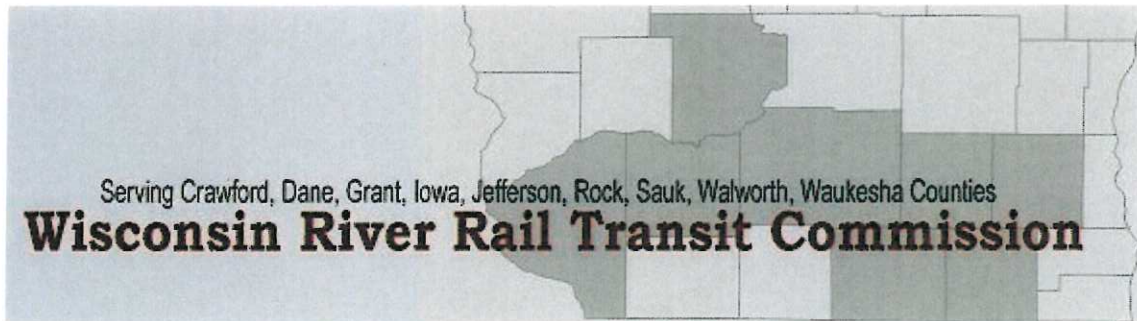




JOHNSON BLOCK

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**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S**

REPORT

For The Year Ended December 31, 2018

WISCONSIN RIVER RAIL TRANSIT COMMISSION

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INDEPENDENT AUDITOR'S REPORT

Commission Members
Wisconsin River Rail Transit Commission
Platteville, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 basic 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, each major fund, and the aggregate remaining fund information of the Commission as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 15 and 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
October 31, 2019

BASIC FINANCIAL STATEMENTS

WISCONSIN RIVER RAIL TRANSIT COMMISSION
Statement of Net Position
December 31, 2018

	Governmental Activities
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 59,146
Total current assets	59,146
Noncurrent assets:	
Land	386,844
Capital assets	87,089,561
Construction work in process	295,338
Less: Accumulated depreciation	(51,616,688)
Net capital assets	36,155,055
Total Assets	\$ 36,214,201
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	\$ 11,417
Current portion of long-term obligation	18,436
Total current liabilities	29,853
Noncurrent liabilities:	
Noncurrent portion of long-term obligation	172,483
Total current liabilities	172,483
<u>Deferred Inflows</u>	
Deferred Lease Revenue	12,038
Total deferred inflows	12,038
<u>Net Position</u>	
Net investment in capital assets	36,155,055
Unrestricted (deficit)	(155,228)
Total Net Position	35,999,827
Total Liabilities, Deferred Inflows and Net Position	\$ 36,214,201

The accompanying notes are an integral part of this statement.

WISCONSIN RIVER RAIL TRANSIT COMMISSION
Statement of Activities
For the Year Ended December 31, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense)</u>	
		<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants</u>	<u>Revenue and</u>
Primary Government		<u>Services</u>	<u>Grants and</u>	<u>and</u>	<u>Changes in</u>
Governmental Activities			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Governmental</u>
					<u>Activities</u>
Administration	\$ 165,262	\$ 52,555	\$ 511,000	\$ -	\$ 398,293
Operating and Maintenance	1,021,975	-	-	-	(1,021,975)
Depreciation	2,759,416	-	-	670,945	(2,088,471)
Interest on Long-term debt	1,977	-	-	-	(1,977)
Total Primary Government	<u>\$ 3,948,630</u>	<u>\$ 52,555</u>	<u>\$ 511,000</u>	<u>\$ -</u>	<u>(2,714,130)</u>
General Revenues:					
Unrestricted investment earnings					1,429
Miscellaneous					98,227
Total general revenues					<u>99,656</u>
Change in Net Position					(2,614,474)
Net Position - Beginning					<u>38,614,301</u>
Net Position - Ending					<u>\$ 35,999,827</u>

WISCONSIN RIVER RAIL TRANSIT COMMISSION

**Balance Sheet
Governmental Funds
December 31, 2018**

	General Fund	Special Revenue	Totals
	<hr/>	<hr/>	<hr/>
<u>Assets:</u>			
Cash and Investments	\$ 13,962	\$ 45,184	\$ 59,146
Due from Other Governments, Net of Allowance for Doubtful Accounts of \$54,560	-	-	-
Accounts Receivable			-
Internal Balances	45,184	(45,184)	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 59,146</u>	<u>\$ -</u>	<u>\$ 59,146</u>
<u>Liabilities:</u>			
Accounts Payable	\$ 11,420	\$ -	\$ 11,420
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>11,420</u>	<u>-</u>	<u>11,420</u>
<u>Deferred Inflows:</u>			
Deferred Lease Revenue	12,038	-	12,038
Total Deferred Inflows	<u>12,038</u>	<u>-</u>	<u>12,038</u>
<u>Equity:</u>			
Fund Balance:			
Unassigned	35,688	-	35,688
	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>35,688</u>	<u>-</u>	<u>35,688</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 59,146</u>	<u>\$ -</u>	<u>\$ 59,146</u>

The accompanying notes are an integral part of this statement.

WISCONSIN RIVER RAIL TRANSIT COMMISSION
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Revenues:</u>			
Charges for Service - County Assessments	\$ -	\$ 511,000	\$ 511,000
Leases/Easements	48,255	-	48,255
Permits	4,300	-	4,300
Interest Income	1,428	-	1,428
Project Grants and Contributions	-	670,944	670,944
Miscellaneous	98,228	-	98,228
	<u>152,211</u>	<u>1,181,944</u>	<u>1,334,155</u>
<u>Expenditures:</u>			
Maintenance and Project	-	1,317,313	1,317,313
Administration	72,372	-	72,372
Other Expense	92,890	-	92,890
Debt Service Principal and Interest	-	11,058	11,058
	<u>165,262</u>	<u>1,328,371</u>	<u>1,493,633</u>
Excess of Revenues Over (Under) Expenditures	<u>(13,051)</u>	<u>(146,427)</u>	<u>(159,478)</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds From Loan	-	200,000	200,000
Transfer In	60,573	-	60,573
Transfer Out	-	(60,573)	(60,573)
	<u>60,573</u>	<u>139,427</u>	<u>200,000</u>
Net Change in Fund Balance	47,522	(7,000)	40,522
Fund Balance(Deficit) January 1, 2018	<u>(11,834)</u>	<u>7,000</u>	<u>(4,834)</u>
Fund Balance December 31, 2018	<u>\$ 35,688</u>	<u>\$ -</u>	<u>\$ 35,688</u>

The accompanying notes are an integral part of this statement.

WISCONSIN RIVER RAIL TRANSIT COMMISSION
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
December 31, 2018

Total fund balances - governmental funds:	\$	35,688
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
Land	386,844	
Governmental capital assets	87,089,561	
Construction work in process	295,338	
Governmental accumulated depreciation	<u>(51,616,688)</u>	36,155,055
Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:		
Long-Term Debt Obligations		<u>(190,919)</u>
Total net position - governmental activities	\$	<u><u>35,999,827</u></u>

The accompanying notes are an integral part of this statement.

WISCONSIN RIVER RAIL TRANSIT COMMISSION
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018

Net change in fund balances-total governmental funds	\$	40,522
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.</p>		
Capital outlay reported in governmental fund statements		295,338
Depreciation expenses reported in the statement of activities		<u>(2,759,416)</u>
Amount by which capital outlays are greater (less) than depreciation in the current period:		<u>(2,464,078)</u>
<p>Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.</p>		
The amount of long-term debt principal payments in the current year is:		<u>9,081</u>
<p>Debt incurred in the governmental funds is reported as revenue or as an other financing source, but is reported as an increase in outstanding long-term debt in the Statement of Net Position and does not affect the Statement of Activities.</p>		
The amount of long-term debt incurred in the current year is:		<u>(200,000)</u>
Change in net position-governmental activities	\$	<u><u>(2,614,474)</u></u>

The accompanying notes are an integral part of this statement.

WISCONSIN RIVER RAIL TRANSIT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Wisconsin River Rail Transit Commission (“the Commission”) conform to accounting principles generally accepted in the United States of America as applicable to government entities.

A. FINANCIAL REPORTING ENTITY

The Commission was organized in 1980 to acquire and rehabilitate rail lines. It was organized by six counties under State Statute 66.30 and now includes nine counties. The member counties are: Crawford, Dane, Grant, Iowa, Rock, Sauk, Walworth, Waukesha and Jefferson. The Commission is governed by three representatives from each member county. It is a joint venture of the member counties and is not a component unit of any county. The Commission prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units.

The Commission derives its revenues mainly from the Wisconsin Southern Railroad, member counties and property leases and use permits.

The Commission is considered to be a “stand-alone government” as defined by GASB. The financial reporting entity of the Commission is defined by GASB to consist of (a) the stand-alone government, (b) organizations for which the stand-alone government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the stand-alone government are such that the exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The basic financial statements of the Commission consist solely of the stand-alone government. No other organizations were identified for inclusion in the financial reporting entity of the Commission.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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. The statements include fees charged to external parties for goods or services.

Fund Financial Statements

Financial statements of the reporting entity are organized into 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 accounting which constitute its assets, liabilities, net position/fund equity, revenues, and expenditure/expenses. An emphasis is placed on major funds.

The Commission reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified projects.

WISCONSIN RIVER RAIL TRANSIT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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. Grants and similar items are recognized as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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. Available means collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the Commission 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 unmatured 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.

Operating revenues and expenses are distinguished from nonoperating items in the Statement of Revenues, Expenses and Changes in Fund Balances. Operating revenues and expenses result from providing services in connection with the Commission's principal ongoing operations. Principal operating activities of the Commission are charges to members. Operating expenses include the cost of providing administrative services and project costs.

D. BUDGETARY ACCOUNTING

The Commission prepared a budget for the general fund and the special revenue fund for 2018. These budgets are adopted in accordance with State Statutes and are presented in accordance with accounting principles generally accepted in the United States of America. The budgetary data presented in the Budgetary Comparison Schedules reflects the original approved budgets of the above funds and subsequent revisions authorized by the Commission's Board. Changes to the overall budget must be approved by a two-thirds Commission board action. Budget control is exercised at the total fund level for all funds.

E. CAPITAL ASSETS

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. The Commission defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life of three or more years. Capital assets are recorded at cost. Donated fixed assets are recorded at their estimated fair value at the date of acquisition. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

WISCONSIN RIVER RAIL TRANSIT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. CAPITAL ASSETS, CONTINUED

Depreciation is being recorded over the estimated service lives of the assets using the straight-line method. Service lives used for recording annual depreciation were as follows:

Rail Improvements	15 - 30 years
-------------------	---------------

Depreciation is not provided on construction in progress until the project is completed and placed in service.

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as project costs of the governmental fund upon acquisition.

F. ACCOUNTS RECEIVABLE / DUE FROM OTHER GOVERNMENTS

Accounts receivable and amounts due from other governments are recorded at the gross amount. An allowance of \$54,560 has been recorded for an amount due from other governments that is not expected to be collected in the future.

G. NET POSITION / FUND BALANCE

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 Commission’s policy to use restricted resources first, then unrestricted resources as they are needed.

WISCONSIN RIVER RAIL TRANSIT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

H. NET POSITION / FUND BALANCE, CONTINUED

Fund Statements

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

Nonspendable – 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 and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitations the government imposes upon itself through formal action of the Commission Board, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has stated intended use for a specific purpose. This intent can be express through the Commission Board or through the Commission Board delegating this responsibility to a specific member through the budgetary process.

Unassigned – resources which cannot be properly classified in one of the other four categories. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific purposes.

When restricted and other fund balance resources are available for use, it is the Commission's practice to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

I. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred outflow 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 inflow of resources represents 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.

J. USE OF ESTIMATES

The preparation of financial statements in conformity with 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 expenses during the reporting period. Actual results could differ from those estimates.

K. CLAIMS AND JUDGMENTS

There were no significant claims or judgments at year-end.

WISCONSIN RIVER RAIL TRANSIT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

2. CASH AND INVESTMENTS

Investment of Commission funds is restricted by state statutes. Available investments are limited to:

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;
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 Board, 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 and Wisconsin Aerospace Authority.

Wisconsin Local Government Investment Pool

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 (SWIB). 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. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018, the fair value of the Commission's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the Commission.

Investment allocation in the LGIP as of December 31, 2018 was: 87.25% in U.S. Government Securities, 2.19% in Certificates of Deposit and Bankers' Acceptances and 10.56% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

WISCONSIN RIVER RAIL TRANSIT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

2. CASH AND INVESTMENTS, CONTINUED

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Commission has no investment policy that would limit its investments choices beyond the statutory limits listed above.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Commission 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 Commission would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The Board does not have an investment policy for custodial credit risk.

Deposits in banks are insured by the FDIC in the amount of \$250,000 for demand accounts and \$250,000 for time accounts. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. 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 not be significant to individual municipalities.

As of December 31, 2018 the Commission had no bank deposits that were in excess of federal and state depository insurance/guarantees.

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 Commission 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.

3. ACCOUNTS RECEIVABLE/RENTAL INCOME

The Commission receives rental income from Wisconsin and Southern Railroad of \$48,150 per year. As part of the terms of the agreement, any rental funds paid over the operating funds needed by the Commission may be returned to the Wisconsin and Southern Railroad for infrastructure improvement projects along the Commission corridor. The rental agreement is to remain in effect for the term of the operating agreement between the Commission and Wisconsin and Southern Railroad which expires December 31, 2047. The financial statements for 2018 include rental income of \$48,255.

4. DEFERRED INFLOWS

These amounts represent advances received from counties for specific projects. These advances will be reported as revenue when needed to pay each county's share of rehabilitation costs. Unneeded amounts may be refunded to the counties after completion of the project or applied to other projects. There were no advances reported as deferred inflows as of December 31, 2018. The amount reported as a deferred inflows totaling \$12,038 is prepaid lease revenue.

WISCONSIN RIVER RAIL TRANSIT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

5. CAPITAL ASSETS

A summary of fixed assets at December 31, 2018 follows:

	Balance 1/1/18	Additions	Reclassification s	Balance 12/31/2018
Land	\$ 386,844	\$ -	\$ -	\$ 386,844
Work in Progress	-	295,338	-	295,338
Rail Improvements	87,089,561	-	-	87,089,561
Totals	\$ 87,476,405	\$ 295,338	\$ -	\$ 87,771,743

The accumulated depreciation of the fixed assets at December 31, 2018 is \$51,616,688 as shown below:

	Balance 1/1/18	Depreciation	Balance 12/31/2018
Rail Improvements	\$ 48,857,272	\$ 2,759,416	\$ 51,616,688
Totals	48,857,272	\$ 2,759,416	51,616,688
Net Asset Value	\$ 38,619,133		\$ 36,155,055

Capital assets consist of Rail improvements owned and maintained by the Commission. However, approximately 80% is paid for by the Wisconsin Department of Transportation. The Commission reflects Contributions in Aid of Construction as non-operating income on the government-wide financial statements for 95% of the capital asset value.

6. INTERFUND BALANCES

Interfund balances at December 31, 2018 were:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Special Revenue	\$ 45,184	Operating Expenses and Reserves
Subtotal Fund Financial		45,184	
Less: Interfund Eliminations		(45,184)	
Total Government-Wide Financial Statements		<u>\$ -</u>	

Interfund transfers in 2018 were as follows:

Transfer From	Transfer To	Amount	Purpose
Special Revenue	General Fund	\$ 60,573	General Reserves
Subtotal		60,573	
Less: Fund Eliminations		(60,573)	
Total Government-Wide Financial Statements		<u>\$ -</u>	

WISCONSIN RIVER RAIL TRANSIT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

7. EXCESS EXPENDITURES OVER APPROPRIATIONS

The Commission controls expenditures at the individual fund level. Some individual line items experienced expenditures which exceeded appropriations. The detail of those items can be found in the Commission's year-end actual to budget reports on pages 16 and 17. General fund total reported expenditures were more than the budgeted amounts by \$44,233 for 2018.

8. CHANGES IN LONG-TERM DEBT

The following is a summary of long term debt transactions for the year ended December 31, 2018:

Debt outstanding at December 31, 2017	\$	-
Issued during 2018		200,000
Repaid during 2018		9,081
Debt outstanding at December 31, 2018		\$ 190,919

Long-term debt at December 31, 2018 consisted of the following:

\$200,000 Loan, due April 20, 2028. Interest at 2.00%	\$	<u>190,919</u>
Total general obligation debt		190,919
Amount due within one year		<u>18,436</u>
Long Term Portion		\$ 172,483

Future minimum principal and interest payments are as follows:

Year	Principal	Interest	Total
2019	\$ 18,436	\$ 3,681	\$ 22,116
2020	18,807	3,309	22,116
2021	19,186	2,930	22,116
2022	19,573	2,544	22,116
2023	19,967	2,149	22,116
2024-2028	94,950	4,574	99,524
	\$ 190,919	\$ 19,187	\$ 210,106

Interest paid on long-term debt was \$1,977 in 2018.

9. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and error and omissions. All risks are covered through the purchase of commercial insurance, with minimal deductibles. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission

WISCONSIN RIVER RAIL TRANSIT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

10. NON- CAPITAL CONSTRUCTION EXPENDITURES

Sauk County Bridge Stabilization

During 2018, the Commission paid expenses related to the Sauk County Bridge Stabilization project. The project did not result in a capital asset as described in Note 1.E. and is reported as an operating expense in the Statement of Net Position. The final cost of the project was \$1,021,580. The project was funded as follows:

Wisconsin River Rail Transit	\$ 150,636
Wisconsin Department of Transportation Cost Reimbursement Grant	335,472
Wisconsin & Southern Railroad Contribution	335,472
Wisconsin Department of Transportation Loan (See Note 8)	200,000
Total	\$ 1,021,580

11. CONTRACTS AND COMMITMENTS

Management Services Contract

The Commission contracts management services on an annual basis. Annual expenditures are approximately \$27,500. These services have been contracted through the calendar year 2020.

Current Project Commitments

During 2018, the Commission made payments totaling \$295,338 towards the completion of various rail bridge projects. As of December 31, 2018, the projects were still in progress. The project funding commitments are as follows:

<u>Funding Commitments</u>	Expended as of December 31, 2018	Estimated Future Commitment	Estimated Total Project Costs
Wisconsin River Rail Transit Commission	\$ 295,338	\$ -	\$ 295,338
Wisconsin Department of Transportation	3,727,071	6,036,986	9,764,057
Wisconsin & Southern Railroad	118,781	670,776	789,557
Total Project Costs	\$ 4,141,190	\$ 6,707,762	\$ 10,848,952

Future Project Commitments

In July 2019, the Commission approved contributing two years of capital funds collected from the participating counties totaling \$487,500 to the Merrimac bridge project.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

**Wisconsin River Rail Transit Commission
Statement of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget
General Fund
For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for Projects/Services:				
Lease Revenue	\$ 48,680	\$ 48,680	\$ 48,255	\$ (425)
Permits	1,800	1,800	4,300	2,500
Interest	320	320	1,428	1,108
Other	54,800	54,800	98,228	43,428
Total Revenues	105,600	105,600	152,211	46,611
<u>Expenditures:</u>				
Administration				
General Expense	100	100	-	100
Management Expense - SWWRPC	27,500	27,500	28,665	(1,165)
Accounting Expense	3,500	3,500	5,629	(2,129)
Audit Expense	5,500	5,500	4,625	875
Attorney Fees	10,000	10,000	17,343	(7,343)
Insurance	16,500	16,500	16,110	390
Other				
Rail Removal	-	2,500	290	2,210
Taxes	54,800	54,800	92,600	(37,800)
Total Expenditures	117,900	120,400	165,262	(44,862)
Excess of Revenues Over (Under) Expenditures Before Other Sources (Uses)				
	(12,300)	(14,800)	(13,051)	1,749
<u>Other Financing Sources (Uses)</u>				
Transfers	39,000	39,000	60,573	21,573
Total Other Financing Sources (Uses)	39,000	39,000	60,573	21,573
Net Change in Fund Balance	\$ 26,700	\$ 24,200	\$ 47,522	\$ 23,322

Required Supplementary Information

**Wisconsin River Rail Transit Commission
Statement of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget
Special Revenue Fund
For the Year Ended December 31, 2018**

	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for projects/services:				
County Assessments	\$ 518,000	\$ 518,000	\$ 511,000	\$ (7,000)
Project Grants and Contributions				
Sauk Bridge Project - WSOR	-	335,500	335,472	(28)
Sauk Bridge Project - WDOT	-	335,500	335,472	(28)
Total Revenues	518,000	1,189,000	1,181,944	(7,056)
<u>Expenditures:</u>				
Maintenance and Project				
Capital Projects	460,500	295,338	295,338	-
Sauk Bridge	-	1,022,562	1,021,975	587
Debt Service Principal and Interest	-	11,100	11,058	42
Total Expenditures	460,500	1,329,000	1,328,371	629
Excess of Revenues Over (Under)				
Expenditures Before Other Sources (Uses)	57,500	(140,000)	(146,427)	(6,427)
<u>Other Financing Sources (Uses)</u>				
Proceeds from Loan	-	200,000	200,000	-
Transfers	(39,000)	(39,000)	(60,573)	(21,573)
Total Other Financing Sources (Uses)	(39,000)	161,000	139,427	(21,573)
Net Change in Fund Balance	\$ 18,500	\$ 21,000	\$ (7,000)	\$ (28,000)