

CITY OF ONALASKA, WISCONSIN

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2019

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, Wisconsin (the "City"), as of and for the year ended December 31, 2019 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

The City's 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.

Auditor's 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 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2019, 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.

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 6 through 14 and 57 through 60 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of information required by 2015 water and sewer revenue bonds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
May 4, 2020

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, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Onalaska exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$73,065,225 (*net position*).
- The City's total net position increased by \$307,392 during 2019.
- As of the close of the current fiscal year, the City of Onalaska's governmental funds reported combined ending fund balances of \$15,665,713, an decrease of \$3,020,578 in comparison with the prior year. Approximately \$8,368,390 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 \$8,879,749, or 96 percent of total General Fund expenditures for the fiscal year.
- The City of Onalaska's total debt increased by \$4,369,698, or 8 percent during the current fiscal year.
- The City of Onalaska maintains an Aa-2 bond rating.

OVERVIEW OF THE FINANCIAL STATEMENTS

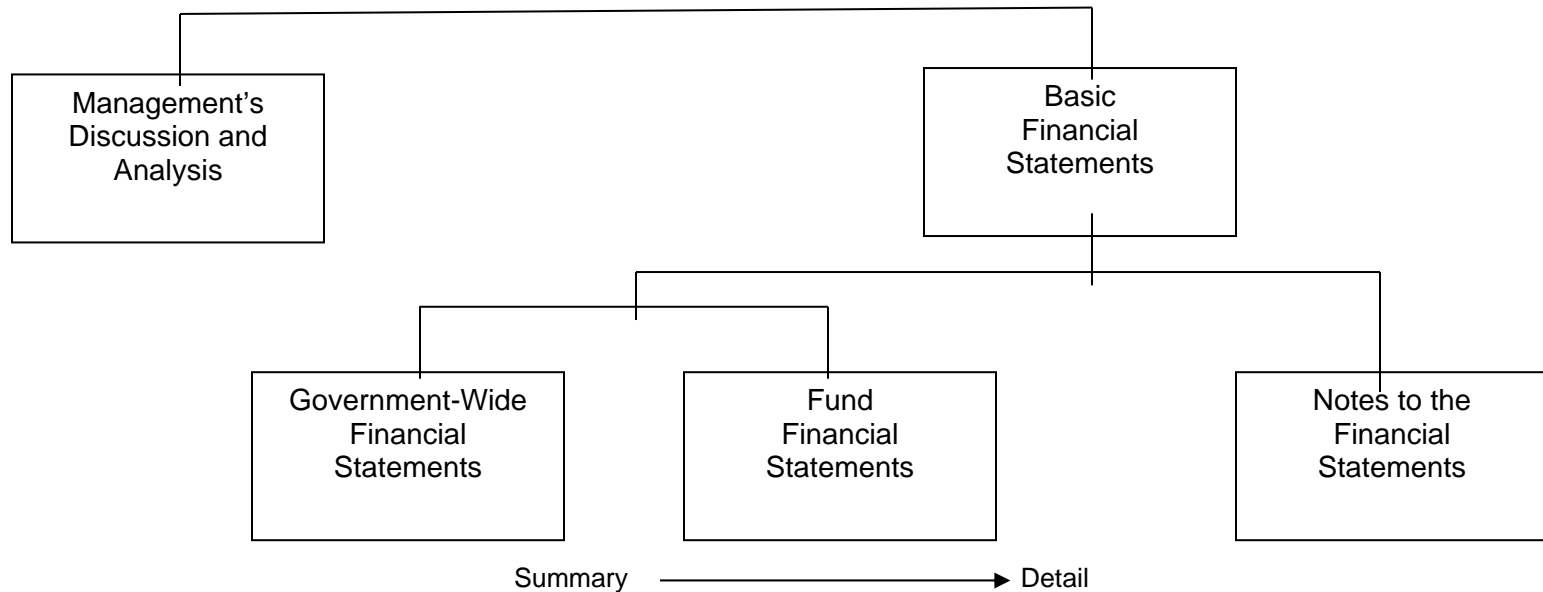
This discussion and analysis is intended to serve as an introduction to the City of Onalaska's basic financial statements, which consist of three components (see Diagram 1):

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

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

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

Diagram 1
Required Components of the Annual Financial Report



BASIC FINANCIAL STATEMENTS

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

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

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

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

3. Fiduciary fund statements.

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

A. Government-Wide Financial Statements

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

The Government-wide statements are divided into three categories:

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

B. Fund Financial Statements

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

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

- **Governmental Funds**

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

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

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

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

- ***Proprietary Funds***

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

- ***Fiduciary Funds***

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

C. Notes to the Financial Statements

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

Other Information

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure 1

CITY OF ONALASKA'S NET POSITION

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			TOTAL		
	2019	2018	Change	2019	2018	Change	2019	2018	Change
Current & Other Assets	\$ 28,714,411	\$ 31,784,320	\$ (3,069,909)	\$ 12,119,404	\$ 8,923,446	\$ 3,195,958	\$ 40,833,815	\$ 40,707,766	\$ 126,049
Capital Assets	47,739,396	45,655,277	2,084,119	56,710,065	53,392,644	3,317,421	104,449,461	99,047,921	5,401,540
Deferred Outflows of Resources	6,525,932	3,902,584	2,623,348	1,571,454	1,042,447	529,007	8,097,386	4,945,031	3,152,355
Total Assets and Deferred Outflows of Resources	82,979,739	81,342,181	1,637,558	70,400,923	63,358,537	7,042,386	153,380,662	144,700,718	8,679,944
Long-Term Liabilities Outstanding	30,196,694	27,492,128	2,704,566	26,732,623	16,882,072	9,850,551	56,929,317	44,374,200	12,555,117
Other Liabilities	4,408,274	7,935,692	(3,527,418)	2,207,582	4,158,783	(1,951,201)	6,615,856	12,094,475	(5,478,619)
Deferred Inflows of Resources	15,595,947	14,446,621	1,149,326	1,174,317	1,027,589	146,728	16,770,264	15,474,210	1,296,054
Total Liabilities and Deferred Inflows of Resources	50,200,915	49,874,441	326,474	30,114,522	22,068,444	8,046,078	80,315,437	71,942,885	8,372,552
Net Position									
Net Investment in Capital Assets	18,598,946	18,268,626	330,320	33,809,745	35,276,099	(1,466,354)	52,408,691	53,544,725	(1,136,034)
Restricted	4,737,631	9,427,137	(4,689,506)	1,343,510	1,147,440	196,070	6,081,141	10,574,577	(4,493,436)
Unrestricted	9,442,247	3,771,977	5,670,270	5,133,146	4,866,554	266,592	14,575,393	8,638,531	5,936,862
Total Net Position	\$ 32,778,824	\$ 31,467,740	\$ 1,311,084	\$ 40,286,401	\$ 41,290,093	\$ (1,003,692)	\$ 73,065,225	\$ 72,757,833	\$ 307,392

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the City of Onalaska exceeded liabilities and deferred inflows of resources by \$73,065,225 as of December 31, 2019 (See Figure 1). The City's net position increased by \$307,392 for the fiscal year ended December 31, 2019. 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 increased the City's net position by \$1,311,084 (see Figure 1).

Business-type Activities. Business-type activities decreased the City's net position by \$1,003,692 (see Figure 1).

Figure 2

CITY OF ONALASKA'S CHANGE IN NET POSITION

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			TOTAL		
	2019	2018	Change	2019	2018	Change	2019	2018	Change
REVENUE									
Program Revenue									
Charges for services	\$ 1,617,178	\$ 1,753,106	\$ (135,928)	\$ 5,764,006	\$ 5,638,756	\$ 125,250	\$ 7,381,184	\$ 7,391,862	\$ (10,678)
Operating grants and contributions	1,675,408	1,887,030	(211,622)	140,406	209,704	(69,298)	1,815,814	2,096,734	(280,920)
Capital grants and contributions	140,427	107,705	32,722	176,381	27,581	148,800	316,808	135,286	181,522
General Revenue									
Property taxes, levied for general purposes	10,724,752	10,517,719	207,033	315,689	314,329	1,360	11,040,441	10,832,048	208,393
Other taxes	314,707	310,677	4,030	691,810	688,505	3,305	1,006,517	999,182	7,335
Intergovernmental revenue not restricted to specific programs	780,012	741,926	38,086	79,236	78,505	731	859,248	820,431	38,817
Interest and investment income	570,375	250,171	320,204	130,598	82,869	47,729	700,973	333,040	367,933
Gain of sale of City property	-	-	-	3,021	8,023	(5,002)	3,021	8,023	(5,002)
Miscellaneous	1,885,199	248,529	1,636,670	50,066	25,104	24,962	1,935,265	273,633	1,661,632
TOTAL REVENUE	17,708,058	15,816,863	1,891,195	7,351,213	7,073,376	277,837	25,059,271	22,890,239	2,169,032
EXPENSES									
General government	3,021,363	2,427,222	594,141	-	-	-	3,021,363	2,427,222	594,141
Public safety	5,946,047	6,015,719	(69,672)	-	-	-	5,946,047	6,015,719	(69,672)
Public works	4,728,112	5,175,015	(446,903)	-	-	-	4,728,112	5,175,015	(446,903)
Health and human services	70,182	66,840	3,342	-	-	-	70,182	66,840	3,342
Culture, recreation, and education	1,899,881	1,846,401	53,480	-	-	-	1,899,881	1,846,401	53,480
Conservation and development	132,301	95,566	36,735	-	-	-	132,301	95,566	36,735
Interest and fiscal charges	941,382	805,658	135,724	-	-	-	941,382	805,658	135,724
Water	-	-	-	2,534,921	2,202,938	331,983	2,534,921	2,202,938	331,983
Sewer	-	-	-	2,632,461	2,388,721	243,740	2,632,461	2,388,721	243,740
Storm Water	-	-	-	1,318,014	1,144,458	173,556	1,318,014	1,144,458	173,556
Cemetery	-	-	-	104,485	102,346	2,139	104,485	102,346	2,139
Tourism	-	-	-	528,708	495,854	32,854	528,708	495,854	32,854
Gundersen Lutheran parking ramp	-	-	-	224,964	231,622	(6,658)	224,964	231,622	(6,658)
Omni Center	-	-	-	661,558	626,732	34,826	661,558	626,732	34,826
TOTAL EXPENSES	16,739,268	16,432,421	306,847	8,005,111	7,192,671	812,440	24,744,379	23,625,092	1,119,287
CHANGE IN NET POSITION BEFORE TRANSFERS	968,790	(615,558)	1,584,348	(653,898)	(119,295)	(534,603)	314,892	(734,853)	1,049,745
TRANSFERS	342,294	367,649	(25,355)	(349,794)	(367,649)	17,855	(7,500)	-	(7,500)
CHANGE IN NET POSITION	1,311,084	(247,909)	1,558,993	(1,003,692)	(486,944)	(516,748)	307,392	(734,853)	1,042,245
NET POSITION, BEGINNING OF YEAR 1/1	31,467,740	31,904,107	(436,367)	41,290,093	41,813,084	(522,991)	72,757,833	73,717,191	(959,358)
CHANGE IN ACCOUNTING PRINCIPLE	-	(188,458)	188,458	-	(36,047)	36,047	-	(224,505)	224,505
NET POSITION, END OF YEAR, 12/31	\$ 32,778,824	\$ 31,467,740	\$ 1,311,084	\$ 40,286,401	\$ 41,290,093	\$ (1,003,692)	\$ 73,065,225	\$ 72,757,833	\$ 307,392

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 \$8,368,390, while the total fund balance reached \$8,879,749. 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, 2019, the governmental funds of the City of Onalaska reported a combined fund balance of \$15,665,713, a 16.2 percent decrease over last year. Included in this change in fund balance is a decrease in Fund Balance for the Capital Projects Fund.

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

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

Proprietary Funds. The City of Onalaska's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Water, Sewer, Storm Water and Gundersen Lutheran parking ramp departments at the end of the fiscal year amounted to \$4,663,724; the Cemetery, Tourism and Omni Center amounted to \$469,422. The total change in unrestricted net position was \$160,483 for Water, Sewer, Storm Water and Gundersen Lutheran parking ramp and \$106,109 for Cemetery, Tourism and Omni Center. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Onalaska's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of Onalaska's capital assets for its governmental and business-type activities as of December 31, 2019, totals \$104,449,461 (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:

- Abby Road construction.
- 6th Avenue N. Sewer Lift reconstruction.
- Street reconstruction for Troy Street - Hwy 35 to 6th Avenue N.
- Purchase of several police vehicles.
- Addition to Public Work facility (156' x 60').
- Booster Station – French Road/Crestwood Lane.

Disposals:

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

Figure 3

CITY OF ONALASKA'S CAPITAL ASSETS

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			TOTAL		
	2019	2018	Change	2019	2018	Change	2019	2018	Change
Land	\$ 3,627,961	\$ 3,548,248	\$ 79,713	\$ 1,421,641	\$ 1,284,641	\$ 137,000	\$ 5,049,602	\$ 4,832,889	\$ 216,713
Buildings	24,013,723	23,691,094	322,629	14,945,077	14,025,187	919,890	38,958,800	37,716,281	1,242,519
Infrastructure	47,331,012	45,666,847	1,664,165	65,777,655	63,280,354	2,497,301	113,108,667	108,947,201	4,161,466
Improvements	4,730,492	3,176,997	1,553,495	-	-	-	4,730,492	3,176,997	1,553,495
Machinery & Equipment	11,086,552	10,690,436	396,116	5,946,663	5,613,763	332,900	17,033,215	16,304,199	729,016
Construction in Progress	276,733	37,667	239,066	1,477,691	203,995	1,273,696	1,754,424	241,662	1,512,762
Less: Accumulated Depreciation	<u>(43,327,077)</u>	<u>(41,156,012)</u>	<u>(2,171,065)</u>	<u>(32,858,662)</u>	<u>(31,015,296)</u>	<u>(1,843,366)</u>	<u>(76,185,739)</u>	<u>(72,171,308)</u>	<u>(4,014,431)</u>
TOTAL	<u>\$47,739,396</u>	<u>\$45,655,277</u>	<u>\$ 2,084,119</u>	<u>\$56,710,065</u>	<u>\$53,392,644</u>	<u>\$ 3,317,421</u>	<u>\$104,449,461</u>	<u>\$99,047,921</u>	<u>\$ 5,401,540</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		
	2019	2018	Change	2019	2018	Change	2019	2018	Change
General Obligation Bonds/Notes	\$29,898,316	\$32,689,201	\$ (2,790,885)	\$12,213,144	\$15,520,208	\$ (3,307,064)	\$42,111,460	\$48,209,409	\$ (6,097,949)
Mortgage Revenue Bonds	-	-	-	15,158,791	4,619,108	10,539,683	15,158,791	4,619,108	10,539,683
Other Long-Term Obligations	<u>732,288</u>	<u>788,261</u>	<u>(55,973)</u>	<u>191,783</u>	<u>207,846</u>	<u>(16,063)</u>	<u>924,071</u>	<u>996,107</u>	<u>(72,036)</u>
TOTAL	<u>\$30,630,604</u>	<u>\$33,477,462</u>	<u>\$ (2,846,858)</u>	<u>\$27,563,718</u>	<u>\$20,347,162</u>	<u>\$ 7,216,556</u>	<u>\$58,194,322</u>	<u>\$53,824,624</u>	<u>\$ 4,369,698</u>

Long-Term Obligations. As of December 31, 2019, the City of Onalaska had total long-term obligations outstanding of \$58,194,322, of which \$42,111,460 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 \$4,369,698, or 8 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 2019 equalized valuation was \$2,098,305,900. The legal debt margin for the City of Onalaska is \$104,915,295. The City has a margin of indebtedness of \$63,545,913.

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 2.7 percent is below the State average of 3.2 percent.
- The City's population estimates indicate a 20-year projection of 25,000, a 32 percent increase over our current population (supported by a recent Geographic Information System study).
- The City's adjusted gross income per return is \$73,253, compared to the state average of \$59,423.
- The new construction valuation for 2019 was 41,789,058, down \$6,435,442 from 2018 which includes tax-exempt permits totaling \$3,329,478
- The City's portion of the mill rate decreased 6.93 percent.
- The City had a revaluation with an assessment ratio of 98.95 percent.
- The City created Tax Increment District #5 (TID #5) with a base value of \$-0-.

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, 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash and investments	\$ 21,220,564	\$ 3,614,483	\$ 24,835,047	\$ 443,172
Restricted cash and investments	-	1,923,384	1,923,384	-
Receivables				
Taxes	11,370,151	320,929	11,691,080	-
Delinquent personal property taxes	8,930	-	8,930	-
Accounts	2,916	1,193,112	1,196,028	-
Interest	-	2	2	-
Special assessments	18,266	5,081	23,347	-
Other, net of allowance for doubtful accounts	128,670	112,380	241,050	-
Internal balances	(4,461,082)	4,461,938	856	(856)
Due from other governments	101,906	60,887	162,793	-
Inventories	-	74,036	74,036	-
Prepaid items	47,863	7,795	55,658	-
Special assessments	276,227	345,377	621,604	-
Capital assets, net of accumulated depreciation				
Land and construction in progress	3,904,694	2,899,332	6,804,026	-
Buildings, systems, and equipment	<u>43,834,702</u>	<u>53,810,733</u>	<u>97,645,435</u>	-
TOTAL ASSETS	<u>76,453,807</u>	<u>68,829,469</u>	<u>145,283,276</u>	<u>442,316</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refunding	381,216	330,546	711,762	-
Wisconsin Retirement System pension	6,103,007	1,232,485	7,335,492	-
Wisconsin Retirement System LRLIF	<u>41,709</u>	<u>8,423</u>	<u>50,132</u>	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>6,525,932</u>	<u>1,571,454</u>	<u>8,097,386</u>	-
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 82,979,739</u>	 <u>\$ 70,400,923</u>	 <u>\$ 153,380,662</u>	 <u>\$ 442,316</u>

(Continued on page 16)

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

CITY OF ONALASKA, WISCONSIN
STATEMENT OF NET POSITION - Continued
DECEMBER 31, 2019

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
LIABILITIES				
Accounts payable	\$ 1,102,810	\$ 313,883	\$ 1,416,693	\$ -
Accrued payroll and fringe benefits	290,099	82,614	372,713	-
Accrued interest	217,554	82,345	299,899	-
Accrued liabilities	1,752	20,193	21,945	-
Due to other governments	310	-	310	-
Unearned revenue - other	-	1,270	1,270	-
Current portion of long-term obligations	2,795,749	1,029,505	3,825,254	-
Payable from restricted assets				
Accrued interest	-	84,946	84,946	-
Current portion of long-term debt	-	592,826	592,826	-
Long-term obligations				
General obligation bonds and notes	27,250,711	11,237,187	38,487,898	-
Mortgage revenue bonds	-	14,565,965	14,565,965	-
Premium on long-term debt	630,275	422,310	1,052,585	-
Net pension liability (Wisconsin Retirement System)	1,438,304	290,461	1,728,765	-
Net OPEB liability (Wisconsin Retirement System LRLIF)	218,345	44,096	262,441	-
Compensated absences	659,059	172,604	831,663	-
TOTAL LIABILITIES	34,604,968	28,940,205	63,545,173	-
DEFERRED INFLOWS OF RESOURCES				
Wisconsin Retirement System pension	4,167,392	841,593	5,008,985	-
Wisconsin Retirement System LRLIF	58,404	11,795	70,199	-
Unavailable revenue - tax roll	11,370,151	320,929	11,691,080	-
TOTAL DEFERRED INFLOWS OF RESOURCES	15,595,947	1,174,317	16,770,264	-
NET POSITION				
Net investment in capital assets	18,598,946	33,809,745	52,408,691	-
Restricted for:				
Debt service	742,078	1,341,510	2,083,588	-
Capital projects	1,262,567	-	1,262,567	-
Special revenue	2,732,986	-	2,732,986	-
Other	-	2,000	2,000	-
Unrestricted	9,442,247	5,133,146	14,575,393	442,316
TOTAL NET POSITION	32,778,824	40,286,401	73,065,225	442,316
TOTAL LIABILITIES, DEFERRED INFLOWS OR RESOURCES, AND NET POSITION	\$ 82,979,739	\$ 70,400,923	\$ 153,380,662	\$ 442,316

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, 2019

<u>ASSETS</u>	GENERAL FUND	DEBT SERVICE	2019 CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and investments	\$ 9,040,177	\$ 744,042	\$ 5,217,750	\$ 6,218,595	\$ 21,220,564
Receivables					
Taxes	6,587,164	3,500,103		1,282,884	11,370,151
Delinquent personal property taxes	8,930	-	-	-	8,930
Special assessments	294,493	-	-	-	294,493
Other, net of allowance for doubtful accounts	98,791	-	-	32,795	131,586
Due from other governments	-	-	54,940	46,966	101,906
Prepaid items	47,863	-	-	-	47,863
Due from other funds	113,989	-	-	59,813	173,802
TOTAL ASSETS	<u>\$ 16,191,407</u>	<u>\$ 4,244,145</u>	<u>\$ 5,272,690</u>	<u>\$ 7,641,053</u>	<u>\$ 33,349,295</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 155,677	\$ -	\$ 661,901	\$ 285,232	\$ 1,102,810
Accrued payroll and fringe benefits	283,179	-	-	6,920	290,099
Accrued liabilities	1,752	-	-	-	1,752
Due to other funds	-	1,964	4,072,590	560,330	4,634,884
Due to other governments	310	-	-	-	310
TOTAL LIABILITIES	<u>440,918</u>	<u>1,964</u>	<u>4,734,491</u>	<u>852,482</u>	<u>6,029,855</u>
 DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
Tax roll	6,587,164	3,500,103	-	1,282,884	11,370,151
Special assessments	283,576	-	-	-	283,576
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,870,740</u>	<u>3,500,103</u>	<u>-</u>	<u>1,282,884</u>	<u>11,653,727</u>
 FUND BALANCES					
Nonspendable	47,863	-	-	-	47,863
Restricted	-	742,078	538,199	3,457,354	4,737,631
Committed	-	-	-	2,048,333	2,048,333
Assigned	463,496	-	-	-	463,496
Unassigned	8,368,390	-	-	-	8,368,390
TOTAL FUND BALANCES	<u>8,879,749</u>	<u>742,078</u>	<u>538,199</u>	<u>5,505,687</u>	<u>15,665,713</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 16,191,407</u>	<u>\$ 4,244,145</u>	<u>\$ 5,272,690</u>	<u>\$ 7,641,053</u>	<u>\$ 33,349,295</u>

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

CITY OF ONALASKA, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019

Fund balances - total governmental funds		\$ 15,665,713
<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.		47,739,396
Deferred charges for loss on refunding are recognized as an expense in the funds but deferred on the statement of net position.		381,216
Some revenue is unavailable in the funds because they are not available to pay current period's expenditures.		283,576
Wisconsin Retirement System net pension asset, deferred outflows of resources, and deferred inflows of resources are not current financial resources and are not reported in fund statements.		1,935,615
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.		(16,695)
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	\$ (217,554)	
Bonds and notes payable	(29,898,316)	
Premium	(705,190)	
Wisconsin Retirement System net pension liability	(1,438,304)	
LRLIF OPEB liability	(218,345)	
Compensated absences	<u>(732,288)</u>	
		<u>(33,209,997)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 32,778,824</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, 2019

	GENERAL FUND	DEBT SERVICE	2019 CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUE					
Taxes	\$ 6,158,670	\$ 3,525,569	\$ -	\$ 1,355,220	\$ 11,039,459
Special assessment	59,877	-	-	-	59,877
Intergovernmental	1,617,958	4,327	54,940	664,362	2,341,587
Licenses and permits	630,372	-	-	356	630,728
Fines, forfeits, and penalties	148,133	-	-	283,434	431,567
Public charges for services	223,646	-	-	208,068	431,714
Intergovernmental charges for services	61,691	-	-	113,164	174,855
Miscellaneous	435,650	20,496	198,241	309,674	964,061
TOTAL REVENUE	<u>9,335,997</u>	<u>3,550,392</u>	<u>253,181</u>	<u>2,934,278</u>	<u>16,073,848</u>
EXPENDITURES					
Current					
General government	1,576,644	-	-	388,009	1,964,653
Public safety	5,231,679	-	-	43,537	5,275,216
Public works	1,095,696	-	-	1,675,141	2,770,837
Health and human services	70,182	-	-	-	70,182
Culture, recreation, and education	1,001,494	-	-	156,252	1,157,746
Conservation and development	131,014	-	-	-	131,014
Capital outlay	127,975	-	3,238,142	1,182,352	4,548,469
Debt service					
Principal	-	2,730,397	-	-	2,730,397
Interest and fiscal charges	-	936,502	-	-	936,502
TOTAL EXPENDITURES	<u>9,234,684</u>	<u>3,666,899</u>	<u>3,238,142</u>	<u>3,445,291</u>	<u>19,585,016</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>101,313</u>	<u>(116,507)</u>	<u>(2,984,961)</u>	<u>(511,013)</u>	<u>(3,511,168)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of refunding debt	-	4,095,000	-	-	4,095,000
Transfer in	438,207	-	-	275,000	713,207
Transfer out	(275,000)	-	-	(95,913)	(370,913)
Payment to refunding bond escrow agent	-	(4,155,488)	-	-	(4,155,488)
Premium on long-term debt	-	208,784	-	-	208,784
TOTAL OTHER FINANCING SOURCES	<u>163,207</u>	<u>148,296</u>	<u>-</u>	<u>179,087</u>	<u>490,590</u>
NET CHANGE IN FUND BALANCE	264,520	31,789	(2,984,961)	(331,926)	(3,020,578)
FUND BALANCE AT BEGINNING OF YEAR	<u>8,615,229</u>	<u>710,289</u>	<u>3,523,160</u>	<u>5,837,613</u>	<u>18,686,291</u>
FUND BALANCE AT END OF YEAR	<u>\$ 8,879,749</u>	<u>\$ 742,078</u>	<u>\$ 538,199</u>	<u>\$ 5,505,687</u>	<u>\$ 15,665,713</u>

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

CITY OF ONALASKA, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds		\$(3,020,578)
<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	\$ 4,548,469	
Depreciation expense reported in the statement of activities	<u>(3,004,427)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		1,544,042
The net effect of various miscellaneous transactions involving capital assets (i.e., noncapitalized outlay and contributions) is to decrease net position:		540,077
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:		
		(4,095,000)
Wisconsin Retirement System net pension liability (asset), deferred outflows of resources, and deferred inflows of resources changes.		
		(372,216)
Wisconsin Retirement System LRLIF OPEB liability, deferred inflows of resources, and deferred outflows of resources changes:		
		(20,839)
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:		55,973
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.		
		7,252
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:		6,885,885
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:		(201,496)
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	\$ 936,502	
The amount of interest and other debt costs accrued during the current period	<u>(948,518)</u>	
Interest and other debt costs paid is less than interest and other debt costs accrued by:		<u>(12,016)</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 1,311,084</u>

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

CITY OF ONALASKA, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</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>
ASSETS						
CURRENT ASSETS						
Cash and investments	\$ -	\$ 2,416,444	\$ 515,702	\$ -	\$ 682,337	\$ 3,614,483
Restricted cash and investments						
Revenue bond special redemption fund	201,227	103,313	-	-	-	304,540
Revenue bond depreciation fund	475,000	400,000	-	-	-	875,000
Reserve fund	462,369	279,475	-	-	-	741,844
Other	-	-	-	-	2,000	2,000
Accounts receivable						
Customer	485,606	456,779	216,242	-	34,485	1,193,112
Taxes	-	-	-	320,929	-	320,929
Other	9,283	50,343	-	-	52,754	112,380
Interest receivable	-	-	-	-	2	2
Due from other funds	3,678,657	1,530,852	638,619	-	-	5,848,128
Due from other governments	-	-	60,887	-	-	60,887
Inventories	70,123	-	-	-	3,913	74,036
Prepaid expense	-	-	-	-	7,795	7,795
TOTAL CURRENT ASSETS	<u>5,382,265</u>	<u>5,237,206</u>	<u>1,431,450</u>	<u>320,929</u>	<u>783,286</u>	<u>13,155,136</u>
NONCURRENT ASSETS						
CAPITAL ASSETS						
Land	107,877	2,002	1,096,975	-	214,787	1,421,641
Construction work in progress	812,968	446,253	218,470	-	-	1,477,691
Buildings	1,236,702	2,473,018	3,269,543	5,560,530	2,405,284	14,945,077
Improvements other than buildings	27,195,912	15,760,228	22,416,668	-	404,846	65,777,654
Machinery and equipment	<u>2,828,367</u>	<u>2,408,393</u>	<u>635,012</u>	<u>-</u>	<u>74,892</u>	<u>5,946,664</u>
TOTAL CAPITAL ASSETS	<u>32,181,826</u>	<u>21,089,894</u>	<u>27,636,668</u>	<u>5,560,530</u>	<u>3,099,809</u>	<u>89,568,727</u>
Less accumulated depreciation	<u>11,492,972</u>	<u>9,357,974</u>	<u>10,385,272</u>	<u>1,112,106</u>	<u>510,338</u>	<u>32,858,662</u>
NET CAPITAL ASSETS	<u>20,688,854</u>	<u>11,731,920</u>	<u>17,251,396</u>	<u>4,448,424</u>	<u>2,589,471</u>	<u>56,710,065</u>
OTHER ASSETS						
Special assessments	<u>198,260</u>	<u>152,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,458</u>
TOTAL NONCURRENT ASSETS	<u>20,887,114</u>	<u>11,884,118</u>	<u>17,251,396</u>	<u>4,448,424</u>	<u>2,589,471</u>	<u>57,060,523</u>
TOTAL ASSETS	<u>26,269,379</u>	<u>17,121,324</u>	<u>18,682,846</u>	<u>4,769,353</u>	<u>3,372,757</u>	<u>70,215,659</u>
DEFERRED OUTFLOWS OF RESOURCES						
Wisconsin Retirement System pension	480,363	388,498	154,249	-	209,375	1,232,485
Wisconsin Retirement System LRLIF	3,283	2,655	1,054	-	1,431	8,423
Loss on refunding	<u>54,630</u>	<u>19,897</u>	<u>30,929</u>	<u>225,090</u>	<u>-</u>	<u>330,546</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>538,276</u>	<u>411,050</u>	<u>186,232</u>	<u>225,090</u>	<u>210,806</u>	<u>1,571,454</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 26,807,655</u>	<u>\$ 17,532,374</u>	<u>\$ 18,869,078</u>	<u>\$ 4,994,443</u>	<u>\$ 3,583,563</u>	<u>\$ 71,787,113</u>

(Continued on page 23)

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

CITY OF ONALASKA, WISCONSIN
STATEMENT OF NET POSITION - Continued
PROPRIETARY FUNDS
DECEMBER 31, 2019

<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	\$ 88,273	\$ 110,955	\$ 40,856	\$ -	\$ 73,799	\$ 313,883
Accrued liabilities						
Payroll and fringe benefits	30,808	24,475	9,222	-	18,109	82,614
Interest	11,118	10,379	21,069	28,655	11,124	82,345
Other	-	-	-	-	20,193	20,193
Due to other funds	-	1,230,296	-	-	155,894	1,386,190
Unearned revenue - other	646	624	-	-	-	1,270
Current portion of long-term obligations	<u>177,454</u>	<u>132,890</u>	<u>241,938</u>	<u>375,000</u>	<u>102,223</u>	<u>1,029,505</u>
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	<u>308,299</u>	<u>1,509,619</u>	<u>313,085</u>	<u>403,655</u>	<u>381,342</u>	<u>2,916,000</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS						
Accrued revenue bond interest	44,696	22,352	17,898	-	-	84,946
Current portion of revenue bonds	<u>390,326</u>	<u>122,500</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>592,826</u>
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	<u>435,022</u>	<u>144,852</u>	<u>97,898</u>	<u>-</u>	<u>-</u>	<u>677,772</u>
TOTAL CURRENT LIABILITIES	<u>743,321</u>	<u>1,654,471</u>	<u>410,983</u>	<u>403,655</u>	<u>381,342</u>	<u>3,593,772</u>
NONCURRENT LIABILITIES						
Revenue bonds	8,690,965	3,740,000	2,135,000	-	-	14,565,965
General obligation bonds	1,662,621	1,525,464	2,727,645	3,605,000	1,716,457	11,237,187
Premium on long-term debt	161,139	102,112	137,678	-	21,381	422,310
Net pension liability (Wisconsin Retirement System)	113,208	91,558	36,352	-	49,343	290,461
Net OPEB liability (Wisconsin Retirement System LRLIF)	17,186	13,899	5,519	-	7,492	44,096
Compensated absences	<u>49,008</u>	<u>53,063</u>	<u>32,966</u>	<u>-</u>	<u>37,567</u>	<u>172,604</u>
TOTAL NONCURRENT LIABILITIES	<u>10,694,127</u>	<u>5,526,096</u>	<u>5,075,160</u>	<u>3,605,000</u>	<u>1,832,240</u>	<u>26,732,623</u>
TOTAL LIABILITIES	<u>11,437,448</u>	<u>7,180,567</u>	<u>5,486,143</u>	<u>4,008,655</u>	<u>2,213,582</u>	<u>30,326,395</u>
DEFERRED INFLOWS OF RESOURCES						
Wisconsin Retirement System pension	328,012	265,283	105,328	-	142,970	841,593
Wisconsin Retirement System LRLIF	4,597	3,718	1,476	-	2,004	11,795
Unavailable revenue - tax roll	-	-	-	320,929	-	320,929
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>332,609</u>	<u>269,001</u>	<u>106,804</u>	<u>320,929</u>	<u>144,974</u>	<u>1,174,317</u>
NET POSITION						
Net investment in capital assets	12,371,790	7,644,529	12,571,417	468,424	753,585	33,809,745
Restricted	703,574	637,936	-	-	2,000	1,343,510
Unrestricted	<u>1,962,234</u>	<u>1,800,341</u>	<u>704,714</u>	<u>196,435</u>	<u>469,422</u>	<u>5,133,146</u>
TOTAL NET POSITION	<u>15,037,598</u>	<u>10,082,806</u>	<u>13,276,131</u>	<u>664,859</u>	<u>1,225,007</u>	<u>40,286,401</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 26,807,655</u>	<u>\$ 17,532,374</u>	<u>\$ 18,869,078</u>	<u>\$ 4,994,443</u>	<u>\$ 3,583,563</u>	<u>\$ 71,787,113</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, 2019

	WATER	SEWER	STORM WATER	GUNDERSEN LUTHERAN PARKING RAMP	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
OPERATING REVENUE						
Charges for services	\$ 1,949,321	\$ 1,934,102	\$ 838,027	\$ -	\$ 503,080	\$ 5,224,530
Interdepartmental sales	415,170	-	-	-	-	415,170
Miscellaneous	68,745	71,064	1,500	-	28,689	169,998
TOTAL OPERATING REVENUE	<u>2,433,236</u>	<u>2,005,166</u>	<u>839,527</u>	<u>-</u>	<u>531,769</u>	<u>5,809,698</u>
OPERATING EXPENSES						
Plant and maintenance expenses:						
Operations	564,533	471,551	331,234	-	508,267	1,875,585
Maintenance	115,424	35,418	34,971	-	5,076	190,889
General and administrative	773,489	1,368,130	88,827	5,422	580,948	2,816,816
Depreciation	723,795	553,212	554,966	74,141	144,647	2,050,761
Taxes	42,303	33,455	13,441	-	10,012	99,211
TOTAL OPERATING EXPENSES	<u>2,219,544</u>	<u>2,461,766</u>	<u>1,023,439</u>	<u>79,563</u>	<u>1,248,950</u>	<u>7,033,262</u>
OPERATING INCOME (LOSS)	<u>213,692</u>	<u>(456,600)</u>	<u>(183,912)</u>	<u>(79,563)</u>	<u>(717,181)</u>	<u>(1,223,564)</u>
NONOPERATING REVENUE (EXPENSE)						
Taxes	-	-	-	315,689	-	315,689
Intergovernmental	-	-	26,759	161,672	-	188,431
Room tax	-	-	-	-	691,810	691,810
Interest income	41,597	77,188	5,577	-	6,236	130,598
Contributions	-	3,735	-	-	505	4,240
Miscellaneous revenue	-	-	6,224	-	22,216	28,440
Interest expense	(280,717)	(151,213)	(177,644)	(117,265)	(44,423)	(771,262)
Gain on disposal of capital assets	180	2,841	(59,396)	-	-	(56,375)
Debt issuance costs	(32,602)	(20,883)	(57,535)	-	-	(111,020)
Amortization of bond premium	12,849	6,830	-	-	-	19,679
Amortization of loss on refunding	(14,907)	(5,429)	-	(28,136)	1,527	(46,945)
TOTAL NONOPERATING (EXPENSE) REVENUE	<u>(273,600)</u>	<u>(86,931)</u>	<u>(256,015)</u>	<u>331,960</u>	<u>677,871</u>	<u>393,285</u>
(LOSS) INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(59,908)</u>	<u>(543,531)</u>	<u>(439,927)</u>	<u>252,397</u>	<u>(39,310)</u>	<u>(830,279)</u>
TRANSFERS IN	-	25,239	-	-	178,668	203,907
TRANSFERS (OUT)	(408,071)	(30,136)	-	-	(115,494)	(553,701)
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>176,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,381</u>
CHANGE IN NET POSITION	<u>(467,979)</u>	<u>(372,047)</u>	<u>(439,927)</u>	<u>252,397</u>	<u>23,864</u>	<u>(1,003,692)</u>
TOTAL NET POSITION - BEGINNING	<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 NET POSITION - ENDING	<u>\$ 15,037,598</u>	<u>\$ 10,082,806</u>	<u>\$ 13,276,131</u>	<u>\$ 664,859</u>	<u>\$ 1,225,007</u>	<u>\$ 40,286,401</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, 2019

	WATER	SEWER	STORM WATER	GUNDERSEN LUTHERAN PARKING RAMP	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash from sales and services	\$ 2,070,910	\$ 2,011,223	\$ 836,774	\$ -	\$ 541,068	\$ 5,459,975
Cash from public fire protection	415,170	-	-	-	-	415,170
Cash paid from quasi-external operating transactions with other funds	-	-	-	-	(12,328)	(12,328)
Cash paid to suppliers for goods and service	(1,026,949)	(1,517,397)	(254,751)	(5,522)	(774,414)	(3,579,033)
Cash paid to employees for services	(541,328)	(439,951)	(186,083)	-	(303,996)	(1,471,358)
Cash paid for quasi-external operating transactions with other funds	(1,897,925)	(634,377)	(422,533)	-	-	(2,954,835)
NET CASH (USED IN) OPERATING ACTIVITIES	<u>(980,122)</u>	<u>(580,502)</u>	<u>(26,593)</u>	<u>(5,522)</u>	<u>(549,670)</u>	<u>(2,142,409)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer from other funds	-	25,239	-	-	178,668	203,907
Transfer (to) other funds	(408,071)	(30,136)	-	-	(115,494)	(553,701)
Contributions	-	3,735	-	-	505	4,240
Room tax	-	-	-	-	681,839	681,839
NET CASH (USED IN) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(408,071)</u>	<u>(1,162)</u>	<u>-</u>	<u>-</u>	<u>745,518</u>	<u>336,285</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(1,899,839)	(1,869,017)	(1,478,105)	-	(24,240)	(5,271,201)
Debt principal payment	(1,734,844)	(919,151)	(1,844,341)	(355,000)	(99,045)	(4,952,381)
Interest paid	(283,615)	(152,543)	(228,624)	(118,940)	(44,943)	(828,665)
Nonoperating income	-	-	32,987	161,673	22,216	216,876
Proceeds from debt	5,373,142	3,552,874	3,673,908	-	-	12,599,924
Tax revenue received	-	-	-	315,689	-	315,689
Special assessments received	(18,941)	(16,984)	-	-	-	(35,925)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>1,435,903</u>	<u>595,179</u>	<u>155,825</u>	<u>3,422</u>	<u>(146,012)</u>	<u>2,044,317</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	41,597	77,188	(4,775)	-	6,236	120,246
Proceeds from sale of fixed assets	180	2,841	20,000	-	-	23,021
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>41,777</u>	<u>80,029</u>	<u>15,225</u>	<u>-</u>	<u>6,236</u>	<u>143,267</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	89,487	93,544	144,457	(2,100)	56,072	381,460
CASH AND CASH EQUIVALENTS AT BEGINNING OF 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>
CASH AND CASH EQUIVALENTS AT END AT YEAR	<u>\$ 1,138,596</u>	<u>\$ 3,199,232</u>	<u>\$ 515,702</u>	<u>\$ -</u>	<u>\$ 684,337</u>	<u>\$ 5,537,867</u>

(Continued on page 26)

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

CITY OF ONALASKA, WISCONSIN
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2019

	WATER	SEWER	STORM WATER	GUNDERSEN LUTHERAN PARKING RAMP	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ 213,692	\$ (456,600)	\$ (183,912)	\$ (79,563)	\$ (717,181)	\$ (1,223,564)
Adjustments to reconcile operating income (loss) to net cash (used in) operating activities						
Depreciation	723,795	553,212	554,966	74,141	144,647	2,050,761
Depreciation charged to sewer	83,432	(83,432)	-	-	-	-
Changes in assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	(30,487)	6,145	(2,753)	(5,240)	706	(31,629)
Due from other funds	(1,897,925)	(780,314)	(422,533)	-	-	(3,100,772)
Due from other governments	-	-	-	-	8,593	8,593
Inventories	(2,149)	-	-	-	-	(2,149)
(Decrease) increase in liabilities						
Accounts payable	(93,605)	8,367	26,019	(100)	3,313	(56,006)
LRLIF net OPEB liability and deferred inflows/outflows	3,247	1,748	391	-	1,110	6,496
WRS net pension liability/asset and deferred inflows/outflows	22,777	21,984	9,959	-	11,167	65,887
Due to other funds	-	145,937	-	-	(12,328)	133,609
Unearned revenue - other	(101)	(88)	-	5,240	-	5,051
Other accrued expenses	(2,798)	2,539	(8,730)	-	10,303	1,314
NET CASH (USED IN) OPERATING ACTIVITIES	\$ (980,122)	\$ (580,502)	\$ (26,593)	\$ (5,522)	\$ (549,670)	\$ (2,142,409)

(Continued on page 27)

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

CITY OF ONALASKA, WISCONSIN
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2019

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

	WATER			SEWER		
	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS
Cash and Cash Equivalents	\$ -	\$ 1,138,596	\$ 1,138,596	\$ 2,416,444	\$ 782,788	\$ 3,199,232
	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	\$ 515,702	\$ -	\$ 515,702	\$ -	\$ -	\$ -
	NONMAJOR ENTERPRISE FUNDS			TOTALS		
	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS	CASH AND INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTALS
Cash and Cash Equivalents	\$ 682,337	\$ 2,000	\$ 684,337	\$ 3,614,483	\$ 1,923,384	\$ 5,537,867

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Water Utility

During 2019, \$57,740 of fixed assets were retired.

During 2019, \$12,849 of bond premium amortization and \$14,907 of loss on refunding amortization were recorded.

Sewer Utility

During 2019, \$1,661 of fixed assets were retired.

During 2019, \$6,830 of bond premium was amortized and \$5,429 of loss on refunding amortization were recorded.

Storm Water Utility

During 2019, \$227,394 of fixed assets were retired.

During 2019, \$2,811 of loss on refunding was recorded

Gundersen Lutheran Parking Ramp

During 2019, \$28,136 of loss on refunding amortization were recorded.

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

CITY OF ONALASKA, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2019

<u>ASSETS</u>	TAX CUSTODIAL FUND
Cash and investments	\$ 16,787,618
Taxes receivable	<u>12,901,870</u>
TOTAL ASSETS	<u>\$ 29,689,488</u>
<u>LIABILITIES AND NET POSITION</u>	
LIABILITIES	
Due to other governments	\$ 16,787,618
NET POSITION	
Restricted for other governments	<u>12,901,870</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 29,689,488</u>

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

CITY OF ONALASKA, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2019

	TAX CUSTODIAL FUND
ADDITIONS	
Collections from other governments	\$ 29,689,488
DEDECUTIONS	
Payments to other governments	<u>28,667,117</u>
CHANGE IN NET POSITION	1,022,371
NET POSITION - BEGINNING OF YEAR	-
CHANGE IN ACCOUNTING PRINCIPLE	<u>11,879,499</u>
NET POSITION - END OF YEAR	<u>\$ 12,901,870</u>

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

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies

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

Reporting City

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

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

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

Component Unit

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

Related Organization

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

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

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, 2019

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.

The City reports the following major enterprise funds:

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

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

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

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

In addition, the City reports the following fund type:

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

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

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

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Cash and Cash Equivalents

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

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

Accounts Receivable

Accounts receivable are recorded at gross amounts less an allowance for doubtful accounts of \$833,216. No provision for uncollectible accounts receivable has been made in the accompanying proprietary fund financial statements because the water and sewer has the right to place delinquent bills on the tax roll.

Due To/From Advance To/From Other Funds

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

Interfund Transactions

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

Inventory

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

Prepaid Items

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

Restricted Cash and Investments

Restricted cash and investments include the following restricted asset accounts:

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

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

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

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

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

Capital Assets

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

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

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

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

Debt Premiums and Discounts

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

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

Compensated Absences

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

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

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

Pensions

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

Other Post-Employment Benefits (OPEB)

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

Deferred Outflows and Inflows of Resources

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

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

Claims and Judgments

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

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

Net Position Classifications

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

Fund Balance Classifications

The City classifies its fund equity as follows:

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

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

State and Federal Aids

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

Use of Estimates

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

CITY OF ONALASKA, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

Change in Accounting Principle

The City has implemented GASB Statement No. 84, *Fiduciary Activities* in 2019.

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, 2019, 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>\$ 704,792</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, 2019, the Pool's fair value was 100 percent of book value.

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

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

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

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 2 - Cash and Investments - Continued

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, 2019, \$20,753,270 of the City's bank balance of \$42,251,125 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank **\$ 20,753,270**

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 2019 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, 2019, are as follows:

	BALANCES 1/1/19	ADDITIONS	RETIREMENTS	ADJUSTMENTS/ TRANSFERS	BALANCES 12/31/19
<u>GOVERNMENTAL ACTIVITIES</u>					
<i>Capital assets not being depreciated:</i>					
Land	\$ 3,548,248	\$ 84,000	\$ 4,287	\$ -	\$ 3,627,961
Construction in progress	37,667	252,205	-	(13,139)	276,733
Total capital assets not being depreciated	3,585,915	336,205	4,287	(13,139)	3,904,694
<i>Capital assets being depreciated</i>					
Buildings	23,691,094	322,629	-	-	24,013,723
Infrastructure	45,666,847	2,391,481	727,316	-	47,331,012
Improvements other than buildings	3,176,997	1,553,495	-	-	4,730,492
Machinery and equipment	10,690,436	508,398	112,282	-	11,086,552
Total capital assets being depreciated	83,225,374	4,776,003	839,598	-	87,161,779
<i>Less accumulated depreciation for:</i>					
Buildings	9,906,520	574,039	-	-	10,480,559
Infrastructure	22,560,085	1,784,828	727,316	-	23,617,597
Improvements other than buildings	1,304,561	129,497	-	-	1,434,058
Machinery and equipment	7,384,846	516,063	106,046	-	7,794,863
Total accumulated depreciation	41,156,012	3,004,427	833,362	-	43,327,077
Total capital assets being depreciated, net	42,069,362	1,771,576	6,236	-	43,834,702
GOVERNMENTAL ACTIVITIES - CAPITAL ASSETS, NET	<u>\$ 45,655,277</u>	<u>\$ 2,107,781</u>	<u>\$ 10,523</u>	<u>\$ (13,139)</u>	<u>\$ 47,739,396</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 4 - Capital Assets - Continued

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

General government	\$ 123,449
Public safety	292,006
Public works	1,942,656
Culture, recreation, and education	645,520
Conservation and development	796
Total	<u>\$ 3,004,427</u>

	<u>BALANCES</u> <u>1/1/19</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>BALANCES</u> <u>12/31/19</u>
<u>BUSINESS-TYPE ACTIVITIES</u>					
<i>Capital assets not being depreciated:</i>					
Land	\$ 1,284,641	\$ 137,000	\$ -	\$ -	\$ 1,421,641
Construction in progress	<u>203,995</u>	<u>1,354,368</u>	<u>-</u>	<u>(80,672)</u>	<u>1,477,691</u>
Total capital assets not being depreciated	<u>1,488,636</u>	<u>1,491,368</u>	<u>-</u>	<u>(80,672)</u>	<u>2,899,332</u>
<i>Capital assets being depreciated</i>					
Buildings	14,025,187	919,890	-	-	14,945,077
Infrastructure	63,280,354	2,524,926	108,297	80,672	65,777,655
Machinery and equipment	<u>5,613,763</u>	<u>511,398</u>	<u>178,498</u>	<u>-</u>	<u>5,946,663</u>
Total capital assets being depreciated	<u>82,919,304</u>	<u>3,956,214</u>	<u>286,795</u>	<u>80,672</u>	<u>86,669,395</u>
Less accumulated depreciation for:					
Buildings	3,070,850	346,693	-	-	3,417,543
Infrastructure	23,977,226	1,369,492	104,264	-	25,242,454
Machinery and equipment	<u>3,967,220</u>	<u>334,576</u>	<u>103,131</u>	<u>-</u>	<u>4,198,665</u>
Total accumulated depreciation	<u>31,015,296</u>	<u>2,050,761</u>	<u>207,395</u>	<u>-</u>	<u>32,858,662</u>
Total capital assets being depreciated, net	<u>51,904,008</u>	<u>1,905,453</u>	<u>79,400</u>	<u>80,672</u>	<u>53,810,733</u>
BUSINESS-TYPE ACTIVITIES					
CAPITAL ASSETS, NET	<u>\$ 53,392,644</u>	<u>\$ 3,396,821</u>	<u>\$ 79,400</u>	<u>\$ -</u>	<u>\$ 56,710,065</u>

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

Water	\$ 723,795
Sewer	553,212
Storm Water	554,966
Parking Ramp	74,141
Cemetery	25,536
Tourism	119,111
Total	<u>\$ 2,050,761</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

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>1/1/19</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>BALANCES</u> <u>12/31/19</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
<u>GOVERNMENTAL ACTIVITIES:</u>					
State Trust Fund Loans	\$ 794,409	\$ -	\$ (382,947)	\$ 411,462	\$ 283,561
General Obligation Bonds	31,894,792	4,095,000	(6,502,938)	29,486,854	2,364,044
Premium	571,321	208,784	(74,915)	705,190	74,915
Employee benefits:					
Vacation pay	253,661	-	(76,822)	176,839	17,684
Sick pay	534,600	20,849	-	555,449	55,545
WRS net pension liability	-	1,438,304	-	1,438,304	-
Local retiree life insurance fund	246,310	-	(27,965)	218,345	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$34,295,093</u>	<u>\$ 5,762,937</u>	<u>\$ (7,065,587)</u>	<u>\$32,992,443</u>	<u>\$ 2,795,749</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Mortgage Revenue Bonds	\$ 4,619,108	\$10,870,000	\$ (330,317)	\$15,158,791	\$ 592,826
General Obligations Bonds	15,520,208	1,315,000	(4,622,064)	12,213,144	975,957
Premium	76,124	414,924	(34,369)	456,679	34,369
Employee Benefits:					
Vacation pay	70,959	-	(23,174)	47,785	4,779
Sick pay	136,887	7,111	-	143,998	14,400
WRS net pension liability	-	290,461	-	290,461	-
Local retiree life insurance fund	47,114	-	(3,018)	44,096	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$20,470,400</u>	<u>\$12,897,496</u>	<u>\$ (5,012,942)</u>	<u>\$28,354,954</u>	<u>\$ 1,622,331</u>

Interest cost incurred during the year totaled \$893,748 for governmental activities and \$768,987 for business-type activities. Total interest paid during the year aggregated \$881,732 for governmental activities and \$715,371 for business-type activities. Zero interest was capitalized in governmental-type and business-type capital assets.

Governmental Fund Debt

All Governmental Fund debt is secured by the full faith and credit and unlimited taxing powers of the City. The Governmental Fund debt is expected to be repaid with general property taxes and special assessments. Governmental Fund debt at December 31, 2019, is comprised of the following issues:

<u>ISSUE DESCRIPTION</u>	<u>RATES (%)</u>	<u>DATES OF</u> <u>MATURITY</u>	<u>BALANCE</u> <u>12/31/19</u>
<u>State Trust Fund Loans</u>			
2015 Issues	3.000%	2020	\$ 208,516
2016 Issues	2.500%	2021	55,174
2017 Issues	3.000%	2022	<u>147,772</u>
			<u>411,462</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 5 - Long-Term Obligations - Continued

Governmental Fund Debt - Continued

<u>ISSUE DESCRIPTION</u>	<u>RATES (%)</u>	<u>DATES OF MATURITY</u>	<u>BALANCE 12/31/19</u>
<u>General Obligation Bonds</u>			
2008 Issues	2.750 - 4.050%	2027	\$ 175,311
2009 Issue	3.000 - 4.625%	2028	273,810
2011 Issues	2.000 - 4.000%	2030	253,542
2012 Issues	2.000 - 3.000%	2031	5,312,712
2013 Issues	2.000 - 3.000%	2032	1,356,923
2014 Issues	2.000 - 4.000%	2033	1,906,724
2015 Issues	2.000 - 4.000%	2034	6,114,359
2016 Issues	1.000 - 3.000%	2027	1,848,473
2017 Issues	2.000 - 3.000%	2031	4,525,000
2018 Issues	2.850 - 4.000%	2037	3,625,000
2019 Issues	3.000 - 4.000%	2039	4,095,000
			<u>29,486,854</u>
TOTAL GOVERNMENTAL FUND DEBT			<u>\$ 29,898,316</u>

Enterprise Debt

Enterprise Fund debt is expected to be repaid with Enterprise Fund revenue. Enterprise Fund debt at December 31, 2019, is comprised of the following issues:

<u>ISSUE DESCRIPTION</u>	<u>RATES (%)</u>	<u>DATES OF MATURITY</u>	<u>BALANCE 12/31/19</u>
<u>General Obligation Bonds</u>			
2008 Issues	2.750 - 4.050%	2027	\$ 29,689
2009 Issue	3.000 - 4.625%	2028	41,189
2011 Issue	2.000 - 4.000%	2030	251,456
2012 Issues	0.650 - 3.300%	2031	4,597,289
2013 Issues	2.000 - 3.000%	2032	603,077
2014 Issues	2.000 - 4.000%	2033	503,276
2015 Issue	2.000 - 4.000%	2034	626,527
2016 Issues	1.000 - 3.000%	2027	2,965,641
2017 Issues	2.000 - 3.000%	2031	1,280,000
2019 Issues	3.000 - 4.000%	2039	1,315,000
			<u>12,213,144</u>
<u>Mortgage Revenue Bonds</u>			
2015 Issue	2.000 - 3.000%	2027	1,670,000
2016 Issues	1.650%	2035	2,618,791
2019 Issues	3.000 - 4.000%	2039	10,870,000
			<u>15,158,791</u>
TOTAL ENTERPRISE DEBT			<u>\$ 27,371,935</u>

CITY OF ONALASKA, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2019

NOTE 5 - Long-Term Obligations - Continued

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, 2019, 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	\$ 201,227	\$ 201,227	\$ 103,313	\$ 103,313
Reserve Fund	462,369	462,369	279,475	279,475
Depreciation Fund	475,000	475,000	400,000	400,000

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

General Obligation Debt Limit Calculation

The 2019 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$2,098,305,900. The legal debt limit and margin of indebtedness as of December 31, 2019, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5% of \$2,098,305,900)	\$104,915,295
Applicable long-term debt	(42,111,460)
Amount available in debt service fund	742,078
MARGIN OF INDEBTEDNESS	<u>\$ 63,545,913</u>

Maturities of Long-Term Obligations

Maturities of the long-term debt to maturity, at December 31, 2019, 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>
2020	\$ 2,647,605	\$ 983,456	\$ 1,568,783	\$ 833,081
2021	2,398,775	862,861	1,608,785	788,702
2022	2,470,840	749,232	1,632,865	741,223
2023	2,486,861	683,930	1,698,765	698,158
2024	2,374,350	595,552	1,743,970	628,468
2025-2029	8,971,738	2,062,456	8,586,974	2,328,531
2030-2034	6,098,147	942,953	6,105,473	1,161,238
2035-2039	2,450,000	153,755	4,426,320	334,820
TOTAL	<u>\$ 29,898,316</u>	<u>\$ 7,034,195</u>	<u>\$ 27,371,935</u>	<u>\$ 7,514,221</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.

Current Refunding - The City issued \$5,410,000 of refunding bonds for a current refunding of \$7,840,000 of outstanding 2010 Build America Bonds, 2018 note anticipation notes, and 2019 note anticipation notes. The transaction resulted in an economic gain of \$119,220 and a reduction of \$133,933 in future debt service payments.

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

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, 2019, there are two remaining years of amortization and the unamortized balance is \$13,583.

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, 2019, there five and eight remaining years of amortization and the unamortized balances are \$170,824 and \$204,989, 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, 2019, there are seven remaining years of amortization and the unamortized balance is \$74,528.

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, 2019, there are six remaining years of amortization and the unamortized balance is \$83,227.

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, 2019, there are eleven remaining years of amortization and the unamortization balance is \$144,511.

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, 2019, \$1,135,000 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, 2019

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
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
2018	2.4	17

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

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 7 - Wisconsin Retirement System - Continued

During the reporting period, the WRS recognized \$525,997 in contributions from the employer.

Contribution rates as of December 31, 2019 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the City reported a liability (asset) of \$1,728,765 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2019, the City's proportion was 0.04859241%, which was a decrease of 0.00165896% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$1,161,331.

At December 31, 2019, 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	\$1,346,446	\$(2,380,033)
Net differences between projected and actual earnings on pension plan investments	291,408	-
Changes in assumptions	5,145,407	(2,620,664)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,339	(8,288)
Employer contributions subsequent to the measurement date	550,892	-
Total	\$7,335,492	\$(5,008,985)

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 7 - Wisconsin Retirement System - Continued

\$550,892 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$2,443,267	\$(1,803,415)
2021	1,612,204	(1,451,788)
2022	1,580,753	(1,297,525)
2023	1,148,376	(456,257)

Actuarial Assumptions - The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 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, 2019

NOTE 7 - Wisconsin Retirement System - Continued

Asset Allocation Targets and Expected Returns (as of December 31, 2018)

	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	49	8.1	5.5
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4
New England Pension Consultants Long-Term US CPI (Inflation) Forecast : 2.5%			
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations			

Single Discount Rate - A single discount rate of 7.00% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase To Discount Rate (8.0%)
City of Onalaska's proportionate share of the net pension liability (asset)	\$6,870,295	\$1,728,765	(\$2,094,360)

CITY OF ONALASKA, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2019

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, 2019, the City reported a payable of \$39,734 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2019.

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, 2019 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, 2018 are as listed below:

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

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

Life Insurance Employee Contribution Rates* For the year ended December 31, 2018		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57
*Disabled members under 70 receive a waiver-of-premium benefit		

During the reporting period, the LRLIF recognized \$1,959 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, 2019, the City reported a liability (asset) of \$262,441 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2019, the City's proportion was 0.10170800%, which was an increase of 0.004179% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2019, the City recognized OPEB expense of \$29,296.

At December 31, 2019, 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	\$ -	\$(13,313)
Net differences between projected and actual earnings on OPEB investments	6,272	-
Changes in assumptions	25,041	(56,886)
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,819	-
Employer contributions subsequent to the measurement date	-	-
Total	\$50,132	\$(70,199)

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

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
2020	\$9,540	\$(11,481)
2021	9,540	(11,481)
2022	9,540	(11,481)
2023	8,660	(11,481)
2024	7,752	(11,481)
2025	4,859	(11,171)
2026	241	(1,623)

Actuarial Assumptions - The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.10% - 5.60%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

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

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2018

<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%	1.44%
US Credit Bonds	Barclays Credit	40%	2.69%
US Long Credit Bonds	Barclays Long Credit	4%	3.01%
US Mortgages	Barclays MBS	54%	2.25%
US Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

Single Discount Rate - A single discount rate of 4.22% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the Plan's fiduciary net position is projected to be insufficient. The Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

Sensitivity of the City'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 4.22 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 (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase To Discount Rate (5.22%)
City of Onalaska's proportionate share of the net pension liability (asset)	\$373,340	\$262,441	\$176,908

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, 2019

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

Individual interfund receivable and payable balances at December 31, 2019, are as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
General	TIF #5	\$ 17,052
General	CDA	856
General	Omni-Center	96,081
Water	Debt Service	791
Water	Sewer	1,230,296
Water	2008 Capital Projects	19,218
Water	2015 Capital Projects	63,155
Water	2016 Capital Projects	40,118
Water	2017 Capital Projects	6,609
Water	2019 Capital Projects	2,341,476
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	107,001
Sewer	2019 Capital Projects	1,308,581
Storm Water	2011 Capital Projects	90,696
Storm Water	2015 Capital Projects	3,112
Storm Water	2017 Capital Projects	99,866
Storm Water	2018 Capital Projects	22,412
Storm Water	2019 Capital Projects	422,533
2018 Capital Projects	Cemetery	59,813
		<u>\$ 6,044,936</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 2019 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	408,071
General Fund	Sewer Fund	30,136
Omni Center	Special Projects/Donations	63,174
Omni Center	Tourism	115,494
Sewer	Capital Projects	25,239
Component Unit	Special Projects/Donations	7,500
		<u>\$ 924,614</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, 2019

NOTE 10 - Net Position and Fund Balances

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

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Nonspendable</u>		
General Fund	Prepaid Expenses	<u>\$ 47,863</u>
<u>Restricted</u>		
Capital Projects		
Debt Service	Debt Service	\$ 742,078
Capital Projects	1996-2005 Debt Referendums	56,887
Capital Projects	2008 Debt Referendum	259,018
Capital Projects	2011 Debt Referendum	(14,119)
Capital Projects	2015 Debt Referendum	(58,372)
Capital Projects	2016 Debt Referendum	109,746
Capital Projects	2017 Debt Referendum	239,196
Capital Projects	2018 Debt Referendum	149,064
Capital Projects	2019 Debt Referendum	538,199
Capital Projects	TIF #5	(17,052)
Special Revenue	Nonresident Park & Recreation	616,546
Special Revenue	Special Projects/Donations	1,607,250
Special Revenue	Shared Ride Taxi	314,674
Special Revenue	Municipal Court	194,516
	TOTAL RESTRICTED FUND BALANCES	<u>\$ 4,737,631</u>
<u>Committed</u>		
Special Revenue	Refuse and Recycling	\$ 463,546
Special Revenue	Equipment Replacement	1,580,734
Special Revenue	Police Reserves	4,053
	TOTAL COMMITTED	<u>\$ 2,048,333</u>
<u>Assigned</u>		
General	Street Department Equipment	\$ 36,236
General	S.I.R. Insurance Deductible	146,990
General	Downtown Redevelopment	18,500
General	Computer Hardware/Software Update	15,000
General	Health/Dental/Vacation Former Employee	4,000
General	Street Maintenance Shop4	29,000
General	Street Snow & Ice	142,000
General	Street Lights	10,000
General	City Study	45,270
General	Tree Brush	4,500
General	City Hall Vehicle	3,000
General	Recreation/Parks	9,000
	TOTAL ASSIGNED FUND BALANCE	<u>\$ 463,496</u>
<u>Restrictions - Enterprise Funds</u>		
Water	Water Bond Requirements	\$ 703,574
Sewer	Sewer Bond Requirements	637,936
Cemetery	Cemetery Restricted Donations	2,000
	TOTAL RESTRICTED NET POSITION	<u>\$ 1,343,510</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 10 - Net Position and Fund Balances - Continued

The Sewer Utility collects hook-up fees per City ordinance. At December 31, 2019, \$637,929 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, 2019, \$404,155 of unrestricted net position balance has been designated for these purposes.

The following funds had fund balance deficits at December 31, 2019:

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Deficit</u>		
Omni Center	Operating expenses exceed operating income	\$ 130,425
TIF #5	Awaiting future TIF revenue	<u>17,052</u>
		<u>\$ 147,477</u>

NOTE 11 - Tax Incremental Finance District

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

The City has three Tax Incremental Financing Districts. The following is a project summary of the activity and status of the TIF Districts through December 31, 2019:

	<u>TIF #5</u>
SOURCES OF FUNDS	<u>\$ 1,000</u>
USES OF FUNDS	
Admin costs	1,180
Project costs	<u>16,872</u>
TOTAL USES	<u>18,052</u>
FUND BALANCE, DECEMBER 31, 2019	<u>\$ (17,052)</u>
FUTURE REQUIREMENTS	
Due to General Fund	<u>\$ 17,052</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 12 - Risk Management

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

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, 2019. Estimates for claims liabilities are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

NOTE 13 - Change in Accounting Principle

The change in accounting principle adjustments of \$11,879,499 on the statement of change in net position-fiduciary fund is due to the adoption of Governmental Accounting Standards Board Statement No. 84 *Fiduciary Activities*.

NOTE 14 - Subsequent Event

In April 2020, the City issued \$4,680,000 in General Obligation Bonds. These bonds are for capital projects for the City.

CITY OF ONALASKA, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONALASKA, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUE				
Taxes	\$ 6,155,816	\$ 6,155,816	\$ 6,158,670	\$ 2,854
Special assessment	15,743	15,743	59,877	44,134
Intergovernmental	1,597,820	1,597,820	1,617,958	20,138
Licenses and permits	411,690	411,690	630,372	218,682
Fines, forfeits, and penalties	157,084	157,084	148,133	(8,951)
Public charges for services	207,930	207,930	223,646	15,716
Intergovernmental charges for services	74,800	74,800	61,691	(13,109)
Miscellaneous	140,493	140,493	435,650	295,157
TOTAL REVENUE	<u>8,761,376</u>	<u>8,761,376</u>	<u>9,335,997</u>	<u>574,621</u>
EXPENDITURES				
Current				
General government	1,630,157	1,649,282	1,576,644	72,638
Public safety	5,397,917	5,260,317	5,231,679	28,638
Public works	1,087,548	1,092,048	1,095,696	(3,648)
Health and human services	70,182	70,182	70,182	-
Culture, recreation, and education	1,029,291	1,015,291	1,001,494	13,797
Conservation and development	136,281	136,281	131,014	5,267
TOTAL EXPENDITURES	<u>9,351,376</u>	<u>9,351,376</u>	<u>9,234,684</u>	<u>116,692</u>
EXCESS OF REVENUE (UNDER) OVER EXPENDITURES	<u>(590,000)</u>	<u>(590,000)</u>	<u>101,313</u>	<u>691,313</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	440,000	440,000	438,207	(1,793)
Transfers out	-	-	(275,000)	(275,000)
TOTAL OTHER FINANCING SOURCES	<u>440,000</u>	<u>440,000</u>	<u>163,207</u>	<u>(276,793)</u>
NET CHANGE IN FUND BALANCE	(150,000)	(150,000)	264,520	414,520
FUND BALANCE AT BEGINNING OF YEAR	<u>8,615,229</u>	<u>8,615,229</u>	<u>8,615,229</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 8,465,229</u>	<u>\$ 8,465,229</u>	<u>\$ 8,879,749</u>	<u>\$ 414,520</u>

CITY OF ONALASKA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
YEAR ENDED DECEMBER 31, 2019

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

Public works expenditures exceed budget in general government by \$3,648 for the year ended December 31, 2019.

CITY OF ONALASKA, WISCONSIN
WISCONSIN RETIREMENT SYSTEM SCHEDULES
YEAR ENDED DECEMBER 31, 2019

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability (asset)	0.04502789%	0.04546990%	0.04563095%	0.04693345%	0.04859241%
City's proportionate share of the net pension liability (asset)	\$ (1,106,008)	\$ 738,877	\$ 376,108	\$ (1,393,509)	\$ 1,728,765
City's covered employee payroll	\$ 5,070,926	\$ 5,252,029	\$ 5,116,725	\$ 5,435,874	\$ 5,752,577
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-21.81%	14.07%	7.35%	-25.64%	30.05%
Plan fiduciary net position as a percentage of the total pension liability	102.74%	98.20%	99.12%	102.93%	96.45%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 447,721	\$ 446,306	\$ 429,225	\$ 499,613	\$ 525,997
Contributions in relation to the contractually required contribution	<u>(447,721)</u>	<u>(446,306)</u>	<u>(429,225)</u>	<u>(499,613)</u>	<u>(525,997)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
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>	<u>\$ 5,752,577</u>
Contributions as a percentage of covered employee payroll	8.83%	8.50%	8.39%	9.19%	9.14%

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 5 preceding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2019

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

CITY OF ONALASKA, WISCONSIN
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
YEAR ENDED DECEMBER 31, 2019

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

	2018	2019
Proportion of the net OPEB liability (asset)	0.09752900%	0.10170800%
Proportionate share of the net OPEB liability (asset)	\$ 293,424	\$ 262,441
Covered payroll	\$ 4,101,373	\$ 4,990,000
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	7.15%	5.26%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	44.81%	48.69%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	2018	2019
Contractually required contribution	\$ 1,852	\$ 1,959
Contributions in relation to the contractually required contribution	<u>(1,852)</u>	<u>(1,959)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 4,101,373</u>	<u>\$ 4,990,000</u>
Contributions as a percentage of covered employee payroll	0.05%	0.04%

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 8 preceding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2019

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. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

CITY OF ONALASKA, WISCONSIN
OTHER SUPPLEMENTARY INFORMATION

CITY OF ONALASKA, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	SPECIAL REVENUE FUNDS								TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	NONRESIDENT AND PARK	SPECIAL PROJECTS/ DONATIONS	REFUSE AND RECYCLING	SHARED RIDE TAXI	EQUIPMENT REPLACEMENT	POLICE RESERVES	MUNICIPAL COURT SYSTEM	TIF #5		CAPITAL PROJECTS
ASSETS										
Cash and investments	\$ 646,546	\$ 1,610,730	\$ 587,815	\$ 359,893	\$ 1,609,822	\$ 4,053	\$ 163,805	\$ -	\$ 1,235,931	\$ 6,218,595
Taxes receivable	-	-	952,055	196,532	55,707	-	78,590	-	-	1,282,884
Other receivables	-	5,914	23,243	3,638	-	-	-	-	-	32,795
Due from other funds	-	-	-	-	-	-	-	-	59,813	59,813
Due from other governments	-	-	-	-	-	-	46,966	-	-	46,966
TOTAL ASSETS	\$ 646,546	\$ 1,616,644	\$ 1,563,113	\$ 560,063	\$ 1,665,529	\$ 4,053	\$ 289,361	\$ -	\$ 1,295,744	\$ 7,641,053
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ 30,000	\$ 9,394	\$ 146,611	\$ 48,857	\$ 29,088	\$ -	\$ 10,236	\$ -	\$ 11,046	\$ 285,232
Accrued payroll and fringe benefits	-	-	901	-	-	-	6,019	-	-	6,920
Due to other funds	-	-	-	-	-	-	-	17,052	543,278	560,330
TOTAL LIABILITIES	30,000	9,394	147,512	48,857	29,088	-	16,255	17,052	554,324	852,482
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - tax roll	-	-	952,055	196,532	55,707	-	78,590	-	-	1,282,884
FUND BALANCES										
Restricted	616,546	1,607,250	-	314,674	-	-	194,516	(17,052)	741,420	3,457,354
Committed	-	-	463,546	-	1,580,734	4,053	-	-	-	2,048,333
TOTAL FUND BALANCES	616,546	1,607,250	463,546	314,674	1,580,734	4,053	194,516	(17,052)	741,420	5,505,687
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 646,546	\$ 1,616,644	\$ 1,563,113	\$ 560,063	\$ 1,665,529	\$ 4,053	\$ 289,361	\$ -	\$ 1,295,744	\$ 7,641,053

CITY OF ONALASKA, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	SPECIAL REVENUE FUNDS								TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	NONRESIDENT AND PARK	SPECIAL PROJECTS/ DONATIONS	REFUSE AND RECYCLING	SHARED RIDE TAXI	EQUIPMENT REPLACEMENT	POLICE RESERVES	MUNICIPAL COURT SYSTEM	TIF #5		CAPITAL PROJECTS
REVENUE										
Taxes	\$ -	\$ 77,816	\$ 937,218	\$ 186,010	\$ 82,326	\$ -	\$ 71,850	\$ -	\$ -	\$ 1,355,220
Intergovernmental	-	-	40,506	550,558	73,298	-	-	-	-	664,362
Licenses and permits	-	356	-	-	-	-	-	-	-	356
Fines, forfeits, and penalties	-	-	-	-	-	-	283,434	-	-	283,434
Public charges for services	141,136	3,162	63,770	-	-	-	-	-	-	208,068
Intergovernmental charges for services	-	-	-	63,963	-	1,235	47,966	-	-	113,164
Miscellaneous	3,603	219,107	23,206	-	35,537	7,941	488	-	19,792	309,674
TOTAL REVENUE	144,739	300,441	1,064,700	800,531	191,161	9,176	403,738	-	19,792	2,934,278
EXPENDITURES										
Current										
General government	-	-	-	-	1,151	-	368,806	18,052	-	388,009
Public safety	-	34,834	-	-	-	8,703	-	-	-	43,537
Public works	-	268	1,005,379	669,494	-	-	-	-	-	1,675,141
Culture, recreation, and education	-	156,252	-	-	-	-	-	-	-	156,252
Capital outlay	37,011	184,257	-	114,356	290,159	-	31,807	-	524,762	1,182,352
TOTAL EXPENDITURES	37,011	375,611	1,005,379	783,850	291,310	8,703	400,613	18,052	524,762	3,445,291
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	107,728	(75,170)	59,321	16,681	(100,149)	473	3,125	(18,052)	(504,970)	(511,013)
OTHER FINANCING (USES) SOURCES										
Transfers in	-	-	-	-	275,000	-	-	-	-	275,000
Transfers out	-	(70,674)	-	-	-	-	-	-	(25,239)	(95,913)
TOTAL OTHER FINANCING (USES) SOURCES	-	(70,674)	-	-	275,000	-	-	-	(25,239)	179,087
NET CHANGE IN FUND BALANCE	107,728	(145,844)	59,321	16,681	174,851	473	3,125	(18,052)	(530,209)	(331,926)
FUND BALANCE AT BEGINNING OF YEAR	508,818	1,753,094	404,225	297,993	1,405,883	3,580	191,391	1,000	1,271,629	5,837,613
FUND BALANCE AT END OF YEAR	\$ 616,546	\$ 1,607,250	\$ 463,546	\$ 314,674	\$ 1,580,734	\$ 4,053	\$ 194,516	\$ (17,052)	\$ 741,420	\$ 5,505,687

CITY OF ONALASKA, WISCONSIN
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>TOURISM</u>	<u>CEMETERY</u>	<u>OMNI CENTER</u>	<u>TOTAL NONMAJOR ENTERPRISE FUNDS</u>
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 671,011	\$ 11,326	\$ -	\$ 682,337
Restricted cash and investments	-	2,000	-	2,000
Accounts receivable				
Customer	-	-	34,485	34,485
Other	52,604	150	-	52,754
Interest receivable	-	2	-	2
Inventories	-	-	3,913	3,913
Prepaid expense	-	-	7,795	7,795
TOTAL CURRENT ASSETS	<u>723,615</u>	<u>13,478</u>	<u>46,193</u>	<u>783,286</u>
NONCURRENT ASSETS				
CAPITAL ASSETS				
Land	-	214,787	-	214,787
Buildings	2,388,247	17,037	-	2,405,284
Improvements other than buildings	-	404,846	-	404,846
Machinery and equipment	3,217	71,675	-	74,892
TOTAL CAPITAL ASSETS	<u>2,391,464</u>	<u>708,345</u>	<u>-</u>	<u>3,099,809</u>
Less accumulated depreciation	<u>358,727</u>	<u>151,611</u>	<u>-</u>	<u>510,338</u>
NET CAPITAL ASSETS	<u>2,032,737</u>	<u>556,734</u>	<u>-</u>	<u>2,589,471</u>
TOTAL ASSETS	<u>2,756,352</u>	<u>570,212</u>	<u>46,193</u>	<u>3,372,757</u>
DEFERRED OUTFLOWS OF RESOURCES				
Wisconsin Retirement System pension	42,530	34,061	132,784	209,375
Wisconsin Retirement System LRLIF	291	233	907	1,431
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>42,821</u>	<u>34,294</u>	<u>133,691</u>	<u>210,806</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,799,173</u>	<u>\$ 604,506</u>	<u>\$ 179,884</u>	<u>\$ 3,583,563</u>

(Continued on page 64)

CITY OF ONALASKA, WISCONSIN
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2019

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	<u>TOURISM</u>	<u>CEMETERY</u>	<u>OMNI CENTER</u>	<u>TOTAL NONMAJOR ENTERPRISE FUNDS</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 38,246	\$ 299	\$ 35,254	\$ 73,799
Accrued liabilities				
Payroll and fringe benefits	4,239	1,999	11,871	18,109
Interest	11,124	-	-	11,124
Other	-	-	20,193	20,193
Due to other funds	-	59,813	96,081	155,894
Current portion of long-term obligations	99,450	880	1,893	102,223
TOTAL CURRENT LIABILITIES	<u>153,059</u>	<u>62,991</u>	<u>165,292</u>	<u>381,342</u>
NONCURRENT LIABILITIES				
General obligation bonds	1,716,457	-	-	1,716,457
Premium on long-term debt	21,381	-	-	21,381
Compensated absences	12,620	7,915	17,032	37,567
Net pension liability (Wisconsin Retirement System)	10,023	8,027	31,293	49,343
Net OPEB liability (Wisconsin Retirement System LRLIF)	1,522	1,219	4,751	7,492
TOTAL NONCURRENT LIABILITIES	<u>1,762,003</u>	<u>17,161</u>	<u>53,076</u>	<u>1,832,240</u>
TOTAL LIABILITIES	<u>1,915,062</u>	<u>80,152</u>	<u>218,368</u>	<u>2,213,582</u>
DEFERRED INFLOWS OF RESOURCES				
Wisconsin Retirement System pension	29,041	23,259	90,670	142,970
Wisconsin Retirement System LRLIF	407	326	1,271	2,004
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>29,448</u>	<u>23,585</u>	<u>91,941</u>	<u>144,974</u>
NET POSITION				
Net investment in capital assets	196,851	556,734	-	753,585
Restricted	-	2,000	-	2,000
Unrestricted	657,812	(57,965)	(130,425)	469,422
TOTAL NET POSITION	<u>854,663</u>	<u>500,769</u>	<u>(130,425)</u>	<u>1,225,007</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 2,799,173</u>	<u>\$ 604,506</u>	<u>\$ 179,884</u>	<u>\$ 3,583,563</u>

CITY OF ONALASKA, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2019

	TOURISM	CEMETERY	OMNI CENTER	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUE				
Charges for service	\$ -	\$ 72,792	\$ 430,288	\$ 503,080
Miscellaneous	4,819	9,188	14,682	28,689
TOTAL OPERATING REVENUE	<u>4,819</u>	<u>81,980</u>	<u>444,970</u>	<u>531,769</u>
OPERATING EXPENSES				
Operations	66,072	46,688	395,507	508,267
Maintenance	-	5,076	-	5,076
General and administrative	296,549	21,253	263,146	580,948
Depreciation	119,111	25,536	-	144,647
Taxes	4,080	5,932	-	10,012
TOTAL OPERATING EXPENSES	<u>485,812</u>	<u>104,485</u>	<u>658,653</u>	<u>1,248,950</u>
OPERATING (LOSS)	<u>(480,993)</u>	<u>(22,505)</u>	<u>(213,683)</u>	<u>(717,181)</u>
NONOPERATING REVENUE (EXPENSE)				
Room tax	691,810	-	-	691,810
Interest income	5,935	274	27	6,236
Contributions	-	505	-	505
Miscellaneous revenue	167	-	22,049	22,216
Loss on refunding amortization	1,527	-	-	1,527
Interest expense	(44,423)	-	-	(44,423)
TOTAL NONOPERATING REVENUE	<u>655,016</u>	<u>779</u>	<u>22,076</u>	<u>677,871</u>
GAIN (LOSS) BEFORE TRANSFERS	174,023	(21,726)	(191,607)	(39,310)
TRANSFERS IN	-	-	178,668	178,668
TRANSFERS (OUT)	(115,494)	-	-	(115,494)
CHANGE IN NET POSITION	58,529	(21,726)	(12,939)	23,864
TOTAL NET POSITION - BEGINNING	<u>796,134</u>	<u>522,495</u>	<u>(117,486)</u>	<u>1,201,143</u>
TOTAL NET POSITION - ENDING	<u>\$ 854,663</u>	<u>\$ 500,769</u>	<u>\$ (130,425)</u>	<u>\$ 1,225,007</u>

CITY OF ONALASKA, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2019

	TOURISM	CEMETERY	OMNI CENTER	TOTAL NONMAJOR ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash from sales and services	\$ 13,412	\$ 81,830	\$ 445,826	\$ 541,068
Cash from quasi-external operating transactions with other funds	-	(4,907)	(7,421)	(12,328)
Cash paid to suppliers for goods and services	(314,932)	(32,148)	(427,334)	(774,414)
Cash paid to employees for services	(48,139)	(44,042)	(211,815)	(303,996)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(349,659)	733	(200,744)	(549,670)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	178,668	178,668
Transfers (to) other funds	(115,494)	-	-	(115,494)
Contributions	-	505	-	505
Room tax	681,839	-	-	681,839
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	566,345	505	178,668	745,518
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(24,240)	-	-	(24,240)
Debt principal payments	(99,045)	-	-	(99,045)
Interest paid	(44,943)	-	-	(44,943)
Nonoperating income	167	-	22,049	22,216
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED ACTIVITIES	(168,061)	-	22,049	(146,012)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	5,935	274	27	6,236
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	54,560	1,512	-	56,072
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	616,451	11,814	-	628,265
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 671,011	\$ 13,326	\$ -	\$ 684,337

(Continued on page 67)

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

CITY OF ONALASKA, WISCONSIN, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS - Continued
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2019

	TOURISM	CEMETERY	OMNI CENTER	TOTAL NONMAJOR ENTERPRISE FUNDS
RECONCILIATION OF OPERATING (LOSS) TO CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES				
Operating (loss)	\$ (480,993)	\$ (22,505)	\$ (213,683)	\$ (717,181)
Adjustments to reconcile operating (loss) to net cash (used in) provided by operating activities				
Depreciation	119,111	25,536	-	144,647
Changes in assets and liabilities				
Decrease (increase) in assets				
Accounts receivable	-	(150)	856	706
Due from other governments	8,593	-	-	8,593
(Decrease) increase in liabilities				
Accounts payable	(1,277)	113	4,477	3,313
Other accrued expenses	3,602	255	6,446	10,303
LRLIF net OPEB liability, asset, and deferred inflows/outflows	613	52	445	1,110
WRS net pension liability and deferred inflows/outflows	692	2,339	8,136	11,167
Due to other funds	-	(4,907)	(7,421)	(12,328)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (349,659)</u>	<u>\$ 733</u>	<u>\$ (200,744)</u>	<u>\$ (549,670)</u>

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

	TOURISM RESTRICTED CASH AND INVESTMENTS	CEMETERY RESTRICTED CASH AND INVESTMENTS	OMNI CENTER RESTRICTED CASH AND INVESTMENTS	TOTALS
Cash and Cash Equivalents	<u>\$ 671,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 671,011</u>
Cash and Cash Equivalents	<u>\$ 11,326</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 13,326</u>
Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Cash Equivalents	<u>\$ 682,337</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 684,337</u>

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

CITY OF ONALASKA, WISCONSIN
SCHEDULE OF INFORMATION REQUIRED
BY 2015 WATER AND SEWER REVENUE BONDS
DECEMBER 31, 2019

1. System connections at December 31, 2019:

	<u>WATER</u>	<u>SEWER</u>
Residential	6,107	6,005
Commercial	447	411
Public Authority	40	28
Industrial	7	7
Multifamily	104	102
Irrigation	135	10
	<u><u>6,840</u></u>	<u><u>6,563</u></u>

2. Volume of water used to compute the water and sewer charge for 2019 is as follows:

	<u>GALLONS (000's)</u>
Residential	358,035
Commercial	151,079
Public Authority	36,156
Industrial	5,342
Multifamily	59,942
Irrigation	36,302

3. Insurance policies in force at December 31, 2019:

<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 23-028	\$100,000 Each Accident \$500,000 Policy Limit \$100,000 Each Employee	Workers' Compensation	1-1-20
Cities and Villages Mutual Insurance Company Policy PEL110	\$5,000,000 Excess of \$17,500/\$70,000 Retained Limit	Excess Liability	1-1-20
Old Republic Union Ins. Policy PEM0000120-00	\$8,000,000 Excess of \$2,000,000	Second Layer Excess Liability	1-1-20
Evanston Insurance Company Policy CAP-13-028	\$10,000,000 per Occurrence \$1,000 deductible	Automobile Physical Damage	1-1-20
Hanover Insurance Company Policy BDF 1041122	\$2,000,000 Policy Limit/ \$20,000 deductible	Employee Theft and Dishonesty/Robbery/Fraud	1-1-20
	\$250,000 Policy Limit/ \$5,000 deductible	Money Orders and Counterfeit Paper Currency	
XL Insurance America Boiler Insurance Policy US00074147PR18A	\$100,000,000 \$2,500 deductible	Boiler Breakdown (Library, Omni Center, City Hall & Public Works Facility)	1-1-20

(Continued on page 69)

CITY OF ONALASKA, WISCONSIN
SCHEDULE OF INFORMATION REQUIRED
BY 2015 WATER AND SEWER REVENUE BONDS - Continued
DECEMBER 31, 2019

3. Insurance policies in force at December 31, 2019 - 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	\$78,814,802	Buildings, Personal Property, Inland Marine, and Property in the Open	1-1-20
	\$2,335,760	Contractor Equipment	1-1-20
	\$53,000	Monies and Securities	1-1-20
	\$600,000	Monies and Securities - Increased Coverage	1-1-20
	\$25,000	Special Limit Endorsement	1-1-20
Ironshore Spec. Insurance Company Policy 002590601	\$25,000 deductible \$1,000,000 each insured event	Employment Practice Liability	1-1-20
Berkley Life & Health Insurance Company Policy PAIL111020051801	\$3.70/Individual	Volunteer Liability	1-1-20

CITY OF ONALASKA, WISCONSIN
OTHER REPORT

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

To the Common Council
City of Onalaska, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Onalaska, Wisconsin ("the City") as of and for the year ended December 31, 2019, 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 4, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
May 4, 2020