

# **CITY OF RIVER FALLS**

River Falls, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2012

# CITY OF RIVER FALLS

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2012, and the related notes to the financial statements, which collectively comprise the City of River Falls' basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the the limited liability corporation (LLC) presented as a component unit of the City of River Falls Housing Authority (HA), which represent 55 percent, 64 percent and 20 percent, respectively, of the assets, net position, and operating revenues of the combined HA component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the limited liability corporation (LLC) presented as a component unit of the City of River Falls Housing Authority (HA), is based solely on the report of the other auditors. 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 from material misstatement.

To the City Council  
City of River Falls

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of River Falls' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of River Falls' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of River Falls, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note I, the City of River Falls adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective January 1, 2012. Our opinions are not modified with respect to this matter.

### ***Other Matters***

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

To the City Council  
City of River Falls

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of River Falls' basic financial statements. The detailed budgetary comparison schedules, combining financial statements, and component unit financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the detailed budgetary comparison schedules, combining financial statements, and component unit financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Baker Tilly Vuchow Krume, LLP*

July 8, 2013

**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, 2012. 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 \$136.0 million and liabilities of \$39.9 million, resulting in net position of \$96.1 million at the end of 2012. Of the net position, \$80.8 million represents capital assets, net of related debt, \$5.4 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 2012, the City of River Falls' governmental funds reported combined ending fund balances of \$7,332,556, a decrease of \$1,961,359 as compared to the prior fiscal year. This decrease is due to several project related expenditures during the year, including the purchase of trail property around Lake George and property within tax increment district #7, as well as a loan to St. Croix Valley Habitat for Humanity for the EcoVillage project. Cost related to the reconfiguration of Cascade Avenue were incurred in 2012, with final reimbursement from other agencies received in 2013.
- At the end of the fiscal year, the fund balance for the general fund was \$6.6 million, an increase of \$300,544 over the prior year. Unassigned fund balance was \$4.6 million or 61.5% of general fund expenditures. This is a decrease of \$322,422 from 2011 due to increases in advances to other funds.
- Total debt decreased by \$2,593,349 during the current fiscal year. The City issued \$8,803,000 of new general obligation debt and retired \$11,396,349 of existing general obligation and revenue debt, which includes \$3.5 million in sewer revenue debt refunded with general obligation debt in order to obtain savings in interest costs.

**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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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, storm water, 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.1. 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 three major governmental funds: general fund, the general capital projects fund and TIF #6. 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 “Nonmajor 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 – 8 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, storm water and ambulance service.

The proprietary funds financial statements can be found on pages 9 - 18 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 19.

**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 21 - 85 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 non-major governmental funds. Required supplementary information can be found on pages 86 - 88 of this report; supplementary information can be found on pages 89 - 108 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City of River Falls, assets exceeded liabilities by \$96,065,043, at the close of the fiscal year ending December 31, 2012. This is an increase in net position of \$4,294,990 over the previous fiscal year. Approximately \$2.7 million of this increase is due to reductions in long term obligations, including general obligation and revenue debt, and \$1.0 million in operating surpluses and capital contributions in the city's enterprise funds.

#### Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	18,948,381	20,855,230	14,903,139	15,009,602	33,851,520	35,864,832
Capital assets	<u>49,483,167</u>	<u>47,338,094</u>	<u>52,662,154</u>	<u>52,470,937</u>	<u>102,145,321</u>	<u>99,809,031</u>
Total assets	68,431,548	68,193,324	67,565,293	67,480,539	135,996,841	135,673,863
Current liabilities	10,977,530	11,445,794	2,895,549	3,666,668	13,873,079	15,112,462
Noncurrent liabilities	<u>13,566,359</u>	<u>14,628,118</u>	<u>12,492,360</u>	<u>14,163,230</u>	<u>26,058,719</u>	<u>28,791,348</u>
Total liabilities	24,543,889	26,073,912	15,387,909	17,829,898	39,931,798	43,903,810
Net position:						
Invested in capital, net of related debt	38,282,310	35,073,377	42,502,891	41,110,284	80,785,201	76,183,661
Restricted	4,400,655	4,323,817	1,041,691	1,056,018	5,442,346	5,379,835
Unrestricted	<u>1,204,694</u>	<u>2,722,218</u>	<u>8,632,802</u>	<u>7,484,339</u>	<u>9,837,496</u>	<u>10,206,557</u>
Total net position	<u>43,887,659</u>	<u>42,119,412</u>	<u>52,177,384</u>	<u>49,650,641</u>	<u>96,065,043</u>	<u>91,770,053</u>
Total net position as a % of total liabilities	179%	162%	339%	278%	241%	209%
Unrestricted net position as a % of total liabilities	5%	10%	56%	42%	25%	23%

The largest portion of the City's net position (84.0%) 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 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 position comprises 10.2% of the City's net position. Unrestricted net position decreased by \$369,061 from the previous year, due to increased investments in capital assets. Unrestricted assets may be used to meet the City's ongoing obligations to citizens and creditors. Approximately 87.8% of the total unrestricted assets are related to business-type activities to be used for future infrastructure improvements.

The remaining balance of the City's net position (5.8%), represent resources that are subject to internal or 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.

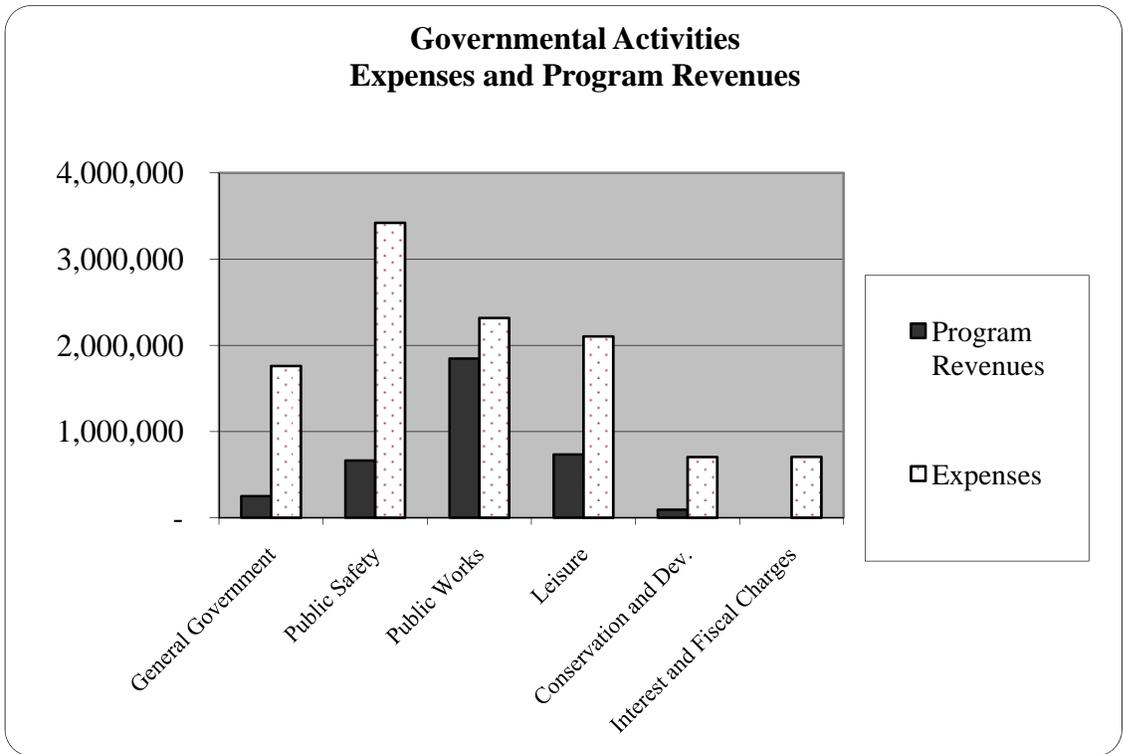
### Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues:</b>						
Program revenues:						
Charges for Services	\$911,894	\$1,048,194	\$19,468,362	\$19,184,072	\$20,380,256	\$20,232,266
Operating grants and contributions	1,548,544	1,609,985	7,054	6,156	1,555,598	1,616,141
Capital grants and contributions	1,125,545	1,145,335	111,389	156,958	1,236,934	1,302,293
General revenues:						
Property taxes	5,394,687	5,390,098			5,394,687	5,390,098
Other taxes	167,244	153,624			167,244	153,624
Intergovernmental Revenues	2,193,693	2,208,836			2,193,693	2,208,836
Investment earnings	322,172	228,480	74,567	76,643	396,739	305,123
Miscellaneous	<u>416,160</u>	<u>379,381</u>	<u>30,696</u>	<u>105,191</u>	<u>446,856</u>	<u>484,572</u>
Total revenues	12,079,939	12,163,933	19,692,068	19,529,020	31,772,007	31,692,953
<b>Expenses:</b>						
General government	1,759,237	1,597,090			1,759,237	1,597,090
Public safety	3,420,423	3,394,173			3,420,423	3,394,173
Public works	2,317,893	2,489,897			2,317,893	2,489,897
Health services	9,209	12,298			9,209	12,298
Leisure	2,103,996	2,092,168			2,103,996	2,092,168
Conservation and development	703,090	922,887			703,090	922,887
Interest and fiscal charges	706,115	618,506			706,115	618,506
Electric utility			11,789,974	12,473,346	11,789,974	12,473,346
Water utility			1,102,051	1,092,298	1,102,051	1,092,298
Sewer utility			2,408,366	2,513,653	2,408,366	2,513,653
Storm water Utility			363,280	369,106	363,280	369,106
Ambulance Service	-	-	<u>793,383</u>	<u>766,739</u>	<u>793,383</u>	<u>766,739</u>
Total expenses	11,019,963	11,127,019	16,457,054	17,215,142	27,477,017	28,342,161
Change in net position before transfers	1,059,976	1,036,914	3,235,014	2,313,878	4,294,990	3,350,792
Transfers	<u>708,271</u>	<u>811,118</u>	<u>(708,271)</u>	<u>(811,118)</u>	-	-
Increase in net position	1,768,247	1,848,032	2,526,743	1,502,760	4,294,990	3,350,792
Net position 1/1/12	<u>42,119,412</u>	<u>40,271,380</u>	<u>49,650,641</u>	<u>48,147,881</u>	<u>91,770,053</u>	<u>88,419,261</u>
Net position 12/31/12	<u>43,887,659</u>	<u>42,119,412</u>	<u>52,177,384</u>	<u>49,650,641</u>	<u>96,065,043</u>	<u>91,770,053</u>

**Governmental Activities:**

Revenues for the City’s governmental activities including transfers from other funds and debt proceeds totaled \$12.8 million, with property taxes accounting for 42.2% of the total. Intergovernmental revenues include \$2.0 million in state shared revenue and grants, and comprise 17.2% of annual revenues. Charges for services make up 7.1% of total revenues and include solid waste and environmental fees, as well as permits, licenses and miscellaneous fees. Transfers from business-type funds totaled \$0.7 million, or 5.5%.

Governmental activities expenses totaled \$11.0 million, with public safety (\$3,420,423), public works (\$2,317,893), and leisure services (\$2,103,996) accounting for 71.2% 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, including transfers, grants and contributions not restricted to specific programs are included, total revenues exceeded expenditures by \$1,768,247.



## **Business-Type Activities:**

Business-type activities increased the City's net position by \$2,526,743. Due to the enterprise nature of these activities, over 99% of annual revenues are generated by charges for services.

Key elements of the business-type activities in 2012 are as follows:

### **Electric**

- The electric utility's net position increased \$1,138,665 or 7.3 percent from the prior year. Unrestricted net assets increased \$1,055,173 with the future payments of \$1,755,351 from WPPI generation buyout included as a receivable.
- The electric utility's net operating income increased by \$253,787 or 30.4 percent in 2012 compared to 2011. In 2012, revenue from sales for resale is no longer available due to the power plant closure, 2011 still factored in six months of the capacity generation. A year over year reduction of 4.5 percent in operating expenses was realized in 2012 in addition to metered sales increase of 1.2 percent.

### **Water**

- The water utility's net position increased \$192,333 in 2012, which is an increase of 1.5% over 2011 results
- Gross operating revenues for the water utility increased \$103,300 or 7.0 percent in 2012 compared to 2011. This increase is related to additional metered water sales revenue due to a mid-year rate adjustment of 3 percent. The water utility's operating expenses increased \$17,323 or 1.6 percent in 2012 compared to 2011. This increase was largely due to water main breaks repaired in 2012.
- Net capital assets increased by \$606,704 from the improvements made to Well Number 6, North booster station, and Cascade Avenue water main projects. Net investment in capital assets increased by \$783,163 due to an increase in plant and reduction in capital related debt.

### **Sewer**

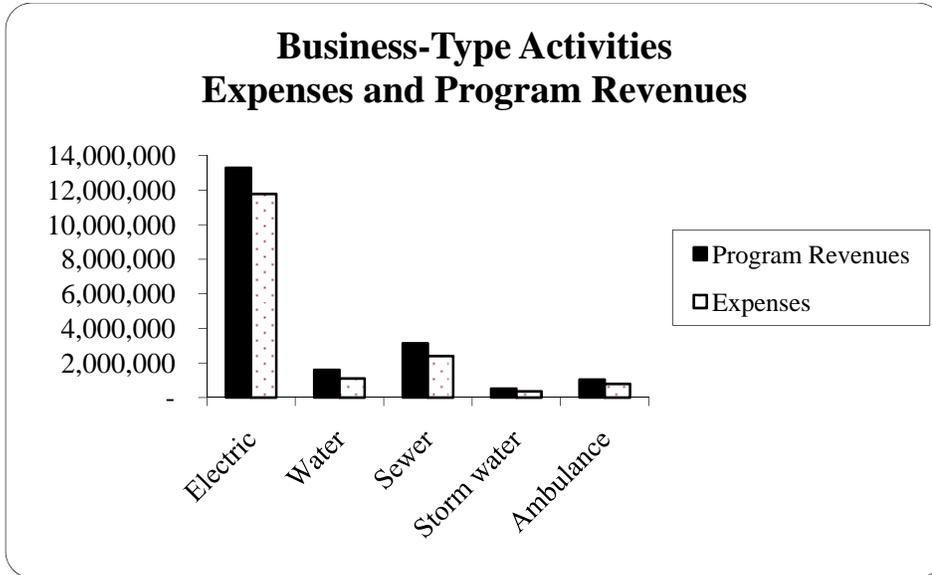
- The sewer utility's change in net position of \$761,035 or 5.5 percent in 2012 is a result of a mid-year rate increase of 8.4 percent and reduction in operating expenses.

### **Storm Water**

- The storm water utility's change in net position of \$104,780 or 1.8% from the prior year resulted from increased operating income and a reduction in interest charges.

**Ambulance**

- The ambulance services net position increased by \$329,930 or 26.9% which was driven primarily by a 17% increase in operating revenues.



## **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 \$7,332,556; a decrease of \$1,961,359 from 2011 due to tax increment project costs and infrastructure expenditures made in 2012. Approximately 15.2% or \$1,114,700 of the combined fund balance constitutes unassigned fund balance, which is available to meet the City's current and future needs. An additional \$347,820 is committed for special revenue and capital project funds.

The remaining fund balance is nonspendable and restricted and therefore not available for new spending. Funds are committed for the following: 1) prepaid expenses of \$108,731; 2) to reflect the amount due from other funds that are long term in nature and do not represent spendable resources of \$1,884,114; and 3) for special purpose funds such as impact fees, library and housing, or debt service notes of \$4,225,011.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The 2012 budget was adopted at the function level of expenditures and general fund revenues exceeded expenditures by \$300,544.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

##### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities at December 31, 2012, amounted to \$102.1 million (net of accumulated depreciation), an increase of 2.3% over 2011. 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 straight-line depreciation method of reporting capital assets.

Further details of the City's capital assets can be found on page 42 in the notes to the financial statements.

##### **Long-term Debt**

At December 31, 2012, the City had \$17,843,770 of general obligation bonds and promissory notes outstanding. Of this amount, \$5,657,491, or 31.7% 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, the City's general obligation indebtedness may not exceed five percent (5%) of the equalized value of taxable property in the City. As of December 31, 2012, the City's total amount applicable to debt margin (outstanding notes less

debt service fund balance) was \$17,837,117 or 44.1% of the legal limit of \$40,428,920. The net debt per capita equaled \$1,186 at year-end.

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

#### Economic Factors and the 2013 Budget and Rates

The 2013 budget was approved in November 2011, with a levy increase of \$112,355, or 2.5%. Additional allocations from other funds and diversified revenues were included to reduce the reliance on property tax revenues. The 2013 general fund budget does not incorporate the use of fund balance for operating expenditures. It is anticipated that increased revenues and additional cost savings in operations will result in a secure year end financial condition.

Reductions in value due to economic conditions caused a decrease of 2.0% in the City's 2012 equalized values. Residential and manufacturing properties were the most affected by the change, with a reduction of 3.6% and 6.5% reduction from 2011 values respectively. Commercial properties added \$7,923,600 in increased equalized value in 2012 for an overall increase in the City's net new construction of \$6.6 million, or 0.8%.

#### 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/Assistant City Administrator, 222 Lewis Street, River Falls, WI 54022.

# CITY OF RIVER FALLS

## STATEMENT OF NET POSITION As of December 31, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Totals	Housing Authority	Business Improvement District
<b>ASSETS</b>					
Cash and investments	\$ 9,552,237	\$ 6,862,294	\$ 16,414,531	\$ 388,339	\$ 1,970
Receivables (net)					
Taxes	5,601,763	-	5,601,763	-	-
Accounts	2,688,230	1,848,319	4,536,549	909	-
Special assessments	193,232	-	193,232	-	41,762
Accrued interest	14,662	-	14,662	-	-
Loans	615,762	69,413	685,175	-	-
Prepaid items and inventories	121,452	338,900	460,352	23,764	-
Due from other governmental units	67,626	-	67,626	-	-
Other receivables	-	2,423,188	2,423,188	11,595	-
Restricted cash and investments	-	3,051,693	3,051,693	520,326	-
Restricted receivable	-	68,267	68,267	-	-
Other investments	-	31,180	31,180	41,922	-
Other assets	-	17,200	17,200	-	-
Unamortized debt issuance expense	93,417	192,685	286,102	-	-
Capital assets					
Land	13,306,394	329,167	13,635,561	763,027	-
Construction in progress	2,585,145	3,817,520	6,402,665	17,335	-
Other capital assets, net of depreciation	33,591,628	48,515,467	82,107,095	4,729,989	-
Total Assets	<u>68,431,548</u>	<u>67,565,293</u>	<u>135,996,841</u>	<u>6,497,206</u>	<u>43,732</u>
<b>LIABILITIES</b>					
Accounts payable	1,059,686	1,299,780	2,359,466	1,068	-
Accrued liabilities	233,759	223,366	457,125	41,819	-
Accrued Interest	202,180	80,023	282,203	-	-
Deposits	24,760	86,811	111,571	-	-
Unearned revenues	9,457,145	27,340	9,484,485	8,782	-
Customer advances for construction	-	606,462	606,462	-	-
Other liabilities	-	-	-	64,670	-
Unamortized gain on early retirement	-	571,767	571,767	-	-
Noncurrent liabilities					
Due within one year	1,133,089	1,503,411	2,636,500	38,941	-
Due in more than one year	12,433,270	10,988,949	23,422,219	3,764,924	-
Total Liabilities	<u>24,543,889</u>	<u>15,387,909</u>	<u>39,931,798</u>	<u>3,920,204</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	38,282,310	42,502,891	80,785,201	1,728,575	-
Restricted for					
Debt service	-	660,130	660,130	-	-
Capital asset repair and replacement	-	381,561	381,561	-	-
Impact fees	254,036	-	254,036	-	-
Library trust	119,909	-	119,909	-	-
Housing	669,838	-	669,838	279,405	-
Parking meters	156,576	-	156,576	-	-
Refuse/solid waste	313,976	-	313,976	-	-
Environmental fee	2,689,609	-	2,689,609	-	-
Library	196,711	-	196,711	-	-
Unrestricted	<u>1,204,694</u>	<u>8,632,802</u>	<u>9,837,496</u>	<u>569,022</u>	<u>43,732</u>
<b>TOTAL NET POSITION</b>	<u>\$ 43,887,659</u>	<u>\$ 52,177,384</u>	<u>\$ 96,065,043</u>	<u>\$ 2,577,002</u>	<u>\$ 43,732</u>

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2012

<u>Functions/Programs</u>	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government				
Governmental Activities				
General government	\$ 1,759,237	\$ 249,706	\$ -	\$ -
Public safety	3,420,423	128,138	535,930	-
Public works	2,317,893	84,623	636,082	1,125,545
Health services	9,209	-	-	-
Leisure	2,103,996	356,584	376,532	-
Conservation and development	703,090	92,843	-	-
Interest and fiscal charges	706,115	-	-	-
Total Governmental Activities	<u>11,019,963</u>	<u>911,894</u>	<u>1,548,544</u>	<u>1,125,545</u>
Business-type Activities				
Electric Utility	11,789,974	13,262,948	-	30,111
Water Utility	1,102,051	1,574,749	-	25,864
Sewer Utility	2,408,366	3,080,714	-	55,414
Stormwater	363,280	514,485	-	-
Ambulance	793,383	1,035,466	7,054	-
Total Business-type Activities	<u>16,457,054</u>	<u>19,468,362</u>	<u>7,054</u>	<u>111,389</u>
Total Primary Government	<u>\$ 27,477,017</u>	<u>\$ 20,380,256</u>	<u>\$ 1,555,598</u>	<u>\$ 1,236,934</u>
Component Units				
Housing Authority	\$ 2,037,986	\$ 933,915	\$ 814,592	\$ 383,131
Business Improvement District	<u>66,498</u>	<u>42,121</u>	<u>-</u>	<u>-</u>
Total Component Units	<u>\$ 2,104,484</u>	<u>\$ 976,036</u>	<u>\$ 814,592</u>	<u>\$ 383,131</u>
General Revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Property taxes, levied for TIF districts				
Other taxes				
Intergovernmental revenues not restricted to specific programs				
Investment income				
Miscellaneous				
Total General Revenues				
Transfers - internal				
<b>Change in net position</b>				
NET POSITION - Beginning of Year				
<b>NET POSITION - END OF YEAR</b>				

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Totals	Housing Authority	Business Improvement District
\$ (1,509,531)	\$ -	\$ (1,509,531)	\$ -	\$ -
(2,756,355)	-	(2,756,355)	-	-
(471,643)	-	(471,643)	-	-
(9,209)	-	(9,209)	-	-
(1,370,880)	-	(1,370,880)	-	-
(610,247)	-	(610,247)	-	-
(706,115)	-	(706,115)	-	-
<u>(7,433,980)</u>	<u>-</u>	<u>(7,433,980)</u>	<u>-</u>	<u>-</u>
-	1,503,085	1,503,085	-	-
-	498,562	498,562	-	-
-	727,762	727,762	-	-
-	151,205	151,205	-	-
-	249,137	249,137	-	-
<u>-</u>	<u>3,129,751</u>	<u>3,129,751</u>	<u>-</u>	<u>-</u>
<u>(7,433,980)</u>	<u>3,129,751</u>	<u>(4,304,229)</u>	<u>-</u>	<u>-</u>
-	-	-	93,652	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,377)</u>
-	-	-	93,652	(24,377)
3,570,650	-	3,570,650	-	-
926,444	-	926,444	-	-
897,593	-	897,593	-	-
167,244	-	167,244	-	-
2,193,693	-	2,193,693	-	-
322,172	74,567	396,739	1,951	-
416,160	30,696	446,856	-	3,820
<u>8,493,956</u>	<u>105,263</u>	<u>8,599,219</u>	<u>1,951</u>	<u>3,820</u>
<u>708,271</u>	<u>(708,271)</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,768,247	2,526,743	4,294,990	95,603	(20,557)
<u>42,119,412</u>	<u>49,650,641</u>	<u>91,770,053</u>	<u>2,481,399</u>	<u>64,289</u>
<u>\$ 43,887,659</u>	<u>\$ 52,177,384</u>	<u>\$ 96,065,043</u>	<u>\$ 2,577,002</u>	<u>\$ 43,732</u>

See accompanying notes to financial statements.

**CITY OF RIVER FALLS**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2012

	<u>General Fund</u>	<u>TIF #6</u>	<u>General Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and investments	\$ 4,762,343	\$ -	\$ 1,543,262	\$ 3,246,195	\$ 9,551,800
Receivables					
Tax roll receivable	2,602,291	198,368	149,234	2,651,870	5,601,763
Accounts	358,973	25,118	2,161,368	102,261	2,647,720
Special					
assessments	127,790	-	65,442	-	193,232
Interest	10,628	-	-	4,034	14,662
Notes	-	-	-	615,762	615,762
Inventories and					
prepayments	108,731	-	-	7,253	115,984
Due from other					
governmental units	29,253	-	-	38,373	67,626
Due from other funds	5,990	-	-	-	5,990
Advances to other funds	<u>1,876,861</u>	<u>-</u>	<u>-</u>	<u>1,085,425</u>	<u>2,962,286</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,882,860</u></b>	<b><u>\$ 223,486</u></b>	<b><u>\$ 3,919,306</u></b>	<b><u>\$ 7,751,173</u></b>	<b><u>\$ 21,776,825</u></b>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities					
Accounts payable	\$ 190,193	\$ 240,150	\$ 466,583	\$ 153,129	\$ 1,050,055
Accrued liabilities	212,812	-	-	19,378	232,190
Deposits	24,760	-	-	-	24,760
Deferred revenues	2,790,856	198,368	3,872,780	3,305,873	10,167,877
Due to other funds	-	-	-	5,990	5,990
Due to other					
governments	1,081	-	-	30	1,111
Advances from other					
funds	<u>-</u>	<u>651,292</u>	<u>85,425</u>	<u>2,225,569</u>	<u>2,962,286</u>
Total Liabilities	<u>3,219,702</u>	<u>1,089,810</u>	<u>4,424,788</u>	<u>5,709,969</u>	<u>14,444,269</u>
Fund Balances					
Nonspendable	1,985,592	-	-	7,253	1,992,845
Restricted	-	-	-	3,877,191	3,877,191
Committed	-	-	-	347,820	347,820
Unassigned (deficit)	<u>4,677,566</u>	<u>(866,324)</u>	<u>(505,482)</u>	<u>(2,191,060)</u>	<u>1,114,700</u>
Total Fund					
Balances	<u>6,663,158</u>	<u>(866,324)</u>	<u>(505,482)</u>	<u>2,041,204</u>	<u>7,332,556</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 9,882,860</u></b>	<b><u>\$ 223,486</u></b>	<b><u>\$ 3,919,306</u></b>	<b><u>\$ 7,751,173</u></b>	<b><u>\$ 21,776,825</u></b>

See accompanying notes to financial statements.

## CITY OF RIVER FALLS

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2012

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Total Fund Balances - Governmental Funds	\$	7,332,556
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.

Land		13,306,394
Construction in progress		2,585,145
Other capital assets		46,663,763
Less: Accumulated depreciation		(13,072,135)

Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.		710,732
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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.		171,148
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Internal service funds are reported in the statement of net position as governmental activities.		36,326
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Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable		(12,186,279)
Compensated absences		(843,833)
Accrued interest		(202,180)
Landfill post-closure care cost		(224,820)
Other post-employment benefits		(389,158)

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>43,887,659</u></b>
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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, 2012

	General Fund	TIF #6	General Capital Projects
<b>REVENUES</b>			
Taxes	\$ 2,727,290	\$ 188,120	\$ 43,000
Special assessments	8,252	-	28,393
Intergovernmental	3,184,465	-	1,092,300
Licenses and permits	127,212	-	-
Fines, forfeitures and penalties	168,411	-	-
Public charges for services	209,924	-	-
Intergovernmental charges for services	17,619	-	-
Investment income	284,738	231	2,050
Miscellaneous	296,194	11,460	-
Total Revenues	7,024,105	199,811	1,165,743
<b>EXPENDITURES</b>			
Current			
General government	1,517,042	-	-
Public safety	3,239,133	-	-
Public works	1,611,311	-	-
Health services	7,345	-	-
Leisure activities	555,034	-	-
Conservation and development	502,737	246,353	-
Public service enterprises	1,864	-	-
Capital Outlay	-	-	1,988,953
Debt Service			
Principal retirement	143,858	2,148,639	875,000
Interest and fiscal charges	26,496	126,463	20,441
Total Expenditures	7,604,820	2,521,455	2,884,394
Excess (deficiency) of revenues over expenditures	(580,715)	(2,321,644)	(1,718,651)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	2,095,000	1,008,000
Transfers from other funds	1,485,179	-	-
Transfers to other funds	(603,920)	(8,502)	(80,087)
Total Other Financing Sources (Uses)	881,259	2,086,498	927,913
<b>Net Change in Fund Balances</b>	300,544	(235,146)	(790,738)
FUND BALANCES (DEFICIT) - Beginning of Year	6,362,614	(631,178)	285,256
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 6,663,158	\$ (866,324)	\$ (505,482)

See accompanying notes to financial statements.

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Nonmajor Governmental Funds	Totals
\$ 2,603,521	\$ 5,561,931
-	36,645
523,616	4,800,381
-	127,212
-	168,411
423,929	633,853
-	17,619
35,890	322,909
<u>205,932</u>	<u>513,586</u>
<u>3,792,888</u>	<u>12,182,547</u>
-	1,517,042
52,469	3,291,602
216,226	1,827,537
-	7,345
1,251,544	1,806,578
496,159	1,245,249
-	1,864
1,132,123	3,121,076
3,220,450	6,387,947
<u>555,066</u>	<u>728,466</u>
<u>6,924,037</u>	<u>19,934,706</u>
<u>(3,131,149)</u>	<u>(7,752,159)</u>
2,175,000	5,278,000
368,496	1,853,675
<u>(648,366)</u>	<u>(1,340,875)</u>
<u>1,895,130</u>	<u>5,790,800</u>
(1,236,019)	(1,961,359)
<u>3,277,223</u>	<u>9,293,915</u>
<u>\$ 2,041,204</u>	<u>\$ 7,332,556</u>

See accompanying notes to 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, 2012

Net change in fund balances - total governmental funds \$ (1,961,359)

Amounts reported for governmental activities in the statement of net position are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	3,121,076
Some items reported as capital outlay were not capitalized	(64,772)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	10,240
Depreciation is reported in the government-wide financial statements	(912,218)
Net book value of assets retired	(9,253)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	251,313
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(5,278,000)
Principal repaid	6,387,947

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.	(1,144)
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Governmental funds report the effect of debt premiums, discounts and issuance costs when debt is first issued, whereas these amounts are deferred and amortized over the period the debt is outstanding in the statement of activities. This is the net effect of those differences.	23,413
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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.	
Compensated absences	12,319
Other postemployment benefits	(70,734)
Landfill liability	19,038
Other liabilities	240,000

Internal service funds are used by management to charge the costs of the city hall to individual funds. The change in net position of the internal service fund is reported with governmental activities.	<u>381</u>
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,768,247</u></b>
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# CITY OF RIVER FALLS

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2012

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 3,282,223	\$ 983,667	\$ 1,576,425
Receivables			
Accounts	1,182,134	114,983	297,330
Other accounts receivable	352,304	6,740	13,024
Current portion of advance	56,287	-	-
Current portion of loan receivable	25,208	-	-
Current portion of West Central Biosolids receivable	-	-	49,949
Current portion of WPPI receivable	525,048	-	-
Interest receivable	-	-	3,604
Inventories	270,461	15,519	666
Prepaid items	15,502	3,706	5,604
Restricted Assets			
Cash	147,237	56,666	490,995
Interest receivable	-	-	1,072
West Central Biosolids receivable	-	-	65,465
Total Current Assets	5,856,404	1,181,281	2,504,134
Noncurrent Assets			
Restricted Assets			
Reserve account	675,954	161,392	618,486
Impact fee account	-	478,493	251,871
Replacement account	-	-	170,599
Interest receivable	529	134	1,067
Capital Assets			
Land	107,127	3,120	117,622
Construction in progress	50,326	3,541,836	225,358
Property and equipment	22,690,819	15,361,521	27,048,810
Less: Accumulated depreciation	(11,278,627)	(4,270,452)	(7,638,609)
Other Assets			
Loan receivable	31,375	-	-
Solar renewable note receivable	12,830	-	-
Advances to other funds	437,578	-	-
Preliminary survey and investigation	-	16,240	14,940
West Central Biosolids Facility receivable	1,230,303	-	242,216
Unamortized debt issuance costs	36,579	56,020	100,086
Non-utility property	-	-	17,200
Total Noncurrent Assets	13,994,793	15,348,304	21,169,646
Total Assets	19,851,197	16,529,585	23,673,780

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Nonmajor Enterprise Funds	Totals	
\$ 1,019,979	\$ 6,862,294	\$ 437
253,872	1,848,319	40,510
-	372,068	-
-	56,287	-
-	25,208	-
-	49,949	-
-	525,048	-
-	3,604	-
-	286,646	-
27,442	52,254	5,468
-	694,898	-
-	1,072	-
-	65,465	-
<u>1,301,293</u>	<u>10,843,112</u>	<u>46,415</u>
-	1,455,832	-
-	730,364	-
-	170,599	-
-	1,730	-
101,298	329,167	-
-	3,817,520	-
8,757,069	73,858,219	-
(2,155,064)	(25,342,752)	-
-	31,375	-
-	12,830	-
-	437,578	-
-	31,180	-
-	1,472,519	-
-	192,685	-
-	17,200	-
<u>6,703,303</u>	<u>57,216,046</u>	<u>-</u>
<u>8,004,596</u>	<u>68,059,158</u>	<u>46,415</u>

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2012

	Business-type Activities - Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 948,505	\$ 171,743	\$ 146,839
Customer deposits	86,697	114	-
Accrued liabilities	136,995	29,082	35,511
Accrued interest	299	9,204	30,695
Current portion of general obligation debt	16,032	106,956	386,705
Current portion of advance	-	22,643	33,644
Current portion of shared services notes payable	25,208	-	-
Current portion of bank promissory note - West Central Wisconsin Biosolids Facility	-	-	49,949
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	310,000	85,000	340,002
Current portion of clean water fund loan	-	-	65,465
Accrued interest	10,531	11,783	15,256
Total Current Liabilities	1,534,267	436,525	1,104,066
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	-	177,731	4,425,000
Revenue bonds	885,000	2,040,000	2,612,865
Unamortized debt premium	-	3,269	163,526
Unamortized loss on advance refunding	-	-	(247,011)
Clean water fund loan	-	-	137,226
Bank promissory note - West Central Wisconsin Biosolids Facility	-	-	104,990
Compensated absences	48,160	26,369	13,695
Other post-employment benefits	64,534	41,544	26,677
Advances from other funds	-	107,755	329,823
Shared services notes payable	27,912	-	-
Unearned revenue	27,340	-	-
Unamortized gain on early retirement	571,767	-	-
Customer advances for construction	-	267,531	338,931
Total Noncurrent Liabilities	1,624,713	2,664,199	7,905,722
Total Liabilities	3,158,980	3,100,724	9,009,788
<b>NET POSITION</b>			
Net investment in capital assets	11,087,178	12,444,758	12,812,718
Restricted for			
Debt service	137,235	45,017	477,878
Replacement	-	-	170,599
Impact fees	-	210,962	-
Unrestricted	5,467,804	728,124	1,202,797
<b>TOTAL NET POSITION</b>	<b>\$ 16,692,217</b>	<b>\$ 13,428,861</b>	<b>\$ 14,663,992</b>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals	Funds
\$ 32,693	\$ 1,299,780	\$ 8,550
-	86,811	-
21,778	223,366	1,429
2,255	42,453	-
118,094	627,787	-
-	56,287	-
-	25,208	-
-	49,949	-
-	735,002	-
-	65,465	-
-	37,570	-
<u>174,820</u>	<u>3,249,678</u>	<u>9,979</u>
426,972	5,029,703	-
-	5,537,865	-
-	166,795	-
-	(247,011)	-
-	137,226	-
-	104,990	-
-	88,224	-
10,490	143,245	-
-	437,578	-
-	27,912	-
-	27,340	-
-	571,767	-
-	606,462	-
<u>437,462</u>	<u>12,632,096</u>	<u>-</u>
<u>612,282</u>	<u>15,881,774</u>	<u>9,979</u>
6,158,237	42,502,891	-
-	660,130	-
-	170,599	-
-	210,962	-
<u>1,234,077</u>	<u>8,632,802</u>	<u>36,326</u>
<u>\$ 7,392,314</u>	<u>\$ 52,177,384</u>	<u>\$ 36,326</u>

See accompanying notes to financial statements.

## CITY OF RIVER FALLS

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>				
Public charges for services	<u>\$ 13,262,948</u>	<u>\$ 1,574,749</u>	<u>\$ 3,080,714</u>	<u>\$ 1,472,551</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	11,407,440	767,791	1,577,697	924,138
Depreciation	<u>767,508</u>	<u>313,824</u>	<u>504,303</u>	<u>225,841</u>
Total Operating Expenses	<u>12,174,948</u>	<u>1,081,615</u>	<u>2,082,000</u>	<u>1,149,979</u>
Operating Income (Loss)	<u>1,088,000</u>	<u>493,134</u>	<u>998,714</u>	<u>322,572</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	-	-	-	7,054
Investment income	33,664	6,762	18,740	868
Interest income on West Central Wisconsin Biosolids Facility receivable	-	-	14,533	-
Interest and fiscal charges	(51,733)	(88,709)	(296,443)	(6,684)
Interest charged to construction	-	71,151	-	-
Amortization of debt issuance costs	(18,135)	(3,056)	(27,195)	-
Amortization of debt premium	-	178	10,072	-
Amortization of gain on early retirement	454,842	-	-	-
Miscellaneous revenues	-	-	-	108,096
Donated land	<u>-</u>	<u>-</u>	<u>(12,800)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>418,638</u>	<u>(13,674)</u>	<u>(293,093)</u>	<u>109,334</u>
Income (Loss) Before Contributions and Transfers	<u>1,506,638</u>	<u>479,460</u>	<u>705,621</u>	<u>431,906</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Contributions in aid of construction	30,111	25,864	55,414	-
Transfers from other funds	-	-	-	135,293
Transfers to other funds	<u>(398,084)</u>	<u>(312,991)</u>	<u>-</u>	<u>(132,489)</u>
Total Contributions and Transfers	<u>(367,973)</u>	<u>(287,127)</u>	<u>55,414</u>	<u>2,804</u>
<b>Change in Net Position</b>	1,138,665	192,333	761,035	434,710
NET POSITION - Beginning of Year	<u>15,553,552</u>	<u>13,236,528</u>	<u>13,902,957</u>	<u>6,957,604</u>
<b>NET POSITION- END OF YEAR</b>	<u>\$ 16,692,217</u>	<u>\$ 13,428,861</u>	<u>\$ 14,663,992</u>	<u>\$ 7,392,314</u>

See accompanying notes to financial statements.

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Business-type Activities - Enterprise Funds <u>Totals</u>	Governmental Activities - Internal Service Fund <u></u>
<u>\$ 19,390,962</u>	<u>\$ 40,356</u>
14,677,066	235,448
<u>1,811,476</u>	<u>-</u>
<u>16,488,542</u>	<u>235,448</u>
<u>2,902,420</u>	<u>(195,092)</u>
7,054	-
60,034	2
14,533	-
(443,569)	-
71,151	-
(48,386)	-
10,250	-
454,842	-
108,096	-
<u>(12,800)</u>	<u>-</u>
<u>221,205</u>	<u>2</u>
<u>3,123,625</u>	<u>(195,090)</u>
111,389	-
135,293	217,004
<u>(843,564)</u>	<u>(21,533)</u>
<u>(596,882)</u>	<u>195,471</u>
2,526,743	381
<u>49,650,641</u>	<u>35,945</u>
<u>\$ 52,177,384</u>	<u>\$ 36,326</u>

See accompanying notes to financial statements.

**CITY OF RIVER FALLS**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2012

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Nonmajor Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 12,772,663	\$ 1,619,981	\$ 3,026,357	\$ 1,371,561
Received from WPPI	757,034	-	-	-
Received from municipality for services	245,948	-	-	-
Paid to suppliers for goods and services	(10,376,975)	(478,537)	(1,168,884)	(418,876)
Paid to employees for services	<u>(1,021,758)</u>	<u>(263,599)</u>	<u>(322,421)</u>	<u>(496,121)</u>
Net Cash Flows From Operating Activities	<u>2,376,912</u>	<u>877,845</u>	<u>1,535,052</u>	<u>456,564</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investments sold and matured	835,645	-	1,028,830	-
Investment income	33,627	6,760	18,746	868
Purchase of investments	<u>(907,890)</u>	<u>-</u>	<u>(695,138)</u>	<u>-</u>
Net Cash Flows From Investing Activities	<u>(38,618)</u>	<u>6,760</u>	<u>352,438</u>	<u>868</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advances (repayment) to other funds	60,437	(28,242)	(32,195)	-
Paid to municipality for tax equivalent Operating grant	(398,084)	(312,991)	-	7,054
Miscellaneous revenue	-	-	-	108,096
Debt retired	(15,030)	(4,010)	(4,548)	-
Repayment of solar renewable note	999	-	-	-
Transfers to/from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,804</u>
Net Cash Flows From Noncapital Financing Activities	<u>(351,678)</u>	<u>(345,243)</u>	<u>(36,743)</u>	<u>117,954</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt retired	(465,000)	(177,122)	(4,096,230)	(183,011)
Interest paid	(53,449)	(114,862)	(300,056)	(8,186)
Special assessments received	-	2,563	9,693	-
Acquisition and construction of capital assets	(414,937)	(1,222,151)	(240,293)	(456,938)
Capital contributions received	30,111	-	-	-
Impact fees received	-	44,437	87,384	-
Proceeds from debt issue	-	-	3,165,000	360,000
Debt issuance costs	-	-	88,483	-
Cash used in refunding transaction	<u>-</u>	<u>-</u>	<u>(198,150)</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(903,275)</u>	<u>(1,467,135)</u>	<u>(1,484,169)</u>	<u>(288,135)</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,083,341	(927,773)	366,578	287,251
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,114,183</u>	<u>2,607,991</u>	<u>2,046,660</u>	<u>732,728</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,197,524</u>	<u>\$ 1,680,218</u>	<u>\$ 2,413,238</u>	<u>\$ 1,019,979</u>

See accompanying notes to financial statements.

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Business-type Activities - Enterprise Funds <u>Totals</u>	Governmental Activities - Internal Service Fund <u>Service Fund</u>
\$ 18,790,562	\$ 38,343
757,034	-
245,948	-
(12,443,272)	(168,060)
<u>(2,103,899)</u>	<u>(65,329)</u>
<u>5,246,373</u>	<u>(195,046)</u>
1,864,475	-
60,001	2
<u>(1,603,028)</u>	<u>-</u>
<u>321,448</u>	<u>2</u>
-	-
(711,075)	-
7,054	-
108,096	-
(23,588)	-
999	-
<u>2,804</u>	<u>195,471</u>
<u>(615,710)</u>	<u>195,471</u>
(4,921,363)	-
(476,553)	-
12,256	-
(2,334,319)	-
30,111	-
131,821	-
3,525,000	-
88,483	-
<u>(198,150)</u>	<u>-</u>
<u>(4,142,714)</u>	<u>-</u>
809,397	427
<u>7,501,562</u>	<u>10</u>
<u>\$ 8,310,959</u>	<u>\$ 437</u>

See accompanying notes to financial statements.

**CITY OF RIVER FALLS**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2012

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Nonmajor Enterprise Funds</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 1,088,000	\$ 493,134	\$ 998,714	\$ 322,572
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	767,508	313,824	504,303	225,841
Depreciation charged to other funds	-	44,337	-	-
Unfunded postemployment benefits obligation	11,730	7,551	4,849	-
Changes in assets and liabilities				
Customer accounts receivable	(75,498)	3,106	(53,647)	(100,990)
Other accounts receivable	(83,907)	(2,325)	(710)	-
Inventories	6,351	(1,320)	-	-
Prepaid items	18,352	1,575	(3,041)	2,343
Accounts payable	(8,064)	14,021	103,747	8,821
Customer deposits	7,150	114	-	-
Due from other funds	(654)	-	-	-
Other current liabilities	(12,487)	2,116	(1,559)	(2,023)
Receivable from WPPI	757,034	-	-	-
Accrued vacation and sick leave	(7,175)	1,712	(17,604)	-
Commitment to community and unearned revenues	(91,428)	-	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ 2,376,912</u></b>	<b><u>\$ 877,845</u></b>	<b><u>\$ 1,535,052</u></b>	<b><u>\$ 456,564</u></b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>				
Cash and investments - statement of net position	\$ 3,282,223	\$ 983,667	\$ 1,576,425	\$ 1,019,979
Bond redemption account	147,237	56,666	490,995	-
Bond reserve account	675,954	161,392	618,486	-
Impact fee account	-	478,493	251,871	-
Replacement account	-	-	170,599	-
Total Cash and Investments	<u>4,105,414</u>	<u>1,680,218</u>	<u>3,108,376</u>	<u>1,019,979</u>
Less: Noncash equivalents	<u>(907,890)</u>	<u>-</u>	<u>(695,138)</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 3,197,524</u></b>	<b><u>\$ 1,680,218</u></b>	<b><u>\$ 2,413,238</u></b>	<b><u>\$ 1,019,979</u></b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Clean water fund debt paid by West Central Wisconsin Biosolids Facility	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,698</u>	<u>\$ -</u>
Interest paid by West Central Biosolids Facility	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,456</u>	<u>\$ -</u>

See accompanying notes to financial statements.

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Business-type Activities - Enterprise Funds <u>Totals</u>	Governmental Activities - Internal Service Fund <u>Service Fund</u>
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\$ 2,902,420	\$ (195,092)
--------------	--------------

1,811,476	-
44,337	-
24,130	-

(227,029)	(2,013)
(86,942)	-
5,031	-
19,229	2,487
118,525	(182)
7,264	-
(654)	(711)
(13,953)	465
757,034	-
(23,067)	-

<u>(91,428)</u>	<u>-</u>
<u>\$ 5,246,373</u>	<u>\$ (195,046)</u>

\$ 6,862,294	\$ 437
694,898	-
1,455,832	-
730,364	-
<u>170,599</u>	<u>-</u>
9,913,987	437
<u>(1,603,028)</u>	<u>-</u>
<u>\$ 8,310,959</u>	<u>\$ 437</u>

**CITY OF RIVER FALLS**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
As of December 31, 2012

---

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 1,339,460
Taxes receivable	<u>12,586,343</u>
<b>TOTAL ASSETS</b>	<u>\$ 13,925,803</u>
<b>LIABILITIES</b>	
Due to other taxing units	<u>\$ 13,925,803</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 13,925,803</u>

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the City of River Falls, Wisconsin conform to accounting principles generally accepted in the United States of America 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 for 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 ("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, 2012. Separately issued financial statements of the River Falls Housing Authority may be obtained from the Housing Authority's office. The Housing Authority's office is located at 625 North Main Street, River Falls, WI 54022.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### 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, 2012. Separate financial statements are not issued by the Business Improvement District.

#### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2011, the GASB issued statement No. 63 - *Financial Reporting of Deferred Outflows of Revenues, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities.

The city made the decision to implement this standard effective January 1, 2012.

##### **Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other 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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

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

##### ***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 position/fund equity, revenues, and expenditure/expenses.

Funds are organized as major funds or nonmajor 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/deferred outflows of resources, liabilities/deferred inflows of resources, 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 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.

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.

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- TIF #6 Special revenue fund - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the TIF #6.
- General Capital projects fund - accounts for and reports 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

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

---

## 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 nonmajor governmental and enterprise funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Parking Meters	Library
Refuse/Solid Waste	Commercial Revolving Loan Fund
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 #7	Library Trust Fund
Tax Increment District #8	Tourism and Economic Development
Tax Increment District #9	Whitetail Ridge Corporate Park

Debt Service Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

Bonds  
Notes

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital Equipment

Enterprise Funds - used to account for and 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.

Stormwater  
Ambulance

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

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

##### ***Fund Financial Statements (cont.)***

In addition, the city reports the following fund types:

Internal service funds are used to account for and report 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 and report 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

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

##### ***Government-Wide Financial Statements***

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. 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 unearned 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

##### ***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 60 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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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

##### ***Fund Financial Statements (cont.)***

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.

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 (other than agency funds) 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 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 As of and for the Year Ended December 31, 2012

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### 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 POSITION 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 Wisconsin 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 including cemetery perpetual care 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  
As of and for the Year Ended December 31, 2012

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

#### ***1. Deposits and Investments*** (cont.)

The city has adopted an investment policy. That policy contains the following guidelines for allowable investments.

#### **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.

#### **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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

##### **1. Deposits and Investments (cont.)**

No policy exists for the following risks:

Investments highly sensitive to interest rate changes  
Foreign currency risk

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 difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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, 2012, 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 statement of fiduciary net position.

Property tax calendar - 2012 tax roll:

Lien date and levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	July 31, 2013
Personal property taxes in full	January 31, 2013
Tax sale - 2012 delinquent real estate taxes	October 2015

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, LIABILITIES, AND NET POSITION 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 substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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 position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

It is the city's policy to record deferred revenue for the net amount of the loan 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 restricted or committed 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/or 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 and/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.

##### ***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 position.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

##### **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 1 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. No interest was capitalized during the current year. 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 position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. 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 As of and for the Year Ended December 31, 2012

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### *D. ASSETS, LIABILITIES, AND NET POSITION 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 of December 31, 2012, the investment balance in the facility was \$357,630.

##### **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 vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable 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, 2012, 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 position.

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

#### **8. Long-Term Obligations/Conduit Debt (cont.)**

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 \$7,025,000, made up of three issues.

#### **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 are only reported in governmental funds 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. Refer to Note IV. C. on commitments and contingencies.

#### **10. Equity Classifications**

##### **Government-Wide Statements**

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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. In accordance with Governmental Accounting Standards Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, the city classifies governmental fund balance as follows:

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

#### ***10. Equity Classifications*** (cont.)

##### ***Fund Statements*** (cont.)

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances 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. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the city. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the city that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The Council may take official action to assign amounts. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The city considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit from doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the city would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

See Note III. H. for further information.

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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

#### ***11. Basis for Existing Rates***

Current electric rates were approved by the PSCW on April 10, 2008.

Current water rates were approved by the PSCW effective April 13, 2012.

Current sewer rates were approved by the City Council on March 12, 2012.

Stormwater rates were approved by the City Council on December 10, 2002.

Current ambulance rates were effective May, 2010.

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## **NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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### ***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.

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. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

**B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
TIF #6	\$ 199,784	\$ 2,529,957	\$ 2,330,173
Fire Impact Fees	4,840	26,364	21,524
Housing Reserve	64,704	345,395	280,691
TIF #7	59,745	415,044	355,299
TIF #8	1,288	29,773	28,485
Tourism and Economic Development	87,437	569,773	482,336
Whitetail Ridge Corporate Park	511,304	1,320,032	808,728
TIF #9	-	850,942	850,942
Notes Debt Service	725,804	970,076	244,272
Bonds Debt Service	215,513	821,861	606,348
Capital Equipment	171,139	209,326	38,187

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 at year end.

As of December 31, 2012, the following individual funds held a deficit balance:

Fund	Amount	Reason
TIF #6	\$ 866,324	Insufficient tax increment generated
General Capital Projects	505,482	Costs exceeded revenues
Shared Ride Taxi	12,930	Grant reimbursements not yet received
TIF #7	448,982	Insufficient tax increment generated
TIF #8	13,629	Insufficient tax increment generated
TIF #9	212,830	Insufficient tax increment generated
Park Impact Fees	5,990	Costs exceed revenues
Tourism and Economic Development	926,762	Costs exceed revenues
Whitetail Ridge Corporate Park	565,264	Costs exceed tax increments
Bonds Debt Service	4,673	Costs exceed revenues

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

**C. DEFICIT BALANCES (cont.)**

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. Remaining fund deficits are anticipated to be funded with future contributions, general tax revenues, or repayment of advanced funds.

**D. LIMITATIONS ON THE CITY'S TAX LEVY**

As part of Wisconsin's Act 32 (2011), 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's equalized value due to new construction or zero percent for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

**NOTE III - DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

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

	<u>Carrying Value</u>	<u>Bank and Investment Balances</u>	<u>Associated Risks</u>
Demand deposits	\$ 7,729,141	\$ 7,940,404	Custodial credit
US agencies	972,028	972,028	Custodial credit, credit, interest rate, concentration of credit
LGIP	9,240,029	9,240,029	Credit
US treasuries	494,998	494,998	Custodial credit, interest rate
Corporate bonds	923,032	923,032	Custodial credit, credit, interest rate, concentration of credit
Asset-backed securities	1,103,680	1,103,680	Custodial credit, credit, interest rate, concentration of credit
Municipally-held securities	341,926	341,926	Custodial credit, credit, interest rate, concentration of credit
Petty cash	<u>850</u>	<u>-</u>	N/A
<b>Total Deposits and Investments</b>	<b><u>\$ 20,805,684</u></b>	<b><u>\$ 21,016,097</u></b>	

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### A. DEPOSITS AND INVESTMENTS (cont.)

Reconciliation to financial statements	
Per statement of net position	
Unrestricted cash and investments	\$ 16,414,531
Restricted cash and investments	3,051,693
Per statement of fiduciary net position	
Agency Fund	<u>1,339,460</u>
Total Deposits and Investments	<u>\$ 20,805,684</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest-bearing transaction accounts through December 31, 2012. On January 1, 2013, the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit accounts (interest-bearing and noninterest-bearing) are insured for a total of \$250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund 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 computing custodial credit risk.

The city maintains collateral agreements with its banks. At December 31, 2012, the banks had pledged various government securities in the amount of \$8,099,668 to secure the city's deposits.

#### ***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.

As of December 31, 2012, \$111,348 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>111,348</u>
Total	<u>\$ 111,348</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

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**A. DEPOSITS AND INVESTMENTS (cont.)**

***Custodial Credit Risk*** (cont.)

**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, 2012, the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poors</u>
U.S. agencies	AA+/AA-
Corporate bonds	AA+/AA/AA-/A+/A
Asset-backed securities	AAA/AA+/BBB-
Municipally-held securities	AA+/AA/AA-

The city also held investments in the following external pools which are not rated:

Local Government Investment Pool

***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, 2012, the city does not have any investments exposed to concentration of credit risk.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

***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, 2012, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than One Year	One - Five	Six - Ten
US treasuries	\$ 494,998	\$ -	\$ 453,576	\$ 41,422
US agencies	972,028	224,608	747,420	-
Asset-backed securities	1,103,680	286,972	816,708	-
Municipally-held securities	341,926	40,069	301,857	-
Corporate bonds	<u>923,032</u>	<u>141,623</u>	<u>781,409</u>	<u>-</u>
Totals	<u>\$ 3,835,664</u>	<u>\$ 693,272</u>	<u>\$ 3,100,970</u>	<u>\$ 41,422</u>

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

**B. RECEIVABLES**

Receivables as of year end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, are collectible within one year, except as follows:

Major Funds:	
General Fund	\$ 127,232
General Capital Projects	979,139
Electric Utility	1,274,508
Sewer Utility	242,216
Nonmajor, Internal Service and Fiduciary Funds	<u>596,104</u>
Totals	<u>\$ 3,219,199</u>

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>1,048,818</u>
Total Uncollectibles of the Current Fiscal Year	<u>\$ 1,048,818</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**B. RECEIVABLES (cont.)**

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:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable	\$ 4,329	\$ 5,585,410	\$ 5,589,739
Special assessments receivable	-	180,159	180,159
Special assessments and charges not yet due	25,098	-	25,098
Grants receivable	38,241	1,929,760	1,968,001
Loans receivable	615,762	-	615,762
Capital costs paid in advance of construction	27,302	1,761,816	1,789,118
 Total Deferred/Unearned Revenue for Governmental Funds	 \$ 710,732	 \$ 9,457,145	 \$ 10,167,877

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

***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.

***Equipment Replacement Account***

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

***Impact Fee Account***

The city has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**C. RESTRICTED ASSETS (cont.)**

Following is a list of restricted assets at December 31, 2012:

Restricted Assets		
Bond redemption account	\$	694,898
Bond reserve account		1,455,832
Impact fee account		730,364
Replacement account		170,599
Interest receivable		<u>1,730</u>
Total Restricted Assets		<u>3,053,423</u>
Less: Restricted assets not funded by revenues		
Impact fee account - customer advances		(267,531)
Reserve for borrowing		(1,455,832)
Connection fees - customer advances		<u>(251,871)</u>
Total Restricted Assets Not Funded by Revenues		<u>(1,975,234)</u>
Current Liabilities Payable From Restricted Assets		<u>(36,498)</u>
Total Restricted Net Position	\$	<u><u>1,041,691</u></u>

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 12,909,634	\$ 396,760	\$ -	\$ 13,306,394
Construction in progress	<u>614,384</u>	<u>1,970,761</u>	<u>-</u>	<u>2,585,145</u>
Total Capital Assets Not Being Depreciated	<u>13,524,018</u>	<u>2,367,521</u>	<u>-</u>	<u>15,891,539</u>
Capital assets being depreciated				
Land improvements	521,469	-	-	521,469
Buildings	13,928,174	466,378	-	14,394,552
Machinery and equipment	4,711,370	232,645	73,289	4,870,726
Infrastructure	<u>26,877,016</u>	<u>-</u>	<u>-</u>	<u>26,877,016</u>
Total Capital Assets Being Depreciated	<u>46,038,029</u>	<u>699,023</u>	<u>73,289</u>	<u>46,663,763</u>
Total Capital Assets	<u>59,562,047</u>	<u>3,066,544</u>	<u>73,289</u>	<u>62,555,302</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>				
Less: Accumulated depreciation/ amortization for				
Land improvements	\$ (269,079)	\$ 99,703	\$ -	\$ (169,376)
Buildings	(3,897,629)	(345,634)	-	(4,243,263)
Machinery and equipment	(2,093,811)	(195,337)	64,036	(2,225,112)
Infrastructure	(5,963,434)	(470,950)	-	(6,434,384)
Total Accumulated Depreciation/ Amortization	(12,223,953)	(912,218)	64,036	(13,072,135)
Net Capital Assets Being Depreciated	33,814,076	(213,195)	9,253	33,591,628
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 47,338,094	\$ 2,154,326	\$ 9,253	\$ 49,483,167

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 144,506
Public safety	111,062
Public works	424,231
Leisure	228,307
Conservation and development	4,112
Total Governmental Activities Depreciation Expense	\$ 912,218

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

**Business-type Activities**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Electric</u>				
Capital assets not being depreciated				
Land and land rights	\$ 107,127	\$ -	\$ -	\$ 107,127
Construction in progress	107,408	341,720	398,802	50,326
Total Capital Assets Not Being Depreciated	214,535	341,720	398,802	157,453
Capital assets being depreciated				
Hydraulic production	932,179	-	-	932,179
Other production	1,260,829	-	-	1,260,829
Transmission	1,536,162	-	-	1,536,162
Distribution	16,565,297	358,384	61,951	16,861,730
General	2,088,347	82,181	70,609	2,099,919
Total Capital Assets Being Depreciated	22,382,814	440,565	132,560	22,690,819
Total Capital Assets	22,597,349	782,285	531,362	22,848,272
Less: Accumulated depreciation for				
Hydraulic production	(530,276)	(21,467)	-	(551,743)
Other production	(576,811)	(32,060)	-	(608,871)
Transmission	(1,040,773)	(36,134)	-	(1,076,907)
Distribution	(7,049,511)	(591,465)	102,380	(7,538,596)
General	(1,477,762)	(95,357)	70,609	(1,502,510)
Total Accumulated Depreciation	(10,675,133)	(776,483)	172,989	(11,278,627)
Net Capital Assets Being Depreciated	11,707,681	(335,918)	(40,429)	11,412,192
Net Electric Capital Assets	\$ 11,922,216	\$ 5,802	\$ 358,373	\$ 11,569,645

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

**Business-type Activities (cont.)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 3,120	\$ -	\$ -	\$ 3,120
Construction in progress	2,638,282	922,198	18,644	3,541,836
Total Capital Assets Not Being Depreciated	<u>2,641,402</u>	<u>922,198</u>	<u>18,644</u>	<u>3,544,956</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	14,033,565	40,354	10,108	14,063,811
General	558,741	32,019	29,580	561,180
Total Capital Assets Being Depreciated	<u>15,328,836</u>	<u>72,373</u>	<u>39,688</u>	<u>15,361,521</u>
Total Capital Assets	<u>17,970,238</u>	<u>994,571</u>	<u>58,332</u>	<u>18,906,477</u>
Less: Accumulated depreciation for				
Source of supply	(87,720)	-	-	(87,720)
Pumping	(301,082)	(12,449)	-	(313,531)
Water treatment	(38,885)	-	-	(38,885)
Transmission and distribution	(3,121,920)	(311,782)	12,383	(3,421,319)
General	(391,310)	(47,267)	29,580	(408,997)
Total Accumulated Depreciation	<u>(3,940,917)</u>	<u>(371,498)</u>	<u>41,963</u>	<u>(4,270,452)</u>
Net Capital Assets Being Depreciated	<u>11,387,919</u>	<u>(299,125)</u>	<u>(2,275)</u>	<u>11,091,069</u>
Net Water Capital Assets	<u>\$ 14,029,321</u>	<u>\$ 623,073</u>	<u>\$ 16,369</u>	<u>\$ 14,636,025</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**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	\$ -	\$ 30,000	\$ 117,622
Construction in progress	68,747	156,611	-	225,358
Total Capital Assets Not Being Depreciated	216,369	156,611	30,000	342,980
Capital assets being depreciated				
Collection system	16,118,632	60,444	-	16,179,076
Collection system pumping	1,081,367	-	-	1,081,367
Treatment and disposal	8,114,608	-	1,800	8,112,808
General	1,655,241	35,888	15,570	1,675,559
Total Capital Assets Being Depreciated	26,969,848	96,332	17,370	27,048,810
Total Capital Assets	27,186,217	252,943	47,370	27,391,790
Less: Accumulated depreciation for				
Collection system	(2,311,052)	(172,196)	-	(2,483,248)
Collection system pumping	(702,917)	(38,277)	-	(741,194)
Treatment and disposal	(3,342,012)	(247,349)	1,800	(3,587,561)
General	(783,046)	(59,130)	15,570	(826,606)
Total Accumulated Depreciation	(7,139,027)	(516,952)	17,370	(7,638,609)
Net Capital Assets Being Depreciated	19,830,821	(420,620)	-	19,410,201
Net Sewer Capital Assets	\$ 20,047,190	\$ (264,009)	\$ 30,000	\$ 19,753,181

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

**Business-type Activities (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital assets being depreciated				
Machinery and equipment	\$ 125,187	\$ -	\$ -	\$ 125,187
Infrastructure	<u>6,991,789</u>	<u>254,733</u>	<u>-</u>	<u>7,246,522</u>
Total Capital Assets Being Depreciated	<u>7,116,976</u>	<u>254,733</u>	<u>-</u>	<u>7,371,709</u>
Less: Accumulated depreciation for				
Machinery and equipment	(35,538)	(12,335)	-	(47,873)
Infrastructure	<u>(1,194,738)</u>	<u>(130,947)</u>	<u>-</u>	<u>(1,325,685)</u>
Total Accumulated Depreciation	<u>(1,230,276)</u>	<u>(143,282)</u>	<u>-</u>	<u>(1,373,558)</u>
Net Capital Assets Being Depreciated	<u>5,886,700</u>	<u>111,451</u>	<u>-</u>	<u>5,998,151</u>
Net Stormwater Capital Assets	<u>\$ 5,886,700</u>	<u>\$ 111,451</u>	<u>\$ -</u>	<u>\$ 5,998,151</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

**Business-type Activities (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Ambulance</u>				
Capital assets not being depreciated				
Land	\$ 101,298	\$ -	\$ -	\$ 101,298
Total Capital Assets Not Being Depreciated	101,298	-	-	101,298
Capital assets being depreciated				
Building improvements	21,393	-	-	21,393
Buildings	601,408	-	-	601,408
Machinery and equipment	667,294	207,070	111,805	762,559
Total Capital Assets Being Depreciated	1,290,095	207,070	111,805	1,385,360
Total Capital Assets	1,391,393	207,070	111,805	1,486,658
Less: Accumulated depreciation for				
Building improvements	(21,393)	-	-	(21,393)
Buildings	(284,531)	(22,832)	-	(307,363)
Machinery and equipment	(499,959)	(59,727)	106,936	(452,750)
Total Accumulated Depreciation	(805,883)	(82,559)	106,936	(781,506)
Net Capital Assets Being Depreciated	484,212	124,511	4,869	603,854
Net Ambulance Capital Assets	\$ 585,510	\$ 124,511	\$ 4,869	\$ 705,152
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 52,470,937	\$ 600,828	\$ 409,611	\$ 52,662,154

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Electric	\$ 767,508
Water	313,824
Sewer	504,303
Stormwater	143,282
Ambulance	82,559

Total Business-type Activities Depreciation Expense	\$ 1,811,476
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Depreciation expense is different from additions because of joint metering, salvage, and cost of removal.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

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***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS***

***Interfund Receivables/Payables***

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Park Impact Fees	<u>\$ 5,990</u>
Total - Fund Financial Statements		5,990
Less: Fund eliminations		<u>(5,990)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ -</u></u>

All amounts are due within one year.

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.

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

***Advances***

The general fund is advancing funds to TIF Districts No. 5 (Whitetail Ridge Corporate Park), No. 6, No. 7, No. 8, and No. 9. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since each District's inception. No repayment schedule has been established.

In 2010, the Parking Meters fund advanced funds to the General Capital Projects fund for a restabilization project. This advance bears interest at 3.24% and requires annual payments of \$30,040 through 2015.

In 2011, the Environmental Fee fund advanced \$1,000,000 to the Tourism and Economic Development fund. No repayment schedule has been established.

In 1980, the Electric utility advanced funds to the water and sewer utilities to separate the combined utilities. Interest of 4.5% is being charged.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)***

***Advances (cont.)***

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	Whitetail Ridge Corporate Park	\$ 563,919	\$ 563,919
General fund	TIF District #6	651,292	651,292
General fund	TIF District #7	448,570	448,570
General fund	TIF District #8	13,629	13,629
General fund	TIF District #9	199,451	199,451
Parking meters fund	General Capital Projects	85,425	57,853
	Tourism and Economic		
Environmental Fee fund	Development fund	1,000,000	1,000,000
Electric utility	Water utility	130,398	107,755
Electric utility	Sewer utility	<u>363,467</u>	329,823
Total - Fund Financial Statements		3,456,151	
Less: Fund eliminations		<u>(3,456,151)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Position		<u><u>\$ -</u></u>	

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 56,287	\$ 10,736
2014	61,334	9,487
2015	63,418	8,194
2016	65,583	6,855
2017	67,832	5,470
2018-2021	<u>179,411</u>	<u>10,315</u>
Totals	<u><u>\$ 493,865</u></u>	<u><u>\$ 51,057</u></u>

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)***

***Transfers***

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	General Capital Projects	\$ 80,087	Administration fee
General	Capital Equipment	10,399	Administration fee
General	Nonmajor special revenue funds	547,724	Administration fee
General	Electric utility	398,084	Property tax equivalent
General	Water utility	312,991	Property tax equivalent
General	Stormwater	45,716	Administration fee
General	Ambulance	68,645	Administration fee
General	City Hall	21,533	Administration fee
Nonmajor governmental funds	General	348,312	Various
Tourism and Economic Development	General Capital Projects	13,000	Economic Development
Debt Service Notes	Nonmajor special revenue funds	6,393	Debt service
Debt Service Notes	Ambulance	791	Debt service
Ambulance	General	130,293	Per capita payment
Stormwater	Refuse and Solid Waste	5,000	Contract Administration
City Hall	General	138,312	Share of city hall costs
City Hall	Nonmajor special revenue funds	61,355	Share of city hall costs
City Hall	Stormwater	5,491	Share of city hall costs
City Hall	Ambulance	<u>11,846</u>	Share of city hall costs
Total - Fund Financial Statements		2,205,972	
Less: Fund eliminations		<u>(1,497,701)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 708,271</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.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 13,296,226	\$ 5,278,000	\$ 6,387,947	\$ 12,186,279	\$ 965,942
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	(70,513)	-	(4,805)	(65,708)	-
Refundings - Gains/(Losses)	(16,029)	-	(4,006)	(12,023)	-
Sub-totals	13,209,684	5,278,000	6,379,136	12,108,548	965,942
Other Liabilities					
Vested compensated absences	856,152	94,609	106,928	843,833	143,963
Other postemployment benefits	318,424	70,734	-	389,158	-
Landfill post-closure care cost	243,858	4,146	23,184	224,820	23,184
Total Other Liabilities	1,418,434	169,489	130,112	1,457,811	167,147
Total Governmental Activities Long-Term Liabilities	\$ 14,628,118	\$ 5,447,489	\$ 6,509,248	\$ 13,566,359	\$ 1,133,089
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 2,686,582	\$ 3,525,000	\$ 554,091	\$ 5,657,491	\$ 627,787
Revenue bonds	10,929,869	-	4,454,311	6,475,558	800,467
Other long-term liabilities	281,074	-	73,016	208,058	75,157
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	45,098	131,946	10,249	166,795	-
Refundings - Gains/(Losses)	-	(255,729)	(8,718)	(247,011)	-
Sub-totals	13,942,623	3,401,217	5,082,949	12,260,891	1,503,411
Other Liabilities					
Vested compensated absences	103,399	55,531	70,706	88,224	-
Other postemployment benefits	117,208	26,037	-	143,245	-
Total Other Liabilities	220,607	81,568	70,706	231,469	-
Total Business-type Activities Long-Term Liabilities	\$ 14,163,230	\$ 3,482,785	\$ 5,153,655	\$ 12,492,360	\$ 1,503,411

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, 2012, was \$40,428,920. Total general obligation debt outstanding at year end was \$17,843,770.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**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.

<u>Governmental Activities</u> <u>General Obligation Debt</u>	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>December 31,</u> <u>2012</u>
Promissory Note	01/2003	02/2013	2.50-5.60%	\$ 442,147	\$ 54,840
Promissory Note	10/2007	10/2017	3.385%	2,331,441	1,455,000
State Trust Fund Loan	09/2008	03/2018	4.25%	300,000	216,665
Refunding Bonds	03/2009	03/2029	3.0-4.6%	5,070,000	5,035,000
Refunding Bonds	12/2010	01/2015	3.24%	174,524	104,886
Promissory Note	12/2011	11/2016	2.77%	54,000	41,888
Refunding Bonds	03/2012	03/2028	2.4%	4,560,000	4,560,000
Refunding Bonds	09/2012	05/2023	2.11%	600,000	600,000
Promissory Note	12/2012	12/2017	1.917%	118,000	<u>118,000</u>

Total Governmental Activities - General Obligation Debt \$ 12,186,279

<u>Business-type Activities</u> <u>General Obligation Debt</u>	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>December 31,</u> <u>2012</u>
Promissory Note	01/2003	02/2013	2.50-5.60%	\$ 73,595	\$ 25,160
General Obligation Bond	02/2003	02/2013	4.60%	1,300,000	30,760
State Trust Fund Loan	03/2005	03/2015	4.00%	301,737	103,249
State Trust Fund Loan	07/2005	03/2015	4.00%	468,706	158,256
Promissory Note	12/2010	01/2015	3.24%	85,477	50,954
Promissory Note	12/2011	11/2016	2.77%	166,000	134,112
Refunding Bonds	07/2011	11/2019	2.0-2.5%	1,740,000	1,630,000
Refunding Bonds	08/2012	05/2023	1.0-2.5%	3,165,000	3,165,000
Promissory Note	12/2012	12/2017	1.917%	360,000	<u>360,000</u>

Total Business-type Activities - General Obligation Debt \$ 5,657,491

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2013	\$ 965,942	\$ 419,757	\$ 627,787	\$ 129,187
2014	970,486	358,805	597,977	109,145
2015	957,999	336,726	619,163	95,524
2016	1,077,897	313,226	723,278	78,816
2017	976,654	282,352	709,760	63,283
2018-2022	3,597,904	1,045,275	2,040,000	129,051
2023-2027	2,614,397	532,220	339,526	3,400
2028-2029	<u>1,025,000</u>	<u>52,325</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 12,186,279</u>	<u>\$ 3,340,686</u>	<u>\$ 5,657,491</u>	<u>\$ 608,406</u>

**Revenue Debt**

Business-type activities revenue bonds are payable only from revenues derived from the operation of the electric, water, and sewer utilities.

The electric utility has pledged future revenues, net of specified operating expenses, to repay \$1.2 million in revenue bonds. Annual principal and interest payments on the bonds are expected to require 14% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,313,416. Principal and interest paid for the current year and total customer net revenues were \$516,811 and \$1,889,172, respectively.

The water utility has pledged future revenues, net of specified operating expenses, to repay \$2.1 million in revenue bonds. Annual principal and interest payments on the bonds are expected to require 19% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,974,646. Principal and interest paid for the current year and total customer net revenues were \$94,403 and \$813,720, respectively.

The sewer utility has pledged future revenues, net of specified operating expenses, to repay \$3.2 million in revenue bonds. Annual principal and interest payments on the bonds are expected to require 20% of net revenues. The total principal and interest remaining to be paid on the bonds is \$3,645,461. Principal and interest paid for the current year and total customer net revenues were \$1,071,333 and \$1,535,960, respectively.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2012, 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 December 31, 2012</u>
<u>Electric Utility</u>					
Revenue Bonds	11/2002	10/2017	2.00-4.00%	\$ 3,320,000	\$ 885,000
Revenue Refunding Bonds	11/2009	10/2013	2.00-2.50%	1,595,000	<u>310,000</u>
				Total Electric Utility	<u>1,195,000</u>
<u>Water Utility</u>					
Revenue Bonds	07/2011	11/2031	2.0-4.4%	2,125,000	<u>2,125,000</u>
				Total Water Utility	<u>2,125,000</u>
<u>Sewer Utility</u>					
Revenue Bonds	11/1995	05/2015	3.173%	1,009,332	202,691
Revenue Bonds	11/2005	05/2025	2.746%	3,317,130	2,382,867
Revenue Bonds	04/2008	05/2015	2.75-3.5%	1,250,000	<u>570,000</u>
				Total Sewer Utility	<u>3,155,558</u>
Total Business-type Activities Revenue Debt					<u>\$ 6,475,558</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2013	\$ 800,467	\$ 197,339
2014	751,800	175,042
2015	778,317	150,928
2016	533,125	130,175
2017	367,742	112,801
2018-2022	1,442,522	429,610
2023-2027	1,226,585	210,595
2028-2031	<u>575,000</u>	<u>51,475</u>
Totals	<u>\$ 6,475,558</u>	<u>\$ 1,457,965</u>

**Other Debt Information**

Estimated payments of compensated absences, other postemployment benefits, and landfill postclosure care costs are not included in the debt service requirement schedules. These liabilities are attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the utilities's system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The utilities's 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.

**Advance Refunding**

On August 14, 2012, bonds in the amount of \$3,165,000 were issued with an average interest rate of 2.04% to advance refund \$3,395,000 of outstanding 2004 bonds with interest rates of 3.45 - 4.60%. The net proceeds of \$3,253,483 (after payment of \$43,463 in underwriting fees, insurance and other issuance costs) plus an additional \$412,460 of sinking fund monies and \$132,557 of reoffering premium were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2004 bonds. As a result, the 2004 bonds are considered to be defeased and the liability for the old bonds has been removed from the statements of net position.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### *F. LONG-TERM OBLIGATIONS* (cont.)

##### *Advance Refunding* (cont.)

The cash flow requirements on the 2004 bonds prior to the advance refunding was \$4,119,959 from 2012 through 2024. The cash flow requirements on the new bonds are \$3,566,895 from 2013 through 2023. The advance refunding resulted in an economic gain of \$433,686.

##### *Current Refunding*

On August 14, 2012, bonds in the amount of \$600,000 were issued with an average interest rate of 2.04% to current refund \$600,000 of outstanding bonds with interest rates of 3.45 - 3.70%. The net proceeds of \$601,966 (after payment of \$3,437 in underwriting fees and other issuance costs) plus \$8,229 of reoffering premiums were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded bonds prior to the current refunding was \$643,883 from 2013 through 2015. The cash flow requirements on the new refunding bonds are \$616,525 from 2013 through 2015. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$24,141.

On April 2, 2012, the city issued \$4,560,000 in general obligation bonds with an average interest rate of 2.42% to current refund \$4,483,883 of outstanding state trust fund loans with interest rates of 3.75 - 4.75%. The net proceeds of \$4,518,092 (after payment of \$41,908 in underwriting fees, insurance and other issuance costs) were used to prepay the outstanding debt service requirements on the old loans.

The cash flow requirements on the refunded loans prior to the current refunding was \$5,913,275 from 2013 through 2028. The cash flow requirements on the new refunding bonds are \$5,318,625 from 2013 through 2028. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$510,767.

##### *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 2012 was \$4,006 for governmental activities and \$8,718 for business-type activities.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### **G. CLOSURE AND POSTCLOSURE CARE COST**

State and federal laws and regulations require the city to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site until notified by the Wisconsin Department of Natural Resources that such maintenance and monitoring is no longer required. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the city reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$224,820 reported as landfill closure and postclosure care liability at December 31, 2012, represents the estimated amount of future postclosure costs. These amounts are based on what it would cost to perform all postclosure care in 2012. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

#### **H. NET POSITION/FUND BALANCES**

Net position reported on the government wide statement of net position at December 31, 2012, includes the following:

##### **Governmental Activities**

Net Investment in Capital Assets	
Land	\$ 13,306,394
Construction in progress	2,585,145
Other capital assets, net of accumulated depreciation	33,591,628
Less: Long-term debt outstanding	<u>(11,200,857)</u>
Total Net Investment in Capital Assets	38,282,310
Restricted	4,400,655
Unrestricted	<u>1,204,694</u>
Total Governmental Activities Net Position	<u>\$ 43,887,659</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**H. NET POSITION/FUND BALANCES (cont.)**

**Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2012, include the following:

	General Fund	General Capital Projects Fund	TIF #6	Nonmajor Funds	Totals
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Inventories and prepayments	\$ 108,731	\$ -	\$ -	\$ 7,253	\$ 115,984
Advances to other funds	1,876,861	-	-	-	1,876,861
<b>Restricted for:</b>					
Parking meters	-	-	-	155,961	155,961
Refuse/solid waste	-	-	-	313,966	313,966
Environmental fee	-	-	-	2,685,575	2,685,575
TIF District #4	-	-	-	17,735	17,735
Library	-	-	-	190,750	190,750
Library impact fees	-	-	-	39,641	39,641
Fire impact fees	-	-	-	214,395	214,395
Housing reserve	-	-	-	127,933	127,933
Library trust	-	-	-	119,909	119,909
Debt service	-	-	-	11,326	11,326
<b>Committed to:</b>					
Capital equipment	-	-	-	22,534	22,534
Media service	-	-	-	311,241	311,241
Revolving loans	-	-	-	14,045	14,045
<b>Unassigned:</b>	<u>4,677,566</u>	<u>(505,482)</u>	<u>(866,324)</u>	<u>(2,191,060)</u>	<u>1,114,700</u>
<b>Total Fund Balances</b>	<u>\$ 6,663,158</u>	<u>\$ (505,482)</u>	<u>\$ (866,324)</u>	<u>\$ 2,041,204</u>	<u>\$ 7,332,556</u>

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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## NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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### H. NET POSITION/FUND BALANCES (cont.)

#### **Business-type Activities**

Net Investment in Capital Assets	
Land	\$ 329,167
Construction in progress	3,817,520
Non-utility property	17,200
Other capital assets, net of accumulated depreciation	48,515,467
Less: Long-term debt outstanding	<u>(10,176,463)</u>
Total Net Investment in Capital Assets	<u>42,502,891</u>
Restricted	
Debt service	660,130
Impact fees	210,962
Replacement	<u>170,599</u>
Total Restricted	<u>1,041,691</u>
Unrestricted	<u>8,632,802</u>
Total Business-type Activities Net Position	<u>\$ 52,177,384</u>

### I. COMPONENT UNITS

#### **RIVER FALLS HOUSING AUTHORITY**

This report contains the River Falls Housing Authority (Housing Authority), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position 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.

a. Basis of Accounting/Masurement Focus

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNIT (cont.)**

**RIVER FALLS HOUSING AUTHORITY (cont.)**

b. Deposits and Investments

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Demand deposits	<u>\$ 679,268</u>	<u>\$ 780,391</u>	Custodial credit risk

***Custodial Credit Risk***

**Deposits**

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. Restricted Assets

***Tenant Deposits***

The Housing Authority holds security deposits from tenants. Security deposits were \$56,990 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, 2012, the restricted cash was \$30,127.

***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, 2012, reserve accounts were \$249,278.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNIT (cont.)**

**RIVER FALLS HOUSING AUTHORITY (cont.)**

d. Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Useful Lives (Years)</u>
Capital assets not being depreciated					
Land	\$ 371,509	\$ -	\$ -	\$ 371,509	
Construction work in progress	<u>47,942</u>	<u>17,335</u>	<u>47,942</u>	<u>17,335</u>	
Total Capital Assets Not Being Depreciated	<u>419,451</u>	<u>17,335</u>	<u>47,942</u>	<u>388,844</u>	
Capital assets being depreciated					
Land improvements	324,659	-	-	324,659	40
Buildings	5,313,170	502,570	155,786	5,659,954	40
Machinery and equipment	<u>203,438</u>	<u>47,060</u>	<u>16,011</u>	<u>234,487</u>	3-10
Total Capital Assets Being Depreciated	<u>5,841,267</u>	<u>549,630</u>	<u>171,797</u>	<u>6,219,100</u>	
Less: Accumulated depreciation	<u>(3,917,511)</u>	<u>(301,407)</u>	<u>171,797</u>	<u>(4,047,121)</u>	
<b>Totals</b>	<u><u>\$ 2,343,207</u></u>	<u><u>\$ 265,558</u></u>	<u><u>\$ 47,942</u></u>	<u><u>\$ 2,560,823</u></u>	

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNIT (cont.)**

**RIVER FALLS HOUSING AUTHORITY (cont.)**

e. Long-Term Obligations

Long-term obligations activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Mortgage notes	\$ 2,309,765	\$ -	\$ 12,110	\$ 2,297,655	\$ 12,960
Vested compensated absences	<u>20,133</u>	<u>17,262</u>	<u>15,306</u>	<u>22,089</u>	<u>13,501</u>
Totals	<u>\$ 2,329,898</u>	<u>\$ 17,262</u>	<u>\$ 27,416</u>	<u>\$ 2,319,744</u>	<u>\$ 26,461</u>

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, 2012:

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. \$ 1,057,745

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. 963,360

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNIT (cont.)**

**RIVER FALLS HOUSING AUTHORITY (cont.)**

e. Long-Term Obligations (cont.)

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. \$ 178,955

Management Account

Mortgage note payable consists of mortgage notes payable to the First National Bank of River Falls that require 35 monthly payments of \$630, and one final payment consisting of the unpaid principal and all accrued interest due on February 15, 2014. The note bears interest at 5.75%. The mortgage note is collateralized by the rental property. 97,595

Less: Current portion (12,960)

Total Mortgage Notes Payable \$ 2,284,695

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 12,960	\$ 90,943	\$ 103,903
2014	107,248	90,101	197,349
2015	12,496	83,847	96,343
2016	13,326	83,017	96,343
2017	14,214	82,129	96,343
2018-2022	86,705	395,011	481,716
2023-2027	120,311	361,405	481,716
2028-2032	167,724	313,992	481,716
2033-2037	235,039	246,677	481,716
2038-2042	281,533	155,755	437,288
2043-2047	307,891	67,577	375,468
2048-2052	54,423	8,284	62,707
2053-2056	17,265	1,580	18,845
Unscheduled debt	<u>866,520</u>	<u>-</u>	<u>866,520</u>
Totals	<u><u>\$ 2,297,655</u></u>	<u><u>\$ 1,980,318</u></u>	<u><u>\$ 4,277,973</u></u>

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### *I. COMPONENT UNIT (cont.)*

##### ***RIVER FALLS HOUSING AUTHORITY (cont.)***

#### e. Long-Term Obligations (cont.)

##### 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.

#### f. Employee Retirement System

All eligible Housing Authority employees participate in the Wisconsin Retirement System ("System"), a cost-sharing defined benefit multiple-employer public employee retirement system (PERS). The payroll for employees covered by the System for the year ended June 30, 2012 was \$255,114; the Housing Authority's total payroll was \$265,091.

The total required contribution for the year ended June 30, 2012 was \$31,850 or 12.48% of covered payroll. Of this amount, 53.5% was contributed by the employer and 46.5% was contributed by the employee for the current year. Total contributions for the years ending June 30, 2011 and 2010 were \$29,852 and \$28,667, respectively, equal to the required contributions for each year.

There was no unfunded liability as of June 30, 2012.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### I. COMPONENT UNIT (cont.)

##### **RIVER FALLS HOUSING AUTHORITY** (cont.)

#### g. Net Assets

Net assets reported on the statement of net assets at June 30, 2012 include the following:

Invested in capital assets, net of related debt	
Land	\$ 371,509
Construction in progress	17,335
Other capital assets, net of accumulated depreciation	2,171,979
Less: related long-term debt outstanding	<u>(2,297,655)</u>
 Total Invested in Capital Assets, Net of Related Debt	 263,168
 Restricted	
Grant requirements	279,405
 Unrestricted	 <u>733,684</u>
 Total Net Assets	 <u>\$ 1,276,257</u>

#### h. 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.

#### i. 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. Activity between the River Falls Housing Authority and Windmill Place, LLC, has been eliminated for presentation in the city's financial statements. The following additional disclosures are considered necessary for a fair presentation.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### *I. COMPONENT UNIT (cont.)*

##### **RIVER FALLS HOUSING AUTHORITY (cont.)**

#### i. Component Unit - Windmill Place, LLC (cont.)

##### 1. 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.

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, 2011.

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.

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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## NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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### I. COMPONENT UNIT (cont.)

#### **RIVER FALLS HOUSING AUTHORITY (cont.)**

##### i. Component Unit - Windmill Place, LLC (cont.)

##### 1. Nature of Business and Significant Accounting Policies (cont.)

#### **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.

#### **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.

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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## NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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### I. COMPONENT UNIT (cont.)

#### RIVER FALLS HOUSING AUTHORITY (cont.)

##### i. Component Unit - Windmill Place, LLC (cont.)

##### 1. Nature of Business and Significant Accounting Policies (cont.)

#### Significant Accounting Policies (cont.)

##### 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.

##### 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 \$1,019 for the period ended December 31, 2011.

##### 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.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNIT (cont.)**

**RIVER FALLS HOUSING AUTHORITY (cont.)**

i. Component Unit - Windmill Place, LLC (cont.)

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

**Significant Accounting Policies (cont.)**

**Subsequent events**

These financial statements have not been updated for subsequent events occurring after March 1, 2012, 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.

2. Restricted Cash

Restricted cash is comprised of the following:

	2011
Tenants' security deposits	\$ 7,700
Replacement reserve	25,102
Operating reserve	128,626
Interest credit reserve	22,503
Total	\$ 183,931

**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.

	2011
Balance, beginning	\$ 18,363
Monthly deposits	6,739
Balance, Ending	\$ 25,102

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNIT (cont.)**

**RIVER FALLS HOUSING AUTHORITY (cont.)**

i. Component Unit - Windmill Place, LLC (cont.)

2. Restricted Cash (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.

	2011
Balance, beginning	\$ 128,544
Interest earned	82
Balance, Ending	\$ 128,626

**Initial 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. The balance as of December 31, 2011 was \$22,503.

3. Rental Property, Net

Rental property, net is comprised of the following:

	2011
Land	\$ 391,518
Land improvements	66,189
Buildings	3,150,269
Furnishings and equipment	80,457
	3,688,433
Less: Accumulated depreciation	(402,447)
Rental Property, Net	\$ 3,285,986

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNIT (cont.)**

**RIVER FALLS HOUSING AUTHORITY (cont.)**

i. Component Unit - Windmill Place, LLC (cont.)

4. Mortgage Notes Payable

Mortgage notes payable consist of the following:

	<u>Balance 12/31/2011</u>
First National Bank of River Falls; 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; subject to a prepayment penalty; interest credit subsidy included in the financial expense on the statement of operations totaled \$16,398 for the year ended December 31, 2011.	\$ 1,065,369
Wisconsin Department of Administration (WDA); 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. Interest expense totaled \$12,563 for the year ended December 31, 2011. Accrued interest was \$12,563 as of December 31, 2011.	418,752
Housing Authority of the City of River Falls (the Housing Authority), an affiliate of the manager; non-recourse; interest accrues 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. Interest expense totaled \$11,616 for the year ended December 31, 2011. Accrued interest was \$37,625 as of December 31, 2011.	<u>176,000</u>
Total	<u><u>\$ 1,660,121</u></u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

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**I. COMPONENT UNIT (cont.)**

**RIVER FALLS HOUSING AUTHORITY (cont.)**

i. Component Unit - Windmill Place, LLC (cont.)

4. Mortgage Notes Payable (cont.)

Repayment of principal on the mortgage notes payable as of December 31, 2011, is as follows:

<u>Year Ending December 31,</u>	
2012	\$ 12,480
2013	13,282
2014	13,972
2015	14,698
2016	15,316
Thereafter	<u>1,590,373</u>
Total	<u>\$ 1,660,121</u>

5. 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, 2011.

**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 \$129,904 as of December 31, 2011.

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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## NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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### I. COMPONENT UNIT (cont.)

#### **RIVER FALLS HOUSING AUTHORITY (cont.)**

##### i. Component Unit - Windmill Place, LLC (cont.)

##### 5. 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 \$46 per occupied unit per month as a management fee. Management fees incurred totaled \$13,110 for the period ended December 31, 2011.

###### **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. Accrued company management fees were \$38,014 as of December 31, 2011.

###### **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. Accrued investor services fees were \$16,000 as of December 31, 2011.

##### 6. 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 is obligated to certify tenant eligibility.

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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## NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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### I. COMPONENT UNIT (cont.)

#### **RIVER FALLS HOUSING AUTHORITY (cont.)**

##### i. Component Unit - Windmill Place, LLC (cont.)

##### 6. Commitments and Contingencies (cont.)

#### **HOME Program Agreement**

In connection with the mortgage note with the Wisconsin Department of Commerce described previously, 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 previously.

#### **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 As of and for the Year Ended December 31, 2012

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### I. COMPONENT UNIT (cont.)

##### **BUSINESS IMPROVEMENT DISTRICT**

This report contains the Business Improvement District (BID), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

The BID 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 BID. The board members of the BID 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 BID are not obligations of the city.

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.

#### a. Basis of Accounting/Measurement Focus

The BID follows the modified accrual basis of accounting and the flow of financial resources measurement focus.

#### b. Deposits

<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
<u>\$ 1,970</u>	<u>\$ 1,970</u>	Custodial credit risk

##### **Custodial Credit Risk**

#### **Deposits**

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

The BID does not have any deposits exposed to custodial credit risk.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE IV - OTHER INFORMATION

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#### *A. EMPLOYEES' RETIREMENT SYSTEM*

All eligible city employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Prior to June 29, 2011, covered employees in the General category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to the fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was change to one-half of the actuarially determined contribution rate for General category employees, and Executives and Elected Officials. Required contributions for protective contributions are the same as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for December 31, 2012 are:

	<u>Employee</u>	<u>Employer</u>
General	5.9%	5.9%
Executives and Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for city employees covered by the WRS for the year ended December 31, 2012 was \$5,881,506; the employer's total payroll was \$6,577,490. The total required contribution for the year ended December 31, 2012 was \$755,796 or 12.9% of covered payroll. Of this amount, 86 percent was contributed by the employer and 14 was contributed by the employee for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$776,626 and \$727,897, respectively, equal to the required contributions for each year.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE IV - OTHER INFORMATION (cont.)

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#### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 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 and submitting application 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 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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.

As of December 31, 2012 there was no pension related debt for the city.

#### **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.

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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE IV - OTHER INFORMATION (cont.)

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#### **C. COMMITMENTS AND CONTINGENCIES (cont.)**

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. 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.

#### ***Long-Term Contracts - WPPI Energy***

The electric utility is one of 51 WPPI Energy member municipalities located throughout the State of Wisconsin. On December 1, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the utility payable from any operating and maintenance fund established for that system.

In 2002, all WPPI Energy members ratified a 13 year extension to their original 35 year contracts. The new contract expires at midnight on December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$390 million as of December 31, 2012.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE IV - OTHER INFORMATION (cont.)

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#### *D. JOINT VENTURES*

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, 2012 is available from the facility office.

#### *E. OTHER POSTEMPLOYMENT BENEFITS*

The city administers a single-employer defined benefit healthcare plan. The city's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This 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 2012, total retired member contributions were \$103,122. Administrative cost of the plan are financed by the city.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE IV - OTHER INFORMATION (cont.)

#### *E. OTHER POSTEMPLOYMENT 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 plan, and changes in the city's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	182,098
Interest on net OPEB obligation		17,425
Adjustment to annual required contribution		<u>(16,808)</u>
Annual OPEB cost		182,715
Contributions made		<u>(85,944)</u>
Increase in net OPEB obligation (asset)		96,771
Net OPEB Obligation (Asset) - Beginning of Year		<u>435,632</u>
Net OPEB Obligation (Asset) - End of Year	\$	<u><u>532,403</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2010	\$ 197,406	37%	\$ 366,442
December 31, 2011	164,759	58%	435,632
December 31, 2012	182,715	47%	532,403

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE IV - OTHER INFORMATION (cont.)

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#### *E. OTHER POSTEMPLOYMENT BENEFITS* (cont.)

The funded status of the plan as of January 1, 2012, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 2,006,293
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 2,006,293</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 5,576,127
UAAL as a percentage of covered payroll	36%

The projection of future benefit payments for an ongoing plan involves 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 is 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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE IV - OTHER INFORMATION (cont.)

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#### ***E. OTHER POSTEMPLOYMENT BENEFITS*** (cont.)

The following simplifying assumptions were made:

1. Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.
2. Marital status – Marital status of members at the calculation date was assumed to continue throughout retirement.
3. Mortality – Life expectancies were based on the RP2000 Mortality Table for Males and Females.
4. Turnover – Non-group-specific age-based turnover data from GASB Statement No. 45 were used as a basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.
5. Healthcare cost trend rate – A rate of 8% initially, reduced to an ultimate rate of 4.7% after ten years, was used.
6. Health insurance premiums – 2012 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.
7. Inflation rate – The expected long-term inflation assumption of 4% was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in The 2001 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.
8. Payroll growth rate – The expected long-term payroll growth rate was assumed to be 3%.

Based on the historical and expected returns of the city's short-term investment portfolio, a discount rate of 4% was used. The level percent of payroll amortization method was used. The amortization period at December 31, 2012, was 30 years.

#### ***F. SUBSEQUENT EVENTS***

In 2012, the City entered into a 20 year lease agreement with the River Falls Baseball Council (RFBC) to lease 8 acres of City property for a baseball field. RFBC will construct field improvements, infrastructure, accessory structures, irrigation system landscaping and off street parking, and retains concession rights during scheduled baseball events, the City retains concession rights all other times. In 2013, the City agreed to provide a \$300,000 loan guarantee to First National Bank of River Falls for financing the field improvements.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE IV - OTHER INFORMATION (cont.)

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#### ***G. DEVELOPER AGREEMENTS***

The City of River Falls (the "city") 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, 2009 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.

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, 2012, the city has paid \$1,500,000 of such costs and has deeded \$1,050,000 of public lands to the developer.

In 2009, the City of River Falls entered into a development agreement with Frisbie Properties (developer). The agreement guaranteed that developer improvements 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 occurred 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. The developer also agreed 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 committed to provide \$605,000 in expenditures of public monies and/or dedication of public land to the developer. Due to economic conditions, the agreement between the city and the developer was dissolved in 2012, and the city recovered the land that was transferred to the developer in 2009. In addition, the city purchased an eight unit apartment complex within the tax increment district.

The city entered into a development agreement with Gerrard Corporation in 2010, to construct three multifamily residential buildings within the tax increment district. The developer agreed to a minimum assessed value of \$1,500,000 for phase I and \$1,500,000 for phase II, in return for a maximum of \$486,000 in increment payments over a 20 year period or the life of the district, whichever is longer. The developer was reimbursed \$29,000 in 2012, for the first year's payment.

The city entered into a development agreement with Erickson's Diversified Corporation in 2011 for redevelopment of property in the downtown area. The agreement included the sale of land for the city's trail system, and a guaranteed increase of \$70,000 in property taxes beginning with taxes payable in 2014, and continuing for 17 years, or the life of the district, whichever is shorter. In return, the city will make a monetary obligation of \$686,000 to repay the developer for eligible project costs.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE IV - OTHER INFORMATION (cont.)

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#### ***H. 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.

	<u>Creation Date</u>	<u>Expenditure Deadline</u>	<u>Termination Date</u>
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
TID No. 9	2011	2034	2039

#### ***I. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS***

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF RIVER FALLS

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 2,733,632	\$ 2,733,632	\$ 2,727,290	\$ (6,342)
Special assessments	7,613	7,613	8,252	639
Intergovernmental	3,088,977	3,093,373	3,184,465	91,092
Licenses and permits	141,050	141,050	127,212	(13,838)
Fines, forfeitures and penalties	205,000	205,000	168,411	(36,589)
Public charges for services	219,000	219,000	209,924	(9,076)
Intergovernmental charges for services	17,500	17,500	17,619	119
Investment income	50,000	50,011	284,738	234,727
Miscellaneous	<u>237,765</u>	<u>237,765</u>	<u>296,194</u>	<u>58,429</u>
Total Revenues	<u>6,700,537</u>	<u>6,704,944</u>	<u>7,024,105</u>	<u>319,161</u>
<b>EXPENDITURES</b>				
Current				
General government	1,631,329	1,625,831	1,517,042	108,789
Public safety	3,254,612	3,308,460	3,239,133	69,327
Public works	2,039,819	1,828,378	1,611,311	217,067
Health services	11,440	11,440	7,345	4,095
Leisure activities	566,525	566,525	555,034	11,491
Conservation and development	499,010	499,010	502,737	(3,727)
Public service enterprises	5,660	5,660	1,864	3,796
Debt Service				
Principal retirement	131,746	131,746	143,858	(12,112)
Interest and fiscal charges	<u>25,264</u>	<u>25,264</u>	<u>26,496</u>	<u>(1,232)</u>
Total Expenditures	<u>8,165,405</u>	<u>8,002,314</u>	<u>7,604,820</u>	<u>397,494</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,464,868)</u>	<u>(1,297,370)</u>	<u>(580,715)</u>	<u>716,655</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	1,797,600	1,647,600	1,485,179	(162,421)
Transfers to other funds	<u>(332,732)</u>	<u>(350,230)</u>	<u>(603,920)</u>	<u>(253,690)</u>
Total Other Financing Sources (Uses)	<u>1,464,868</u>	<u>1,297,370</u>	<u>881,259</u>	<u>(416,111)</u>
<b>Net Change in Fund Balance</b>	-	-	300,544	300,544
FUND BALANCE - Beginning of Year	<u>6,362,614</u>	<u>6,362,614</u>	<u>6,362,614</u>	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 6,362,614</u>	<u>\$ 6,362,614</u>	<u>\$ 6,663,158</u>	<u>\$ 300,544</u>

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

## CITY OF RIVER FALLS

### SCHEDULE OF EMPLOYER CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2012

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/12	\$ -	\$ 2,006,293	\$ 2,006,293	0%	\$ 5,576,127	36%
01/01/11	-	1,780,745	1,780,745	0%	5,742,867	31%
01/01/10	-	1,840,339	1,840,339	0%	5,759,383	32%

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

## CITY OF RIVER FALLS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2012

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#### ***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 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>TAXES</b>				
General property taxes	\$ 2,649,132	\$ 2,649,132	\$ 2,643,471	\$ (5,661)
Mobile home taxes	22,000	22,000	22,324	324
Payments in lieu of taxes - housing authority	6,000	6,000	7,558	1,558
Payment in lieu of taxes - other	55,000	55,000	51,724	(3,276)
Interest and on taxes	1,500	1,500	2,213	713
Total Taxes	<u>2,733,632</u>	<u>2,733,632</u>	<u>2,727,290</u>	<u>(6,342)</u>
<b>SPECIAL ASSESSMENTS</b>				
Special assessments	6,322	6,322	6,048	(274)
Interest on special assessments	1,291	1,291	2,204	913
Total Special Assessments	<u>7,613</u>	<u>7,613</u>	<u>8,252</u>	<u>639</u>
<b>INTERGOVERNMENTAL</b>				
Shared revenues from state	2,033,801	2,033,801	1,993,827	(39,974)
Fire insurance from state	27,000	27,000	30,123	3,123
State aid - computers	10,000	10,000	8,922	(1,078)
State aid - police training	4,000	4,000	3,680	(320)
State aid - streets	463,958	463,958	463,938	(20)
State aid - municipal services	243,000	243,000	220,293	(22,707)
State aid - other public safety	-	-	46,954	46,954
School district grant	50,000	50,000	50,343	343
Municipal grants	257,218	257,218	361,989	104,771
Other federal payments	-	4,396	4,396	-
Total Intergovernmental	<u>3,088,977</u>	<u>3,093,373</u>	<u>3,184,465</u>	<u>91,092</u>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	15,000	15,000	17,156	2,156
Operators' license	4,500	4,500	4,999	499
Cigarette licenses	1,000	1,000	900	(100)
Business and occupational licenses	1,500	1,500	1,552	52
Bicycle licenses	50	50	26	(24)
Dog licenses	5,000	5,000	4,285	(715)
Housing inspection licenses	17,000	17,000	22,385	5,385
Plumbing permits	2,000	2,000	300	(1,700)
Building permits	90,000	90,000	68,927	(21,073)
Sign permits	2,500	2,500	2,215	(285)
Zoning permits	1,500	1,500	3,510	2,010
Inspectors red seal	1,000	1,000	957	(43)
Total Licenses and Permits	<u>141,050</u>	<u>141,050</u>	<u>127,212</u>	<u>(13,838)</u>

## CITY OF RIVER FALLS

### DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>FINES, FORFEITURES AND PENALTIES</b>				
Court penalties and costs	\$ 85,000	\$ 85,000	\$ 77,955	\$ (7,045)
Parking violations	90,000	90,000	61,715	(28,285)
Restitution and forfeitures	-	-	537	537
Court costs	<u>30,000</u>	<u>30,000</u>	<u>28,204</u>	<u>(1,796)</u>
Total Fines, Forfeitures and Penalties	<u>205,000</u>	<u>205,000</u>	<u>168,411</u>	<u>(36,589)</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
Clerk's fees	6,000	6,000	6,954	954
Zoning administration fees	10,000	10,000	7,183	(2,817)
Publication fees	1,000	1,000	1,110	110
Plat review fees	10,000	10,000	9,845	(155)
Police department fees	16,500	16,500	16,928	428
Police reserve	2,000	2,000	90	(1,910)
Police towing	12,000	12,000	17,963	5,963
Fire department fees	15,000	15,000	10,231	(4,769)
Fire inspection fees	-	-	420	420
Highway maintenance and construction	7,500	7,500	5,851	(1,649)
Weights and measures charges	4,000	4,000	4,000	-
Swimming pool	15,000	15,000	19,591	4,591
Parks	20,000	20,000	16,417	(3,583)
Other recreation programs	<u>100,000</u>	<u>100,000</u>	<u>93,341</u>	<u>(6,659)</u>
Total Public Charges for Services	<u>219,000</u>	<u>219,000</u>	<u>209,924</u>	<u>(9,076)</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Utility-mechanic charges	15,000	15,000	16,798	1,798
Motor pool cars	<u>2,500</u>	<u>2,500</u>	<u>821</u>	<u>(1,679)</u>
Total Intergovernmental Charges for Services	<u>17,500</u>	<u>17,500</u>	<u>17,619</u>	<u>119</u>
<b>INVESTMENT INCOME</b>				
Interest - interfund advances	-	-	200,000	200,000
Interest on temporary investments	<u>50,000</u>	<u>50,011</u>	<u>84,738</u>	<u>34,727</u>
Total Investment Income	<u>50,000</u>	<u>50,011</u>	<u>284,738</u>	<u>234,727</u>
<b>MISCELLANEOUS</b>				
Sale of supplies	500	500	1,207	707
Rent of municipal buildings	192,445	192,445	185,842	(6,603)
Donations	-	-	12,340	12,340
Sale of capital assets	10,000	10,000	8,722	(1,278)
Miscellaneous	<u>34,820</u>	<u>34,820</u>	<u>88,083</u>	<u>53,263</u>
Total Miscellaneous	<u>237,765</u>	<u>237,765</u>	<u>296,194</u>	<u>58,429</u>

## CITY OF RIVER FALLS

### DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2012

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	\$ 1,797,600	\$ 1,647,600	\$ 1,485,179	\$ (162,421)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 8,498,137</u>	<u>\$ 8,352,544</u>	<u>\$ 8,509,284</u>	<u>\$ 156,740</u>

## CITY OF RIVER FALLS

### DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>GENERAL GOVERNMENT</b>				
Council	\$ 264,910	\$ 239,212	\$ 190,101	\$ 49,111
Municipal court	125,383	125,383	120,379	5,004
Mayor	14,506	15,506	14,445	1,061
City administrator	238,925	245,901	242,427	3,474
Personnel	258,639	225,210	192,185	33,025
Elections	44,859	48,010	47,444	566
Data processing	93,441	93,441	83,333	10,108
Clerk	124,088	124,088	123,185	903
Finance	374,604	412,106	411,671	435
General services	31,974	36,974	32,638	4,336
Legal counseling	60,000	60,000	59,234	766
Total General Government	<u>1,631,329</u>	<u>1,625,831</u>	<u>1,517,042</u>	<u>108,789</u>
<b>PUBLIC SAFETY</b>				
Police	2,653,898	2,707,746	2,692,061	15,685
Police Reserve	14,660	24,660	23,616	1,044
Fire department	576,663	566,663	515,906	50,757
Emergency government	9,391	9,391	7,550	1,841
Total Public Safety	<u>3,254,612</u>	<u>3,308,460</u>	<u>3,239,133</u>	<u>69,327</u>
<b>PUBLIC WORKS</b>				
Garage	287,468	267,212	244,326	22,886
Street maintenance	948,783	948,783	868,858	79,925
Bridges and culvers	3,000	3,000	1,877	1,123
Motor pool	10,750	10,750	9,730	1,020
Engineer	322,718	131,533	125,520	6,013
Snow and ice control	200,000	200,000	114,705	85,295
Street lighting	267,100	267,100	246,295	20,805
Total Public Works	<u>2,039,819</u>	<u>1,828,378</u>	<u>1,611,311</u>	<u>217,067</u>
<b>HEALTH SERVICES</b>				
Health officer	2,000	2,000	2,000	-
Animal control	9,440	9,440	5,345	4,095
Total Health Services	<u>11,440</u>	<u>11,440</u>	<u>7,345</u>	<u>4,095</u>
<b>LEISURE ACTIVITIES</b>				
Recreation	141,782	141,782	132,805	8,977
Swimming	85,882	85,882	84,901	981
Parks	338,861	338,861	337,328	1,533
Total Leisure Activities	<u>566,525</u>	<u>566,525</u>	<u>555,034</u>	<u>11,491</u>

## CITY OF RIVER FALLS

### DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>CONSERVATION AND DEVELOPMENT</b>				
Forestry	\$ 40,000	\$ 42,000	\$ 39,974	\$ 2,026
Community development	<u>459,010</u>	<u>457,010</u>	<u>462,763</u>	<u>(5,753)</u>
Total Conservation and Development	<u>499,010</u>	<u>499,010</u>	<u>502,737</u>	<u>(3,727)</u>
<b>PUBLIC SERVICE ENTERPRISES</b>				
Cemetery	<u>5,660</u>	<u>5,660</u>	<u>1,864</u>	<u>3,796</u>
<b>DEBT SERVICE</b>				
Principal on notes payable-fire	70,005	70,005	70,005	-
Principal retirement	-	-	12,112	(12,112)
Principal on notes payable-streets	61,741	61,741	61,741	-
Interest on notes payable-fire	14,300	14,300	14,242	58
Interest on notes payable-streets	10,864	10,864	11,444	(580)
Interest and fiscal charges	-	-	728	(728)
Agent fees	100	100	82	18
Total Debt Service	<u>157,010</u>	<u>157,010</u>	<u>170,354</u>	<u>(13,344)</u>
<b>OTHER FINANCING USES</b>				
Transfers to other funds	<u>332,732</u>	<u>350,230</u>	<u>603,920</u>	<u>(253,690)</u>
Total Other Financing Uses	<u>332,732</u>	<u>350,230</u>	<u>603,920</u>	<u>(253,690)</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>				
	<u>\$ 8,498,137</u>	<u>\$ 8,352,544</u>	<u>\$ 8,208,740</u>	<u>\$ 143,804</u>

**CITY OF RIVER FALLS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2012

	Special Revenue Funds				
	Parking Meters	Refuse/Solid Waste	Shared Ride Taxi	Media Services	Environmental Fee
<b>ASSETS</b>					
Cash and investments	\$ 70,325	\$ 300,780	\$ 452	\$ 285,143	\$ 1,653,099
Tax roll receivable	-	-	-	-	-
Receivables					
Accounts	2,296	13,159	4,655	29,524	29,608
Interest	-	-	-	-	4,034
Notes	-	-	-	-	-
Inventories and prepayments	615	10	-	667	-
Due from other governmental units	-	132	38,241	-	-
Advances to other funds	<u>85,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 158,661</u></b>	<b><u>\$ 314,081</u></b>	<b><u>\$ 43,348</u></b>	<b><u>\$ 315,334</u></b>	<b><u>\$ 2,686,741</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 2,072	\$ 105	\$ 18,037	\$ 1,513	\$ 1,166
Accrued liabilities	13	-	-	1,913	-
Deferred revenues	-	-	38,241	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>2,085</u>	<u>105</u>	<u>56,278</u>	<u>3,426</u>	<u>1,166</u>
Fund Balances					
Nonspendable	615	10	-	667	-
Restricted	155,961	313,966	-	-	2,685,575
Committed	-	-	-	311,241	-
Unassigned (deficit)	-	-	(12,930)	-	-
Total Fund Balances	<u>156,576</u>	<u>313,976</u>	<u>(12,930)</u>	<u>311,908</u>	<u>2,685,575</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 158,661</u></b>	<b><u>\$ 314,081</u></b>	<b><u>\$ 43,348</u></b>	<b><u>\$ 315,334</u></b>	<b><u>\$ 2,686,741</u></b>

Special Revenue Funds

Tax Increment District #4	Tax Increment District #7	Tax Increment District #8	Tax Increment District #9	Library	Commercial Revolving Loan Fund	Park Impact Fees
\$ 17,735	\$ -	\$ -	\$ -	\$ 230,015	\$ 14,045	\$ -
238,403	16,751	35,935	-	767,306	-	-
-	-	-	-	774	-	-
-	-	-	-	-	-	-
-	-	-	-	-	73,857	-
-	-	-	-	5,961	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 256,138</u>	<u>\$ 16,751</u>	<u>\$ 35,935</u>	<u>\$ -</u>	<u>\$ 1,004,056</u>	<u>\$ 87,902</u>	<u>\$ -</u>
\$ -	\$ 412	\$ -	\$ 13,379	\$ 22,557	\$ -	\$ -
-	-	-	-	17,452	-	-
238,403	16,751	35,935	-	767,306	73,857	-
-	-	-	-	-	-	5,990
-	-	-	-	30	-	-
-	448,570	13,629	199,451	-	-	-
<u>238,403</u>	<u>465,733</u>	<u>49,564</u>	<u>212,830</u>	<u>807,345</u>	<u>73,857</u>	<u>5,990</u>
-	-	-	-	5,961	-	-
17,735	-	-	-	190,750	-	-
-	-	-	-	-	14,045	-
<u>-</u>	<u>(448,982)</u>	<u>(13,629)</u>	<u>(212,830)</u>	<u>-</u>	<u>-</u>	<u>(5,990)</u>
<u>17,735</u>	<u>(448,982)</u>	<u>(13,629)</u>	<u>(212,830)</u>	<u>196,711</u>	<u>14,045</u>	<u>(5,990)</u>
<u>\$ 256,138</u>	<u>\$ 16,751</u>	<u>\$ 35,935</u>	<u>\$ -</u>	<u>\$ 1,004,056</u>	<u>\$ 87,902</u>	<u>\$ -</u>

**CITY OF RIVER FALLS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2012

	Special Revenue Funds				
	Library Impact Fees	Fire Impact Fees	Housing Reserve	Library Trust Fund	Tourism and Economic Development
<b>ASSETS</b>					
Cash and investments	\$ 39,641	\$ 214,395	\$ 127,933	\$ 120,242	\$ 67,761
Tax roll receivable	-	-	-	-	-
Receivables					
Accounts	-	-	-	-	16,211
Interest	-	-	-	-	-
Notes	-	-	541,905	-	-
Inventories and prepayments	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Advances to other funds	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 39,641</u></b>	<b><u>\$ 214,395</u></b>	<b><u>\$ 669,838</u></b>	<b><u>\$ 120,242</u></b>	<b><u>\$ 83,972</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 333	\$ 10,734
Accrued liabilities	-	-	-	-	-
Deferred revenues	-	-	541,905	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	-	-	1,000,000
Total Liabilities	<u>-</u>	<u>-</u>	<u>541,905</u>	<u>333</u>	<u>1,010,734</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	39,641	214,395	127,933	119,909	-
Committed	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	(926,762)
Total Fund Balances	<u>39,641</u>	<u>214,395</u>	<u>127,933</u>	<u>119,909</u>	<u>(926,762)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 39,641</u></b>	<b><u>\$ 214,395</u></b>	<b><u>\$ 669,838</u></b>	<b><u>\$ 120,242</u></b>	<b><u>\$ 83,972</u></b>

Special Revenue Funds	Debt Service Funds		Capital Projects	Total Nonmajor Governmental Funds
Whitetail Ridge Corporate Park	Debt Service Bonds	Debt Service Notes	Capital Equipment	
\$ -	\$ 2,175	\$ 11,326	\$ 91,128	\$ 3,246,195
486,888	219,238	681,899	205,450	2,651,870
-	-	-	6,034	102,261
-	-	-	-	4,034
-	-	-	-	615,762
-	-	-	-	7,253
-	-	-	-	38,373
-	-	-	-	1,085,425
<u>\$ 486,888</u>	<u>\$ 221,413</u>	<u>\$ 693,225</u>	<u>\$ 302,612</u>	<u>\$ 7,751,173</u>
\$ 1,345	\$ 6,848	\$ -	\$ 74,628	\$ 153,129
-	-	-	-	19,378
486,888	219,238	681,899	205,450	3,305,873
-	-	-	-	5,990
-	-	-	-	30
<u>563,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,225,569</u>
<u>1,052,152</u>	<u>226,086</u>	<u>681,899</u>	<u>280,078</u>	<u>5,709,969</u>
-	-	-	-	7,253
-	-	11,326	-	3,877,191
-	-	-	22,534	347,820
<u>(565,264)</u>	<u>(4,673)</u>	<u>-</u>	<u>-</u>	<u>(2,191,060)</u>
<u>(565,264)</u>	<u>(4,673)</u>	<u>11,326</u>	<u>22,534</u>	<u>2,041,204</u>
<u>\$ 486,888</u>	<u>\$ 221,413</u>	<u>\$ 693,225</u>	<u>\$ 302,612</u>	<u>\$ 7,751,173</u>

## CITY OF RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2012

	Special Revenue Funds				
	Parking Meters	Refuse/Solid Waste	Shared Ride Taxi	Media Services	Environmental Fee
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	149,005	-	-
Public charges for services	36,335	68,608	-	168,313	85,660
Investment income	3,711	479	-	405	24,928
Miscellaneous	32	-	-	5,149	-
Total Revenues	40,078	69,087	149,005	173,867	110,588
<b>EXPENDITURES</b>					
Current					
Public safety	52,469	-	-	-	-
Public works	-	19,166	197,060	-	-
Leisure	-	-	-	195,160	-
Conservation and development	-	-	-	-	39,996
Capital outlay	-	-	-	-	-
Debt Service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	52,469	19,166	197,060	195,160	39,996
Excess (deficiency) of revenues over expenditures	(12,391)	49,921	(48,055)	(21,293)	70,592
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	-	-	-	-	-
Transfers from other funds	-	-	40,000	24,996	-
Transfers to other funds	(5,916)	(28,897)	(2,500)	(47,725)	(3,689)
Total Other Financing Sources (Uses)	(5,916)	(28,897)	37,500	(22,729)	(3,689)
<b>Net Change in Fund Balances</b>	(18,307)	21,024	(10,555)	(44,022)	66,903
FUND BALANCES (DEFICIT)					
- Beginning of Year	174,883	292,952	(2,375)	355,930	2,618,672
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 156,576	\$ 313,976	\$ (12,930)	\$ 311,908	\$ 2,685,575

Special Revenue Funds

Tax Increment District #4	Tax Increment District #7	Tax Increment District #8	Tax Increment District #9	Library	Commercial Revolving Loan Fund	Park Impact Fees
\$ 231,236	\$ 7,054	\$ -	\$ -	\$ 753,156	\$ -	\$ -
1,013	239	-	-	359,667	-	-
-	-	-	-	42,498	-	10,162
108	3	15	31	526	1,617	-
-	-	29,000	-	24,206	10,158	-
<u>232,357</u>	<u>7,296</u>	<u>29,015</u>	<u>31</u>	<u>1,180,053</u>	<u>11,775</u>	<u>10,162</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,055,349	-	-
735	6,726	735	22,955	-	-	-
-	407,452	29,000	496,744	-	-	-
-	-	-	325,000	-	-	-
200,000	-	-	6,243	-	-	-
<u>200,735</u>	<u>414,178</u>	<u>29,735</u>	<u>850,942</u>	<u>1,055,349</u>	<u>-</u>	<u>-</u>
<u>31,622</u>	<u>(406,882)</u>	<u>(720)</u>	<u>(850,911)</u>	<u>124,704</u>	<u>11,775</u>	<u>10,162</u>
-	-	-	330,000	-	-	-
-	-	-	-	-	-	-
<u>(47,389)</u>	<u>(866)</u>	<u>(38)</u>	<u>-</u>	<u>(112,523)</u>	<u>(1,507)</u>	<u>(2,313)</u>
<u>(47,389)</u>	<u>(866)</u>	<u>(38)</u>	<u>330,000</u>	<u>(112,523)</u>	<u>(1,507)</u>	<u>(2,313)</u>
(15,767)	(407,748)	(758)	(520,911)	12,181	10,268	7,849
<u>33,502</u>	<u>(41,234)</u>	<u>(12,871)</u>	<u>308,081</u>	<u>184,530</u>	<u>3,777</u>	<u>(13,839)</u>
<u>\$ 17,735</u>	<u>\$ (448,982)</u>	<u>\$ (13,629)</u>	<u>\$ (212,830)</u>	<u>\$ 196,711</u>	<u>\$ 14,045</u>	<u>\$ (5,990)</u>

## CITY OF RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2012

	Special Revenue Funds				
	Library Impact Fees	Fire Impact Fees	Housing Reserve	Library Trust Fund	Tourism and Economic Development
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 80,549
Intergovernmental	-	-	-	-	-
Public charges for services	6,262	6,091	-	-	-
Investment income	58	315	420	174	131
Miscellaneous	-	-	64,294	6,196	16,945
Total Revenues	6,320	6,406	64,714	6,370	97,625
<b>EXPENDITURES</b>					
Current					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Leisure	-	-	-	1,035	-
Conservation and development	-	-	344,669	-	69,594
Capital outlay	-	-	-	-	-
Debt Service					
Principal retirement	-	-	-	-	445,400
Interest and fiscal charges	-	-	-	-	8,922
Total Expenditures	-	-	344,669	1,035	523,916
Excess (deficiency) of revenues over expenditures	6,320	6,406	(279,955)	5,335	(426,291)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	-	-	-	-	455,000
Transfers from other funds	-	-	-	-	34,937
Transfers to other funds	(278)	(26,364)	(726)	(110)	(45,857)
Total Other Financing Sources (Uses)	(278)	(26,364)	(726)	(110)	444,080
<b>Net Change in Fund Balances</b>	6,042	(19,958)	(280,681)	5,225	17,789
<b>FUND BALANCES (DEFICIT)</b>					
- Beginning of Year	33,599	234,353	408,614	114,684	(944,551)
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 39,641	\$ 214,395	\$ 127,933	\$ 119,909	\$ (926,762)

Special Revenue Funds	Debt Service Funds		Capital Projects	Total Nonmajor Governmental Funds
Whitetail Ridge Corporate Park	Debt Service Bonds	Debt Service Notes	Capital Equipment	
\$ 471,183	\$ 215,513	\$ 710,931	\$ 133,899	\$ 2,603,521
13,692	-	-	-	523,616
-	-	-	-	423,929
-	2,286	515	168	35,890
<u>49,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,932</u>
<u>534,827</u>	<u>217,799</u>	<u>711,446</u>	<u>134,067</u>	<u>3,792,888</u>
-	-	-	-	52,469
-	-	-	-	216,226
-	-	-	-	1,251,544
10,749	-	-	-	496,159
-	-	-	198,927	1,132,123
978,939	785,000	686,111	-	3,220,450
<u>29,209</u>	<u>34,466</u>	<u>276,226</u>	<u>-</u>	<u>555,066</u>
<u>1,018,897</u>	<u>819,466</u>	<u>962,337</u>	<u>198,927</u>	<u>6,924,037</u>
<u>(484,070)</u>	<u>(601,667)</u>	<u>(250,891)</u>	<u>(64,860)</u>	<u>(3,131,149)</u>
790,000	600,000	-	-	2,175,000
7,689	-	260,874	-	368,496
<u>(301,135)</u>	<u>(2,395)</u>	<u>(7,739)</u>	<u>(10,399)</u>	<u>(648,366)</u>
<u>496,554</u>	<u>597,605</u>	<u>253,135</u>	<u>(10,399)</u>	<u>1,895,130</u>
12,484	(4,062)	2,244	(75,259)	(1,236,019)
<u>(577,748)</u>	<u>(611)</u>	<u>9,082</u>	<u>97,793</u>	<u>3,277,223</u>
<u>\$ (565,264)</u>	<u>\$ (4,673)</u>	<u>\$ 11,326</u>	<u>\$ 22,534</u>	<u>\$ 2,041,204</u>

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS As of December 31, 2012

	Stormwater	Ambulance	Totals
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 225,024	\$ 794,955	\$ 1,019,979
Receivables			
Accounts	180,920	72,952	253,872
Prepaid items	3,185	24,257	27,442
Total Current Assets	409,129	892,164	1,301,293
Noncurrent Assets			
Capital Assets			
Land	-	101,298	101,298
Property and equipment	7,371,709	1,385,360	8,757,069
Less: Accumulated depreciation	(1,373,558)	(781,506)	(2,155,064)
Total Noncurrent Assets	5,998,151	705,152	6,703,303
Total Assets	6,407,280	1,597,316	8,004,596
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	22,870	9,823	32,693
Accrued liabilities	1,495	20,283	21,778
Accrued interest	2,255	-	2,255
Current portion of general obligation debt	118,094	-	118,094
Total Current Liabilities	144,714	30,106	174,820
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	426,972	-	426,972
Other post-employment benefits	-	10,490	10,490
Total Noncurrent Liabilities	426,972	10,490	437,462
Total Liabilities	571,686	40,596	612,282
<b>NET POSITION</b>			
Net investment in capital assets	5,453,085	705,152	6,158,237
Unrestricted	382,509	851,568	1,234,077
<b>TOTAL NET POSITION</b>	<b>\$ 5,835,594</b>	<b>\$ 1,556,720</b>	<b>\$ 7,392,314</b>

## CITY OF RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2012

	<u>Stormwater</u>	<u>Ambulance</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Public charges for services	\$ 514,485	\$ 958,066	\$ 1,472,551
<b>OPERATING EXPENSES</b>			
Operation and maintenance	213,314	710,824	924,138
Depreciation	<u>143,282</u>	<u>82,559</u>	<u>225,841</u>
Total Operating Expenses	<u>356,596</u>	<u>793,383</u>	<u>1,149,979</u>
Operating Income	<u>157,889</u>	<u>164,683</u>	<u>322,572</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	-	7,054	7,054
Investment income	98	770	868
Miscellaneous	-	108,096	108,096
Interest and fiscal charges	<u>(6,684)</u>	<u>-</u>	<u>(6,684)</u>
Total Nonoperating Revenues (Expenses)	<u>(6,586)</u>	<u>115,920</u>	<u>109,334</u>
Net Income Before Transfers	<u>151,303</u>	<u>280,603</u>	<u>431,906</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Transfers from other funds	5,000	130,293	135,293
Transfers to other funds	<u>(51,523)</u>	<u>(80,966)</u>	<u>(132,489)</u>
Total Contributions and Transfers	<u>(46,523)</u>	<u>49,327</u>	<u>2,804</u>
<b>Change in Net Position</b>	104,780	329,930	434,710
NET POSITION - Beginning of Year	<u>5,730,814</u>	<u>1,226,790</u>	<u>6,957,604</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 5,835,594</u>	<u>\$ 1,556,720</u>	<u>\$ 7,392,314</u>

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2012

	Stormwater	Ambulance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 423,627	\$ 947,934	\$ 1,371,561
Paid to suppliers for goods and services	(96,486)	(322,390)	(418,876)
Paid to employees for services	(112,193)	(383,928)	(496,121)
Net Cash Flows From Operating Activities	214,948	241,616	456,564
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	98	770	868
Net Cash Flows From Investing Activities	98	770	868
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grant	-	7,054	7,054
Miscellaneous revenue	-	108,096	108,096
Transfers to/from other funds	(46,523)	49,327	2,804
Net Cash Flows From Noncapital Financing Activities	(46,523)	164,477	117,954
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt issued	360,000	-	360,000
Debt retired	(183,011)	-	(183,011)
Interest paid	(8,186)	-	(8,186)
Acquisition and construction of capital assets	(254,733)	(202,205)	(456,938)
Net Cash Flows From Capital and Related Financing Activities	(85,930)	(202,205)	(288,135)
<b>Net Change in Cash and Cash Equivalents</b>	82,593	204,658	287,251
CASH AND CASH EQUIVALENTS - Beginning of Year	142,431	590,297	732,728
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 225,024	\$ 794,955	\$ 1,019,979
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 157,889	\$ 164,683	\$ 322,572
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	143,282	82,559	225,841
Changes in assets and liabilities			
Customer accounts receivable	(90,858)	(10,132)	(100,990)
Prepaid items	(607)	2,950	2,343
Accounts Payable	5,782	3,039	8,821
Other current liabilities	(540)	(1,483)	(2,023)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$ 214,948	\$ 241,616	\$ 456,564

**NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:** None

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF NET ASSETS - CITY OF RIVER FALLS HOUSING AUTHORITY As of June 30, 2012

	<u>Housing Authority</u>	<u>Component Unit Windmill Place, LLC</u>	<u>Totals</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 342,873	\$ 45,466	\$ 388,339
Accounts receivable (net)	909	-	909
Due from Windmill Place, LLC	475	-	475
Prepaid items	23,764	-	23,764
Total Current Assets	<u>368,021</u>	<u>45,466</u>	<u>413,487</u>
<b>NONCURRENT ASSETS</b>			
Restricted assets - cash and investments	336,395	183,931	520,326
Financing costs, net of amortization	-	25,756	25,756
Tax credit fees, net of amortization	-	16,166	16,166
Due from Windmill Place, LLC	404,946	-	404,946
Capital Assets			
Land	371,509	391,518	763,027
Construction in progress	17,335	-	17,335
Other capital assets	6,219,100	3,296,915	9,516,015
Less: Accumulated depreciation	<u>(4,047,121)</u>	<u>(402,447)</u>	<u>(4,449,568)</u>
Total Noncurrent Assets	<u>3,302,164</u>	<u>3,511,839</u>	<u>6,814,003</u>
Total Assets	<u>3,670,185</u>	<u>3,557,305</u>	<u>7,227,490</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	287	781	1,068
Accrued liabilities	8,605	121,136	129,741
Unearned revenue	8,302	480	8,782
Current portion of compensated absences	13,501	-	13,501
Due to River Falls Housing Authority	-	129,904	129,904
Current portion of long-term debt	12,960	12,480	25,440
Other liabilities	56,990	7,680	64,670
Total Current Liabilities	<u>100,645</u>	<u>272,461</u>	<u>373,106</u>
<b>NONCURRENT LIABILITIES</b>			
Housing projects notes and bonds	2,284,695	1,647,641	3,932,336
Compensated absences	8,588	-	8,588
Total Noncurrent Liabilities	<u>2,293,283</u>	<u>1,647,641</u>	<u>3,940,924</u>
Total Liabilities	<u>2,393,928</u>	<u>1,920,102</u>	<u>4,314,030</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	263,168	1,625,865	1,889,033
Restricted - grant requirements	279,405	-	279,405
Unrestricted	733,684	11,338	745,022
TOTAL NET ASSETS	<u>\$ 1,276,257</u>	<u>\$ 1,637,203</u>	<u>\$ 2,913,460</u>

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - CITY OF RIVER FALLS HOUSING AUTHORITY For the Year Ended June 30, 2012

	Housing Authority	Component Unit Windmill Place, LLC	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 644,572	\$ 187,386	\$ 831,958
Other	124,179	-	124,179
Total Operating Revenues	<u>768,751</u>	<u>187,386</u>	<u>956,137</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	1,304,635	97,667	1,402,302
Depreciation	301,407	99,261	400,668
Taxes	<u>55,062</u>	<u>8,200</u>	<u>63,262</u>
Total Operating Expenses	<u>1,661,104</u>	<u>205,128</u>	<u>1,866,232</u>
Operating Loss	<u>(892,353)</u>	<u>(17,742)</u>	<u>(910,095)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	14,485	103	14,588
Interest expense	(150,095)	(64,548)	(214,643)
Amortization	-	(1,470)	(1,470)
Intergovernmental grants	<u>814,592</u>	<u>-</u>	<u>814,592</u>
Total Nonoperating Revenues (Expenses)	<u>678,982</u>	<u>(65,915)</u>	<u>613,067</u>
Loss Before Contributions	(213,371)	(83,657)	(297,028)
<b>CONTRIBUTIONS</b>			
Capital contributions	<u>383,131</u>	<u>-</u>	<u>383,131</u>
Change in net assets	169,760	(83,657)	86,103
NET ASSETS - Beginning of Year	<u>1,106,497</u>	<u>1,720,860</u>	<u>2,827,357</u>
NET ASSETS - END OF YEAR	<u>\$ 1,276,257</u>	<u>\$ 1,637,203</u>	<u>\$ 2,913,460</u>

**CITY OF RIVER FALLS**

BALANCE SHEET  
GOVERNMENTAL COMPONENT UNIT  
As of December 31, 2012

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	Business Improvement District
<b>ASSETS</b>	
Cash and investments	\$ 1,970
Special assessments	<u>41,762</u>
 TOTAL ASSETS	 <u>\$ 43,732</u>
<b>LIABILITIES</b>	
Liabilities	
Deferred revenue	\$ 41,762
Total Liabilities	<u>41,762</u>
<b>FUND BALANCES</b>	
Unassigned	<u>1,970</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 43,732</u>
 <b>RECONCILIATION OF FUND BALANCE TO NET POSITION</b>	
Fund balance at year end	\$ 1,970
 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>41,762</u>
 NET POSITION AT YEAR END	 <u>\$ 43,732</u>

**CITY OF RIVER FALLS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
GOVERNMENTAL COMPONENT UNIT  
For the Year Ended December 31, 2012

	<u>Business Improvement District</u>
<b>REVENUES</b>	
Special assessments	\$ 42,537
Miscellaneous revenues	<u>3,820</u>
Total Revenues	<u>46,357</u>
<b>EXPENDITURES</b>	
Conservation and development	<u>66,498</u>
Total Expenditures	<u>66,498</u>
Change in fund balance	(20,141)
FUND BALANCES - Beginning of Year	<u>22,111</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,970</u>
<b>RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION:</b>	
Change in fund balance	\$ (20,141)
Special assessments not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	<u>(416)</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (20,557)</u>