

**CITY OF TOMAH, WISCONSIN**

**FINANICAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2017**

# CITY OF TOMAH, WISCONSIN

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**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, 2017, 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, 2017, 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, and Wisconsin Retirement System Schedules on pages 5 through 14 and pages 48 through 51 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 June 5, 2018, 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  
June 5, 2018

**CITY OF TOMAH, WISCONSIN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# CITY OF TOMAH

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017

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, 2017. You are invited to read this narrative in conjunction with the City's financial statements.

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### FINANCIAL HIGHLIGHTS

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- The City had an increase to its net position of \$5,854,480 or 0.86% over the prior year. This increase brings total net position to \$68,051,461.
- The City's expenses for all funds in 2017 were \$16,353,428, which includes the governmental funds of \$12,242,239 and business type funds of \$4,111,189.
- The City paid off \$2,539,207 of debt during the current fiscal year. The amount paid off by the City was \$1,174,817. The Water and Sewer Utility paid off \$1,364,390 of its debt.
- In TID 8 infrastructure was added to bring in a new development to the City. The business built and opened its doors in October 2017.
- TID 8 also saw the start of a second development in the downtown area. The razing of a building and the land preparation was done in 2017 for a large building project that will start in 2018.
- 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.
- The Parks department added a major skate park upgrade to Firemens Park.
- Recreation Park had black top added to increase the parking areas and an electrical upgrade to the pit area of the park.
- The City replaced a fire pumper truck for the fire department with a new Pierce Pumper Truck. It also replaced its self-contained breathing apparatus for the department.
- The Tomah Area Ambulance Service continued to have significant growth in 2017. In May the service added full time round the clock paramedics to the staff. There are plans to increase this staffing level in 2018. There are also future plans to build a new building for the service to help house the growing staff needs.
- Tomah Public Library is in the process of raising funds to add a fountain to beautify the front lawn of the historical building.
- The Convention and Visitors Bureau completed the remodeling of the old ranger station in Tomah and is now being used to house our new visitor center for the City. This project was funded through room tax dollars that are collected from our hotel room sales.

# CITY OF TOMAH

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017

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### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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- This annual report consists of three parts: Management's Discussion and Analysis (this section), Basic Financial Statements and the Required Supplementary Information.
- 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, 2017

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### OVERVIEW OF THE FINANCIAL STATEMENTS (CONT.)

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#### **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, 2017

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### **OVERVIEW OF THE FINANCIAL STATEMENTS (CONT.)**

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The City of Tomah maintains 14 individual governmental funds (4 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, 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.

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### **FINANCIAL ANALYSIS OF THE CITY OF TOMAH AS A WHOLE**

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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, 2017

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

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**Table 1**  
**Condensed Statements of Net Position**  
**(In Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2017	2016	2017	2016	2017
<b>Assets &amp; Deferred Outflows</b>						
Current and Other Assets	\$ 13.55	\$ 14.43	\$ 8.62	\$ 10.18	\$ 22.17	\$ 24.61
Capital Assets	33.87	36.58	34.92	34.78	68.79	71.36
<b>Total Assets</b>	<u>47.42</u>	<u>51.01</u>	<u>43.54</u>	<u>44.96</u>	<u>90.96</u>	<u>95.97</u>
Deferred Outflows of Resources	2.64	2.10	.36	.30	3.00	2.40
<b>Total Assets &amp; Deferred Outflow</b>	<u><b>\$ 50.06</b></u>	<u><b>\$ 53.11</b></u>	<u><b>\$ 43.90</b></u>	<u><b>\$ 45.26</b></u>	<u><b>\$ 93.96</b></u>	<u><b>\$ 98.37</b></u>
<b>Liabilities</b>						
Long-term debt outstanding	\$ 8.90	\$ 13.01	\$ 7.05	\$ 7.88	\$ 15.95	\$ 20.89
Other liabilities	2.47	2.03	1.72	1.03	4.19	3.06
<b>Total Liabilities</b>	<u>11.37</u>	<u>15.04</u>	<u>8.77</u>	<u>8.91</u>	<u>20.14</u>	<u>23.95</u>
Deferred Inflows	6.19	6.19	.16	.18	6.35	6.37
<b>Net Position</b>						
Invested in capital assets	24.82	23.46	26.48	26.15	51.30	49.61
- Restricted	3.61	3.82	2.10	2.42	5.71	6.24
- Unrestricted	4.07	4.60	6.39	7.60	10.46	12.20
<b>Total Net Position</b>	<u>32.50</u>	<u>31.88</u>	<u>34.97</u>	<u>36.17</u>	<u>67.47</u>	<u>68.05</u>
<b>Total Liabilities, Deferred Inflows &amp; Net Position</b>	<u><b>\$ 50.06</b></u>	<u><b>\$ 53.11</b></u>	<u><b>\$ 43.90</b></u>	<u><b>\$ 45.26</b></u>	<u><b>\$ 93.96</b></u>	<u><b>\$ 98.37</b></u>

# CITY OF TOMAH

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017

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

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**Table 2**  
**Condensed Statement of Activities**  
**(In Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2017	2016	2017	2016	2017
<b>Revenue</b>						
<b>Program Revenue</b>						
Charges for services	\$ 2.52	\$ 2.02	\$ 5.12	\$ 5.34	\$ 7.64	\$ 7.36
Operating grants and Contributions	1.37	1.05	.21	.21	1.58	1.26
Capital grants and contributions	.01	.02	.38	.05	.39	.07
<b>General Revenue</b>						
Property taxes	4.97	5.21	.04	.03	5.01	5.24
Other taxes	.76	.78	-	-	.76	.78
Intergovernmental	1.82	1.81	-	-	1.82	1.81
Other	.24	.37	.05	.05	.29	.42
Total Revenue	<u>11.69</u>	<u>11.26</u>	<u>5.80</u>	<u>5.68</u>	<u>17.49</u>	<u>16.94</u>
<b>Expenses</b>						
General government	1.16	1.23	-	-	1.16	1.23
Public safety	4.44	4.91	-	-	4.44	4.91
Physical environment	5.46	5.72	3.73	4.10	9.19	9.82
Interest on long-term debt	.22	.39	-	-	.22	.39
Total Expenses	<u>11.28</u>	<u>12.25</u>	<u>3.73</u>	<u>4.10</u>	<u>15.01</u>	<u>16.35</u>
Income (Loss) Before Special Items and Transfers	.41	(.99)	2.07	1.58	2.48	.59
Transfers	.38	.37	(.38)	(.37)	-	-
<b>Changes in Net Assets</b>	<u>\$ .79</u>	<u>\$ (.62)</u>	<u>\$ 1.69</u>	<u>\$ 1.21</u>	<u>\$ 2.48</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, 2017

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### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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#### *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, 2017, the City's governmental funds reported combined fund balances of \$4,285,382.

#### *General Fund*

The City's general fund is the chief operating fund of the City. General Fund revenues were up slightly from 2016 increasing only \$137,491 from \$6,478,687 in 2016 to \$6,616,178 in 2017. Expenditures increased \$120,044 from 2016. 2016 was \$6,501,395 to 2017 \$6,621,439. 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. \$564,728 is reserved for future loans. This fund balance was reduced in 2017 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 \$1,206,239 from \$34,966,779 in 2016 to \$36,173,018 in 2017.

The water utility change in net position was \$158,408 bringing the 2017 balance to \$15,862,657. The City receives a PILOT from the water utility which was \$371,970 in 2017. The sewer utility change in net position was \$1,080,836. This increased the sewer net position to \$20,401,761 in 2017. There is a deficit in the Mass Transit Fund of \$9,380.

# CITY OF TOMAH

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017

### 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 2017 the City had invested a total of \$68.79 million in capital assets.

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

	Governmental Activities		Business-type Activities		Totals	
	2016	2017	2016	2017	2016	2017
Land	\$ 3.86	\$ 3.86	\$ 2.05	\$ 2.05	\$ 5.91	\$ 5.91
Buildings	10.59	11.42	-	-	10.59	11.42
Improvements other than buildings	7.95	8.11	-	-	7.95	8.11
Equipment and machinery	7.98	9.22	-	-	7.98	9.22
Plant in Service	<u>24.52</u>	<u>25.44</u>	<u>48.45</u>	<u>50.44</u>	<u>72.97</u>	<u>75.88</u>
Total Capital Assets	54.90	58.05	50.50	52.49	105.40	110.54
Less: Accumulated depreciation	(21.93)	(23.39)	(16.84)	(18.03)	(38.77)	(41.42)
Construction in progress	<u>.90</u>	<u>1.92</u>	<u>1.26</u>	<u>.32</u>	<u>2.16</u>	<u>2.24</u>
<b>Net Capital Assets</b>	<b><u><u>\$ 33.87</u></u></b>	<b><u><u>\$ 36.58</u></u></b>	<b><u><u>\$ 34.92</u></u></b>	<b><u><u>\$ 34.78</u></u></b>	<b><u><u>\$ 68.79</u></u></b>	<b><u><u>\$ 71.36</u></u></b>

# CITY OF TOMAH

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017

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### LONG-TERM DEBT

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The long-term debt balance on December 31, 2017 for the City was \$21,728,554 consisting of long-term bonds and loans outstanding, compared to \$17,430,171 in 2016. \$8,601,235 of this was being paid by the water & sewer utility with the remaining \$13,127,319 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	
	2016	2017	2016	2017	2016	2017
General obligation bonds (backed by the City)	\$ 9.06	\$ 13.13	\$ 4.71	\$ 6.05	\$ 13.77	\$ 19.18
Revenue bonds and notes (backed by specific tax and fee revenue)	-	-	3.74	2.55	3.74	2.55
Other long-term obligations	1.43	1.20	.13	.13	1.56	1.33
<b>Totals</b>	<b>\$ 10.49</b>	<b>\$ 14.33</b>	<b>\$ 8.58</b>	<b>\$ 8.73</b>	<b>\$ 19.07</b>	<b>\$ 23.06</b>

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 2017 equalized value certified by the Wisconsin Department of Revenue is \$663,382,400. The Debt Limit for Tomah is \$33,169,120. The applicable debt of the City totaled \$19,177,222 or 57.81% of the maximum legal limit.

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### FINANCIAL OUTLOOK

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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, 2017**

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### **REQUESTS FOR INFORMATION**

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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](mailto: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, 2017**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>ASSETS</b>			
Cash and investments	\$ 6,957,629	\$ 6,597,015	\$ 13,554,644
Restricted cash and investments	-	3,192,466	3,192,466
Receivables			
Taxes	5,214,486	38,650	5,253,136
Accounts and other, net of allowance for doubtful accounts	617,436	530,760	1,148,196
Interest	7,773	12,829	20,602
Special assessments	33,976	-	33,976
Loans, net of allowance for doubtful accounts	1,231,249	-	1,231,249
Internal balances	248,511	(248,511)	-
Due from other governments	-	22,083	22,083
Inventories	-	27,002	27,002
Prepaid expenses	114,003	-	114,003
Other assets	-	3,026	3,026
Capital assets, not being depreciated	5,782,803	2,378,135	8,160,938
Capital assets, net of accumulated depreciation	30,799,578	32,405,993	63,205,571
<b>TOTAL ASSETS</b>	<b>51,007,444</b>	<b>44,959,448</b>	<b>95,966,892</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Wisconsin Retirement System pension	2,103,619	297,787	2,401,406
	<u>2,103,619</u>	<u>297,787</u>	<u>2,401,406</u>
	<b>\$ 53,111,063</b>	<b>\$ 45,257,235</b>	<b>\$ 98,368,298</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 303,115	\$ 90,913	\$ 394,028
Accrued liabilities			
Payroll and fringe benefits	296,855	31,671	328,526
Interest	87,508	25,403	112,911
Other	22,748	-	22,748
Due to other governments	1,741	-	1,741
Current portion of long-term obligations	1,318,170	448,923	1,767,093
Unearned revenue - other	-	20,467	20,467
Payable from restricted assets			
Accrued interest	-	6,373	6,373
Current portion of long-term obligations	-	406,107	406,107
Long-term obligations	13,013,886	7,877,815	20,891,701
<b>TOTAL LIABILITIES</b>	<b>15,044,023</b>	<b>8,907,672</b>	<b>23,951,695</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - tax roll	5,214,485	38,650	5,253,135
Wisconsin Retirement System pension	974,112	137,895	1,112,007
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>6,188,597</b>	<b>176,545</b>	<b>6,365,142</b>
<b>NET POSITION</b>			
Net investment in capital assets	23,463,484	26,152,640	49,616,124
Restricted for:			
General	52,284	-	52,284
Special revenue	1,026,360	-	1,026,360
Debt service	301,002	-	301,002
Capital projects	1,541,030	2,289,377	3,830,407
Other	894,631	126,643	1,021,274
Unrestricted	4,599,652	7,604,358	12,204,010
<b>TOTAL NET POSITION</b>	<b>31,878,443</b>	<b>36,173,018</b>	<b>68,051,461</b>
	<b>\$ 53,111,063</b>	<b>\$ 45,257,235</b>	<b>\$ 98,368,298</b>

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

**CITY OF TOMAH, WISCONSIN**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2017**

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
<b>PRIMARY GOVERNMENT</b>							
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 1,227,097	\$ 30,747	\$ -	\$ -	\$ (1,196,350)		\$ (1,196,350)
Public safety	4,910,074	1,764,015	143,999	-	(3,002,060)		(3,002,060)
Public works	2,890,605	20,525	633,212	18,887	(2,217,981)		(2,217,981)
Health and human services	115,467	1,900	2,500	-	(111,067)		(111,067)
Culture, recreation, and education	1,498,402	198,179	172,235	-	(1,127,988)		(1,127,988)
Conservation and development	1,210,306	1,749	102,380	-	(1,106,177)		(1,106,177)
Interest and fiscal charges	390,288	-	-	-	(390,288)		(390,288)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>12,242,239</u>	<u>2,017,115</u>	<u>1,054,326</u>	<u>18,887</u>	<u>(9,151,911)</u>		<u>(9,151,911)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water utility	1,701,054	2,171,554	-	28,317		\$ 498,817	498,817
Sewer utility	1,996,201	3,029,637	-	25,448		1,058,884	1,058,884
Mass transit	413,934	145,627	208,261	-		(60,046)	(60,046)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>4,111,189</u>	<u>5,346,818</u>	<u>208,261</u>	<u>53,765</u>		<u>1,497,655</u>	<u>1,497,655</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$16,353,428</u>	<u>\$ 7,363,933</u>	<u>\$ 1,262,587</u>	<u>\$ 72,652</u>	<u>\$ (9,151,911)</u>	<u>\$ 1,497,655</u>	<u>\$ (7,654,256)</u>
<b>GENERAL REVENUE</b>							
Property taxes, levied for general purposes					\$ 3,882,645	\$ 25,541	\$ 3,908,186
Property taxes, levied for debt service					1,272,478	-	1,272,478
Property taxes, levied for tax incremental district					49,994	-	49,994
Other taxes					777,912	-	777,912
Intergovernmental revenue not restricted to specific programs					1,810,401	-	1,810,401
Interest and investment income					45,888	53,513	99,401
Miscellaneous					319,864	1,500	321,364
<b>TRANSFERS</b>					<u>371,970</u>	<u>(371,970)</u>	<u>-</u>
<b>TOTAL GENERAL REVENUE AND TRANSFERS</b>					<u>8,531,152</u>	<u>(291,416)</u>	<u>8,239,736</u>
<b>CHANGE IN NET POSITION</b>					(620,759)	1,206,239	585,480
<b>NET POSITION - BEGINNING OF YEAR</b>					<u>32,499,202</u>	<u>34,966,779</u>	<u>67,465,981</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 31,878,443</u>	<u>\$ 36,173,018</u>	<u>\$68,051,461</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, 2017**

<u>ASSETS</u>	GENERAL FUND	CDBG SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TIF #8	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and investments	\$ 1,600,016	\$ 571,272	\$ 292,901	\$ 1,542,097	\$ -	\$ 2,951,343	\$ 6,957,629
Receivables							
Taxes	3,305,438	-	1,140,685	200,000	41,824	526,539	5,214,486
Accounts and other, net of allowance for doubtful accounts	104,901	-	7,496	-	-	512,886	625,283
Special assessments	17,206	-	16,770	-	-	-	33,976
Loans, net of allowance for doubtful accounts	-	1,231,249	-	-	-	-	1,231,249
Due from other funds	1,086,323	-	-	-	-	-	1,086,323
Prepaid expenses	-	-	-	-	-	114,003	114,003
<b>TOTAL ASSETS</b>	<b>\$ 6,113,884</b>	<b>\$ 1,802,521</b>	<b>\$ 1,457,852</b>	<b>\$ 1,742,097</b>	<b>\$ 41,824</b>	<b>\$ 4,104,771</b>	<b>\$ 15,262,949</b>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>							
<b>LIABILITIES</b>							
Accounts payable	\$ 261,670	\$ 5,347	\$ -	\$ 1,067	\$ 1,401	\$ 33,704	\$ 303,189
Accrued liabilities							
Payroll and fringe benefits	296,622	-	-	-	-	-	296,622
Other	22,018	-	-	-	-	963	22,981
Due to other funds	-	-	-	-	832,805	5,007	837,812
Due to other governments	544	1,197	-	-	-	-	1,741
Unearned revenue - other	35,373	1,231,249	-	-	-	-	1,266,622
<b>TOTAL LIABILITIES</b>	<b>616,227</b>	<b>1,237,793</b>	<b>-</b>	<b>1,067</b>	<b>834,206</b>	<b>39,674</b>	<b>2,728,967</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue							
Tax roll	3,306,043	-	1,140,079	200,000	41,824	526,539	5,214,485
Special assessments	17,809	-	16,771	-	-	-	34,580
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,323,852</b>	<b>-</b>	<b>1,156,850</b>	<b>200,000</b>	<b>41,824</b>	<b>526,539</b>	<b>5,249,065</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	114,003	114,003
Restricted	52,284	564,728	301,002	1,541,030	-	461,632	2,920,676
Assigned	138,651	-	-	-	-	2,884,448	3,023,099
Unassigned	1,982,870	-	-	-	(834,206)	78,475	1,227,139
<b>TOTAL FUND BALANCES</b>	<b>2,173,805</b>	<b>564,728</b>	<b>301,002</b>	<b>1,541,030</b>	<b>(834,206)</b>	<b>3,538,558</b>	<b>7,284,917</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 6,113,884</b>	<b>\$ 1,802,521</b>	<b>\$ 1,457,852</b>	<b>\$ 1,742,097</b>	<b>\$ 41,824</b>	<b>\$ 4,104,771</b>	<b>\$ 15,262,949</b>

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, 2017**

Fund balances - total governmental funds		\$ 7,284,917
<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.		36,582,381
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:	\$ 34,580	
Other deferred to be collected after year end:	<u>1,266,622</u>	1,301,202
Wisconsin Retirement System deferred outflows and inflows of resources are not current financial resources and are not reported in fund statements.		1,129,507
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	\$(13,127,319)	
Bond Premium	(57,167)	
Landfill liability	(565,000)	
Compensated absences	(347,694)	
Accrued interest payable	(87,508)	
Wisconsin Retirement System net pension liability	<u>(234,876)</u>	<u>(14,419,564)</u>
<b>TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$31,878,443</u></b>

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, 2017**

	GENERAL FUND	CDBG SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TIF #8	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUE</b>							
Taxes	\$ 3,263,399	\$ -	\$ 1,272,478	\$ 215,100	\$ 49,994	\$ 1,182,058	\$ 5,983,029
Special assessments	12,516	-	10,838	-	-	-	23,354
Intergovernmental	2,475,468	-	-	-	-	145,047	2,620,515
Licenses and permits	112,837	-	-	-	-	-	112,837
Fines, forfeits, and penalties	186,426	-	-	-	-	-	186,426
Public charges for services	229,167	-	-	-	-	1,337,342	1,566,509
Intergovernmental charges for services	80,878	-	-	-	-	83,785	164,663
Miscellaneous	255,487	118,287	2,433	5,617	12,324	174,990	569,138
<b>TOTAL REVENUE</b>	<b>6,616,178</b>	<b>118,287</b>	<b>1,285,749</b>	<b>220,717</b>	<b>62,318</b>	<b>2,923,222</b>	<b>11,226,471</b>
<b>EXPENDITURES</b>							
Current							
General government	1,107,903	-	-	-	858	1,004	1,109,765
Public safety	2,803,609	-	-	-	-	1,547,899	4,351,508
Public works	1,921,348	-	-	-	-	54,036	1,975,384
Health and human services	-	-	-	-	-	115,467	115,467
Culture, recreation, and education	663,342	-	-	-	-	464,792	1,128,134
Conservation and development	21,181	186,258	-	-	645,578	346,858	1,199,875
Capital outlay	104,056	-	-	2,911,729	1,040,424	405,546	4,461,755
Debt service							
Principal	-	-	1,216,736	-	-	52,632	1,269,368
Interest	-	-	268,144	-	-	3,258	271,402
Other	-	-	700	-	-	-	700
<b>TOTAL EXPENDITURES</b>	<b>6,621,439</b>	<b>186,258</b>	<b>1,485,580</b>	<b>2,911,729</b>	<b>1,686,860</b>	<b>2,991,492</b>	<b>15,883,358</b>
(DEFICIENCY) OF REVENUE OVER EXPENDITURES	(5,261)	(67,971)	(199,831)	(2,691,012)	(1,624,542)	(68,270)	(4,656,887)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	371,970	-	160,000	81,000	-	440,000	1,052,970
Transfers (out) in	(6,000)	-	-	-	(675,000)	-	(681,000)
Issuance of long-term debt	-	-	-	2,979,085	2,360,915	-	5,340,000
Premium on long-term debt	-	-	-	-	60,343	-	60,343
Debt issuance costs	-	-	(3,150)	(30,900)	(50,907)	-	(84,957)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>365,970</b>	<b>-</b>	<b>156,850</b>	<b>3,029,185</b>	<b>1,695,351</b>	<b>440,000</b>	<b>5,687,356</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>360,709</b>	<b>(67,971)</b>	<b>(42,981)</b>	<b>338,173</b>	<b>70,809</b>	<b>371,730</b>	<b>1,030,469</b>
FUND BALANCES - BEGINNING OF YEAR	2,141,174	632,699	343,983	874,779	(715,415)	2,977,228	6,254,448
EQUITY TRANSFER	(328,078)	-	-	328,078	(189,600)	189,600	-
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 2,173,805</b>	<b>\$ 564,728</b>	<b>\$ 301,002</b>	<b>\$ 1,541,030</b>	<b>\$ (834,206)</b>	<b>\$ 3,538,558</b>	<b>\$ 7,284,917</b>

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, 2017**

Net change in fund balances - total governmental funds		\$ 1,030,469
<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	\$ 4,461,755	
Depreciation expense reported in the statement of activities	<u>(1,594,081)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		2,867,674
The net effect of various miscellaneous transactions involving capital assets (i.e., noncapitalized outlay and contributions) is to decrease net position by:		
		(76,992)
Wisconsin Retirement System net pension liability and deferred outflows and inflows of resources changes:		
		(320,575)
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:		(80,998)
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:		
		(5,340,000)
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:		(6,556)
Certain revenue is deferred in the governmental funds because they are not available to pay current		
		60,423
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:		1,269,368
The amount of landfill liability payments in the current year:		70,000
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:		(57,167)
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	\$ 271,402	
The amount of interest accrued during the current period	<u>(307,807)</u>	
Interest paid is greater than interest accrued by:		<u>(36,405)</u>
<b>CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ (620,759)</u></b>

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

**CITY OF TOMAH, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2017**

<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>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 4,670,273	\$ 1,926,742	\$ -	\$ 6,597,015
Restricted cash and investments	251,800	2,940,666	-	3,192,466
Receivables				
Customer	190,350	260,062	66,060	516,472
Other	-	14,288	-	14,288
Taxes	-	-	38,650	38,650
Interest	7,445	5,384	-	12,829
Due from other funds	654,053	7,532	-	661,585
Due from other governments	12,272	9,811	-	22,083
Inventories	27,002	-	-	27,002
<b>TOTAL CURRENT ASSETS</b>	<u>5,813,195</u>	<u>5,164,485</u>	<u>104,710</u>	<u>11,082,390</u>
<b>NONCURRENT ASSETS</b>				
<b>CAPITAL ASSETS</b>				
Land	296,785	1,756,409	-	2,053,194
Construction in process	242,332	82,609	-	324,941
Buildings and improvements	2,153,730	6,438,000	-	8,591,730
Machinery and equipment	2,776,860	7,177,329	185,658	10,139,847
Infrastructure	18,407,208	13,302,345	-	31,709,553
<b>TOTAL CAPITAL ASSETS</b>	<u>23,876,915</u>	<u>28,756,692</u>	<u>185,658</u>	<u>52,819,265</u>
Less accumulated depreciation	8,167,258	9,743,635	124,244	18,035,137
<b>NET CAPITAL ASSETS</b>	<u>15,709,657</u>	<u>19,013,057</u>	<u>61,414</u>	<u>34,784,128</u>
<b>OTHER ASSETS</b>				
Special assessments receivable	1,538	1,488	-	3,026
<b>TOTAL NONCURRENT ASSETS</b>	<u>15,711,195</u>	<u>19,014,545</u>	<u>61,414</u>	<u>34,787,154</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Wisconsin Retirement System pension	141,244	156,543	-	297,787
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	 <u><b>\$ 21,665,634</b></u>	 <u><b>\$ 24,335,573</b></u>	 <u><b>\$ 166,124</b></u>	 <u><b>\$ 46,167,331</b></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, 2017**

<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>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS</b>				
Accounts payable	\$ 31,889	\$ 59,024	\$ -	\$ 90,913
Accrued liabilities				
Payroll and fringe benefits	14,300	17,371	-	31,671
Interest	10,734	14,669	-	25,403
Due to other funds	375,049	316,193	218,854	910,096
Unearned revenue - other	20,467	-	-	20,467
Current portion of long-term obligations	<u>233,224</u>	<u>215,699</u>	<u>-</u>	<u>448,923</u>
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS</b>	<b><u>685,663</u></b>	<b><u>622,956</u></b>	<b><u>218,854</u></b>	<b><u>1,527,473</u></b>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>				
Accrued revenue bond interest	5,039	1,334	-	6,373
Current portion of revenue bonds	<u>228,480</u>	<u>177,627</u>	<u>-</u>	<u>406,107</u>
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>	<b><u>233,519</u></b>	<b><u>178,961</u></b>	<b><u>-</u></b>	<b><u>412,480</u></b>
<b>NONCURRENT LIABILITIES</b>				
Long-term obligations	4,802,640	3,041,926	-	7,844,566
WRS net pension liability	<u>15,770</u>	<u>17,479</u>	<u>-</u>	<u>33,249</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<b><u>4,818,410</u></b>	<b><u>3,059,405</u></b>	<b><u>-</u></b>	<b><u>7,877,815</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>5,737,592</u></b>	<b><u>3,861,322</u></b>	<b><u>218,854</u></b>	<b><u>9,817,768</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - tax roll	-	-	38,650	38,650
Wisconsin Retirement System pension	<u>65,405</u>	<u>72,490</u>	<u>-</u>	<u>137,895</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>65,405</u></b>	<b><u>72,490</u></b>	<b><u>38,650</u></b>	<b><u>176,545</u></b>
<b>NET POSITION</b>				
Net investment in capital assets	10,478,179	15,613,047	61,414	26,152,640
Restricted for:				
Equipment replacement	18,281	2,271,096	-	2,289,377
WRS pension	60,069	66,574	-	126,643
Unrestricted	<u>5,306,108</u>	<u>2,451,044</u>	<u>(152,794)</u>	<u>7,604,358</u>
<b>TOTAL NET POSITION</b>	<b><u>15,862,637</u></b>	<b><u>20,401,761</u></b>	<b><u>(91,380)</u></b>	<b><u>36,173,018</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b><u>\$ 21,665,634</u></b>	<b><u>\$ 24,335,573</u></b>	<b><u>\$ 166,124</u></b>	<b><u>\$ 46,167,331</u></b>

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, 2017**

	WATER UTILITY	SEWER UTILITY	NONMAJOR FUND MASS TRANSIT	TOTAL ENTERPRISE FUNDS
<b>OPERATING REVENUE</b>				
Metered sales	\$ 1,404,481	\$ 2,885,557	\$ 145,627	\$ 4,435,665
Private fire protection	43,957	-	-	43,957
Public fire protection	427,532	-	-	427,532
Sales to public authorities	230,681	-	-	230,681
Forfeited discounts	15,822	19,524	-	35,346
Intergovernmental grants	-	-	208,261	208,261
Miscellaneous	49,081	124,556	25,541	199,178
<b>TOTAL OPERATING REVENUE</b>	<u>2,171,554</u>	<u>3,029,637</u>	<u>379,429</u>	<u>5,580,620</u>
<b>OPERATING EXPENSES</b>				
Plant and maintenance expenses:				
Salaries and wages	260,020	346,276	-	606,296
Fuel or power purchased	84,851	160,405	-	245,256
Chemicals	56,383	119,809	-	176,192
Supplies and expenses	70,860	50,945	374,949	496,754
Repairs and maintenance	193,185	109,858	-	303,043
Transportation	12,404	11,494	49	23,947
<b>TOTAL PLANT AND MAINTENANCE EXPENSES</b>	<u>677,703</u>	<u>798,787</u>	<u>374,998</u>	<u>1,851,488</u>
General expenses:				
Administrative and general salaries	78,308	78,712	-	157,020
Office supplies and expense	18,025	14,031	-	32,056
Outside services employed	72,352	28,409	-	100,761
Insurance	21,001	24,339	-	45,340
Employee benefits	150,960	157,425	-	308,385
Other general expenses	12,928	62,949	-	75,877
<b>TOTAL GENERAL EXPENSES</b>	<u>353,574</u>	<u>365,865</u>	<u>-</u>	<u>719,439</u>
Depreciation	538,575	674,038	38,936	1,251,549
Taxes	12,942	43,707	-	56,649
<b>TOTAL OPERATING EXPENSES</b>	<u>1,582,794</u>	<u>1,882,397</u>	<u>413,934</u>	<u>3,879,125</u>
<b>OPERATING INCOME (LOSS)</b>	<u>588,760</u>	<u>1,147,240</u>	<u>(34,505)</u>	<u>1,701,495</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>				
Interest income	31,561	21,952	-	53,513
Gain on sale of capital assets	-	-	1,500	1,500
Interest expense	(109,211)	(95,899)	-	(205,110)
Debt issuance costs	(9,049)	(17,905)	-	(26,954)
<b>TOTAL NONOPERATING (EXPENSES) REVENUE</b>	<u>(86,699)</u>	<u>(91,852)</u>	<u>1,500</u>	<u>(177,051)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>502,061</u>	<u>1,055,388</u>	<u>(33,005)</u>	<u>1,524,444</u>
TRANSFERS (OUT)	(371,970)	-	-	(371,970)
CAPITAL CONTRIBUTIONS	28,317	25,448	-	53,765
<b>CHANGE IN NET POSITION</b>	<u>158,408</u>	<u>1,080,836</u>	<u>(33,005)</u>	<u>1,206,239</u>
NET POSITION - BEGINNING OF YEAR	<u>15,704,229</u>	<u>19,320,925</u>	<u>(58,375)</u>	<u>34,966,779</u>
<b>NET POSITION - END OF YEAR</b>	<u><b>\$15,862,637</b></u>	<u><b>\$20,401,761</b></u>	<u><b>\$ (91,380)</b></u>	<u><b>\$ 36,173,018</b></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, 2017**

	WATER UTILITY	SEWER UTILITY	NONMAJOR FUND MASS TRANSIT	TOTAL ENTERPRISE FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash from sales and services	\$ 1,805,833	\$ 2,984,925	\$ 141,323	\$ 4,932,081
Cash from public fire protection	427,532	-	-	427,532
Cash from operating grants	-	-	208,261	208,261
Cash from quasi-external operating transactions with other funds	52,054	-	74,673	126,727
Cash paid suppliers for goods and services	(589,597)	(608,348)	(392,770)	(1,590,715)
Cash paid to employees for services	(473,266)	(565,992)	-	(1,039,258)
Cash paid for quasi-external operating transactions with other funds	-	(402,633)	-	(402,633)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,222,556</u>	<u>1,407,952</u>	<u>31,487</u>	<u>2,661,995</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	(371,970)	-	-	(371,970)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(609,445)	(415,473)	(32,987)	(1,057,905)
Debt principal payment	(349,833)	(1,166,065)	-	(1,515,898)
Proceeds from disposal of capital assets	-	-	1,500	1,500
Proceeds from debt	642,222	1,062,358	-	1,704,580
Interest paid	(112,621)	(108,388)	-	(221,009)
<b>NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(429,677)</u>	<u>(627,568)</u>	<u>(31,487)</u>	<u>(1,088,732)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase (sale) of investments	479,652	(511,033)	-	(31,381)
Interest received	26,570	18,655	-	45,225
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>506,222</u>	<u>(492,378)</u>	<u>-</u>	<u>13,844</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	927,131	288,006	-	1,215,137
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,261,864</u>	<u>2,080,727</u>	<u>-</u>	<u>3,342,591</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><b>\$ 2,188,995</b></u>	<u><b>\$ 2,368,733</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 4,557,728</b></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 588,760	\$ 1,147,240	\$ (34,505)	\$ 1,701,495
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	538,575	674,038	38,936	1,251,549
Depreciation charged to sewer	51,617	(51,617)	-	-
Changes in assets and liabilities				
Decrease (increase) in assets				
Accounts receivable	8,373	4,233	(42,954)	(30,348)
Due from other funds	54,726	(10,047)	-	44,679
Due from other governments	1,821	2,672	-	4,493
Inventories	(3,794)	-	-	(3,794)
Net pension liability and deferred outflow and inflow (WRS)	17,475	20,278	-	37,753
(Decrease) increase in liabilities				
Accounts payable	(30,872)	17,598	(17,772)	(31,046)
Other accrued expenses	(1,453)	(3,857)	-	(5,310)
Unearned revenue	-	-	13,109	13,109
Due to other funds	(2,672)	(392,586)	74,673	(320,585)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><b>\$ 1,222,556</b></u>	<u><b>\$ 1,407,952</b></u>	<u><b>\$ 31,487</b></u>	<u><b>\$ 2,661,995</b></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, 2017**

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		\$ 1,937,195	\$ 2,733,078	\$ 4,670,273
Restricted cash and investments		251,800	-	251,800
	<b>TOTAL CASH AND INVESTMENTS</b>	<b><u>\$ 2,188,995</u></b>	<b><u>\$ 2,733,078</u></b>	<b><u>\$ 4,922,073</u></b>
		SEWER UTILITY		
		CASH AND CASH EQUIVALENTS	INVESTMENTS	TOTAL
Cash and investments		\$ 1,926,742	\$ -	\$ 1,926,742
Restricted cash and investments		441,991	2,498,675	2,940,666
	<b>TOTAL CASH AND INVESTMENTS</b>	<b><u>\$ 2,368,733</u></b>	<b><u>\$ 2,498,675</u></b>	<b><u>\$ 4,867,408</u></b>
		TOTALS		
		CASH AND CASH EQUIVALENTS	INVESTMENTS	TOTAL
Cash and investments		\$ 3,863,937	\$ 2,733,078	\$ 6,597,015
Restricted cash and investments		693,791	2,498,675	3,192,466
	<b>TOTAL CASH AND INVESTMENTS</b>	<b><u>\$ 4,557,728</u></b>	<b><u>\$ 5,231,753</u></b>	<b><u>\$ 9,789,481</u></b>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

**Water Utility**

During 2017, \$28,317 of capital assets were contributed by developers.

**Sewer Utility**

During 2017, \$25,448 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, 2017**

<u>ASSETS</u>	<u>AGENCY FUND</u> <u>PROPERTY TAX</u>
Cash and investments	\$ 4,890,217
Taxes receivable	<u>5,345,405</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 10,235,622</u></b>
<u>LIABILITIES</u>	
Due to other governments	<b><u>\$ 10,235,622</u></b>

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, 2017**

**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, 2017

**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.

**TIF #8** - Accounts for activity related to the improvements within Tax Incremental Financing District #8.

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

**CITY OF TOMAH, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2017

**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, 2017

**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 \$1,148,196. 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, 2017

**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 revenues 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, 2017

**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, 2017

**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 one item that qualifies for reporting in this category. The Wisconsin Retirement System pension results from changes in pension plan.

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 two items that qualify for reporting in this category: unavailable revenue and Wisconsin Retirement System pension. 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 results 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, 2017**

**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, 2017, 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	\$ 325,988
Fixed Income Securities	Less than one year	5,206,754
State of Wisconsin Investment Pool	Less than one year	<u>2,284,396</u>
<b>TOTAL</b>		<b><u>\$ 7,817,138</u></b>

**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, 2017, 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, 2017

**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, 2017, \$9,177,123 of the City's bank balance of \$11,813,851 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank	\$ 7,942,650
Uninsured and uncollateralized	1,234,473
	<u>\$ 9,177,123</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 2017 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, 2017**

**NOTE 4 - Capital Assets**

Capital asset balances and activity for the year ended December 31, 2017 are as follows:

	<u>BALANCES</u> <u>1/1/17</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>TRANSFERS/ ADJUSTMENTS</u>	<u>BALANCES</u> <u>12/31/17</u>
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
<i>Capital assets not being depreciated:</i>					
Land	\$ 3,865,130	\$ -	\$ -	\$ -	\$ 3,865,130
Construction in progress	<u>903,238</u>	<u>2,239,854</u>	<u>-</u>	<u>(1,225,419)</u>	<u>1,917,673</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>4,768,368</u>	<u>2,239,854</u>	<u>-</u>	<u>(1,225,419)</u>	<u>5,782,803</u>
<i>Capital assets being depreciated</i>					
Land improvements	7,951,921	69,188	-	91,664	8,112,773
Buildings and improvements	10,588,394	-	-	830,755	11,419,149
Machinery and equipment	7,975,925	1,165,090	(215,026)	298,800	9,224,789
Infrastructure	<u>24,522,110</u>	<u>914,831</u>	<u>-</u>	<u>-</u>	<u>25,436,941</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>51,038,350</u>	<u>2,149,109</u>	<u>(215,026)</u>	<u>1,221,219</u>	<u>54,193,652</u>
Less accumulated depreciation for:					
Land improvements	(3,070,918)	(224,238)	-	-	(3,295,156)
Buildings and improvements	(3,875,142)	(192,190)	-	-	(4,067,332)
Machinery and equipment	(5,572,327)	(477,863)	134,028	-	(5,916,162)
Infrastructure	<u>(9,415,634)</u>	<u>(699,790)</u>	<u>-</u>	<u>-</u>	<u>(10,115,424)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(21,934,021)</u>	<u>(1,594,081)</u>	<u>134,028</u>	<u>-</u>	<u>(23,394,074)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>29,104,329</u>	<u>555,028</u>	<u>(80,998)</u>	<u>(4,200)</u>	<u>30,799,578</u>
<b>GOVERNMENTAL ACTIVITIES - CAPITAL ASSETS, NET</b>	<b><u>\$ 33,872,697</u></b>	<b><u>\$ 2,794,882</u></b>	<b><u>\$ (80,998)</u></b>	<b><u>\$ (4,200)</u></b>	<b><u>\$ 36,582,381</u></b>

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

General government	\$ 36,004
Public safety	278,890
Public works	935,864
Culture, recreation, and education	318,144
Conservation and development	<u>25,179</u>
<b>TOTAL</b>	<b><u>\$ 1,594,081</u></b>

	<u>BALANCES</u> <u>1/1/17</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>TRANSFERS</u>	<u>BALANCE</u> <u>12/31/17</u>
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>					
<i>Capital assets not being depreciated:</i>					
Land	\$ 2,053,194	\$ -	\$ -	\$ -	\$ 2,053,194
Construction in progress	<u>1,261,601</u>	<u>586,954</u>	<u>-</u>	<u>(1,523,614)</u>	<u>324,941</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>3,314,795</u>	<u>586,954</u>	<u>-</u>	<u>(1,523,614)</u>	<u>2,378,135</u>

**CITY OF TOMAH, WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2017**

**NOTE 4 - Capital Assets - Continued**

	<u>BALANCES</u> <u>1/1/17</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>TRANSFERS</u>	<u>BALANCE</u> <u>12/31/17</u>
<b><u>BUSINESS-TYPE ACTIVITIES - Continued</u></b>					
<i>Capital assets being depreciated\$</i>					
Buildings and improvements	\$ 8,393,235	\$ -	\$ -	\$ 198,495	\$ 8,591,730
Machinery and equipment	30,619,849	334,670	(19,775)	774,809	31,709,553
Infrastructure	<u>9,434,066</u>	<u>190,046</u>	<u>(34,575)</u>	<u>550,310</u>	<u>10,139,847</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	48,447,150	524,716	(54,350)	1,523,614	50,441,130
Less accumulated depreciation	<u>(16,837,938)</u>	<u>(1,251,549)</u>	<u>54,350</u>	<u>-</u>	<u>(18,035,137)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>31,609,212</u>	<u>(726,833)</u>	<u>-</u>	<u>1,523,614</u>	<u>32,405,993</u>
<b>BUSINESS-TYPE ACTIVITIES - CAPITAL ASSETS, NET</b>	<b><u>\$ 34,924,007</u></b>	<b><u>\$ (139,879)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 34,784,128</u></b>

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

Water Utility	\$ 590,192
Sewer Utility	622,421
Mass Transit	<u>38,936</u>
TOTAL	<u>\$ 1,251,549</u>

**NOTE 5 - Short-Term Notes Payable**

Short-term notes payable issued for working capital are as follows:

TYPE	<u>BALANCES</u> <u>1/1/17</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCES</u> <u>12/31/17</u>
Notes payable	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ (150,000)</u>	<u>\$ -</u>

**NOTE 6 - Long-Term Obligations**

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

**Summary of Long-Term Obligations**

	<u>BALANCES</u> <u>1/1/17</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>BALANCES</u> <u>12/31/17</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>					
Bonds payable	\$ 6,050,053	\$ 4,740,000	\$ (504,956)	\$10,285,097	\$ 649,294
Notes payable	3,006,633	600,000	(764,411)	2,842,222	378,331
Debt premiums	-	60,343	(3,176)	57,167	-
Compensated absences	341,139	6,557	-	347,694	220,545
Landfill liability	635,000	-	(70,000)	565,000	70,000
WRS pension liability	459,709	-	(224,833)	234,876	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 10,492,534</u>	<u>\$ 5,406,900</u>	<u>\$ (1,567,376)</u>	<u>\$14,332,056</u>	<u>\$ 1,318,170</u>

**CITY OF TOMAH, WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2017**

**NOTE 6 - Long-Term Obligations - Continued**

	BALANCES <u>1/1/17</u>	ADDITIONS	PAYMENTS	BALANCES <u>12/31/17</u>	DUE WITHIN <u>ONE YEAR</u>
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>					
Bonds payable	\$ 4,704,947	\$ 1,580,000	\$ (235,044)	\$ 6,049,903	\$ 410,706
Revenue bonds payable	3,668,538	91,914	(1,209,120)	2,551,332	406,107
Bond premium	-	32,666	(2,413)	30,253	-
Capital lease	71,734	-	(71,734)	-	-
Compensated absences	72,043	85,478	(89,413)	68,108	38,217
WRS pension liability	62,191	-	(28,942)	33,249	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b><u>\$ 8,579,453</u></b>	<b><u>\$ 1,790,058</u></b>	<b><u>\$ (1,636,666)</u></b>	<b><u>\$ 8,732,845</u></b>	<b><u>\$ 855,030</u></b>

**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, 2017, is comprised of the following individual issues:

<u>ISSUE DESCRIPTION</u>	<u>RATES (%)</u>	<u>MATURITY</u>	<u>BALANCE 12/31/17</u>
<b><u>General Obligation Debt</u></b>			
2003 Note Issue	0.00%	2022	\$ 263,157
2008 Note Issue B	2.05%	2023	860,000
2014 Bond Issue	0.40 - 3.70%	2030	4,566,496
2015 Bond Issue	.05 - 1.50%	2020	978,600
2017 Bond Issue	2.0 - 3.0%	2036	4,740,000
			<u>11,408,253</u>
<b><u>State Trust Fund Loans</u></b>			
2013 Issue A	2.75%	2023	109,295
2013 Issue B	3.25%	2023	237,494
2013 Issue C	2.75%	2023	157,109
2013 Refinance	2.75%	2023	415,672
2016 Issue	2.50%	2021	199,496
2017 Issue	3.50%	2021	600,000
			<u>1,719,066</u>
<b>TOTAL GOVERNMENTAL FUND DEBT</b>			<b><u>\$13,127,319</u></b>

**Enterprise Debt**

Enterprise Fund debt is expected to be repaid with Enterprise Fund revenue. Enterprise Fund debt at December 31, 2017, is comprised of the following individual issues:

<u>ISSUE DESCRIPTION</u>	<u>RATES (%)</u>	<u>DATES OF MATURITY</u>	<u>BALANCE 12/31/17</u>
<b><u>Water Department</u></b>			
2003 Revenue Bond	1.650%	2023	\$ 324,179
2004 Revenue Bond	1.419%	2024	437,323
2006 Revenue Bond	1.485%	2026	800,052
2014 Bond Issue	0.400 - 3.700%	2030	2,329,473
2015 Bond Issue	.050 - 1.500%	2020	104,850
2016 Revenue Bond	0.99%	2036	686,685
2017 Bond Issue	2.80%	2028	535,000
			<u>5,217,562</u>

**CITY OF TOMAH, WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2017**

**NOTE 6 - Long-Term Obligations - Continued**

<u>ISSUE DESCRIPTION</u>	<u>RATES (%)</u>	<u>DATES OF MATURITY</u>	<u>BALANCE 12/31/17</u>
<u>Sewer Department</u>			
1998 Revenue Bond	2.640%	2018	\$ 55,388
1999 Revenue Bond	2.640%	2019	247,705
2014 Bond Issue	0.400 - 3.700%	2030	1,954,030
2015 Bond Issue	.050	2020	81,550
2017 Bond Issue	2.80%	2028	<u>1,045,000</u>
			<u>3,383,673</u>
<b>TOTAL ENTERPRISE DEBT</b>			<b><u>\$ 8,601,235</u></b>

Maturities of Long-Term Obligations

Maturities of the long-term obligations at December 31, 2017, 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>
2018	\$ 1,027,575	\$ 355,010	\$ 816,813	\$ 199,541
2019	1,171,236	352,859	785,669	185,579
2020	1,234,675	308,098	694,986	172,108
2021	972,491	276,712	643,377	159,268
2022	970,321	252,637	663,899	145,885
2022-2027	3,804,386	915,901	3,076,821	504,185
2028-2032	2,631,635	370,766	1,614,237	126,930
2033-2036	<u>1,315,000</u>	<u>75,454</u>	<u>305,433</u>	<u>7,369</u>
<b>TOTAL</b>	<b><u>\$ 13,127,319</u></b>	<b><u>\$ 2,907,437</u></b>	<b><u>\$ 8,601,235</u></b>	<b><u>\$ 1,500,865</u></b>

The General Fund, Water Utility, and Sewer Utility are used to liquidate vacation and sick pay. Interest cost incurred during the year totaled \$304,549 for governmental-type activities and \$205,110 for business-type activities. Total interest paid during the year aggregated \$271,402 for governmental activities and \$195,129 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 2017 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$663,382,400. The legal debt limit and margin of indebtedness as of December 31, 2017, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5% of \$663,382,400)	\$33,169,120
Applicable long-term debt	(19,177,222)
Amount available in debt service fund	<u>301,002</u>
<b>MARGIN OF INDEBTEDNESS</b>	<b><u>\$ 14,292,900</u></b>

**CITY OF TOMAH, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2017

**NOTE 7 - 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 8 - 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, 2017, Industrial Revenue Bonds outstanding aggregated \$2,317,941.

**NOTE 9 - Wisconsin Retirement System**

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

ETF 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.

The WRS also provides death and disability benefits for employees.

**CITY OF TOMAH, WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2017**

**NOTE 9 - Wisconsin Retirement System - Continued**

**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)

**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. Starting on January 1, 2016, the Executives & Elected Officials Category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$317,356 contributions from the employer.

Contribution rates as of December 31, 2017 are:

Employee Category	Employee	Employer
General (including Teachers, Executives & Elected Officials)	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

**CITY OF TOMAH, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2017

**NOTE 9 - Wisconsin Retirement System - Continued**

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

At December 31, 2017, the City reported a liability (asset) of \$268,125 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the City's proportion was 0.03253007%, which was an increase of 0.00041276% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$694,985.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 102,236	\$(843,231)
Net differences between projected and actual earnings on pension plan investments	1,599,008	(264,365)
Changes in assumptions	280,336	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,747	(4,411)
Employer contributions subsequent to the measurement date	403,079	-
<b>Total</b>	<b>\$2,401,406</b>	<b>\$(1,112,007)</b>

\$403,079 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflows of Resources</b>
2018	\$697,010	\$(336,394)
2019	697,010	(336,394)
2020	581,954	(336,394)
2021	21,888	(102,771)
2022	465	(54)



**CITY OF TOMAH, WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2017**

**NOTE 9 - Wisconsin Retirement System - Continued**

**Actuarial Assumptions** - The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
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, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 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, 2016)**

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<b><u>Core Fund Asset Class</u></b>				
Global Equities	50	45	8.3	5.4
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5

**CITY OF TOMAH, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2017

**NOTE 9 - Wisconsin Retirement System - Continued**

<b>Variable Fund Asset Class</b>				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	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 3.78%. 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:

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase To Discount Rate (8.20%)</b>
City of Tomah's proportionate share of the net pension liability (asset)	\$3,527,362	\$268,125	(\$2,241,634)

**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, 2017, the City reported a payable of \$63,476 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2017.

**CITY OF TOMAH, WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2017**

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

Individual interfund receivable and payable balances at December 31, 2017, are as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Due from/to Other Funds:		
General	TIF #9	\$ 5,007
General	TIF #8	832,805
General	Water	34,110
General	Mass Transit	218,854
Water	Sewer	316,193
Sewer	General	4,453
Sewer	Water	3,079
		<u>\$ 1,414,501</u>

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

Individual fund transfers during 2017, are as follows:

<u>RECEIVING FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Transfer In	Transfer Out	
General	Water	\$ 371,970
Capital Projects	Tourism	75,000
Capital Projects	General	6,000
Debt Service	Tourism	160,000
Industrial Development	TIF District #8	675,000
		<u>\$ 1,287,970</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>		
Special Revenue	Tourism - prepaid expenses	<u>\$ 114,003</u>
<u>Restricted</u>		
General	Impact fees	\$ 52,284
Special Revenue	CDBG	564,728
Capital Projects	Future capital projects	1,541,030
Debt Service	Debt Service	301,002
Special Revenue	Library	371,264
Special Revenue	Grants and donations	90,368
		<u>\$ 2,920,676</u>

**CITY OF TOMAH, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2017

**NOTE 11 - Net Position and Fund Balances - Continued**

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Assigned</u>		
General	Firefighter Funds	\$ 138,651
Special Revenue	Ambulance	1,320,296
Special Revenue	Lake District	120,242
Special Revenue	Industrial development	1,258,676
Special Revenue	Tourism	109,163
Special Revenue	Senior and disabled services	76,071
		<b><u>\$ 3,023,099</u></b>
<u>Net position restrictions - other</u>		
Water Utility	WRS pension	\$ 60,069
Sewer Utility	Debt Service	490,609
Sewer Utility	Equipment replacement	2,271,096
Sewer Utility	WRS pension	66,574
General	WRS pension	894,631
		<b><u>\$ 3,782,979</u></b>

The following funds have deficits at December 31, 2017:

<u>Deficit</u>		
Enterprise	Mass Transit	<b><u>\$ 91,380</u></b>
TIF #8	Awaiting future TIF revenue	<b><u>\$ 834,206</u></b>
TIF #9	Awaiting future TIF revenue	<b><u>\$ 5,007</u></b>

**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.

**CITY OF TOMAH, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2017

**NOTE 12 - Tax Incremental Finance District - Continued**

The City has one Tax Incremental Financing District. The following is a project summary of the activity and status of the TIF Districts through December 31, 2017:

	<u>TIF #8</u>	<u>TIF #9</u>
<b>SOURCES OF FUNDS</b>		
Tax increment	\$ 49,994	\$ -
Interest	732	-
Miscellaneous	10,892	-
Bond premium	60,343	-
Proceeds from debt	2,360,915	-
Rent income	2,200	-
Transfer from Industrial Development	189,600	-
<b>TOTAL SOURCES</b>	<u>2,674,676</u>	<u>-</u>
<b>USES OF FUNDS</b>		
Administrative costs	736,955	5,007
Capital expenditures	2,046,020	-
Transfer to capital projects	675,000	-
Bond issuance cost	50,907	-
<b>TOTAL USES</b>	<u>3,508,882</u>	<u>5,007</u>
<b>FUND BALANCE AS OF DECEMBER 31, 2017</b>	<b><u>\$ (834,206)</u></b>	<b><u>\$ (5,007)</u></b>
<b>FUTURE REQUIREMENTS</b>		
Accounts payable	\$ 1,401	\$ 5,007
Due to other funds	832,805	-
<b>TOTAL FUTURE REQUIREMENTS</b>	<b><u>\$ 834,206</u></b>	<b><u>\$ 5,007</u></b>

**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, 2017. Estimates for claims liabilities are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

**CITY OF TOMAH, WISCONSIN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF TOMAH, WISCONSIN**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2017**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
<b>REVENUE</b>				
Taxes	\$ 3,268,300	3,268,300.00	\$ 3,263,399	\$ (4,901)
Special assessments	3,100	3,100	12,516	9,416
Intergovernmental	2,480,128	2,480,128	2,475,468	(4,660)
Licenses and permits	99,800	99,800	112,837	13,037
Fines, forfeits, and penalties	155,000	155,000	186,426	31,426
Public charges for services	272,750	272,750	229,167	(43,583)
Intergovernmental charges for services	70,440	70,440	80,878	10,438
Miscellaneous	121,615	121,615	255,487	133,872
<b>TOTAL REVENUE</b>	<u>6,471,133</u>	<u>6,471,133</u>	<u>6,616,178</u>	<u>145,045</u>
<b>EXPENDITURES</b>				
Current				
General government	1,353,758	1,353,758	1,107,903	245,855
Public safety	2,725,927	2,725,927	2,803,609	(77,682)
Public works	1,945,256	1,945,256	1,921,348	23,908
Culture, recreation, and education	704,787	704,787	663,342	41,445
Conservation and development	18,998	18,998	21,181	(2,183)
Capital outlay	99,907	99,907	104,056	(4,149)
<b>TOTAL EXPENDITURES</b>	<u>6,848,633</u>	<u>6,848,633</u>	<u>6,621,439</u>	<u>227,194</u>
<b>(DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>(377,500)</u>	<u>(377,500)</u>	<u>(5,261)</u>	<u>372,239</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	370,000	370,000	371,970	1,970
Transfers (out)	(6,000)	(6,000)	(6,000)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>364,000</u>	<u>364,000</u>	<u>365,970</u>	<u>(1,970)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(13,500)	(13,500)	360,709	374,209
<b>FUND BALANCE - BEGINNING OF YEAR</b>	1,813,096	1,813,096	1,813,096	-
<b>EQUITY TRANSFERS</b>	-	-	(328,078)	(328,078)
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,799,596</u>	<u>\$ 1,799,596</u>	<u>\$ 1,845,727</u>	<u>\$ 46,131</u>

**CITY OF TOMAH, WISCONSIN**  
**BUDGETARY COMPARISON SCHEDULE**  
**CDBG SPECIAL REVENUE FUND**  
**YEAR ENDED DECEMBER 31, 2017**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
REVENUE				
Miscellaneous	\$ 118,287	\$ 118,287	\$ 118,287	\$ -
EXPENDITURES				
Current				
Conservation and development	<u>186,258</u>	<u>186,258</u>	<u>186,258</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(67,971)	(67,971)	(67,971)	-
FUND BALANCE - BEGINNING OF YEAR	<u>632,699</u>	<u>632,699</u>	<u>632,699</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$ 564,728</u></b>	<b><u>\$ 564,728</u></b>	<b><u>\$ 564,728</u></b>	<b><u>\$ -</u></b>



**CITY OF TOMAH, WISCONSIN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**ON BUDGETARY ACCOUNTING AND CONTROL**  
**YEAR ENDED DECEMBER 31, 2017**

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, 2017:

General Fund	
Public safety	\$ 77,682
Conservation and development	2,183
Capital Outlay	4,189

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, 2017**

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

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

\* 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**

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

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 7 preceding years.

**Notes to Required Supplementary Information for the Year Ended December 31, 2016**

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**

**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF TOMAH, WISCONSIN**  
**COMBINING BALANCE SHEETS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

	SPECIAL REVENUE FUNDS							CAPITAL	TOTAL	
	LIBRARY	SUPERFUND	LAKE DISTRICT	AMBULANCE SPECIAL REVENUE	INDUSTRIAL DEVELOPMENT	TOURISM	SENIOR AND DISABLED SERVICES	GRANTS AND DONATIONS	PROJECTS TIF #9	NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>										
Cash and investments	\$ 371,190	\$ 88,055	\$ 120,242	\$ 879,010	\$ 1,258,676	\$ 58,195	\$ 76,802	\$ 99,173	\$ -	\$ 2,951,343
Receivables										
Taxes	293,250	108,948	39,192	-	5,200	-	79,949	-	-	526,539
Accounts and other, net of allowance for doubtful accounts	74	-	-	444,485	-	67,877	-	450	-	512,886
Prepaid expenses	-	-	-	-	-	114,003	-	-	-	114,003
<b>TOTAL ASSETS</b>	<b>\$ 664,514</b>	<b>\$ 197,003</b>	<b>\$ 159,434</b>	<b>\$ 1,323,495</b>	<b>\$ 1,263,876</b>	<b>\$ 240,075</b>	<b>\$ 156,751</b>	<b>\$ 99,623</b>	<b>\$ -</b>	<b>\$ 4,104,771</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>										
<b>LIABILITIES</b>										
Accounts payable	\$ -	\$ 4,573	\$ -	\$ 2,897	\$ -	\$ 16,909	\$ 70	\$ 9,255	\$ -	\$ 33,704
Accrued liabilities										
Other	-	-	-	302	-	-	661	-	-	963
Due to other funds	-	-	-	-	-	-	-	-	5,007	5,007
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>4,573</b>	<b>-</b>	<b>3,199</b>	<b>-</b>	<b>16,909</b>	<b>731</b>	<b>9,255</b>	<b>5,007</b>	<b>39,674</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue - tax roll	293,250	108,948	39,192	-	5,200	-	79,949	-	-	526,539
<b>FUND BALANCES</b>										
Nonspendable	-	-	-	-	-	114,003	-	-	-	114,003
Restricted	371,264	-	-	-	-	-	-	90,368	-	461,632
Assigned	-	-	120,242	1,320,296	1,258,676	109,163	76,071	-	-	2,884,448
Unassigned	-	83,482	-	-	-	-	-	-	(5,007)	78,475
<b>TOTAL FUND BALANCES</b>	<b>371,264</b>	<b>83,482</b>	<b>120,242</b>	<b>1,320,296</b>	<b>1,258,676</b>	<b>223,166</b>	<b>76,071</b>	<b>90,368</b>	<b>(5,007)</b>	<b>3,538,558</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 664,514</b>	<b>\$ 197,003</b>	<b>\$ 159,434</b>	<b>\$ 1,323,495</b>	<b>\$ 1,263,876</b>	<b>\$ 240,075</b>	<b>\$ 156,751</b>	<b>\$ 99,623</b>	<b>\$ -</b>	<b>\$ 4,104,771</b>

**CITY OF TOMAH, WISCONSIN**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	SPECIAL REVENUE FUNDS							CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	LIBRARY	SUPERFUND	LAKE DISTRICT	AMBULANCE SPECIAL REVENUE	INDUSTRIAL DEVELOPMENT	TOURISM	SENIOR AND DISABLED SERVICES	GRANTS AND DONATIONS	TIF #9	
<b>REVENUE</b>										
Taxes	\$ 293,884	\$ 104,221	\$ 58,956	\$ -	\$ -	\$ 650,777	\$ 74,220	\$ -	\$ -	\$ 1,182,058
Intergovernmental	137,544	-	218	6,505	-	-	-	780	-	145,047
Public charges for services	16,172	-	-	1,318,820	-	-	1,900	450	-	1,337,342
Intergovernmental charges for services	-	-	-	83,785	-	-	-	-	-	83,785
Miscellaneous	44,159	-	1,191	15,285	-	3,671	63,747	46,937	-	174,990
<b>TOTAL REVENUE</b>	<b>491,759</b>	<b>104,221</b>	<b>60,365</b>	<b>1,424,395</b>	<b>-</b>	<b>654,448</b>	<b>139,867</b>	<b>48,167</b>	<b>-</b>	<b>2,923,222</b>
<b>EXPENDITURES</b>										
Current										
General government	-	944	60	-	-	-	-	-	-	1,004
Public safety	-	-	-	1,514,215	-	-	-	33,684	-	1,547,899
Public works	-	52,990	-	-	-	-	-	1,046	-	54,036
Health and human services	-	-	-	-	-	-	115,467	-	-	115,467
Culture, recreation, and education	448,421	-	-	-	-	-	-	16,371	-	464,792
Conservation and development	-	-	73,645	-	900	267,306	-	-	5,007	346,858
Capital outlay	24,662	-	-	17,513	-	316,140	-	47,231	-	405,546
Debt service										
Principal	-	52,632	-	-	-	-	-	-	-	52,632
Interest	-	1,579	-	-	-	-	1,679	-	-	3,258
<b>TOTAL EXPENDITURES</b>	<b>473,083</b>	<b>108,145</b>	<b>73,705</b>	<b>1,531,728</b>	<b>900</b>	<b>583,446</b>	<b>117,146</b>	<b>98,332</b>	<b>5,007</b>	<b>2,991,492</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>18,676</b>	<b>(3,924)</b>	<b>(13,340)</b>	<b>(107,333)</b>	<b>(900)</b>	<b>71,002</b>	<b>22,721</b>	<b>(50,165)</b>	<b>(5,007)</b>	<b>(68,270)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in/(out)	-	-	-	-	675,000	(235,000)	-	-	-	440,000
<b>NET CHANGE IN FUND BALANCES</b>	<b>18,676</b>	<b>(3,924)</b>	<b>(13,340)</b>	<b>(107,333)</b>	<b>674,100</b>	<b>(163,998)</b>	<b>22,721</b>	<b>(50,165)</b>	<b>(5,007)</b>	<b>371,730</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>352,588</b>	<b>87,406</b>	<b>133,582</b>	<b>1,427,629</b>	<b>394,976</b>	<b>387,164</b>	<b>53,350</b>	<b>140,533</b>	<b>-</b>	<b>2,977,228</b>
<b>EQUITY TRANSFER</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>189,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>189,600</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 371,264</b>	<b>\$ 83,482</b>	<b>\$ 120,242</b>	<b>\$ 1,320,296</b>	<b>\$ 1,258,676</b>	<b>\$ 223,166</b>	<b>\$ 76,071</b>	<b>\$ 90,368</b>	<b>\$ (5,007)</b>	<b>\$ 3,538,558</b>

**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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 5, 2018.

**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  
June 5, 2018