

CITY OF RIVER FALLS

River Falls, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Year Ended December 31, 2010

CITY OF RIVER FALLS

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of River Falls
River Falls, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of River Falls, Wisconsin as of and for the year ended December 31, 2010, which collectively comprise the city's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the city's management. Our responsibility is to express opinions on these financial statements based upon our audit. We did not audit the limited liability corporation (LLC) presented as a component unit of the City of River Falls Housing Authority (HA). The LLC of the HA represents 51 percent, 55 percent and 17 percent, respectively of the assets, net assets, and operating revenues of combined HA component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to amounts included for the LLC, is based on the report of the other auditors. The prior year comparative information has been derived from the city's 2009 financial statements and, in our report dated July 2, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on the our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of River Falls, Wisconsin as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note III.I.i to the financial statements, the City of River Falls Housing Authority changed its accounting policy regarding the reporting period for the blended component unit.

The management's discussion and analysis, the statement of revenues, expenditures, and changes in fund balances – budget and actual - general fund, and the schedule of funding progress for retirees' health plan are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the City Council
River Falls, Wisconsin

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the city's basic financial statements. The detailed budgetary comparison schedules, combining financial statements, and component unit financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Baker Tilly Vuchow Krume, LLP

July 12, 2011

**CITY OF RIVER FALLS, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED**

Our discussion and analysis of the City of River Falls' financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2010. This narrative is intended to offer readers an objective, easy to read reporting of the accompanying financial statements.

FINANCIAL HIGHLIGHTS

- The City of River Falls had total assets of \$126.3 million and liabilities of \$37.9 million, resulting in net assets of \$88.4 million at the end of 2010. Of the net assets, \$76.5 million represents capital assets, net of related debt, \$2.1 million is held for restricted purposes, and \$9.8 million is available to meet the government's ongoing obligations to citizens and creditors.
- At the end of 2010, the City of River Falls' governmental funds reported combined ending fund balances of \$7,469,299, a decrease of \$746,732 as compared to the prior fiscal year. This decrease was due the planned use of fund balances from several tax increment districts for project expenditures, and also costs related to the Cascade Avenue project that will be reimbursed in 2011.
- At the end of the fiscal year, unreserved fund balance for the general fund was \$3.6 million, or 46.7% of general fund expenditures. This is a similar to the unreserved fund balance from the previous year.
- Total debt decreased by \$2,694,459 during the current fiscal year. The City issued \$560,001 of new general obligation and revenue debt and retired \$3,254,460 of existing general obligation and revenue debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

- The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

- The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include public safety (police and fire services), public works (roads, traffic controls, and transit), culture and recreation (parks, library and recreation), community development, general government, and interest on long-term debt. The business-type activities of the City include electric, water, sewer, stormwater, and ambulance services.

The government-wide financial statements include not only the City of River Falls itself (known as the *primary government*), but also legally distinct entities for which the City has financial responsibility and accountability, known as component units. The component units of the City include the Housing Authority and the Business Improvement District. These entities are described in Note III I. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. Separately issued financial statements of the Housing Authority may be obtained from the Executive Director at the River Falls Housing Authority, 625 North Main Street, River Falls, WI 54022. Separately issued financial statements are not issued by the Business Improvement District.

The government-wide financial statements can be found on pages 1-3 of this report.

Fund Financial Statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into two categories: governmental funds and proprietary funds.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements and is typically the basis that is used in developing the next annual budget.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and

the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison.

The City has two major governmental funds: general fund and the general capital projects fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for these major funds. Data from all other non-major governmental funds is combined into a single aggregated presentation and are referenced under a single column as “Other Governmental Funds”. Individual fund data on each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for all governmental funds as required by state statute. Budget comparisons have been provided for the general fund to demonstrate compliance with the adopted budget.

The basic governmental funds financial statements can be found on pages 4 and 6 of this report.

- Proprietary funds are used when the City charges customers for the services it provides, whether to outside customers or to other units of the City. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, sewer, stormwater and ambulance service.

The proprietary funds financial statements can be found on pages 9 - 13 of this report.

- Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The accounting for fiduciary funds is similar to that used for proprietary funds. The City of River Falls uses fiduciary funds to account for taxes collected for the benefit of overlapping tax jurisdictions. The fiduciary financial statement can be found on page 14.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 - 71 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information containing general fund budgetary comparison information and supplementary information that includes additional information for nonmajor governmental funds. Required supplementary information can be found on pages 72 - 74 of this report; supplementary information can be found on pages 75 - 89 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$88,419,261, at the close of the fiscal year ending December 31, 2010. This is an increase in net assets of \$1,723,840 over the previous fiscal year. Approximately \$1.2 million of this increase is due to operating surpluses and capital contributions to the city's enterprise funds.

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	15,534,100	15,954,562	12,143,262	10,863,020	27,677,362	26,817,582
Capital assets	<u>45,606,547</u>	<u>45,711,540</u>	<u>53,086,888</u>	<u>54,186,759</u>	<u>98,693,435</u>	<u>99,898,299</u>
Total assets	61,140,647	61,666,102	65,230,150	65,049,779	126,370,797	126,715,881
Current liabilities	7,760,683	9,130,075	2,410,010	3,899,564	10,170,693	13,029,639
Noncurrent liabilities	<u>13,108,584</u>	<u>12,694,494</u>	<u>14,672,259</u>	<u>14,296,327</u>	<u>27,780,843</u>	<u>26,990,821</u>
Total liabilities	20,869,267	21,824,569	17,082,269	18,195,891	37,951,536	40,020,460
Net assets:						
Invested in capital, net of related debt	34,955,126	34,038,546	41,568,914	40,628,519	76,524,040	74,667,065
Restricted net assets	1,116,875	1,094,248	1,013,388	1,008,911	2,130,263	2,103,159
Unrestricted net assets	<u>4,199,379</u>	<u>4,708,739</u>	<u>5,565,579</u>	<u>5,216,458</u>	<u>9,764,958</u>	<u>9,925,197</u>
Total net assets	<u>40,271,380</u>	<u>39,841,533</u>	<u>48,147,881</u>	<u>46,853,888</u>	<u>88,419,261</u>	<u>86,695,421</u>
Total net assets as a % of total liabilities	193%	178%	282%	257%	233%	217%
Unrestricted net assets as a % of total liabilities	20%	22%	33%	29%	26%	25%

The largest portion of the City's net assets (87%) reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure and equipment, less any related debt used to acquire those assets that is still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net assets comprise 11% of the City's net assets, a decrease of \$160,239 from the previous year. Although net assets increased overall in 2010, more of the city's assets were directed to capital assets and debt service than the previous year. Unrestricted assets may be used to meet the City's ongoing obligations to citizens and creditors. Approximately 57% of the total unrestricted assets are related to business-type activities, and as such, are generally not available to fund governmental operations.

The remaining balance of the City's net assets (2%), represent resources that are subject to external restrictions on how they may be used.

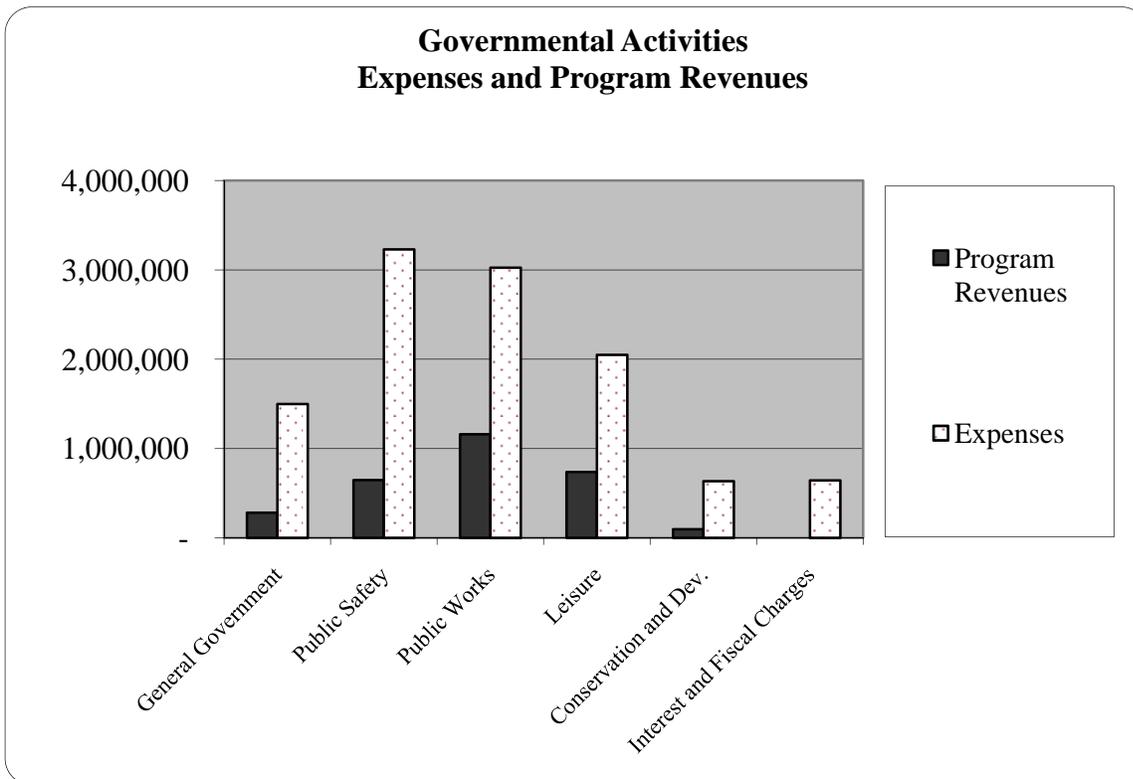
The table below and the narrative that follows consider the operations of governmental and business-type activities separately.

	Governmental Activities		Business-Type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for Services	\$1,161,978	\$1,145,504	\$19,174,406	\$17,428,083	\$20,336,384	\$18,573,587
Operating grants and contributions	1,448,716	1,380,571	7,233	7,037	1,455,949	1,387,608
Capital grants and contributions	313,241	192,753	321,165	366,762	634,406	559,515
General revenues:						
Property taxes	5,086,684	4,874,586			5,086,684	4,874,586
Other taxes	123,646	131,812			123,646	131,812
Intergovernmental Revenues	2,182,763	2,243,567			2,182,763	2,243,567
Investment earnings	216,934	151,237	117,384	143,664	334,318	294,901
Miscellaneous	<u>256,897</u>	<u>167,389</u>	<u>86,966</u>	<u>97,161</u>	<u>343,863</u>	<u>264,550</u>
Total revenues	10,790,859	10,287,419	19,707,154	18,042,707	30,498,013	28,330,126
Expenses:						
General government	1,497,940	1,417,675			1,497,940	1,417,675
Public safety	3,229,989	3,072,748			3,229,989	3,072,748
Public works	3,023,988	2,604,473			3,023,988	2,604,473
Health services	12,697	9,877			12,697	9,877
Leisure	2,047,930	1,993,540			2,047,930	1,993,540
Conservation and development	635,071	812,067			635,071	812,067
Interest and fiscal charges	642,726	535,667			642,726	535,667
Electric utility			12,922,297	11,865,001	12,922,297	11,865,001
Water utility			1,075,819	1,064,235	1,075,819	1,064,235
Sewer utility			2,548,893	2,609,972	2,548,893	2,609,972
Stormwater Utility			378,019	381,951	378,019	381,951
Ambulance Service	-	-	<u>758,804</u>	<u>685,048</u>	<u>758,804</u>	<u>685,048</u>
Total expenses	11,090,341	10,446,047	17,683,832	16,606,207	28,774,173	27,052,254
Increase in net assets before transfers	(299,482)	(158,628)	2,023,322	1,436,500	1,723,840	1,277,872
Special items		(336,367)				(336,367)
Transfers	<u>729,329</u>	<u>(4,832,894)</u>	<u>(729,329)</u>	<u>4,832,894</u>	-	-
Increase in net assets	429,847	(5,327,889)	1,293,993	6,269,394	1,723,840	941,505
Net assets 1/1/10	<u>39,841,533</u>	<u>45,169,422</u>	<u>46,853,888</u>	<u>40,584,494</u>	<u>86,695,421</u>	<u>85,753,916</u>
Net assets 12/31/10	<u>40,271,380</u>	<u>39,841,533</u>	<u>48,147,881</u>	<u>46,853,888</u>	<u>88,419,261</u>	<u>86,695,421</u>

Governmental Activities:

Revenues excluding transfers from other funds and debt issued for the City’s governmental activities totaled \$10.8 million, with property taxes accounting for 47% of the total. Intergovernmental revenues include \$2.1 million in state shared revenue, or 19% of annual revenues. Charges for services make up 11% of total revenues and include solid waste and environmental fees, as well as permits, licenses and miscellaneous fees.

Governmental activities expenses totaled \$11.1 million, with public safety (\$3,229,989), public works (\$3,023,988), and leisure services (\$2,047,930) accounting for 76% of the expenses. The following graph displays the governmental activities expenses in comparison to program revenues. When all sources of revenue are combined (such as property tax, investment earnings, transfers and grants and contributions not restricted to specific programs) are included, total expenditures exceeded revenue by \$429,847.

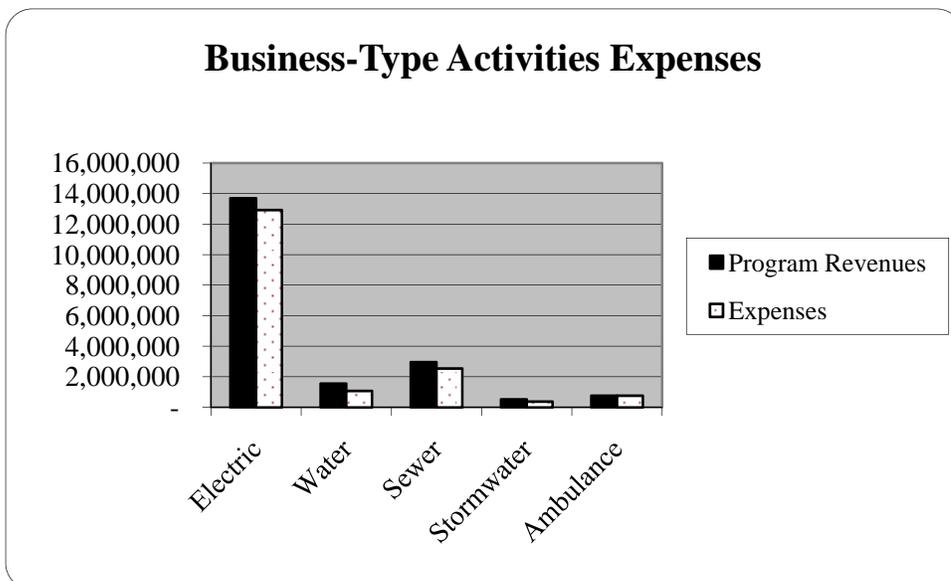


Business-Type Activities:

Business-type activities increased the City’s net assets by \$1,293,993, or 1.5%. Due to the enterprise nature of these activities, over 97% of annual revenues are generated by charges for services.

Key elements of the increase in net assets are as follows:

- The electric utility’s net assets increased \$361,623, or 2.5% from the prior year. Net operating income increased by 20% over 2009 due to increased revenues from residential sales (+11%) and large commercial and industrial sales (+17%).
- The water utility’s net assets increased \$226,776, or 2.1%. Net operating income decreased by 5.7% from 2009 due to reduced demand for irrigation.
- The sewer utility’s net assets increased \$479,834 or 3.7%, due to a rate increase effective February 2010.
- The stormwater utility fund net assets increased \$98,716 or 1.8% from the prior year. Net operating income increased by 6.4% over the 2009, due to expenses less than anticipated.
- The ambulance services net assets increased by \$127,044 or 13.7% due to an 11% increase in service calls and a rate increase in May, 2010.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of River Falls uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As the City completed the year, its governmental funds reported a combined fund balance of \$7,469,299, a decrease of \$746,732 from 2009. Approximately 11% or \$796,227 of the combined fund balance constitutes unreserved and undesignated fund balance, which is available to meet the City's current and future needs. An additional \$3,322,277 is unreserved, but designated in special revenue or capital project funds.

The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed for one of the following: 1) prepaid items (\$91,596); 2) to reflect the amount due from other funds that are long term in nature and do not represent spendable resources (\$2,348,058) or 3) for special purpose funds such as impact fees, library and housing (\$911,141).

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2010 budget was adopted at the department level of expenditures. During the year, the budget was amended for a planned use of \$225,000 of fund balance to purchase equipment. Due to savings in departmental expenditures during the year, general fund revenues exceeded expenditures by \$223,101.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities at December 31, 2010, amounted to \$98.7 million (net of accumulated depreciation), a slight decrease of 1.2% over 2009. The investment in capital assets includes land and easements, infrastructure, structures and improvements, equipment, and construction in progress.

In accordance with the implementation of GASB No. 34, the City has recorded historical costs and depreciation expense associated with all of its capital assets, including infrastructure. The City has elected to use the depreciation method of reporting capital assets.

Further details of the City's capital assets can be found in the notes to the financial statements.

Long-term Debt

At December 31, 2010, the City had \$13,286,459 of general obligation bonds and promissory notes outstanding. Of this amount, \$1,404,776, or 10.6% will be paid from business-type activity revenues. The City maintains an Aa2 rating from Moody's Investor Service on general obligation issues. Under current state statutes, issuance of City general obligation notes and

bonds are subject to a legal limitation, based on five percent of the equalized value of taxable property in the City. As of December 31, 2010, the City's total amount applicable to debt margin (outstanding notes less debt service fund balance) is \$13,286,459 which was 31.7% of the legal limit of \$41,878,135. The net debt per capita equaled \$918 at year-end.

Further details of the City's long-term debt activity can be found in the notes to the financial statements.

Economic Factors and the 2011 Budget and Rates

The 2011 budget was approved in November 2010, with a levy increase of \$74,664 , or 1.7%. Additional allocations to other funds and diversified revenues were proposed to reduce the reliance on property tax revenues. The 2011 general fund budget does not include the use of fund balance. It is anticipated that increased revenues and additional cost savings in operations will result in a secure year end financial condition.

Sewer rates were increased by 15.15% in February, 2010. This increase resulted in an increase to net assets of \$479,834, an increase of 3.7% over the prior year.

Reductions in value due to economic conditions caused a decrease of 1.8% in the City's 2010 equalized values. Residential and commercial properties were the most affected by the change. Manufacturing added \$9,372,400 in net new construction in 2010.

Request for Information

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of River Falls, Finance Director, 222 Lewis Street, Suite 207, River Falls, WI 54022.

CITY OF RIVER FALLS

STATEMENT OF NET ASSETS

December 31, 2010

(With Comparative Totals - Primary Government for December 31, 2009)

	Primary Government				Component Units	
	Governmental Activities	Business- Type Activities	Totals		Housing Authority	Business Improvement District
			2010	2009		
ASSETS						
Cash and investments	\$ 8,970,303	\$ 5,030,897	\$ 14,001,200	\$ 13,808,599	\$ 468,739	\$ 37,347
Taxes receivable	5,430,968	-	5,430,968	5,082,757	-	-
Accounts receivable (net)	431,739	1,783,887	2,215,626	2,142,699	12,743	-
Special assessments receivable	166,242	12,256	178,498	156,849	-	42,178
Interest receivable	26,150	-	26,150	26,201	-	-
Notes receivable	292,116	66,617	358,733	340,310	-	-
Prepaid items and inventories	98,128	377,050	475,178	613,170	25,881	-
Due from other governments	50,136	-	50,136	42,432	-	-
Other receivables	-	151,317	151,317	98,483	-	-
Restricted cash and investments	-	3,645,017	3,645,017	3,450,588	543,805	-
Restricted receivable	-	67,972	67,972	70,283	-	-
Other investments	-	793,968	793,968	660,084	47,430	-
Debt issuance costs	68,318	214,281	282,599	325,127	-	-
Capital Assets						
Land	10,685,657	359,167	11,044,824	11,044,824	724,472	-
Construction in progress	275,779	431,098	706,877	1,190,973	6,987	-
Other capital assets, net of depreciation	34,645,111	52,296,623	86,941,734	87,662,502	4,710,029	-
Total Assets	61,140,647	65,230,150	126,370,797	126,715,881	6,540,086	79,525
LIABILITIES						
Accounts payable	339,592	1,286,169	1,625,761	1,580,691	8,693	-
Accrued liabilities	229,894	391,316	621,210	578,962	15,897	-
Accrued interest	212,806	108,668	321,474	463,124	-	-
Deposits	14,350	77,239	91,589	97,675	-	-
Unearned revenues	6,964,041	70,556	7,034,597	6,608,239	925	-
Customer advances for construction	-	476,062	476,062	348,454	-	-
Due to other governments	-	-	-	-	258,776	-
Other liabilities	-	-	-	-	61,950	-
Noncurrent liabilities						
Due within one year	1,171,249	1,871,029	3,042,278	3,352,494	25,028	-
Due in more than one year	11,937,335	12,801,230	24,738,565	26,990,821	3,746,221	-
Total Liabilities	20,869,267	17,082,269	37,951,536	40,020,460	4,117,490	-
NET ASSETS						
Invested in capital assets, net of related debt	34,955,126	41,568,914	76,524,040	74,667,065	176,590	-
Restricted for						
Debt service	-	685,993	685,993	590,523	-	-
Capital asset repair and replacement	-	75,255	75,255	75,096	-	-
Impact fees	333,479	252,140	585,619	667,322	-	-
Library	112,870	-	112,870	98,749	-	-
Housing	670,526	-	670,526	671,469	391,398	-
Noncontrolling interest in Windmill Manager, LLC	-	-	-	-	1,591,269	-
Unrestricted	4,199,379	5,565,579	9,764,958	9,925,197	263,339	79,525
TOTAL NET ASSETS	\$ 40,271,380	\$ 48,147,881	\$ 88,419,261	\$ 86,695,421	\$ 2,422,596	\$ 79,525

See accompanying notes to the financial statements.

CITY OF RIVER FALLS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

(With Comparative Totals - Primary Government for the Year Ended December 31, 2009)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities				
General government	\$ 1,497,940	\$ 282,597	\$ -	\$ -
Public safety	3,229,989	244,893	402,835	-
Public works	3,023,988	131,685	714,241	313,241
Health services	12,697	-	-	-
Leisure	2,047,930	405,855	331,640	-
Conservation and development	635,071	96,948	-	-
Interest and fiscal charges	642,726	-	-	-
Total Governmental Activities	<u>11,090,341</u>	<u>1,161,978</u>	<u>1,448,716</u>	<u>313,241</u>
Business-type Activities				
Electric Utility	12,922,297	13,681,321	-	17,906
Water Utility	1,075,819	1,451,204	-	104,187
Sewer Utility	2,548,893	2,784,541	-	179,728
Stormwater Utility	378,019	504,736	-	19,344
Ambulance	758,804	752,604	7,233	-
Total Business-type Activities	<u>17,683,832</u>	<u>19,174,406</u>	<u>7,233</u>	<u>321,165</u>
Total Primary Government	<u>\$ 28,774,173</u>	<u>\$ 20,336,384</u>	<u>\$ 1,455,949</u>	<u>\$ 634,406</u>
Component Units				
River Falls Housing Authority	\$ 1,974,628	\$ 940,594	\$ 747,653	\$ 326,538
Business Improvement District	57,680	42,141	-	-
Total Component Units	<u>\$ 2,032,308</u>	<u>\$ 982,735</u>	<u>\$ 747,653</u>	<u>\$ 326,538</u>
General Revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Property taxes, levied for tax increment districts				
Other taxes				
Intergovernmental revenues not restricted to specific programs				
Investment income				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Special items				
Change in Net Assets				
NET ASSETS - Beginning of Year (as restated)				
NET ASSETS - END OF YEAR				

Net (Expenses) Revenues and Changes in Net Assets					
Governmental Activities	Business-type Activities	Totals		Housing Authority	Business Improvement District
		Primary Government			
		2010	2009		
\$ (1,215,343)	\$ -	\$ (1,215,343)	\$ (1,091,038)	\$ -	\$ -
(2,582,261)	-	(2,582,261)	(2,474,408)	-	-
(1,864,821)	-	(1,864,821)	(1,718,119)	-	-
(12,697)	-	(12,697)	(9,877)	-	-
(1,310,435)	-	(1,310,435)	(1,193,159)	-	-
(538,123)	-	(538,123)	(704,951)	-	-
(642,726)	-	(642,726)	(535,667)	-	-
<u>(8,166,406)</u>	<u>-</u>	<u>(8,166,406)</u>	<u>(7,727,219)</u>	<u>-</u>	<u>-</u>
-	776,930	776,930	561,600	-	-
-	479,572	479,572	430,496	-	-
-	415,376	415,376	197,342	-	-
-	146,061	146,061	113,199	-	-
-	1,033	1,033	(106,962)	-	-
-	<u>1,818,972</u>	<u>1,818,972</u>	<u>1,195,675</u>	<u>-</u>	<u>-</u>
(8,166,406)	1,818,972	(6,347,434)	(6,531,544)	-	-
-	-	-	-	40,157	-
-	-	-	-	-	(15,539)
-	-	-	-	<u>40,157</u>	<u>(15,539)</u>
3,446,693	-	3,446,693	3,622,101	-	-
917,255	-	917,255	732,472	-	-
722,736	-	722,736	520,013	-	-
123,646	-	123,646	131,812	-	-
2,182,763	-	2,182,763	2,243,567	-	-
216,934	117,384	334,318	294,901	4,576	58
256,897	86,966	343,863	264,550	-	100
729,329	(729,329)	-	-	-	-
<u>8,596,253</u>	<u>(524,979)</u>	<u>8,071,274</u>	<u>7,809,416</u>	<u>4,576</u>	<u>158</u>
-	-	-	(336,367)	-	-
429,847	1,293,993	1,723,840	941,505	44,733	(15,381)
<u>39,841,533</u>	<u>46,853,888</u>	<u>86,695,421</u>	<u>85,753,916</u>	<u>2,377,863</u>	<u>94,906</u>
<u>\$ 40,271,380</u>	<u>\$ 48,147,881</u>	<u>\$ 88,419,261</u>	<u>\$ 86,695,421</u>	<u>\$ 2,422,596</u>	<u>\$ 79,525</u>

See accompanying notes to the financial statements.

CITY OF RIVER FALLS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 3,936,783	\$ 1,306,042	\$ 3,726,746	\$ 8,969,571
Receivables				
Taxes	2,538,292	46,012	2,846,664	5,430,968
Accounts	227,897	3,880	166,990	398,767
Special assessments	128,928	37,313	-	166,241
Interest	14,654	-	11,496	26,150
Notes	-	-	292,116	292,116
Prepaid items	80,808	-	10,788	91,596
Due from other governments	15,756	-	34,380	50,136
Due from other funds	585,761	-	615,000	1,200,761
Advances to other funds	2,210,058	-	138,000	2,348,058
TOTAL ASSETS	\$ 9,738,937	\$ 1,393,247	\$ 7,842,180	\$ 18,974,364
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 218,301	\$ 36,722	\$ 77,362	\$ 332,385
Accrued liabilities	212,898	-	15,824	228,722
Deposits	14,350	-	-	14,350
Deferred revenues	2,705,721	1,495,435	3,189,699	7,390,855
Due to other funds	615,000	-	575,660	1,190,660
Due to other governments	-	-	35	35
Advances from other funds	-	1,013,000	1,335,058	2,348,058
Total Liabilities	<u>3,766,270</u>	<u>2,545,157</u>	<u>5,193,638</u>	<u>11,505,065</u>
Fund Balances				
Reserved for:				
Prepaid items	80,808	-	10,788	91,596
Advances to other funds	2,210,058	-	138,000	2,348,058
Impact fees	-	-	333,479	333,479
Library	-	-	112,870	112,870
Housing	-	-	464,792	464,792
Unreserved, designated reported in nonmajor funds:				
Special revenue funds	-	-	3,314,546	3,314,546
Capital project funds	-	-	7,731	7,731
Unreserved, undesignated (deficit) reported in major funds	3,681,801	(1,151,910)	-	2,529,891
Unreserved, undesignated (deficit) reported in nonmajor funds				
Special revenue funds	-	-	(1,493,256)	(1,493,256)
Debt service funds	-	-	(240,408)	(240,408)
Total Fund Balances	<u>5,972,667</u>	<u>(1,151,910)</u>	<u>2,648,542</u>	<u>7,469,299</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,738,937	\$ 1,393,247	\$ 7,842,180	\$ 18,974,364

See accompanying notes to the financial statements.

CITY OF RIVER FALLS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES December 31, 2010

Total fund balance - governmental funds	\$	7,469,299
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in government activities are not financial resources and, therefore, are not reported in the fund statements. Capital assets at year end consist of:

Capital assets	\$ 56,880,919	
Accumulated depreciation	<u>(11,274,372)</u>	45,606,547

Special assessments, loans receivable, and various other receivables are reported as deferred revenue in the fund financial statements and are recognized as revenue when earned in the government-wide financial statements. These types of deferred revenues at year end consist of:

Grants receivable	35,880	
Loans receivable	292,116	
Special assessments	20,526	
Other receivables	<u>78,292</u>	426,814

Internal service funds are used by management to charge the costs of the city hall to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

	21,786
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Governmental funds report the effect of issuance costs, losses on refunding, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts include:

Loss on refunding	20,035	
Debt issuance costs	68,318	
Debt discount	<u>75,320</u>	163,673

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 at year end consist of:

General obligation debt	(11,881,683)	
Vested compensated absences	(796,324)	
Landfill post-closure care cost	(258,332)	
Other postemployment benefits	(267,600)	
Accrued interest on general obligation debt	<u>(212,800)</u>	(13,416,739)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	\$	<u>40,271,380</u>
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CITY OF RIVER FALLS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2010

	General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,678,830	\$ 153,222	\$ 2,363,390	\$ 5,195,442
Special assessments	4,433	288,902	-	293,335
Intergovernmental	3,082,793	12,715	528,902	3,624,410
Licenses and permits	151,596	-	-	151,596
Fines, forfeitures and penalties	204,916	-	-	204,916
Public charges for services	257,127	-	517,499	774,626
Intergovernmental charges for services	20,698	-	-	20,698
Investment income	163,710	1,560	52,002	217,272
Miscellaneous	298,745	2,508	102,645	403,898
Total Revenues	<u>6,862,848</u>	<u>458,907</u>	<u>3,564,438</u>	<u>10,886,193</u>
EXPENDITURES				
Current				
General government	1,180,987	-	-	1,180,987
Public safety	2,929,668	-	51,838	2,981,506
Public works	1,926,496	-	222,215	2,148,711
Health services	10,262	-	-	10,262
Leisure	580,005	-	1,186,387	1,766,392
Conservation and development	493,827	-	106,684	600,511
Public service enterprises	2,435	-	-	2,435
Capital Outlay	-	982,158	427,076	1,409,234
Debt Service				
Principal retirement	123,965	-	1,346,988	1,470,953
Interest and fiscal charges	28,837	-	738,378	767,215
Total Expenditures	<u>7,276,482</u>	<u>982,158</u>	<u>4,079,566</u>	<u>12,338,206</u>
Excess (deficiency) of revenues over expenditures	<u>(413,634)</u>	<u>(523,251)</u>	<u>(515,128)</u>	<u>(1,452,013)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	174,524	174,524
Transfers from other funds	1,245,645	138,130	363,244	1,747,019
Transfers to other funds	(608,910)	(79,464)	(527,888)	(1,216,262)
Total Other Financing Sources	<u>636,735</u>	<u>58,666</u>	<u>9,880</u>	<u>705,281</u>
Net change in fund balances	223,101	(464,585)	(505,248)	(746,732)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>5,749,566</u>	<u>(687,325)</u>	<u>3,153,790</u>	<u>8,216,031</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 5,972,667</u>	<u>\$ (1,151,910)</u>	<u>\$ 2,648,542</u>	<u>\$ 7,469,299</u>

See accompanying notes to the financial statements.

CITY OF RIVER FALLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2010

Net change in fund balances - total governmental funds	\$ (746,732)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	1,409,234
Some items reported as capital outlay in the fund financial statements are not capitalized in the government-wide financial statements	(456,002)
Depreciation is reported in the government-wide financial statements	(983,494)

In the fund financial statements, proceeds from the sale of capital assets are reported because the proceeds increase financial resources. In the statement of activities, only the gain or loss on the disposal of capital assets is reported.	(74,731)
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Special assessments, special charges, and the related interest are reported as deferred revenue in the fund statements, but are recognized as revenue when earned in the government-wide financial statements. This is the net effect of those amounts recognized as revenue in prior years on the government-wide financial statements and deferred in the fund financial statements.	5,224
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Receivables that are not received within 60 days of year end are recorded as deferred revenue in the fund statements. This is the net effect of amounts deferred in the prior year and the current year.	5,897
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Repayment of debt principal is an expenditure in the fund financial statements, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of principal payments made.	1,470,953
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Issuing debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This is the amount of debt issued during the year.	(174,524)
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Interest on long-term debt in the statement of activities differs from the amount reported in the fund financial statements because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities interest expense is recognized as the interest accrues regardless of when it is due.	140,422
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Governmental funds report the effect of issuance costs, losses on refunding, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of those differences.	(15,938)
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Delinquent charges placed on tax roll were deferred in the fund statements because they were not available, but were recognized in the government-wide statements.	16,350
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount is the change in the following liabilities.

Compensated absences	\$ (66,273)
Landfill liability	20,173
Other postemployment benefits	(94,304)

Governmental funds report repayments of housing loans and notes receivables as revenue and issuing new loans as expenditures. However, in the statement of activities, these amounts are not reported as revenue and expenses.

Repayment of principal on loans and notes recognized as revenue on fund statements	(48,194)
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Internal service funds are used by management to charge the costs of the city hall to individual funds.

The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>21,786</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 429,847</u></u>
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CITY OF RIVER FALLS
ENTERPRISE FUNDS
STATEMENT OF NET ASSETS
December 31, 2010

	Business-type Activities - Enterprise Funds						Internal Service Fund City Hall
	Major Funds				Non-major Fund	Totals	
	Electric Utility	Water Utility	Sewer Utility	Stormwater Utility	Ambulance		
ASSETS							
Current Assets							
Cash and investments	\$ 2,497,282	\$ 1,318,988	\$ 742,428	\$ 84,742	\$ 387,457	\$ 5,030,897	\$ 735
Accounts receivable	1,249,092	124,000	265,530	90,298	54,967	1,783,887	32,972
Other accounts receivable	60,485	8,890	22,229	-	-	91,604	-
Current portion of advance	30,809	-	-	-	-	30,809	-
Current portion of loan receivable	9,636	-	-	-	-	9,636	-
Current portion of special assessments	-	1,245	4,709	-	-	5,954	-
Current portion of West Central Biosolids receivable	-	-	54,616	-	-	54,616	-
Interest receivable	-	-	5,097	-	-	5,097	-
Inventories	307,518	14,425	612	-	-	322,555	-
Prepaid items	13,513	2,776	5,911	2,871	29,424	54,495	6,532
Restricted Assets							
Cash	196,990	-	566,238	-	-	763,228	-
Interest receivable	2,326	-	4,146	-	-	6,472	-
West Central Biosolids receivable	-	-	61,500	-	-	61,500	-
Total Current Assets	4,367,651	1,470,324	1,733,016	177,911	471,848	8,220,750	40,239
Non-Current Assets							
Restricted Assets							
Reserve account	706,409	-	1,071,373	-	-	1,777,782	-
Construction account	-	-	300,550	-	-	300,550	-
Impact fee account	-	477,073	251,129	-	-	728,202	-
Replacement account	-	-	75,255	-	-	75,255	-
Other Assets							
Loan receivable	39,653	-	-	-	-	39,653	-
Solar renewable note receivable	17,328	-	-	-	-	17,328	-
Advances to other funds	395,662	-	-	-	-	395,662	-
Preliminary survey and investigation	-	317,502	14,940	-	-	332,442	-
Special assessments receivable	-	1,318	4,984	-	-	6,302	-
West Central Biosolids Facility receivable	-	-	461,526	-	-	461,526	-
Unamortized debt issuance costs	72,849	-	141,432	-	-	214,281	-
Capital Assets							
Land	107,127	3,120	147,622	-	101,298	359,167	-
Construction in progress	25,558	343,638	61,902	-	-	431,098	-
Property and equipment	28,382,389	15,298,930	26,916,711	6,950,856	1,255,124	78,804,010	-
Accumulated depreciation	(14,443,209)	(3,631,995)	(6,608,027)	(1,089,302)	(734,854)	(26,507,387)	-
Total Non-Current Assets	15,303,766	12,809,586	22,839,397	5,861,554	621,568	57,435,871	-
Total Assets	\$ 19,671,417	\$ 14,279,910	\$ 24,572,413	\$ 6,039,465	\$ 1,093,416	\$ 65,656,621	\$ 40,239

	Business-type Activities - Enterprise Funds						
	Major Funds				Non-major Fund	Totals	Internal Service Fund
	Electric Utility	Water Utility	Sewer Utility	Stormwater Utility	Ambulance		City Hall
LIABILITIES							
Current Liabilities							
Accounts payable	\$ 1,169,522	\$ 55,022	\$ 49,089	\$ 926	\$ 11,610	\$ 1,286,169	\$ 7,215
Customer deposits	77,239	-	-	-	-	77,239	-
Accrued liabilities	296,874	27,000	47,316	2,060	18,066	391,316	1,137
Accrued interest	820	18,796	5,345	-	-	24,961	-
Due to other funds	-	-	-	-	-	-	10,101
Current portion of general obligation debt	14,028	210,511	62,007	156,903	-	443,449	-
Current portion of advance	-	-	30,809	-	-	30,809	-
Current portion of shares services notes payable	9,636	-	-	-	-	9,636	-
Current portion of bank promissory note - West Central Wisconsin Biosolids Facility	-	-	54,616	-	-	54,616	-
Current Liabilities Payable from Restricted Assets							
Current portion of revenue bonds	675,000	-	626,828	-	-	1,301,828	-
Current portion of clean water fund loan	-	-	61,500	-	-	61,500	-
Accrued interest	22,981	-	60,726	-	-	83,707	-
Total Current Liabilities	2,266,100	311,329	998,236	159,889	29,676	3,765,230	18,453
Non-Current Liabilities							
General obligation debt	31,062	628,376	81,412	220,477	-	961,327	-
Revenue bonds	2,315,000	-	8,863,727	-	-	11,178,727	-
Clean water fund loan	-	-	266,142	-	-	266,142	-
Bank promissory note - West Central Wisconsin Biosolids Facility	-	-	195,384	-	-	195,384	-
Compensated absences	100,243	25,299	28,584	-	-	154,126	-
Other post-employment benefits	-	-	-	-	6,747	6,747	-
Advance from other funds	-	-	395,662	-	-	395,662	-
Shared services notes payable	38,777	-	-	-	-	38,777	-
Unearned revenue	70,556	-	-	-	-	70,556	-
Customer advances for construction	-	226,647	249,415	-	-	476,062	-
Total Non-Current Liabilities	2,555,638	880,322	10,080,326	220,477	6,747	13,743,510	-
Total Liabilities	4,821,738	1,191,651	11,078,562	380,366	36,423	17,508,740	18,453
NET ASSETS							
Invested in capital assets, net of related debt	11,861,123	11,190,816	12,411,233	5,484,174	621,568	41,568,914	-
Restricted for:							
Debt service	176,335	-	509,658	-	-	685,993	-
Replacement	-	-	75,255	-	-	75,255	-
Impact fees	-	250,426	1,714	-	-	252,140	-
Unrestricted	2,812,221	1,647,017	495,991	174,925	435,425	5,565,579	21,786
TOTAL NET ASSETS	\$ 14,849,679	\$ 13,088,259	\$ 13,493,851	\$ 5,659,099	\$ 1,056,993	\$ 48,147,881	\$ 21,786

See accompanying notes to the financial statements.

CITY OF RIVER FALLS

ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds					Totals	Internal Service Fund City Hall
	Major Funds				Non-major Fund		
	Electric Utility	Water Utility	Sewer Utility	Stormwater Utility	Ambulance		
OPERATING REVENUES	\$ 13,681,321	\$ 1,451,204	\$ 2,784,541	\$ 504,736	\$ 752,604	\$ 19,174,406	\$ 41,314
OPERATING EXPENSES							
Operation and maintenance	11,825,649	757,096	1,613,680	239,523	687,279	15,123,227	218,219
Depreciation and amortization	973,038	279,718	527,675	123,932	71,525	1,975,888	-
Total Operating Expenses	<u>12,798,687</u>	<u>1,036,814</u>	<u>2,141,355</u>	<u>363,455</u>	<u>758,804</u>	<u>17,099,115</u>	<u>218,219</u>
Operating Income (Loss)	<u>882,634</u>	<u>414,390</u>	<u>643,186</u>	<u>141,281</u>	<u>(6,200)</u>	<u>2,075,291</u>	<u>(176,905)</u>
NON-OPERATING REVENUES (EXPENSES)							
Operating grants	-	-	-	-	7,233	7,233	-
Investment income	47,925	3,959	48,335	291	751	101,261	119
Interest income on West Central Wisconsin Biosolids Facility receivable	-	-	16,123	-	-	16,123	-
Interest expense	(105,475)	(39,005)	(396,843)	(14,564)	-	(555,887)	-
Interest charged to construction	-	-	6,572	-	-	6,572	-
Amortization of debt issuance costs	(18,135)	-	(17,267)	-	-	(35,402)	-
Miscellaneous revenues	-	-	-	2,270	84,696	86,966	-
Total Non-Operating Revenue (Expenses)	<u>(75,685)</u>	<u>(35,046)</u>	<u>(343,080)</u>	<u>(12,003)</u>	<u>92,680</u>	<u>(373,134)</u>	<u>119</u>
Income (Loss) Before Contributions and Transfers	806,949	379,344	300,106	129,278	86,480	1,702,157	(176,786)
CAPITAL CONTRIBUTIONS	17,906	104,187	179,728	19,344	-	321,165	-
TRANSFERS IN	-	-	-	-	113,824	113,824	198,572
TRANSFERS OUT	<u>(463,232)</u>	<u>(256,755)</u>	<u>-</u>	<u>(49,906)</u>	<u>(73,260)</u>	<u>(843,153)</u>	<u>-</u>
Change in Net Assets	361,623	226,776	479,834	98,716	127,044	1,293,993	21,786
NET ASSETS – Beginning of Year	<u>14,488,056</u>	<u>12,861,483</u>	<u>13,014,017</u>	<u>5,560,383</u>	<u>929,949</u>	<u>46,853,888</u>	<u>-</u>
NET ASSETS – END OF YEAR	<u>\$ 14,849,679</u>	<u>\$ 13,088,259</u>	<u>\$ 13,493,851</u>	<u>\$ 5,659,099</u>	<u>\$ 1,056,993</u>	<u>\$ 48,147,881</u>	<u>\$ 21,786</u>

See accompanying notes to financial statements.

CITY OF RIVER FALLS

ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds					Totals	Internal Service Fund City Hall
	Major Funds				Non-major Fund		
	Electric Utility	Water Utility	Sewer Utility	Stormwater Utility	Ambulance		
CASH FLOWS FROM OPERATING ACTIVITIES							
Received from customers	\$ 13,403,233	\$ 1,489,664	\$ 2,761,597	\$ 530,539	\$ 697,637	\$ 18,882,670	\$ 8,342
Received from city for services	243,182	-	-	-	-	243,182	-
Paid to suppliers for goods and services	(10,296,887)	(498,427)	(1,227,549)	(133,037)	(356,755)	(12,512,655)	(145,363)
Paid to employees for services	(1,471,280)	(287,025)	(387,648)	(116,796)	(327,331)	(2,590,080)	(60,935)
Net Cash Flows From Operating Activities	1,878,248	704,212	1,146,400	280,706	13,551	4,023,117	(197,956)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Paid to city for tax equivalent	(463,232)	(256,755)	-	-	-	(719,987)	-
Repayment of advance from other funds	29,482	-	(29,482)	-	-	-	-
Operating grant	-	-	-	-	7,233	7,233	-
Miscellaneous revenue	-	-	-	2,270	84,696	86,966	-
Debt retired	(14,028)	(3,742)	(4,244)	-	-	(22,014)	-
Repayment of solar renewable note	(18,204)	-	-	-	-	(18,204)	-
Transfers to/from other funds	-	-	-	(49,906)	40,564	(9,342)	198,572
Net Cash Flows From Noncapital Financing Activities	(465,982)	(260,497)	(33,726)	(47,636)	132,493	(675,348)	198,572
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(423,410)	(104,660)	(28,906)	(85,477)	-	(642,453)	-
Capital contributions received	17,906	-	229,946	-	-	247,852	-
Impact fees received	-	91,136	-	-	-	91,136	-
Special assessments received	-	1,177	4,449	-	-	5,626	-
Debt retired	(585,000)	(224,506)	(734,652)	(164,952)	-	(1,709,110)	-
Interest paid	(104,761)	(42,366)	(384,087)	(14,564)	-	(545,778)	-
Proceeds from debt issue	-	-	-	85,477	-	85,477	-
Net Cash Flows From Capital and Related Financing Activities	(1,095,265)	(279,219)	(913,250)	(179,516)	-	(2,467,250)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investments	(795,790)	-	(1,786,704)	-	-	(2,582,494)	-
Proceeds from sales and maturities of investments	778,069	-	1,108,390	-	-	1,886,459	-
Investment income	49,753	3,959	50,395	291	751	105,149	119
Net Cash Flows From Investing Activities	32,032	3,959	(627,919)	291	751	(590,886)	119
Net Increase (Decrease) in Cash and Cash Equivalents	349,033	168,455	(428,495)	53,845	146,795	289,633	735
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,255,858	1,627,606	1,648,764	30,897	240,662	5,803,787	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,604,891	\$ 1,796,061	\$ 1,220,269	\$ 84,742	\$ 387,457	\$ 6,093,420	\$ 735
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS ACCOUNTS							
Cash and investments	\$ 2,497,282	\$ 1,318,988	\$ 742,428	\$ 84,742	\$ 387,457	\$ 5,030,897	\$ 735
Bond redemption account	196,990	-	566,238	-	-	763,228	-
Bond reserve account	706,409	-	1,071,373	-	-	1,777,782	-
Construction account	-	-	300,550	-	-	300,550	-
Impact fee account	-	477,073	251,129	-	-	728,202	-
Replacement account	-	-	75,255	-	-	75,255	-
Total Cash and Investments	3,400,681	1,796,061	3,006,973	84,742	387,457	8,675,914	735
Less: Noncash equivalents	(795,790)	-	(1,786,704)	-	-	(2,582,494)	-
CASH AND CASH EQUIVALENTS	\$ 2,604,891	\$ 1,796,061	\$ 1,220,269	\$ 84,742	\$ 387,457	\$ 6,093,420	\$ 735

	Business-type Activities - Enterprise Funds						
	Major Funds				Non-major Fund	Totals	Internal Service Fund
	Electric Utility	Water Utility	Sewer Utility	Stormwater Utility	Ambulance		City Hall
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES							
Operating income (loss)	\$ 882,634	\$ 414,390	\$ 643,186	\$ 141,281	\$ (6,200)	\$ 2,075,291	\$ (176,905)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities							
Noncash items included in income							
Depreciation and amortization	973,038	279,718	527,675	123,932	71,525	1,975,888	-
Depreciation charged to clearing account	10,974	44,189	3,149	-	-	58,312	-
Change in assets and liabilities							
Customer accounts receivable	(65,242)	(299)	(33,084)	25,803	(54,967)	(127,789)	(32,972)
Other accounts receivable	1,002	(4,263)	10,140	-	-	6,879	-
Inventories	(6,546)	(694)	89	-	-	(7,151)	(6,532)
Prepaid items	42,223	7,789	8,875	(630)	(7,895)	50,362	-
Accounts payable	1,316	(30,558)	(16,598)	(10,038)	3,337	(52,541)	7,215
Customer deposits	(8,636)	-	-	-	-	(8,636)	-
Due to other funds	-	-	-	-	-	-	10,101
Other current liabilities	47,485	(6,060)	2,968	358	7,751	52,502	1,137
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,878,248</u>	<u>\$ 704,212</u>	<u>\$ 1,146,400</u>	<u>\$ 280,706</u>	<u>\$ 13,551</u>	<u>\$ 4,023,117</u>	<u>\$ (197,956)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
Developer financed additions to utility plant	\$ -	\$ 51,143	\$ 39,298	\$ -	\$ -	\$ 90,441	\$ -
Stormwater capital asset addition financed by the Capital Projects Fund	-	-	-	19,344	-	19,344	-
Clean water fund debt paid by West Central Wisconsin Biosolids Facility	-	-	59,608	-	-	59,608	-
Interest paid by West Central Wisconsin Biosolids Facility	-	-	11,342	-	-	11,342	-
Shared savings debt	50,000	-	-	-	-	50,000	-

CITY OF RIVER FALLS

STATEMENT OF FIDUCIARY NET ASSETS AGENCY FUND December 31, 2010

	<u>Agency Tax Collection</u>
ASSETS	
Cash and investments	\$ 1,082,553
Taxes receivable	<u>12,541,339</u>
TOTAL ASSETS	<u>\$ 13,623,892</u>
LIABILITIES	
Due to other taxing units	<u>\$ 13,623,892</u>

See accompanying notes to financial statements.

CITY OF RIVER FALLS

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CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of River Falls, Wisconsin conform to generally accepted accounting principles as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the City of River Falls. The reporting entity for the city consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Units

River Falls Housing Authority

The government-wide financial statements include the River Falls Housing Authority as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the mayor of the City of River Falls. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the city. See Note III.I. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended June 30, 2010. Separately issued financial statements of the Housing Authority may be obtained from the Housing Authority's office at 625 North Main Street, River Falls, WI 54022.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. *REPORTING ENTITY* (cont.)

Discretely Presented Component Units (cont.)

Business Improvement District

The government-wide financial statements include the Business Improvement District (BID) as a component unit. The BID is a legally separate organization. The board of the BID is appointed by the mayor of the City of River Falls. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the BID, and also create a potential financial benefit to or burden on the city. See Note III.I. As a component unit, the BID's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2010. Separate financial statements are not issued by the BID.

B. *GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS*

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The city does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

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 accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

The city reports the following major governmental funds:

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

General Capital Projects Fund – accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

The city reports the following major enterprise funds:

Electric Utility – accounts for operations of the electric system

Water Utility – accounts for operations of the water system

Sewer Utility – accounts for operations of the sewer system

Stormwater Utility – accounts for operations of the stormwater system

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The city reports the following non-major governmental and enterprise funds:

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

Parking Meters	Library
Refuse/Solid Waste	Revolving Loan
Shared Ride Taxi	Park Impact Fees
Media Services	Library Impact Fees
Environmental Fee	Fire Impact Fees
Tax Increment District #4	Housing Reserve
Tax Increment District #6	Library Trust Fund
Tax Increment District #7	Tourism and Economic Development
Tax Increment District #8	Whitetail Ridge Corporate Park

Debt Service Funds – used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

State Trust Fund Notes
Bonds
Notes

Capital Projects Funds – used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

Capital Equipment

Enterprise Funds – may be used to report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Ambulance

In addition, the city reports the following fund type:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis:

City Hall Fund

Agency funds are used to account for assets held by the city in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Government-Wide Financial Statements

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the city's electric, water and sewer utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the city 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.

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

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Fund Financial Statements (cont.)

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues.

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

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

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Electric Utility, Water Utility, Sewer Utility, Stormwater Utility, and Ambulance fund are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

All Financial Statements

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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the city considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. 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, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

Investment of most trust funds is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

The city has adopted an investment policy. That policy contains the following guidelines:

Custodial Credit Risk

The city requires that funds on deposit in excess of FDIC or FSLIC limits be secured by some form of collateral. The amount of the collateral will not be less than 110% of the fair market value of the net amount of public funds secured.

Credit Risk

The city will only invest in the type of investments allowable by state statutes as listed above. In addition, any investments in commercial paper and variable rate demand notes must have a rating of A-1 or A-2 by Standard & Poor's Corporation or P-1 or P-2 by Moody's Investors' Service at the time of purchase. Investments in fixed income securities must have a minimum long-term debt rating of AA by Standard & Poor's Corporation or Aa by Moody's Investors' Services.

Concentration of Credit Risk

The city will diversify investments according to the following limits:

1. No financial institutions shall hold more than 15% of the city's investment portfolio excluding short-term construction bond proceeds.
2. Monies deposited at an individual financial institution shall not exceed 10% of the capital stock and surplus of that institution.
3. Commercial paper shall not exceed 10% of the city's portfolio.
4. Deposits in the Wisconsin State Investment Pool shall not exceed 50% of the investment portfolio, with the exception of annual property tax collections, which are generally invested for 30 days or less.
5. Financing for city projects, for a term not more than five years, shall not exceed 15% of the portfolio.
6. Total holdings of any one issuer may not exceed 10% of the market value of the portfolio at the time of purchase, with the exception of U.S. government issues fully guaranteed as to both principal and interest by the U.S. government or agencies thereof.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Interest Rate Risk

Maturities of individual securities must be in compliance with Section 66.0603(2) of Wisconsin State Statutes. Per this Section, time deposits may not exceed three years, and debt that is not guaranteed as to principal and interest by the Federal Government or its Agencies, or a Wisconsin municipality must have a maturity not more than seven years.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. 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. Investment income on commingled investments of municipal accounting funds is allocated based on average 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, 2010, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III.A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the city, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund balance sheet.

Property tax calendar – 2010 tax roll:

Lien date and levy date	December 2010
Tax bills mailed	December 2010
Payment in full, or	January 31, 2011
First installment due	January 31, 2011
Second installment due	July 31, 2011
Personal property taxes in full	January 31, 2011
Tax sale – 2010 delinquent real estate taxes	October 2013

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

2. Receivables (cont.)

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the electric, water, or sewer utilities because they have the right by law to place delinquent bills on the tax roll.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

In 2001, the city began a commercial revolving loan program to help finance the purchase and/or renovation of buildings in the downtown business district. The balance of these loans at year end was \$86,382. The city records a loan receivable when the loan has been made and funds have been disbursed.

It is the city's policy to record deferred revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as designated fund balance in the fund financial statements.

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at the lower of cost or market utilizing the average cost method, and charged to construction or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

4. 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. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets.

5. Capital Assets

Government –Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$100,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

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

Buildings	25-75 Years
Land Improvements	25 Years
Machinery and Equipment	10-40 Years
Infrastructure	50-70 Years
Utility System	4-100 Years
Intangibles	3-20 Years

Fund Financial Statements

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

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

The city is a member of the West Central Wisconsin Biosolids Facility for the treatment, disposal, recycling and/or sale of biosolids. As December 31, 2010, the investment balance in the facility was \$577,642.

7. Compensated Absences

Under terms of employment, employees are granted sick leave, vacations, and compensation time in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested sick leave, vacation, and compensation time pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2010 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line 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 both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$8,835,000, made up of four issues.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

10. Equity Classifications

Government–Wide Statements

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

- a. Invested in capital assets, net of related debt – 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 less any unspent debt proceeds.
- b. Restricted net assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled “designated”. The balance of unreserved fund balance is labeled “undesignated”, which indicates it is available for appropriation.

11. Prior Year Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I.C. A budget has been adopted for all governmental fund types. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made. The city council may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action. Appropriations lapse at year end unless specifically carried over. Budgets are adopted at the department level of expenditure.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures
Shared Ride Taxi	\$ 218,644	\$ 227,176	\$ 8,532
Revolving Loan	761	988	227
TIF #6	226,364	228,339	1,975
TIF #7	29,913	32,263	2,350
TIF #8	-	12,016	12,016
Whitetail Ridge Corporate Park	500,338	508,510	8,172
Notes	820,246	824,161	3,915
State Trust Fund	-	1,535	1,535

The city controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the city's year-end budget to actual report.

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances. As of December 31, 2010, the following individual funds held a deficit balance:

Fund	Amount	Reason
General Capital Projects	\$ 1,151,910	Construction costs financed by inter-fund loan
Shared Ride Taxi	74,657	Grant reimbursements not yet received
Tax Increment District #6	592,360	Insufficient tax increment generated
Tourism & Economic Development	11,327	Costs exceed revenues
Revolving Loan	1,149	Costs exceed revenues
Whitetail Ridge Corporate Park	855,367	Costs exceed tax increments
Notes	240,004	Costs exceed revenues
Bonds	404	Costs exceed revenues
Tax Increment District #7	40,343	Insufficient tax increment generated
Tax Increment District #8	12,016	No tax increment generated in 2010

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. DEFICIT BALANCES (cont.)

The deficit in the General Capital Projects will be funded by future borrowing, taxes, and or transfers from other funds. The deficit in the Shared Ride Taxi fund will be funded with future federal and state grant reimbursements and transfers from the general fund. TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Deficits in the remaining funds are anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

D. LIMITATIONS ON THE CITY'S TAX LEVY

As part of Wisconsin's Act 28 (2009), legislation was passed that limits the city's future tax levies. Generally, the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city equalized value due to new construction or 3% for the 2009 levy collected in 2010 and 3% for the 2010 levy collected in 2011. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2010 levy.

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The city's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 5,156,126	\$ 5,023,429	Custodial credit
U.S. agencies	1,971,613	1,971,613	Custodial credit, credit, interest rate, concentration of credit
LGIP	9,054,535	9,054,535	Credit, interest rate
U.S. treasuries	718,033	718,033	Custodial credit, interest rate
Corporate bonds	977,959	977,959	Custodial credit, credit, interest rate, concentration of credit
Asset-backed securities	595,061	595,061	Custodial credit, credit, interest rate, concentration of credit
Municipally-held securities	254,593	254,593	Custodial credit, credit, interest rate, concentration of credit
Petty cash	850	-	N/A
Total Cash and Investments	\$ 18,728,770	\$ 18,595,223	

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Reconciliation to financial statements	
Per statement of net assets	
Unrestricted cash and investments	\$ 14,001,200
Restricted cash and investments	3,645,017
Per statement of net assets –	
Fiduciary Funds	<u>1,082,553</u>
Total Cash and Investments	<u>\$ 18,728,770</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts for non-interest bearing accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in the determination of custodial credit risk.

As of December 31, 2010, the city had a pledge of \$4,840,051 in federal securities from the First National Bank of River Falls as collateral for the city's deposits. The city also had a bank deposit guaranty bond of \$500,000 from River Falls State Bank and pledged securities of \$508,980 from Security Financial Bank.

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the city's deposits may not be returned to the city. The city does not have any deposits exposed to custodial credit risk.

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The city does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2010, the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>
U.S. agencies	AAA/AA-
Corporate bonds	AAA/AA-/A+
Asset-backed securities	AAA

The city also held investments in the Local Government Investment Pool, an external pool which is not rated.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2010, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
US Treasury NTS	U.S. agencies	5.14%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. As of December 31, 2010, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than One Year	One – Five	Six - Ten
U.S. treasuries	\$ 718,033	\$ 95,956	\$ 569,834	\$ 52,243
U.S. agencies	1,971,613	672,392	1,299,221	-
Asset-backed securities	595,061	1,743	593,318	-
Municipally-held securities	254,593	50,165	160,640	43,788
Corporate bonds	977,959	88,967	888,992	-
Totals	<u>\$ 4,517,259</u>	<u>\$ 909,223</u>	<u>\$ 3,512,005</u>	<u>\$ 96,031</u>

Investment Type	Fair Value	Weighted Average Maturity (Years)
Local Government Investment Pool	<u>\$ 9,054,535</u>	<u>0.2</u>

See Note I.D.1. for further information on deposit and investment policies.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Receivable	Allowance For Uncollectibles	Net Receivable	Amount Not Expected to be Collected Within One Year
Governmental Activities				
General Fund	\$ 2,932,801	\$ 23,030	\$ 2,909,771	\$ 119,358
General Capital Projects	87,205	-	87,205	-
Nonmajor funds	3,318,903	1,637	3,317,266	293,597
Subtotals	6,338,909	24,667	6,314,242	412,955
Business-type Activities				
Electric Utility	1,378,520	-	1,378,520	-
Water Utility	135,453	-	135,453	1,318
Sewer Utility	884,337	-	884,337	456,542
Stormwater Utility	90,298	-	90,298	-
Nonmajor fund	322,328	267,361	54,967	-
Subtotals	2,810,936	267,361	2,543,575	457,860
Totals	\$ 9,149,845	\$ 292,028	\$ 8,857,817	\$ 870,815

Revenues of the city are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to ambulance charges	<u>\$ 560,316</u>
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Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Totals
Property taxes receivable	\$ 6,330	\$ 5,399,193	\$ 5,405,523
Special assessments receivable	-	152,738	152,738
Special assessments and charges not yet due	20,526	-	20,526
Grants receivable	35,880	-	35,880
Loans receivable	292,116	-	292,116
Capital costs paid in advance of construction	71,962	1,412,110	1,484,072
Total Deferred/Unearned Revenue for Governmental Funds	\$ 426,814	\$ 6,964,041	\$ 7,390,855

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

The following represent the balances of restricted assets for the enterprise funds:

Long Term Debt Accounts

- 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 bond proceeds restricted for use in construction.

Replacement Accounts

As a condition of receiving state and federal funds for wastewater treatment facility construction, the sewer utility has established an account for replacement of mechanical equipment during the life of the facility.

Impact Fee Accounts

The city has received impact fees which must be spent in accordance with the local ordinance and state statutes. Those funds not spent within the ordinance guidelines and time frames must be refunded to the current property owner.

Following is a list of restricted assets in the enterprise funds at December 31, 2010:

Restricted Assets	
Bond redemption account	\$ 763,228
Bond reserve account	1,777,782
Impact fee account	728,202
Construction account	300,550
Replacement account	75,255
West Central Wisconsin Biosolids receivable and interest receivable	63,233
Interest receivable	4,739
Total Restricted Assets	<u>3,712,989</u>
Restricted Assets not Funded by Revenues	
Impact fee account – customer advances	(476,062)
Construction account	(300,550)
Reserve for borrowing	(1,777,782)
Liabilities payable from restricted assets	(81,974)
West Central Wisconsin Biosolids related restricted assets	<u>(63,233)</u>
Total Restricted Net Assets in Enterprise Funds	<u>\$ 1,013,388</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 10,685,657	\$ -	\$ -	\$ 10,685,657
Construction in Progress	843,109	82,225	649,555	275,779
Total Capital Assets Not Being Depreciated	<u>\$ 11,528,766</u>	<u>\$ 82,225</u>	<u>\$ 649,555</u>	<u>\$ 10,961,436</u>
Other capital assets				
Land improvements	\$ 521,469	\$ -	\$ -	\$ 521,469
Buildings	13,056,402	847,119	-	13,903,521
Machinery and equipment	4,416,470	418,295	188,664	4,646,101
Infrastructure	26,593,244	255,148	-	26,848,392
Total Capital Assets Being Depreciated	<u>44,587,585</u>	<u>1,520,562</u>	<u>188,664</u>	<u>45,919,483</u>
Less: Accumulated depreciation for				
Land improvements	(224,380)	(20,997)	-	(245,377)
Buildings	(3,178,786)	(359,864)	-	(3,538,650)
Machinery and equipment	(1,718,359)	(250,413)	113,933	(1,854,839)
Infrastructure	(5,283,286)	(352,220)	-	(5,635,506)
Total Accumulated Depreciation	<u>(10,404,811)</u>	<u>(983,494)</u>	<u>113,933</u>	<u>(11,274,372)</u>
 Total Capital Assets Being Depreciated, Net	 <u>\$ 34,182,774</u>	 <u>\$ 537,068</u>	 <u>\$ 74,731</u>	 <u>\$ 34,645,111</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 164,840
Public safety	102,337
Public works	474,120
Leisure	<u>242,197</u>
 Total Governmental Activities Depreciation Expense	 <u>\$ 983,494</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Electric				
Capital assets not being depreciated				
Land and land rights	\$ 107,127	\$ -	\$ -	\$ 107,127
Construction in progress	<u>2,176</u>	<u>527,454</u>	<u>504,072</u>	<u>25,558</u>
Total Capital Assets not Being Depreciated	<u>\$ 109,303</u>	<u>\$ 527,454</u>	<u>\$ 504,072</u>	<u>\$ 132,685</u>
Capital assets being depreciated				
Hydraulic production	\$ 932,179	\$ -	\$ -	\$ 932,179
Other production	7,502,989	-	-	7,502,989
Transmission	1,536,162	-	-	1,536,162
Distribution	16,108,557	322,317	101,837	16,329,037
General	<u>1,906,817</u>	<u>222,575</u>	<u>47,370</u>	<u>2,082,022</u>
Total Capital Assets Being Depreciated	<u>27,986,704</u>	<u>544,892</u>	<u>149,207</u>	<u>28,382,389</u>
Less: Accumulated depreciation for				
Hydraulic production	(487,341)	(21,467)	-	(508,808)
Other production	(4,574,596)	(281,751)	-	(4,856,347)
Transmission	(968,506)	(36,134)	-	(1,004,640)
Distribution	(6,205,091)	(570,218)	142,054	(6,633,255)
General	<u>(1,403,525)</u>	<u>(84,068)</u>	<u>47,434</u>	<u>(1,440,159)</u>
Total Accumulated Depreciation	<u>(13,639,059)</u>	<u>(993,638)</u>	<u>189,488</u>	<u>(14,443,209)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 14,347,645</u>			<u>\$ 13,939,180</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated				
Land and land rights	\$ 3,120	\$ -	\$ -	\$ 3,120
Construction in progress	291,674	64,401	12,437	343,638
Total Capital Assets Not Being Depreciated	<u>\$ 294,794</u>	<u>\$ 64,401</u>	<u>\$ 12,437</u>	<u>\$ 346,758</u>
Capital assets being depreciated				
Source of supply	\$ 87,720	\$ -	\$ -	\$ 87,720
Pumping	609,925	-	-	609,925
Water treatment	38,885	-	-	38,885
Transmission and distribution General	13,916,823 561,644	92,496 8,427	4,279 12,711	14,005,040 557,360
Total Capital Assets Being Depreciated	<u>15,214,997</u>	<u>100,923</u>	<u>16,990</u>	<u>15,298,930</u>
Less: Accumulated depreciation for				
Source of supply	(87,720)	-	-	(87,720)
Pumping	(271,978)	(19,064)	-	(291,042)
Water treatment	(36,365)	(2,333)	-	(38,698)
Transmission and distribution General	(2,575,689) (356,242)	(277,972) (25,426)	8,083 12,711	(2,845,578) (368,957)
Total Accumulated Depreciation	<u>(3,327,994)</u>	<u>(324,795)</u>	<u>20,794</u>	<u>(3,631,995)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 11,887,003</u>			<u>\$ 11,666,935</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 147,622	\$ -	\$ -	\$ 147,622
Construction in progress	54,014	17,731	9,843	61,902
Total Capital Assets Not Being Depreciated	<u>\$ 201,636</u>	<u>\$ 17,731</u>	<u>\$ 9,843</u>	<u>\$ 209,524</u>
Capital assets being depreciated				
Collection system	\$ 16,016,100	\$ 47,890	\$ 117	\$ 16,063,873
Collection system pumping	1,081,367	-	-	1,081,367
Treatment and disposal	8,114,608	-	-	8,114,608
General	1,657,544	19,030	19,711	1,656,863
Total Capital Assets Being Depreciated	<u>26,869,619</u>	<u>66,920</u>	<u>19,828</u>	<u>26,916,711</u>
Less: Accumulated depreciation for				
Collection system	(1,969,566)	(170,974)	1,070	(2,139,470)
Collection system pumping	(626,365)	(38,277)	-	(664,642)
Treatment and disposal	(2,847,312)	(247,349)	-	(3,094,661)
General	(653,756)	(75,209)	19,711	(709,254)
Total Accumulated Depreciation	<u>(6,096,999)</u>	<u>(531,809)</u>	<u>20,781</u>	<u>(6,608,027)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 20,772,620</u>			<u>\$ 20,308,684</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater Utility</u>				
Capital assets being depreciated				
Machinery and equipment	\$ 39,710	\$ 85,477	\$ -	\$ 125,187
Infrastructure	6,806,325	19,344	-	6,825,669
Total Capital Assets Being Depreciated	<u>6,846,035</u>	<u>104,821</u>	<u>-</u>	<u>6,950,856</u>
Less: Accumulated depreciation for				
Machinery and equipment	(21,003)	(4,773)	-	(25,776)
Infrastructure	(944,367)	(119,159)	-	(1,063,526)
Total Accumulated Depreciation	<u>(965,370)</u>	<u>(123,932)</u>	<u>-</u>	<u>(1,089,302)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 5,880,665</u>			<u>\$ 5,861,554</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

Ambulance

Capital assets not being depreciated

Land

	Beginning Balance	Additions	Deletions	Ending Balance
\$ 101,298	\$ -	\$ -	\$ -	\$ 101,298

Capital assets being depreciated

Building improvements

Buildings

Machinery and equipment

Total Capital Assets

Being Depreciated

\$ 21,393	\$ -	\$ -	\$ -	\$ 21,393
601,408	-	-	-	601,408
632,323	-	-	-	632,323
1,255,124	-	-	-	1,255,124

Less: Accumulated depreciation for

Building improvements

Buildings

Machinery and equipment

Total Accumulated Depreciation

(21,393)	-	-	-	(21,393)
(229,834)	(22,831)	-	-	(252,665)
(412,102)	(48,694)	-	-	(460,796)
(663,329)	(71,525)	-	-	(734,854)

Total Capital Assets

Being Depreciated, Net

\$ 591,795				\$ 520,270
------------	--	--	--	------------

Beginning
Balance

Additions

Deletions

Ending
Balance

Total Business-type Activities

Capital assets not being depreciated

Capital assets being depreciated

Less: Accumulated depreciation

Total Capital Assets Being

Depreciated, Net

\$ 707,031	\$ 609,586	\$ 526,352	\$ 790,265
\$ 78,172,479	\$ 817,556	\$ 186,025	\$ 78,804,010
(24,692,751)	(2,045,699)	231,063	(26,507,387)
\$ 53,479,728	\$ (1,228,143)	\$ (45,038)	\$ 52,296,623

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Electric	\$ 973,038
Water	279,718
Sewer	527,675
Stormwater	123,932
Ambulance	71,525
Total Business-type Activities	
Depreciation Expense	\$ 1,975,888

Depreciation expense does not agree to the increases in accumulated depreciation due to joint metering, salvage, and cost of removal.

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
Environmental fund	General Fund	\$ 465,000
Refuse/Solid Waste	General Fund	150,000
General fund	Internal Service	10,101
General fund	Shared Ride Taxi	92,655
General fund	TIF #8	12,016
General fund	Tourism & Economic Devel.	12,819
General fund	Revolving Loan	1,149
General fund	Notes	247,510
General fund	Bonds	404
General fund	Capital Equipment	47,875
General fund	Whitetail Ridge Corp. Park	161,232
Subtotal – Fund financial statements		1,200,761
Less: Fund eliminations		(1,200,761)
Total – Government-Wide Statement of Net Assets		\$ -

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

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

The General fund is advancing funds to TIF Districts No. 5 (Whitetail Ridge Corporate Park), No. 6 and No. 7. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since each District's inception. Also, in 2010, the General fund advanced \$875,000 to the general capital projects fund. In 1980, the Electric utility advanced funds to the Sewer utility to separate the combined utilities. Interest of 4.5% is being charged on these advances. No repayment schedules have been established for the advances from the general fund.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General fund	General Capital Projects	\$ 875,000	\$ 875,000
General fund	TIF District #7	47,585	47,495
General fund	TIF District #5	687,598	687,598
General fund	TIF District #6	599,875	599,875
Parking fund	General Capital Projects	138,000	138,000
Electric utility	Sewer utility	<u>426,471</u>	<u>395,662</u>
Subtotal – Fund Financial Statements		2,774,529	
Less: Fund eliminations		<u>(2,774,529)</u>	
Total – Government-Wide Statement of Net Assets		<u>\$ -</u>	

Repayment requirements for the advance from the electric utility to the sewer utility are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2011	\$ 30,809	\$ 9,596	\$ 40,405
2012	32,195	8,902	41,097
2013	33,645	8,178	41,823
2014	35,158	7,421	42,579
2015	36,740	6,630	43,370
2016-2020	210,038	19,981	230,019
2021	<u>47,886</u>	<u>1,077</u>	<u>48,963</u>
Totals	<u>\$ 426,471</u>	<u>\$ 61,785</u>	<u>\$ 488,256</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

The following is a schedule of interfund transfers:

<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	General capital projects	\$ 79,464	Administration fee
General	Capital equipment	15,244	Administration fee
General	Nonmajor special revenue funds	303,194	Administration fee
General	Electric utility	463,232	Property tax equivalent
General	Water utility	256,755	Property tax equivalent
General	Ambulance	62,923	Administration fee
General	Stormwater Utility	48,700	Administration fee
Shared Ride Taxi	General	50,000	Various
General capital projects	Nonmajor governmental funds	136,924	Construction projects
General capital projects	Stormwater Utility	1,206	Construction projects
Economic development	Nonmajor governmental funds	26,000	Economic development
Internal service	General	165,245	Share of city hall
Internal service	Nonmajor governmental funds	23,805	Share of city hall
Internal service	Ambulance	9,522	Share of city hall
General	Nonmajor debt service funds	16,133	Debt service
Nonmajor governmental funds	General	269,100	Various
Nonmajor debt service funds	General	10,741	Fund deficit
Nonmajor debt service funds	Nonmajor governmental funds	6,588	Debt service
Nonmajor debt service funds	Ambulance	815	Debt service
Ambulance	General	<u>113,824</u>	Per capita payment
Subtotal – Fund Financial Statements		2,059,415	
Less: Fund eliminations		<u>(1,330,086)</u>	
Total – Government-Wide Statement Activities		<u>\$ 729,329</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 13,178,112	\$ 174,524	\$ 1,470,953	\$ 11,881,683	\$ 1,010,268
Loss on refunding	(24,041)	-	(4,006)	(20,035)	N/A
Debt discount	(80,126)	-	(4,806)	(75,320)	N/A
Subtotals	13,073,945	174,524	1,462,141	11,786,328	1,010,268
Other Liabilities					
Vested compensated absences	730,051	132,482	66,209	796,324	136,630
Other post-employment benefits	173,296	94,304	-	267,600	-
Landfill post-closure care cost	278,505	4,178	24,351	258,332	24,351
Total Other Liabilities	1,181,852	230,964	90,560	1,322,256	160,981
Total Governmental Activities Long-Term Liabilities	\$ 14,255,797	\$ 405,488	\$ 1,552,701	\$ 13,108,584	\$ 1,171,249
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 1,867,520	\$ 85,477	548,221	\$ 1,404,776	\$ 443,449
Other long-term debt	-	300,000	1,587	298,413	64,252
Revenue bonds	14,050,708	-	1,242,511	12,808,197	1,363,328
Subtotals	15,918,228	385,477	1,792,319	14,511,386	1,871,029
Other Liabilities					
Vested compensated absences	169,290	79,230	94,394	154,126	N/A
Other post-employment benefits	-	6,747	-	6,747	-
Total Other Liabilities	169,290	85,977	94,394	160,873	N/A
Total Business-type Activities Long-Term Liabilities	\$ 16,087,518	\$ 471,454	\$ 1,886,713	\$ 14,672,259	\$ 1,871,029

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the special revenue, debt service, and capital projects funds. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2010, was \$41,878,135. Total general obligation debt outstanding subject to the debt limit at year end was \$13,286,459.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-10
Governmental Activities					
General Obligation Debt					
State Trust Fund Loan	11/2001	03/2011	5.50%	\$ 200,000	\$ 27,867
Promissory Note	11/2002	11/2012	1.60-3.35%	3,665,000	560,000
Promissory Note	01/2003	02/2013	2.50-5.60%	442,147	154,238
Refunding Bonds	04/2004	10/2015	2.45-3.70%	1,630,000	965,000
State Trust Fund Loan	07/2006	03/2016	4.00%	77,558	49,495
State Trust Fund Loan	08/2006	03/2016	4.00%	44,000	28,001
Promissory Note	10/2007	10/2017	3.385%	3,231,441	2,020,000
State Trust Fund Loan	07/2008	03/2028	4.75%	824,651	759,049
State Trust Fund Loan	09/2008	03/2018	4.25%	300,000	277,647
State Trust Fund Loan	10/2008	03/2028	4.25%	352,500	325,093
State Trust Fund Loan	11/2008	03/2028	4.75%	750,000	736,605
State Trust Fund Loan	12/2008	03/2028	4.75%	250,000	244,064
State Trust Fund Loan	02/2009	03/2028	4.75%	505,000	490,100
Refunding Bonds	03/2009	03/2029	3.0-4.6%	5,070,000	5,070,000
Refunding Bonds	12/22/2010	01/2015	3.24%	174,524	174,524
Total Governmental Activities – General Obligation Debt					<u>\$ 11,881,683</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-10
Business-type Activities					
General Obligation Debt					
Promissory Note	01/2003	02/2013	2.50-5.60%	\$ 73,595	\$ 70,763
General obligation bond	02/2003	02/2013	4.60%	1,300,000	337,379
Promissory Note	11/2002	11/2012	1.60-3.35%	1,157,407	291,903
Trust Fund	03/2005	03/2015	4.00%	301,737	165,620
Trust Fund	07/2005	03/2015	4.00%	468,706	253,851
Trust Fund	11/2005	03/2015	4.00%	329,557	199,783
Promissory Note	12/2010	01/2015	3.24%	85,477	85,477
Total Business-type Activities General Obligation Debt					<u>\$ 1,404,776</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2011	\$ 1,010,268	\$ 483,245	\$ 443,449	\$ 49,350
2012	1,033,781	451,210	450,822	49,201
2013	856,001	412,479	194,551	17,939
2014	829,969	381,491	145,793	11,605
2015	823,816	349,041	170,161	5,351
2016 – 2020	2,776,399	1,330,688	-	-
2021 – 2025	2,389,567	819,047	-	-
2026 – 2029	2,161,882	230,288	-	-
Totals	<u>\$ 11,881,683</u>	<u>\$ 4,457,489</u>	<u>\$ 1,404,776</u>	<u>\$ 133,446</u>

Revenue Debt

All electric and sewer utility revenues net of specified operating expenses are pledged as security of the revenue bonds until the bonds are defeased. Principal and interest paid for 2010 was \$1,719,290. Total customer net revenues for the year were \$3,122,731. Annual principal and interest payments are expected to require 22% of electric utility net revenues and 54% of sewer utility net revenues.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2010 consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-10</u>
<u>Electric Utility</u>					
Revenue Bonds	11/2002	10/2017	2.00-4.00%	\$ 3,320,000	\$ 1,765,000
Revenue Refunding	11/2009	10/2013	2.00-2.50%	1,595,000	1,225,000
				Total Electric Utility	<u>2,990,000</u>
<u>Sewer Utility</u>					
Revenue Bonds	11/1995	05/2015	3.173%	1,009,322	327,642
Revenue Bonds	08/2002	05/2019	3.50-4.50%	2,790,000	2,095,000
Revenue Bonds	08/2004	05/2024	2.00-4.60%	4,750,000	3,790,000
Revenue Bonds	11/2005	05/2025	2.746%	3,317,130	2,680,555
Revenue Bonds	04/2008	05/2015	2.75-3.5%	1,250,000	925,000
				Total Sewer Utility	<u>9,818,197</u>
Total Business-type Activities Revenue Debt					<u>\$ 12,808,197</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,363,328	\$ 444,797
2012	1,399,311	404,925
2013	1,285,467	361,877
2014	1,011,800	319,547
2015	1,053,317	283,029
2016 – 2020	4,298,079	834,591
2021 – 2025	<u>2,396,895</u>	<u>201,699</u>
Totals	<u>\$ 12,808,197</u>	<u>\$ 2,850,465</u>

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information (cont.)

A statutory mortgage lien upon the utilities system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The utilities system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The city believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

Deferred Amount on Refunding

Deferred amounts on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deduction from debt payable in the government-wide and proprietary fund statements. Amortization for 2010 was \$4,006, which is all reported in the governmental activities.

G. POST-CLOSURE CARE COST

State and federal laws and regulations required the city to place a final cover on its landfill site in 1993, although the landfill stopped accepting waste and was closed in 1978. The city is required to perform certain maintenance and monitoring functions at the site for an unlimited time period. The city reports postclosure care costs as an operating expense in each period. The \$258,332 reported as landfill postclosure care liability at December 31, 2010, represents the estimated amount of future postclosure costs. These amounts are based on what it would cost to perform all postclosure care in 2010; actual cost may be higher due to inflation, changes in technology, or changes in regulations.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2010 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Capital assets not being depreciated	\$ 10,961,436
Other capital assets, net of accumulated depreciation	34,645,111
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(10,651,421)</u>
Total Invested in Capital Assets	34,955,126
Restricted	1,116,875
Unrestricted	<u>4,199,379</u>
Total Governmental Activities Net Assets	<u>\$ 40,271,380</u>

Governmental fund balances reported on the fund financial statements at December 31, 2010 include the following:

Reserved	
Major Funds	
General Fund	
Prepaid items	\$ 80,808
Advances to other funds	<u>2,210,058</u>
Total	<u>\$ 2,290,866</u>
Non-Major Funds	
Special Revenue Funds	
Reserved for prepaid items	\$ 10,788
Reserved for advances	138,000
Reserved for impact fees	333,479
Reserved for library activities	112,870
Reserved for housing activities	<u>464,792</u>
Total Non-Major Funds	<u>\$ 1,059,929</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Unreserved (designated)

Non-Major Funds

Special revenue funds	
Future expenditures	\$ 3,314,546
Capital Projects fund	
Capital equipment	<u>7,731</u>
Total Non-Major Funds	<u>\$ 3,322,277</u>

Unreserved, undesignated (deficit)

Major Funds

General fund	\$ 3,681,801
General capital projects	<u>(1,151,910)</u>
Total Major Funds	<u>\$ 2,529,891</u>

Non-Major Funds

Special revenue funds	\$ (1,493,256)
Debt service funds	<u>(240,408)</u>
Total Non-Major Funds	<u>\$ (1,733,664)</u>

Business-type Activities

Invested in capital assets, net of related debt

Capital assets not being depreciated	\$ 790,265
Other capital assets, net of accumulated depreciation	52,296,623
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(11,517,974)</u>
Total Invested in Capital Assets	<u>41,568,914</u>

Restricted

Debt service	685,993
Replacement	75,255
Impact fees	<u>252,140</u>
Total Restricted	<u>1,013,388</u>

Unrestricted

	<u>5,565,579</u>
Total Business-type Activities Net Assets	<u>\$ 48,147,881</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS

This report contains the River Falls Housing Authority (Housing Authority) and the Business Improvement District (BID), which are included as component units. Financial information for both component units are presented as discrete columns in the statement of net assets and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

Housing Authority

a. Basis of Accounting/Measurement Focus

The Housing Authority follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

The Housing Authority's investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Demand and time deposits	\$ 867,666	\$ 943,284	Custodial credit risk

Custodial Credit Risk

For a deposit, custodial credit risk is the risk that in the event of a financial institution failure, the Housing Authority's deposits may not be returned to the Housing Authority. The Housing Authority does not have any deposits exposed to custodial credit risk.

c. Receivables

The Housing Authority's accounts receivable consist of \$3,627 due from tenants, \$8,653 grants receivable, and \$463 other receivables. All of the Housing Authority's receivables are expected to be collected within one year.

d. Restricted Assets

Tenant Deposits

The Housing Authority holds security deposits from tenants. Security deposits were \$54,610 at year-end.

Housing Assistance Payments

The Housing Authority maintains restricted cash in the amount of housing assistance payments equity as required by the grantor. As of June 30, 2010, the restricted cash was \$116,233.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

d. Restricted Assets (cont.)

Reserve Accounts

Reserve accounts are required to be maintained by the USDA Rural Development Loan agreements for the 4-plex, Oak Park and Edgewater/Briarwood properties. As of June 30, 2010, reserve accounts were \$258,760.

e. Capital Assets

The Housing Authority depreciates its capital assets over the following useful lives:

Buildings	40	Years
Equipment	3-10	Years

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 332,954	\$ -	\$ -	\$ 332,954
Construction work in progress	45,789	6,987	45,789	6,987
Total Capital Assets Not Being Depreciated	\$ 378,743	\$ 6,987	\$ 45,789	\$ 339,941
Other Capital Assets				
Land improvements	\$ 86,524	\$ -	\$ -	\$ 86,524
Leasehold improvements	656,109	8,632	-	664,741
Buildings	4,510,103	155,543	1,700	4,663,946
Machinery and equipment	224,312	15,419	4,151	235,580
Total Capital Assets Being Depreciated	5,477,048	179,594	5,851	5,650,791
Less: Accumulated depreciation for				
Land improvements	(12,479)	(14,422)	-	(26,901)
Leasehold improvements	(316,584)	(44,119)	-	(360,703)
Buildings	(2,996,016)	(151,335)	258	(3,147,093)
Machinery and equipment	(124,735)	(17,423)	3,970	(138,188)
Total Accumulated Depreciation	(3,449,814)	(227,299)	4,228	(3,672,885)
Net Other Capital Assets	\$ 2,027,234			\$ 1,977,906

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

f. Interfund Receivables/Payables and Transactions

The following is a schedule of amounts due to the Housing Authority enterprise fund from Windmill Place LLC as of June 30, 2010:

Note receivable	\$	176,000
Interest on note receivable		31,818
Operating reimbursements		5,669
Company management fee		24,139
Developer fee		<u>129,904</u>
 Total Due from Windmill Place, LLC	 \$	 <u>367,530</u>

The operating reimbursements are expected to be repaid within one year. The other balances are considered non-current. Due to differences in year ends of the Housing Authority and Windmill Place, LLC, the interfund balances presented on the statement of net assets vary for timing differences. See Note III.I.j.b for additional disclosures related to the note receivable and related accrued interest. Additional information regarding the developer fee and company management fee are included in Note III.I.j.c.

g. Long-Term Obligations

Long-term obligations activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds and Notes Payable:					
Mortgage notes	\$ 2,229,125	\$ -	\$ 9,077	\$ 2,220,048	\$ 9,675
Other Liabilities:					
Vested compensated absences	<u>6,475</u>	<u>14,766</u>	<u>6,798</u>	<u>14,443</u>	<u>5,353</u>
Total Long-Term Liabilities	<u>\$ 2,235,600</u>	<u>\$ 14,766</u>	<u>\$ 15,875</u>	<u>\$ 2,234,491</u>	<u>\$ 15,028</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

g. Long-Term Obligations (cont.)

All mortgage note payments are expected to be paid with future revenues from the related properties. Notes payable consist of the following at June 30, 2010:

Briarwood/Edgewood

Mortgage notes payable consists of mortgage notes payable to USDA-RD that requires monthly payments of \$2,582 and bears interest at 6%, which is partially subsidized by USDA-RD, resulting in an effective interest rate of approximately 1%. In connection with this loan, the Housing Authority entered into an agreement with USDA-RD which contains, among other things, restrictions on the transferring of any of the project's rental property, assigning the rights to manage or receive the rents and profits of the rental property or assuming additional indebtedness. The mortgage note is collateralized by the project's rental property. Prepayment of scheduled installments is prohibited.

\$ 1,074,208

Oak Park

Mortgage notes payable consists of mortgage notes payable to USDA-RD that requires monthly payments of \$1,915 and bears interest ranging from 5.375% - 11.375%, which is partially subsidized by USDA-RD, resulting in an effective interest rate of approximately 1%. In connection with this loan, the Housing Authority entered into an agreement with USDA-RD which contains, among other things, restrictions on the transferring of any of the project's rental property, assigning the rights to manage or receive the rents and profits of the rental property or assuming additional indebtedness. The mortgage note is collateralized by the project's rental property. Prepayment of scheduled installments is prohibited.

964,435

4-Plex

Mortgage note payable consists of a mortgage note payable to USDA-RD that requires monthly payments of \$1,529 and bears interest at 9.5%, which is partially subsidized by USDA-RD, resulting in an effective interest rate of approximately 1%. In connection with this loan, the Housing Authority entered into an agreement with USDA-RD which contains, among other things, restrictions on the transferring of any of the project's rental property, assigning the rights to manage or receive the rents and profits of the rental property or assuming additional indebtedness. The mortgage note is collateralized by the project's rental property. Prepayment of scheduled installments is prohibited.

181,405

Total

2,220,048

Less: Current portion

(9,675)

Total Long-Term Debt

\$ 2,210,373

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

g. Long-Term Obligations (cont.)

Future principal payments are approximately as follows:

	Principal	Interest	Total
2011	\$ 9,675	\$ 86,669	\$ 96,344
2012	10,311	86,032	96,343
2013	10,992	85,351	96,343
2014	11,719	84,625	96,344
2015	12,496	83,847	96,343
2016 – 2020	76,148	405,568	481,716
2021 – 2025	105,480	376,236	481,716
2026 – 2030	146,764	334,952	481,716
2031 – 2035	205,228	276,488	481,716
2036 – 2040	280,721	193,267	473,988
2041 – 2045	286,566	103,397	389,963
2046 – 2050	171,080	21,572	192,652
2051 – 2055	24,928	3,936	28,864
2056	1,420	12	1,432
Unscheduled debt	866,520	-	866,520
 Totals	\$ 2,220,048	\$ 2,141,952	\$ 4,362,000

Other Debt Information

The Oak Park program has \$866,520 in deferred notes payable which have no determinable timetable for repayment. The principal balance of these notes is listed as unscheduled debt in the debt service requirement schedule. All interest associated with these notes is currently subsidized by Rural Development and is not capitalized. The potential future interest associated with this debt is not included in the debt service requirement schedule.

Estimated payments of compensated absences are not included in the debt service requirement schedules.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The Housing Authority believes it is in compliance with all significant limitations and restrictions.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

h. Net Assets

Net assets reported on the statement of net assets at June 30, 2010 include the following:

Invested in capital assets, net of related debt	
Land	\$ 332,954
Construction in progress	6,987
Other capital assets, net of accumulated depreciation	1,977,906
Less: related long-term debt outstanding	<u>(2,220,048)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>97,799</u>
Restricted	
Grant requirements	<u>374,993</u>
Total Restricted	<u>374,993</u>
Unrestricted	<u>772,129</u>
Total Net Assets	<u>\$ 1,244,921</u>

i. Restatement of Net Assets

Net assets of the Housing Authority have been restated due to correction of errors and change in accounting policy as described below:

Housing Authority Enterprise Fund

Net assets of the Housing Authority enterprise fund have been restated due to correction of errors in prior years.

Net Assets – June 30, 2009	\$ 1,273,968
Add: Public Housing – Reimbursement from 4-Plex for roof repair which should have reduced expense in a prior year	13,795
Less: 4-Plex – Payment to public housing program for roof repair should have been expensed in a prior year	(13,795)
Add: Voucher – Correct allocation between programs	20
Add: Briarwood/Edgewater – Correct allocation between programs	3,136
Add: Oak Park – Correct allocation between programs	2,582
Less: Public Housing – Correct allocation between programs	(4,900)
Less: 4-Plex – Correct allocation between programs	<u>(838)</u>
Net Assets – July 1, 2009 (as restated)	<u>\$ 1,273,968</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

i. Restatement of Net Assets (cont.)

Total net assets of the Housing Authority enterprise fund were not affected by these restatements. The impact on prior year change in net assets cannot be determined.

Windmill Place LLC Enterprise Fund

Net assets of Windmill Place LLC enterprise fund have been restated due to a change in accounting policy. For fiscal year 2009, the Housing Authority reported Windmill Place LLC, a blended component unit, as of June 30, 2009 consistent with the Housing Authority enterprise fund's year end. Windmill Place LLC's year end is December 31. For ease of reporting, the Housing Authority changed accounting policy to include the December 31 year end in the fiscal 2010 financial statements.

Net Assets – June 30, 2009 (as reported)	\$ 1,585,797
Less: Difference between reported 6/30/09 net assets and net assets as of 12/31/08 Windmill Place LLC year end	<u>(116,944)</u>
Net Assets – July 1, 2009 (as restated)	<u>\$ 1,468,853</u>

j. Blended Component Unit

Windmill Place, LLC

This report contains Windmill Place LLC, which is included as a component unit. Financial information for the component unit is presented in a column in the statement of net assets, statement of revenues, expenses and changes in net assets and statement of cash flows. The following additional disclosures are considered necessary for a fair presentation.

a. Nature of Business and Significant Accounting Policies

Nature of Business

Windmill Place, LLC (the company) was formed on August 1, 2006, as a limited liability company under the Wisconsin Uniform Limited Liability Company Act (the Act). It has constructed and is operating a 24-unit apartment building located in River Falls, Wisconsin, called Windmill Place Apartments (the project), which qualifies for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code (IRC). The project is regulated by the United States Department of Agriculture – Rural Development (USDA-RD). The project was placed in service in November 2007.

The company consists of one original member and one investor member, with rights, preferences, and privileges as described in the First Amended and Restated Operating Agreement (operating agreement). Each member's liability for the debts and obligations of the company shall be limited to the maximum extent permitted by the Act and other applicable law.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

j. Blended Component Unit (cont.)

Windmill Place, LLC (cont.)

a. Nature of Business and Significant Accounting Policies (cont.)

Nature of Business (cont.)

The company shall be operated in a manner consistent with its treatment as a partnership for federal and state income tax purposes. Therefore, the accompanying financial statements do not include the personal or corporate assets and liabilities of the members, their obligation for income taxes on their distributive shares of the net income of the company or their rights to refunds on its net loss, or any provision for income tax expense.

The company's income tax filings are subject to audit by various taxing authorities. Open periods subject to audit for federal and Wisconsin purposes are generally the previous three and four years of tax returns filed, respectively. In evaluating the company's tax provisions and accruals, future taxable income and the reversal of temporary differences, interpretations, and tax planning strategies are considered. The company believes its estimates are appropriate based on current facts and circumstances. Any interest or penalties assessed to the company are recorded as operating expenses; however, there were no interest or penalties recorded for the period ended December 31, 2009.

The operating agreement states that the company shall have a perpetual life unless the company is sooner dissolved in accordance with the provisions of the operating agreement.

Significant Accounting Policies

A summary of significant accounting policies follows:

Allocation of income/loss and tax credits

Income or loss of the company is allocated .01% to Windmill Manager, LLC, the original member and 99.99% to Great Lakes Capital Fund for Housing Limited Partnership XV, the investor member. The company is generating low-income housing tax credits which will be allocated in the same manner. Allocation of gain or loss from a sale of the project, if applicable, is subject to different terms as described in the operating agreement.

Use of estimates

The preparation of the financial statements 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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

j. Blended Component Unit (cont.)

Windmill Place, LLC (cont.)

a. Nature of Business and Significant Accounting Policies (cont.)

Significant Accounting Policies (cont.)

Cash and cash equivalents

For purposes of reporting cash flows, the project considers all investments purchased with a maturity of three months or less to be cash equivalents, with the exception of cash not available to the project due to restrictions placed on it.

Accounts receivable and revenue recognition

The company utilizes the direct write-off method of accounting for bad debts. The use of this method has no material effect on the financial statements.

Accounts receivable are not interest bearing. A receivable is considered past due if payments have not been received by the company for 10 days. Accounts receivable are written off when management determines an account is uncollectible, based on its history of past write-offs, collections, and current credit conditions. Accounts are generally written off as uncollectible if no payments are received after six months. Late payment fee at \$5 is charged for accounts after 10 days past due.

Rental revenue is recognized when earned. The company leases apartments to eligible applicants under operating leases which are substantially all on a yearly basis.

Rental property

Rental property is stated at cost. Depreciation of rental property is computed on the straight-line method based upon the following estimated useful lives of the assets:

	<u>Years</u>
Land improvements	15
Buildings	40
Furnishings and equipment	5

Maintenance and repairs of rental property are charged to operations, and major improvements are capitalized. Upon retirement, sale, or other disposition of rental property, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

j. Blended Component Unit (cont.)

Windmill Place, LLC (cont.)

a. Nature of Business and Significant Accounting Policies (cont.)

Significant Accounting Policies (cont.)

Impairment of long-lived assets

The company reviews long-lived assets, including rental property and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Financing costs

Financing costs incurred by the company totaled to \$29,377. The company is amortizing these costs into interest expense using the effective interest method over 25 years, the life of the loan.

Amortized fees included in interest expense amounted to \$1,052 for the period ended December 31, 2009.

Tax credit fees

In connection with obtaining an allocation of low-income housing tax credits, the company paid fees totaling \$22,045 to the Wisconsin Housing and Economic Development Authority (WHEDA). The company is amortizing these fees on the straight-line basis over the related tax credit compliance period of 15 years.

Subsequent events

These financial statements have not been updated for subsequent events occurring after February 5, 2010 which is the date these financial statements were available to be issued. The company has no responsibility to update these financial statements for events and circumstances occurring after this date.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

j. Blended Component Unit (cont.)

Windmill Place, LLC (cont.)

b. Mortgage Notes Payable

Mortgage notes payable consist of the following:

	Balance <u>12/31/ 2009</u>
<p>First National Bank of River Falls; construction loan with interest-only monthly payments at 7% converted to permanent loan on January 30, 2009; thereafter, monthly payments of \$5,535, including interest at 5.07%; USDA-RD is providing an interest credit to reduce the interest rate by a maximum of 150 basis points, but in no event less than the Applicable Federal Rate (AFR), as defined in the IRC, or greater than 150 basis points in excess of the AFR; due February 1, 2034; collateralized by a mortgage on the company's rental property including the assignment of rents and leases and guaranteed by the USDA-RD under Section 538 of the Housing Act of 1949; prepayment is subject to a fee of between 1-2% of the outstanding balance.</p>	\$ 1,118,006
<p>Wisconsin Department of Commerce; nonrecourse; non-interest bearing through December 31, 2010 and then 3% thereafter; beginning on April 1, 2012 annual payments of the lesser of \$23,018 or surplus cash; due on April 1, 2038; collateralized by a subordinated mortgage on the project's rental property and an assignment of rents and leases; the mortgage may be prepaid at any time.</p>	418,752
<p>Housing Authority of the City of River Falls (the Housing Authority), an affiliate of the original member; non-recourse; accrues interest at 5.75% per annum on the unpaid principal and interest balance; due December 31, 2026; collateralized by a subordinated mortgage on the project's rental property and an assignment of rents and leases; the mortgage may be prepaid at any time. Interest expense incurred on the loan was \$10,984 and \$11,482 for the periods ended December 31, 2009 and 2008, respectively. Accrued interest on this note was \$26,009 as of December 31, 2009.</p>	<u>176,000</u>
<p style="padding-left: 40px;">Total</p>	<u>\$ 1,712,758</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

j. Blended Component Unit (cont.)

Windmill Place, LLC (cont.)

b. Mortgage Notes Payable (cont.)

Repayment of principal on the mortgage notes payable as of December 31, 2009, is as follows:

Year ending December 31,

2010	\$	10,000
2011		10,500
2012		18,265
2013		22,273
2014		23,193
Thereafter		<u>1,628,527</u>
Total	\$	<u>1,712,758</u>

c. Related-Party Transactions

Operating Deficit Guarantee

The operating agreement provides for an operating deficit guaranty agreement which requires the original member to loan the partnership any funds, not to exceed \$46,000, required to fund operating deficits incurred during the operating deficit guaranty period as defined in the operating agreement. Any loans under this agreement will bear interest at the Prime Rate and shall be payable from cash flow as provided in the operating agreement. There were no operating deficit loans for the period ended December 31, 2009.

Development Agreement

The company has entered into a development agreement with Windmill Developer, LLC, an affiliate of the original member. The agreement provides for the company to pay a development fee of \$380,000. It is anticipated that the development fee will be paid from proceeds of capital contributions made by the investor member. In the event that the development fee has not been paid within 12 years of the date of completion of the project, the original member shall immediately make a capital contribution to the company sufficient to satisfy the remaining portion of the unpaid portion of the fee. The entire fee has been capitalized into the building cost. Development fee payable was \$356,904 as of December 31, 2009.

Accounts Payable, Related Party

Included in accounts payable, related party are amounts due to an affiliate of the original member for reimbursement of expenses. Accounts payable, related party balance was \$780 as of December 31, 2009.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

j. Blended Component Unit (cont.)

Windmill Place, LLC (cont.)

c. Related-Party Transactions (cont.)

Management Fees

The company has a management agreement with The Housing Authority of River Falls, an affiliate of the original member. Under the agreement, the company is obligated to pay \$43 per occupied unit per month as a management fee. Management fees incurred totaled \$11,395 for the period ended December 31, 2009. Accrued management fees were \$0 as of December 31, 2009.

Company Management Fee

The company management services agreement provides for the company to pay the original member an annual, cumulative company management fee equal to \$9,250. Company management fees incurred totaled \$9,250 for the period ended December 31, 2009. Accrued company management fees were \$19,514 as of December 31, 2009.

Investor Services Fee

The investor services agreement provides for the company to pay a cumulative annual investor services fee to an affiliate of the investor member for annual reviews of the operations of the company equal to \$4,000. Investor services fee incurred totaled \$4,000 for the period ended December 31, 2009. Accrued investor services fees were \$8,000 as of December 31, 2009.

d. Commitments and Contingencies

Land Use Restriction Agreement (LURA)

The company has signed a LURA with WHEDA as a condition to receiving allocations of low-income housing tax credits. Under this agreement, the company must continuously comply with IRC Section 42 and other applicable sections of the IRC. The agreement places occupancy restrictions on rents and the minimum percent of units that shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If the company fails to comply with this agreement or with the IRC, it may be ineligible for low-income housing tax credits, and the members may be required to recapture a portion of the tax credits previously claimed on their income tax returns. In addition, noncompliance may require an adjustment to the contributed capital of the investor member. The company must recertify tenant eligibility on an annual basis.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

j. Blended Component Unit (cont.)

Windmill Place, LLC (cont.)

d. Commitments and Contingencies (cont.)

HOME Program Agreement

In connection with the mortgage note with the Wisconsin Department of Commerce described in Note III.H.e., the company is subject to a HOME program agreement which specifies that there shall be 11 HOME-assisted units in the project. Under this agreement, the company must continuously comply with the HOME program. The agreement places occupancy restrictions on rents and the minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under the HOME program. The compliance period is 20 years from the date of initial occupancy of the HOME-assisted units. In addition, the company has signed a LURA with the Wisconsin Department of Commerce, which requires, among other things, that the project maintain compliance with the federal HOME Investment Partnerships Act and regulations set forth in Title 24 Code of Federal Regulations Part 92 and the HOME Program Contract. The LURA is in force until the latest to occur of 20 years after the date of project completion or repayment of the mortgage note described in Note III.H.e.

Regulatory Agreement

In connection with the mortgage note with the First National Bank of River Falls, the company entered into a regulatory agreement with the lender requiring, among other things, that the rental housing remain available for occupancy by low and moderate income households for the original term of the guaranteed loan.

Affordable Housing Program (AHP)

On February 28, 2007, in connection with the mortgage note payable to the Housing Authority described in Note III.H.e., the Housing Authority entered into an AHP Agreement with First National Bank of River Falls to receive a grant in the amount of \$176,000. As a condition of receiving these funds, the company and the Housing Authority have agreed to make 18 units and 4 units of the project affordable for and occupied by the households whose income does not exceed 50% and 60%, respectively, of the county median income (CMI) of Pierce County, Wisconsin.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

j. Blended Component Unit (cont.)

Windmill Place, LLC (cont.)

d. Commitments and Contingencies (cont.)

Operating Reserve

The operating agreement required the company to establish an operating reserve in the initial amount of \$50,000. Funds held in the operating reserve may be used for operating deficits subsequent to achievement of three consecutive months of underwritten operations as defined in the operating agreement. The company shall maintain the operating reserve until the end of the compliance period. All interest earned on the operating reserve shall remain in the reserve. There is no obligation on the part of the members to replenish the operating reserve. Withdrawals from the operating reserve require written approval of the USDA – RD.

Replacement Reserve

The operating agreement requires the project to make initial deposits of \$250 per unit per year into the replacement reserve increasing 3% per year. Disbursements are restricted to replacement of equipment, structural elements, and other components of the project of a capital nature.

Interest Credit Reserve

The operating agreement required the company to establish an interest credit reserve in the initial amount of \$16,877. Withdrawals from the interest credit reserve require the approval of the manager and the investor member and may only be used for payment of outstanding interest on the loans.

k. Employee Retirement System

All eligible Housing Authority employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system. All permanent employees expected to work over 600 hours a year are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 5.9% of their salary (3.0% for Executives and Elected Officials, 5.0% for Protective Occupations with Social Security, and 3.2% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for Housing Authority employees covered by the WRS for the year ended June 30, 2010 was \$249,368; the employer's total payroll was \$260,927. The total required contribution for the year ended June 30, 2010 was \$28,667 or 11.5% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending June 30, 2009, and 2008 were \$29,753 and \$28,644, respectively, equal to the required contributions for the year.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

Housing Authority (cont.)

k. Employee Retirement System (cont.)

Employees who retire at or after age 65 (62 for elected officials, 54 for protective occupation employees with less than 25 years of service, and 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of June 30, 2010, the Housing Authority has no pension related debt.

l. Economic Dependency

The Housing Authority is economically dependent on annual contributions and grants from the U.S. Department of Housing and Urban Development (HUD) and the U.S Department of Agriculture Rural Development (RD). The Housing Authority operates at a loss prior to receiving contributions and grants from HUD and RD.

Business Improvement District

a. Basis of Accounting/Measurement Focus

The Business Improvement District (District) prepares its financial statements in accordance with generally accepted accounting principles. The accounts are kept on the modified accrual method of accounting and the flow of current financial resources measurement focus.

The District was established in 1988 pursuant to the law of the State of Wisconsin, to transact business and to have powers as defined therein. An independent board is responsible for all activities of the District. The board members of the District are separate from those of the city, and employees are not included on or entitled to benefit programs of the city. Separate accounting records are maintained and debts incurred by the District are not obligations of the city.

b. Deposits and Investments

At year end, the District's deposits were \$37,347. The entire balance was insured by the FDIC.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

J. TAX INCREMENTAL FINANCING DISTRICTS

The city currently maintains separate special revenue and capital projects fund accounts for three Tax Increment Financing Districts (TID) created in accordance with Section 66.1105 of the Wisconsin Statutes. The purpose of that section is to allow a municipality to recover development and improvements costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the District. The tax on the increased value is called a tax increment. The statutes allow the municipality to collect tax increments until the net project cost has been fully recovered, or until either 23 or 27 years after the creation date, whichever occurs first.

Special revenue and capital project funds are maintained to account for tax increments and other revenues used to finance principal and interest payments on outstanding debt applicable to the districts. Upon termination, the incremental tax base created by each TID will become part of the city's regular tax base. Any surplus remaining in the TID districts at the time of termination will be allocated among all affected taxing jurisdictions.

	Creation Date	Expenditure Deadline	Termination Date
TID No. 4	1988	2010	2015
TID No. 5	1994	2016	2027
TID No. 6	2005	2027	2032
TID No. 7	2009	2024	2029
TID No. 8	2010	2032	2037

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible city employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for city employees covered by the system for the year ended December 31, 2010 was \$6,245,052; the employer's total payroll was \$6,693,462. The total required contribution for the year ended December 31, 2010 was \$727,897 or 11.66% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2009 and 2008 were \$716,017 and \$698,863, respectively, equal to the required contributions for each year.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Employees who retire at or after age 65 (62 for elected officials, 54 for protective occupation employees with less than 25 years of service, and 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

The city did not have any pension related debt as of December 31, 2010.

B. RISK MANAGEMENT

The city 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. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

C. COMMITMENTS AND CONTINGENCIES

From time to time, the city is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the city attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the city's financial position or results of operations. A claim has been asserted by a developer seeking \$240,000 from the city in a dispute over a development agreement. The city has not recorded a liability for this claim and is vigorously defending itself against this cause of action.

The city has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Funding for the operating budget of the city comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the city. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the city.

The electric utility under their original wholesale agreement had committed to purchase their electrical power and energy requirements from the Wisconsin Public Power, Inc. System (WPPI) until December 1, 2024. In 2002, the city agreed to a thirteen-year extension, which terminates December 31, 2037. Refer to the River Falls Municipal Utilities financial statements for additional details.

D. JOINT VENTURE

The City of River Falls and the municipalities of Hudson, New Richmond, Prescott, Baldwin, Ellsworth, Roberts, Spring Valley, Amery, Osceola, and Somerset jointly contract with the West Central Wisconsin Biosolids Facility Commission (facility) for the treatment, storage, disposal, recycling and/or sale of biosolids (sludge). Currently, the communities share in the operation of the facility as follows:

Hudson	39.32%
River Falls	17.65%
New Richmond	8.54%
Prescott	8.48%
Ellsworth	6.35%
Amery	6.03%
Osceola	5.03%
Baldwin	4.29%
Spring Valley	1.90%
Somerset	1.23%
Roberts	1.18%

The governing body is made up of citizens from each community. Local representatives are appointed by the mayor. The governing body has authority to adopt its own budget and control the financial affairs of the facility. The city believes that the facility will continue to provide services in the future at similar rates.

Debt is being repaid with resources of the sewer utility and is secured by revenues of the utility. The transactions of the facility are not reflected in these financial statements. Facility financial information as of December 31, 2010 is available from the facility office.

E. OTHER POST EMPLOYMENT BENEFITS

The city's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This provision results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Contribution requirements are established through personnel policy guidelines and may be amended by the action of the governing body. Retired plan members are required to pay 100% of the premium. For fiscal year 2010, total retired member contributions were \$47,773. Administrative costs of the plan are financed by the city.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – OTHER INFORMATION (cont.)

E. OTHER POST EMPLOYMENT BENEFITS (cont.)

The city's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the city's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the city's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	197,406
Interest on net OPEB obligation		10,890
Adjustment to annual required contribution		<u>(10,315)</u>
Annual OPEB cost		197,981
Contributions earned		<u>(73,547)</u>
Increase in Net OPEB Obligation		124,434
Net OPEB Obligation – Beginning of Year		<u>242,008</u>
Net OPEB Obligation – End of Year	\$	<u><u>366,442</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/08	\$ 189,186	36%	\$ 121,004
12/31/09	189,186	36%	242,008
12/31/10	197,406	37%	366,442

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – OTHER INFORMATION (cont.)

E. OTHER POST EMPLOYMENT BENEFITS (cont.)

The funded status of the plans as of January 1, 2010, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$	1,840,339
Actuarial value of plan assets		<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u>1,840,339</u>
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	5,759,383
UAAL as a percentage of covered payroll		32.0%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4.5% in 2018. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2010, was 30 years.

F. DEVELOPER AGREEMENTS

The City of River Falls has entered into a development agreement with Martinsen Investment and Land Co., Inc (developer). The agreement guarantees that developer improvements will have a minimum assessed value of \$10,000,000 as of December 31, 2010 or upon the City's issuance of a certificate of completion and occupancy, whichever occurs first. The developer also agrees to pay minimum real estate taxes and supplemental payments of \$181,400 per year, starting in 2010 and continuing for 18 years.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – OTHER INFORMATION (cont.)

F. DEVELOPER AGREEMENTS (cont.)

As part of the agreement, the City has committed to provide \$2,550,000 in expenditures of public monies and/or dedication of public land to the developer. As of December 31, 2010, the city has paid \$1,500,000 of such costs and has deeded \$1,050,000 of public lands to the developer.

The City of River Falls has entered into a development agreement with Frisbie Properties (developer). The agreement guarantees that developer improvements will have a minimum assessed value of \$3,000,000 as of December 31, 2012 or upon the City's issuance of a certificate of completion and occupancy, whichever occurs first. As security during construction, the developer executed a note to the City commensurate with the receipt of the warranty deed in the principal amount of \$605,000 bearing interest at 6.5% due December 31, 2012 and a real estate mortgage securing said note covering the development property. This mortgage will be secondary to the mortgagee who is providing the construction financing. As further security the developers will provide personal guarantees with respect to performance under the contract. The issuance of the Certificate of Completion and Occupancy shall constitute full payment and satisfaction of the note and mortgage upon the issuance of said certificate by the City. The developer also agrees to pay minimum real estate taxes and supplemental payments of at least \$59,745 per year, starting in 2011 and continuing for 18 years.

As part of the agreement, the City has committed to provide \$605,000 in expenditures of public monies and/or dedication of public land to the developer. As of December 31, 2010, the city has deeded \$513,538 of public lands to the developer.

G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Application of these standards may restate portions of these financial statements.

H. SUBSEQUENT EVENTS

In February of 2011, the city purchased 85+ acres of land for \$1 million. The land will be used for future development opportunities.

The River Falls Electric Utility is currently negotiating with its power supplier regarding its contract for purchasing the capacity of the power plant. The city is considering all its options under the contract and depending on the outcome of the negotiations management of the power plant will need to make day to day operational adjustments due to the loss of this revenue source.

On June 14, 2011, the City Council authorized the issuance and sale of \$2,125,000 water system revenue bonds, with interest at 3.8%, and payable over 20 years. The Council also authorized the issuance and sale of \$1,740,000 general obligation refunding bonds, with interest at 1.93%, payable over nine years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIVER FALLS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,675,530	\$ 2,683,085	\$ 2,678,830	\$ (4,255)
Special assessments	22,278	4,620	4,433	(187)
Intergovernmental	3,088,077	3,057,200	3,082,793	25,593
Licenses and permits	219,850	147,350	151,596	4,246
Fines, forfeitures and penalties	200,000	200,000	204,916	4,916
Public charges for services	293,903	264,923	257,127	(7,796)
Intergovernmental charges for services	16,500	16,500	20,698	4,198
Investment income	130,000	200,000	163,710	(36,290)
Miscellaneous	193,721	298,716	298,745	29
Total Revenues	<u>6,839,859</u>	<u>6,872,394</u>	<u>6,862,848</u>	<u>(9,546)</u>
EXPENDITURES				
Current				
General government	1,238,220	1,258,320	1,180,987	77,333
Public safety	3,193,226	3,060,322	2,929,668	130,654
Public works	2,103,082	2,001,837	1,926,496	75,341
Health services	8,545	11,045	10,262	783
Leisure	622,841	630,287	580,005	50,282
Conservation and development	534,683	522,443	493,827	28,616
Public service enterprises	5,864	5,864	2,435	3,429
Debt Service				
Principal retirement	187,257	151,937	123,965	27,972
Interest and fiscal charges	35,320	34,120	28,837	5,283
Total Expenditures	<u>7,929,038</u>	<u>7,676,175</u>	<u>7,276,482</u>	<u>399,693</u>
Excess (deficiency) of revenues over expenditures	<u>(1,089,179)</u>	<u>(803,781)</u>	<u>(413,634)</u>	<u>390,147</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,214,771	1,185,500	1,245,645	60,145
Transfers to other funds	(348,169)	(606,419)	(608,910)	(2,491)
Total Other Financing Sources	<u>866,602</u>	<u>579,081</u>	<u>636,735</u>	<u>57,654</u>
Net change in fund balances	(222,577)	(224,700)	223,101	447,801
FUND BALANCE - Beginning of Year	<u>5,641,566</u>	<u>5,641,566</u>	<u>5,641,566</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,418,989</u>	<u>\$ 5,416,866</u>	<u>\$ 5,864,667</u>	<u>\$ 447,801</u>

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

CITY OF RIVER FALLS

SCHEDULE OF FUNDING PROGRESS FOR RETIREE'S HEALTH PLAN December 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2010	\$ -	\$ 1,840,339	\$ 1,840,339	0%	\$ 5,759,383	32.0%
1/1/2009	\$ -	\$ 1,658,940	\$ 1,658,940	0%	\$ 5,591,634	29.7%
1/1/2008	\$ -	\$ 1,658,940	\$ 1,658,940	0%	\$ 5,591,634	29.7%

The City is required to present the above information for the three most recent actuarial studies. The study completed as of January 1, 2008 was the first study performed for the City.

CITY OF RIVER FALLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2010

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

SUPPLEMENTARY INFORMATION

CITY OF RIVER FALLS

DETAILED BUDGETARY COMPARISON SCHEDULE OF REVENUES GENERAL FUND

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
General property tax	\$ 2,600,730	\$ 2,600,730	\$ 2,593,438	\$ (7,292)
Mobile home taxes	22,000	22,000	21,699	(301)
Other taxes	-	-	151	151
Payment in lieu of taxes - housing authority	6,000	6,000	7,500	1,500
Payment in lieu of taxes - other	46,000	53,555	53,555	-
Interest on taxes	800	800	2,487	1,687
TOTALS	<u>2,675,530</u>	<u>2,683,085</u>	<u>2,678,830</u>	<u>(4,255)</u>
SPECIAL ASSESSMENTS				
Special assessments	21,258	3,600	3,659	59
Interest on special assessments	1,020	1,020	774	(246)
TOTALS	<u>22,278</u>	<u>4,620</u>	<u>4,433</u>	<u>(187)</u>
INTERGOVERNMENTAL REVENUES				
Federal grant	-	-	945	945
Shared taxes from state	2,137,462	2,137,462	2,110,950	(26,512)
Fire insurance from state	25,000	25,000	25,778	778
State aid - computers	-	10,123	10,123	-
State aid - police training	4,000	4,000	3,420	(580)
State aid - streets	506,615	506,615	506,708	93
State aid - municipal services	265,000	224,000	224,688	688
State aid - special county grant	-	-	1,523	1,523
State grant - other public safety	-	-	26,400	26,400
School district grant	50,000	50,000	50,258	258
Municipal grants	100,000	100,000	122,000	22,000
TOTALS	<u>3,088,077</u>	<u>3,057,200</u>	<u>3,082,793</u>	<u>25,593</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	15,000	15,000	15,221	221
Operators licenses	5,000	5,000	4,852	(148)
Cigarette licenses	450	450	900	450
Business and occupational licenses	1,500	1,500	1,760	260
Housing citations	500	500	55	(445)
Bike licenses	100	100	41	(59)
Dog licenses	4,800	4,800	5,888	1,088
Housing inspection licenses	60,000	6,500	7,794	1,294
Plumbing permits	5,000	5,000	1,800	(3,200)
Building permits	125,000	105,000	106,274	1,274
Sign permits	1,500	1,500	1,981	481
Zoning permits	-	1,000	3,380	2,380
Inspectors red seal	1,000	1,000	1,650	650
TOTALS	<u>219,850</u>	<u>147,350</u>	<u>151,596</u>	<u>4,246</u>

CITY OF RIVER FALLS

DETAILED BUDGETARY COMPARISON SCHEDULE OF REVENUES (cont.)

GENERAL FUND

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
FINES, FORFEITURES AND PENALTIES				
Court penalties and costs	\$ 80,000	\$ 80,000	\$ 84,006	\$ 4,006
Parking violations	90,000	90,000	91,185	1,185
Restitution and forfeitures	-	-	1,167	1,167
Court costs	30,000	30,000	28,558	(1,442)
TOTALS	<u>200,000</u>	<u>200,000</u>	<u>204,916</u>	<u>4,916</u>
PUBLIC CHARGES FOR SERVICES				
Clerk fees	6,903	6,903	6,249	(654)
Zoning administration fees	10,000	10,000	10,075	75
Publication fees	1,000	1,000	1,060	60
Plat review fees	10,000	10,000	12,150	2,150
Police department fees	16,500	16,500	16,510	10
Police reserve	2,000	2,000	228	(1,772)
Police towing	10,000	10,000	12,180	2,180
Fire department fees	45,000	45,000	40,234	(4,766)
Fire inspection fees	7,500	1,820	1,820	-
Public works charges	10,000	10,000	4,592	(5,408)
Right of way excavation permit	1,000	-	-	-
Weights and measures charges	4,000	4,000	4,050	50
Swimming pool	20,000	15,200	15,208	8
Parks	20,000	12,500	12,207	(293)
Other recreation programs	130,000	120,000	120,564	564
TOTALS	<u>293,903</u>	<u>264,923</u>	<u>257,127</u>	<u>(7,796)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Utility-mechanic charges	13,000	13,000	18,171	5,171
Utility-DPW/engineer	1,000	1,000	273	(727)
Motor pool cars	2,500	2,500	2,254	(246)
TOTALS	<u>16,500</u>	<u>16,500</u>	<u>20,698</u>	<u>4,198</u>
INVESTMENT INCOME				
Interest from interfund advances	-	100,000	100,000	-
Interest on temporary investments	130,000	100,000	63,710	(36,290)
TOTALS	<u>130,000</u>	<u>200,000</u>	<u>163,710</u>	<u>(36,290)</u>

CITY OF RIVER FALLS

DETAILED BUDGETARY COMPARISON SCHEDULE OF REVENUES (cont.)
GENERAL FUND

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
MISCELLANEOUS REVENUES				
Sale of supplies	\$ 3,000	\$ 3,000	\$ 666	\$ (2,334)
Rent of municipal buildings	145,721	145,721	141,887	(3,834)
Donations	-	6,064	6,088	24
Sale of capital assets	10,000	40,000	59,625	19,625
Miscellaneous	35,000	103,931	90,479	(13,452)
TOTALS	<u>193,721</u>	<u>298,716</u>	<u>298,745</u>	<u>29</u>
OTHER FINANCING SOURCES				
Transfers from other funds	1,214,771	1,185,500	1,245,645	60,145
TOTALS	<u>1,214,771</u>	<u>1,185,500</u>	<u>1,245,645</u>	<u>60,145</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 8,054,630</u>	<u>\$ 8,057,894</u>	<u>\$ 8,108,493</u>	<u>\$ 50,599</u>

CITY OF RIVER FALLS

DETAILED BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES GENERAL FUND

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Council	\$ 153,049	\$ 138,369	\$ 126,165	\$ 12,204
Municipal court	111,872	111,822	110,880	942
Mayor	14,436	14,436	12,903	1,533
City administrator	224,501	224,501	224,146	355
Personnel	49,582	58,082	56,595	1,487
Elections	46,488	38,138	24,484	13,654
Data processing	94,981	94,981	66,461	28,520
Clerk	118,817	124,972	119,995	4,977
Finance	324,944	359,169	352,936	6,233
General services	34,550	28,850	28,650	200
Legal counseling	65,000	65,000	57,772	7,228
TOTALS	<u>1,238,220</u>	<u>1,258,320</u>	<u>1,180,987</u>	<u>77,333</u>
PUBLIC SAFETY				
Police	2,584,591	2,573,330	2,483,956	89,374
Police reserve	17,089	17,089	9,186	7,903
Fire department	584,206	462,563	430,778	31,785
Emergency government	7,340	7,340	5,748	1,592
TOTALS	<u>3,193,226</u>	<u>3,060,322</u>	<u>2,929,668</u>	<u>130,654</u>
PUBLIC WORKS				
Garage	392,951	366,440	344,422	22,018
Street maintenance	997,253	909,666	892,879	16,787
Bridges and culverts	4,000	4,000	993	3,007
Motor pool	11,376	11,376	10,429	947
Engineer	332,876	275,729	235,550	40,179
Snow and ice control	182,526	175,526	196,707	(21,181)
Street lighting	182,100	259,100	245,516	13,584
TOTALS	<u>2,103,082</u>	<u>2,001,837</u>	<u>1,926,496</u>	<u>75,341</u>
HEALTH SERVICES				
Health officer	2,000	2,000	2,000	-
Animal control	6,545	9,045	8,262	783
TOTALS	<u>8,545</u>	<u>11,045</u>	<u>10,262</u>	<u>783</u>

CITY OF RIVER FALLS

DETAILED BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES (cont.)

GENERAL FUND

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
LEISURE ACTIVITIES				
Recreation	\$ 192,587	\$ 188,087	\$ 174,312	\$ 13,775
Swimming	75,831	75,831	71,353	4,478
Parks	354,423	366,369	334,340	32,029
TOTALS	<u>622,841</u>	<u>630,287</u>	<u>580,005</u>	<u>50,282</u>
CONSERVATION AND DEVELOPMENT				
Forestry	41,729	33,949	26,081	7,868
Community development	492,954	488,494	467,746	20,748
TOTALS	<u>534,683</u>	<u>522,443</u>	<u>493,827</u>	<u>28,616</u>
PUBLIC SERVICE ENTERPRISES				
Cemetery	5,864	5,864	2,435	3,429
TOTALS	<u>5,864</u>	<u>5,864</u>	<u>2,435</u>	<u>3,429</u>
DEBT SERVICE				
Principal on notes payable-fire	98,633	98,633	98,633	-
Principal on notes payable-streets	53,304	53,304	25,332	27,972
Interest on notes payable-fire	20,405	20,405	20,404	1
Interest on notes payable-streets	13,615	13,615	8,365	5,250
Agent fees	1,300	100	68	32
TOTALS	<u>187,257</u>	<u>186,057</u>	<u>152,802</u>	<u>33,255</u>
OTHER FINANCING USES				
Transfers to other funds	348,169	606,419	608,910	(2,491)
TOTALS	<u>348,169</u>	<u>606,419</u>	<u>608,910</u>	<u>(2,491)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 8,241,887</u>	<u>\$ 8,282,594</u>	<u>\$ 7,885,392</u>	<u>\$ 397,202</u>

CITY OF RIVER FALLS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2010

	Special Revenue Funds				
	Parking Meters	Refuse/Solid Waste	Shared Ride Taxi	Cable TV	Environmental Fee
ASSETS					
Cash and investments	\$ 34,571	\$ 132,169	\$ -	\$ 283,002	\$ 2,064,984
Taxes receivable	-	18,423	-	-	-
Accounts receivable	6,546	38,108	34,492	41,636	15,718
Interest receivable	-	-	-	-	11,496
Notes receivable	-	-	-	-	-
Prepaid items	718	21	-	930	-
Due from other funds	-	150,000	-	-	465,000
Due from other governmental units	-	-	34,380	-	-
Advances to other funds	138,000	-	-	-	-
TOTAL ASSETS	<u>\$ 179,835</u>	<u>\$ 338,721</u>	<u>\$ 68,872</u>	<u>\$ 325,568</u>	<u>\$ 2,557,198</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,450	\$ 24,355	\$ 14,994	\$ 298	\$ 1,131
Accrued liabilities	621	-	-	1,511	-
Deferred revenues	-	18,423	35,880	-	-
Due to other funds	-	-	92,655	-	-
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>2,071</u>	<u>42,778</u>	<u>143,529</u>	<u>1,809</u>	<u>1,131</u>
Fund Balances					
Reserved	138,718	21	-	930	-
Unreserved					
Designated	39,046	295,922	-	322,829	2,556,067
Undesignated (deficit)	-	-	(74,657)	-	-
Total Fund Balances (Deficit)	<u>177,764</u>	<u>295,943</u>	<u>(74,657)</u>	<u>323,759</u>	<u>2,556,067</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 179,835</u>	<u>\$ 338,721</u>	<u>\$ 68,872</u>	<u>\$ 325,568</u>	<u>\$ 2,557,198</u>

Special Revenue Funds					
Tax Increment District #4	Tax Increment District #6	Tax Increment District #7	Tax Increment District #8	Library	Revolving Loan
\$ 86,610	\$ 3,508	\$ -	\$ -	\$ 147,649	\$ -
266,889	181,282	-	-	785,778	-
-	4,248	8,277	-	1,434	-
-	-	-	-	-	-
-	-	-	-	-	86,382
-	-	-	-	9,069	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 353,499</u>	<u>\$ 189,038</u>	<u>\$ 8,277</u>	<u>\$ -</u>	<u>\$ 943,930</u>	<u>\$ 86,382</u>
\$ 4,613	\$ 241	\$ 1,035	\$ -	\$ 22,658	\$ -
-	-	-	-	13,692	-
266,889	181,282	-	-	785,778	86,382
-	-	-	12,016	-	1,149
-	-	-	-	35	-
-	599,875	47,585	-	-	-
<u>271,502</u>	<u>781,398</u>	<u>48,620</u>	<u>12,016</u>	<u>822,163</u>	<u>87,531</u>
-	-	-	-	9,069	-
-	-	-	(12,016)	112,698	-
<u>81,997</u>	<u>(592,360)</u>	<u>(40,343)</u>	<u>-</u>	<u>-</u>	<u>(1,149)</u>
<u>81,997</u>	<u>(592,360)</u>	<u>(40,343)</u>	<u>(12,016)</u>	<u>121,767</u>	<u>(1,149)</u>
<u>\$ 353,499</u>	<u>\$ 189,038</u>	<u>\$ 8,277</u>	<u>\$ -</u>	<u>\$ 943,930</u>	<u>\$ 86,382</u>

CITY OF RIVER FALLS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2010

	Special Revenue Funds				
	Park Impact Fees	Library Impact Fees	Fire Impact Fees	Housing Reserve	Library Trust
ASSETS					
Cash and investments	\$ 58,587	\$ 23,307	\$ 251,585	\$ 464,792	\$ 112,870
Taxes receivable	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Notes receivable	-	-	-	205,734	-
Prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Advances to other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 58,587</u>	<u>\$ 23,307</u>	<u>\$ 251,585</u>	<u>\$ 670,526</u>	<u>\$ 112,870</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Deferred revenues	-	-	-	205,734	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,734</u>	<u>-</u>
Fund Balances					
Reserved	58,587	23,307	251,585	464,792	112,870
Unreserved					
Designated	-	-	-	-	-
Undesignated (deficit)	-	-	-	-	-
Total Fund Balances (Deficit)	<u>58,587</u>	<u>23,307</u>	<u>251,585</u>	<u>464,792</u>	<u>112,870</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 58,587</u>	<u>\$ 23,307</u>	<u>\$ 251,585</u>	<u>\$ 670,526</u>	<u>\$ 112,870</u>

Tourism and Economic Development	Whitetail Ridge Corporate Park	Debt Service Funds			Capital Projects	
		State Trust Fund Notes	Bonds	Notes	Capital Equipment	Totals
\$ -	\$ -	\$ -	\$ -	\$ 7,506	\$ 55,606	\$ 3,726,746
-	496,305	-	217,564	696,730	183,693	2,846,664
16,531	-	-	-	-	-	166,990
-	-	-	-	-	-	11,496
-	-	-	-	-	-	292,116
-	50	-	-	-	-	10,788
-	-	-	-	-	-	615,000
-	-	-	-	-	-	34,380
-	-	-	-	-	-	138,000
<u>\$ 16,531</u>	<u>\$ 496,355</u>	<u>\$ -</u>	<u>\$ 217,564</u>	<u>\$ 704,236</u>	<u>\$ 239,299</u>	<u>\$ 7,842,180</u>
\$ -	\$ 6,587	\$ -	\$ -	\$ -	\$ -	\$ 77,362
-	-	-	-	-	-	15,824
15,039	496,305	-	217,564	696,730	183,693	3,189,699
12,819	161,232	-	404	247,510	47,875	575,660
-	-	-	-	-	-	35
-	687,598	-	-	-	-	1,335,058
<u>27,858</u>	<u>1,351,722</u>	<u>-</u>	<u>217,968</u>	<u>944,240</u>	<u>231,568</u>	<u>5,193,638</u>
-	50	-	-	-	-	1,059,929
-	-	-	-	-	7,731	3,322,277
<u>(11,327)</u>	<u>(855,417)</u>	<u>-</u>	<u>(404)</u>	<u>(240,004)</u>	<u>-</u>	<u>(1,733,664)</u>
<u>(11,327)</u>	<u>(855,367)</u>	<u>-</u>	<u>(404)</u>	<u>(240,004)</u>	<u>7,731</u>	<u>2,648,542</u>
<u>\$ 16,531</u>	<u>\$ 496,355</u>	<u>\$ -</u>	<u>\$ 217,564</u>	<u>\$ 704,236</u>	<u>\$ 239,299</u>	<u>\$ 7,842,180</u>

CITY OF RIVER FALLS

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 For the Year Ended December 31, 2010

	Special Revenue Funds				
	Parking Meters	Refuse/Solid Waste	Shared Ride Taxi	Media Services	Environmental Fee
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	210,758	-	-
Charges for public services	69,862	84,869	-	158,893	86,873
Investment income	373	622	4	685	44,844
Miscellaneous revenue	285	-	3,168	4,155	-
Total Revenues	<u>70,520</u>	<u>85,491</u>	<u>213,930</u>	<u>163,733</u>	<u>131,717</u>
EXPENDITURES					
Current:					
Public safety	51,838	-	-	-	-
Public works	-	32,271	189,944	-	-
Leisure activities	-	-	-	168,053	-
Conservation and development	-	-	-	-	42,546
Capital Outlay	-	-	34,832	-	-
Debt Service					
Principal on long-term debt	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>51,838</u>	<u>32,271</u>	<u>224,776</u>	<u>168,053</u>	<u>42,546</u>
Excess (deficiency) of revenues over expenditures	<u>18,682</u>	<u>53,220</u>	<u>(10,846)</u>	<u>(4,320)</u>	<u>89,171</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	50,000	44,100	-
Transfers to other funds	(13,908)	(30,000)	(2,400)	(8,656)	(15,000)
Total Other Financing Sources (Uses)	<u>(13,908)</u>	<u>(30,000)</u>	<u>47,600</u>	<u>35,444</u>	<u>(15,000)</u>
Change in fund balances	4,774	23,220	36,754	31,124	74,171
FUND BALANCES (DEFICIT) - Beginning of Year	<u>172,990</u>	<u>272,723</u>	<u>(111,411)</u>	<u>292,635</u>	<u>2,481,896</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 177,764</u>	<u>\$ 295,943</u>	<u>\$ (74,657)</u>	<u>\$ 323,759</u>	<u>\$ 2,556,067</u>

Special Revenue Funds					
Tax Increment District #4	Tax Increment District #6	Tax Increment District #7	Tax Increment District #8	Library	Revolving Loan
\$ 244,368	\$ 21,021	\$ 8,277	\$ -	\$ 700,033	\$ -
1,270	-	-	-	308,632	-
-	-	-	-	45,402	-
556	-	-	-	746	952
-	-	-	-	15,875	23,702
<u>246,194</u>	<u>21,021</u>	<u>8,277</u>	<u>-</u>	<u>1,070,688</u>	<u>24,654</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,017,065	-
7,905	3,475	2,350	12,016	-	227
-	-	-	-	-	-
184,060	60,612	-	-	-	-
107,762	126,484	-	-	-	-
<u>299,727</u>	<u>190,571</u>	<u>2,350</u>	<u>12,016</u>	<u>1,017,065</u>	<u>227</u>
<u>(53,533)</u>	<u>(169,550)</u>	<u>5,927</u>	<u>(12,016)</u>	<u>53,623</u>	<u>24,427</u>
-	-	-	-	-	-
(166,165)	(37,768)	(29,913)	-	(29,233)	(761)
(166,165)	(37,768)	(29,913)	-	(29,233)	(761)
(219,698)	(207,318)	(23,986)	(12,016)	24,390	23,666
<u>301,695</u>	<u>(385,042)</u>	<u>(16,357)</u>	<u>-</u>	<u>97,377</u>	<u>(24,815)</u>
<u>\$ 81,997</u>	<u>\$ (592,360)</u>	<u>\$ (40,343)</u>	<u>\$ (12,016)</u>	<u>\$ 121,767</u>	<u>\$ (1,149)</u>

CITY OF RIVER FALLS

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 For the Year Ended December 31, 2009

	Special Revenue Funds				
	Park Impact Fees	Library Impact Fees	Fire Impact Fees	Housing Reserve	Library Trust
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for public services	33,300	20,281	18,019	-	-
Investment income	173	21	592	797	236
Miscellaneous revenue	-	-	-	24,204	15,589
Total Revenues	<u>33,473</u>	<u>20,302</u>	<u>18,611</u>	<u>25,001</u>	<u>15,825</u>
EXPENDITURES					
Current:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Leisure activities	-	-	-	-	1,269
Conservation and development	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Principal on long-term debt	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,269</u>
Excess (deficiency) of revenues over expenditures	<u>33,473</u>	<u>20,302</u>	<u>18,611</u>	<u>25,001</u>	<u>14,556</u>
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(29,598)	(539)	(32,800)	(1,740)	(435)
Total Other Financing Sources (Uses)	<u>(29,598)</u>	<u>(539)</u>	<u>(32,800)</u>	<u>(1,740)</u>	<u>(435)</u>
Change in fund balances	3,875	19,763	(14,189)	23,261	14,121
FUND BALANCES (DEFICIT) - Beginning of Year	<u>54,712</u>	<u>3,544</u>	<u>265,774</u>	<u>441,531</u>	<u>98,749</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 58,587</u>	<u>\$ 23,307</u>	<u>\$ 251,585</u>	<u>\$ 464,792</u>	<u>\$ 112,870</u>

Tourism and Economic Development	Whitetail Ridge Corporate Park	Debt Service Funds			Capital Projects		Totals
		State Trust Fund	Bonds	Notes	Capital Equipment		
\$ 23,366	\$ 449,070	\$ -	\$ 353,312	\$ 563,943	\$ -	\$ 2,363,390	
-	8,242	-	-	-	-	528,902	
-	-	-	-	-	-	517,499	
-	65	-	586	692	58	52,002	
-	15,667	-	-	-	-	102,645	
<u>23,366</u>	<u>473,044</u>	<u>-</u>	<u>353,898</u>	<u>564,635</u>	<u>58</u>	<u>3,564,438</u>	
-	-	-	-	-	-	51,838	
-	-	-	-	-	-	222,215	
-	-	-	-	-	-	1,186,387	
26,318	11,847	-	-	-	-	106,684	
-	-	-	-	-	392,244	427,076	
-	385,895	-	315,000	401,421	-	1,346,988	
-	47,548	-	45,589	410,995	-	738,378	
<u>26,318</u>	<u>445,290</u>	<u>-</u>	<u>360,589</u>	<u>812,416</u>	<u>392,244</u>	<u>4,079,566</u>	
<u>(2,952)</u>	<u>27,754</u>	<u>-</u>	<u>(6,691)</u>	<u>(247,781)</u>	<u>(392,186)</u>	<u>(515,128)</u>	
-	0	-	-	-	174,524	174,524	
26,000	-	-	8,241	9,903	225,000	363,244	
<u>(34,375)</u>	<u>(63,220)</u>	<u>(1,535)</u>	<u>(2,853)</u>	<u>(11,745)</u>	<u>(15,244)</u>	<u>(527,888)</u>	
<u>(8,375)</u>	<u>(63,220)</u>	<u>(1,535)</u>	<u>5,388</u>	<u>(1,842)</u>	<u>384,280</u>	<u>9,880</u>	
(11,327)	(35,466)	(1,535)	(1,303)	(249,623)	(7,906)	(505,248)	
-	(819,901)	1,535	899	9,619	15,637	3,153,790	
<u>\$ (11,327)</u>	<u>\$ (855,367)</u>	<u>\$ -</u>	<u>\$ (404)</u>	<u>\$ (240,004)</u>	<u>\$ 7,731</u>	<u>\$ 2,648,542</u>	

CITY OF RIVER FALLS

BALANCE SHEET
COMPONENT UNIT - GOVERNMENTAL
December 31, 2010

	Business Improvement District
ASSETS	
Cash and investments	\$ 37,347
Special assessments	<u>42,178</u>
TOTAL ASSETS	<u>\$ 79,525</u>
LIABILITIES	
Liabilities	
Deferred revenue	\$ 42,178
Total Liabilities	<u>42,178</u>
FUND BALANCES	
Undesignated	<u>37,347</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 79,525</u>
RECONCILIATION OF FUND BALANCE TO NET ASSETS	
Fund balance at year end	\$ 37,347
Special assessments are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	<u>42,178</u>
NET ASSETS AT YEAR END	<u>\$ 79,525</u>

CITY OF RIVER FALLS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES COMPONENT UNIT - GOVERNMENTAL For the Year Ended December 31, 2010

	Business Improvement District
REVENUES	
Special assessments	\$ 42,141
Investment income	58
Miscellaneous revenues	100
Total Revenues	<u>42,299</u>
EXPENDITURES	
Conservation and development	<u>57,680</u>
Total Expenditures	<u>57,680</u>
Change in fund balance	(15,381)
FUND BALANCES - Beginning of Year	<u>52,728</u>
FUND BALANCES - END OF YEAR	<u>\$ 37,347</u>

RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET ASSETS:

There is no difference between the change in fund balance and the change in net assets.