844</u>	<u>15,881</u>	<u>1,561,454</u>
TOTAL LIABILITIES	<u>1,671,746</u>	<u>73,632</u>	<u>125,210</u>	<u>1,870,588</u>
DEFERRED INFLOWS OF RESOURCES				
Wisconsin Retirement System pension	50,963	27,714	94,431	173,108
Wisconsin Retirement System LRLIF	494	268	914	1,676
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>51,457</u>	<u>27,982</u>	<u>95,345</u>	<u>174,784</u>
NET POSITION				
Net investment in capital assets	202,288	532,982	-	735,270
Restricted	23,279	14,659	43,134	81,072
Unrestricted	<u>639,873</u>	<u>(31,451)</u>	<u>(95,882)</u>	<u>512,540</u>
TOTAL NET POSITION	<u>865,440</u>	<u>516,190</u>	<u>(52,748)</u>	<u>1,328,882</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 2,588,643</u>	<u>\$ 617,804</u>	<u>\$ 167,807</u>	<u>\$ 3,374,254</u>

CITY OF ONALASKA, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2021

	TOURISM	CEMETERY	OMNI CENTER	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUE				
Charges for service	\$ -	\$ 113,358	\$ 413,871	\$ 527,229
Miscellaneous	7,082	16,707	9,545	33,334
TOTAL OPERATING REVENUE	<u>7,082</u>	<u>130,065</u>	<u>423,416</u>	<u>560,563</u>
OPERATING EXPENSES				
Operations	90,760	52,764	374,693	518,217
Maintenance	-	7,797	-	7,797
General and administrative	273,035	9,055	204,561	486,651
Depreciation	119,918	25,934	-	145,852
Taxes	6,290	6,698	-	12,988
TOTAL OPERATING EXPENSES	<u>490,003</u>	<u>102,248</u>	<u>579,254</u>	<u>1,171,505</u>
OPERATING (LOSS) INCOME	<u>(482,921)</u>	<u>27,817</u>	<u>(155,838)</u>	<u>(610,942)</u>
NONOPERATING REVENUE (EXPENSE)				
Room tax	759,071	-	-	759,071
Interest income	200	-	-	200
Miscellaneous revenue	15,354	-	28,461	43,815
Premium amortization	1,527	-	-	1,527
Interest expense	(40,423)	-	-	(40,423)
TOTAL NONOPERATING REVENUE	<u>735,729</u>	<u>-</u>	<u>28,461</u>	<u>764,190</u>
INCOME (LOSS) BEFORE TRANSFERS	252,808	27,817	(127,377)	153,248
TRANSFERS IN	-	-	188,487	188,487
TRANSFERS (OUT)	(125,313)	-	-	(125,313)
CHANGE IN NET POSITION	127,495	27,817	61,110	216,422
TOTAL NET POSITION - BEGINNING	<u>737,945</u>	<u>488,373</u>	<u>(113,858)</u>	<u>1,112,460</u>
TOTAL NET POSITION - ENDING	<u>\$ 865,440</u>	<u>\$ 516,190</u>	<u>\$ (52,748)</u>	<u>\$ 1,328,882</u>

CITY OF ONALASKA, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2021

	TOURISM	CEMETERY	OMNI CENTER	TOTAL NONMAJOR ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash from sales and services	\$ 17,053	\$ 130,065	\$ 506,735	\$ 653,853
Cash paid to operating transactions with other funds	-	(1,278)	(119,757)	(121,035)
Cash paid to suppliers for goods and services	(341,725)	(22,277)	(372,666)	(736,668)
Cash paid to employees for services	(106,411)	(56,869)	(231,260)	(394,540)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(431,083)	49,641	(216,948)	(598,390)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	188,487	188,487
Transfers (to) other funds	(125,313)	-	-	(125,313)
Room tax	749,100	-	-	749,100
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	623,787	-	188,487	812,274
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(23,646)	-	-	(23,646)
Debt principal payments	(101,731)	-	-	(101,731)
Interest and other debt payments	(40,955)	-	-	(40,955)
Nonoperating income	15,354	-	28,461	43,815
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED ACTIVITIES	(150,978)	-	28,461	(122,517)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	200	-	-	200
NET INCREASE IN CASH AND CASH EQUIVALENTS	41,926	49,641	-	91,567
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	559,523	-	-	559,523
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 601,449	\$ 49,641	\$ -	\$ 651,090

(Continued on page 67)

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS - Continued
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2021

	TOURISM	CEMETERY	OMNI CENTER	TOTAL NONMAJOR ENTERPRISE FUNDS
RECONCILIATION OF OPERATING (LOSS) INCOME TO CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES				
Operating (loss) income	\$ (482,921)	\$ 27,817	\$ (155,838)	\$ (610,942)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities				
Depreciation	119,918	25,934	-	145,852
Changes in assets and liabilities				
Decrease (increase) in assets				
Accounts receivable	-	-	2,441	2,441
Due from other governments	(44,694)	-	80,878	36,184
(Decrease) increase in liabilities				
Accounts payable	(22)	1,273	1,759	3,010
Other accrued expenses	(17,257)	(811)	(15,096)	(33,164)
LRLIF net OPEB liability, asset, and deferred inflows/outflows	67	9	134	210
WRS net pension liability and deferred inflows/outflows	(6,174)	(3,303)	(11,469)	(20,946)
Due to other funds	-	(1,278)	(119,757)	(121,035)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (431,083)</u>	<u>\$ 49,641</u>	<u>\$ (216,948)</u>	<u>\$ (598,390)</u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET
POSITION**

	TOURISM		
	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS
Cash and Cash Equivalents	<u>\$ 601,449</u>	<u>\$ -</u>	<u>\$ 601,449</u>
	CEMETERY		
	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS
Cash and Cash Equivalents	<u>\$ 49,641</u>	<u>\$ -</u>	<u>\$ 49,641</u>
	OMNI CENTER		
	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS
Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	TOTALS		
	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS
Cash and Cash Equivalents	<u>\$ 651,090</u>	<u>\$ -</u>	<u>\$ 651,090</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ONALASKA, WISCONSIN
SCHEDULE OF INFORMATION REQUIRED
BY 2015 WATER AND SEWER REVENUE BONDS
DECEMBER 31, 2021

1. System connections at December 31, 2021:

	<u>WATER</u>	<u>SEWER</u>
Residential	6,127	6,118
Commercial	456	455
Public Authority	42	37
Industrial	7	7
Multifamily	108	108
Irrigation	140	-
	<u>6,880</u>	<u>6,725</u>

2. Volume of water used to compute the water and sewer charge for 2021 is as follows:

	<u>GALLONS (000's)</u>
Residential	402,349
Commercial	183,866
Public Authority	43,214
Industrial	5,156
Multifamily	65,463
Irrigation	41,056

3. Insurance policies in force at December 31, 2021:

<u>NAME OF INSURER</u>	<u>AMOUNT OF POLICY</u>	<u>RISKS COVERED</u>	<u>POLICY EXPIRATION</u>
Cities and Villages Mutual Insurance Company Policy CWC 24-028	\$100,000 Each Accident \$500,000 Policy Limit \$100,000 Each Employee	Workers' Compensation	1-1-22
Cities and Villages Mutual Insurance Company Policy PEL110	\$5,000,000 Excess of \$17,500/\$70,000 Retained Limit	Excess Liability	1-1-22
Old Republic Union Ins. Policy 821900 1047539	\$8,000,000 Excess of \$2,000,000	Second Layer Excess Liability	1-1-22
Evanston Insurance Company Policy CAP-15-028	\$10,000,000 per Occurrence \$1,000 deductible	Automobile Physical Damage	1-1-22
Hanover Insurance Company Policy BDF 1041122	\$2,000,000 Policy Limit/ \$20,000 deductible	Employee Theft and Dishonesty/Robbery/Fraud	1-1-22
	\$250,000 Policy Limit/ \$5,000 deductible	Money Orders and Counterfeit Paper Currency	
Travelers Property Casualty Co. of America Boiler Insurance	\$100,000,000 \$2,500 deductible	Boiler Breakdown (Library, Omni Center, City Hall & Public Works Facility)	1-1-22

(Continued on page 69)

CITY OF ONALASKA, WISCONSIN
SCHEDULE OF INFORMATION REQUIRED
BY 2015 WATER AND SEWER REVENUE BONDS - Continued
DECEMBER 31, 2021

3. Insurance policies in force at December 31, 2021 - Continued:

<u>NAME OF INSURER</u>	<u>AMOUNT OF POLICY</u>	<u>RISKS COVERED</u>	<u>POLICY EXPIRATION</u>
Municipal Property Property Insurance Policy MP-5000074-5	\$83,446,940	Buildings, Personal Property, Inland Marine, and Property in the Open	1-1-22
	\$2,525,285	Contractor Equipment	1-1-22
	\$53,000	Monies and Securities	1-1-22
	\$600,000	Monies and Securities - Increased Coverage	1-1-22
	\$25,000	Special Limit Endorsement	1-1-22
Ironshore Spec. Insurance Company Policy 002590603	\$25,000 deductible \$1,000,000 each insured event	Employment Practice Liability	1-1-22
Berkley Life & Health Insurance Company Policy PAIL111020051801	\$3.70/Individual	Volunteer Liability	1-1-22

CITY OF ONALASKA, WISCONSIN

OTHER REPORT



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Common Council
City of Onalaska, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Onalaska, Wisconsin ("the City") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 31, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
May 31, 2022