

CITY OF RIVER FALLS

River Falls, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2013

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 discretely presented component unit, 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, 2013, 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 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.

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.

To the City Council
City of River Falls

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of River Falls, Wisconsin, as of December 31, 2013 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. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

As discussed in Note I, the City of River Falls adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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

Supplementary Information

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 as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 Vinchow Krumme, LLP

July 8, 2014

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

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, 2013. This narrative is intended to offer readers an objective, easy to read reporting of the accompanying financial statements. Readers are encouraged to consider the following information in conjunction with the accompanying financial statements and notes.

FINANCIAL HIGHLIGHTS

- The City of River Falls has total assets and deferred outflows of resources of \$137.9 million and liabilities and deferred inflows of resources of \$36.5 million, resulting in net position of \$101.4 million at the end of 2013. This was an increase of \$5.3 million from the previous year. Of the net position, \$86.7 million represents capital assets net of related debt, \$5.1 million is held for restricted purposes, and \$9.6 million is available to meet the government's ongoing obligations to citizens and creditors.
- At the close of 2013, the City of River Falls' governmental funds reported combined ending fund balances of \$3.9 million, a decrease of \$3.4 million as compared to the prior fiscal year. This decrease is due to the planned use of fund balance for project related expenditures during the year, and the deferral of financing for the Radio Road interchange from 2013 to 2014.
- At the end of the fiscal year, the fund balance for the general fund was \$6.7 million, basically unchanged from the prior year. Unassigned fund balance was \$4.7 million or 55.4% of general fund expenditures and transfers, which is a slight decrease of \$24,006 from the prior year.
- Total long term liabilities decreased by \$887,869 during the current fiscal year. The City issued \$1,250,000 of new general obligation debt and retired \$2,524,103 of existing general obligation and revenue debt. Other debt related liabilities increased by \$143,775 for compensated absences, postemployment benefits and landfill post-closure care 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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the total of the assets and deferred outflows of resources less the total of the liabilities and deferred inflows of resources 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 unit of the City is the River Falls Business Improvement District. This entity is described in Note III.1. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself. Separately issued financial statements are not prepared by the Business Improvement District.

The government-wide financial statements can be found on pages 1-4 of this report.

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

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison.

The City has two major governmental funds: general fund and the general capital projects fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for these major funds. Data from all other non-major governmental funds is combined into a single aggregated presentation and are referenced under a single column as “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 5 – 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 - 68 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 69 - 71 of this report; supplementary information can be found on pages 72 - 96 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$101,412,613, at the close of the fiscal year ending December 31, 2013. This is an increase in net position of \$5,347,570 over the previous fiscal year. Approximately \$5.5 million of this increase is due to an increase in capital assets, including land and street assets. The total of liabilities and deferred inflows of resources decreased by \$3.4 million from reductions in accounts payable and unearned revenues outstanding.

The largest portion of the City's net position (85.5%) 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 9.4% of the City's net position. Unrestricted net position decreased overall by \$263,649 from the previous year, with the use of existing funds for capital projects in 2013. The unrestricted net position for the business-type funds increased by 28%. Unrestricted assets may be used to meet the City's ongoing obligations to citizens and creditors. Future infrastructure improvements for business-type activities will be funded from a combination of debt and unrestricted assets. The remaining balance of the City's net position (5.0%), represent resources that are subject to internal or external restrictions on how they may be used. The tables below and the narrative that follows consider the operations of governmental and business-type activities separately.

Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	2012 (As restated)	<u>2013</u>	2012 (As restated)	<u>2013</u>	2012 (As restated)
Current and other assets	14,259,622	18,948,381	15,798,231	14,903,139	30,057,853	33,851,520
Capital assets	<u>55,592,175</u>	<u>49,483,167</u>	<u>52,019,116</u>	<u>52,662,154</u>	<u>107,611,291</u>	<u>102,145,321</u>
Total assets	69,851,797	68,431,548	67,817,347	67,565,293	137,669,144	135,996,841
Deferred outflows of resources	<u>8,017</u>	<u>12,023</u>	<u>222,847</u>	<u>247,011</u>	<u>230,864</u>	<u>259,034</u>
Current liabilities	2,739,368	3,248,729	2,204,000	2,323,782	4,943,368	5,572,511
Noncurrent liabilities	<u>13,958,910</u>	<u>13,578,382</u>	<u>11,211,940</u>	<u>12,739,371</u>	<u>25,170,850</u>	<u>26,317,753</u>
Total liabilities	16,698,278	16,827,111	13,415,940	15,063,153	30,114,218	31,890,264
Deferred inflows of resources	<u>6,024,266</u>	<u>7,728,801</u>	<u>348,911</u>	<u>571,767</u>	<u>6,373,177</u>	<u>8,300,568</u>
Net position:						
Net investment in capital assets	44,160,677	38,282,310	42,583,545	42,502,891	86,744,222	80,785,201
Restricted	4,418,842	4,400,655	673,702	1,041,691	5,092,544	5,442,346
Unrestricted	<u>(1,442,249)</u>	<u>1,204,694</u>	<u>11,018,096</u>	<u>8,632,802</u>	<u>9,575,847</u>	<u>9,837,496</u>
Total net position	<u>47,137,270</u>	<u>43,887,659</u>	<u>54,275,343</u>	<u>52,177,384</u>	<u>101,412,613</u>	<u>96,065,043</u>
Total net position as a % of total liabilities/deferred inflows	207%	179%	394%	334%	337%	252%
Unrestricted net position a % of total liabilities/deferred inflows	(6%)	5%	80%	55%	32%	26%

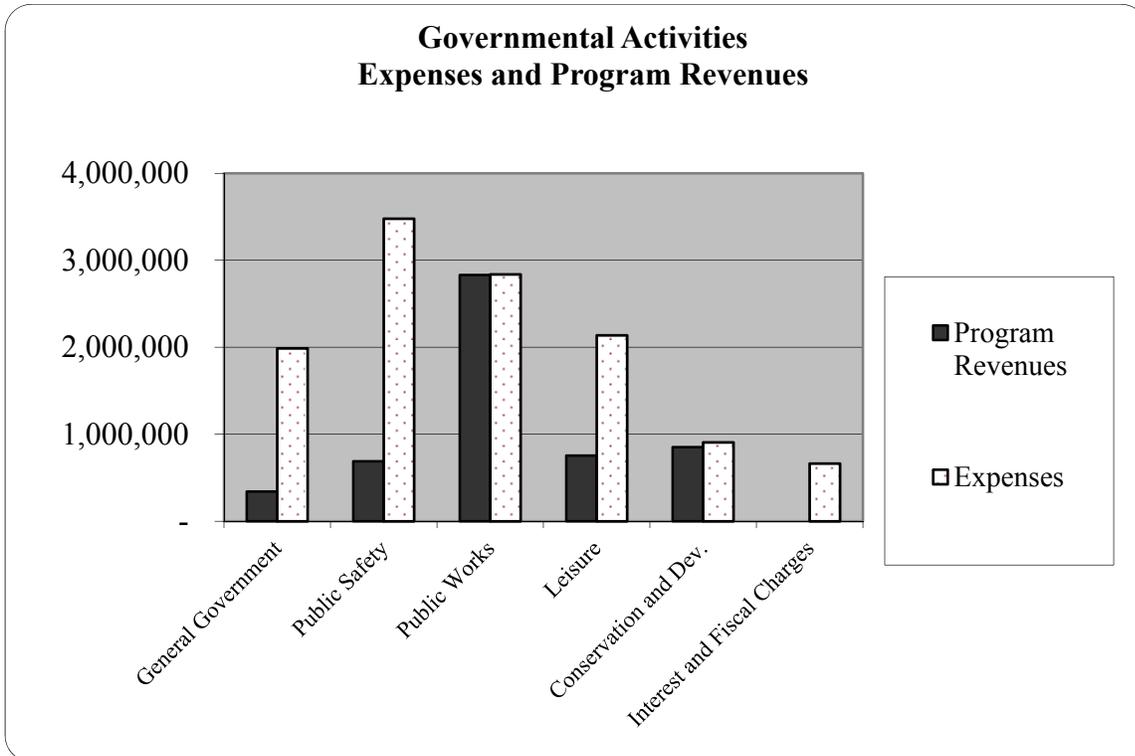
Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for Services	\$1,075,532	\$911,894	\$19,684,847	\$19,468,362	\$20,760,379	\$20,380,256
Operating grants and contributions	1,566,884	1,548,544	6,480	7,054	1,573,364	1,555,598
Capital grants and contributions	2,828,731	1,125,545	382,593	111,389	3,211,324	1,236,934
General revenues:						
Property taxes	5,589,843	5,394,687			5,589,843	5,394,687
Other taxes	170,491	167,244			170,491	167,244
Intergovernmental Revenues	2,411,553	2,193,693			2,411,553	2,193,693
Investment earnings	243,617	322,172	82,724	74,567	326,341	396,739
Miscellaneous	<u>643,790</u>	<u>416,160</u>	<u>8,695</u>	<u>30,696</u>	<u>652,485</u>	<u>446,856</u>
Total revenues	14,530,441	12,079,939	20,165,339	19,692,068	34,695,780	31,772,007
Expenses:						
General government	1,987,977	1,759,237			1,987,977	1,759,237
Public safety	3,477,989	3,420,423			3,477,989	3,420,423
Public works	2,838,399	2,317,893			2,838,399	2,317,893
Health services	10,396	9,209			10,396	9,209
Leisure	2,138,174	2,103,996			2,138,174	2,103,996
Conservation and development	907,308	703,090			907,308	703,090
Interest and fiscal charges	664,360	706,115			664,360	706,115
Electric utility			12,136,981	11,789,974	12,136,981	11,789,974
Water utility			1,350,334	1,102,051	1,350,334	1,102,051
Sewer utility			2,451,144	2,408,366	2,451,144	2,408,366
Storm water Utility			442,833	363,280	442,833	363,280
Ambulance Service	-	-	<u>942,315</u>	<u>793,383</u>	<u>942,315</u>	<u>793,383</u>
Total expenses	12,024,603	11,019,963	17,323,607	16,457,054	29,348,210	27,477,017
Change in net position before transfers	2,505,838	1,059,976	2,841,732	3,235,014	5,347,570	4,294,990
Transfers	<u>743,773</u>	<u>708,271</u>	<u>(743,773)</u>	<u>(708,271)</u>	-	-
Increase in net position	3,249,611	1,768,247	2,097,959	2,526,743	5,347,570	4,294,990
Net position January 1	<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>
Net position December 31	<u>47,137,270</u>	<u>43,887,659</u>	<u>54,275,343</u>	<u>52,177,384</u>	<u>101,412,613</u>	<u>96,065,043</u>

Governmental Activities:

Revenues for the City's governmental activities, excluding transfers from other funds, totaled \$14.5 million, with property taxes accounting for 38.5% of the total. Intergovernmental revenues include \$2.0 million in state shared revenue and grants, and comprise 16.6% of annual revenues. Charges for services make up 7.4% of total revenues and include solid waste and environmental fees, as well as permits, licenses and miscellaneous fees.

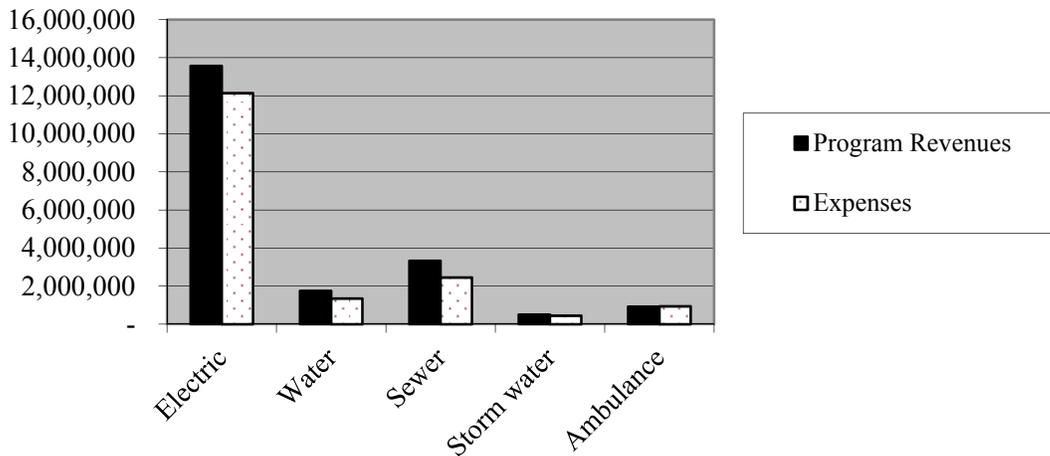
Governmental activities expenses totaled \$12.0 million, with public safety (\$3,477,989), public works (\$2,838,399), and leisure services (\$2,138,174) accounting for 70.3% of the expenses. The accompanying graph displays the governmental activities expenses in comparison to program revenues. When all sources of revenue are combined, such as property tax, investment earnings, interfund transfers, grants and contributions not restricted to specific programs are included, total revenues exceeded expenditures by \$3,249,611.



Business-Type Activities:

Business-type activities increased the City’s net position by \$2,097,959. Due to the enterprise nature of these activities, 98% of annual revenues are generated by charges for services.

Business-Type Activities Expenses and Program Revenues



Key elements of the business-type activities in 2013 are as follows:

Electric

- The Electric Utility's net position increased by \$1,068,640 from the prior year to \$17,760,857. Cash and improvement assets increased by \$2,012,702 over the prior year due to termination payments from WPPI from the closure of the power plant, as well as repayment of an advance from the sewer fund. Overall, total assets increased by \$536,043 and total liabilities decreased \$309,741 from the prior year. Debt maturities the continued amortization of the gain from early retirement of the power plant factor into the reduced liabilities.
- The Electric Utility's 2013 net operating income increased by \$167,590, an increase of 15% over the prior year. The increase in electricity consumption of 1.3 million kWh in 2013 as compared with 2012 was predominantly in the residential customer class.

Water

- The Water Utility's net position increased by \$68,730 from the prior year to \$13,497,591. Total assets decreased from the expense recognition of unamortized debt issuance costs of \$56,020, with a decrease in liabilities from reduction of debt.
- The Water Utility's 2013 net operating income was \$319,507, a decrease of \$173,627 from the prior year, which was extremely hot and dry summer and produced a higher than

normal usage of water. Water usage in 2013 was within the expected range for a normal weather year.

Sewer

- The Sewer fund increased in net position by \$909,247 which is attributed to increased operating revenues, reductions in debt service costs, and higher capital contributions.
- The Sewer fund repaid the advance of \$329,823 from the Electric Utility in 2013, and debt repayment has reduced total liabilities by \$1,172,108 from the previous year.
- The Sewer Utility's 2013 net operating income was \$1,038,819, an increase of \$40,105 over the prior year. Operating revenue grew by 3.6% to \$3,193,131, from increases in residential, industrial and public authority measured services, due primarily to the 2012 rate increase.

Storm Water

- The storm water utility's change in net position of \$27,123 from the prior year resulted from project budgeted in 2013 but not completed.

Ambulance

- The ambulance services net position increased by \$42,807 or 2.7% over the previous year. Ambulance operating income was a deficit of \$92,280 as a result of a decrease in revenues due to a change in service levels, and increased staffing expenses.

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 \$3,894,705; a decrease of \$3,437,851 from 2012 due to project costs incurred in 2013 that will be financed in 2014. The General fund had \$4,653,560 in unassigned fund balance, which is available to meet the City's current and future needs. An additional \$2,008,926 is considered nonspendable in the General fund at year end. Funds are committed for the following: 1) prepaid expenses of \$42,772; 2) to reflect the amount due from other funds that are long term in nature and do not represent spendable resources of \$1,966,154.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2013 budget was adopted at the function level of expenditures and General fund expenditures exceeded revenues by \$672.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities at December 31, 2013, amounted to \$107.6 million (net of accumulated depreciation), an increase of 5.4% over 2012. 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, 2013, the City had \$17,370,134 of general obligation bonds and promissory notes outstanding. Of this amount, \$5,029,704, or 29% 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, 2013, the City's total amount applicable to debt margin (outstanding notes less debt service fund balance) was \$17,370,134 or 43% of the legal limit of \$40,175,390. The net debt per capita equaled \$1,158 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 2014 Budget and Rates

The 2014 budget was approved in November 2013, with a levy increase of \$292,056, or 6.3%. Additional allocations from other funds and diversified revenues were included to reduce the reliance on property tax revenues. The 2014 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 0.6% in the City's 2013 equalized value. Residential property values were the most affected by the change, with a reduction of 2.5%. Commercial and manufacturing properties added \$15,601,700 in increased equalized value in 2013 for an overall increase in the City's net new construction of \$8.0 million.

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, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Business Improvement District
ASSETS				
Cash and investments	\$ 5,913,097	\$ 9,461,747	\$ 15,374,844	\$ 12,454
Receivables (net)				
Taxes	5,978,281	-	5,978,281	-
Accounts	1,348,682	1,819,227	3,167,909	-
Special assessments	179,704	-	179,704	44,662
Accrued interest	11,433	-	11,433	-
Loans	760,957	30,081	791,038	-
Prepaid items and inventories	72,419	342,196	414,615	-
Due from other governmental units	66,431	-	66,431	-
Other receivables	-	1,494,899	1,494,899	-
Internal balances	(71,382)	71,382	-	-
Restricted cash and investments	-	2,339,035	2,339,035	-
Restricted receivable	-	68,860	68,860	-
Other investments	-	153,604	153,604	-
Other assets	-	17,200	17,200	-
Capital Assets				
Land	15,678,119	349,167	16,027,286	-
Construction in progress	4,390,051	634,897	5,024,948	-
Other capital assets, net of depreciation	35,524,005	51,035,052	86,559,057	-
Total Assets	<u>69,851,797</u>	<u>67,817,347</u>	<u>137,669,144</u>	<u>57,116</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	<u>8,017</u>	<u>222,847</u>	<u>230,864</u>	<u>-</u>
LIABILITIES				
Accounts payable	564,143	1,214,355	1,778,498	-
Accrued liabilities	214,292	195,392	409,684	-
Accrued Interest	143,859	59,693	203,552	-
Deposits	18,660	130,833	149,493	-
Unearned revenues	1,798,414	6,991	1,805,405	-
Customer advances for construction	-	596,736	596,736	-
Noncurrent Liabilities				
Due within one year	1,352,136	1,420,689	2,772,825	-
Due in more than one year	12,606,774	9,791,251	22,398,025	-
Total Liabilities	<u>16,698,278</u>	<u>13,415,940</u>	<u>30,114,218</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	6,024,266	-	6,024,266	-
Unamortized gain on early retirement	-	348,911	348,911	-
Total Deferred Inflows of Resources	<u>6,024,266</u>	<u>348,911</u>	<u>6,373,177</u>	<u>-</u>

See accompanying notes to financial statements.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Business Improvement District
NET POSITION				
Net investment in capital assets	\$ 44,160,677	\$ 42,583,545	\$ 86,744,222	\$ -
Restricted for				
Debt service	-	442,908	442,908	-
Capital asset repair and replacement	-	230,794	230,794	-
Impact fees	263,063	-	263,063	-
Library trust	112,062	-	112,062	-
Housing	664,907	-	664,907	-
Parking meters	138,532	-	138,532	-
Refuse/solid waste	303,132	-	303,132	-
Environmental fee	2,721,043	-	2,721,043	-
Library	201,336	-	201,336	-
Taxi	1,857	-	1,857	-
Park acquisition	780	-	780	-
Tax increment districts	12,130	-	12,130	-
Unrestricted (deficit)	<u>(1,442,249)</u>	<u>11,018,096</u>	<u>9,575,847</u>	<u>57,116</u>
TOTAL NET POSITION	<u>\$ 47,137,270</u>	<u>\$ 54,275,343</u>	<u>\$101,412,613</u>	<u>\$ 57,116</u>

See accompanying notes to financial statements.

CITY OF RIVER FALLS

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2013

Functions/Programs	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	\$ 1,987,977	\$ 342,251	\$ -	\$ -
Public safety	3,477,989	158,043	530,940	-
Public works	2,838,399	93,829	674,704	2,063,009
Health services	10,396	-	-	-
Leisure	2,138,174	387,135	361,240	7,000
Conservation and development	907,308	94,274	-	758,722
Interest and fiscal charges	<u>664,360</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>12,024,603</u>	<u>1,075,532</u>	<u>1,566,884</u>	<u>2,828,731</u>
Business-type Activities				
Electric Utility	12,136,981	13,539,028	-	29,627
Water Utility	1,350,334	1,532,931	-	217,235
Sewer Utility	2,451,144	3,193,131	-	135,731
Stormwater	442,833	504,169	-	-
Ambulance	<u>942,315</u>	<u>915,588</u>	<u>6,480</u>	<u>-</u>
Total Business-type Activities	<u>17,323,607</u>	<u>19,684,847</u>	<u>6,480</u>	<u>382,593</u>
Total Primary Government	<u>\$ 29,348,210</u>	<u>\$ 20,760,379</u>	<u>\$ 1,573,364</u>	<u>\$ 3,211,324</u>
Component Unit				
Business Improvement District	<u>\$ 31,705</u>	<u>\$ 45,079</u>	<u>\$ -</u>	<u>\$ -</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				
Change in net position				
NET POSITION - Beginning of Year				
NET POSITION - END OF YEAR				

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Business Improvement District
\$ (1,645,726)	\$ -	\$ (1,645,726)	\$ -
(2,789,006)	-	(2,789,006)	-
(6,857)	-	(6,857)	-
(10,396)	-	(10,396)	-
(1,382,799)	-	(1,382,799)	-
(54,312)	-	(54,312)	-
<u>(664,360)</u>	<u>-</u>	<u>(664,360)</u>	<u>-</u>
<u>(6,553,456)</u>	<u>-</u>	<u>(6,553,456)</u>	<u>-</u>
-	1,431,674	1,431,674	-
-	399,832	399,832	-
-	877,718	877,718	-
-	61,336	61,336	-
-	<u>(20,247)</u>	<u>(20,247)</u>	<u>-</u>
-	<u>2,750,313</u>	<u>2,750,313</u>	<u>-</u>
<u>(6,553,456)</u>	<u>2,750,313</u>	<u>(3,803,143)</u>	<u>-</u>
-	-	-	13,374
3,712,361	-	3,712,361	-
901,137	-	901,137	-
976,345	-	976,345	-
170,491	-	170,491	-
2,411,553	-	2,411,553	-
243,617	82,724	326,341	10
<u>643,790</u>	<u>8,695</u>	<u>652,485</u>	<u>-</u>
<u>9,059,294</u>	<u>91,419</u>	<u>9,150,713</u>	<u>10</u>
<u>743,773</u>	<u>(743,773)</u>	<u>-</u>	<u>-</u>
3,249,611	2,097,959	5,347,570	13,384
<u>43,887,659</u>	<u>52,177,384</u>	<u>96,065,043</u>	<u>43,732</u>
<u>\$ 47,137,270</u>	<u>\$ 54,275,343</u>	<u>\$ 101,412,613</u>	<u>\$ 57,116</u>

See accompanying notes to financial statements.

CITY OF RIVER FALLS

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2013

	<u>General Fund</u>	<u>General Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 3,054,158	\$ 77,045	\$ 2,721,552	\$ 5,852,755
Tax roll receivable	2,735,703	142,517	3,100,061	5,978,281
Receivables				
Accounts	227,445	979,139	114,412	1,320,996
Customer	-	-	27,686	27,686
Special assessments	127,790	51,914	-	179,704
Interest	8,219	-	3,214	11,433
Notes	-	-	760,957	760,957
Inventories and prepayments	42,772	-	13,074	55,846
Due from other funds	2,645,901	-	700,000	3,345,901
Due from other governmental units	30,685	-	35,746	66,431
Advances to other funds	<u>1,966,154</u>	<u>-</u>	<u>1,057,853</u>	<u>3,024,007</u>
TOTAL ASSETS	<u>\$ 10,838,827</u>	<u>\$ 1,250,615</u>	<u>\$ 8,534,555</u>	<u>\$ 20,623,997</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 242,307	\$ 156,464	\$ 136,033	\$ 534,804
Accrued liabilities	190,958	-	21,636	212,594
Deposits	14,230	-	4,430	18,660
Unearned revenues	-	1,798,414	-	1,798,414
Due to other funds	802,484	2,286,224	55,508	3,144,216
Due to other governments	1,363	-	33	1,396
Advances from other funds	<u>-</u>	<u>57,853</u>	<u>2,966,154</u>	<u>3,024,007</u>
Total Liabilities	<u>1,251,342</u>	<u>4,298,955</u>	<u>3,183,794</u>	<u>8,734,091</u>
Deferred Inflows of Resources				
Unearned revenues	2,749,497	176,147	3,098,622	6,024,266
Unavailable revenues	<u>175,502</u>	<u>997,423</u>	<u>798,010</u>	<u>1,970,935</u>
Total Deferred Inflows of Resources	<u>2,924,999</u>	<u>1,173,570</u>	<u>3,896,632</u>	<u>7,995,201</u>
Fund Balances				
Nonspendable	2,008,926	-	13,074	2,022,000
Restricted	-	-	3,931,812	3,931,812
Committed	-	-	303,438	303,438
Unassigned (deficit)	<u>4,653,560</u>	<u>(4,221,910)</u>	<u>(2,794,195)</u>	<u>(2,362,545)</u>
Total Fund Balances	<u>6,662,486</u>	<u>(4,221,910)</u>	<u>1,454,129</u>	<u>3,894,705</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 10,838,827</u>	<u>\$ 1,250,615</u>	<u>\$ 8,534,555</u>	<u>\$ 20,623,997</u>

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, 2013

Total Fund Balances - Governmental Funds	\$	3,894,705
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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		15,678,119
Construction in progress		4,390,051
Other capital assets		49,580,776
Less: Accumulated depreciation		(14,056,771)
Less: Internal service fund included below		(382,254)

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.		1,970,935
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Governmental funds report the effect of losses on refunding, discounts, and similar items when debt is first issued, whereas these items are deferred and amortized in the statement of activities.		68,919
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Internal service funds are reported in the statement of net position as governmental activities.		84,604
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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		(12,340,430)
Compensated absences		(946,025)
Accrued interest		(143,859)
Landfill post-closure care cost		(194,879)
Other post-employment benefits		(466,621)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>47,137,270</u>
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CITY OF RIVER FALLS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2013

	General Fund	General Capital Projects	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	\$ 2,680,156	\$ 137,209	\$ 2,929,442	\$ 5,746,807
Special assessments	1,591	15,492	-	17,083
Intergovernmental	3,359,696	950,621	592,505	4,902,822
Licenses and permits	223,627	-	-	223,627
Fines, forfeitures and penalties	193,916	-	-	193,916
Public charges for services	210,095	-	417,379	627,474
Intergovernmental charges for services	21,284	-	-	21,284
Investment income	232,370	686	16,454	249,510
Miscellaneous	249,771	7,000	471,924	728,695
Total Revenues	7,172,506	1,111,008	4,427,704	12,711,218
EXPENDITURES				
Current				
General government	1,518,467	-	-	1,518,467
Public safety	3,193,869	-	15,148	3,209,017
Public works	1,985,719	-	203,739	2,189,458
Health services	8,175	-	-	8,175
Leisure activities	540,593	-	1,248,604	1,789,197
Public service enterprises	2,221	-	-	2,221
Conservation and development	521,215	-	505,942	1,027,157
Capital Outlay	-	5,804,075	503,265	6,307,340
Debt Service				
Principal retirement	161,896	-	933,953	1,095,849
Interest and fiscal charges	24,209	2,768	593,641	620,618
Total Expenditures	7,956,364	5,806,843	4,004,292	17,767,499
Excess (deficiency) of revenues over expenditures	(783,858)	(4,695,835)	423,412	(5,056,281)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	1,250,000	1,250,000
Transfers from other funds	1,222,467	1,030,000	142,301	2,394,768
Transfers to other funds	(439,281)	(56,209)	(1,536,464)	(2,031,954)
Property sales	-	5,616	-	5,616
Total Other Financing Sources (Uses)	783,186	979,407	(144,163)	1,618,430
Net Change in Fund Balances	(672)	(3,716,428)	279,249	(3,437,851)
FUND BALANCES (DEFICIT) - Beginning of Year	6,663,158	(505,482)	1,174,880	7,332,556
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 6,662,486	\$ (4,221,910)	\$ 1,454,129	\$ 3,894,705

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, 2013

Net change in fund balances - total governmental funds	\$ (3,437,851)
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	6,307,340
Some items reported as capital outlay were not capitalized	(211,275)
Depreciation is reported in the government-wide financial statements	(1,128,033)
Contributed capital assets are reported as revenues in the government-wide financial statements.	758,722
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.	1,260,203
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	(1,250,000)
Principal repaid	1,095,849
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.	58,322
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	(102,229)
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	(102,192)
Other postemployment benefits	(77,463)
Landfill liability	29,940
Internal service funds are used by management to charge the costs of city hall, motor pool, and technology to individual funds. The change in net position of the internal service funds reported with governmental activities.	<u>48,278</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,249,611</u>

See accompanying notes to financial statements.

CITY OF RIVER FALLS

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2013

	Business-type Activities - Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
ASSETS			
Current Assets			
Cash and investments	\$ 5,294,925	\$ 1,232,902	\$ 1,755,447
Receivables			
Accounts	1,323,334	114,356	290,843
Other accounts receivable	79,403	6,601	1,476
Due from other funds	2,484	-	-
Current portion of advance	26,176	-	-
Current portion of loan receivable	19,227	-	-
Current portion of West Central Biosolids receivable	-	-	51,691
Current portion of WPPi receivable	700,886	-	-
Interest receivable	-	-	2,443
Inventories	234,888	14,692	617
Prepaid items	24,881	8,913	15,027
Restricted Assets			
Cash	114,535	60,532	299,733
Interest receivable	-	-	726
West Central Biosolids receivable	-	-	67,542
Total Current Assets	7,820,739	1,437,996	2,485,545
Noncurrent Assets			
Restricted Assets			
Reserve account	518,715	163,283	358,669
Impact fee account	-	183,141	409,633
Replacement account	-	-	230,794
Interest receivable	362	-	230
Capital Assets			
Land	107,127	23,120	117,622
Construction in progress	147,604	235,123	252,170
Property and equipment	22,921,612	18,598,204	27,530,010
Less: Accumulated depreciation	(11,769,961)	(4,632,806)	(8,089,682)
Other Assets			
Prepayments - Powerful Choices	19,192	-	-
Loan receivable	10,854	-	-
Advances to other funds	81,579	-	-
Preliminary survey and investigation	-	153,604	-
West Central Biosolids Facility receivable	529,417	-	122,982
Non-utility property	-	-	17,200
Total Noncurrent Assets	12,566,501	14,723,669	20,949,628
Total Assets	20,387,240	16,161,665	23,435,173
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	-	222,847

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals	
\$ 1,178,473	\$ 9,461,747	\$ 60,342
90,694	1,819,227	-
-	87,480	-
100,000	102,484	-
-	26,176	-
-	19,227	-
-	51,691	-
-	700,886	-
-	2,443	-
-	250,197	-
23,986	72,807	16,573
-	474,800	-
-	726	-
-	67,542	-
<u>1,393,153</u>	<u>13,137,433</u>	<u>76,915</u>
-	1,040,667	-
-	592,774	-
-	230,794	-
-	592	-
101,298	349,167	-
-	634,897	-
8,846,854	77,896,680	399,802
(2,369,179)	(26,861,628)	(17,548)
-	19,192	-
-	10,854	-
-	81,579	-
-	153,604	-
-	652,399	-
-	17,200	-
<u>6,578,973</u>	<u>54,818,771</u>	<u>382,254</u>
<u>7,972,126</u>	<u>67,956,204</u>	<u>459,169</u>
-	222,847	-

See accompanying notes to financial statements.

CITY OF RIVER FALLS

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2013

	Business-type Activities - Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 1,018,552	\$ 42,513	\$ 140,057
Customer deposits	99,744	1,089	-
Accrued liabilities	115,674	24,432	31,376
Accrued interest	-	6,447	18,447
Due to other funds	6,661	5,853	-
Current portion of general obligation debt	-	87,123	390,000
Current portion of advance	-	26,176	-
Current portion of shared services notes payable	19,227	-	-
Current portion of bank promissory note - West Central Wisconsin Biosolids Facility	-	-	51,691
Current portion of lease payable	-	-	-
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	250,000	85,000	349,259
Current portion of clean water fund loan	-	-	67,542
Accrued interest	8,417	11,641	13,152
Total Current Liabilities	1,518,275	290,274	1,061,524
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	-	90,609	4,035,000
Revenue bonds	635,000	1,955,000	2,263,606
Unamortized debt premium	-	3,091	145,625
Clean water fund loan	-	-	69,684
Bank promissory note - West Central Wisconsin Biosolids Facility	-	-	53,297
Lease payable	-	-	-
Compensated absences	39,106	16,527	14,311
Other post-employment benefits	69,416	43,853	28,139
Advances from other funds	-	81,579	-
Shared services notes payable	8,684	-	-
Unearned revenue	6,991	-	-
Customer advances for construction	-	183,141	413,595
Total Noncurrent Liabilities	759,197	2,373,800	7,023,257
Total Liabilities	2,277,472	2,664,074	8,084,781
DEFERRED INFLOWS OF RESOURCES			
Unamortized gain on early retirement	348,911	-	-
NET POSITION			
Net investment in capital assets	11,040,097	12,166,101	13,225,346
Restricted for			
Debt service	106,480	48,891	287,537
Replacement	-	-	230,794
Unrestricted	6,614,280	1,282,599	1,829,562
TOTAL NET POSITION	\$ 17,760,857	\$ 13,497,591	\$ 15,573,239
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.			
Net Position Business-type Activities			

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals	Funds
\$ 13,233	\$ 1,214,355	\$ 27,977
30,000	130,833	-
23,910	195,392	1,665
1,589	26,483	-
-	12,514	291,655
120,847	597,970	-
-	26,176	-
-	19,227	-
-	51,691	-
-	-	12,021
-	684,259	-
-	67,542	-
-	33,210	-
<u>189,579</u>	<u>3,059,652</u>	<u>333,318</u>
306,125	4,431,734	-
-	4,853,606	-
-	148,716	-
-	69,684	-
-	53,297	-
-	-	59,836
-	69,944	-
14,178	155,586	-
-	81,579	-
-	8,684	-
-	6,991	-
-	596,736	-
<u>320,303</u>	<u>10,476,557</u>	<u>59,836</u>
<u>509,882</u>	<u>13,536,209</u>	<u>393,154</u>
-	<u>348,911</u>	-
6,152,001	42,583,545	310,397
-	442,908	-
-	230,794	-
<u>1,310,243</u>	<u>11,036,684</u>	<u>(244,382)</u>
<u>\$ 7,462,244</u>	54,293,931	<u>\$ 66,015</u>
	<u>(18,588)</u>	
	<u>\$ 54,275,343</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, 2013

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
OPERATING REVENUES			
Public charges for services	\$ 13,539,028	\$ 1,532,931	\$ 3,193,131
Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>13,539,028</u>	<u>1,532,931</u>	<u>3,193,131</u>
OPERATING EXPENSES			
Operation and maintenance	11,497,622	853,078	1,661,150
Depreciation	<u>785,816</u>	<u>360,346</u>	<u>493,162</u>
Total Operating Expenses	<u>12,283,438</u>	<u>1,213,424</u>	<u>2,154,312</u>
Operating Income (Loss)	<u>1,255,590</u>	<u>319,507</u>	<u>1,038,819</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	-	-
Investment income	46,346	4,042	22,240
Interest income on West Central Wisconsin Biosolids Facility receivable	-	-	9,289
Interest and fiscal charges	(39,820)	(81,068)	(190,483)
Debt issuance costs	(36,579)	-	-
Amortization of debt premium, amortization of loss on refunding, and issuance costs	-	(55,842)	(106,349)
Amortization of gain on early retirement	222,856	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>192,803</u>	<u>(132,868)</u>	<u>(265,303)</u>
Income (Loss) Before Contributions and Transfers	<u>1,448,393</u>	<u>186,639</u>	<u>773,516</u>
CONTRIBUTIONS AND TRANSFERS			
Contributions in aid of construction	29,627	217,235	135,731
Transfers from other funds	-	-	-
Transfers to other funds	<u>(409,380)</u>	<u>(335,144)</u>	<u>-</u>
Total Contributions and Transfers	<u>(379,753)</u>	<u>(117,909)</u>	<u>135,731</u>
Change in Net Position	1,068,640	68,730	909,247
NET POSITION - Beginning of Year	<u>16,692,217</u>	<u>13,428,861</u>	<u>14,663,992</u>
NET POSITION- END OF YEAR	<u>\$ 17,760,857</u>	<u>\$ 13,497,591</u>	<u>\$ 15,573,239</u>

Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds

Change in Net Position of Business-type Activities

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>		<u>Governmental Activities - Internal Service Funds</u>
<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	
\$ 1,342,312	\$ 19,607,402	\$ 41,227
<u>-</u>	<u>-</u>	<u>28,173</u>
<u>1,342,312</u>	<u>19,607,402</u>	<u>69,400</u>
1,125,711	15,137,561	404,730
<u>229,549</u>	<u>1,868,873</u>	<u>17,548</u>
<u>1,355,260</u>	<u>17,006,434</u>	<u>422,278</u>
<u>(12,948)</u>	<u>2,600,968</u>	<u>(352,878)</u>
6,480	6,480	-
807	73,435	13
-	9,289	-
(11,300)	(322,671)	-
-	(36,579)	-
-	(162,191)	-
-	222,856	-
<u>86,140</u>	<u>86,140</u>	<u>1,595</u>
<u>82,127</u>	<u>(123,241)</u>	<u>1,608</u>
<u>69,179</u>	<u>2,477,727</u>	<u>(351,270)</u>
-	382,593	-
147,603	147,603	411,874
<u>(146,852)</u>	<u>(891,376)</u>	<u>(30,915)</u>
<u>751</u>	<u>(361,180)</u>	<u>380,959</u>
69,930	2,116,547	29,689
<u>7,392,314</u>	<u>52,177,384</u>	<u>36,326</u>
<u>\$ 7,462,244</u>	54,293,931	<u>\$ 66,015</u>
	<u>(18,588)</u>	
	<u>\$ 2,097,959</u>	

See accompanying notes to financial statements.

CITY OF RIVER FALLS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2013

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 13,399,652	\$ 1,579,526	\$ 3,211,166
Received from WPPI	525,048	-	-
Received from municipality for services	239,505	-	-
Customer deposits received	-	-	-
Paid to suppliers for goods and services	(10,449,275)	(676,739)	(1,365,448)
Paid to employees for services	<u>(975,005)</u>	<u>(266,664)</u>	<u>(313,916)</u>
Net Cash Flows From Operating Activities	<u>2,739,925</u>	<u>636,123</u>	<u>1,531,802</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	46,513	4,176	23,077
Purchase of investments	(518,715)	-	(160,604)
Proceeds from sales and maturities of investments	<u>907,890</u>	<u>-</u>	<u>695,138</u>
Net Cash Flows From Investing Activities	<u>435,688</u>	<u>4,176</u>	<u>557,611</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(402,719)	(329,291)	-
Repayment of advance from other funds	386,110	(22,643)	(363,467)
Miscellaneous revenue	-	-	-
Debt retired	(16,032)	(4,276)	(4,852)
Repayment of solar renewable note	14,123	-	-
Transfers to/from other funds	-	-	-
Advance to/from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>(18,518)</u>	<u>(356,210)</u>	<u>(368,319)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(622,553)	(185,648)	(535,161)
Capital contributions received	29,627	-	-
Impact fees received	-	132,845	210,395
Debt retired	(310,000)	(187,679)	(721,855)
Interest paid	(42,233)	(83,967)	(194,039)
Proceeds from debt issue	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(945,159)</u>	<u>(324,449)</u>	<u>(1,240,660)</u>
Net Change in Cash and Cash Equivalents	2,211,936	(40,360)	480,434
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,197,524</u>	<u>1,680,218</u>	<u>2,413,238</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,409,460</u>	<u>\$ 1,639,858</u>	<u>\$ 2,893,672</u>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals	
\$ 1,505,490	\$ 19,695,834	\$ 109,910
-	525,048	-
-	239,505	-
30,000	30,000	-
(567,924)	(13,059,386)	(335,342)
<u>(567,971)</u>	<u>(2,123,556)</u>	<u>(60,941)</u>
<u>399,595</u>	<u>5,307,445</u>	<u>(286,373)</u>
807	74,573	13
-	(679,319)	-
-	<u>1,603,028</u>	-
<u>807</u>	<u>998,282</u>	<u>13</u>
-	(732,010)	-
-	-	-
92,620	92,620	1,595
-	(25,160)	-
-	14,123	-
751	751	380,960
<u>(100,000)</u>	<u>(100,000)</u>	<u>291,655</u>
<u>(6,629)</u>	<u>(749,676)</u>	<u>674,210</u>
(105,219)	(1,448,581)	(399,802)
-	29,627	-
-	343,240	-
(118,094)	(1,337,628)	(6,435)
(11,966)	(332,205)	-
-	-	<u>78,292</u>
<u>(235,279)</u>	<u>(2,745,547)</u>	<u>(327,945)</u>
158,494	2,810,504	59,905
<u>1,019,979</u>	<u>8,310,959</u>	<u>437</u>
<u>\$ 1,178,473</u>	<u>\$ 11,121,463</u>	<u>\$ 60,342</u>

See accompanying notes to financial statements.

CITY OF RIVER FALLS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2013

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,255,590	\$ 319,507	\$ 1,038,819
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	785,816	360,346	493,162
Depreciation charged to clearing account	-	44,854	-
Unfunded postemployment benefits obligation	4,882	2,309	1,462
Changes in assets and liabilities			
Customer accounts receivable	(141,200)	627	6,487
Other accounts receivable	270,221	139	11,548
Inventories	35,573	827	49
Prepaid items	(28,571)	(5,207)	(9,423)
Accounts payable	70,047	(73,762)	(6,783)
Customer deposits	13,047	975	-
Due to other funds	196	-	-
Other current liabilities	(1,229)	(6,322)	(6,971)
Receivable from WPPi	525,048	-	-
Accrued vacation and sick leave	(7,360)	(8,170)	3,452
Commitment to community and unearned revenues	(42,135)	-	-
	<u>\$ 2,739,925</u>	<u>\$ 636,123</u>	<u>\$ 1,531,802</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES			
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments - statement of net position	\$ 5,294,925	\$ 1,232,902	\$ 1,755,447
Bond redemption account	114,535	60,532	299,733
Bond reserve account	518,715	163,283	358,669
Impact fee account	-	183,141	409,633
Replacement account	-	-	230,794
Total Cash and Investments	5,928,175	1,639,858	3,054,276
Less: Noncash equivalents	(518,715)	-	(160,604)
	<u>\$ 5,409,460</u>	<u>\$ 1,639,858</u>	<u>\$ 2,893,672</u>
CASH AND CASH EQUIVALENTS			
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Clean water fund debt paid by West Central Wisconsin Biosolids Facility	\$ -	\$ -	\$ 115,414
Interest paid by West Central Biosolids Facility	\$ -	\$ -	\$ 10,799

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals	
\$ (12,948)	\$ 2,600,968	\$ (352,878)
229,549	1,868,873	17,548
-	44,854	-
-	8,653	-
163,178	29,092	40,510
-	281,908	-
-	36,449	-
3,456	(39,745)	(11,105)
(19,460)	(29,958)	19,426
30,000	44,022	-
-	196	-
5,820	(8,702)	126
-	525,048	-
-	(12,078)	-
-	(42,135)	-
<u>\$ 399,595</u>	<u>\$ 5,307,445</u>	<u>\$ (286,373)</u>
\$ 1,178,473	\$ 9,461,747	\$ 60,342
-	474,800	-
-	1,040,667	-
-	592,774	-
-	230,794	-
<u>1,178,473</u>	<u>11,800,782</u>	<u>60,342</u>
-	(679,319)	-
<u>\$ 1,178,473</u>	<u>\$ 11,121,463</u>	<u>\$ 60,342</u>
<u>\$ -</u>		<u>\$ -</u>
<u>\$ -</u>		<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF RIVER FALLS

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2013

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 2,347,495
Receivables - (net)	
Taxes	11,521,072
Accounts	<u>868</u>
TOTAL ASSETS	<u>\$ 13,869,435</u>
LIABILITIES	
Due to other taxing units	<u>\$ 13,869,435</u>
TOTAL LIABILITIES	<u>\$ 13,869,435</u>

See accompanying notes to financial statements.

CITY OF RIVER FALLS

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CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of River Falls, Wisconsin (the "city") 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. The reporting entity for the city consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit 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 or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

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, 2013. The BID does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In November 2010, the GASB issued statement No. 61 - *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This standard was implemented effective January 1, 2013.

In March 2012, the GASB issued statement No. 65 - *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective January 1, 2013.

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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Government-Wide Financial Statements (cont.)

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

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditures/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, 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.
- General Capital projects fund - accounts for and reports proceeds from long-term borrowing and other resources to be used for capital improvement projects.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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 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

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	Tax Increment District #10
Refuse/Solid Waste	Library
Shared Ride Taxi	Commercial Revolving Loan Fund
Media Services	Park Impact Fees
Environmental Fee	Library Impact Fees
Park Acquisition Fund	Fire Impact Fees
Tax Increment District #4	Housing Reserve
Tax Increment District #6	Library Trust Fund
Tax Increment District #7	Tourism and Economic Development
Tax Increment District #8	Whitetail Ridge Corporate Park
Tax Increment District #9	

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

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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: (cont.)

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

Stormwater
Ambulance

In addition, the city reports the following fund types:

Internal Service Funds - 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
Motor Pool
Technology

Agency Funds - 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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

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.

Property taxes are recorded in the year levied as receivables and unearned 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 unavailable revenues. Amounts received before eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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 unavailable 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.

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, 2013

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, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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, 2013

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

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

1. Deposits and Investments (cont.)

Interest Rate Risk

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

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, 2013, 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 statement of assets and liabilities - agency fund.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

2. Receivables (cont.)

Property tax calendar - 2013 tax roll:

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	July 31, 2014
Personal property taxes in full	January 31, 2014
Tax sale - 2013 delinquent real estate taxes	October 2016

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 unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as 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 based on average cost, and charged to construction and/or operation and maintenance expense when used.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

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

3. Inventories and Prepaid Items (cont.)

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.

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:

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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.

6. Deferred Outflows of Resources

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

A deferred charge 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 deferred outflow of resources in the government-wide and proprietary fund statements.

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, 2013, are determined on the basis of current salary rates and include salary related payments.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

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

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 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 premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

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 \$5,810,000, made up of three issues.

9. Deferred Inflows of Resources

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

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

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

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 and displayed as follows:

- 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 Council. 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 Council that originally created the commitment.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- 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.

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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2013, the following individual funds held a deficit balance:

Fund	Amount	Reason
General Capital Projects	\$ 4,221,910	Costs exceeded revenues
TIF #6	840,100	Insufficient tax increment generated
TIF #7	467,960	Insufficient tax increment generated
TIF #8	14,429	Insufficient tax increment generated
TIF #9	178,331	Insufficient tax increment generated
TIF #10	9,000	Insufficient tax increment generated
Commercial Revolving Loan Fund	18,083	Costs exceed revenues
Tourism and Economic Development	845,262	Costs exceed revenues
Whitetail Ridge Corporate Park	420,708	Insufficient tax increment generated

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.

B. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law 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. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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:

	Carrying Value	Bank and Investment Balances	Associated Risks
Demand deposits	\$ 7,888,618	\$ 8,139,329	Custodial credit
US agencies	648,149	648,149	Custodial credit, credit, interest rate, concentration of credit
LGIP	8,550,274	8,550,274	Credit
US treasuries	785,934	785,934	Custodial credit, interest rate
Corporate bonds	980,306	980,306	Custodial credit, credit, interest rate, concentration of credit
Asset-backed securities	412,529	412,529	Custodial credit, credit, interest rate, concentration of credit
Municipally-held securities	324,472	324,472	Custodial credit, credit, interest rate, concentration of credit
Mortgage-backed securities	470,092	470,092	Custodial credit, credit, interest rate, concentration of credit
Petty cash	1,000	-	N/A
Total Deposits and Investments	\$ 20,061,374	\$ 20,311,085	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 15,374,844		
Restricted cash and investments	2,339,035		
Per statement of assets and liabilities -			
agency fund			
Agency Fund	2,347,495		
Total Deposits and Investments	\$ 20,061,374		

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

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

A. DEPOSITS AND INVESTMENTS (cont.)

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, 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, 2013, the banks had pledged various government securities in the amount of \$11,491,408 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.

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

Investments

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

The city does not have any investments exposed to custodial credit risk.

Credit Risk

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

As of December 31, 2013, the city's investments were rated as follows:

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

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

Local Government Investment Pool

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2013, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
US Treasury	US Treasury Notes	6.41%

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, 2013, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than One Year	One - Five	Six - Ten
US treasuries	\$ 785,934	\$ -	\$ 785,934	\$ -
US agencies	648,149	280,852	367,297	-
Asset-backed securities	412,529	173,767	238,762	-
Municipally-held securities	324,472	95,487	228,985	-
Corporate bonds	980,306	176,417	803,889	-
Mortgage-backed securities	470,092	111,388	313,242	45,462
Totals	<u>\$ 3,621,482</u>	<u>\$ 837,911</u>	<u>\$ 2,738,109</u>	<u>\$ 45,462</u>

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

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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	\$ 158,475
Electric Utility	540,271
Sewer Utility	122,982
Nonmajor, Internal Service and Fiduciary Funds	<u>655,280</u>
Totals	<u><u>\$ 1,477,008</u></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>1,001,006</u>
Total Uncollectibles of the Current Fiscal Year	<u><u>\$ 1,001,006</u></u>

Governmental funds report *unavailable or unearned 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 *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable	\$ 5,951,111	\$ 14,140
Special assessments receivable	45,220	146,075
Grants receivable	-	1,014,753
Loans receivable	-	760,957
Capital costs paid in advance of construction	<u>27,935</u>	<u>35,010</u>
 Total Deferred Inflows of Resources for Governmental Funds	 6,024,266	 <u><u>\$ 1,970,935</u></u>
 Unearned revenue included in liabilities	 <u>1,798,414</u>	
 Total Unearned Revenues for Governmental Activities	 <u><u>\$ 7,822,680</u></u>	

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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.

Following is a list of restricted assets at December 31, 2013:

Restricted Assets	
Bond redemption account	\$ 474,800
Bond reserve account	1,040,667
Impact fee account	592,774
Replacement account	230,794
Interest receivable	<u>592</u>
Total Restricted Assets	<u>2,339,627</u>
Less: Restricted assets not funded by revenues	
Impact fee account - customer advances	(183,141)
Reserve for borrowing	(1,040,667)
Connection fees - customer advances	<u>(409,633)</u>
Total Restricted Assets Not Funded by Revenues	<u>(1,633,441)</u>
Current Liabilities Payable From Restricted Assets	<u>(32,484)</u>
Total Restricted Net Position	<u>\$ 673,702</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 13,306,394	\$ 2,393,755	\$ 22,030	\$ 15,678,119
Construction in progress	<u>2,585,145</u>	<u>4,277,404</u>	<u>2,472,498</u>	<u>4,390,051</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>15,891,539</u>	<u>6,671,159</u>	<u>2,494,528</u>	<u>20,068,170</u>
Capital assets being depreciated/amortized				
Land improvements	521,469	-	-	521,469
Buildings	14,394,552	-	66,536	14,328,016
Machinery and equipment	4,870,726	603,696	163,659	5,310,763
Infrastructure	26,877,016	2,299,116	-	29,176,132
Intangibles	<u>-</u>	<u>244,396</u>	<u>-</u>	<u>244,396</u>
Total Capital Assets Being Depreciated/Amortized	<u>46,663,763</u>	<u>3,147,208</u>	<u>230,195</u>	<u>49,580,776</u>
Total Capital Assets	<u>62,555,302</u>	<u>9,818,367</u>	<u>2,724,723</u>	<u>69,648,946</u>
Less: Accumulated depreciation/amortization for				
Land improvements	(169,376)	(23,702)	-	(193,078)
Buildings	(4,243,263)	(375,391)	38,258	(4,580,396)
Machinery and equipment	(2,225,112)	(364,579)	122,687	(2,467,004)
Infrastructure	(6,434,384)	(379,368)	-	(6,813,752)
Intangibles	<u>-</u>	<u>(2,541)</u>	<u>-</u>	<u>(2,541)</u>
Total Accumulated Depreciation/Amortization	<u>(13,072,135)</u>	<u>(1,145,581)</u>	<u>160,945</u>	<u>(14,056,771)</u>
Net Capital Assets Being Depreciated/Amortized	<u>33,591,628</u>	<u>2,001,627</u>	<u>69,250</u>	<u>35,524,005</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/ Amortization	<u>\$ 49,483,167</u>	<u>\$ 8,672,786</u>	<u>\$ 2,563,778</u>	<u>\$ 55,592,175</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 184,831
Public safety	146,160
Public works	533,365
Leisure	266,842
Conservation and development	<u>14,383</u>
Total Governmental Activities Depreciation/Amortization Expense	<u><u>\$ 1,145,581</u></u>

Business-type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Electric</u>				
Capital assets not being depreciated				
Land and land rights	\$ 107,127	\$ -	\$ -	\$ 107,127
Construction in progress	<u>50,326</u>	<u>530,411</u>	<u>433,133</u>	<u>147,604</u>
Total Capital Assets Not Being Depreciated	<u>157,453</u>	<u>530,411</u>	<u>433,133</u>	<u>254,731</u>
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	16,861,730	444,553	179,702	17,126,581
General	<u>2,099,919</u>	<u>71,597</u>	<u>105,655</u>	<u>2,065,861</u>
Total Capital Assets Being Depreciated	<u>22,690,819</u>	<u>516,150</u>	<u>285,357</u>	<u>22,921,612</u>
Total Capital Assets	<u>22,848,272</u>	<u>1,046,561</u>	<u>718,490</u>	<u>23,176,343</u>
Less: Accumulated depreciation for				
Hydraulic production	(551,743)	(21,468)	-	(573,211)
Other production	(608,871)	(32,062)	-	(640,933)
Transmission	(1,076,907)	(36,134)	-	(1,113,041)
Distribution	(7,538,596)	(636,642)	210,218	(7,965,020)
General	<u>(1,502,510)</u>	<u>(80,901)</u>	<u>105,655</u>	<u>(1,477,756)</u>
Total Accumulated Depreciation	<u>(11,278,627)</u>	<u>(807,207)</u>	<u>315,873</u>	<u>(11,769,961)</u>
Net Capital Assets Being Depreciated	<u>11,412,192</u>	<u>(291,057)</u>	<u>(30,516)</u>	<u>11,151,651</u>
Net Electric Capital Assets	<u><u>\$ 11,569,645</u></u>	<u><u>\$ 239,354</u></u>	<u><u>\$ 402,617</u></u>	<u><u>\$ 11,406,382</u></u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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	\$ 20,000	\$ -	\$ 23,120
Construction in progress	<u>3,541,836</u>	<u>371,363</u>	<u>3,678,076</u>	<u>235,123</u>
Total Capital Assets Not Being Depreciated	<u>3,544,956</u>	<u>391,363</u>	<u>3,678,076</u>	<u>258,243</u>
Capital assets being depreciated				
Source of supply	87,720	147,119	-	234,839
Pumping	609,925	1,470,941	-	2,080,866
Water treatment	38,885	44,901	-	83,786
Transmission and distribution	14,063,811	1,111,446	10,106	15,165,151
General	561,180	57,757	31,872	587,065
Completed construction not classified	<u>-</u>	<u>446,497</u>	<u>-</u>	<u>446,497</u>
Total Capital Assets Being Depreciated	<u>15,361,521</u>	<u>3,278,661</u>	<u>41,978</u>	<u>18,598,204</u>
Total Capital Assets	<u>18,906,477</u>	<u>3,670,024</u>	<u>3,720,054</u>	<u>18,856,447</u>
Less: Accumulated depreciation for				
Source of supply	(87,720)	(2,133)	-	(89,853)
Pumping	(313,531)	(37,226)	-	(350,757)
Water treatment	(38,885)	(1,347)	-	(40,232)
Transmission and distribution	(3,421,319)	(324,632)	10,106	(3,735,845)
General	(408,997)	(32,520)	31,872	(409,645)
Completed construction not classified	<u>-</u>	<u>(6,474)</u>	<u>-</u>	<u>(6,474)</u>
Total Accumulated Depreciation	<u>(4,270,452)</u>	<u>(404,332)</u>	<u>41,978</u>	<u>(4,632,806)</u>
Net Capital Assets Being Depreciated	<u>11,091,069</u>	<u>2,874,329</u>	<u>-</u>	<u>13,965,398</u>
Net Water Capital Assets	<u>\$ 14,636,025</u>	<u>\$3,265,692</u>	<u>\$3,678,076</u>	<u>\$ 14,223,641</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 117,622	\$ -	\$ -	\$ 117,622
Construction in progress	<u>225,358</u>	<u>193,834</u>	<u>167,022</u>	<u>252,170</u>
Total Capital Assets Not Being Depreciated	<u>342,980</u>	<u>193,834</u>	<u>167,022</u>	<u>369,792</u>
Capital assets being depreciated				
Collection system	16,179,076	311,937	-	16,491,013
Collection system pumping	1,081,367	23,773	-	1,105,140
Treatment and disposal	8,112,808	5,285	-	8,118,093
General	1,675,559	28,188	42,211	1,661,536
Completed construction not classified	<u>-</u>	<u>154,228</u>	<u>-</u>	<u>154,228</u>
Total Capital Assets Being Depreciated	<u>27,048,810</u>	<u>523,411</u>	<u>42,211</u>	<u>27,530,010</u>
Total Capital Assets	<u>27,391,790</u>	<u>717,245</u>	<u>209,233</u>	<u>27,899,802</u>
Less: Accumulated depreciation for				
Collection system	(2,483,248)	(174,281)	-	(2,657,529)
Collection system pumping	(741,194)	(39,071)	-	(780,265)
Treatment and disposal	(3,587,561)	(238,006)	-	(3,825,567)
General	(826,606)	(41,062)	42,211	(825,457)
Completed construction not classified	<u>-</u>	<u>(864)</u>	<u>-</u>	<u>(864)</u>
Total Accumulated Depreciation	<u>(7,638,609)</u>	<u>(493,284)</u>	<u>42,211</u>	<u>(8,089,682)</u>
Net Capital Assets Being Depreciated	<u>19,410,201</u>	<u>30,127</u>	<u>-</u>	<u>19,440,328</u>
Net Sewer Capital Assets	<u>\$ 19,753,181</u>	<u>\$ 223,961</u>	<u>\$ 167,022</u>	<u>\$ 19,810,120</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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>Stormwater</u>				
Capital assets being depreciated				
Machinery and equipment	\$ 125,187	\$ -	\$ -	\$ 125,187
Collection system	<u>7,246,522</u>	<u>57,354</u>	<u>-</u>	<u>7,303,876</u>
Total Capital Assets Being Depreciated	<u>7,371,709</u>	<u>57,354</u>	<u>-</u>	<u>7,429,063</u>
Less: Accumulated depreciation for				
Machinery and equipment	(47,873)	(12,335)	-	(60,208)
Collection system	<u>(1,325,685)</u>	<u>(131,044)</u>	<u>-</u>	<u>(1,456,729)</u>
Total Accumulated depreciation	<u>(1,373,558)</u>	<u>(143,379)</u>	<u>-</u>	<u>(1,516,937)</u>
Net Capital Assets Being Depreciated	<u>5,998,151</u>	<u>(86,025)</u>	<u>-</u>	<u>5,912,126</u>
Net Stormwater Capital Assets	<u>\$ 5,998,151</u>	<u>\$ (86,025)</u>	<u>\$ -</u>	<u>\$ 5,912,126</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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>Ambulance</u>				
Capital assets not being depreciated				
Land	\$ 101,298	\$ -	\$ -	\$ 101,298
Total Capital Assets Not Being Depreciated	<u>101,298</u>	<u>-</u>	<u>-</u>	<u>101,298</u>
Capital assets being depreciated				
Building improvements	21,393	-	-	21,393
Buildings	601,408	-	-	601,408
Machinery and equipment	<u>762,559</u>	<u>48,677</u>	<u>16,246</u>	<u>794,990</u>
Total Capital Assets Being Depreciated	<u>1,385,360</u>	<u>48,677</u>	<u>16,246</u>	<u>1,417,791</u>
Total Capital Assets	<u>1,486,658</u>	<u>48,677</u>	<u>16,246</u>	<u>1,519,089</u>
Less: Accumulated depreciation for				
Building improvements	(21,393)	-	-	(21,393)
Buildings	(307,363)	(22,832)	-	(330,195)
Machinery and equipment	<u>(452,750)</u>	<u>(63,338)</u>	<u>15,434</u>	<u>(500,654)</u>
Total Accumulated Depreciation	<u>(781,506)</u>	<u>(86,170)</u>	<u>15,434</u>	<u>(852,242)</u>
Net Capital Assets Being Depreciated	<u>603,854</u>	<u>(37,493)</u>	<u>812</u>	<u>565,549</u>
Net Other Enterprise Capital Assets	<u>\$ 705,152</u>	<u>\$ (37,493)</u>	<u>\$ 812</u>	<u>\$ 666,847</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 52,662,154</u>	<u>\$3,605,489</u>	<u>\$4,248,527</u>	<u>\$ 52,019,116</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Electric	\$ 785,816
Water	360,346
Sewer	493,162
Stormwater	143,379
Ambulance	<u>86,170</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ 1,868,873</u>

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, 2013

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

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:

Receivable Fund	Payable Fund	Amount
General Fund	General Capital Projects	\$ 2,286,224
General Fund	Environmental Fee	25,979
General Fund	Library	2,279
	Commercial Revolving Loan	
General Fund	Fund	18,083
General Fund	TIF #10	9,000
General Fund	Debt Service Notes	167
General Fund	Technology	283,442
General Fund	Motor Pool	8,213
General Fund	Electric Utility	6,661
General Fund	Water Utility	5,853
Environmental Fee	General Fund	700,000
Ambulance	General Fund	100,000
Electric Utility	General Fund	2,484
Total - Fund Financial Statements		3,448,385
Less: Fund eliminations		(3,228,112)
Less: Interfund receivables created with internal service fund eliminations		(291,655)
Total Internal Balances - Government-Wide Statement of Net Position		\$ (71,382)

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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

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

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 utility to separate the combined utilities. Interest of 4.5% is being charged.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General fund	Whitetail Ridge Corporate Park	\$ 420,708	\$ 420,708
General fund	TIF District #6	840,100	840,100
General fund	TIF District #7	491,466	491,466
General fund	TIF District #8	14,429	14,429
General fund	TIF District #9	199,451	199,451
Parking meters fund	General Capital Projects	57,853	29,388
	Tourism and Economic		
Environmental Fee fund	Development fund	1,000,000	1,000,000
Electric utility	Water utility	107,755	81,579
Total - Fund Financial Statements		3,131,762	
Less: Fund eliminations		(3,131,762)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ -	

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

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

Advances (cont.)

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 26,176	\$ 2,066
2015	26,678	1,564
2016	27,190	1,052
2017	<u>27,711</u>	<u>531</u>
 Totals	 <u>\$ 107,755</u>	 <u>\$ 5,213</u>

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

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	\$ 56,209	Administration fee
General	Capital Equipment	4,055	Administration fee
General	Nonmajor special revenue funds	279,601	Administration fee
General	Electric utility	409,380	Property tax equivalent
General	Water utility	335,144	Property tax equivalent
General	Stormwater	40,410	Administration fee
General	Ambulance	66,423	Administration fee
General	City Hall	17,562	Administration fee
General	Debt Service Notes	11,458	Administration fee
General	Debt Service Bonds	2,225	Administration fee
Nonmajor governmental funds	General	54,256	Various
General Capital Projects	General	30,000	Transfer purchase of park land
General Capital Projects	Nonmajor special revenue funds	1,000,000	Bond proceeds
Tourism and Economic Development	Tax Increment District #4	13,000	Marketing
Whitetail Ridge Corporate Park	Tourism and Economic Development	13,000	Marketing
Debt Service Notes	Nonmajor special revenue funds	61,247	Debt service
Debt Service Notes	Ambulance	798	Debt service

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

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

Transfers (cont.)

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Ambulance	General	\$ 135,000	Per capita payment
Ambulance	Capital Equipment	7,603	Administration fee
Stormwater	Refuse and Solid Waste	5,000	Contract administration
City Hall	General	115,073	Share of city hall costs
	Nonmajor special revenue		
	funds	57,878	Share of city hall costs
City Hall	Stormwater	5,909	Share of city hall costs
City Hall	Ambulance	11,817	Share of city hall costs
City Hall	Technology	11,817	Share of city hall costs
Motor Pool	General	10,060	Share of motor pool costs
	Nonmajor special revenue		
	funds	322	Share of motor pool costs
Motor Pool	Ambulance	92	Share of motor pool costs
Technology	General	94,892	Share of technology costs
	Nonmajor special revenue		
	funds	81,075	Share of technology costs
Technology	Ambulance	20,086	Share of technology costs
Technology	Stormwater	1,317	Share of technology costs
Technology	City Hall	<u>1,536</u>	Share of technology costs
Total - Fund Financial Statements		2,954,245	
Less: Fund eliminations		<u>(2,210,472)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 743,773</u></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, 2013

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 12,186,279	\$ 1,250,000	\$ 1,095,849	\$ 12,340,430	\$ 1,146,246
(Discounts)/Premiums	(65,708)	-	(4,806)	(60,902)	-
Sub-totals	12,120,571	1,250,000	1,091,043	12,279,528	1,146,246
Other Liabilities					
Vested compensated absences	843,833	152,545	50,353	946,025	160,557
Capital leases	-	78,292	6,434	71,858	12,021
Other postemployment benefits	389,158	77,463	-	466,621	-
Landfill post-closure care cost	224,820	3,371	33,312	194,879	33,312
Total Other Liabilities	1,457,811	311,671	90,099	1,679,383	205,890
Total Governmental Activities Long-Term Liabilities	\$ 13,578,382	\$ 1,561,671	\$ 1,181,142	\$ 13,958,911	\$ 1,352,136
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 5,657,491	\$ -	\$ 627,787	\$ 5,029,704	\$ 597,970
Revenue bonds	6,475,558	-	800,467	5,675,091	751,801
Other long-term debt	208,058	-	75,159	132,899	70,918
(Discounts)/Premiums	166,795	-	18,079	148,716	-
Sub-totals	12,507,902	-	1,521,492	10,986,410	1,420,689
Other Liabilities					
Vested compensated absences	88,224	40,436	58,716	69,944	-
Other postemployment benefits	143,245	12,341	-	155,586	-
Total Other Liabilities	231,469	52,777	58,716	225,530	-
Total Business-type Activities Long-Term Liabilities	\$ 12,739,371	\$ 52,777	\$ 1,580,208	\$ 11,211,940	\$ 1,420,689

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, 2013, was \$40,175,390. Total general obligation debt outstanding at year end was \$17,370,134.

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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2013</u>
Promissory Note	10/2007	10/2017	3.385%	\$ 2,331,441	\$ 1,160,000
State Trust Fund Loan	09/2008	03/2018	4.25%	300,000	184,202
Refunding Bonds	03/2009	03/2029	3.0-4.6%	5,070,000	4,930,000
Refunding Bonds	12/2010	01/2015	3.24%	174,524	70,894
Promissory Note	12/2011	11/2016	2.77%	54,000	30,046
Refunding Bonds	03/2012	03/2028	2.4%	4,560,000	4,220,000
Refunding Bonds	09/2012	05/2023	2.11%	600,000	400,000
Promissory Note	12/2012	12/2017	1.917%	118,000	95,288
Promissory Note	11/2013	11/2018	1.79%	250,000	250,000
Promissory Note	11/2013	11/2015	1.48%	1,000,000	<u>1,000,000</u>

Total Governmental Activities - General Obligation Debt \$ 12,340,430

Business-type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2013</u>
State Trust Fund Loan	03/2005	03/2015	4.00%	\$ 301,737	\$ 70,173
State Trust Fund Loan	07/2005	03/2015	4.00%	468,706	107,559
Promissory Note	12/2010	01/2015	3.24%	85,477	34,732
Promissory Note	12/2011	11/2016	2.77%	166,000	101,954
Refunding Bonds	07/2011	11/2019	2.0-2.5%	1,740,000	1,500,000
Refunding Bonds	08/2012	05/2023	1.0-2.5%	3,165,000	2,925,000
Promissory Note	12/2012	12/2017	1.917%	360,000	<u>290,286</u>

Total Business-type Activities - General Obligation Debt \$ 5,029,704

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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
2014	\$ 1,146,246	\$ 373,147	\$ 597,970	\$ 109,145
2015	2,133,826	362,818	619,163	95,524
2016	1,084,870	308,005	723,278	78,816
2017	983,726	275,267	709,760	63,283
2018	786,761	248,343	2,040,000	129,051
2019-2023	3,089,816	923,212	339,533	3,400
2024-2028	2,670,000	428,535	-	-
2029	445,185	10,235	-	-
Totals	<u>\$ 12,340,430</u>	<u>\$ 2,929,562</u>	<u>\$ 5,029,704</u>	<u>\$ 479,219</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 revenues, net of specified operating expenses, are pledged as security of the electric revenue bonds below until the bonds are defeased. Principal and interest paid for 2013 were \$352,233. Total customer net revenues as defined for the same period were \$2,087,752. Annual principal and interest payments are expected to require 11% of net revenues on average.

The water utility revenues, net of specified operating expenses, are pledged as security of the water revenue bonds below until the bonds are defeased. Principal and interest paid for 2013 were \$155,698. Total customer net revenues as defined for the same period were \$683,895. Annual principal and interest payments are expected to require 23% of net revenues on average.

The sewer utility revenues, net of specified operating expenses, are pledged as security of the sewer revenue bonds below until the bonds are defeased. Principal and interest paid for 2013 were \$490,690. Total customer net revenues as defined for the same period were \$1,563,510. Annual principal and interest payments are expected to require 17% of net revenues on average.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2013, 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, 2013</u>
<u>Electric Utility</u>					
Revenue Bonds	11/2002	10/2017	2.00-4.00%	\$ 3,320,000	<u>\$ 885,000</u>
				Total Electric Utility	<u>885,000</u>
<u>Water Utility</u>					
Revenue Bonds	07/2011	11/2031	2.0-4.4%	2,125,000	<u>2,040,000</u>
				Total Water Utility	<u>2,040,000</u>
<u>Sewer Utility</u>					
Revenue Bonds	11/1995	05/2015	3.173%	1,009,332	137,226
Revenue Bonds	11/2005	05/2025	2.746%	3,317,130	2,227,865
Revenue Bonds	04/2008	05/2015	2.75-3.5%	1,250,000	<u>385,000</u>
				Total Sewer Utility	<u>2,750,091</u>
Total Business-type Activities - Revenue Debt					<u>\$ 5,675,091</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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
2014	\$ 751,801	\$ 182,441
2015	778,317	158,327
2016	533,125	137,575
2017	367,742	120,201
2018	272,486	101,689
2019-2023	1,483,265	388,088
2024-2028	1,048,355	172,344
2029-2031	440,000	29,560
Totals	<u>\$ 5,675,091</u>	<u>\$ 1,290,225</u>

Other Debt Information

Estimated payments of compensated absences, other post employment 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' systems 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' systems and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

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 \$194,879 reported as landfill closure and postclosure care liability at December 31, 2013, represents the estimated amount of future postclosure costs. These amounts are based on what it would cost to perform all postclosure care in 2013. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2013, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 15,678,119
Construction in progress	4,390,051
Other capital assets, net of accumulated depreciation	35,524,005
Less: Long-term debt outstanding	(11,500,417)
Plus: Unamortized debt discount	60,902
Loss on refunding	<u>8,017</u>
Total Net Investment in Capital Assets	<u>\$ 44,160,677</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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, 2013, include the following:

	<u>General Fund</u>	<u>General Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Fund Balances				
Nonspendable:				
Inventories and prepayments	\$ 42,772	\$ -	\$ 13,074	\$ 55,846
Advances to other funds	1,966,154	-	-	1,966,154
Restricted for:				
Parking meters	-	-	138,532	138,532
Refuse/solid waste	-	-	303,132	303,132
Shared ride taxi	-	-	1,857	1,857
Environmental fee	-	-	2,721,042	2,721,042
TIF District #4	-	-	12,130	12,130
Library	-	-	201,336	201,336
Park impact fees	-	-	33,635	33,635
Library impact fees	-	-	54,727	54,727
Fire impact fees	-	-	174,701	174,701
Housing reserve	-	-	161,507	161,507
Library trust	-	-	112,062	112,062
Debt service	-	-	17,151	17,151
Committed to:				
Media service	-	-	240,386	240,386
Park acquisition	-	-	780	780
Capital equipment	-	-	62,272	62,272
Unassigned (deficit):	<u>4,653,560</u>	<u>(4,221,910)</u>	<u>(2,794,195)</u>	<u>(2,362,545)</u>
Total Fund Balances (Deficit)	<u>\$ 6,662,486</u>	<u>\$ (4,221,910)</u>	<u>\$ 1,454,129</u>	<u>\$ 3,894,705</u>

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 349,167
Construction in progress	634,897
Non-utility property	17,200
Other capital assets, net of accumulated depreciation	51,035,052
Less: Long-term debt outstanding	<u>(9,452,771)</u>
Total Net Investment in Capital Assets	<u>\$ 42,583,545</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

I. COMPONENT UNIT

BUSINESS IMPROVEMENT DISTRICT

This report contains the Business Improvement District (BID), which is included as a component unit.

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 and Investments

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	<u>\$ 12,454</u>	<u>\$ 12,454</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, 2013

NOTE IV - OTHER INFORMATION

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.

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 employees 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, 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for city employees covered by the WRS for the year ended December 31, 2013 was \$5,870,256; the employer's total payroll was \$6,451,752. The total required contribution for the year ended December 31, 2013 was \$845,385 or 14.4% of covered payroll. Of this amount, 62 percent was contributed by the employer and 38 was contributed by the employee for the current year. Total contributions for the years ending 2012 and 2011 were \$755,796 and \$776,626, respectively, equal to the required contributions for each year.

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. A 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 WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2013 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

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.

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.

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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Long-Term Contracts - WPPI Energy (cont.)

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 \$487 million as of December 31, 2013.

Loan Guarantee

In 2012, the City entered into a loan guarantee agreement with the River Falls Baseball Council. The City's exposure is limited to a maximum of \$300,000 in principal plus interest. The loan is to be used for improvements at the baseball park.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

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, 2013 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 2013, total retired member contributions were \$92,562. 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, 2013

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	\$	183,666
Interest on net OPEB obligation		15,968
Adjustment to annual required contribution		<u>(17,089)</u>
Annual OPEB cost		182,545
Contributions made		<u>(92,741)</u>
Increase in net OPEB obligation		89,804
Net OPEB Obligation - Beginning of Year		<u>532,403</u>
Net OPEB Obligation - End of Year	\$	<u><u>622,207</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2011	\$ 164,759	58%	\$ 435,632
December 31, 2012	182,715	47%	532,403
December 31, 2013	182,545	51%	622,207

The funded status of the plan as of January 1, 2013, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$	2,059,193
Actuarial value of plan assets		<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u><u>2,059,193</u></u>
Funded ratio (actuarial value of plan assets/AAL)		-%
Covered payroll (active plan members)	\$	5,742,867
UAAL as a percentage of covered payroll		36%

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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 – The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 8% initially, reduced to an ultimate rate of 4.7% after ten years, was used.
6. Health insurance premiums – 2013 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 3% was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).
8. Payroll growth rate – The expected long-term payroll growth rate was assumed to be 3.25%.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Based on the historical and expected returns of the city's short-term investment portfolio, a discount rate of 3% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2013, was 30 years.

F. SUBSEQUENT EVENT

On June 24, 2014, the city council authorized the issuance of \$5,550,000 general obligation corporate purpose bonds. The bond proceeds will be used to finance street and TID projects, as well as to current refund the city's \$1,000,000 2013 general obligation promissory note.

G. RELATED ORGANIZATIONS

Housing Authority

The city's officials are responsible for appointing the board members of the River Falls Housing Authority, but the city's accountability for this organization does not extend beyond making the appointments.

H. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 69, *Government Combinations and Disposals of Government Operations*
- > Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

When they become effective, application of these standards may restate portions of these financial statements.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

I. 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, 2013, the city has paid \$1,500,000 of such costs and has deeded \$1,050,000 of public lands to the developer.

In 2013, property within the district was sold, and the city entered into an assignment agreement with Mahi, LLC. The assignment agreement modifies the terms of the agreement with Martinsen Investment and Land Co. Inc. to reduce the minimum assessed value from \$10,000,000 to \$7,000,000 and lower the guaranteed annual payment to \$135,000. No other changes to the original agreement were made.

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 \$35,935 and \$29,000 in 2013 and 2012, respectively, for the first two year's payments.

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, 2013

NOTE IV - OTHER INFORMATION (cont.)

J. TAX INCREMENTAL FINANCING DISTRICTS

The city currently maintains separate special revenue and capital projects fund accounts for five 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

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,690,000	\$ 2,690,000	\$ 2,680,156	\$ (9,844)
Special assessments	-	-	1,591	1,591
Intergovernmental	3,052,621	3,061,155	3,359,696	298,541
Licenses and permits	145,500	145,500	223,627	78,127
Fines, forfeitures and penalties	185,000	185,000	193,916	8,916
Public charges for services	229,500	229,500	210,095	(19,405)
Intergovernmental charges for services	15,000	15,000	21,284	6,284
Investment income	295,000	295,013	232,370	(62,643)
Miscellaneous	<u>223,670</u>	<u>223,670</u>	<u>249,771</u>	<u>26,101</u>
Total Revenues	<u>6,836,291</u>	<u>6,844,838</u>	<u>7,172,506</u>	<u>327,668</u>
EXPENDITURES				
Current				
General government	1,569,546	1,588,326	1,518,467	69,859
Public safety	3,348,595	3,357,142	3,193,869	163,273
Public works	1,982,977	1,969,010	1,985,719	(16,709)
Health services	11,440	11,440	8,175	3,265
Leisure	583,345	583,345	540,593	42,752
Conservation and development	496,544	524,731	521,215	3,516
Public service enterprises	7,160	7,160	2,221	4,939
Debt Service				
Principal retirement	137,627	154,627	161,896	(7,269)
Interest and fiscal charges	<u>23,928</u>	<u>23,928</u>	<u>24,209</u>	<u>(281)</u>
Total Expenditures	<u>8,161,162</u>	<u>8,219,709</u>	<u>7,956,364</u>	<u>263,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,324,871)</u>	<u>(1,374,871)</u>	<u>(783,858)</u>	<u>591,013</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,724,534	1,724,534	1,222,467	(502,067)
Transfers to other funds	<u>(399,663)</u>	<u>(429,663)</u>	<u>(439,281)</u>	<u>(9,618)</u>
Total Other Financing Sources (Uses)	<u>1,324,871</u>	<u>1,294,871</u>	<u>783,186</u>	<u>(511,685)</u>
Net Change in Fund Balance	-	(80,000)	(672)	79,328
FUND BALANCE - Beginning of Year	<u>6,663,158</u>	<u>6,663,158</u>	<u>6,663,158</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,663,158</u>	<u>\$ 6,583,158</u>	<u>\$ 6,662,486</u>	<u>\$ 79,328</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, 2013

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)
01/01/13	\$ -	\$ 2,059,193	\$ 2,059,193	0%	\$ 5,742,867	36%
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%

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, 2013

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 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.

EXCESS EXPENDITURES OVER APPROPRIATIONS

Excess expenditures over appropriations are as follows:

	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
TIF #7	\$ 55,460	\$ 100,034	\$ 44,574
TIF #9	43,518	45,501	1,983
Fire Impact Fees	125	142	17
Tourism and Economic Development	42,000	59,432	17,432
Whitetail Ridge Corporate Park	182,013	347,544	165,531
Notes Debt Service	736,532	737,125	593

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
General property taxes	\$ 2,607,000	\$ 2,607,000	\$ 2,593,766	\$ (13,234)
Mobile home taxes	22,000	22,000	22,333	333
Payments in lieu of taxes - housing authority	7,500	7,500	7,589	89
Payment in lieu of taxes - other	52,000	52,000	55,315	3,315
Interest and on taxes	1,500	1,500	1,153	(347)
Total Taxes	<u>2,690,000</u>	<u>2,690,000</u>	<u>2,680,156</u>	<u>(9,844)</u>
SPECIAL ASSESSMENTS				
Interest on special assessments	-	-	1,591	1,591
Total Special Assessments	<u>-</u>	<u>-</u>	<u>1,591</u>	<u>1,591</u>
INTERGOVERNMENTAL				
Shared revenues from state	2,013,463	2,013,463	2,002,794	(10,669)
Fire insurance from state	30,000	30,000	29,812	(188)
State aid - computers	10,000	10,000	9,038	(962)
State aid - police training	4,000	4,000	3,520	(480)
State aid - streets	463,958	463,958	476,862	12,904
State aid - municipal services	220,000	220,000	200,877	(19,123)
State aid - other public safety	-	-	49,096	49,096
School district grant	50,000	50,000	54,801	4,801
Municipal grants	261,200	261,200	524,362	263,162
Other federal payments	-	8,534	8,534	-
Total Intergovernmental	<u>3,052,621</u>	<u>3,061,155</u>	<u>3,359,696</u>	<u>298,541</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	17,000	17,000	27,660	10,660
Operators' license	5,000	5,000	5,847	847
Cigarette licenses	1,000	1,000	1,100	100
Business and occupational licenses	1,500	1,500	1,575	75
Bicycle licenses	-	-	82	82
Dog licenses	6,000	6,000	5,519	(481)
Housing inspection licenses	17,000	17,000	21,815	4,815
Plumbing permits	2,000	2,000	4,891	2,891
Building permits	90,000	90,000	145,725	55,725
Sign permits	2,500	2,500	4,767	2,267
Zoning permits	3,000	3,000	2,600	(400)
Inspectors red seal	500	500	2,046	1,546
Total Licenses and Permits	<u>145,500</u>	<u>145,500</u>	<u>223,627</u>	<u>78,127</u>
FINES, FORFEITURES AND PENALTIES				
Court penalties and costs	70,000	70,000	74,828	4,828
Parking violations	90,000	90,000	92,180	2,180
Restitution and forfeitures	-	-	2,033	2,033
Court costs	25,000	25,000	24,875	(125)
Total Fines, Forfeitures and Penalties	<u>185,000</u>	<u>185,000</u>	<u>193,916</u>	<u>8,916</u>

CITY OF RIVER FALLS

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC CHARGES FOR SERVICES				
Clerk's fees	\$ 6,000	\$ 6,000	\$ 7,316	\$ 1,316
Zoning administration fees	10,000	10,000	8,085	(1,915)
Publication fees	1,000	1,000	1,140	140
Plat review fees	10,000	10,000	7,700	(2,300)
Police department fees	16,500	16,500	15,949	(551)
Police reserve	2,000	2,000	-	(2,000)
Police towing	11,000	11,000	11,670	670
Fire department fees	15,000	15,000	15,161	161
Fire inspection fees	4,000	4,000	700	(3,300)
Highway maintenance and construction	10,000	10,000	13,795	3,795
Weights and measures charges	4,000	4,000	4,000	-
Swimming pool	20,000	20,000	18,335	(1,665)
Parks	20,000	20,000	16,812	(3,188)
Other recreation programs	100,000	100,000	89,132	(10,868)
Other public charges for services	-	-	300	300
Total Public Charges for Services	<u>229,500</u>	<u>229,500</u>	<u>210,095</u>	<u>(19,405)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Utility-mechanic charges	15,000	15,000	20,914	5,914
Motor pool cars	-	-	370	370
Total Intergovernmental Charges for Services	<u>15,000</u>	<u>15,000</u>	<u>21,284</u>	<u>6,284</u>
INVESTMENT INCOME				
Interest - interfund advances	200,000	200,000	200,000	-
Interest on temporary investments	95,000	95,013	32,370	(62,643)
Total Investment Income	<u>295,000</u>	<u>295,013</u>	<u>232,370</u>	<u>(62,643)</u>
MISCELLANEOUS				
Sale of supplies	632	632	3,037	2,405
Rent of municipal buildings	192,445	192,445	193,565	1,120
Donations	-	-	2,171	2,171
Sale of capital assets	10,000	10,000	11,875	1,875
Miscellaneous	20,593	20,593	39,123	18,530
Total Miscellaneous	<u>223,670</u>	<u>223,670</u>	<u>249,771</u>	<u>26,101</u>
OTHER FINANCING SOURCES				
Transfers from other funds	1,724,534	1,724,534	1,222,467	(502,067)
Total Other Financing Sources	<u>1,724,534</u>	<u>1,724,534</u>	<u>1,222,467</u>	<u>(502,067)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES				
	<u>\$ 8,560,825</u>	<u>\$ 8,569,372</u>	<u>\$ 8,394,973</u>	<u>\$ (174,399)</u>

CITY OF RIVER FALLS

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

For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Council	\$ 213,433	\$ 213,433	\$ 185,397	\$ 28,036
Municipal court	126,415	126,415	116,376	10,039
Mayor	14,681	14,681	12,828	1,853
City administrator	260,372	298,037	297,886	151
Personnel	263,897	232,260	225,579	6,681
Elections	20,238	18,438	12,903	5,535
Clerk	143,098	142,898	137,872	5,026
Finance	431,507	448,759	445,308	3,451
General services	35,905	33,405	31,851	1,554
Legal counseling	60,000	60,000	52,467	7,533
Total General Government	<u>1,569,546</u>	<u>1,588,326</u>	<u>1,518,467</u>	<u>69,859</u>
PUBLIC SAFETY				
Police	2,726,378	2,750,675	2,707,449	43,226
Police Reserve	14,760	9,760	6,657	3,103
Fire department	598,066	586,316	469,685	116,631
Emergency government	9,391	10,391	10,078	313
Total Public Safety	<u>3,348,595</u>	<u>3,357,142</u>	<u>3,193,869</u>	<u>163,273</u>
PUBLIC WORKS				
Garage	279,460	279,460	267,953	11,507
Street maintenance	952,448	1,002,448	997,490	4,958
Bridges and culverts	21,000	3,000	2,993	7
Engineer	262,995	165,306	163,907	1,399
Snow and ice control	199,974	269,696	310,609	(40,913)
Street lighting	267,100	249,100	242,767	6,333
Total Public Works	<u>1,982,977</u>	<u>1,969,010</u>	<u>1,985,719</u>	<u>(16,709)</u>
HEALTH SERVICES				
Health officer	2,000	2,000	2,000	-
Animal control	9,440	9,440	6,175	3,265
Total Health Services	<u>11,440</u>	<u>11,440</u>	<u>8,175</u>	<u>3,265</u>
LEISURE ACTIVITIES				
Recreation	141,456	141,456	125,180	16,276
Swimming	97,665	97,665	97,133	532
Parks	344,224	344,224	318,280	25,944
Total Leisure Activities	<u>583,345</u>	<u>583,345</u>	<u>540,593</u>	<u>42,752</u>
CONSERVATION AND DEVELOPMENT				
Forestry	51,224	49,224	45,866	3,358
Community development	445,320	475,507	475,349	158
Total Conservation and Development	<u>496,544</u>	<u>524,731</u>	<u>521,215</u>	<u>3,516</u>

CITY OF RIVER FALLS

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

For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC SERVICE ENTERPRISES				
Cemetery	\$ 7,160	\$ 7,160	\$ 2,221	\$ 4,939
DEBT SERVICE				
Principal on notes payable-fire	64,043	64,043	64,043	-
Principal retirement	11,843	28,843	34,554	(5,711)
Principal on notes payable-streets	61,741	61,741	63,299	(1,558)
Interest on notes payable-fire	11,826	11,826	11,826	-
Interest on notes payable-streets	10,864	10,864	8,751	2,113
Interest and fiscal charges	1,138	1,138	3,467	(2,329)
Agent fees	100	100	165	(65)
Total Debt Service	<u>161,555</u>	<u>178,555</u>	<u>186,105</u>	<u>(7,550)</u>
OTHER FINANCING USES				
Transfers to other funds	<u>399,663</u>	<u>429,663</u>	<u>439,281</u>	<u>(9,618)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 8,560,825</u>	<u>\$ 8,649,372</u>	<u>\$ 8,395,645</u>	<u>\$ 253,727</u>

CITY OF RIVER FALLS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2013

	Special Revenue Funds		
	Parking Meters	Refuse/Solid Waste	Shared Ride Taxi
ASSETS			
Cash and investments	\$ 82,591	\$ 298,171	\$ 12,331
Tax roll receivable	-	1,439	-
Receivables			
Accounts	1,336	9,392	2,805
Interest	-	-	-
Notes	-	-	-
Customer	-	-	-
Inventories and prepayments	547	13	-
Due from other funds	-	-	-
Due from other governmental units	-	132	35,614
Advances to other funds	<u>57,853</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 142,327</u>	<u>\$ 309,147</u>	<u>\$ 50,750</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 3,248	\$ 4,563	\$ 13,279
Accrued liabilities	-	-	-
Deposits	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Advances from other funds	-	-	-
Total Liabilities	<u>3,248</u>	<u>4,563</u>	<u>13,279</u>
Deferred Inflows of Resources			
Unearned revenue	-	-	-
Unavailable revenues	<u>-</u>	<u>1,439</u>	<u>35,614</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>1,439</u>	<u>35,614</u>
Fund Balances			
Nonspendable	547	13	-
Restricted	138,532	303,132	1,857
Committed	-	-	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>139,079</u>	<u>303,145</u>	<u>1,857</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 142,327</u>	<u>\$ 309,147</u>	<u>\$ 50,750</u>

Special Revenue Funds

Media Services	Environmental Fee	Park Acquisition Fund	Tax Increment District #4	Tax Increment District #6	Tax Increment District #7	Tax Increment District #8
\$ 212,451	\$ 1,000,199	\$ 780	\$ 12,130	\$ -	\$ -	\$ -
-	-	-	242,007	192,229	-	59,281
30,210	53,965	-	-	-	-	-
-	3,214	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	27,686	-
595	-	-	-	-	250	-
-	700,000	-	-	-	-	-
-	-	-	-	-	-	-
-	1,000,000	-	-	-	-	-
<u>\$ 243,256</u>	<u>\$ 2,757,378</u>	<u>\$ 780</u>	<u>\$ 254,137</u>	<u>\$ 192,229</u>	<u>\$ 27,936</u>	<u>\$ 59,281</u>
\$ 43	\$ 10,357	\$ -	\$ -	\$ -	\$ -	\$ -
2,232	-	-	-	-	-	-
-	-	-	-	-	4,430	-
-	25,979	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	840,100	491,466	14,429
<u>2,275</u>	<u>36,336</u>	<u>-</u>	<u>-</u>	<u>840,100</u>	<u>495,896</u>	<u>14,429</u>
-	-	-	242,007	192,229	-	59,281
-	-	-	-	-	-	-
-	-	-	<u>242,007</u>	<u>192,229</u>	-	<u>59,281</u>
595	-	-	-	-	250	-
-	2,721,042	-	12,130	-	-	-
240,386	-	780	-	-	-	-
-	-	-	-	(840,100)	(468,210)	(14,429)
<u>240,981</u>	<u>2,721,042</u>	<u>780</u>	<u>12,130</u>	<u>(840,100)</u>	<u>(467,960)</u>	<u>(14,429)</u>
<u>\$ 243,256</u>	<u>\$ 2,757,378</u>	<u>\$ 780</u>	<u>\$ 254,137</u>	<u>\$ 192,229</u>	<u>\$ 27,936</u>	<u>\$ 59,281</u>

CITY OF RIVER FALLS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2013

	Special Revenue Funds		
	Tax Increment District #9	Tax Increment District #10	Library
ASSETS			
Cash and investments	\$ 21,120	\$ -	\$ 244,299
Tax roll receivable	58,248	-	788,603
Receivables			
Accounts	-	-	-
Interest	-	-	-
Notes	-	-	-
Customer	-	-	-
Inventories and prepayments	-	-	11,597
Due from other funds	-	-	-
Due from other governmental units	-	-	-
Advances to other funds	-	-	-
	-	-	-
TOTAL ASSETS	\$ 79,368	\$ -	\$ 1,044,499
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 21,247
Accrued liabilities	-	-	19,404
Deposits	-	-	-
Due to other funds	-	9,000	2,279
Due to other governments	-	-	33
Advances from other funds	199,451	-	-
Total Liabilities	199,451	9,000	42,963
Deferred Inflows of Resources			
Unearned revenue	58,248	-	788,603
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	58,248	-	788,603
Fund Balances			
Nonspendable	-	-	11,597
Restricted	-	-	201,336
Committed	-	-	-
Unassigned (deficit)	(178,331)	(9,000)	-
Total Fund Balances	(178,331)	(9,000)	212,933
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 79,368	\$ -	\$ 1,044,499

Special Revenue Funds

Commercial Revolving Loan Fund	Park Impact Fees	Library Impact Fees	Fire Impact Fees	Housing Reserve	Library Trust Fund	Tourism and Economic Development
\$ -	\$ 33,635	\$ 54,727	\$ 174,701	\$ 161,507	\$ 112,062	\$ 137,962
-	-	-	-	-	-	-
-	-	-	-	-	-	16,704
107,557	-	-	-	503,400	-	-
-	-	-	-	-	-	72
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 107,557</u>	<u>\$ 33,635</u>	<u>\$ 54,727</u>	<u>\$ 174,701</u>	<u>\$ 664,907</u>	<u>\$ 112,062</u>	<u>\$ 154,738</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
18,083	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,000,000
<u>18,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
-	-	-	-	-	-	-
<u>107,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>503,400</u>	<u>-</u>	<u>-</u>
<u>107,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>503,400</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	72
-	33,635	54,727	174,701	161,507	112,062	-
-	-	-	-	-	-	-
(18,083)	-	-	-	-	-	(845,334)
<u>(18,083)</u>	<u>33,635</u>	<u>54,727</u>	<u>174,701</u>	<u>161,507</u>	<u>112,062</u>	<u>(845,262)</u>
<u>\$ 107,557</u>	<u>\$ 33,635</u>	<u>\$ 54,727</u>	<u>\$ 174,701</u>	<u>\$ 664,907</u>	<u>\$ 112,062</u>	<u>\$ 154,738</u>

CITY OF RIVER FALLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2013

	Special Revenue Funds	Debt Service Funds	
	Whitetail Ridge Corporate Park	Debt Service Bonds	Debt Service Notes
ASSETS			
Cash and investments	\$ -	\$ 10,167	\$ 7,151
Tax roll receivable	496,494	209,970	663,911
Receivables			
Accounts	-	-	-
Interest	-	-	-
Notes	150,000	-	-
Customer	-	-	-
Inventories and prepayments	-	-	-
Due from other funds	-	-	-
Due from other governmental units	-	-	-
Advances to other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 646,494</u>	<u>\$ 220,137</u>	<u>\$ 671,062</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Deposits	-	-	-
Due to other funds	-	-	167
Due to other governments	-	-	-
Advances from other funds	420,708	-	-
Total Liabilities	<u>420,708</u>	<u>-</u>	<u>167</u>
Deferred Inflows of Resources			
Unearned revenue	496,494	209,970	663,911
Unavailable revenues	150,000	-	-
Total Deferred Inflows of Resources	<u>646,494</u>	<u>209,970</u>	<u>663,911</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	-	10,167	6,984
Committed	-	-	-
Unassigned (deficit)	(420,708)	-	-
Total Fund Balances	<u>(420,708)</u>	<u>10,167</u>	<u>6,984</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 646,494</u>	<u>\$ 220,137</u>	<u>\$ 671,062</u>

<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Capital Equipment</u>		
\$ 145,568	\$	2,721,552
387,879		3,100,061
-		114,412
-		3,214
-		760,957
-		27,686
-		13,074
-		700,000
-		35,746
-		<u>1,057,853</u>
<u>\$ 533,447</u>	<u>\$</u>	<u>8,534,555</u>

\$ 83,296	\$	136,033
-		21,636
-		4,430
-		55,508
-		33
-		<u>2,966,154</u>
<u>83,296</u>		<u>3,183,794</u>

387,879		3,098,622
-		<u>798,010</u>
<u>387,879</u>		<u>3,896,632</u>

-		13,074
-		3,931,812
62,272		303,438
-		<u>(2,794,195)</u>
<u>62,272</u>		<u>1,454,129</u>

<u>\$ 533,447</u>	<u>\$</u>	<u>8,534,555</u>
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CITY OF RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	Special Revenue Funds		
	Parking Meters	Refuse/Solid Waste	Shared Ride Taxi
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	183,982
Public charges for services	735	52,521	-
Investment income	2,806	224	2
Miscellaneous	3	-	-
Total Revenues	3,544	52,745	183,984
EXPENDITURES			
Current			
Public safety	15,148	-	-
Public works	-	27,236	176,503
Leisure	-	-	-
Conservation and development	-	-	-
Capital outlay	-	-	32,660
Debt Service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	15,148	27,236	209,163
Excess (deficiency) of revenues over expenditures	(11,604)	25,509	(25,179)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	-	-
Transfers from other funds	-	-	45,000
Transfers to other funds	(5,893)	(36,340)	(5,034)
Total Other Financing Sources (Uses)	(5,893)	(36,340)	39,966
Net Change in Fund Balances	(17,497)	(10,831)	14,787
FUND BALANCES (DEFICIT) - Beginning of Year	156,576	313,976	(12,930)
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 139,079	\$ 303,145	\$ 1,857

Special Revenue Funds

Media Services	Environmental Fee	Park Acquisition Fund	Tax Increment District #4	Tax Increment District #6	Tax Increment District #7	Tax Increment District #8
\$ -	\$ -	\$ -	\$ 238,403	\$ 198,368	\$ 16,751	\$ 35,935
-	-	-	1,895	-	159	-
165,809	86,189	-	-	-	-	-
197	2,451	-	87	-	2	-
<u>5,647</u>	<u>-</u>	<u>780</u>	<u>-</u>	<u>6,270</u>	<u>66,679</u>	<u>-</u>
<u>171,653</u>	<u>88,640</u>	<u>780</u>	<u>240,385</u>	<u>204,638</u>	<u>83,591</u>	<u>35,935</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
196,135	-	-	-	-	-	-
-	49,740	-	701	3,045	100,034	700
-	-	-	-	-	-	35,935
-	-	-	-	90,000	-	-
-	-	-	200,000	69,903	-	-
<u>196,135</u>	<u>49,740</u>	<u>-</u>	<u>200,701</u>	<u>162,948</u>	<u>100,034</u>	<u>36,635</u>
<u>(24,482)</u>	<u>38,900</u>	<u>780</u>	<u>39,684</u>	<u>41,690</u>	<u>(16,443)</u>	<u>(700)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(46,445)</u>	<u>(3,433)</u>	<u>-</u>	<u>(45,289)</u>	<u>(15,466)</u>	<u>(2,535)</u>	<u>(100)</u>
<u>(46,445)</u>	<u>(3,433)</u>	<u>-</u>	<u>(45,289)</u>	<u>(15,466)</u>	<u>(2,535)</u>	<u>(100)</u>
(70,927)	35,467	780	(5,605)	26,224	(18,978)	(800)
<u>311,908</u>	<u>2,685,575</u>	<u>-</u>	<u>17,735</u>	<u>(866,324)</u>	<u>(448,982)</u>	<u>(13,629)</u>
<u>\$ 240,981</u>	<u>\$ 2,721,042</u>	<u>\$ 780</u>	<u>\$ 12,130</u>	<u>\$ (840,100)</u>	<u>\$ (467,960)</u>	<u>\$ (14,429)</u>

CITY OF RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2013

	Special Revenue Funds		
	Tax Increment District #9	Tax Increment District #10	Library
	District #9	District #10	Library
REVENUES			
Taxes	\$ -	\$ -	\$ 767,306
Intergovernmental	-	-	333,968
Public charges for services	-	-	42,039
Investment income	-	-	454
Miscellaneous	80,000	-	32,133
Total Revenues	<u>80,000</u>	<u>-</u>	<u>1,175,900</u>
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	-	-	-
Leisure	-	-	1,049,919
Conservation and development	700	9,000	-
Capital outlay	2,470	-	-
Debt Service			
Principal retirement	35,000	-	-
Interest and fiscal charges	7,331	-	-
Total Expenditures	<u>45,501</u>	<u>9,000</u>	<u>1,049,919</u>
Excess (deficiency) of revenues over expenditures	<u>34,499</u>	<u>(9,000)</u>	<u>125,981</u>
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	(109,759)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(109,759)</u>
Net Change in Fund Balances	34,499	(9,000)	16,222
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(212,830)</u>	<u>-</u>	<u>196,711</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (178,331)</u>	<u>\$ (9,000)</u>	<u>\$ 212,933</u>

Special Revenue Funds

Commercial Revolving Loan Fund	Park Impact Fees	Library Impact Fees	Fire Impact Fees	Housing Reserve	Library Trust Fund	Tourism and Economic Development
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,204
-	-	-	-	-	-	-
-	39,829	15,179	15,078	-	-	-
2,575	5	34	168	78	90	52
<u>34,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,836</u>	<u>18,755</u>	<u>72,176</u>
<u>37,249</u>	<u>39,834</u>	<u>15,213</u>	<u>15,246</u>	<u>93,914</u>	<u>18,845</u>	<u>151,432</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,550	-
68,925	-	-	-	55,331	-	49,432
-	-	-	-	-	24,000	10,000
-	-	-	-	-	-	-
<u>68,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,331</u>	<u>26,550</u>	<u>59,432</u>
<u>(31,676)</u>	<u>39,834</u>	<u>15,213</u>	<u>15,246</u>	<u>38,583</u>	<u>(7,705)</u>	<u>92,000</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	35,256
<u>(452)</u>	<u>(209)</u>	<u>(127)</u>	<u>(54,940)</u>	<u>(5,009)</u>	<u>(142)</u>	<u>(45,756)</u>
<u>(452)</u>	<u>(209)</u>	<u>(127)</u>	<u>(54,940)</u>	<u>(5,009)</u>	<u>(142)</u>	<u>(10,500)</u>
(32,128)	39,625	15,086	(39,694)	33,574	(7,847)	81,500
<u>14,045</u>	<u>(5,990)</u>	<u>39,641</u>	<u>214,395</u>	<u>127,933</u>	<u>119,909</u>	<u>(926,762)</u>
<u>\$ (18,083)</u>	<u>\$ 33,635</u>	<u>\$ 54,727</u>	<u>\$ 174,701</u>	<u>\$ 161,507</u>	<u>\$ 112,062</u>	<u>\$ (845,262)</u>

CITY OF RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	Special Revenue Funds	Debt Service Funds	
	Whitetail Ridge Corporate Park	Debt Service Bonds	Debt Service Notes
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes	\$ 486,888	\$ 219,238	\$ 681,899
Intergovernmental	25,435	-	-
Public charges for services	-	-	-
Investment income	-	6,852	297
Miscellaneous	43,971	-	-
Total Revenues	<u>556,294</u>	<u>226,090</u>	<u>682,196</u>
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	-	-	-
Leisure	-	-	-
Conservation and development	168,334	-	-
Capital outlay	-	-	-
Debt Service			
Principal retirement	157,462	200,000	451,491
Interest and fiscal charges	21,748	9,025	285,634
Total Expenditures	<u>347,544</u>	<u>209,025</u>	<u>737,125</u>
Excess (deficiency) of revenues over expenditures	<u>208,750</u>	<u>17,065</u>	<u>(54,929)</u>
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	1,000,000	-	-
Transfers from other funds	-	-	62,045
Transfers to other funds	(1,064,194)	(2,225)	(11,458)
Total Other Financing Sources (Uses)	<u>(64,194)</u>	<u>(2,225)</u>	<u>50,587</u>
Net Change in Fund Balances	144,556	14,840	(4,342)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(565,264)</u>	<u>(4,673)</u>	<u>11,326</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (420,708)</u>	<u>\$ 10,167</u>	<u>\$ 6,984</u>

<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Capital Equipment</u>		
\$ 205,450	\$	2,929,442
47,066		592,505
-		417,379
80		16,454
<u>17,000</u>		<u>471,924</u>
<u>269,596</u>		<u>4,427,704</u>
-		15,148
-		203,739
-		1,248,604
-		505,942
398,200		503,265
-		933,953
-		<u>593,641</u>
<u>398,200</u>		<u>4,004,292</u>
<u>(128,604)</u>		<u>423,412</u>
250,000		1,250,000
-		142,301
<u>(81,658)</u>		<u>(1,536,464)</u>
<u>168,342</u>		<u>(144,163)</u>
39,738		279,249
<u>22,534</u>		<u>1,174,880</u>
<u>\$ 62,272</u>	<u>\$</u>	<u>1,454,129</u>

CITY OF RIVER FALLS

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS As of December 31, 2013

	Stormwater	Ambulance	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets			
Cash and investments	\$ 357,087	\$ 821,386	\$ 1,178,473
Receivables			
Accounts	57,178	33,516	90,694
Prepaid items	2,939	21,047	23,986
Due from other funds	-	100,000	100,000
Total Current Assets	417,204	975,949	1,393,153
Noncurrent Assets			
Capital Assets			
Land	-	101,298	101,298
Property and equipment	7,429,063	1,417,791	8,846,854
Less: Accumulated depreciation	(1,516,937)	(852,242)	(2,369,179)
Total Noncurrent Assets	5,912,126	666,847	6,578,973
Total Assets	6,329,330	1,642,796	7,972,126
LIABILITIES			
Current Liabilities			
Accounts payable	4,774	8,459	13,233
Accrued liabilities	3,278	20,632	23,910
Accrued interest	1,589	-	1,589
Current portion of general obligation debt	120,847	-	120,847
Deposits	30,000	-	30,000
Total Current Liabilities	160,488	29,091	189,579
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	306,125	-	306,125
Other post-employment benefits	-	14,178	14,178
Total Noncurrent Liabilities	306,125	14,178	320,303
Total Liabilities	466,613	43,269	509,882
NET POSITION			
Net investment in capital assets	5,485,154	666,847	6,152,001
Unrestricted	377,563	932,680	1,310,243
TOTAL NET POSITION	\$ 5,862,717	\$ 1,599,527	\$ 7,462,244

CITY OF RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2013

	<u>Stormwater</u>	<u>Ambulance</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES			
Public charges for services	\$ 504,169	\$ 838,143	\$ 1,342,312
Total Operating Revenues	<u>504,169</u>	<u>838,143</u>	<u>1,342,312</u>
OPERATING EXPENSES			
Operation and maintenance	281,458	844,253	1,125,711
Depreciation	<u>143,379</u>	<u>86,170</u>	<u>229,549</u>
Total Operating Expenses	<u>424,837</u>	<u>930,423</u>	<u>1,355,260</u>
Operating Income (Loss)	<u>79,332</u>	<u>(92,280)</u>	<u>(12,948)</u>
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental	-	6,480	6,480
Investment income	177	630	807
Miscellaneous	1,550	84,590	86,140
Interest and fiscal charges	<u>(11,300)</u>	<u>-</u>	<u>(11,300)</u>
Total Non-Operating Revenues (Expenses)	<u>(9,573)</u>	<u>91,700</u>	<u>82,127</u>
Net Income (Loss) Before Transfers	<u>69,759</u>	<u>(580)</u>	<u>69,179</u>
CONTRIBUTIONS AND TRANSFERS			
Transfers from other funds	5,000	142,603	147,603
Transfers to other funds	<u>(47,636)</u>	<u>(99,216)</u>	<u>(146,852)</u>
Total Contributions and Transfers	<u>(42,636)</u>	<u>43,387</u>	<u>751</u>
Change in Net Position	27,123	42,807	69,930
NET POSITION - Beginning of Year	<u>5,835,594</u>	<u>1,556,720</u>	<u>7,392,314</u>
NET POSITION - END OF YEAR	<u>\$ 5,862,717</u>	<u>\$ 1,599,527</u>	<u>\$ 7,462,244</u>

CITY OF RIVER FALLS

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2013

	<u>Stormwater</u>	<u>Ambulance</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 627,911	\$ 877,579	\$ 1,505,490
Customer deposits received	30,000	-	30,000
Paid to suppliers for goods and services	(184,862)	(383,062)	(567,924)
Paid to employees for services	<u>(112,663)</u>	<u>(455,308)</u>	<u>(567,971)</u>
Net Cash Flows From Operating Activities	<u>360,386</u>	<u>39,209</u>	<u>399,595</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>177</u>	<u>630</u>	<u>807</u>
Net Cash Flows From Investing Activities	<u>177</u>	<u>630</u>	<u>807</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Miscellaneous revenue	1,550	91,070	92,620
Transfers to/from other funds	(42,636)	43,387	751
Advance to other funds	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(41,086)</u>	<u>34,457</u>	<u>(6,629)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(118,094)	-	(118,094)
Interest paid	(11,966)	-	(11,966)
Acquisition and construction of capital assets	<u>(57,354)</u>	<u>(47,865)</u>	<u>(105,219)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(187,414)</u>	<u>(47,865)</u>	<u>(235,279)</u>
Net Change in Cash and Cash Equivalents	132,063	26,431	158,494
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>225,024</u>	<u>794,955</u>	<u>1,019,979</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 357,087</u>	<u>\$ 821,386</u>	<u>\$ 1,178,473</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 79,332	\$ (92,280)	\$ (12,948)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	143,379	86,170	229,549
Changes in assets and liabilities			
Customer accounts receivable	123,742	39,436	163,178
Prepaid items	246	3,210	3,456
Accounts payable	(18,096)	(1,364)	(19,460)
Other current liabilities	1,783	4,037	5,820
Customer deposits	<u>30,000</u>	<u>-</u>	<u>30,000</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 360,386</u>	<u>\$ 39,209</u>	<u>\$ 399,595</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
None			

CITY OF RIVER FALLS

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2013

	City Hall	Motor Pool	Technology	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 60,342	\$ -	\$ -	\$ 60,342
Receivables				
Prepaid items	8,715	1,767	6,091	16,573
Total Current Assets	69,057	1,767	6,091	76,915
Noncurrent Assets				
Capital assets				
Property and equipment	-	78,292	321,510	399,802
Less: Accumulated depreciation	-	(6,010)	(11,538)	(17,548)
Total Noncurrent Assets	-	72,282	309,972	382,254
Total Assets	69,057	74,049	316,063	459,169
LIABILITIES				
Current Liabilities				
Accounts payable	15,243	413	12,321	27,977
Accrued liabilities	1,665	-	-	1,665
Due to other funds	-	8,213	283,442	291,655
Current portion of lease payable	-	12,021	-	12,021
Total Current Liabilities	16,908	20,647	295,763	333,318
Noncurrent Liabilities				
Lease payable	-	59,836	-	59,836
Total Noncurrent Liabilities	-	59,836	-	59,836
Total Liabilities	16,908	80,483	295,763	393,154
NET POSITION				
Net investment in capital assets	-	425	309,972	310,397
Unrestricted	52,149	(6,859)	(289,672)	(244,382)
TOTAL NET POSITION	\$ 52,149	\$ (6,434)	\$ 20,300	\$ 66,015

CITY OF RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS For the Year Ended December 31, 2013

	City Hall	Motor Pool	Technology	Totals
OPERATING REVENUES				
Public charges for services	\$ 41,227	\$ -	\$ -	\$ 41,227
Intergovernmental	<u>-</u>	<u>276</u>	<u>27,897</u>	<u>28,173</u>
Total Operating Revenues	<u>41,227</u>	<u>276</u>	<u>27,897</u>	<u>69,400</u>
OPERATING EXPENSES				
Operation and maintenance	209,463	12,119	183,148	404,730
Depreciation expense	<u>-</u>	<u>6,010</u>	<u>11,538</u>	<u>17,548</u>
Total Operating Expenses	<u>209,463</u>	<u>18,129</u>	<u>194,686</u>	<u>422,278</u>
Operating Loss	<u>(168,236)</u>	<u>(17,853)</u>	<u>(166,789)</u>	<u>(352,878)</u>
NONOPERATING REVENUES				
Investment income	13	-	-	13
Miscellaneous	<u>650</u>	<u>945</u>	<u>-</u>	<u>1,595</u>
Total Nonoperating Revenues	<u>663</u>	<u>945</u>	<u>-</u>	<u>1,608</u>
Loss Before Contributions and Transfers	<u>(167,573)</u>	<u>(16,908)</u>	<u>(166,789)</u>	<u>(351,270)</u>
CONTRIBUTIONS AND TRANSFERS				
Transfers from other funds	202,494	10,474	198,906	411,874
Transfers to other funds	<u>(19,098)</u>	<u>-</u>	<u>(11,817)</u>	<u>(30,915)</u>
Total Contributions and Transfers	<u>183,396</u>	<u>10,474</u>	<u>187,089</u>	<u>380,959</u>
Change in Net Position	15,823	(6,434)	20,300	29,689
NET POSITION - Beginning of Year	<u>36,326</u>	<u>-</u>	<u>-</u>	<u>36,326</u>
NET POSITION - END OF YEAR	<u>\$ 52,149</u>	<u>\$ (6,434)</u>	<u>\$ 20,300</u>	<u>\$ 66,015</u>

CITY OF RIVER FALLS

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2013

	City Hall	Motor Pool	Technology	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 81,737	\$ 276	\$ 27,897	\$ 109,910
Paid to suppliers for goods and services	(144,950)	(13,473)	(176,918)	(335,341)
Paid to employees for services	(60,941)	-	-	(60,941)
Net Cash Flows From Operating Activities	(124,154)	(13,197)	(149,021)	(286,372)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	13	-	-	13
Net Cash Flows From Investing Activities	13	-	-	13
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Miscellaneous revenue	650	945	-	1,595
Transfers to/from other funds	183,396	10,474	187,089	380,959
Advance from other funds	-	8,213	283,442	291,655
Net Cash Flows From Noncapital Financing Activities	184,046	19,632	470,531	674,209
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	-	78,292	-	78,292
Debt retired	-	(6,435)	-	(6,435)
Acquisition and construction of capital assets	-	(78,292)	(321,510)	(399,802)
Net Cash Flows From Capital and Related Financing Activities	-	(6,435)	(321,510)	(327,945)
Net Change in Cash and Cash Equivalents	59,905	-	-	59,905
CASH AND CASH EQUIVALENTS - Beginning of Year	437	-	-	437
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 60,342	\$ -	\$ -	\$ 60,342

	<u>City Hall</u>	<u>Motor Pool</u>	<u>Technology</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (168,236)	\$ (17,853)	\$ (166,789)	\$ (352,878)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	-	6,010	11,538	17,548
Changes in assets and liabilities				
Customer accounts receivable	40,510	-	-	40,510
Prepaid items	(3,247)	(1,767)	(6,091)	(11,105)
Accounts payable	6,692	413	12,321	19,426
Other current liabilities	<u>126</u>	<u>-</u>	<u>-</u>	<u>126</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (124,155)</u>	<u>\$ (13,197)</u>	<u>\$ (149,021)</u>	<u>\$ (286,373)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None				

CITY OF RIVER FALLS

BALANCE SHEET
GOVERNMENTAL COMPONENT UNIT
As of December 31, 2013

	Business Improvement District
ASSETS	
Cash and investments	\$ 12,454
Special assessments	<u>44,662</u>
 TOTAL ASSETS	 <u>\$ 57,116</u>
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	\$ 44,662
Total Deferred Inflows of Resources	<u>44,662</u>
 FUND BALANCES	
Unassigned	<u>12,454</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 57,116</u>
 RECONCILIATION OF FUND BALANCE TO NET POSITION	
Fund balance at year end	\$ 12,454
 Special assessments are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	 <u>44,662</u>
 NET POSITION AT YEAR END	 <u>\$ 57,116</u>

CITY OF RIVER FALLS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL COMPONENT UNIT For the Year Ended December 31, 2013

	<u>Business Improvement District</u>
REVENUES	
Special assessments	\$ 42,179
Investment income	<u>10</u>
Total Revenues	<u>42,189</u>
EXPENDITURES	
Conservation and development	<u>31,705</u>
Total Expenditures	<u>31,705</u>
Change in fund balance	10,484
FUND BALANCE - Beginning of Year	<u>1,970</u>
FUND BALANCE - END OF YEAR	<u>\$ 12,454</u>
RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION:	
Change in fund balance	\$ 10,484
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>2,900</u>
CHANGE IN NET POSITION	<u>\$ 13,384</u>