

# **CITY OF RIVER FALLS**

River Falls, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

# CITY OF RIVER FALLS

## TABLE OF CONTENTS As of and for the Year Ended December 31, 2018

---

	<u>Page(s)</u>
Independent Auditors' Report	i - ii
Required Supplementary Information	
Management's Discussion and Analysis	iii - xiii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1 - 2
Statement of Activities	3 - 4
Fund Financial Statements	
Balance Sheet - Governmental Funds	5 - 6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8 - 9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Net Position - Proprietary Funds	11 - 14
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	15 - 16
Statement of Cash Flows - Proprietary Funds	17 - 20
Statement of Assets and Liabilities - Agency Fund	21
Index to Notes to Financial Statements	22
Notes to Financial Statements	23 - 77
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Tax Increment District #10	79
Schedule of Changes in the Total OPEB Liability and Related Ratios	80
Schedule of Employer's Proportionate Share of the Net Pension Asset/(Liability) - Wisconsin Retirement System (WRS)	81
Schedule of Employer Contributions - Wisconsin Retirement System (WRS)	81
Notes to Required Supplementary Information	82

# CITY OF RIVER FALLS

## TABLE OF CONTENTS (cont.) As of and for the Year Ended December 31, 2018

---

	<u>Page(s)</u>
Supplementary Information	
Detailed Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund	83 - 84
Detailed Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund	85
Combining Balance Sheet - Nonmajor Governmental Funds	86 - 90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	91 - 96
Combining Statement of Net Position - Nonmajor Enterprise Funds	97
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Nonmajor Enterprise Funds	98
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	99
Combining Statement of Net Position - Internal Service Funds	100 - 101
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds	102 - 103
Combining Statement of Cash Flows - Internal Service Funds	104 - 105
Balance Sheet - Governmental Component Unit	106
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Component Unit	107
Electric Utility Plant	108 - 109
Electric Utility Operating Revenues and Expenses	110 - 111
Water Utility Plant	112
Water Utility Operating Revenues and Expenses	113 - 114
Sewer Utility Plant	115
Sewer Utility Operating Revenues and Expenses	116 - 117
Insurance Summary	118
Water Utility Revenue Bond Disclosure – Water Sales to General Customers	119

## 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, 2018, and the related notes to the financial statements, which collectively comprise the City of River Falls' basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***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, 2018 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, 2018 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, 2018 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, 2018, 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, 2018.

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, 2017 (not presented herein), and have issued our report thereon dated July 10, 2018, 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 supplementary information for the year ended December 31, 2017 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 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 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 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.

*Baker Tilly Virchow Krause, LLP*

Eau Claire, Wisconsin  
July 2, 2019

**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, 2018. 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 \$2.6 million. Total expenses for the primary government were \$33.9 million as compared to \$33.4 million the previous year. Revenues for the period were \$36.5 million for a total net position of \$116.8 million at the end of 2018.
- The City's governmental type funds reported combined ending fund balances of \$10.3 million at year-end. Total assets increased \$2.8 million, primarily from an increase in cash and investments due to bond issuances.
  - The City issued general obligation debt of \$3.46 million for Glen Park Improvements and \$516,000 for public works equipment, library upgrades, and Lake George Trail.
  - The City also issued \$2.5 million in electric revenue bonds for the Winter Street substation upgrade.
- The City's enterprise funds closed the year with operating income of \$2.19 million, and a positive change in net position of \$1.0 million.

**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 2018: 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 – 77 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 78 – 82 of this report; supplementary information can be found on pages 83 – 119 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

Total net position increased by \$2.6 million to \$116.8 million at the close of fiscal year ending December 31, 2018. This increase is an aggregate result of increased assets attributed to capital asset addition and investments from bond issuances.

Net investment in capital assets comprises \$95.4 million, or 81.7% 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 \$13.7 million, or 11.7% of the City's net position, which is an increase of \$1.9 million from the previous year. 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 represents resources that are subject to internal or external restrictions on how they may be used. The tables and 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	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and Other Assets	\$ 24,480,328	\$ 18,714,634	\$ 15,235,964	\$ 14,525,991	\$ 39,716,292	\$ 33,240,625
Capital Assets	<u>58,909,283</u>	<u>59,182,513</u>	<u>62,509,892</u>	<u>61,834,857</u>	<u>121,419,175</u>	<u>121,017,370</u>
Total Assets	<u>83,389,611</u>	<u>77,897,147</u>	<u>77,745,856</u>	<u>76,360,848</u>	<u>161,135,467</u>	<u>154,257,995</u>
Deferred Outflows of Resources	<u>2,453,154</u>	<u>2,718,265</u>	<u>1,007,929</u>	<u>1,001,394</u>	<u>3,461,083</u>	<u>3,719,659</u>
Current Liabilities	5,529,312	5,655,314	2,513,507	3,647,082	8,042,819	9,302,396
Noncurrent Liabilities	<u>17,870,703</u>	<u>16,354,111</u>	<u>10,798,706</u>	<u>9,647,417</u>	<u>28,669,409</u>	<u>26,001,528</u>
Total Liabilities	<u>23,400,015</u>	<u>22,009,425</u>	<u>13,312,213</u>	<u>13,294,499</u>	<u>36,712,228</u>	<u>35,303,924</u>
Deferred Inflows of Resources	<u>10,064,094</u>	<u>8,154,025</u>	<u>1,012,307</u>	<u>353,826</u>	<u>11,076,401</u>	<u>8,507,851</u>
Net Investment in Capital Assets <sup>1</sup>	<u>45,525,838</u>	<u>45,726,653</u>	<u>51,766,884</u>	<u>52,399,291</u>	<u>95,483,970</u>	<u>96,225,776</u>
Restricted	<u>5,855,881</u>	<u>4,838,821</u>	<u>1,724,864</u>	<u>1,351,532</u>	<u>7,580,745</u>	<u>6,190,353</u>
Unrestricted <sup>1</sup>	<u>996,937</u>	<u>(113,512)</u>	<u>10,937,517</u>	<u>9,963,094</u>	<u>13,743,206</u>	<u>11,749,750</u>
Total Net Position	<u>\$ 52,378,656</u>	<u>\$ 50,451,962</u>	<u>\$ 64,429,265</u>	<u>\$ 63,713,917</u>	<u>\$ 116,807,921</u>	<u>\$ 114,165,879</u>
Unrestricted Net Position as a % of Total Liabilities/Deferred Inflows	3%	0%	76%	73%	29%	27%

<sup>1</sup> See Note I.D.10 equity classifications for detailed information of 2018 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$1,754,439	\$1,494,457	\$21,018,957	\$20,864,707	\$22,773,396	\$22,359,164
Operating grants and contributions	1,869,200	1,717,727	6,846	7,636	1,876,046	1,725,363
Capital grants and contributions	280,031	2,766,324	541,127	1,069,310	821,158	3,835,634
General revenues:						
Property taxes	7,191,150	6,855,724			7,191,150	6,855,724
Other taxes	208,787	224,874			208,787	224,874
Intergovernmental	2,330,887	2,111,254			2,330,887	2,111,254
Investment earnings	421,101	311,528	234,661	118,361	655,762	429,889
Miscellaneous	<u>704,447</u>	<u>541,979</u>	<u>26,511</u>	<u>10,174</u>	<u>730,958</u>	<u>552,153</u>
Total revenues	14,760,042	16,023,867	21,828,102	22,070,188	36,588,144	38,094,055
<b>Expenses</b>						
General government	2,260,277	2,757,420			2,260,277	2,757,420
Public safety	3,749,389	3,854,700			3,749,389	3,854,700
Public works	4,213,891	3,735,748			4,213,891	3,735,748
Health services	19,317	19,164			19,317	19,164
Leisure	2,043,345	2,201,090			2,043,345	2,201,090
Conservation and development	1,374,119	1,364,975			1,374,119	1,364,975
Interest and fiscal charges	800,029	702,477			800,029	702,477
Electric utility			13,144,509	12,836,118	13,144,509	12,836,118
Water utility			1,405,877	1,406,276	1,405,877	1,406,276
Sewer utility			2,516,872	2,520,248	2,516,872	2,520,248
Storm water utility			591,849	518,113	591,849	518,113
Ambulance service			<u>1,826,628</u>	<u>1,553,687</u>	<u>1,826,628</u>	<u>1,553,687</u>
Total expenses	<u>14,460,367</u>	<u>14,635,574</u>	<u>19,485,735</u>	<u>18,834,442</u>	<u>33,946,102</u>	<u>33,470,016</u>
Change in net position before transfers	299,675	1,388,293	2,342,367	3,235,746	2,642,042	4,624,039
Transfers	<u>1,627,019</u>	<u>1,594,986</u>	<u>(1,627,019)</u>	<u>(1,594,986)</u>	-	-
Increase in net position	1,926,694	2,983,279	715,348	1,640,760	2,642,042	4,624,039
Net position January 1	<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>
Net position December 31	<u>\$52,378,656</u>	<u>\$50,451,962</u>	<u>\$64,429,265</u>	<u>\$63,713,917</u>	<u>\$116,807,921</u>	<u>\$114,165,879</u>

## Governmental Activities:

At the end of 2018, the City of River Falls' Governmental Activities had total assets and deferred outflows of resources of \$85.8 million and total liabilities and deferred inflows of resources of \$33.4 million; resulting in a net position of \$52.4 million. The change in net position is an increase of \$1.9 million from the beginning of year net position. The net position is allocated with \$45.5 million representing capital assets net of related debt, \$5.8 million held for restricted purposes, and \$1 million of unrestricted net position. (Pages 1 – 2)

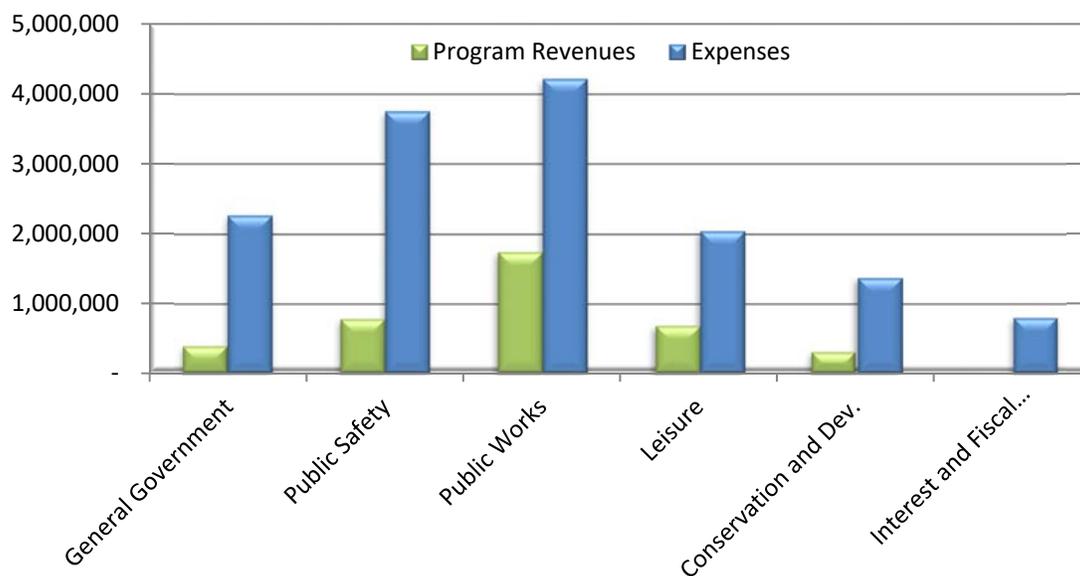
Revenues for the City's governmental activities, excluding transfers from other funds, totaled \$14.7 million, with property taxes encompassing 48.7% of the total. Intergovernmental revenues include \$2.3 million in state shared revenue and grants which account for 15.8% of annual revenues. Operating and capital grants and contributions comprise 14.5% and charges for services account for 11.8% of total revenues; which include solid waste, environmental fees, permits, licenses and miscellaneous fees.

Governmental activities expensed \$14.4 million compared to \$14.6 million in 2017. Public Safety and Public Works represent 55% of total 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 \$1.9 million.

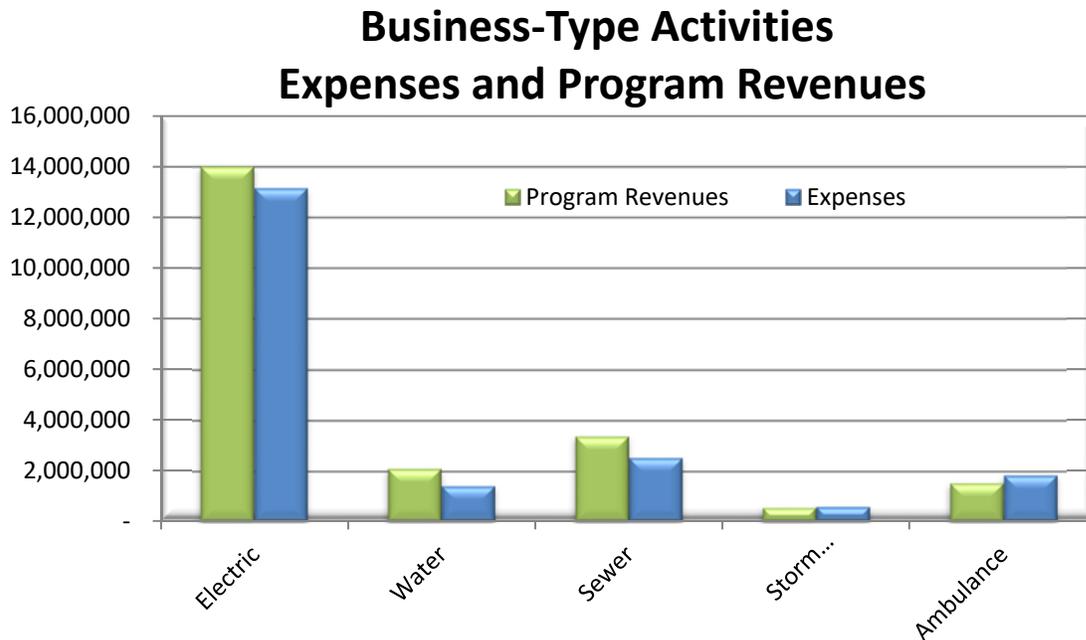
The accompanying graph exhibits the governmental activities expenses in comparison to program revenues exclusive of all grants and contributions.

### Governmental Activities Expenses and Program Revenues



## Business-Type Activities:

Business-type activities increased the City's net position by \$715,348. Due to the enterprise nature of these activities, 96.3% of total revenues are generated by charges for services. The Electric fund accounted for 66.2%, followed by Sewer with 15.2% of the Enterprise services revenue. In 2018, business-type activities recognized \$547,973 in grants and contributions, primarily from construction contributions.



Key elements of the business-type activities in 2018 are as follows:

### Electric

- The Electric fund's net position increased \$308,873 from the prior year to \$21.1 million. Overall, total assets and deferred resources increased \$1.7 million. Total liabilities and deferred inflows increased \$1.4 million.
  - Total noncurrent assets increased \$1.6 million; primarily from the Winter Street Substation plant asset placed into service.
  - Total liabilities increased \$1.2 million; factored by the Revenue bond proceeds (\$2.5 million) and offset by a \$1 million reduction in current liabilities as compared to 2017.
- The Electric Utility's 2018 operating revenues were \$13.9 million; an increase over prior by \$222,600 due to an increase in kWh usage.
- Operating expenditures increased \$196,200 to \$12.89 million due to depreciation from the Winter Street substation.

## **Water**

- The Water fund's net position increased \$354,404 from the prior year to \$15.2 million.
  - Overall, total assets and deferred resources increased \$301,400 in 2018; attributed to cash and investments.
  - Total liabilities and deferred inflows marginally decreased \$52,900.
- Operating revenues were \$1.79 million; an increase of \$58,140 from 2017. Operating expenditures remained static with 2017.
- Total gallons sold were 375.5 million, an increase of 14.9 million gallons from the prior year.

## **Sewer**

- The Sewer fund's net position increased \$797,346 from the prior year to \$20.5 million.
- Total liabilities and deferred inflows decreased \$915,800.
  - Reduction in noncurrent liabilities is the primary factor.
- Operating revenues were \$3.2 million which is comparable to 2017 operating revenues
- Operating expenses decreased marginally by \$17,054 with 2017.

## **Storm Water**

- The Storm Water fund's net position decreased \$56,100 from the prior year to \$6.8 million.
  - Total liabilities and deferred inflows increased \$28,900 due to an increase in customer deposit guarantees and pension related amounts.
- Operating revenues were \$558,166; a marginal increase of \$11,200 over the prior year.
- Operating expenditures were \$585,057; an increase of \$75,300

## **Ambulance**

- The Ambulance fund's net position decreased by \$395,800 from the prior year to \$1.6 million.
- Overall, total assets and deferred resources decreased \$266,000. Total liabilities and deferred inflows increased \$129,700.
  - Current assets declined \$323,900; cash decreased, and customer receivables increased.
- Operating revenues remained at \$1.5 million with the prior year.
- Operating expenditures increased \$270,900 as compared to 2017.
  - Part time and temporary wages increased \$91,000.
  - Emergency care consulting and interim director consulting added \$63,000.
  - General equipment and vehicle repairs increased from the prior year.

## **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 \$10.3 million; an increase of \$4 million from the prior year. The General fund ended the year with \$5.1 million in unassigned fund balance which is available to meet the City's current and future needs. An additional \$5 million is considered non-spendable in the General Fund. The non-spendable funds entail the following: 1) \$4.9 million advances to other funds and 2) prepaid expenses of \$98,724.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The 2018 budget was adopted at the function level of expenditures. Closing General fund revenues were \$10.6 million, exceeding expenditures by \$420,468. Overall 2018 total revenues and other financing sources exceeded final budget estimates by \$925,478 due to the inclusion of a levy of \$466,529 to be used for advances to tax increment funds #10 and #12. Significant sources are attributed to total taxes, intergovernmental, and public charges for services. Total expenditures and other financing uses were over budget by \$159,956, less than the planned \$345,054 draw down of fund balance

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

#### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities at December 31, 2018, amounted to \$121.4 million (net of accumulated depreciation), an increase of \$401,800 over 2017. 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 2018 include:
  - Structures:
    - St Croix Valley Business Incubator
    - Winter Street Substation
    - Waste Water Treatment plant sludge addition
  - Construction in Progress:
    - Glen Park Pavilion and Storm Shelter
  - Infrastructure:
    - Heritage Park recreation trail

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 44 - 51 in the notes to the financial statements.

## **Long-Term Debt**

At December 31, 2018, the City had \$19.9 million of general obligation bonds and promissory notes outstanding; with \$2.0 million payable within one year. Total general obligation debt of \$1.7 million, or 8.6%, 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, 2018, the City's total amount applicable to debt is 37.9% of the legal limit of \$52,506,230. The net debt per capita equaled \$1,300 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 2018 BUDGET AND RATES**

The 2019-2020 budget was approved by the City Council in November 2018. The 2019 property tax levy of \$6,550,000 and proposed 2020 levy of \$6,860,235 are less than the approved fiscal plan. The biennial budget for the General Fund does not incorporate the use of fund balance for operating expenditures. It is anticipated that budgeted revenues and stable expenses 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 2018 assessment shows total assessed values at \$926,945,600; a 2.8% growth over the prior year. The ratio of assessed values to equalized (market) was at 88% for 2018. The City's total equalized value increased 9% in 2018, to a total value of \$1.05 billion.

## **REQUEST FOR INFORMATION**

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

# CITY OF RIVER FALLS

## STATEMENT OF NET POSITION As of December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Business Improvement District
<b>ASSETS</b>				
Cash and investments	\$ 10,336,474	\$ 10,469,774	\$ 20,806,248	\$ 26,911
Receivables (net)				
Taxes	7,856,691	-	7,856,691	-
Accounts	622,583	2,246,109	2,868,692	-
Special assessments	79,493	-	79,493	42,000
Accrued interest	12,234	-	12,234	-
Loans	520,646	8,126	528,772	-
Other receivables	4,051	19,531	23,582	-
Inventories and prepaid items	116,735	648,402	765,137	-
Due from other governments	25,255	-	25,255	-
Internal balances	1,064,041	(1,064,041)	-	-
Other assets	-	170,804	170,804	-
Restricted Assets				
Cash and investments	2,735,376	2,253,430	4,988,806	-
Net pension asset	1,106,749	483,829	1,590,578	-
Capital Assets				
Land	13,200,645	365,000	13,565,645	-
Construction in progress	806,519	1,015,655	1,822,174	-
Other capital assets, net of depreciation	44,902,119	61,129,237	106,031,356	-
Total Assets	<u>83,389,611</u>	<u>77,745,856</u>	<u>161,135,467</u>	<u>68,911</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	308,578	102,031	410,609	-
Pension related amounts	2,087,071	893,530	2,980,601	-
OPEB related amounts	57,505	12,368	69,873	-
Total Deferred Outflows of Resources	<u>2,453,154</u>	<u>1,007,929</u>	<u>3,461,083</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	448,055	894,886	1,342,941	-
Accrued liabilities	252,862	212,558	465,420	-
Accrued interest	196,792	72,910	269,702	-
Deposits	19,570	104,121	123,691	-
Unearned revenues	2,735,097	-	2,735,097	-
Noncurrent Liabilities				
Due within one year	1,876,936	1,229,032	3,105,968	-
Due in more than one year	17,870,703	10,798,706	28,669,409	-
Total Liabilities	<u>23,400,015</u>	<u>13,312,213</u>	<u>36,712,228</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenues	7,862,409	-	7,862,409	-
Pension related amounts	2,172,203	1,005,967	3,178,170	-
OPEB related amounts	29,482	6,340	35,822	-
Total Deferred Inflows of Resources	<u>10,064,094</u>	<u>1,012,307</u>	<u>11,076,401</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)	\$ 45,525,838	\$ 51,766,884	\$ 95,483,970	\$ -
Restricted for				
Debt service	-	377,611	377,611	-
Capital asset repair and replacement	-	439,771	439,771	-
Impact fee projects	416,607	423,653	840,260	-
Library trust	174,622	-	174,622	-
Housing	898,664	-	898,664	-
Parking improvements	75,239	-	75,239	-
Refuse/solid waste	80,642	-	80,642	-
Environmental fee	2,993,838	-	2,993,838	-
Library	59,013	-	59,013	-
Shared ride taxi	50,507	-	50,507	-
Pension	1,106,749	483,829	1,590,578	-
Unrestricted	<u>996,937</u>	<u>10,937,517</u>	<u>13,743,206</u>	<u>68,911</u>
<b>TOTAL NET POSITION</b>	<u>\$ 52,378,656</u>	<u>\$ 64,429,265</u>	<u>\$ 116,807,921</u>	<u>\$ 68,911</u>

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

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	\$ 2,260,277	\$ 390,978	\$ -	\$ -
Public safety	3,749,389	215,361	566,967	-
Public works	4,213,891	702,852	929,953	108,030
Health services	19,317	-	-	-
Leisure activities	2,043,345	311,805	372,280	-
Conservation and development	1,374,119	133,443	-	172,001
Interest and fiscal charges	<u>800,029</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>14,460,367</u>	<u>1,754,439</u>	<u>1,869,200</u>	<u>280,031</u>
Business-type Activities				
Electric utility	13,144,509	13,925,113	-	66,612
Water utility	1,405,877	1,799,546	-	303,238
Sewer utility	2,516,872	3,212,002	-	171,277
Stormwater	591,849	558,166	-	-
Ambulance	<u>1,826,628</u>	<u>1,524,130</u>	<u>6,846</u>	<u>-</u>
Total Business-type Activities	<u>19,485,735</u>	<u>21,018,957</u>	<u>6,846</u>	<u>541,127</u>
Total Primary Government	<u>\$ 33,946,102</u>	<u>\$ 22,773,396</u>	<u>\$ 1,876,046</u>	<u>\$ 821,158</u>
Component Unit				
Business Improvement District	<u>\$ 40,321</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				
<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
\$ (1,869,299)	\$ -	\$ (1,869,299)	\$ -
(2,967,061)	-	(2,967,061)	-
(2,473,056)	-	(2,473,056)	-
(19,317)	-	(19,317)	-
(1,359,260)	-	(1,359,260)	-
(1,068,675)	-	(1,068,675)	-
(800,029)	-	(800,029)	-
<u>(10,556,697)</u>	<u>-</u>	<u>(10,556,697)</u>	<u>-</u>
-	847,216	847,216	-
-	696,907	696,907	-
-	866,407	866,407	-
-	(33,683)	(33,683)	-
-	(295,652)	(295,652)	-
<u>-</u>	<u>2,081,195</u>	<u>2,081,195</u>	<u>-</u>
<u>(10,556,697)</u>	<u>2,081,195</u>	<u>(8,475,502)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,679</u>
5,957,877	-	5,957,877	-
258,529	-	258,529	-
974,744	-	974,744	-
208,787	-	208,787	-
2,330,887	-	2,330,887	-
421,101	234,661	655,762	-
704,447	26,511	730,958	-
<u>10,856,372</u>	<u>261,172</u>	<u>11,117,544</u>	<u>-</u>
<u>1,627,019</u>	<u>(1,627,019)</u>	<u>-</u>	<u>-</u>
1,926,694	715,348	2,642,042	1,679
<u>50,451,962</u>	<u>63,713,917</u>	<u>114,165,879</u>	<u>67,232</u>
<u>\$ 52,378,656</u>	<u>\$ 64,429,265</u>	<u>\$ 116,807,921</u>	<u>\$ 68,911</u>

See accompanying notes to financial statements.

## CITY OF RIVER FALLS

### BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

	<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	\$ 4,746,814	\$ 218,883	\$ 1,803,759	\$ 3,486,087	\$ 10,255,543
Receivables					
Taxes	4,304,415	415,641	224,019	2,912,616	7,856,691
Accounts	230,469	-	-	392,114	622,583
Special assessments	54,807	-	24,686	-	79,493
Accrued interest	8,790	-	-	3,444	12,234
Loans	-	-	219,350	301,296	520,646
Prepaid items and inventories	98,724	-	-	5,478	104,202
Due from other funds	659,570	-	-	-	659,570
Due from other governments	-	-	-	25,255	25,255
Advances to other funds	4,906,157	-	500,000	1,500,000	6,906,157
Restricted cash and investments	<u>-</u>	<u>-</u>	<u>2,735,376</u>	<u>-</u>	<u>2,735,376</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 15,009,746</u></b>	<b><u>\$ 634,524</u></b>	<b><u>\$ 5,507,190</u></b>	<b><u>\$ 8,626,290</u></b>	<b><u>\$ 29,777,750</u></b>

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	\$ 187,419	\$ -	\$ 191,853	\$ 51,844	\$ 431,116
Accrued liabilities	213,332	-	-	25,661	238,993
Deposits	6,880	8,000	-	4,690	19,570
Unearned revenues	-	-	2,735,097	-	2,735,097
Due to other funds	-	-	-	396,877	396,877
Due to other governments	-	-	-	88	88
Advances from other funds	-	3,622,711	-	3,283,446	6,906,157
Total Liabilities	<u>407,631</u>	<u>3,630,711</u>	<u>2,926,950</u>	<u>3,762,606</u>	<u>10,727,898</u>
Deferred Inflows of Resources					
Unearned revenues	4,302,046	415,641	232,106	2,912,616	7,862,409
Unavailable revenues	<u>164,922</u>	-	<u>258,799</u>	<u>379,845</u>	<u>803,566</u>
Total Deferred Inflows of Resources	<u>4,466,968</u>	<u>415,641</u>	<u>490,905</u>	<u>3,292,461</u>	<u>8,665,975</u>
Fund Balances					
Nonspendable	5,004,881	-	500,000	5,478	5,510,359
Restricted	-	-	2,735,376	4,688,309	7,423,685
Committed	-	-	-	57,254	57,254
Unassigned (deficit)	<u>5,130,266</u>	<u>(3,411,828)</u>	<u>(1,146,041)</u>	<u>(3,179,818)</u>	<u>(2,607,421)</u>
Total Fund Balances	<u>10,135,147</u>	<u>(3,411,828)</u>	<u>2,089,335</u>	<u>1,571,223</u>	<u>10,383,877</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 15,009,746</u>	<u>\$ 634,524</u>	<u>\$ 5,507,190</u>	<u>\$ 8,626,290</u>	<u>\$ 29,777,750</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, 2018

---

Total Fund Balances - Governmental Funds	\$ 10,383,877
--	---------------

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

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

Land	13,200,645
Construction in progress	806,519
Other capital assets	64,803,556
Less: Accumulated depreciation	(19,901,437)
Less: Internal service fund included below	(253,195)

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. See Note III.B.

803,566

The net pension asset does not relate to current financial resources and is not reported in the governmental funds.

1,106,749  
(56,079)

Less: Internal service fund included below

Deferred outflows of resources do not relate to current financial resources and are not reported in the governmental funds.

Deferred outflows - pension related amounts	2,087,071
Deferred outflows - OPEB related amounts	57,505
Less: Internal service fund included below	(113,613)

Deferred inflows of resources do not relate to current financial resources and are not reported in the governmental funds.

Deferred inflows - pension related amounts	(2,172,203)
Deferred inflows - OPEB related amounts	(29,482)
Add: Internal service fund included below	147,602

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.

(170,433)

Internal service funds are reported in the statement of net position as governmental activities.

1,143,428

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	(18,219,870)
Compensated absences	(352,535)
Accrued interest	(196,792)
Landfill post-closure care cost	(138,170)
Other post-employment benefits	<u>(558,053)</u>

**NET POSITION OF GOVERNMENTAL ACTIVITIES**

**\$ 52,378,656**

See accompanying notes to financial statements.

## CITY OF RIVER FALLS

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

For the Year Ended December 31, 2018

	<u>General Fund</u>	<u>Tax Increment District #10</u>	<u>General Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>REVENUES</b>					
Taxes	\$ 4,200,495	\$ 116,658	\$ 481,782	\$ 2,625,082	\$ 7,424,017
Special assessments	364	-	4,380	2,500	7,244
Intergovernmental	3,378,321	-	354,795	831,409	4,564,525
Licenses and permits	367,839	-	-	-	367,839
Fines, forfeitures and penalties	190,385	-	-	-	190,385
Public charges for services	351,485	-	-	886,519	1,238,004
Intergovernmental charges for services	23,072	-	-	-	23,072
Investment income	258,813	402	71,467	84,941	415,623
Miscellaneous	153,581	2,055	36,761	295,486	487,883
Total Revenues	<u>8,924,355</u>	<u>119,115</u>	<u>949,185</u>	<u>4,725,937</u>	<u>14,718,592</u>
<b>EXPENDITURES</b>					
Current					
General government	1,883,391	-	-	-	1,883,391
Public safety	3,665,080	-	-	44,304	3,709,384
Public works	2,312,217	-	-	948,205	3,260,422
Health services	1,781	-	-	-	1,781
Leisure activities	745,688	-	-	1,161,962	1,907,650
Conservation and development	716,132	6,735	-	458,383	1,181,250
Capital Outlay	-	9,967	1,701,527	234,072	1,945,566
Debt Service					
Principal retirement	136,095	190,993	27,520	1,113,093	1,467,701
Interest and fiscal charges	17,540	146,309	89,018	526,120	778,987
Total Expenditures	<u>9,477,924</u>	<u>354,004</u>	<u>1,818,065</u>	<u>4,486,139</u>	<u>16,136,132</u>
Excess (deficiency) of revenues over expenditures	<u>(553,569)</u>	<u>(234,889)</u>	<u>(868,880)</u>	<u>239,798</u>	<u>(1,417,540)</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>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	\$ -	\$ -	\$ 3,460,000	\$ 516,000	\$ 3,976,000
Premium on debt issued	-	-	35,570	17,374	52,944
Transfers from other funds	1,691,697	-	-	399,089	2,090,786
Transfers to other funds	(723,997)	(1,179)	(50,162)	(435,318)	(1,210,656)
Property sales	<u>6,337</u>	<u>49,500</u>	<u>-</u>	<u>484,882</u>	<u>540,719</u>
Total Other Financing Sources (Uses)	<u>974,037</u>	<u>48,321</u>	<u>3,445,408</u>	<u>982,027</u>	<u>5,449,793</u>
<b>Net Change in Fund Balances</b>	420,468	(186,568)	2,576,528	1,221,825	4,032,253
FUND BALANCES (DEFICIT) - Beginning of Year	<u>9,714,679</u>	<u>(3,225,260)</u>	<u>(487,193)</u>	<u>349,398</u>	<u>6,351,624</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 10,135,147</u>	<u>\$ (3,411,828)</u>	<u>\$ 2,089,335</u>	<u>\$ 1,571,223</u>	<u>\$10,383,877</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, 2018

Net change in fund balances - total governmental funds	\$	4,032,253
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		1,945,566
Some items reported as capital outlay were not capitalized		(425,134)
Depreciation is reported in the government-wide financial statements		(1,394,138)
Net book value of assets retired		(397,866)
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.		
		(243,928)
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		(3,976,000)
Principal repaid		1,467,701
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.		
		(28,533)
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 2018, \$30,105 of the deferred charge on refunding was amortized, and \$37,596 of the premium was amortized.		
		7,491
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		624,334
Other postemployment benefits and OPEB related deferred outflows and inflows of resources		53,296
Landfill post-closure care costs		1,750
Net pension asset and pension related deferred outflows and inflows of resources		(92,924)
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.		
		352,826
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>1,926,694</u></b>

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 5,160,099	\$ 1,816,859	\$ 2,743,061
Receivables (net)			
Accounts	1,144,152	140,763	305,137
Other receivables	15,363	340	3,828
Current portion of loan receivable	2,444	-	-
Inventories	589,086	-	-
Prepaid items	18,598	5,654	12,070
Restricted Assets			
Redemption account	90,694	45,112	308,344
Total Current Assets	7,020,436	2,008,728	3,372,440
Noncurrent Assets			
Restricted Assets			
Reserve account	252,690	169,462	523,704
Impact fee account	-	-	423,653
Replacement account	-	-	439,771
Net pension asset	193,425	74,133	79,147
Capital Assets			
Land	122,960	23,120	117,622
Construction in progress	334,279	177,186	439,840
Property and equipment	30,543,647	20,711,952	33,019,462
Less: Accumulated depreciation	(13,624,075)	(6,342,787)	(10,213,225)
Other Assets			
Loan receivable	5,682	-	-
Preliminary survey and investigation	-	153,604	-
Nonutility property	-	-	17,200
Total Noncurrent Assets	17,828,608	14,966,670	24,847,174
Total Assets	24,849,044	16,975,398	28,219,614
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	-	102,031
Pension related amounts	351,465	132,041	153,252
OPEB related amounts	7,124	1,293	2,405
Total Deferred Outflows of Resources	358,589	133,334	257,688

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals		
\$ 749,755	\$ 10,469,774	\$ 80,931	
656,057	2,246,109	-	
-	19,531	4,051	
-	2,444	-	
-	589,086	-	
22,994	59,316	12,533	
-	444,150	-	
<u>1,428,806</u>	<u>13,830,410</u>	<u>97,515</u>	
-	945,856	-	
-	423,653	-	
-	439,771	-	
137,124	483,829	56,079	
101,298	365,000	-	
64,350	1,015,655	-	
10,669,426	94,944,487	525,268	
(3,635,163)	(33,815,250)	(272,073)	
-	5,682	-	
-	153,604	-	
-	17,200	-	
<u>7,337,035</u>	<u>64,979,487</u>	<u>309,274</u>	
<u>8,765,841</u>	<u>78,809,897</u>	<u>406,789</u>	
-	102,031	-	
256,772	893,530	113,613	
<u>1,546</u>	<u>12,368</u>	<u>-</u>	
<u>258,318</u>	<u>1,007,929</u>	<u>113,613</u>	

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 805,672	\$ 24,492	\$ 55,051
Customer deposits	47,546	1,575	-
Accrued liabilities	110,650	17,780	21,288
Accrued interest	-	-	6,371
Due to other funds	-	-	-
Current portion of general obligation debt	-	-	440,000
Current portion of shared services notes payable	2,444	-	-
Current portion of compensated absences	40,554	21,455	22,173
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	195,000	100,000	382,359
Accrued interest	31,645	9,990	24,904
Total Current Liabilities	1,233,511	175,292	952,146
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	-	-	1,285,000
Revenue bonds	2,305,000	1,485,000	5,359,262
Unamortized debt premium	80,212	2,199	156,863
Shared services notes payable	5,149	-	-
Other postemployment benefits	69,135	12,550	23,337
Total Noncurrent Liabilities	2,459,496	1,499,749	6,824,462
Total Liabilities	3,693,007	1,675,041	7,776,608
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	404,229	156,863	151,727
OPEB related amounts	3,652	663	1,233
Total Deferred Inflows of Resources	407,881	157,526	152,960
<b>NET POSITION</b>			
Net investment in capital assets	15,049,289	13,151,734	16,365,950
Restricted for			
Debt service	59,049	35,122	283,440
Replacement	-	-	439,771
Impact fee projects	-	-	423,653
Pension	193,425	74,133	79,147
Unrestricted	5,804,982	2,015,176	2,955,773
<b>TOTAL NET POSITION</b>	<b>\$ 21,106,745</b>	<b>\$ 15,276,165</b>	<b>\$ 20,547,734</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	
\$ 9,671	\$ 894,886	\$ 16,851
55,000	104,121	-
62,840	212,558	13,869
-	6,371	-
-	-	262,693
-	440,000	-
-	2,444	-
25,047	109,229	-
-	677,359	-
-	66,539	-
<u>152,558</u>	<u>2,513,507</u>	<u>293,413</u>
-	1,285,000	-
-	9,149,262	-
-	239,274	-
-	5,149	-
14,999	120,021	-
<u>14,999</u>	<u>10,798,706</u>	<u>-</u>
<u>167,557</u>	<u>13,312,213</u>	<u>293,413</u>
293,148	1,005,967	147,602
792	6,340	-
<u>293,940</u>	<u>1,012,307</u>	<u>147,602</u>
7,199,911	51,766,884	253,195
-	377,611	-
-	439,771	-
-	423,653	-
137,124	483,829	56,079
<u>1,225,627</u>	<u>12,001,558</u>	<u>(229,887)</u>
<u>\$ 8,562,662</u>	65,493,306	<u>\$ 79,387</u>
	<u>(1,064,041)</u>	
	<u>\$ 64,429,265</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, 2018

	<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	\$ 13,925,113	\$ 1,799,546	\$ 3,212,002
Total Operating Revenues	13,925,113	1,799,546	3,212,002
<b>OPERATING EXPENSES</b>			
Operation and maintenance	11,942,252	856,498	1,721,339
Depreciation	953,446	451,377	547,084
Total Operating Expenses	12,895,698	1,307,875	2,268,423
Operating Income (Loss)	1,029,415	491,671	943,579
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	-	-	-
Investment income	100,169	36,637	78,693
Interest and fiscal charges	(111,172)	(60,763)	(196,718)
Amortization of debt premium and loss on refunding	4,270	178	(451)
Miscellaneous	-	-	-
Total Nonoperating Revenues (Expenses)	(6,733)	(23,948)	(118,476)
Income (Loss) Before Contributions and Transfers	1,022,682	467,723	825,103
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	66,612	303,238	171,277
Transfers from other funds	-	-	-
Transfers to other funds	(780,421)	(416,557)	(199,034)
Total Contributions and Transfers	(713,809)	(113,319)	(27,757)
Change in Net Position	308,873	354,404	797,346
NET POSITION - Beginning of Year	20,797,872	14,921,761	19,750,388
<b>NET POSITION - END OF YEAR</b>	<b>\$ 21,106,745</b>	<b>\$ 15,276,165</b>	<b>\$ 20,547,734</b>
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>		<u>Governmental Activities - Internal Service Funds</u>
<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	
\$ 2,082,296	\$ 21,018,957	\$ 289,811
<u>2,082,296</u>	<u>21,018,957</u>	<u>289,811</u>
2,037,641	16,557,730	920,681
318,025	2,269,932	61,420
<u>2,355,666</u>	<u>18,827,662</u>	<u>982,101</u>
<u>(273,370)</u>	<u>2,191,295</u>	<u>(692,290)</u>
6,846	6,846	-
19,162	234,661	-
(184)	(368,837)	-
-	3,997	-
26,511	26,511	4,994
<u>52,335</u>	<u>(96,822)</u>	<u>4,994</u>
<u>(221,035)</u>	<u>2,094,473</u>	<u>(687,296)</u>
-	541,127	-
-	-	1,021,212
<u>(231,007)</u>	<u>(1,627,019)</u>	<u>(274,323)</u>
<u>(231,007)</u>	<u>(1,085,892)</u>	<u>746,889</u>
(452,042)	1,008,581	59,593
<u>9,014,704</u>	<u>64,484,725</u>	<u>19,794</u>
<u>\$ 8,562,662</u>	<u>\$ 65,493,306</u>	<u>\$ 79,387</u>
	\$ 1,008,581	
	<u>(293,233)</u>	
	<u>\$ 715,348</u>	

See accompanying notes to financial statements.

## CITY OF RIVER FALLS

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 13,809,987	\$ 1,855,361	\$ 3,170,479
Received from municipality for services	217,697	-	-
Paid to suppliers for goods and services	(11,387,495)	(548,020)	(1,310,849)
Paid to employees for services	(831,080)	(328,405)	(446,159)
Net Cash Flows From Operating Activities	1,809,109	978,936	1,413,471
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	100,169	36,637	78,693
Net Cash Flows From Investing Activities	100,169	36,637	78,693
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Paid to municipality for tax equivalent	(464,436)	(306,263)	-
Debt retired	(45,381)	-	-
Transfers to/from other funds	(315,985)	(110,294)	(199,034)
Net Cash Flows From Noncapital Financing Activities	(825,802)	(416,557)	(199,034)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt issued	2,500,000	-	-
Debt retired	-	(95,000)	(912,486)
Interest paid	-	(61,175)	(200,526)
Debt premium	84,482	-	-
Acquisition and construction of capital assets	(3,159,283)	(280,100)	(251,005)
Proceeds from sale of capital assets	-	-	-
Capital contributions received	66,612	-	-
Impact fees received	-	160,761	112,923
Debt issuance costs	(79,527)	-	-
Net Cash Flows From Capital and Related Financing Activities	(587,716)	(275,514)	(1,251,094)
<b>Net Change in Cash and Cash Equivalents</b>	495,760	323,502	42,036
CASH AND CASH EQUIVALENTS - Beginning of Year	5,007,723	1,707,931	4,396,497
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 5,503,483</b>	<b>\$ 2,031,433</b>	<b>\$ 4,438,533</b>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals	
\$ 2,013,497	\$ 20,849,324	\$ 287,431
-	217,697	-
(1,008,610)	(14,254,974)	(671,591)
<u>(1,066,270)</u>	<u>(2,671,914)</u>	<u>(314,248)</u>
<u>(61,383)</u>	<u>4,140,133</u>	<u>(698,408)</u>
<u>19,162</u>	<u>234,661</u>	<u>-</u>
<u>19,162</u>	<u>234,661</u>	<u>-</u>
-	(770,699)	-
-	(45,381)	-
<u>(231,007)</u>	<u>(856,320)</u>	<u>746,889</u>
<u>(231,007)</u>	<u>(1,672,400)</u>	<u>746,889</u>
-	2,500,000	-
-	(1,007,486)	(22,526)
(184)	(261,885)	-
-	84,482	-
(78,002)	(3,768,390)	(77,952)
6,847	6,847	22,708
-	66,612	-
-	273,684	-
<u>-</u>	<u>(79,527)</u>	<u>-</u>
<u>(71,339)</u>	<u>(2,185,663)</u>	<u>(77,770)</u>
(344,567)	516,731	(29,289)
<u>1,094,322</u>	<u>12,206,473</u>	<u>110,220</u>
<u>\$ 749,755</u>	<u>\$ 12,723,204</u>	<u>\$ 80,931</u>

See accompanying notes to financial statements.

## CITY OF RIVER FALLS

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 1,029,415	\$ 491,671	\$ 943,579
Nonoperating revenue	-	-	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	953,446	451,377	547,084
Depreciation charged to other funds	-	43,714	(43,714)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
Accounts receivable	75,611	3,411	(1,989)
Other receivables	56,882	7,320	4,180
Inventories	10,854	9,862	-
Prepaid items	(15,812)	(4,474)	(10,386)
Accounts payable	(182,137)	4,863	(586)
Due to other funds	-	-	-
Accrued liabilities	1,662	(160)	3,047
Customer deposits	(29,922)	1,370	-
Compensated absences	(107,222)	(36,396)	(30,179)
Other postemployment benefits obligation and related deferrals	(1,484)	(1,166)	69
Pension related deferrals and asset/liability	17,816	7,544	2,366
	<u>\$ 1,809,109</u>	<u>\$ 978,936</u>	<u>\$ 1,413,471</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	<u>\$ 1,809,109</u>	<u>\$ 978,936</u>	<u>\$ 1,413,471</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>			
Cash and investments	\$ 5,160,099	\$ 1,816,859	\$ 2,743,061
Restricted cash and investments	343,384	214,574	1,695,472
	<u>\$ 5,503,483</u>	<u>\$ 2,031,433</u>	<u>\$ 4,438,533</u>
<b>CASH AND CASH EQUIVALENTS</b>			
	<u>\$ 5,503,483</u>	<u>\$ 2,031,433</u>	<u>\$ 4,438,533</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets contributed by developers	\$ -	\$ 142,477	\$ 58,354
	<u>\$ -</u>	<u>\$ 142,477</u>	<u>\$ 58,354</u>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals	
\$ (273,370)	\$ 2,191,295	\$ (692,290)
33,357	33,357	476
318,025	2,269,932	61,420
-	-	-
(117,156)	(40,123)	-
-	68,382	(4,051)
-	20,716	-
(20,949)	(51,621)	4,503
(22,194)	(200,054)	8,791
-	-	(82,439)
16,923	21,472	(126)
15,000	(13,552)	-
(12,401)	(186,198)	-
(786)	(3,367)	-
<u>2,168</u>	<u>29,894</u>	<u>5,308</u>
<u>\$ (61,383)</u>	<u>\$ 4,140,133</u>	<u>\$ (698,408)</u>
\$ 749,755	\$ 10,469,774	\$ 80,931
-	2,253,430	-
<u>\$ 749,755</u>	<u>\$ 12,723,204</u>	<u>\$ 80,931</u>
<u>\$ -</u>		<u>\$ -</u>

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2018

---

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 532,326
Receivables	
Taxes	<u>14,246,989</u>
<b>TOTAL ASSETS</b>	<u>\$ 14,779,315</u>
<b>LIABILITIES</b>	
Due to other taxing units	<u>\$ 14,779,315</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 14,779,315</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, 2018

---

<b>NOTE</b>	<b>Page</b>
I Summary of Significant Accounting Policies	23
A. Reporting Entity	23
B. Government-Wide and Fund Financial Statements	24
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	27
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	28
1. Deposits and Investments	28
2. Receivables	30
3. Inventories and Prepaid Items	31
4. Restricted Assets	32
5. Capital Assets	32
6. Deferred Outflows of Resources	33
7. Compensated Absences	34
8. Long-Term Obligations/Conduit Debt	34
9. Deferred Inflows of Resources	34
10. Equity Classifications	35
11. Pension	36
12. Basis for Existing Rates	37
II Stewardship, Compliance, and Accountability	37
A. Excess Expenditures and Other Financing Uses Over Appropriations	37
B. Deficit Balances	38
C. Limitations on the City's Tax Levy	38
III Detailed Notes on All Funds	39
A. Deposits and Investments	39
B. Receivables	42
C. Restricted Assets	43
D. Capital Assets	44
E. Interfund Receivables/Payables, Advances and Transfers	51
F. Long-Term Obligations	54
G. Closure and Postclosure Care Cost	58
H. Net Position/Fund Balances	59
I. Component Unit	61
IV Other Information	62
A. Employees' Retirement System	62
B. Risk Management	68
C. Commitments and Contingencies	68
D. Joint Ventures	70
E. Other Postemployment Benefits	70
F. Subsequent Events	73
G. Related Organizations	73
H. Tax Abatement	74
I. Effect of New Accounting Standards on Current-Period Financial Statements	75
J. Nonexchange Financial Guarantee	75
K. Developer Agreements	76
L. Tax Incremental Financing Districts	77

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

---

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

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

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

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

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

##### ***Business Improvement District***

The government-wide financial statements include the Business Improvement District ("BID") as a component unit. The BID is a legally separate organization. The board of the BID is appointed by the mayor of the City of River Falls. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the BID, and also create a potential financial benefit to or burden on the city. See Note III.I. As a component unit, the BID's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2018. The BID does not issue separate financial statements.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

---

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

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

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

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

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

Financial statements of the city are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

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

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- 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.

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

---

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

---

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

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

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- TIF #10 Special Revenue Fund - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the TIF #10.
- General Capital Projects Fund - accounts for and reports proceeds from long-term borrowing and other resources to be used for capital improvement projects.

The city reports the following major enterprise funds:

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

The city reports the following nonmajor governmental and enterprise funds:

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

Parking Improvements	Tax Increment District #12
Refuse/Solid Waste	Tax Increment District #13
Shared Ride Taxi	Tax Increment District #14
Environmental Fee	Library
Park Acquisition Fund	Commercial Revolving Loan Fund
Tax Increment District #5	Park Impact Fees
Tax Increment District #6	Library Impact Fees
Tax Increment District #7	Fire Impact Fees
Tax Increment District #8	Housing Reserve
Tax Increment District #9	Library Trust Fund
Tax Increment District #11	Tourism and Economic Development

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

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

---

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

---

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

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

The city reports the following nonmajor governmental and enterprise funds: (cont.)

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

Capital Equipment

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

Stormwater  
Ambulance

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

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

---

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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

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

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

---

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

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

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Electric Utility, Water Utility, Sewer Utility, Stormwater Utility, and Ambulance fund are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### ***All Financial Statements***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, 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.
- 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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### 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.)***

- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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

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

#### **Custodial Credit Risk**

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

#### **Credit Risk**

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

#### **Concentration of Credit Risk**

The city will diversify investments according to the following limits:

1. No financial institutions shall hold more than 15% of the city's investment portfolio excluding short-term construction bond proceeds.
2. Monies deposited at an individual financial institution shall not exceed 10% of the capital stock and surplus of that institution.
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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### 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.)

5. Financing for city projects, for a term not more than five years, shall not exceed 15% of the portfolio.
6. Total holdings of any one issuer may not exceed 10% of the market value of the portfolio at the time of purchase, with the exception of U.S. government issues fully guaranteed as to both principal and interest by the U.S. government or agencies thereof.

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

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on 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, 2018, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

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

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

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

---

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

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

Property tax calendar - 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale - 2018 delinquent real estate taxes	October 2021

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the electric, water or sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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

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

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

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

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

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

---

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

---

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

#### ***3. Inventories and Prepaid Items (cont.)***

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

#### ***4. Restricted Assets***

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

#### ***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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

---

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

##### **5. Capital Assets (cont.)**

###### ***Government-Wide Statements (cont.)***

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.

##### **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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### 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.)***

##### ***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, 2018, 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, accrued compensated absences, and other postemployment benefits.

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year-end is shown as an increase or decrease in the liability section of the statement of net position.

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is \$235,000, 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.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

**10. Equity Classifications**

***Government-Wide Statements***

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

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

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	\$ 45,525,838	\$ 51,766,884	\$ (1,808,752)	\$ 95,483,970
Unrestricted	996,937	10,937,517	1,808,752	13,743,206

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 Financial 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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

---

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

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

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

- 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.

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.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**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.)***

**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.

Current stormwater rates were effective April 1, 2007.

Current ambulance rates were effective March 1, 2018.

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

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

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General fund	\$ 10,041,965	\$ 10,201,921	\$ 159,956
Refuse/Solid Waste	728,194	762,611	34,417
TIF #11	1,755	1,877	122
TIF #13	-	8,500	8,500
TIF #14	-	10,500	10,500
Fire Impact Fees	27,524	54,976	27,452
Tourism and Economic Development	161,309	194,406	33,097
Debt Service Notes	588,220	589,511	1,291
Debt Service Bonds	292,169	304,196	12,027

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, 2018

### **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, 2018, the following individual funds held a deficit balance:

Fund	Amount	Reason
TIF #10	\$ 3,411,828	Insufficient tax increment generated
TIF #5	164,209	Insufficient tax increment generated
TIF #6	916,471	Insufficient tax increment generated
TIF #8	118,157	Insufficient tax increment generated
TIF #9	378,626	Insufficient tax increment generated
TIF #11	21,683	Insufficient tax increment generated
TIF #12	663,604	Insufficient tax increment generated
TIF #13	8,500	Insufficient tax increment generated
TIF #14	10,500	Insufficient tax increment generated
Library Impact Fees	148,843	Costs exceeded revenues due to purchase of property
Tourism and Economic Development	714,686	Costs exceeded revenues due to purchase of property
Debt Service Bonds	34,485	Insufficient revenues to cover expenditures
City Hall	150,316	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, 2018

### 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	\$ 8,016,675	\$ 8,160,502	Custodial credit
LGIP	15,356,940	15,356,940	Credit
US treasuries	1,949,788	1,949,788	Custodial credit, interest rate
Corporate bonds	824,070	824,070	Custodial credit, credit, interest rate, concentration of credit
Asset-backed securities	43,361	43,361	Custodial credit, credit, interest rate, concentration of credit
Mortgage-backed securities	95,774	95,774	Custodial credit, credit, interest rate, concentration of credit
Negotiable certificates of deposit	40,012	40,012	Credit, custodial credit, concentration of credit, interest rate
Petty cash	760	-	N/A
Total Deposits and Investments	<u>\$ 26,327,380</u>	<u>\$ 26,470,447</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 20,806,248		
Restricted cash and investments	4,988,806		
Per statement of assets and liabilities - agency fund			
Agency Fund	532,326		
Total Deposits and Investments	<u>\$ 26,327,380</u>		

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash.

Deposits in investments at Security Financial Bank are secured by \$11,000,000 of Federal Home Loan Bank letters of credit.

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, 2018			
	Level 1	Level 2	Level 3	Total
US treasuries	\$ -	\$ 1,949,788	\$ -	\$ 1,949,788
Corporate bonds	-	824,070	-	824,070
Asset-backed securities	-	43,361	-	43,361
Mortgage-backed securities	-	95,774	-	95,774
Negotiable certificates of deposit	-	40,012	-	40,012
Total	\$ -	\$ 2,953,005	\$ -	\$ 2,953,005

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

---

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

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

##### **Deposits**

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

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

##### **Investments**

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

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

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

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

As of December 31, 2018, the city's investments were rated as follows:

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

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

Local Government Investment Pool

##### ***Concentration of Credit Risk***

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

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.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2018, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)	
		Less than One Year	One - Five
US treasuries	\$ 1,949,788	\$ 695,039	\$ 1,254,749
Corporate bonds	824,070	153,891	670,179
Asset-backed securities	43,361	3,922	39,439
Mortgage-backed securities	95,774	29,127	66,647
Negotiable certificates of deposit	40,012	40,012	-
Totals	<u>\$ 2,953,005</u>	<u>\$ 921,991</u>	<u>\$ 2,031,014</u>

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

**B. RECEIVABLES**

All of the receivables on the balance sheet are expected to be collected within one year except for special assessments of \$54,808 in the general fund, loans of \$190,936 in the general capital projects fund, loans of \$5,682 in the electric utility, special assessments of \$20,799 in nonmajor governmental funds, and loans of \$227,846 in nonmajor governmental funds.

Revenues of the ambulance fund are reported net of contractual cost reductions related to Medicare and Medicaid and amount to \$1,290,788 for the current period.

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

General Fund	
Allowance for various uncollectible receivables	<u>\$ 20,973</u>
Nonmajor Enterprise Funds	
Allowance for uncollectible ambulance receivables	<u>\$ 1,362,335</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

**B. RECEIVABLES (cont.)**

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable	\$ 7,862,409	\$ 5,362
Special assessments receivable	-	71,407
Grants receivable	-	78,412
Loans receivable	-	520,646
Developer deposits	2,735,097	-
Miscellaneous	-	127,739
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 10,597,506</u>	 <u>\$ 803,566</u>
 Unearned revenue included in liabilities	\$ 2,735,097	
Unearned revenue included in deferred inflows	 7,862,409	
 Total Unearned Revenue for Governmental Funds	 <u>\$ 10,597,506</u>	

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

***Long-Term Debt Accounts***

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Construction - Used to report proceeds of bond issuances that are restricted for use in construction.

***Equipment Replacement Account***

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

***Impact Fee Account***

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

***Net Pension Asset***

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2018:

Restricted Assets	
Bond redemption account	\$ 444,150
Bond reserve account	945,856
Impact fee account	423,653
Construction account	2,735,376
Replacement account	439,771
Net pension asset	<u>1,590,578</u>
Total Restricted Assets	<u>\$ 6,579,384</u>

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 12,968,147	\$ 619,236	\$ 386,738	\$ 13,200,645
Construction in progress	<u>4,202,881</u>	<u>905,520</u>	<u>4,301,882</u>	<u>806,519</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>17,171,028</u>	<u>1,524,756</u>	<u>4,688,620</u>	<u>14,007,164</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>				
Capital assets being depreciated/amortized				
Land improvements	\$ 521,469	\$ -	\$ -	\$ 521,469
Buildings	15,423,402	3,595,771	-	19,019,173
Machinery and equipment	7,171,205	288,558	98,431	7,361,332
Infrastructure	37,067,763	491,181	-	37,558,944
Intangibles	342,638	-	-	342,638
Total Capital Assets Being Depreciated/Amortized	60,526,477	4,375,510	98,431	64,803,556
Total Capital Assets	77,697,505	5,900,266	4,787,051	78,810,720
Less: Accumulated depreciation/amortization for				
Land improvements	(287,454)	(23,693)	-	(311,147)
Buildings	(6,077,784)	(492,258)	-	(6,570,042)
Machinery and equipment	(3,405,741)	(413,729)	69,115	(3,750,355)
Infrastructure	(8,606,871)	(490,205)	-	(9,097,076)
Intangibles	(137,142)	(35,675)	-	(172,817)
Total Accumulated Depreciation/Amortization	(18,514,992)	(1,455,560)	69,115	(19,901,437)
Net Capital Assets Being Depreciated/Amortized	42,011,485	2,919,950	29,316	44,902,119
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 59,182,513	\$ 4,444,706	\$ 4,717,936	\$ 58,909,283

Depreciation/amortization expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 191,802
Public safety	175,708
Public works	697,407
Leisure activities	268,911
Conservation and development	121,732
Total Governmental Activities Depreciation/Amortization Expense	\$ 1,455,560

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

**Business-type Activities**

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Electric</u>					
Capital assets not being depreciated					
Land and land rights	\$ 122,960	\$ -	\$ -	\$ -	\$ 122,960
Construction in progress	<u>3,543,435</u>	<u>-</u>	<u>1,970,597</u>	<u>5,179,753</u>	<u>334,279</u>
Total Capital Assets Not Being Depreciated	<u>3,666,395</u>	<u>-</u>	<u>1,970,597</u>	<u>5,179,753</u>	<u>457,239</u>
Capital assets being depreciated					
Hydraulic production	932,179	-	-	-	932,179
Other production	1,260,829	-	-	-	1,260,829
Transmission	1,536,162	-	1,635,021	452,254	2,718,929
Distribution	20,148,551	-	3,517,802	278,791	23,387,562
General	<u>2,219,379</u>	<u>-</u>	<u>106,040</u>	<u>81,271</u>	<u>2,244,148</u>
Total Capital Assets Being Depreciated	<u>26,097,100</u>	<u>-</u>	<u>5,258,863</u>	<u>812,316</u>	<u>30,543,647</u>
Total Capital Assets	<u>29,763,495</u>	<u>-</u>	<u>7,229,460</u>	<u>5,992,069</u>	<u>31,000,886</u>
Less: Accumulated depreciation for					
Hydraulic production	(662,079)	-	(20,448)	-	(682,527)
Other production	(714,229)	-	(25,128)	-	(739,357)
Transmission	(1,257,573)	-	(60,742)	505,342	(812,973)
Distribution	(9,547,314)	8,570	(743,258)	336,062	(9,945,940)
General	<u>(1,405,450)</u>	<u>(15,230)</u>	<u>(103,870)</u>	<u>81,272</u>	<u>(1,443,278)</u>
Total Accumulated Depreciation	<u>(13,586,645)</u>	<u>(6,660)</u>	<u>(953,446)</u>	<u>922,676</u>	<u>(13,624,075)</u>
Net Capital Assets Being Depreciated	<u>12,510,455</u>	<u>(6,660)</u>	<u>4,305,417</u>	<u>(110,360)</u>	<u>16,919,572</u>
Net Electric Capital Assets	<u>\$ 16,176,850</u>	<u>\$ (6,660)</u>	<u>\$ 6,276,014</u>	<u>\$ 5,069,393</u>	<u>\$ 17,376,811</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**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	50,830	-	142,879	16,523	177,186
Total Capital Assets Not Being Depreciated	<u>73,950</u>	<u>-</u>	<u>142,879</u>	<u>16,523</u>	<u>200,306</u>
Capital assets being depreciated					
Source of supply	881,451	-	-	-	881,451
Pumping	2,102,427	-	-	4,734	2,097,693
Water treatment	83,786	-	-	34,115	49,671
Transmission and distribution	16,913,278	-	282,505	78,562	17,117,221
General	600,288	-	2,377	36,749	565,916
Total Capital Assets Being Depreciated	<u>20,581,230</u>	<u>-</u>	<u>284,882</u>	<u>154,160</u>	<u>20,711,952</u>
Total Capital Assets	<u>20,655,180</u>	<u>-</u>	<u>427,761</u>	<u>170,683</u>	<u>20,912,258</u>
Less: Accumulated depreciation for					
Source of supply	(139,473)	-	(30,121)	-	(169,594)
Pumping	(603,815)	-	(60,500)	4,734	(659,581)
Water treatment	(51,008)	-	(2,694)	34,115	(19,587)
Transmission and distribution	(4,788,076)	-	(372,139)	76,479	(5,083,736)
General	(417,401)	-	(29,637)	36,749	(410,289)
Total Accumulated Depreciation	<u>(5,999,773)</u>	<u>-</u>	<u>(495,091)</u>	<u>152,077</u>	<u>(6,342,787)</u>
Net Capital Assets Being Depreciated	<u>14,581,457</u>	<u>-</u>	<u>(210,209)</u>	<u>2,083</u>	<u>14,369,165</u>
Net Water Capital Assets	<u>\$ 14,655,407</u>	<u>\$ -</u>	<u>\$ (67,330)</u>	<u>\$ 18,606</u>	<u>\$ 14,569,471</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**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>Sewer</u>					
Capital assets not being depreciated					
Land and land rights	\$ 117,622	\$ -	\$ -	\$ -	\$ 117,622
Construction in progress	95,844	-	343,996	-	439,840
Total Capital Assets Not Being Depreciated	<u>213,466</u>	<u>-</u>	<u>343,996</u>	<u>-</u>	<u>557,462</u>
Capital assets being depreciated					
Collection system	17,588,880	-	58,354	-	17,647,234
Collection system pumping	1,134,877	-	-	106,398	1,028,479
Treatment and disposal	8,137,519	-	3,072,693	62,076	11,148,136
General	1,873,324	-	1,238,073	29,098	3,082,299
Intangibles	120,661	-	-	7,347	113,314
Completed construction not classified	<u>4,435,388</u>	<u>-</u>	<u>-</u>	<u>4,435,388</u>	<u>-</u>
Total Capital Assets Being Depreciated	<u>33,290,649</u>	<u>-</u>	<u>4,369,120</u>	<u>4,640,307</u>	<u>33,019,462</u>
Total Capital Assets	<u>33,504,115</u>	<u>-</u>	<u>4,713,116</u>	<u>4,640,307</u>	<u>33,576,924</u>
Less: Accumulated depreciation for					
Collection system	(3,324,828)	47,949	(188,648)	-	(3,465,527)
Collection system pumping	(894,708)	-	(25,536)	132,913	(787,331)
Treatment and disposal	(4,628,982)	(58,826)	(227,276)	49,813	(4,865,271)
General	(1,011,070)	(16,564)	(94,701)	27,239	(1,095,096)
Completed construction not classified	<u>(88,708)</u>	<u>-</u>	<u>-</u>	<u>88,708</u>	<u>-</u>
Total Accumulated Depreciation	<u>(9,948,296)</u>	<u>(27,441)</u>	<u>(536,161)</u>	<u>298,673</u>	<u>(10,213,225)</u>
Net Capital Assets Being Depreciated	<u>23,342,353</u>	<u>(27,441)</u>	<u>3,832,959</u>	<u>4,341,634</u>	<u>22,806,237</u>
Net Sewer Capital Assets	<u>\$ 23,555,819</u>	<u>\$ (27,441)</u>	<u>\$ 4,176,955</u>	<u>\$ 4,341,634</u>	<u>\$ 23,363,699</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**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>Stormwater</u>					
Capital assets not being depreciated					
Construction in progress	\$ 48,800	\$ -	\$ 15,550	\$ -	\$ 64,350
Total Capital Assets Not Being Depreciated	<u>48,800</u>	<u>-</u>	<u>15,550</u>	<u>-</u>	<u>64,350</u>
Capital assets being depreciated					
Machinery and equipment	146,481	-	2,377	5,418	143,440
Collection system	<u>8,502,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,502,707</u>
Total Capital Assets Being Depreciated	<u>8,649,188</u>	<u>-</u>	<u>2,377</u>	<u>5,418</u>	<u>8,646,147</u>
Total Capital Assets	<u>8,697,988</u>	<u>-</u>	<u>17,927</u>	<u>5,418</u>	<u>8,710,497</u>
Less: Accumulated depreciation for					
Machinery and equipment	(80,028)	-	(15,312)	2,087	(93,253)
Collection system	<u>(2,043,095)</u>	<u>-</u>	<u>(157,274)</u>	<u>-</u>	<u>(2,200,369)</u>
Total Accumulated depreciation	<u>(2,123,123)</u>	<u>-</u>	<u>(172,586)</u>	<u>2,087</u>	<u>(2,293,622)</u>
Net Capital Assets Being Depreciated	<u>6,526,065</u>	<u>-</u>	<u>(170,209)</u>	<u>3,331</u>	<u>6,352,525</u>
Net Stormwater Capital Assets	<u>\$ 6,574,865</u>	<u>\$ -</u>	<u>\$ (154,659)</u>	<u>\$ 3,331</u>	<u>\$ 6,416,875</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**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
Total Capital Assets Not Being Depreciated	101,298	-	-	-	101,298
Capital assets being depreciated					
Building improvements	21,393	-	-	-	21,393
Buildings	601,408	-	-	-	601,408
Machinery and equipment	1,321,311	-	60,925	16,990	1,365,246
Intangibles	42,079	-	-	6,847	35,232
Total Capital Assets Being Depreciated	1,986,191	-	60,925	23,837	2,023,279
Total Capital Assets	2,087,489	-	60,925	23,837	2,124,577
Less: Accumulated depreciation for					
Building improvements	(21,393)	-	-	-	(21,393)
Buildings	(417,526)	-	(21,833)	-	(439,359)
Machinery and equipment	(776,654)	-	(120,275)	16,140	(880,789)
Total Accumulated Depreciation	(1,215,573)	-	(142,108)	16,140	(1,341,541)
Net Capital Assets Being Depreciated	770,618	-	(81,183)	7,697	681,738
Net Ambulance Capital Assets	\$ 871,916	\$ -	\$ (81,183)	\$ 7,697	\$ 783,036
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 61,834,857	\$ (34,101)	\$10,149,797	\$9,440,661	\$ 62,509,892

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

Depreciation/amortization expense was charged to functions as follows:

**Business-type Activities**

Electric	\$ 953,446
Water	451,377
Sewer	547,084
Stormwater	175,917
Ambulance	<u>142,108</u>

Total Business-type Activities Depreciation Expense	<u><u>\$ 2,269,932</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 District #14	\$ 164,968
General Fund	Library Impact Fees	180,013
General Fund	Debt Service Bonds	51,896
General Fund	City Hall	160,395
General Fund	Technology	<u>102,298</u>
Total - Fund Financial Statements		659,570
Less: Fund eliminations		(396,877)
Add: Interfund receivables created with internal service fund eliminations		<u>801,348</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 1,064,041</u></u>

All amounts are due within one year.

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

***Advances***

The general fund, general capital projects fund, and environmental fee fund are advancing funds to TIF Districts No. 5, No. 6, No. 8, No. 9, No. 10, No. 11, No. 12, No. 13 and No. 14. The amounts advanced are determined by the deficiency of revenues and other financing sources over expenditures and other financing uses since each District's inception. No repayment schedule has been established for TIF Districts No. 6, No. 8, No. 9, No. 10, No. 11, No. 12, No. 13 and No. 14. 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	\$ 164,465	\$ 114,465
General Fund	TIF District #6	917,045	917,045
General Fund	TIF District #8	118,157	118,157
General Fund	TIF District #9	378,894	378,894
General Fund	TIF District #10	2,622,711	2,622,711
General Fund	TIF District #11	22,159	22,159
General Fund	TIF District #12	663,726	663,726
General Fund	TIF District #13	8,500	8,500
General Fund	TIF District #14	10,500	10,500
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	<u>1,000,000</u>	1,000,000
Environmental Fee		6,906,157	
Less: Fund eliminations		<u>(6,906,157)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Position		<u>\$ -</u>	

In addition to the interfund advances scheduled above, the General Fund paid a portion of its general property tax levy to TIF District #5 in 2003 through 2009, totaling \$1,773,301. TIF District #5 is contingently liable for repayment of this amount to the General Fund, if TIF District #5 has sufficient resources.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**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	\$ 1,179	Budgeted allocations
General	General Capital Projects	50,162	Budgeted allocations
General	Nonmajor governmental funds	297,154	Budgeted allocations
General	Electric utility	616,851	Property tax equivalent & budgeted allocations
General	Water utility	373,765	Property tax equivalent & budgeted allocations
General	Sewer utility	140,238	Budgeted allocations
General	Nonmajor enterprise funds	154,674	Budgeted allocations
General	Internal service funds	57,674	Budgeted allocations
Nonmajor governmental funds	General	167,145	Budgeted allocations
Nonmajor governmental funds	Nonmajor governmental funds	67,832	Budgeted allocations
Nonmajor governmental funds	Nonmajor enterprise funds	4,458	Budgeted allocations
Nonmajor governmental funds	Internal service funds	159,654	Budgeted allocations
Internal service funds	General	556,852	Budgeted allocations
Internal service funds	Nonmajor governmental funds	70,332	Budgeted allocations
Internal service funds	Electric utility	163,570	Budgeted allocations
Internal service funds	Water utility	42,792	Budgeted allocations
Internal service funds	Sewer utility	58,796	Budgeted allocations
Internal service funds	Nonmajor enterprise funds	71,875	Budgeted allocations
Internal service funds	Internal service funds	<u>56,995</u>	Budgeted allocations
Total - Fund Financial Statements		3,111,998	
Less: Fund and government-wide eliminations		<u>(1,484,979)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 1,627,019</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, 2018

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

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2018, 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	\$ 15,711,571	\$ 3,976,000	\$ 1,467,701	\$ 18,219,870	\$ 1,642,302
(Discounts)/Premiums	<u>516,607</u>	<u>-</u>	<u>37,596</u>	<u>479,011</u>	<u>-</u>
Sub-totals	<u>16,228,178</u>	<u>3,976,000</u>	<u>1,505,297</u>	<u>18,698,881</u>	<u>1,642,302</u>
Other Liabilities					
Vested compensated absences	976,869	52,726	677,060	352,535	226,867
Capital leases	22,526	-	22,526	-	-
Other postemployment benefits	583,326	-	25,273	558,053	-
Net pension liability	293,277	-	293,277	-	-
Landfill post-closure care cost	139,920	6,017	7,767	138,170	7,767
Total Other Liabilities	<u>2,015,918</u>	<u>58,743</u>	<u>1,025,903</u>	<u>1,048,758</u>	<u>234,634</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 18,244,096</u>	<u>\$ 4,034,743</u>	<u>\$ 2,531,200</u>	<u>\$ 19,747,639</u>	<u>\$ 1,876,936</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 2,380,000	\$ -	\$ 655,000	\$ 1,725,000	\$ 440,000
Revenue bonds	7,679,107	2,500,000	352,486	9,826,621	677,359
Other long-term debt	52,974	-	45,381	7,593	2,444
(Discounts)/Premiums	182,952	84,482	28,160	239,274	-
Sub-totals	<u>10,295,033</u>	<u>2,584,482</u>	<u>1,081,027</u>	<u>11,798,488</u>	<u>1,119,803</u>
Other Liabilities					
Vested compensated absences	295,427	28,812	215,010	109,229	109,229
Other postemployment benefits	117,360	2,661	-	120,021	-
Net pension liability	120,088	-	120,088	-	-
Total Other Liabilities	<u>532,875</u>	<u>31,473</u>	<u>335,098</u>	<u>229,250</u>	<u>109,229</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 10,827,908</u>	<u>\$ 2,615,955</u>	<u>\$ 1,416,125</u>	<u>\$ 12,027,738</u>	<u>\$ 1,229,032</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, 2018, was \$52,506,230. Total general obligation debt outstanding at year-end was \$19,944,870.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### 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, 2018</u>
Refunding Bonds	03/2012	03/2028	2.4%	\$ 4,560,000	\$ 2,285,000
Corporate Purpose Bonds	08/2014	06/2034	3.00-4.00%	5,425,000	4,805,000
State Trust Fund Loan	07/2015	03/2034	3.75%	1,600,000	1,400,446
State Trust Fund Loan	10/2015	03/2025	3.25%	269,800	219,349
Promissory Note	10/2015	10/2025	2.94%	575,000	404,290
Refunding Bonds	04/2016	03/2029	2.0-3.0%	4,060,000	4,000,000
State Trust Fund Loan	01/2017	03/2031	3.50%	1,100,000	1,044,007
State Trust Fund Loan	01/2017	03/2021	2.50%	112,500	85,778
Park Bonds	07/2018	04/2033	3.0-3.2%	3,460,000	3,460,000
Promissory Note	12/2018	12/2023	3.33%	516,000	<u>516,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 18,219,870</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, 2018</u>
Refunding Bonds	07/2011	11/2019	2.0-2.5%	\$ 1,740,000	\$ 145,000
Refunding Bonds	08/2012	05/2023	1.0-2.5%	3,165,000	<u>1,580,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 1,725,000</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**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
2019	\$ 1,642,302	\$ 584,507	\$ 440,000	\$ 32,725
2020	1,678,394	507,722	305,000	23,413
2021	1,715,201	454,524	315,000	16,450
2022	1,426,956	403,611	325,000	10,050
2023	1,268,229	355,616	340,000	3,400
2024-2028	6,059,424	1,222,197	-	-
2029-2033	3,983,837	434,129	-	-
2034	445,527	10,453	-	-
Totals	<u>\$ 18,219,870</u>	<u>\$ 3,972,759</u>	<u>\$ 1,725,000</u>	<u>\$ 86,038</u>

**Revenue Debt**

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

The electric utility has pledged future electric utility revenues, net of specified operating expenses, to repay revenue bonds issued in 2018. The bonds are payable solely from electric utility revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require 14.21% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,959,440. There was no principal and interest paid on the 2018 revenue bonds in 2018 and total customer net revenues were \$2,083,030.

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 16% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,037,600. Principal and interest paid for the current year and total customer net revenues were \$156,175 and \$979,685, 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 24.97% of net revenues. The total principal and interest remaining to be paid on the bonds is \$7,053,688. Principal and interest paid for the current year and total customer net revenues were \$410,149 and \$1,569,356, respectively.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2018, 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, 2018</u>
<u>Electric Utility</u>					
Revenue Bonds	07/2018	04/2028	3.0-4.0%	\$ 2,500,000	<u>\$ 2,500,000</u>
				Total Electric Utility	<u>2,500,000</u>
<u>Water Utility</u>					
Revenue Bonds	07/2011	11/2031	2.0-4.4%	2,125,000	<u>1,585,000</u>
				Total Water Utility	<u>1,585,000</u>
<u>Sewer Utility</u>					
Revenue Bonds	11/2005	05/2025	2.746%	3,317,130	1,386,621
Revenue Bonds	04/2016	05/2036	2.0-3.0%	4,510,000	<u>4,355,000</u>
				Total Sewer Utility	<u>5,741,621</u>
Total Business-type Activities - Revenue Debt					<u>\$ 9,826,621</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

**Revenue Debt (cont.)**

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 677,359	\$ 306,278
2020	707,367	267,236
2021	732,512	246,996
2022	752,798	224,727
2023	773,230	201,616
2024-2028	3,558,355	675,519
2029-2033	1,745,000	261,685
2034-2036	880,000	40,050
Totals	<u>\$ 9,826,621</u>	<u>\$ 2,224,107</u>

**Other Debt Information**

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

**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 \$138,170 reported as landfill closure and postclosure care liability at December 31, 2018, represents the estimated amount of future postclosure costs. These amounts are based on what it would cost to perform all postclosure care in 2018. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

---

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

---

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

Net position reported on the government wide statement of net position at December 31, 2018, includes the following:

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

Net Investment in Capital Assets	
Land	\$ 13,200,645
Construction in progress	806,519
Other capital assets, net of accumulated depreciation	44,902,119
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(15,476,606)
Plus: Noncapital debt proceeds	2,263,594
Less: Unamortized debt premium	(479,011)
Plus: Unamortized deferred charge on refunding	<u>308,578</u>
Total Net Investment in Capital Assets	<u><u>\$ 45,525,838</u></u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**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, 2018, 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	\$ 98,724	\$ -	\$ -	\$ 5,478	\$ 104,202
Advances to other funds	4,906,157	-	500,000	-	5,406,157
Sub-total	<u>5,004,881</u>	<u>-</u>	<u>500,000</u>	<u>5,478</u>	<u>5,510,359</u>
<b>Restricted for:</b>					
Park projects	-	-	2,735,376	-	2,735,376
Debt service	-	-	-	155,544	155,544
Parking improvements	-	-	-	75,239	75,239
Refuse/solid waste	-	-	-	67,905	67,905
Shared ride taxi	-	-	-	42,095	42,095
Environmental fee	-	-	-	2,993,838	2,993,838
Library	-	-	-	53,589	53,589
Park impact fee projects	-	-	-	282,196	282,196
Fire impact fee projects	-	-	-	134,411	134,411
Housing reserve	-	-	-	708,870	708,870
Library trust	-	-	-	174,622	174,622
Sub-total	<u>-</u>	<u>-</u>	<u>2,735,376</u>	<u>4,688,309</u>	<u>7,423,685</u>
<b>Committed to:</b>					
Park acquisition	-	-	-	1,125	1,125
Revolving loan	-	-	-	19,686	19,686
Equipment	-	-	-	36,443	36,443
Sub-total	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,254</u>	<u>57,254</u>
<b>Unassigned (deficit):</b>	<u>5,130,266</u>	<u>(3,411,828)</u>	<u>(1,146,041)</u>	<u>(3,179,818)</u>	<u>(2,607,421)</u>
<b>Total Fund Balances (Deficit)</b>	<u>\$ 10,135,147</u>	<u>\$ (3,411,828)</u>	<u>\$ 2,089,335</u>	<u>\$ 1,571,223</u>	<u>\$ 10,383,877</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**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	1,015,655
Other capital assets, net of accumulated depreciation	61,129,237
Less: Long-term debt outstanding	(11,551,621)
Plus: Unamortized loss on refunding	102,031
Less: Unamortized debt premium	(239,274)
Plus: Unspent debt proceeds	<u>945,856</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 51,766,884</u></u>

Of the total December 31, 2018 unrestricted net position of \$5,804,982 in the electric utility, \$156,001 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

	Carrying Value	Statement Balances	Associated Risks
Deposits	<u>\$ 26,911</u>	<u>\$ 27,019</u>	Custodial credit risk

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

---

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

##### **BUSINESS IMPROVEMENT DISTRICT** (cont.)

##### b. Deposits and Investments (cont.)

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

#### Deposits

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

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

---

### NOTE IV - OTHER INFORMATION

---

#### A. EMPLOYEES' RETIREMENT SYSTEM

**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, if hired on or before 12/31/2016) 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, 2018

---

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

---

#### 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>
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)
2017	2.0	4.0

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

---

#### 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 \$588,772 in contributions from the city.

Contribution rates for the plan year reported as of December 31, 2018 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 Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2018, the city reported an asset of \$1,590,578 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 asset was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the city's proportion was 0.05357074%, which was an increase of 0.00341961% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the city recognized pension expense of \$749,807.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

At December 31, 2018, 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	\$ 2,020,870	\$ 945,296
Changes in assumptions	314,267	-
Net differences between projected and actual earnings on pension plan investments	-	2,186,103
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,165	30,153
Employer contributions subsequent to the measurement date	621,681	-
Totals	<u>\$ 2,963,983</u>	<u>\$ 3,161,552</u>

Deferred outflows of resources and deferred inflows of resources (except for employer contributions subsequent to the measurement date) reported above are for the government as a whole as reported by the WRS. Totals do not agree to the statement of net position due to internal allocations of these amounts between the governmental activities and the business-type activities.

\$621,681 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)/asset in the year ended December 31, 2019. 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 and Deferred Inflows of Resources (net)
2019	\$ 168,503
2020	(20,709)
2021	(554,187)
2022	(416,643)
2023	3,786

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

---

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

**Actuarial assumptions.** The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair 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, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### 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:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	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, 2018

### 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 3.31%. 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 asset to changes in the discount rate.** The following presents the city's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension asset 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 asset/(liability)	\$(4,115,370)	\$1,590,578	\$5,927,276

**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, 2018, 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, 2018

---

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

---

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

From time to time, the city is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the city attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the city's financial position or results of operations.

The city has active construction projects as of December 31, 2018. 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 \$3,523,000 at December 31, 2018 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.

Forty-nine members, representing approximately 98% of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining two members have long-term contracts through December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$342 million as of December 31, 2018.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

---

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

The City of River Falls and other municipalities jointly contract with the West Central Wisconsin Biosolids Facility Commission (facility) for the treatment, storage, disposal, recycling and/or sale of biosolids (sludge). Communities provided capital contributions to the facility as follows:

Hudson	41.39%
River Falls	18.59%
New Richmond	8.99%
Prescott	8.93%
Ellsworth	6.69%
Amery	6.35%
Baldwin	4.52%
Spring Valley	2.00%
Somerset	1.31%
Roberts	1.24%

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, 2018 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, 2018

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

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

**GENERAL INFORMATION ABOUT THE OPEB PLAN (cont.)**

**Employees covered by benefit terms.** At December 31, 2018, 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	67
	73

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

**TOTAL OPEB LIABILITY**

The city's total OPEB liability of \$678,074 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

**Actuarial assumptions and other inputs.** The total OPEB liability in the December 31, 2018 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, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2016.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

***CHANGES IN THE TOTAL OPEB LIABILITY***

	Total OPEB Liability
Balances at December 31, 2017	\$ 700,686
Changes for the year:	
Service cost	39,517
Interest	25,542
Differences between expected and actual experience	(17,294)
Changes in assumptions or other inputs	(24,500)
Benefit payments	(45,877)
Net changes	(22,612)
Balances at December 31, 2018	\$ 678,074

Changes of assumptions and other inputs reflect a change in the discount rate from 3.56 percent in 2017 to 4.11 percent in 2018.

***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 (3.1 percent) or 1-percentage-point higher (5.1 percent) than the current discount rate:

	1% Decrease (3.1%)	Discount Rate (4.1%)	1% Increase (5.1%)
Total OPEB liability	\$ 723,113	\$ 678,074	\$ 635,373

***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 ( 7.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (9.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (7.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (8.5% Decreasing to 5.0%)	1% Increase (9.5% Decreasing to 6.0%)
Total OPEB liability	\$ 606,424	\$ 678,074	\$ 762,259

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

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

For the year ended December 31, 2018, the city recognized negative OPEB expense of \$10,785. At December 31, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,403	\$ 14,822
Changes of assumptions or other inputs	49,470	21,000
Total	\$ 69,873	\$ 35,822

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:

2019	\$ 5,674
2020	5,674
2021	5,674
2022	5,674
2023	5,674
Thereafter	5,681

**F. SUBSEQUENT EVENTS**

On January 25, 2019, the city issued a \$1,500,000 promissory note with an interest rate of 2.84%. The proceeds will be used as interim financing for the new police facility purchase and alterations.

**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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

---

#### *H. TAX ABATEMENTS*

Tax abatements are a reduction in tax revenues that results 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 a tax abatement agreement with three developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatement is authorized through the TID project plan. The developer pays property taxes as they become due, and after meeting the criteria established in the development agreement, is entitled to a future incentive payment that directly correlates 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 \$62,169 in 2018 and a total of \$306,161 in 2012 through 2017.

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 tax beginning with tax 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 2018 and a total of \$280,000 in 2014 through 2017.

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 with 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.

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

---

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

---

### ***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. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*
- > Statement No. 91, *Conduit Debt Obligations*

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, 2018 is limited to a maximum of \$221,705 in principal plus interest.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

---

#### ***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 following issuance of the Certificate of Completion and Occupancy 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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

---

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

The city currently maintains separate special revenue funds to account for its 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. 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. 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
TID No. 13	2018	2033	2039
TID No. 14	2018	2040	2046

**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF RIVER FALLS

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,710,066	\$ 3,710,066	\$ 4,200,495	\$ 490,429
Special assessments	-	-	364	364
Intergovernmental	3,247,211	3,247,211	3,378,321	131,110
Licenses and permits	319,380	319,380	367,839	48,459
Fines, forfeitures and penalties	205,000	205,000	190,385	(14,615)
Public charges for services	219,975	219,975	351,485	131,510
Intergovernmental charges for services	25,000	25,000	23,072	(1,928)
Investment income	300,000	300,000	258,813	(41,187)
Miscellaneous revenues	49,000	49,000	153,581	104,581
Total Revenues	8,075,632	8,075,632	8,924,355	848,723
<b>EXPENDITURES</b>				
Current				
General government	1,830,610	1,830,610	1,883,391	(52,781)
Public safety	3,623,419	3,623,419	3,665,080	(41,661)
Public works	2,319,604	2,319,604	2,312,217	7,387
Health services	10,040	10,040	1,781	8,259
Leisure activities	708,854	708,854	745,688	(36,834)
Conservation and development	759,405	759,405	716,132	43,273
Debt Service				
Principal	174,262	174,262	136,095	38,167
Interest and fiscal charges	18,967	18,967	17,540	1,427
Total Expenditures	9,445,161	9,445,161	9,477,924	(32,763)
Excess (deficiency) of revenues over (under) expenditures	(1,369,529)	(1,369,529)	(553,569)	815,960
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,606,279	1,606,279	1,691,697	85,418
Transfers out	(596,804)	(596,804)	(723,997)	(127,193)
Property sales	15,000	15,000	6,337	(8,663)
Total Other Financing Sources (Uses)	1,024,475	1,024,475	974,037	(50,438)
<b>Net Change in Fund Balance</b>	(345,054)	(345,054)	420,468	765,522
FUND BALANCE - Beginning of Year	9,714,679	9,714,679	9,714,679	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 9,369,625	\$ 9,369,625	\$ 10,135,147	\$ 765,522

See 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, 2018

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
<b>REVENUES</b>			
Taxes	\$ 547,019	\$ 116,658	\$ (430,361)
Investment income	-	402	402
Miscellaneous	-	2,055	2,055
Total Revenues	<u>547,019</u>	<u>119,115</u>	<u>(427,904)</u>
<b>EXPENDITURES</b>			
Current			
Conservation and development	84,000	6,735	77,265
Capital Outlay	-	9,967	(9,967)
Debt Service			
Principal retirement	280,819	190,993	89,826
Interest and fiscal charges	156,021	146,309	9,712
Total Expenditures	<u>520,840</u>	<u>354,004</u>	<u>166,836</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,179</u>	<u>(234,889)</u>	<u>(261,068)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to other funds	(26,179)	(1,179)	25,000
Property sales	-	49,500	49,500
Total Other Financing Sources (Uses)	<u>(26,179)</u>	<u>48,321</u>	<u>74,500</u>
<b>Net change in fund balance</b>	-	(186,568)	(186,568)
FUND BALANCE (DEFICIT) - Beginning of Year	<u>(3,225,260)</u>	<u>(3,225,260)</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<u>\$ (3,225,260)</u>	<u>\$ (3,411,828)</u>	<u>\$ (186,568)</u>

See 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, 2018

	Year End Date	
	2018	2017
<b>Total OPEB Liability</b>		
Service cost	\$ 39,517	\$ 34,576
Interest	25,542	21,789
Changes of benefit terms	-	-
Differences between expected and actual experience	(17,294)	27,203
Changes of assumptions	(24,500)	65,960
Benefit payments	<u>(45,877)</u>	<u>(41,071)</u>
<b>Net Change in Total OPEB Liability</b>	(22,612)	108,457
<b>Total OPEB Liability - Beginning</b>	<u>700,686</u>	<u>592,229</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 678,074</u></u>	<u><u>\$ 700,686</u></u>
<b>Covered-employee payroll</b>	\$ 4,843,135	\$ 4,692,960
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	14.00%	14.93%

See 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, 2018

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
12/31/17	0.05357074% \$	1,590,578 \$	7,708,241	20.63%	102.93%
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, 2018

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
12/31/18	\$ 621,681	\$ 621,681	\$ -	7,832,862	7.94%
12/31/17	595,057	595,057	-	7,708,241	7.72%
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.

# CITY OF RIVER FALLS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

---

### ***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 date; 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 3.56 percent in 2017 to 4.11 percent in 2018.

### ***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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>TAXES</b>				
General property taxes	\$ 3,623,566	\$ 3,623,566	\$ 4,108,581	\$ 485,015
Mobile home taxes	22,000	22,000	21,786	(214)
Payments in lieu of taxes - housing authority	7,500	7,500	7,610	110
Payment in lieu of taxes - other	57,000	57,000	62,159	5,159
Interest and penalties on taxes	-	-	359	359
Total Taxes	<u>3,710,066</u>	<u>3,710,066</u>	<u>4,200,495</u>	<u>490,429</u>
<b>SPECIAL ASSESSMENTS</b>				
Special assessments	-	-	364	364
Total Special Assessments	<u>-</u>	<u>-</u>	<u>364</u>	<u>364</u>
<b>INTERGOVERNMENTAL</b>				
State shared revenues	1,988,408	1,988,408	1,966,975	(21,433)
Fire insurance from state	35,000	35,000	40,354	5,354
State aid - computers	10,000	10,000	10,500	500
State aid - police training	-	-	3,680	3,680
State aid - other public safety	24,000	24,000	33,885	9,885
State aid - streets	616,115	616,115	692,870	76,755
State aid - local road improvement program	-	-	15,250	15,250
State aid - municipal services	220,000	220,000	262,082	42,082
Municipal grants	298,688	298,688	293,789	(4,899)
School district grant	55,000	55,000	58,936	3,936
Total Intergovernmental	<u>3,247,211</u>	<u>3,247,211</u>	<u>3,378,321</u>	<u>131,110</u>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	18,000	18,000	18,916	916
Operators' license	6,000	6,000	6,330	330
Cigarette licenses	1,000	1,000	900	(100)
Cable television franchise fees	132,180	132,180	138,409	6,229
Business and occupational licenses	1,500	1,500	1,725	225
Bicycle licenses	-	-	18	18
Dog licenses	4,000	4,000	4,223	223
Housing inspection licenses	22,000	22,000	11,690	(10,310)
Plumbing permits	2,000	2,000	2,850	850
Building permits	125,000	125,000	175,613	50,613
Sign permits	3,200	3,200	1,875	(1,325)
Zoning permits	3,000	3,000	3,640	640
Inspectors red seal	1,500	1,500	1,650	150
Total Licenses and Permits	<u>319,380</u>	<u>319,380</u>	<u>367,839</u>	<u>48,459</u>

## CITY OF RIVER FALLS

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

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>FINES, FORFEITURES AND PENALTIES</b>				
Court penalties and costs	\$ 70,000	\$ 70,000	\$ 71,357	\$ 1,357
Parking violations	105,000	105,000	85,432	(19,568)
Court costs	<u>30,000</u>	<u>30,000</u>	<u>33,596</u>	<u>3,596</u>
Total Fines, Forfeitures and Penalties	<u>205,000</u>	<u>205,000</u>	<u>190,385</u>	<u>(14,615)</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
Clerk's fees	7,500	7,500	17,423	9,923
Zoning administration fees	10,000	10,000	41,140	31,140
Publication fees	1,000	1,000	1,200	200
Plat review fees	10,000	10,000	16,250	6,250
Police department fees	10,000	10,000	9,383	(617)
Police towing	11,000	11,000	7,500	(3,500)
Fire department fees	15,000	15,000	15,931	931
Fire inspection fees	1,000	1,000	1,680	680
Highway maintenance and construction	10,000	10,000	43,592	33,592
Weights and measures charges	4,475	4,475	4,425	(50)
Swimming pool	20,000	20,000	15,701	(4,299)
Parks	20,000	20,000	41,443	21,443
Recreation programs	100,000	100,000	75,757	(24,243)
Forestry fees	-	-	58,275	58,275
Other public charges for services	-	-	<u>1,785</u>	<u>1,785</u>
Total Public Charges for Services	<u>219,975</u>	<u>219,975</u>	<u>351,485</u>	<u>131,510</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Interdepartmental sales	<u>25,000</u>	<u>25,000</u>	<u>23,072</u>	<u>(1,928)</u>
<b>INVESTMENT INCOME</b>				
Interest - interfund advances	200,000	200,000	200,000	-
Interest on temporary investments	<u>100,000</u>	<u>100,000</u>	<u>58,813</u>	<u>(41,187)</u>
Total Investment Income	<u>300,000</u>	<u>300,000</u>	<u>258,813</u>	<u>(41,187)</u>
<b>MISCELLANEOUS</b>				
Rent of municipal buildings	2,200	2,200	2,200	-
Donations	-	-	57,014	57,014
Miscellaneous	<u>46,800</u>	<u>46,800</u>	<u>94,367</u>	<u>47,567</u>
Total Miscellaneous	<u>49,000</u>	<u>49,000</u>	<u>153,581</u>	<u>104,581</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	1,606,279	1,606,279	1,691,697	85,418
Property sales	<u>15,000</u>	<u>15,000</u>	<u>6,337</u>	<u>(8,663)</u>
Total Other Financing Sources	<u>1,621,279</u>	<u>1,621,279</u>	<u>1,698,034</u>	<u>76,755</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>				
	<u>\$ 9,696,911</u>	<u>\$ 9,696,911</u>	<u>\$ 10,622,389</u>	<u>\$ 925,478</u>

## CITY OF RIVER FALLS

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

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Council	\$ 232,707	\$ 192,707	\$ 190,267	\$ 2,440
Municipal court	104,696	117,196	116,852	344
City administrator	527,139	574,139	573,754	385
Personnel	270,351	289,551	295,118	(5,567)
Clerk	211,476	222,776	222,407	369
Finance	431,721	381,721	380,223	1,498
Legal counseling	<u>52,520</u>	<u>52,520</u>	<u>104,770</u>	<u>(52,250)</u>
Total General Government	<u>1,830,610</u>	<u>1,830,610</u>	<u>1,883,391</u>	<u>(52,781)</u>
<b>PUBLIC SAFETY</b>				
Police	2,962,411	3,045,311	3,118,583	(73,272)
Fire department	<u>661,008</u>	<u>578,108</u>	<u>546,497</u>	<u>31,611</u>
Total Public Safety	<u>3,623,419</u>	<u>3,623,419</u>	<u>3,665,080</u>	<u>(41,661)</u>
<b>PUBLIC WORKS</b>				
Garage	364,078	364,078	333,763	30,315
Street maintenance	1,627,720	1,627,720	1,687,552	(59,832)
Engineer	<u>327,806</u>	<u>327,806</u>	<u>290,902</u>	<u>36,904</u>
Total Public Works	<u>2,319,604</u>	<u>2,319,604</u>	<u>2,312,217</u>	<u>7,387</u>
<b>HEALTH SERVICES</b>				
Health officer	2,000	2,000	-	2,000
Animal control	<u>8,040</u>	<u>8,040</u>	<u>1,781</u>	<u>6,259</u>
Total Health Services	<u>10,040</u>	<u>10,040</u>	<u>1,781</u>	<u>8,259</u>
<b>LEISURE ACTIVITIES</b>				
Recreation	144,107	141,507	128,858	12,649
Swimming	86,756	86,756	76,807	9,949
Parks	<u>477,991</u>	<u>480,591</u>	<u>540,023</u>	<u>(59,432)</u>
Total Leisure Activities	<u>708,854</u>	<u>708,854</u>	<u>745,688</u>	<u>(36,834)</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Forestry	62,929	62,929	82,426	(19,497)
Community development	<u>696,476</u>	<u>696,476</u>	<u>633,706</u>	<u>62,770</u>
Total Conservation and Development	<u>759,405</u>	<u>759,405</u>	<u>716,132</u>	<u>43,273</u>
<b>DEBT SERVICE</b>				
Principal on notes payable - fire	57,500	57,500	57,500	-
Principal retirements	116,762	116,762	78,595	38,167
Interest on notes payable - fire	13,282	13,282	13,280	2
Interest and fiscal charges	<u>5,685</u>	<u>5,685</u>	<u>4,260</u>	<u>1,425</u>
Total Debt Service	<u>193,229</u>	<u>193,229</u>	<u>153,635</u>	<u>39,594</u>
<b>OTHER FINANCING USES</b>				
Transfers to other funds	<u>596,804</u>	<u>596,804</u>	<u>723,997</u>	<u>(127,193)</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 10,041,965</u>	<u>\$ 10,041,965</u>	<u>\$ 10,201,921</u>	<u>\$ (159,956)</u>

# CITY OF RIVER FALLS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2018

	Special Revenue Funds			
	Parking Improvements	Refuse/Solid Waste	Shared Ride Taxi	Environmental Fee
<b>ASSETS</b>				
Cash and investments	\$ 76,354	\$ 1,483	\$ 26,415	\$ 1,481,351
Receivables				
Taxes	-	-	-	-
Accounts	-	66,500	30,437	9,043
Interest	-	-	-	3,444
Notes	-	-	-	-
Prepaid items and inventories	-	-	-	-
Due from other governments	-	12,737	12,518	-
Advances to other funds	-	-	-	1,500,000
	<u>\$ 76,354</u>	<u>\$ 80,720</u>	<u>\$ 69,370</u>	<u>\$ 2,993,838</u>
<b>TOTAL ASSETS</b>				
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 1,115	\$ 78	\$ 18,863	\$ -
Accrued liabilities	-	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>1,115</u>	<u>78</u>	<u>18,863</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	12,737	8,412	-
Total Deferred Inflows of Resources	<u>-</u>	<u>12,737</u>	<u>8,412</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	75,239	67,905	42,095	2,993,838
Committed	-	-	-	-
Unassigned fund balance	-	-	-	-
Total Fund Balances	<u>75,239</u>	<u>67,905</u>	<u>42,095</u>	<u>2,993,838</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
	<u>\$ 76,354</u>	<u>\$ 80,720</u>	<u>\$ 69,370</u>	<u>\$ 2,993,838</u>

Special Revenue Funds

Park Acquisition Fund	Tax Increment District #5	Tax Increment District #6	Tax Increment District #7	Tax Increment District #8	Tax Increment District #9	Tax Increment District #11
\$ 1,125	\$ -	\$ 574	\$ -	\$ -	\$ 268	\$ 476
-	510,837	185,663	-	69,974	62,375	9,706
-	1,000	-	-	-	-	-
-	-	-	-	-	-	-
-	47,136	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,125</u>	<u>558,973</u>	<u>186,237</u>	<u>-</u>	<u>69,974</u>	<u>62,643</u>	<u>10,182</u>
\$ -	\$ 744	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	164,465	917,045	-	118,157	378,894	22,159
-	<u>165,209</u>	<u>917,045</u>	-	<u>118,157</u>	<u>378,894</u>	<u>22,159</u>
-	510,837	185,663	-	69,974	62,375	9,706
-	47,136	-	-	-	-	-
-	<u>557,973</u>	<u>185,663</u>	-	<u>69,974</u>	<u>62,375</u>	<u>9,706</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,125	-	-	-	-	-	-
-	(164,209)	(916,471)	-	(118,157)	(378,626)	(21,683)
<u>1,125</u>	<u>(164,209)</u>	<u>(916,471)</u>	-	<u>(118,157)</u>	<u>(378,626)</u>	<u>(21,683)</u>
<u>\$ 1,125</u>	<u>\$ 558,973</u>	<u>\$ 186,237</u>	<u>\$ -</u>	<u>\$ 69,974</u>	<u>\$ 62,643</u>	<u>\$ 10,182</u>

# CITY OF RIVER FALLS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2018

	Special Revenue Funds			
	Tax Increment District #12	Tax Increment District #13	Tax Increment District #14	Library
<b>ASSETS</b>				
Cash and investments	\$ 68	\$ -	\$ -	\$ 108,282
Receivables				
Taxes	40,354	-	-	869,000
Accounts	-	-	169,658	2,100
Interest	-	-	-	-
Notes	-	-	-	-
Prepaid items and inventories	54	-	-	5,424
Due from other governments	-	-	-	-
Advances to other funds	-	-	-	-
	<u>\$ 40,476</u>	<u>\$ -</u>	<u>\$ 169,658</u>	<u>\$ 984,806</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 31,044
Accrued liabilities	-	-	-	25,661
Deposits	-	-	4,690	-
Due to other funds	-	-	164,968	-
Due to other governments	-	-	-	88
Advances from other funds	663,726	8,500	10,500	-
Total Liabilities	<u>663,726</u>	<u>8,500</u>	<u>180,158</u>	<u>56,793</u>
Deferred Inflows of Resources				
Unearned revenues	40,354	-	-	869,000
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>40,354</u>	<u>-</u>	<u>-</u>	<u>869,000</u>
Fund Balances				
Nonspendable	54	-	-	5,424
Restricted	-	-	-	53,589
Committed	-	-	-	-
Unassigned fund balance	(663,658)	(8,500)	(10,500)	-
Total Fund Balances	<u>(663,604)</u>	<u>(8,500)</u>	<u>(10,500)</u>	<u>59,013</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
	<u>\$ 40,476</u>	<u>\$ -</u>	<u>\$ 169,658</u>	<u>\$ 984,806</u>

Special Revenue Funds

Commercial Revolving Loan Fund	Park Impact Fees	Library Impact Fees	Fire Impact Fees	Housing Reserve	Library Trust Fund	Tourism and Economic Development
\$ 19,686	\$ 282,196	\$ -	\$ 134,411	\$ 708,870	\$ 174,622	\$ 260,508
-	-	-	-	-	-	2,500
-	-	31,170	-	-	-	82,206
64,366	-	-	-	189,794	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>84,052</u>	<u>282,196</u>	<u>31,170</u>	<u>134,411</u>	<u>898,664</u>	<u>174,622</u>	<u>345,214</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	180,013	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,000,000
-	-	<u>180,013</u>	-	-	-	<u>1,000,000</u>
-	-	-	-	-	-	2,500
<u>64,366</u>	-	-	-	<u>189,794</u>	-	<u>57,400</u>
<u>64,366</u>	-	-	-	<u>189,794</u>	-	<u>59,900</u>
-	-	-	-	-	-	-
-	282,196	-	134,411	708,870	174,622	-
19,686	-	-	-	-	-	-
-	-	(148,843)	-	-	-	(714,686)
<u>19,686</u>	<u>282,196</u>	<u>(148,843)</u>	<u>134,411</u>	<u>708,870</u>	<u>174,622</u>	<u>(714,686)</u>
<u>84,052</u>	<u>282,196</u>	<u>31,170</u>	<u>134,411</u>	<u>898,664</u>	<u>174,622</u>	<u>345,214</u>

**CITY OF RIVER FALLS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2018

	Debt Service Funds		Capital Projects Fund	
	Debt Service Notes	Debt Service Bonds	Capital Equipment	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 155,544	\$ 17,411	\$ 36,443	\$ 3,486,087
Receivables				
Taxes	514,417	283,054	364,736	2,912,616
Accounts	-	-	-	392,114
Interest	-	-	-	3,444
Notes	-	-	-	301,296
Prepaid items and inventories	-	-	-	5,478
Due from other governments	-	-	-	25,255
Advances to other funds	-	-	-	<u>1,500,000</u>
<b>TOTAL ASSETS</b>	<u>\$ 669,961</u>	<u>\$ 300,465</u>	<u>\$ 401,179</u>	<u>\$ 8,626,290</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 51,844
Accrued liabilities	-	-	-	25,661
Deposits	-	-	-	4,690
Due to other funds	-	51,896	-	396,877
Due to other governments	-	-	-	88
Advances from other funds	-	-	-	<u>3,283,446</u>
Total Liabilities	<u>-</u>	<u>51,896</u>	<u>-</u>	<u>3,762,606</u>
Deferred Inflows of Resources				
Unearned revenues	514,417	283,054	364,736	2,912,616
Unavailable revenues	-	-	-	<u>379,845</u>
Total Deferred Inflows of Resources	<u>514,417</u>	<u>283,054</u>	<u>364,736</u>	<u>3,292,461</u>
Fund Balances				
Nonspendable	-	-	-	5,478
Restricted	155,544	-	-	4,688,309
Committed	-	-	36,443	57,254
Unassigned fund balance	-	(34,485)	-	<u>(3,179,818)</u>
Total Fund Balances	<u>155,544</u>	<u>(34,485)</u>	<u>36,443</u>	<u>1,571,223</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 669,961</u>	<u>\$ 300,465</u>	<u>\$ 401,179</u>	<u>\$ 8,626,290</u>

# CITY OF RIVER FALLS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	Special Revenue Funds		
	Parking Improvements	Refuse/Solid Waste	Shared Ride Taxi
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments	-	-	-
Intergovernmental	-	-	215,055
Public charges for services	-	651,195	-
Investment income	419	93	-
Miscellaneous	-	-	-
Total Revenues	419	651,288	215,055
<b>EXPENDITURES</b>			
Current			
Public safety	44,304	-	-
Public works	-	755,695	192,510
Leisure activities	-	-	-
Conservation and development	-	-	-
Capital Outlay	-	-	34,535
Debt Service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	44,304	755,695	227,045
Excess (deficiency) of revenues over expenditures	(43,885)	(104,407)	(11,990)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	-	-
Premium on debt issued	-	-	-
Transfers from other funds	-	-	25,819
Transfers to other funds	-	(6,916)	(4,078)
Property sales	-	-	17,382
Total Other Financing Sources (Uses)	-	(6,916)	39,123
<b>Net Change in Fund Balances</b>	(43,885)	(111,323)	27,133
FUND BALANCES (DEFICIT) -			
Beginning of Year	119,124	179,228	14,962
<b>FUND BALANCES (DEFICIT) -     END OF YEAR</b>	\$ 75,239	\$ 67,905	\$ 42,095

Special Revenue Funds

Environmental Fee	Park Acquisition Fund	Tax Increment District #5	Tax Increment District #6	Tax Increment District #7	Tax Increment District #8	Tax Increment District #9
\$ -	\$ -	\$ 514,496	\$ 178,658	\$ -	\$ 66,889	\$ 67,793
-	-	-	-	-	-	-
-	-	12,759	101	238,800	-	2,462
92,823	-	-	-	-	-	-
20,247	-	8,914	-	3,888	-	-
-	132	54,978	-	50,820	-	14,107
<u>113,070</u>	<u>132</u>	<u>591,147</u>	<u>178,759</u>	<u>293,508</u>	<u>66,889</u>	<u>84,362</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
97,069	-	11,512	871	27,892	63,000	70,871
-	-	-	-	15,076	-	-
-	-	329,972	120,000	-	-	35,000
-	-	238,955	41,793	-	-	3,103
<u>97,069</u>	<u>-</u>	<u>580,439</u>	<u>162,664</u>	<u>42,968</u>	<u>63,000</u>	<u>108,974</u>
<u>16,001</u>	<u>132</u>	<u>10,708</u>	<u>16,095</u>	<u>250,540</u>	<u>3,889</u>	<u>(24,612)</u>
-	-	-	-	-	-	152,000
-	-	-	-	-	-	-
-	-	-	-	140,776	-	-
(3,003)	-	(63,653)	(15,521)	(5,099)	(6,047)	(7,620)
-	-	-	-	467,500	-	-
<u>(3,003)</u>	<u>-</u>	<u>(63,653)</u>	<u>(15,521)</u>	<u>603,177</u>	<u>(6,047)</u>	<u>144,380</u>
12,998	132	(52,945)	574	853,717	(2,158)	119,768
<u>2,980,840</u>	<u>993</u>	<u>(111,264)</u>	<u>(917,045)</u>	<u>(853,717)</u>	<u>(115,999)</u>	<u>(498,394)</u>
<u>\$ 2,993,838</u>	<u>\$ 1,125</u>	<u>\$ (164,209)</u>	<u>\$ (916,471)</u>	<u>\$ -</u>	<u>\$ (118,157)</u>	<u>\$ (378,626)</u>

# CITY OF RIVER FALLS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	Special Revenue Funds		
	Tax Increment District #11	Tax Increment District #12	Tax Increment District #13
<b>REVENUES</b>			
Taxes	\$ 7,353	\$ 22,897	\$ -
Special assessments	-	-	-
Intergovernmental	-	-	-
Public charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
Total Revenues	7,353	22,897	-
<b>EXPENDITURES</b>			
Current			
Public safety	-	-	-
Public works	-	-	-
Leisure activities	-	-	-
Conservation and development	872	15,770	8,500
Capital Outlay	-	-	-
Debt Service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	872	15,770	8,500
Excess (deficiency) of revenues over expenditures	6,481	7,127	(8,500)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	-	-
Premium on debt issued	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(1,005)	(1,005)	-
Property sales	-	-	-
Total Other Financing Sources (Uses)	(1,005)	(1,005)	-
<b>Net Change in Fund Balances</b>	5,476	6,122	(8,500)
FUND BALANCES (DEFICIT) -			
Beginning of Year	(27,159)	(669,726)	-
<b>FUND BALANCES (DEFICIT) -     END OF YEAR</b>	\$ (21,683)	\$ (663,604)	\$ (8,500)

Special Revenue Funds

Tax Increment District #14	Library	Commercial Revolving Loan Fund	Park Impact Fees	Library Impact Fees	Fire Impact Fees	Housing Reserve
\$ -	\$ 880,000	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	356,382	-	-	-	-	-
-	31,233	-	72,736	16,635	21,897	-
-	11,997	2,591	4,638	-	2,207	14,420
-	15,014	14,141	-	24,840	-	87,060
-	<u>1,294,626</u>	<u>16,732</u>	<u>77,374</u>	<u>41,475</u>	<u>24,104</u>	<u>101,480</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,159,978	-	-	1,301	-	-
10,500	-	-	-	-	-	9,189
-	56,540	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>10,500</u>	<u>1,216,518</u>	<u>-</u>	<u>-</u>	<u>1,301</u>	<u>-</u>	<u>9,189</u>
<u>(10,500)</u>	<u>78,108</u>	<u>16,732</u>	<u>77,374</u>	<u>40,174</u>	<u>24,104</u>	<u>92,291</u>
-	60,000	-	-	-	-	-
-	-	-	-	-	-	-
-	400	-	-	-	-	-
-	(146,736)	(1,190)	(845)	(522)	(54,976)	(6,926)
-	-	-	-	-	-	-
-	<u>(86,336)</u>	<u>(1,190)</u>	<u>(845)</u>	<u>(522)</u>	<u>(54,976)</u>	<u>(6,926)</u>
(10,500)	(8,228)	15,542	76,529	39,652	(30,872)	85,365
-	67,241	4,144	205,667	(188,495)	165,283	623,505
<u>\$ (10,500)</u>	<u>\$ 59,013</u>	<u>\$ 19,686</u>	<u>\$ 282,196</u>	<u>\$ (148,843)</u>	<u>\$ 134,411</u>	<u>\$ 708,870</u>

# CITY OF RIVER FALLS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	Special Revenue Funds		Debt Service
	Library Trust Fund	Tourism and Economic Development	Debt Service Notes
<b>REVENUES</b>			
Taxes	\$ -	\$ 116,873	\$ 401,536
Special assessments	-	2,500	-
Intergovernmental	-	-	-
Public charges for services	-	-	-
Investment income	1,908	7,384	6,035
Miscellaneous	9,225	100	-
Total Revenues	11,133	126,857	407,571
<b>EXPENDITURES</b>			
Current			
Public safety	-	-	-
Public works	-	-	-
Leisure activities	683	-	-
Conservation and development	-	142,337	-
Capital Outlay	-	-	-
Debt Service			
Principal retirement	-	-	445,000
Interest and fiscal charges	-	-	135,775
Total Expenditures	683	142,337	580,775
Excess (deficiency) of revenues over expenditures	10,450	(15,480)	(173,204)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	-	-
Premium on debt issued	-	-	-
Transfers from other funds	-	13,000	214,136
Transfers to other funds	(1,941)	(52,069)	(8,736)
Property sales	-	-	-
Total Other Financing Sources (Uses)	(1,941)	(39,069)	205,400
<b>Net Change in Fund Balances</b>	8,509	(54,549)	32,196
FUND BALANCES (DEFICIT) -			
Beginning of Year	166,113	(660,137)	123,348
<b>FUND BALANCES (DEFICIT) -     END OF YEAR</b>	\$ 174,622	\$ (714,686)	\$ 155,544

---

<u>Debt Service</u>	<u>Capital Projects</u>	
<u>Debt Service Bonds</u>	<u>Capital Equipment</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 227,738	\$ 140,849	\$ 2,625,082
-	-	2,500
-	5,850	831,409
-	-	886,519
-	200	84,941
<u>25,069</u>	<u>-</u>	<u>295,486</u>
<u>252,807</u>	<u>146,899</u>	<u>4,725,937</u>
-	-	44,304
-	-	948,205
-	-	1,161,962
-	-	458,383
-	127,921	234,072
183,121	-	1,113,093
<u>106,494</u>	<u>-</u>	<u>526,120</u>
<u>289,615</u>	<u>127,921</u>	<u>4,486,139</u>
<u>(36,808)</u>	<u>18,978</u>	<u>239,798</u>
-	304,000	516,000
17,374	-	17,374
500	4,458	399,089
(14,581)	(32,849)	(435,318)
<u>-</u>	<u>-</u>	<u>484,882</u>
<u>3,293</u>	<u>275,609</u>	<u>982,027</u>
(33,515)	294,587	1,221,825
<u>(970)</u>	<u>(258,144)</u>	<u>349,398</u>
<u>\$ (34,485)</u>	<u>\$ 36,443</u>	<u>\$ 1,571,223</u>

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS As of December 31, 2018

	<u>Stormwater</u>	<u>Ambulance</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 438,101	\$ 311,654	\$ 749,755
Receivables			
Accounts	50,951	605,106	656,057
Prepaid items	2,529	20,465	22,994
Total Current Assets	<u>491,581</u>	<u>937,225</u>	<u>1,428,806</u>
Noncurrent Assets			
Net pension asset	18,922	118,202	137,124
Capital Assets			
Land	-	101,298	101,298
Construction in progress	64,350	-	64,350
Capital assets	8,646,147	2,023,279	10,669,426
Less: Accumulated depreciation	<u>(2,293,622)</u>	<u>(1,341,541)</u>	<u>(3,635,163)</u>
Total Noncurrent Assets	<u>6,435,797</u>	<u>901,238</u>	<u>7,337,035</u>
Total Assets	<u>6,927,378</u>	<u>1,838,463</u>	<u>8,765,841</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	38,500	218,272	256,772
OPEB related amounts	-	1,546	1,546
Total Deferred Outflows of Resources	<u>38,500</u>	<u>219,818</u>	<u>258,318</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	2,672	6,999	9,671
Customer deposits	55,000	-	55,000
Accrued liabilities	6,081	56,759	62,840
Current portion of compensated absences	-	25,047	25,047
Total Current Liabilities	<u>63,753</u>	<u>88,805</u>	<u>152,558</u>
Noncurrent Liabilities			
Long-Term Debt			
Other postemployment benefits	-	14,999	14,999
Total Noncurrent Liabilities	<u>-</u>	<u>14,999</u>	<u>14,999</u>
Total Liabilities	<u>63,753</u>	<u>103,804</u>	<u>167,557</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	36,118	257,030	293,148
OPEB related amounts	-	792	792
Total Deferred Inflows of Resources	<u>36,118</u>	<u>257,822</u>	<u>293,940</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,416,875	783,036	7,199,911
Restricted for pension	18,922	118,202	137,124
Unrestricted	<u>430,210</u>	<u>795,417</u>	<u>1,225,627</u>
<b>TOTAL NET POSITION</b>	<u>\$ 6,866,007</u>	<u>\$ 1,696,655</u>	<u>\$ 8,562,662</u>

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2018

	Stormwater	Ambulance	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>			
Public charges for services	\$ 558,166	\$ 1,524,130	\$ 2,082,296
Total Operating Revenues	558,166	1,524,130	2,082,296
<b>OPERATING EXPENSES</b>			
Operation and maintenance	409,140	1,628,501	2,037,641
Depreciation	175,917	142,108	318,025
Total Operating Expenses	585,057	1,770,609	2,355,666
Operating Loss	(26,891)	(246,479)	(273,370)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	-	6,846	6,846
Investment income	8,482	10,680	19,162
Interest and fiscal charges	(184)	-	(184)
Miscellaneous	21,152	5,359	26,511
Total Nonoperating Revenues (Expenses)	29,450	22,885	52,335
Income Before Contributions and Transfers	2,559	(223,594)	(221,035)
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Transfers to other funds	(58,752)	(172,255)	(231,007)
Total Contributions and Transfers	(58,752)	(172,255)	(231,007)
<b>Change in Net Position</b>	(56,193)	(395,849)	(452,042)
NET POSITION - Beginning of Year	6,922,200	2,092,504	9,014,704
<b>NET POSITION - END OF YEAR</b>	\$ 6,866,007	\$ 1,696,655	\$ 8,562,662

# CITY OF RIVER FALLS

## COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2018

	Stormwater	Ambulance	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 592,584	\$ 1,420,913	\$ 2,013,497
Paid to suppliers for goods and services	(272,963)	(735,647)	(1,008,610)
Paid to employees for services	(135,960)	(930,310)	(1,066,270)
Net Cash Flows From Operating Activities	183,661	(245,044)	(61,383)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	8,482	10,680	19,162
Net Cash Flows From Investing Activities	8,482	10,680	19,162
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(58,752)	(172,255)	(231,007)
Net Cash Flows From Noncapital Financing Activities	(58,752)	(172,255)	(231,007)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid	(184)	-	(184)
Acquisition and construction of capital assets	(17,927)	(60,075)	(78,002)
Proceeds from sale of capital assets	-	6,847	6,847
Net Cash Flows From Capital and Related Financing Activities	(18,111)	(53,228)	(71,339)
<b>Net Change in Cash and Cash Equivalents</b>	115,280	(459,847)	(344,567)
CASH AND CASH EQUIVALENTS - Beginning of Year	322,821	771,501	1,094,322
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 438,101	\$ 311,654	\$ 749,755
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating loss	\$ (26,891)	\$ (246,479)	\$ (273,370)
Nonoperating revenue	21,152	12,205	33,357
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities			
Depreciation	175,917	142,108	318,025
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
Accounts receivable	(1,734)	(115,422)	(117,156)
Prepaid items	(484)	(20,465)	(20,949)
Accounts payable	2,176	(24,370)	(22,194)
Accrued liabilities	129	16,794	16,923
Customer deposits	15,000	-	15,000
Compensated absences	-	(12,401)	(12,401)
Other postemployment benefits obligation and related deferrals	-	(786)	(786)
Pension related deferrals and asset/liability	(1,604)	3,772	2,168
<b>NET CASH FLOWS FROM OPERATING         ACTIVITIES</b>	\$ 183,661	\$ (245,044)	\$ (61,383)
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
None			

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2018

	City Hall	Motor Pool	Technology
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 11,589	\$ 7,968	\$ 36,900
Other receivables	2,795	-	61
Prepaid items	2,789	940	6,600
Total Current Assets	17,173	8,908	43,561
Noncurrent Assets			
Net pension asset	-	-	26,543
Capital assets			
Property and equipment	-	-	525,268
Accumulated depreciation	-	-	(272,073)
Total Noncurrent Assets	-	-	279,738
Total Assets	17,173	8,908	323,299
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	-	-	46,179
Total Deferred Outflows of Resources	-	-	46,179
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	7,094	146	9,467
Accrued liabilities	-	-	5,317
Due to other funds	160,395	-	102,298
Total Current Liabilities	167,489	146	117,082
Total Liabilities	167,489	146	117,082
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	-	-	65,025
<b>NET POSITION</b>			
Net investment in capital assets	-	-	253,195
Restricted for pension	-	-	26,543
Unrestricted (deficit)	(150,316)	8,762	(92,367)
<b>TOTAL NET POSITION</b>	\$ (150,316)	\$ 8,762	\$ 187,371

---

<u>Maintenance</u>	<u>Totals</u>
\$ 24,474	\$ 80,931
1,195	4,051
<u>2,204</u>	<u>12,533</u>
<u>27,873</u>	<u>97,515</u>
29,536	56,079
-	525,268
-	<u>(272,073)</u>
<u>29,536</u>	<u>309,274</u>
<u>57,409</u>	<u>406,789</u>
67,434	113,613
<u>67,434</u>	<u>113,613</u>
144	16,851
8,552	13,869
-	262,693
<u>8,696</u>	<u>293,413</u>
<u>8,696</u>	<u>293,413</u>
<u>82,577</u>	<u>147,602</u>
-	253,195
29,536	56,079
<u>4,034</u>	<u>(229,887)</u>
<u>\$ 33,570</u>	<u>\$ 79,387</u>

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS For the Year Ended December 31, 2018

	City Hall	Motor Pool	Technology
<b>OPERATING REVENUES</b>			
Public charges for services	\$ 252,911	\$ -	\$ 36,900
Total Operating Revenues	252,911	-	36,900
<b>OPERATING EXPENSES</b>			
Operation and maintenance	121,861	20,265	474,636
Depreciation expense	-	6,010	55,410
Total Operating Expenses	121,861	26,275	530,046
Operating Income (Loss)	131,050	(26,275)	(493,146)
<b>NONOPERATING REVENUES</b>			
Miscellaneous	476	4,518	-
Total Nonoperating Revenues	476	4,518	-
Income (Loss) Before Transfers	131,526	(21,757)	(493,146)
<b>TRANSFERS</b>			
Transfers from other funds	78,833	21,864	566,584
Transfers to other funds	(205,374)	(847)	(28,962)
Total Transfers	(126,541)	21,017	537,622
<b>Change in net position</b>	4,985	(740)	44,476
NET POSITION (DEFICIT) - Beginning of Year	(155,301)	9,502	142,895
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	\$ (150,316)	\$ 8,762	\$ 187,371

---

<u>Maintenance</u>	<u>Totals</u>
\$ -	\$ 289,811
<u>-</u>	<u>289,811</u>
303,919	920,681
<u>-</u>	<u>61,420</u>
<u>303,919</u>	<u>982,101</u>
<u>(303,919)</u>	<u>(692,290)</u>
<u>-</u>	<u>4,994</u>
<u>-</u>	<u>4,994</u>
<u>(303,919)</u>	<u>(687,296)</u>
353,931	1,021,212
<u>(39,140)</u>	<u>(274,323)</u>
<u>314,791</u>	<u>746,889</u>
10,872	59,593
<u>22,698</u>	<u>19,794</u>
<u>\$ 33,570</u>	<u>\$ 79,387</u>

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2018

	<u>City Hall</u>	<u>Motor Pool</u>	<u>Technology</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 250,592	\$ -	\$ 36,839
Paid to suppliers for goods and services	(157,230)	(21,059)	(376,428)
Paid to employees for services	-	-	(120,075)
Net Cash Flows From Operating Activities	<u>93,362</u>	<u>(21,059)</u>	<u>(459,664)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to/from other funds	<u>(126,541)</u>	<u>21,017</u>	<u>537,622</u>
Net Cash Flows From Noncapital Financing Activities	<u>(126,541)</u>	<u>21,017</u>	<u>537,622</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	-	(22,526)	-
Acquisition and construction of capital assets	-	-	(77,952)
Proceeds from sale of capital assets	-	<u>22,708</u>	-
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>182</u>	<u>(77,952)</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(33,179)</b>	<b>140</b>	<b>6</b>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>44,768</u>	<u>7,828</u>	<u>36,894</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 11,589</u></b>	<b><u>\$ 7,968</u></b>	<b><u>\$ 36,900</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 131,050	\$ (26,275)	\$ (493,146)
Nonoperating revenue	476	-	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	-	6,010	55,410
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
Other receivables	(2,795)	-	(61)
Prepaid items	(2,789)	(940)	10,436
Accounts payable	(237)	146	8,738
Due to other funds	(40,494)	-	(41,945)
Accrued liabilities	-	-	178
Pension related deferrals and asset/liability	<u>8,151</u>	<u>-</u>	<u>726</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ 93,362</u></b>	<b><u>\$ (21,059)</u></b>	<b><u>\$ (459,664)</u></b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
None			

---

<u>Maintenance</u>	<u>Totals</u>
\$ -	\$ 287,431
(116,874)	(671,591)
<u>(194,173)</u>	<u>(314,248)</u>
<u>(311,047)</u>	<u>(698,408)</u>

<u>314,791</u>	<u>746,889</u>
<u>314,791</u>	<u>746,889</u>

-	(22,526)
-	(77,952)
<u>-</u>	<u>22,708</u>

<u>-</u>	<u>(77,770)</u>
----------	-----------------

3,744	(29,289)
<u>20,730</u>	<u>110,220</u>
<u>\$ 24,474</u>	<u>\$ 80,931</u>

\$ (303,919)	\$ (692,290)
-	476

-	61,420
---	--------

(1,195)	(4,051)
(2,204)	4,503
144	8,791
-	(82,439)
(304)	(126)
<u>(3,569)</u>	<u>5,308</u>
<u>\$ (311,047)</u>	<u>\$ (698,408)</u>

**CITY OF RIVER FALLS**  
**BALANCE SHEET**  
**GOVERNMENTAL COMPONENT UNIT**  
As of December 31, 2018

	<u>Business Improvement District</u>
<b>ASSETS</b>	
Cash and investments	\$ 26,911
Special assessments	<u>42,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 68,911</u></u>
<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>26,911</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 68,911</u></u>
<b>RECONCILIATION OF FUND BALANCE TO NET POSITION</b>	
Fund balance at year-end	\$ 26,911
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>	<u><u>\$ 68,911</u></u>

**CITY OF RIVER FALLS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
GOVERNMENTAL COMPONENT UNIT  
For the Year Ended December 31, 2018

	<u>Business Improvement District</u>
<b>REVENUES</b>	
Special assessments	\$ 42,000
Total Revenues	<u>42,000</u>
<b>EXPENDITURES</b>	
Conservation and development	<u>40,321</u>
Total Expenditures	<u>40,321</u>
Change in fund balance	1,679
FUND BALANCE - Beginning of Year	<u>25,232</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 26,911</u></u>
 <b>RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION</b>	
Change in fund balance	\$ 1,679
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><u>\$ 1,679</u></u>

# CITY OF RIVER FALLS

## ELECTRIC UTILITY PLANT

As of and for the Year Ended December 31, 2018

	Balance 1/1/2018	Additions	Retirements	Balance 12/31/2018
<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	947,489	-	-	947,489
<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	1,286,077	-	-	1,286,077
<b>TRANSMISSION</b>				
Land and land rights	2,302	-	-	2,302
Station equipment	526,199	1,591,532	452,254	1,665,477
Poles and fixtures	332,790	3,280	-	336,070
Overhead conductors and devices	677,173	40,209	-	717,382
Total Transmission	1,538,464	1,635,021	452,254	2,721,231
<b>DISTRIBUTION</b>				
Land and land rights	78,544	-	-	78,544
Structures and improvements	564,653	672,681	-	1,237,334
Station equipment	2,346,583	1,601,232	102,266	3,845,549
Storage battery equipment	16,082	15,154	-	31,236
Poles, towers, and fixtures	1,774,100	49,031	6,691	1,816,440
Overhead conductors	1,680,808	42,264	38,462	1,684,610
Underground conduit	826,478	130,911	11,190	946,199
Underground conductors	6,172,669	747,747	68,793	6,851,623
Transformers	2,701,850	62,981	12,976	2,751,855
Services	1,395,655	54,476	2,692	1,447,439
Meters	1,102,331	67,274	20,473	1,149,132
Street lighting and signal systems	1,567,342	74,051	15,248	1,626,145
Total Distribution	20,227,095	3,517,802	278,791	23,466,106

## CITY OF RIVER FALLS

### ELECTRIC UTILITY PLANT (cont.)

As of and for the Year Ended December 31, 2018

	Balance 1/1/2018	Additions	Retirements	Balance 12/31/2018
<b>GENERAL</b>				
Land and land rights	\$ 1,556	\$ -	\$ -	\$ 1,556
Structures and improvements	695,464	-	2,636	692,828
Office furniture and equipment	41,390	-	1,068	40,322
Computer equipment	98,439	2,377	-	100,816
Transportation equipment	990,387	76,950	5,200	1,062,137
Tools, shop, and garage equipment	107,778	-	38,236	69,542
Laboratory equipment	135,004	-	246	134,758
Power operated equipment	51,367	26,713	33,885	44,195
Communication equipment	22,965	-	-	22,965
SCADA equipment	76,585	-	-	76,585
Total General	<u>2,220,935</u>	<u>106,040</u>	<u>81,271</u>	<u>2,245,704</u>
<b>TOTAL ELECTRIC UTILITY PLANT</b>	<u>\$ 26,220,060</u>	<u>\$ 5,258,863</u>	<u>\$ 812,316</u>	<u>\$ 30,666,607</u>

## CITY OF RIVER FALLS

### ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2018 and 2017

<b>OPERATING REVENUES</b>	<u>2018</u>	<u>2017</u>
Sales of Electricity		
Residential and rural	\$ 5,640,096	\$ 5,423,926
Small commercial and industrial	1,488,885	1,500,942
Large commercial and industrial	3,750,657	3,618,875
Public street and lighting	217,697	213,897
Other sales to public authorities	<u>2,430,341</u>	<u>2,559,104</u>
Total Sales of Electricity	<u>13,527,676</u>	<u>13,316,744</u>
Other Operating Revenues		
Forfeited discounts	48,746	44,696
Miscellaneous service revenues	6,397	8,121
Rent from electric property	32,242	32,847
Other miscellaneous revenues	<u>310,052</u>	<u>300,026</u>
Total Operating Revenues	<u>13,925,113</u>	<u>13,702,434</u>
 <b>OPERATING EXPENSES</b>		
Power Production		
Hydraulic power generation		
Operation		
Operating and supervision	115,334	107,932
Hydraulic	3,632	6,457
Miscellaneous	<u>19,819</u>	<u>19,419</u>
Total Hydraulic Power Generation	<u>138,785</u>	<u>133,808</u>
Purchased Power	<u>9,735,938</u>	<u>9,682,706</u>
Total Power Production	<u>9,874,723</u>	<u>9,816,514</u>
Transmission		
Operation		
Station	2,716	1,276
Overhead lines	1,565	484
Maintenance		
Overhead lines	<u>18,311</u>	<u>59,192</u>
Total Transmission	<u>22,592</u>	<u>60,952</u>

## CITY OF RIVER FALLS

### ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2018 and 2017

<b>OPERATING EXPENSES</b> (cont.)	2018	2017
Distribution		
Operation		
Operation supervision and engineering	\$ 134,838	\$ 114,092
Station	87,644	70,098
Overhead line	74,643	43,467
Underground line	113,494	114,855
Street lighting and signal	26,030	12,318
Meter expenses	110,077	127,136
Miscellaneous	123,151	154,300
Maintenance		
Structures	26,759	45,019
Station equipment	30,103	23,920
Overhead line	104,795	67,385
Underground line	34,814	37,766
Line transformers	14,226	10,954
Street lighting and signal	19,336	21,013
Total Distribution	899,910	842,323
Customer Accounts		
Meter reading	19,107	22,793
Accounting and collecting labor	143,651	148,846
Miscellaneous	165,943	223,691
Total Customer Accounts	328,701	395,330
Sales		
Advertising	240	2,061
Administrative and General		
Salaries	190,916	187,716
Office supplies	7,929	15,940
Outside services employed	26,787	19,415
Property insurance	26,027	19,243
Injuries and damages	21,083	13,301
Employee pensions and benefits	257,496	260,009
Miscellaneous	126,034	124,993
Rents	65,040	65,044
Total Administrative and General	721,312	705,661
Taxes	94,774	86,656
Total Operation and Maintenance	11,942,252	11,909,497
Depreciation	953,446	789,972
Total Operating Expenses	12,895,698	12,699,469
<b>OPERATING INCOME</b>	<b>\$ 1,029,415</b>	<b>\$ 1,002,965</b>

## CITY OF RIVER FALLS

### WATER UTILITY PLANT As of and for the Year Ended December 31, 2018

	Balance 1/1/2018	Additions	Retirements	Balance 12/31/2018
<b>SOURCE OF SUPPLY</b>				
Land and land rights	\$ 2,708	\$ -	\$ -	\$ 2,708
Wells and springs	881,451	-	-	881,451
Total Source of Supply	884,159	-	-	884,159
<b>PUMPING</b>				
Structures and improvements	1,436,871	-	4,734	1,432,137
Other power production equipment	215,385	-	-	215,385
Electric pumping equipment	420,706	-	-	420,706
Diesel pumping equipment	29,465	-	-	29,465
Total Pumping	2,102,427	-	4,734	2,097,693
<b>WATER TREATMENT</b>				
Water treatment equipment	83,786	-	34,115	49,671
<b>TRANSMISSION AND DISTRIBUTION</b>				
Land and land rights	20,412	-	-	20,412
Structures and improvements	15,864	-	-	15,864
Distribution reservoirs and standpipe	869,911	-	648	869,263
Transmission and distribution main	9,842,149	70,174	-	9,912,323
Services	2,245,167	73,992	-	2,319,159
Meters	1,580,744	95,593	77,914	1,598,423
Hydrants	1,527,775	42,746	-	1,570,521
Other transmission and distribution Plant	831,668	-	-	831,668
Total Transmission and Distribution Plant	16,933,690	282,505	78,562	17,137,633
<b>GENERAL</b>				
Computers	49,654	2,377	-	52,031
Structures and improvements	212,454	-	-	212,454
Office furniture	10,643	-	356	10,287
Transportation equipment	64,684	-	5,200	59,484
Tools, shop & garage	29,660	-	4,806	24,854
Laboratory equipment	5,510	-	605	4,905
Power operated equipment	52,458	-	25,147	27,311
Communication equipment	-	-	-	-
SCADA equipment	175,225	-	635	174,590
Total General	600,288	2,377	36,749	565,916
<b>TOTAL WATER UTILITY PLANT</b>	<b>\$ 20,604,350</b>	<b>\$ 284,882</b>	<b>\$ 154,160</b>	<b>\$ 20,735,072</b>

## CITY OF RIVER FALLS

### WATER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2018 and 2017

<b>OPERATING REVENUES</b>	<u>2018</u>	<u>2017</u>
Sales of Water		
Residential	\$ 661,713	\$ 650,202
Commercial	131,548	127,380
Multi-family	54,603	57,265
Industrial	26,849	23,305
Public authorities	91,922	92,303
Irrigation	<u>245,673</u>	<u>221,981</u>
Total Metered Sales	1,212,308	1,172,436
Private fire protection	60,588	59,120
Public fire protection	<u>368,669</u>	<u>366,581</u>
Total Sales of Water	<u>1,641,565</u>	<u>1,598,137</u>
Other Operating Revenues		
Forfeited discounts	1,882	1,855
Rent from water property	110,568	100,697
Other miscellaneous revenues	<u>45,531</u>	<u>40,716</u>
Total Operating Revenues	<u>1,799,546</u>	<u>1,741,405</u>
<b>OPERATING EXPENSES</b>		
Pumping		
Operation		
Operation supervision and engineering	3,341	945
Fuel or purchased power for pumping	71,749	72,354
Pumping labor	31,963	29,335
Maintenance		
Structures and improvements	22,019	3,284
Power production equipment	783	49
Pumping equipment	<u>10,460</u>	<u>61,681</u>
Total Pumping	<u>140,315</u>	<u>167,648</u>
Water Treatment		
Operation		
Operation supervision and engineering	2,645	3,668
Chemicals	26,951	22,427
Operation labor	28,789	25,978
Maintenance		
Water treatment equipment	<u>15,593</u>	<u>15,247</u>
Total Water Treatment	<u>73,978</u>	<u>67,320</u>

## CITY OF RIVER FALLS

### WATER UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2018 and 2017

<b>OPERATING EXPENSES</b> (cont.)	2018	2017
Transmission and Distribution		
Operation		
Operation supervision and engineering	\$ 49,300	\$ 52,733
Storage facilities	1,124	749
Transmission and distribution lines	52,577	63,901
Meters	24,053	40,725
Customer installations	21,701	23,394
Miscellaneous	56,662	57,108
Maintenance		
Supervision and engineering	5,168	2,728
Structures and improvements	6,152	14,082
Reservoirs and standpipes	12,366	11,670
Mains	72,241	32,843
Services	20,274	19,121
Meters	689	341
Hydrants	11,458	10,969
Total Transmission and Distribution	333,765	330,364
Customer Accounts		
Meter reading	5,277	5,922
Accounting and collecting labor	47,923	50,436
Total Customer Accounts	53,200	56,358
Sales		
Advertising	240	354
Administrative and General		
Salaries	70,024	77,335
Office supplies	4,011	9,139
Outside services employed	5,671	11,874
Property insurance	4,076	6,792
Injuries and damages	9,973	8,109
Employee pensions and benefits	94,640	59,158
Miscellaneous	7,922	14,465
Rents	30,300	30,300
Total Administrative and General	226,617	217,172
Taxes	28,383	26,919
Total operation and maintenance	856,498	866,135
Depreciation	451,377	441,491
Total Operating Expenses	1,307,875	1,307,626
<b>OPERATING INCOME</b>	<b>\$ 491,671</b>	<b>\$ 433,779</b>

**CITY OF RIVER FALLS**

**SEWER UTILITY PLANT**

As of and for the Year Ended December 31, 2018

	Balance 1/1/2018	Additions	Retirements	Balance 12/31/2018
<b>COLLECTING SYSTEM</b>				
Collecting mains	\$ 10,218,793	\$ 58,354	\$ -	\$ 10,277,147
Interceptor mains	7,228,480	-	-	7,228,480
Force mains	141,607	-	-	141,607
Other collecting system equipment	-	-	-	-
<b>Total Collecting System</b>	<u>17,588,880</u>	<u>58,354</u>	<u>-</u>	<u>17,647,234</u>
<b>COLLECTING SYSTEM PUMPING</b>				
Land and land rights	2,384	-	-	2,384
Structures and improvements	330,027	-	-	330,027
Receiving wells	440,113	-	-	440,113
Electric pumping equipment	<u>364,737</u>	-	<u>106,398</u>	<u>258,339</u>
<b>Total Collecting System Pumping</b>	<u>1,137,261</u>	<u>-</u>	<u>106,398</u>	<u>1,030,863</u>
<b>TREATMENT AND DISPOSAL</b>				
Land and land rights	115,238	-	-	115,238
Structures and improvements	4,374,331	1,311,143	-	5,685,474
Preliminary treatment equipment	647,220	22,211	25,534	643,897
Primary treatment equipment	415,996	-	-	415,996
Secondary treatment equipment	504,858	408,911	13,450	900,319
Chlorination equipment	108,480	-	-	108,480
Sludge treatment and disposal equipment	944,487	1,330,428	17,815	2,257,100
Plant site piping	1,000,644	-	-	1,000,644
Flow metering and monitoring equipment	84,195	-	5,277	78,918
Other treatment and disposal equipment	<u>57,308</u>	-	-	<u>57,308</u>
<b>Total Treatment and Disposal</b>	<u>8,252,757</u>	<u>3,072,693</u>	<u>62,076</u>	<u>11,263,374</u>
<b>GENERAL</b>				
Structures and improvements	1,030,899	1,235,696	-	2,266,595
Office furniture	16,913	-	6,626	10,287
Computers	34,000	2,377	-	36,377
Transportation equipment	334,350	-	5,201	329,149
Other general equipment	279,836	-	15,571	264,265
SCADA equipment	<u>177,326</u>	-	<u>1,700</u>	<u>175,626</u>
<b>Total General</b>	<u>1,873,324</u>	<u>1,238,073</u>	<u>29,098</u>	<u>3,082,299</u>
<b>INTANGIBLES</b>	<u>120,661</u>	<u>-</u>	<u>7,347</u>	<u>113,314</u>
<b>TOTAL SEWER UTILITY PLANT</b>	<u>\$ 28,972,883</u>	<u>\$ 4,369,120</u>	<u>\$ 204,919</u>	<u>\$ 33,137,084</u>

## CITY OF RIVER FALLS

### SEWER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2018 and 2017

<b>OPERATING REVENUES</b>	<u>2018</u>	<u>2017</u>
Sales of Wastewater		
Residential	\$ 2,038,055	\$ 2,004,430
Commercial	439,409	423,579
Multi-family	236,439	251,398
Industrial	129,566	108,785
Public authorities	<u>335,351</u>	<u>333,057</u>
Total Wastewater Sales	<u>3,178,820</u>	<u>3,121,249</u>
Other Operating Revenues		
Forfeited discounts	4,207	4,252
Other miscellaneous revenues	<u>28,975</u>	<u>230,894</u>
Total Operating Revenues	<u>3,212,002</u>	<u>3,356,395</u>
 <b>OPERATING EXPENSES</b>		
Operation		
Operation supervision and engineering	114,970	121,070
Power and fuel for pumping	24,487	24,639
Power and fuel for aeration equipment	133,962	135,356
Treatment charges	366,206	344,260
Chlorine	2,992	3,075
Phosphorous & Sludge removal	3,137	3,139
Other operating supplies	41,625	32,348
Transportation	<u>14,398</u>	<u>18,384</u>
Total Operations	<u>701,777</u>	<u>682,271</u>
Maintenance		
Collection system	240,706	174,620
Pumping equipment	31,151	31,987
Treatment and disposal plant equipment	136,821	115,828
General plant structures equipment	<u>69,043</u>	<u>31,645</u>
Total Maintenance	<u>477,721</u>	<u>354,080</u>
Customer Accounts		
Accounting and collecting labor	<u>125,013</u>	<u>120,094</u>
Sales		
Advertising	<u>240</u>	<u>323</u>
Administrative and General		
Salaries	114,495	125,867
Office supplies	18,027	20,225
Outside services employed	4,284	8,824
Property insurance	16,167	11,116
Injuries and damages	15,567	11,181
Employee pensions and benefits	150,362	157,400

## CITY OF RIVER FALLS

### SEWER UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>OPERATING EXPENSES</b> (cont.)		
Administrative and General (cont.)		
Miscellaneous	\$ 6,703	\$ 4,791
Rents	<u>56,544</u>	<u>56,543</u>
Total Administrative and General	<u>382,148</u>	<u>395,947</u>
Taxes	<u>34,440</u>	<u>31,568</u>
Total Operation and Maintenance	1,721,339	1,584,283
Depreciation	<u>547,084</u>	<u>667,086</u>
Total Operating Expenses	<u>2,268,423</u>	<u>2,251,369</u>
 <b>OPERATING INCOME</b>	 <u>\$ 943,579</u>	 <u>\$ 1,105,026</u>

**CITY OF RIVER FALLS**

INSURANCE SUMMARY  
For the Year Ended December 31, 2018

Description	Insurer	Policy Number	Coverage Limits	Deductible	Policy Period
Property	Travelers Indemnity Co	630-7J057507	\$91,041,525	\$5,000	8/1/18-8/1/19
General Liability	Travelers Indemnity Co	ZLP-51M85218	\$2,000,000	NA	8/1/18-8/1/19
Business Automobile	Travelers Indemnity Co	810-2C413439	\$2,000,000	\$1,000 - \$2,500 varying	8/1/18-8/1/19
Workers Compensation	Travelers Indemnity Co	UB-8L703398	\$500,000	NA	8/1/18-8/1/19
Commercial Umbrella	Travelers Indemnity Co	ZUP-91M84121	\$4,000,000	NA	8/1/18-8/1/19
Law Enforcement Liability	Travelers Indemnity Co	ZLP-51M85218	\$2,000,000	\$5,000	8/1/18-8/1/19
Crime	Travelers Indemnity Co	630-7J057507	\$50,000 - \$500,000	\$1,000 - \$5,000	8/1/18-8/1/19
Employee Benefits	Travelers Indemnity Co	ZLP-51M85218	\$3,000,000	\$1,000	8/1/18-8/1/19
Management Liability	Travelers Indemnity Co	ZLP-51M85218	\$25,000- \$5,000,000	\$5,000/\$15,000	8/1/18-8/1/19
Inland Marine	Travelers Indemnity Co	630-7J057507	\$3,329,532	\$1,000	8/1/18-8/1/19
Cyber & Privacy Liability	Axis	P-001-000031856-01	\$ 1,000,000	\$10,000 (retention)	8/1/18-8/1/19

## CITY OF RIVER FALLS

WATER UTILITY REVENUE BOND DISCLOSURE  
WATER SALES TO GENERAL CUSTOMERS  
For the Year Ended December 31, 2018

---

	Average Customer Count	Gallons Sold (000's)
Residential	4,290	169,672
Commercial	294	53,485
Industrial	19	17,489
Public Authority	75	41,190
Multi-Family Residential	72	29,219
Irrigation	709	64,491
Total Metered Sales	<u>5,459</u>	<u>375,546</u>

# **CITY OF RIVER FALLS**

River Falls, Wisconsin

COMMUNICATION TO THOSE CHARGED  
WITH GOVERNANCE AND MANAGEMENT

As of and for the Year Ended December 31, 2018

# CITY OF RIVER FALLS

## TABLE OF CONTENTS

---

	<u>Page No.</u>
Required Communication of Internal Control Related Matters Identified in the Audit to Those Charged with Governance	1
Material Weakness - Internal Control Over Financial Reporting	2
Other Communications to Those Charged with Governance	
Two Way Communication Regarding Your Audit	3 – 4
Communication of Informational Points to Management	
Professional Standards Update / Informational Points	5 – 8
Required Communications by the Auditor to Those Charged with Governance	9 – 12
Management Representations	

**REQUIRED COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS  
IDENTIFIED IN THE AUDIT TO THOSE CHARGED WITH GOVERNANCE**

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

In planning and performing our audit of the financial statements of the City of River Falls, Wisconsin (city) as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of its internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in the city's internal control to be a material weakness, as discussed further on the following page:

> Internal Control over Financial Reporting

This communication is intended solely for the information and use of management, the city council, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.



Eau Claire, Wisconsin  
July 2, 2019

---

## **MATERIAL WEAKNESS – INTERNAL CONTROL OVER FINANCIAL REPORTING**

---

Auditing standards require that we perform procedures to obtain an understanding of your government and its internal control environment as part of the annual audit. This includes an analysis of significant transaction cycles and an analysis of the year-end financial reporting process and preparation of your financial statements.

Properly designed systems of internal control provide your organization with the ability to process and record accurate monthly and year-end transactions and annual financial reports.

Our audit includes a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- > There is adequate staffing to prepare financial reports throughout and at the end of the year.
- > Material misstatements are identified and corrected during the normal course of duties.
- > Complete and accurate financial statements including footnotes are prepared.
- > Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered material weakness surrounding the preparation of financial statements and footnotes, and an independent review of financial reports.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles.

This level of internal control over financial reporting can be a difficult task for governments that operate with only enough staff to process monthly transactions and reports, and often rely on their auditors to prepare annual financial statements and footnotes.

**OTHER COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE**

---

## TWO WAY COMMUNICATION REGARDING YOUR AUDIT

---

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
  - > Identify types of potential misstatements.
  - > Consider factors that affect the risks of material misstatement.
  - > Design tests of controls, when applicable, and substantive procedures.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs.

- c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the city council has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- e. Have you had any significant communications with regulators or grantor agencies?
- f. Are there other matters that you believe are relevant to the audit of the financial statements?

---

**TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)**

---

Also, is there anything that we need to know about the attitudes, awareness, and actions of the city concerning:

- a. The city's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary audit work during the month of December, and sometimes early January. Our final financial audit fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 8-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

**COMMUNICATION OF INFORMATIONAL POINTS TO MANAGEMENT**

---

## PROFESSIONAL STANDARDS UPDATE / INFORMATIONAL POINTS

---

### ***GASB UPDATES***

The Government Accounting Standard Board (GASB) has been very active in recent years, issuing new standards at a fast pace. Over the next few years, your government will have many new standards to evaluate and implement. Here are the standards which may impact you in the next year:

- > GASB 83 provides accounting and financial reporting for asset retirement obligations, effective for reporting periods beginning on or after June 15, 2018
- > GASB 84 improves guidance regarding the identification of fiduciary activities and how they should be reported, effective for reporting periods beginning on or after December 15, 2018
- > GASB 88 improves certain disclosures related to debt, including direct borrowings and placements, effective for reporting periods beginning on or after June 15, 2018
- > GASB 90 clarifies accounting and financial reporting for majority equity interests, effective for reporting periods beginning on or after December 15, 2018

Other GASB pronouncements on the horizon, while the implementation dates is in the near term these are anticipated to have significant impacts on many government financial statements:

- > GASB 87 improves accounting and financial reporting for leases, effective for reporting periods beginning on or after December 15, 2019
- > GASB 89 provides guidance for accounting for interest cost incurred before the end of a construction period, effective for reporting periods beginning on or after December 15, 2019

Looking even further ahead, the Technical Agenda, below, outlines significant areas GASB is currently working on:

- > Conceptual Framework
  - Disclosure
  - Recognition
- > Major Projects
  - Financial Reporting Model
  - Revenue and Expense Recognition
  - Public-Private Partnerships
- > Practice Issues
  - Conduit Debt
  - Deferred Compensation Plans
  - Secured Overnight Financing Rate
  - Subscription-Based IT arrangements
  - Implementation Guidance
- > Pre-Agenda Research
  - Going Concern
  - Compensated Absences
  - Prior-Period Adjustments, Accounting Changes and Error Corrections

Through our firm involvement on AICPA committees, Baker Tilly follows these developments closely so that we can help you prepare for the changes as they evolve. This participation also allows us to share with GASB the experiences and perspectives of our clients to potentially influence the direction of future projects.

Full lists of projects, as well as many resources, are available on GASB's website which is located at [www.gasb.org](http://www.gasb.org).

---

## PROFESSIONAL STANDARDS UPDATE / INFORMATIONAL POINTS

---

### ***UPCOMING LEASE STANDARD***

In June 2017, the Governmental Accounting Standards Board (GASB) issued new guidance to establish a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This standard is effective for fiscal years ending on or after December 31, 2020. Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognize as inflows of resources or outflow of resources based on the payment provisions of the contract.

Under the new standard, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Control is defined by 1) the right to obtain the present service capacity from the use of the underlying asset and 2) the right to determine the nature and manner of use of the underlying asset. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in this statement. Leases include contracts that, although not explicitly identified as leases, meet the above definition of a lease.

There are some exemptions outlined in the standard including, intangible assets, service concession arrangements and supply contracts.

We recommend the city review this standard and start planning how this will affect your financial reporting. An inventory of all contracts that might meet the definition of a lease should be started. The contract listing should include key terms of the contracts such as:

- > Description of contract
- > Underlying asset
- > Contract term
- > Options for extensions and terminations
- > Service components, if any
- > Dollar amount of lease

In addition, the city should begin to establish a lease policy to address the treatment of common lease types, including a dollar threshold for each lease. We are available to discuss this further and help you develop an action plan.

### ***NEW REPORTING REQUIREMENTS FOR FIDUCIARY ACTIVITIES***

In January 2017, the Governmental Accounting Standards Board (GASB) issued new guidance to address how governments report fiduciary activities which is effective for fiscal years ending on or after December 31, 2019. Statement No. 84, *Fiduciary Activities*, supersedes reporting of agency funds and replaces it with a newly coined custodial fund, and requires several additional reporting requirements for fiduciary funds.

Under current guidance, Statement 34 requires that governments report fiduciary activities in fiduciary funds, but that statement does not provide a clear definition of what constitutes a fiduciary activity. GASB sought to reduce inconsistencies in reporting and provide a clear foundation for future reporting.

---

## PROFESSIONAL STANDARDS UPDATE / INFORMATIONAL POINTS (cont.)

---

### *NEW REPORTING REQUIREMENTS FOR FIDUCIARY ACTIVITIES (cont.)*

The new guidance will impact a significant amount of local governments. Many local governments have activities that may be considered fiduciary, including:

- > Student activity funds of a school district
- > Tax collection funds
- > Circuit court fund of a municipality or county
- > Jail inmate accounts
- > Nursing home patient accounts
- > Cemetery trust funds
- > Postemployment benefit plans

Under the recently issued Statement 84, governments will need to apply specific criteria to determine if a fiduciary activity exists. The criteria focuses on determining if a government is controlling the assets of the potential fiduciary activity and determining who the beneficiaries are. A few of the major changes that will impact many governments include:

- > Pension/OPEB Plans as Fiduciary Component Units: Pension and other postemployment benefit (OPEB) plans will need to be evaluated to determine if they meet the fiduciary component unit criteria.
- > Other Fiduciary Activities: There are various other types of assets that a government controls which will need to be evaluated under the new standard. Part of this evaluation will include identification of the beneficiary of the funds, consideration of how the assets are derived and the extent of administrative or direct financial involvement with the assets.

The following is a summary of two significant changes in the reporting requirements:

- > The standard requires that governments recognize a liability to the beneficiaries in a fiduciary fund only when an event has occurred that compels the government to disburse fiduciary resources.
- > Presentation of additions and deductions on the statement of changes in fiduciary net position for all fiduciary funds, including custodial funds.

The time to start assessing your government's fiduciary activities is now. We have an archived webinar to explain the requirements, which can be found at <https://bakertilly.com/insights/fiduciary-activities-changes-affecting-existing-agency-funds/>. Along with the presentation, there is a fiduciary activities tool for you to download. These resources will give you an understanding of the new criteria and requirements and help you identify the fiduciary reporting changes that will impact your financial statements. Also, be on the lookout for the Implementation Guide to be issued by GASB in 2019.

---

## **PROFESSIONAL STANDARDS UPDATE / INFORMATIONAL POINTS (cont.)**

---

### ***RESOURCES FOR STATE AND LOCAL GOVERNMENT BOARDS***

Expectations and accountability are at all-time high and the knowledge required to be an effective board member is substantial. As a benefit to our clients, we have compiled a number of resources dedicated to educating state and local government board members. Go to our Board Governance Resource Center at [www.bakertilly.com/board-governance](http://www.bakertilly.com/board-governance) for more information.

The Resource Center includes the following:

#### **Podcasts**

1. Managing cyber threats: Developing a sustainable cybersecurity program to address your unique risks
2. Understanding utility finances
3. Benefits of a fraud risk assessment
4. Financial ratios and benchmarks
5. Fund balance and other financial policies

#### **Articles**

1. Securitization of deposits and investments
2. Five easy internal controls your government should implement
3. Fund balance levels: What works for your government?
4. The importance of smart spending cuts

We encourage you to subscribe to our complimentary newsletter “Government Connection” to stay abreast of the latest issues impacting state and local governments. You can do so by clicking on the “subscribe” button and indicating “State and Local Government” as an area of interest on the subscription form. Also, if you or your board members have suggested topics to feature on our Board Governance webpage or Government Connection newsletter, we invite you to submit your ideas in person or online.

**REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE**

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

Thank you for using Baker Tilly Virchow Krause, LLP as your auditor.

We have completed our audit of the financial statements of the City of River Falls for the year ended December 31, 2018 and have issued our report thereon dated July 2, 2019. This letter presents communications required by our professional standards.

***OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA***

The objective of a financial statement audit is the expression of an opinion on the financial statements. We conducted the audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or those charged with governance of their responsibilities.

As part of the audit we obtained an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. The audit was not designed to provide assurance on internal control or to identify deficiencies in internal control.

***OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS***

Our responsibility does not extend beyond the audited financial statements identified in this report. We do not have any obligation to and have not performed any procedures to corroborate other information contained in client prepared documents, such as official statements related to debt issues.

***PLANNED SCOPE AND TIMING OF THE AUDIT***

We performed the audit according to the planned scope and timing previously communicated to you in our prior year Communication to Those Charged with Governance and Management point titled "Two Way Communication Regarding Your Audit" dated July 10, 2018.

## **QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES**

### **Accounting Policies**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of River Falls are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the city during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- > Management's estimate of other post-employment benefits liability is based on an actuarial study.
- > Management's estimate of the historic cost of its road and storm sewer networks was based on current construction costs at the time of the estimate, deflated back to the year of construction.
- > Management's estimate of the net pension asset and the deferred outflows and deferred inflows related to pensions which impacts the reported pension expense are based on information provided by the Wisconsin Retirement System.
- > The depreciable lives for capital assets are based on management's estimate of the useful life of each asset. For the electric and water utilities, standard depreciation rates are provided by the PSC as part of the rate case process.
- > Other estimates affecting the financial statements are the allowance for doubtful accounts of the ambulance fund and the estimated liability for post-closure landfill monitoring.

We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

### **Financial Statement Disclosures**

The disclosures in the notes to the financial statements are neutral, consistent, and clear.

### **DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT**

We encountered no significant difficulties in dealing with management in performing our audit.

### **CORRECTED AND UNCORRECTED MISSTATEMENTS**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Management has corrected all such misstatements; none of the identified misstatements were material to the financial statements.

### ***CORRECTED AND UNCORRECTED MISSTATEMENTS (cont.)***

In addition, we prepared GASB No. 34 conversion entries, which are summarized in the “Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position” and the “Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities” in the financial statements.

### ***DISAGREEMENTS WITH MANAGEMENT***

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors’ report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS***

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***MANAGEMENT REPRESENTATIONS***

We have requested certain representations from management that are included in the management representation letter. This letter follows this required communication.

### ***INDEPENDENCE***

We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and the City of River Falls that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements of the City of River Falls for the year ended December 31, 2018, Baker Tilly Virchow Krause, LLP hereby confirms that we are, in our professional judgment, independent with respect to the city in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. We provided no services to the city other than audit services provided in connection with the audit of the current year’s financial statements and the following nonaudit services, which in our judgment do not impair our independence:

- > Adjusting journal entries and GASB 34 conversion entries
- > Financial statement preparation
- > Compiled TIF financial statements

None of these nonaudit services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

### ***OTHER AUDIT FINDINGS OR ISSUES***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the city’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**OTHER MATTERS**

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**RESTRICTION ON USE**

This information is intended solely for the use of the city council and management and is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss the information included in this letter and any other matters. Thank you for allowing us to serve you.

*Baker Tilly Virchow Krause, LLP*

Eau Claire, Wisconsin  
July 2, 2019

## **MANAGEMENT REPRESENTATIONS**



Baker Tilly Virchow Krause, LLP  
3410 Oakwood Mall Drive, Suite 200  
Eau Claire, Wisconsin 54701

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the financial statements of the City of River Falls as of December 31, 2018 and for the year then ended for the purpose of expressing opinions as to whether the financial statements 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 and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

*Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, if any, are reasonable.
6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
8. All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.
9. There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
10. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

*Information Provided*

11. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
15. We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. There are no known related parties or related party relationships and transactions of which we are aware.

*Other*

17. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
18. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that you have reported to us.
19. We have a process to track the status of audit findings and recommendations.
20. We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
22. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
23. There are no:
  - a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
  - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
  - c. Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
  - d. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
  - e. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
24. In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
  - a. Financial statement preparation
  - b. Adjusting journal entries and GASB 34 conversion entries
  - c. Compiled TIF financial statements

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.
25. The City of River Falls has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

26. The City of River Falls has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
27. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any. Component units have been properly presented as either blended or discrete.
28. The financial statements properly classify all funds and activities.
29. All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
30. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
31. The City of River Falls has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
32. Provisions for uncollectible receivables, if any, have been properly identified and recorded.
33. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
34. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
35. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
36. Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
37. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
38. Tax-exempt bonds issued have retained their tax-exempt status.
39. We have appropriately disclosed the City of River Falls's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.
40. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
41. With respect to the supplementary information, (SI):

- a. We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b. If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
42. We assume responsibility for, and agree with, the findings of specialists in evaluating the other post employment benefits liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.
43. We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.
44. We have evaluated and considered all potential tax abatements and believe all material tax abatements have been properly reported and disclosed.
45. We have implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and believe that all liabilities, deferred outflows and deferred inflows have been identified and properly classified in the financial statements and any other required classifications and RSI have been computed in compliance with the Standard.
46. We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as the measurement date in accordance with the requirements of GASB 72 – *Fair Value Measurement*. In addition our disclosures related to fair value measurements are consistent with the objectives outlined in GASB 72. We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements.
47. With regards to the Commitment to Community program, we do not participate in the state program, however our local program reporting requirements are being met through joint reporting by WPPI Energy. As such no report needs to be prepared or filed by the utility.

Sincerely,

City of River Falls

Signed: 

Signed: 

Signed: 

Date: 7/2/2019