

CITY OF TOMAH, WISCONSIN

**FINANICAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2018

CITY OF TOMAH, WISCONSIN

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Tomah, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tomah (the "City"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, each major fund, and the aggregate remaining fund information of the City of Tomah, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Wisconsin Retirement System Schedules, and Local Retiree Life Insurance Fund Schedules on pages 5 through 14 and pages 52 through 56 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 Tomah's basic financial statements. The combining and individual nonmajor fund financial statements 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 22, 2019, on our consideration of the City of Tomah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tomah's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
May 22, 2019

CITY OF TOMAH, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF TOMAH

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018

The management of the City of Tomah offers all persons interested in the financial position of the City of Tomah this narrative overview and analysis of the City's financial performance during the fiscal year ending December 31, 2018. You are invited to read this narrative in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The City had an increase to its net position of \$1,451,185 or 2.13% over the prior year. This increase brings total net position to \$69,502,646.
- The City's expenses for all funds in 2018 were \$16,261,443, which includes the governmental funds of \$11,507,353 and business type funds of \$4,754,090.
- The City paid off \$1,844,470 of debt during the current fiscal year. The amount paid off by the City was \$1,027,658. The Water and Sewer Utility paid off \$816,812 of its debt.
- A Development and Urban Renewal TID10 was created on May 8, 2018 in the south area of Tomah around the area that the new Tomah Memorial Hospital is being constructed. This district is approximately 168 acres and has a lot of potential growth opportunities. New infrastructure will be added to the area in 2019. TID 10 was also created to be a donor TID for TID 8.
- Land was annexed into the City and was included in the TID 10 area. The major projects that are occurring in TID 10 are the construction of the new hospital, Tomah Health and of a new Gundersen Clinic location.
- An Industrial Development TID 9 was created on January 9, 2018 in the City's Business Park. This was created to aid in the expansion of the existing TORO plant with a capital project budget of approximately \$36M. TID 9 will also become a donor TID to TID 8.
- TID 8 saw the 70% of the construction of a 3 story multi-use structure in the downtown area. The building will house a restaurant and banquet facility, apartments with underground parking and space for business office or small retail.
- The Sewer Utility had a successful year. They once again had a Compliance Maintenance Annual Report rated as an A grade. They continually maintain the highest standards on running the facility.
- The Water Utility Consumer Confidence report had no violations.
- Recreation Park had blacktop added for parking areas.
- A large parcel of land was purchased for the future development of recreation facilities such as a track and ball fields for the parks department
- Our Aquatic Center added a Splash Pad for young users. A new parking lot was also added for the facility. The entrance to the Aquatic Center is greatly improved and has great appeal to the public now.

CITY OF TOMAH

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018

- A public restroom facility and information area was under construction in TID 8 by Gillette Park. The area is part of our downtown beautification plan and features an old-time clock. The Structure will be opened in the spring of 2019.
- The Tomah Area Ambulance Service continued to have significant growth in 2018. In the summer of 2018 the service added additional full time paramedic staff to keep up with the service demand. The existing building was modified to add sleeping quarters for the added staff. Plans are being developed to create the best working station for the service. Land options are being reviewed at this time.
- The City of Tomah continues to see growth. New business have been added to our community as our growth numbers for the Department of Revenue indicate. We have inquiries for development on an ongoing basis.

OVERVIEW OF THE FINANCIAL STATEMENTS

- This annual report consists of five parts: Management's Discussion and Analysis (this section), Basic Financial Statements, Required Supplementary Information, Other Supplementary Information and Other Reports.
- The Basic Financial Statements include two kinds of statements that present different views of the City of Tomah. These are the two government-wide financial statements; the Statement of Net Position and the Statement of Activities. The statements provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are Fund Financial Statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. These statements include balance sheets and reconciliations of the balance sheet to the statement of net position. The statement of revenue, expenditures and changes in fund balances are also included in this section. Proprietary fund statements, water, sewer are included in this section as well. These statements give the reader a general idea of how well the City is doing in the short term as well as what remains for future spending.
- There is a Required Supplementary Information section that gives further analysis schedules to the City's position compared to the budgeted amounts. There are notes explaining the position of parts of the financials such as debt and fixed assets.
- Other Supplemental Information that is included in our financial statements is combined statements of our non-major funds. This gives the detail to the smaller funds the City has which are combined in our overall statements.
- Lastly our audit report includes an 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.

CITY OF TOMAH

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT.)

Government-Wide Statements

The government-wide statements report information about the City of Tomah as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net Assets – the difference between the City's assets and deferred outflows of resources less liabilities and deferred inflows of resources – is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads, for example.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

Fund Financial Statements

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 Tomah, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

CITY OF TOMAH

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT.)

The City of Tomah maintains 14 individual governmental funds (5 major and 9 non-major). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds which are the General Fund, Community Development Block Grant Special Revenue Fund, Debt Service, Capital Projects, and the Ambulance Special Revenue Fund. Data from the other 9 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds – The City maintains three (3) different proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements (mass transit, water and sewer).

The City operates a shared ride taxi program. The 5311 Program – Urban Mass Transit is funded through passenger fares, Federal, State and Local contributions. This program offers taxi service for its citizens with handicapped accessible taxi vans in the Tomah area.

The City operates a Water Utility and a Sewer Utility. The water utility is governed by the Public Service Commission of Wisconsin. The City governs the sewer utility in a similar fashion to the Public Service Commission of Wisconsin.

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 statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

FINANCIAL ANALYSIS OF THE CITY OF TOMAH AS A WHOLE

An analysis of the City's financial position begins with a review of the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets. These two statements report the City's net assets and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

A summary of the City's Statement of Net Assets is presented below in Table A-1.

CITY OF TOMAH

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018

FINANCIAL ANALYSIS OF THE CITY OF TOMAH AS A WHOLE (CONT.)

Table 1
Condensed Statements of Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Assets & Deferred Outflows						
Current and Other Assets	\$ 16.19	\$ 14.43	\$ 9.72	\$ 10.18	\$ 25.91	\$ 24.61
Capital Assets	36.44	36.58	35.76	34.78	72.20	71.36
Total Assets	<u>52.63</u>	<u>51.01</u>	<u>45.48</u>	<u>44.96</u>	<u>98.11</u>	<u>95.97</u>
Deferred Outflows of Resources	2.68	2.10	.32	.30	3.00	2.40
Total Assets & Deferred Outflow	<u>\$ 55.31</u>	<u>\$ 53.11</u>	<u>\$ 45.80</u>	<u>\$ 45.26</u>	<u>\$ 101.11</u>	<u>\$ 98.37</u>
Liabilities						
Long-term debt outstanding	\$ 13.44	\$ 13.01	\$ 7.60	\$ 7.88	\$ 21.04	\$ 20.89
Other liabilities	.99	2.03	.79	1.03	1.78	3.06
Total Liabilities	<u>14.43</u>	<u>15.04</u>	<u>8.39</u>	<u>8.91</u>	<u>22.82</u>	<u>23.95</u>
Deferred Inflows	8.42	6.19	.37	.18	8.79	6.37
Net Position						
Invested in capital assets	24.14	23.46	27.87	26.15	52.01	49.61
- Restricted	3.99	3.82	2.42	2.42	6.41	6.24
- Unrestricted	4.33	4.60	6.75	7.60	11.08	12.20
Total Net Position	<u>32.46</u>	<u>31.88</u>	<u>37.04</u>	<u>36.17</u>	<u>69.50</u>	<u>68.05</u>
Total Liabilities, Deferred Inflows & Net Position	<u>\$ 55.31</u>	<u>\$ 53.11</u>	<u>\$ 45.80</u>	<u>\$ 45.26</u>	<u>\$ 101.11</u>	<u>\$ 98.37</u>

CITY OF TOMAH

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018

FINANCIAL ANALYSIS OF THE CITY OF TOMAH AS A WHOLE (CONT.)

Table 2
Condensed Statement of Activities
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenue						
Program Revenue						
Charges for services	\$ 2.48	\$ 2.02	\$ 5.32	\$ 5.34	\$ 7.80	\$ 7.36
Operating grants and Contributions	.98	1.05	.23	.21	1.21	1.26
Capital grants and contributions	.04	.02	.29	.05	.33	.07
General Revenue						
Property taxes	5.20	5.21	.04	.03	5.24	5.24
Other taxes	.83	.78	-	-	.83	.78
Intergovernmental	2.08	1.81	-	-	2.08	1.81
Other	.31	.37	.11	.05	.42	.42
Total Revenue	<u>11.92</u>	<u>11.26</u>	<u>5.99</u>	<u>5.68</u>	<u>17.91</u>	<u>16.94</u>
Expenses						
General government	1.19	1.23	-	-	1.19	1.23
Public safety	4.94	4.91	-	-	4.94	4.91
Physical environment	5.03	5.72	4.75	4.10	9.78	9.82
Interest on long-term debt	.35	.39	-	-	.35	.39
Total Expenses	<u>11.51</u>	<u>12.25</u>	<u>4.75</u>	<u>4.10</u>	<u>16.26</u>	<u>16.35</u>
Income (Loss) Before Special Items and Transfers	.41	(.99)	1.24	1.58	1.65	.59
Transfers	.37	.37	(.37)	(.37)	-	-
Changes in Net Assets	<u>\$.78</u>	<u>\$ (.62)</u>	<u>\$.87</u>	<u>\$ 1.21</u>	<u>\$ 1.65</u>	<u>\$.59</u>

As previously noted, the Statement of Net Position shows the change in financial position of net assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Statement of Activities gives more details as to where the revenues and expenditures are allocated to and from.

CITY OF TOMAH

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year. The City's policy on fund balances is to designate them for future capital projects.

At December 31, 2018, the City's governmental funds reported combined fund balances of \$4,329,229.

General Fund

The City's general fund is the chief operating fund of the City. General Fund revenues were up slightly from 2017 increasing only \$299,890 from \$6,616,178 in 2017 to \$6,916,068 in 2018. Expenditures increased \$245,392 from 2017. 2017 was \$6,621,439 to 2018 \$6,866,831. Much of this balance is maintained to help with the cash flow cycles of the City.

Debt Service Fund

The City's debt service fund accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. The entire fund balance of \$301,002 is reserved for future debt service.

Community Development Block Grant

The City's Community Development Block Grant fund accounts for the accumulation of resources for payment of community development loans. \$581,133 is reserved for future loans. This fund balance was increased in 2018 due to loan activity in the program.

Proprietary Funds

The City's proprietary funds include the operations of the water utility, the sewer utility and the mass transit. They provided an increase to the City's net position \$867,421 from \$36,173,018 in 2017 to \$37,040,439 in 2018.

The water utility change in net position was \$302,495 bringing the 2018 balance to \$15,560,142. The City receives a PILOT from the water utility which was \$369,918 in 2018. The sewer utility change in net position was \$1,163,650. This increased the sewer net position to \$21,565,411 in 2018. There is an increase in the Mass Transit Fund of \$6,266.

CITY OF TOMAH

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018

CAPITAL ASSETS

In accordance with GASB-34, the City has recorded historical costs and depreciation expense associated with its capital assets, including infrastructure. The table below summarizes the assets for both governmental and business type activities. At the end of 2018 the City had invested a total of \$72.20 million in capital assets.

**Table 3
Capital Assets (in Millions)**

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 4.33	\$ 3.86	\$ 2.05	\$ 2.05	\$ 6.38	\$ 5.91
Buildings	11.48	11.42	-	-	11.48	11.42
Improvements other than buildings	8.71	8.11	-	-	8.71	8.11
Equipment and machinery	9.57	9.22	-	-	9.57	9.22
Plant in Service	<u>26.53</u>	<u>25.44</u>	<u>51.83</u>	<u>50.44</u>	<u>78.36</u>	<u>75.88</u>
Total Capital Assets	60.62	58.05	53.88	52.49	114.50	110.54
Less: Accumulated depreciation	(24.71)	(23.39)	(19.06)	(18.03)	(43.77)	(41.42)
Construction in progress	<u>.53</u>	<u>1.92</u>	<u>.94</u>	<u>.32</u>	<u>1.47</u>	<u>2.24</u>
Net Capital Assets	<u><u>\$ 36.44</u></u>	<u><u>\$ 36.58</u></u>	<u><u>\$ 35.76</u></u>	<u><u>\$ 34.78</u></u>	<u><u>\$ 72.20</u></u>	<u><u>\$ 71.36</u></u>

CITY OF TOMAH

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018

LONG-TERM DEBT

The long-term debt balance on December 31, 2018 for the City was \$20,163,092 consisting of long-term bonds and loans outstanding, compared to \$21,728,554 in 2017. \$7,863,431 of this was being paid by the water & sewer utility with the remaining \$12,299,661 being supported by governmental funds. The sewer utility has a capital lease.

Table 4
Outstanding Debt, at Year-End
(In Millions)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General obligation bonds (backed by the City)	\$ 12.30	\$ 13.13	\$ 5.64	\$ 6.05	\$ 17.94	\$ 19.18
Revenue bonds and notes (backed by specific tax and fee revenue)	-	-	2.22	2.55	2.22	2.55
Other long-term obligations	<u>1.15</u>	<u>1.20</u>	<u>.10</u>	<u>.13</u>	<u>1.25</u>	<u>1.33</u>
Totals	<u>\$ 13.45</u>	<u>\$ 14.33</u>	<u>\$ 7.96</u>	<u>\$ 8.73</u>	<u>\$ 21.41</u>	<u>\$ 23.06</u>

The City's general obligation bond rating by Moody's Investor Services, Inc., is "A1". Under Wisconsin State Statutes, the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the City's jurisdiction. The 2018 equalized value certified by the Wisconsin Department of Revenue is \$672,836,900. The Debt Limit for Tomah is \$33,641,845. The applicable debt of the City totaled \$17,938,858 or 53.32% of the maximum legal limit.

FINANCIAL OUTLOOK

The City of Tomah is experiencing steady and consistent growth. Our new TID district has had three projects started in it already and plans are in the works for more improvements. There are new homes and apartment complexes being constructed at this time. We have been approached by companies interested in expanding their businesses to the Tomah area. This expanded construction improves our tax base and improves our financial condition. The City is home to the Veterans Administration Hospital. We are situated where Interstates 90 and 94 split. This creates a lot of trucking businesses here as well as hotels and restaurants. Fort McCoy and Volk Field are also very close and have a large impact on our economy.

CITY OF TOMAH

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018

REQUESTS FOR INFORMATION

This report was designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to provide accountability for the financial resources it receives.

If you have questions about the information contained in this report, or need additional financial information concerning the City of Tomah, please contact the City Treasurer, 819 Superior Avenue, Tomah WI 54660. We can be reached by telephone at 608-374-7423 or by email at jmann@tomahonline.com.

CITY OF TOMAH, WISCONSIN

BASIC FINANCIAL STATEMENTS

CITY OF TOMAH, WISCONSIN
GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF TOMAH, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Cash and investments	\$ 6,013,049	\$ 7,084,962	\$ 13,098,011
Restricted cash and investments	-	3,220,372	3,220,372
Receivables			
Taxes	5,710,948	45,035	5,755,983
Accounts and other, net of allowance for doubtful accounts	659,936	469,577	1,129,513
Interest	11,478	19,404	30,882
Special assessments	30,305	-	30,305
Loans, net of allowance for doubtful accounts	1,212,049	-	1,212,049
Internal balances	1,278,613	(1,278,613)	-
Due from other governments	253,978	17,444	271,422
Inventories	-	28,209	28,209
Net pension asset (Wisconsin Retirement System)	886,818	106,155	992,973
Prepaid expenses	133,323	-	133,323
Other assets	-	3,026	3,026
Capital assets, not being depreciated	4,867,897	2,991,682	7,859,579
Capital assets, net of accumulated depreciation	31,576,969	32,772,547	64,349,516
TOTAL ASSETS	52,635,363	45,479,800	98,115,163
DEFERRED OUTFLOWS OF RESOURCES			
Local Retiree Life Insurance Fund OPEB	26,278	-	26,278
Wisconsin Retirement System pension	2,655,055	317,817	2,972,872
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,681,333	317,817	2,999,150
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 55,316,696	\$ 45,797,617	\$101,114,313
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Accounts payable	\$ 486,493	\$ 333,669	\$ 820,162
Accrued liabilities			
Payroll and fringe benefits	378,030	38,679	416,709
Interest	102,558	24,692	127,250
Other	18,742	-	18,742
Due to other governments	1,197	-	1,197
Current portion of long-term obligations	1,473,608	471,764	1,945,372
Unearned revenue - other	-	20,467	20,467
Payable from restricted assets			
Accrued interest	-	5,193	5,193
Current portion of long-term obligations	-	360,768	360,768
Long-term obligations	11,972,194	7,133,218	19,105,412
TOTAL LIABILITIES	14,432,822	8,388,450	22,821,272
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - tax roll	5,710,948	45,035	5,755,983
Local Retiree Life Insurance Fund OPEB	6,577	-	6,577
Wisconsin Retirement System pension	2,704,142	323,693	3,027,835
TOTAL DEFERRED INFLOWS OF RESOURCES	8,421,667	368,728	8,790,395
NET POSITION			
Net investment in capital assets	24,145,205	27,872,958	52,018,163
Restricted for:			
General	55,402	-	55,402
Special revenue	1,038,387	-	1,038,387
Debt service	295,118	-	295,118
Capital projects	1,712,048	2,310,859	4,022,907
Other	886,818	106,155	992,973
Unrestricted	4,329,229	6,750,467	11,079,696
TOTAL NET POSITION	32,462,207	37,040,439	69,502,646
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 55,316,696	\$ 45,797,617	\$101,114,313

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

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

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General government	\$ 1,189,326	\$ 44,838	\$ -	\$ -	\$ (1,144,488)		\$ (1,144,488)
Public safety	4,940,088	2,214,968	136,260	-	(2,588,860)		(2,588,860)
Public works	2,841,907	11,349	611,197	39,694	(2,179,667)		(2,179,667)
Health and human services	138,172	983	-	-	(137,189)		(137,189)
Culture, recreation, and education	1,643,775	211,154	181,478	-	(1,251,143)		(1,251,143)
Conservation and development	408,506	700	49,278	-	(358,528)		(358,528)
Interest and fiscal charges	345,579	-	-	-	(345,579)		(345,579)
TOTAL GOVERNMENTAL ACTIVITIES	<u>11,507,353</u>	<u>2,483,992</u>	<u>978,213</u>	<u>39,694</u>	<u>(8,005,454)</u>		<u>(8,005,454)</u>
BUSINESS-TYPE ACTIVITIES							
Water utility	2,367,637	2,117,030	-	266,533		\$ 15,926	15,926
Sewer utility	1,962,374	3,041,302	-	26,118		1,105,046	1,105,046
Mass transit	424,079	159,813	229,117	-		(35,149)	(35,149)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>4,754,090</u>	<u>5,318,145</u>	<u>229,117</u>	<u>292,651</u>		<u>1,085,823</u>	<u>1,085,823</u>
TOTAL PRIMARY GOVERNMENT	<u>\$16,261,443</u>	<u>\$ 7,802,137</u>	<u>\$ 1,207,330</u>	<u>\$ 332,345</u>	<u>\$ (8,005,454)</u>	<u>\$ 1,085,823</u>	<u>\$ (6,919,631)</u>
GENERAL REVENUE							
Property taxes, levied for general purposes					\$ 4,022,326	\$ 38,650	\$ 4,060,976
Property taxes, levied for debt service					1,131,659	-	1,131,659
Property taxes, levied for tax incremental district					41,824	-	41,824
Other taxes					826,039	-	826,039
Intergovernmental revenue not restricted to specific programs					2,082,462	-	2,082,462
Interest and investment income					56,879	110,101	166,980
Miscellaneous					257,827	2,765	260,592
TRANSFERS					<u>369,918</u>	<u>(369,918)</u>	<u>-</u>
TOTAL GENERAL REVENUE AND TRANSFERS					<u>8,788,934</u>	<u>(218,402)</u>	<u>8,570,532</u>
CHANGE IN NET POSITION					783,480	867,421	1,650,901
NET POSITION - BEGINNING OF YEAR					<u>31,878,443</u>	<u>36,173,018</u>	<u>68,051,461</u>
CHANGE IN ACCOUNTING PRINCIPLE					<u>(199,716)</u>	<u>-</u>	<u>(199,716)</u>
NET POSITION - END OF YEAR					<u>\$ 32,462,207</u>	<u>\$ 37,040,439</u>	<u>\$69,502,646</u>

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

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

CITY OF TOMAH, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

<u>ASSETS</u>	GENERAL FUND	CDBG SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	AMBULANCE SPECIAL REVENUE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and investments	\$ 624,802	\$ 586,731	\$ 294,512	\$ 1,916,086	\$ 870,483	\$ 1,720,435	\$ 6,013,049
Receivables							
Taxes	3,558,237	-	1,281,686	100,000	-	771,025	5,710,948
Accounts and other, net of allowance for doubtful accounts	59,095	-	-	-	554,768	57,551	671,414
Special assessments	23,594	-	6,711	-	-	-	30,305
Loans, net of allowance for doubtful accounts	-	1,212,049	-	-	-	-	1,212,049
Due from other funds	2,346,074	-	-	-	-	-	2,346,074
Prepaid expenses	413	-	-	-	-	132,910	133,323
Due from other governments	3,978	-	-	-	-	250,000	253,978
TOTAL ASSETS	\$ 6,616,193	\$ 1,798,780	\$ 1,582,909	\$ 2,016,086	\$ 1,425,251	\$ 2,931,921	\$ 16,371,140
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>							
LIABILITIES							
Accounts payable	\$ 157,939	\$ 4,401	\$ -	\$ 204,038	\$ 28,955	\$ 91,160	\$ 486,493
Accrued liabilities							
Payroll and fringe benefits	377,797	-	-	-	-	-	377,797
Other	17,655	-	-	-	659	661	18,975
Due to other funds	-	-	-	-	-	1,067,461	1,067,461
Due to other governments	-	1,197	-	-	-	-	1,197
Unearned revenue - other	29,798	1,212,049	-	-	-	150	1,241,997
TOTAL LIABILITIES	583,189	1,217,647	-	204,038	29,614	1,159,432	3,193,920
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue							
Tax roll	3,564,043	-	1,281,080	100,000	-	765,825	5,710,948
Special assessments	23,597	-	6,711	-	-	-	30,308
TOTAL DEFERRED INFLOWS OF RESOURCES	3,587,640	-	1,287,791	100,000	-	765,825	5,741,256
FUND BALANCES							
Nonspendable	413	-	-	-	-	132,910	133,323
Restricted	55,402	581,133	295,118	1,712,048	-	457,254	3,100,955
Assigned	153,694	-	-	-	-	1,251,746	1,405,440
Unassigned	2,235,855	-	-	-	1,395,637	(835,246)	2,796,246
TOTAL FUND BALANCES	2,445,364	581,133	295,118	1,712,048	1,395,637	1,006,664	7,435,964
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,616,193	\$ 1,798,780	\$ 1,582,909	\$ 2,016,086	\$ 1,425,251	\$ 2,931,921	\$ 16,371,140

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

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

Fund balances - total governmental funds		\$ 7,435,964
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.		36,444,866
Some revenues are deferred in the funds because they are not available to pay current period's expenditures:		
Special assessments to be collected after year end:	\$ 30,308	
Other deferred to be collected after year end:	<u>1,241,997</u>	1,272,305
Wisconsin Retirement System deferred outflows and inflows of resources are not current financial resources and are not reported in fund statements.		(49,087)
The Local Retiree Life Insurance Fund OPEB deferred outflows and inflows of resources are not current financial resources and are not reported in fund statements.		19,701
Wisconsin Retirement System net pension asset		886,818
Long-term liabilities are not due 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:		
Bonds and notes payable	\$ (12,299,661)	
Bond Premium	(53,991)	
Landfill liability	(495,000)	
Compensated absences	(354,171)	
Accrued interest payable	(102,558)	
LRLIF OPEB	<u>(242,979)</u>	<u>(13,548,360)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 32,462,207</u>

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

CITY OF TOMAH, WISCONSIN
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	GENERAL FUND	CDBG SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	AMBULANCE SPECIAL REVENUE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUE							
Taxes	\$ 3,560,860	\$ -	\$ 1,131,659	\$ 200,000	\$ -	\$ 1,129,329	\$ 6,021,848
Special assessments	38,003	-	7,605	-	-	-	45,608
Intergovernmental	2,465,179	-	-	-	6,092	396,981	2,868,252
Licenses and permits	189,470	-	-	-	-	-	189,470
Fines, forfeits, and penalties	183,913	-	-	-	-	-	183,913
Public charges for services	232,081	-	-	-	1,803,369	15,084	2,050,534
Intergovernmental charges for services	17,408	-	-	-	47,681	-	65,089
Miscellaneous	229,154	194,312	2,266	754,025	26,210	155,882	1,361,849
TOTAL REVENUE	6,916,068	194,312	1,141,530	954,025	1,883,352	1,697,276	12,786,563
EXPENDITURES							
Current							
General government	1,115,930	-	-	-	-	7	1,115,937
Public safety	2,893,975	-	-	-	1,592,348	14,123	4,500,446
Public works	1,922,535	-	-	-	-	-	1,922,535
Health and human services	-	-	-	-	-	137,330	137,330
Culture, recreation, and education	737,899	-	-	-	-	509,236	1,247,135
Conservation and development	4,226	177,907	-	-	-	337,235	519,368
Capital outlay	138,318	-	-	1,289,085	220,663	758,255	2,406,321
Debt service							
Principal	52,632	-	975,026	-	-	-	1,027,658
Interest	-	-	321,047	-	-	-	321,047
Other	1,316	-	694	-	-	-	2,010
TOTAL EXPENDITURES	6,866,831	177,907	1,296,767	1,289,085	1,813,011	1,756,186	13,199,787
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	49,237	16,405	(155,237)	(335,060)	70,341	(58,910)	(413,224)
OTHER FINANCING SOURCES (USES)							
Transfers in	369,918	-	160,000	115,000	-	-	644,918
Transfers (out)	(40,000)	-	-	-	-	(235,000)	(275,000)
Sale of capital assets	-	-	-	-	5,000	-	5,000
Issuance of long-term debt	-	-	-	200,000	-	-	200,000
Debt issuance costs	-	-	(10,647)	-	-	-	(10,647)
TOTAL OTHER FINANCING SOURCES (USES)	329,918	-	149,353	315,000	5,000	(235,000)	564,271
NET CHANGE IN FUND BALANCES	379,155	16,405	(5,884)	(20,060)	75,341	(293,910)	151,047
FUND BALANCES - BEGINNING OF YEAR	2,173,805	564,728	301,002	1,541,030	1,320,296	1,384,056	7,284,917
EQUITY TRANSFER	(107,596)	-	-	191,078	-	(83,482)	-
FUND BALANCES - END OF YEAR	\$ 2,445,364	\$ 581,133	\$ 295,118	\$ 1,712,048	\$ 1,395,637	\$ 1,006,664	\$ 7,435,964

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

CITY OF TOMAH, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

Net change in fund balances - total governmental funds		\$ 151,047
<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		
Capital outlay reported in governmental fund statements	\$ 2,406,321	
Depreciation expense reported in the statement of activities	<u>(1,690,469)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		715,852
The net effect of various miscellaneous transactions involving capital assets (i.e., noncapitalized outlay and contributions) is to decrease net position by:		(851,597)
Wisconsin Retirement System net pension liability (asset) and deferred outflows and inflows of resources changes:		(56,900)
In governmental funds, the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities, only the gain (or loss) on the disposal is reported. The difference between the two is the unadjusted basis of the assets disposed of.		
(Loss) on disposition:		(1,770)
Certain capital assets acquired during the year were financed with loans. The amount of the loan is reported in the governmental funds as a source of financing. In the statement of net position, however, loans are not reported as a financing source, but rather constitute a long-term liability. The amount of long-term debt issued in the governmental funds statement is:		(200,000)
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 increased by:		(6,476)
Certain revenue is deferred in the governmental funds because they are not available to pay current		(28,897)
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:		1,027,658
The amount of landfill liability payments in the current year:		70,000
Local Retiree Life Insurance Fund OPEB net pension liability and deferred outflows and inflows of resources changes.		(23,562)
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:		3,176
In governmental funds interest payments and other debt costs ("interest") 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 paid during the current period	\$ 321,047	
The amount of interest accrued during the current period	<u>(336,098)</u>	
Interest paid is less than interest accrued by:		<u>(15,051)</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 783,480</u>

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

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

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>WATER UTILITY</u>	<u>SEWER UTILITY</u>	<u>NONMAJOR FUND MASS TRANSIT</u>	<u>TOTAL ENTERPRISE FUNDS</u>
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 4,744,197	\$ 2,340,765	\$ -	\$ 7,084,962
Restricted cash and investments	258,432	2,961,940	-	3,220,372
Receivables				
Customer	178,356	219,963	44,749	443,068
Other	15,853	10,656	-	26,509
Taxes	-	-	45,035	45,035
Interest	10,793	8,611	-	19,404
Due from other funds	116,200	3,126	-	119,326
Due from other governments	9,378	8,066	-	17,444
Inventories	28,209	-	-	28,209
Net pension asset (Wisconsin Retirement System)	46,147	60,008	-	106,155
TOTAL CURRENT ASSETS	<u>5,407,565</u>	<u>5,613,135</u>	<u>89,784</u>	<u>11,110,484</u>
NONCURRENT ASSETS				
CAPITAL ASSETS				
Land	296,785	1,756,409	-	2,053,194
Construction in process	91,063	847,425	-	938,488
Buildings and improvements	2,153,730	6,438,000	-	8,591,730
Machinery and equipment	2,699,604	7,390,316	185,658	10,275,578
Infrastructure	19,102,485	13,863,258	-	32,965,743
TOTAL CAPITAL ASSETS	<u>24,343,667</u>	<u>30,295,408</u>	<u>185,658</u>	<u>54,824,733</u>
Less accumulated depreciation	<u>8,554,838</u>	<u>10,356,744</u>	<u>148,922</u>	<u>19,060,504</u>
NET CAPITAL ASSETS	<u>15,788,829</u>	<u>19,938,664</u>	<u>36,736</u>	<u>35,764,229</u>
OTHER ASSETS				
Special assessments receivable	<u>1,538</u>	<u>1,488</u>	<u>-</u>	<u>3,026</u>
TOTAL NONCURRENT ASSETS	<u>15,790,367</u>	<u>19,940,152</u>	<u>36,736</u>	<u>35,767,255</u>
TOTAL ASSETS	<u>21,197,932</u>	<u>25,553,287</u>	<u>126,520</u>	<u>46,877,739</u>
DEFERRED OUTFLOWS OF RESOURCES				
Wisconsin Retirement System pension	<u>138,159</u>	<u>179,658</u>	<u>-</u>	<u>317,817</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 21,336,091</u>	<u>\$ 25,732,945</u>	<u>\$ 126,520</u>	<u>\$ 47,195,556</u>

(Continued on page 22)

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

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

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	<u>WATER UTILITY</u>	<u>SEWER UTILITY</u>	<u>NONMAJOR FUND MASS TRANSIT</u>	<u>TOTAL ENTERPRISE FUNDS</u>
LIABILITIES				
CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS				
Accounts payable	\$ 66,918	\$ 243,650	\$ 23,101	\$ 333,669
Accrued liabilities				
Payroll and fringe benefits	18,007	20,672	-	38,679
Interest	10,205	14,487	-	24,692
Due to other funds	614,935	639,506	143,498	1,397,939
Unearned revenue - other	20,467	-	-	20,467
Current portion of long-term obligations	<u>246,556</u>	<u>225,208</u>	<u>-</u>	<u>471,764</u>
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	<u>977,088</u>	<u>1,143,523</u>	<u>166,599</u>	<u>2,287,210</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
Accrued revenue bond interest	4,641	552	-	5,193
Current portion of revenue bonds	<u>235,302</u>	<u>125,466</u>	<u>-</u>	<u>360,768</u>
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	<u>239,943</u>	<u>126,018</u>	<u>-</u>	<u>365,961</u>
NONCURRENT LIABILITIES				
Long-term obligations	<u>4,418,205</u>	<u>2,715,013</u>	<u>-</u>	<u>7,133,218</u>
TOTAL LIABILITIES	<u>5,635,236</u>	<u>3,984,554</u>	<u>166,599</u>	<u>9,786,389</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - tax roll	-	-	45,035	45,035
Wisconsin Retirement System pension	<u>140,713</u>	<u>182,980</u>	<u>-</u>	<u>323,693</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>140,713</u>	<u>182,980</u>	<u>45,035</u>	<u>368,728</u>
NET POSITION				
Net investment in capital assets	10,926,053	16,910,169	36,736	27,872,958
Restricted for:				
Equipment replacement	18,489	2,292,370	-	2,310,859
WRS pension	46,147	60,008	-	106,155
Unrestricted	<u>4,569,453</u>	<u>2,302,864</u>	<u>(121,850)</u>	<u>6,750,467</u>
TOTAL NET POSITION	<u>15,560,142</u>	<u>21,565,411</u>	<u>(85,114)</u>	<u>37,040,439</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 21,336,091</u>	<u>\$ 25,732,945</u>	<u>\$ 126,520</u>	<u>\$ 47,195,556</u>

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

CITY OF TOMAH, WISCONSIN
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	WATER UTILITY	SEWER UTILITY	NONMAJOR FUND MASS TRANSIT	TOTAL ENTERPRISE FUNDS
OPERATING REVENUE				
Metered sales	\$ 1,422,898	\$ 2,874,365	\$ 159,813	\$ 4,457,076
Private fire protection	43,927	-	-	43,927
Public fire protection	429,532	-	-	429,532
Sales to public authorities	154,386	-	-	154,386
Forfeited discounts	12,409	15,743	-	28,152
Intergovernmental grants	-	-	229,117	229,117
Miscellaneous	53,878	151,194	38,650	243,722
TOTAL OPERATING REVENUE	<u>2,117,030</u>	<u>3,041,302</u>	<u>427,580</u>	<u>5,585,912</u>
OPERATING EXPENSES				
Plant and maintenance expenses:				
Salaries and wages	254,151	328,064	-	582,215
Fuel or power purchased	72,473	160,404	-	232,877
Chemicals	57,753	105,381	-	163,134
Supplies and expenses	75,685	60,424	395,969	532,078
Repairs and maintenance	925,231	94,928	-	1,020,159
Transportation	10,967	27,716	145	38,828
TOTAL PLANT AND MAINTENANCE EXPENSES	<u>1,396,260</u>	<u>776,917</u>	<u>396,114</u>	<u>2,569,291</u>
General expenses:				
Administrative and general salaries	86,756	82,504	2,283	171,543
Office supplies and expense	18,920	14,559	-	33,479
Outside services employed	22,647	17,846	-	40,493
Insurance	34,389	35,737	-	70,126
Employee benefits	98,703	136,526	1,004	236,233
Other general expenses	20,143	74,322	-	94,465
TOTAL GENERAL EXPENSES	<u>281,558</u>	<u>361,494</u>	<u>3,287</u>	<u>646,339</u>
Depreciation	568,684	690,089	24,678	1,283,451
Taxes	14,278	45,189	-	59,467
TOTAL OPERATING EXPENSES	<u>2,260,780</u>	<u>1,873,689</u>	<u>424,079</u>	<u>4,558,548</u>
OPERATING (LOSS) INCOME	<u>(143,750)</u>	<u>1,167,613</u>	<u>3,501</u>	<u>1,027,364</u>
NONOPERATING REVENUE (EXPENSES)				
Interest income	51,950	58,151	-	110,101
Miscellaneous revenue	-	4	-	4
Gain on sale of capital assets	-	-	2,765	2,765
Interest expense	(107,310)	(88,232)	-	(195,542)
TOTAL NONOPERATING (EXPENSES) REVENUE	<u>(55,360)</u>	<u>(30,077)</u>	<u>2,765</u>	<u>(82,672)</u>
(LOSS) INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(199,110)</u>	<u>1,137,536</u>	<u>6,266</u>	<u>944,692</u>
TRANSFERS (OUT)	<u>(369,918)</u>	<u>-</u>	<u>-</u>	<u>(369,918)</u>
CAPITAL CONTRIBUTIONS	<u>266,533</u>	<u>26,114</u>	<u>-</u>	<u>292,647</u>
CHANGE IN NET POSITION	<u>(302,495)</u>	<u>1,163,650</u>	<u>6,266</u>	<u>867,421</u>
NET POSITION - BEGINNING OF YEAR	<u>15,862,637</u>	<u>20,401,761</u>	<u>(91,380)</u>	<u>36,173,018</u>
NET POSITION - END OF YEAR	<u>\$15,560,142</u>	<u>\$21,565,411</u>	<u>\$ (85,114)</u>	<u>\$ 37,040,439</u>

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

CITY OF TOMAH, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	WATER UTILITY	SEWER UTILITY	NONMAJOR FUND MASS TRANSIT	TOTAL ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash from sales and services	\$ 1,740,789	\$ 3,032,522	\$ 219,774	\$ 4,993,085
Cash from public fire protection	429,532	-	-	429,532
Cash from operating grants	-	-	229,117	229,117
Cash from quasi-external operating transactions with other funds	777,739	327,719	-	1,105,458
Cash paid suppliers for goods and services	(1,218,665)	(451,878)	(373,013)	(2,043,556)
Cash paid to employees for services	(415,006)	(531,955)	(3,287)	(950,248)
Cash paid for quasi-external operating transactions with other funds	-	-	(75,356)	(75,356)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,314,389</u>	<u>2,376,408</u>	<u>(2,765)</u>	<u>3,688,032</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(369,918)	-	-	(369,918)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(702,111)	(1,561,441)	-	(2,263,552)
Capital contributions	266,533	26,114	-	292,647
Debt principal payment	(446,319)	(370,495)	-	(816,814)
Proceeds from disposal of capital assets	-	4	2,765	2,769
Proceeds from debt	79,008	-	-	79,008
Interest paid	(108,237)	(89,196)	-	(197,433)
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(911,126)</u>	<u>(1,995,014)</u>	<u>2,765</u>	<u>(2,903,375)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	219,437	148,715	-	368,152
Interest received	47,211	53,903	-	101,114
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>266,648</u>	<u>202,618</u>	<u>-</u>	<u>469,266</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	299,993	584,012	-	884,005
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,188,995</u>	<u>2,368,733</u>	<u>-</u>	<u>4,557,728</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,488,988</u>	<u>\$ 2,952,745</u>	<u>\$ -</u>	<u>\$ 5,441,733</u>
<u>RECONCILIATION OF OPERATING (LOSS) INCOME TO CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>				
Operating (loss) income	\$ (143,750)	\$ 1,167,613	\$ 3,501	\$ 1,027,364
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities				
Depreciation	568,684	690,089	24,678	1,283,451
Depreciation charged to sewer	54,256	(54,256)	-	-
Changes in assets and liabilities				
(Increase) decrease in assets				
Accounts receivable	(3,859)	43,731	14,926	54,798
Due from other funds	537,853	4,406	-	542,259
Due from other governments	2,894	1,745	-	4,639
Inventories	(1,207)	-	-	(1,207)
Net pension liability and deferred outflow and inflow (WRS)	16,476	9,888	-	26,364
Increase (decrease) in liabilities				
Accounts payable	35,028	184,628	23,101	242,757
Other accrued expenses	8,128	5,251	-	13,379
Unearned revenue	-	-	6,385	6,385
Due to other funds	239,886	323,313	(75,356)	487,843
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 1,314,389</u>	<u>\$ 2,376,408</u>	<u>\$ (2,765)</u>	<u>\$ 3,688,032</u>

(Continued on page 25)

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

CITY OF TOMAH, WISCONSIN
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

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

		WATER UTILITY		
		CASH AND CASH EQUIVALENTS	INVESTMENTS	TOTAL
Cash and investments		\$ 2,230,556	\$ 2,513,641	\$ 4,744,197
Restricted cash and investments		258,432	-	258,432
	TOTAL CASH AND INVESTMENTS	<u>\$ 2,488,988</u>	<u>\$ 2,513,641</u>	<u>\$ 5,002,629</u>
		SEWER UTILITY		
		CASH AND CASH EQUIVALENTS	INVESTMENTS	TOTAL
Cash and investments		\$ 2,340,765	\$ -	\$ 2,340,765
Restricted cash and investments		611,980	2,349,960	2,961,940
	TOTAL CASH AND INVESTMENTS	<u>\$ 2,952,745</u>	<u>\$ 2,349,960</u>	<u>\$ 5,302,705</u>
		TOTALS		
		CASH AND CASH EQUIVALENTS	INVESTMENTS	TOTAL
Cash and investments		\$ 4,571,321	\$ 2,513,641	\$ 7,084,962
Restricted cash and investments		870,412	2,349,960	3,220,372
	TOTAL CASH AND INVESTMENTS	<u>\$ 5,441,733</u>	<u>\$ 4,863,601</u>	<u>\$10,305,334</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Water Utility

During 2018, \$45,205 of capital assets were contributed by developers.

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

CITY OF TOMAH, WISCONSIN
STATEMENT OF FIDICIARY NET POSITION
AGENCY FUND
DECEMBER 31, 2018

<u>ASSETS</u>	<u>AGENCY FUND</u> <u>PROPERTY TAX</u>
Cash and investments	\$ 5,277,428
Taxes receivable	<u>4,332,035</u>
TOTAL ASSETS	<u>\$ 9,609,463</u>
<u>LIABILITIES</u>	
Due to other governments	<u>\$ 9,609,463</u>

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

CITY OF TOMAH, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TOMAH, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - Summary of Significant Accounting Policies

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

Reporting Entity - The City operates under a mayor - council form of government and provides the following services as authorized by its charter: public works and utilities, parks and recreation, city plan, police and fire, ambulance, and general.

The City's basic financial statements include the Lake District, as a component unit, as defined in GASB 14 and as amended by GASB 39 and GASB 61.

The criterion for including a legally separate organization as a component unit is the degree of financial accountability and fiscal dependency the City has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the City's financial accountability for a legally separate organization: the City is financially accountable if it appoints a voting majority of the City'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 City's financial statements from being misleading.

Blended Component Unit - The City of Tomah's Lake District serves all the citizens of the government and is governed by a board comprised of the government's elected council. The Lake District has taxing authority and is responsible for the general obligation debt it issued. The Lake District is reported as a special revenue fund. The Lake District does not issue separate financial statements.

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 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 revenues reported for the various functions concerned.

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

Basis of Presentation - Continued

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 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 the financial statement users may be reported as major fund.

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.

CDBG - Special Revenue Fund - Accounts for the City's housing and economic development loan programs.

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

Capital Projects Fund - Accounts for financial resources to be used for major capital projects.

Ambulance - Special Revenue Fund - Accounts for the City's Ambulance programs.

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

Basis of Presentation - Continued

The City reports the following major enterprise funds:

Water Utility - 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 Utility - 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.

In addition, the City reports the following fund type:

Agency - Accounts for taxes and deposits collected by the City, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

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

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

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 revenues 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.

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

Measurement Focus and Basis of Accounting - Continued

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 they are both measurable and available. Revenue is considered to be available when it is 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 60 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 revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

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

Accounts Receivable - Accounts receivable are recorded at gross amounts less an allowance for doubtful accounts of \$464,392. No provision for uncollectible accounts receivable has been made in the accompanying enterprise fund financial statements because the water and sewer utility has the right by law to place delinquent bills on the tax roll.

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

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 revenue and expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

Inventory - Inventory is priced at cost based on weighted average. 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:

Equipment Replacement Account - The Sewer Utility has established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Special Redemption and Reserve Accounts - The Water and the Sewer Utilities in compliance with their mortgage revenue bonds have established and maintain special redemption and reserve accounts. The Special Redemption accounts are used to segregate resources accumulated for debt service payments over the next twelve months. The Reserve accounts are used to report resources set aside to make up potential future deficiencies in the redemption account.

Capital Assets - In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset for governmental activities is as follows:

Buildings and Improvements	40 years
Land Improvements	30 years
Machinery & Equipment	3 - 10 years
Infrastructure	35 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

The range of estimated useful lives by type of asset for business-type activities is as follows:

Buildings and Improvements	30 - 50 years
Equipment and Infrastructure	4 - 100 years

Compensated Absences - Under terms of employment, employees are granted sick leave and vacations in varying amounts. Employees earn 12 sick days per year. They are allowed to be paid 30 percent of their accumulated sick leave credits upon retirement or death, not to exceed 30 percent of a maximum of 120 days. Only benefits considered to be vested are reflected in these statements. Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick pay liabilities are computed on the basis of current salary rates and include salary related payments.

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

Pensions - For purposes of measuring the net pension liability, 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.

Claims and Judgments - They 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 TOMAH, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2018

NOTE 1 - Summary of Significant Accounting Policies - Continued

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 period and will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualify for reporting in this category. The Wisconsin Retirement System pension results from changes in pension plan and the local retiree 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 local retiree life insurance refund. A deferred inflow from unavailable revenue arises under a modified accrual basis of accounting. The unavailable revenue is from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow in the period the amount becomes available. The Wisconsin Retirement System pension and Local Retiree Life Insurance Fund result from changes in pension trust.

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:

- a. Nonspendable fund balance consists of equity not in a spendable form or is legally or contractually required to be maintained intact.
- b. Restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation.
- c. 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.
- d. 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 City treasurer to assign fund balances through its financial management policy.
- e. 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 are available.

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

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

NOTE 2 - Cash and Investments

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

As of December 31, 2018, the City had the following investments:

<u>INVESTMENT</u>	<u>WEIGHTED AVERAGE MATURITIES</u>	<u>FAIR VALUE</u>
Certificate of Deposits	Less than two years	\$ 1,226,090
Fixed Income Securities	Less than one year	4,231,696
State of Wisconsin Investment Pool	Less than one year	<u>2,005,392</u>
TOTAL		<u>\$ 7,463,178</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) Certificate of Deposit fair value is determined based on published market quotations (level 2 inputs).
- 2) Fixed Income Securities fair value is determined based on published market quotations (level 2 inputs).
- 3) State of Wisconsin Local Government Investment Pool fair value is determined by the Pool's investment board based on published market quotations (level 2 inputs).

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statues and its investment board. The fair value of the City's position in the Pool is the same as the value of the Pool shares. At December 31, 2018, the Pool's fair value was 100 percent of book value.

The City uses Morgan Stanley Smith Barney and Multi-Bank Securities, Inc. to manage a portion of its investments. Morgan Stanley and Multi-Bank Securities, Inc. are members of the Securities Investor Protector Corporation (SIPC), created by the Securities Investor Protection Act of 1970, an independent government-sponsored corporation (not an agency of the U.S. government). Membership provides SIPC protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. The Smith Barney investments also have additional coverage through Lloyd's of London.

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

NOTE 2 - Cash and Investments - Continued

Income Allocation - Interest income is allocated to the fund which owns the checking account, certificate of deposit, money market account, savings account 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 has a formal investment policy that would further limit investment maturities as a means of further managing its 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's investment policy further limits its investment choices to the following types:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association authorized to transact business in the state maturing in three years or less;
- U.S. Treasury securities issued or guaranteed by the federal government;
- U.S. Government Agency or Instrumentality securities which mature within not more than seven years, if the security has a rating which is the highest or second highest rating category assigned by a nationally recognized agency;
- Repurchase agreements that are fully collateralized by bonds or securities of the federal government;
- The Local Government Investment Pool.

The State of Wisconsin Investment Pool and Wisconsin Investment Trust are not rated.

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that all funds be fully collateralized, and no more than 25 percent of the annual budget can be invested in government securities. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the City's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of December 31, 2018, \$4,741,466 of the City's bank balance of \$13,143,445 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank	\$ 4,334,003
Uninsured and uncollateralized	407,463
	<u>\$ 4,741,466</u>

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 four installments on January 31, March 31, May 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 July 31, at which time all uncollected real estate taxes are turned over to the county who pays in full and then assumes the collection thereof. Delinquent personal property taxes are collected by the City. Collection of the taxes and remittance of them to the appropriate entities are accounted for in the Tax Agency Fund. City property tax revenue is recognized in the year they are levied for and available for use. The 2018 tax roll has been set up as a receivable and is 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.

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

NOTE 4 - Capital Assets

Capital asset balances and activity for the year ended December 31, 2018 are as follows:

	<u>BALANCES</u> 1/1/18	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>TRANSFERS/ ADJUSTMENTS</u>	<u>BALANCES</u> 12/31/18
<u>GOVERNMENTAL ACTIVITIES</u>					
<i>Capital assets not being depreciated:</i>					
Land	\$ 3,865,130	\$ 471,411	\$ -	\$ -	\$ 4,336,541
Construction in progress	<u>1,917,673</u>	<u>585,328</u>	<u>-</u>	<u>(1,971,645)</u>	<u>531,356</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>5,782,803</u>	<u>1,056,739</u>	<u>-</u>	<u>(1,971,645)</u>	<u>4,867,897</u>
<i>Capital assets being depreciated</i>					
Land improvements	8,112,773	317,335	-	276,638	8,706,746
Buildings and improvements	11,419,149	62,947	-	-	11,482,096
Machinery and equipment	9,224,789	724,267	(374,182)	-	9,574,874
Infrastructure	<u>25,436,941</u>	<u>136,830</u>	<u>-</u>	<u>951,613</u>	<u>26,525,384</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>54,193,652</u>	<u>1,241,379</u>	<u>(374,182)</u>	<u>1,228,251</u>	<u>56,289,100</u>
Less accumulated depreciation for:					
Land improvements	(3,295,156)	(244,266)	-	-	(3,539,422)
Buildings and improvements	(4,067,332)	(193,373)	-	-	(4,260,705)
Machinery and equipment	(5,916,162)	(542,455)	372,412	-	(6,086,205)
Infrastructure	<u>(10,115,424)</u>	<u>(710,375)</u>	<u>-</u>	<u>-</u>	<u>(10,825,799)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(23,394,074)</u>	<u>(1,690,469)</u>	<u>372,412</u>	<u>-</u>	<u>(24,712,131)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>30,799,578</u>	<u>(449,090)</u>	<u>(1,770)</u>	<u>1,228,251</u>	<u>31,576,969</u>
GOVERNMENTAL ACTIVITIES - CAPITAL ASSETS, NET	<u>\$ 36,582,381</u>	<u>\$ 607,649</u>	<u>\$ (1,770)</u>	<u>\$ (743,394)</u>	<u>\$ 36,444,866</u>

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

General government	\$ 40,786
Public safety	332,833
Public works	963,120
Culture, recreation, and education	336,972
Conservation and development	<u>16,758</u>
TOTAL	<u>\$ 1,690,469</u>

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

NOTE 4 - Capital Assets - Continued

	<u>BALANCES</u> 1/1/18	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>TRANSFERS</u>	<u>BALANCE</u> 12/31/18
<u>BUSINESS-TYPE ACTIVITIES</u>					
<i>Capital assets not being depreciated:</i>					
Land	\$ 2,053,194	\$ -	\$ -	\$ -	\$ 2,053,194
Construction in progress	<u>324,941</u>	<u>900,623</u>	<u>(23,128)</u>	<u>(263,948)</u>	<u>938,488</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>2,378,135</u>	<u>900,623</u>	<u>(23,128)</u>	<u>(263,948)</u>	<u>2,991,682</u>
<i>Capital assets being depreciated:</i>					
Buildings and improvements	8,591,730	-	-	-	8,591,730
Machinery and equipment	31,709,553	1,158,344	(166,102)	263,948	32,965,743
Infrastructure	<u>10,139,847</u>	<u>212,988</u>	<u>(77,257)</u>	<u>-</u>	<u>10,275,578</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	50,441,130	1,371,332	(243,359)	263,948	51,833,061
Less accumulated depreciation	<u>(18,035,137)</u>	<u>(1,283,451)</u>	<u>258,084</u>	<u>-</u>	<u>(19,060,504)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>32,405,993</u>	<u>87,881</u>	<u>14,725</u>	<u>263,948</u>	<u>32,772,547</u>
BUSINESS-TYPE ACTIVITIES - CAPITAL ASSETS, NET	<u>\$ 34,784,128</u>	<u>\$ 988,504</u>	<u>\$ (8,403)</u>	<u>\$ -</u>	<u>\$ 35,764,229</u>

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

Water Utility	\$ 622,940
Sewer Utility	635,833
Mass Transit	<u>24,678</u>
TOTAL	<u>\$ 1,283,451</u>

NOTE 5 - Long-Term Obligations

Details of the City's long-term obligations are set forth below.

Summary of Long-Term Obligations

	<u>BALANCES</u> 1/1/18	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>BALANCES</u> 12/31/18	<u>DUE WITHIN</u> <u>ONE YEAR</u>
<u>GOVERNMENTAL ACTIVITIES:</u>					
Bonds payable	\$ 10,285,097	\$ -	\$ (649,294)	\$ 9,635,803	\$ 731,553
Notes payable	2,842,222	200,000	(378,364)	2,663,858	439,683
Debt premiums	57,167	-	(3,176)	53,991	-
Compensated absences	347,695	6,476	-	354,171	232,372
Landfill liability	565,000	-	(70,000)	495,000	70,000
WRS pension liability	234,876	-	(234,876)	-	-
Net OPEB liability	-	242,979	-	242,979	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 14,332,057</u>	<u>\$ 449,455</u>	<u>\$ (1,335,710)</u>	<u>\$13,445,802</u>	<u>\$ 1,473,608</u>

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

NOTE 5 - Long-Term Obligations - Continued

	<u>BALANCES</u> 1/1/18	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>BALANCES</u> 12/31/18	<u>DUE WITHIN</u> <u>ONE YEAR</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Bonds payable	\$ 6,049,903	\$ -	\$ (410,706)	\$ 5,639,197	\$ 428,447
Revenue bonds payable	2,551,332	79,008	(406,106)	2,224,234	360,768
Bond premium	30,253	-	(2,413)	27,840	-
Compensated absences	68,108	80,788	(74,417)	74,479	43,317
WRS pension liability	33,249	-	(33,249)	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 8,732,845</u>	<u>\$ 159,796</u>	<u>\$ (926,891)</u>	<u>\$ 7,965,750</u>	<u>\$ 832,532</u>

Governmental Fund Debt

All Governmental Fund debt is secured by the full faith and credit and unlimited taxing powers of the City. The Government Fund debt is expected to be repaid with general property taxes and special assessments. Government Fund debt at December 31, 2018, is comprised of the following individual issues:

<u>ISSUE DESCRIPTION</u>	<u>RATES (%)</u>	<u>MATURITY</u>	<u>BALANCE</u> 12/31/18
<u>General Obligation Debt</u>			
2003 Note Issue	0.00%	2022	\$ 210,526
2013 Note Issue	2.05%	2023	725,000
2014 Bond Issue	0.40 - 3.70%	2030	4,295,602
2015 Bond Issue	.05 - 1.50%	2020	655,200
2017 Bond Issue	2.0 - 3.0%	2036	4,685,000
			<u>10,571,328</u>
<u>State Trust Fund Loans</u>			
2013 Issue A	2.75%	2023	92,283
2013 Issue B	3.25%	2023	200,985
2013 Issue C	2.75%	2023	132,654
2013 Refinance	2.75%	2023	350,972
2016 Issue	2.50%	2021	151,439
2017 Issue	3.50%	2021	600,000
2018 Issue	4.00%	2021	200,000
			<u>1,728,333</u>
TOTAL GOVERNMENTAL FUND DEBT			<u>\$12,299,661</u>

Enterprise Debt

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

<u>ISSUE DESCRIPTION</u>	<u>RATES (%)</u>	<u>DATES OF</u> <u>MATURITY</u>	<u>BALANCE</u> 12/31/18
<u>Water Department</u>			
2003 Revenue Bond	1.650%	2023	\$ 272,336
2004 Revenue Bond	1.419%	2024	377,458
2006 Revenue Bond	1.485%	2026	716,308
2014 Bond Issue	0.400 - 3.700%	2030	2,191,284
2015 Bond Issue	.050 - 1.500%	2020	70,200
2016 Revenue Bond	0.99%	2036	653,658
2017 Bond Issue	2.80%	2028	490,000
2018 Revenue Bond	1.12%	2038	79,008
			<u>4,850,252</u>

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

NOTE 5 - Long-Term Obligations - Continued

<u>ISSUE DESCRIPTION</u>	<u>RATES (%)</u>	<u>DATES OF MATURITY</u>	<u>BALANCE 12/31/18</u>
<u>Sewer Department</u>			
1999 Revenue Bond	2.640%	2019	\$ 125,466
2014 Bond Issue	0.400 - 3.700%	2030	1,838,113
2015 Bond Issue	.050	2020	54,600
2017 Bond Issue	2.80%	2028	995,000
			<u>3,013,179</u>
TOTAL ENTERPRISE DEBT			<u>\$ 7,863,431</u>

Maturities of Long-Term Obligations

Maturities of the long-term obligations at December 31, 2018, are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>GOVERNMENTAL FUND DEBT</u>		<u>ENTERPRISE FUND DEBT</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2019	\$ 1,171,236	\$ 352,859	\$ 789,214	\$ 186,446
2020	1,331,254	319,079	698,571	172,935
2021	1,075,899	280,849	647,003	160,054
2022	970,321	252,637	667,566	146,631
2023	962,554	227,789	688,018	132,018
2024-2028	3,550,033	804,019	2,964,857	429,255
2029-2033	2,248,364	287,705	1,194,619	79,760
2034-2038	990,000	42,607	213,583	3,421
TOTAL	<u>\$ 12,299,661</u>	<u>\$ 2,567,544</u>	<u>\$ 7,863,431</u>	<u>\$ 1,310,520</u>

The General Fund, Water Utility, and Sewer Utility are used to liquidate vacation and sick pay. Interest cost incurred during the year totaled \$336,098 for governmental-type activities and \$197,955 for business-type activities. Total interest paid during the year aggregated \$321,047 for governmental activities and \$199,846 for business-type activities. Zero interest was capitalized in governmental-type and business-type capital assets.

Bond Compliance Requirements - Various revenue bonds ordinances require segregation of the proceeds of the bonds issues and creation and continual funding of redemption and replacement funds. The City is in compliance with these ordinances.

General Obligation Debt Limit Calculation

The 2018 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$672,836,900. The legal debt limit and margin of indebtedness as of December 31, 2018, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5% of \$672,836,900)	\$ 33,641,845
Applicable long-term debt	(17,938,858)
Amount available in debt service fund	<u>295,118</u>
MARGIN OF INDEBTEDNESS	<u>\$ 15,998,105</u>

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

NOTE 6 - Landfill Liability

The City has been involved in an Environmental Protection Agency (EPA) Superfund investigation of abandoned landfills. The amount recorded as a landfill liability in the government-wide financial statements is the City's best estimate of the liability for the EPA approved plan for future monitoring and remediation.

NOTE 7 - Conduit Debt

To provide financial assistance to private-sector entities for acquisition and construction of industrial and commercial facilities deemed to be in public interest, the City will from time to time issue a series of Industrial Revenue Bonds. These bonds are special limited obligations of the City, payable solely from payments received on the underlying mortgage loans. The bonds do not constitute a debt or pledge of the faith and credit of the City, the County, or the State, and accordingly have not been reported in the accompanying financial statements.

At December 31, 2018, Industrial Revenue Bonds outstanding aggregated \$1,740,522.

NOTE 8 - 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.

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.

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

NOTE 8 - Wisconsin Retirement System - Continued

The WRS also provides death and disability benefits for employees.

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

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

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

During the reporting period, the WRS recognized \$347,844 in contributions from the employer.

Contribution rates as of December 31, 2018 are:

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

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

NOTE 8 - Wisconsin Retirement System - Continued

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

At December 31, 2018, the City reported an asset of \$992,973 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the City's proportion was 0.03334434%, which was a decrease of 0.00081427% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense of \$434,059.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,261,597	\$ (590,133)
Changes in assumptions	196,192	-
Net differences between projected and actual earnings on pension plan investments	1,062,769	(2,427,519)
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,598	(10,183)
Employer contributions subsequent to the measurement date	441,716	-
Total	\$ 2,972,872	\$ (3,027,835)

\$441,716 reported a deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflow of Resources	Deferred Inflows of Resources
2018	\$ 1,014,210	\$ (903,440)
2019	895,982	(903,440)
2020	320,296	(663,257)
2021	298,283	(557,684)
2022	2,385	(14)

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

NOTE 8 - Wisconsin Retirement System - Continued

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

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

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

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

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

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global Equities	50	8.2	5.3
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4

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

NOTE 8 - Wisconsin Retirement System - Continued

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0
New England Pension Consultants Long-Term US CPI (Inflation) Forecast : 2.75% Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations			

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage- point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
City of Tomah's proportionate share of the net pension liability (asset)	\$2,569,161	(\$992,973)	(3,700,305)

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

Payables to the Pension Plan

At December 31, 2018, the City reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

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

NOTE 9 - Local Retiree Life Insurance Fund - OPEB

General Information about the Other Post-Employment Benefits

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

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

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

Contributions

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

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

Contribution rates as of December 31, 2018 are:

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

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are as listed below:

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

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

NOTE 9 - Local Retiree Life Insurance Fund - OPEB - Continued

During the reporting period, the LRLIF recognized \$1,533 in contributions from the employer.

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

At December 31, 2018, the City reported a liability (asset) of (\$242,979) for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the City's proportion was 0.08076200%, which was a decrease of 0.001498% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized OPEB expense of \$25,228.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (3,424)
Net differences between projected and actual earnings on OPEB investments	2,798	-
Changes in assumptions	23,480	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(3,153)
Employer contributions subsequent to the measurement date	-	-
Total	\$ 26,278	\$ (6,577)

\$-0- reported as deferred outflows related to OPEB resulting from the City's Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 4,295	\$ 1,007
2019	4,295	1,007
2020	4,295	1,007
2021	4,295	1,007
2022	3,595	1,007
2023	3,595	1,007
2024	1,908	535

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

NOTE 9 - Local Retiree Life Insurance Fund - OPEB - Continued

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

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

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

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

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

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

NOTE 9 - Local Retiree Life Insurance Fund - OPEB - Continued

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

Sensitivity of the 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 3.63 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase To Discount Rate (4.63%)
City of Tomah's proportionate share of the net pension liability (asset)	\$343,422	\$242,979	\$165,900

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>.

NOTE 10 - Interfund Receivables, Payables, Advances, and Transfers

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

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Due from/to Other Funds:		
General	Sewer	\$ 523,306
General	Water	611,809
Water	Sewer	116,200
Sewer	Water	3,126
General	Mass Transit	143,498
General	TIF #8	1,032,312
General	TIF #9	21,071
General	TIF #10	14,078
		<u>\$ 2,465,400</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.

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

NOTE 10 - Interfund Receivables, Payables, Advances, and Transfers - Continued

Individual fund transfers during 2018, are as follows:

<u>RECEIVING FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Transfer In	Transfer Out	
General	Water	\$ 369,918
Capital Projects	Tourism	75,000
Capital Projects	General	40,000
Debt Service	Tourism	160,000
		<u>\$ 644,918</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 revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 11 - Net Position and Fund Balances

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

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Nonspendable</u>		
General	Prepaid expense	\$ 413
Special Revenue	Tourism - prepaid expenses	142,710
		<u>\$ 143,123</u>
<u>Restricted</u>		
General	Impact fees	\$ 55,402
Special Revenue	CDBG	581,133
Capital Projects	Future capital projects	1,712,048
Debt Service	Debt Service	295,118
Special Revenue	Library	339,951
Special Revenue	Grants and donations	117,303
		<u>\$ 3,100,955</u>
<u>Assigned</u>		
General	Parks Department Tower rental	\$ 13,803
General	Microsoft Exchange Online Product	5,900
General	Firefighter Funds	133,991
Special Revenue	Ambulance	1,395,637
Special Revenue	Lake District	136,364
Special Revenue	Industrial development	789,653
Special Revenue	Tourism	259,052
Special Revenue	Senior and disabled services	66,677
		<u>\$ 2,801,077</u>

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

NOTE 11 - Net Position and Fund Balances - Continued

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Net Position Restrictions - Other</u>		
Water Utility	WRS pension	\$ 46,147
Water Utility	Debt Service	18,489
Sewer Utility	Debt Service	543,552
Sewer Utility	Equipment replacement	2,292,370
Sewer Utility	WRS pension	60,008
General	WRS pension	886,818
		<u>\$ 3,847,384</u>

The following funds have deficits at December 31, 2018:

Deficit

Enterprise	Mass Transit	<u>\$ 85,114</u>
TIF #8	Awaiting future TIF revenue	<u>\$ 800,097</u>
TIF #9	Awaiting future TIF revenue	<u>\$ 21,071</u>
TIF #10	Awaiting future TIF revenue	<u>\$ 14,078</u>

NOTE 12 - 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, 2018:

SOURCES OF FUNDS	<u>TIF #8</u>	<u>TIF #9</u>	<u>TIF #10</u>
Tax increment	\$ 91,818	\$ -	\$ -
Grant	250,000	-	-
Interest	732	-	-
Miscellaneous	21,944	-	-
Bond premium	60,343	-	-
Proceeds from debt	2,360,915	-	-
Rent income	2,900	-	-
Transfer from Industrial Development	189,600	-	-
TOTAL SOURCES	<u>2,978,252</u>	<u>-</u>	<u>-</u>

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

NOTE 12 - Tax Incremental Finance District - Continued

	<u>TIF #8</u>	<u>TIF #9</u>	<u>TIF #10</u>
USES OF FUNDS			
Administrative costs	\$ 755,149	\$ 13,800	\$ 14,078
Capital expenditures	2,297,293	7,271	-
Transfer to capital projects	675,000	-	-
Bond issuance cost	50,907	-	-
TOTAL USES	<u>3,778,349</u>	<u>21,071</u>	<u>14,078</u>
FUND BALANCE AS OF DECEMBER 31, 2018	<u>\$ (800,097)</u>	<u>\$ (21,071)</u>	<u>\$ (14,078)</u>
FUTURE REQUIREMENTS			
Accounts payable	<u>\$ 17,785</u>	<u>\$ 27,071</u>	<u>\$ 14,078</u>

NOTE 13 - 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 had no material outstanding claims liability at December 31, 2018. Estimates for claims liabilities are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

NOTE 14 - Change in Accounting Principle

The change in accounting principle adjustment of \$199,716 on the statement of activities is due to the adoption of GASB Statement No. 75 Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions.

CITY OF TOMAH, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUE				
Taxes	\$ 3,530,697	\$ 3,530,697	\$ 3,560,860	\$ 30,163
Special assessments	3,623	3,623	38,003	34,380
Intergovernmental	2,516,161	2,516,161	2,465,179	(50,982)
Licenses and permits	95,000	95,000	189,470	94,470
Fines, forfeits, and penalties	155,000	155,000	183,913	28,913
Public charges for services	244,970	244,970	232,081	(12,889)
Intergovernmental charges for services	75,990	75,990	17,408	(58,582)
Miscellaneous	155,552	155,552	229,154	73,602
TOTAL REVENUE	<u>6,776,993</u>	<u>6,776,993</u>	<u>6,916,068</u>	<u>139,075</u>
EXPENDITURES				
Current				
General government	1,319,244	1,304,514	1,115,930	188,584
Public safety	2,854,828	2,884,558	2,893,975	(9,417)
Public works	2,008,166	2,008,166	1,922,535	85,631
Culture, recreation, and education	738,433	744,830	737,899	6,931
Conservation and development	28,128	28,128	4,226	23,902
Debt Service				
Principal	52,632	52,632	52,632	-
Other	1,316	1,316	1,316	-
Capital outlay	180,950	180,950	138,318	42,632
TOTAL EXPENDITURES	<u>7,183,697</u>	<u>7,205,094</u>	<u>6,866,831</u>	<u>338,263</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	<u>(406,704)</u>	<u>(428,101)</u>	<u>49,237</u>	<u>477,338</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	370,000	370,000	369,918	(82)
Transfers (out)	(40,000)	(40,000)	(40,000)	-
TOTAL OTHER FINANCING SOURCES	<u>330,000</u>	<u>330,000</u>	<u>329,918</u>	<u>82</u>
NET CHANGE IN FUND BALANCE	(76,704)	(98,101)	379,155	477,256
FUND BALANCE - BEGINNING OF YEAR	2,173,805	2,173,805	2,173,805	-
EQUITY TRANSFERS	-	-	(107,596)	(107,596)
FUND BALANCE - END OF YEAR	<u>\$ 2,097,101</u>	<u>\$ 2,075,704</u>	<u>\$ 2,445,364</u>	<u>\$ 369,660</u>

CITY OF TOMAH, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
CDBG SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2018

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUE				
Miscellaneous	\$ 143,500	\$ 143,500	\$ 194,312	\$ 50,812
EXPENDITURES				
Current				
Conservation and development	<u>320,283</u>	<u>320,283</u>	<u>177,907</u>	<u>142,376</u>
NET CHANGE IN FUND BALANCE	(176,783)	(176,783)	16,405	193,188
FUND BALANCE - BEGINNING OF YEAR	<u>632,699</u>	<u>632,699</u>	<u>632,699</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 455,916</u></u>	<u><u>\$ 455,916</u></u>	<u><u>\$ 649,104</u></u>	<u><u>\$ 193,188</u></u>

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

Budgets are adopted each fiscal year for the general fund 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. On or before October 1 of each year, each officer, department or board files, with the City Administrator, an itemized statement of estimated expenses for the ensuing fiscal year.
2. The budget committee, in consultation with the City Administrator, then determines the proposed operating budget for the fiscal year. The operating budget includes the proposed expenditures and the means of financing them. The proposed budget must be presented to the City Council on or before October 28 of each year.
3. The City Council holds a public hearing to obtain taxpayer comments. This includes all required public notifications and publications prior to the public hearing. Following the public hearing, the resolution is amended, as needed, and subsequently approved in the same course as other resolutions.
4. The City Council may authorize the transfer of budget amounts within departmental operating expenses; however, any other revisions that alter the total expenditures of any fund or department must be approved by a two-thirds Council action.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Debt Service, Library, Ambulance, Tourism, Superfund, Lake District, Senior and Disabled Services, and Grants and Donations. 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. The City controls expenditures at the department level within the fund.
8. Budgeted amounts are as authorized in the original budget resolution and subsequent revisions authorized by the City Council.
9. There were no supplemental appropriations to increase the General Fund total budget during the year.
10. Appropriations lapse at year end, except those specifically carried forward by Council action.
11. Encumbrance accounting is not used.

Excess of Actual Expenditures Over Budget in Individual Funds

The following functions in the General Fund and CDBG Special Revenue Fund had an excess of actual expenditure over budget of more than \$500 for the year ended December 31, 2018:

General Fund	
Public safety	\$ 9,417

The over expenditures were financed by under expenditures in other functions and greater than anticipated revenue.

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

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

	2015	2016	2017	2018
City's proportion of the net pension liability (asset)	0.03237662%	0.03211731%	0.03253007%	0.03334434%
City's proportionate share of the net pension liability (asset)	\$ (795,257)	\$ 521,900	\$ 268,125	\$ (992,973)
City's covered employee payroll	\$ 3,889,332	\$ 4,104,815	\$ 4,244,277	\$ 4,346,144
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-20.45%	12.71%	6.32%	-22.85%
Plan fiduciary net position as a percentage of the total pension liability	102.74%	98.20%	99.12%	102.93%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	\$ 311,297	\$ 314,687	\$ 317,356	\$ 347,844
Contributions in relation to the contractually required contribution	(311,297)	(314,687)	(317,356)	(347,844)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 3,889,332	\$ 4,104,815	\$ 4,244,277	\$ 4,346,144
Contributions as a percentage of covered employee payroll	8.00%	7.67%	7.48%	8.00%

The City implemented the Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 6 preceding years.

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

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

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

CITY OF TOMAH, WISCONSIN
LOCAL RETIREE LIFE INSURANCE FUND
YEAR ENDED DECEMBER 31, 2018

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

	2018
City's proportion of the net OPEB liability (asset)	0.08076200%
City's proportionate share of the net OPEB liability (asset)	\$ 242,979
City's covered employee payroll	\$ 3,396,273
Plan fiduciary net position as a percentage of the total pension liability	44.81%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	2018
Contractually required contribution	\$ 1,533
Contributions in relation to the contractually required contribution	(1,533)
Contribution deficiency (excess)	\$ -
City's covered employee payroll	\$ 3,396,273
Contributions as a percentage of covered employee payroll	0.05%

The City implemented the Government Accounting Standards Board Statement No. 75 for the year ended December 31, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 9 preceding years.

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

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

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

CITY OF TOMAH, WISCONSIN

OTHER SUPPLEMENTARY INFORMATION

**CITY OF TOMAH, WISCONSIN
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS			TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	LIBRARY	LAKE DISTRICT	INDUSTRIAL DEVELOPMENT	TOURISM	SENIOR AND DISABLED SERVICES	GRANTS AND DONATIONS	TIF #8	TIF #9		TIF #10
ASSETS										
Cash and investments	\$ 355,978	\$ 137,196	\$ 784,453	\$ 254,720	\$ 69,305	\$ 118,783	\$ -	\$ -	\$ -	\$ 1,720,435
Receivables										
Taxes	294,046	245,050	5,200	-	64,335	-	162,394	-	-	771,025
Accounts and other, net of allowance for doubtful accounts	5,386	-	-	52,165	-	-	-	-	-	57,551
Prepaid expenses	-	-	-	132,910	-	-	-	-	-	132,910
TOTAL ASSETS	<u>\$ 655,410</u>	<u>\$ 382,246</u>	<u>\$ 789,653</u>	<u>\$ 439,795</u>	<u>\$ 133,640</u>	<u>\$ 118,783</u>	<u>\$ 412,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,931,921</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ 21,413	\$ 832	\$ -	\$ 47,833	\$ 1,817	\$ 1,480	\$ 17,785	\$ -	\$ -	\$ 91,160
Accrued liabilities										
Other	-	-	-	-	661	-	-	-	-	661
Due to other funds	-	-	-	-	-	-	1,032,312	21,071	14,078	1,067,461
TOTAL LIABILITIES	<u>21,413</u>	<u>832</u>	<u>-</u>	<u>47,833</u>	<u>2,478</u>	<u>1,480</u>	<u>1,050,097</u>	<u>21,071</u>	<u>14,078</u>	<u>1,159,282</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - tax roll	294,046	245,050	-	-	64,335	-	162,394	-	-	765,825
Other	-	-	-	-	150	-	-	-	-	150
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>294,046</u>	<u>245,050</u>	<u>-</u>	<u>-</u>	<u>64,485</u>	<u>-</u>	<u>162,394</u>	<u>-</u>	<u>-</u>	<u>765,975</u>
FUND BALANCES										
Nonspendable	-	-	-	132,910	-	-	-	-	-	132,910
Restricted	339,951	-	-	-	-	117,303	-	-	-	457,254
Assigned	-	136,364	789,653	259,052	66,677	-	-	-	-	1,251,746
Unassigned	-	-	-	-	-	-	(800,097)	(21,071)	(14,078)	(835,246)
TOTAL FUND BALANCES	<u>339,951</u>	<u>136,364</u>	<u>789,653</u>	<u>391,962</u>	<u>66,677</u>	<u>117,303</u>	<u>(800,097)</u>	<u>(21,071)</u>	<u>(14,078)</u>	<u>1,006,664</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 655,410</u>	<u>\$ 382,246</u>	<u>\$ 789,653</u>	<u>\$ 439,795</u>	<u>\$ 133,640</u>	<u>\$ 118,783</u>	<u>\$ 412,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,931,921</u>

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

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS			TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	LIBRARY	SUPERFUND	LAKE DISTRICT	INDUSTRIAL DEVELOPMENT	TOURISM	SENIOR AND DISABLED SERVICES	GRANTS AND DONATIONS	TIF #8	TIF #9		TIF #10
REVENUE											
Taxes	\$ 293,250	\$ -	\$ 39,194	\$ 5,200	\$ 669,912	\$ 79,949	\$ -	\$ 41,824	\$ -	\$ -	\$ 1,129,329
Intergovernmental	135,708	-	221	-	-	-	-	261,052	-	-	396,981
Public charges for services	14,251	-	-	-	-	833	-	-	-	-	15,084
Miscellaneous	49,960	-	2,540	-	1,416	54,099	47,167	700	-	-	155,882
TOTAL REVENUE	493,169	-	41,955	5,200	671,328	134,881	47,167	303,576	-	-	1,697,276
EXPENDITURES											
Current											
General government	-	-	7	-	-	-	-	-	-	-	7
Public safety	-	-	-	-	-	-	14,123	-	-	-	14,123
Health and human services	-	-	-	-	-	137,330	-	-	-	-	137,330
Culture, recreation, and education	509,236	-	-	-	-	-	-	-	-	-	509,236
Conservation and development	-	-	25,826	2,812	267,532	-	-	18,194	8,793	14,078	337,235
Capital outlay	15,246	-	-	471,411	-	6,945	6,109	251,273	7,271	-	758,255
TOTAL EXPENDITURES	524,482	-	25,833	474,223	267,532	144,275	20,232	269,467	16,064	14,078	1,756,186
EXCESS OF REVENUE (UNDER) OVER EXPENDITURES	(31,313)	-	16,122	(469,023)	403,796	(9,394)	26,935	34,109	(16,064)	(14,078)	(58,910)
OTHER FINANCING SOURCES (USES)											
Transfers (out)	-	-	-	-	(235,000)	-	-	-	-	-	(235,000)
NET CHANGE IN FUND BALANCES	(31,313)	-	16,122	(469,023)	168,796	(9,394)	26,935	34,109	(16,064)	(14,078)	(293,910)
FUND BALANCES - BEGINNING OF YEAR	371,264	83,482	120,242	1,258,676	223,166	76,071	90,368	(834,206)	(5,007)	-	1,384,056
EQUITY TRANSFER	-	(83,482)	-	-	-	-	-	-	-	-	(83,482)
FUND BALANCES - END OF YEAR	\$ 339,951	\$ -	\$ 136,364	\$ 789,653	\$ 391,962	\$ 66,677	\$ 117,303	\$ (800,097)	\$ (21,071)	\$ (14,078)	\$ 1,006,664

CITY OF TOMAH, 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 City Council
City of Tomah, 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, each major fund, and the aggregate remaining fund information of City of Tomah (the "City") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 22, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free 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 result 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 22, 2019