

# **CITY OF RIVER FALLS**

River Falls, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

# 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 unit and remaining fund information of the City of River Falls, Wisconsin, as of and for the year ended December 31, 2017, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 over financial reporting relevant to the City of River Falls' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of River Falls' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, 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 unit and remaining fund information of the City of River Falls, Wisconsin, as of December 31, 2017 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 required supplementary information 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, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of River Falls' basic financial statements. The supplementary information for the year ended December 31, 2017 as listed in the table of contents is presented for purposes of additional analysis and is 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, 2017, 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2017.

**Other Matters** (cont.)

*Supplementary Information* (cont.)

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, 2016 (not presented herein), and have issued our report thereon dated June 28, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information. The utility operating revenues and expenses statements for the year ended December 31, 2016 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 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 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, 2016.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2018, on our consideration of the City of River Falls' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of River Falls' internal control over financial reporting and compliance.

*Baker Tilly Virchow Krause, LLP*

Eau Claire, Wisconsin  
July 10, 2018

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

The 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, 2017. 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 concluded the fiscal year with an overall increase in net position of \$4.6 million. Total expenses for the primary government were \$33.4 million as compared with \$36.2 million the previous year. Revenues for the period were \$38.0 million for a total net position of \$114.1 million at the end of 2017.
- The City's governmental type funds reported combined ending fund balances of \$6.3 million at year end. Total assets increased \$415,940 primarily from an increase in taxes and accounts receivable of \$583,000 offset by a reduction in loan receivables and prepaid items.
- Year end results for the City's enterprise funds include operating income of \$2.6 million, and a positive change in net position of \$1.9 million. Charges for services increased \$621,757 year over year.
- The City financed \$1,212,500 through the State Trust Fund of which \$1.1 million is restricted to finance engineering and construction costs for the corporate park with the remaining funds financing the snow blower.

**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 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.I. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself. Separately issued financial statements are not prepared by the Business Improvement District.

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

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

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

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

The City is reporting three major governmental funds for 2017: General fund, Tax Increment District #10, and General Capital Projects fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for these major funds. Data from all other non-major governmental funds is combined into a single aggregated presentation and are referenced under a single column as “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 as required supplementary information for the general fund and Tax Increment District # 10 to demonstrate compliance with the adopted budget.

The basic governmental funds financial statements can be found on pages 5 – 10 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 11 – 20 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 21.

**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 22 – 75 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 and Tax Increment District #10 budgetary comparison information and supplementary information, which includes additional information for non-major governmental funds. Required supplementary information can be found on pages 76 – 80 of this report; supplementary information can be found on pages 81 – 117 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

Total net position increased by \$4.6 million or 4.2% to \$114.1 million at the close of fiscal year ending December 31, 2017. This increase is an aggregate result of increased assets attributed to receivables, prepaid items, and capital assets; significantly offset by the reduction in cash and investments of \$2.1 million.

Net investment in capital assets comprises \$96.2 million, or 84.3% of the primary government's total net position. Included in capital assets are land and easements, structures and improvements, infrastructure and equipment, less any related debt used to acquire those assets that are still outstanding.

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. The City uses these capital assets to provide services to citizens and is not available for future spending.

Unrestricted net position comprises \$11.7 million, or 10.3% of the City's net position, which is a decrease of \$3.0 million from the previous year. The total amount is allocated between business activities of \$9.9 million, a negative \$113,512 from governmental activities, and a government-wide adjustment of \$1.9 million (see Note I.D.10 page 35). This adjustment is made for capital assets owned by business-type activities that are financed by the debt of the governmental activities. Unrestricted assets may be used to meet the City's daily operations without constraints established by debt covenants, enabling legislation, or other legal requirements. 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 5.4%, represent resources that are subject to internal or external restrictions on how they may be used. The tables below and the narrative that follows reflect the operations of governmental and business-type activities separately.

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 18,714,634	\$ 18,231,588	\$ 14,525,991	\$ 16,452,384	\$ 33,240,625	\$ 34,683,972
Capital Assets	<u>59,182,513</u>	<u>55,951,916</u>	<u>61,834,857</u>	<u>58,589,335</u>	<u>121,017,370</u>	<u>114,541,251</u>
Total Assets	<u>77,897,147</u>	<u>74,183,504</u>	<u>76,360,848</u>	<u>75,041,719</u>	<u>154,257,995</u>	<u>149,225,223</u>
Deferred Outflows of Resources	<u>2,718,265</u>	<u>3,599,383</u>	<u>1,001,394</u>	<u>1,362,439</u>	<u>3,719,659</u>	<u>4,961,822</u>
Current Liabilities	5,655,314	5,265,131	3,647,082	3,073,397	9,302,396	8,338,528
Noncurrent Liabilities	<u>16,354,111</u>	<u>16,905,085</u>	<u>9,647,417</u>	<u>10,805,706</u>	<u>26,001,528</u>	<u>27,710,791</u>
Total Liabilities	<u>22,009,425</u>	<u>22,170,216</u>	<u>13,294,499</u>	<u>13,879,103</u>	<u>35,303,924</u>	<u>36,049,319</u>
Deferred Inflows of Resources	<u>8,154,025</u>	<u>8,143,988</u>	<u>353,826</u>	<u>451,898</u>	<u>8,507,851</u>	<u>8,595,886</u>
Net Investment in Capital Assets <sup>1</sup>	<u>45,726,653</u>	<u>41,899,789</u>	<u>52,399,291</u>	<u>48,095,627</u>	<u>96,225,776</u>	<u>88,557,128</u>
Restricted	<u>4,838,821</u>	<u>4,765,598</u>	<u>1,351,532</u>	<u>1,416,902</u>	<u>6,190,353</u>	<u>6,182,500</u>
Unrestricted <sup>1</sup>	<u>(113,512)</u>	<u>803,296</u>	<u>9,963,094</u>	<u>12,560,628</u>	<u>11,749,750</u>	<u>14,802,212</u>
Total Net Position	<u>\$ 50,451,962</u>	<u>\$ 47,468,683</u>	<u>\$ 63,713,917</u>	<u>\$ 62,073,157</u>	<u>\$114,165,879</u>	<u>\$109,541,840</u>
Total Net Position as a % of Total Liabilities/Deferred Inflows	167%	157%	467%	433%	261%	245%
Unrestricted Net Position as a % of Total Liabilities/Deferred Inflows	0%	3%	73%	88%	27%	33%

<sup>1</sup> See Note I.D.10 for detailed information of 2017 adjustments

## Statement of Activities

The *Statement of Activities* provides a picture of how the various activities of the City are funded and indicates the changes in net position. The following table summarizes the City's governmental and business-type activities.

<b>City of River Falls</b>						
<b>Summary Statement of Activities</b>						
	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$1,494,457	\$1,545,896	\$20,864,707	\$20,242,950	\$22,359,164	\$21,788,846
Operating grants and contributions	1,717,727	1,691,736	7,636	7,928	1,725,363	1,699,664
Capital grants and contributions	2,766,324	337,038	1,069,310	359,995	3,835,634	697,033
General revenues:						
Property taxes	6,855,724	6,516,489			6,855,724	6,516,489
Other taxes	224,874	206,857			224,874	206,857
Intergovernmental	2,111,254	2,060,046			2,111,254	2,060,046
Investment earnings	311,528	292,193	118,361	86,926	429,889	379,119
Amortization of Gain				(277,008)	-	(277,008)
Miscellaneous	<u>541,979</u>	<u>574,599</u>	<u>10,174</u>	<u>73,586</u>	<u>552,153</u>	<u>648,185</u>
Total revenues	16,023,867	13,224,854	22,070,188	20,494,377	38,094,055	33,719,231
<b>Expenses</b>						
General government	2,757,420	2,292,977			2,757,420	2,292,977
Public safety	3,854,700	3,845,661			3,854,700	3,845,661
Public works	3,735,748	3,601,293			3,735,748	3,601,293
Health services	19,164	20,608			19,164	20,608
Leisure	2,201,090	2,283,152			2,201,090	2,283,152
Conservation and development	1,364,975	5,399,933			1,364,975	5,399,933
Interest and fiscal charges	702,477	769,927			702,477	769,927
Electric utility			12,836,118	12,428,023	12,836,118	12,428,023
Water utility			1,406,276	1,308,311	1,406,276	1,308,311
Sewer utility			2,520,248	2,539,447	2,520,248	2,539,447
Storm water utility			518,113	484,394	518,113	484,394
Ambulance service			<u>1,553,687</u>	<u>1,299,966</u>	<u>1,553,687</u>	<u>1,299,966</u>
Total expenses	<u>14,635,574</u>	<u>18,213,551</u>	<u>18,834,442</u>	<u>18,060,141</u>	<u>33,470,016</u>	<u>36,273,692</u>
Change in net position before transfers	1,388,293	(4,988,697)	3,235,746	2,434,236	4,624,039	(2,554,461)
Transfers	<u>1,594,986</u>	<u>(686,847)</u>	<u>(1,594,986)</u>	<u>686,847</u>	-	-
Increase in net position	2,983,279	(5,675,544)	1,640,760	3,121,083	4,624,039	(2,554,461)
Net position January 1	<u>47,468,683</u>	<u>53,144,227</u>	<u>62,073,157</u>	<u>58,952,074</u>	<u>109,541,840</u>	<u>112,096,301</u>
Net position December 31	<u>\$ 50,451,962</u>	<u>\$ 47,468,683</u>	<u>\$ 63,713,917</u>	<u>\$ 62,073,157</u>	<u>\$ 114,165,879</u>	<u>\$ 109,541,840</u>

## Governmental Activities:

At the end of 2017, the City of River Falls' Governmental Activities had total assets and deferred outflows of resources of \$80.6 million and total liabilities and deferred inflows of resources of \$30.1 million; resulting in a net position of \$50.4 million. The change in net position is an increase of \$2.98 million from the beginning of year net position. The net position is allocated with \$45.7 million representing capital assets net of related debt, \$4.8 million held for restricted purposes, and negative \$113,512 of unrestricted net position. (Pages 1 – 2)

Factors that contribute to the net position increase include the increase in capital assets for the Kinnickinnic River Trail and Corridor Plan.

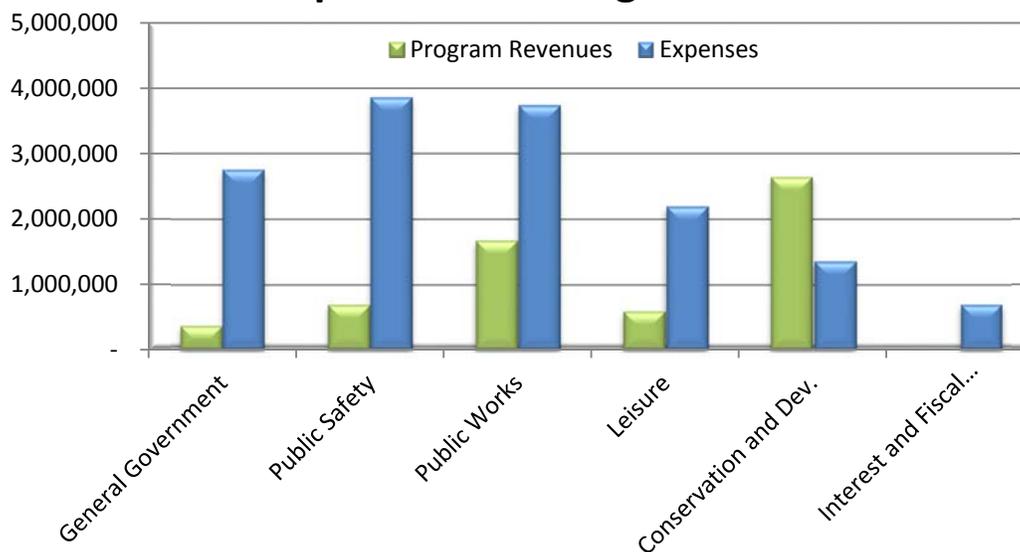
Revenues for the City's governmental activities, excluding transfers from other funds, totaled \$16.0 million, with property taxes encompassing 42.8% of the total. Intergovernmental revenues include \$2.1 million in state shared revenue and grants which account for 13.2% of annual revenues. Operating grants and capital grants contributions comprise 28.0% and charges for services account for 9.3% of total revenues; which include solid waste, environmental fees, permits, licenses and miscellaneous fees.

Governmental activities expensed \$14.6 million; a reduction of \$3.5 million as compared to 2016. Public Safety, Public Works, Leisure Services, and Conservation and Development represent 76.2% of total expenses. Conservation and Development recognized a \$4.0 million reduction in expenses.

When all revenue and funding sources are combined, including property taxes, investment earnings, inter-fund transfers, grants and contributions not restricted to specific programs, total revenues exceeded expenditures by \$2.9 million.

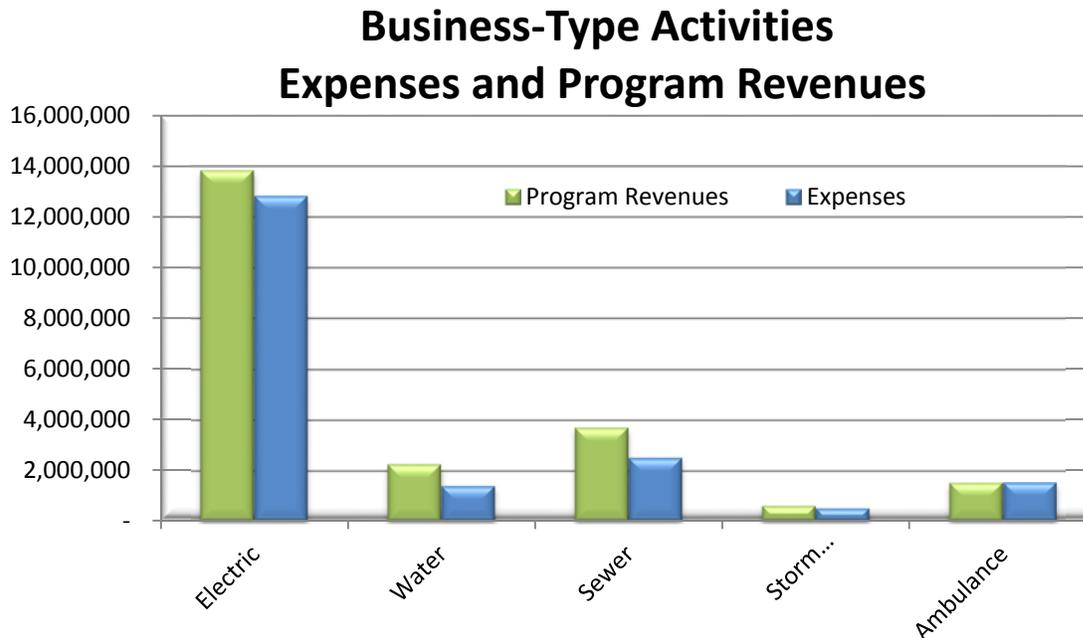
The accompanying graph exhibits the governmental activities expenses in comparison to program revenues exclusive of all grants and contributions.

### Governmental Activities Expenses and Program Revenues



## Business-Type Activities:

Business-type activities increased the City's net position by \$1.6 million. Due to the enterprise nature of these activities, 94.5% of total revenues are generated by charges for services. The Electric fund accounted for 65.7%, followed by Sewer with 16.1% of the Enterprise program revenues. In 2017, business-type activities recognized \$1.1 million in capital grants and contributions; primarily from construction contributions.



Key elements of the business-type activities in 2017 are as follows:

### Electric

- The Electric fund's net position increased \$423,562 from the prior year to \$20.8 million. Overall, total assets and deferred resources increased \$1.2 million. Total liabilities and deferred inflows increased \$741,294.
  - Cash declined \$2.0 million, whereas the construction for the Power Plant Substation increased capital assets by \$2.6 million.
  - Current liabilities increased \$795,286; factored by payables for construction of the substation aggregating \$824,300.
  - Net pension related amounts of \$158,477; were a reduction of \$43,200 from 2016.
- The Electric Utility's 2017 operating revenues were \$13.7 million; an increase of \$179,200 over the prior year.
- Operating expenditures increased \$353,000 to \$12.7 million factored by the following.
  - Overhead line clearance for transmission lines was performed.
  - Increased staff: Scada engineer, Management Fellow, and two linecrew apprentices were hired.
  - Kinni Corridor and the Hydro's engineering professional services.

## **Electric (cont.)**

- Total electric generation encompassed 1,898,000 kWh of hydraulic and 121,787,000 kWh of purchases; for a total of 123,685,000 kWh for 2017 in comparison to 124,470,000 kWh in 2016. The utilities distribution energy losses were 2.4% in 2017; which decreased from 2.6% in the prior year.

## **Water**

- The Water fund's net position increased \$491,366 from the prior year to \$14.9 million. Overall, total assets and deferred resources remained steady with 2016. Total liabilities and deferred inflows decreased \$480,000; predominantly from a reduction in liabilities due to other funds.
- Operating revenues were \$1.7 million; a marginal increase of \$79,162 from 2016. Operating expenditures were \$1.3 million; a slight increase of \$80,251.
- Increased expenses in Pumping and Transmission for maintenance repairs to wells # 5 and #6 were counterbalanced by reductions in Administrative and General operations.
- Total gallons sold were 360.5 million, a decrease of 9.0 million gallons from the prior year.
  - One large industrial customer installed a reclaimed water system reducing consumption by 2.0 million gallons.
  - Waste Water Treatment Plant improved efficiencies with the expansion reducing consumption by 3.5 million gallons.
  - Irrigation consumption declined 3.0 million gallons.

## **Sewer**

- The Sewer fund's net position increased \$1.1 million from the prior year to \$19.7 million. Overall, total assets and deferred resources decreased \$102,000. Total liabilities and deferred inflows decreased \$1.1 million.
  - Reduction in long-term liabilities is the primary factor.
- Operating revenues were \$3.3 million; an increase of \$137,900 over the prior year.
- Operating expenses marginally increased \$16,774 as compared to the prior year.
- Operation and maintenance expenses decreased 5%, depreciation increased 13%, while administrative functions decreased by 7% in comparison to 2016.

## **Storm Water**

- The Storm Water fund's net position increased \$56,400 from the prior year to \$6.9 million. Overall, total assets and deferred resources decreased \$33,600. Total liabilities and deferred inflows decreased \$90,000 due to the payoff of general obligation debt in 2017.
- Operating revenues were \$546,800; an increase of \$29,900 over the prior year. Operating expenditures were \$509,750; an increase of \$32,800; largely contributed to an increase in sidewalk, curb, and gutter projects as compared to 2016.
- Significant projects added to capital assets in 2017 were:
  - Spring Creek South Estates Addition
  - Villas of Sterling Ponds Phase 2

## **Ambulance**

- The Ambulance fund's net position decreased by \$126,700 from the prior year to \$2.0 million. Overall, total assets and deferred resources decreased \$142,100. Total liabilities and deferred inflows decreased \$15,400.
  - Cash declined \$303,500 whereas the addition of capital assets increased total assets by \$208,900 with the purchase of LifePak Monitors and the completion of the 2016 Ambulance Chassis.
  - Ambulance's increase in accounts payable at the end of 2017 is contributed to the outsourced Interim Ambulance Director position.
- Operating revenues were \$1.5 million; an increase of \$195,500 over the prior year. Operating expenditures were \$1.5 million; an increase of \$237,600 as compared to 2016.

## **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 \$6.3 million; a decrease of \$362,200 from the prior year. The General fund ended the year with \$4.1 million in unassigned fund balance which is available to meet the City's current and future needs. An additional \$5.6 million is considered non-spendable in the General Fund. The non-spendable funds entail the following: 1) prepaid expenses of \$90,958 and 2) \$5.5 million advances to other funds that do not represent spendable resources.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The 2017 budget was adopted at the function level of expenditures. Closing General fund revenues were \$10.2 million, exceeding expenditures by \$56,149. Overall 2017 total revenues and other financing sources exceeded final budget estimates by \$539,981. Significant sources are attributed to total taxes, special assessments, and licenses and permits. Total expenditures and other financing uses were under budget by \$41,168.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities at December 31, 2017, amounted to \$121.0 million (net of accumulated depreciation), an increase of 6.5 million or 5.6% over 2016. The investment in capital assets includes land and easements, infrastructure, structures and improvements, equipment, and construction in progress.

- Major additions (greater than \$100,000) to capital assets during 2017 include:
  - Infrastructure:
    - Lake George Trail
  - Machinery and Equipment:
    - 2018 John Deere Loader
    - 2017 Freightliner Snow Plow
    - 2017 International Bucket Truck
    - 2016 Chevy G4500 Ambulance

In accordance with the implementation of GASB No. 34, the City has recorded historical costs and depreciation expense associated with all 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 45 - 51 in the notes to the financial statements.

### **Long-Term Debt**

At December 31, 2017, the City had \$18.0 million of general obligation bonds and promissory notes outstanding; with \$2.1 million payable within one year. Of the total general obligation debt, \$2.3 million, or 13.2%, will be paid from business-type activity revenues.

Under current Wisconsin 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, 2017, the City's total amount applicable to debt margin (outstanding notes less debt service fund balance) was \$18.0 million or 37.5% of the legal limit of \$48,272,245. The net debt per capita equaled \$1,179 at year-end based on a year-end population of 15,339.

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- Long Term Obligations starting on page 54.

## **ECONOMIC FACTORS AND THE 2017 BUDGET AND RATES**

The 2017-2018 budget was approved by the City Council in November 2016. The proposed property tax levy of \$12 million 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 City completed a reassessment of all taxable properties in 2015 to realign the individual and property class values to current market rates. The City's 2017 assessment shows total assessed values at \$901,063,500, which aligns assessed values to 93% of equalized (market) values. The City's total equalized value increased by \$54 million or 6% in 2017, to a total of \$965,444,900.

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

# CITY OF RIVER FALLS

## STATEMENT OF NET POSITION As of December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Business Improvement District
<b>ASSETS</b>				
Cash and investments	\$ 8,948,868	\$ 10,138,257	\$ 19,087,125	\$ 25,232
Receivables (net)				
Taxes	7,180,197	2,234	7,182,431	-
Accounts	619,184	2,205,986	2,825,170	-
Special assessments	83,381	-	83,381	42,000
Accrued interest	13,039	-	13,039	-
Loans	698,943	55,685	754,628	-
Inventories and prepaid items	107,994	617,497	725,491	-
Due from other governmental units	33,167	-	33,167	-
Other receivables	-	38,120	38,120	-
Internal balances	770,808	(770,808)	-	-
Other assets	-	170,804	170,804	-
Restricted assets				
Cash and investments	259,053	2,068,216	2,327,269	-
Capital Assets				
Land	12,968,147	365,000	13,333,147	-
Construction in progress	4,202,881	3,738,909	7,941,790	-
Other capital assets, net of depreciation	42,011,485	57,730,948	99,742,433	-
Total Assets	<u>77,897,147</u>	<u>76,360,848</u>	<u>154,257,995</u>	<u>67,232</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	338,683	126,194	464,877	-
Pension related amounts	2,379,582	875,200	3,254,782	-
Total Deferred Outflows of Resources	<u>2,718,265</u>	<u>1,001,394</u>	<u>3,719,659</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	671,287	2,112,347	2,783,634	-
Accrued liabilities	261,811	191,086	452,897	-
Accrued interest	168,259	45,485	213,744	-
Deposits	54,790	117,673	172,463	-
Unearned revenues	2,609,182	-	2,609,182	-
Noncurrent Liabilities				
Due within one year	1,889,985	1,180,491	3,070,476	-
Due in more than one year	16,354,111	9,647,417	26,001,528	-
Total Liabilities	<u>22,009,425</u>	<u>13,294,499</u>	<u>35,303,924</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenues	7,187,569	-	7,187,569	-
Pension related amounts	966,456	353,826	1,320,282	-
Total Deferred Inflows of Resources	<u>8,154,025</u>	<u>353,826</u>	<u>8,507,851</u>	<u>-</u>

See accompanying notes to financial statements.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Business Improvement District
<b>NET POSITION</b>				
Net investment in capital assets (see Note I.D.10)	\$ 45,726,653	\$ 52,399,291	\$ 96,225,776	\$ -
Restricted for				
Debt service	-	504,196	504,196	-
Capital asset repair and replacement	-	431,577	431,577	-
Impact fee projects	370,950	415,759	786,709	-
Library trust	166,113	-	166,113	-
Housing	902,376	-	902,376	-
Parking improvements	119,124	-	119,124	-
Refuse/solid waste	179,403	-	179,403	-
Environmental fee	2,980,840	-	2,980,840	-
Library	67,241	-	67,241	-
Taxi	49,279	-	49,279	-
Tax increment districts	3,495	-	3,495	-
Unrestricted (deficit)	<u>(113,512)</u>	<u>9,963,094</u>	<u>11,749,750</u>	<u>67,232</u>
<b>TOTAL NET POSITION</b>	<u>\$ 50,451,962</u>	<u>\$ 63,713,917</u>	<u>\$ 114,165,879</u>	<u>\$ 67,232</u>

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Functions/Programs	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government				
Governmental Activities				
General government	\$ 2,757,420	\$ 373,372	\$ -	\$ -
Public safety	3,854,700	157,239	537,903	-
Public works	3,735,748	629,451	809,871	235,096
Health services	19,164	-	-	-
Leisure	2,201,090	223,856	369,953	-
Conservation and development	1,364,975	110,539	-	2,531,228
Interest and fiscal charges	<u>702,477</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>14,635,574</u>	<u>1,494,457</u>	<u>1,717,727</u>	<u>2,766,324</u>
Business-type Activities				
Electric utility	12,836,118	13,702,434	-	139,765
Water utility	1,406,276	1,741,405	-	515,866
Sewer utility	2,520,248	3,356,395	-	347,189
Stormwater	518,113	546,881	-	66,490
Ambulance	<u>1,553,687</u>	<u>1,517,592</u>	<u>7,636</u>	<u>-</u>
Total Business-type Activities	<u>18,834,442</u>	<u>20,864,707</u>	<u>7,636</u>	<u>1,069,310</u>
Total Primary Government	<u>\$ 33,470,016</u>	<u>\$ 22,359,164</u>	<u>\$ 1,725,363</u>	<u>\$ 3,835,634</u>
Component Unit				
Business Improvement District	<u>\$ 51,583</u>	<u>\$ 42,000</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Property taxes, levied for TIF districts				
Other taxes				
Intergovernmental revenues not restricted to specific programs				
Investment income				
Miscellaneous				
Total General Revenues				
Transfers - internal				
<b>Change in net position</b>				
NET POSITION - Beginning of Year				
<b>NET POSITION - END OF YEAR</b>				

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Business Improvement District
\$ (2,384,048)	\$ -	\$ (2,384,048)	\$ -
(3,159,558)	-	(3,159,558)	-
(2,061,330)	-	(2,061,330)	-
(19,164)	-	(19,164)	-
(1,607,281)	-	(1,607,281)	-
1,276,792	-	1,276,792	-
(702,477)	-	(702,477)	-
<u>(8,657,066)</u>	<u>-</u>	<u>(8,657,066)</u>	<u>-</u>
-	1,006,081	1,006,081	-
-	850,995	850,995	-
-	1,183,336	1,183,336	-
-	95,258	95,258	-
-	(28,459)	(28,459)	-
<u>-</u>	<u>3,107,211</u>	<u>3,107,211</u>	<u>-</u>
<u>(8,657,066)</u>	<u>3,107,211</u>	<u>(5,549,855)</u>	<u>-</u>
-	-	-	(9,583)
5,291,560	-	5,291,560	-
471,491	-	471,491	-
1,092,673	-	1,092,673	-
224,874	-	224,874	-
2,111,254	-	2,111,254	-
311,528	118,361	429,889	-
541,979	10,174	552,153	500
<u>10,045,359</u>	<u>128,535</u>	<u>10,173,894</u>	<u>500</u>
<u>1,594,986</u>	<u>(1,594,986)</u>	<u>-</u>	<u>-</u>
2,983,279	1,640,760	4,624,039	(9,083)
<u>47,468,683</u>	<u>62,073,157</u>	<u>109,541,840</u>	<u>76,315</u>
<u>\$ 50,451,962</u>	<u>\$ 63,713,917</u>	<u>\$ 114,165,879</u>	<u>\$ 67,232</u>

See accompanying notes to financial statements.

## CITY OF RIVER FALLS

### BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2017

	<u>General Fund</u>	<u>Tax Increment District #10</u>	<u>General Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and investments	\$ 4,270,466	\$ -	\$ 1,742,066	\$ 2,826,116	\$ 8,838,648
Receivables					
Taxes	4,090,811	116,658	486,061	2,486,667	7,180,197
Accounts	157,050	-	182,794	279,340	619,184
Special assessments	54,808	-	28,573	-	83,381
Accrued interest	9,527	-	-	3,512	13,039
Loans	-	-	246,869	452,074	698,943
Prepaid items and inventories	90,958	-	-	-	90,958
Due from other funds	885,143	-	-	700,000	1,585,143
Due from other governmental units	925	-	-	32,242	33,167
Advances to other funds	5,502,429	-	500,000	1,500,000	7,502,429
Restricted cash and investments	-	-	259,053	-	259,053
<b>TOTAL ASSETS</b>	<u>\$ 15,062,117</u>	<u>\$ 116,658</u>	<u>\$ 3,445,416</u>	<u>\$ 8,279,951</u>	<u>\$ 26,904,142</u>

See accompanying notes to financial statements.

	<u>General Fund</u>	<u>Tax Increment District #10</u>	<u>General Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 198,584	\$ 10,059	\$ 379,130	\$ 75,454	\$ 663,227
Accrued liabilities	221,921	-	-	25,849	247,770
Deposits	50,100	-	-	4,690	54,790
Unearned revenues	-	-	2,609,182	-	2,609,182
Due to other funds	700,000	46,059	-	493,952	1,240,011
Due to other governments	-	-	-	46	46
Advances from other funds	-	<u>3,169,142</u>	-	<u>4,333,287</u>	<u>7,502,429</u>
Total Liabilities	<u>1,170,605</u>	<u>3,225,260</u>	<u>2,988,312</u>	<u>4,933,278</u>	<u>12,317,455</u>
Deferred Inflows of Resources					
Unearned revenues	4,090,096	116,658	494,148	2,486,667	7,187,569
Unavailable revenues	<u>86,737</u>	-	<u>450,149</u>	<u>510,608</u>	<u>1,047,494</u>
Total Deferred Inflows of Resources	<u>4,176,833</u>	<u>116,658</u>	<u>944,297</u>	<u>2,997,275</u>	<u>8,235,063</u>
Fund Balances					
Nonspendable	5,593,387	-	500,000	-	6,093,387
Restricted	-	-	-	4,645,311	4,645,311
Committed	-	-	-	5,137	5,137
Unassigned (deficit)	<u>4,121,292</u>	<u>(3,225,260)</u>	<u>(987,193)</u>	<u>(4,301,050)</u>	<u>(4,392,211)</u>
Total Fund Balances	<u>9,714,679</u>	<u>(3,225,260)</u>	<u>(487,193)</u>	<u>349,398</u>	<u>6,351,624</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 15,062,117</u>	<u>\$ 116,658</u>	<u>\$ 3,445,416</u>	<u>\$ 8,279,951</u>	<u>\$ 26,904,142</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, 2017

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Total Fund Balances - Governmental Funds	\$	6,351,624
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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		12,968,147
Construction in progress		4,202,881
Other capital assets		60,526,477
Less: Accumulated depreciation		(18,514,992)
Less: Internal service fund included below		(254,853)

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.		1,047,494
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The net pension liability does not relate to current financial resources and is not reported in the governmental funds.		(293,277)
Add: Internal service fund included below		11,328

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		2,379,582
Less: Internal service fund included below		(69,194)

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		(966,456)
Add: Internal service fund included below		30,468

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.		(177,924)
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Internal service funds are reported in the statement of net position as governmental activities.		790,602
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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		(15,711,571)
Compensated absences		(976,869)
Accrued interest		(168,259)
Landfill post-closure care cost		(139,920)
Other post-employment benefits		(583,326)

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>50,451,962</u></b>
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## CITY OF RIVER FALLS

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

For the Year Ended December 31, 2017

	General Fund	Tax Increment District #10	General Capital Projects	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>					
Taxes	\$ 3,897,058	\$ -	\$ 140,472	\$ 3,019,026	\$ 7,056,556
Special assessments	44,135	-	-	-	44,135
Intergovernmental	3,245,913	-	2,548,953	536,889	6,331,755
Licenses and permits	358,334	-	-	-	358,334
Fines, forfeitures and penalties	196,573	-	-	-	196,573
Public charges for services	211,877	-	-	830,185	1,042,062
Intergovernmental charges for services	40,398	-	-	-	40,398
Investment income	244,902	-	25,761	40,719	311,382
Miscellaneous	101,882	-	35,543	288,910	426,335
Total Revenues	<u>8,341,072</u>	<u>-</u>	<u>2,750,729</u>	<u>4,715,729</u>	<u>15,807,530</u>
<b>EXPENDITURES</b>					
Current					
General government	1,986,644	-	-	-	1,986,644
Public safety	3,506,208	-	-	4,192	3,510,400
Public works	2,156,824	-	-	864,288	3,021,112
Health services	1,864	-	-	-	1,864
Leisure activities	714,259	-	-	1,127,140	1,841,399
Conservation and development	714,215	8,725	-	423,209	1,146,149
Capital Outlay	-	105,325	3,621,927	962,864	4,690,116
Debt Service					
Principal retirement	215,974	135,000	22,931	1,042,681	1,416,586
Interest and fiscal charges	18,970	105,111	12,612	551,362	688,055
Total Expenditures	<u>9,314,958</u>	<u>354,161</u>	<u>3,657,470</u>	<u>4,975,736</u>	<u>18,302,325</u>
Excess (deficiency) of revenues over expenditures	<u>(973,886)</u>	<u>(354,161)</u>	<u>(906,741)</u>	<u>(260,007)</u>	<u>(2,494,795)</u>

See accompanying notes to financial statements.

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	<u>General Fund</u>	<u>Tax Increment District #10</u>	<u>General Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	\$ -	\$ 1,100,000	\$ -	\$ 112,500	\$ 1,212,500
Transfers from other funds	1,827,735	245,266	300,000	496,150	2,869,151
Transfers to other funds	(808,539)	(301,153)	(49,072)	(813,177)	(1,971,941)
Property sales	<u>10,839</u>	<u>-</u>	<u>-</u>	<u>12,050</u>	<u>22,889</u>
Total Other Financing Sources (Uses)	<u>1,030,035</u>	<u>1,044,113</u>	<u>250,928</u>	<u>(192,477)</u>	<u>2,132,599</u>
<b>Net Change in Fund Balances</b>	56,149	689,952	(655,813)	(452,484)	(362,196)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>9,658,530</u>	<u>(3,915,212)</u>	<u>168,620</u>	<u>801,882</u>	<u>6,713,820</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 9,714,679</u>	<u>\$ (3,225,260)</u>	<u>\$ (487,193)</u>	<u>\$ 349,398</u>	<u>\$ 6,351,624</u>

See accompanying notes to financial statements.

## CITY OF RIVER FALLS

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$	(362,196)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		4,690,116
Some items reported as capital outlay were not capitalized		(77,442)
Depreciation is reported in the government-wide financial statements		(1,265,717)
Net book value of assets retired		(19,387)
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.		
		123,629
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Debt issued		(1,212,500)
Principal repaid		1,416,586
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.		
		(22,356)
Governmental funds report debt premiums, discounts, and gains or losses on refunding in the year incurred. 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. In 2017, \$30,105 of the deferred charge on refunding was amortized, and \$38,039 of the premium was amortized.		
		7,934
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(31,546)
Other postemployment benefits		(49,244)
Landfill post-closure care costs		5,010
Net pension liability		272,224
Deferred outflows of resources related to pensions		(823,132)
Deferred inflows of resources related to pensions		230,260
Internal service funds are used by management to charge certain costs to other funds. The change in net position of the internal service fund that is reported with governmental activities.		
		101,040
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>2,983,279</u></b>

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2017

	Business-type Activities - Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 5,007,723	\$ 1,490,153	\$ 2,546,059
Receivables (net)			
Taxes	-	-	2,234
Accounts	1,219,763	144,174	303,148
Other accounts receivable	24,686	7,660	5,774
Current portion of loans receivable	18,502	-	-
Inventories	599,940	9,862	-
Prepaid items	2,786	1,180	1,684
Restricted Assets			
Redemption account	-	51,462	489,119
Total Current Assets	6,873,400	1,704,491	3,348,018
Noncurrent Assets			
Restricted Assets			
Reserve account	-	166,316	513,983
Impact fee account	-	-	415,759
Replacement account	-	-	431,577
Capital Assets			
Land	122,960	23,120	117,622
Construction in progress	3,543,435	50,830	95,844
Property and equipment	26,097,100	20,581,230	33,290,649
Less: Accumulated depreciation	(13,586,645)	(5,999,773)	(9,948,296)
Other Assets			
Loan receivable	37,183	-	-
Preliminary survey and investigation	-	153,604	-
Nonutility property	-	-	17,200
Total Noncurrent Assets	16,214,033	14,975,327	24,934,338
Total Assets	23,087,433	16,679,818	28,282,356
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	-	126,194
Pension related amounts	325,063	127,495	187,213
Total Deferred Outflows of Resources	325,063	127,495	313,407

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals	
\$ 1,094,322	\$ 10,138,257	\$ 110,220
-	2,234	-
538,901	2,205,986	-
-	38,120	-
-	18,502	-
-	609,802	-
2,045	7,695	17,036
-	540,581	-
<u>1,635,268</u>	<u>13,561,177</u>	<u>127,256</u>
-	680,299	-
-	415,759	-
-	431,577	-
101,298	365,000	-
48,800	3,738,909	-
10,635,379	90,604,358	525,609
(3,338,696)	(32,873,410)	(270,756)
-	37,183	-
-	153,604	-
-	17,200	-
<u>7,446,781</u>	<u>63,570,479</u>	<u>254,853</u>
<u>9,082,049</u>	<u>77,131,656</u>	<u>382,109</u>
-	126,194	-
<u>235,429</u>	<u>875,200</u>	<u>69,194</u>
<u>235,429</u>	<u>1,001,394</u>	<u>69,194</u>

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2017

	Business-type Activities - Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 1,993,685	\$ 33,051	\$ 53,746
Customer deposits	77,468	205	-
Accrued liabilities	108,988	17,940	18,241
Accrued interest	-	-	9,100
Due to other funds	-	-	-
Current portion of general obligation debt	-	-	655,000
Current portion of shared services notes payable	18,502	-	-
Current portion of compensated absences	72,115	32,763	33,393
Current portion of lease payable	-	-	-
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	95,000	257,486
Accrued interest	-	10,402	25,983
Total Current Liabilities	2,270,758	189,361	1,052,949
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	-	-	1,725,000
Revenue bonds	-	1,585,000	5,741,621
Unamortized debt premium	-	2,377	180,575
Shared services notes payable	34,472	-	-
Compensated absences	75,661	25,088	18,959
Other post-employment benefits	67,147	13,086	22,096
Net pension liability	42,481	19,711	23,992
Total Noncurrent Liabilities	219,761	1,645,262	7,712,243
Total Liabilities	2,490,519	1,834,623	8,765,192
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	124,105	50,929	80,183
Total Deferred Inflows of Resources	124,105	50,929	80,183
<b>NET POSITION</b>			
Net investment in capital assets	16,176,850	13,139,346	15,636,314
Restricted for			
Debt service	-	41,060	463,136
Replacement	-	-	431,577
Impact fee projects	-	-	415,759
Unrestricted	4,621,022	1,741,355	2,803,602
<b>TOTAL NET POSITION</b>	<b>\$ 20,797,872</b>	<b>\$ 14,921,761</b>	<b>\$ 19,750,388</b>

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	
\$ 31,865	\$ 2,112,347	\$ 8,060
40,000	117,673	-
45,917	191,086	13,995
-	9,100	-
-	-	345,132
-	655,000	-
-	18,502	-
16,232	154,503	-
-	-	22,526
-	352,486	-
-	36,385	-
<u>134,014</u>	<u>3,647,082</u>	<u>389,713</u>
-	1,725,000	-
-	7,326,621	-
-	182,952	-
-	34,472	-
21,216	140,924	-
15,031	117,360	-
33,904	120,088	11,328
<u>70,151</u>	<u>9,647,417</u>	<u>11,328</u>
<u>204,165</u>	<u>13,294,499</u>	<u>401,041</u>
<u>98,609</u>	<u>353,826</u>	<u>30,468</u>
<u>98,609</u>	<u>353,826</u>	<u>30,468</u>
7,446,781	52,399,291	232,327
-	504,196	-
-	431,577	-
-	415,759	-
<u>1,567,923</u>	<u>10,733,902</u>	<u>(212,533)</u>
<u>\$ 9,014,704</u>	<u>64,484,725</u>	<u>\$ 19,794</u>
	<u>(770,808)</u>	
	<u>\$ 63,713,917</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, 2017

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
<b>OPERATING REVENUES</b>			
Public charges for services	\$ 13,702,434	\$ 1,741,405	\$ 3,356,395
Total Operating Revenues	<u>13,702,434</u>	<u>1,741,405</u>	<u>3,356,395</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	11,909,497	866,135	1,584,283
Depreciation	789,972	441,491	667,086
Total Operating Expenses	<u>12,699,469</u>	<u>1,307,626</u>	<u>2,251,369</u>
Operating Income (Loss)	<u>1,002,965</u>	<u>433,779</u>	<u>1,105,026</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	-	-	-
Investment income	58,775	13,007	37,349
Interest and fiscal charges	-	(63,122)	(218,765)
Amortization of debt premium and amortization of loss on refunding	-	178	(451)
Miscellaneous	449	-	-
Total Nonoperating Revenues (Expenses)	<u>59,224</u>	<u>(49,937)</u>	<u>(181,867)</u>
Income (Loss) Before Contributions and Transfers	<u>1,062,189</u>	<u>383,842</u>	<u>923,159</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	139,765	515,866	347,189
Transfers from other funds	-	-	-
Transfers to other funds	(778,392)	(408,342)	(191,009)
Total Contributions and Transfers	<u>(638,627)</u>	<u>107,524</u>	<u>156,180</u>
Change in Net Position	<u>423,562</u>	<u>491,366</u>	<u>1,079,339</u>
NET POSITION - Beginning of Year	<u>20,374,310</u>	<u>14,430,395</u>	<u>18,671,049</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 20,797,872</u>	<u>\$ 14,921,761</u>	<u>\$ 19,750,388</u>
Change in Net Position of Enterprise Funds			
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds			

#### 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>	
\$ 2,064,473	\$ 20,864,707	\$ 291,531
<u>2,064,473</u>	<u>20,864,707</u>	<u>291,531</u>
1,707,349	16,067,264	1,101,735
302,053	2,200,602	69,863
<u>2,009,402</u>	<u>18,267,866</u>	<u>1,171,598</u>
<u>55,071</u>	<u>2,596,841</u>	<u>(880,067)</u>
7,636	7,636	-
9,230	118,361	146
(1,231)	(283,118)	-
-	(273)	-
9,725	10,174	-
<u>25,360</u>	<u>(147,220)</u>	<u>146</u>
<u>80,431</u>	<u>2,449,621</u>	<u>(879,921)</u>
66,490	1,069,310	-
-	-	962,059
<u>(217,243)</u>	<u>(1,594,986)</u>	<u>(264,283)</u>
<u>(150,753)</u>	<u>(525,676)</u>	<u>697,776</u>
(70,322)	1,923,945	(182,145)
<u>9,085,026</u>	<u>62,560,780</u>	<u>201,939</u>
<u>\$ 9,014,704</u>	<u>\$ 64,484,725</u>	<u>\$ 19,794</u>
	\$ 1,923,945	
	<u>(283,185)</u>	
	<u>\$ 1,640,760</u>	

See accompanying notes to financial statements.

## CITY OF RIVER FALLS

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 13,475,235	\$ 1,777,254	\$ 3,314,844
Received from municipality for services	213,897	-	-
Paid to suppliers for goods and services	(11,061,503)	(829,627)	(1,097,591)
Paid to employees for services	(826,872)	(374,601)	(443,269)
Net Cash Flows From Operating Activities	1,800,757	573,026	1,773,984
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investments sold and matured	382,651	-	-
Investment income	58,893	13,007	37,349
Net Cash Flows From Investing Activities	441,544	13,007	37,349
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Paid to municipality for tax equivalent	(413,756)	(303,249)	-
Debt retired	(16,532)	-	-
Transfers to/from other funds	(364,636)	(105,093)	(191,009)
Proceeds from debt issue	42,268	-	-
Net Cash Flows From Noncapital Financing Activities	(752,656)	(408,342)	(191,009)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	-	(95,000)	(882,742)
Interest paid	-	(63,478)	(222,223)
Acquisition and construction of capital assets	(3,284,679)	(194,785)	(727,245)
Proceeds from sale of capital assets	-	-	-
Capital contributions received	139,765	12,145	42,249
Impact fees received	-	181,132	118,261
Net Cash Flows From Capital and Related Financing Activities	(3,144,914)	(159,986)	(1,671,700)
<b>Net Change in Cash and Cash Equivalents</b>	(1,655,269)	17,705	(51,376)
CASH AND CASH EQUIVALENTS - Beginning of Year	6,662,992	1,690,226	4,447,873
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 5,007,723</b>	<b>\$ 1,707,931</b>	<b>\$ 4,396,497</b>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals	
\$ 1,864,512	\$ 20,431,845	\$ 291,531
-	213,897	-
(745,127)	(13,733,848)	(635,079)
<u>(882,614)</u>	<u>(2,527,356)</u>	<u>(275,460)</u>
<u>236,771</u>	<u>4,384,538</u>	<u>(619,008)</u>
-	382,651	-
<u>9,230</u>	<u>118,479</u>	<u>146</u>
<u>9,230</u>	<u>501,130</u>	<u>146</u>
-	(717,005)	-
-	(16,532)	-
(217,243)	(877,981)	697,776
-	42,268	-
<u>(217,243)</u>	<u>(1,569,250)</u>	<u>697,776</u>
(74,962)	(1,052,704)	(12,344)
(1,470)	(287,171)	-
(247,991)	(4,454,700)	(18,139)
65,621	65,621	45,250
-	194,159	-
-	299,393	-
<u>(258,802)</u>	<u>(5,235,402)</u>	<u>14,767</u>
(230,044)	(1,918,984)	93,681
<u>1,324,366</u>	<u>14,125,457</u>	<u>16,539</u>
<u>\$ 1,094,322</u>	<u>\$ 12,206,473</u>	<u>\$ 110,220</u>

See accompanying notes to financial statements.

## CITY OF RIVER FALLS

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 1,002,965	\$ 433,779	\$ 1,105,026
Nonoperating revenue	449	-	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	789,972	441,491	667,086
Depreciation charged to other funds	-	43,341	(43,341)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
Accounts receivable	(11,242)	(1,670)	(2,882)
Other accounts receivable	(16,558)	(5,824)	4,672
Inventories	(114,433)	3,655	-
Prepaid items	12,943	7,347	11,248
Accounts payable	31,162	(10,182)	391
Due to other funds	-	(342,596)	-
Accrued liabilities	42,107	6,976	6,096
Customer deposits	14,049	2	-
Compensated absences	16,811	2,789	4,041
Unfunded postemployment benefits obligation	(10,669)	(35,130)	(9,213)
Pension related deferrals and liability	43,201	29,048	30,860
	<b>\$ 1,800,757</b>	<b>\$ 573,026</b>	<b>\$ 1,773,984</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>			
Cash and investments	\$ 5,007,723	\$ 1,490,153	\$ 2,546,059
Restricted cash and investments	-	217,778	1,850,438
	<b>\$ 5,007,723</b>	<b>\$ 1,707,931</b>	<b>\$ 4,396,497</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets contributed by developer	\$ -	\$ 322,589	\$ 186,679

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals	
\$ 55,071	\$ 2,596,841	\$ (880,067)
17,361	17,810	-
302,053	2,200,602	69,863
-	-	-
(217,322)	(233,116)	-
-	(17,710)	-
-	(110,778)	-
14,117	45,655	(6,551)
13,250	34,621	(473)
-	(342,596)	187,724
10,264	65,443	(588)
-	14,051	-
919	24,560	-
-	(55,012)	-
<u>41,058</u>	<u>144,167</u>	<u>11,084</u>
<u>\$ 236,771</u>	<u>\$ 4,384,538</u>	<u>\$ (619,008)</u>
\$ 1,094,322	\$ 10,138,257	\$ 110,220
<u>-</u>	<u>2,068,216</u>	<u>-</u>
<u>\$ 1,094,322</u>	<u>\$ 12,206,473</u>	<u>\$ 110,220</u>
<u>\$ 66,490</u>		<u>\$ -</u>

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2017

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 524,558
Receivables	
Taxes	<u>13,543,306</u>
<b>TOTAL ASSETS</b>	<u>\$ 14,067,864</u>
<b>LIABILITIES</b>	
Due to other taxing units	<u>\$ 14,067,864</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 14,067,864</u>

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

#### ***A. REPORTING ENTITY***

This report includes all of the funds of the city. The reporting entity for the city consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

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

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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### A. REPORTING ENTITY (cont.)

#### ***Discretely Presented Component Unit***

##### *Business Improvement District*

The government-wide financial statements include the Business Improvement District ("BID") as a component unit. The BID is a legally separate organization. The board of the BID is appointed by the mayor of the City of River Falls. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the BID, and also create a potential financial benefit to or burden on the city. See Note III.I. As a component unit, the BID's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2017. The BID does not issue separate financial statements.

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

In June 2015, the GASB issued statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This standard was implemented January 1, 2017. The beginning balances, as presented in Note III.F, were not restated due to the implementation of this standard as the impact was not material.

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

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

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

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

#### ***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.
- 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

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

The city reports the following nonmajor governmental and enterprise funds:

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

Parking Improvements	Tax Increment District #11
Refuse/Solid Waste	Tax Increment District #12
Shared Ride Taxi	Library
Environmental Fee	Commercial Revolving Loan Fund
Park Acquisition Fund	Park Impact Fees
Tax Increment District #4	Library Impact Fees
Tax Increment District #5	Fire Impact Fees
Tax Increment District #6	Housing Reserve
Tax Increment District #7	Library Trust Fund
Tax Increment District #8	Tourism and Economic Development
Tax Increment District #9	

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

Notes  
Bonds

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

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

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
- Maintenance

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

- Tax Collection Fund

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

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

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and 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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

##### *Fund Financial Statements*

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.

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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

##### ***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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY***

##### ***1. Deposits and Investments***

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

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

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

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

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

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

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

##### **Interest Rate Risk**

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

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

---

### 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.)***

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 methods and inputs as outlined in Note III.A. 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, 2017, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

##### ***2. Receivables***

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

Property tax calendar - 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale - 2017 delinquent real estate taxes	October 2020

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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

##### ***2. Receivables (cont.)***

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

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

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

##### ***3. Inventories and Prepaid Items***

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at 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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

##### **5. Capital Assets**

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

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$100,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

###### ***Fund Financial Statements***

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

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

##### ***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, 2017, are determined on the basis of current salary rates and include salary related payments.

##### ***8. Long-Term Obligations/Conduit Debt***

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are 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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

### **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 (cont.)**

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$345,000, 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."

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	\$ 45,726,653	\$ 52,399,291	\$ (1,900,168)	\$ 96,225,776
Unrestricted (deficit)	(113,512)	9,963,094	1,900,168	11,749,750

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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### ***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.)***

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 do not meet the criteria to be classified as restricted or committed. The Council may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

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

See Note III. H. for further information.

#### **11. Pension**

For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **12. 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 June 27, 2016.

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 January 1, 2015.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

#### **A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS**

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
TIF #10	\$ 347,326	\$ 655,314	\$ 307,988
General Capital Projects	871,072	3,706,542	2,835,470
Refuse/Solid Waste	665,684	666,460	776
TIF #4	311,078	311,728	650
TIF #5	553,992	682,416	128,424
TIF #7	475,000	500,710	25,710
TIF #8	61,666	66,503	4,837
TIF #9	116,962	268,717	151,755
TIF #11	1,733	1,765	32
TIF #12	52,013	55,491	3,478
Debt Service Bonds	239,061	239,187	126
Capital Equipment	296,885	416,196	119,311

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.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

***B. DEFICIT BALANCES***

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

As of December 31, 2017, the following individual funds held a deficit balance:

Fund	Amount	Reason
TIF #10	\$ 3,225,260	Insufficient tax increment generated
General Capital Projects	487,193	Costs exceeded revenues due to capital expenditures
TIF #5	111,264	Insufficient tax increment generated
TIF #6	917,045	Insufficient tax increment generated
TIF #7	853,717	Insufficient tax increment generated
TIF #8	115,999	Insufficient tax increment generated
TIF #9	498,394	Insufficient tax increment generated
TIF #11	27,159	Insufficient tax increment generated
TIF #12	669,726	Insufficient tax increment generated
Library Impact Fees	188,495	Costs exceeded revenues due to capital expenditures
Tourism and Economic Development	660,137	Costs exceeded revenues due to purchase of property
Debt Service Bonds	970	Insufficient revenues to cover expenditures
Capital Equipment	258,144	Costs exceeded revenues due to capital expenditures
City Hall	155,301	Insufficient revenues to cover expenditures

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, 2017

**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	\$ 6,977,341	\$ 7,527,573	Custodial credit
LGIP	11,198,610	11,198,610	Credit
US treasuries	2,349,189	2,349,189	Custodial credit, interest rate
Corporate bonds	1,196,770	1,196,770	Custodial credit, credit, interest rate, concentration of credit
Asset-backed securities	116,344	116,344	Custodial credit, credit, interest rate, concentration of credit
Mortgage-backed securities	100,098	100,098	Custodial credit, credit, interest rate, concentration of credit
Petty cash	600	-	N/A
Total Deposits and Investments	<u>\$ 21,938,952</u>	<u>\$ 22,488,584</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 19,087,125		
Restricted cash and investments	2,327,269		
Per statement of assets and liabilities -			
agency fund			
Agency Fund	524,558		
Total Deposits and Investments	<u>\$ 21,938,952</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) 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.

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.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

Deposits in investments at Security Financial Bank are secured by a \$9,000,000 Federal Home Loan Bank letter of credit. The city also maintains collateral agreements with its other banks. At December 31, 2017, those banks had pledged various government securities in the amount of \$682,904 to secure the city's deposits.

The city categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- > Quoted market prices
- > Matrix modeled pricing

Investment Type	December 31, 2017			
	Level 1	Level 2	Level 3	Total
US treasuries	\$ -	\$ 2,349,189	\$ -	\$ 2,349,189
Corporate bonds	-	1,196,770	-	1,196,770
Asset-backed securities	-	116,344	-	116,344
Mortgage-backed securities	-	100,098	-	100,098
Total	<u>\$ -</u>	<u>\$ 3,762,401</u>	<u>\$ -</u>	<u>\$ 3,762,401</u>

***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.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

***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, 2017, the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poors</u>
Corporate bonds	AAA/AA+/ AA-/A+
Asset-backed securities	AAA
Mortgage-backed securities	AA+

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

Local Government Investment Pool

***Concentration of Credit Risk***

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

None of the city's investments with concentration of credit risk as an associated risk comprised more than 5% of its total investment portfolio at 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, 2017, the city's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>	
		<u>Less than One Year</u>	<u>One - Five</u>
US treasuries	\$ 2,349,189	\$ 569,315	\$ 1,779,874
Asset-backed securities	116,344	51,721	64,623
Corporate bonds	1,196,770	384,716	812,054
Mortgage-backed securities	100,098	21,965	78,133
Totals	<u>\$ 3,762,401</u>	<u>\$ 1,027,717</u>	<u>\$ 2,734,684</u>

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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 \$55,733 in the general fund, loans of \$219,350 in the general capital projects fund, loans of \$37,183 in the electric utility, special assessments of \$24,778 in non-major governmental funds, and loans of \$311,484 in non-major governmental funds.

Revenues of the ambulance fund are reported net of contractual cost reductions related to Medicare and Medicaid and amount to \$1,088,170 for the current period.

Allowances for uncollectible receivables as of year-end are as follows:

General Fund	<u>\$ 32,687</u>
Allowance for various uncollectible receivables	
Nonmajor Enterprise Funds	<u>\$ 1,172,215</u>
Allowance for uncollectible ambulance receivables	

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	\$ 7,172,703	\$ 24,757
Special assessments receivable	12,366	75,294
Grants receivable	-	217,111
Loans receivable	-	698,943
Miscellaneous	2,500	31,389
Sub-total	7,187,569	\$ 1,047,494
Unearned revenue included in liabilities	2,609,182	
Total Unearned Revenue for Governmental Funds	\$ 9,796,751	

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

***Long-Term Debt Accounts***

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.

***Equipment Replacement Account***

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

***Impact Fee Account***

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

Restricted assets in the governmental activities consist of \$259,053 held for the business incubator project.

Following is a list of restricted assets of business-type activities at December 31, 2017:

Restricted Assets	
Bond redemption account	\$ 540,581
Bond reserve account	680,299
Impact fee account	415,759
Replacement account	<u>431,577</u>
Total Restricted Assets	<u>\$ 2,068,216</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 12,968,147	\$ -	\$ -	\$ 12,968,147
Construction in progress	<u>268,276</u>	<u>3,934,605</u>	-	<u>4,202,881</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>13,236,423</u>	<u>3,934,605</u>	-	<u>17,171,028</u>
Capital assets being depreciated/amortized				
Land improvements	521,469	-	-	521,469
Buildings	15,423,402	-	-	15,423,402
Machinery and equipment	6,889,708	466,796	185,299	7,171,205
Infrastructure	36,844,400	223,363	-	37,067,763
Intangibles	<u>381,838</u>	<u>6,050</u>	<u>45,250</u>	<u>342,638</u>
Total Capital Assets Being Depreciated/Amortized	<u>60,060,817</u>	<u>696,209</u>	<u>230,549</u>	<u>60,526,477</u>
Total Capital Assets	<u>73,297,240</u>	<u>4,630,814</u>	<u>230,549</u>	<u>77,697,505</u>
Less: Accumulated depreciation/amortization for				
Land improvements	(263,761)	(23,693)	-	(287,454)
Buildings	(5,693,827)	(383,957)	-	(6,077,784)
Machinery and equipment	(3,145,156)	(426,497)	165,912	(3,405,741)
Infrastructure	(8,143,150)	(463,721)	-	(8,606,871)
Intangibles	<u>(99,430)</u>	<u>(37,712)</u>	-	<u>(137,142)</u>
Total Accumulated Depreciation/Amortization	<u>(17,345,324)</u>	<u>(1,335,580)</u>	<u>165,912</u>	<u>(18,514,992)</u>
Net Capital Assets Being Depreciated/Amortized	<u>42,715,493</u>	<u>(639,371)</u>	<u>64,637</u>	<u>42,011,485</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/ Amortization	<u>\$ 55,951,916</u>	<u>\$ 3,295,234</u>	<u>\$ 64,637</u>	<u>\$ 59,182,513</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 198,199
Public safety	181,466
Public works	668,067
Leisure	274,259
Conservation and development	<u>13,589</u>
Total Governmental Activities Depreciation/Amortization Expense	<u><u>\$ 1,335,580</u></u>

**Business-type Activities**

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Electric</b>					
Capital assets not being depreciated					
Land and land rights	\$ 107,127	\$ -	\$ 15,833	\$ -	\$ 122,960
Construction in progress	<u>898,595</u>	<u>-</u>	<u>3,433,854</u>	<u>789,014</u>	<u>3,543,435</u>
Total Capital Assets Not Being Depreciated	<u>1,005,722</u>	<u>-</u>	<u>3,449,687</u>	<u>789,014</u>	<u>3,666,395</u>
Capital assets being depreciated					
Hydraulic production	932,179	-	-	-	932,179
Other production	1,260,829	-	-	-	1,260,829
Transmission	1,536,162	-	-	-	1,536,162
Distribution	19,398,064	-	1,041,192	290,705	20,148,551
General	<u>2,142,415</u>	<u>89</u>	<u>246,816</u>	<u>169,941</u>	<u>2,219,379</u>
Total Capital Assets Being Depreciated	<u>25,269,649</u>	<u>89</u>	<u>1,288,008</u>	<u>460,646</u>	<u>26,097,100</u>
Total Capital Assets	<u>26,275,371</u>	<u>89</u>	<u>4,737,695</u>	<u>1,249,660</u>	<u>29,763,495</u>
Less: Accumulated depreciation for					
Hydraulic production	(637,615)	(4,016)	(20,448)	-	(662,079)
Other production	(737,116)	25,334	(2,447)	-	(714,229)
Transmission	(1,221,440)	-	(36,133)	-	(1,257,573)
Distribution	(9,200,310)	(2,827)	(672,834)	328,657	(9,547,314)
General	<u>(1,486,513)</u>	<u>(4,970)</u>	<u>(83,908)</u>	<u>169,941</u>	<u>(1,405,450)</u>
Total Accumulated Depreciation	<u>(13,282,994)</u>	<u>13,521</u>	<u>(815,770)</u>	<u>498,598</u>	<u>(13,586,645)</u>
Net Capital Assets Being Depreciated	<u>11,986,655</u>	<u>13,610</u>	<u>472,238</u>	<u>(37,952)</u>	<u>12,510,455</u>
Net Electric Capital Assets	<u><u>\$ 12,992,377</u></u>	<u><u>\$ 13,610</u></u>	<u><u>\$ 3,921,925</u></u>	<u><u>\$ 751,062</u></u>	<u><u>\$ 16,176,850</u></u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water</u>					
Capital assets not being depreciated					
Land and land rights	\$ 23,120	\$ -	\$ -	\$ -	\$ 23,120
Construction in progress	-	-	72,759	21,929	50,830
Total Capital Assets Not Being Depreciated	<u>23,120</u>	<u>-</u>	<u>72,759</u>	<u>21,929</u>	<u>73,950</u>
Capital assets being depreciated					
Source of supply	903,951	(22,500)	-	-	881,451
Pumping	2,080,866	-	22,442	881	2,102,427
Water treatment	83,786	-	-	-	83,786
Transmission and distribution	16,531,748	22,500	455,794	96,764	16,913,278
General	<u>625,819</u>	<u>-</u>	<u>15,849</u>	<u>41,380</u>	<u>600,288</u>
Total Capital Assets Being Depreciated	<u>20,226,170</u>	<u>-</u>	<u>494,085</u>	<u>139,025</u>	<u>20,581,230</u>
Total Capital Assets	<u>20,249,290</u>	<u>-</u>	<u>566,844</u>	<u>160,954</u>	<u>20,655,180</u>
Less: Accumulated depreciation/amortization for					
Source of supply	(102,651)	(6,691)	(30,131)	-	(139,473)
Pumping	(536,769)	(8,046)	(59,881)	881	(603,815)
Water treatment	(48,314)	-	(2,694)	-	(51,008)
Transmission and distribution	(4,520,090)	4,808	(369,558)	96,764	(4,788,076)
General	<u>(440,497)</u>	<u>538</u>	<u>(18,822)</u>	<u>41,380</u>	<u>(417,401)</u>
Total Accumulated Depreciation/Amortization	<u>(5,648,321)</u>	<u>(9,391)</u>	<u>(481,086)</u>	<u>139,025</u>	<u>(5,999,773)</u>
Net Capital Assets Being Depreciated	<u>14,577,849</u>	<u>(9,391)</u>	<u>12,999</u>	<u>-</u>	<u>14,581,457</u>
Net Water Capital Assets	<u>\$ 14,600,969</u>	<u>\$ (9,391)</u>	<u>\$ 85,758</u>	<u>\$ 21,929</u>	<u>\$ 14,655,407</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
<u>Sewer</u>					
Capital assets not being depreciated					
Land and land rights	\$ 117,622	\$ -	\$ -	\$ -	\$ 117,622
Construction in progress	4,272,348	-	258,884	4,435,388	95,844
Total Capital Assets Not Being Depreciated	<u>4,389,970</u>	<u>-</u>	<u>258,884</u>	<u>4,435,388</u>	<u>213,466</u>
Capital assets being depreciated					
Collection system	17,401,900	301	186,679	-	17,588,880
Collection system pumping	1,105,140	-	29,999	262	1,134,877
Treatment and disposal	8,124,661	-	20,642	7,784	8,137,519
General	1,940,197	-	15,433	82,306	1,873,324
Intangibles	128,163	-	-	7,502	120,661
Completed construction not classified	-	-	4,435,388	-	4,435,388
Total Capital Assets Being Depreciated	<u>28,700,061</u>	<u>301</u>	<u>4,688,141</u>	<u>97,854</u>	<u>33,290,649</u>
Total Capital Assets	<u>33,090,031</u>	<u>301</u>	<u>4,947,025</u>	<u>4,533,242</u>	<u>33,504,115</u>
Less: Accumulated depreciation for					
Collection system	(3,153,342)	15,790	(187,276)	-	(3,324,828)
Collection system pumping	(899,863)	29,428	(24,535)	262	(894,708)
Treatment and disposal	(4,548,028)	138,907	(227,645)	7,784	(4,628,982)
General	(993,630)	(4,039)	(95,707)	82,306	(1,011,070)
Completed construction not classified	-	-	(88,708)	-	(88,708)
Total Accumulated Depreciation	<u>(9,594,863)</u>	<u>180,086</u>	<u>(623,871)</u>	<u>90,352</u>	<u>(9,948,296)</u>
Net Capital Assets Being Depreciated	<u>19,105,198</u>	<u>180,387</u>	<u>4,064,270</u>	<u>7,502</u>	<u>23,342,353</u>
Net Sewer Capital Assets	<u>\$ 23,495,168</u>	<u>\$ 180,387</u>	<u>\$ 4,323,154</u>	<u>\$ 4,442,890</u>	<u>\$ 23,555,819</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Stormwater</u>				
Capital assets not being depreciated				
Construction in progress	\$ 38,607	\$ 10,193	\$ -	\$ 48,800
Total Capital Assets Not Being Depreciated	<u>38,607</u>	<u>10,193</u>	<u>-</u>	<u>48,800</u>
Capital assets being depreciated				
Machinery and equipment	141,106	5,375	-	146,481
Collection system	<u>8,436,217</u>	<u>66,490</u>	<u>-</u>	<u>8,502,707</u>
Total Capital Assets Being Depreciated	<u>8,577,323</u>	<u>71,865</u>	<u>-</u>	<u>8,649,188</u>
Total Capital Assets	<u>8,615,930</u>	<u>82,058</u>	<u>-</u>	<u>8,697,988</u>
Less: Accumulated depreciation for				
Machinery and equipment	(64,756)	(15,272)	-	(80,028)
Collection system	<u>(1,886,560)</u>	<u>(156,535)</u>	<u>-</u>	<u>(2,043,095)</u>
Total Accumulated depreciation	<u>(1,951,316)</u>	<u>(171,807)</u>	<u>-</u>	<u>(2,123,123)</u>
Net Capital Assets Being Depreciated	<u>6,626,007</u>	<u>(99,942)</u>	<u>-</u>	<u>6,526,065</u>
Net Stormwater Capital Assets	<u>\$ 6,664,614</u>	<u>\$ (89,749)</u>	<u>\$ -</u>	<u>\$ 6,574,865</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
<u>Ambulance</u>					
Capital assets not being depreciated					
Land	\$ 101,298	\$ -	\$ -	\$ -	\$ 101,298
Construction in progress	42,962	-	-	42,962	-
Total Capital Assets Not Being Depreciated	<u>144,260</u>	<u>-</u>	<u>-</u>	<u>42,962</u>	<u>101,298</u>
Capital assets being depreciated					
Building improvements	21,393	-	-	-	21,393
Buildings	601,408	-	-	-	601,408
Machinery and equipment	1,046,774	-	274,537	-	1,321,311
Intangibles	107,700	-	-	65,621	42,079
Total Capital Assets Being Depreciated	<u>1,777,275</u>	<u>-</u>	<u>274,537</u>	<u>65,621</u>	<u>1,986,191</u>
Total Capital Assets	<u>1,921,535</u>	<u>-</u>	<u>274,537</u>	<u>108,583</u>	<u>2,087,489</u>
Less: Accumulated depreciation for					
Building improvements	(21,393)	-	-	-	(21,393)
Buildings	(395,693)	-	(21,833)	-	(417,526)
Machinery and equipment	(668,242)	-	(108,412)	-	(776,654)
Total Accumulated Depreciation	<u>(1,085,328)</u>	<u>-</u>	<u>(130,245)</u>	<u>-</u>	<u>(1,215,573)</u>
Net Capital Assets Being Depreciated	<u>691,947</u>	<u>-</u>	<u>144,292</u>	<u>65,621</u>	<u>770,618</u>
Net Ambulance Capital Assets	<u>\$ 836,207</u>	<u>\$ -</u>	<u>\$ 144,292</u>	<u>\$ 108,583</u>	<u>\$ 871,916</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 58,589,335</u>	<u>\$ 184,606</u>	<u>\$ 8,385,380</u>	<u>\$ 5,324,464</u>	<u>\$ 61,834,857</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Electric	\$ 789,972
Water	441,491
Sewer	667,086
Stormwater	171,807
Ambulance	<u>130,246</u>

Total Business-type Activities Depreciation Expense	<u><u>\$ 2,200,602</u></u>
---	----------------------------

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	TIF #10	\$ 46,059
General Fund	Library Impact Fees	195,977
General Fund	Debt Service Notes	26,919
General Fund	Debt Service Bonds	12,912
General Fund	Capital Equipment	258,144
General Fund	City Hall	200,889
General Fund	Technology	144,243
Environmental Fee	General Fund	<u>700,000</u>
Total - Fund Financial Statements		1,585,143
Less: Fund eliminations		(1,240,011)
Add: Interfund receivables created with internal service fund eliminations		<u>425,676</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 770,808</u></u>

All amounts are due within one year.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

***Interfund Receivables/Payables (cont.)***

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, general capital projects fund, and environmental fee fund are advancing funds to TIF Districts No. 5, No. 6, No. 7, No. 8, No. 9, No. 10, No. 11 and No. 12. 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, No. 9, No. 10, No. 11, and No. 12. The advance to TIF District No. 5 is scheduled to be paid off in 2020.

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:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	TIF District #5	\$ 132,133	\$ 82,133
General Fund	TIF District #6	917,045	917,045
General Fund	TIF District #7	972,831	972,831
General Fund	TIF District #8	115,999	115,999
General Fund	TIF District #9	498,394	498,394
General Fund	TIF District #10	2,169,142	2,169,142
General Fund	TIF District #11	27,159	27,159
General Fund	TIF District #12	669,726	669,726
General Capital Projects Fund	TIF District #10	500,000	500,000
Environmental Fee	TIF District #10	500,000	500,000
Environmental Fee	Tourism and Economic Development	1,000,000	1,000,000
Total - Fund Financial Statements		7,502,429	
Less: Fund eliminations		(7,502,429)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ -	

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

***Transfers***

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	TIF #10	\$ 1,153	Budgeted allocations
General	General Capital Projects	49,072	Budgeted allocations
General	Nonmajor governmental funds	434,164	Budgeted allocations
General	Electric utility	628,975	Property tax equivalent & budgeted allocations
General	Water utility	369,187	Property tax equivalent & budgeted allocations
General	Sewer utility	137,060	Budgeted allocations
General	Nonmajor enterprise funds	151,432	Budgeted allocations
General	Internal service funds	56,692	Budgeted allocations
TIF #10	General	245,266	Debt service costs
General Capital Projects	TIF #10	300,000	Sterling Ponds capital costs
Nonmajor governmental funds	General	22,985	Budgeted allocations
Nonmajor governmental funds	Nonmajor governmental funds	316,593	Budgeted allocations
Nonmajor governmental funds	Internal service funds	156,572	Budgeted allocations
Internal service funds	General	540,288	Budgeted allocations
Internal service funds	Nonmajor governmental funds	62,420	Budgeted allocations
Internal service funds	Electric utility	149,417	Budgeted allocations
Internal service funds	Water utility	39,155	Budgeted allocations
Internal service funds	Sewer utility	53,949	Budgeted allocations
Internal service funds	Nonmajor enterprise funds	65,811	Budgeted allocations
Internal service funds	Internal service funds	<u>51,019</u>	Budgeted allocations
Total - Fund Financial Statements		3,831,210	
Less: Fund and government-wide eliminations		<u>(2,236,224)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 1,594,986</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, 2017

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

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 15,915,657	\$ 1,212,500	\$ 1,416,586	\$ 15,711,571	\$ 1,467,643
(Discounts)/Premiums	<u>554,646</u>	<u>-</u>	<u>38,039</u>	<u>516,607</u>	<u>-</u>
Sub-totals	<u>16,470,303</u>	<u>1,212,500</u>	<u>1,454,625</u>	<u>16,228,178</u>	<u>1,467,643</u>
Other Liabilities					
Vested compensated absences	945,323	118,592	87,046	976,869	384,662
Capital leases	34,870	-	12,344	22,526	22,526
Other postemployment benefits	534,082	124,483	75,239	583,326	-
Net pension liability	573,047	389,443	669,213	293,277	-
Landfill post-closure care cost	144,930	10,145	15,155	139,920	15,154
Total Other Liabilities	<u>2,232,252</u>	<u>642,663</u>	<u>858,997</u>	<u>2,015,918</u>	<u>422,342</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 18,702,555</u>	<u>\$ 1,855,163</u>	<u>\$ 2,313,622</u>	<u>\$ 18,244,096</u>	<u>\$ 1,889,985</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 3,089,962	\$ -	\$ 709,962	\$ 2,380,000	\$ 655,000
Revenue bonds	8,021,849	-	342,742	7,679,107	352,486
Other long-term debt	27,238	42,268	16,532	52,974	18,502
(Discounts)/Premiums	206,843	-	23,891	182,952	-
Sub-totals	<u>11,345,892</u>	<u>42,268</u>	<u>1,093,127</u>	<u>10,295,033</u>	<u>1,025,988</u>
Other Liabilities					
Vested compensated absences	270,867	44,714	20,154	295,427	154,503
Other postemployment benefits	173,342	25,045	81,027	117,360	-
Net pension liability	214,731	179,378	274,021	120,088	-
Total Other Liabilities	<u>658,940</u>	<u>249,137</u>	<u>375,202</u>	<u>532,875</u>	<u>154,503</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 12,004,832</u>	<u>\$ 291,405</u>	<u>\$ 1,468,329</u>	<u>\$ 10,827,908</u>	<u>\$ 1,180,491</u>

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, 2017, was \$48,272,245. Total general obligation debt outstanding at year end was \$18,091,571.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**General Obligation Debt**

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

**Governmental Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
State Trust Fund Loan	09/2008	03/2018	4.25%	\$ 300,000	\$ 39,972
Refunding Bonds	03/2009	03/2029	3.0-4.6%	5,070,000	300,000
Refunding Bonds	03/2012	03/2028	2.4%	4,560,000	2,680,000
Promissory Note	11/2013	11/2018	1.79%	250,000	51,816
Corporate Purpose					
Bonds	08/2014	06/2034	3.00-4.00%	5,425,000	5,225,000
State Trust Fund Loan	07/2015	03/2034	3.75%	1,600,000	1,463,567
State Trust Fund Loan	10/2015	03/2025	3.25%	269,800	246,869
Promissory Note	10/2015	10/2025	2.94%	575,000	461,847
Refunding Bonds	04/2016	03/2029	2.0-3.0%	4,060,000	4,030,000
State Trust Fund Loan	01/2017	03/2031	3.50%	1,100,000	1,100,000
State Trust Fund Loan	01/2017	03/2021	2.50%	112,500	<u>112,500</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 15,711,571</u>

**Business-type Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
Refunding Bonds	07/2011	11/2019	2.0-2.5%	\$ 1,740,000	\$ 515,000
Refunding Bonds	08/2012	05/2023	1.0-2.5%	3,165,000	<u>1,865,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 2,380,000</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2018	\$ 1,467,643	\$ 495,084	\$ 655,000	\$ 46,413
2019	1,359,102	439,866	440,000	32,725
2020	1,385,194	398,037	305,000	23,413
2021	1,417,001	354,051	315,000	16,450
2022	1,118,756	312,575	325,000	10,050
2023-2027	4,870,040	1,070,677	340,000	3,400
2028-2032	3,228,622	425,554	-	-
2033-2034	865,213	42,829	-	-
Totals	<u>\$ 15,711,571</u>	<u>\$ 3,538,673</u>	<u>\$ 2,380,000</u>	<u>\$ 132,451</u>

**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 water utility revenues, net of specified operating expenses, to repay revenue bonds issued in 2011. The bonds are payable solely from water utility revenues and are payable through 2031. Annual principal and interest payments on the bonds are expected to require 17.64% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,193,775. Principal and interest paid for the current year and total customer net revenues were \$158,479 and \$888,277, respectively.

The sewer utility has pledged future sewer utility revenues, net of specified operating expenses, to repay revenue bonds issued in 2005 and 2016. The bonds are payable solely from sewer utility revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require 21.71% of net revenues. The total principal and interest remaining to be paid on the bonds is \$7,463,837. Principal and interest paid for the current year and total customer net revenues were \$406,764 and \$1,809,461, respectively.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2017, 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, 2017</u>
<u>Water Utility</u>					
Revenue Bonds	07/2011	11/2031	2.0-4.4%	\$ 2,125,000	\$ <u>1,680,000</u>
				Total Water Utility	<u>1,680,000</u>
<u>Sewer Utility</u>					
Revenue Bonds	11/2005	05/2025	2.746%	3,317,130	1,564,107
Revenue Bonds	04/2016	05/2036	2.0-3.0%	4,510,000	<u>4,435,000</u>
				Total Sewer Utility	<u>5,999,107</u>
				Total Business-type Activities - Revenue Debt	<u>\$ 7,679,107</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 352,486	\$ 213,838
2019	482,359	203,563
2020	487,367	191,686
2021	502,512	179,346
2022	512,798	166,477
2023-2027	2,341,585	630,795
2028-2032	1,845,000	322,225
2033-2036	<u>1,155,000</u>	<u>70,575</u>
Totals	<u>\$ 7,679,107</u>	<u>\$ 1,978,505</u>

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

##### ***Other Debt Information***

Estimated payments of compensated absences, other post employment benefits, net pension liability, 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 water utility and sewer utility's systems and any additions, improvements, and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issues. The water utility and sewer utility's systems and the earnings of the systems remain subject to the lien until payment in full of the principal and interest on the bonds.

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

State and federal laws and regulations require the city to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site 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 \$139,920 reported as landfill closure and postclosure care liability at December 31, 2017, represents the estimated amount of future postclosure costs. These amounts are based on what it would cost to perform all postclosure care in 2017. 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, 2017, includes the following:

##### ***Governmental Activities***

Net Investment in Capital Assets	
Land	\$ 12,968,147
Construction in progress	4,202,881
Other capital assets, net of accumulated depreciation	42,011,485
Less: Long-term debt outstanding	(15,711,571)
Plus: Noncapital debt proceeds	2,433,635
Less: Unamortized debt premium	(516,607)
Plus: Unamortized deferred charge on refunding	<u>338,683</u>
Total Net Investment in Capital Assets	<u>\$ 45,726,653</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**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, 2017, include the following:

	<u>General Fund</u>	<u>Tax Increment District #10</u>	<u>General Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Inventories and prepayments	\$ 90,958	\$ -	\$ -	\$ -	\$ 90,958
Advances to other funds	<u>5,502,429</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>6,002,429</u>
Sub-total	<u>5,593,387</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>6,093,387</u>
<b>Restricted for:</b>					
Debt service	-	-	-	123,348	123,348
Parking improvements	-	-	-	119,124	119,124
Refuse/solid waste	-	-	-	179,228	179,228
Shared ride taxi	-	-	-	14,962	14,962
Environmental fee	-	-	-	2,980,840	2,980,840
Library	-	-	-	67,241	67,241
Park impact fee projects	-	-	-	205,667	205,667
Fire impact fee projects	-	-	-	165,283	165,283
Housing reserve	-	-	-	623,505	623,505
Library trust	-	-	-	166,113	166,113
Sub-total	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,645,311</u>	<u>4,645,311</u>
<b>Committed to:</b>					
Park acquisition	-	-	-	993	993
Revolving loan	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,144</u>	<u>4,144</u>
Sub-total	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,137</u>	<u>5,137</u>
<b>Unassigned (deficit):</b>	<u>4,121,292</u>	<u>(3,225,260)</u>	<u>(987,193)</u>	<u>(4,301,050)</u>	<u>(4,392,211)</u>
<b>Total Fund Balances (Deficit)</b>	<u>\$ 9,714,679</u>	<u>\$ (3,225,260)</u>	<u>\$ (487,193)</u>	<u>\$ 349,398</u>	<u>\$ 6,351,624</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

***Business-type Activities***

Net Investment in Capital Assets	
Land	\$ 365,000
Construction in progress	3,738,909
Other capital assets, net of accumulated depreciation	57,730,948
Less: Long-term debt outstanding	(10,059,107)
Plus: Unamortized loss on refunding	126,194
Less: Unamortized debt premium	(182,952)
Plus: Unspent debt proceeds	<u>680,299</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 52,399,291</u></u>

Of the total December 31, 2017 unrestricted net position of \$4,621,022 in the electric utility, \$214,035 has been committed by the city for hydroelectric operations.

**I. COMPONENT UNIT**

***BUSINESS IMPROVEMENT DISTRICT***

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

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	<u>\$ 25,232</u>	<u>\$ 26,232</u>	Custodial credit risk

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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#### *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.

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### NOTE IV - OTHER INFORMATION

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

***Plan description.*** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 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.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

***Vesting.*** 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.

***Benefits provided.*** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

**Post-retirement adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate 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.

During the reporting period, the WRS recognized \$503,724 in contributions from the city.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

#### ***Pension liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2017, the city reported a liability of \$413,365 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the city's proportion was 0.05015113%, which was an increase of 0.00167193% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the city recognized pension expense of \$1,070,956.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

At December 31, 2017, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 157,615	\$ 1,299,998
Changes in assumptions	432,189	-
Net differences between projected and actual earnings on pension plan investments	2,057,601	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,320	20,284
Employer contributions subsequent to the measurement date	595,057	-
Totals	\$ 3,254,782	\$ 1,320,282

\$595,057 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 968,350	\$ 420,054
2019	968,350	420,054
2020	791,016	420,054
2021	(68,711)	59,880
2022	720	240

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

**Actuarial assumptions.** The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

## CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**Long-term expected return on plan assets.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the city's proportionate share of the net pension liability to changes in the discount rate.** The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension (liability) asset	\$(5,438,082)	\$(413,365)	\$3,455,895

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At December 31, 2017, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

#### 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, 2017

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

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#### *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 active construction projects as of December 31, 2017. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The city has open contracts of approximately \$2,471,000 at December 31, 2017 relating to various projects.

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

The electric utility is one of 51 WPPI Energy member municipalities located throughout the States of Wisconsin, Iowa, and Michigan. 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 2015 and 2016, all but two of WPPI Energy members ratified an extension to their existing contracts. The new contract expires at midnight on December 31, 2055. The contract for the remaining members expires 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 is \$388 million as of December 31, 2017.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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#### ***D. JOINT VENTURES***

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

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

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

Debt is being repaid with resources of the sewer utility and is secured by revenues of the utility. The transactions of the facility are not reflected in these financial statements. Facility financial information as of December 31, 2017 is available from the facility office.

#### ***E. OTHER POSTEMPLOYMENT BENEFITS***

##### ***GENERAL INFORMATION ABOUT THE OPEB PLAN***

***Plan description.*** The city's other postemployment benefit ("OPEB") plan provides group health insurance coverage for all active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an OPEB for the retirees, commonly referred to as an implicit rate subsidy. The city administers its single-employer defined benefit OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

***Benefits provided.*** The city's OPEB plan provides healthcare benefits for retirees and their dependents. The benefit terms are established through personnel policy guidelines and may be amended by the action of the governing body. Retired plan members are required to pay 100% of the premium. Administrative costs 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, 2017

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

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

***Employees covered by benefit terms.*** At December 31, 2017, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	5
Inactive plan members entitled to but not yet receiving benefit payments	1
Active plan members	<u>67</u>
	<u><u>73</u></u>

Plan members must have been hired on or before December 31, 2013.

#### ***TOTAL OPEB LIABILITY***

The city's total OPEB liability of \$700,686 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

***Actuarial assumptions and other inputs.*** The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.7 percent
Salary increases	3.20 percent, average, including inflation
	9.0 percent for 2018, decreasing 0.5 percent per year to an ultimate rate of 5.0 percent for 2026 and later years
Healthcare cost trend rates	

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the SOA RPH-2017 Total Dataset or Disabled Retiree Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale MP-2017.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of the Wisconsin Retirement System actuarial valuation as of December 31, 2016.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**CHANGES IN THE TOTAL OPEB LIABILITY**

Balance at December 31, 2016		\$ 592,229
Changes for the year:		
Service cost		34,576
Interest		21,789
Differences between expected and actual experience		27,203
Changes in assumptions or other inputs		65,960
Benefit payments		<u>(41,071)</u>
Net changes		<u>108,457</u>
Balance at December 31, 2017		<u>\$ 700,686</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 3.00 percent in 2016 to 3.56 percent in 2017.

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the city, as well as what the city's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$ 746,664	\$ 700,686	\$ 656,844

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the city, as well as what the city's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower ( 8.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (10.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (8.0% Decreasing to 4.0%)	Healthcare Cost Trend Rates (9.0% Decreasing to 5.0%)	1% Increase (10.0% Decreasing to 6.0%)
Total OPEB liability	\$ 630,807	\$ 700,686	\$ 782,773

**OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES  
RELATED TO OPEB**

For the year ended December 31, 2017, the city recognized a negative OPEB expense of \$7,708. The related deferred outflows and inflows are not material.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

On July 2, 2018, the city issued \$3,460,000 General Obligation Park Bonds with interest rates of 3.00% to 3.20%. The proceeds will be used to finance parks and public grounds projects.

On July 2, 2018, the city issued \$2,500,000 Electric System Revenue Bonds with interest rates of 3.00% to 4.00%. The proceeds will be used to finance improvements and extensions to the city's electric system.

#### ***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. TAX ABATEMENTS***

Tax abatements are a reduction in tax revenues that result from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The city is disclosing all abatement agreements individually.

The city through its Tax Incremental Financing Districts (TID) No. 8, 9, and 10 has entered into tax abatement agreements with three developers in the form of tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans. The developers pay property taxes as they become due, and after meeting the criteria established in the development agreements, are entitled to future incentive payments that directly correlate to the taxes paid. These developer agreements and the developer commitments are described in the following paragraphs.

The city entered into a development agreement with Gerrard Corporation in 2010, to construct three multifamily residential buildings within TID No. 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 TID No. 8, whichever is longer. The developer was reimbursed \$59,804 in 2017 and a total of \$246,357 in 2012 through 2016.

The city entered into a development agreement with Erickson's Diversified Corporation in 2011, for the redevelopment of property in the downtown area (TID No. 9). 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 until paid in full, or the life of TID No. 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 2017 and a total of \$210,000 in 2014 through 2016.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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#### **H. TAX ABATEMENTS (cont.)**

The city entered into a development agreement with Winfield Solutions, LLC in 2016, to construct a 52,000 square foot building and improvements for commercial, office, meeting space, research and development laboratories and related activities and an attached greenhouse/headhouse and related activities within TID No. 10. The developer agreed that land and improvements shall carry a tax assessment value of \$6,000,000, waived the right to protest such assessment for a period of 12 years following issuance of the Certificate of Completion and Occupancy and agreed to payment of minimum real estate taxes of not less than \$126,000 per year. The city has committed to provide tax increment financing to the developer in the minimum amount of \$2,081,030 to write down the cost of land, incentives, and 90 shares in the community solar program. Should the assessed value of the development property exceed \$6,000,000, the city will pay to the developer an additional incentive of 50 percent of collected increment revenues exceeding that amount. The developer was reimbursed \$2,030,540 in 2016.

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

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

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosure Related to Debt, Including Direct Borrowings and Direct Placements*

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

#### **J. 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, 2017 is limited to a maximum of \$240,067 in principal plus interest.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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#### *K. DEVELOPER AGREEMENTS*

In addition to the developer agreements disclosed as tax abatements in Note IV.H., the city entered into the agreements described in the following paragraphs.

The city entered into a development agreement with TW Equities, LLC in 2016 to construct a 100,000 square foot office and warehouse building with a 75,000 square foot footprint within TID No. 10. The developer agreed that land and improvements shall carry a tax assessment value of not less than \$6,500,000, waived the right to protest such assessment for a period of 10 years and agreed to payment of minimum real estate taxes of not less than \$136,500 per year. The city has committed to provide tax increment financing to the developer in a maximum amount of \$1,327,030 to write down the cost of land, site improvements and 90 shares in the community solar program. The developer was reimbursed \$51,030 in 2016.

The city entered into a development agreement with Winfield Solutions, LLC in 2016 to construct 15,000 square feet of buildings and improvements for a field research facility and office and related activities within TID No. 12. The developer agreed that land and improvements shall carry a tax assessment value of \$1,700,000, waived the right to protest such assessment for a period of 12 years following issuance of the Certificate of Completion and Occupancy and agreed to payment of minimum real estate taxes of not less than \$35,700 per year. The city has committed to provide tax increment financing to the developer in the minimum amount of \$641,030 to write down the cost of land, incentives and 90 shares in the community solar program. The developer was reimbursed \$590,430 in 2016.

The city entered into a development agreement with River Falls Economic Development Corporation in 2017, to develop and construct a business incubator facility within the Sterling Ponds Corporate Park. Such a facility would be comprised of a 30,000 square foot industrial building, at a minimum. The developer agreed that the land and minimum improvements shall carry a tax assessment value of not less than \$3,000,000 after the Certificate of Completion and Occupancy is issued and waived any right of notice, protest, or right to contest the final assessed valuation of land and minimum improvements at the agreed upon value of \$3,000,000. The city agreed to provide tax increment financing to the developer in the maximum amount of \$300,000, as a developer incentive. This amount was paid to the developer by the city in 2017. Developer will make a payment in lieu of property taxes beginning five years after the Certificate of Completion and Occupancy has been issued.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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#### *L. TAX INCREMENTAL FINANCING DISTRICTS*

The city currently maintains separate special revenue and capital projects fund accounts for nine 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	2011	2017
TID No. 5	1994	2016	2021
TID No. 6	2005	2027	2032
TID No. 7	2009	2024	2029
TID No. 8	2010	2032	2037
TID No. 9	2011	2033	2038
TID No. 10	2014	2029	2034
TID No. 11	2015	2030	2036
TID No. 12	2016	2031	2037

**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF RIVER FALLS

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND COMBINED For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 3,643,422	\$ 3,897,058	\$ 253,636
Special assessments	-	44,135	44,135
Intergovernmental	3,240,309	3,245,913	5,604
Licenses and permits	319,380	358,334	38,954
Fines, forfeitures and penalties	205,000	196,573	(8,427)
Public charges for services	219,975	211,877	(8,098)
Intergovernmental charges for services	25,000	40,398	15,398
Investment income	300,000	244,902	(55,098)
Miscellaneous	49,000	101,882	52,882
Total Revenues	<u>8,002,086</u>	<u>8,341,072</u>	<u>338,986</u>
<b>EXPENDITURES</b>			
Current			
General government	1,882,021	1,986,644	(104,623)
Public safety	3,550,884	3,506,208	44,676
Public works	2,460,863	2,156,824	304,039
Health services	9,005	1,864	7,141
Leisure	704,749	714,259	(9,510)
Conservation and development	729,580	714,215	15,365
Debt Service			
Principal retirement	243,260	215,974	27,286
Interest and fiscal charges	23,998	18,970	5,028
Total Expenditures	<u>9,604,360</u>	<u>9,314,958</u>	<u>289,402</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,602,274)</u>	<u>(973,886)</u>	<u>628,388</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	1,622,579	1,827,735	205,156
Transfers to other funds	(560,305)	(808,539)	(248,234)
Property sales	15,000	10,839	(4,161)
Total Other Financing Sources (Uses)	<u>1,077,274</u>	<u>1,030,035</u>	<u>(47,239)</u>
<b>Net Change in Fund Balance</b>	(525,000)	56,149	581,149
FUND BALANCE - Beginning of Year	<u>9,658,530</u>	<u>9,658,530</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 9,133,530</u>	<u>\$ 9,714,679</u>	<u>\$ 581,149</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 - TAX INCREMENT DISTRICT #10 For the Year Ended December 31, 2017

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 245,266	\$ -	\$ (245,266)
Total Revenues	245,266	-	(245,266)
<b>EXPENDITURES</b>			
Current			
Conservation and development	4,000	8,725	(4,725)
Capital Outlay	102,060	105,325	(3,265)
Debt Service			
Principal retirement	135,000	135,000	-
Interest and fiscal charges	105,113	105,111	2
Total Expenditures	346,173	354,161	(7,988)
Excess (deficiency) of revenues over (under) expenditures	(100,907)	(354,161)	(253,254)
<b>OTHER FINANCING USES</b>			
Long-term debt issued	102,060	1,100,000	997,940
Transfers from other funds	-	245,266	245,266
Transfers to other funds	(1,153)	(301,153)	(300,000)
Total Other Financing Uses	100,907	1,044,113	943,206
<b>Net change in fund balance</b>	-	689,952	689,952
FUND BALANCE (DEFICIT) - Beginning of Year	(3,915,212)	(3,915,212)	-
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	\$ (3,915,212)	\$ (3,225,260)	\$ 689,952

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

## CITY OF RIVER FALLS

### SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS For the Year Ended December 31, 2017

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	<u>2017</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 34,576
Interest	21,789
Changes of benefit terms	-
Differences between expected and actual experience	27,203
Changes of assumptions	65,960
Benefit payments	<u>(41,071)</u>
<b>Net Change in Total OPEB Liability</b>	108,457
<b>Total OPEB Liability - Beginning</b>	<u>592,229</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 700,686</u>
<b>Covered-employee payroll</b>	\$ 4,692,960
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	14.93%

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

## CITY OF RIVER FALLS

### SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY) - WISCONSIN RETIREMENT SYSTEM (WRS) For the Year Ended December 31, 2017

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Asset/(Liability)	City's Proportionate Share of the Net Pension Asset/(Liability)	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset/(Liability) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/16	0.05015113% \$	(413,365) \$	6,946,650	5.95%	99.12%
12/31/15	0.04847920%	(787,778)	6,407,948	12.29%	98.20%
12/31/14	0.04828345%	1,185,974	6,109,604	19.41%	102.74%

### SCHEDULE OF EMPLOYER CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM (WRS) For the Year Ended December 31, 2017

City Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/17	\$ 595,057	\$ 595,057	\$ -	7,543,758	7.89%
12/31/16	515,383	515,383	-	6,946,950	7.42%
12/31/15	462,018	462,018	-	6,407,948	7.21%

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

# CITY OF RIVER FALLS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2017

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### ***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.

### ***OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***

The city implemented GASB Statement No. 75 in fiscal year 2017. Information prior to fiscal year 2017 is not available.

The city is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Accumulation of assets.* No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

*Changes in benefit terms and assumptions.* There were no changes in the benefit terms. The discount rate changed from 3.00 percent in 2016 to 3.56 percent in 2017.

### ***WISCONSIN RETIREMENT SYSTEM***

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The city is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in assumptions.* There were no changes in assumptions.

**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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
<b>TAXES</b>			
General property taxes	\$ 3,556,922	\$ 3,805,427	\$ 248,505
Mobile home taxes	22,000	20,219	(1,781)
Payments in lieu of taxes - housing authority	7,500	7,603	103
Payment in lieu of taxes - other	57,000	63,160	6,160
Interest and on taxes	-	649	649
Total Taxes	<u>3,643,422</u>	<u>3,897,058</u>	<u>253,636</u>
<b>SPECIAL ASSESSMENTS</b>			
Special assessments	-	25,566	25,566
Interest on special assessments	-	18,569	18,569
Total Special Assessments	<u>-</u>	<u>44,135</u>	<u>44,135</u>
<b>INTERGOVERNMENTAL</b>			
Shared revenues from state	1,988,408	1,988,189	(219)
Fire insurance from state	35,000	40,146	5,146
State aid - computers	10,000	6,866	(3,134)
State aid - police training	-	3,520	3,520
State aid - streets	616,115	614,116	(1,999)
State aid - municipal services	220,000	235,267	15,267
State aid - other public safety	24,000	8,550	(15,450)
School district grant	55,000	57,473	2,473
Municipal grants	291,786	291,786	-
Total Intergovernmental	<u>3,240,309</u>	<u>3,245,913</u>	<u>5,604</u>
<b>LICENSES AND PERMITS</b>			
Liquor and malt beverage licenses	18,000	18,329	329
Operators' license	6,000	5,513	(487)
Cigarette licenses	1,000	950	(50)
Cable television franchise fees	132,180	142,472	10,292
Business and occupational licenses	1,500	1,680	180
Bicycle licenses	-	54	54
Dog licenses	4,000	3,202	(798)
Housing inspection licenses	22,000	25,290	3,290
Plumbing permits	2,000	2,400	400
Building permits	125,000	153,041	28,041
Sign permits	3,200	2,946	(254)
Zoning permits	3,000	510	(2,490)
Inspectors red seal	1,500	1,947	447
Total Licenses and Permits	<u>319,380</u>	<u>358,334</u>	<u>38,954</u>

## CITY OF RIVER FALLS

### DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	Original and Final	Actual	Variance with Final Budget
<b>FINES, FORFEITURES AND PENALTIES</b>			
Court penalties and costs	\$ 70,000	\$ 62,207	\$ (7,793)
Parking violations	105,000	103,690	(1,310)
Court costs	<u>30,000</u>	<u>30,676</u>	<u>676</u>
Total Fines, Forfeitures and Penalties	<u>205,000</u>	<u>196,573</u>	<u>(8,427)</u>
<b>PUBLIC CHARGES FOR SERVICES</b>			
Clerk's fees	7,500	8,779	1,279
Zoning administration fees	10,000	22,505	12,505
Publication fees	1,000	1,200	200
Plat review fees	10,000	10,750	750
Police department fees	10,000	8,337	(1,663)
Police towing	11,000	4,232	(6,768)
Fire department fees	15,000	18,512	3,512
Fire inspection fees	1,000	1,840	840
Highway maintenance and construction	10,000	5,132	(4,868)
Weights and measures charges	4,475	4,550	75
Swimming pool	20,000	15,788	(4,212)
Parks	20,000	32,744	12,744
Other recreation programs	100,000	76,948	(23,052)
Other public charges for services	-	560	560
Total Public Charges for Services	<u>219,975</u>	<u>211,877</u>	<u>(8,098)</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>			
Interdepartmental sales	<u>25,000</u>	<u>40,398</u>	<u>15,398</u>
<b>INVESTMENT INCOME</b>			
Interest - interfund advances	200,000	200,000	-
Interest on temporary investments	<u>100,000</u>	<u>44,902</u>	<u>(55,098)</u>
Total Investment Income	<u>300,000</u>	<u>244,902</u>	<u>(55,098)</u>
<b>MISCELLANEOUS</b>			
Sale of supplies	300	20	(280)
Rent of municipal buildings	2,200	2,200	-
Donations	-	4,240	4,240
Miscellaneous	<u>46,500</u>	<u>95,422</u>	<u>48,922</u>
Total Miscellaneous	<u>49,000</u>	<u>101,882</u>	<u>52,882</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers from other funds	1,622,579	1,827,735	205,156
Property sales	<u>15,000</u>	<u>10,839</u>	<u>(4,161)</u>
Total Other Financing Sources	<u>1,637,579</u>	<u>1,838,574</u>	<u>200,995</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 9,639,665</u>	<u>\$ 10,179,646</u>	<u>\$ 539,981</u>

## CITY OF RIVER FALLS

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

For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
<b>GENERAL GOVERNMENT</b>			
Council	\$ 252,439	\$ 187,117	\$ 65,322
Municipal court	102,906	111,024	(8,118)
City administrator	525,765	538,187	(12,422)
Personnel	266,026	282,848	(16,822)
Clerk	254,600	241,189	13,411
Finance	427,765	444,317	(16,552)
Legal counseling	<u>52,520</u>	<u>181,962</u>	<u>(129,442)</u>
Total General Government	<u>1,882,021</u>	<u>1,986,644</u>	<u>(104,623)</u>
<b>PUBLIC SAFETY</b>			
Police	2,879,738	2,996,045	(116,307)
Fire department	<u>671,146</u>	<u>510,163</u>	<u>160,983</u>
Total Public Safety	<u>3,550,884</u>	<u>3,506,208</u>	<u>44,676</u>
<b>PUBLIC WORKS</b>			
Garage	374,306	375,366	(1,060)
Street maintenance	1,768,215	1,508,020	260,195
Engineer	<u>318,342</u>	<u>273,438</u>	<u>44,904</u>
Total Public Works	<u>2,460,863</u>	<u>2,156,824</u>	<u>304,039</u>
<b>HEALTH SERVICES</b>			
Health officer	2,000	-	2,000
Animal control	<u>7,005</u>	<u>1,864</u>	<u>5,141</u>
Total Health Services	<u>9,005</u>	<u>1,864</u>	<u>7,141</u>
<b>LEISURE ACTIVITIES</b>			
Recreation	141,853	134,711	7,142
Swimming	91,200	96,432	(5,232)
Parks	<u>471,696</u>	<u>483,116</u>	<u>(11,420)</u>
Total Leisure Activities	<u>704,749</u>	<u>714,259</u>	<u>(9,510)</u>
<b>CONSERVATION AND DEVELOPMENT</b>			
Forestry	62,929	55,139	7,790
Community development	<u>666,651</u>	<u>659,076</u>	<u>7,575</u>
Total Conservation and Development	<u>729,580</u>	<u>714,215</u>	<u>15,365</u>
<b>DEBT SERVICE</b>			
Principal on notes payable-fire	115,250	115,250	-
Principal retirement	128,010	100,724	27,286
Interest on notes payable-fire	15,820	15,522	298
Interest and fiscal charges	<u>8,178</u>	<u>3,448</u>	<u>4,730</u>
Total Debt Service	<u>267,258</u>	<u>234,944</u>	<u>32,314</u>
<b>OTHER FINANCING USES</b>			
Transfers to other funds	<u>560,305</u>	<u>808,539</u>	<u>(248,234)</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u><u>\$ 10,164,665</u></u>	<u><u>\$ 10,123,497</u></u>	<u><u>\$ 41,168</u></u>

# CITY OF RIVER FALLS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2017

	Special Revenue Funds			
	Parking Improvements	Refuse/Solid Waste	Shared Ride Taxi	Environmental Fee
<b>ASSETS</b>				
Cash and investments	\$ 119,721	\$ 115,551	\$ 25,058	\$ 772,616
Receivables				
Taxes	-	-	-	-
Accounts	-	63,720	3,093	8,642
Interest	-	-	-	3,512
Notes	-	-	-	-
Due from other funds	-	-	-	700,000
Due from other governmental units	-	175	32,067	-
Advances to other funds	-	-	-	1,500,000
	<u>\$ 119,721</u>	<u>\$ 179,446</u>	<u>\$ 60,218</u>	<u>\$ 2,984,770</u>
<b>TOTAL ASSETS</b>				
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 597	\$ 43	\$ 10,939	\$ 3,930
Accrued liabilities	-	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>597</u>	<u>43</u>	<u>10,939</u>	<u>3,930</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	175	34,317	-
Total Deferred Inflows of Resources	<u>-</u>	<u>175</u>	<u>34,317</u>	<u>-</u>
Fund Balances				
Restricted	119,124	179,228	14,962	2,980,840
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances	<u>119,124</u>	<u>179,228</u>	<u>14,962</u>	<u>2,980,840</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
	<u>\$ 119,721</u>	<u>\$ 179,446</u>	<u>\$ 60,218</u>	<u>\$ 2,984,770</u>

Special Revenue Funds

Park Acquisition Fund	Tax Increment District #4	Tax Increment District #5	Tax Increment District #6	Tax Increment District #7	Tax Increment District #8	Tax Increment District #9
\$ 993	\$ 5,203	\$ 17,241	\$ -	\$ -	\$ -	\$ -
-	-	490,454	178,658	-	66,889	67,793
-	-	27,670	-	142,833	-	-
-	-	-	-	-	-	-
-	-	90,717	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 993</u>	<u>\$ 5,203</u>	<u>\$ 626,082</u>	<u>\$ 178,658</u>	<u>\$ 142,833</u>	<u>\$ 66,889</u>	<u>\$ 67,793</u>
\$ -	\$ 5,203	\$ -	\$ -	\$ 19,029	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	4,690	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	132,133	917,045	972,831	115,999	498,394
-	5,203	132,133	917,045	996,550	115,999	498,394
-	-	490,454	178,658	-	66,889	67,793
-	-	114,759	-	-	-	-
-	-	605,213	178,658	-	66,889	67,793
-	-	-	-	-	-	-
993	-	-	-	-	-	-
-	-	(111,264)	(917,045)	(853,717)	(115,999)	(498,394)
993	-	(111,264)	(917,045)	(853,717)	(115,999)	(498,394)
<u>\$ 993</u>	<u>\$ 5,203</u>	<u>\$ 626,082</u>	<u>\$ 178,658</u>	<u>\$ 142,833</u>	<u>\$ 66,889</u>	<u>\$ 67,793</u>

**CITY OF RIVER FALLS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2017

	Special Revenue Funds			
	Tax Increment District #11	Tax Increment District #12	Library	Commercial Revolving Loan Fund
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ 110,719	\$ 4,144
Receivables				
Taxes	7,353	22,897	880,000	-
Accounts	-	-	-	-
Interest	-	-	-	-
Notes	-	-	-	82,486
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	-
Advances to other funds	-	-	-	-
	<u>7,353</u>	<u>22,897</u>	<u>990,719</u>	<u>86,630</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 7,353</u></b>	<b><u>\$ 22,897</u></b>	<b><u>\$ 990,719</u></b>	<b><u>\$ 86,630</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 17,583	\$ -
Accrued liabilities	-	-	25,849	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	46	-
Advances from other funds	27,159	669,726	-	-
Total Liabilities	<u>27,159</u>	<u>669,726</u>	<u>43,478</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	7,353	22,897	880,000	-
Unavailable revenues	-	-	-	82,486
Total Deferred Inflows of Resources	<u>7,353</u>	<u>22,897</u>	<u>880,000</u>	<u>82,486</u>
Fund Balances				
Restricted	-	-	67,241	-
Committed	-	-	-	4,144
Unassigned (deficit)	(27,159)	(669,726)	-	-
Total Fund Balances	<u>(27,159)</u>	<u>(669,726)</u>	<u>67,241</u>	<u>4,144</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 7,353</u></b>	<b><u>\$ 22,897</u></b>	<b><u>\$ 990,719</u></b>	<b><u>\$ 86,630</u></b>

Special Revenue Funds						Debt Service Funds
Park Impact Fees	Library Impact Fees	Fire Impact Fees	Housing Reserve	Library Trust Fund	Tourism and Economic Development	Debt Service Notes
\$ 205,667	\$ -	\$ 165,283	\$ 623,505	\$ 166,113	\$ 332,093	\$ 150,267
-	-	-	-	-	2,500	401,536
-	7,482	-	-	-	25,900	-
-	-	-	-	-	-	-
-	-	-	278,871	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 205,667</u>	<u>\$ 7,482</u>	<u>\$ 165,283</u>	<u>\$ 902,376</u>	<u>\$ 166,113</u>	<u>\$ 360,493</u>	<u>\$ 551,803</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,130	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	195,977	-	-	-	-	26,919
-	-	-	-	-	-	-
-	-	-	-	-	1,000,000	-
-	<u>195,977</u>	-	-	-	<u>1,018,130</u>	<u>26,919</u>
-	-	-	-	-	2,500	401,536
-	-	-	<u>278,871</u>	-	-	-
-	-	-	<u>278,871</u>	-	<u>2,500</u>	<u>401,536</u>
205,667	-	165,283	623,505	166,113	-	123,348
-	-	-	-	-	-	-
-	(188,495)	-	-	-	(660,137)	-
<u>205,667</u>	<u>(188,495)</u>	<u>165,283</u>	<u>623,505</u>	<u>166,113</u>	<u>(660,137)</u>	<u>123,348</u>
<u>\$ 205,667</u>	<u>\$ 7,482</u>	<u>\$ 165,283</u>	<u>\$ 902,376</u>	<u>\$ 166,113</u>	<u>\$ 360,493</u>	<u>\$ 551,803</u>

# CITY OF RIVER FALLS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2017

	Debt Service Funds	Capital Projects Fund	
	Debt Service Bonds	Capital Equipment	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 11,942	\$ -	\$ 2,826,116
Receivables			
Taxes	227,738	140,849	2,486,667
Accounts	-	-	279,340
Interest	-	-	3,512
Notes	-	-	452,074
Due from other funds	-	-	700,000
Due from other governmental units	-	-	32,242
Advances to other funds	-	-	1,500,000
	-	-	1,500,000
<b>TOTAL ASSETS</b>	<b>\$ 239,680</b>	<b>\$ 140,849</b>	<b>\$ 8,279,951</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 75,454
Accrued liabilities	-	-	25,849
Deposits	-	-	4,690
Due to other funds	12,912	258,144	493,952
Due to other governments	-	-	46
Advances from other funds	-	-	4,333,287
Total Liabilities	12,912	258,144	4,933,278
Deferred Inflows of Resources			
Unearned revenues	227,738	140,849	2,486,667
Unavailable revenues	-	-	510,608
Total Deferred Inflows of Resources	227,738	140,849	2,997,275
Fund Balances			
Restricted	-	-	4,645,311
Committed	-	-	5,137
Unassigned (deficit)	(970)	(258,144)	(4,301,050)
Total Fund Balances	(970)	(258,144)	349,398
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 239,680</b>	<b>\$ 140,849</b>	<b>\$ 8,279,951</b>

# CITY OF RIVER FALLS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2017

	Special Revenue Funds		
	Parking Improvements	Refuse/Solid Waste	Shared Ride Taxi
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	157,287
Public charges for services	-	619,259	-
Investment income	-	1,013	43
Miscellaneous	<u>2,755</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>2,755</u>	<u>620,272</u>	<u>157,330</u>
<b>EXPENDITURES</b>			
Current			
Public safety	4,192	-	-
Public works	-	659,756	204,532
Leisure	-	-	-
Conservation and development	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal retirement	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>4,192</u>	<u>659,756</u>	<u>204,532</u>
Excess (deficiency) of revenues over expenditures	<u>(1,437)</u>	<u>(39,484)</u>	<u>(47,202)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	-	-
Transfers from other funds	-	-	22,985
Transfers to other funds	-	(6,704)	(3,990)
Property sales	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(6,704)</u>	<u>18,995</u>
<b>Net Change in Fund Balances</b>	(1,437)	(46,188)	(28,207)
FUND BALANCES (DEFICIT) -			
Beginning of Year	<u>120,561</u>	<u>225,416</u>	<u>43,169</u>
<b>FUND BALANCES (DEFICIT) -     END OF YEAR</b>	<u>\$ 119,124</u>	<u>\$ 179,228</u>	<u>\$ 14,962</u>

Special Revenue Funds

Environmental Fee	Park Acquisition Fund	Tax Increment District #4	Tax Increment District #5	Tax Increment District #6	Tax Increment District #7	Tax Increment District #8
\$ -	\$ -	\$ 301,174	\$ 496,637	\$ 174,455	\$ -	\$ 59,804
-	-	3,481	12,574	99	-	-
91,464	-	-	-	-	-	-
10,314	-	-	7,769	-	-	-
-	200	-	9,409	-	109,574	-
<u>101,778</u>	<u>200</u>	<u>304,655</u>	<u>526,389</u>	<u>174,554</u>	<u>109,574</u>	<u>59,804</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
31,957	-	8,135	3,954	2,349	115,129	60,587
-	-	-	-	-	380,593	-
-	-	-	173,342	120,000	-	-
-	-	-	242,567	43,795	-	-
<u>31,957</u>	<u>-</u>	<u>8,135</u>	<u>419,863</u>	<u>166,144</u>	<u>495,722</u>	<u>60,587</u>
<u>69,821</u>	<u>200</u>	<u>296,520</u>	<u>106,526</u>	<u>8,410</u>	<u>(386,148)</u>	<u>(783)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(2,938)	-	(303,593)	(262,553)	(15,183)	(4,988)	(5,916)
-	-	-	-	-	-	-
<u>(2,938)</u>	<u>-</u>	<u>(303,593)</u>	<u>(262,553)</u>	<u>(15,183)</u>	<u>(4,988)</u>	<u>(5,916)</u>
66,883	200	(7,073)	(156,027)	(6,773)	(391,136)	(6,699)
<u>2,913,957</u>	<u>793</u>	<u>7,073</u>	<u>44,763</u>	<u>(910,272)</u>	<u>(462,581)</u>	<u>(109,300)</u>
<u>\$ 2,980,840</u>	<u>\$ 993</u>	<u>\$ -</u>	<u>\$ (111,264)</u>	<u>\$ (917,045)</u>	<u>\$ (853,717)</u>	<u>\$ (115,999)</u>

# CITY OF RIVER FALLS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2017

	Special Revenue Funds		
	Tax Increment District #9	Tax Increment District #11	Tax Increment District #12
<b>REVENUES</b>			
Taxes	\$ 60,603	\$ -	\$ -
Intergovernmental	2,426	-	-
Public charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	15,137	-	341
Total Revenues	78,166	-	341
<b>EXPENDITURES</b>			
Current			
Public safety	-	-	-
Public works	-	-	-
Leisure	-	-	-
Conservation and development	70,892	782	7,978
Capital Outlay	151,680	-	46,530
Debt Service			
Principal retirement	35,000	-	-
Interest and fiscal charges	3,690	-	-
Total Expenditures	261,262	782	54,508
Excess (deficiency) of revenues over expenditures	(183,096)	(782)	(54,167)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(7,455)	(983)	(983)
Property sales	-	-	-
Total Other Financing Sources (Uses)	(7,455)	(983)	(983)
<b>Net Change in Fund Balances</b>	(190,551)	(1,765)	(55,150)
FUND BALANCES (DEFICIT) -			
Beginning of Year	(307,843)	(25,394)	(614,576)
<b>FUND BALANCES (DEFICIT) -     END OF YEAR</b>	\$ (498,394)	\$ (27,159)	\$ (669,726)

Special Revenue Funds

Library	Commercial Revolving Loan Fund	Park Impact Fees	Library Impact Fees	Fire Impact Fees	Housing Reserve	Library Trust Fund
\$ 860,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
361,022	-	-	-	-	-	-
29,877	-	49,275	19,224	21,086	-	-
7,313	2,970	996	-	-	4,281	-
11,263	11,966	-	28,893	-	44,410	6,882
<u>1,269,475</u>	<u>14,936</u>	<u>50,271</u>	<u>48,117</u>	<u>21,086</u>	<u>48,691</u>	<u>6,882</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,101,336	-	-	21,622	-	-	4,182
-	-	-	-	-	10,210	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,101,336</u>	<u>-</u>	<u>-</u>	<u>21,622</u>	<u>-</u>	<u>10,210</u>	<u>4,182</u>
<u>168,139</u>	<u>14,936</u>	<u>50,271</u>	<u>26,495</u>	<u>21,086</u>	<u>38,481</u>	<u>2,700</u>
-	-	-	-	-	-	-
-	-	-	-	-	303,593	-
(137,373)	(1,165)	(825)	(511)	(485)	(6,776)	(1,556)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(137,373)</u>	<u>(1,165)</u>	<u>(825)</u>	<u>(511)</u>	<u>(485)</u>	<u>296,817</u>	<u>(1,556)</u>
30,766	13,771	49,446	25,984	20,601	335,298	1,144
<u>36,475</u>	<u>(9,627)</u>	<u>156,221</u>	<u>(214,479)</u>	<u>144,682</u>	<u>288,207</u>	<u>164,969</u>
<u>\$ 67,241</u>	<u>\$ 4,144</u>	<u>\$ 205,667</u>	<u>\$ (188,495)</u>	<u>\$ 165,283</u>	<u>\$ 623,505</u>	<u>\$ 166,113</u>

# CITY OF RIVER FALLS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2017

	Special Revenue Funds	Debt Service	
	Tourism and Economic Development	Debt Service Notes	Debt Service Bonds
<b>REVENUES</b>			
Taxes	\$ 133,243	\$ 647,101	\$ 175,124
Intergovernmental	-	-	-
Public charges for services	-	-	-
Investment income	2,721	3,299	-
Miscellaneous	-	-	48,080
Total Revenues	135,964	650,400	223,204
<b>EXPENDITURES</b>			
Current			
Public safety	-	-	-
Public works	-	-	-
Leisure	-	-	-
Conservation and development	111,236	-	-
Capital Outlay	-	-	-
Debt Service			
Principal retirement	-	588,500	125,839
Interest and fiscal charges	-	150,544	110,766
Total Expenditures	111,236	739,044	236,605
Excess (deficiency) of revenues over expenditures	24,728	(88,644)	(13,401)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	-	-
Transfers from other funds	13,000	156,572	-
Transfers to other funds	(5,938)	(8,545)	(2,582)
Property sales	-	-	-
Total Other Financing Sources (Uses)	7,062	148,027	(2,582)
<b>Net Change in Fund Balances</b>	31,790	59,383	(15,983)
FUND BALANCES (DEFICIT) -			
Beginning of Year	(691,927)	63,965	15,013
<b>FUND BALANCES (DEFICIT) -     END OF YEAR</b>	\$ (660,137)	\$ 123,348	\$ (970)

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<u>Capital Projects</u>		Total Nonmajor Governmental Funds
<u>Capital Equipment</u>		<u>Funds</u>
\$ 110,885	\$	3,019,026
-		536,889
-		830,185
-		40,719
-		288,910
<u>110,885</u>	<u>4,715,729</u>	
-		4,192
-		864,288
-		1,127,140
-		423,209
384,061		962,864
-		1,042,681
-		551,362
<u>384,061</u>	<u>4,975,736</u>	
<u>(273,176)</u>	<u>(260,007)</u>	
112,500		112,500
-		496,150
(32,135)		(813,177)
<u>12,050</u>	<u>12,050</u>	
<u>92,415</u>	<u>(192,477)</u>	
(180,761)		(452,484)
<u>(77,383)</u>	<u>801,882</u>	
<u>\$ (258,144)</u>	<u>\$ 349,398</u>	

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS As of December 31, 2017

	Stormwater	Ambulance	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 322,821	\$ 771,501	\$ 1,094,322
Receivables			
Accounts	49,217	489,684	538,901
Prepaid items	2,045	-	2,045
Total Current Assets	374,083	1,261,185	1,635,268
Noncurrent Assets			
Capital Assets			
Land	-	101,298	101,298
Construction in progress	48,800	-	48,800
Property and equipment	8,649,188	1,986,191	10,635,379
Less: Accumulated depreciation	(2,123,123)	(1,215,573)	(3,338,696)
Total Noncurrent Assets	6,574,865	871,916	7,446,781
Total Assets	6,948,948	2,133,101	9,082,049
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	44,187	191,242	235,429
Total Deferred Outflows of Resources	44,187	191,242	235,429
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	496	31,369	31,865
Customer deposits	40,000	-	40,000
Accrued liabilities	5,952	39,965	45,917
Current portion of compensated absences	-	16,232	16,232
Total Current Liabilities	46,448	87,566	134,014
Noncurrent Liabilities			
Long-Term Debt			
Compensated absences	-	21,216	21,216
Other post-employment benefits	-	15,031	15,031
Net pension liability	6,419	27,485	33,904
Total Noncurrent Liabilities	6,419	63,732	70,151
Total Liabilities	52,867	151,298	204,165
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	18,068	80,541	98,609
Total Deferred Inflows of Resources	18,068	80,541	98,609
<b>NET POSITION</b>			
Net investment in capital assets	6,574,865	871,916	7,446,781
Unrestricted	347,335	1,220,588	1,567,923
<b>TOTAL NET POSITION</b>	<b>\$ 6,922,200</b>	<b>\$ 2,092,504</b>	<b>\$ 9,014,704</b>

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2017

	Stormwater	Ambulance	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>			
Public charges for services	\$ 546,881	\$ 1,517,592	\$ 2,064,473
Total Operating Revenues	546,881	1,517,592	2,064,473
<b>OPERATING EXPENSES</b>			
Operation and maintenance	337,943	1,369,406	1,707,349
Depreciation	171,807	130,246	302,053
Total Operating Expenses	509,750	1,499,652	2,009,402
Operating Income	37,131	17,940	55,071
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	-	7,636	7,636
Investment income	2,272	6,958	9,230
Interest and fiscal charges	(1,231)	-	(1,231)
Miscellaneous	4,966	4,759	9,725
Total Nonoperating Revenues (Expenses)	6,007	19,353	25,360
Income Before Contributions and Transfers	43,138	37,293	80,431
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	66,490	-	66,490
Transfers to other funds	(53,222)	(164,021)	(217,243)
Total Contributions and Transfers	13,268	(164,021)	(150,753)
<b>Change in Net Position</b>	56,406	(126,728)	(70,322)
NET POSITION - Beginning of Year	6,865,794	2,219,232	9,085,026
<b>NET POSITION - END OF YEAR</b>	\$ 6,922,200	\$ 2,092,504	\$ 9,014,704

**CITY OF RIVER FALLS**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2017

	<u>Stormwater</u>	<u>Ambulance</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 548,711	\$ 1,315,801	\$ 1,864,512
Paid to suppliers for goods and services	(226,722)	(518,405)	(745,127)
Paid to employees for services	(104,715)	(777,899)	(882,614)
Net Cash Flows From Operating Activities	<u>217,274</u>	<u>19,497</u>	<u>236,771</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>2,272</u>	<u>6,958</u>	<u>9,230</u>
Net Cash Flows From Investing Activities	<u>2,272</u>	<u>6,958</u>	<u>9,230</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	<u>(53,222)</u>	<u>(164,021)</u>	<u>(217,243)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(53,222)</u>	<u>(164,021)</u>	<u>(217,243)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	(74,962)	-	(74,962)
Interest paid	(1,470)	-	(1,470)
Acquisition and construction of capital assets	(16,415)	(231,576)	(247,991)
Proceeds from sale of capital assets	<u>-</u>	<u>65,621</u>	<u>65,621</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(92,847)</u>	<u>(165,955)</u>	<u>(258,802)</u>
<b>Net Change in Cash and Cash Equivalents</b>	73,477	(303,521)	(230,044)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>249,344</u>	<u>1,075,022</u>	<u>1,324,366</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 322,821</u>	<u>\$ 771,501</u>	<u>\$ 1,094,322</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 37,131	\$ 17,940	\$ 55,071
Nonoperating revenue	4,966	12,395	17,361
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	171,807	130,246	302,053
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
Accounts receivable	(3,136)	(214,186)	(217,322)
Prepaid items	(50)	14,167	14,117
Accounts payable	(6,459)	19,709	13,250
Accrued liabilities	2,386	7,878	10,264
Compensated absences	-	919	919
Pension related deferrals and liability	<u>10,629</u>	<u>30,429</u>	<u>41,058</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 217,274</u>	<u>\$ 19,497</u>	<u>\$ 236,771</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets contributed by developer	<u>\$ 66,490</u>	<u>\$ -</u>	<u>\$ 66,490</u>

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2017

	City Hall	Motor Pool	Technology
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 44,768	\$ 7,828	\$ 36,894
Prepaid items	-	-	17,036
Total Current Assets	44,768	7,828	53,930
Noncurrent Assets			
Capital assets			
Property and equipment	-	78,292	447,317
Less: Accumulated depreciation	-	(54,092)	(216,664)
Total Noncurrent Assets	-	24,200	230,653
Total Assets	44,768	32,028	284,583
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	23,951	-	34,419
Total Deferred Outflows of Resources	23,951	-	34,419
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	7,331	-	729
Accrued liabilities	-	-	5,139
Due to other funds	200,889	-	144,243
Current portion of lease payable	-	22,526	-
Total Current Liabilities	208,220	22,526	150,111
Noncurrent Liabilities			
Net pension liability	4,011	-	7,317
Total Noncurrent Liabilities	4,011	-	7,317
Total Liabilities	212,231	22,526	157,428
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	11,789	-	18,679
<b>NET POSITION</b>			
Net investment in capital assets	-	1,674	230,653
Unrestricted (deficit)	(155,301)	7,828	(87,758)
<b>TOTAL NET POSITION</b>	\$ (155,301)	\$ 9,502	\$ 142,895

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<u>Maintenance</u>	<u>Totals</u>
\$ 20,730	\$ 110,220
-	17,036
20,730	127,256
-	525,609
-	(270,756)
-	254,853
20,730	382,109
10,824	69,194
10,824	69,194
-	8,060
8,856	13,995
-	345,132
-	22,526
8,856	389,713
-	11,328
-	11,328
8,856	401,041
-	30,468
-	232,327
22,698	(212,533)
\$ 22,698	\$ 19,794

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS For the Year Ended December 31, 2017

	City Hall	Motor Pool	Technology
<b>OPERATING REVENUES</b>			
Public charges for services	\$ 254,631	\$ -	\$ 36,900
Total Operating Revenues	254,631	-	36,900
<b>OPERATING EXPENSES</b>			
Operation and maintenance	335,028	10,160	507,363
Depreciation expense	-	12,021	57,842
Total Operating Expenses	335,028	22,181	565,205
Operating Loss	(80,397)	(22,181)	(528,305)
<b>NONOPERATING REVENUES</b>			
Investment income	146	-	-
Total Nonoperating Revenues	146	-	-
Income (Loss) Before Transfers	(80,251)	(22,181)	(528,305)
<b>TRANSFERS</b>			
Transfers from other funds	95,934	21,864	534,337
Transfers to other funds	(196,752)	(989)	(28,500)
Total Transfers	(100,818)	20,875	505,837
Change in net position	(181,069)	(1,306)	(22,468)
NET POSITION - Beginning of Year	25,768	10,808	165,363
<b>NET POSITION - END OF YEAR</b>	<b>\$ (155,301)</b>	<b>\$ 9,502</b>	<b>\$ 142,895</b>

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<u>Maintenance</u>	<u>Totals</u>
\$ <u>          -</u>	\$ <u>  291,531</u>
<u>          -</u>	<u>  291,531</u>
249,184	1,101,735
<u>          -</u>	<u>      69,863</u>
<u>      249,184</u>	<u>  1,171,598</u>
<u>      (249,184)</u>	<u>      (880,067)</u>
<u>          -</u>	<u>          146</u>
<u>          -</u>	<u>          146</u>
<u>      (249,184)</u>	<u>      (879,921)</u>
309,924	962,059
<u>      (38,042)</u>	<u>      (264,283)</u>
<u>      271,882</u>	<u>      697,776</u>
22,698	(182,145)
<u>          -</u>	<u>      201,939</u>
<u>\$      22,698</u>	<u>\$      19,794</u>

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2017

	<u>City Hall</u>	<u>Motor Pool</u>	<u>Technology</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 254,631	\$ -	\$ 36,900
Paid to suppliers for goods and services	(152,050)	(8,373)	(381,592)
Paid to employees for services	(2,391)	-	(114,981)
Net Cash Flows From Operating Activities	<u>100,190</u>	<u>(8,373)</u>	<u>(459,673)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	146	-	-
Net Cash Flows From Investing Activities	<u>146</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to/from other funds	(100,818)	20,875	505,837
Net Cash Flows From Noncapital Financing Activities	<u>(100,818)</u>	<u>20,875</u>	<u>505,837</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	-	(12,344)	-
Acquisition and construction of capital assets	-	-	(18,139)
Proceeds from sale of capital assets	45,250	-	-
Net Cash Flows From Capital and Related Financing Activities	<u>45,250</u>	<u>(12,344)</u>	<u>(18,139)</u>
<b>Net Change in Cash and Cash Equivalents</b>	44,768	158	28,025
CASH AND CASH EQUIVALENTS - Beginning of Year	-	7,670	8,869
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 44,768</u>	<u>\$ 7,828</u>	<u>\$ 36,894</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating loss	\$ (80,397)	\$ (22,181)	\$ (528,305)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities			
Depreciation	-	12,021	57,842
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
Prepaid items	5,254	1,787	(13,592)
Accounts payable	2,224	-	(2,697)
Due to other funds	164,847	-	14,021
Accrued liabilities	(2,391)	-	1,803
Pension related deferrals and liability	10,653	-	11,255
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 100,190</u>	<u>\$ (8,373)</u>	<u>\$ (459,673)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
None			

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<u>Maintenance</u>	<u>Totals</u>
\$ -	\$ 291,531
(93,064)	(635,079)
<u>(158,088)</u>	<u>(275,460)</u>
<u>(251,152)</u>	<u>(619,008)</u>
-	146
-	<u>146</u>
271,882	697,776
<u>271,882</u>	<u>697,776</u>
-	(12,344)
-	(18,139)
-	<u>45,250</u>
-	<u>14,767</u>
20,730	93,681
-	<u>16,539</u>
<u>\$ 20,730</u>	<u>\$ 110,220</u>
\$ (249,184)	\$ (880,067)
-	69,863
-	(6,551)
-	(473)
8,856	187,724
-	(588)
<u>(10,824)</u>	<u>11,084</u>
<u>\$ (251,152)</u>	<u>\$ (619,008)</u>

**CITY OF RIVER FALLS**  
**BALANCE SHEET**  
**GOVERNMENTAL COMPONENT UNIT**  
As of December 31, 2017

	<u>Business Improvement District</u>
<b>ASSETS</b>	
Cash and investments	\$ 25,232
Special assessments	<u>42,000</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 67,232</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue	<u>\$ 42,000</u>
Total Deferred Inflows of Resources	<u>42,000</u>
<b>FUND BALANCES</b>	
Unassigned	<u>25,232</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 67,232</u></b>
<b>RECONCILIATION OF FUND BALANCE TO NET POSITION</b>	
Fund balance at year-end	\$ 25,232
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>42,000</u>
<b>NET POSITION AT YEAR END</b>	<b><u>\$ 67,232</u></b>

**CITY OF RIVER FALLS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
GOVERNMENTAL COMPONENT UNIT  
For the Year Ended December 31, 2017

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	Business Improvement District
<b>REVENUES</b>	
Special assessments	\$ 42,000
Miscellaneous revenues	500
Total Revenues	<u>42,500</u>
<b>EXPENDITURES</b>	
Conservation and development	<u>51,583</u>
Total Expenditures	<u>51,583</u>
Change in fund balance	(9,083)
FUND BALANCE - Beginning of Year	<u>34,315</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 25,232</u>
<b>RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION</b>	
Change in fund balance	\$ (9,083)
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>-</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (9,083)</u>

# CITY OF RIVER FALLS

## ELECTRIC UTILITY PLANT

As of and for the Year Ended December 31, 2017

	Balance 1/1/2017	Additions	Retirements	Balance 12/31/2017
<b>HYDRAULIC PRODUCTION</b>				
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>
<b>OTHER PRODUCTION</b>				
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>
<b>TRANSMISSION</b>				
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>
<b>DISTRIBUTION</b>				
Land and land rights	62,711	15,833	-	78,544
Structures and improvements	564,653	-	-	564,653
Station equipment	2,240,675	172,813	66,905	2,346,583
Storage battery equipment	7,328	16,082	7,328	16,082
Poles, towers, and fixtures	1,780,764	8,896	15,560	1,774,100
Overhead conductors	1,681,532	5,851	6,575	1,680,808
Underground conduit	734,449	94,578	2,549	826,478
Underground conductors	6,013,578	246,120	87,029	6,172,669
Transformers	2,497,237	217,336	12,723	2,701,850
Services	1,344,422	54,669	3,436	1,395,655
Meters	1,050,944	62,391	11,004	1,102,331
Street lighting and signal systems	1,482,482	162,456	77,596	1,567,342
Total Distribution	<u>19,460,775</u>	<u>1,057,025</u>	<u>290,705</u>	<u>20,227,095</u>

## CITY OF RIVER FALLS

ELECTRIC UTILITY PLANT (cont.)  
As of and for the Year Ended December 31, 2017

	Balance 1/1/2017	Additions	Retirements	Balance 12/31/2017
<b>GENERAL</b>				
Land and land rights	\$ 1,556	\$ -	\$ -	\$ 1,556
Structures and improvements	697,555	-	2,091	695,464
Office furniture and equipment	44,387	-	2,997	41,390
Computer equipment	117,390	-	18,951	98,439
Transportation equipment	889,716	241,441	140,770	990,387
Tools, shop, and garage equipment	112,346	-	4,568	107,778
Laboratory equipment	135,479	-	475	135,004
Power operated equipment	45,992	5,375	-	51,367
Communication equipment	22,965	-	-	22,965
SCADA equipment	76,585	-	-	76,585
Total General	<u>2,143,971</u>	<u>246,816</u>	<u>169,852</u>	<u>2,220,935</u>
<b>TOTAL ELECTRIC UTILITY PLANT</b>	<u>\$ 25,376,776</u>	<u>\$ 1,303,841</u>	<u>\$ 460,557</u>	<u>\$ 26,220,060</u>

## CITY OF RIVER FALLS

### ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2017 and 2016

<b>OPERATING REVENUES</b>	<u>2017</u>	<u>2016</u>
Sales of Electricity		
Residential and rural	\$ 5,423,926	\$ 5,427,101
Small commercial and industrial	1,500,942	1,390,991
Large commercial and industrial	3,618,875	3,602,876
Public street and lighting	213,897	221,038
Other sales to public authorities	<u>2,559,104</u>	<u>2,498,948</u>
Total Sales of Electricity	<u>13,316,744</u>	<u>13,140,954</u>
Other Operating Revenues		
Forfeited discounts	44,696	45,950
Miscellaneous service revenues	8,121	10,290
Rent from electric property	32,847	37,779
Other miscellaneous revenues	<u>300,026</u>	<u>288,226</u>
Total Operating Revenues	<u>13,702,434</u>	<u>13,523,199</u>
 <b>OPERATING EXPENSES</b>		
Power Production		
Hydraulic power generation		
Operation		
Operating and supervision	107,932	51,040
Hydraulic	6,457	2,411
Miscellaneous	<u>19,419</u>	<u>17,175</u>
Total Hydraulic Power Generation	<u>133,808</u>	<u>70,626</u>
Purchased Power	<u>9,682,706</u>	<u>9,631,080</u>
Total Power Production	<u>9,816,514</u>	<u>9,701,706</u>
Transmission		
Operation		
Station	1,276	1,759
Overhead lines	484	1,500
Maintenance		
Overhead lines	<u>59,192</u>	<u>5,345</u>
Total Transmission	<u>60,952</u>	<u>8,604</u>

## CITY OF RIVER FALLS

### ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2017 and 2016

<b>OPERATING EXPENSES</b> (cont.)	2017	2016
Distribution		
Operation		
Operation supervision and engineering	\$ 114,092	\$ 62,028
Station	70,098	74,757
Overhead line	43,467	32,687
Underground line	114,855	105,772
Street lighting and signal	12,318	7,549
Meter expenses	127,136	115,513
Miscellaneous	154,300	119,776
Maintenance		
Structures	45,019	36,080
Station equipment	23,920	17,375
Overhead line	67,385	69,462
Underground line	37,766	31,617
Line transformers	10,954	10,896
Street lighting and signal	21,013	16,756
Total Distribution	842,323	700,268
Customer Accounts		
Meter reading	22,793	22,792
Accounting and collecting labor	148,846	176,810
Miscellaneous	223,691	166,181
Total Customer Accounts	395,330	365,783
Sales		
Advertising	2,061	1,566
Administrative and General		
Salaries	187,716	117,327
Office supplies	15,940	14,368
Outside services employed	19,415	18,725
Property insurance	19,243	18,156
Injuries and damages	13,301	16,702
Employee pensions and benefits	260,009	233,292
Miscellaneous	124,993	200,164
Rents	65,044	55,626
Total Administrative and General	705,661	674,360
Taxes	86,656	81,446
Total Operation and Maintenance	11,909,497	11,533,733
Depreciation	789,972	812,396
Total Operating Expenses	12,699,469	12,346,129
<b>OPERATING INCOME</b>	<b>\$ 1,002,965</b>	<b>\$ 1,177,070</b>

## CITY OF RIVER FALLS

### WATER UTILITY PLANT As of and for the Year Ended December 31, 2017

	Balance 1/1/2017	Additions	Retirements	Balance 12/31/2017
<b>SOURCE OF SUPPLY</b>				
Land and land rights	\$ 2,708	\$ -	\$ -	\$ 2,708
Wells and springs	903,951	-	22,500	881,451
Total Source of Supply	<u>906,659</u>	<u>-</u>	<u>22,500</u>	<u>884,159</u>
<b>PUMPING</b>				
Structures and improvements	1,437,651	-	780	1,436,871
Other power production equipment	215,385	-	-	215,385
Electric pumping equipment	398,365	22,442	101	420,706
Diesel pumping equipment	29,465	-	-	29,465
Total Pumping	<u>2,080,866</u>	<u>22,442</u>	<u>881</u>	<u>2,102,427</u>
<b>WATER TREATMENT</b>				
Water treatment equipment	<u>83,786</u>	-	-	<u>83,786</u>
<b>TRANSMISSION AND DISTRIBUTION</b>				
Land and land rights	20,412	-	-	20,412
Structures and improvements	15,864	-	-	15,864
Distribution reservoirs and standpipe	848,056	22,500	645	869,911
Transmission and distribution main	9,693,066	149,774	691	9,842,149
Services	2,102,023	144,266	1,122	2,245,167
Meters	1,571,306	103,085	93,647	1,580,744
Hydrants	1,469,106	58,669	-	1,527,775
Other transmission and distribution Plant	<u>832,327</u>	<u>-</u>	<u>659</u>	<u>831,668</u>
Total Transmission and Distribution Plant	<u>16,552,160</u>	<u>478,294</u>	<u>96,764</u>	<u>16,933,690</u>
<b>GENERAL</b>				
Computers	57,607	-	7,953	49,654
Structures and improvements	214,062	-	1,608	212,454
Office furniture	11,642	-	999	10,643
Transportation equipment	72,634	10,474	18,424	64,684
Tools, shop & garage	31,113	-	1,453	29,660
Laboratory equipment	11,063	-	5,553	5,510
Power operated equipment	47,083	5,375	-	52,458
Communication equipment	1,871	-	1,871	-
SCADA equipment	<u>178,744</u>	<u>-</u>	<u>3,519</u>	<u>175,225</u>
Total General	<u>625,819</u>	<u>15,849</u>	<u>41,380</u>	<u>600,288</u>
<b>TOTAL WATER UTILITY PLANT</b>	<u>\$ 20,249,290</u>	<u>\$ 516,585</u>	<u>\$ 161,525</u>	<u>\$ 20,604,350</u>

## CITY OF RIVER FALLS

### WATER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2017 and 2016

<b>OPERATING REVENUES</b>	<u>2017</u>	<u>2016</u>
Sales of Water		
Residential	\$ 650,202	\$ 571,823
Commercial	127,380	112,962
Multi-family	57,265	56,032
Industrial	23,305	22,759
Public authorities	92,303	88,183
Irrigation	<u>221,981</u>	<u>202,001</u>
Total Metered Sales	1,172,436	1,053,760
Private fire protection	59,120	58,829
Public fire protection	<u>366,581</u>	<u>395,085</u>
Total Sales of Water	<u>1,598,137</u>	<u>1,507,674</u>
Other Operating Revenues		
Forfeited discounts	1,855	3,518
Rent from water property	100,697	101,802
Other miscellaneous revenues	<u>40,716</u>	<u>49,249</u>
Total Operating Revenues	<u>1,741,405</u>	<u>1,662,243</u>
 <b>OPERATING EXPENSES</b>		
Pumping		
Operation		
Operation supervision and engineering	945	74
Fuel or purchased power for pumping	72,354	78,404
Pumping labor	29,335	20,960
Maintenance		
Structures and improvements	3,284	1,399
Power production equipment	49	-
Pumping equipment	<u>61,681</u>	<u>8,820</u>
Total Pumping	<u>167,648</u>	<u>109,657</u>
Water Treatment		
Operation		
Operation supervision and engineering	3,668	5,732
Chemicals	22,427	25,578
Operation labor	25,978	20,441
Maintenance		
Water treatment equipment	<u>15,247</u>	<u>23,023</u>
Total Water Treatment	<u>67,320</u>	<u>74,774</u>

## CITY OF RIVER FALLS

### WATER UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2017 and 2016

<b>OPERATING EXPENSES</b> (cont.)	2017	2016
Transmission and Distribution		
Operation		
Operation supervision and engineering	\$ 52,733	\$ 38,120
Storage facilities	749	1,117
Transmission and distribution lines	63,901	55,775
Meters	40,725	38,318
Customer installations	23,394	13,500
Miscellaneous	57,108	58,357
Maintenance	2,728	
Supervision and engineering	14,082	10,400
Structures and improvements	11,670	5,789
Reservoirs and standpipes	32,843	13,340
Mains	19,121	21,198
Services	341	22,406
Hydrants	10,969	14,571
Total Transmission and Distribution	330,364	292,891
Customer Accounts		
Meter reading	5,922	7,079
Accounting and collecting labor	50,436	54,842
Total Customer Accounts	56,358	61,921
Sales		
Advertising	354	1,051
Administrative and General		
Salaries	77,335	71,776
Office supplies	9,139	7,488
Outside services employed	11,874	15,140
Property insurance	6,792	7,184
Injuries and damages	8,109	14,273
Employee pensions and benefits	59,158	93,188
Miscellaneous	14,465	12,587
Rents	30,300	30,260
Total Administrative and General	217,172	251,896
Taxes	26,919	24,347
Total operation and maintenance	866,135	816,537
Depreciation	441,491	410,838
Total Operating Expenses	1,307,626	1,227,375
<b>OPERATING INCOME</b>	<b>\$ 433,779</b>	<b>\$ 434,868</b>

## CITY OF RIVER FALLS

### SEWER UTILITY PLANT

As of and for the Year Ended December 31, 2017

	Balance 1/1/2017	Additions	Retirements	Balance 12/31/2017
<b>COLLECTING SYSTEM</b>				
Collecting mains	\$ 10,031,813	\$ 186,980	\$ -	\$ 10,218,793
Interceptor mains	7,228,480	-	-	7,228,480
Force mains	141,607	-	-	141,607
Other collecting system equipment	-	-	-	-
Total Collecting System	17,401,900	186,980	-	17,588,880
<b>COLLECTING SYSTEM PUMPING</b>				
Land and land rights	2,384	-	-	2,384
Structures and improvements	330,289	-	262	330,027
Receiving wells	440,113	-	-	440,113
Electric pumping equipment	334,738	29,999	-	364,737
Total Collecting System Pumping	1,107,524	29,999	262	1,137,261
<b>TREATMENT AND DISPOSAL</b>				
Land and land rights	115,238	-	-	115,238
Structures and improvements	4,374,331	-	-	4,374,331
Preliminary treatment equipment	647,220	-	-	647,220
Primary treatment equipment	395,354	20,642	-	415,996
Secondary treatment equipment	504,858	-	-	504,858
Chlorination equipment	109,007	-	527	108,480
Sludge treatment and disposal equipment	944,487	-	-	944,487
Plant site piping	1,000,644	-	-	1,000,644
Flow metering and monitoring equipment	87,513	-	3,318	84,195
Other treatment and disposal equipment	61,247	-	3,939	57,308
Total Treatment and Disposal	8,239,899	20,642	7,784	8,252,757
<b>GENERAL</b>				
Structures and improvements	1,031,787	-	888	1,030,899
Office furniture	17,912	-	999	16,913
Computers	40,197	-	6,197	34,000
Transportation equipment	360,602	10,475	36,727	334,350
Other general equipment	313,812	-	33,976	279,836
SCADA equipment	175,887	4,958	3,519	177,326
Total General	1,940,197	15,433	82,306	1,873,324
<b>INTANGIBLES</b>	128,163	-	7,502	120,661
<b>TOTAL SEWER UTILITY PLANT</b>	\$ 28,817,683	\$ 253,054	\$ 97,854	\$ 28,972,883

## CITY OF RIVER FALLS

### SEWER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2017 and 2016

<b>OPERATING REVENUES</b>	<u>2017</u>	<u>2016</u>
Sales of Wastewater		
Residential	\$ 2,004,430	\$ 1,995,375
Commercial	423,579	425,539
Multi-family	251,398	260,744
Industrial	108,785	123,274
Public authorities	<u>333,057</u>	<u>360,054</u>
Total Wastewater Sales	<u>3,121,249</u>	<u>3,164,986</u>
Other Operating Revenues		
Forfeited discounts	4,252	9,697
Other miscellaneous revenues	<u>230,894</u>	<u>43,804</u>
Total Operating Revenues	<u>3,356,395</u>	<u>3,218,487</u>
 <b>OPERATING EXPENSES</b>		
Operation		
Operation supervision and engineering	121,070	112,810
Power and fuel for pumping	24,639	19,222
Power and fuel for aeration equipment	135,356	179,055
Treatment charges	344,260	297,236
Chlorine	3,075	3,702
Phosphorous removal chemicals	3,139	3,139
Other operating supplies	32,348	41,224
Transportation	<u>18,384</u>	<u>6,494</u>
Total Operations	<u>682,271</u>	<u>662,882</u>
Maintenance		
Collection system	174,620	237,485
Pumping equipment	31,987	43,687
Treatment and disposal plant equipment	115,828	118,687
General plant structures equipment	<u>31,645</u>	<u>27,188</u>
Total Maintenance	<u>354,080</u>	<u>427,047</u>
Customer Accounts		
Accounting and collecting labor	<u>120,094</u>	<u>150,714</u>
Sales		
Advertising	<u>323</u>	<u>1,059</u>
Administrative and General		
Salaries	125,867	126,530
Office supplies	20,225	16,639
Outside services employed	8,824	16,908
Property insurance	11,116	17,869
Injuries and damages	11,181	14,428
Employee pensions and benefits	157,400	152,789

## CITY OF RIVER FALLS

### SEWER UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
<b>OPERATING EXPENSES</b> (cont.)		
Administrative and General (cont.)		
Miscellaneous	\$ 4,791	\$ -
Rents	<u>56,543</u>	<u>56,431</u>
Total Administrative and General	<u>395,947</u>	<u>401,594</u>
Taxes	<u>31,568</u>	<u>32,127</u>
Total Operation and Maintenance	1,584,283	1,675,423
Depreciation	<u>667,086</u>	<u>592,720</u>
Total Operating Expenses	<u>2,251,369</u>	<u>2,268,143</u>
 <b>OPERATING INCOME</b>	 <u>\$ 1,105,026</u>	 <u>\$ 950,344</u>

## CITY OF RIVER FALLS

### INSURANCE SUMMARY For the Year Ended December 31, 2017

Description	Insurer	Policy Number	Coverage Limits	Deductible	Policy Period
Property	Travelers Indemnity Co	630-7J057507	\$87,745,525	\$5,000	8/1/17-8/1/18
General Liability	Travelers Indemnity Co	ZLP-51M85218	\$2,000,000	NA	8/1/17-8/1/18
Business Automobile	Travelers Indemnity Co	810-2C413439	\$2,000,000	\$1,000 - \$2,500 varying	8/1/17-8/1/18
Workers Compensation	Travelers Indemnity Co	UB-7J095770	\$500,000	NA	8/1/17-8/1/18
Commercial Umbrella	Travelers Indemnity Co	ZUP-91M84121	\$4,000,000	NA	8/1/17-8/1/18
Law Enforcement Liability	Travelers Indemnity Co	ZLP-51M85218	\$2,000,000	\$5,000	8/1/17-8/1/18
Crime	Travelers Indemnity Co	630-7J057507	\$50,000 - \$500,000	\$1,000 - \$5,000	8/1/17-8/1/18
Employee Benefits	Travelers Indemnity Co	ZLP-51M85218	\$3,000,000	\$1,000	8/1/17-8/1/18
Management Liability	Travelers Indemnity Co	ZLP-51M85218	\$2,000,000	\$5,000/\$50,000	8/1/17-8/1/18
Inland Marine	Travelers Indemnity Co	630-7J057507	\$3,329,532	\$1,000	8/1/17-8/1/18
Cyber & Privacy Liability	Axis	EKN620354/01/2017	\$1,000,000	\$10,000 (retention)	1/1/17-1/15/18

## CITY OF RIVER FALLS

WATER UTILITY REVENUE BOND DISCLOSURE  
WATER SALES TO GENERAL CUSTOMERS  
For the Year Ended December 31, 2017

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	<u>Average Customer Count</u>	<u>Gallons Sold (000's)</u>
Residential	4,229	166,582
Commercial	291	51,040
Industrial	19	14,754
Public Authority	75	40,615
Multi-Family Residential	72	31,343
Irrigation	<u>695</u>	<u>56,220</u>
Total Metered Sales	<u><u>5,381</u></u>	<u><u>360,554</u></u>