

CITY OF ONALASKA, WISCONSIN

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2018

CITY OF ONALASKA, WISCONSIN

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INDEPENDENT AUDITORS' REPORT

To the Common Council
City of Onalaska, Wisconsin

Report on the Financial Statements

We have audited the accompanying 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 (the "City"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Onalaska, as of December 31, 2018, 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.

Change in Accounting Principle

As described in Note 12 to the financial statements, in 2018, the City adopted new accounting guidance, GASB No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Wisconsin Retirement System Schedules, and Local Retiree Life Insurance Fund Schedules on pages 5 through 13 and 55 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 schedule of information required by 2015 water and sewer revenue bonds 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 schedule of information required by 2015 water and sewer revenue bonds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of information required by 2015 water and sewer revenue bonds 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 a report dated May 17, 2019, on our consideration of the 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 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 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 the City of Onalaska's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
May 17, 2019

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, 2018. 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 \$72,757,833 (*net position*).
- The City's total net position decreased by \$734,853 during 2018.
- As of the close of the current fiscal year, the City of Onalaska's governmental funds reported combined ending fund balances of \$18,686,291, an increase of \$4,502,825 in comparison with the prior year. Approximately \$8,106,058 of this total amount, or 53 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 \$8,106,058, or 94 percent of total General Fund expenditures for the fiscal year.
- The City of Onalaska's total debt increased by \$5,897,235, or 1 percent during the current fiscal year.
- The City of Onalaska maintains an Aa-2 bond rating.

OVERVIEW OF THE FINANCIAL STATEMENTS

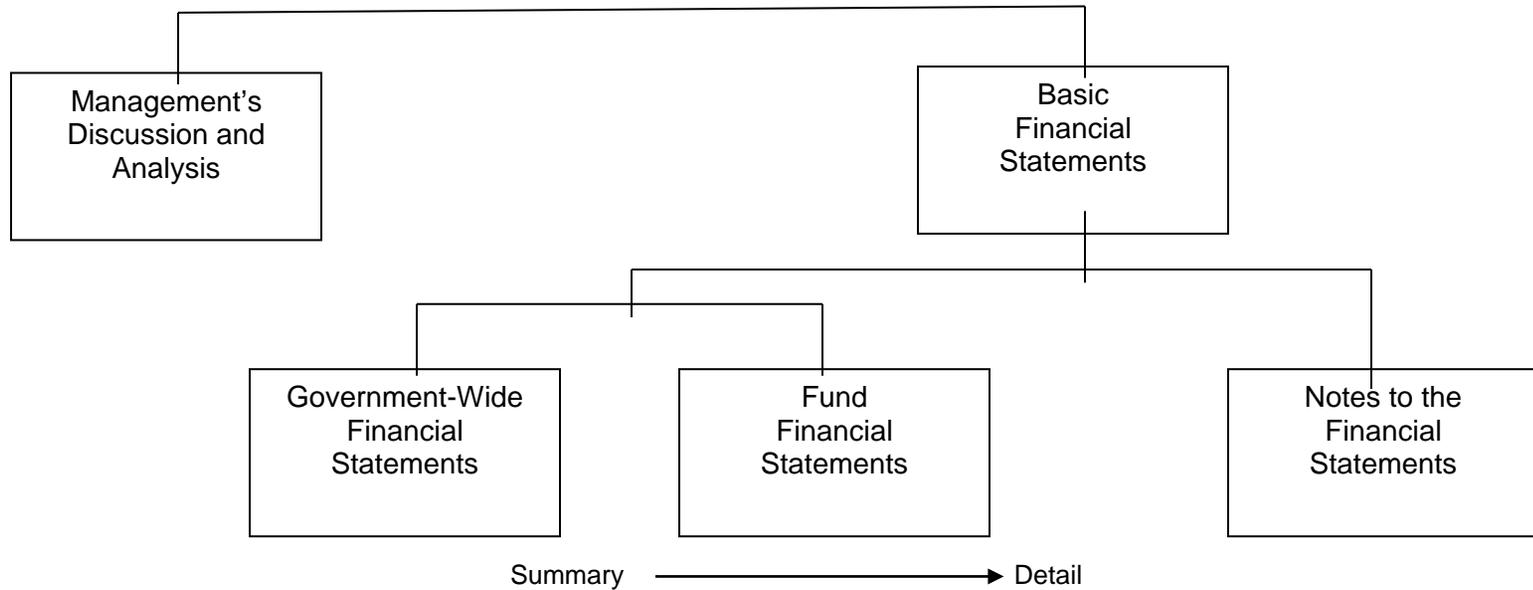
This discussion and analysis is intended to serve as an introduction to the City of Onalaska's basic financial statements, which consist of three components (see Diagram 1):

- (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 28 through 50 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 2018 water and sewer revenue bonds.

Required supplementary information can be found beginning on pages 55 through 58 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure 1

CITY OF ONALASKA'S NET POSITION

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			TOTAL		
	2018	2017	Change	2018	2017	Change	2018	2017	Change
Current & Other Assets	\$ 31,784,320	\$ 26,171,827	\$ 5,612,493	\$ 8,923,446	\$ 7,869,464	\$ 1,053,982	\$ 40,707,766	\$ 34,041,291	\$ 6,666,475
Capital Assets	45,655,277	45,206,799	448,478	53,392,644	53,474,416	(81,772)	99,047,921	98,681,215	366,706
Deferred Outflows of Resources	3,902,584	3,479,666	422,918	1,042,447	871,088	171,359	4,945,031	4,350,754	594,277
Total Assets and Deferred Outflows of Resources	<u>81,342,181</u>	<u>74,858,292</u>	<u>6,483,889</u>	<u>63,358,537</u>	<u>62,214,968</u>	<u>1,143,569</u>	<u>144,700,718</u>	<u>137,073,260</u>	<u>7,627,458</u>
Long-Term Liabilities Outstanding	27,492,128	26,706,642	785,486	16,882,072	18,151,156	(1,269,084)	44,374,200	44,857,798	(483,598)
Other Liabilities	7,935,692	4,355,490	3,580,202	4,158,783	1,734,432	2,424,351	12,094,475	6,089,922	6,004,553
Deferred Inflows of Resources	14,446,621	11,892,053	2,554,568	1,027,589	516,296	511,293	15,474,210	12,408,349	3,065,861
Total Liabilities and Deferred Inflows of Resources	<u>49,874,441</u>	<u>42,954,185</u>	<u>6,920,256</u>	<u>22,068,444</u>	<u>20,401,884</u>	<u>1,666,560</u>	<u>71,942,885</u>	<u>63,356,069</u>	<u>8,586,816</u>
Net Position									
Net Investment in Capital									
Assets	18,268,626	18,732,176	(463,550)	35,276,099	35,555,322	(279,223)	53,544,725	54,287,498	(742,773)
Restricted	9,427,137	5,545,924	3,881,213	1,147,440	1,114,758	32,682	10,574,577	6,660,682	3,913,895
Unrestricted	3,771,977	7,626,007	(3,854,030)	4,866,554	5,143,004	(276,450)	8,638,531	12,769,011	(4,130,480)
Total Net Position	<u>\$ 31,467,740</u>	<u>\$ 31,904,107</u>	<u>\$ (436,367)</u>	<u>\$ 41,290,093</u>	<u>\$ 41,813,084</u>	<u>\$ (522,991)</u>	<u>\$ 72,757,833</u>	<u>\$ 73,717,191</u>	<u>\$ (959,358)</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 \$72,757,833 as of December 31, 2018 (See Figure 1). The City's net position decreased by \$959,358 for the fiscal year ended December 31, 2018. By far, the largest portion (72%) 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 decreased the City's net position by \$436,367 (see Figure 1).

Business-type Activities. Business-type activities decreased the City's net position by \$522,991 (see Figure 1).

Figure 2

CITY OF ONALASKA'S CHANGE IN NET POSITION

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			TOTAL		
	2018	2017	Change	2018	2017	Change	2018	2017	Change
REVENUE									
Program Revenue									
Charges for services	\$ 1,753,106	\$ 1,481,752	\$ 271,354	\$ 5,638,756	\$ 5,466,982	\$ 171,774	\$ 7,391,862	\$ 6,948,734	\$ 443,128
Operating grants and contributions	1,887,030	1,615,497	271,533	209,704	69,286	140,418	2,096,734	1,684,783	411,951
Capital grants and contributions	107,705	158,705	(51,000)	27,581	261,298	(233,717)	135,286	420,003	(284,717)
General Revenue									
Property taxes, levied for general purposes	10,517,719	10,905,182	(387,463)	314,329	324,891	(10,562)	10,832,048	11,230,073	(398,025)
Other taxes	310,677	322,311	(11,634)	688,505	717,468	(28,963)	999,182	1,039,779	(40,597)
Intergovernmental revenue not restricted to specific programs	741,926	760,565	(18,639)	78,505	79,203	(698)	820,431	839,768	(19,337)
Interest and investment income	250,171	106,529	143,642	82,869	33,873	48,996	333,040	140,402	192,638
Gain of sale of City property	-	-	-	8,023	-	8,023	8,023	-	8,023
Miscellaneous	248,529	377,696	(129,167)	25,104	42,424	(17,320)	273,633	420,120	(146,487)
TOTAL REVENUE	15,816,863	15,728,237	88,626	7,073,376	6,995,425	77,951	22,890,239	22,723,662	166,577
EXPENSES									
General government	2,427,222	2,503,312	(76,090)	-	-	-	2,427,222	2,503,312	(76,090)
Public safety	6,015,719	5,942,866	72,853	-	-	-	6,015,719	5,942,866	72,853
Public works	5,175,015	4,673,350	501,665	-	-	-	5,175,015	4,673,350	501,665
Health and human services	66,840	65,232	1,608	-	-	-	66,840	65,232	1,608
Culture, recreation, and education	1,846,401	1,787,273	59,128	-	-	-	1,846,401	1,787,273	59,128
Conservation and development	95,566	81,737	13,829	-	-	-	95,566	81,737	13,829
Interest and fiscal charges	805,658	919,023	(113,365)	-	-	-	805,658	919,023	(113,365)
Water	-	-	-	2,202,938	1,970,187	232,751	2,202,938	1,970,187	232,751
Sewer	-	-	-	2,388,721	2,296,839	91,882	2,388,721	2,296,839	91,882
Storm Water	-	-	-	1,144,458	1,084,258	60,200	1,144,458	1,084,258	60,200
Cemetery	-	-	-	102,346	92,544	9,802	102,346	92,544	9,802
Tourism	-	-	-	495,854	561,441	(65,587)	495,854	561,441	(65,587)
Gundersen Lutheran parking ramp	-	-	-	231,622	235,157	(3,535)	231,622	235,157	(3,535)
Omni Center	-	-	-	626,732	634,859	(8,127)	626,732	634,859	(8,127)
TOTAL EXPENSES	16,432,421	15,972,793	459,628	7,192,671	6,875,285	317,386	23,625,092	22,848,078	777,014
CHANGE IN NET POSITION BEFORE TRANSFERS	(615,558)	(244,556)	(371,002)	(119,295)	120,140	(239,435)	(734,853)	(124,416)	(610,437)
TRANSFERS	367,649	367,320	329	(367,649)	(375,176)	7,527	-	(7,856)	7,856
CHANGE IN NET POSITION	(247,909)	122,764	(370,673)	(486,944)	(255,036)	(231,908)	(734,853)	(132,272)	(602,581)
NET POSITION, BEGINNING OF YEAR 1/1	31,904,107	31,781,343	122,764	41,813,084	42,068,120	(255,036)	73,717,191	73,849,463	(132,272)
CHANGE IN ACCOUNTING PRINCIPLE	(188,458)	-	(188,458)	(36,047)	-	(36,047)	(224,505)	-	(224,505)
NET POSITION, END OF YEAR, 12/31	\$ 31,467,740	\$ 31,904,107	\$ (436,367)	\$ 41,290,093	\$ 41,813,084	\$ (522,991)	\$ 72,757,833	\$ 73,717,191	\$ (959,358)

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 \$8,304,344, while the total fund balance reached \$8,615,229. 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 91 percent of the total General Fund expenditures, while total fund balance represents 96 percent of that same amount.

At December 31, 2018, the governmental funds of the City of Onalaska reported a combined fund balance of \$18,686,291, a 31.7 percent increase over last year. Included in this change in fund balance is an increase in fund balance in both the Special Revenue Fund and 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, Tourism, and Gundersen Lutheran parking ramp departments at the end of the fiscal year amounted to \$4,503,241; the Cemetery, and Omni Center to \$363,313. The total change in unrestricted net position was (\$768,678) for Water, Sewer, Storm Water, Tourism and Gundersen Lutheran parking ramp and \$492,228 for Cemetery 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 investment in capital assets for its governmental and business-type activities as of December 31, 2018, totals \$99,047,921 (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:

- Improvements at Meier Farm Playground
- Improvements at Hilltopper Playground
- Main Street Signals and Lights
- Street reconstruction on Riders Club
- Purchase of a tandem axle truck and plow
- Purchase of several police vehicles.
- Fire pumper truck

Disposals:

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

Figure 3

CITY OF ONALASKA'S CAPITAL ASSETS

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			TOTAL		
	2018	2017	Change	2018	2017	Change	2018	2017	Change
Land	\$ 3,548,248	\$ 3,548,248	\$ -	\$ 1,284,641	\$ 1,284,641	\$ -	\$ 4,832,889	\$ 4,832,889	\$ -
Buildings	23,691,094	23,570,753	120,341	14,025,187	13,908,804	116,383	37,716,281	37,479,557	236,724
Infrastructure	45,666,847	43,912,692	1,754,155	63,280,354	62,059,085	1,221,269	108,947,201	105,971,777	2,975,424
Improvements	3,176,997	2,981,523	195,474	-	-	-	3,176,997	2,981,523	195,474
Machinery & Equipment	10,690,436	10,147,134	543,302	5,613,763	5,369,186	244,577	16,304,199	15,516,320	787,879
Construction in Progress	37,667	913,615	(875,948)	203,995	-	203,995	241,662	913,615	(671,953)
Less: Accumulated Depreciation	<u>(45,655,277)</u>	<u>(39,867,166)</u>	<u>(5,788,111)</u>	<u>(31,015,296)</u>	<u>(29,147,300)</u>	<u>(1,867,996)</u>	<u>(76,670,573)</u>	<u>(69,014,466)</u>	<u>(7,656,107)</u>
TOTAL	<u>\$41,156,012</u>	<u>\$45,206,799</u>	<u>\$ (4,050,787)</u>	<u>\$53,392,644</u>	<u>\$53,474,416</u>	<u>\$ (81,772)</u>	<u>\$94,548,656</u>	<u>\$98,681,215</u>	<u>\$ (4,132,559)</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		
	2018	2017	Change	2018	2017	Change	2018	2017	Change
General Obligation Bonds/Notes	\$32,689,201	\$27,834,084	\$ 4,855,117	\$15,520,208	\$14,118,929	\$ 1,401,279	\$48,209,409	\$41,953,013	\$ 6,256,396
Mortgage Revenue Bonds	-	-	-	4,619,108	4,943,733	(324,625)	4,619,108	4,943,733	(324,625)
Other Long-Term Obligations	<u>788,261</u>	<u>832,327</u>	<u>(44,066)</u>	<u>254,960</u>	<u>254,430</u>	<u>9,530</u>	<u>1,043,221</u>	<u>1,077,757</u>	<u>(34,536)</u>
TOTAL	<u>\$33,477,462</u>	<u>\$28,666,411</u>	<u>\$ 4,811,051</u>	<u>\$20,394,276</u>	<u>\$19,308,092</u>	<u>\$ 1,086,184</u>	<u>\$53,871,738</u>	<u>\$47,974,503</u>	<u>\$ 5,897,235</u>

Long-Term Obligations. As of December 31, 2018, the City of Onalaska had total long-term obligations outstanding of \$53,871,738, of which \$48,209,409 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 \$5,897,235, or 12 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 2018 equalized valuation was \$1,988,343,400. The legal debt margin for the City of Onalaska is \$99,417,170. The City has a margin of indebtedness of \$51,918,050.

Additional information regarding the City of Onalaska's long-term debt can be found in Note 5 beginning on page 39 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 2.4 percent is below the State average of 2.8 percent.
- The City's population estimates indicate a 20-year projection of 25,000, a 34 percent increase over our current population (supported by a recent Geographic Information System study).
- The City's adjusted gross income per return is \$70,924, compared to the state average of \$56,698.
- The new construction valuation for 2018 was 48,224,500, up \$14,978,213 from 2017 which includes tax-exempt permits totaling \$2,910,003
- The City's portion of the mill rate increased 2.04 percent.

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, 2018

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash and investments	\$ 20,865,532	\$ 3,886,440	\$ 24,751,972	\$ 236,239
Restricted cash and investments	-	1,269,967	1,269,967	-
Receivables				
Taxes	10,724,752	315,689	11,040,441	-
Accounts	7,060	1,164,088	1,171,148	-
Interest	-	2	2	-
Special assessments	17,011	3,786	20,797	-
Other, net of allowance for doubtful accounts	126,825	113,637	240,462	-
Internal balances	(1,493,645)	1,494,775	1,130	(1,130)
Due from other governments	53,862	60,887	114,749	-
Net pension asset (Wisconsin Retirement System)	1,169,763	223,746	1,393,509	-
Inventories	-	71,887	71,887	-
Prepaid items	45,675	7,795	53,470	-
Special assessments	267,485	310,747	578,232	-
Capital assets, net of accumulated depreciation				
Land and construction in progress	3,585,915	1,488,636	5,074,551	-
Buildings, systems, and equipment	42,069,362	51,904,008	93,973,370	-
TOTAL ASSETS	77,439,597	62,316,090	139,755,687	235,109
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refunding	448,842	381,833	830,675	-
Wisconsin Retirement System pension	3,418,163	653,808	4,071,971	-
Wisconsin Retirement System LRLIF	35,579	6,806	42,385	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,902,584	1,042,447	4,945,031	-
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 \$ 81,342,181	 \$ 63,358,537	 \$ 144,700,718	 \$ 235,109

(Continued on page 15)

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

CITY OF ONALASKA, WISCONSIN
STATEMENT OF NET POSITION - Continued
DECEMBER 31, 2018

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
LIABILITIES				
Accounts payable	\$ 661,635	\$ 369,889	\$ 1,031,524	\$ 6,282
Accrued payroll and fringe benefits	260,992	68,992	329,984	-
Accrued interest	205,537	97,418	302,955	-
Accrued liabilities	4,404	16,441	20,845	-
Due to other governments	159	-	159	-
Unearned revenue - other	-	1,459	1,459	-
Current portion of long-term obligations	6,802,965	3,258,311	10,061,276	-
Payable from restricted assets				
Accrued interest	-	16,256	16,256	-
Current portion of long-term debt	-	330,017	330,017	-
Long-term obligations				
General obligation bonds and notes	26,028,805	12,292,656	38,321,461	-
Mortgage revenue bonds	-	4,289,091	4,289,091	-
Premium on long-term debt	507,578	66,149	573,727	-
Net OPEB liability (Wisconsin Retirement System LRLIF)	246,310	47,114	293,424	-
Compensated absences	709,435	187,062	896,497	-
TOTAL LIABILITIES	35,427,820	21,040,855	56,468,675	6,282
DEFERRED INFLOWS OF RESOURCES				
Wisconsin Retirement System pension	3,718,399	711,236	4,429,635	-
Wisconsin Retirement System LRLIF	3,470	664	4,134	-
Unavailable revenue - tax roll	10,724,752	315,689	11,040,441	-
TOTAL DEFERRED INFLOWS OF RESOURCES	14,446,621	1,027,589	15,474,210	-
NET POSITION				
Net investment in capital assets	18,268,626	35,276,099	53,544,725	-
Restricted for:				
Debt service	710,289	921,694	1,631,983	-
Capital projects	4,795,789	-	4,795,789	-
Special revenue	2,751,296	-	2,751,296	-
WRS pension	1,169,763	223,746	1,393,509	-
Other	-	2,000	2,000	-
Unrestricted	3,771,977	4,866,554	8,638,531	228,827
TOTAL NET POSITION	31,467,740	41,290,093	72,757,833	228,827
TOTAL LIABILITIES, DEFERRED INFLOWS OR RESOURCES, AND NET POSITION	\$ 81,342,181	\$ 63,358,537	\$ 144,700,718	\$ 235,109

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

CITY OF ONALASKA, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

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	\$ 2,427,222	\$ 992,294	\$ -	\$ -	\$ (1,434,928)		\$ (1,434,928)	
Public safety	6,015,719	242,849	126,939	1,476	(5,644,455)		(5,644,455)	
Public works	5,175,015	78,751	1,310,322	106,229	(3,679,713)		(3,679,713)	
Health and human services	66,840	-	-	-	(66,840)		(66,840)	
Culture, recreation, and education	1,846,401	439,212	191,594	-	(1,215,595)		(1,215,595)	
Conservation and development	95,566	-	258,175	-	162,609		162,609	
Interest and fiscal charges	805,658	-	-	-	(805,658)		(805,658)	
TOTAL GOVERNMENTAL ACTIVITIES	<u>16,432,421</u>	<u>1,753,106</u>	<u>1,887,030</u>	<u>107,705</u>	<u>(12,684,580)</u>		<u>(12,684,580)</u>	
BUSINESS-TYPE ACTIVITIES								
Water	2,202,938	2,365,776	-	27,581		\$ 190,419	190,419	
Sewer	2,388,721	1,959,516	8,029	-		(421,176)	(421,176)	
Storm water	1,144,458	813,946	154,786	-		(175,726)	(175,726)	
Cemetery	102,346	81,321	100	-		(20,925)	(20,925)	
Tourism	495,854	4,667	1,500	-		(489,687)	(489,687)	
Gundersen Lutheran parking ramp	231,622	-	33,904	-		(197,718)	(197,718)	
Omni Center	626,732	413,530	11,385	-		(201,817)	(201,817)	
TOTAL BUSINESS-TYPE ACTIVITIES	<u>7,192,671</u>	<u>5,638,756</u>	<u>209,704</u>	<u>27,581</u>		<u>(1,316,630)</u>	<u>(1,316,630)</u>	
TOTAL PRIMARY GOVERNMENT	<u>\$ 23,625,092</u>	<u>\$ 7,391,862</u>	<u>\$ 2,096,734</u>	<u>\$ 135,286</u>	<u>\$ (12,684,580)</u>	<u>\$ (1,316,630)</u>	<u>\$ (14,001,210)</u>	
COMPONENT UNIT								
Community Development Authority	<u>\$ 80,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (80,149)</u>
GENERAL REVENUE								
Property taxes, levied for general purposes					\$ 10,517,719	\$ 314,329	\$ 10,832,048	\$ -
Other taxes					310,677	688,505	999,182	-
Intergovernmental revenue not restricted to specific programs					741,926	78,505	820,431	-
Interest and investment income					250,171	82,869	333,040	1,334
Sale of property					-	8,023	8,023	-
Miscellaneous					248,529	25,104	273,633	-
TRANSFERS					<u>367,649</u>	<u>(367,649)</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL REVENUE AND TRANSFERS					<u>12,436,671</u>	<u>829,686</u>	<u>13,266,357</u>	<u>1,334</u>
CHANGE IN NET POSITION					(247,909)	(486,944)	(734,853)	(78,815)
NET POSITION - BEGINNING OF YEAR					31,904,107	41,813,084	73,717,191	307,642
CHANGE IN ACCOUNTING PRINCIPLE					(188,458)	(36,047)	(224,505)	-
NET POSITION - END OF YEAR					<u>\$ 31,467,740</u>	<u>\$ 41,290,093</u>	<u>\$ 72,757,833</u>	<u>\$ 228,827</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, 2018

<u>ASSETS</u>	GENERAL FUND	DEBT SERVICE	2019 CAPITAL PROJECTS	2018 CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and investments	\$ 8,796,894	\$ 712,253	\$ 4,651,299	\$ 813,610	\$ 5,891,476	\$ 20,865,532
Receivables						
Taxes	5,921,779	3,525,569			1,277,404	10,724,752
Special assessments	284,496	-	-	-	-	284,496
Other, net of allowance for doubtful accounts	100,261	-	-	-	33,624	133,885
Due from other governments	-	-	-	7,201	46,661	53,862
Prepaid items	45,675	-	-	-	-	45,675
Due from other funds	109,539	-	-	59,813	25,239	194,591
TOTAL ASSETS	<u>\$ 15,258,644</u>	<u>\$ 4,237,822</u>	<u>\$ 4,651,299</u>	<u>\$ 880,624</u>	<u>\$ 7,274,404</u>	<u>\$ 32,302,793</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
LIABILITIES						
Accounts payable	\$ 187,681	\$ -	\$ 13,139	\$ 295,014	\$ 165,801	\$ 661,635
Accrued payroll and fringe benefits	256,369	-	-	-	4,623	260,992
Accrued liabilities	1,103	-	-	-	3,301	4,404
Due to other funds	-	1,964	1,115,000	134,401	436,871	1,688,236
Due to other governments	159	-	-	-	-	159
TOTAL LIABILITIES	<u>445,312</u>	<u>1,964</u>	<u>1,128,139</u>	<u>429,415</u>	<u>610,596</u>	<u>2,615,426</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue						
Tax roll	5,921,779	3,525,569	-	-	1,277,404	10,724,752
Special assessments	276,324	-	-	-	-	276,324
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,198,103</u>	<u>3,525,569</u>	<u>-</u>	<u>-</u>	<u>1,277,404</u>	<u>11,001,076</u>
FUND BALANCES						
Nonspendable	45,675	-	-	-	-	45,675
Restricted	-	710,289	3,523,160	451,209	3,572,716	8,257,374
Committed	-	-	-	-	1,813,688	1,813,688
Assigned	463,496	-	-	-	-	463,496
Unassigned	8,106,058	-	-	-	-	8,106,058
TOTAL FUND BALANCES	<u>8,615,229</u>	<u>710,289</u>	<u>3,523,160</u>	<u>451,209</u>	<u>5,386,404</u>	<u>18,686,291</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 15,258,644</u>	<u>\$ 4,237,822</u>	<u>\$ 4,651,299</u>	<u>\$ 880,624</u>	<u>\$ 7,274,404</u>	<u>\$ 32,302,793</u>

CITY OF ONALASKA, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

Fund balances - total governmental funds		\$ 18,686,291
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		45,655,277
Deferred charges for loss on refunding are recognized as an expense in the funds but deferred on the statement of net position.		448,842
Some revenue is unavailable in the funds because they are not available to pay current period's expenditures.		276,324
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.		869,527
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.		(214,201)
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	\$ (205,537)	
Bonds and notes payable	(32,689,201)	
Premium	(571,321)	
Compensated absences	(788,261)	
		<u>(34,254,320)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 31,467,740</u>

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, 2018

	GENERAL FUND	DEBT SERVICE	2019 CAPITAL PROJECTS	2018 CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUE						
Taxes	\$ 5,960,726	\$ 3,474,033	\$ -	\$ -	\$ 1,393,637	\$ 10,828,396
Special assessment	100,634	-	-	-	-	100,634
Intergovernmental	1,650,889	4,410	-	7,201	499,073	2,161,573
Licenses and permits	657,643	-	-	-	370	658,013
Fines, forfeits, and penalties	163,403	-	-	-	292,782	456,185
Public charges for services	222,909	-	-	-	286,310	509,219
Intergovernmental charges for services	82,123	-	-	-	91,061	173,184
Miscellaneous	273,451	11,240	1,299	37,518	608,764	932,272
TOTAL REVENUE	<u>9,111,778</u>	<u>3,489,683</u>	<u>1,299</u>	<u>44,719</u>	<u>3,171,997</u>	<u>15,819,476</u>
EXPENDITURES						
Current						
General government	1,477,397	-	-	-	356,567	1,833,964
Public safety	5,261,938	-	-	-	37,680	5,299,618
Public works	1,067,436	-	-	-	1,668,755	2,736,191
Health and human services	66,840	-	-	-	-	66,840
Culture, recreation, and education	991,203	-	-	-	371,571	1,362,774
Conservation and development	91,925	-	-	-	-	91,925
Capital outlay	-	-	13,139	3,632,977	674,292	4,320,408
Debt service						
Principal	-	2,699,883	-	-	-	2,699,883
Interest and fiscal charges	-	847,164	-	60,565	-	907,729
TOTAL EXPENDITURES	<u>8,956,739</u>	<u>3,547,047</u>	<u>13,139</u>	<u>3,693,542</u>	<u>3,108,865</u>	<u>19,319,332</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>155,039</u>	<u>(57,364)</u>	<u>(11,840)</u>	<u>(3,648,823)</u>	<u>63,132</u>	<u>(3,499,856)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of long-term debt	-	-	3,535,000	4,020,000	-	7,555,000
Transfer in	430,846	-	-	-	500,402	931,248
Transfer out	(275,000)	-	-	-	(288,599)	(563,599)
Premium on long-term debt	-	-	-	80,032	-	80,032
TOTAL OTHER FINANCING SOURCES	<u>155,846</u>	<u>-</u>	<u>3,535,000</u>	<u>4,100,032</u>	<u>211,803</u>	<u>8,002,681</u>
NET CHANGE IN FUND BALANCE	310,885	(57,364)	3,523,160	451,209	274,935	4,502,825
FUND BALANCE AT BEGINNING OF YEAR	<u>8,304,344</u>	<u>767,653</u>	<u>-</u>	<u>-</u>	<u>5,111,469</u>	<u>14,183,466</u>
FUND BALANCE AT END OF YEAR	<u>\$ 8,615,229</u>	<u>\$ 710,289</u>	<u>\$ 3,523,160</u>	<u>\$ 451,209</u>	<u>\$ 5,386,404</u>	<u>\$ 18,686,291</u>

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, 2018

Net change in fund balances - total governmental funds		\$ 4,502,825
<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 activities.		
Capital outlay reported in governmental fund statements	\$ 4,320,408	
Depreciation expense reported in the statement of activities	<u>(2,904,722)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		1,415,686
The net effect of various miscellaneous transactions involving capital assets (i.e., noncapitalized outlay and contributions) is to decrease net position:		
		(967,208)
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:		
		(7,555,000)
Wisconsin Retirement System net pension liability (asset), deferred outflows of resources, and deferred inflows of resources changes.		
		(390,052)
Wisconsin Retirement System LRLIF OPEB liability, deferred inflows of resources, and deferred outflows of resources changes:		
		(25,743)
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:		44,066
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.		
		5,595
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:		2,699,883
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:		(87,747)
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	\$ 907,729	
The amount of interest and other debt costs accrued during the current period	<u>(797,943)</u>	
Interest and other debt costs paid is less than interest and other debt costs accrued by:		<u>109,786</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ (247,909)</u>

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

CITY OF ONALASKA, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

<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	\$ 279,384	\$ 2,607,446	\$ 371,245	\$ 2,100	\$ 626,265	\$ 3,886,440
Restricted cash and investments						
Revenue bond special redemption fund	127,475	42,492	-	-	-	169,967
Revenue bond depreciation fund	475,000	400,000	-	-	-	875,000
Reserve fund	167,250	55,750	-	-	-	223,000
Other	-	-	-	-	2,000	2,000
Accounts receivable						
Customer	455,005	460,253	213,489	-	35,341	1,164,088
Taxes	-	-	-	315,689	-	315,689
Other	9,397	53,014	-	-	51,226	113,637
Interest receivable	-	-	-	-	2	2
Due from other funds	1,780,732	750,538	216,086	-	-	2,747,356
Due from other governments	-	-	60,887	-	-	60,887
Inventories	67,974	-	-	-	3,913	71,887
Prepaid expense	-	-	-	-	7,795	7,795
TOTAL CURRENT ASSETS	<u>3,362,217</u>	<u>4,369,493</u>	<u>861,707</u>	<u>317,789</u>	<u>726,542</u>	<u>9,637,748</u>
NONCURRENT ASSETS						
CAPITAL ASSETS						
Land	107,877	2,002	959,975	-	214,787	1,284,641
Construction work in progress	165,541	38,454	-	-	-	203,995
Buildings	1,236,702	1,589,363	3,259,298	5,560,530	2,381,044	14,026,937
Improvements other than buildings	26,122,096	15,106,482	21,645,178	-	404,846	63,278,602
Machinery and equipment	2,707,511	2,309,856	521,506	-	74,892	5,613,765
TOTAL CAPITAL ASSETS	<u>30,339,727</u>	<u>19,046,157</u>	<u>26,385,957</u>	<u>5,560,530</u>	<u>3,075,569</u>	<u>84,407,940</u>
Less accumulated depreciation	10,743,482	8,889,855	9,978,303	1,037,965	365,691	31,015,296
NET CAPITAL ASSETS	<u>19,596,245</u>	<u>10,156,302</u>	<u>16,407,654</u>	<u>4,522,565</u>	<u>2,709,878</u>	<u>53,392,644</u>
OTHER ASSETS						
Net pension asset (Wisconsin Retirement System)	83,301	72,163	30,307	-	37,975	223,746
Special assessments	179,318	135,215	-	-	-	314,533
TOTAL OTHER ASSETS	<u>262,619</u>	<u>207,378</u>	<u>30,307</u>	<u>-</u>	<u>37,975</u>	<u>538,279</u>
TOTAL NONCURRENT ASSETS	<u>19,858,864</u>	<u>10,363,680</u>	<u>16,437,961</u>	<u>4,522,565</u>	<u>2,747,853</u>	<u>53,930,923</u>
TOTAL ASSETS	<u>23,221,081</u>	<u>14,733,173</u>	<u>17,299,668</u>	<u>4,840,354</u>	<u>3,474,395</u>	<u>63,568,671</u>
DEFERRED OUTFLOWS OF RESOURCES						
Wisconsin Retirement System pension	243,415	210,866	88,561	-	110,966	653,808
Wisconsin Retirement System LRLIF	2,534	2,195	922	-	1,155	6,806
Loss on refunding	69,538	25,327	33,741	253,227	-	381,833
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>315,487</u>	<u>238,388</u>	<u>123,224</u>	<u>253,227</u>	<u>112,121</u>	<u>1,042,447</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 23,536,568</u>	<u>\$ 14,971,561</u>	<u>\$ 17,422,892</u>	<u>\$ 5,093,581</u>	<u>\$ 3,586,516</u>	<u>\$ 64,611,118</u>

(Continued on page 22)

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

CITY OF ONALASKA, WISCONSIN
STATEMENT OF NET POSITION - Continued
PROPRIETARY FUNDS
DECEMBER 31, 2018

<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	\$ 181,878	\$ 102,588	\$ 14,837	\$ 100	\$ 70,486	\$ 369,889
Accrued liabilities						
Payroll and fringe benefits	25,360	22,095	7,783	-	13,754	68,992
Interest	11,983	11,049	32,412	30,330	11,644	97,418
Other	-	-	-	-	16,441	16,441
Due to other funds	-	1,084,359	-	-	168,222	1,252,581
Unearned revenue - other	747	712	-	-	-	1,459
Current portion of long-term obligations	<u>1,448,377</u>	<u>894,224</u>	<u>456,184</u>	<u>355,000</u>	<u>104,526</u>	<u>3,258,311</u>
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	<u>1,668,345</u>	<u>2,115,027</u>	<u>511,216</u>	<u>385,430</u>	<u>385,073</u>	<u>5,065,091</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS						
Accrued revenue bond interest	14,127	2,129	-	-	-	16,256
Current portion of revenue bonds	<u>282,517</u>	<u>47,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,017</u>
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	<u>296,644</u>	<u>49,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>346,273</u>
TOTAL CURRENT LIABILITIES	<u>1,964,989</u>	<u>2,164,656</u>	<u>511,216</u>	<u>385,430</u>	<u>385,073</u>	<u>5,411,364</u>
NONCURRENT LIABILITIES						
Revenue bonds	3,871,591	417,500	-	-	-	4,289,091
General obligation bonds	1,836,781	1,630,629	3,032,268	3,980,000	1,812,978	12,292,656
Premium on long-term debt	18,616	6,205	18,420	-	22,908	66,149
Net OPEB liability (Wisconsin Retirement System LRLIF)	17,540	15,195	6,382	-	7,997	47,114
Compensated absences	<u>56,431</u>	<u>52,921</u>	<u>42,118</u>	<u>-</u>	<u>35,592</u>	<u>187,062</u>
TOTAL NONCURRENT LIABILITIES	<u>5,800,959</u>	<u>2,122,450</u>	<u>3,099,188</u>	<u>3,980,000</u>	<u>1,879,475</u>	<u>16,882,072</u>
TOTAL LIABILITIES	<u>7,765,948</u>	<u>4,287,106</u>	<u>3,610,404</u>	<u>4,365,430</u>	<u>2,264,548</u>	<u>22,293,436</u>
DEFERRED INFLOWS OF RESOURCES						
Wisconsin Retirement System pension	264,796	229,388	96,340	-	120,712	711,236
Wisconsin Retirement System LRLIF	247	214	90	-	113	664
Unavailable revenue - tax roll	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,689</u>	<u>-</u>	<u>315,689</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>265,043</u>	<u>229,602</u>	<u>96,430</u>	<u>315,689</u>	<u>120,825</u>	<u>1,027,589</u>
NET POSITION						
Net investment in capital assets	12,933,449	7,948,714	13,155,289	440,792	797,855	35,276,099
Restricted	556,382	520,776	30,307	-	39,975	1,147,440
Unrestricted	<u>2,015,746</u>	<u>1,985,363</u>	<u>530,462</u>	<u>(28,330)</u>	<u>363,313</u>	<u>4,866,554</u>
TOTAL NET POSITION	<u>15,505,577</u>	<u>10,454,853</u>	<u>13,716,058</u>	<u>412,462</u>	<u>1,201,143</u>	<u>41,290,093</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 23,536,568</u>	<u>\$ 14,971,561</u>	<u>\$ 17,422,892</u>	<u>\$ 5,093,581</u>	<u>\$ 3,586,516</u>	<u>\$ 64,611,118</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, 2018

	WATER	SEWER	STORM WATER	GUNDERSEN LUTHERAN PARKING RAMP	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
OPERATING REVENUE						
Charges for services	\$ 1,913,633	\$ 1,901,350	\$ 812,746	\$ -	\$ 473,667	\$ 5,101,396
Interdepartmental sales	403,078	-	-	-	-	403,078
Miscellaneous	<u>58,252</u>	<u>67,353</u>	<u>2,731</u>	-	<u>20,685</u>	<u>149,021</u>
TOTAL OPERATING REVENUE	<u>2,374,963</u>	<u>1,968,703</u>	<u>815,477</u>	<u>-</u>	<u>494,352</u>	<u>5,653,495</u>
OPERATING EXPENSES						
Plant and maintenance expenses:						
Operations	583,119	431,463	325,047	-	468,504	1,808,133
Maintenance	91,846	40,705	38,092	-	3,813	174,456
General and administrative	609,389	1,287,607	83,995	5,997	561,800	2,548,788
Depreciation	705,108	531,420	534,539	74,140	142,493	1,987,700
Taxes	<u>34,652</u>	<u>30,378</u>	<u>13,060</u>	<u>-</u>	<u>8,408</u>	<u>86,498</u>
TOTAL OPERATING EXPENSES	<u>2,024,114</u>	<u>2,321,573</u>	<u>994,733</u>	<u>80,137</u>	<u>1,185,018</u>	<u>6,605,575</u>
OPERATING INCOME (LOSS)	<u>350,849</u>	<u>(352,870)</u>	<u>(179,256)</u>	<u>(80,137)</u>	<u>(690,666)</u>	<u>(952,080)</u>
NONOPERATING REVENUE (EXPENSE)						
Taxes	-	-	-	314,329	-	314,329
Intergovernmental	1	-	173,992	85,141	1,500	260,634
Room tax	-	-	-	-	688,505	688,505
Interest income	27,747	45,059	4,503	381	5,179	82,869
Contributions	-	8,029	-	-	100	8,129
Miscellaneous revenue	-	-	8,062	-	21,150	29,212
Interest expense	(154,698)	(59,467)	(144,699)	(123,349)	(40,841)	(523,054)
Gain on disposal of capital assets	4,772	2,841	376	-	-	7,989
Debt issuance costs	(861)	-	(4,992)	-	-	(5,853)
Amortization of bond premium	(6,662)	(1,634)	-	-	-	(8,296)
Amortization of loss on refunding	<u>(16,603)</u>	<u>(6,047)</u>	<u>-</u>	<u>(28,136)</u>	<u>1,527</u>	<u>(49,259)</u>
TOTAL NONOPERATING (EXPENSE) REVENUE	<u>(146,304)</u>	<u>(11,219)</u>	<u>37,242</u>	<u>248,366</u>	<u>677,120</u>	<u>805,205</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>204,545</u>	<u>(364,089)</u>	<u>(142,014)</u>	<u>168,229</u>	<u>(13,546)</u>	<u>(146,875)</u>
TRANSFERS IN	-	-	-	-	178,186	178,186
TRANSFERS (OUT)	(400,734)	(30,089)	-	-	(115,012)	(545,835)
CAPITAL CONTRIBUTIONS	<u>27,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,580</u>
CHANGE IN NET POSITION	<u>(168,609)</u>	<u>(394,178)</u>	<u>(142,014)</u>	<u>168,229</u>	<u>49,628</u>	<u>(486,944)</u>
TOTAL NET POSITION - BEGINNING	15,687,607	10,860,657	13,862,955	244,233	1,157,632	41,813,084
CHANGE IN ACCOUNTING PRINCIPLE	<u>(13,421)</u>	<u>(11,626)</u>	<u>(4,883)</u>	<u>-</u>	<u>(6,117)</u>	<u>(36,047)</u>
TOTAL NET POSITION - ENDING	<u>\$ 15,505,577</u>	<u>\$ 10,454,853</u>	<u>\$ 13,716,058</u>	<u>\$ 412,462</u>	<u>\$ 1,201,143</u>	<u>\$ 41,290,093</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, 2018

	WATER	SEWER	STORM WATER	GUNDERSEN LUTHERAN PARKING RAMP	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash from sales and services	\$ 2,103,536	\$ 1,933,524	\$ 807,075	\$ -	\$ 520,599	\$ 5,364,734
Cash from public fire protection	403,078	-	-	-	-	403,078
Cash paid from quasi-external operating transactions with other funds	-	-	-	-	79,038	79,038
Cash paid to suppliers for goods and service	(641,129)	(1,447,113)	(339,777)	(3,827)	(776,264)	(3,208,110)
Cash paid to employees for services	(509,699)	(413,262)	(177,510)	-	(283,278)	(1,383,749)
Cash paid for quasi-external operating transactions with other funds	(633,145)	(275,258)	(22,723)	-	-	(931,126)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>722,641</u>	<u>(202,109)</u>	<u>267,065</u>	<u>(3,827)</u>	<u>(459,905)</u>	<u>323,865</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer from other funds	-	-	-	-	178,186	178,186
Transfer (to) other funds	(400,734)	(30,089)	-	-	(115,012)	(545,835)
Contributions	-	8,029	-	-	100	8,129
Room tax	-	-	-	-	678,534	678,534
NET CASH (USED IN) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(400,734)</u>	<u>(22,060)</u>	<u>-</u>	<u>-</u>	<u>741,808</u>	<u>319,014</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(1,104,179)	(284,059)	(430,331)	-	(59,813)	(1,878,382)
Debt principal payment	(428,647)	(150,545)	(205,525)	(330,000)	(98,625)	(1,213,342)
Interest paid	(155,689)	(65,499)	(149,836)	(124,695)	(46,916)	(542,635)
Nonoperating income	1	-	182,051	85,141	22,650	289,843
Proceeds from debt	1,300,000	760,000	230,000	-	-	2,290,000
Tax revenue received	-	-	-	314,329	-	314,329
Special assessments received	4,066	1,804	-	-	-	5,870
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(384,448)</u>	<u>261,701</u>	<u>(373,641)</u>	<u>(55,225)</u>	<u>(182,704)</u>	<u>(734,317)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	15,427	41,537	5,642	381	5,178	68,165
Proceeds from sale of fixed assets	4,772	2,841	410	-	-	8,023
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>20,199</u>	<u>44,378</u>	<u>6,052</u>	<u>381</u>	<u>5,178</u>	<u>76,188</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(42,342)	81,910	(100,524)	(58,671)	104,377	(15,250)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,091,451</u>	<u>3,023,778</u>	<u>471,769</u>	<u>60,771</u>	<u>523,888</u>	<u>5,171,657</u>
CASH AND CASH EQUIVALENTS AT END AT YEAR	<u>\$ 1,049,109</u>	<u>\$ 3,105,688</u>	<u>\$ 371,245</u>	<u>\$ 2,100</u>	<u>\$ 628,265</u>	<u>\$ 5,156,407</u>

(Continued on page 25)

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, 2018

	WATER	SEWER	STORM WATER	GUNDERSEN LUTHERAN PARKING RAMP	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ 350,849	\$ (352,870)	\$ (179,256)	\$ (80,137)	\$ (690,666)	\$ (952,080)
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities						
Depreciation	705,108	531,420	534,539	74,140	142,493	1,987,700
Depreciation charged to sewer	81,063	(81,063)	-	-	-	-
Changes in assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	40,182	(33,477)	(8,402)	796	19,568	18,667
Due from other funds	(633,145)	(421,038)	(22,723)	-	-	(1,076,906)
Due from other governments	10,634	-	(60,887)	-	6,679	(43,574)
Inventories	35,611	-	-	-	-	35,611
Increase (decrease) in liabilities						
Accounts payable	117,073	(2,001)	(2,075)	14	(35,104)	77,907
LRLIF net OPEB liability and deferred inflows/outflows	15,253	13,214	667	-	838	29,972
WRS net pension liability/asset and deferred inflows/outflows	(3,914)	(8,927)	3,189	-	3,714	(5,938)
Due to other funds	-	145,780	-	-	79,038	224,818
Unearned revenue - other	(228)	(1,702)	-	1,360	-	(570)
Other accrued expenses	4,155	8,555	2,013	-	13,535	28,258
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 722,641	\$ (202,109)	\$ 267,065	\$ (3,827)	\$ (459,905)	\$ 323,865

(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, 2018

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	<u>\$ 279,384</u>	<u>\$ 769,725</u>	<u>\$ 1,049,109</u>	<u>\$ 2,607,446</u>	<u>\$ 498,242</u>	<u>\$ 3,105,688</u>
	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	<u>\$ 371,245</u>	<u>\$ -</u>	<u>\$ 371,245</u>	<u>\$ 2,100</u>	<u>\$ -</u>	<u>\$ 2,100</u>
	NONMAJOR ENTERPRISE FUNDS			TOTALS		
	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS
Cash and Cash Equivalents	<u>\$ 626,265</u>	<u>\$ 2,000</u>	<u>\$ 628,265</u>	<u>\$ 3,886,440</u>	<u>\$ 1,269,967</u>	<u>\$ 5,156,407</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Water Utility

During 2018, \$27,580 of capital additions were contributed to the Utility by developers and customers.

During 2018, \$107,481 of fixed assets were retired.

During 2018, \$5,658 of bond premium amortization and \$16,603 of loss on refunding amortization were recorded.

Sewer Utility

During 2018, \$10,567 of fixed assets were retired.

During 2018, \$1,886 of bond premium amortization and \$6,047 of loss on refunding amortization were recorded.

Storm Water Utility

During 2018, \$1,690 of fixed assets were retired.

During 2018, \$1,675 of bond amortization was recorded.

Gundersen Lutheran Parking Ramp

During 2018, \$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 FIDICIARY NET POSITION
AGENCY FUND
DECEMBER 31, 2018

ASSETS

Cash and investments	\$ 17,029,062
Taxes receivable	<u>11,879,499</u>
TOTAL ASSETS	<u>\$ 28,908,561</u>

LIABILITIES

Due to other governments	<u>\$ 28,908,561</u>
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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, 2018

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 Entity

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 entity 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 entity'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, 2018

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, 2018

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.

2019 Capital Projects Fund – Accounts for financial resources to be used for the acquisition or construction of major capital facilities.

2018 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:

Agency - 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, 2018

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 funds are reported using the economic resource management focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

Accounts Receivable

Accounts receivable are recorded at gross amounts less an allowance for doubtful accounts of \$831,212. 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.

CITY OF ONALASKA, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2018

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

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.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

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. 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.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

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.

CITY OF ONALASKA, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2018

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

Change in Accounting Principle

The City has implemented GASB Statement No. 75 *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions* in 2018.

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, 2018, 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>\$ 344,365</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).
- 2) Deposits and investments with stated interest rates (savings accounts, CD) are stated at cost.

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, 2018, the Pool's fair value was 100 percent of book value.

CITY OF ONALASKA, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2018

NOTE 2 - Cash and Investments - Continued

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, 2018, \$13,622,585 of the City's bank balance of \$41,260,054 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank	<u>\$ 13,622,585</u>
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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 2018 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, 2018, are as follows:

	<u>BALANCES</u> <u>1/1/18</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>TRANSFERS</u>	<u>BALANCES</u> <u>12/31/18</u>
<u>GOVERNMENTAL ACTIVITIES</u>					
<i>Capital assets not being depreciated:</i>					
Land	\$ 3,548,248	\$ -	\$ -	\$ -	\$ 3,548,248
Construction in progress	913,615	37,667	-	(913,615)	37,667
Total capital assets not being depreciated	<u>4,461,863</u>	<u>37,667</u>	<u>-</u>	<u>(913,615)</u>	<u>3,585,915</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

NOTE 4 - Capital Assets - Continued

	<u>BALANCES</u> <u>1/1/18</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>TRANSFERS</u>	<u>BALANCES</u> <u>12/31/18</u>
<i>Capital assets being depreciated</i>					
Buildings	\$ 23,570,753	\$ 120,341	\$ -	\$ -	\$ 23,691,094
Infrastructure	43,912,692	2,582,021	(1,171,818)	343,952	45,666,847
Improvements other than buildings	2,981,523	195,474	-	-	3,176,997
Machinery and equipment	<u>10,147,134</u>	<u>425,905</u>	<u>(452,266)</u>	<u>569,663</u>	<u>10,690,436</u>
Total capital assets being depreciated	<u>80,612,102</u>	<u>3,323,741</u>	<u>(1,624,084)</u>	<u>913,615</u>	<u>83,225,374</u>
Less accumulated depreciation for:					
Buildings	9,333,048	573,472	-	-	9,906,520
Infrastructure	22,055,701	1,676,202	(1,171,818)	-	22,560,085
Improvements other than buildings	1,180,581	123,980	-	-	1,304,561
Machinery and equipment	<u>7,297,836</u>	<u>531,068</u>	<u>(444,058)</u>	<u>-</u>	<u>7,384,846</u>
Total accumulated depreciation	<u>39,867,166</u>	<u>2,904,722</u>	<u>(1,615,876)</u>	<u>-</u>	<u>41,156,012</u>
Total capital assets being depreciated, net	<u>40,744,936</u>	<u>419,019</u>	<u>(8,208)</u>	<u>913,615</u>	<u>42,069,362</u>
GOVERNMENTAL ACTIVITIES -					
CAPITAL ASSETS, NET	<u>\$ 45,206,799</u>	<u>\$ 456,686</u>	<u>\$ (8,208)</u>	<u>\$ -</u>	<u>\$ 45,655,277</u>

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

General government	\$ 134,224
Public safety	297,922
Public works	1,827,594
Culture, recreation, and education	644,186
Conservation and development	796
Total	<u>\$ 2,904,722</u>

	<u>BALANCES</u> <u>1/1/18</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCES</u> <u>12/31/18</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,284,641	\$ -	\$ -	\$ 1,284,641
Construction in progress	<u>-</u>	<u>203,995</u>	<u>-</u>	<u>203,995</u>
Total capital assets not being depreciated	<u>1,284,641</u>	<u>203,995</u>	<u>-</u>	<u>1,488,636</u>
<i>Capital assets being depreciated</i>				
Buildings	13,908,804	116,383	-	14,025,187
Infrastructure	62,059,085	1,341,007	(119,738)	63,280,354
Machinery and equipment	<u>5,369,186</u>	<u>244,577</u>	<u>-</u>	<u>5,613,763</u>
Total capital assets being depreciated	<u>81,337,075</u>	<u>1,701,967</u>	<u>(119,738)</u>	<u>82,919,304</u>
Less accumulated depreciation for:				
Buildings	2,737,803	333,046	-	3,070,850
Infrastructure	22,762,230	1,334,700	(119,704)	23,977,226
Machinery and equipment	<u>3,647,267</u>	<u>319,954</u>	<u>-</u>	<u>3,967,220</u>
Total accumulated depreciation	<u>29,147,300</u>	<u>1,987,700</u>	<u>(119,704)</u>	<u>31,015,296</u>
Total capital assets being depreciated, net	<u>52,189,775</u>	<u>(285,733)</u>	<u>(34)</u>	<u>51,904,008</u>
BUSINESS-TYPE ACTIVITIES - CAPITAL ASSETS, NET	<u>\$ 53,474,416</u>	<u>\$ (81,738)</u>	<u>\$ (34)</u>	<u>\$ 53,392,644</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

NOTE 4 - Capital Assets - Continued

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

Water	\$ 705,108
Sewer	531,420
Storm Water	534,539
Parking Ramp	74,140
Cemetery	24,293
Tourism	<u>118,200</u>
Total	<u>\$ 1,987,700</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> <u>1/1/18</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>ADJUSTMENTS</u>	<u>BALANCES</u> <u>12/31/18</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
<u>GOVERNMENTAL ACTIVITIES:</u>						
State Trust Fund Loans	\$ 1,258,013	\$ -	\$ (463,604)	\$ -	\$ 794,409	\$ 382,947
General Obligation Bonds	26,576,071	7,555,000	(2,236,279)	-	31,894,792	6,277,449
Premium	555,032	80,032	(63,743)	-	571,321	63,743
Employee benefits:						
Vacation pay	243,443	10,218	-	-	253,661	25,366
Sick pay	588,884	-	(54,284)	-	534,600	53,460
WRS net pension liability	327,845	-	(327,845)	-	-	-
Local retiree life insurance fund	<u>-</u>	<u>57,852</u>	<u>-</u>	<u>188,458</u>	<u>246,310</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$29,549,288</u>	<u>\$ 7,703,102</u>	<u>\$(3,145,755)</u>	<u>\$ 188,458</u>	<u>\$34,295,093</u>	<u>\$ 6,802,965</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>						
	<u>BALANCES</u> <u>1/1/18</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>ADJUSTMENTS</u>	<u>BALANCES</u> <u>12/31/18</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
General Obligations Bonds	\$14,118,929	\$ 2,290,000	\$ (888,721)	\$ -	\$15,520,208	\$ 3,227,552
Mortgage Revenue Bonds	4,943,733	-	(324,625)	-	4,619,108	330,017
Premium	86,870	-	(10,746)	-	76,124	9,975
Employee Benefits:						
Vacation pay	61,760	9,199	-	-	70,959	7,095
Sick pay	135,407	1,480	-	-	136,887	13,689
WRS net pension liability	48,263	-	(48,263)	-	-	-
Local retiree life insurance fund	<u>-</u>	<u>11,067</u>	<u>-</u>	<u>36,047</u>	<u>47,114</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$19,394,962</u>	<u>\$ 2,311,746</u>	<u>\$(1,272,355)</u>	<u>\$ 36,047</u>	<u>\$20,470,400</u>	<u>\$ 3,588,328</u>

Interest cost incurred during the year totaled \$729,674 for governmental activities and \$521,148 for business-type activities. Total interest paid during the year aggregated \$839,460 for governmental activities and \$537,920 for business-type activities. Zero interest was capitalized in governmental-type and business-type capital assets.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

NOTE 5 - Long-Term Obligations - Continued

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, 2018, is comprised of the following issues:

<u>ISSUE DESCRIPTION</u>	<u>RATES (%)</u>	<u>DATES OF MATURITY</u>	<u>BALANCE 12/31/18</u>
<u>State Trust Fund Loans</u>			
2014 Issues	2.500 - 3.000%	2019	\$ 107,485
2015 Issues	3.000%	2020	410,974
2016 Issues	2.500%	2021	81,758
2017 Issues	3.000%	2022	<u>194,192</u>
			<u>794,409</u>
<u>General Obligation Bonds</u>			
2008 Issues	2.750 - 4.050%	2027	342,072
2009 Issue	3.000 - 4.625%	2028	404,197
2010 Issues	1.250 - 5.850%	2029	244,976
2011 Issues	2.000 - 4.000%	2030	308,771
2012 Issues	2.000 - 3.000%	2031	6,034,554
2013 Issues	2.000 - 3.000%	2032	1,446,923
2014 Issues	2.000 - 4.000%	2033	2,013,532
2015 Issues	2.000 - 4.000%	2034	1,945,565
2016 Issues	1.000 - 3.000%	2027	6,734,202
2017 Issues	2.000 - 3.000%	2031	4,865,000
2018 Issues	2.850 - 4.000%	2037	<u>7,555,000</u>
			<u>31,894,792</u>
TOTAL GOVERNMENTAL FUND DEBT			<u>\$ 32,689,201</u>

Enterprise Debt

Enterprise Fund debt is expected to be repaid with Enterprise Fund revenue. Enterprise Fund debt at December 31, 2018, is comprised of the following issues:

<u>ISSUE DESCRIPTION</u>	<u>RATES (%)</u>	<u>DATES OF MATURITY</u>	<u>BALANCE 12/31/18</u>
<u>General Obligation Bonds</u>			
2008 Issues	2.750 - 4.050%	2027	\$ 57,928
2009 Issue	3.000 - 4.625%	2028	60,803
2010 Issue	1.250 - 5.850%	2029	1,515,024
2011 Issue	2.000 - 4.000%	2030	306,229
2012 Issues	0.650 - 3.300%	2031	5,010,446
2013 Issues	2.000 - 3.000%	2032	643,077
2014 Issues	2.000 - 4.000%	2033	531,468
2015 Issue	2.000 - 4.000%	2034	659,435
2016 Issues	1.000 - 3.000%	2027	3,140,798
2017 Issues	2.000 - 3.000%	2031	1,305,000
2018 Issues	2.850%	2019	<u>2,290,000</u>
			<u>15,520,208</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

NOTE 5 - Long-Term Obligations - Continued

<u>ISSUE DESCRIPTION</u>	<u>RATES (%)</u>	<u>DATES OF MATURITY</u>	<u>BALANCE 12/31/18</u>
Mortgage Revenue Bonds			
2015 Issue	2.000 - 3.000%	2027	\$ 1,860,000
2016 Issues	1.650%	2035	<u>2,759,108</u>
			<u>4,619,108</u>
TOTAL ENTERPRISE DEBT			<u>\$ 20,139,316</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, 2018, 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	\$ 127,475	\$ 127,475	\$ 42,492	\$ 42,492
Reserve Fund	167,250	167,250	55,750	55,750
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 2018 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$1,988,343,400. The legal debt limit and margin of indebtedness as of December 31, 2018, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5% of \$1,988,343,400)	\$ 99,417,170
Applicable long-term debt	(48,209,409)
Amount available in debt service fund	<u>710,289</u>
MARGIN OF INDEBTEDNESS	<u>\$ 51,918,050</u>

Maturities of Long-Term Obligations

Maturities of the long-term debt to maturity, at December 31, 2018, 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>
2019	\$ 6,660,396	\$ 973,390	\$ 3,557,569	\$ 566,111
2020	2,647,094	854,030	1,314,295	496,845
2021	2,323,958	732,857	1,343,601	456,627
2022	2,306,720	621,869	1,371,985	414,919
2023	2,313,437	562,754	1,417,188	378,592
2024-2028	9,060,455	1,843,222	7,159,052	1,136,178
2029-2033	5,249,037	827,579	3,044,062	336,208
2034-2037	2,128,104	149,261	931,558	34,018
TOTAL	<u>\$ 32,689,201</u>	<u>\$ 6,564,962</u>	<u>\$ 20,139,316</u>	<u>\$ 3,819,498</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.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

NOTE 6 - Defeasance of Debt

The original accounting loss on a prior year advance refunding transaction was \$180,000. This loss is being amortized over 15 years using the straight-line method. At December 31, 2018, there are three remaining years of amortization and the unamortized balance is \$22,848.

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, 2018, there six and nine remaining years of amortization and the unamortized balances are \$204,989 and \$253,226, 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, 2018, there are eight remaining years of amortization and the unamortized balance is \$94,864.

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, 2018, there are seven remaining years of amortization and the unamortized balance is \$97,098.

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, 2018, there are twelve remaining years of amortization and the unamortization balance is \$157,648.

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, 2018, \$2,445,000 of bonds outstanding are considered defeased.

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 and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://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.

CITY OF ONALASKA, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2018

NOTE 7 - Wisconsin Retirement System - Continued

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

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

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

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

NOTE 7 - Wisconsin Retirement System - Continued

During the reporting period, the WRS recognized \$499,613 in contributions from the employer.

Contribution rates as of December 31, 2018 are:

Employee Category	Employee	Employer
General (including Teachers, Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2018, the City reported a liability (asset) of (\$1,393,509) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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, 2017, the City's proportion was 0.04693345%, which was an increase of 0.0013025% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense of \$597,986.

At December 31, 2018, 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	\$ 1,770,489	\$ 828,176
Changes in assumptions	1,491,460	3,406,709
Net differences between projected and actual earnings on pension plan investments	275,330	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	14,750
Employer contributions subsequent to the measurement date	534,692	-
Total	\$ 4,071,971	\$ 4,429,635

\$534,692 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 in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

NOTE 7 - Wisconsin Retirement System - Continued

Year ended December 31:	Deferred Outflow of Resources	Deferred Inflows of Resources
2018	\$ 1,414,683	\$ 1,270,391
2019	1,251,670	1,269,248
2020	448,979	929,535
2021	418,602	780,461
Thereafter	3,345	-

Actuarial Assumptions - The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 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:

CITY OF ONALASKA, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2018

NOTE 7 - Wisconsin Retirement System - Continued

Asset Allocation Targets and Expected Returns (as of December 31, 2017)

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global Equities	50	8.2	5.3
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0
New England Pension Consultants Long-Term US CPI (Inflation) Forecast : 2.75%			
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations			

Single Discount Rate - A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
City of Onalaska's proportionate share of the net pension liability (asset)	\$3,605,485	(\$1,393,509)	(\$5,192,901)

CITY OF ONALASKA, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2018

NOTE 7 - Wisconsin Retirement System - Continued

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

Payables to the Pension Plan

At December 31, 2018, the City reported a payable of \$40,903 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

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 Comprehensive Annual Financial Report (CAFR), 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.

Contribution rates as of December 31, 2018 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, 2017 are as listed below:

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

NOTE 8 - Local Retiree Life Insurance Fund - OPEB

Life Insurance Employee Contribution Rates For the year ended December 31, 2017	
Attained Age	Basic
Under 30	\$0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$1,852 in contributions from the employer.

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

At December 31, 2018, the City reported a liability (asset) of \$293,424 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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, 2017, the City's proportion was 0.09752900%, which was an increase of 0.005059% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized OPEB expense of \$32,680.

At December 31, 2018, 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	\$ -	\$ 4,134
Net differences between projected and actual earnings on OPEB investments	3,379	-
Changes in assumptions	28,354	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,652	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ 42,385	\$ 4,134

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

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

\$-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, 2019. 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 June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 6,817	\$ 633
2019	6,817	633
2020	6,817	633
2021	6,817	633
2022	5,973	633
2023	5,973	633
2024	3,171	336

Actuarial Assumptions - The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	3.44%
Long-Term Expected Rated of Return:	5.00%
Discount Rate:	3.63%
Salary Increases	
Inflation:	3.20%
Seniority/Merit:	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

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.

CITY OF ONALASKA, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2018

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

Local OPEB Life Insurance
 Asset Allocation Targets and Expected Returns
 As of December 31, 2017

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65%	2.61%
US Long Credit Bonds	Barclays Long Credit	3%	3.08%
US Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

Single Discount Rate - A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.63 percent, as well as what the City'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 (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase To Discount Rate (4.63%)
City of Onalaska's proportionate share of the net pension liability (asset)	\$414,719	\$293,424	\$200,342

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>.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

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

Individual interfund receivable and payable balances at December 31, 2018, are as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
General	CDA	\$ 1,130
General	Omni Center	103,502
General	Cemetery	4,907
WaterDebt Service		791
WaterSewer		1,084,359
Water	2008 Capital Projects	19,218
Water2015 Capital Projects		63,155
Water2016 Capital Projects		40,118
Water	2017 Capital Projects	6,609
Water2018 Capital Projects		1,482
Water2019 Capital Projects		565,000
Sewer	Debt Service	1,173
Sewer	2015 Capital Projects	12,504
Sewer	2016 Capital Projects	27,786
Sewer	2017 Capital Projects	73,807
Sewer	2018 Capital Projects	110,507
Sewer	2019 Capital Projects	550,000
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
2009 Capital Projects	Sewer	25,239
2018 Capital Projects	Cemetery	59,813
		<u>\$ 2,967,186</u>

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 2018 are as follows:

<u>FUND TRANSFERRED TO</u>	<u>FUND TRANSFERRED FROM</u>	<u>AMOUNT</u>
Equipment Replacement	General Fund	\$ 275,000
General Fund	Water Fund	400,734
General Fund	Sewer Fund	30,089
General Fund	TIF #5	23
Omni Center	Special Projects/Donations	63,174
Omni Center	Tourism	115,012
		<u>\$ 884,032</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.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

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>\$ 45,675</u>
<u>Restricted</u>		
Debt Service	Debt Service	\$ 710,289
Capital Projects	1996-2005 Debt Referendums	56,558
Capital Projects	2008 Debt Referendum	259,018
Capital Projects	2009 Debt Referendum	25,239
Capital Projects	2011 Debt Referendum	(14,119)
Capital Projects	2015 Debt Referendum	(9,462)
Capital Projects	2016 Debt Referendum	266,318
Capital Projects	2017 Debt Referendum	237,868
Capital Projects	2018 Debt Referendum	651,698
Capital Projects	2019 Debt Referendum	3,523,160
Special Revenue	Nonresident Park & Recreation	508,818
Special Revenue	Special Projects/Donations	1,753,094
Special Revenue	Shared Ride Taxi	297,993
Special Revenue	Municipal Court	191,391
	TOTAL RESTRICTED FUND BALANCES	<u>\$ 8,457,863</u>
<u>Committed</u>		
Special Revenue	Refuse and Recycling	\$ 404,225
Special Revenue	Equipment Replacement	1,405,883
Special Revenue	Police Reserves	3,580
	TOTAL COMMITTED	<u>\$ 1,813,688</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>

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

NOTE 10 - Net Position and Fund Balances - Continued

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Restrictions - Enterprise Funds</u>		
Tourism	WRS Pension	\$ 5,593
Omni Center	WRS Pension	25,502
Water	WRS Pension	83,301
Sewer	WRS Pension	72,163
Storm Water	WRS Pension	30,307
Water	Water Bond Requirements	473,081
Sewer	Sewer Bond Requirements	448,613
Cemetery	Cemetery Restricted Donations	2,000
Cemetery	WRS Pension	6,880
TOTAL RESTRICTED NET POSITION		<u>\$ 1,147,440</u>

The Sewer Utility collects hook-up fees per City ordinance. At December 31, 2018, \$634,194 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, 2018, \$395,497 of unrestricted net position balance has been designated for these purposes.

The following funds had fund balance deficits at December 31, 2018:

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Deficit</u>		
Omni Center	Operating expenses exceed operating income	<u>\$ 117,486</u>

NOTE 11 - 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.

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, 2018. 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.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

NOTE 12 - Change in Accounting Principle

The change in accounting principle adjustments of \$224,505 on the statement of activities and \$36,047 on the statement of revenue, expenses, and changes in net position are due to the adoption of GASB Statement No. 75 Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions.

NOTE 13 - Subsequent Event

In April 2019, the City issued \$8,655,000 of water and sewer revenue bonds. A portion of these bonds refinanced NANs issued in 2018 of \$2,060,000.

CITY OF ONALASKA, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONALASKA, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUE				
Taxes	\$ 5,962,421	\$ 5,962,421	\$ 5,960,726	\$ (1,695)
Special assessment	15,533	15,533	100,634	85,101
Intergovernmental	1,616,300	1,616,300	1,650,889	34,589
Licenses and permits	457,260	457,260	657,643	200,383
Fines, forfeits, and penalties	135,000	135,000	163,403	28,403
Public charges for services	211,550	211,550	222,909	11,359
Intergovernmental charges for services	92,701	92,701	82,123	(10,578)
Miscellaneous	<u>112,322</u>	<u>112,322</u>	<u>273,451</u>	<u>161,129</u>
TOTAL REVENUE	<u>8,603,087</u>	<u>8,603,087</u>	<u>9,111,778</u>	<u>508,691</u>
EXPENDITURES				
Current				
General government	1,526,784	1,515,784	1,477,397	38,387
Public safety	5,264,611	5,273,111	5,261,938	11,173
Public works	1,078,868	1,082,968	1,067,436	15,532
Health and human services	66,840	66,840	66,840	-
Culture, recreation, and education	994,994	992,394	991,203	1,191
Conservation and development	<u>90,990</u>	<u>90,990</u>	<u>91,925</u>	<u>(935)</u>
TOTAL EXPENDITURES	<u>9,023,087</u>	<u>9,022,087</u>	<u>8,956,739</u>	<u>65,348</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>(420,000)</u>	<u>(419,000)</u>	<u>155,039</u>	<u>574,039</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	420,000	420,000	430,846	10,846
Transfers out	<u>-</u>	<u>-</u>	<u>(275,000)</u>	<u>(275,000)</u>
TOTAL OTHER FINANCING SOURCES	<u>420,000</u>	<u>420,000</u>	<u>155,846</u>	<u>(264,154)</u>
NET CHANGE IN FUND BALANCE	-	1,000	310,885	309,885
FUND BALANCE AT BEGINNING OF YEAR	<u>8,304,344</u>	<u>8,304,344</u>	<u>8,304,344</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 8,304,344</u>	<u>\$ 8,305,344</u>	<u>\$ 8,615,229</u>	<u>\$ 309,885</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
YEAR ENDED DECEMBER 31, 2018

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

Conservation and Development expenditures exceed budget in general government by \$935 for the year ended December 31, 2018.

CITY OF ONALASKA, WISCONSIN
WISCONSIN RETIREMENT SYSTEM SCHEDULES
YEAR ENDED DECEMBER 31, 2018

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

	2015	2016	2017	2018
City's proportion of the net pension liability (asset)	0.04502789%	0.04546990%	0.04563095%	0.04693345%
City's proportionate share of the net pension liability (asset)	\$ (1,106,008)	\$ 738,877	\$ 376,108	\$ (1,393,509)
City's covered employee payroll	\$ 5,070,926	\$ 5,252,029	\$ 5,116,725	\$ 5,435,874
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-21.81%	14.07%	7.35%	-25.64%
Plan fiduciary net position as a percentage of the total pension liability	102.74%	98.20%	99.12%	102.93%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	\$ 447,721	\$ 446,306	\$ 429,225	\$ 499,613
Contributions in relation to the contractually required contribution	<u>(447,721)</u>	<u>(446,306)</u>	<u>(429,225)</u>	<u>499,613</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	<u>\$ 5,070,926</u>	<u>\$ 5,252,029</u>	<u>\$ 5,116,725</u>	<u>\$ 5,435,874</u>
Contributions as a percentage of covered employee payroll	8.83%	8.50%	8.39%	9.19%

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 6 preceding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2018

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

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

CITY OF ONALASKA, WISCONSIN
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
DECEMBER 31, 2018

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

	2018
Proportion of the net OPEB liability (asset)	0.09752900%
Proportionate share of the net OPEB liability (asset)	\$ 293,424
Covered payroll	\$ 4,101,373
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	7.15%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	44.81%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	2018
Contractually required contribution	\$ 1,852
Contributions in relation to the contractually required contribution	<u>(1,852)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	<u>\$ 4,101,373</u>
Contributions as a percentage of covered employee payroll	0.05%

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 9 proceeding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2018

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. There were no changes in the assumptions.

CITY OF ONALASKA, WISCONSIN
OTHER SUPPLEMENTARY INFORMATION

CITY OF ONALASKA, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	SPECIAL REVENUE FUNDS							CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	NONRESIDENT AND PARK	SPECIAL PROJECTS/ DONATIONS	REFUSE AND RECYCLING	SHARED RIDE TAXI	EQUIPMENT REPLACEMENT	POLICE RESERVES	MUNICIPAL COURT SYSTEM		
ASSETS									
Cash and investments	\$ 508,818	\$ 1,758,674	\$ 463,368	\$ 323,294	\$ 1,401,934	\$ 3,580	\$ 181,493	\$ 1,250,315	\$ 5,891,476
Taxes receivable	-	-	937,218	186,010	82,326	-	71,850	-	1,277,404
Other receivables	-	7,990	5,877	-	15,645	-	1	4,111	33,624
Due from other funds	-	-	-	-	-	-	-	25,239	25,239
Due from other governments	-	-	-	20,111	-	-	26,550	-	46,661
TOTAL ASSETS	\$ 508,818	\$ 1,766,664	\$ 1,406,463	\$ 529,415	\$ 1,499,905	\$ 3,580	\$ 279,894	\$ 1,279,665	\$ 7,274,404
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ -	\$ 13,570	\$ 64,225	\$ 45,412	\$ 11,696	\$ -	\$ 9,524	\$ 21,374	\$ 165,801
Accrued payroll and fringe benefits	-	-	795	-	-	-	3,828	-	4,623
Accrued liabilities	-	-	-	-	-	-	3,301	-	3,301
Due to other funds	-	-	-	-	-	-	-	436,871	436,871
TOTAL LIABILITIES	-	13,570	65,020	45,412	11,696	-	16,653	458,245	610,596
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue - tax roll	-	-	937,218	186,010	82,326	-	71,850	-	1,277,404
FUND BALANCES									
Restricted	508,818	1,753,094	-	297,993	-	-	191,391	821,420	3,572,716
Committed	-	-	404,225	-	1,405,883	3,580	-	-	1,813,688
TOTAL FUND BALANCES	508,818	1,753,094	404,225	297,993	1,405,883	3,580	191,391	821,420	5,386,404
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 508,818	\$ 1,766,664	\$ 1,406,463	\$ 529,415	\$ 1,499,905	\$ 3,580	\$ 279,894	\$ 1,279,665	\$ 7,274,404

CITY OF ONALASKA, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	SPECIAL REVENUE FUNDS							CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	NONRESIDENT AND PARK	SPECIAL PROJECTS/ DONATIONS	REFUSE AND RECYCLING	SHARED RIDE TAXI	EQUIPMENT REPLACEMENT	POLICE RESERVES	MUNICIPAL COURT SYSTEM		
REVENUE									
Taxes	\$ -	\$ 77,444	\$ 898,862	\$ 188,353	\$ 163,006	\$ -	\$ 65,972	\$ -	\$ 1,393,637
Intergovernmental	-	-	40,504	452,115	6,454	-	-	-	499,073
Licenses and permits	-	370	-	-	-	-	-	-	370
Fines, forfeits, and penalties	-	-	-	-	-	-	292,782	-	292,782
Public charges for services	218,573	3,037	64,655	-	-	-	45	-	286,310
Intergovernmental charges for services	-	-	-	62,161	-	1,350	27,550	-	91,061
Miscellaneous	1,797	491,932	22,729	10,835	62,162	9,044	1,428	8,837	608,764
TOTAL REVENUE	220,370	572,783	1,026,750	713,464	231,622	10,394	387,777	8,837	3,171,997
EXPENDITURES									
Current									
General government	-	-	-	-	3,038	-	353,529	-	356,567
Public safety	-	26,857	-	-	-	10,823	-	-	37,680
Public works	-	3,915	985,773	679,067	-	-	-	-	1,668,755
Culture, recreation, and education	23	371,548	-	-	-	-	-	-	371,571
Capital outlay	19,997	154,619	-	-	323,220	-	7,138	169,318	674,292
TOTAL EXPENDITURES	20,020	556,939	985,773	679,067	326,258	10,823	360,667	169,318	3,108,865
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	200,350	15,844	40,977	34,397	(94,636)	(429)	27,110	(160,481)	63,132
OTHER FINANCING (USES) SOURCES									
Transfers in	-	-	-	-	275,000	-	-	225,402	500,402
Transfers out	-	(63,174)	-	-	-	-	-	(225,425)	(288,599)
TOTAL OTHER FINANCING (USES) SOURCES	-	(63,174)	-	-	275,000	-	-	(23)	211,803
NET CHANGE IN FUND BALANCE	200,350	(47,330)	40,977	34,397	180,364	(429)	27,110	(160,504)	274,935
FUND BALANCE AT BEGINNING OF YEAR	308,468	1,800,424	363,248	263,596	1,225,519	4,009	164,281	981,924	5,111,469
FUND BALANCE AT END OF YEAR	\$ 508,818	\$ 1,753,094	\$ 404,225	\$ 297,993	\$ 1,405,883	\$ 3,580	\$ 191,391	\$ 821,420	\$ 5,386,404

CITY OF ONALASKA, WISCONSIN
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2018

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	TOURISM	CEMETERY	OMNI CENTER	TOTAL NONMAJOR ENTERPRISE FUNDS
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 616,451	\$ 9,814	\$ -	\$ 626,265
Restricted cash and investments	-	2,000	-	2,000
Accounts receivable				
Customer	-	-	35,341	35,341
Other	51,226	-	-	51,226
Interest receivable	-	2	-	2
Inventories	-	-	3,913	3,913
Prepaid expense	-	-	7,795	7,795
TOTAL CURRENT ASSETS	<u>667,677</u>	<u>11,816</u>	<u>47,049</u>	<u>726,542</u>
NONCURRENT ASSETS				
CAPITAL ASSETS				
Land	-	214,787	-	214,787
Buildings	2,364,007	17,037	-	2,381,044
Improvements other than buildings	-	404,846	-	404,846
Machinery and equipment	3,217	71,675	-	74,892
TOTAL CAPITAL ASSETS	<u>2,367,224</u>	<u>708,345</u>	<u>-</u>	<u>3,075,569</u>
Less accumulated depreciation	<u>239,616</u>	<u>126,075</u>	<u>-</u>	<u>365,691</u>
NET CAPITAL ASSETS	<u>2,127,608</u>	<u>582,270</u>	<u>-</u>	<u>2,709,878</u>
OTHER ASSETS				
Net pension asset (Wisconsin Retirement System)	<u>5,593</u>	<u>6,880</u>	<u>25,502</u>	<u>37,975</u>
TOTAL NONCURRENT ASSETS	<u>2,133,201</u>	<u>589,150</u>	<u>25,502</u>	<u>2,747,853</u>
TOTAL ASSETS	<u>2,800,878</u>	<u>600,966</u>	<u>72,551</u>	<u>3,474,395</u>
DEFERRED OUTFLOWS OF RESOURCES				
Wisconsin Retirement System pension	16,343	20,105	74,518	110,966
Wisconsin Retirement System LRLIF	170	209	776	1,155
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>16,513</u>	<u>20,314</u>	<u>75,294</u>	<u>112,121</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,817,391</u>	<u>\$ 621,280</u>	<u>\$ 147,845</u>	<u>\$ 3,586,516</u>

(Continued on page 62)

CITY OF ONALASKA, WISCONSIN
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2018

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	TOURISM	CEMETERY	OMNI CENTER	TOTAL NONMAJOR ENTERPRISE FUNDS
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 39,523	\$ 186	\$ 30,777	\$ 70,486
Accrued liabilities				
Payroll and fringe benefits	890	1,895	10,969	13,754
Interest	11,644	-	-	11,644
Other	-	-	16,441	16,441
Due to other funds	-	64,720	103,502	168,222
Current portion of long-term obligations	101,949	864	1,713	104,526
TOTAL CURRENT LIABILITIES	<u>154,006</u>	<u>67,665</u>	<u>163,402</u>	<u>385,073</u>
NONCURRENT LIABILITIES				
General obligation bonds	1,812,978	-	-	1,812,978
Premium on long-term debt	22,908	-	-	22,908
Compensated absences	12,392	7,780	15,420	35,592
Net OPEB liability (Wisconsin Retirement System LRLIF)	1,178	1,449	5,370	7,997
TOTAL NONCURRENT LIABILITIES	<u>1,849,456</u>	<u>9,229</u>	<u>20,790</u>	<u>1,879,475</u>
TOTAL LIABILITIES	<u>2,003,462</u>	<u>76,894</u>	<u>184,192</u>	<u>2,264,548</u>
DEFERRED INFLOWS OF RESOURCES				
Wisconsin Retirement System pension	17,778	21,871	81,063	120,712
Wisconsin Retirement System LRLIF	17	20	76	113
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>17,795</u>	<u>21,891</u>	<u>81,139</u>	<u>120,825</u>
NET POSITION				
Net investment in capital assets	215,585	582,270	-	797,855
Restricted	5,593	8,880	25,502	39,975
Unrestricted	574,956	(68,655)	(142,988)	363,313
TOTAL NET POSITION	<u>796,134</u>	<u>522,495</u>	<u>(117,486)</u>	<u>1,201,143</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 2,817,391</u>	<u>\$ 621,280</u>	<u>\$ 147,845</u>	<u>\$ 3,586,516</u>

CITY OF ONALASKA, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2018

	TOURISM	CEMETERY	OMNI CENTER	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUE				
Charges for service	\$ -	\$ 73,613	\$ 400,054	\$ 473,667
Miscellaneous	4,667	7,708	8,310	20,685
TOTAL OPERATING REVENUE	<u>4,667</u>	<u>81,321</u>	<u>408,364</u>	<u>494,352</u>
OPERATING EXPENSES				
Operations	43,473	46,508	378,523	468,504
Maintenance	-	3,813	-	3,813
General and administrative	292,392	21,799	247,609	561,800
Depreciation	118,200	24,293	-	142,493
Taxes	2,475	5,933	-	8,408
TOTAL OPERATING EXPENSES	<u>456,540</u>	<u>102,346</u>	<u>626,132</u>	<u>1,185,018</u>
OPERATING (LOSS)	<u>(451,873)</u>	<u>(21,025)</u>	<u>(217,768)</u>	<u>(690,666)</u>
NONOPERATING REVENUE (EXPENSE)				
Intergovernmental	1,500	-	-	1,500
Room tax	688,505	-	-	688,505
Interest income	4,848	331	-	5,179
Contributions	-	100	-	100
Miscellaneous revenue	57	-	21,093	21,150
Loss on refunding amortization	1,527	-	-	1,527
Interest expense	(40,841)	-	-	(40,841)
TOTAL NONOPERATING REVENUE	<u>655,596</u>	<u>431</u>	<u>21,093</u>	<u>677,120</u>
GAIN (LOSS) BEFORE TRANSFERS	203,723	(20,594)	(196,675)	(13,546)
TRANSFERS IN	-	-	178,186	178,186
TRANSFERS (OUT)	<u>(115,012)</u>	<u>-</u>	<u>-</u>	<u>(115,012)</u>
CHANGE IN NET POSITION	88,711	(20,594)	(18,489)	49,628
TOTAL NET POSITION - BEGINNING	708,324	544,197	(94,889)	1,157,632
CHANGE IN ACCOUNTING PRINCIPLE	<u>(901)</u>	<u>(1,108)</u>	<u>(4,108)</u>	<u>(6,117)</u>
TOTAL NET POSITION - ENDING	<u>\$ 796,134</u>	<u>\$ 522,495</u>	<u>\$ (117,486)</u>	<u>\$ 1,201,143</u>

CITY OF ONALASKA, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2018

	TOURISM	CEMETERY	OMNI CENTER	TOTAL NONMAJOR ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash from sales and services	\$ 11,346	\$ 81,321	\$ 427,932	\$ 520,599
Cash from quasi-external operating transactions with other funds	-	62,625	16,413	79,038
Cash paid to suppliers for goods and services	(307,703)	(31,828)	(436,733)	(776,264)
Cash paid to employees for services	(33,466)	(42,921)	(206,891)	(283,278)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(329,823)</u>	<u>69,197</u>	<u>(199,279)</u>	<u>(459,905)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	178,186	178,186
Transfers (to) other funds	(115,012)	-	-	(115,012)
Contributions	-	100	-	100
Room tax	678,534	-	-	678,534
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>563,522</u>	<u>100</u>	<u>178,186</u>	<u>741,808</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	(59,813)	-	(59,813)
Debt principal payments	(98,625)	-	-	(98,625)
Interest paid	(46,916)	-	-	(46,916)
Nonoperating income	1,557	-	21,093	22,650
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED ACTIVITIES	<u>(143,984)</u>	<u>(59,813)</u>	<u>21,093</u>	<u>(182,704)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	4,848	330	-	5,178
NET INCREASE IN CASH AND CASH EQUIVALENTS	94,563	9,814	-	104,377
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>521,888</u>	<u>2,000</u>	<u>-</u>	<u>523,888</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 616,451</u>	<u>\$ 11,814</u>	<u>\$ -</u>	<u>\$ 628,265</u>

(Continued on page 65)

CITY OF ONALASKA, WISCONSIN, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS - Continued
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2018

	TOURISM	CEMETERY	OMNI CENTER	TOTAL NONMAJOR ENTERPRISE FUNDS
RECONCILIATION OF OPERATING INCOME TO CASH (USED IN) OPERATING ACTIVITIES				
Operating (loss)	\$ (451,873)	\$ (21,025)	\$ (217,768)	\$ (690,666)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities				
Depreciation	118,200	24,293	-	142,493
Changes in assets and liabilities				
Decrease in assets				
Accounts receivable	-	-	19,568	19,568
Due from other governments	6,679	-	-	6,679
(Decrease) increase in liabilities				
Accounts payable	(2,008)	(283)	(32,813)	(35,104)
Other accrued expenses	743	2,043	10,749	13,535
LRLIF net OPEB liability, asset, and deferred inflows/outflows	124	152	562	838
WRS net pension liability and deferred inflows/outflows	(1,688)	1,392	4,010	3,714
Due to other funds	-	62,625	16,413	79,038
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (329,823)</u>	<u>\$ 69,197</u>	<u>\$ (199,279)</u>	<u>\$ (459,905)</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>\$ 616,451</u>	<u>\$ -</u>	<u>\$ 616,451</u>
	CEMETERY CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS
Cash and Cash Equivalents	<u>\$ 9,814</u>	<u>\$ 2,000</u>	<u>\$ 11,814</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>\$ 626,265</u>	<u>\$ 2,000</u>	<u>\$ 628,265</u>

CITY OF ONALASKA, WISCONSIN
SCHEDULE OF INFORMATION REQUIRED
BY 2015 WATER AND SEWER REVENUE BONDS
DECEMBER 31, 2018

1. System connections at December 31, 2018:

	<u>WATER</u>	<u>SEWER</u>
Residential	6,095	5,922
Commercial	438	441
Public Authority	41	39
Industrial	7	7
Multifamily	101	101
Irrigation	136	135
	<u>6,818</u>	<u>6,645</u>

2. Volume of water used to compute the water and sewer charge for 2018 is as follows:

	<u>GALLONS (000's)</u>
Residential	377,980
Commercial	152,811
Public Authority	38,444
Industrial	4,843
Multifamily	59,637
Irrigation	29,920

3. Insurance policies in force at December 31, 2018:

<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 21-028	\$100,000 Each Accident \$500,000 Policy Limit \$100,000 Each Employee	Workers' Compensation	1-1-19
Cities and Villages Mutual Insurance Company Policy PEL110	\$5,000,000 Excess of \$17,500/\$70,000 Retained Limit	Excess Liability	1-1-19
Beaklay Policy PEM0000120-00	\$8,000,000 Excess of \$2,000,000	Second Layer Excess Liability	1-1-19
Evanston Insurance Company Policy CAP-13-028	\$10,000,000 per Occurrence \$1,000 deductible	Automobile Physical Damage	1-1-19
Hanover Insurance Company Policy BDF 1041122	\$2,000,000 Policy Limit/ \$20,000 deductible	Employee Theft and Dishonesty/Robbery/Fraud	1-1-19
	\$250,000 Policy Limit/ \$5,000 deductible	Money Orders and Counterfeit Paper Currency	
XL Insurance Company Boiler Insurance Policy US00074147PR18A	\$100,000,000 \$2,500 deductible	Boiler Breakdown (Library, Omni Center, City)	1-1-19

(Continued on page 67)

CITY OF ONALASKA, WISCONSIN
SCHEDULE OF INFORMATION REQUIRED
BY 2015 WATER AND SEWER REVENUE BONDS - Continued
DECEMBER 31, 2018

3. Insurance policies in force at December 31, 2018 - 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-5000074-3	\$74,851,343	Buildings, Personal Property, Inland Marine, and Property in the Open	1-1-19
	\$1,864,715	Contractor Equipment	1-1-19
	\$53,000	Monies and Securities	1-1-19
	\$600,000	Monies and Securities - Increased Coverage	1-1-19
	\$25,000	Special Limit Endorsement	1-1-19
Ironshore Spec. Ins. Company Policy 002590601	\$25,000 deductible \$1,000,000 each insured event	Employment Practice Liability	1-1-19
Berkley Life & Health Insurance Company Policy PAIL111020051801	\$3.70/Individual	Volunteer Liability	1-1-19

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 the 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, 2018, 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 17, 2019.

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 opinion 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 of 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 17, 2019