

COLUMBUS SEWER UTILITY

An Enterprise Fund of the
City of Columbus, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2018 and 2017

COLUMBUS SEWER UTILITY

An Enterprise Fund of the City of Columbus, Wisconsin

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INDEPENDENT AUDITORS' REPORT

To the City Council
Columbus Sewer Utility
Columbus, Wisconsin

We have audited the accompanying financial statements of Columbus Sewer Utility, an enterprise fund of the City of Columbus, Wisconsin, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Columbus Sewer Utility'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 Columbus Sewer Utility'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Columbus Sewer Utility as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Columbus Sewer Utility enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Columbus, Wisconsin, as of December 31, 2018 and 2017 and the respective changes in financial position, or cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the Columbus Sewer Utility adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information as listed in the table of contents are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 2, 2019

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

COLUMBUS SEWER UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended December 31, 2018 and 2017

The management of the Columbus Sewer Utility (utility) offers all persons interested in the financial position of the utility this narrative overview and analysis of the utility's financial performance during the years ending December 31, 2018 and 2017. You are invited to read this narrative in conjunction with the utility's financial statements.

FINANCIAL HIGHLIGHTS

- > Total assets increased by \$311,000 from the prior year, primarily due to an increase in construction work in progress for lift station projects underway. In 2017, Total assets increased by \$1,807,000 from the prior year, primarily due to a \$1,459,000 increase in capital assets, net, and an increase of \$566,000 in cash and restricted cash. To fund new capital projects, and refund existing debt, the utility issued \$2,555,000 of new debt in 2017.
- > Operating revenues increased \$61,000 in 2018, primarily due to the rate changes effective in April 1, 2018. Operating revenues increased \$94,000 in 2017, primarily due to an increase in high-strength surcharges to high strength customers and an increase in sales to Fall River due to a rate increase effective August 1, 2016.
- > Operation and maintenance expenses in 2018 decreased by \$77,000, primarily due to a decrease in the maintenance of treatment and disposal of plant equipment repairs at the WWTP, which given repairs occurred in prior year. In 2017, Operation and maintenance expenses increased by \$56,000, primarily due to an increase in the maintenance of treatment and disposal of plant equipment due to masonry repairs at the WWTP.

OVERVIEW OF THE FINANCIAL STATEMENTS/ USING THIS REPORT

The utility is an enterprise fund of the City of Columbus and is managed by the City Council. The purpose of the utility is to provide sewer service to properties located within the municipality and the Town of Elba Sanitary District and the Village of Fall River. The utility served 2,231, 2,211, and 2,184 customers in 2018, 2017, and 2016, respectively.

This annual report consists of two parts: Management's Discussion and Analysis (this section) and the financial statements. The utility follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short- and long-term financial information about the activities and operations of the utility.

- > The Statements of Net Position includes all of the utility's assets, deferred outflows, liabilities, and deferred inflows and provides information about the nature and amount of investments in resources and the obligations to creditors. This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the utility.
- > The Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the utility's financial health.
- > The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

COLUMBUS SEWER UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended December 31, 2018 and 2017

UTILITY FINANCIAL ANALYSIS

An analysis of the utility's financial position begins with a review of the Statements of Net Position, and the Statements of Revenues, Expenses and Changes in Net Position report information. These two statements report the utility's net position and changes therein. The utility's net position – the difference between assets and liabilities is key to measuring the financial health of the utility. Over time, increases or decreases in the net position are an indicator of whether the financial position is improving or deteriorating. However, it should be noted that the financial position can also be affected by other non-financial factors, including economic conditions, customer growth, climate conditions and new regulations.

A summary of the utility's Statements of Net Position is presented in Table 1-A.

Table 1-A
Condensed Statements of Net Position

	2018	2017	2016
Current and other assets	\$ 3,577,000	\$ 3,660,000	\$ 3,312,000
Capital assets (net)	11,653,000	11,259,000	9,800,000
Total Assets	15,230,000	14,919,000	13,112,000
Deferred outflows of resources	89,000	108,000	154,000
Long-term debt outstanding	4,493,000	4,811,000	3,111,000
Other liabilities	127,000	254,000	162,000
Total Liabilities	4,620,000	5,065,000	3,273,000
Deferred inflows of resources	91,000	45,000	59,000
Net investment in capital assets	7,298,000	6,671,000	6,689,000
Restricted	873,000	659,000	546,000
Unrestricted	2,437,000	2,587,000	2,699,000
Total Net Position	\$ 10,608,000	\$ 9,917,000	\$ 9,934,000

During 2018, total assets increased by \$311,000 from the prior year primarily due to an increase in construction work in progress for lift station projects underway. In 2017, the increase in total assets was driven mainly by the completion of the James St project.

As previously noted, the Statements of Net Position show the change in financial position of net position. The specific nature or source of these changes then becomes more evident in the Statements of Revenues, Expenses and Changes in Net Position as shown in Table 2-A .

See accompanying independent Auditor's Report.

COLUMBUS SEWER UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended December 31, 2018 and 2017

UTILITY FINANCIAL ANALYSIS (cont.)

Table 2-A
Condensed Statements of Revenues,
Expenses and Changes in Net Position

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating revenues	\$ 1,566,000	\$ 1,505,000	\$ 1,411,000
Nonoperating revenues	43,000	28,000	16,000
Total Revenues	<u>1,609,000</u>	<u>1,533,000</u>	<u>1,427,000</u>
Depreciation expense	522,000	552,000	564,000
Operation and maintenance	782,000	852,000	784,000
Nonoperating expenses	<u>122,000</u>	<u>180,000</u>	<u>90,000</u>
Total Expenses	<u>1,426,000</u>	<u>1,584,000</u>	<u>1,438,000</u>
Income (loss) before capital contributions	183,000	(51,000)	(11,000)
Capital contributions	<u>508,000</u>	<u>34,000</u>	<u>19,000</u>
Change in net position	691,000	(17,000)	8,000
Beginning Net Position	<u>9,917,000</u>	<u>9,934,000</u>	<u>9,926,000</u>
Net Position End of Year	<u><u>\$ 10,608,000</u></u>	<u><u>\$ 9,917,000</u></u>	<u><u>\$ 9,934,000</u></u>

The increase in net position for 2018 is due to an increase in capital contributions for utility extension and lift station received from TIF No. 4. In addition, a decrease in operating and maintenance was noted as repairs for the WWTP occurred in prior year. The decrease in net position for 2017 is due to an increase in operating expenses and non-operating expenses.

CAPITAL ASSETS

During 2017, total assets increased by \$311,000 from the prior year, primarily due to an increase in CWIP. Accumulated depreciation had an increase due to the treatment disposal being depreciated since all the repairs were done in prior year. In 2017, Total assets increased by \$1,807,000 from the prior year primarily due to a \$1,459,000 increase in capital assets, net, and an increase of \$566,000 in cash and restricted cash.

See accompanying independent Auditor's Report.

COLUMBUS SEWER UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended December 31, 2018 and 2017

LONG-TERM DEBT

During 2018 and 2017, the utility retired \$249,000 and \$169,000 of outstanding revenue bonds, respectively. The utility also retired \$70,000 and \$685,000 of general obligation debt in 2018 and 2017, respectively. In 2017, the 2017B refunding GO bonds were issued to refund the 2007A Series GO Debt. The utility also issued 2017C Revenue Bonds for capital improvements. Repayment schedules are included in Note 7.

CONTACTING UTILITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, investors and creditors with a general overview of the utility's finances. If you have questions about this report, or need additional financial information, contact the Columbus Sewer Utility at the Columbus City Hall via phone 920 623 5900 or mail 105 N. Dickason Blvd., Columbus, WI 53925.

COLUMBUS SEWER UTILITY

STATEMENTS OF NET POSITION As of December 31, 2018 and 2017

	ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS			
Cash and investments		\$ 401,149	\$ 777,557
Main replacement account		135,989	103,046
Pump replacement account		254,981	149,262
Connection charge account		262,463	240,937
Wholesale connection account		1,203,127	1,203,127
Interest receivable		12,134	7,893
Restricted Assets			
Redemption account		186,331	184,381
Other accounts receivable		45,753	24,872
Due from water utility		98,862	92,619
Due from TIF district		<u>25,694</u>	<u>25,190</u>
Total Current Assets		<u>2,626,483</u>	<u>2,808,884</u>
NONCURRENT ASSETS			
Restricted Assets			
Reserve account		141,233	138,603
Replacement account		653,393	492,440
Construction account		-	86,282
Net pension asset		47,288	-
Other Assets			
Long-term receivable from TIF		108,511	133,711
Capital Assets			
Plant in service		23,539,102	22,810,415
Accumulated depreciation		(12,113,561)	(11,612,537)
Construction work in progress		<u>227,401</u>	<u>60,860</u>
Total Noncurrent Assets		<u>12,603,367</u>	<u>12,109,774</u>
Total Assets		<u>15,229,850</u>	<u>14,918,658</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension		88,099	108,182
Deferred outflows related to OPEB		<u>1,293</u>	<u>-</u>
Total Deferred Outflows of Resources		<u>89,392</u>	<u>108,182</u>

LIABILITIES	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Accounts payable	\$ 46,382	\$ 156,287
Accrued wages	1,034	9,040
Accrued interest	3,169	3,519
Accrued vacation leave	6,902	4,881
Current portion of general obligation debt	70,000	70,000
Current Liabilities Payable from Restricted Assets		
Current portion of revenue bonds	252,854	248,603
Accrued interest	17,797	18,799
Total Current Liabilities	<u>398,138</u>	<u>511,129</u>
NONCURRENT LIABILITIES		
General obligation debt	480,000	550,000
Revenue bonds	3,689,947	3,942,801
Accrued sick leave	43,451	47,865
Net OPEB liability	8,398	-
Net pension liability	-	13,501
Total Noncurrent Liabilities	<u>4,221,796</u>	<u>4,554,167</u>
 Total Liabilities	 <u>4,619,934</u>	 <u>5,065,296</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	91,326	44,771
Deferred inflows related to OPEB	118	-
 Total Deferred Inflows of Resources	 <u>91,444</u>	 <u>44,771</u>
 NET POSITION		
Net investment in capital assets	7,297,804	6,671,279
Restricted for:		
Debt service	172,104	166,522
Equipment replacement	653,393	492,440
Pension	47,288	-
Unrestricted	<u>2,437,275</u>	<u>2,586,532</u>
 TOTAL NET POSITION	 <u><u>\$ 10,607,864</u></u>	 <u><u>\$ 9,916,773</u></u>

See accompanying notes to the financial statements.

COLUMBUS SEWER UTILITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Treatment charges	\$ 1,508,854	\$ 1,449,939
Other	<u>56,989</u>	<u>54,775</u>
Total Operating Revenues	<u>1,565,843</u>	<u>1,504,714</u>
OPERATING EXPENSES		
Operation and maintenance	781,934	851,870
Depreciation	<u>521,824</u>	<u>551,905</u>
Total Operating Expenses	<u>1,303,758</u>	<u>1,403,775</u>
OPERATING INCOME	<u>262,085</u>	<u>100,939</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	42,810	28,228
Interest expense	(121,246)	(116,086)
Debt issuance costs	<u>(1,000)</u>	<u>(63,742)</u>
Total Nonoperating Revenues (Expenses)	<u>(79,436)</u>	<u>(151,600)</u>
Income (Loss) Before Contributions and Transfers	182,649	(50,661)
CAPITAL CONTRIBUTIONS	<u>508,442</u>	<u>33,500</u>
CHANGE IN NET POSITION	691,091	(17,161)
NET POSITION - Beginning of Year	<u>9,916,773</u>	<u>9,933,934</u>
NET POSITION - END OF YEAR	<u><u>\$ 10,607,864</u></u>	<u><u>\$ 9,916,773</u></u>

See accompanying notes to the financial statements.

COLUMBUS SEWER UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 1,538,837	\$ 1,513,735
Paid to suppliers for goods and services	(521,856)	(611,248)
Paid to employees for operating payroll	(248,372)	(234,122)
Net Cash Flows From Operating Activities	768,609	668,365
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of operating advances from other funds	24,696	24,696
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,035,084)	(1,706,903)
Capital contributions received	508,442	33,500
Debt retired	(318,603)	(854,453)
Interest paid	(122,598)	(112,161)
Proceeds from debt issue	-	2,555,000
Debt issuance costs	(1,000)	(63,742)
Net Cash Flows From Capital and Related Financing Activities	(968,843)	(148,759)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(1,203,139)	(1,171,979)
Investments sold and matured	1,171,979	409,940
Investment income	38,569	21,410
Net Cash Flows From Investing Activities	7,409	(740,629)
Net Change in Cash and Cash Equivalents	(168,129)	(196,327)
CASH AND CASH EQUIVALENTS - Beginning of Year	2,203,656	2,399,983
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,035,527	\$ 2,203,656

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 262,085	\$ 100,939
Noncash items in operating income		
Depreciation	521,824	551,905
Changes in assets, deferred outflows, liabilities, and deferred inflows		
Other accounts receivable	(20,881)	2,374
Due from other funds	(6,243)	6,647
Pension related deferrals and assets	5,849	17,466
OPEB related deferrals and liabilities	7,223	-
Accounts payable	9,151	(12,264)
Accrued vacation and sick leave	(2,393)	5,890
Other current liabilities	(8,006)	(4,592)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 768,609</u>	<u>\$ 668,365</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION ACCOUNTS		
Cash and investments	\$ 401,149	\$ 777,557
Redemption account	186,331	184,381
Reserve account	141,233	138,603
Replacement account	653,393	492,440
Construction account	-	86,282
Main replacement account	135,989	103,046
Pump replacement account	254,981	149,262
Connection charge account	262,463	240,937
Wholesale Connection charge account	<u>1,203,127</u>	<u>1,203,127</u>
Total Cash and Investments	3,238,666	3,375,635
Less: Noncash equivalents	<u>(1,203,139)</u>	<u>(1,171,979)</u>
CASH AND CASH EQUIVALENTS	<u>\$ 2,035,527</u>	<u>\$ 2,203,656</u>

See accompanying notes to the financial statements.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Columbus Sewer Utility (utility) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the utility are described below.

REPORTING ENTITY

The utility is a separate enterprise fund of the City of Columbus (municipality). The utility is managed by the city council. The utility provides sewer service to properties within the municipality. The Utility also provides sewer service to the Town of Elba Sanitary District and the Village of Fall River.

The sewer utility operates under rules and rates established by the city council.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The utility is presented as an enterprise fund of the municipality. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

The financial statements 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.

In June 2015, the GASB issued Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This standard was implemented January 1, 2018. The cumulative impact of implementation was expensed in the current year.

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 could differ from those estimates.

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Deposits and Investments

For purposes of the statement of cash flows, cash, and cash equivalents have original maturities of three months or less from the date of acquisition.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Deposits and Investments (cont.)

Investment of utility funds is restricted by state statutes. Investments are limited to:

- > Time deposits in any credit union, bank, savings bank or trust company.
- > Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- > Bonds or securities issued or guaranteed by the federal government.
- > The local government investment pool.
- > Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- > Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- > Repurchase agreements with public depositories, with certain conditions.

The utility has adopted an investment policy. That policy follows the state statute for allowable investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Receivables/Payables

Transactions between the utility and other funds of the municipality that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from other funds. All other outstanding balances between the utility and other funds of the municipality are reported as due to/from other funds.

The utility has the right under Wisconsin statutes to place delinquent sewer bills on the tax roll for collection. As such, no allowance for uncollectible customer accounts is considered necessary.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Main and Pump Replacement Accounts

The council has established designated cash accounts for the replacement of sewer mains and lift station pumps which are shown as replacement accounts on the Statements of Net Position.

The council has elected to internally designate the main replacement account for the James Street reconstruction project which occurred in 2017. These funds are not legally restricted and could be used for other purposes if the need arose. The utility has \$390,970 and \$252,308 designated as of December 31, 2018 and 2017, respectively. This amount is shown in the Current Assets section of the Statements of Net Position.

Connection and Wholesale Connection Charge Account

The connection charge account represents fees collected for hook-up to the sewer system for the payment of debt service. It is available for any utility purposes.

The wholesale connection charge account represents the connection fee collected from a wholesale customer. The wholesale contract specifies the cash to be used for system upgrades to benefit the wholesale customer and the city jointly.

Capital Assets

Capital assets are generally defined by the utility as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets of the utility are recorded at cost or the estimated acquisition value at the time of contribution to the utility. Major outlays for utility plant are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the capital assets constructed, net of interest earned on the invested proceeds over the same period. Capital assets in service are depreciated or amortized using the straight-line method over the following useful lives:

	<u>Years</u>
Sewer Plant	
Collecting system	10 - 100
Collecting system pumping	15 - 20
Treatment and disposal	15 - 40
General	7 - 20

Pensions

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

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Postemployment Benefits Other Than Pensions (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and 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.

Deferred Outflow of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Accrued Sick Leave and Vacation

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Vested vacation and sick leave pay is accrued when earned in the financial statements. The liability is liquidated from general operating revenues of the utility.

Long-term Receivable from TIF

In 2010 an advance to TIF 3 was recorded related to the West Side Interceptor for \$300,000. The advance accrues 2% interest on the remaining principal balance annually. A formal repayment schedule has been approved. During 2018 the sewer utility received \$28,368 which \$24,696 was applied toward the principal balance of the loan and \$3,178 was received in interest. During 2017 the sewer utility received \$28,368 which \$24,696 was applied toward the principal balance of the loan and \$3,672 was received in interest.

Long-Term Obligations

Long-term debt and other obligations are reported as utility liabilities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

REVENUES AND EXPENSES

The utility distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the utility's principal ongoing operations. The principal operating revenues of the utility are charges to customers for sales and services. Operating expenses for enterprise 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 nonoperating revenues and expenses.

Charges for Services

Billings are rendered and recorded monthly based on metered usage. The utility does not accrue revenues beyond billing dates.

Current rates were approved by the city council with an effective date of April 1, 2018. The city council also approved the rates charged to the Town of Elba and the Fall River, with an effective date of April 1, 2018.

Capital Contributions

Cash and capital assets are contributed to the utility from customers, the municipality, or external parties. The value of property contributed to the utility is reported as revenue on the statements of revenues, expenses, and changes in net position.

Connection Fees

The sewer utility charges new customers a connection fee to connect to the system. Fees collected are recorded as capital contributions on the statements of revenues, expenses, and changes in net position.

Taxes

Municipal utilities are exempt from income taxes.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has approved GASB Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 87, *Leases*, Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. When they become effective, application of these standards may restate portions of these financial statements.

COMPARATIVE DATA

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 2 - DEPOSITS AND INVESTMENTS

	Carrying Value as of December 31,		Risks
	2018	2017	
Checking and savings	\$ 1,182,269	\$ 652,743	Custodial credit risk
Certificates of deposits	1,203,139	1,171,979	Custodial credit risk
Money market	-	413,180	Custodial credit risk
LGIP	853,258	1,137,733	Credit risk
Totals	\$ 3,238,666	\$ 3,375,635	

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000.

The utility may also maintain separate cash and investment accounts at the same financial institutions utilized by the municipality. Federal depository insurance and the SDGF apply to all municipal accounts, and accordingly, the amount of insured funds is not determinable for the utility alone. Therefore, coverage for the utility may be reduced. Investment income on commingled investments of the entire municipality is allocated based on average investment balances.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018 and 2017, the fair value of the LGIP's assets was substantially equal to the utility's share.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the utility's deposits may not be returned to the utility.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the utility will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments (cont.)

The utility maintains certain investments commingled with the municipality. The following is a summary of these investment balances disclosed by type.

	2018		2017	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Old National Bank/Anchor Bank	\$ -	\$ -	\$ 423,049	\$ 423,049
Farmers and Merchants Union Bank including CDARS	831,625	831,625	801,830	801,830
DMB Community Bank	1,011,160	1,104,327	1,013,023	1,013,023
Marine Credit Union	449,456	449,456	-	-
Totals	\$ 2,292,241	\$ 2,385,408	\$ 2,237,902	\$ 2,237,902

The utility's investment policy addresses this risk by requiring all deposits and investments to be collateralized in full. The utility and city have obtained collateral agreements as of December 31, 2018 and 2017 for \$6,011,728 and \$6,166,607. The collateral was held at Farmers and Merchants Bank and DMB Community Bank in 2018 and in 2017.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations.

The utility held investments in the Local Government Investment Pool which is an external pool that is not rated.

The investment policy does not address credit risk.

NOTE 3 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund balances for the years ending December 31, 2018 and 2017:

Due To	Due From	2018		2017	
		Amount	Principal Purpose	Amount	Principal Purpose
Sewer	Water	\$ 96,682	Utility billings	\$ 92,619	Utility billings

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 4 - RESTRICTED ASSETS

Restricted Accounts

Certain proceeds of the utility's debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited. The following accounts are reported as restricted assets:

Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.

Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.

Construction - Used to report debt proceeds restricted for use in construction.

Replacement Account

As a condition of receiving state and federal funds for wastewater plant construction, the utility has established an account for replacement of certain mechanical equipment.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 4 - RESTRICTED ASSETS (cont.)

The following calculation supports the amount of sewer restricted net position:

	2018	2017
Restricted Assets		
Redemption account	\$ 186,331	\$ 184,381
Reserve account	141,233	138,603
Replacement account	653,393	492,440
Construction account	-	86,282
Net pension asset	47,288	-
Total Restricted Assets	1,028,245	901,706
Less: Restricted Assets Not Funded by Revenues		
Reserve from borrowing	(137,663)	(137,663)
Construction Account	-	(86,282)
Total Restricted Assets Not Funded by Revenues	(137,663)	(223,945)
Current Liabilities Payable From Restricted Assets	(17,797)	(18,799)
Total Restricted Net Position as Calculated	\$ 872,785	\$ 658,962

The purpose of the restricted net position is as follows:

	2018	2017
Debt Service	\$ 172,104	\$ 166,522
Equipment Replacement	653,393	492,440
Pension	47,288	-
	-	-
Total Restricted Net Position	\$ 872,785	\$ 658,962

NOTE 5 - ADVANCES TO OTHER FUNDS

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/2018
8/1/2011	West side interceptor	8/1/2023	2%	\$ 300,000	\$ 134,205

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 5 - ADVANCES TO OTHER FUNDS (cont.)

Repayment requirements to maturity follow:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 25,694	\$ 2,674	\$ 28,368
2020	26,208	2,160	28,368
2021	26,732	1,636	28,368
2022	27,266	1,102	28,368
2023	<u>28,305</u>	<u>556</u>	<u>28,861</u>
Totals	<u>\$ 134,205</u>	<u>\$ 8,128</u>	<u>\$ 142,333</u>

NOTE 6 - CHANGES IN CAPITAL ASSETS

Sewer Utility

A summary of changes in sewer capital assets for 2018 follows:

	<u>Balance 1/1/18</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/18</u>
Capital assets being depreciated				
Collecting system	\$ -	\$ 411,116	\$ 20,800	\$ 390,316
Collecting system pumping	-	<u>338,371</u>	-	<u>338,371</u>
Total Capital Assets Being Depreciated	<u>-</u>	<u>749,487</u>	<u>20,800</u>	<u>728,687</u>
Less: Accumulated depreciation				
Collecting system	-	(1,952)	20,800	18,848
Collecting system pumping	-	<u>(8,459)</u>	-	<u>(8,459)</u>
Total Accumulated Depreciation	<u>-</u>	<u>(10,411)</u>	<u>20,800</u>	<u>10,389</u>
Construction in progress	<u>60,860</u>	<u>435,085</u>	<u>268,544</u>	<u>227,401</u>
Net Capital Assets	<u>\$ 60,860</u>			<u>\$ 966,477</u>

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 6 - CHANGES IN CAPITAL ASSETS (cont.)

Sewer Utility (cont.)

A summary of changes in sewer capital assets for 2017 follows:

	Balance 1/1/17	Increases	Decreases	Balance 12/31/17
Capital assets, not being depreciated				
Land and land rights	\$ 2,500	\$ -	\$ -	\$ 2,500
Capital assets being depreciated				
Collecting system	9,161,747	1,462,203	45,218	10,578,732
Collecting system pumping	633,725	302,827	58,500	878,052
Treatment and disposal	10,813,635	154,723	4,600	10,963,758
General	357,694	29,679	-	387,373
Total Capital Assets Being Depreciated	20,966,801	1,949,432	108,318	22,807,915
Total Capital Assets	20,969,301	1,949,432	108,318	22,810,415
Less: Accumulated depreciation				
Collecting system	(1,601,105)	(97,495)	45,218	(1,653,382)
Collecting system pumping	(633,725)	(36,330)	58,500	(611,555)
Treatment and disposal	(8,584,583)	(399,660)	4,599	(8,979,644)
General	(349,536)	(18,420)	-	(367,956)
Total Accumulated Depreciation	(11,168,949)	(551,905)	108,317	(11,612,537)
Construction in progress	-	60,860	-	60,860
Net Capital Assets	\$ 9,800,352			\$ 11,258,738

NOTE 7 - LONG-TERM OBLIGATIONS

Revenue Bonds

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/18
11/14/2007	Capital improvements	5/1/2027	2.48%	\$ 2,258,679	\$ 1,156,447
6/8/2011	Capital improvements	5/1/2031	2.40%	1,313,944	926,354
4/4/2017	Capital improvements	5/1/2037	1.40-4.00%	1,935,000	1,860,000

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Revenue Bonds (cont.)

Revenue bonds debt service requirements to maturity follow:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 252,854	\$ 103,869	\$ 356,723
2020	262,210	98,215	360,425
2021	266,673	92,258	358,931
2022	271,245	86,030	357,275
2023	280,929	79,474	360,403
2024 - 2028	1,354,102	290,705	1,644,807
2029 - 2033	769,788	148,035	917,823
2034 - 2037	<u>485,000</u>	<u>38,788</u>	<u>523,788</u>
Totals	<u>\$ 3,942,801</u>	<u>\$ 937,374</u>	<u>\$ 4,880,175</u>

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2018 and 2017 were \$357,825 and \$259,275, respectively. Total customer gross revenues as defined for the same periods were \$1,636,153 and \$1,566,442. Annual principal and interest payments are expected to require 16% of gross revenues on average.

General Obligation Debt

The following general obligation bonds have been issued:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/18</u>
4/4/2017	Refunding 2007 GO Bonds	4/1/2026	2.00 - 2.65%	\$ 620,000	\$ 550,000

General obligation bonds debt service requirements to maturity follow:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 70,000	\$ 11,975	\$ 81,975
2020	70,000	10,576	80,576
2021	65,000	9,144	74,144
2022	65,000	7,681	72,681
2023	65,000	6,219	71,219
2024 - 2026	<u>215,000</u>	<u>8,469</u>	<u>223,469</u>
Totals	<u>\$ 550,000</u>	<u>\$ 54,064</u>	<u>\$ 604,064</u>

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Long-Term Obligations Summary

Long-term obligation activity for the year ended December 31, 2018 is as follows:

	<u>1/1/18</u> Balance	<u>Additions</u>	<u>Reductions</u>	<u>12/31/18</u> Balance	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 4,191,404	\$ -	\$ 248,603	\$ 3,942,801	\$ 252,854
General obligation debt	620,000	-	70,000	550,000	70,000
Accrued vacation and sick leave	<u>52,746</u>	<u>11,483</u>	<u>13,876</u>	<u>50,353</u>	<u>6,902</u>
Totals	<u>\$ 4,864,150</u>	<u>\$ 11,483</u>	<u>\$ 332,479</u>	<u>\$ 4,543,154</u>	<u>\$ 329,756</u>

Long-term obligation activity for the year ended December 31, 2017 is as follows:

	<u>1/1/17</u> Balance	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17</u> Balance	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 2,425,856	\$ 1,935,000	\$ 169,452	\$ 4,191,404	\$ 248,603
General obligation debt	685,000	620,000	685,000	620,000	70,000
Accrued vacation and sick leave	<u>46,856</u>	<u>7,607</u>	<u>1,717</u>	<u>52,746</u>	<u>4,881</u>
Totals	<u>\$ 3,157,712</u>	<u>\$ 2,562,607</u>	<u>\$ 856,169</u>	<u>\$ 4,864,150</u>	<u>\$ 323,484</u>

In addition to the liabilities above, information on the net pension liability (asset) is provided in Note 9.

Current Refunding

On April 4, 2017, bonds in the amount of \$620,000 were issued with an average interest rate of 2.27% to refund \$620,000 of outstanding 2007 bonds with an average interest rate of 4.00%. The net proceeds were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the old bonds prior to the current refunding was \$748,800 from April 4, 2017 through April 1, 2026. The cash flow requirements on the new bonds are \$694,358 from October 1, 2017 through April 1, 2026. The current refunding resulted in an economic gain of \$48,963.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures

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

Insurance

The utility is 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.

The utility is covered under the following insurance policies at December 31, 2018:

Type	Coverage	Expiration
Workers Compensation	\$ 500,000	7/10/2019
Commercial automobile	1,000,000 liability	7/10/2019
Commercial umbrella	6,000,000 each loss & aggregate	7/10/2019
General liability	2,000,000	7/10/2019
Property	56,957,818	7/10/2019

Debt Coverage

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.1 times the annual debt service. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2018 and 2017 as follows:

	2018	2017
Operating revenues	\$ 1,565,843	\$ 1,504,714
Investment income	42,810	28,228
Connection fees	27,500	33,500
Less: Operation and maintenance expenses	(774,211)	(851,870)
Net Defined Earnings	\$ 861,942	\$ 714,572
Minimum Required Earnings per Resolution:		
Current year debt service	\$ 357,825	\$ 259,275
Coverage factor	1.10	1.10
Minimum Required Earnings	\$ 393,608	\$ 285,203
Actual Debt Coverage	2.41	2.76

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Number of Customers and Billed Volumes

The utility has the following number of customers and billed volumes for 2018 and 2017:

	Customers		Sales (000 gals)	
	2018	2017	2018	2017
Residential	1,964	1,947	91,371	91,949
Commercial	237	234	43,245	49,573
Industrial	8	8	5,668	5,428
Public authority	20	20	4,929	3,053
Wholesale	2	2	91,800	89,091
Totals	<u>2,231</u>	<u>2,211</u>	<u>237,013</u>	<u>239,094</u>

NOTE 8 - NET POSITION

GASB No. 34 requires the classification of net position into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of net positions that do 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 utility's policy to use restricted resources first, then unrestricted resources as they are needed.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 8 - NET POSITION (cont.)

The following calculation supports the sewer net investment in capital assets:

	2018	2017
Plant in service	\$ 23,539,102	\$ 22,810,415
Accumulated depreciation	(12,113,561)	(11,612,537)
Construction work in progress	227,401	60,860
Sub-Totals	11,652,942	11,258,738
Less: Capital related debt		
Current portion of capital related long-term debt	322,854	318,603
Long-term portion of capital related long-term debt	4,169,947	4,492,801
Sub-Totals	4,492,801	4,811,404
Add: Unspent debt proceeds		
Construction funds	-	86,282
Reserve from borrowing	137,663	137,663
Sub-Totals	137,663	223,945
Total Net Investment in Capital Assets	\$ 7,297,804	\$ 6,671,279

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM

General Information About the Pension Plan

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 1,200 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 bound at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4.0

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, and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category 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.

The WRS recognized \$16,463 and \$15,594 in contributions from the utility during the current and prior reporting periods, respectively.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

Contribution rates as of December 31, 2018 and December 31, 2017 are:

	2018		2017	
	Employee	Employer	Employee	Employer
General (including Executives and Elected Officials)	6.7%	6.7%	6.8%	6.8%
Protective with Social Security	6.7%	10.7%	6.8%	10.6%
Protective without Social Security	6.7%	14.9%	6.8%	14.9%

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

At December 31, 2018, the utility reported a liability (asset) of \$(47,288) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The utility's proportion of the net pension liability (asset) was based on the utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the City of Columbus's proportion was 0.01883790%, which was an increase of 0.00006488% from its proportion measured as of December 31, 2016.

At December 31, 2017, the utility reported a liability (asset) of \$13,501 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The utility's proportion of the net pension liability (asset) was based on the utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the City of Columbus's proportion was 0.01877302%, which was a decrease of 0.0001978% from its proportion measured as of December 31, 2015.

For the years ended December 31, 2018 and 2017, the utility recognized pension expense of \$22,312 and \$33,285, respectively.

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

	Sewer Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,073	\$ 31,732
Changes in assumption	10,550	-
Net differences between project and actual earnings on pension plan	-	59,594
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,073	-
Employer contributions subsequent to the measurement date	16,403	-
Total	\$ 88,099	\$ 91,326

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

	Sewer Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,980	\$ 44,771
Changes in assumption	14,884	-
Net differences between project and actual earnings on pension plan	70,519	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,336	-
Employer contributions subsequent to the measurement date	16,463	-
Total	\$ 108,182	\$ 44,771

Deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date reported in the tables above will be recognized as a reduction of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31	Sewer Utility
2019	\$ 4,813
2020	(53)
2021	(13,896)
2022	(10,578)
2023	84
Thereafter	-
Total	\$ (19,630)

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the actuarial valuation used in the current and prior year was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2018	2017
Actuarial valuation date	December 31, 2016	December 31, 2015
Measurement date of net pension liability (asset)	December 31, 2017	December 31, 2016
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair Value	Fair Value
Long-term expected rate of return	7.2%	7.2%
Discount rate	7.2%	7.2%
Salary increases		
Inflation	3.2%	3.2%
Seniority/Merit	0.2% - 5.6%	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2012 Mortality Table
Post-retirement adjustments	2.1%	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 used in the December 31, 2016 and 2015 actuarial valuations are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 and 2016 are based upon a roll-forward of the liability calculated from the December 31, 2016 and 2015 actuarial valuation, respectively.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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 as of December 31, 2018 are summarized in the following table:

<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%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.75%.
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2017 are summarized in the following table:

<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%	8.3%	5.4%
Fixed Income	24.5	4.24	1.4
Inflation Sensitive Assets	15.5	4.3	1.5
Real Estate	8	6.5	3.6
Private Equity/Debt	7	9.4	6.5
Multi-Asset	4	6.6	3.7
Total Core Fund	110	7.4	4.5
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	4.7
International Equities	30	8.5	5.6
Total Variable Fund	100	7.9	5.0

New England Pension Consultants Long-Term U.S. 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 as of December 31, 2018 and December 31, 2017. 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% in 2018 and 3.78% in 2017. 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.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

Sensitivity of the utility's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the utility's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the utility'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.

The sensitivity analysis as of December 31, 2018 follows:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City of Columbus Sewer Utility's proportionate share of the net position liability (asset)	\$ 122,296	\$ (47,288)	\$ (176,141)

The sensitivity analysis as of December 31, 2017 follows:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City of Columbus Sewer Utility's proportionate share of the net position liability (asset)	\$ 177,610	\$ 13,501	\$ (112,871)

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>.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

The utility implemented GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2018. The cumulative effect of the change in net position due to the change in accounting standard is reported in the current year. The prior year balances for deferred outflows of resources, deferred inflows of resources, and the net OPEB liability were not restated due to the measurement date used for the calculation of the balances and the timing of the information received by the Plan.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (cont.)

Local Retiree Life Insurance Fund (LRLIF)

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.

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

Contribution rates for the plan year reported as of December 31, 2018 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (cont.)

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 plan year are as listed below:

**Life Insurance Employee Contribution Rates For the Plan
Year**

<u>Attained Age</u>	<u>Basic</u>
Under 30	\$0.05
30-34	0.06
34-39	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 \$61 in contributions from the employer.

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

At December 31, 2018, the utility reported a liability of \$8,398 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability 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 utility's proportion of the net OPEB liability was based on the utility's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the utility's proportion was 0.00279131%, which was an increase of 0.00015335% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the utility recognized OPEB expense of \$933.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 118
Net differences between projected and actual earnings on OPEB plan investments	97	-
Changes in assumptions	812	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	323	-
Employer contributions subsequent to the measurement date	61	-
Total	\$ 1,293	\$ 118

\$61 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a \$61 of the net OPEB liability in the year ended December 31, 2018. 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:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2018	\$ 180
2019	180
2020	180
2021	180
2022	156
Thereafter	238
Total	\$ 1,114

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (cont.)

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	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	3.44%
Long-Term Expected Rate of Return:	5.0%
Discount Rate:	3.63%
Salary Increases:	
Inflation	3.2%
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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Government Bonds	Barclays Government	1%	1.13%
U.S. Credit Bonds	Barclays Credit	65	2.61
U.S. Long Credit Bonds	Barclays Long Credit	3	3.08
U.S. Mortgages	Barclays MBS	31	2.19
Inflation			2.3
Long-Term Expected Rate of Return			5.0

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (cont.)

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 sewer utility's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the utility's proportionate share of the net OPEB liability calculated using the discount rate of 3.63 percent, as well as what the utility's proportionate share of the net OPEB liability 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%)
The utility's proportionate share of the net OPEB liability	\$11,869	\$8,398	\$5,734

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

NOTE 11 - SUBSEQUENT EVENTS

The utility evaluated subsequent events through the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

COLUMBUS SEWER UTILITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
 Wisconsin Retirement System
 For the Year Ended December 31, 2018

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.01935420%	\$ (40,684)	\$ 206,179	19.73%	102.74%
12/31/16	0.01897080%	27,996	235,427	11.89%	98.20%
12/31/17	0.01877302%	13,501	236,273	12.84%	99.12%
12/31/18	0.01883790%	(47,288)	242,103	19.53%	102.93%

SCHEDULE OF CONTRIBUTIONS
 Wisconsin Retirement System
 For the Year Ended December 31, 2018

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 16,009	\$ 16,009	\$ -	\$ 235,427	6.80%
12/31/16	15,594	15,594	-	236,273	6.60%
12/31/17	16,463	16,463	-	242,103	6.80%
12/31/18	16,403	16,403	-	244,821	6.70%

See independent auditors' report and accompanying notes to the required supplementary information.

COLUMBUS SEWER UTILITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

WISCONSIN RETIREMENT SYSTEM

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

Columbus Sewer Utility is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. There were no changes in assumptions.

COLUMBUS SEWER UTILITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET LIFE INSURANCE OPEB LIABILITY LOCAL RETIREE LIFE INSURANCE FUND For the Year Ended December 31, 2018

Fiscal Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/18	0.00279131%	\$ 8,398	\$ 242,103	3.47%	44.81%

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

SCHEDULE OF CONTRIBUTIONS LOCAL RETIREE LIFE INSURANCE FUND For the Year Ended December 31, 2018

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions As a Percentage of Covered Payroll
12/31/18	\$ 61	\$ 61	\$ -	\$ 244,821	0.02%

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 required supplementary information and independent auditors' report.

SUPPLEMENTAL INFORMATION

COLUMBUS SEWER UTILITY

SEWER UTILITY PLANT
As of and for the Year Ended December 31, 2018

	<u>Balance 1/1/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/18</u>
COLLECTING SYSTEM				
Collecting mains	\$ -	\$ 411,116	\$ 20,800	\$ 390,316
COLLECTING SYSTEM PUMPING				
Electric pumping equipment	-	338,371	-	338,371
TOTAL SEWER UTILITY PLANT	<u>\$ -</u>	<u>\$ 749,487</u>	<u>\$ 20,800</u>	<u>\$ 728,687</u>

COLUMBUS SEWER UTILITY

SEWER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Sewer Revenues		
Residential	\$ 871,993	\$ 856,420
Commercial	370,856	345,356
Industrial	86,519	71,220
Public authorities	31,883	24,636
Service to other systems	<u>147,603</u>	<u>152,307</u>
Total Sewer Revenues	<u>1,508,854</u>	<u>1,449,939</u>
Other Operating Revenues		
Miscellaneous	<u>56,989</u>	<u>54,775</u>
Total Operating Revenues	<u>1,565,843</u>	<u>1,504,714</u>
 OPERATING EXPENSES		
Operation and Maintenance		
Operation		
Supervision and labor	119,032	122,053
Power and fuel for pumping	11,600	10,157
Power and fuel for aeration equipment	76,673	77,900
Chlorine	26,283	33,358
Other operating supplies	32,790	22,065
Transportation	3,960	4,412
Sludge processing - salaries	15,995	16,393
Sludge processing - employee benefits	7,830	7,138
Repairs and maintenance	21,486	2,344
Chemicals	<u>5,400</u>	<u>3,564</u>
Total Operation	<u>321,049</u>	<u>299,384</u>
Maintenance		
Collection system	51,316	39,599
Pumping equipment	23,042	25,946
Treatment and disposal plant equipment	97,625	195,236
General plant structures and equipment	<u>29,465</u>	<u>29,394</u>
Total Maintenance	<u>201,448</u>	<u>290,175</u>
Customer Accounts		
Accounting and collecting	<u>78,370</u>	<u>72,688</u>
Administrative and General		
Salaries	91,683	88,513
Office supplies	1,695	1,957
Outside services employed	47,602	60,655
Insurance	28,465	26,643
Miscellaneous	1,622	1,855
Economic development contribution	<u>10,000</u>	<u>10,000</u>
Total Administrative and General	<u>181,067</u>	<u>189,623</u>
Total Operation and Maintenance	781,934	851,870
Depreciation	<u>521,824</u>	<u>551,905</u>
Total Operating Expenses	<u>1,303,758</u>	<u>1,403,775</u>
 OPERATING INCOME	 <u>\$ 262,085</u>	 <u>\$ 100,939</u>