

CITY OF RIVER FALLS

River Falls, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2014

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, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of River Falls, Wisconsin, as of and for the year ended December 31, 2014, 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, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of River Falls, Wisconsin, as of December 31, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of revenues, expenditures, and changes in fund balance - budget and actual - general fund, the schedule of revenues, expenditures, and changes in fund balance - budget and actual - TIF #10, 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.

Supplementary Information

Our audit for the year ended December 31, 2014 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, component unit financial statements, utility plant schedules, and utility operating revenues and expenses statements for the year ended December 31, 2014 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 for the year ended December 31, 2014, 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, component unit financial statements, utility plant schedules, and utility operating revenues and expenses statements are fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2014.

To the City Council
City of River Falls

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of River Falls as of and for the year ended December 31, 2013 (not presented herein), and have issued our report thereon dated July 8, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The utility operating revenues and expenses statements for the year ended December 31, 2013 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 2013 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the utility operating revenues and expenses statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2013.

Baker Tilly Vichow Krause, LLP

June 30, 2015

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, 2014. 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 \$143.0 million and liabilities and deferred inflows of resources of \$37.3 million; resulting in net position of \$105.6 million at the end of 2014. This was an increase of \$4.2 million from the previous year. Of the net position, \$86.1 million represents capital assets net of related debt, \$6.0 million is held for restricted purposes, and \$13.5 million is available to meet the government's ongoing obligations to citizens and creditors.
- At the close of 2014, the City of River Falls' governmental funds reported combined ending fund balances of \$8.0 million, an increase of \$4.1 million as compared to the prior fiscal year. A portion of the increase, \$2.2 million, results from proceeds of 2014 borrowing to repay previous year project costs. In addition, assets increased with the recording of the Wisconsin Department of Transportation grant payment of \$979,139 for the Cascade Avenue project.
- The City issued \$5,425,000 of new general obligation corporate purpose bonds in 2014. The proceeds were allocated to tax increment district #10 - Sterling Ponds Corporate Park for \$3,005,000 in construction costs; Radio Road interchange improvements in the amount of \$1,525,000; and \$895,000 towards tax increment district #5 - Whitetail Ridge Corporate Park refinancing.

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
- 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 1-3 of this report.

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

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be

useful in evaluating a government's near-term financing requirements and is typically the basis that is used in developing the next annual budget.

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

The City has three major governmental funds: general fund, general capital projects fund and TIF #10 (Sterling Ponds Corporate Park). 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 "Non-major Governmental Funds". Individual fund data on each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental funds financial statements can be found on pages 4 – 7 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 8 - 17 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 18.

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 20 - 65 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 66 - 69 of this report; supplementary information can be found on pages 70 – 99 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 \$105,614,685 (Total Net Position) at the close of the fiscal year ending December 31, 2014. This is an increase of \$4,202,072 over the previous fiscal year. An increase in cash and investments, prepayments, and a reduction of receivables contribute to the asset increase of \$3.2 million, along with an increase in capital assets that account for the remaining \$1.8 million.

The largest portion of the City's net position (81.5%) 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 12.8% of the City's net position, which is an increase of \$3,975,710 from the previous year. Of this amount, \$0.6 million results from business activities, \$1.6 million from governmental funds, and \$1.8 million from capital assets owned by the business-type activities, but financed by the debt of the governmental activities. 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 (5.7%), 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.

**City of River Falls
Summary of Net Position**

	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$ 17,734,964	\$ 14,259,622	\$ 15,558,444	\$ 15,798,231	\$ 33,293,408	\$ 30,057,853
Capital Assets	<u>58,024,963</u>	<u>55,592,175</u>	<u>51,381,237</u>	<u>52,019,116</u>	<u>109,406,200</u>	<u>107,611,291</u>
Total Assets	<u>75,759,927</u>	<u>69,851,797</u>	<u>66,939,681</u>	<u>67,817,347</u>	<u>142,699,608</u>	<u>137,669,144</u>
Deferred Outflows of Resources	<u>4,011</u>	<u>8,017</u>	<u>248,467</u>	<u>222,847</u>	<u>252,478</u>	<u>230,864</u>
Current Liabilities	2,813,142	2,739,368	1,513,587	2,204,000	4,326,729	4,943,368
Noncurrent Liabilities	<u>17,489,776</u>	<u>13,958,910</u>	<u>9,342,385</u>	<u>11,211,940</u>	<u>26,832,161</u>	<u>25,170,850</u>
Total Liabilities	<u>20,302,918</u>	<u>16,698,278</u>	<u>10,855,972</u>	<u>13,415,940</u>	<u>31,158,890</u>	<u>30,114,218</u>
Deferred Inflows of Resources	<u>6,178,511</u>	<u>6,024,266</u>	<u>-</u>	<u>348,911</u>	<u>6,178,511</u>	<u>6,373,177</u>
Net Investment in Capital Assets ¹	<u>44,675,043</u>	<u>44,160,677</u>	<u>43,203,180</u>	<u>42,583,545</u>	<u>86,085,718</u>	<u>86,744,222</u>
Restricted	<u>4,444,892</u>	<u>4,418,842</u>	<u>1,532,518</u>	<u>673,702</u>	<u>5,977,410</u>	<u>5,092,544</u>
Unrestricted ¹	<u>162,574</u>	<u>(1,442,249)</u>	<u>11,596,478</u>	<u>11,018,096</u>	<u>13,551,557</u>	<u>9,575,847</u>
Total Net Position	<u>\$ 49,282,509</u>	<u>\$ 47,137,270</u>	<u>\$ 56,332,176</u>	<u>\$ 54,275,343</u>	<u>\$ 105,614,685</u>	<u>\$ 101,412,613</u>
Total Net Position as a % of Total Liabilities/Deferred Inflows	186%	207%	519%	394%	283%	337%
Unrestricted Net Position as a % of Total Liabilities/Deferred Inflows	1%	(6%)	107%	80%	36%	32%

¹ See Note I.D.10 (pg 32) for detailed information of 2014 adjustments

An examination of the *Statement of Activities* provides a concise picture of how the various activities of the City are funded. The following table summarizes the City's governmental and business-type activities.

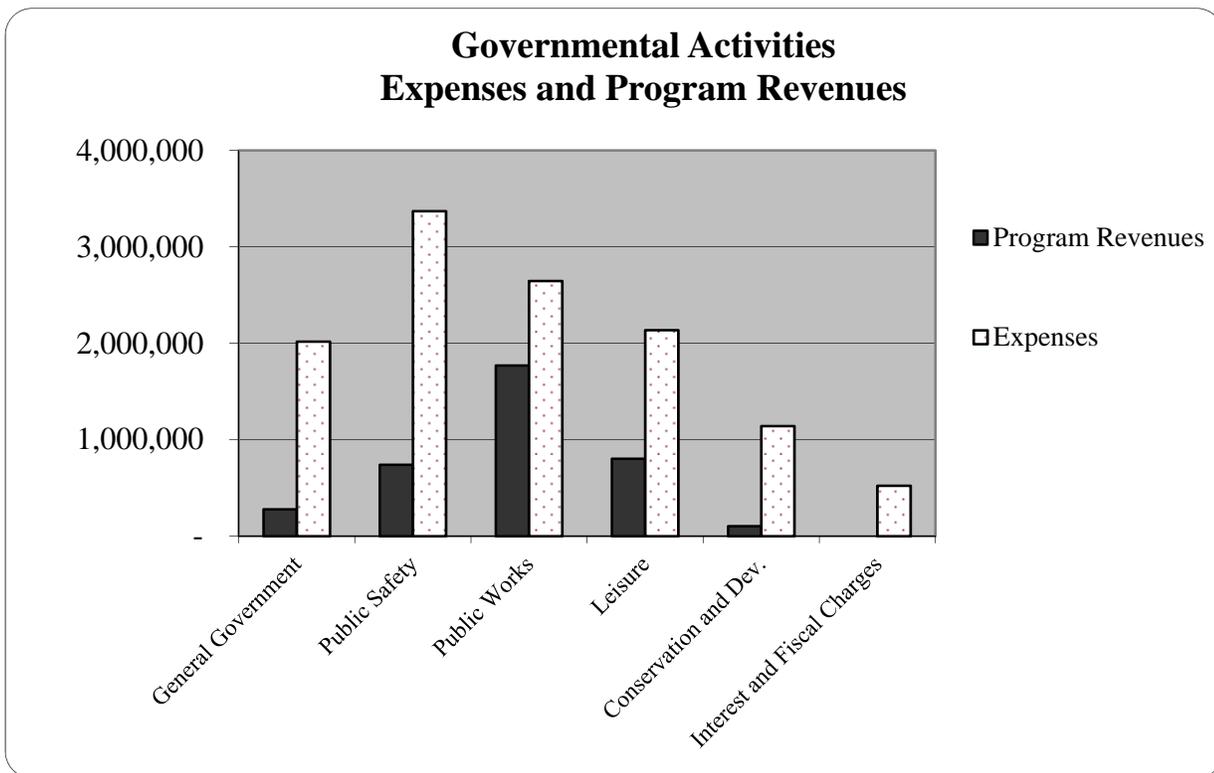
**City of River Falls
Summary of Activities**

	Governmental Activities		Business-Type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Program revenues:						
Charges for services	\$1,059,559	\$1,075,532	\$19,647,242	\$19,684,847	\$20,706,801	\$20,760,379
Operating grants and contributions	1,680,660	1,566,884	7,236	6,480	1,687,896	1,573,364
Capital grants and contributions	953,590	2,828,731	1,004,738	382,593	1,958,328	3,211,324
General revenues:						
Property taxes	5,966,938	5,589,843			5,966,938	5,589,843
Other taxes	183,314	170,491			183,314	170,491
Intergovernmental	2,088,264	2,411,553			2,088,264	2,411,553
Investment earnings	87,408	243,617	71,193	82,724	158,601	326,341
Amortization of Gain			398,694		398,694	
Miscellaneous	<u>762,240</u>	<u>643,790</u>	<u>118,990</u>	<u>8,695</u>	<u>881,230</u>	<u>652,485</u>
Total revenues	12,781,973	14,530,441	21,248,093	20,165,339	34,030,066	34,695,780
Expenses						
General government	2,017,263	1,987,977			2,017,263	1,987,977
Public safety	3,369,820	3,477,989			3,369,820	3,477,989
Public works	2,646,432	2,838,399			2,646,432	2,838,399
Health services	10,427	10,396			10,427	10,396
Leisure	2,135,758	2,138,174			2,135,758	2,138,174
Conservation and development	1,141,840	907,308			1,141,840	907,308
Interest and fiscal charges	522,726	664,360			522,726	664,360
Electric utility			12,684,400	12,136,981	12,684,400	12,136,981
Water utility			1,392,038	1,350,334	1,392,038	1,350,334
Sewer utility			2,526,831	2,451,144	2,526,831	2,451,144
Storm water utility			416,723	442,833	416,723	442,833
Ambulance service	-	-	963,736	942,315	963,736	942,315
Total expenses	<u>11,844,266</u>	<u>12,024,603</u>	<u>17,983,728</u>	<u>17,323,607</u>	<u>29,827,994</u>	<u>29,348,210</u>
Change in net position before transfers	937,707	2,505,838	3,264,365	2,841,732	4,202,072	5,347,570
Transfers	<u>1,207,532</u>	<u>743,773</u>	<u>(1,207,532)</u>	<u>(743,773)</u>	-	-
Increase in net position	2,145,239	3,249,611	2,056,833	2,097,959	4,202,072	5,347,570
Net position January 1	<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>
Net position December 31	<u>\$ 49,282,509</u>	<u>\$ 47,137,270</u>	<u>\$ 56,332,176</u>	<u>\$ 54,275,343</u>	<u>\$ 105,614,685</u>	<u>\$ 101,412,613</u>

Governmental Activities:

Revenues for the City’s governmental activities, excluding transfers from other funds, totaled \$12.8 million, with property taxes accounting for 46.7% of the total. Intergovernmental revenues include \$2.0 million in state shared revenue and grants, and comprise 16.3% of annual revenues. Operating and capital grants and contributions factor 20.6% while charges for services account for 8.3% of total revenues, which include solid waste and environmental fees, as well as permits, licenses and miscellaneous fees.

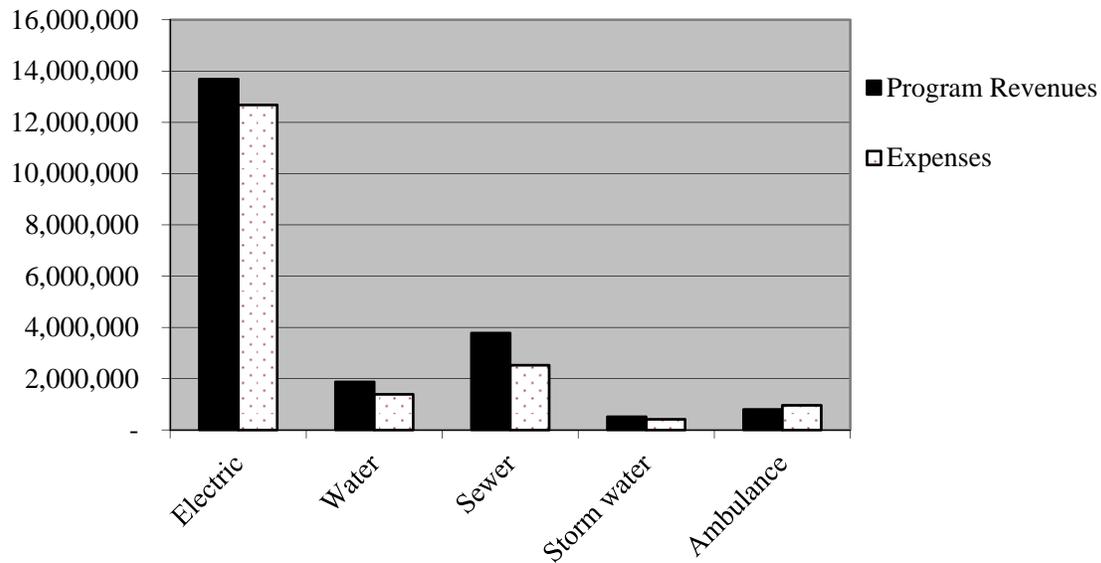
Governmental activities expensed \$11.8 million, with public safety (\$3,369,820), public works (\$2,646,432), leisure services (\$2,135,758), and conservation and development (\$1,141,840) accounting for 78.5% of the expenses. The accompanying graph displays the governmental activities expenses in comparison 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, total revenues exceeded expenditures by \$2,145,239; or a 4.6% increase in net position.



Business-Type Activities:

Business-type activities increased the City’s net position by \$2,056,833. Due to the enterprise nature of these activities, 92.5% of annual revenues are generated by charges for services. In 2014, business-type activities recognized \$1,004,738 in capital grants and contributions which includes an adjustment to recognize prior year impact fee collections of \$596,736 in addition to current impact fee collections and developer contributions.

Business-Type Activities Expenses and Program Revenues



Key elements of the business-type activities in 2014 are as follows:

Electric

- The Electric Utility’s net position increased by \$898,371 from the prior year to \$18,659,228. Overall, total assets decreased by \$401,976 with a reduction in the receivable from WPPI for the power plant decommissioning. Total liabilities decreased \$901,653 from the prior year due to the prepayment of outstanding debt of \$885,000.
- The Electric Utility’s 2014 operating revenues increased \$113,107 over the prior year, with customer sales consumption increasing by 1.75 million kWh in 2014. With the increase in sales, the amount spent on purchased power also increased by \$249,525 from prior year, a portion of which was billed to customers in 2015. Increased costs related to outsourced billing and additional customer service staffing contributed to operating income \$185,992 less than 2013.
- Total electric generation was comprised of 1,575,000 kWh hydraulic and 120,450,000 kWh purchased for a total of 122,025,000 kWh. The utilities distribution energy losses were 2.27%.

Water

- The Water Utility’s net position increased by \$117,804 from the prior year to \$13,615,395. Overall, total assets decreased with increased accumulated depreciation for the Ninth Street and Cascade Avenue reconstruction projects. Total liabilities decreased \$385,391 due to the reimbursement of the advance from Electric Utility of \$107,755 and recognition of customer advances for \$183,141 plus other cumulative reductions in accrued liabilities.

- The Water Utility's 2014 operating income was \$207,656; a decrease of \$111,851 from the prior year. Water consumption was 6% less in 2014 than the previous year resulting in slightly lower sales revenues. Maintenance expenses were increased due to transmission and distribution expenses such as the cross connection program, water modeling study and engineering and painting of the Golfview water tower.

Sewer

- The Sewer Utility's net position increased by \$1,116,935 which is attributed to revenue recognition of customer advances for \$413,595 and reductions in debt service. Overall total assets decreased by \$163,183 with higher accumulated depreciation and liabilities decreased by \$1,304,281 due to reduced debt outstanding.
- The Sewer Utility's 2014 net operating income was \$830,816; a decrease of \$208,003 over the prior year. Operating revenues decreased \$23,102 based on prior year; whereas operating expenses increased \$184,901 from prior year. Factoring into the increase in expenditures were increased operating costs for televising portions of the City's collection system and slip lining projects. Increased maintenance expense of the wastewater treatment plant also factored into the increase with mixer rebuilds and equipment repairs in comparison to the prior year.

Storm Water

- The Storm Water Utility's net position increased by \$75,213 from the prior year for an end of year balance of \$5,937,930.
- The Utility's operating income increased \$37,598 over the prior year and the change in net position increased \$48,090 from 2013. Charges for public services increased by 6.5% while operating expenses decreased. In addition, investment income and the sale of equipment increased non-operating revenues over the prior year.
- The Utility increased capital assets with added infrastructure and equipment.

Ambulance

- The Ambulance fund's net position decreased by \$9,529 in 2014 to an ending balance of \$1,589,998. This decrease is primarily due to decreased run revenue in 2014 as compared to the prior year.
- Ambulance operating income was a deficit of \$139,027, as the fund is dependent on non-operating revenues such as grants and donations. Operating costs were slightly higher in 2014 due to increased depreciation expense.
- The increase in total assets is attributed to higher cash and investment balances. In addition, liabilities increased with the recognition of accrued compensated absences.

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 concluded the year, its governmental funds reported a combined fund balance of \$8,001,952; an increase of \$4,107,247 from the prior year due to project costs incurred in 2013 that were financed in 2014. The General fund ended the year with \$4,620,984 in unassigned fund balance which is available to meet the City's current and future needs. An additional \$1,811,289 is considered non-spendable in the General fund at year end, with funds committed for the following: 1) prepaid expenses of \$53,133 and 2) to reflect the amount due from other funds that are long term in nature and do not represent spendable resources of \$1,758,156.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2014 budget was adopted at the function level of expenditures and General fund revenues exceeded expenditures by \$19,787.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities at December 31, 2014, amounted to \$109.4 million (net of accumulated depreciation), an increase of 1.7% over 2013. 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 pages 40 - 46 in the notes to the financial statements.

Long-Term Debt

At December 31, 2014, the City had \$20,016,137 of general obligation bonds and promissory notes outstanding. Of this amount, \$4,414,596, or 22% will be paid from business-type activity revenues. 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, 2014, the City's total amount applicable to debt margin (outstanding notes less debt service fund balance) was \$20,016,137 or 47% of the legal limit of \$42,615,245. The net debt per capita equaled \$1,330 at year-end based on a population of 15,053.

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 starting on page 50.

ECONOMIC FACTORS AND THE 2015 BUDGET AND RATES

The 2015 - 2016 budget was approved by the City Council in November 2014. The proposed property tax levy combined for both years is less than the fiscal plan approved in 2013. The biennial budget for the General fund 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.

The 2014 assessed values show an increase of \$3.2 million, or less than 1% growth. Estimated assessed values show an increase in values of \$2.8 million, with the majority of the growth in Pierce County. This is due to both an increase in construction and some recovery in market values for existing properties. Overall, the City's equalized value (market value) increased by 6%, or \$48.8 million for a total value of \$852,304,900 from 2013 to 2014.

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, 2014

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Totals	Business Improvement District
ASSETS				
Cash and investments	\$ 9,676,753	\$ 10,338,560	\$ 20,015,313	\$ 20,371
Receivables (net)				
Taxes	6,150,315	39,280	6,189,595	-
Accounts	300,880	1,850,857	2,151,737	-
Special assessments	167,479	-	167,479	42,178
Accrued interest	10,514	-	10,514	-
Loans	691,128	713,415	1,404,543	-
Prepaid items and inventories	599,318	451,825	1,051,143	-
Due from other governmental units	78,028	-	78,028	-
Other receivables	-	59,819	59,819	-
Internal balances	60,549	(60,549)	-	-
Restricted cash and investments	-	1,994,433	1,994,433	-
Other assets	-	170,804	170,804	-
Capital Assets				
Land	15,816,132	349,167	16,165,299	-
Construction in progress	7,424,951	664,804	8,089,755	-
Other capital assets, net of depreciation	34,783,880	50,367,266	85,151,146	-
Total Assets	<u>75,759,927</u>	<u>66,939,681</u>	<u>142,699,608</u>	<u>62,549</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	4,011	198,684	202,695	-
Unamortized charge on disposal of plant	-	49,783	49,783	-
Total Deferred Outflows of Resources	<u>4,011</u>	<u>248,467</u>	<u>252,478</u>	<u>-</u>
LIABILITIES				
Accounts payable	416,581	1,231,629	1,648,210	-
Accrued liabilities	180,950	114,424	295,374	-
Accrued Interest	207,756	41,575	249,331	-
Deposits	14,464	125,959	140,423	-
Unearned revenues	1,993,391	-	1,993,391	-
Noncurrent Liabilities				
Due within one year	1,474,305	1,300,985	2,775,290	-
Due in more than one year	16,015,471	8,041,400	24,056,871	-
Total Liabilities	<u>20,302,918</u>	<u>10,855,972</u>	<u>31,158,890</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	6,178,511	-	6,178,511	-
Total Deferred Inflows of Resources	<u>6,178,511</u>	<u>-</u>	<u>6,178,511</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	44,675,043	43,203,180	86,085,718	-
Restricted for				
Debt service	-	648,104	648,104	-
Capital asset repair and replacement	-	291,015	291,015	-
Impact fees	289,057	593,399	882,456	-
Library trust	115,886	-	115,886	-
Housing	655,223	-	655,223	-
Parking meters	133,061	-	133,061	-
Refuse/solid waste	301,701	-	301,701	-
Environmental fee	2,795,272	-	2,795,272	-
Library	113,331	-	113,331	-
Taxi	14,157	-	14,157	-
Tax increment districts	27,204	-	27,204	-
Unrestricted (deficit)	<u>162,574</u>	<u>11,596,478</u>	<u>13,551,557</u>	<u>62,549</u>
TOTAL NET POSITION	<u>\$ 49,282,509</u>	<u>\$ 56,332,176</u>	<u>\$ 105,614,685</u>	<u>\$ 62,549</u>

See accompanying notes to financial statements.

CITY OF RIVER FALLS

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,017,263	\$ 277,923	\$ -	\$ -
Public safety	3,369,820	188,044	551,840	-
Public works	2,646,432	80,456	735,129	953,590
Health services	10,427	-	-	-
Leisure	2,135,758	409,378	393,691	-
Conservation and development	1,141,840	103,758	-	-
Interest and fiscal charges	<u>522,726</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>11,844,266</u>	<u>1,059,559</u>	<u>1,680,660</u>	<u>953,590</u>
Business-type Activities				
Electric Utility	12,684,400	13,652,135	-	32,140
Water Utility	1,392,038	1,514,237	-	361,490
Sewer Utility	2,526,831	3,170,029	-	611,108
Stormwater	416,723	517,455	-	-
Ambulance	<u>963,736</u>	<u>793,386</u>	<u>7,236</u>	<u>-</u>
Total Business-type Activities	<u>17,983,728</u>	<u>19,647,242</u>	<u>7,236</u>	<u>1,004,738</u>
Total Primary Government	<u>\$ 29,827,994</u>	<u>\$ 20,706,801</u>	<u>\$ 1,687,896</u>	<u>\$ 1,958,328</u>
Component Unit				
Business Improvement District	<u>\$ 34,560</u>	<u>\$ 39,979</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

Amortization of gain on early retirement

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
\$ (1,739,340)	\$ -	\$ (1,739,340)	\$ -
(2,629,936)	-	(2,629,936)	-
(877,257)	-	(877,257)	-
(10,427)	-	(10,427)	-
(1,332,689)	-	(1,332,689)	-
(1,038,082)	-	(1,038,082)	-
(522,726)	-	(522,726)	-
<u>(8,150,457)</u>	<u>-</u>	<u>(8,150,457)</u>	<u>-</u>
-	999,875	999,875	-
-	483,689	483,689	-
-	1,254,306	1,254,306	-
-	100,732	100,732	-
-	(163,114)	(163,114)	-
-	<u>2,675,488</u>	<u>2,675,488</u>	-
<u>(8,150,457)</u>	<u>2,675,488</u>	<u>(5,474,969)</u>	-
-	-	-	5,419
4,374,931	-	4,374,931	-
543,748	-	543,748	-
1,048,259	-	1,048,259	-
183,314	-	183,314	-
2,088,264	-	2,088,264	-
87,408	71,193	158,601	14
-	398,694	398,694	-
<u>762,240</u>	<u>118,990</u>	<u>881,230</u>	-
<u>9,088,164</u>	<u>588,877</u>	<u>9,677,041</u>	<u>14</u>
<u>1,207,532</u>	<u>(1,207,532)</u>	<u>-</u>	<u>-</u>
2,145,239	2,056,833	4,202,072	5,433
<u>47,137,270</u>	<u>54,275,343</u>	<u>101,412,613</u>	<u>57,116</u>
<u>\$ 49,282,509</u>	<u>\$ 56,332,176</u>	<u>\$ 105,614,685</u>	<u>\$ 62,549</u>

See accompanying notes to financial statements.

CITY OF RIVER FALLS

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2014

	<u>General Fund</u>	<u>General Capital Projects</u>	<u>TIF #10</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
ASSETS					
Cash and investments	\$ 5,497,593	\$ 1,144,067	\$ 108,176	\$ 2,815,755	\$ 9,565,591
Receivables					
Taxes	3,064,823	273,923	-	2,811,569	6,150,315
Accounts	120,032	-	-	116,510	236,542
Customer	-	-	-	64,338	64,338
Special assessments	127,790	39,689	-	-	167,479
Interest	7,667	-	-	2,847	10,514
Notes	-	-	-	691,128	691,128
Inventories and prepayments	53,133	-	-	526,054	579,187
Due from other funds	437,995	-	-	700,000	1,137,995
Due from other governmental units	30,320	-	-	47,708	78,028
Advances to other funds	<u>1,758,156</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>2,758,156</u>
TOTAL ASSETS	<u>\$ 11,097,509</u>	<u>\$ 1,457,679</u>	<u>\$ 108,176</u>	<u>\$ 8,775,909</u>	<u>\$ 21,439,273</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 193,916	\$ 21,680	\$ 98,139	\$ 82,908	\$ 396,643
Accrued liabilities	155,262	-	-	23,411	178,673
Deposits	9,774	-	-	4,690	14,464
Unearned revenues	-	1,993,391	-	-	1,993,391
Due to other funds	800,000	-	9,000	145,553	954,553
Due to other governments	-	-	-	46	46
Advances from other funds	-	-	-	2,758,156	2,758,156
Total Liabilities	<u>1,158,952</u>	<u>2,015,071</u>	<u>107,139</u>	<u>3,014,764</u>	<u>6,295,926</u>
Deferred Inflows of Resources					
Unearned revenues	3,055,669	302,637	-	2,820,205	6,178,511
Unavailable revenues	<u>200,615</u>	<u>10,975</u>	<u>-</u>	<u>751,294</u>	<u>962,884</u>
Total Deferred Inflows of Resources	<u>3,256,284</u>	<u>313,612</u>	<u>-</u>	<u>3,571,499</u>	<u>7,141,395</u>
Fund Balances					
Nonspendable	1,811,289	-	-	526,054	2,337,343
Restricted	-	-	1,037	4,016,428	4,017,465
Committed	-	-	-	261,696	261,696
Assigned	250,000	-	-	-	250,000
Unassigned (deficit)	<u>4,620,984</u>	<u>(871,004)</u>	<u>-</u>	<u>(2,614,532)</u>	<u>1,135,448</u>
Total Fund Balances	<u>6,682,273</u>	<u>(871,004)</u>	<u>1,037</u>	<u>2,189,646</u>	<u>8,001,952</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 11,097,509</u>	<u>\$ 1,457,679</u>	<u>\$ 108,176</u>	<u>\$ 8,775,909</u>	<u>\$ 21,439,273</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, 2014

Total Fund Balances - Governmental Funds	\$	8,001,952
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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		15,816,132
Construction in progress		7,424,951
Other capital assets		49,799,427
Less: Accumulated depreciation		(15,015,547)
Less: Internal service fund included below		(351,568)

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.		962,884
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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.		(305,255)
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Internal service funds are reported in the statement of net position as governmental activities.		278,286
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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		(15,601,541)
Compensated absences		(860,700)
Accrued interest		(207,756)
Landfill post-closure care cost		(166,714)
Other post-employment benefits		(492,042)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>49,282,509</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, 2014

	General Fund	General Capital Projects	TIF #10	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	\$2,825,691	\$ 130,926	\$ -	\$ 3,193,635	\$6,150,252
Special assessments	788	2,105	-	-	2,893
Intergovernmental	3,149,417	1,942,940	-	590,082	5,682,439
Licenses and permits	165,353	-	-	-	165,353
Fines, forfeitures and penalties	209,890	-	-	-	209,890
Public charges for services	180,476	-	-	461,947	642,423
Investment income	251,306	-	532	35,549	287,387
Miscellaneous	532,491	-	-	249,158	781,649
Total Revenues	7,315,412	2,075,971	532	4,530,371	13,922,286
EXPENDITURES					
Current					
General government	1,586,930	-	-	-	1,586,930
Public safety	3,230,550	-	-	9,819	3,240,369
Public works	1,848,618	-	-	207,492	2,056,110
Health services	8,446	-	-	-	8,446
Leisure activities	646,270	-	-	1,398,084	2,044,354
Conservation and development	542,007	-	271,025	290,408	1,103,440
Capital Outlay	-	365,625	2,840,085	252,587	3,458,297
Debt Service					
Principal retirement	234,725	-	-	1,929,164	2,163,889
Interest and fiscal charges	23,233	25,562	50,425	560,210	659,430
Total Expenditures	8,120,779	391,187	3,161,535	4,647,764	16,321,265
Excess (deficiency) of revenues over expenditures	(805,367)	1,684,784	(3,161,003)	(117,393)	(2,398,979)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	1,525,000	3,005,000	895,000	5,425,000
Transfers from other funds	1,601,656	73,054	-	335,919	2,010,629
Transfers to other funds	(776,502)	(23,926)	-	(508,205)	(1,308,633)
Property sales	-	4,500	-	-	4,500
Premium on debt issued	-	87,494	166,040	121,196	374,730
Total Other Financing Sources (Uses)	825,154	1,666,122	3,171,040	843,910	6,506,226
Net Change in Fund Balances	19,787	3,350,906	10,037	726,517	4,107,247
FUND BALANCES (DEFICIT) -					
Beginning of Year	6,662,486	(4,221,910)	(9,000)	1,463,129	3,894,705
FUND BALANCES (DEFICIT) - END OF YEAR	\$6,682,273	\$ (871,004)	\$ 1,037	\$ 2,189,646	\$8,001,952

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, 2014

Net change in fund balances - total governmental funds	\$	4,107,247
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		3,458,297
Some items reported as capital outlay were not capitalized		(492,097)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		195,656
Depreciation is reported in the government-wide financial statements		(1,115,814)
Net book value of assets retired		417,432
<p>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.</p>		
		(1,008,051)
<p>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.</p>		
Debt issued		(5,425,000)
Principal repaid		2,163,889
<p>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.</p>		
		(63,897)
<p>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.</p>		
		(374,174)
<p>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.</p>		
Compensated absences		85,325
Other postemployment benefits		(25,421)
Landfill liability		28,165
<p>Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities</p>		
		193,682
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>2,145,239</u>

See accompanying notes to financial statements.

CITY OF RIVER FALLS

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2014

	Business-type Activities - Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
ASSETS			
Current Assets			
Cash and investments	\$ 6,097,105	\$ 1,115,051	\$ 1,956,839
Receivables			
Taxes	29,607	2,485	7,188
Accounts	1,353,485	126,983	318,508
Other accounts receivable	40,514	97	19,208
Due from other funds	-	-	-
Current portion of loans receivable	21,533	-	-
Current portion of West Central Biosolids Facility receivable	-	-	54,877
Current portion of WPPI receivable	529,047	-	-
Inventories	349,776	15,288	617
Prepaid items	36,964	10,185	15,381
Restricted Assets			
Redemption account	-	155,834	514,602
Total Current Assets	8,458,031	1,425,923	2,887,220
Noncurrent Assets			
Restricted Assets			
Reserve account	-	164,026	275,557
Impact fee account	-	183,408	409,991
Replacement account	-	-	291,015
Capital Assets			
Land	107,127	23,120	117,622
Construction in progress	445,799	94,354	124,651
Property and equipment	23,293,882	18,746,717	27,640,859
Less: Accumulated depreciation	(12,357,848)	(4,897,074)	(8,561,810)
Other Assets			
Loan receivable	38,273	-	-
Preliminary survey and investigation	-	153,604	-
Non-utility property	-	-	17,200
West Central Biosolids receivable	-	-	69,685
Total Noncurrent Assets	11,527,233	14,468,155	20,384,770
Total Assets	19,985,264	15,894,078	23,271,990
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	-	198,684
Unamortized charge on disposal of plant	49,783	-	-
Total Deferred Outflows of Resources	49,783	-	198,684

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>	
\$ 1,169,565	\$ 10,338,560	\$ 111,162
-	39,280	-
51,881	1,850,857	-
-	59,819	-
100,000	100,000	-
-	21,533	-
-	54,877	-
-	529,047	-
-	365,681	-
23,614	86,144	20,131
-	670,436	-
<u>1,345,060</u>	<u>14,116,234</u>	<u>131,293</u>
-	439,583	-
-	593,399	-
-	291,015	-
101,298	349,167	-
-	664,804	-
9,072,835	78,754,293	424,789
(2,570,295)	(28,387,027)	(73,221)
-	38,273	-
-	153,604	-
-	17,200	-
-	69,685	-
<u>6,603,838</u>	<u>52,983,996</u>	<u>351,568</u>
<u>7,948,898</u>	<u>67,100,230</u>	<u>482,861</u>
-	198,684	-
-	49,783	-
-	248,467	-

See accompanying notes to financial statements.

CITY OF RIVER FALLS

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2014

	Business-type Activities - Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 993,743	\$ 116,613	\$ 100,634
Customer deposits	80,081	878	-
Accrued liabilities	65,165	11,645	14,163
Accrued interest	-	2,718	16,141
Due to other funds	-	-	-
Current portion of general obligation debt	-	90,608	405,000
Current portion of shared services notes payable	18,353	-	-
Current portion of bank promissory note - West Central Wisconsin Biosolids Facility	-	-	53,285
Current portion of compensated absences	46,695	22,910	27,383
Current portion of lease payable	-	-	-
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	90,000	428,317
Accrued interest	-	11,358	10,974
Total Current Liabilities	1,204,037	346,730	1,055,897
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	-	-	3,630,000
Revenue bonds	-	1,865,000	1,904,974
Unamortized debt premium	-	2,912	127,725
Shared services notes payable	37,069	-	-
Compensated absences	63,022	31,304	21,372
Other post-employment benefits	71,691	32,737	40,532
Lease payable	-	-	-
Total Noncurrent Liabilities	171,782	1,931,953	5,724,603
Total Liabilities	1,375,819	2,278,683	6,780,500
NET POSITION			
Net investment in capital assets	11,488,960	12,082,623	13,316,747
Restricted for			
Debt service	-	144,476	503,628
Replacement	-	-	291,015
Impact fees	-	183,408	409,991
Unrestricted	7,170,268	1,204,888	2,168,793
TOTAL NET POSITION	\$ 18,659,228	\$ 13,615,395	\$ 16,690,174

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	
\$ 20,639	\$ 1,231,629	\$ 19,938
45,000	125,959	-
23,451	114,424	2,231
384	19,243	-
-	-	283,442
105,950	601,558	-
-	18,353	-
-	53,285	-
12,484	109,472	-
-	-	12,021
-	518,317	-
-	<u>22,332</u>	-
<u>207,908</u>	<u>2,814,572</u>	<u>317,632</u>
183,038	3,813,038	-
-	3,769,974	-
-	130,637	-
-	37,069	-
15,283	130,981	-
14,741	159,701	-
-	-	<u>47,492</u>
<u>213,062</u>	<u>8,041,400</u>	<u>47,492</u>
<u>420,970</u>	<u>10,855,972</u>	<u>365,124</u>
6,314,850	43,203,180	292,055
-	648,104	-
-	291,015	-
-	593,399	-
<u>1,213,078</u>	<u>11,757,027</u>	<u>(174,318)</u>
<u>\$ 7,527,928</u>	56,492,725	<u>\$ 117,737</u>
	<u>(160,549)</u>	
	<u>\$ 56,332,176</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, 2014

	Business-type Activities - Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
OPERATING REVENUES			
Public charges for services	\$ 13,652,135	\$ 1,514,237	\$ 3,170,029
Total Operating Revenues	13,652,135	1,514,237	3,170,029
OPERATING EXPENSES			
Operation and maintenance	11,829,858	914,249	1,780,433
Depreciation	752,679	392,332	558,780
Total Operating Expenses	12,582,537	1,306,581	2,339,213
Operating Income (Loss)	1,069,598	207,656	830,816
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	-	-
Investment income	41,615	3,074	23,540
Interest and fiscal charges	(25,541)	(74,943)	(165,430)
Amortization of gain on early retirement	398,694	-	-
Amortization of debt premium and amortization of loss on refunding	-	178	(6,263)
Miscellaneous	21,086	-	-
Total Nonoperating Revenues (Expenses)	435,854	(71,691)	(148,153)
Income (Loss) Before Contributions and Transfers	1,505,452	135,965	682,663
CONTRIBUTIONS AND TRANSFERS			
Contributions in aid of construction	32,140	361,490	611,108
Transfers from other funds	-	-	-
Transfers to other funds	(639,221)	(379,651)	(176,836)
Total Contributions and Transfers	(607,081)	(18,161)	434,272
Change in Net Position	898,371	117,804	1,116,935
NET POSITION - Beginning of Year	17,760,857	13,497,591	15,573,239
NET POSITION - END OF YEAR	\$ 18,659,228	\$ 13,615,395	\$ 16,690,174
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>		Governmental Activities - Internal Service Funds
<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	
\$ 1,310,841	\$ 19,647,242	\$ 41,227
<u>1,310,841</u>	<u>19,647,242</u>	<u>41,227</u>
1,095,317	15,619,857	439,367
237,621	1,941,412	55,674
<u>1,332,938</u>	<u>17,561,269</u>	<u>495,041</u>
<u>(22,097)</u>	<u>2,085,973</u>	<u>(453,814)</u>
7,236	7,236	-
2,964	71,193	-
(8,499)	(274,413)	-
-	398,694	-
-	(6,085)	-
<u>97,904</u>	<u>118,990</u>	<u>-</u>
<u>99,605</u>	<u>315,615</u>	<u>-</u>
<u>77,508</u>	<u>2,401,588</u>	<u>(453,814)</u>
-	1,004,738	-
142,758	142,758	535,931
(154,582)	(1,350,290)	(30,395)
<u>(11,824)</u>	<u>(202,794)</u>	<u>505,536</u>
65,684	2,198,794	51,722
<u>7,462,244</u>	<u>54,293,931</u>	<u>66,015</u>
<u>\$ 7,527,928</u>	56,492,725	<u>\$ 117,737</u>
	<u>(160,549)</u>	
	<u>\$ 56,332,176</u>	

See accompanying notes to financial statements.

CITY OF RIVER FALLS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014

	<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	\$ 13,332,750	\$ 1,551,738	\$ 3,071,124
Received from WPPI	700,886	-	-
Received from municipality for services	238,435	-	-
Customer deposits received	-	-	-
Paid to suppliers for goods and services	(10,923,369)	(429,209)	(1,226,352)
Paid to employees for services	<u>(993,442)</u>	<u>(399,024)</u>	<u>(510,291)</u>
Net Cash Flows From Operating Activities	<u>2,355,260</u>	<u>723,505</u>	<u>1,334,481</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(382,651)	-	(77,327)
Proceeds from sales and maturities of investments	518,715	-	160,604
Investment income	<u>41,977</u>	<u>3,074</u>	<u>18,382</u>
Net Cash Flows From Investing Activities	<u>178,041</u>	<u>3,074</u>	<u>101,659</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(379,006)	(306,001)	-
Miscellaneous revenue	-	-	-
Debt retired	(22,489)	-	(51,703)
Repayment of solar renewable note	4,384	-	-
Transfers to/from other funds	(266,876)	(79,503)	(176,836)
Advance to/from other funds	107,755	(107,755)	-
Proceeds from debt issue	<u>50,000</u>	<u>-</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>(506,232)</u>	<u>(493,259)</u>	<u>(228,539)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(835,257)	(105,318)	(43,207)
Capital contributions received	32,140	-	-
Impact fees received	-	101,539	163,116
Debt retired	(885,000)	(172,124)	(687,538)
Interest paid	<u>(33,958)</u>	<u>(78,956)</u>	<u>(162,967)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(1,722,075)</u>	<u>(254,859)</u>	<u>(730,596)</u>
Net Change in Cash and Cash Equivalents	304,994	(21,539)	477,005
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>5,409,460</u>	<u>1,639,858</u>	<u>2,893,672</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,714,454</u>	<u>\$ 1,618,319</u>	<u>\$ 3,370,677</u>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals	
\$ 1,349,654	\$ 19,305,266	\$ 41,227
-	700,886	-
-	238,435	-
15,000	15,000	-
(511,342)	(13,090,272)	(387,115)
<u>(548,326)</u>	<u>(2,451,083)</u>	<u>(63,283)</u>
<u>304,986</u>	<u>4,718,232</u>	<u>(409,171)</u>
-	(459,978)	-
-	679,319	-
<u>2,964</u>	<u>66,397</u>	<u>-</u>
<u>2,964</u>	<u>285,738</u>	<u>-</u>
-	(685,007)	-
105,141	105,141	-
-	(74,192)	-
-	4,384	-
(11,824)	(535,039)	505,536
-	-	(8,213)
<u>-</u>	<u>50,000</u>	<u>-</u>
<u>93,317</u>	<u>(1,134,713)</u>	<u>497,323</u>
(262,487)	(1,246,269)	(24,988)
-	32,140	-
-	264,655	-
(137,984)	(1,882,646)	(12,344)
<u>(9,704)</u>	<u>(285,585)</u>	<u>-</u>
<u>(410,175)</u>	<u>(3,117,705)</u>	<u>(37,332)</u>
(8,908)	751,552	50,820
<u>1,178,473</u>	<u>11,121,463</u>	<u>60,342</u>
<u>\$ 1,169,565</u>	<u>\$ 11,873,015</u>	<u>\$ 111,162</u>

See accompanying notes to financial statements.

CITY OF RIVER FALLS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014

Business-type Activities - Enterprise Funds

	Electric Utility	Water Utility	Sewer Utility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,069,598	\$ 207,656	\$ 830,816
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	752,679	392,332	558,780
Depreciation charged to other funds	-	46,320	(46,320)
Unfunded postemployment benefits obligation	2,275	(11,116)	12,393
Changes in assets and liabilities			
Accounts receivable	(59,758)	(15,112)	(34,853)
Other accounts receivable	9,534	6,504	(17,732)
Receivable from WPPI	700,886	-	-
Inventories	(114,888)	(596)	-
Prepaid items	7,109	(1,272)	(354)
Accounts payable	(24,809)	74,100	14,519
Customer deposits	(19,663)	(211)	-
Due to other funds	2,484	-	-
Other current liabilities	(312)	6,049	7,406
Compensated absences	30,125	18,851	9,826
	<u>\$ 2,355,260</u>	<u>\$ 723,505</u>	<u>\$ 1,334,481</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES			
	<u>\$ 2,355,260</u>	<u>\$ 723,505</u>	<u>\$ 1,334,481</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments - statement of net position	\$ 6,097,105	\$ 1,115,051	\$ 1,956,839
Restricted cash and investments - statement of net position	-	503,268	1,491,165
Total Cash and Investments	6,097,105	1,618,319	3,448,004
Less: Noncash equivalents	(382,651)	-	(77,327)
	<u>\$ 5,714,454</u>	<u>\$ 1,618,319</u>	<u>\$ 3,370,677</u>
CASH AND CASH EQUIVALENTS			
	<u>\$ 5,714,454</u>	<u>\$ 1,618,319</u>	<u>\$ 3,370,677</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Clean water fund debt paid by West Central Wisconsin Biosolids Facility	\$ -	\$ -	\$ 119,233
Interest paid by West Central Biosolids Facility	\$ -	\$ -	\$ 6,947
Developer contributed capital assets	\$ -	\$ 76,810	\$ 34,397
Customer advances recognized	\$ -	\$ 183,141	\$ 413,595

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>	
\$ (22,097)	\$ 2,085,973	\$ (453,814)
237,621	1,941,412	55,674
-	-	-
-	3,552	-
38,813	(70,910)	-
-	(1,694)	-
-	700,886	-
-	(115,484)	-
372	5,855	(3,558)
7,406	71,216	(8,039)
15,000	(4,874)	-
-	2,484	-
104	13,247	566
<u>27,767</u>	<u>86,569</u>	<u>-</u>
<u>\$ 304,986</u>	<u>\$ 4,718,232</u>	<u>\$ (409,171)</u>
\$ 1,169,565	\$ 10,338,560	\$ 111,162
-	<u>1,994,433</u>	-
<u>1,169,565</u>	12,332,993	111,162
-	<u>(459,978)</u>	-
<u>\$ 1,169,565</u>	<u>\$ 11,873,015</u>	<u>\$ 111,162</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, 2014

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 2,497,142
Receivables	
Taxes	<u>10,688,457</u>
TOTAL ASSETS	<u>\$ 13,185,599</u>
LIABILITIES	
Due to other taxing units	<u>\$ 13,185,599</u>
TOTAL LIABILITIES	<u>\$ 13,185,599</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, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the city. 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.

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, 2014. The BID does not issue separate financial statements.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In April 2013, the GASB issued statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement establishes requirements for financial reporting and disclosures for governments that extend and/or receive nonexchange financial guarantees. This standard was implemented January 1, 2014.

Government-Wide Financial Statements

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

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

Fund Financial Statements

Financial statements of the city 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 balance, 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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

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

Fund Financial Statements (cont.)

- 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.
- TIF #10 Special Revenue Fund - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the TIF #10.
- General Capital Projects Fund - accounts for and reports proceeds from long-term borrowing and other resources to be used for capital improvement projects.

The city reports the following major enterprise funds:

- Electric Utility - accounts for operations of the electric system
- Water Utility - accounts for operations of the water system
- Sewer Utility - accounts for operations of the sewer system

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 #9 |
| 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 |

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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.)

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

Bonds
Notes

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

Capital Equipment

Enterprise Funds - used to account for and report any activity for which a fee is charged to external 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

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

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

Government-Wide Financial Statements

The government-wide statement of net 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 deferred inflows. 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. Exceptions to this general rule are charges between the city's electric, water and sewer utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Fund Financial Statements (cont.)

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

The 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.

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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.)

- 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.

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

Custodial Credit Risk

The city requires that all funds on deposit 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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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.)

Concentration of Credit Risk (cont.)

3. Commercial paper shall not exceed 10% of the city's portfolio.
4. Deposits in the Wisconsin State Investment Pool shall not exceed 50% of the investment portfolio, with the exception of annual property tax collections, which are generally invested for 30 days or less.
5. Financing for city projects, for a term not more than five years, shall not exceed 15% of the portfolio.
6. Total holdings of any one issuer may not exceed 10% of the market value of the portfolio at the time of purchase, with the exception of U.S. government issues fully guaranteed as to both principal and interest by the U.S. government or agencies thereof.

Interest Rate Risk

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

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, 2014, 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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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.

Property tax calendar - 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale - 2014 delinquent real estate taxes	October 2017

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. The accounts receivable for the nonmajor enterprise funds are shown net of an allowance for uncollectible accounts of \$424,692.

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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

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 cost based on average cost, and charged to construction and/or operation and maintenance expense when used.

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

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, 2014

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/fund balance 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 arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the 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 financial 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, 2014, 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, 2014

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. The balance at year end is shown as an increase or decrease in the liability section of 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 \$645,000, made up of one issue.

9. Deferred Inflows of Resources

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

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."

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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.)

Government-Wide Statements (cont.)

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 44,675,043	\$ 43,203,180	\$ (1,792,505)	\$ 86,085,718
Unrestricted	162,574	11,596,478	1,792,505	13,551,557

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 balances are 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.
- 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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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.)

- 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 effective April 1, 2007.

Current ambulance rates were effective May, 2010.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Fund	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Expenditures and Other Financing Uses Over Budget
TIF #10	\$ 3,000,000	\$ 3,161,535	\$ 161,535
Parking Meters	7,924	13,243	5,319
TIF #7	2,873	20,512	17,639
TIF #8	41,152	64,463	23,311
Commercial Revolving Loan Fund	8,000	21,188	13,188
Tourism and Economic Development	174,908	211,908	37,000
Whitetail Ridge Corporate Park	543,888	1,312,361	768,473
Notes Debt Service	690,922	691,505	583
Bonds Debt Service	209,970	210,195	225
Library Trust	-	2,907	2,907

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

B. DEFICIT BALANCES

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

As of December 31, 2014, the following individual funds held a deficit balance:

Fund	Amount	Reason
General Capital Projects	\$ 871,004	Costs exceeded revenues
TIF #6	842,159	Insufficient tax increment generated
TIF #7	434,021	Insufficient tax increment generated
TIF #8	19,611	Insufficient tax increment generated
TIF #9	222,700	Insufficient tax increment generated
Commercial Revolving Loan Fund	27,039	Costs exceeded revenues
Tourism and Economic Development	809,186	Costs exceeded revenues
Whitetail Ridge Corporate Park	136,252	Insufficient tax increment generated

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

B. DEFICIT BALANCES (cont.)

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Remaining fund deficits are anticipated to be funded with future contributions, general tax revenues, or repayment of advanced funds.

C. 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, 2014

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
Deposits	\$ 5,042,843	\$ 5,281,063	Custodial credit
US agencies	381,870	381,870	Custodial credit, credit, interest rate, concentration of credit
LGIP	15,819,994	15,819,994	Credit
US treasuries	1,307,296	1,108,921	Custodial credit, interest rate
Corporate bonds	1,108,921	1,108,921	Custodial credit, credit, interest rate, concentration of credit
Asset-backed securities	260,337	260,337	Custodial credit, credit, interest rate, concentration of credit
Municipally-held securities	277,348	277,348	Custodial credit, credit, interest rate, concentration of credit
Mortgage-backed securities	307,329	307,329	Custodial credit, credit, interest rate, concentration of credit
Petty cash	950	-	N/A
Total Deposits and Investments	\$ 24,506,888	\$ 24,545,783	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 20,015,313		
Restricted cash and investments	1,994,433		
Per statement of assets and liabilities - agency fund			
Agency Fund	2,497,142		
Total Deposits and Investments	\$ 24,506,888		

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, 2014

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, 2014, the banks had pledged various government securities in the amount of \$14,850,796 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, 2014, the city's investments were rated as follows:

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

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, 2014

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.

None of city's investments with concentration of credit risk as an associated risk comprised more than 5% of its total investment portfolio as of year-end.

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, 2014, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Months)	
		Less than One Year	One - Five
US treasuries	\$ 1,307,296	\$ 211,143	\$ 1,096,153
US agencies	381,870	95,563	286,307
Asset-backed securities	260,337	-	260,337
Municipally-held securities	277,348	140,562	136,786
Corporate bonds	1,108,921	161,309	947,612
Mortgage-backed securities	<u>307,329</u>	<u>76,031</u>	<u>231,298</u>
Totals	<u>\$ 3,643,101</u>	<u>\$ 684,608</u>	<u>\$ 2,958,493</u>

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for special assessments of \$158,110 in the general fund, loans of \$38,273 in the electric fund, special assessments of \$29,549 in non-major governmental funds, and loans of \$605,402 in non-major governmental funds.

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>\$ 1,240,503</u>
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CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

B. RECEIVABLES (cont.)

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	\$ 6,121,924	\$ 9,154
Special assessments receivable	32,993	138,765
Grants receivable	-	47,632
Loans receivable	-	691,128
Capital costs paid in advance of construction	-	30,228
Prepaid BID administration fees	2,500	-
Prepaid rent	21,094	-
Miscellaneous	-	45,977
 Total Deferred Inflows of Resources for Governmental Funds	 6,178,511	 <u>\$ 962,884</u>
 Unearned revenue included in liabilities	 1,993,391	
 Total Unearned Revenue for Governmental Activities	 <u>\$ 8,171,902</u>	

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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

C. RESTRICTED ASSETS (cont.)

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.

Detail of Restricted Assets

Following is a list of restricted assets at December 31, 2014:

Restricted Assets	
Bond redemption account	\$ 670,436
Bond reserve account	439,583
Impact fee account	593,399
Replacement account	<u>291,015</u>
Total Restricted Assets	<u>1,994,433</u>
Less: Restricted assets not funded by revenues	
Reserve for borrowing	<u>(439,583)</u>
Total Restricted Assets Not Funded by Revenues	<u>(439,583)</u>
Current Liabilities Payable From Restricted Assets	<u>(22,332)</u>
Total Restricted Net Position	<u><u>\$ 1,532,518</u></u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 15,678,119	\$ 346,894	\$ 208,881	\$ 15,816,132
Construction in progress	<u>4,390,051</u>	<u>3,109,122</u>	<u>74,222</u>	<u>7,424,951</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>20,068,170</u>	<u>3,456,016</u>	<u>283,103</u>	<u>23,241,083</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated/amortized				
Land improvements	\$ 521,469	\$ -	\$ -	\$ 521,469
Buildings	14,328,016	239,086	22,500	14,544,602
Machinery and equipment	5,310,763	249,592	324,539	5,235,816
Infrastructure	29,176,132	52,023	-	29,228,155
Intangibles	<u>244,396</u>	<u>24,989</u>	-	<u>269,385</u>
Total Capital Assets Being Depreciated/Amortized	<u>49,580,776</u>	<u>565,690</u>	<u>347,039</u>	<u>49,799,427</u>
Total Capital Assets	<u>69,648,946</u>	<u>4,021,706</u>	<u>630,142</u>	<u>73,040,510</u>
Less: Accumulated depreciation/amortization for				
Land improvements	(193,078)	(23,297)	-	(216,375)
Buildings	(4,580,396)	(365,012)	16,436	(4,928,972)
Machinery and equipment	(2,467,004)	(343,529)	196,274	(2,614,259)
Infrastructure	(6,813,752)	(411,418)	-	(7,225,170)
Intangibles	<u>(2,541)</u>	<u>(28,230)</u>	-	<u>(30,771)</u>
Total Accumulated Depreciation/Amortization	<u>(14,056,771)</u>	<u>(1,171,486)</u>	<u>212,710</u>	<u>(15,015,547)</u>
Net Capital Assets Being Depreciated/Amortized	<u>35,524,005</u>	<u>(605,796)</u>	<u>134,329</u>	<u>34,783,880</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 55,592,175</u>	<u>\$ 2,850,220</u>	<u>\$ 417,432</u>	<u>\$ 58,024,963</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 204,189
Public safety	158,642
Public works	541,430
Leisure	252,267
Conservation and development	<u>14,958</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 1,171,486</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Electric</u>				
Capital assets not being depreciated				
Land and land rights	\$ 107,127	\$ -	\$ -	\$ 107,127
Construction in progress	147,604	619,164	320,969	445,799
Total Capital Assets Not Being Depreciated	254,731	619,164	320,969	552,926
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	17,126,581	501,478	122,750	17,505,309
General	2,065,861	11,413	17,871	2,059,403
Total Capital Assets Being Depreciated	22,921,612	512,891	140,621	23,293,882
Total Capital Assets	23,176,343	1,132,055	461,590	23,846,808
Less: Accumulated depreciation for				
Hydraulic production	(573,211)	(21,468)	-	(594,679)
Other production	(640,933)	(32,061)	-	(672,994)
Transmission	(1,113,041)	(36,133)	-	(1,149,174)
Distribution	(7,965,020)	(605,376)	146,919	(8,423,477)
General	(1,477,756)	(57,639)	17,871	(1,517,524)
Total Accumulated Depreciation	(11,769,961)	(752,677)	164,790	(12,357,848)
Net Capital Assets Being Depreciated	11,151,651	(239,786)	(24,169)	10,936,034
Net Electric Capital Assets	\$ 11,406,382	\$ 379,378	\$ 296,800	\$ 11,488,960

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 23,120	\$ -	\$ -	\$ 23,120
Construction in progress	<u>235,123</u>	<u>12,465</u>	<u>153,234</u>	<u>94,354</u>
Total Capital Assets Not Being Depreciated	<u>258,243</u>	<u>12,465</u>	<u>153,234</u>	<u>117,474</u>
Capital assets being depreciated				
Source of supply	234,839	-	-	234,839
Pumping	2,080,866	-	-	2,080,866
Water treatment	83,786	-	-	83,786
Transmission and distribution	15,165,151	742,647	127,716	15,780,082
General	587,065	4,484	24,405	567,144
Completed construction not classified	<u>446,497</u>	<u>-</u>	<u>446,497</u>	<u>-</u>
Total Capital Assets Being Depreciated	<u>18,598,204</u>	<u>747,131</u>	<u>598,618</u>	<u>18,746,717</u>
Total Capital Assets	<u>18,856,447</u>	<u>759,596</u>	<u>751,852</u>	<u>18,864,191</u>
Less: Accumulated depreciation/amortization for				
Source of supply	(89,853)	(4,266)	-	(94,119)
Pumping	(350,757)	(62,004)	-	(412,761)
Water treatment	(40,232)	(2,694)	-	(42,926)
Transmission and distribution	(3,735,845)	(355,160)	151,386	(3,939,619)
General	(409,645)	(22,409)	24,405	(407,649)
Completed construction not classified	<u>(6,474)</u>	<u>-</u>	<u>6,474</u>	<u>-</u>
Total Accumulated Depreciation/Amortization	<u>(4,632,806)</u>	<u>(446,533)</u>	<u>182,265</u>	<u>(4,897,074)</u>
Net Capital Assets Being Depreciated	<u>13,965,398</u>	<u>300,598</u>	<u>416,353</u>	<u>13,849,643</u>
Net Water Capital Assets	<u>\$ 14,223,641</u>	<u>\$ 313,063</u>	<u>\$ 569,587</u>	<u>\$ 13,967,117</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets not being depreciated				
Land and land rights	\$ 117,622	\$ -	\$ -	\$ 117,622
Construction in progress	252,170	27,018	154,537	124,651
Total Capital Assets Not Being Depreciated	369,792	27,018	154,537	242,273
Capital assets being depreciated				
Collection system	16,491,013	261,169	16,686	16,735,496
Collection system pumping	1,105,140	-	-	1,105,140
Treatment and disposal	8,118,093	-	-	8,118,093
General	1,661,536	26,872	6,278	1,682,130
Completed construction not classified	154,228	-	154,228	-
Total Capital Assets Being Depreciated	27,530,010	288,041	177,192	27,640,859
Total Capital Assets	27,899,802	315,059	331,729	27,883,132
Less: Accumulated depreciation for				
Collection system	(2,657,529)	(179,078)	34,054	(2,802,553)
Collection system pumping	(780,265)	(39,866)	-	(820,131)
Treatment and disposal	(3,825,567)	(240,784)	-	(4,066,351)
General	(825,457)	(53,596)	6,278	(872,775)
Completed construction not classified	(864)	-	864	-
Total Accumulated Depreciation	(8,089,682)	(513,324)	41,196	(8,561,810)
Net Capital Assets Being Depreciated	19,440,328	(225,283)	135,996	19,079,049
Net Sewer Capital Assets	\$ 19,810,120	\$ (198,265)	\$ 290,533	\$ 19,321,322

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital assets being depreciated				
Machinery and equipment	\$ 125,187	\$ 92,540	\$ 85,477	\$ 132,250
Collection system	<u>7,303,876</u>	<u>218,918</u>	<u>-</u>	<u>7,522,794</u>
Total Capital Assets Being Depreciated	<u>7,429,063</u>	<u>311,458</u>	<u>85,477</u>	<u>7,655,044</u>
Less: Accumulated depreciation for				
Machinery and equipment	(60,208)	(12,997)	36,506	(36,699)
Collection system	<u>(1,456,729)</u>	<u>(134,861)</u>	<u>-</u>	<u>(1,591,590)</u>
Total Accumulated depreciation	<u>(1,516,937)</u>	<u>(147,858)</u>	<u>36,506</u>	<u>(1,628,289)</u>
Net Capital Assets Being Depreciated	<u>5,912,126</u>	<u>163,600</u>	<u>48,971</u>	<u>6,026,755</u>
Net Stormwater Capital Assets	<u>\$ 5,912,126</u>	<u>\$ 163,600</u>	<u>\$ 48,971</u>	<u>\$ 6,026,755</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Ambulance</u>				
Capital assets not being depreciated				
Land	<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>794,990</u>	<u>-</u>	<u>-</u>	<u>794,990</u>
Total Capital Assets Being Depreciated	<u>1,417,791</u>	<u>-</u>	<u>-</u>	<u>1,417,791</u>
Total Capital Assets	<u>1,519,089</u>	<u>-</u>	<u>-</u>	<u>1,519,089</u>
Less: Accumulated depreciation for				
Building improvements	(21,393)	-	-	(21,393)
Buildings	(330,195)	(21,833)	-	(352,028)
Machinery and equipment	<u>(500,654)</u>	<u>(67,931)</u>	<u>-</u>	<u>(568,585)</u>
Total Accumulated Depreciation	<u>(852,242)</u>	<u>(89,764)</u>	<u>-</u>	<u>(942,006)</u>
Net Capital Assets Being Depreciated	<u>565,549</u>	<u>(89,764)</u>	<u>-</u>	<u>475,785</u>
Net Other Enterprise Capital Assets	<u>\$ 666,847</u>	<u>\$ (89,764)</u>	<u>\$ -</u>	<u>\$ 577,083</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 52,019,116</u>	<u>\$ 568,012</u>	<u>\$ 1,205,891</u>	<u>\$ 51,381,237</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Electric	\$ 752,679
Water	392,332
Sewer	558,780
Storm	147,858
Ambulance	<u>89,763</u>

Total Business-type Activities Depreciation Expense	<u><u>\$ 1,941,412</u></u>
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Depreciation expense is different from additions because of joint metering, salvage, and cost of removal.

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	Library	\$ 2,279
	Commercial Revolving Loan	
General Fund	Fund	28,083
General Fund	TIF #10	9,000
General Fund	Technology	283,442
General Fund	Capital Equipment	113,473
General Fund	Shared Ride Taxi	1,718
Environmental Fee	General Fund	700,000
Ambulance	General Fund	<u>100,000</u>
Total - Fund Financial Statements		1,237,995
Less: Fund eliminations		(854,553)
Less: Interfund receivables created with internal service fund eliminations		(122,893)
Less: Government-wide eliminations		<u>(200,000)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 60,549</u></u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

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

Interfund Receivables/Payables (cont.)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 160,549
Business-type Activities	Governmental Activities	<u>(100,000)</u>
Total Government-Wide Financial Statements		<u><u>\$ 60,549</u></u>

All amounts are due within one year.

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

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 for TIF Districts No. 6, No. 7, No. 8 and No. 9. The advance to TIF District No. 5 is scheduled to be paid off in 2015.

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

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	Whitetail Ridge Corporate Park	\$ 179,774	\$ -
General Fund	TIF District #6	842,159	842,159
General Fund	TIF District #7	493,912	493,912
General Fund	TIF District #8	19,611	19,611
General Fund	TIF District #9	222,700	222,700
Environmental Fee	Tourism and Economic Development	<u>1,000,000</u>	1,000,000
Total - Fund Financial Statements		2,758,156	
Less: Fund eliminations		<u>(2,758,156)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Position		<u><u>\$ -</u></u>	

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General	General Capital Projects	\$ 23,926	Budgeted allocations
General	Capital Equipment	6,879	Budgeted allocations
General	Nonmajor special revenue funds	347,451	Budgeted allocations
General	Electric utility	552,409	Property tax equivalent & budgeted allocations
General	Water utility	366,841	Property tax equivalent & budgeted allocations
General	Sewer utility	157,770	Budgeted allocations
General	Stormwater	41,006	Budgeted allocations
General	Ambulance	66,026	Budgeted allocations
General	City Hall	15,581	Budgeted allocations
General	Motor Pool	552	Budgeted allocations
General	Debt Service Notes	18,745	Budgeted allocations
General	Debt Service Bonds	4,470	Budgeted allocations
Nonmajor governmental funds	General	200,908	Various
General Capital Projects	General	73,054	Glen Park bathhouse renovation
Capital Equipment	General	80,000	Sinking fund transfer
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	General	2,000	To cover fund deficit
Debt Service Notes	Nonmajor special revenue funds	27,011	Debt service
Ambulance	General	137,758	Per capita payment
Stormwater	Refuse and Solid Waste	5,000	Budgeted allocations
City Hall	General	114,608	Share of city hall costs
City Hall	Nonmajor special revenue funds	57,611	Share of city hall costs
City Hall	Stormwater	6,032	Share of city hall costs
City Hall	Ambulance	11,733	Share of city hall costs
City Hall	Technology	11,733	Share of city hall costs
Motor Pool	General	32,589	Share of motor pool costs
Motor Pool	Nonmajor special revenue funds	717	Share of motor pool costs
Motor Pool	Electric	702	Share of motor pool costs
Motor Pool	Water	351	Share of motor pool costs

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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>
Motor Pool	Sewer	\$ 351	Share of motor pool costs
Motor Pool	Ambulance	478	Share of motor pool costs
Technology	General	135,585	Share of technology costs
Technology	Nonmajor special revenue funds	14,321	Share of technology costs
Technology	Electric	86,110	Share of technology costs
Technology	Sewer	18,715	Share of technology costs
Technology	Water	12,459	Share of technology costs
Technology	Stormwater	3,967	Share of technology costs
Technology	Ambulance	25,340	Share of technology costs
Technology	City Hall	2,477	Share of technology costs
Technology	Motor Pool	<u>52</u>	Share of technology costs
Total - Fund Financial Statements		2,689,318	
Less: Fund eliminations		(1,196,270)	
Less: Government-wide eliminations		<u>(285,516)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 1,207,532</u>	

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 1,350,290
Business-type Activities	Governmental Activities	<u>(142,758)</u>
Total Government-wide Financial Statements		<u>\$ 1,207,532</u>

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

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 12,340,430	\$ 5,425,000	\$ 2,163,889	\$ 15,601,541	\$ 1,116,267
(Discounts)/Premiums	(60,902)	374,730	4,562	309,266	-
Sub-totals	12,279,528	5,799,730	2,168,451	15,910,807	1,116,267
Other Liabilities					
Vested compensated absences	946,025	81,893	167,218	860,700	316,293
Capital leases	71,858	-	12,345	59,513	12,021
Other postemployment benefits	466,621	25,421	-	492,042	-
Landfill post-closure care cost	194,879	1,560	29,725	166,714	29,724
Total Other Liabilities	1,679,383	108,874	209,288	1,578,969	358,038
Total Governmental Activities Long-Term Liabilities	\$ 13,958,911	\$ 5,908,604	\$ 2,377,739	\$ 17,489,776	\$ 1,474,305
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 5,029,704	\$ -	\$ 615,108	\$ 4,414,596	\$ 601,558
Revenue bonds	5,675,091	-	1,386,800	4,288,291	518,317
Other long-term debt	132,899	50,000	74,192	108,707	71,638
(Discounts)/Premiums	148,716	-	18,079	130,637	-
Sub-totals	10,986,410	50,000	2,094,179	8,942,231	1,191,513
Other Liabilities					
Vested compensated absences	153,612	96,658	9,817	240,453	109,472
Other postemployment benefits	155,586	4,115	-	159,701	-
Total Other Liabilities	309,198	100,773	9,817	400,154	109,472
Total Business-type Activities Long-Term Liabilities	\$ 11,295,608	\$ 150,773	\$ 2,103,996	\$ 9,342,385	\$ 1,300,985

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, 2014, was \$42,615,245. Total general obligation debt outstanding at year end was \$20,016,137.

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, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2014
Promissory Note	10/2007	10/2017	3.385%	\$ 2,331,441	\$ 845,000
State Trust Fund Loan	09/2008	03/2018	4.25%	300,000	150,360
Refunding Bonds	03/2009	03/2029	3.0-4.6%	5,070,000	4,830,000
Refunding Bonds	12/2010	01/2015	3.24%	174,524	18,266
Promissory Note	12/2011	11/2016	2.77%	54,000	19,100
Refunding Bonds	03/2012	03/2028	2.4%	4,560,000	3,840,000
Refunding Bonds	09/2012	05/2023	2.11%	600,000	200,000
Promissory Note	12/2012	12/2017	1.917%	118,000	72,034
Promissory Note	11/2013	11/2018	1.79%	250,000	201,781
Corporate Purpose Bonds	08/2014	06/2034	3.00-4.00%	5,425,000	5,425,000
Total Governmental Activities - General Obligation Debt					<u>\$ 15,601,541</u>

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2014
State Trust Fund Loan	03/2005	03/2015	4.00%	\$ 301,737	\$ 35,774
State Trust Fund Loan	07/2005	03/2015	4.00%	468,706	54,833
Promissory Note	12/2011	11/2016	2.77%	166,000	68,900
Refunding Bonds	07/2011	11/2019	2.0-2.5%	1,740,000	1,365,000
Refunding Bonds	08/2012	05/2023	1.0-2.5%	3,165,000	2,670,000
Promissory Note	12/2012	12/2017	1.917%	360,000	220,089
Total Business-type Activities - General Obligation Debt					<u>\$ 4,414,596</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2015	\$ 1,116,267	\$ 586,136	\$ 601,558	\$ 94,968
2016	1,084,870	502,143	723,278	78,816
2017	1,183,726	471,242	709,760	63,283
2018	1,206,761	437,408	655,000	46,413
2019	1,085,000	398,063	440,000	32,725
2020-2024	4,524,917	1,452,779	1,285,000	53,313
2025-2029	3,895,000	700,203	-	-
2030-2034	1,505,000	165,175	-	-
Totals	<u>\$ 15,601,541</u>	<u>\$ 4,713,149</u>	<u>\$ 4,414,596</u>	<u>\$ 369,518</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

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

The water utility has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in 2011. The bonds are payable solely from revenues and are payable through 2031. Annual principal and interest payments on the bonds are expected to require 26.00% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,664,949. Principal and interest paid for the current year and total customer net revenues were \$153,998 and \$603,062, respectively.

The sewer utility has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in 1995, 2005 and 2008. The bonds are payable solely from revenues and are payable through 2025. Annual principal and interest payments on the bonds are expected to require 17.1% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,665,596. Principal and interest paid for the current year and total customer net revenues were \$489,178 and \$1,413,136, respectively.

Revenue debt payable at December 31, 2014, 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, 2014</u>
<u>Water Utility</u>					
Revenue Bonds	07/2011	11/2031	2.0-4.4%	\$ 2,125,000	<u>\$ 1,955,000</u>
Total Water Utility					<u>1,955,000</u>
<u>Sewer Utility</u>					
Revenue Bonds	11/1995	02/2015	3.173%	1,009,332	69,684
Revenue Bonds	11/2005	05/2025	2.746%	3,317,130	2,068,607
Revenue Bonds	04/2008	05/2015	2.75-3.5%	1,250,000	<u>195,000</u>
Total Sewer Utility					<u>2,333,291</u>
Total Business-type Activities - Revenue Debt					<u><u>\$ 4,288,291</u></u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
2015	\$ 518,317	\$ 126,323
2016	258,125	115,449
2017	267,742	108,801
2018	272,485	101,688
2019	282,359	94,213
2020-2024	1,524,717	344,328
2025-2029	864,546	138,031
2030-2031	300,000	13,421
Totals	\$ 4,288,291	\$ 1,042,254

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. The liabilities are attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the utilities' system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The utilities' system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

Current Refunding

On August 12, 2014, the city issued \$895,000 in general obligation bonds with an average coupon rate of 3.51% to refund \$1,000,000 of outstanding notes with an interest rate of 1.48%. The net proceeds along with existing funds of the city were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$1,022,261 from 2014 through 2015. The cash flow requirements on the refunding bonds are \$1,123,639 from 2015 through 2022. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$22,962.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

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 for until notified by the Wisconsin Department of Natural Resources that such maintenance and monitoring is no longer required years after closure. 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 \$166,714 reported as landfill closure and postclosure care liability at December 31, 2014, represents the estimated amount of future postclosure costs. These amounts are based on what it would cost to perform all postclosure care in 2014. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2014, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 15,816,132
Construction in progress	7,424,951
Other capital assets, net of accumulated depreciation	34,783,880
Less: Long-term debt outstanding	(13,044,665)
Plus: Unamortized debt discount	56,096
Less: Unamortized debt premium	(365,362)
Loss on refunding	<u>4,011</u>
Total Net Investment in Capital Assets	<u>\$ 44,675,043</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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, 2014, include the following:

	General Fund	General Capital Projects Fund	TIF #10	Nonmajor Funds	Totals
Fund Balances					
Nonspendable:					
Inventories and prepayments	\$ 53,133	\$ -	\$ -	\$ 526,054	\$ 579,187
Advances to other funds	1,758,156	-	-	-	1,758,156
Restricted for:					
Parking meters	-	-	-	133,061	133,061
Refuse/solid waste	-	-	-	301,701	301,701
Shared ride taxi	-	-	-	14,157	14,157
Environmental fee	-	-	-	2,795,272	2,795,272
Future TIF expenditures	-	-	1,037	26,167	27,204
Library	-	-	-	113,331	113,331
Park impact fees	-	-	-	59,344	59,344
Library impact fees	-	-	-	67,499	67,499
Fire impact fees	-	-	-	162,214	162,214
Housing reserve	-	-	-	209,453	209,453
Library trust	-	-	-	115,886	115,886
Debt service	-	-	-	18,343	18,343
Committed to:					
Media service	-	-	-	260,911	260,911
Park acquisition	-	-	-	785	785
Assigned to:					
Subsequent year's budget	250,000	-	-	-	250,000
Unassigned (deficit):	<u>4,620,984</u>	<u>(871,004)</u>	<u>-</u>	<u>(2,614,532)</u>	<u>1,135,448</u>
Total Fund Balances (Deficit)	<u>\$ 6,682,273</u>	<u>\$ (871,004)</u>	<u>\$ 1,037</u>	<u>\$ 2,189,646</u>	<u>\$ 8,001,952</u>

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 349,167
Construction in progress	664,804
Non-utility property	17,200
Other capital assets, net of accumulated depreciation	50,367,266
Less: Long-term debt outstanding	(8,702,887)
Plus: Unspent capital related debt proceeds	439,583
Plus: Unamortized loss on refunding	198,684
Less: Unamortized debt premium	<u>(130,637)</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 43,203,180</u></u>

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	<u>\$ 20,371</u>	<u>\$ 20,371</u>	Custodial credit risk

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

I. COMPONENT UNIT (cont.)

BUSINESS IMPROVEMENT DISTRICT (cont.)

b. Deposits and Investments (cont.)

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.

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, 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 changed to one-half of the actuarially determined contribution rate for employees in the General Employment category, 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, 2014 were:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives and Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The payroll for city employees covered by the WRS for the year ended December 31, 2014 was \$6,109,604; the employer's total payroll was \$6,635,951. The total required contribution for the year ended December 31, 2014 was \$904,265 or 14.8% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended 2013 and 2012 were \$845,385 and \$755,796, 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.

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, 2014 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.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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.

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 \$455 million as of December 31, 2014.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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, 2014 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 city administrator. Retired plan members are required to pay 100% of the premium. For fiscal year 2014, total retired member contributions were \$64,708. 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, 2014

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	\$	57,992
Interest on net OPEB obligation		18,666
Adjustment to annual required contribution		<u>(20,620)</u>
Annual OPEB cost		56,038
Contributions made		<u>(26,505)</u>
Increase in net OPEB obligation		29,533
Net OPEB Obligation - Beginning of Year		<u>622,207</u>
Net OPEB Obligation - End of Year	\$	<u><u>651,740</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	\$ 182,715	47%	\$ 532,403
December 31, 2013	182,545	51%	622,207
December 31, 2014	56,038	47%	651,740

The funded status of the plan as of January 1, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$	631,885
Actuarial value of plan assets		<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u><u>631,885</u></u>
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	5,658,921
UAAL as a percentage of covered payroll		11.17%

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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 – Wisconsin Retirement System actuarial valuations were used to determine the retirement age for active employees..
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 SOA RPH-2014 Total Dataset Mortality using Scale MP-2014 for healthy retirees and SOA RPH-2014 Disabled Retiree Mortality using Scale MP-2014 for disabled retirees.
4. Turnover – Wisconsin Retirement System actuarial valuations were used in calculating turnover.
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 9% initially, reduced to an ultimate rate of 5% after nine years, was used.
6. Health insurance premiums – 2015 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, 2014

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, 2014, was 30 years.

F. SUBSEQUENT EVENT

On November 25, 2014, the city council authorized the issuance of a \$1,600,000 state trust fund loan. The loan proceeds will be used to finance the purchase of land for a future corporate park in Mann Valley. Loan proceeds were received by the City on January 21, 2015. On March 24, 2015, the city council authorized refinancing the loan over a 19 year period at 3.75%. The loan was refinanced on June 23, 2015.

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. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 71, *Pension - Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*

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

I. NONEXCHANGE FINANCIAL GUARANTEE

In 2012, the City entered into a loan guarantee agreement with the River Falls Baseball Council, a legally separate organization. The loan was used for improvements at the baseball park. In the event that the River Falls Baseball Council would be unable to make the loan payments, all rights, title and interest River Falls Baseball Council has in the related real property and improvements would be revoked. The City's exposure at December 31, 2014 is limited to a maximum of \$290,866 in principal plus interest.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

J. 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 tax increment district #7.

The city entered into a development agreement with Gerrard Corporation in 2010, to construct three multifamily residential buildings within tax increment district #8. 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 tax increment district #8, whichever is longer. The developer was reimbursed \$59,280, \$35,935, and \$29,000 in 2014, 2013, and 2012, respectively, for the first three 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 tax increment district #9, whichever is shorter. In return, the city will make a monetary obligation of \$686,000 to repay the developer for eligible project costs. The developer was reimbursed \$70,000 in 2014 for the first year's payment.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

K. TAX INCREMENTAL FINANCING DISTRICTS

The city currently maintains separate special revenue and capital projects fund accounts for seven 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
TID No. 10	2014	2029	2034

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,810,369	\$ 2,810,369	\$ 2,825,691	\$ 15,322
Special assessments	-	-	788	788
Intergovernmental	3,094,856	3,153,740	3,149,417	(4,323)
Licenses and permits	146,000	146,000	165,353	19,353
Fines, forfeitures and penalties	185,000	185,000	209,890	24,890
Public charges for services	231,000	231,000	180,476	(50,524)
Intergovernmental charges for services	15,000	15,000	-	(15,000)
Investment income	300,000	300,008	251,306	(48,702)
Miscellaneous	286,275	391,674	532,491	140,817
Total Revenues	<u>7,068,500</u>	<u>7,232,791</u>	<u>7,315,412</u>	<u>82,621</u>
EXPENDITURES				
Current				
General government	1,707,684	1,687,684	1,586,930	100,754
Public safety	3,487,766	3,492,625	3,230,550	262,075
Public works	1,936,546	1,930,722	1,848,618	82,104
Health services	10,040	10,040	8,446	1,594
Leisure	633,564	633,564	646,270	(12,706)
Conservation and development	577,371	598,371	542,007	56,364
Debt Service				
Principal retirement	129,718	194,213	234,725	(40,512)
Interest and fiscal charges	18,648	23,397	23,233	164
Total Expenditures	<u>8,501,337</u>	<u>8,570,616</u>	<u>8,120,779</u>	<u>449,837</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,432,837)</u>	<u>(1,337,825)</u>	<u>(805,367)</u>	<u>532,458</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,914,601	1,932,497	1,601,656	(330,841)
Transfers to other funds	(481,764)	(717,726)	(776,502)	(58,776)
Total Other Financing Sources (Uses)	<u>1,432,837</u>	<u>1,214,771</u>	<u>825,154</u>	<u>(389,617)</u>
Net Change in Fund Balance	-	(123,054)	19,787	142,841
FUND BALANCE - Beginning of Year	<u>6,662,486</u>	<u>6,662,486</u>	<u>6,662,486</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,662,486</u>	<u>\$ 6,539,432</u>	<u>\$ 6,682,273</u>	<u>\$ 142,841</u>

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

CITY OF RIVER FALLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF #10 For the Year Ended December 31, 2014

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
REVENUES			
Interest income	\$ -	\$ 532	\$ 532
Total Revenues	<u>-</u>	<u>532</u>	<u>532</u>
EXPENDITURES			
Current			
Conservation and development	12,000	271,025	(259,025)
Capital outlay	2,000,000	2,840,085	(840,085)
Debt service - interest and fiscal charges	<u>188,000</u>	<u>50,425</u>	<u>137,575</u>
Total Expenditures	<u>2,200,000</u>	<u>3,161,535</u>	<u>(961,535)</u>
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	3,000,000	3,005,000	5,000
Premium on long-term debt issued	-	166,040	166,040
Transfers out	<u>(800,000)</u>	<u>-</u>	<u>800,000</u>
Total Other Financing Sources (Uses)	<u>2,200,000</u>	<u>3,171,040</u>	<u>971,040</u>
Net change in fund balance	-	10,037	10,037
FUND BALANCE - Beginning of Year	<u>(9,000)</u>	<u>(9,000)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (9,000)</u>	<u>\$ 1,037</u>	<u>\$ 10,037</u>

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

CITY OF RIVER FALLS

SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2014

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)
01/01/14	\$ -	\$ 631,885	\$ 631,885	0%	\$ 5,658,921	11%
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%

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, 2014

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 administrator may authorize transfers of budgeted amounts within a fund and function. Transfers between funds or functions, and changes to the overall budget must be approved by a two-thirds action of the City Council.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the fund and function level of expenditure.

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
TAXES				
General property taxes	\$ 2,728,869	\$ 2,728,869	\$ 2,737,390	\$ 8,521
Mobile home taxes	22,000	22,000	23,014	1,014
Payments in lieu of taxes - housing authority	7,500	7,500	7,708	208
Payment in lieu of taxes - other	52,000	52,000	56,714	4,714
Interest and on taxes	-	-	865	865
Total Taxes	<u>2,810,369</u>	<u>2,810,369</u>	<u>2,825,691</u>	<u>15,322</u>
SPECIAL ASSESSMENTS				
Interest on special assessments	-	-	788	788
INTERGOVERNMENTAL				
Shared revenues from state	2,009,544	2,009,544	2,015,194	5,650
Fire insurance from state	30,000	30,000	33,855	3,855
State aid - computers	10,000	10,000	7,306	(2,694)
State aid - police training	4,000	4,000	8,758	4,758
State aid - streets	475,000	508,033	508,022	(11)
State aid - municipal services	200,000	200,000	212,660	12,660
State aid - other public safety	-	21,000	33,200	12,200
School district grant	50,000	50,000	55,868	5,868
Municipal grants	274,554	274,554	274,554	-
Other federal payments	41,758	46,609	-	(46,609)
Total Intergovernmental	<u>3,094,856</u>	<u>3,153,740</u>	<u>3,149,417</u>	<u>(4,323)</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	17,000	17,000	17,746	746
Operators' license	5,000	5,000	7,430	2,430
Cigarette licenses	1,000	1,000	950	(50)
Business and occupational licenses	1,500	1,500	1,928	428
Bicycle licenses	-	-	86	86
Dog licenses	5,000	5,000	3,641	(1,359)
Housing inspection licenses	18,500	18,500	21,840	3,340
Plumbing permits	2,000	2,000	600	(1,400)
Building permits	90,000	90,000	102,561	12,561
Sign permits	2,500	2,500	3,200	700
Zoning permits	3,000	3,000	3,490	490
Inspectors red seal	500	500	1,881	1,381
Total Licenses and Permits	<u>146,000</u>	<u>146,000</u>	<u>165,353</u>	<u>19,353</u>
FINES, FORFEITURES AND PENALTIES				
Court penalties and costs	70,000	70,000	69,722	(278)
Parking violations	90,000	90,000	107,033	17,033
Restitution and forfeitures	-	-	671	671
Court costs	25,000	25,000	32,464	7,464
Total Fines, Forfeitures and Penalties	<u>185,000</u>	<u>185,000</u>	<u>209,890</u>	<u>24,890</u>

CITY OF RIVER FALLS

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC CHARGES FOR SERVICES				
Clerk's fees	\$ 6,500	\$ 6,500	\$ 7,369	\$ 869
Zoning administration fees	10,000	10,000	7,060	(2,940)
Publication fees	1,000	1,000	1,110	110
Plat review fees	10,000	10,000	4,025	(5,975)
Police department fees	16,500	16,500	14,273	(2,227)
Police reserve	2,000	2,000	-	(2,000)
Police towing	12,000	12,000	9,230	(2,770)
Fire department fees	15,000	15,000	12,853	(2,147)
Fire inspection fees	4,000	4,000	880	(3,120)
Highway maintenance and construction	10,000	10,000	3,327	(6,673)
Weights and measures charges	4,000	4,000	4,125	125
Swimming pool	20,000	20,000	15,683	(4,317)
Parks	20,000	20,000	16,919	(3,081)
Other recreation programs	<u>100,000</u>	<u>100,000</u>	<u>83,622</u>	<u>(16,378)</u>
Total Public Charges for Services	<u>231,000</u>	<u>231,000</u>	<u>180,476</u>	<u>(50,524)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Interdepartmental sales	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
INVESTMENT INCOME				
Interest - interfund advances	200,000	200,000	200,000	-
Interest on temporary investments	<u>100,000</u>	<u>100,008</u>	<u>51,306</u>	<u>(48,702)</u>
Total Investment Income	<u>300,000</u>	<u>300,008</u>	<u>251,306</u>	<u>(48,702)</u>
MISCELLANEOUS				
Sale of supplies	1,000	1,000	429	(571)
Rent of municipal buildings	192,445	192,445	230,470	38,025
Donations	-	-	32,444	32,444
Sale of capital assets	10,000	10,000	25,000	15,000
Miscellaneous	<u>82,830</u>	<u>188,229</u>	<u>244,148</u>	<u>55,919</u>
Total Miscellaneous	<u>286,275</u>	<u>391,674</u>	<u>532,491</u>	<u>140,817</u>
OTHER FINANCING SOURCES				
Transfers from other funds	<u>1,914,601</u>	<u>1,932,497</u>	<u>1,601,656</u>	<u>(330,841)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 8,983,101</u>	<u>\$ 9,165,288</u>	<u>\$ 8,917,068</u>	<u>\$ (248,220)</u>

CITY OF RIVER FALLS

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

For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT				
Council	\$ 313,048	\$ 313,048	\$ 231,783	\$ 81,265
Municipal court	132,277	132,277	131,354	923
City administrator	327,371	329,371	328,990	381
Personnel	267,794	245,794	245,147	647
Clerk	133,478	133,478	122,520	10,958
Finance	473,716	484,716	483,548	1,168
Legal counseling	<u>60,000</u>	<u>49,000</u>	<u>43,588</u>	<u>5,412</u>
Total General Government	<u>1,707,684</u>	<u>1,687,684</u>	<u>1,586,930</u>	<u>100,754</u>
PUBLIC SAFETY				
Police	2,870,181	2,875,040	2,762,827	112,213
Fire department	<u>617,585</u>	<u>617,585</u>	<u>467,723</u>	<u>149,862</u>
Total Public Safety	<u>3,487,766</u>	<u>3,492,625</u>	<u>3,230,550</u>	<u>262,075</u>
PUBLIC WORKS				
Garage	283,567	283,567	254,112	29,455
Street maintenance	1,428,481	1,422,657	1,410,886	11,771
Engineer	<u>224,498</u>	<u>224,498</u>	<u>183,620</u>	<u>40,878</u>
Total Public Works	<u>1,936,546</u>	<u>1,930,722</u>	<u>1,848,618</u>	<u>82,104</u>
HEALTH SERVICES				
Health officer	2,000	2,000	2,000	-
Animal control	<u>8,040</u>	<u>8,040</u>	<u>6,446</u>	<u>1,594</u>
Total Health Services	<u>10,040</u>	<u>10,040</u>	<u>8,446</u>	<u>1,594</u>
LEISURE ACTIVITIES				
Recreation	138,001	138,001	135,994	2,007
Swimming	85,893	85,893	74,378	11,515
Parks	<u>409,670</u>	<u>409,670</u>	<u>435,898</u>	<u>(26,228)</u>
Total Leisure Activities	<u>633,564</u>	<u>633,564</u>	<u>646,270</u>	<u>(12,706)</u>
CONSERVATION AND DEVELOPMENT				
Forestry	51,574	51,574	49,083	2,491
Community development	<u>525,797</u>	<u>546,797</u>	<u>492,924</u>	<u>53,873</u>
Total Conservation and Development	<u>577,371</u>	<u>598,371</u>	<u>542,007</u>	<u>56,364</u>
DEBT SERVICE				
Principal on notes payable-fire	51,127	51,127	68,385	(17,258)
Principal retirement	78,591	143,086	166,340	(23,254)
Interest on notes payable-fire	11,355	11,355	9,488	1,867
Interest and fiscal charges	7,193	11,942	13,662	(1,720)
Agent fees	<u>100</u>	<u>100</u>	<u>83</u>	<u>17</u>
Total Debt Service	<u>148,366</u>	<u>217,610</u>	<u>257,958</u>	<u>(40,348)</u>

CITY OF RIVER FALLS

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

For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING USES				
Transfers to other funds	<u>\$ 481,764</u>	<u>\$ 717,726</u>	<u>\$ 776,502</u>	<u>\$ (58,776)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 8,983,101</u>	<u>\$ 9,288,342</u>	<u>\$ 8,897,281</u>	<u>\$ 391,061</u>

CITY OF RIVER FALLS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2014

	Special Revenue Funds				
	Parking Meters	Refuse/Solid Waste	Shared Ride Taxi	Media Services	Environmental Fee
ASSETS					
Cash and investments	\$ 135,201	\$ 292,742	\$ -	\$ 232,929	\$ 1,073,856
Tax roll receivable	-	12,458	-	-	-
Receivables					
Accounts	-	13,703	33,932	30,953	18,569
Interest	-	-	-	-	2,847
Notes	-	-	-	-	-
Customer	-	-	-	-	-
Inventories and prepayments	-	12	-	587	-
Due from other funds	-	-	-	-	700,000
Due from other governmental units	-	76	47,632	-	-
Advances to other funds	-	-	-	-	1,000,000
	<u>\$ 135,201</u>	<u>\$ 318,991</u>	<u>\$ 81,564</u>	<u>\$ 264,469</u>	<u>\$ 2,795,272</u>
TOTAL ASSETS					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 2,140	\$ 4,744	\$ 18,057	\$ 49	\$ -
Accrued liabilities	-	-	-	2,922	-
Deposits	-	-	-	-	-
Due to other funds	-	-	1,718	-	-
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>2,140</u>	<u>4,744</u>	<u>19,775</u>	<u>2,971</u>	<u>-</u>
Deferred Inflows of Resources					
Unearned revenue	-	-	-	-	-
Unavailable revenues	-	12,534	47,632	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>12,534</u>	<u>47,632</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable	-	12	-	587	-
Restricted	133,061	301,701	14,157	-	2,795,272
Committed	-	-	-	260,911	-
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances	<u>133,061</u>	<u>301,713</u>	<u>14,157</u>	<u>261,498</u>	<u>2,795,272</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
	<u>\$ 135,201</u>	<u>\$ 318,991</u>	<u>\$ 81,564</u>	<u>\$ 264,469</u>	<u>\$ 2,795,272</u>

Special Revenue Funds

Park Acquisition Fund	Tax Increment District #4	Tax Increment District #6	Tax Increment District #7	Tax Increment District #8	Tax Increment District #9	Library
\$ 785	\$ 26,167	\$ -	\$ -	\$ -	\$ -	\$ 172,021
-	223,717	154,374	-	60,182	58,712	815,983
-	-	-	-	-	-	165
-	-	-	-	-	-	-
-	-	-	64,338	-	-	-
-	-	-	243	-	-	10,901
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 785</u>	<u>\$ 249,884</u>	<u>\$ 154,374</u>	<u>\$ 64,581</u>	<u>\$ 60,182</u>	<u>\$ 58,712</u>	<u>\$ 999,070</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,041
-	-	-	-	-	-	20,489
-	-	-	4,690	-	-	-
-	-	-	-	-	-	2,279
-	-	-	-	-	-	46
-	-	842,159	493,912	19,611	222,700	-
-	-	842,159	498,602	19,611	222,700	58,855
-	223,717	154,374	-	60,182	58,712	815,983
-	-	-	-	-	-	-
-	223,717	154,374	-	60,182	58,712	815,983
-	-	-	243	-	-	10,901
-	26,167	-	-	-	-	113,331
785	-	-	-	-	-	-
-	-	(842,159)	(434,264)	(19,611)	(222,700)	-
<u>785</u>	<u>26,167</u>	<u>(842,159)</u>	<u>(434,021)</u>	<u>(19,611)</u>	<u>(222,700)</u>	<u>124,232</u>
<u>\$ 785</u>	<u>\$ 249,884</u>	<u>\$ 154,374</u>	<u>\$ 64,581</u>	<u>\$ 60,182</u>	<u>\$ 58,712</u>	<u>\$ 999,070</u>

CITY OF RIVER FALLS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2014

	Special Revenue Funds				
	Commercial Revolving Loan Fund	Park Impact Fees	Library Impact Fees	Fire Impact Fees	Housing Reserve
ASSETS					
Cash and investments	\$ 1,044	\$ 59,344	\$ 67,499	\$ 162,214	\$ 209,453
Tax roll receivable	-	-	-	-	-
Receivables					
Accounts	-	-	-	-	-
Interest	-	-	-	-	-
Notes	114,349	-	-	-	445,770
Customer	-	-	-	-	-
Inventories and prepayments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Advances to other funds	-	-	-	-	-
	\$ 115,393	\$ 59,344	\$ 67,499	\$ 162,214	\$ 655,223
TOTAL ASSETS					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Deposits	-	-	-	-	-
Due to other funds	28,083	-	-	-	-
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	28,083	-	-	-	-
Deferred Inflows of Resources					
Unearned revenue	-	-	-	-	-
Unavailable revenues	114,349	-	-	-	445,770
Total Deferred Inflows of Resources	114,349	-	-	-	445,770
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	59,344	67,499	162,214	209,453
Committed	-	-	-	-	-
Unassigned (deficit)	(27,039)	-	-	-	-
Total Fund Balances	(27,039)	59,344	67,499	162,214	209,453
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
	\$ 115,393	\$ 59,344	\$ 67,499	\$ 162,214	\$ 655,223

Special Revenue Funds			Debt Service Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
Library Trust Fund	Tourism and Economic Development	Whitetail Ridge Corporate Park	Debt Service Bonds	Debt Service Notes	Capital Equipment	
\$ 115,886	\$ 194,021	\$ 54,250	\$ 9,942	\$ 8,401	\$ -	\$ 2,815,755
-	2,500	453,189	209,588	624,961	195,905	2,811,569
-	19,188	-	-	-	-	116,510
-	-	-	-	-	-	2,847
-	-	131,009	-	-	-	691,128
-	-	-	-	-	-	64,338
-	70	-	-	-	514,241	526,054
-	-	-	-	-	-	700,000
-	-	-	-	-	-	47,708
-	-	-	-	-	-	1,000,000
<u>\$ 115,886</u>	<u>\$ 215,779</u>	<u>\$ 638,448</u>	<u>\$ 219,530</u>	<u>\$ 633,362</u>	<u>\$ 710,146</u>	<u>\$ 8,775,909</u>
\$ -	\$ 1,371	\$ 10,728	\$ -	\$ -	\$ 9,778	\$ 82,908
-	-	-	-	-	-	23,411
-	-	-	-	-	-	4,690
-	-	-	-	-	113,473	145,553
-	-	-	-	-	-	46
-	1,000,000	179,774	-	-	-	2,758,156
-	1,001,371	190,502	-	-	123,251	3,014,764
-	23,594	453,189	209,588	624,961	195,905	2,820,205
-	-	131,009	-	-	-	751,294
-	23,594	584,198	209,588	624,961	195,905	3,571,499
-	70	-	-	-	514,241	526,054
115,886	-	-	9,942	8,401	-	4,016,428
-	-	-	-	-	-	261,696
-	(809,256)	(136,252)	-	-	(123,251)	(2,614,532)
<u>115,886</u>	<u>(809,186)</u>	<u>(136,252)</u>	<u>9,942</u>	<u>8,401</u>	<u>390,990</u>	<u>2,189,646</u>
<u>\$ 115,886</u>	<u>\$ 215,779</u>	<u>\$ 638,448</u>	<u>\$ 219,530</u>	<u>\$ 633,362</u>	<u>\$ 710,146</u>	<u>\$ 8,775,909</u>

CITY OF RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2014

	Special Revenue Funds			
	Parking Meters	Refuse/Solid Waste	Shared Ride Taxi	Media Services
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	181,101	-
Public charges for services	-	58,419	-	204,374
Investment income	1,670	1,642	-	263
Miscellaneous	5,555	-	1,528	4,930
Total Revenues	7,225	60,061	182,629	209,567
EXPENDITURES				
Current				
Public safety	9,819	-	-	-
Public works	-	24,561	182,931	-
Leisure	-	-	-	203,028
Conservation and development	-	-	-	-
Capital Outlay	-	-	37,398	-
Debt Service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	9,819	24,561	220,329	203,028
Excess (deficiency) of revenues over expenditures	(2,594)	35,500	(37,700)	6,539
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Premium on debt issued	-	-	-	-
Transfers from other funds	-	-	55,000	63,000
Transfers to other funds	(3,424)	(36,932)	(5,000)	(49,022)
Total Other Financing Sources (Uses)	(3,424)	(36,932)	50,000	13,978
Net Change in Fund Balances	(6,018)	(1,432)	12,300	20,517
FUND BALANCES (DEFICIT) - Beginning of Year	139,079	303,145	1,857	240,981
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 133,061	\$ 301,713	\$ 14,157	\$ 261,498

Special Revenue Funds

Environ- mental Fee	Park Acquisition Fund	Tax Increment District #4	Tax Increment District #6	Tax Increment District #7	Tax Increment District #8	Tax Increment District #9	Library
\$ -	\$ -	\$ 242,007	\$ 192,229	\$ -	\$ 59,281	\$ 58,248	\$ 788,603
-	-	2,188	-	121	-	859	377,072
96,698	-	-	-	-	-	-	45,165
15,045	5	-	-	-	-	-	-
-	-	-	-	54,330	-	7,112	14,921
<u>111,743</u>	<u>5</u>	<u>244,195</u>	<u>192,229</u>	<u>54,451</u>	<u>59,281</u>	<u>66,219</u>	<u>1,225,761</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,187,976
30,463	-	6,391	717	19,389	59,997	70,717	-
-	-	-	-	-	-	-	-
-	-	-	115,000	-	-	35,000	-
-	-	200,000	47,814	-	-	4,866	-
<u>30,463</u>	<u>-</u>	<u>206,391</u>	<u>163,531</u>	<u>19,389</u>	<u>59,997</u>	<u>110,583</u>	<u>1,187,976</u>
<u>81,280</u>	<u>5</u>	<u>37,804</u>	<u>28,698</u>	<u>35,062</u>	<u>(716)</u>	<u>(44,364)</u>	<u>37,785</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(7,050)	-	(23,767)	(30,757)	(1,123)	(4,466)	(5)	(126,486)
<u>(7,050)</u>	<u>-</u>	<u>(23,767)</u>	<u>(30,757)</u>	<u>(1,123)</u>	<u>(4,466)</u>	<u>(5)</u>	<u>(126,486)</u>
74,230	5	14,037	(2,059)	33,939	(5,182)	(44,369)	(88,701)
<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>(178,331)</u>	<u>212,933</u>
<u>\$ 2,795,272</u>	<u>\$ 785</u>	<u>\$ 26,167</u>	<u>\$ (842,159)</u>	<u>\$ (434,021)</u>	<u>\$ (19,611)</u>	<u>\$ (222,700)</u>	<u>\$ 124,232</u>

CITY OF RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2014

	Special Revenue Funds			
	Commercial Revolving Loan Fund	Park Impact Fees	Library Impact Fees	Fire Impact Fees
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Public charges for services	-	30,588	13,027	13,676
Investment income	3,128	142	69	1,176
Miscellaneous	9,104	-	-	-
Total Revenues	12,232	30,730	13,096	14,852
EXPENDITURES				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Leisure	-	4,500	-	-
Conservation and development	15,000	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	15,000	4,500	-	-
Excess (deficiency) of revenues over expenditures	(2,768)	26,230	13,096	14,852
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Premium on debt issued	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	(6,188)	(521)	(324)	(27,339)
Total Other Financing Sources (Uses)	(6,188)	(521)	(324)	(27,339)
Net Change in Fund Balances	(8,956)	25,709	12,772	(12,487)
FUND BALANCES (DEFICIT) - Beginning of Year	(18,083)	33,635	54,727	174,701
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (27,039)	\$ 59,344	\$ 67,499	\$ 162,214

Special Revenue Funds				Debt Service Funds		Capital Projects	Total Nonmajor Governmental Funds
Housing Reserve	Library Trust Fund	Tourism and Economic Development	Whitetail Ridge Corporate Park	Debt Service Bonds	Debt Service Notes	Capital Equipment	
\$ -	\$ -	\$ 95,013	\$ 496,494	\$ 209,970	\$ 663,911	\$ 387,879	\$ 3,193,635
-	-	-	28,741	-	-	-	590,082
-	-	-	-	-	-	-	461,947
277	13	-	12,119	-	-	-	35,549
<u>57,630</u>	<u>6,718</u>	<u>44,063</u>	<u>43,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249,158</u>
<u>57,907</u>	<u>6,731</u>	<u>139,076</u>	<u>580,621</u>	<u>209,970</u>	<u>663,911</u>	<u>387,879</u>	<u>4,530,371</u>
-	-	-	-	-	-	-	9,819
-	-	-	-	-	-	-	207,492
-	2,580	-	-	-	-	-	1,398,084
-	-	80,091	7,643	-	-	-	290,408
-	-	82,907	-	-	-	132,282	252,587
-	-	-	1,168,842	200,000	410,322	-	1,929,164
-	-	-	39,367	5,725	262,438	-	560,210
<u>-</u>	<u>2,580</u>	<u>162,998</u>	<u>1,215,852</u>	<u>205,725</u>	<u>672,760</u>	<u>132,282</u>	<u>4,647,764</u>
<u>57,907</u>	<u>4,151</u>	<u>(23,922)</u>	<u>(635,231)</u>	<u>4,245</u>	<u>(8,849)</u>	<u>255,597</u>	<u>(117,393)</u>
-	-	-	895,000	-	-	-	895,000
-	-	-	121,196	-	-	-	121,196
-	-	108,908	-	-	29,011	80,000	335,919
<u>(9,961)</u>	<u>(327)</u>	<u>(48,910)</u>	<u>(96,509)</u>	<u>(4,470)</u>	<u>(18,745)</u>	<u>(6,879)</u>	<u>(508,205)</u>
<u>(9,961)</u>	<u>(327)</u>	<u>59,998</u>	<u>919,687</u>	<u>(4,470)</u>	<u>10,266</u>	<u>73,121</u>	<u>843,910</u>
47,946	3,824	36,076	284,456	(225)	1,417	328,718	726,517
<u>161,507</u>	<u>112,062</u>	<u>(845,262)</u>	<u>(420,708)</u>	<u>10,167</u>	<u>6,984</u>	<u>62,272</u>	<u>1,463,129</u>
<u>\$ 209,453</u>	<u>\$ 115,886</u>	<u>\$ (809,186)</u>	<u>\$ (136,252)</u>	<u>\$ 9,942</u>	<u>\$ 8,401</u>	<u>\$ 390,990</u>	<u>\$ 2,189,646</u>

CITY OF RIVER FALLS

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS As of December 31, 2014

	Stormwater	Ambulance	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets			
Cash and investments	\$ 203,995	\$ 965,570	\$ 1,169,565
Receivables			
Accounts	51,881	-	51,881
Prepaid items	2,905	20,709	23,614
Due from other funds	-	100,000	100,000
Total Current Assets	258,781	1,086,279	1,345,060
Noncurrent Assets			
Capital Assets			
Land	-	101,298	101,298
Property and equipment	7,655,044	1,417,791	9,072,835
Less: Accumulated depreciation	(1,628,289)	(942,006)	(2,570,295)
Total Noncurrent Assets	6,026,755	577,083	6,603,838
Total Assets	6,285,536	1,663,362	7,948,898
LIABILITIES			
Current Liabilities			
Accounts payable	10,732	9,907	20,639
Accrued liabilities	2,502	20,949	23,451
Accrued interest	384	-	384
Current portion of general obligation debt	105,950	-	105,950
Customer deposits	45,000	-	45,000
Current portion of compensated absences	-	12,484	12,484
Total Current Liabilities	164,568	43,340	207,908
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	183,038	-	183,038
Compensated absences (non-current portion)	-	15,283	15,283
Other post-employment benefits	-	14,741	14,741
Total Noncurrent Liabilities	183,038	30,024	213,062
Total Liabilities	347,606	73,364	420,970
NET POSITION			
Net investment in capital assets	5,737,767	577,083	6,314,850
Unrestricted	200,163	1,012,915	1,213,078
TOTAL NET POSITION	\$ 5,937,930	\$ 1,589,998	\$ 7,527,928

CITY OF RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2014

	Stormwater	Ambulance	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Public charges for services	\$ 517,455	\$ 793,386	\$ 1,310,841
Total Operating Revenues	517,455	793,386	1,310,841
OPERATING EXPENSES			
Operation and maintenance	252,667	842,650	1,095,317
Depreciation	147,858	89,763	237,621
Total Operating Expenses	400,525	932,413	1,332,938
Operating Income (Loss)	116,930	(139,027)	(22,097)
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental	-	7,236	7,236
Investment income	2,098	866	2,964
Miscellaneous	10,689	87,215	97,904
Interest and fiscal charges	(8,499)	-	(8,499)
Total Non-Operating Revenues (Expenses)	4,288	95,317	99,605
Net Income (Loss) Before Transfers	121,218	(43,710)	77,508
TRANSFERS			
Transfers from other funds	5,000	137,758	142,758
Transfers to other funds	(51,005)	(103,577)	(154,582)
Total Transfers	(46,005)	34,181	(11,824)
Change in Net Position	75,213	(9,529)	65,684
NET POSITION - Beginning of Year	5,862,717	1,599,527	7,462,244
NET POSITION - END OF YEAR	\$ 5,937,930	\$ 1,589,998	\$ 7,527,928

CITY OF RIVER FALLS

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2014

	<u>Stormwater</u>	<u>Ambulance</u>	<u>Total Nonmajor Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 522,752	\$ 826,902	\$ 1,349,654
Customer deposits received	15,000	-	15,000
Paid to suppliers for goods and services	(140,304)	(371,038)	(511,342)
Paid to employees for services	<u>(107,147)</u>	<u>(441,179)</u>	<u>(548,326)</u>
Net Cash Flows From Operating Activities	<u>290,301</u>	<u>14,685</u>	<u>304,986</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>2,098</u>	<u>866</u>	<u>2,964</u>
Net Cash Flows From Investing Activities	<u>2,098</u>	<u>866</u>	<u>2,964</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Miscellaneous revenue	10,689	94,452	105,141
Transfers to/from other funds	<u>(46,005)</u>	<u>34,181</u>	<u>(11,824)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(35,316)</u>	<u>128,633</u>	<u>93,317</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(137,984)	-	(137,984)
Interest paid	(9,704)	-	(9,704)
Acquisition and construction of capital assets	<u>(262,487)</u>	<u>-</u>	<u>(262,487)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(410,175)</u>	<u>-</u>	<u>(410,175)</u>
Net Change in Cash and Cash Equivalents	(153,092)	144,184	(8,908)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>357,087</u>	<u>821,386</u>	<u>1,178,473</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 203,995</u>	<u>\$ 965,570</u>	<u>\$ 1,169,565</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 116,930	\$ (139,027)	\$ (22,097)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	147,858	89,763	237,621
Changes in assets and liabilities			
Customer accounts receivable	5,297	33,516	38,813
Prepaid items	34	338	372
Accounts payable	5,958	1,448	7,406
Accrued liabilities	(776)	880	104
Customer deposits	15,000	-	15,000
Compensated absences	<u>-</u>	<u>27,767</u>	<u>27,767</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 290,301</u>	<u>\$ 14,685</u>	<u>\$ 304,986</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
None			

CITY OF RIVER FALLS

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2014

	City Hall	Motor Pool	Technology	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 73,385	\$ 3,079	\$ 34,698	\$ 111,162
Prepaid items	7,742	1,702	10,687	20,131
Total Current Assets	81,127	4,781	45,385	131,293
Noncurrent Assets				
Capital assets				
Property and equipment	-	78,292	346,497	424,789
Less: Accumulated depreciation	-	(18,031)	(55,190)	(73,221)
Total Noncurrent Assets	-	60,261	291,307	351,568
Total Assets	81,127	65,042	336,692	482,861
LIABILITIES				
Current Liabilities				
Accounts payable	12,517	153	7,268	19,938
Other	2,231	-	-	2,231
Due to other funds	-	-	283,442	283,442
Current portion of lease payable	-	12,021	-	12,021
Total Current Liabilities	14,748	12,174	290,710	317,632
Noncurrent Liabilities				
Lease payable	-	47,492	-	47,492
Total Noncurrent Liabilities	-	47,492	-	47,492
Total Liabilities	14,748	59,666	290,710	365,124
NET POSITION				
Net investment in capital assets	-	748	291,307	292,055
Unrestricted (deficit)	66,379	4,628	(245,325)	(174,318)
TOTAL NET POSITION	\$ 66,379	\$ 5,376	\$ 45,982	\$ 117,737

CITY OF RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS For the Year Ended December 31, 2014

	City Hall	Motor Pool	Technology	Totals
OPERATING REVENUES				
Public charges for services	\$ 41,227	\$ -	\$ -	\$ 41,227
Total Operating Revenues	<u>41,227</u>	<u>-</u>	<u>-</u>	<u>41,227</u>
OPERATING EXPENSES				
Operation and maintenance	210,656	10,753	217,958	439,367
Depreciation expense	-	12,021	43,653	55,674
Total Operating Expenses	<u>210,656</u>	<u>22,774</u>	<u>261,611</u>	<u>495,041</u>
Operating Loss	<u>(169,429)</u>	<u>(22,774)</u>	<u>(261,611)</u>	<u>(453,814)</u>
Income (Loss) Before Transfers	<u>(169,429)</u>	<u>(22,774)</u>	<u>(261,611)</u>	<u>(453,814)</u>
TRANSFERS				
Transfers from other funds	201,717	35,188	299,026	535,931
Transfers to other funds	(18,058)	(604)	(11,733)	(30,395)
Total Transfers	<u>183,659</u>	<u>34,584</u>	<u>287,293</u>	<u>505,536</u>
Change in net position	14,230	11,810	25,682	51,722
NET POSITION - Beginning of Year	<u>52,149</u>	<u>(6,434)</u>	<u>20,300</u>	<u>66,015</u>
NET POSITION - END OF YEAR	<u>\$ 66,379</u>	<u>\$ 5,376</u>	<u>\$ 45,982</u>	<u>\$ 117,737</u>

CITY OF RIVER FALLS

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2014

	City Hall	Motor Pool	Technology	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 41,227	\$ -	\$ -	\$ 41,227
Paid to suppliers for goods and services	(148,560)	(10,948)	(227,607)	(387,115)
Paid to employees for services	(63,283)	-	-	(63,283)
Net Cash Flows From Operating Activities	(170,616)	(10,948)	(227,607)	(409,171)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to/from other funds	183,659	34,584	287,293	505,536
Advance from other funds	-	(8,213)	-	(8,213)
Net Cash Flows From Noncapital Financing Activities	183,659	26,371	287,293	497,323
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	-	(12,344)	-	(12,344)
Acquisition and construction of capital assets	-	-	(24,988)	(24,988)
Net Cash Flows From Capital and Related Financing Activities	-	(12,344)	(24,988)	(37,332)
Net Change in Cash and Cash Equivalents	13,043	3,079	34,698	50,820
CASH AND CASH EQUIVALENTS - Beginning of Year	60,342	-	-	60,342
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 73,385	\$ 3,079	\$ 34,698	\$ 111,162
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (169,429)	\$ (22,774)	\$ (261,611)	\$ (453,814)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	-	12,021	43,653	55,674
Changes in assets and liabilities				
Prepaid items	973	65	(4,596)	(3,558)
Accounts payable	(2,726)	(260)	(5,053)	(8,039)
Other current liabilities	566	-	-	566
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (170,616)	\$ (10,948)	\$ (227,607)	\$ (409,171)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None				

CITY OF RIVER FALLS

BALANCE SHEET
GOVERNMENTAL COMPONENT UNIT
As of December 31, 2014

	Business Improvement District
ASSETS	
Cash and investments	\$ 20,371
Special assessments	<u>42,178</u>
TOTAL ASSETS	<u><u>\$ 62,549</u></u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	\$ 42,178
Total Deferred Inflows of Resources	<u>42,178</u>
FUND BALANCES	
Unassigned	<u>20,371</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 62,549</u></u>
RECONCILIATION OF FUND BALANCE TO NET POSITION	
Fund balance at year end	\$ 20,371
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>42,178</u>
NET POSITION AT YEAR END	<u><u>\$ 62,549</u></u>

CITY OF RIVER FALLS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL COMPONENT UNIT For the Year Ended December 31, 2014

	Business Improvement District
REVENUES	
Special assessments	\$ 42,463
Investment income	14
Total Revenues	<u>42,477</u>
EXPENDITURES	
Conservation and development	<u>34,560</u>
Total Expenditures	<u>34,560</u>
Change in fund balance	7,917
FUND BALANCE - Beginning of Year	<u>12,454</u>
FUND BALANCE - END OF YEAR	<u>\$ 20,371</u>
RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION	
Change in fund balance	\$ 7,917
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>(2,484)</u>
CHANGE IN NET POSITION	<u>\$ 5,433</u>

CITY OF RIVER FALLS

ELECTRIC UTILITY PLANT

As of and for the Year Ended December 31, 2014

	Balance 1/1/2014	Additions	Retirements	Balance 12/31/2014
HYDRAULIC PRODUCTION				
Land and Land Rights	\$ 15,310	\$ -	\$ -	\$ 15,310
Structures and Improvements	43,697	-	-	43,697
Reservoirs, Dams and Waterways	850,101	-	-	850,101
Water Wheels, Turbines, and Generators	27,976	-	-	27,976
Accessory Electric Equipment	7,657	-	-	7,657
Miscellaneous Power Equipment	2,748	-	-	2,748
Total Hydraulic	<u>947,489</u>	<u>-</u>	<u>-</u>	<u>947,489</u>
OTHER PRODUCTION				
Land and Land Rights	25,248	-	-	25,248
Structures and Improvements	1,224,829	-	-	1,224,829
Generators	36,000	-	-	36,000
Total Production	<u>1,286,077</u>	<u>-</u>	<u>-</u>	<u>1,286,077</u>
TRANSMISSION				
Land and Land Rights	2,302	-	-	2,302
Station Equipment	526,199	-	-	526,199
Poles and Fixtures	332,790	-	-	332,790
Overhead Conductors and Devices	677,173	-	-	677,173
Total Transmission	<u>1,538,464</u>	<u>-</u>	<u>-</u>	<u>1,538,464</u>
DISTRIBUTION				
Land and Land Rights	62,711	-	-	62,711
Structures and Improvements	564,653	-	-	564,653
Station Equipment	2,240,675	-	-	2,240,675
Storage Battery Equipment	7,328	-	-	7,328
Poles, Towers, and Fixtures	1,728,030	7,350	5,465	1,729,915
Overhead Conductors	1,707,303	7,406	14,762	1,699,947
Underground Conduit	524,451	18,575	675	542,351
Underground Conductors	4,861,557	57,730	11,483	4,907,804
Transformers	2,062,197	191,046	34,980	2,218,263
Services	1,198,290	63,377	2,681	1,258,986
Meters	977,119	13,159	5,376	984,902
Street Lighting and Signal Systems	1,254,978	142,835	47,328	1,350,485
Total Distribution	<u>17,189,292</u>	<u>501,478</u>	<u>122,750</u>	<u>17,568,020</u>

CITY OF RIVER FALLS

ELECTRIC UTILITY PLANT (cont.)
As of and for the Year Ended December 31, 2014

	Balance 1/1/2014	Additions	Retirements	Balance 12/31/2014
GENERAL				
Land and Land Rights	\$ 1,556	\$ -	\$ -	\$ 1,556
Structures and Improvements	697,555	-	-	697,555
Office Furniture and Equipment	83,407	-	-	83,407
Computer Equipment	117,313	11,413	17,871	110,855
Transportation Equipment	794,073	-	-	794,073
Tools, Shop, and Garage Equipment	112,346	-	-	112,346
Laboratory Equipment	135,479	-	-	135,479
Power Operated Equipment	26,138	-	-	26,138
Communication Equipment	22,965	-	-	22,965
SCADA Equipment	76,585	-	-	76,585
Total General	<u>2,067,417</u>	<u>11,413</u>	<u>17,871</u>	<u>2,060,959</u>
TOTAL ELECTRIC UTILITY PLANT	<u>\$ 23,028,739</u>	<u>\$ 512,891</u>	<u>\$ 140,621</u>	<u>\$ 23,401,009</u>

CITY OF RIVER FALLS

ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2014 and 2013

OPERATING REVENUES	<u>2014</u>	<u>2013</u>
Sales of Electricity		
Residential and Rural	\$ 5,494,047	\$ 5,505,204
Small Commercial and Industrial	1,409,506	1,437,573
Large Commercial and Industrial	3,610,878	3,486,414
Public Street and Lighting	238,435	239,505
Other Sales to Public Authorities	2,517,870	2,539,932
Sales for Resale	<u>309</u>	<u>1,575</u>
Total Sales of Electricity	<u>13,271,045</u>	<u>13,210,203</u>
Other Operating Revenues		
Forfeited Discounts	50,813	47,750
Miscellaneous Service Revenues	9,886	15,960
Rent from Electric Property	42,364	40,872
Other Miscellaneous Revenues	<u>278,027</u>	<u>224,243</u>
Total Operating Revenues	<u>13,652,135</u>	<u>13,539,028</u>
OPERATING EXPENSES		
Power Production		
Hydraulic Power Generation		
Operation		
Operating and Supervision	24,904	1,788
Hydraulic	10,197	741
Electric	270	4,914
Miscellaneous	16,534	23,475
Maintenance		
Structures	553	5,421
Reservoirs, Dams, and Waterways	1,675	2,803
Electric Plant	366	494
Miscellaneous	<u>1,591</u>	<u>49</u>
Total Hydraulic Power Generation	<u>56,090</u>	<u>39,685</u>
Other Power Generation		
Miscellaneous	-	811
Maintenance of Structures	-	<u>903</u>
Total Other Power Generation	<u>-</u>	<u>1,714</u>
Purchased Power	<u>9,863,388</u>	<u>9,613,863</u>
Total Power Production	<u>9,919,478</u>	<u>9,655,262</u>
Transmission		
Operation		
Station	2,754	6,096
Overhead Lines	3,817	854
Maintenance		
Station Equipment	-	261
Overhead Lines	<u>55,591</u>	<u>-</u>
Total Transmission	<u>62,162</u>	<u>7,211</u>

CITY OF RIVER FALLS

ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2014 and 2013

OPERATING EXPENSES (cont.)	<u>2014</u>	<u>2013</u>
Distribution		
Operation		
Operation Supervision and Engineering	\$ 76,971	\$ 95,951
Station	97,338	150,699
Overhead Line	20,506	42,657
Underground Line	73,378	51,044
Street Lighting and Signal	17,728	20,319
Meter Expenses	107,974	63,995
Customer Installations	2,111	4,747
Miscellaneous	177,646	114,692
Maintenance		
Structures	40,904	45,790
Station Equipment	644	23,269
Overhead Line	85,396	109,786
Underground Line	24,795	18,870
Line Transformers	6,056	5,812
Street Lighting and Signal	15,708	14,619
Meter Maintenance	-	144
Total Distribution	<u>747,155</u>	<u>762,394</u>
Customer Accounts		
Meter Reading	13,442	17,452
Accounting and Collecting Labor	179,002	198,845
Miscellaneous	184,788	110,000
Total Customer Accounts	<u>377,232</u>	<u>326,297</u>
Sales		
Advertising	<u>8,028</u>	<u>2,680</u>
Administrative and General		
Salaries	121,733	131,041
Office Supplies	12,801	20,598
Outside Services Employed	13,967	14,673
Property Insurance	22,227	19,550
Injuries and Damages	16,320	16,477
Employee Pensions and Benefits	226,125	263,237
Miscellaneous	160,492	137,763
Rents	<u>58,662</u>	<u>55,860</u>
Total Administrative and General	<u>632,327</u>	<u>659,199</u>
Taxes	<u>83,476</u>	<u>84,579</u>
Total Operation and Maintenance	11,829,858	11,497,622
Depreciation	<u>752,679</u>	<u>785,816</u>
Total Operating Expenses	<u>12,582,537</u>	<u>12,283,438</u>
OPERATING INCOME	<u>\$ 1,069,598</u>	<u>\$ 1,255,590</u>

CITY OF RIVER FALLS

WATER UTILITY PLANT

As of and for the Year Ended December 31, 2014

	Balance 1/1/2014	Additions	Retirements	Balance 12/31/2014
SOURCE OF SUPPLY				
Land and Land Rights	\$ 2,708	\$ -	\$ -	\$ 2,708
Wells and Springs	234,839	-	-	234,839
Total Source of Supply	<u>237,547</u>	<u>-</u>	<u>-</u>	<u>237,547</u>
PUMPING				
Structures and Improvements	1,437,651	-	-	1,437,651
Other Power Production Equipment	215,385	-	-	215,385
Electric Pumping Equipment	398,365	-	-	398,365
Diesel Pumping Equipment	29,465	-	-	29,465
Total Pumping	<u>2,080,866</u>	<u>-</u>	<u>-</u>	<u>2,080,866</u>
WATER TREATMENT				
Water Treatment Equipment	<u>83,786</u>	<u>-</u>	<u>-</u>	<u>83,786</u>
TRANSMISSION AND DISTRIBUTION				
Land and Land Rights	20,412	-	-	20,412
Structures and Improvements	15,864	-	-	15,864
Distribution Reservoirs and Standpipe	848,056	-	-	848,056
Transmission and Distribution Main	8,704,251	496,948	19,043	9,182,156
Services	1,904,853	93,068	9,930	1,987,991
Meters	1,548,208	89,080	97,524	1,539,764
Hydrants	1,311,592	63,551	1,219	1,373,924
Other Transmission and Distribution Plant	832,327	-	-	832,327
Total Transmission and Distribution Plant	<u>15,185,563</u>	<u>742,647</u>	<u>127,716</u>	<u>15,800,494</u>
GENERAL				
Computers	57,641	4,484	6,278	55,847
Structures and Improvements	214,062	-	-	214,062
Office Furniture	13,912	-	-	13,912
Transportation Equipment	69,602	-	18,127	51,475
Tools, Shop & Garage	12,941	-	-	12,941
Laboratory Equipment	11,063	-	-	11,063
Power Operated Equipment	27,229	-	-	27,229
Communication Equipment	1,871	-	-	1,871
SCADA Equipment	178,744	-	-	178,744
Total General	<u>587,065</u>	<u>4,484</u>	<u>24,405</u>	<u>567,144</u>
COMPLETED CONSTRUCTION NOT CLASSIFIED	<u>446,497</u>	<u>-</u>	<u>446,497</u>	<u>-</u>
TOTAL WATER UTILITY PLANT	<u>\$ 18,621,324</u>	<u>\$ 747,131</u>	<u>\$ 598,618</u>	<u>\$ 18,769,837</u>

CITY OF RIVER FALLS

WATER UTILITY OPERATING REVENUES AND EXPENSES

For the Years Ended December 31, 2014 and 2013

OPERATING REVENUES	<u>2014</u>	<u>2013</u>
Sales of Water		
Residential	\$ 485,969	\$ 490,759
Commercial	103,565	150,680
Multi-Family	49,204	-
Industrial	14,286	14,558
Public Authorities	83,390	84,674
Irrigation	<u>153,356</u>	<u>192,252</u>
Total Metered Sales	889,770	932,923
Private Fire Protection	56,302	56,075
Public Fire Protection	<u>414,862</u>	<u>409,929</u>
Total Sales of Water	<u>1,360,934</u>	<u>1,398,927</u>
Other Operating Revenues		
Forfeited Discounts	5,143	4,972
Miscellaneous Service Revenues	14,341	10,591
Rent from Water Property	100,292	88,048
Other Miscellaneous Revenues	<u>33,527</u>	<u>30,393</u>
Total Operating Revenues	<u>1,514,237</u>	<u>1,532,931</u>
 OPERATING EXPENSES		
Pumping		
Operation		
Operation Supervision and Engineering	5,651	7,275
Fuel or Purchased Power for Pumping	96,168	101,832
Pumping Labor	18,693	19,685
Miscellaneous	1,828	1,820
Maintenance		
Structures and Improvements	5,778	5,763
Power Production Equipment	4,526	70
Pumping Equipment	<u>23,817</u>	<u>39,765</u>
Total Pumping	<u>156,461</u>	<u>176,210</u>
Water Treatment		
Operation		
Operation Supervision and Engineering	3,903	6,291
Chemicals	23,773	34,437
Operation Labor	28,590	24,787
Maintenance		
Water Treatment Equipment	<u>8,994</u>	<u>9,049</u>
Total Water Treatment	<u>65,260</u>	<u>74,564</u>

CITY OF RIVER FALLS

WATER UTILITY OPERATING REVENUES AND EXPENSES (cont.)

For the Years Ended December 31, 2014 and 2013

OPERATING EXPENSES (cont.)	<u>2014</u>	<u>2013</u>
Transmission and Distribution		
Operation		
Operation Supervision and Engineering	\$ 20,523	\$ 24,678
Storage Facilities	2,435	1,856
Transmission and Distribution Lines	38,704	41,451
Meters	23,114	36,524
Customer Installations	18,505	7,044
Miscellaneous	69,054	32,384
Maintenance		
Supervision and Engineering	20,588	19,623
Structures and Improvements	2,796	9,626
Reservoirs and Standpipes	109,509	6,041
Mains	43,972	29,010
Services	44,134	25,535
Meters	1,203	-
Hydrants	21,372	15,193
Total Transmission and Distribution	<u>415,909</u>	<u>248,965</u>
Customer Accounts		
Meter Reading	5,071	5,713
Accounting and Collecting Labor	67,578	67,819
Total Customer Accounts	<u>72,649</u>	<u>73,532</u>
Sales		
Advertising	<u>962</u>	<u>1,126</u>
Administrative and General		
Salaries	43,702	43,703
Office Supplies	7,294	8,988
Outside Services Employed	11,828	6,796
Property Insurance	2,434	1,942
Injuries and Damages	7,841	8,854
Employee Pensions and Benefits	76,269	79,569
Miscellaneous	1,570	92,703
Rents	29,269	26,945
Total Administrative and General	<u>180,207</u>	<u>269,500</u>
Taxes	<u>22,801</u>	<u>9,181</u>
Total Operation and Maintenance	914,249	853,078
Depreciation	<u>392,332</u>	<u>360,346</u>
Total Operating Expenses	<u>1,306,581</u>	<u>1,213,424</u>
OPERATING INCOME	<u>\$ 207,656</u>	<u>\$ 319,507</u>

CITY OF RIVER FALLS

SEWER UTILITY PLANT

As of and for the Year Ended December 31, 2014

	Balance 1/1/2014	Additions	Retirements	Balance 12/31/2014
COLLECTING SYSTEM				
Collecting Mains	\$ 9,120,926	\$ 261,169	\$ 16,686	\$ 9,365,409
Interceptor Mains	7,228,480	-	-	7,228,480
Force Mains	<u>141,607</u>	<u>-</u>	<u>-</u>	<u>141,607</u>
Total Collecting System	<u>16,491,013</u>	<u>261,169</u>	<u>16,686</u>	<u>16,735,496</u>
COLLECTING SYSTEM PUMPING				
Land and Land Rights	2,384	-	-	2,384
Structures & Improvements	330,289	-	-	330,289
Receiving Wells	440,113	-	-	440,113
Electric Pumping Equipment	<u>334,738</u>	<u>-</u>	<u>-</u>	<u>334,738</u>
Total Collecting System Pumping	<u>1,107,524</u>	<u>-</u>	<u>-</u>	<u>1,107,524</u>
TREATMENT AND DISPOSAL				
Land and Land Rights	115,238	-	-	115,238
Structures & Improvements	4,374,331	-	-	4,374,331
Preliminary Treatment Equipment	640,652	-	-	640,652
Primary Treatment Equipment	395,354	-	-	395,354
Secondary Treatment Equipment	504,858	-	-	504,858
Chlorination Equipment	109,007	-	-	109,007
Sludge Treatment and Disposal Equip	944,487	-	-	944,487
Plant Site Piping	1,000,644	-	-	1,000,644
Flow Metering and Monitoring Equip	87,513	-	-	87,513
Other Treatment and Disposal Equip	<u>61,247</u>	<u>-</u>	<u>-</u>	<u>61,247</u>
Total Treatment and Disposal	<u>8,233,331</u>	<u>-</u>	<u>-</u>	<u>8,233,331</u>
GENERAL				
Structures and Improvements	1,031,787	-	-	1,031,787
Office Furniture's	21,623	-	-	21,623
Computers	39,935	4,483	6,278	38,140
Transportation Equipment	123,539	22,389	-	145,928
Other General Equipment	268,765	-	-	268,765
SCADA Equipment	<u>175,887</u>	<u>-</u>	<u>-</u>	<u>175,887</u>
Total General	<u>1,661,536</u>	<u>26,872</u>	<u>6,278</u>	<u>1,682,130</u>
COMPLETED CONSTRUCTION NOT CLASSIFIED	<u>154,228</u>	<u>-</u>	<u>154,228</u>	<u>-</u>
TOTAL SEWER UTILITY PLANT	<u>\$ 27,647,632</u>	<u>\$ 288,041</u>	<u>\$ 177,192</u>	<u>\$ 27,758,481</u>

CITY OF RIVER FALLS

SEWER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2014 and 2013

OPERATING REVENUES	<u>2014</u>	<u>2013</u>
Sales of Wastewater		
Residential	\$ 1,959,032	\$ 1,990,979
Commercial	445,547	668,582
Multi-Family	237,415	-
Industrial	78,078	81,127
Public Authorities	<u>399,909</u>	<u>408,257</u>
Total Wastewater Sales	<u>3,119,981</u>	<u>3,148,945</u>
Other Operating Revenues		
Forfeited Discounts	14,389	13,698
Other Miscellaneous Revenues	<u>35,659</u>	<u>30,488</u>
Total Operating Revenues	<u>3,170,029</u>	<u>3,193,131</u>
 OPERATING EXPENSES		
Operation		
Operation Supervision and Engineering	125,334	118,809
Power and Fuel for Pumping	29,038	21,110
Power and Fuel for Aeration Equipment	226,966	224,843
Treatment Charges	407,034	352,123
Chlorine	4,322	3,306
Phosphorous Removal Chemicals	2,129	-
Other Operating Supplies	37,561	22,613
Transporation	<u>6,754</u>	<u>6,035</u>
Total Operations	<u>839,138</u>	<u>748,839</u>
Maintenance		
Collection System	198,685	105,291
Pumping Equipment	28,535	36,143
Treatment and Disposal Plant Equipment	125,846	137,234
General Plant Structures Equipment	<u>41,022</u>	<u>14,892</u>
Total Maintenance	<u>394,088</u>	<u>293,560</u>
Customer Accounts		
Accounting and Collecting Labor	<u>140,615</u>	<u>189,091</u>
Sales		
Advertising	<u>970</u>	<u>857</u>
Administrative and General		
Salaries	105,663	76,307
Office Supplies	12,585	16,139
Outside Services Employed	17,284	12,258
Property Insurance	9,520	8,539
Injuries and Damages	11,561	9,759
Employee Pensions and Benefits	147,420	96,404

CITY OF RIVER FALLS

SEWER UTILITY OPERATING REVENUES AND EXPENSES (cont.)

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
OPERATING EXPENSES (cont.)		
Administrative and General (cont.)		
Miscellaneous	\$ 21,107	\$ 136,669
Rents	<u>53,396</u>	<u>50,182</u>
Total Administrative and General	<u>378,536</u>	<u>406,257</u>
Taxes	<u>27,086</u>	<u>22,546</u>
Total Operation and Maintenance	1,780,433	1,661,150
Depreciation	<u>558,780</u>	<u>493,162</u>
Total Operating Expenses	<u>2,339,213</u>	<u>2,154,312</u>
 OPERATING INCOME	 <u>\$ 830,816</u>	 <u>\$ 1,038,819</u>