



JOHNSON BLOCK

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VILLAGE OF OSCEOLA
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
For the Year Ended December 31, 2018

Village of Osceola

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December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Osceola
Osceola, Wisconsin

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 Village of Osceola, Wisconsin, as of and for the year ended December 31, 2018, which collectively comprise the Village's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 entity'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 Village of Osceola, Wisconsin, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of New Accounting Standards

As discussed in Note 1 to the financial statements, effective January 1, 2018 the Village adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. Our opinions are not modified with respect to this matter.

Net Position Restatement

As discussed in Note 25, the Village restated the net position of the water utility for expenses related to water tower repainting costs and the net position for the Governmental Activities for the effect of implementing GASB Statement No. 75. Our opinions are not modified with respect to this matter.

Evaluation of Going Concern

As discussed in Note 29, the Village has accumulated fund deficits in the capital projects fund and the water and sewer utilities have required advances from the general fund. Management's plan to mitigate these matters is described in Note 29. Our opinion is not modified with respect to this matter.

Other Matters

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and the Required Supplementary Information identified in the Table of Contents be presented to supplement the basic financial statements. Refer to the Table of Contents for the page numbers. 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 Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Osceola, Wisconsin's basic financial statements as a whole. The Other Supplemental Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The combining and individual non-major 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The other supplemental schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.

Certified Public Accountants

Madison, Wisconsin

November 21, 2019

**VILLAGE OF OSCEOLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018**

As management of the Village of Osceola, we offer readers of the Village of Osceola financial statements this narrative overview and analysis of the financial activities of the Village of Osceola for the fiscal year ended December 31, 2018. We encourage the reader to consider the information presented here in conjunction with the Independent Auditor's Report at the front of this report and the Village's financial statements, which immediately follow this section.

Using This Report

This report presents financial activity of the Village as a whole (government-wide) in the Statement of Net Position and the Statement of Activities. These statements provide a roll-up of financial information with governmental and business type activities each reported in a single column. The report also includes financial statements for significant (major) funds that provide more detail than the government-wide statements. More detailed statements are also provided for the business type activities. Where combined information has been presented, later statements will provide combining information. Budgetary information is provided for operating governmental funds. Fiduciary (trust and agency) activities are not included in the government-wide statement. Statements of net position, for these activities are separately included in the report. The notes to the financial statements are an integral part of this report. This report also contains supplemental information related to the financial activity of the Village.

Village of Osceola Government-Wide Statements

Government-wide statements provide information on the financial status and activities of the Village as a whole. These statements are prepared using the accrual basis of accounting, which is similar basis as private business accounting. Government-wide statement (Statement of Net Position and Statement of Activities) are presented in two groups:

Governmental Activities – The governmental activities of the Village of Osceola include general government, public safety, public works, health and human services, culture and recreation, and conservation and development. These activities are primarily supported by taxes, intergovernmental revenues, licenses & permits, fines & forfeitures, and charges for general governmental services.

Business-Type Activities – The business type activities are those which are mainly supported by charges to customers for services. The business-type activities of the Village of Osceola include the Osceola Sewer Utility and the Osceola Water Utility.

Statement of Net Position:

This statement provides information on all assets, deferred outflows, liabilities and deferred inflows of the Village. The statement presents, separately, a roll up of all Governmental activities and Business-Type activities. The difference between assets, deferred outflows, liabilities and deferred inflows, net position, is one way to measure the financial status of the Village. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Osceola is improving or deteriorating.

**Summary of Statement of Net Position
December 31, 2018
(In thousands \$)**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 4,625	\$ 4,603	\$ 327	\$ 264	\$ 4,952	\$ 4,867
Capital Assets	24,732	18,484	14,771	15,501	39,503	33,985
Total Assets	29,357	23,087	15,098	15,765	44,455	38,852
Deferred Outflows of Resources	351	394	37	46	388	440
Total Assets and Deferred Outflows	29,708	23,481	15,135	15,811	44,843	39,292
Long-Term Liabilities Outstanding	9,437	5,885	5,976	266	15,413	6,151
Other Liabilities	2,392	2,211	254	6,493	2,646	8,704
Total Liabilities	11,829	8,096	6,230	6,759	18,059	14,855
Deferred Inflows of Resources	2,536	2,303	70	58	2,606	2,361
Net Position	15,343	13,082	8,835	8,994	24,178	22,076
Net Investment in Capital Assets	15,653	13,278	8,983	9,180	24,636	22,458
Restricted	72	61	705	705	777	766
Unrestricted	(382)	(257)	(853)	(891)	(1,235)	(1,148)
Total Net Position	\$ 15,343	\$ 13,082	\$ 8,835	\$ 8,994	\$ 24,178	\$ 22,076

The majority of capital assets of governmental activities are infrastructure assets (land, buildings, machinery and equipment, infrastructure, etc.). The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Village's net position represents resources that are subject to external restrictions on how they may be used. Unrestricted net position represents funds available to provide services to the community.

There were no substantive changes in the total net position from the previous year.

Statement of Activities:

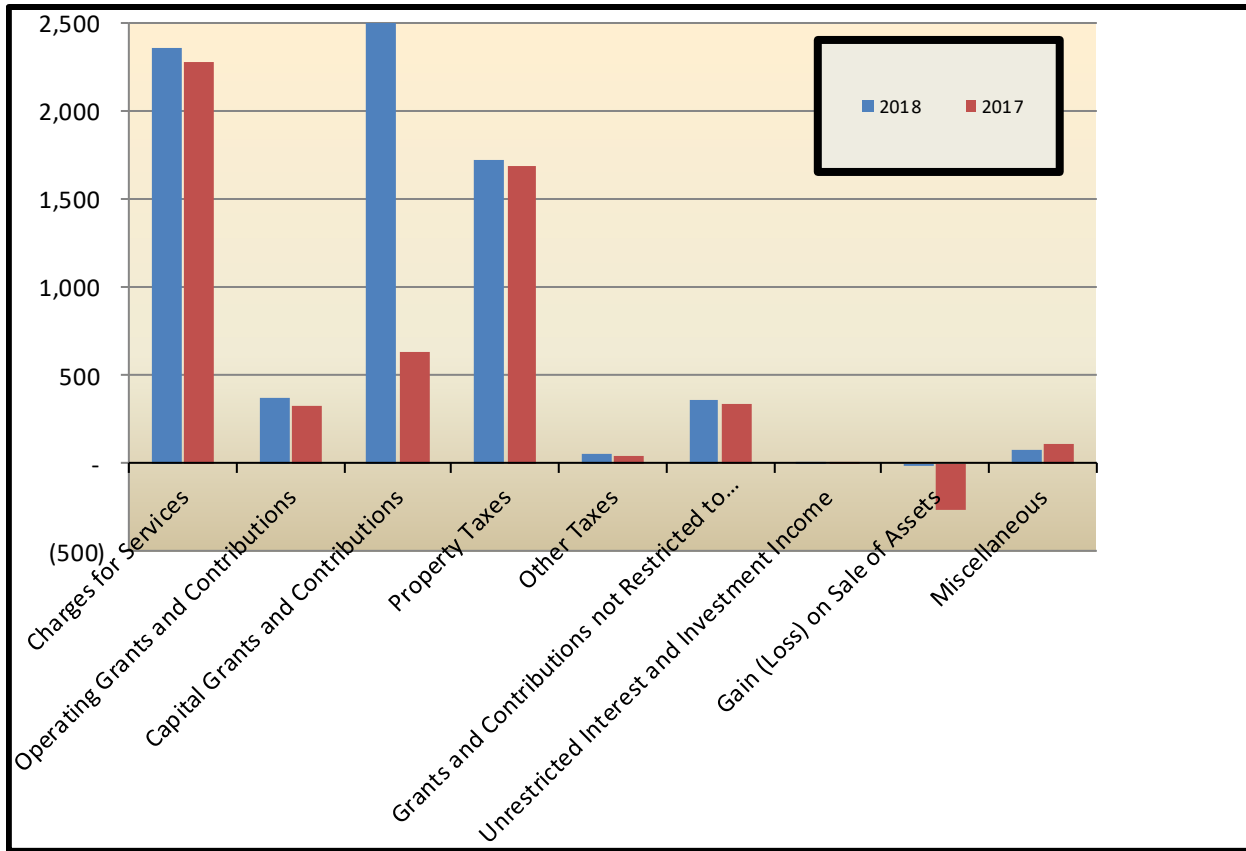
This statement presents the operations of the Village by function, program revenues supporting each function and general revenues which support all functions, by governmental and business-type activities. The following table provides a summary of the Village's operating results and their impact on net position.

**Summary of Revenues, Expenses and Change in Net Position
For the Years Ended December 31, 2018 and 2017
(In thousands \$)**

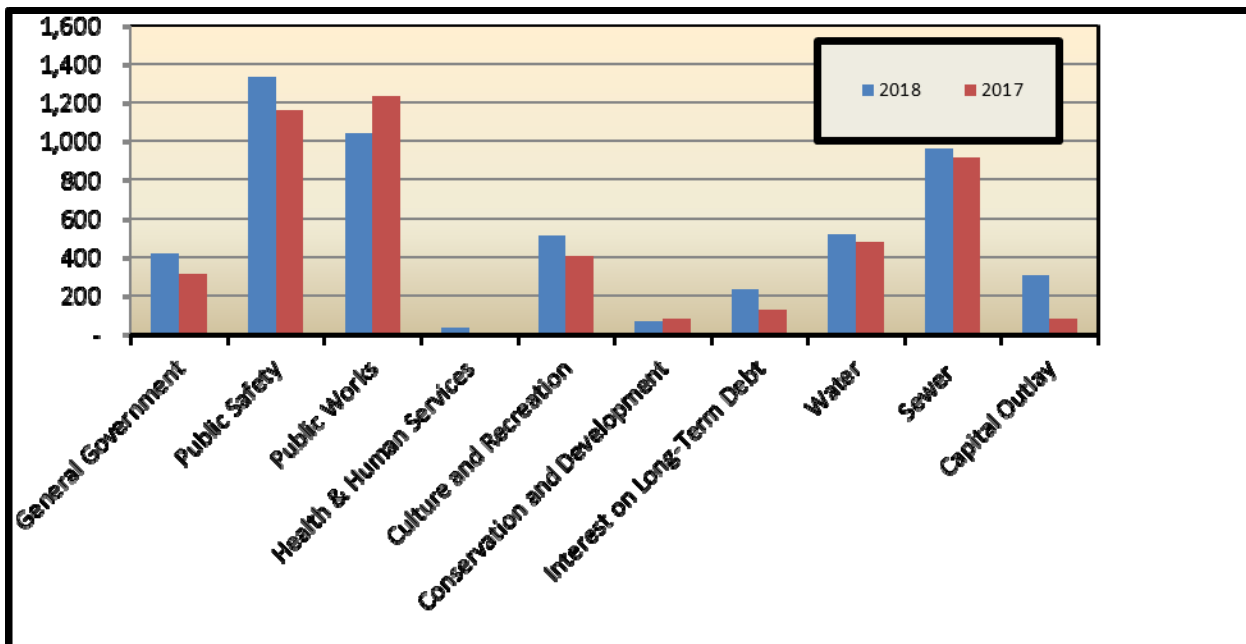
	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services and fees, fines and costs	\$ 708	\$ 654	\$ 1,648	\$ 1,623	\$ 2,356	\$ 2,277
Operating grants and contributions	369	328	-	-	369	328
Capital grants and contributions	2,909	570	47	65	2,956	635
General Revenues:						
Property taxes	1,720	1,687	-	-	1,720	1,687
Other taxes	54	38	-	-	54	38
Grants and contributions not restricted to specific programs	358	337	-	-	358	337
Unrestricted Interest and Investment Income	4	2	3	3	7	5
Gain (loss) on sale of assets	2	(251)	(3)	(8)	(1)	(259)
Miscellaneous	61	73	17	43	78	116
Total Revenues	\$ 6,185	\$ 3,438	\$ 1,712	\$ 1,726	\$ 7,897	\$ 5,164
Expenses:						
General Government	\$ 421	\$ 312	\$ -	\$ -	\$ 421	\$ 312
Public Safety	1,333	1,160	-	-	1,333	1,160
Public Works	1,044	1,235	-	-	1,044	1,235
Health, Welfare and Sanitation	34	-	-	-	34	-
Culture and Recreation	509	403	-	-	509	403
Conservation and Development	68	77	-	-	68	77
Interest on Long-Term Debt	235	128	-	-	235	128
Capital Outlay	306	82	-	-	306	82
Water	-	-	520	478	520	478
Sewer	-	-	965	918	965	918
Total Expenses	3,950	3,397	1,485	1,396	5,435	4,793
Change in Net Position before Transfers	2,235	41	227	330	2,462	371
Transfers	90	103	(134)	(138)	(44)	(35)
Change in Net Position	2,325	144	93	192	2,418	336
Net Position - January 1 as restated	13,018	12,938	8,742	8,802	21,760	21,740
Net Position - December 31	\$ 15,343	\$ 13,082	\$ 8,835	\$ 8,994	\$ 24,178	\$ 22,076

The January 1 governmental net position was reduced by \$64,484 based on a change in accounting principles related to the WRS – OPEB (LRLIF). The January 1 business-type net position was reduced by \$9,602 based on the change in accounting principles and by the write-off of the water tower painting of \$248,118 that had been capitalized in 2008. The increase in the December 31 governmental net position is related to the reimbursement of construction costs by the Mill Pond Foundation for the new library and a reduction in losses on assets. Factors contributing to the decrease in net position for the utilities include increased expenses for the PSC rate case, sewer biosolids expense, and sewer maintenance expenses for rebuilding sewer screens and filter panels. The other components were comparable between years as shown on the following charts.

**Total Revenues for all Activities by Source
For the Years Ended December 31, 2018 and 2017**



**Total Expenditures for all Activities by Use
For the Years Ended December 31, 2018 and 2017**

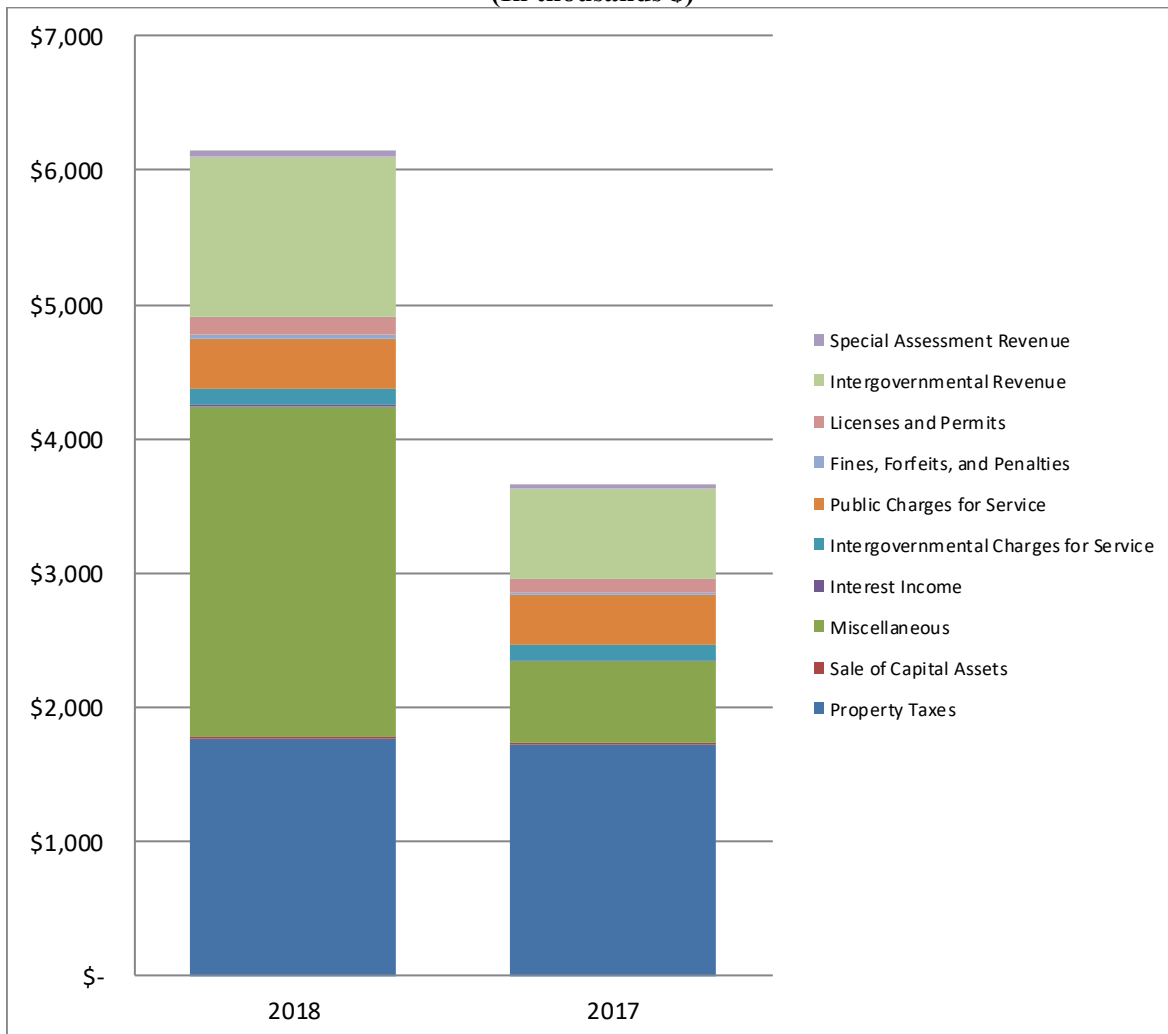


Revenue and Expense Highlights:

Governmental funds. The focus of the Village of Osceola’s governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Village’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Village’s net resources available for spending at the end of the fiscal year. As of December 31, 2018, the Village’s governmental funds reported combined ending fund deficits of (\$613,604), a decrease of \$365,587 from the prior year. In 2018 revenues increased by \$2,481,432. Revenues impacting the increase included the increase in property tax revenues, an increase in building permit and rental licensing fees, reimbursements from Millpond Learning Foundation for the Discovery Center, and an increase in intergovernmental revenues. The increase in revenues was offset by an increase in expenditures in 2018. The most significant increase in expenditures was for capital outlay costs incurred for the new Village Hall/Discovery Center/Senior Center and remodeling of the Fullerton property for the public works/fire station facility. The fund balance in the governmental funds decreased by \$365,587 in 2018.

The following charts provide a comparison between 2018 and 2017 Revenues and Expenditures in the Governmental Funds.

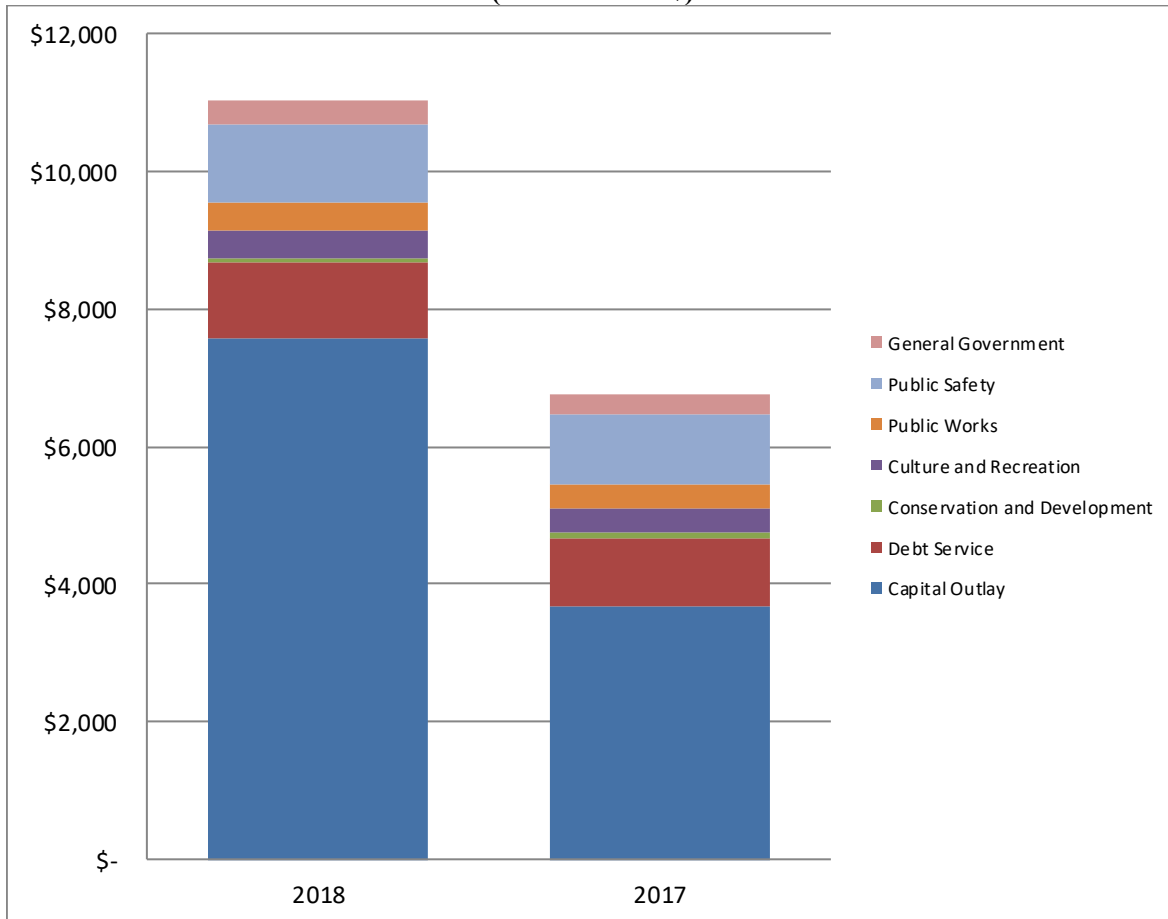
**Total Revenues for Governmental Funds
For the Years Ended December 31, 2018 and 2017
(In thousands \$)**



Revenue and Expense Highlights (Continued):

Overall expenditures from the Governmental Funds increased by \$2,109,009 largely due to an increase in capital outlay (\$3,896,851), public safety (\$95,962), public works (\$99,251) and debt service expense (\$104,040). These were offset by an increase in proceeds from long-term debt (\$2,156,006). In 2018, the largest portion of governmental expenditures was for public safety (\$1,125,640), public works (\$425,692), capital outlay (\$7,563,765) and debt service (\$1,117,335). These total \$10,232,432 and comprise 92.7% of total governmental fund expenditures.

**Total Expenditures for Governmental Funds
For the Years Ended December 31, 2018 and 2017
(In thousands \$)**



Governmental Funds:

The General Fund is the primary operating fund of the Village. Within the General Fund, expenditures exceeded revenues by \$152,207. The original budget provided for a \$66,805 increase in fund balance. Actual expenditures (excluding transfer out) were \$266,600 more than the amended budget. The functional areas that exceeded budgeted expenditures were the following:

<u>DEPARTMENT</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
General Government	295,351	273,263	22,088
Public Safety	1,125,640	978,313	147,327
Public Works	315,338	231,337	84,001
Culture, Recreation and Education	91,104	77,707	13,397

Revenue and Expense Highlights (Continued):

Governmental Funds (Continued):

The increased costs by functional area are the result of the following:

General Government: Increased legal fees (\$7,100) related to EDA grant; unemployment (\$6,600) related to former public works employee; IT support (\$5,000) related to new building; engineering (\$4,700) related to structural review, former hospital site, Wheels and Wings and Osceola Heights; building maintenance (\$7,500) cleaning services; county government (\$12,400) for public fire insurance on Fullerton building and auditor (\$9,650) related to CDI grant review. These increases were offset by \$30,000 of budgeted insurance expense which was allocated directly to functional areas.

The 2018 Public Safety budget did not include the following expenses: allocations of general & administrative costs (\$27,893); insurance expense (\$12,200); additional costs related to the Fullerton building that included propane for heating (\$8,200), snow removal (\$3,100), IT support (\$3,300) and repair/cleaning supplies (\$9,400); and rental licensing fees of (\$22,165). In addition, an interim increase in the public fire protection charge of \$6,100 was not included the budget and the building inspection fees exceeded the budget by \$33,846. The increase in building inspection fees and rental licensing fees are offset by an increase in building inspection and rental licensing revenues.

The 2018 Public Works budget did not include the following expenses: allocations of general & administrative costs (\$24,400) and engineering expenses related to the 2018 asphalt repair project, sealcoating, crack filling, and the downtown street striping project (\$21,900). The snow contract budget was exceeded by \$10,400 due to more snow falls than anticipated. Street light repairs exceeded budget by \$5,600 and equipment repairs exceeded budget by \$5,200.

The 2018 Culture, Recreation and Education budget did include the following expenses: water & sewer expenses related to the parks and 405 4th Avenue (\$3,500); gas & oil (\$2,300); tax expense for 405 4th Avenue (\$2,900) and auto/property/liability insurance expense (\$5,000).

At the end of the current year, there was no unassigned fund balance in the general fund. Per Village policy, the Village is to strive to maintain an unassigned fund balance of 30% of budgeted general fund appropriations for the subsequent year. 2019 budgeted expenses are \$1,840,953. In order to meet the 30% unassigned fund balance per the policy, the Village needed \$552,286 in unassigned fund balance.

Proprietary Funds: The Village of Osceola's proprietary funds are the utilities that provide charge-based services and are accounted for similar to a private business.

The Net Position within the proprietary funds decreased from \$8,993,848 to \$8,835,150 in 2018. The largest components of the decrease included a write-off of 2008 water tower painting expense of \$242,118 and a decrease of \$9,602 for a change in accounting principle related to the WRS – OPEB (LRLIF). Transfers were made to the General Fund by Water in 2018 for operational expenses.

Capital Assets

The Village of Osceola has implemented all provisions of GASB Statement No. 34. This includes the capitalization of infrastructure assets (roads, bridges, and signalization) which had not been previously reported as assets. The Village of Osceola has reported over \$61.6 million in capital assets (before depreciation). Additions to these Capital Assets totaled \$10,408,247 in 2018. The following table provides a summary of the Capital Assets of the Village.

**Capital Assets at December 31
(Net of Depreciation)
(In thousands \$)**

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 5,236	\$ 5,229	\$ 37	\$ 37	\$ 5,273	\$ 5,266
Infrastructure in Progress	365	116	-	-	365	116
Construction in Progress	50	3,091	13	13	63	3,104
Buildings, Improvements & Equipment	13,886	3,977	6,699	6,694	20,585	10,671
Infrastructure	19,898	19,763	15,453	15,725	35,351	35,488
Total Capital Assets	39,435	32,176	22,202	22,469	61,637	54,645
Less: Accumulated Depreciation	14,703	13,692	7,431	6,969	22,134	20,661
Net Investment in Capital Assets	\$ 24,732	\$ 18,484	\$ 14,771	\$ 15,500	\$ 39,503	\$ 33,984

General Fixed Asset Additions

The following projects were completed in 2018:

The Municipal Building/Discovery Center/Senior Center:

Building	Sidewalks
Parking Lot	

The Fullerton property which houses the Fire department, Public Works garage and the future FAB Lab including landscaping.

2018 equipment purchases:

Police evidence lockers	Police IP recording system
Fire 1255 Taski auto scrubber	7' Kage system skid steer loader
2017 John Deere tractor with attachments	2017 John Deere 60 HD broom

Additional infrastructure projects completed included:

Hwy 243 sidewalk at park trailhead	10 th Street sidewalk addition
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Proprietary Asset Additions

The Water Utility added 134 new meters and one service. The Sewer Utility purchased a radio detector.

Long-Term Debt

The Village had \$15,236,600 of long-term debt outstanding at December 31, 2018 as compared to \$12,248,902 at December 31, 2017. The following table is a summary of the Village’s long-term debt.

**Long-Term Debt December 31
(In thousands \$)**

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
	General Obligation Debt:					
Bonds and Notes	\$ 8,923	\$ 5,283	\$ 2,388	\$ 2,456	\$ 11,311	\$ 7,739
Mortgage Revenue Bonds	-	-	3,571	4,030	3,571	4,030
Land Contract Payable	95	95	-	-	95	95
Lease Revenue Bonds	260	385	-	-	260	385
	\$ 9,278	\$ 5,763	\$ 5,959	\$ 6,486	\$ 15,237	\$ 12,249

The Village is rated by Moody’s Investors Service as Baa1 for its general obligation debt. Additional information on the Village’s long-term debt can be found in Note 9 on pages 38 through 45 of this report.

ECONOMIC FACTORS and 2019 BUDGET and RATES

The 2019 budget was developed based on a “steady state” to reflect inflation with only minor modification to operations and programs. General Fund revenues for 2019 are budgeted at \$1,832,269, which is a \$20,219 increase from the 2018 amended budget. General Fund expenditures for 2019 are budgeted at \$1,840,953, which is a \$117,185 increase from the 2018 amended budget

CONTACTING THE VILLAGE’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Village of Osceola’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Village Administrator of the Village of Osceola, 310 Chieftain St. P.O. Box 217, Osceola, Wisconsin, 54020-217. The phone number is (715) 294-3498.

**Village of Osceola
Osceola, Wisconsin**

**Statement of Net Position
December 31, 2018**

	<u>Governmental</u>	<u>Business-type</u>	<u>Primary Government</u>
ASSETS			
Current Assets:			
Cash and Investments	\$ 652,102	\$ 57,127	\$ 709,229
Taxes receivable	1,764,242	7,948	1,772,190
Delinquent taxes	2,881	-	2,881
Current special assessments and charges	258,195	-	258,195
Accounts receivable	180,760	278,916	459,676
Other accounts receivable	4,036	5,215	9,251
Due from Other Governmental Agencies	290,966	111,236	402,202
Internal Balances	500,862	(500,862)	-
Inventories	-	12,152	12,152
Prepaid Expenses	28,461	83	28,544
Total Current Assets	<u>3,682,505</u>	<u>(28,185)</u>	<u>3,654,320</u>
Noncurrent Assets:			
Restricted Assets			
Cash and Cash Equivalents	198,173	334,209	532,382
Net Pension Asset	178,853	18,774	197,627
Other Assets			
Special Assessments due in the Future	67,803	-	67,803
Long-term loans receivable	426,526	-	426,526
Land Held for Resale	70,682	-	70,682
Investment in Biosolids	-	2,515	2,515
Capital Assets			
Land, Improvements, and Construction in	5,650,692	50,307	5,700,999
Other Capital Assets, net of depreciation	19,081,786	14,720,343	33,802,129
Net Capital Assets	<u>24,732,478</u>	<u>14,770,650</u>	<u>39,503,128</u>
Total Noncurrent Assets	<u>25,674,515</u>	<u>15,126,148</u>	<u>40,800,663</u>
Total Assets	<u>29,357,020</u>	<u>15,097,963</u>	<u>44,454,983</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension and OPEB Outflows	351,109	37,426	388,535
Total Deferred Outflows of Resources	<u>351,109</u>	<u>37,426</u>	<u>388,535</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 29,708,129</u>	<u>\$ 15,135,389</u>	<u>\$ 44,843,518</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 1,293,844	\$ 170,527	\$ 1,464,371
Accrued Interest	74,852	27,015	101,867
Short-Term Debt	1,022,924	56,016	1,078,940
Current Portion of Long-Term Liabilities			
Bonds and Notes payable	950,756	647,387	1,598,143
Compensated absences	14,643	5,232	19,875
Total Current Liabilities	<u>3,357,019</u>	<u>906,177</u>	<u>4,263,196</u>
Noncurrent Liabilities			
Long-Term Liabilities			
Due in more than one year			
Bonds and Notes payable	8,326,870	5,311,587	13,638,457
Compensated Absences	63,642	-	63,642
Net Life Insurance OPEB Liability	81,616	12,152	93,768
Total Noncurrent Liabilities	<u>8,472,128</u>	<u>5,323,739</u>	<u>13,795,867</u>
Total Liabilities	<u>11,829,147</u>	<u>6,229,916</u>	<u>18,059,063</u>
DEFERRED INFLOWS OF RESOURCES			
Other Deferred Revenues	2,182,558	-	2,182,558
Deferred Pension and OPEB Inflows	353,260	37,134	390,394
Regulatory Credit	-	33,189	33,189
Total Deferred Inflows of Resources	<u>2,535,818</u>	<u>70,323</u>	<u>2,606,141</u>
NET POSITION			
Net Investment in Capital Assets	15,653,025	8,983,299	24,636,324
Restricted for:			
Special Revenue	71,854	-	71,854
Capital Projects	-	252,077	252,077
Debt Service	-	452,498	452,498
Unrestricted	(381,715)	(852,724)	(1,234,439)
Total Net Position	<u>15,343,164</u>	<u>8,835,150</u>	<u>24,178,314</u>
Total Liabilities, Deferred Inflows of	<u>\$ 29,708,129</u>	<u>\$ 15,135,389</u>	<u>\$ 44,843,518</u>

See accompanying notes to the basic financial statements

Village of Osceola
Osceola, Wisconsin

Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Primary Government
Primary government							
Governmental Activities							
General Government	\$ 421,377	\$ 143,889	\$ 5,291	\$ -	\$ (272,197)		\$ (272,197)
Public Safety	1,332,861	435,457	10,762	-	(886,642)		(886,642)
Public Works	1,043,681	103,905	208,089	30,320	(701,367)		(701,367)
Health, Welfare and Sanitation	33,499	-	-	-	(33,499)		(33,499)
Culture and Recreation	508,576	13,705	140,519	13,200	(341,152)		(341,152)
Conservation and Development	68,495	-	4,208	-	(64,287)		(64,287)
Interest on Long-term debt	234,736	-	-	-	(234,736)		(234,736)
Capital Outlay	306,333	10,823	-	2,866,132	2,570,622		2,570,622
Total governmental activities	<u>3,949,558</u>	<u>707,779</u>	<u>368,869</u>	<u>2,909,652</u>	<u>36,742</u>		<u>36,742</u>
Business-type activities							
Water	519,823	579,461	-	12,600	-	72,238	72,238
Sewer	964,833	1,068,129	-	34,500	-	137,796	137,796
Total business-type activities	<u>1,484,656</u>	<u>1,647,590</u>	<u>-</u>	<u>47,100</u>	<u>-</u>	<u>210,034</u>	<u>210,034</u>
Total primary government	<u>\$ 5,434,214</u>	<u>\$ 2,355,369</u>	<u>\$ 368,869</u>	<u>\$ 2,956,752</u>	<u>36,742</u>	<u>210,034</u>	<u>246,776</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					1,219,064	-	1,219,064
Property taxes, levied for debt service					500,700	-	500,700
Other taxes					32,897	-	32,897
Room taxes					21,008	-	21,008
Grants and contributions not restricted to specific programs					357,934	-	357,934
Unrestricted investment earnings					3,898	3,360	7,258
Miscellaneous					61,208	17,003	78,211
Special item - gain (loss) on sale/retirement of asset(s)					2,350	(3,002)	(652)
Transfers					134,373	(134,373)	-
Total general revenues, special items, and transfers					<u>2,333,432</u>	<u>(117,012)</u>	<u>2,216,420</u>
Net transfers to fiduciary fund					<u>(44,696)</u>	<u>-</u>	<u>(44,696)</u>
Change in net position					2,325,478	93,022	2,418,500
Net position - beginning as restated					13,017,686	8,742,128	21,759,814
Net position - ending					<u>\$ 15,343,164</u>	<u>\$ 8,835,150</u>	<u>\$ 24,178,314</u>

See accompanying notes to the basic financial statements

Village of Osceola
Osceola, Wisconsin

Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Debt Service	TIF 2/RDA	Capital Projects	TIF 1	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 17,106	\$ -	\$ 523,707	\$ 44,843	\$ -	\$ 66,446	\$ 652,102
Receivables:							
Taxes	539,188	556,445	354,525	-	314,084	-	1,764,242
Delinquent Personal Property Taxes	2,881	-	-	-	-	-	2,881
Special Assessments	233,294	-	-	24,901	-	-	258,195
Accounts	27,929	-	-	149,668	-	3,163	180,760
Loans	-	-	164,866	261,660	-	-	426,526
Other	-	-	-	-	-	4,036	4,036
Prepaid Expenses	17,182	-	-	6,040	-	5,239	28,461
Due from Other Funds	35,076	-	-	137,496	-	-	172,572
Due from Other Governments	-	-	-	153,570	-	137,396	290,966
Restricted Cash	-	-	198,173	-	-	-	198,173
Special Assessments due in the Future	-	-	-	67,803	-	-	67,803
Advances Receivable	500,862	-	-	-	-	-	500,862
Total Assets	<u>\$ 1,373,518</u>	<u>\$ 556,445</u>	<u>\$ 1,241,271</u>	<u>\$ 845,981</u>	<u>\$ 314,084</u>	<u>\$ 216,280</u>	<u>\$ 4,547,579</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,373,518</u>	<u>\$ 556,445</u>	<u>\$ 1,241,271</u>	<u>\$ 845,981</u>	<u>\$ 314,084</u>	<u>\$ 216,280</u>	<u>\$ 4,547,579</u>
LIABILITIES							
Liabilities:							
Accounts Payable	\$ 52,179	\$ -	\$ -	\$ 1,213,232	\$ -	\$ 9,110	\$ 1,274,521
Accrued Liabilities	19,324	-	-	-	-	-	19,324
Short-Term Debt	-	-	-	1,022,924	-	-	1,022,924
Due to Other Funds	-	-	-	18,781	-	153,791	172,572
Short-Term Compensated Absences	13,060	-	-	-	-	1,583	14,643
Total Liabilities	<u>84,563</u>	<u>-</u>	<u>-</u>	<u>2,254,937</u>	<u>-</u>	<u>164,484</u>	<u>2,503,984</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows - Loans Receivable	-	-	164,866	261,660	-	-	426,526
Deferred Inflows - Grants Receivable	-	-	-	145,178	-	-	145,178
2019 Property Tax Revenue	785,386	556,445	354,525	67,803	314,084	-	2,078,243
Unearned Revenues	-	-	-	-	-	7,252	7,252
Total Deferred Inflows of Resources	<u>785,386</u>	<u>556,445</u>	<u>519,391</u>	<u>474,641</u>	<u>314,084</u>	<u>7,252</u>	<u>2,657,199</u>
FUND BALANCES (DEFICITS)							
Nonspendable	503,569	-	-	-	-	-	503,569
Restricted	-	-	721,880	-	-	64,191	786,071
Unassigned	-	-	-	(1,883,597)	-	(19,647)	(1,903,244)
Total Fund Balances (Deficits)	<u>503,569</u>	<u>-</u>	<u>721,880</u>	<u>(1,883,597)</u>	<u>-</u>	<u>44,544</u>	<u>(613,604)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 1,373,518</u>	<u>\$ 556,445</u>	<u>\$ 1,241,271</u>	<u>\$ 845,981</u>	<u>\$ 314,084</u>	<u>\$ 216,280</u>	<u>\$ 4,547,579</u>

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2018**

Total fund balance, governmental funds	\$	(613,604)
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

General Fixed Assets		24,732,478
Land Held for Resale		70,682

The net pension asset is not a current financial resource and is therefore not reported in the fund statements		178,853
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Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities.

Deferred outflows of resources - pension		338,112
Deferred outflows of resources - OPEB - LRLIF		12,997

Deferred inflows are reported in the fund financial statement, but are already recognized as earned in the Statement of Net Position.

Deferred inflows of resources - pension		(352,110)
Deferred inflows of resources - OPEB - LRLIF		(1,150)
Special Assessments		67,803
TAP Grant		145,178
Loans Receivable		261,660

Some liabilities, (such as Notes Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Accrued Interest	\$	(74,852)
Bond and Notes Payable Due Within One Year		(950,756)
Bond and Notes Payable Due In More Than One Year		(8,326,870)
Net Life Insurance OPEB Liability		(81,616)
Compensated Absences		(63,642)
Rounding		1
		(9,497,735)

Net Position of Governmental Activities in the Statement of Net Position	\$	15,343,164
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See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018**

	<u>General Fund</u>	<u>Debt Service</u>	<u>TIF 2/RDA</u>	<u>Capital Projects</u>	<u>TIF 1</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Property Taxes	\$ 538,494	\$ 500,700	\$ 361,150	\$ -	\$ 319,419	\$ -	\$ 1,719,763
Other Taxes	32,897	-	-	-	-	21,008	53,905
Special Assessment Revenue	-	-	-	37,925	-	-	37,925
Intergovernmental	555,484	-	5,260	68,762	10,792	556,539	1,196,837
License and Permits	111,007	-	-	31,050	-	-	142,057
Fines, Forfeits and Penalties	28,567	-	-	-	-	-	28,567
Public Charges for Services	279,188	-	-	300	-	91,831	371,319
Intergovernmental Charges for Services	119,753	-	-	-	-	-	119,753
Interest Income	-	-	3,176	476	-	246	3,898
Miscellaneous Income	81,609	-	38,445	2,336,252	-	13,512	2,469,818
Total Revenues	<u>1,746,999</u>	<u>500,700</u>	<u>408,031</u>	<u>2,474,765</u>	<u>330,211</u>	<u>683,136</u>	<u>6,143,842</u>
EXPENDITURES							
Current:							
General Government	295,351	-	17,150	10,500	20,900	189	344,090
Public Safety	1,125,640	-	-	-	-	-	1,125,640
Public Works	315,338	-	-	-	-	110,354	425,692
Culture, Recreation and Education	91,104	-	-	-	-	298,904	390,008
Conservation and Development	22,212	-	38,073	-	-	8,105	68,390
Capital Outlay	-	-	-	7,563,765	-	-	7,563,765
Debt Service							
Principal Repayment	-	792,898	125,000	-	-	-	917,898
Interest Expense	-	160,129	24,288	3,249	-	2,892	190,558
Fiscal Charges	-	1,114	1,015	6,750	-	-	8,879
Total Expenditures	<u>1,849,645</u>	<u>954,141</u>	<u>205,526</u>	<u>7,584,264</u>	<u>20,900</u>	<u>420,444</u>	<u>11,034,920</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(102,646)</u>	<u>(453,441)</u>	<u>202,505</u>	<u>(5,109,499)</u>	<u>309,311</u>	<u>262,692</u>	<u>(4,891,078)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from Sale of Capital Assets	3,600	-	-	-	-	-	3,600
Proceeds from Long-Term Debt	-	-	-	4,357,214	-	75,000	4,432,214
Transfers In	139,373	450,030	309,311	428,749	-	129,200	1,456,663
Transfers Out	(192,534)	-	(394,827)	(36,565)	(309,311)	(433,749)	(1,366,986)
Total Other Financing Sources and Uses	<u>(49,561)</u>	<u>450,030</u>	<u>(85,516)</u>	<u>4,749,398</u>	<u>(309,311)</u>	<u>(229,549)</u>	<u>4,525,491</u>
Net Change Fund Balances	(152,207)	(3,411)	116,989	(360,101)	-	33,143	(365,587)
Fund Balances - Beginning	655,776	3,411	604,891	(1,523,496)	-	11,401	(248,017)
Fund Balances (Deficits) - Ending	<u>\$ 503,569</u>	<u>\$ -</u>	<u>\$ 721,880</u>	<u>\$ (1,883,597)</u>	<u>\$ -</u>	<u>\$ 44,544</u>	<u>\$ (613,604)</u>

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended December 31, 2018**

Net change in fund balances - total governmental funds: \$ (365,587)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	\$ 7,282,518	
Depreciation	<u>(1,024,772)</u>	6,257,746

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. (9,250)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Special Assessment Revenue recognized in current year 24,167

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. \$2,276,208 is the amount of principal repayments less proceeds from long-term debt of \$893,345 represents the net activity in 2017.

Principal Repayments	\$ 917,898	
Proceeds of Long-Term Debt	<u>4,432,214</u>	(3,514,316)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Adjustment for increase in accrued interest	(35,299)
Adjustment for increase in compensated absences	(6,559)

Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments.

Amount of current year required contributions into the defined benefit pension plan	<u>(25,424)</u>
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Change in net position of governmental activities	<u><u>\$ 2,325,478</u></u>
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See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Net Position
Proprietary Funds
December 31, 2018**

	Proprietary Funds		
	Water	Sewer	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 18,158	\$ 38,969	\$ 57,127
Receivables			
Taxes	1,798	6,150	7,948
Accounts	75,904	203,012	278,916
Advances - Current Portion	16,239	-	16,239
Other	2,800	2,415	5,215
Due from Other Governments	-	111,236	111,236
Prepays	60	23	83
Inventories	9,287	2,865	12,152
Total Current Assets	124,246	364,670	488,916
Restricted Assets:			
Restricted Cash and Investments	239,032	95,177	334,209
Net Pension Asset	9,288	9,486	18,774
Total Restricted Assets	248,320	104,663	352,983
Capital Assets:			
Land and Improvements	36,941	-	36,941
Construction Work in Progress	13,366	-	13,366
Other Capital Assets	8,485,140	13,666,442	22,151,582
Less Accumulated Depreciation	(2,823,406)	(4,607,833)	(7,431,239)
Net Capital Assets	5,712,041	9,058,609	14,770,650
Noncurrent Assets:			
Advances Receivable	48,715	-	48,715
Investment in Biosolids	-	2,515	2,515
Total Noncurrent Assets	48,715	2,515	51,230
Total Assets	6,133,322	9,530,457	15,663,779
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Pension	17,559	17,932	35,491
Deferred Outflows of Resources - LRLIF	1,935	-	1,935
Total Deferred Outflows of Resources	19,494	17,932	37,426
Total Assets and Deferred Outflows of Resources	\$ 6,152,816	\$ 9,548,389	\$ 15,701,205

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Net Position
Proprietary Funds
December 31, 2018**

	Proprietary Funds		
	Water	Sewer	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 12,828	\$ 19,805	\$ 32,633
Accrued Liabilities	2,625	1,884	4,509
Taxes Accrued	133,385	-	133,385
Accrued Interest Payable	9,097	17,918	27,015
Compensated Absences	2,616	2,616	5,232
Short-Term Notes Payable	32,067	23,949	56,016
Current Portion of Long-Term Debt:			
Current Portion of Advances	59,001	67,703	126,704
Current Portion of Long-Term Bonds	184,152	463,235	647,387
Total Current Liabilities	435,771	597,110	1,032,881
Non-Current Liabilities:			
Long-Term Debt			
Notes Payable	334,365	-	334,365
Bonds and Loans Payable	842,475	4,134,747	4,977,222
Total Long-Term Debt	1,176,840	4,134,747	5,311,587
Other Liabilities:			
Net OPEB Liability - LRLIF	12,152	-	12,152
Advances Payable	236,004	203,108	439,112
Total Other Liabilities	248,156	203,108	451,264
Total Non-Current Liabilities	1,424,996	4,337,855	5,762,851
Total Liabilities	1,860,767	4,934,965	6,795,732
DEFERRED INFLOWS OF RESOURCES			
Regulatory Credit	33,189	-	33,189
Deferred Inflows of Resources - Pension	18,287	18,676	36,963
Deferred Inflows of Resources - LRLIF	171	-	171
	51,647	18,676	70,323
NET POSITION			
Net Investment in Capital Assets	4,522,672	4,460,627	8,983,299
Restricted Assets	226,083	478,492	704,575
Unrestricted	(508,353)	(344,371)	(852,724)
Total Net Position	4,240,402	4,594,748	8,835,150
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 6,152,816	\$ 9,548,389	\$ 15,701,205

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2018**

	Proprietary Funds		
	Water	Sewer	Total
REVENUES			
Charges for Services	\$ 573,306	\$ 1,036,099	\$ 1,609,405
Other Operating Revenues	6,155	32,030	38,185
Total Operating Revenues	<u>579,461</u>	<u>1,068,129</u>	<u>1,647,590</u>
OPERATING EXPENSES			
Operation and Maintenance	258,536	506,067	764,603
Depreciation	205,772	314,255	520,027
Taxes	2,085	1,791	3,876
Total Operating Expenses	<u>466,393</u>	<u>822,113</u>	<u>1,288,506</u>
Operating Income (Loss)	<u>113,068</u>	<u>246,016</u>	<u>359,084</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and Investment Revenue	3,217	143	3,360
Miscellaneous Non-Operating Revenue	17,003	-	17,003
Interest Expense	(52,455)	(142,720)	(195,175)
Debt Issuance Expense	(975)	-	(975)
Total Non-Operating Revenue (Expenses)	<u>(33,210)</u>	<u>(142,577)</u>	<u>(175,787)</u>
Income (Loss) Before Contributions and Transfers	<u>79,858</u>	<u>103,439</u>	<u>183,297</u>
Capital Contributions	12,600	34,500	47,100
Transfers In	-	5,948	5,948
Transfers Out	(140,321)	-	(140,321)
Gain (Loss) on Retirement of Assets	(3,002)	-	(3,002)
Change in Net Position	<u>(50,865)</u>	<u>143,887</u>	<u>93,022</u>
Total Net Position - Beginning as Restated	<u>4,291,267</u>	<u>4,450,861</u>	<u>8,742,128</u>
Total Net Position - Ending	<u>\$ 4,240,402</u>	<u>\$ 4,594,748</u>	<u>\$ 8,835,150</u>

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2018**

	Water Utility	Sewer Utility	Totals 2018
<u>Cash Flows From Operating Activities:</u>			
Receipts from Customers	\$ 570,436	\$ 1,083,548	\$ 1,653,984
Receipts from Other Sources	(12,745)	76,239	63,494
Payments to Suppliers	(160,557)	(465,680)	(626,237)
Payments to Employees	(63,817)	(63,944)	(127,761)
Taxes Paid	(142,406)	(1,791)	(144,197)
Net Cash Provided (Used) by Operating Activities	190,911	628,372	819,283
<u>Cash Flows From Capital and Related Financing Activities:</u>			
Proceeds of special assessments	-	-	-
Acquisition and Construction of Plant Assets	(30,129)	(5,136)	(35,265)
Impact fees	12,600	34,500	47,100
Proceeds from long-term debt	53,950	42,041	95,991
Repayment of Advances	16,238	(67,702)	(51,464)
Principal Payments on Long-Term Debt	(172,147)	(450,462)	(622,609)
Interest Paid	(53,279)	(142,720)	(195,999)
Net Cash Used for Capital and Related Financing Activities	(172,767)	(589,426)	(762,193)
<u>Cash Flows From Investing Activities:</u>			
Interest on Investments	3,218	144	3,362
Purchase of Non-Cash Equivalents	(239,032)	(95,177)	(334,209)
Sale of non-cash equivalents	235,814	95,033	330,847
Net Cash Provided (Used) by Investing Activities	-	-	-
Net Increase (Decrease) in Cash and Equivalents	18,144	38,946	57,090
Cash and Equivalents - Beginning of Year	14	23	37
Cash and Equivalents - End of Year	\$ 18,158	\$ 38,969	\$ 57,127
<u>Reconciliation to Statement of Net Position</u>			
Current Cash and Cash Equivalents	\$ 18,158	\$ 38,969	\$ 57,127
Restricted Cash and Investments	239,032	95,177	334,209
Less Non-Cash Equivalents	(239,032)	(95,177)	(334,209)
Cash and Equivalents - End of Year	\$ 18,158	\$ 38,969	\$ 57,127

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2018**

	Water Utility	Sewer Utility	Totals 2018
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income	\$ 113,068	\$ 246,016	\$ 359,084
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Joint Meter	4,400	(4,400)	-
Other non-operating revenue	10,365		10,365
Tax Equivalent	(135,361)	-	(135,361)
Depreciation	205,772	314,255	520,027
Changes in Assets and Liabilities:			
Customer Accounts Receivable	(843)	46,275	45,432
Other Accounts Receivable	(2,027)	1,174	(853)
Due from/to Other Governmental Units	-	62,209	62,209
Due from/to other funds	(18,900)	(18,000)	(36,900)
Material & Supplies	(2,090)	-	(2,090)
Prepayments	(24)	(23)	(47)
Pension asset/liability	3,315	2,058	5,373
Accounts Payable	10,309	(23,949)	(13,640)
Compensated absences	1,790	1,789	3,579
Accrued Liabilities	1,137	968	2,105
Net Cash Provided (Used) by Operating Activities	\$ 190,911	\$ 628,372	\$ 819,283

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Net Position
Fiduciary Funds
December 31, 2018**

	<u>Library Restricted</u>	<u>Municipal Court/Forfeitures</u>	<u>Tax Agency</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 22,053	\$ 37	\$ 555,752	\$ 577,842
Receivables:				
Taxes Receivable	-	-	1,830,770	1,830,770
Prepays	-	523	-	523
Total Receivables	-	523	1,830,613	1,831,136
TOTAL ASSETS	<u>\$ 22,053</u>	<u>\$ 560</u>	<u>\$ 2,386,365</u>	<u>\$ 2,408,978</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 1,475	\$ -	\$ 1,475
Due to Other Governments	-	2,247	2,386,365	2,388,612
Short-Term Compensated Absences	-	7	-	7
Total Liabilities	-	3,729	2,386,365	2,390,094
NET POSITION				
Held in Trust for Benefits and Other Purposes	22,053	(3,169)	-	18,884
TOTAL LIABILITIES AND NET POSITION	<u>\$ 22,053</u>	<u>\$ 560</u>	<u>\$ 2,386,365</u>	<u>\$ 2,408,978</u>

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Activities
Fiduciary Funds
For the Year Ended December 31, 2018**

	Municipal Court/Forfeitures
REVENUES	
Fines, Forfeits and Penalties	\$ 28,883
Public Charges for Services	12,335
Total Revenues	41,218
EXPENDITURES	
Current:	
General Government	88,673
Total Expenditures	88,673
Excess (Deficiency) of Revenues Over Expenditures	(47,455)
OTHER FINANCING SOURCES (USES)	
Transfers In	44,696
Total Other Financing Sources and Uses	44,696
SPECIAL ITEM	
Change in Net Position	(2,759)
Net Position - Beginning	(410)
Net Position - Ending	\$ (3,169)

See accompanying notes to the basic financial statements.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Osceola, Wisconsin conform to U.S. generally accepted accounting principles as applicable to governmental units.

A. Reporting Entity

This report includes all funds of the Village of Osceola. The reporting entity for the Village consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Component Units

Redevelopment Authority

This report includes the Redevelopment Authority (the Authority) as a blended component unit. The Authority is a legally separate organization. The Board of the Authority is appointed by the Board of the Village of Osceola. The Authority meets the criteria of a component unit of the Village. The Authority was included as a blended component unit because it provides services exclusively, or almost exclusively, to the Village. See Note 20 for further details.

The Housing Authority of the Village of Osceola

Management of the Village has determined that the Housing Authority of the Village of Osceola (the "Housing Authority") is excluded as a component unit. The Housing Authority is a legally separate organization and appointments to the Housing Authority are approved by the Village Board; however, since the Village cannot impose its will on the Housing Authority and there is no material benefit to, or burden on, the Village, the Housing Authority does not meet the criteria for inclusion in the reporting entity. Financial statements for the Housing Authority may be obtained from:

Housing Authority of Osceola
602 3rd Avenue
Osceola, WI 52501

School District

The School District of Osceola is excluded from the reporting entity. The financial statements exclude the accounts of the above-named school district because the school district has a separately elected governing body, is legally separate and fiscally independent.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

Government-wide financial statements are basic financial statements required for all governmental units. The Statement of Net Position and the Statement of Activities are the two required statements. Both statements are prepared on the full accrual basis. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental fund financial statements.

All funds in the fund financial statements are reported as business-type activities, governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

Finally, all non-fiduciary funds are further classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the standard concentrates on major funds versus non-major funds.

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include: 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 revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows, liabilities, deferred inflows, net position/fund equity, revenues, and expenditure/expenses.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

- 1. Summary of Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund Financial Statements (Continued)**

Fund Financial Statements (Continued)

Funds are identified as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the government or meets the following criteria:

- 1. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type and
- 2. Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.
- 3. In addition, any other governmental or proprietary fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

Major Governmental Funds

The Village reports the following major governmental funds:

General Fund – accounts for the Village’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs other than TID or proprietary debt.

General Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed from proprietary funds. The Village considers this fund major because of its importance to financial statement users.

Tax Incremental Financing District No. 2 (TID No. 2)/RDA fund.

Tax Incremental Financing District No. 1 (TID No. 1).

Transactions of the Village’s tax incremental districts are accounted for in capital projects funds and considered major funds. The Village’s Redevelopment Authority, a blended component unit, accounts for its transactions in the TIF 2 fund.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

- 1. Summary of Significant Accounting Policies (Continued)**
B. Government-Wide and Fund Financial Statements (Continued)

Major Proprietary Funds

Proprietary funds are used to account for operations a) that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the governing body has decided that periodic determination of revenues earned, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following proprietary funds are included in these statements:

Water Utility – accounts for the operations of the water system.

Sewer Utility – accounts for the operations of the sewer system.

Non-Major Governmental Funds

The Village reports the following non-major governmental funds:

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Community Trust Police	Library Act 150
Library Building, Book, Operating	Airport Fund
Fire Community Trust Insurance Reserve	Urban Forestry Grant
Room Tax	Law Enforcement Grants
CDBG	

Fiduciary Funds

In addition, the Village reports the following fiduciary fund types:

Permanent Trust Funds – used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the specific program. The Library restricted activity is accounted for as a permanent fund.

Agency Funds - used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. Agency funds are custodial in nature (assets equal liabilities) and generally do not involve measurement of results of operations. The following agency funds are included in these financial statements:

Tax Agency Fund
Municipal Court/Forfeitures Fund

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-Wide Financial Statements

The government-wide Statement of Net Position and Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water and sewer utilities 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.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for un-matured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village, which are not available, are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows of resources. Delinquent special assessments being held for collection by the county are reported as receivables and non-spendable fund balance in the general fund.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

- 1. Summary of Significant Accounting Policies (Continued)**
- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Fund Financial Statements (Continued)

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The Village reports deferred inflows on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for the subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred inflows of resources is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as described previously in this note.

The proprietary funds follow all pronouncements of the Governmental Accounting Standards Board. The proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues 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 revenues of the water and sewer utilities are charges 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 revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The financial statements of the Village have been prepared in conformity with generally accepted accounting principles as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity

1) Cash and Cash Equivalents/Investments

The Village has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the Village's individual major funds, and in the aggregate for non-major and agency funds. For purposes of the statement of cash flows, all cash and investments of the proprietary fund are considered to be cash equivalents, because they are available on demand from the cash and investments pool.

All deposits of the Village are made in board designated official depositories and are secured as required by State Statute. The Village may designate, as an official depository, any bank or savings association. Also, the Village may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. All other investments are stated at fair value.

See Footnote 2 for additional information.

2) Proprietary Cash and Equivalents

For purposes of the proprietary fund statement of cash flows, the Village considers all highly liquid investments, with a maturity of less than three months, when purchased, to be cash equivalents. This consists of current cash and investments. Cash reserves in the amount of \$239,032 for the water are not considered cash equivalents since they consist of CDs with maturity dates greater than three months.

The Village has not formally adopted deposit and investment policies that limit the Village's allowable deposits or investments.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

3) Taxes Receivable

Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach as an enforceable lien as of January 1. The Village's portion of taxes is recorded as a receivable in the general fund. The County acts as the collecting agency for all Village taxes. Since Village property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows of resources in the funds budgeted. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2018 tax roll

Lien date and levy date	December, 2018
Tax Bills mailed	December, 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale – 2018 delinquent real estate taxes	October, 2021

4) Allowance for Uncollectible Accounts

General fund accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year-end. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for delinquent water and sewer billings because the utilities have the right by law to place delinquent bills on the tax roll.

5) Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Deferred special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. Special assessments of proprietary funds are recorded as capital contributions at the time of assessment, if subject to collection.

Deferred special assessments, those not subject to collection, are recorded as another deferred inflow of resources until such time they are subject to collection.

Uncollected installments placed on prior year tax rolls are held for collection by the County and are remitted to the Village upon collection by the County. These delinquent installments are financed by the general fund.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

- 1. Summary of Significant Accounting Policies (Continued)**
D. Assets, Liabilities, and Net Position or Equity (Continued)

6) Inventories and Prepaids

Inventories

Inventories of proprietary funds are valued at cost using the first-in/first-out method and are charged as expenses or capitalized when used. Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not material.

Prepaids

In the government funds, the State of Wisconsin prepaid medical transportation reimbursement of \$4,208 was paid directly to the Osceola Area Ambulance in November 2018. The Village has set up a prepaid expense for this payment that is for 2019 EMS services. The Village will adjust their 2019 payment to Osceola Area Ambulance.

Other prepaids include:

1. Prepaid health, life and dental insurance for the service period of 1/1/2019 through 1/31/2019.
2. Seven and one-half months of 2019 website expense and
3. Eleven months for library services.

7) Restricted Assets

Fund Financials

Restricted assets consisted of debt reserves and construction reserves relating to the utility mortgage revenue bonds. Proprietary fund restricted cash totaled \$334,209. This included debt reserves of \$239,032 for water utility revenue bonds and \$95,177 for sewer equipment replacement. The TIF2/RDA fund, a capital projects fund, had \$198,173 in restricted cash. \$198,173 is reserved for debt service on its lease revenue bonds.

Government Wide Financials

The government wide financials include restricted cash and net pension assets for the governmental and business-type activities.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

8) Capital Assets

Government-Wide Statements

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 including infrastructure assets, and an estimated useful life in excess of 1 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.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but not required. The Village has retroactively reported all infrastructure acquired by its governmental fund types.

General Fixed Assets - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund from which the disbursements are made. Generally accepted accounting principles require that these fixed assets be capitalized at cost in the government-wide financial statements. Contributed fixed assets are to be recorded in the government-wide financial statements at fair market value at the time received. Interest incurred during construction is not capitalized.

Depreciation on governmental fixed assets is calculated using straight-line depreciation based on the estimated useful life of an asset. The estimated useful life of assets is determined by industry standards as recommended by GASB. Useful lives vary by asset type. Equipment and vehicles are depreciated over 5-20 years. Land improvements and building improvements are depreciated over 10-30 years. Streets are depreciated over 20 years. Buildings are depreciated over 39 -50 years. Other infrastructure is depreciated from 15 – 50 years. A full year of depreciation is taken in the year of acquisition.

Proprietary Fund Fixed Assets - Assets in the proprietary fund are capitalized at cost or fair value at date of contribution or acquisition. Normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining lives of the related assets. Net interest costs incurred for long-term debt issued for construction purposes is capitalized during the period of construction. Net interest cost consists of interest expense on long-term debt proceeds. No interest was capitalized in 2018.

Depreciation is charged over the estimated service life of the assets using the straight-line method. Annual depreciation charges are determined using the average utility plant in service and rates ranging from 1.3% to 26.70% for the water utility. The sewer utility, depending on the various classes of property, depreciates assets from 4 – 50 years.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, and Net Position or Equity (Continued)**

9) Capital Contributions-Proprietary Funds

Contributions in aid of construction represent amounts received from customers for construction and the value of property (plant) contributed to the utilities. These amounts are not subject to repayment and are reported as additions to net position on the Statement of Revenues, Expenses and Changes in Net Position.

10) Debt Issuance Costs

Debt issuance costs are recognized as expenditures in the current period for both the fund financial statements and the government wide financial statements.

11) Compensated Absences

Vacation is granted in varying amounts dependent on length of service. A maximum of five days may be carried over into the next vacation year, provided the employee gives notice to the administration prior to December 1 of the current year. The Village accrued \$19,882 in vacation as of December 31, 2018. This is recorded as a fund liability in the general fund of \$13,060, in the Library ACT 150 fund of \$1,583, in the municipal court fund of \$7 and the proprietary funds of \$5,232.

All full-time employees are eligible for ten days of sick leave for each 12 months of employment. One half (1/2) of all accrued sick days (up to 90 days) shall, at the time of retirement, be converted to dollar value and used to pay future health insurance premiums.

The remaining employee's accrued unused sick leave amounted to \$63,642 at December 31, 2018. The payments for compensated absences will be made at rates in effect when the benefits are used. The accumulated vacation and sick liabilities at December 31, 2018 are determined on the basis of current salary rates.

12) Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions, 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 for WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

13) Other Post-Employment Benefits

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

14) Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

15) Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bond payable, and accrued compensated absences.

All short term and long-term obligations expected to be financed from proprietary fund type operations are accounted for as fund liabilities.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as “Other Financing Sources” in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure of the debt service fund in the year in which the debt matures or is repaid, whichever is earlier.

Conduit debt obligations, such as industrial revenue bonds (IRBS), approved for business enterprises, do not constitute debt of the Village. Accordingly, the bonds are not recorded in the Village’s financial statements.

16) 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 revenues and expenses during the reporting period. Actual results may differ from those estimates

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

17) Claims and Judgments

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

18) Equity and Net Position Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use restricted resources first, then unrestricted resources as they are needed.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

18) Equity and Net Position Classifications (Continued)

Fund Financial Statements – Governmental Funds – Fund Balance

In the fund financial statements, governmental fund balance is presented in five possible categories:

Non-spendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the Village Board or a body or official of which the Village Board has delegated the authority to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

The Village Board established a fund balance policy on January 25, 2011. The policy was amended on November 29, 2011. Key components of the policy are:

- a. Strive to maintain a general fund balance equal or above 30% of budgeted general fund expenditures.
- b. Any excess shall be allocated each year by the Village Board.

At 12/31/2018, the general fund unassigned fund balance was zero. The Village’s Fund Balance policy states that fund balance should not be less than 30% of the 2019 budgeted expenditures. The Village was not in compliance with their policy. There were no excess funds to allocate to the Levy Stabilization Fund, the General Capital Fund, and Unassigned General Fund Balance. See Note 13 for the allocations.

E. Utility Rates – Proprietary Funds

The Village of Osceola Sewer Utility operates under service rules which are established by the Village Board. The Water Utility operates under service rules, which are established by the Public Service Commission of Wisconsin. Water rate charges are regulated by the Public Service Commission. Billings are made to customers on a monthly basis for water and sewer service.

The Water Utility is currently in the final stages of a water rate study by the Public Service Commission. It is anticipated that the new rates will become effective in 2019.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

F. Income Taxes

The Village of Osceola water and sewer utilities are municipal utilities. Municipal utilities are exempt from income taxes and therefore no income tax liability is recorded.

G. Stewardship, Compliance, and Accountability

1) Budgetary Information

The Village's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. Budgetary expenditure control is exercised at the individual account level.

Budget amounts include appropriations authorized in the original budget, any board approved amendments, appropriations of restricted resources received for funding specific expenditures and designated portions of the beginning balance of the general fund's equity expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures.

Operating budgets are adopted each year for the general fund. The original budget was adopted on December 12, 2017.

2) Limitations on the Village Tax Levy

As part of Wisconsin's Act 25 (2005), legislation was passed that limits the Village's future tax levies. Generally, the Village is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the percentage change in the Village's equalized value due to new construction. Changes in debt service from one year to the next are generally exempt from this limit.

3) Excess Expenditures Over Appropriations

The Village controls expenditures at the department level. A comparison of 2018 expenditures to budget can be found on Page 65.

H. Capital Contributions – Proprietary Funds

Contributions in aid of construction represent amounts received from customers for construction and the value of property (plant) contributed to the utilities. These are reported as additions to net position on the Statement of Revenues, Expenses and Changes in Net Position. There were capital contributions in 2018 for thirty new homes.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

I. Tax Incremental Financing District

The Village has two Tax Incremental Districts (TIDs). The transactions of the Districts are shown in the TIF #1 and TIF #2/RDA Funds. TID's are authorized by Section 66.1105 of the Wisconsin Statutes. It is a method by which the Village can recover its project costs in designated Districts of the Village. Those costs are recovered through tax increments, which are placed on the tax rolls.

J. PSC Regulatory Credit

In 2004 the Public Service Commission of Wisconsin required regulated utilities to create a regulatory credit account. The amount of the credit was equal to the estimated accumulated depreciation on contributed utility plant as of December 31, 2003. The credit has the effect of reducing the rate base used by the Commission in approving user rates charged by the utilities. The credit is reported as a deferred inflow on the statement of net position. The credit is being amortized to non-operating income over a period of 20 years. As of December 31, 2018, the balance was \$33,189.

K. Inter-fund Transactions

The water utility is charged a tax equivalent due the general fund. Charges for the tax equivalent are recorded as operating transfers in the general fund and water utility. In 2018, the transfer was \$134,373.

The water and sewer utilities provide basic services to the general fund. Charges for fire protection, sanitation and basic services are recorded as expenditures in the general fund.

The sewer utility pays an annual meter use charge to the water utility in accordance with requirements of the Public Service Commission. The annual charge is recorded as an operating expense of the sewer utility and as a reduction of various operating expenses and as operating revenue of the water utility based on the components of the charge.

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

The Village pools its cash. Its inter-fund receivables/payables represent cash loaned to other funds on an interim basis.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

L. Advances to Other Funds

Non-current portions of long-term inter-fund loan receivables are reported as advances and are offset equally by a fund balance non-spendable account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation. No additional funds were advanced from the General Fund to the Water Utility and the Sewer Utility in 2018. The 12/31/2018 balance due the General Fund for the Water Fund is \$295,005 and \$205,857 for the Sewer Fund. The advances are being repaid over a 5-year time-frame with no interest. During the Water Rate Study, it was determined that the Sewer Fund owed the Water Fund \$81,192 for funds received from the Osceola Medical Center in 2008. This advance is being repaid over a 5-year time-frame with no interest.

See Note 11 for additional information.

M. Change in Accounting Principle

Effective January 1, 2018, the Village adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Implementation of GASB 75 required net position to be decreased by \$64,484 in the governmental activities and by \$9,602 in the business-type activities.

2. Cash and Cash Equivalents/Investments

Cash for all Village funds is not pooled for investment purposes. At December 31, 2018, the cash and investments consist of the following:

Petty Cash/Cash on Hand	\$ 1,692
Deposits with Financial Institutions	<u>1,817,761</u>
Total Cash and Investments	<u><u>\$1,819,453</u></u>

Cash and investments as of December 31, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 709,229
Restricted Cash and Investments	532,382
Fiduciary Funds:	
Cash and Investments	<u>577,842</u>
Total Cash and Investments	<u><u>\$1,819,453</u></u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

2. Cash and Cash Equivalents/Investments (Continued)

Investments Authorized by Wisconsin Statutes

The Village is required to invest its funds in accordance with Section 66.04(2) of the Wisconsin Statutes. Such statute authorizes the Village to invest any of its funds not immediately needed in:

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State if the time deposits mature in not more than three years;
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
- (3) Bonds or securities of any county, drainage district, VTAE district, village, city, town, district or school district of this State;
- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
- (5) Bonds or securities issued under the authority of the municipality;
- (6) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes;
- (7) Agreements in which a public depository agrees to repay funds advanced to it by the Village, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
- (8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- (9) Repurchase agreements with public depositories, with certain conditions.
- (10) Bonds issued by the University of Wisconsin Hospital and Clinics Authority.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates.

The Village has \$239,032 in certificates of deposit with a maturity of 1 year. The Library has \$22,053 in certificates of deposit. The library certificates of deposit have maturities of 24-60 months. The principal amount of the certificates of deposit are restricted and only the interest from the certificates of deposit are available for use by the library for their operations.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

2. Cash and Cash Equivalents/Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Village would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The Village does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings deposit accounts and \$250,000 for demand deposit accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. The Village has a collateral agreement with the local bank whereby collateral is pledged by the institution in an agent bank's name for amounts above the FDIC and State Deposit Guarantee Fund. As of 12/31/2018, the value of pledged collateral was \$843,498.

As of December 31, 2018, none of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits.

Concentration of Credit Risk

The Village does not have a policy for concentration of credit risk. All of the Village's investments were in certificates of deposit with the local bank.

3. Loans Receivable

The Village has a loan receivable of \$254,655 from Osceola Marketplace LLC. (Dick's Market). The loan was made in 2016 and is to be repaid June 14, 2026. The interest rate on the loan is currently 4.25%. The rate is to be reviewed and adjusted as needed in 2021. Interest is paid on an annual basis. This loan was to assist with the expansion of Dick's Market located at 112 Chieftain Street, Osceola. Interest in the amount of \$10,823 was paid in 2018.

The Village paid for work completed for two area businesses in 2017. These costs are being repaid over time. The outstanding balance was \$7,005 as of December 31, 2018.

The Village's TIF #2 has a loan receivable of \$160,000 from MDI Limited Partnership #108. The loan was made in 2007 and is to be repaid December 31, 2037 at an interest rate of .25%. This loan was to assist with the development of the Osceola Village Apartments located at 550 Chieftain Streets, Osceola. The total loan receivable with accrued interest is \$164,866 as of December 31, 2018.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

4. Receivables

The Village has special assessments outstanding of \$36,151 for Gateway and \$31,651 for Pheasant Run. These assessments were set up for installment to be made over 10 years. The Gateway assessments are anticipated to be collected over the next 2 years and the Pheasant Run assessments are anticipated to be collected over the next 8 years. All other receivables are anticipated to be collected within one year.

5. Capital Assets

Capital asset activity in the governmental activities for the year ended December 31, 2018 was as follows:

	<u>Balance</u> 1/1/18	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> 12/31/18
Governmental Activities				
Non-depreciable Capital Assets:				
Land	\$ 5,228,964	\$ 6,699	\$ -	\$ 5,235,663
Infrastructure in process	116,068	248,494	-	364,562
Construction in process	3,090,466	50,467	3,090,466	50,467
Total Non-depreciable Capital Assets	<u>8,435,498</u>	<u>305,660</u>	<u>3,090,466</u>	<u>5,650,692</u>
Capital Assets Being Depreciated:				
Buildings, Improvements and Equipment	3,977,159	9,932,343	23,250	13,886,252
Infrastructure	19,763,186	134,979	-	19,898,165
Total Capital Assets Being Depreciated	<u>23,740,345</u>	<u>10,067,322</u>	<u>23,250</u>	<u>33,784,417</u>
Total Capital Assets	<u>32,175,843</u>	<u>10,372,982</u>	<u>3,113,716</u>	<u>39,435,109</u>
Less: Accumulated Depreciation	<u>13,691,859</u>	<u>1,024,772</u>	<u>14,000</u>	<u>14,702,631</u>
Capital Assets Net of Depreciation	<u>\$ 18,483,984</u>	<u>\$ 9,348,210</u>	<u>\$ 3,099,716</u>	<u>\$ 24,732,478</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 69,774
Public Safety	191,295
Public Works	614,814
Health and Human Services	33,499
Culture, Recreation and Education	115,390
	<u>\$ 1,024,772</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

5. Capital Assets (Continued)

Capital asset activity in the business type activities for the year ended December 31, 2018 was as follows:

	Balance 1/1/18	Adjustments	Additions	Retirements	Balance 12/31/18
Business Type Activities					
Non-depreciable Capital Assets:					
Land	\$ 36,941	\$ -	\$ -	\$ -	\$ 36,941
Construction in process	13,366	-	-	-	13,366
Total Non-depreciable Capital Assets	50,307	-	-	-	50,307
Capital Assets Being Depreciated:					
Buildings and Equipment	6,693,963	-	5,135	-	6,699,098
Infrastructure	15,725,312	(295,446)	30,129	7,511	15,452,484
Total Capital Assets Being Depreciated:	22,419,275	(295,446)	35,264	7,511	22,151,582
Total Capital Assets	22,469,582	(295,446)	35,264	7,511	22,201,889
Less: Accumulated Depreciation	6,969,050	31,358	488,669	57,838	7,431,239
Capital Assets Net of Depreciation	<u>\$ 15,500,532</u>	<u>\$ (326,804)</u>	<u>\$ (453,405)</u>	<u>\$ (50,327)</u>	<u>\$ 14,770,650</u>

Depreciation expense was charged to functions as follows:

Business Type Activities	
Water Utility	\$ 210,172
Sewer Utility	309,855
Total Business-Type Activities Depreciation Expense	<u>\$ 520,027</u>

6. Deferred Outflows of Resources

The following is a schedule of the deferred outflows of resources on the government wide statement of net position:

	Governmental Activities	Business-Type Activities	Total
Deferred life insurance outflows	\$ 12,997	\$ 1,935	\$ 14,932
Deferred pension outflows	338,112	35,491	373,603
Total deferred outflow of resources for government-wide statement of net position	<u>\$ 351,109</u>	<u>\$ 37,426</u>	<u>\$ 388,535</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

7. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The Village bills and collects its own property taxes and also collects taxes for the School District of Osceola, Wisconsin Indianhead Technical College, Polk County and the State of Wisconsin. In accordance with State statutes, the property taxes are levied no later than the third Monday in December. Taxes are due on January 31, 2019 unless the installment method is chosen in which one-half is due on January 31, 2019 and one-half on July 31, 2019, respectively.

Agency fund amounts due to other taxing units at December 31, 2018 as the result of the billing of the 2018 tax roll are as follows:

School District of Osceola	\$ 1,530,783
Wisconsin Indianhead Technical College	63,152
Polk County	792,430
Due to Other Governments	\$ 2,386,365

Taxes unpaid as of July 31 are turned over to the Polk County Treasurer for collection. Village property tax revenue is recognized in the year to which the levy pertains.

8. Inter-fund Receivables/Payables, Advances and Transfers

Inter-fund Receivables/Payables

There were inter-fund receivables and payables as of December 31, 2018 as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Library - ACT 150	\$ 16,295	Cash Flow
General Fund	Capital Projects	18,781	Cash Flow
Capital Projects	CDBG Fund	137,496	Final CDBG Grant Reimbursement
Total Inter-fund Receivables		\$ 172,572	

The General Fund Receivables were not set-up for repayment.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

8. Inter-fund Receivables/Payables, Advances and Transfers (Continued)

Advances

The schedule of inter-fund advances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water	\$ 295,005	Cash Flow
General Fund	Sewer	205,857	Cash Flow
Total Governmental Advances		<u>500,862</u>	
			2008 Osceola Medical
Water	Sewer	64,954	Center Reimbursement
Total Proprietary Advances		<u>64,954</u>	
Total Advances and Inter-fund Receivables		\$ 738,388	
Less Interfund Eliminations		(237,526)	
Total Internal Balances per GW Statement of Net Position		<u><u>\$ 500,862</u></u>	

The advances to the Water and Sewer funds were for cash flow purposes in 2015, 2016, 2017 and 2018. Rate increases will be implemented in 2019 for both utilities.

Amortization schedules have been set up for the three advances with 0% interest and are payable over 5 years. The Sewer fund made its first payment in 2018 to the General Fund and the Water Fund. The Water Utility will make its first payment in 2019 for the Advance from the General Fund.

Inter-fund Transfers

The following is a schedule of inter-fund transfers as of 12/31/2018:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Library	\$ 129,200	Operations
General Fund	Municipal Court	44,696	Operations
General Fund	Debt Service	18,638	Debt Payments
Room Tax	General Fund	5,000	Operations
CDBG	Capital Projects	428,749	CDBG grant for Senior Center
Capital Projects	Debt Service	36,565	Debt Payments
TIF #1	TIF #2	309,311	Increment Sharing
TIF #2	Debt Service	394,827	Debt Payments
Transfers Out per Governmental Statements		<u>1,366,986</u>	
Water	General	134,373	Tax Equivalent
Water	Sewer	5,948	OMC Capital Outlay Adjustment
Transfers Out per Proprietary Statements		<u>140,321</u>	
Transfers Out per Governmental and Proprietary Statements		\$ 1,507,307	
Less: Governmental Interfund Eliminations		(1,366,986)	
Less: Proprietary Interfund Eliminations		(5,948)	
Transfers per Government-Wide Statements - Business-Type Activities		<u><u>\$ 134,373</u></u>	

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

8. Inter-fund Receivables/Payables, Advances and Transfers (Continued)

The water utility transferred \$134,373 to the general fund for the tax equivalent. This is also regarded as a transfer from business-type activities to governmental activities. All other transfers were eliminated on the government-wide statements.

9. Long-Term Debt Obligations

All general obligation notes and bonds payable are backed by the full faith and credit of the municipality. Governmental activities notes and bonds will be retired by future property tax levies. Proprietary fund debt is payable by revenues from user fees of those funds, or if the revenues are not sufficient, by future tax levies. The following is a summary of long-term debt transactions of the Village for the year ended December 31, 2018:

	Balance 1/1/18	Issued	Retired	Balance 12/31/18	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 3,183,110	\$ 4,132,214	\$ 792,898	\$ 6,522,426	\$ 824,156
Bond Anticipation Note	2,100,000	300,000	-	2,400,000	-
Total Governmental GO Debt	5,283,110	4,432,214	792,898	8,922,426	824,156
Total Land Contract Payable	95,200	-	-	95,200	1,600
Total Lease Revenue Bonds - TIF/RDA	385,000	-	125,000	260,000	125,000
Total Governmental Long-Term Debt	\$ 5,763,310	\$ 4,432,214	\$ 917,898	\$ 9,277,626	\$ 950,756
Business-Type Activities					
General Obligation Debt	\$ 2,456,199	\$ 95,991	\$ 164,486	\$ 2,387,704	\$ 171,422
Mortgage Revenue Bonds	4,029,393	-	458,123	3,571,270	475,965
Total Business-Type Activities	6,485,592	95,991	622,609	5,958,974	647,387
Total Long-Term Debt	\$ 12,248,902	\$ 4,528,205	\$ 1,540,507	\$ 15,236,600	\$ 1,598,143

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

9. Long-Term Debt Obligations (Continued)

Governmental activities general obligation long-term debt issues outstanding at December 31, 2018 consists of:

Original Amount	Date of Issue	Date of Maturity	Interest Rate	Outstanding Debt	Current Portion
\$ 2,055,000	9/2/2011	12/1/2021	2.00% - 3.00%	\$ 720,000	\$ 225,000
\$ 260,000	12/5/2011	3/1/2021	4.00%	78,000	26,000
\$ 1,090,000	9/4/2012	9/1/2022	2.00%	440,000	75,000
\$ 142,595	12/29/2014	12/29/2019	3.45%	30,532	30,532
\$ 1,315,000	11/3/2015	12/1/2023	2.00% - 3.00%	705,000	250,000
\$ 640,000	12/20/2016	8/15/2020	1.65%	320,000	160,000
\$ 111,208	1/5/2017	12/15/2019	3.23%	36,937	36,937
\$ 65,000	7/12/2017	10/17/2017	2.85%	59,743	5,970
\$ 2,400,000	10/30/2017	10/30/2020	1.90%	2,400,000	-
\$ 1,695,000	6/27/2018	10/31/2020	3.50%	1,599,009	4,717
\$ 1,733,205	10/12/2018	10/12/2028	4.00%	1,733,205	10,000
\$ 950,000	12/21/2018	5/21/2020	4.00%	800,000	-
Total Governmental General Obligation Debt				<u>\$ 8,922,426</u>	<u>\$ 824,156</u>

Scheduled annual requirements for retirement of governmental general obligation debt outstanding at December 31, 2018 are summarized as follows:

Year	Principal	Interest	Total
2019	\$ 824,156	\$ 278,127	\$ 1,102,283
2020	5,521,390	223,431	5,744,821
2021	426,899	87,106	514,005
2022	366,078	76,873	442,951
2023	336,261	778,262	1,114,523
2024	101,448	57,583	159,031
2025	101,645	53,601	155,246
2026	101,845	49,616	151,461
2027	101,860	45,625	147,485
2028	1,040,844	41,633	1,082,477
	<u>\$ 8,922,426</u>	<u>\$ 1,691,857</u>	<u>\$ 10,614,283</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

9. Long-Term Obligations (Continued)

The general obligation debt payable listed above includes \$1,050,000 in general obligation debt payable from the tax incremental district funds. These are expected to be retired from accumulated revenues therein as discussed in Note 15. Wisconsin Statutes restrict general obligation debt to 5% of the equalized value of all property in the Village. At December 31, 2018, the Village's debt limit was as follows:

	2018	2019
Equalized Value 12/31	\$ 197,982,500	\$ 218,082,400
Percent Limit	5%	5%
General Obligation Debt Limit	9,899,125	10,904,120
Debt Subject to Limit	9,189,070	8,971,009
Available Debt Margin	\$ 710,055	\$ 1,933,111

The general obligation debt that is subject to the debt limit is as follows:

	Balance 12/31/18
Long-Term General Obligation Debt Subject to Debt Limit	
Governmental General Obligation Bonds	\$ 6,522,426
Less: 12/21/2018 draw on \$950,000 G.O. debt	(800,000)
Business-Type General Obligation Debt	2,387,704
Total Long-Term GO Debt Subject to Debt Limit	8,110,130
Short-Term General Obligation Debt Subject to Debt Limit	
Governmental Short-Term Debt	1,022,924
Business-Type Short Term Debt	56,016
Total Short-Term GO Debt Subject to Debt Limit	1,078,940
Total GO Debt Subject to Debt Limit	9,189,070

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

9. Long-Term Obligations (Continued)

Land Contract Payable

The Village signed a land contract in 2014 for the purchase of two lots totaling 16 acres. 12 acres are being held for resale and the remaining 4 acres are for Village use. The individual debt issue components are summarized below:

<u>Original Amount</u>	<u>Date of Issue</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>12/31/18 Balance</u>	<u>Current Portion</u>
\$100,000	4/4/2014	4/4/2021	3.00% - 3.20%	\$ 95,200	\$ 1,600
				<u>\$ 95,200</u>	<u>\$ 1,600</u>

Scheduled annual requirements to repay the land contract outstanding at December 31, 2018 are summarized below:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,600	\$ 3,000	\$ 4,600
2020	1,600	3,000	4,600
2021	92,000	3,000	95,000
	<u>\$ 95,200</u>	<u>\$ 9,000</u>	<u>\$ 104,200</u>

Lease Revenue Bonds

The Village's Redevelopment Authority (RDA) issued lease revenue bonds in 2003. The lease revenue bonds do not count towards the Village's general obligation debt limit. However, the Village is required to pay the debt if sufficient lease revenues are not available. The Village intends on paying the lease payments from tax incremental financing revenues. The individual debt issue components are summarized below.

<u>Original Amount</u>	<u>Date of Issue</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>12/31/18 Balance</u>	<u>Current Portion</u>
\$ 1,975,000	12/1/2011	12/1/2020	1.000% - 3.100%	\$ 260,000	\$ 125,000
				<u>\$ 260,000</u>	<u>\$ 125,000</u>

Scheduled annual requirements to repay the lease revenue bonds payable outstanding at December 31, 2018 are summarized as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 125,000	\$ 7,810	\$ 132,810
2020	135,000	4,185	139,185
Total	<u>\$ 260,000</u>	<u>\$ 11,995</u>	<u>\$ 271,995</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

9. Long-Term Obligations (Continued)

Business-Type Activities

General Obligation Debt

The Water and Sewer funds had the following general obligation debt outstanding as of December 31, 2018:

Utility	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Outstanding Debt	Current Portion
Water	\$ 341,199	12/1/2017	12/1/2022	2.85%	\$ 311,713	\$ 31,139
Water	53,950	6/27/2018	10/31/2020	3.50%	53,950	159
Sewer	95,000	9/2/2011	6/1/2021	2.00% - 3.00%	30,000	10,000
Sewer	2,480,000	12/17/2013	12/1/2028	2.00% - 4.00%	1,950,000	130,000
Sewer	42,041	6/27/2018	10/31/2020	3.50%	42,041	124
Total General Obligation Debt					<u>\$ 2,387,704</u>	<u>\$ 171,422</u>

Scheduled annual requirements for retirement of the Water and Sewer general obligation debt outstanding at December 31, 2018 are summarized as follows:

Year	Water		Sewer		Total
	Principal	Interest	Principal	Interest	
2019	31,069	11,408	140,124	75,129	257,730
2020	85,560	9,897	186,917	70,421	352,795
2021	32,696	7,082	150,000	64,600	254,378
2022	216,338	6,149	155,000	60,250	437,737
2023	-	-	160,000	55,600	215,600
2024-2028	-	-	1,230,000	164,400	1,394,400
	<u>\$ 365,663</u>	<u>\$ 34,536</u>	<u>\$ 2,022,041</u>	<u>\$ 490,400</u>	<u>\$ 2,912,640</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

9. Long-Term Obligations (Continued)

Business-Type Activities (Continued)

Mortgage Revenue Bonds

Outstanding mortgage revenue bonds for the Water and Sewer utilities totaled \$3,571,270 on December 31, 2018. There are a number of limitations and restrictions contained in the bond ordinances. The Village believes it is in compliance with all significant restrictions and limitations associated with the water revenue bonds. The Village's full faith and credit do not back mortgage revenue bonds which are instead backed only by the assets and revenues of the water and sewer utilities (proprietary funds). Individual debt issues outstanding at December 31, 2018 and annual requirements for their retirement are shown below:

<u>Utility</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Outstanding Debt</u>	<u>Current Portion</u>
Water	\$ 430,000	12/1/2005	12/1/2023	5.00%	\$ 370,000	\$ 5,000
Water	149,437	10/28/2009	5/1/2029	2.67%	93,609	7,434
Water	1,280,000	9/2/2011	12/1/2021	2.00% - 3.40%	425,000	140,000
Water	108,400	7/11/2013	12/1/2028	1.70%	106,720	420
Sewer	6,122,000	8/24/2005	5/1/2025	2.43%	2,429,061	322,531
Sewer	149,200	7/11/2013	12/1/2028	1.70%	<u>146,880</u>	<u>580</u>
Total Mortgage Revenue Bonds					<u>\$ 3,571,270</u>	<u>\$ 475,965</u>

Schedule annual requirements for retirement of mortgage revenue bond obligation debt outstanding at December 31, 2018 are summarized as follows:

<u>Year</u>	<u>Water</u>		<u>Sewer</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	\$ 152,854	\$ 36,399	\$ 323,111	\$ 57,623	\$ 569,987
2020	153,053	31,741	330,946	49,677	565,417
2021	158,256	26,728	338,970	41,544	565,498
2022	183,465	21,329	347,189	33,216	585,199
2023	188,680	12,355	355,608	24,691	581,334
2024-2028	149,346	13,194	880,117	30,310	1,072,967
2029	<u>9,675</u>	<u>129</u>			<u>9,804</u>
	<u>\$ 995,329</u>	<u>\$ 141,875</u>	<u>\$ 2,575,941</u>	<u>\$ 237,061</u>	<u>\$ 3,950,206</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

9. Long-Term Obligations (Continued)

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the revenue bonds:

Insurance

The utilities are exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year. Expiration for the following policies is January 1, 2019.

The utilities are covered under the following insurance policies as of December 31, 2018:

<u>Type</u>	<u>Coverage</u>
Commercial General Liability	
Each occurrence	\$2,000,000
Damage to rented premises	300,000
Medical expense	10,000
Personal and advertising injury	2,000,000
General aggregate	2,000,000
Products/completed operations aggregate	2,000,000
Employee Benefits Liability	1,000,000
 Business Auto Declaraton	
Liability	2,000,000
 Excess Umbrella Liability	 3000000
 Workers' Compensation and Employers' Liability	
Accident - each accident	1,000,000
Disease - each employee	1,000,000
Policy limit - disease	1,000,000

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

9. Long-Term Obligations (Continued)

Debt Coverage – Water and Sewer

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the annual debt service of the bonds for water and 1.10 times for sewer. The coverage requirement was met for water and sewer:

	<u>Water</u>	<u>Sewer</u>
GROSS REVENUES		
Charges for Services	\$ 573,306	\$ 1,036,099
Other Operating Revenues	6,155	32,030
Impact Fees	12,600	34,500
Interest revenue	3,217	143
Total Operating Revenues	<u>595,278</u>	<u>1,102,772</u>
OPERATING EXPENSES		
Operation and Maintenance	258,536	506,067
Taxes	2,085	1,791
Total Operating Expenses	<u>260,621</u>	<u>507,858</u>
Net revenues	<u>334,657</u>	<u>594,914</u>
Highest Combined debt service - all bonds	204,812	380,734
Coverage Ratio	<u>125%</u>	<u>110%</u>
Net Revenues required	<u>\$ 256,015</u>	<u>\$ 418,807</u>
Coverage ratio is met for water and for sewer	<u>\$ 78,642</u>	<u>\$ 176,107</u>

Number of Customers - Water

The utility has the following number of customers and billed volumes for 2018:

	<u>Water</u>	
	<u>Customers</u>	<u>Sales (00 cf)</u>
Residential	877	4,203,390
Commercial	110	3,311,095
Industrial	27	1,682,460
Public Authority	30	1,184,000
Multi Family	50	1,030,590
	<u>1,094</u>	<u>11,411,535</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

10. Conduit Debt Obligations

From time to time the Village has provided Industrial Revenue Bonds to provide financial assistance for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector served by the bond issuance. Neither the Village, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The Village helped provide Industrial Revenue Bonds for \$2,000,000 in 1997. The aggregate amount of Industrial Revenue Bonds outstanding for any prior issues is undetermined. The Village also issued Industrial Revenue Bonds of \$2,800,000 in 1999. The Village also approved an Industrial Revenue Bond in 2006 for \$1,500,000. This is for a local business.

The Village authorized \$8 million in Hospital Revenue Bonds in 2007. The proceeds were transferred to Ladd Memorial Hospital, Inc. (hereafter "Hospital") and used for the construction of hospital facilities. These bonds do not constitute an obligation of the Village.

11. Inter-fund Advances

The following is a summary of the advance activity:

	Balance				Balance
	1/1/2018	Additions	Repayments	Adjustments	12/31/2018
Water Advance Due to General Fund	\$ 295,005	\$ -	\$ -	\$ -	\$ 295,005
Sewer Advance Due to General Fund	257,321	-	51,464	-	205,857
Total Governmental Advances	<u>552,326</u>	<u>-</u>	<u>51,464</u>	<u>-</u>	<u>500,862</u>
Sewer Advance Due to Water Fund	87,140	-	16,238	(5,948)	64,954
Total Proprietary Advances	<u>87,140</u>	<u>-</u>	<u>16,238</u>	<u>(5,948)</u>	<u>64,954</u>
Total Advances	<u>639,466</u>	<u>-</u>	<u>67,702</u>	<u>(5,948)</u>	<u>565,816</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

11. Inter-fund Advances (Continued)

The advance repayment schedules were set up in 2018 with a 0% interest rate and a term of 5 years. Scheduled repayments for each advance are summarized as follows:

Year	Water \$295,005 Principal	Sewer \$205,857 Principal	Total Governmental Principal	Sewer \$64,954 Principal	Total Principal
2019	\$ -	\$ 51,464	\$ 51,464	\$ 16,239	\$ 67,703
2020	59,001	51,464	110,465	16,238	126,703
2021	59,001	51,465	110,466	16,239	126,705
2022	59,001	51,464	110,465	16,238	126,703
2023	59,001		59,001		59,001
2024	59,001		59,001		59,001
	<u>\$ 295,005</u>	<u>\$ 205,857</u>	<u>\$ 500,862</u>	<u>\$ 64,954</u>	<u>\$ 565,816</u>

12. Deferred Inflows of Resources

Deferred inflows of resources recorded by the Village at December 31, 2018 totaled \$2,657,199 in the governmental fund financials and \$2,535,818 in the Statement of Net Position Governmental Activities. The Proprietary Funds Deferred Inflows of Resources was \$70,323 for both the fund financials and the government-wide financials. The detail is outlined below for the governmental funds:

	General Fund	TIF #2/ RDA	Capital Projects Fund	TIF #1	Debt Service	Special Revenue Fund
Property Taxes 2018-19 Tax Roll	\$ 539,188	\$354,525	\$ -	\$314,084	\$556,445	\$ -
Prepaid Rent	-	-	-	-	-	7,252
Regulatory Credit	-	-	-	-	-	-
Special Assessments	-	-	67,803	-	-	-
Special Charges	246,198	-	-	-	-	-
Grant Reimbursement Receivable	-	-	145,178	-	-	-
Pension	-	-	-	-	-	-
OPEB	-	-	-	-	-	-
Loan Receivable	-	164,866	261,660	-	-	-
Total Deferred Inflows of Resources per Fund Financials	<u>\$ 785,386</u>	<u>\$519,391</u>	<u>\$ 474,641</u>	<u>\$ 314,084</u>	<u>\$556,445</u>	<u>\$ 7,252</u>
Government-wide adjustment for:						
Special Assessments	-	-	(67,803)	-	-	-
Loans Receivable	-	-	(261,660)	-	-	-
Grant Receivable	-	-	(145,178)	-	-	-
Deferred Inflows - Pension	352,110					
Deferred Inflows - OBEB	1,150	-	-	-	-	-
Total Deferred Inflows of Resources per Government Wide Statement of Net Position	<u>\$1,138,646</u>	<u>\$519,391</u>	<u>\$ -</u>	<u>\$ 314,084</u>	<u>\$556,445</u>	<u>\$ 7,252</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

13. Fund Balance and Net Position

The following is a detailed schedule of ending fund balances as reported in the fund financial statements by category:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
<u>General Fund</u>					
Advance receivable	\$ 500,862	\$ -	\$ -	\$ -	\$ 500,862
Prepaid expenses	2,707	-	-	-	2,707
Unassigned	-	-	-	-	-
Subtotal General Fund	<u>\$ 503,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 503,569</u>
<u>TIF 2/RDA</u>					
TIF expenses and debt service	\$ -	\$ 721,880	\$ -	\$ -	\$ 721,880
Subtotal TIF 2/RDA	<u>\$ -</u>	<u>\$ 721,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 721,880</u>
<u>Capital Projects Funds</u>					
Deficit fund balance	\$ -	\$ -	\$ -	\$ (1,883,597)	\$ (1,883,597)
Subtotal Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,883,597)</u>	<u>\$ (1,883,597)</u>
<u>Non-Major Funds</u>					
Community Trust Police	\$ -	\$ 1,456			\$ 1,456
Law Enforcement Grants	-	151			151
Library ACT 150	-			(19,647)	(19,647)
Library Building Book Operating	-	7,424			7,424
Fire Community Trust	-	7,890			7,890
Urban Forestry Grant	-	2,422			2,422
Airport	-	7,442			7,442
Room Tax Fund	-	31,709			31,709
Insurance Reserve	-	5,697			5,697
Subtotal Non-Major Governmental Funds	<u>\$ -</u>	<u>\$ 64,191</u>	<u>\$ -</u>	<u>\$ (19,647)</u>	<u>\$ 44,544</u>
GRAND TOTAL ALL FUNDS	<u><u>\$ 503,569</u></u>	<u><u>\$ 786,071</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,903,244)</u></u>	<u><u>\$ (613,604)</u></u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

13. Fund Balance and Net Position (Continued)

Deficit Fund Balances

The following funds have a deficit fund balance.

<u>Fund</u>	<u>Deficit Fund Balance</u>
Capital Projects	\$ 1,883,597
Library ACT 150	\$ 19,647

The Capital Projects deficit will be reduced by \$317,000 for grant reimbursements to be received in 2019 for the TAP grant (\$180,000) and for the CDBG grant (\$137,000). Proceeds from the sale of the old library and outstanding reimbursements to made by the Mill Pond Learning Foundation will also reduce the capital project deficit fund balance. The Library ACT 150 deficit will be addressed in 2020.

Net Investment in Capital Assets

Net investment in capital assets was as follows:

	Governmental Activities	Water	Sewer	Total Business-type Activities
Capital assets	\$ 24,732,478	\$ 5,712,041	\$ 9,058,609	\$ 14,770,650
less: retainages payable				
less current portion of debt	(940,756)	(184,152)	(463,235)	(647,387)
less long-term debt	(8,336,870)	(1,176,840)	(4,134,747)	(5,311,587)
less capital short-term debt				-
less deferred regulatory credit	-	(33,189)	-	(33,189)
add debt not related to capital assets-				
debt reserve	198,173	204,812	-	204,812
	\$ 15,653,025	\$ 4,522,672	\$ 4,460,627	\$ 8,983,299

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

13. Fund Balance and Net Position (Continued)

Restricted Net Position

The restricted net position as of December 31, 2018, consists of the following:

	Governmental Activities	Water	Sewer	Total Business-Type Activities
Restricted for:				
Debt Service - Redemption Fund	\$ -	\$ 226,083	\$ 226,415	\$ 452,498
Equipment Replacement	7,663	-	252,077	252,077
Non-Major Governmental Funds				
Community Trust Police	1,456	-	-	-
Law Enforcement Grants	151	-	-	-
Library Building Book Operating	7,424	-	-	-
Fire Community Trust	7,890	-	-	-
Urban Forestry	2,422	-	-	-
Airport	7,442	-	-	-
Room Tax	31,709	-	-	-
Insurance Reserve	5,697	-	-	-
	<u>\$ 71,854</u>	<u>\$ 226,083</u>	<u>\$ 478,492</u>	<u>\$ 704,575</u>

14. Agreement with Village of Dresser

The Village has entered into an agreement with the Village of Dresser to treat the wastewater effluent of the Village of Dresser at the Osceola wastewater treatment plant. An amendment to the agreement was put into effect on May 2, 2005 to reflect cost-sharing for the new treatment plant. The agreement requires quarterly payments by the Village of Dresser for its share of operation and maintenance expenses plus a depreciation charge associated with the treatment plant. The agreement became effective January 11, 1985. The amount chargeable to the Village of Dresser for its share of 2018 operation and maintenance expenses and depreciation charges was \$220,529.

The Village's sewer fund has a receivable from the Village of Dresser accrued for \$111,236 as of December 31, 2018. This includes the 4th quarter 2018 billing (\$56,899). In addition, \$54,337 is the net due to the Village of Osceola for the 2016 (\$22,074) plus the 2018 (\$32,263) true-ups.

In 2014 and 2015, the Village calculations for the true-up used the wrong flows. Recalculations for 2014 and 2015 result in an additional receivable due of \$20,965 and \$20,771 for 2014 and 2015, respectively. An agreement has not been reached as of 12/31/2018 with the Village of Dresser regarding these adjustments and therefore, the financial statements do not reflect these amounts due.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

15. Tax Incremental Districts

The Village has created two tax incremental financing districts (TIDs) in accordance with Section 66.46 of the Wisconsin Statutes. The ordinance creating TID #1 was dated June 9, 1987. The ordinance creating TID #2 was dated July 27, 1992. The project plans, on file in the office of the Village Administrator, detail the proposed projects, the estimated years of construction or site acquisition and the estimated costs of the individual project components. Transactions of the tax incremental districts have been accounted for in separate capital projects funds. Project expenditures have been financed by proceeds from long-term borrowing and advances from the general-fund. The indebtedness is expected to be paid from the increase in property tax revenue which results from the increased valuation in the tax incremental districts. The following is a summary of the two districts' expenditures and revenues through December 31, 2018:

	TIF #1	TIF #2
Accumulated Project Expenditures:		
Construction and Administration	\$ 5,323,303	\$ 7,660,019
Interest on Debt and Debt Issuance Costs	830,659	2,974,222
Total Expenditures	\$ 6,153,962	\$ 10,634,241
Accumulated Project Revenues	6,153,962	10,289,121
Future Project Revenues Necessary to Recover Net Expenditures to Date	\$ -	\$ 345,120

The summary of transactions on the previous page is reconcilable to the fund balances in the TIF funds at December 31, 2018 as follows

	TIF #1	TIF #2
Project Debt Obligation Outstanding at 12/31/2018	\$ -	\$ 1,050,000
Less: Unrecovered Expenditures Above	-	(345,120)
Plus: Transfer from General Fund	-	17,000
Ending Fund Balance 12/31/2018	\$ -	\$ 721,880

The Village's Tax Incremental Financing District #1 has been allocating positive increment to TIF #2. To date, the District has transferred \$3,640,534 to TIF #2, including \$309,311 in 2018.

16. Related Parties

Osceola Industrial Development Corporation (OIDC)

The OIDC is a Wisconsin non-stock corporation with a seven-member board of directors. The Village Administrator serves on the board. The following transactions were consummated between the Village and the OIDC.

- There are separate marketing agreements between the Village and the OIDC. As land in the industrial park is sold, the OIDC keeps the sale proceeds and pays the Village its cost of land. There were no sales transactions in 2018.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

17. 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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

17. 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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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	(5.0)
2017	2.0	4.0

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, Executives and Elected Officials. Starting on January 1, 2016, The Executives and 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 \$67,306 in contributions from the employer.

Contribution rates as of December 31, 2018 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.93%
Protective without Social Security	6.7%	15.13%

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

17. Wisconsin Retirement System (Continued)

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

At December 31, 2018 the Village of Osceola reported an asset of \$197,627 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village of Osceola's proportion of the net pension asset was based on the Village of Osceola's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Village of Osceola's proportion was 0.00665611%, which was a decrease of 0.00017133% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village of Osceola recognized pension expense of \$90,429

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 251,091	\$ (117,452)
Changes of assumptions	39,047	-
Net difference between projected and actual earnings on pension plan investments	-	(271,621)
Changes in proportion and difference between Village contributions and proportionate share of contributions	10,084	-
Village contributions subsequent to the measurement date	<u>73,381</u>	<u>-</u>
Total	<u>\$ 373,603</u>	<u>\$ (389,073)</u>

\$73,381 reported as deferred outflows related to pension resulting from the Village'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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

17. Wisconsin Retirement System (Continued)

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2018	\$ 26,087
2019	2,017
2020	(66,750)
2021	(50,684)
2022	479
	\$ (88,851)

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

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

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

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

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

17. Wisconsin Retirement System (Continued)

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

Asset Allocation Targets and Expected Returns
As of December 31, 2017

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long- Term Expected Nominal Rate of Return %</u>	<u>Long- Term Expected Real Rate of Return %</u>
Global Equities	50.0%	8.2%	5.3%
Fixed Income	24.5%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	3.8%	1.0%
Real Estate	8.0%	6.5%	3.6%
Private Equity/Debt	8.0%	9.4%	6.5%
Multi-Asset	4.0%	6.5%	3.6%
Total Core Fund	<u>110.0%</u>	<u>7.3%</u>	<u>4.4%</u>
<u>Variable Fund Asset Class</u>			
US Equities	70.0%	7.5%	4.6%
International Equities	30.0%	7.8%	4.9%
Total Variable Fund	<u>100.0%</u>	<u>7.9%</u>	<u>5.0%</u>

Note: New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single Discount rate

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

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

17. Wisconsin Retirement System (Continued)

Sensitivity of the Village of Osceola's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Village of Osceola's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Village of Osceola's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability (asset)	\$ 511,330	\$ (197,627)	\$ (736,458)

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>

18. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan

Plan description

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

OPEB Plan Fiduciary Net Position

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

Benefits provided

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

Contributions

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

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

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

18. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

Contribution rates as of December 31, 2018 are:

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

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

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

During the reporting period, the LRLIF recognized \$591 in contributions from the employer.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

18. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

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

At December 31, 2018, the Village reported a liability of \$93,768 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability (asset) was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was 0.03116700%, which was an increase of 0.000652% from its proportion measured as of December 31, 2016. For the year ended December 31, 2018 the Village recognized OPEB expense of \$10,132.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,321)
Changes of assumptions	9,061	-
Net differences between projected and actual earnings on OPEB plan investments	1,080 -	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,373 -	-
Employer contributions subsequent to the measurement date	3,418	-
Totals	<u>\$ 14,932</u>	<u>\$ (1,321)</u>

\$3,418 reported as deferred outflows related to OPEB resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Net Deferred Outflows (Inflows) of Resources
2019	\$ 1,665
2020	1,665
2021	1,665
2022	1,395
2023	1,395
Thereafter	2,408
Total	<u>\$ 10,193</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

18. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

Actuarial assumptions

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

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

Long-term expected Return on Plan Assets

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

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

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

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

18. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

Single Discount rate

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

Sensitivity of the Village’s proportionate share of the net OPEB liability (asset) to changes in the discount rate

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

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
Village's proportionate share of the net pension liability (asset)	\$ 132,530	\$ 93,768	\$ 64,023

OPEB plan fiduciary net position

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

19. Intergovernmental Agreements

Fire Protection

The Village of Osceola entered into a fire protection agreement with the Town of Farmington. The agreement specifies that the Village will provide fire protection service to the Township. The Town is required to reimburse the Village a sum equal to .75 mills based on the Town’s equalized value.

The Town reimbursed the Village \$119,753 in 2018.

EMS

The Village of Osceola, along with the Towns of Farmington, Osceola and Alden and the Village of Dresser, participate in the Osceola Area Ambulance Service Commission. The Commission provides EMS services to the respective communities. Each community appoints 2 members to the Board of Directors. Annual contributions by the Village are \$8.00 per resident. In 2018, the contribution was \$28,677 including pass-through of Act 102 monies from the state.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

20. Redevelopment Authority

The Village, in 2001, created a redevelopment authority (“the authority”) pursuant to Wisconsin Statute Section 66.133. The Authority is a legally separate entity that is appointed by the Village Board. The intention of the Authority is to purchase, manage and finance public improvements associated with TIF #2. The Authority obtained financing (RDA lease revenue bonds) that was used to purchase TID #2 infrastructure from the Village and lease the infrastructure back to the Village. The Village has approved the following:

- A Cooperative Agreement between the Village and the Authority.
- A purchase agreement between the Village and the Authority.
- A lease of public improvements from the Authority to the Village.

21. Bio-Solids Joint Commission

The Village of Osceola, along with ten other communities, is a member of the West Central Wisconsin Bio-Solids Facility Commission. The Commission was created under Section 66.30 Wis. Stats. The purpose of the Commission is to create and operate a facility for disposal of Bio-Solids waste. The Village's share of costs for 2018 was \$145,811.

22. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; error and omissions; worker’s compensation; and health care of its employees. All risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years.

23. Short-Term Debt

At 12/31/2018 the following short-term debt is outstanding:

Fund	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Outstanding Debt
Capital Projects Fund Short-Term Debt	\$900,000	5/4/2017	5/4/2018	2.85%	\$ 720,000
Capital Projects Fund Short-Term Debt	319,090	8/16/2017	8/16/2018	2.85%	302,924
Governmental Short-Term Debt	<u>1,219,090</u>				<u>1,022,924</u>
Water Fund Short-Term Debt	32,067	8/16/2017	8/16/2018	2.85%	32,067
Sewer Fund Short-Term Debt	23,949	8/16/2017	8/16/2018	2.85%	23,949
Business-Type Activities Short-Term Debt	<u>56,016</u>				<u>56,016</u>
Total Short-Term Debt	<u><u>\$1,275,106</u></u>				<u><u>\$ 1,078,940</u></u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

23. Short-Term Debt (Continued)

The following is a summary of short-term debt transactions of the Village for the year ended December 31, 2018.

	Balance 1/1/2018	Issued	Retired	Balance 12/31/2018
Governmental Activities				
Capital Projects Fund Short-Term Debt	\$ 900,000	\$ -	\$ 180,000	\$ 720,000
Capital Projects Fund Short-Term Debt	319,037	-	16,113	302,924
Capital Projects Fund Short-Term Debt	-	700,000	700,000	-
Airport Fund Short-Term Debt	75,000		75,000	-
Total Governmental Short-Term Debt	<u>\$ 1,294,037</u>	<u>\$ 700,000</u>	<u>\$ 971,113</u>	<u>\$ 1,022,924</u>
Business Type Activities				
Water Fund Short-Term Debt	\$ 32,067	\$ -	\$ -	\$ 32,067
Sewer Fund Short-Term Debt	23,896	53	-	23,949
Total Business Type Activities Short-Term Debt	<u>\$ 55,963</u>	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ 56,016</u>
Total Short-Term Debt	<u>\$ 1,350,000</u>	<u>\$ 700,053</u>	<u>\$ 971,113</u>	<u>\$ 1,078,940</u>

24. Volunteer Firemen Award Program

The Village participates in a Volunteer Firemen's award program. Contributions are made on an annual basis by the Village. An award is issued by the program to a retiring volunteer based on their years of service.

25. Prior Period Adjustments

Prior period adjustments have been recorded effective January 1, 2018 as follows:

	Governmental Activities	Water	Sewer	Business-Type Activities
Total net position as previously reported	\$ 13,082,170	\$ 4,542,987	\$ 4,450,861	\$ 8,993,848
Water Tower Painting Write-Off and Miscellaneous Adjustment	-	(242,118)		(242,118)
Effect of change in accounting principle (GASB Statement No. 75)	(64,484)	(9,602)		(9,602)
Net position, January 1, as restated	<u>\$ 13,017,686</u>	<u>\$ 4,291,267</u>	<u>\$ 4,450,861</u>	<u>\$ 8,742,128</u>

Implementation of GASB Statement No. 75 required net position in the governmental and business-type activities to be decreased. The decrease in net position was to reflect the OPEB liability and the beginning deferred outflows of resources balances as of January 1, 2018 for the Village.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

26. Commitments and Contingencies

Commitments

TIF

The Village has two TIF districts. The Districts are subject to audits at several times including termination of the District. The Districts are subject to requests for reimbursement if expenditures are questioned. No provision for liability exists since management does not believe that there will be any material disallowances.

Capital Projects

The Village has \$32,268 in outstanding commitments as of 12/31/2018 for the purchase of a new police vehicle.

27. Subsequent Events

- Public Works acquired a zero-turn lawn mower for \$11,368.
- Public Works purchased a 2019 Ford F-350 for \$39,340.
- Public Works purchased a 2007 Trackless MT5 for \$40,175.
- Additional furniture was acquired for the Village Hall/Discovery Center/Senior Center totaling \$76,952.
- Final payments totaling \$35,466 were made for the TAP grant sidewalks and trail project.
- Modifications to Well #4 have been made totaling \$101,498.
- Payment was made for a new Pumper/Aerial Fire Rig totaling \$96,225.
- FAB Lab \$10,386.

On October 16, 2019, the Village completed a debt restructuring totaling \$4,470,000. The debt is payable starting in 2020 for a period of 19 years at an average interest rate of 3.18%. The new GO Refunding Bond refinanced the following debt obligations:

- 5/4/17 bank loan
- 8/16/17 bank loan
- 6/27/18 bank loan
- 10/12/18 bank loan

28. New GASB Statements

GASB has adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 87, *Leases*. When these become effective, application of these standards may restate portions of these financial statements.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2018

29. Ability to Continue as a Going Concern

The Village incurred capital expenditures in excess of \$7.5 million in 2018. The expenditures were in excess of long-term debt proceeds and other revenues. The accumulated capital projects fund deficit was \$1,883,597 as of 12/31/2018. In addition, the Village's water and sewer utilities had low cash flows requiring advances from the general fund of \$500,862 as outlined in Note 8.

Management has reviewed and evaluated the financial conditions and implemented plans as follows to address the situation.

- Water and sewer rates were increased in 2019 and advances to the general fund have begun to be repaid over 5 years as outlined in Note 8.
- The Village has issued \$4,470,000 in long-term debt in 2019 as outlined in Note 27.
- The Village has a financing plan to secure an additional \$1.5 million in 2020.
- The Village has a plan to secure additional financing if necessary.
- The Village plans to increase property taxes to cover the financing costs.

REQUIRED SUPPLEMENTAL INFORMATION

**Village of Osceola
Osceola, Wisconsin**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
General Fund
For the year ended December 31, 2018**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 537,468	\$ 537,468	\$ 538,494	\$ 1,026
Other Taxes	19,000	19,000	32,897	13,897
Intergovernmental	575,837	575,837	555,484	(20,353)
License and Permits	47,250	47,250	111,007	63,757
Fines, Forfeits and Penalties	22,950	22,950	28,567	5,617
Public Charges for Services	276,392	276,392	279,188	2,796
Intergovernmental Charges for Services	119,753	119,753	119,753	-
Interest Income	1,000	1,000	-	(1,000)
Miscellaneous Income	72,300	72,300	81,609	9,309
Total Revenues	<u>1,671,950</u>	<u>1,671,950</u>	<u>1,746,999</u>	<u>75,049</u>
EXPENDITURES				
Current:				
General Government	273,263	273,263	295,351	(22,088)
Public Safety	978,313	978,313	1,125,640	(147,327)
Public Works	231,337	231,337	315,338	(84,001)
Culture, Recreation and Education	77,707	77,707	91,104	(13,397)
Conservation and Development	22,425	22,425	22,212	213
Total Expenditures	<u>1,583,045</u>	<u>1,583,045</u>	<u>1,849,645</u>	<u>(266,600)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>88,905</u>	<u>88,905</u>	<u>(102,646)</u>	<u>(191,551)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	100	100	3,600	3,500
Transfers In	140,000	140,000	139,373	(627)
Transfers Out	(162,200)	(162,200)	(192,534)	(30,334)
Total Other Financing Sources and Uses	<u>(22,100)</u>	<u>(22,100)</u>	<u>(49,561)</u>	<u>(27,461)</u>
Net Change in Fund Balances	66,805	66,805	(152,207)	(219,012)
Fund Balances - Beginning	655,776	655,776	655,776	-
Fund Balances - Ending	<u>\$ 722,581</u>	<u>\$ 722,581</u>	<u>\$ 503,569</u>	<u>\$ (219,012)</u>

**VILLAGE OF OSCEOLA
WISCONSIN RETIREMENT SYSTEM
December 31, 2018**

**SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AS OF THE MEASUREMENT DATE
Last 10 Fiscal Years***

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2017	0.00665611%	\$ (197,627)	\$ 829,597	(23.82%)	102.93%
2016	0.00682744%	56,274	879,276	6.40%	99.12%
2015	0.00678973%	110,332	798,500	13.82%	98.20%
2014	0.00722569%	(177,483)	861,405	(20.60%)	102.74%

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

**SCHEDULE OF VILLAGE'S CONTRIBUTIONS TO WRS
FOR THE YEAR ENDED
Last 10 Fiscal Years****

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2018					
2017	124,293	(124,293)	-	829,598	14.98%
2016	125,158	(125,158)	-	879,276	14.23%
2015	116,638	(116,638)	-	798,500	14.61%

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

See accompanying notes to the required supplemental information.

VILLAGE OF OSCEOLA
Required Supplemental Information
Local Retiree Life Insurance Fund
For Year Ended December 31, 2018

Schedule of Village's Proportionate Share of the Net OPEB Liability (Asset)
As of the Measurement Date
Last 10 Calendar Years*

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2017	3.11670000%	\$ 93,768	\$ 1,310,662	7.15%	44.81%

Schedule of Village's Contributions to Life Insurance
Last 10 Fiscal Years**

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2018	\$ 3,418	\$ (3,418)	\$ -	\$ 1,079,685	0.32%

***The contribution and other amounts presented above for each fiscal year are based on information that occurred during that fiscal year.*

See accompanying notes to the required supplemental information.

VILLAGE OF OSCEOLA

Notes to Required Supplemental Information December 31, 2018

1. Notes to Budgetary Comparison Schedule

A. Basis of Accounting

The General Fund budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. See Note 1 (G) in the notes to the financial statements for more information on the Village's budgetary information.

B. Excess Expenditures over Appropriations

The Village controls expenditures at the department level. The following departments exceeded the departmental budget:

<u>DEPARTMENT</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
General Government	295,351	273,263	22,088
Public Safety	1,125,640	978,313	147,327
Public Works	315,338	231,337	84,001
Culture, Recreation and Education	91,104	77,707	13,397

The Budget to Actual comparison can be found on Page 65 of the report.

2. Notes to Wisconsin Retirement System Schedules

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 6 preceding years

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.

3. Notes to Local Retiree Life Insurance Schedules

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 9 preceding years

Changes of Benefit Terms.

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

Changes of Assumptions.

There were no changes in the assumptions.

OTHER SUPPLEMENTAL INFORMATION

**Village of Osceola
Osceola, Wisconsin**

**Non-Major Special Revenue Funds
Combining Balance Sheet
December 31, 2018**

	<u>CDBG</u>	<u>Community Trust Police</u>	<u>Law Enforcement Grants</u>	<u>Library ACT 150</u>	<u>Library Building Book Operating</u>
ASSETS					
Cash and Cash Equivalents	\$ 100	\$ 1,456	\$ 151	\$ 375	\$ 7,424
Receivables:					
Prepaid Expenses	-	-	-	3,189	-
Due from Other Governments	137,396	-	-	-	-
Total Assets	<u>\$ 137,496</u>	<u>\$ 1,456</u>	<u>\$ 151</u>	<u>\$ 3,564</u>	<u>\$ 7,424</u>
LIABILITIES					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ 5,333	\$ -
Due to Other Funds	137,496	-	-	16,295	-
Short-Term Compensated Absences	-	-	-	1,583	-
Total Liabilities	<u>137,496</u>	<u>-</u>	<u>-</u>	<u>23,211</u>	<u>-</u>
FUND BALANCES					
Restricted	-	1,456	151	-	7,424
Unassigned	-	-	-	(19,647)	-
Total Fund Balances	<u>-</u>	<u>1,456</u>	<u>151</u>	<u>(19,647)</u>	<u>7,424</u>
Total Liabilities and Fund Balances	<u>\$ 137,496</u>	<u>\$ 1,456</u>	<u>\$ 151</u>	<u>\$ 3,564</u>	<u>\$ 7,424</u>

**Village of Osceola
Osceola, Wisconsin**

**Non-Major Special Revenue Funds
Combining Balance Sheet
December 31, 2018**

	<u>Fire Community Trust</u>	<u>Urban Forestry Grant</u>	<u>Airport</u>	<u>Room Tax Fund</u>	<u>Insurance Reserve</u>	<u>Non-Major Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 7,890	\$ 2,422	\$ 15,308	\$ 25,623	\$ 5,697	\$ 66,446
Receivables:						
Accounts	-	-	3,163	-	-	3,163
Other	-	-	-	4,036	-	4,036
Prepaid Expenses	-	-	-	2,050	-	5,239
Due from Other Governments	-	-	-	-	-	137,396
Total Assets	<u>\$ 7,890</u>	<u>\$ 2,422</u>	<u>\$ 18,471</u>	<u>\$ 31,709</u>	<u>\$ 5,697</u>	<u>\$ 216,280</u>
LIABILITIES						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ 3,777	\$ -	\$ -	\$ 9,110
Due to Other Funds	-	-	-	-	-	153,791
Short-Term Compensated Absences	-	-	-	-	-	1,583
Total Liabilities	<u>-</u>	<u>-</u>	<u>3,777</u>	<u>-</u>	<u>-</u>	<u>164,484</u>
DEFERRED INFLOWS OF RESOURCES						
Prepaid Rent	-	-	7,252	-	-	7,252
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>7,252</u>	<u>-</u>	<u>-</u>	<u>7,252</u>
FUND BALANCES						
Restricted	7,890	2,422	7,442	31,709	5,697	64,191
Unassigned	-	-	-	-	-	(19,647)
Total Fund Balances	<u>7,890</u>	<u>2,422</u>	<u>7,442</u>	<u>31,709</u>	<u>5,697</u>	<u>44,544</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,890</u>	<u>\$ 2,422</u>	<u>\$ 18,471</u>	<u>\$ 31,709</u>	<u>\$ 5,697</u>	<u>\$ 216,280</u>

**Village of Osceola
Osceola, Wisconsin**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended December 31, 2018**

	<u>CDBG</u>	<u>Community Trust Police</u>	<u>Law Enforcement Grants</u>	<u>Library ACT 150</u>	<u>Library Building Book Operating</u>
REVENUES					
Intergovernmental	\$ 428,749	\$ -	\$ -	\$ 127,790	\$ -
Public Charges for Services	-	-	-	11,908	-
Miscellaneous Income	-	-	-	7,730	-
Total Revenues	<u>428,749</u>	<u>-</u>	<u>-</u>	<u>147,428</u>	<u>246</u>
EXPENDITURES					
Current:					
Culture, Recreation and Education	-	-	-	298,715	189
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,715</u>	<u>189</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>428,749</u>	<u>-</u>	<u>-</u>	<u>(151,287)</u>	<u>57</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	129,200	-
Transfers Out	<u>(428,749)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(428,749)</u>	<u>-</u>	<u>-</u>	<u>129,200</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	(22,087)	57
Fund Balances - Beginning	-	1,456	151	2,440	7,367
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 1,456</u>	<u>\$ 151</u>	<u>\$ (19,647)</u>	<u>\$ 7,424</u>

**Village of Osceola
Osceola, Wisconsin**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended December 31, 2018**

	Fire Community Trust	Urban Forestry Grant	Airport	Room Tax Fund	Insurance Reserve	Non-Major Governmental Funds
REVENUES						
Other Taxes	\$ -	\$ -	\$ -	\$ 21,008	\$ -	\$ 21,008
Intergovernmental	-	-	-	-	-	556,539
Public Charges for Services	-	-	79,923	-	-	91,831
Interest Income	-	-	-	-	-	246
Miscellaneous Income	-	-	491	-	5,291	13,512
Total Revenues	<u>-</u>	<u>-</u>	<u>80,414</u>	<u>21,008</u>	<u>5,291</u>	<u>683,136</u>
EXPENDITURES						
Current:						
General Government	-	-	189	-	-	189
Public Works	-	-	95,128	-	15,226	110,354
Culture, Recreation and Education	-	-	-	-	-	298,904
Conservation and Development	-	-	-	8,105	-	8,105
Debt Service						
Interest Expense	-	-	2,892	-	-	2,892
Total Expenditures	<u>-</u>	<u>-</u>	<u>98,209</u>	<u>8,105</u>	<u>15,226</u>	<u>420,444</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(17,795)</u>	<u>12,903</u>	<u>(9,935)</u>	<u>262,692</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from Long-Term Debt	-	-	75,000	-	-	75,000
Transfers In	-	-	-	-	-	129,200
Transfers Out	-	-	-	(5,000)	-	(433,749)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>(5,000)</u>	<u>-</u>	<u>(229,549)</u>
Net Change in Fund Balances	-	-	57,205	7,903	(9,935)	33,143
Fund Balances - Beginning	7,890	2,422	(49,763)	23,806	15,632	11,401
Fund Balances - Ending	<u>\$ 7,890</u>	<u>\$ 2,422</u>	<u>\$ 7,442</u>	<u>\$ 31,709</u>	<u>\$ 5,697</u>	<u>\$ 44,544</u>

VILLAGE OF OSCEOLA
Osceola, Wisconsin

DEBT REPAYMENT SCHEDULES
Total Governmental Activities General Obligation Debt
12/31/2018

Year	General		TIF #2		TOTAL		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2019	414,156	261,247	410,000	16,880	824,156	278,127	1,102,283
2020	5,141,390	214,183	380,000	9,248	5,521,390	223,431	5,744,821
2021	426,899	87,106	-	-	426,899	87,106	514,005
2022	366,078	76,873	-	-	366,078	76,873	442,951
2023	336,261	778,262	-	-	336,261	778,262	1,114,523
2024	101,448	57,583	-	-	101,448	57,583	159,031
2025	101,645	53,601	-	-	101,645	53,601	155,246
2026	101,845	49,616	-	-	101,845	49,616	151,461
2027	101,860	45,625	-	-	101,860	45,625	147,485
2028	1,040,844	41,633	-	-	1,040,844	41,633	1,082,477
	<u>\$ 8,132,426</u>	<u>\$ 1,665,729</u>	<u>\$ 790,000</u>	<u>\$ 26,128</u>	<u>\$ 8,922,426</u>	<u>\$ 1,691,857</u>	<u>\$ 10,614,283</u>

2019-2023	\$ 7,474,784	\$ 1,443,799	\$ 8,918,583
2024-2028	1,447,642	248,058	1,695,700
	<u>\$ 8,922,426</u>	<u>\$ 1,691,857</u>	<u>\$ 10,614,283</u>

VILLAGE OF OSCEOLA
Osceola, Wisconsin

DEBT REPAYMENT SCHEDULES
General Debt (Excluding TIF, Water and Sewer)
12/31/2018

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 414,156	\$ 261,247	\$ 675,403
2020	5,141,390	214,183	5,355,573
2021	426,899	87,106	514,005
2022	366,078	76,873	442,951
2023	336,261	778,262	1,114,523
2024	101,448	57,583	159,031
2025	101,645	53,601	155,246
2026	101,845	49,616	151,461
2027	101,860	45,625	147,485
2028	1,040,844	41,633	1,082,477
	<u>\$ 8,132,426</u>	<u>\$ 1,665,729</u>	<u>\$ 9,798,155</u>
2019-2023	\$ 6,684,784	\$ 639,409	\$ 6,987,932
2024-2028	1,447,642	984,687	1,727,746
	<u>\$ 8,132,426</u>	<u>\$ 1,624,096</u>	<u>\$ 8,715,678</u>

VILLAGE OF OSCEOLA

DEBT REPAYMENT SCHEDULES

TIF #2

12/31/2018

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 410,000	\$ 16,880	\$ 426,880
2020	380,000	9,248	389,248
	<u>\$ 790,000</u>	<u>\$ 26,128</u>	<u>\$ 816,128</u>
2019-2020	\$ 790,000	\$ 26,128	\$ 816,128
	<u>\$ 790,000</u>	<u>\$ 26,128</u>	<u>\$ 816,128</u>

VILLAGE OF OSCEOLA
DEBT REPAYMENT SCHEDULES
RDA
12/31/2018

Lease Revenue Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 125,000	\$ 7,810	\$ 132,810
2020	135,000	4,185	139,185
Total	<u>\$ 260,000</u>	<u>\$ 11,995</u>	<u>\$ 271,995</u>
2019-2020	<u>\$ 260,000</u>	<u>\$ 11,995</u>	<u>\$ 271,995</u>
	<u>\$ 260,000</u>	<u>\$ 11,995</u>	<u>\$ 271,995</u>

VILLAGE OF OSCEOLA
Osceola, Wisconsin

DEBT REPAYMENT SCHEDULES
Water Utility
12/31/2018

MORTGAGE REVENUE BONDS

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 152,854	\$ 36,399	\$ 189,253
2020	153,053	31,741	184,794
2021	158,256	26,728	184,984
2022	183,465	21,329	204,794
2023	188,680	12,355	201,035
2024	8,901	3,124	12,025
2025	9,127	2,888	12,015
2026	9,359	2,645	12,004
2027	9,597	2,396	11,993
2028	112,362	2,141	114,503
2029	9,675	129	9,804
	<u>\$ 995,329</u>	<u>\$ 141,875</u>	<u>\$ 1,137,204</u>
2019-2023	\$ 836,308	\$ 128,552	\$ 964,860
2024-2028	149,346	13,194	162,540
2029	9,675	129	9,804
	<u>\$ 995,329</u>	<u>\$ 141,875</u>	<u>\$ 1,137,204</u>

VILLAGE OF OSCEOLA
Osceola, Wisconsin

DEBT REPAYMENT SCHEDULES
Sewer Utility
12/31/2018

MORTGAGE REVENUE BONDS

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 323,111	\$ 57,623	\$ 380,734
2020	330,946	49,677	380,623
2021	338,970	41,544	380,514
2022	347,189	33,216	380,405
2023	355,608	24,691	380,299
2024	364,232	15,946	380,178
2025	373,065	6,996	380,061
2026	580	2,462	3,042
2027	580	2,458	3,038
2028	141,660	2,448	144,108
	<u>\$ 2,575,941</u>	<u>\$ 237,061</u>	<u>\$ 2,813,002</u>
2019-2023	\$ 1,695,824	\$ 206,751	\$ 1,902,575
2024-2028	880,117	30,310	910,427
	<u>\$ 2,575,941</u>	<u>\$ 237,061</u>	<u>\$ 2,813,002</u>