

**CITY OF RIVER FALLS**

River Falls, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

# CITY OF RIVER FALLS

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of River Falls, Wisconsin, as of and for the year ended December 31, 2019, 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, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note I, the City of River Falls adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the 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, 2019 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, 2019 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, 2019, 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, 2019.

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, 2018 (not presented herein), and have issued our report thereon dated July 2, 2019, 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, 2018 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 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 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, 2018.

*Baker Tilly Virchow Krause, LLP*

Eau Claire, Wisconsin  
June 15, 2020

**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, 2019. 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 \$622k increasing net position to \$117.4 million. Total expenses for the primary government were \$38.1 million as compared to \$33.9 million the previous year. Revenues for the period were \$38.8 million increasing from \$36.5 million in 2018.
- The City's governmental type funds reported combined ending fund balances of \$9.1 million at year-end. This is a reduction of \$1.2 million; total assets decreased \$735k, total liabilities and deferred inflows of resources increased \$486k.
  - Assets:
    - The restricted cash balance decreased \$2.7 million as the completion of the 2019 Glen Park project exhausted the remaining restricted cash balance.
    - Prepays increased \$574k factored from a prepayment for a 2020 budgeted fire engine.
  - Liabilities & Deferred inflows of resources:
    - Unearned revenue (developer deposits) increased to \$3.2 million
    - Unearned revenue identified as deferred inflows are property tax receivables of \$8.3 million.
- The City's enterprise funds closed the year with operating income of \$1.37 million, and a total net position of \$66.8 million.
- The City financed \$1.5 million for the interim financing for the real estate purchase for a future police department building.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are 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 2019: 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 pages 21 – 22.

**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 23 – 76 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 77 – 81 of this report; supplementary information can be found on pages 82 – 118 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

Total net position increased by \$622k to \$117.4 million at the close of fiscal year ending December 31, 2019. This increase is an aggregate result of increased revenues of the governmental activities and increased investment income, capital grants & contributions of the total primary government.

Net investment of the primary government in capital assets comprises \$95.7 million, or 81.5% 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 \$14.3 million, or 12.1% of the City's net position. 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>2019</u>             | <u>2018</u>          | <u>2019</u>              | <u>2018</u>          | <u>2019</u>           | <u>2018</u>           |
| Current and Other Assets   | \$ 23,587,667           | \$ 24,480,328        | \$ 14,043,777            | \$ 15,235,964        | \$ 37,631,444         | \$ 39,716,292         |
| Capital Assets   | <u>60,667,197</u>       | <u>58,909,283</u>    | <u>63,327,286</u>        | <u>62,509,892</u>    | <u>123,994,483</u>    | <u>121,419,175</u>    |
| Total Assets   | <u>84,254,864</u>       | <u>83,389,611</u>    | <u>77,371,063</u>        | <u>77,745,856</u>    | <u>161,625,927</u>    | <u>161,135,467</u>    |
| Deferred Outflows of Resources   | <u>4,214,696</u>        | <u>2,453,154</u>     | <u>1,804,843</u>         | <u>1,007,929</u>     | <u>6,019,539</u>      | <u>3,461,083</u>      |
| Current Liabilities  | 7,743,962               | 5,529,312            | 2,466,116                | 2,513,507            | 10,210,078            | 8,042,819             |
| Noncurrent Liabilities   | <u>18,453,156</u>       | <u>17,870,703</u>    | <u>10,427,047</u>        | <u>10,798,706</u>    | <u>28,880,203</u>     | <u>28,669,409</u>     |
| Total Liabilities  | <u>26,197,118</u>       | <u>23,400,015</u>    | <u>12,893,163</u>        | <u>13,312,213</u>    | <u>39,090,281</u>     | <u>36,712,228</u>     |
| Deferred Inflows of Resources  | <u>10,262,148</u>       | <u>10,064,094</u>    | <u>862,757</u>           | <u>1,012,307</u>     | <u>11,124,905</u>     | <u>11,076,401</u>     |
| Net Investment in Capital Assets <sup>1</sup>                                | <u>43,720,649</u>       | <u>45,525,838</u>    | <u>53,731,208</u>        | <u>51,766,884</u>    | <u>95,741,133</u>     | <u>95,483,970</u>     |
| Restricted   | <u>5,215,678</u>        | <u>5,855,881</u>     | <u>2,212,124</u>         | <u>1,724,864</u>     | <u>7,427,802</u>      | <u>7,580,745</u>      |
| Unrestricted <sup>1</sup>  | <u>3,073,967</u>        | <u>996,937</u>       | <u>9,476,654</u>         | <u>10,937,517</u>    | <u>14,261,345</u>     | <u>13,743,206</u>     |
| Total Net Position   | <u>\$ 52,010,294</u>    | <u>\$ 52,378,656</u> | <u>\$ 65,419,986</u>     | <u>\$ 64,429,265</u> | <u>\$ 117,430,280</u> | <u>\$ 116,807,921</u> |
| Unrestricted Net Position as a %<br>of Total Liabilities/Deferred<br>Inflows | 8%                      | 3%                   | 69%                      | 76%                  | 28%                   | 29%                   |

<sup>1</sup> See Note I.D.10 equity classifications for detailed information of 2019 & 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>2019</u>             | <u>2018</u>         | <u>2019</u>              | <u>2018</u>         | <u>2019</u>          | <u>2018</u>          |
| <b>Revenues</b>                         |                         |                     |                          |                     |                      |                      |
| Program revenues:                       |                         |                     |                          |                     |                      |                      |
| Charges for services                    | \$1,940,648             | \$1,754,439         | \$20,467,255             | \$21,018,957        | \$22,407,903         | \$22,773,396         |
| Operating grants and contributions      | 1,888,437               | 1,869,200           | 9,101                    | 6,846               | 1,897,538            | 1,876,046            |
| Capital grants and contributions        | 611,141                 | 280,031             | 1,725,980                | 541,127             | 2,337,121            | 821,158              |
| General revenues:                       |                         |                     |                          |                     |                      |                      |
| Property taxes                          | 7,849,541               | 7,191,150           |                          |                     | 7,849,541            | 7,191,150            |
| Other taxes                             | 230,774                 | 208,787             |                          |                     | 230,774              | 208,787              |
| Intergovernmental                       | 2,365,686               | 2,330,887           |                          |                     | 2,365,686            | 2,330,887            |
| Investment earnings                     | 577,445                 | 421,101             | 308,872                  | 234,661             | 886,317              | 655,762              |
| Miscellaneous                           | <u>753,536</u>          | <u>704,447</u>      | <u>25,179</u>            | <u>26,511</u>       | <u>778,715</u>       | <u>730,958</u>       |
| Total revenues                          | 16,217,208              | 14,760,042          | 22,536,387               | 21,828,102          | 38,753,595           | 36,588,144           |
| <b>Expenses</b>                         |                         |                     |                          |                     |                      |                      |
| General government                      | 2,485,240               | 2,260,277           |                          |                     | 2,485,240            | 2,260,277            |
| Public safety                           | 4,063,229               | 3,749,389           |                          |                     | 4,063,229            | 3,749,389            |
| Public works                            | 4,015,943               | 4,213,891           |                          |                     | 4,015,943            | 4,213,891            |
| Health services                         | 20,049                  | 19,317              |                          |                     | 20,049               | 19,317               |
| Leisure                                 | 2,288,175               | 2,043,345           |                          |                     | 2,288,175            | 2,043,345            |
| Conservation and development            | 4,708,079               | 1,374,119           |                          |                     | 4,708,079            | 1,374,119            |
| Interest and fiscal charges             | 797,244                 | 800,029             |                          |                     | 797,244              | 800,029              |
| Electric utility                        |                         |                     | 12,991,264               | 13,144,509          | 12,991,264           | 13,144,509           |
| Water utility                           |                         |                     | 1,511,936                | 1,405,877           | 1,511,936            | 1,405,877            |
| Sewer utility                           |                         |                     | 2,789,464                | 2,516,872           | 2,789,464            | 2,516,872            |
| Storm water utility                     |                         |                     | 570,584                  | 591,849             | 570,584              | 591,849              |
| Ambulance service                       |                         |                     | <u>1,890,029</u>         | <u>1,826,628</u>    | <u>1,890,029</u>     | <u>1,826,628</u>     |
| Total expenses                          | <u>18,377,959</u>       | <u>14,460,367</u>   | <u>19,753,277</u>        | <u>19,485,735</u>   | <u>38,131,236</u>    | <u>33,946,102</u>    |
| Change in net position before transfers | (2,160,751)             | 299,675             | 2,783,110                | 2,342,367           | 622,359              | 2,642,042            |
| Transfers                               | <u>1,792,389</u>        | <u>1,627,019</u>    | <u>(1,792,389)</u>       | <u>(1,627,019)</u>  | -                    | -                    |
| Increase in net position                | (368,362)               | 1,926,694           | 990,721                  | 715,348             | 622,359              | 2,642,042            |
| Net position January 1                  | <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>   |
| Net position December 31                | <u>\$52,010,294</u>     | <u>\$52,378,656</u> | <u>\$65,419,986</u>      | <u>\$64,429,265</u> | <u>\$117,430,280</u> | <u>\$116,807,921</u> |

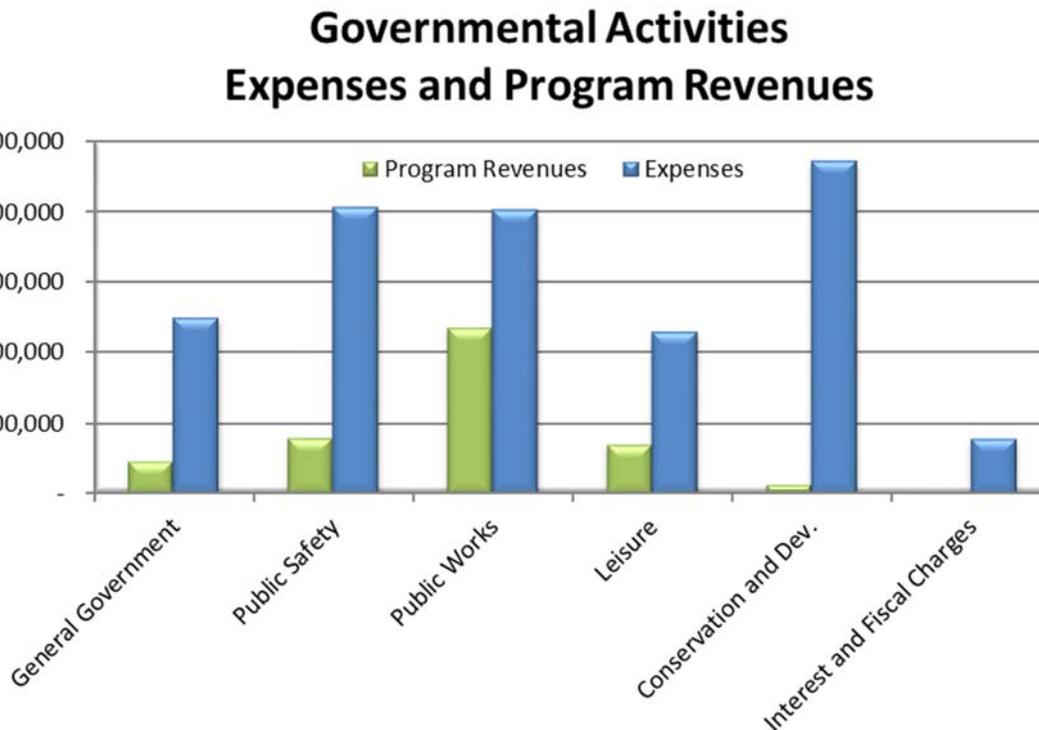
## Governmental Activities:

At the end of 2019, the City of River Falls' Governmental Activities had total assets and deferred outflows of resources of \$88.5 million and total liabilities and deferred inflows of resources of \$36.5 million; resulting in a net position of \$52.0 million. The net position is allocated with \$43.7 million representing capital assets net of related debt, \$5.2 million held for restricted purposes, and \$3.1 million of unrestricted net position. (Pages 1 – 2)

Revenues for the City's governmental activities, excluding transfers from other funds, totaled \$16.2 million, with property taxes encompassing 48.4% of the total. Intergovernmental revenues include \$2.4 million in state shared revenue and grants which account for 14.6% of annual revenues. Operating and capital grants and contributions comprise 15.4% and charges for services account for 12.0% of total revenues; which include solid waste, environmental fees, permits, licenses and miscellaneous fees.

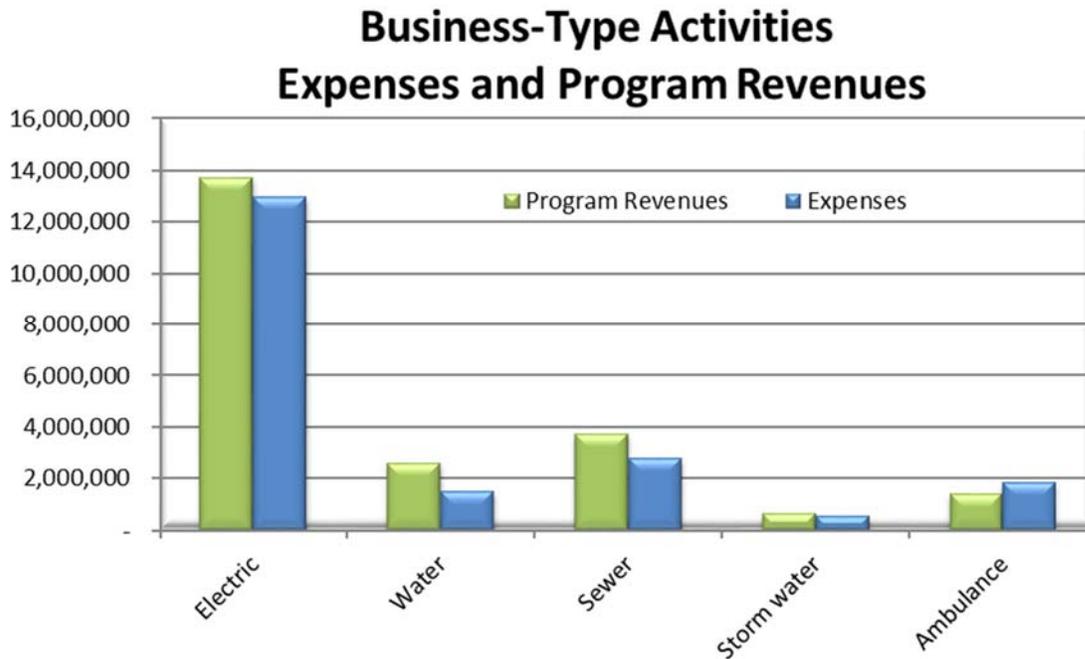
Governmental activities expensed \$18.4 million compared to \$14.4 million in 2018. Public Safety and Public Works represent 44% of total expenses.

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



## Business-Type Activities:

Business-type activities increased the City's net position by \$991k. Due to the enterprise nature of these activities, 90.8% of total revenues are generated by charges for services. The Electric fund accounted for 65.9%, followed by Sewer with 15.7% of the Enterprise services revenue. In 2019, business-type activities recognized \$1.7 million in grants and contributions, primarily from construction contributions.



Key elements of the business-type activities in 2019 are as follows:

### Electric

- The Electric fund's net position increased \$92k from the prior year to \$21.2 million.
- Total noncurrent assets increased \$909k; primarily from an increase in construction in progress and net pension asset classified as a liability for 2019.
- Operating revenues realized a decrease in 2019 in comparison to 2018
  - Total kWh delivery decreased 1.5 million
- Advanced Metering Infrastructure electric meters increased four-fold; residential installs added over 1,000 meters.

## **Water**

- The Water fund's net position increased \$739k from the prior year to \$16.0 million.
- Total assets increased \$613k in 2019; attributed to cash and investments from deferred assessments
- Operating revenues declined slightly at \$1.76 million.
  - Irrigation class realized the largest decline of 16.4 million gallons.
- Capital contributions increased \$533k

## **Sewer**

- The Sewer fund's net position increased \$919k from the prior year to \$21.5 million.
- Total liabilities decreased \$744k and total assets remained consistent at \$28.3 million.
  - Reduction in noncurrent liabilities is the primary factor.
- Operating revenues remained static at \$3.2 million which is comparable to 2018.
- Capital contributions increased \$341k

## **Storm Water**

- The Storm Water fund's net position increased \$104k from the prior year to \$7.0 million.
  - Total current assets increased \$198k.
- Operating revenues were \$569k; a marginal increase of \$10,500 over the prior year.
- Operating expenditures were \$561k; a decrease of \$23,600.

## **Ambulance**

- The Ambulance fund's net position decreased by \$523k from the prior year to \$1.2 million.
- Overall, total assets decreased \$465k. Total liabilities increased \$320k.
  - Current assets declined \$192k; cash is the primary source of decrease.
  - As cash declined, the fund increased their 'due to other' funds liability.
- Operating revenues ended the year at \$1.4 million; a \$100k decrease over the prior year.
- Total Operating expenditures increased \$74k as compared to 2018.
  - Overall, total employment costs increased \$208k that is offset by general operating supplies declining \$119k and a decrease in depreciation.

## **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 \$9.1 million; a decrease of \$1.2 million from the prior year. The General fund ended the year with \$5.9 million in unassigned fund balance which is available to meet the City's current and future needs. An additional \$4.7 million is considered non-spendable in the General Fund. The non-spendable funds entail the following: 1) \$4.6 million advances to other funds and 2) prepaid expenses of \$45,425.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The 2019 budget was adopted at the function level of expenditures. Closing General fund revenues were \$11.5 million; exceeding budgeted by \$619,855. Building permits surpassed budgeted amounts by \$167k. Miscellaneous revenues included two years of workman's compensation dividends (late receipt of 2017-2018).

Total expenditures and other financing uses were over budget by \$179,069. Transfers to other funds exceeded budget by \$741k. Engine #7 is budgeted for replacement in 2020. After careful consideration, it was determined prepaying for the unit, instead of payment at delivery, had a greater cost savings; this factored \$627k of the increase, as the General fund transferred to the Capital Equipment fund the funds to temporarily finance the prepayment. The amount was included in the 2020 borrowings. Council also approved transfer amounts for deficit balances to internal service funds.

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

#### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities at December 31, 2019, amounted to \$124 million (net of accumulated depreciation), an increase of \$2.6 million over 2018. 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 2019 include:
  - Structures:
    - Property acquisition for the future road construction
    - Property acquisition for the future fire station
    - Kenworth Quad-axle truck for street maintenance
  - Construction in Progress:
    - Glen Park Pavilion and Storm Shelter continued construction
    - Building acquisition for the future police station
  - Infrastructure:
    - Balmoral Street in Sterling Ponds

In accordance with the implementation of GASB No. 34, the City has recorded historical costs and depreciation expense associated with all its capital assets, including infrastructure. The City has elected to use the straight-line depreciation method of reporting capital assets.

Further details of the City's capital assets can be found on pages 45 - 51 in the notes to the financial statements.

### **Long-Term Debt**

At December 31, 2019, the City had \$20.5 million of general obligation bonds and promissory notes outstanding; with \$3.6 million payable within one year. Total general obligation debt of \$1.3 million, or 6.3%, 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, 2019, the City's total amount applicable to debt is 37.8% of the total limit of \$54,217,895. The net debt per capita equaled \$1,285 at year-end based on a year-end population of 15,951.

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 2019-2020 BUDGET AND RATES**

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the City. The City's evaluation of the effects of these events is ongoing.

The extent of the impact of COVID-19 on the City's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

The 2019-2020 budget was approved by the City Council in November 2018. The 2020 property tax levy is \$6,860,235. 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 next reassessment is planned to take place in 2021. The City's 2019 assessment shows total assessed values at \$948,865,000; a 2.4% growth over the prior year. The ratio of assessed values to equalized (market) was at 87% for 2019. The City's total equalized value increased 2% in 2019, to a total value of \$1.08 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, 2019

|   | Primary Government         |                             |                    | Component<br>Unit                   |
|---|----------------------------|-----------------------------|--------------------|-------------------------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Totals             | Business<br>Improvement<br>District |
| <b>ASSETS</b>                             |                            |                             |                    |                                     |
| Cash and investments                      | \$ 12,057,355              | \$ 9,143,494                | \$ 21,200,849      | \$ 18,400                           |
| Receivables (net)                         |                            |                             |                    |                                     |
| Taxes                                     | 8,259,196                  | -                           | 8,259,196          | -                                   |
| Accounts                                  | 468,757                    | 2,220,607                   | 2,689,364          | -                                   |
| Special assessments                       | 76,052                     | -                           | 76,052             | 42,000                              |
| Accrued interest                          | 10,287                     | -                           | 10,287             | -                                   |
| Loans                                     | 469,748                    | 5,682                       | 475,430            | -                                   |
| Other receivables                         | 847                        | 90,958                      | 91,805             | -                                   |
| Inventories and prepaid items             | 698,080                    | 589,384                     | 1,287,464          | -                                   |
| Due from other governments                | 6,435                      | -                           | 6,435              | -                                   |
| Internal balances                         | 1,540,910                  | (1,540,910)                 | -                  | -                                   |
| Other assets                              | -                          | 302,605                     | 302,605            | -                                   |
| Restricted Assets                         |                            |                             |                    |                                     |
| Cash and investments                      | -                          | 3,231,957                   | 3,231,957          | -                                   |
| Capital Assets                            |                            |                             |                    |                                     |
| Land                                      | 13,366,292                 | 365,000                     | 13,731,292         | -                                   |
| Construction in progress                  | 5,645,970                  | 1,972,340                   | 7,618,310          | -                                   |
| Other capital assets, net of depreciation | 41,654,935                 | 60,989,946                  | 102,644,881        | -                                   |
| Total Assets                              | <u>84,254,864</u>          | <u>77,371,063</u>           | <u>161,625,927</u> | <u>60,400</u>                       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>     |                            |                             |                    |                                     |
| Deferred charge on refunding              | 278,473                    | 77,867                      | 356,340            | -                                   |
| Pension related amounts                   | 3,813,101                  | 1,702,826                   | 5,515,927          | -                                   |
| OPEB related amounts                      | 123,122                    | 24,150                      | 147,272            | -                                   |
| Total Deferred Outflows of Resources      | <u>4,214,696</u>           | <u>1,804,843</u>            | <u>6,019,539</u>   | <u>-</u>                            |
| <b>LIABILITIES</b>                        |                            |                             |                    |                                     |
| Accounts payable                          | 443,570                    | 959,937                     | 1,403,507          | -                                   |
| Accrued liabilities                       | 304,429                    | 225,567                     | 529,996            | -                                   |
| Accrued interest                          | 178,541                    | 57,211                      | 235,752            | -                                   |
| Deposits                                  | 78,570                     | 94,816                      | 173,386            | -                                   |
| Unearned revenues                         | 3,155,016                  | -                           | 3,155,016          | -                                   |
| Noncurrent Liabilities                    |                            |                             |                    |                                     |
| Due within one year                       | 3,583,836                  | 1,128,585                   | 4,712,421          | -                                   |
| Due in more than one year                 | 18,453,156                 | 10,427,047                  | 28,880,203         | -                                   |
| Total Liabilities                         | <u>26,197,118</u>          | <u>12,893,163</u>           | <u>39,090,281</u>  | <u>-</u>                            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>      |                            |                             |                    |                                     |
| Unearned revenues                         | 8,263,154                  | -                           | 8,263,154          | -                                   |
| Pension related amounts                   | 1,974,037                  | 857,862                     | 2,831,899          | -                                   |
| OPEB related amounts                      | 24,957                     | 4,895                       | 29,852             | -                                   |
| Total Deferred Inflows of Resources       | <u>10,262,148</u>          | <u>862,757</u>              | <u>11,124,905</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) | \$ 43,720,649           | \$ 53,731,208            | \$ 95,741,133         | \$ -                          |
| Restricted for                                     |                         |                          |                       |                               |
| Debt service                                       | -                       | 788,304                  | 788,304               | -                             |
| Capital asset repair and replacement               | -                       | 990,625                  | 990,625               | -                             |
| Impact fee projects                                | 252,349                 | 433,195                  | 685,544               | -                             |
| Library trust                                      | 156,144                 | -                        | 156,144               | -                             |
| Housing  | 909,343                 | -                        | 909,343               | -                             |
| Parking improvements                               | 66,155                  | -                        | 66,155                | -                             |
| Refuse/solid waste                                 | 79,166                  | -                        | 79,166                | -                             |
| Environmental fee                                  | 3,104,372               | -                        | 3,104,372             | -                             |
| Library  | 116,470                 | -                        | 116,470               | -                             |
| Shared ride taxi                                   | 31,282                  | -                        | 31,282                | -                             |
| Tax increment districts                            | 415,694                 | -                        | 415,694               | -                             |
| Loan programs                                      | 84,703                  | -                        | 84,703                | -                             |
| Unrestricted                                       | <u>3,073,967</u>        | <u>9,476,654</u>         | <u>14,261,345</u>     | <u>60,400</u>                 |
| <b>TOTAL NET POSITION</b>                          | <u>\$ 52,010,294</u>    | <u>\$ 65,419,986</u>     | <u>\$ 117,430,280</u> | <u>\$ 60,400</u>              |

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

| Functions/Programs             | Program Revenues     |                         |  |  |
|--------------------------------|----------------------|-------------------------|--|--|
|                                | Expenses             | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| Primary Government             |                      |                         |  |  |
| Governmental Activities        |                      |                         |  |  |
| General government             | \$ 2,485,240         | \$ 465,285              | \$ -                                     | \$ -                                   |
| Public safety                  | 4,063,229            | 212,384                 | 587,442                                  | -                                      |
| Public works                   | 4,015,943            | 786,994                 | 926,021                                  | 611,141                                |
| Health services                | 20,049               | -                       | -  | -                                      |
| Leisure activities             | 2,288,175            | 329,849                 | 374,974                                  | -                                      |
| Conservation and development   | 4,708,079            | 146,136                 | -  | -                                      |
| Interest and fiscal charges    | 797,244              | -                       | -  | -                                      |
| Total Governmental Activities  | <u>18,377,959</u>    | <u>1,940,648</u>        | <u>1,888,437</u>                         | <u>611,141</u>                         |
| Business-type Activities       |                      |                         |  |  |
| Electric utility               | 12,991,264           | 13,496,541              | -  | 247,246                                |
| Water utility                  | 1,511,936            | 1,761,278               | -  | 836,546                                |
| Sewer utility                  | 2,789,464            | 3,216,767               | -  | 511,945                                |
| Stormwater                     | 570,584              | 568,676                 | -  | 130,243                                |
| Ambulance                      | 1,890,029            | 1,423,993               | 9,101                                    | -                                      |
| Total Business-type Activities | <u>19,753,277</u>    | <u>20,467,255</u>       | <u>9,101</u>                             | <u>1,725,980</u>                       |
| Total Primary Government       | <u>\$ 38,131,236</u> | <u>\$ 22,407,903</u>    | <u>\$ 1,897,538</u>                      | <u>\$ 2,337,121</u>                    |
| Component Unit                 |                      |                         |  |  |
| Business Improvement District  | <u>\$ 50,511</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

**Change in net position**

NET POSITION - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying notes to financial statements.

| Net (Expenses) Revenues and Changes in Net Position |                          |                       |                               |
|---|--------------------------|-----------------------|-------------------------------|
| Primary Government                                  |                          |                       | Component Unit                |
| Governmental Activities                             | Business-type Activities | Totals                | Business Improvement District |
| \$ (2,019,955)                                      | \$ -                     | \$ (2,019,955)        | \$ -                          |
| (3,263,403)   | -                        | (3,263,403)           | -                             |
| (1,691,787)   | -                        | (1,691,787)           | -                             |
| (20,049)  | -                        | (20,049)              | -                             |
| (1,583,352)   | -                        | (1,583,352)           | -                             |
| (4,561,943)   | -                        | (4,561,943)           | -                             |
| (797,244)   | -                        | (797,244)             | -                             |
| <u>(13,937,733)</u>                                 | <u>-</u>                 | <u>(13,937,733)</u>   | <u>-</u>                      |
| -   | 752,523                  | 752,523               | -                             |
| -   | 1,085,888                | 1,085,888             | -                             |
| -   | 939,248                  | 939,248               | -                             |
| -   | 128,335                  | 128,335               | -                             |
| -   | (456,935)                | (456,935)             | -                             |
| -   | <u>2,449,059</u>         | <u>2,449,059</u>      | <u>-</u>                      |
| <u>(13,937,733)</u>                                 | <u>2,449,059</u>         | <u>(11,488,674)</u>   | <u>-</u>                      |
| -   | -                        | -                     | <u>(8,511)</u>                |
| 6,356,489   | -                        | 6,356,489             | -                             |
| 198,502   | -                        | 198,502               | -                             |
| 1,294,550   | -                        | 1,294,550             | -                             |
| 230,774   | -                        | 230,774               | -                             |
| 2,365,686   | -                        | 2,365,686             | -                             |
| 577,445   | 308,872                  | 886,317               | -                             |
| 753,536   | 25,179                   | 778,715               | -                             |
| <u>11,776,982</u>                                   | <u>334,051</u>           | <u>12,111,033</u>     | <u>-</u>                      |
| <u>1,792,389</u>                                    | <u>(1,792,389)</u>       | <u>-</u>              | <u>-</u>                      |
| (368,362)   | 990,721                  | 622,359               | (8,511)                       |
| <u>52,378,656</u>                                   | <u>64,429,265</u>        | <u>116,807,921</u>    | <u>68,911</u>                 |
| <u>\$ 52,010,294</u>                                | <u>\$ 65,419,986</u>     | <u>\$ 117,430,280</u> | <u>\$ 60,400</u>              |

See accompanying notes to financial statements.

**CITY OF RIVER FALLS**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2019

|                               | <u>General Fund</u>  | <u>Tax<br/>Increment<br/>District #10</u> | <u>General<br/>Capital<br/>Projects</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Totals</u>        |
|-------------------------------|----------------------|---|---|--|----------------------|
| <b>ASSETS</b>                 |                      |   |   |  |                      |
| Cash and investments          | \$ 5,865,359         | \$ 51,795                                 | \$ 2,048,762                            | \$ 3,968,155                               | \$ 11,934,071        |
| Receivables                   |                      |   |   |  |                      |
| Taxes                         | 4,508,514            | 426,534                                   | 253,352                                 | 3,070,796                                  | 8,259,196            |
| Accounts                      | 250,882              | -   | 7,000                                   | 210,875                                    | 468,757              |
| Special assessments           | 55,347               | -   | 20,705                                  | -  | 76,052               |
| Accrued interest              | 7,482                | -   | -                                       | 2,805                                      | 10,287               |
| Loans                         | -                    | -   | 190,936                                 | 278,812                                    | 469,748              |
| Prepaid items and inventories | 45,425               | -   | 139                                     | 632,719                                    | 678,283              |
| Due from other funds          | 506,012              | -   | -                                       | -  | 506,012              |
| Due from other governments    | -                    | -   | -                                       | 6,435                                      | 6,435                |
| Advances to other funds       | <u>4,633,959</u>     | <u>-</u>                                  | <u>500,000</u>                          | <u>1,500,000</u>                           | <u>6,633,959</u>     |
| <b>TOTAL ASSETS</b>           | <u>\$ 15,872,980</u> | <u>\$ 478,329</u>                         | <u>\$ 3,020,894</u>                     | <u>\$ 9,670,597</u>                        | <u>\$ 29,042,800</u> |

See accompanying notes to financial statements.

|  | <u>General Fund</u>  | <u>Tax<br/>Increment<br/>District #10</u> | <u>General<br/>Capital<br/>Projects</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Totals</u>        |
|--|----------------------|---|---|--|----------------------|
| <b>LIABILITIES, DEFERRED<br/>INFLOWS OF RESOURCES,<br/>AND FUND BALANCES</b>                       |                      |   |   |  |                      |
| Liabilities  |                      |   |   |  |                      |
| Accounts payable   | \$ 241,244           | \$ 500                                    | \$ 148,288                              | \$ 41,919                                  | \$ 431,951           |
| Accrued liabilities  | 257,823              | -   | -                                       | 29,059                                     | 286,882              |
| Deposits   | 65,880               | 8,000                                     | -                                       | 4,690                                      | 78,570               |
| Unearned revenues  | -                    | -   | 3,155,016                               | -  | 3,155,016            |
| Due to other funds   | -                    | -   | -                                       | 353,097                                    | 353,097              |
| Advances from other funds  | -                    | 3,422,711                                 | -                                       | 3,211,248                                  | 6,633,959            |
| Total Liabilities  | <u>564,947</u>       | <u>3,431,211</u>                          | <u>3,303,304</u>                        | <u>3,640,013</u>                           | <u>10,939,475</u>    |
| Deferred Inflows of Resources  |                      |   |   |  |                      |
| Unearned revenues  | 4,504,385            | 426,534                                   | 261,439                                 | 3,070,796                                  | 8,263,154            |
| Unavailable revenues   | <u>181,985</u>       | -   | <u>207,804</u>                          | <u>287,497</u>                             | <u>677,286</u>       |
| Total Deferred Inflows<br>of Resources   | <u>4,686,370</u>     | <u>426,534</u>                            | <u>469,243</u>                          | <u>3,358,293</u>                           | <u>8,940,440</u>     |
| Fund Balances  |                      |   |   |  |                      |
| Nonspendable   | 4,679,384            | -   | 500,139                                 | 632,719                                    | 5,812,242            |
| Restricted   | -                    | -   | -                                       | 4,968,630                                  | 4,968,630            |
| Committed  | -                    | -   | -                                       | 206,573                                    | 206,573              |
| Unassigned (deficit)   | <u>5,942,279</u>     | <u>(3,379,416)</u>                        | <u>(1,251,792)</u>                      | <u>(3,135,631)</u>                         | <u>(1,824,560)</u>   |
| Total Fund Balances  | <u>10,621,663</u>    | <u>(3,379,416)</u>                        | <u>(751,653)</u>                        | <u>2,672,291</u>                           | <u>9,162,885</u>     |
| <b>TOTAL<br/>LIABILITIES,<br/>DEFERRED<br/>INFLOWS OF<br/>RESOURCES,<br/>AND FUND<br/>BALANCES</b> | <u>\$ 15,872,980</u> | <u>\$ 478,329</u>                         | <u>\$ 3,020,894</u>                     | <u>\$ 9,670,597</u>                        | <u>\$ 29,042,800</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, 2019

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|  |           |                          |
|--|-----------|--------------------------|
| Total Fund Balances - Governmental Funds   | \$        | 9,162,885                |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p>  |           |                          |
| Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note III.D.   |           | 60,667,197               |
| Less: Internal service fund included below   |           | (213,717)                |
| 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. |           | 677,286                  |
| The net pension liability does not relate to current financial resources and is not reported in the governmental funds.  |           | (1,362,892)              |
| Add: Internal service fund included below  |           | 79,516                   |
| Deferred outflows of resources do not relate to current financial resources and are not reported in the governmental funds.  |           |                          |
| Deferred outflows - pension related amounts  |           | 3,813,101                |
| Deferred outflows - OPEB related amounts   |           | 123,122                  |
| Less: Internal service fund included below   |           | (168,885)                |
| Deferred inflows of resources do not relate to current financial resources and are not reported in the governmental funds.   |           |                          |
| Deferred inflows - pension related amounts   |           | (1,974,037)              |
| Deferred inflows - OPEB related amounts  |           | (24,957)                 |
| Add: Internal service fund included below  |           | 91,095                   |
| Governmental funds report the effect of losses on refunding, discounts, premiums, and similar items when debt is first issued, whereas these items are deferred and amortized in the statement of activities.        |           | (162,942)                |
| Internal service funds are reported in the statement of net position as governmental activities.   |           | 1,714,748                |
| 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  |           | (19,215,568)             |
| Compensated absences   |           | (225,371)                |
| Accrued interest   |           | (178,541)                |
| Landfill postclosure care cost   |           | (126,877)                |
| Other postemployment benefits  |           | (664,869)                |
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>   | <b>\$</b> | <b><u>52,010,294</u></b> |

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, 2019

|  | <u>General Fund</u> | <u>Tax<br/>Increment<br/>District #10</u> | <u>General<br/>Capital<br/>Projects</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Totals</u>      |
|--|---------------------|---|---|--|--------------------|
| <b>REVENUES</b>                                      |                     |   |   |  |                    |
| Taxes  | \$ 4,394,080        | \$ 415,641                                | \$ 219,740                              | \$ 3,050,718                               | \$ 8,080,179       |
| Special assessments                                  | 14,883              | -   | 4,279                                   | 2,500                                      | 21,662             |
| Intergovernmental                                    | 3,569,452           | 679                                       | 630,399                                 | 665,015                                    | 4,865,545          |
| Licenses and permits                                 | 477,097             | -   | -                                       | -  | 477,097            |
| Fines, forfeitures and penalties                     | 180,685             | -   | -                                       | -  | 180,685            |
| Public charges for services                          | 238,765             | -   | -                                       | 1,139,454                                  | 1,378,219          |
| Intergovernmental charges for<br>services            | 20,498              | -   | -                                       | -  | 20,498             |
| Investment income                                    | 367,911             | 5,359                                     | 70,883                                  | 135,768                                    | 579,921            |
| Miscellaneous  | 146,490             | 7,344                                     | 186,066                                 | 215,383                                    | 555,283            |
| Total Revenues                                       | <u>9,409,861</u>    | <u>429,023</u>                            | <u>1,111,367</u>                        | <u>5,208,838</u>                           | <u>16,159,089</u>  |
| <b>EXPENDITURES</b>                                  |                     |   |   |  |                    |
| Current  |                     |   |   |  |                    |
| General government                                   | 1,850,372           | -   | -                                       | -  | 1,850,372          |
| Public safety  | 3,747,165           | -   | -                                       | 9,549                                      | 3,756,714          |
| Public works   | 2,002,747           | -   | -                                       | 956,988                                    | 2,959,735          |
| Health services                                      | 3,281               | -   | -                                       | -  | 3,281              |
| Leisure activities                                   | 778,937             | -   | -                                       | 1,119,935                                  | 1,898,872          |
| Conservation and<br>development                      | 836,013             | 7,787                                     | -                                       | 385,417                                    | 1,229,217          |
| Capital Outlay                                       | -                   | 464,145                                   | 5,558,839                               | 1,097,837                                  | 7,120,821          |
| Debt Service   |                     |   |   |  |                    |
| Principal retirement                                 | 146,191             | 204,809                                   | 28,414                                  | 1,262,888                                  | 1,642,302          |
| Interest and fiscal charges                          | 23,461              | 132,228                                   | 39,434                                  | 627,863                                    | 822,986            |
| Total Expenditures                                   | <u>9,388,167</u>    | <u>808,969</u>                            | <u>5,626,687</u>                        | <u>5,460,477</u>                           | <u>21,284,300</u>  |
| Excess (deficiency) of revenues<br>over expenditures | <u>21,694</u>       | <u>(379,946)</u>                          | <u>(4,515,320)</u>                      | <u>(251,639)</u>                           | <u>(5,125,211)</u> |

See accompanying notes to financial statements.

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|  | <u>General Fund</u>  | <u>Tax<br/>Increment<br/>District #10</u> | <u>General<br/>Capital<br/>Projects</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Totals</u>       |
|--|----------------------|---|---|--|---------------------|
| <b>OTHER FINANCING SOURCES<br/>(USES)</b>        |                      |   |   |  |                     |
| Long-term debt issued                            | \$ -                 | \$ 350,000                                | \$ 1,750,000                            | \$ 538,000                                 | \$ 2,638,000        |
| Transfers from other funds                       | 2,019,692            | 92,157                                    | 151,000                                 | 1,122,985                                  | 3,385,834           |
| Transfers to other funds                         | (1,591,418)          | (29,799)                                  | (226,668)                               | (755,578)                                  | (2,603,463)         |
| Property sales                                   | <u>36,548</u>        | <u>-</u>                                  | <u>-</u>                                | <u>447,300</u>                             | <u>483,848</u>      |
| Total Other Financing<br>Sources (Uses)          | <u>464,822</u>       | <u>412,358</u>                            | <u>1,674,332</u>                        | <u>1,352,707</u>                           | <u>3,904,219</u>    |
| <b>Net Change in Fund Balances</b>               | 486,516              | 32,412                                    | (2,840,988)                             | 1,101,068                                  | (1,220,992)         |
| FUND BALANCES (DEFICIT) -<br>Beginning of Year   | <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>FUND BALANCES<br/>(DEFICIT) - END OF YEAR</b> | <u>\$ 10,621,663</u> | <u>\$ (3,379,416)</u>                     | <u>\$ (751,653)</u>                     | <u>\$ 2,672,291</u>                        | <u>\$ 9,162,885</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, 2019

|   |                            |
|---|----------------------------|
| Net change in fund balances - total governmental funds  | \$ (1,220,992)             |
| 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/amortized over their estimated useful lives and reported as depreciation/amortization 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  | 7,120,821                  |
| Some items reported as capital outlay were not capitalized  | (169,326)                  |
| Depreciation is reported in the government-wide financial statements  | (1,474,073)                |
| Net book value of assets retired  | (3,680,030)                |
| 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.   |                            |
|   | (126,280)                  |
| 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   | (2,638,000)                |
| Principal repaid  | 1,642,302                  |
| 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.  |                            |
|   | 18,251                     |
| 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 2019, \$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  | 127,164                    |
| Other postemployment benefits and OPEB related deferrals  | (36,674)                   |
| Landfill postclosure care costs   | 11,293                     |
| Net pension liability and pension related deferrals   | (521,629)                  |
| 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.  |                            |
|   | <u>571,320</u>             |
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>  | <b><u>\$ (368,362)</u></b> |

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2019

|                                       | <u>Business-type Activities - Enterprise Funds</u> |                      |                      |
|---------------------------------------|--|----------------------|----------------------|
|                                       | <u>Electric Utility</u>                            | <u>Water Utility</u> | <u>Sewer Utility</u> |
| <b>ASSETS</b>                         |  |                      |                      |
| Current Assets                        |  |                      |                      |
| Cash and investments                  | \$ 3,991,275                                       | \$ 2,356,087         | \$ 2,062,679         |
| Receivables (net)                     |  |                      |                      |
| Accounts                              | 1,085,330  | 142,782              | 296,542              |
| Other receivables                     | 33,553   | 33,346               | 24,059               |
| Current portion of loan receivable    | 2,494  | -                    | -                    |
| Inventories                           | 565,703  | -                    | -                    |
| Prepaid items                         | 12,245   | 2,142                | 3,851                |
| Restricted Assets                     |  |                      |                      |
| Redemption account                    | 191,319  | 92,565               | 557,093              |
| Total Current Assets                  | <u>5,881,919</u>                                   | <u>2,626,922</u>     | <u>2,944,224</u>     |
| Noncurrent Assets                     |  |                      |                      |
| Restricted Assets                     |  |                      |                      |
| Reserve account                       | 258,381  | 173,279              | 535,500              |
| Impact fee account                    | -  | -                    | 433,195              |
| Replacement account                   | -  | -                    | 990,625              |
| Capital Assets                        |  |                      |                      |
| Land                                  | 122,960  | 23,120               | 117,622              |
| Construction in progress              | 870,155  | 165,900              | 871,935              |
| Property and equipment                | 31,694,653   | 21,051,561           | 33,191,596           |
| Less: Accumulated depreciation        | (14,212,084)                                       | (6,679,900)          | (10,891,554)         |
| Other Assets                          |  |                      |                      |
| Loan receivable                       | 3,188  | -                    | -                    |
| Other receivables                     | -  | 74,348               | 57,453               |
| Preliminary survey and investigation  | -  | 153,604              | -                    |
| Nonutility property                   | -  | -                    | 17,200               |
| Total Noncurrent Assets               | <u>18,737,253</u>                                  | <u>14,961,912</u>    | <u>25,323,572</u>    |
| Total Assets                          | <u>24,619,172</u>                                  | <u>17,588,834</u>    | <u>28,267,796</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |  |                      |                      |
| Deferred charge on refunding          | -  | -                    | 77,867               |
| Pension related amounts               | 652,228  | 216,240              | 307,597              |
| OPEB related amounts                  | 14,960   | 1,851                | 3,931                |
| Total Deferred Outflows of Resources  | <u>667,188</u>                                     | <u>218,091</u>       | <u>389,395</u>       |

See accompanying notes to financial statements.

| Business-type Activities -<br>Enterprise Funds |                   | Governmental<br>Activities -<br>Internal<br>Service Funds |
|--|-------------------|---|
| Nonmajor<br>Enterprise<br>Funds                | Totals            |   |
| \$ 733,453                                     | \$ 9,143,494      | \$ 123,284  |
| 695,953  | 2,220,607         | -   |
| -  | 90,958            | 847   |
| -  | 2,494             | -   |
| -  | 565,703           | -   |
| 5,443  | 23,681            | 19,797  |
| -  | 840,977           | -   |
| <u>1,434,849</u>                               | <u>12,887,914</u> | <u>143,928</u>  |
| -  | 967,160           | -   |
| -  | 433,195           | -   |
| -  | 990,625           | -   |
| 101,298  | 365,000           | -   |
| 64,350   | 1,972,340         | -   |
| 10,739,053                                     | 96,676,863        | 543,343   |
| (3,903,379)                                    | (35,686,917)      | (329,626)   |
| -  | 3,188             | -   |
| -  | 131,801           | -   |
| -  | 153,604           | -   |
| -  | 17,200            | -   |
| <u>7,001,322</u>                               | <u>66,024,059</u> | <u>213,717</u>  |
| <u>8,436,171</u>                               | <u>78,911,973</u> | <u>357,645</u>  |
| -  | 77,867            | -   |
| 526,761  | 1,702,826         | 168,885   |
| 3,408  | 24,150            | -   |
| <u>530,169</u>                                 | <u>1,804,843</u>  | <u>168,885</u>  |

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2019

|  | <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                                 | \$ 820,497   | \$ 36,786            | \$ 51,709            |
| Customer deposits                                | 33,199   | 1,617                | -                    |
| Accrued liabilities                              | 114,243  | 21,641               | 29,527               |
| Accrued interest                                 | -  | -                    | 4,538                |
| Due to other funds                               | -  | -                    | -                    |
| Current portion of general obligation debt       | -  | -                    | 305,000              |
| Current portion of shared services notes payable | 2,494  | -                    | -                    |
| Current portion of compensated absences          | 44,581   | 21,153               | 22,115               |
| Liabilities Payable from Restricted Assets       |  |                      |                      |
| Current portion of revenue bonds                 | 220,000  | 100,000              | 387,367              |
| Accrued interest                                 | 19,712   | 9,557                | 23,404               |
| Total Current Liabilities                        | <u>1,254,726</u>                                   | <u>190,754</u>       | <u>823,660</u>       |
| Noncurrent Liabilities                           |  |                      |                      |
| Long-Term Debt                                   |  |                      |                      |
| General obligation debt                          | -  | -                    | 980,000              |
| Revenue bonds                                    | 2,085,000  | 1,385,000            | 4,971,895            |
| Unamortized debt premium                         | 71,671   | 2,021                | 133,151              |
| Shared services notes payable                    | 2,654  | -                    | -                    |
| Net pension liability                            | 264,749  | 87,940               | 102,832              |
| Other postemployment benefits                    | 80,785   | 9,996                | 21,228               |
| Total Noncurrent Liabilities                     | <u>2,504,859</u>                                   | <u>1,484,957</u>     | <u>6,209,106</u>     |
| Total Liabilities                                | <u>3,759,585</u>                                   | <u>1,675,711</u>     | <u>7,032,766</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |  |                      |                      |
| Pension related amounts                          | 324,508  | 115,353              | 157,151              |
| OPEB related amounts                             | 3,032  | 375                  | 797                  |
| Total Deferred Inflows of Resources              | <u>327,540</u>                                     | <u>115,728</u>       | <u>157,948</u>       |
| <b>NET POSITION</b>                              |  |                      |                      |
| Net investment in capital assets                 | 16,357,394   | 13,246,939           | 17,125,553           |
| Restricted for                                   |  |                      |                      |
| Debt service                                     | 171,607  | 83,008               | 533,689              |
| Replacement                                      | -  | -                    | 990,625              |
| Impact fee projects                              | -  | -                    | 433,195              |
| Unrestricted                                     | <u>4,670,234</u>                                   | <u>2,685,539</u>     | <u>2,383,415</u>     |
| <b>TOTAL NET POSITION</b>                        | <u>\$ 21,199,235</u>                               | <u>\$ 16,015,486</u> | <u>\$ 21,466,477</u> |

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 -<br>Enterprise Funds |                      | Governmental<br>Activities -<br>Internal<br>Service Funds |
|--|----------------------|---|
| Nonmajor<br>Enterprise<br>Funds                | Totals               |   |
| \$ 50,945                                      | \$ 959,937           | \$ 11,619   |
| 60,000   | 94,816               | -   |
| 60,156   | 225,567              | 17,547  |
| -  | 4,538                | -   |
| 135,616  | 135,616              | 17,299  |
| -  | 305,000              | -   |
| -  | 2,494                | -   |
| 25,875   | 113,724              | -   |
| -  | 707,367              | -   |
| -  | 52,673               | -   |
| <u>332,592</u>                                 | <u>2,601,732</u>     | <u>46,465</u>   |
| -  | 980,000              | -   |
| -  | 8,441,895            | -   |
| -  | 206,843              | -   |
| -  | 2,654                | -   |
| 209,723  | 665,244              | 79,516  |
| 18,402   | 130,411              | -   |
| <u>228,125</u>                                 | <u>10,427,047</u>    | <u>79,516</u>   |
| <u>560,717</u>                                 | <u>13,028,779</u>    | <u>125,981</u>  |
| 260,850  | 857,862              | 91,095  |
| 691  | 4,895                | -   |
| <u>261,541</u>                                 | <u>862,757</u>       | <u>91,095</u>   |
| 7,001,322                                      | 53,731,208           | 213,717   |
| -  | 788,304              | -   |
| -  | 990,625              | -   |
| -  | 433,195              | -   |
| <u>1,142,760</u>                               | <u>10,881,948</u>    | <u>95,737</u>   |
| <u>\$ 8,144,082</u>                            | 66,825,280           | <u>\$ 309,454</u>   |
|  | <u>(1,405,294)</u>   |   |
|  | <u>\$ 65,419,986</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, 2019

|  | Business-type Activities - Enterprise Funds |                      |                      |
|--|---|----------------------|----------------------|
|  | Electric Utility                            | Water Utility        | Sewer Utility        |
| <b>OPERATING REVENUES</b>  |   |                      |                      |
| Public charges for services  | \$ 13,496,541                               | \$ 1,761,278         | \$ 3,216,767         |
| Total Operating Revenues   | <u>13,496,541</u>                           | <u>1,761,278</u>     | <u>3,216,767</u>     |
| <b>OPERATING EXPENSES</b>  |   |                      |                      |
| Operation and maintenance  | 11,666,937                                  | 958,153              | 1,814,799            |
| Depreciation   | 1,054,918                                   | 451,514              | 740,827              |
| Total Operating Expenses   | <u>12,721,855</u>                           | <u>1,409,667</u>     | <u>2,555,626</u>     |
| Operating Income (Loss)  | <u>774,686</u>                              | <u>351,611</u>       | <u>661,141</u>       |
| <b>NONOPERATING REVENUES (EXPENSES)</b>  |   |                      |                      |
| Intergovernmental  | -   | -                    | -                    |
| Investment income  | 127,662                                     | 57,010               | 110,678              |
| Interest and fiscal charges  | (91,282)                                    | (58,707)             | (175,263)            |
| Amortization of debt premium and loss on refunding   | 8,541                                       | 178                  | (451)                |
| Miscellaneous  | 1,980                                       | -                    | -                    |
| Total Nonoperating Revenues (Expenses)   | <u>46,901</u>                               | <u>(1,519)</u>       | <u>(65,036)</u>      |
| Income (Loss) Before Contributions and Transfers   | <u>821,587</u>                              | <u>350,092</u>       | <u>596,105</u>       |
| <b>CONTRIBUTIONS AND TRANSFERS</b>   |   |                      |                      |
| Capital contributions  | 247,246                                     | 836,546              | 511,945              |
| Transfers from other funds   | -   | -                    | -                    |
| Transfers to other funds   | (976,343)                                   | (447,317)            | (189,307)            |
| Total Contributions and Transfers  | <u>(729,097)</u>                            | <u>389,229</u>       | <u>322,638</u>       |
| <b>Change in Net Position</b>  | <u>92,490</u>                               | <u>739,321</u>       | <u>918,743</u>       |
| NET POSITION - Beginning of Year   | <u>21,106,745</u>                           | <u>15,276,165</u>    | <u>20,547,734</u>    |
| <b>NET POSITION - END OF YEAR</b>  | <u>\$ 21,199,235</u>                        | <u>\$ 16,015,486</u> | <u>\$ 21,466,477</u> |
| Change in Net Position of Enterprise Funds   |   |                      |                      |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds |   |                      |                      |
| <b>NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>  |   |                      |                      |

See accompanying notes to financial statements.

| Business-type Activities -<br>Enterprise Funds |                      | Governmental<br>Activities -<br>Internal<br>Service Funds |
|--|----------------------|---|
| Nonmajor<br>Enterprise<br>Funds                | Totals               |   |
| <u>\$ 1,992,669</u>                            | <u>\$ 20,467,255</u> | <u>\$ 294,061</u>   |
| <u>1,992,669</u>                               | <u>20,467,255</u>    | <u>294,061</u>  |
| 2,105,092                                      | 16,544,981           | 1,019,328   |
| <u>301,434</u>                                 | <u>2,548,693</u>     | <u>57,552</u>   |
| <u>2,406,526</u>                               | <u>19,093,674</u>    | <u>1,076,880</u>  |
| <u>(413,857)</u>                               | <u>1,373,581</u>     | <u>(782,819)</u>  |
| 9,101  | 9,101                | -   |
| 13,522   | 308,872              | 457   |
| (1,366)  | (326,618)            | -   |
| -  | 8,268                | -   |
| <u>23,199</u>                                  | <u>25,179</u>        | <u>2,411</u>  |
| <u>44,456</u>                                  | <u>24,802</u>        | <u>2,868</u>  |
| <u>(369,401)</u>                               | <u>1,398,383</u>     | <u>(779,951)</u>  |
| 130,243  | 1,725,980            | -   |
| -  | -                    | 1,305,974   |
| <u>(179,422)</u>                               | <u>(1,792,389)</u>   | <u>(295,956)</u>  |
| <u>(49,179)</u>                                | <u>(66,409)</u>      | <u>1,010,018</u>  |
| (418,580)                                      | 1,331,974            | 230,067   |
| <u>8,562,662</u>                               | <u>65,493,306</u>    | <u>79,387</u>   |
| <u>\$ 8,144,082</u>                            | <u>\$ 66,825,280</u> | <u>\$ 309,454</u>   |
|  | \$ 1,331,974         |   |
|  | <u>(341,253)</u>     |   |
|  | <u>\$ 990,721</u>    |   |

See accompanying notes to financial statements.

## CITY OF RIVER FALLS

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2019

|   | <u>Business-type Activities - Enterprise Funds</u> |                            |                            |
|---|--|----------------------------|----------------------------|
|   | <u>Electric Utility</u>                            | <u>Water Utility</u>       | <u>Sewer Utility</u>       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |  |                            |                            |
| Received from customers   | \$ 13,307,164                                      | \$ 1,795,873               | \$ 3,179,488               |
| Received from municipality for services                             | 220,086  | -                          | -                          |
| Paid to suppliers for goods and services                            | (10,681,673)                                       | (523,660)                  | (1,229,478)                |
| Paid to employees for services                                      | <u>(854,438)</u>                                   | <u>(403,955)</u>           | <u>(536,820)</u>           |
| Net Cash Flows From Operating Activities                            | <u>1,991,139</u>                                   | <u>868,258</u>             | <u>1,413,190</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |  |                            |                            |
| Investment income   | <u>127,662</u>                                     | <u>57,010</u>              | <u>110,678</u>             |
| Net Cash Flows From Investing Activities                            | <u>127,662</u>                                     | <u>57,010</u>              | <u>110,678</u>             |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING<br/>ACTIVITIES</b>          |  |                            |                            |
| Paid to municipality for tax equivalent                             | (488,026)  | (313,151)                  | -                          |
| Debt retired  | (2,445)  | -                          | -                          |
| Transfers to/from other funds                                       | <u>(488,317)</u>                                   | <u>(134,166)</u>           | <u>(189,307)</u>           |
| Net Cash Flows From Noncapital Financing Activities                 | <u>(978,788)</u>                                   | <u>(447,317)</u>           | <u>(189,307)</u>           |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING<br/>ACTIVITIES</b> |  |                            |                            |
| Debt retired  | (195,000)  | (100,000)                  | (822,359)                  |
| Interest paid   | (103,215)  | (59,140)                   | (178,595)                  |
| Acquisition and construction of capital assets                      | (2,151,552)  | (181,826)                  | (571,701)                  |
| Proceeds from sale/transfer of capital assets                       | -  | -                          | -                          |
| Capital contributions received                                      | 247,246  | 51,396                     | 104,503                    |
| Impact fees received  | <u>-</u>   | <u>402,117</u>             | <u>274,150</u>             |
| Net Cash Flows From Capital and Related Financing<br>Activities     | <u>(2,202,521)</u>                                 | <u>112,547</u>             | <u>(1,194,002)</u>         |
| <b>Net Change in Cash and Cash Equivalents</b>                      | (1,062,508)  | 590,498                    | 140,559                    |
| CASH AND CASH EQUIVALENTS - Beginning of Year                       | <u>5,503,483</u>                                   | <u>2,031,433</u>           | <u>4,438,533</u>           |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                      | <u><u>\$ 4,440,975</u></u>                         | <u><u>\$ 2,621,931</u></u> | <u><u>\$ 4,579,092</u></u> |

See accompanying notes to financial statements.

| <u>Business-type Activities -<br/>Enterprise Funds</u> |                      | Governmental<br>Activities -<br>Internal<br>Service Funds |
|--|----------------------|---|
| <u>Nonmajor<br/>Enterprise<br/>Funds</u>               | <u>Totals</u>        |   |
| \$ 1,990,073   | \$ 20,272,598        | \$ 299,676  |
| -  | 220,086              | -   |
| (658,616)  | (13,093,427)         | (925,071)   |
| <u>(1,207,891)</u>                                     | <u>(3,003,104)</u>   | <u>(324,652)</u>  |
| <u>123,566</u>   | <u>4,396,153</u>     | <u>(950,047)</u>  |
| <br>   |                      |   |
| <u>13,522</u>  | <u>308,872</u>       | <u>457</u>  |
| <u>13,522</u>  | <u>308,872</u>       | <u>457</u>  |
| <br>   |                      |   |
| -  | (801,177)            | -   |
| -  | (2,445)              | -   |
| <u>(179,422)</u>                                       | <u>(991,212)</u>     | <u>1,010,018</u>  |
| <u>(179,422)</u>                                       | <u>(1,794,834)</u>   | <u>1,010,018</u>  |
| <br>   |                      |   |
| -  | (1,117,359)          | -   |
| (1,366)  | (342,316)            | -   |
| -  | (2,905,079)          | (18,075)  |
| 27,398   | 27,398               | -   |
| -  | 403,145              | -   |
| <u>-</u>   | <u>676,267</u>       | <u>-</u>  |
| <br>   |                      |   |
| <u>26,032</u>  | <u>(3,257,944)</u>   | <u>(18,075)</u>   |
| <br>   |                      |   |
| (16,302)   | (347,753)            | 42,353  |
| <u>749,755</u>   | <u>12,723,204</u>    | <u>80,931</u>   |
| <br>   |                      |   |
| <u>\$ 733,453</u>                                      | <u>\$ 12,375,451</u> | <u>\$ 123,284</u>   |

See accompanying notes to financial statements.

## CITY OF RIVER FALLS

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2019

#### Business-type Activities - Enterprise Funds

|   | Electric Utility    | Water Utility       | Sewer Utility       |
|---|---------------------|---------------------|---------------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO<br/>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>                |                     |                     |                     |
| Operating income (loss)   | \$ 774,686          | \$ 351,611          | \$ 661,141          |
| Nonoperating revenue  | 1,980               | -                   | -                   |
| Adjustments to Reconcile Operating Income (Loss) to Net<br>Cash Flows From Operating Activities                 |                     |                     |                     |
| Depreciation  | 1,054,918           | 451,514             | 740,827             |
| Depreciation charged to other funds   | -                   | 44,794              | (44,794)            |
| Changes in assets, deferred outflows of resources,<br>liabilities, and deferred inflows of resources            |                     |                     |                     |
| Accounts receivable   | 58,822              | (2,019)             | 8,595               |
| Other receivables   | (15,746)            | (8,222)             | (1,080)             |
| Inventories   | 23,383              | -                   | -                   |
| Prepaid items   | 6,353               | 3,512               | 8,219               |
| Due from other funds  | -                   | -                   | -                   |
| Accounts payable  | 12,586              | (9,497)             | 3,114               |
| Due to other funds  | -                   | -                   | -                   |
| Accrued liabilities   | 3,593               | 3,861               | 8,239               |
| Customer deposits   | (14,347)            | 42                  | -                   |
| Compensated absences  | 4,027               | (302)               | (58)                |
| Other postemployment benefits and related deferrals   | 3,194               | (3,400)             | (4,071)             |
| Pension related deferrals and liability   | 77,690              | 36,364              | 33,058              |
|   | <u>\$ 1,991,139</u> | <u>\$ 868,258</u>   | <u>\$ 1,413,190</u> |
| <b>NET CASH FLOWS FROM OPERATING<br/>ACTIVITIES</b>   |                     |                     |                     |
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO<br/>THE STATEMENT OF NET POSITION - PROPRIETARY<br/>FUNDS</b> |                     |                     |                     |
| Cash and investments  | \$ 3,991,275        | \$ 2,356,087        | \$ 2,062,679        |
| Restricted cash and investments   | 449,700             | 265,844             | 2,516,413           |
|   | <u>\$ 4,440,975</u> | <u>\$ 2,621,931</u> | <u>\$ 4,579,092</u> |
| <b>CASH AND CASH EQUIVALENTS</b>  |                     |                     |                     |
| <b>NONCASH CAPITAL AND RELATED FINANCING<br/>ACTIVITIES</b>   |                     |                     |                     |
| Capital contributions receivable  | \$ -                | \$ 99,132           | \$ 76,604           |
| Capital assets contributed by developers  | \$ -                | \$ 283,901          | \$ 56,688           |

See accompanying notes to financial statements.

| Business-type Activities -<br>Enterprise Funds |                      | Governmental<br>Activities -<br>Internal<br>Service Funds |
|--|----------------------|---|
| Nonmajor<br>Enterprise<br>Funds                | Totals               |   |
| \$ (413,857)                                   | \$ 1,373,581         | \$ (782,819)  |
| 32,300   | 34,280               | 2,411   |
| 301,434  | 2,548,693            | 57,552  |
| -  | -                    | -   |
| (39,896)                                       | 25,502               | -   |
| -  | (25,048)             | 3,204   |
| -  | 23,383               | -   |
| 17,551   | 35,635               | (7,264)   |
| -  | -                    | 17,299  |
| 41,274   | 47,477               | (5,231)   |
| 135,616  | 135,616              | (262,693)   |
| (2,684)  | 13,009               | 3,678   |
| 5,000  | (9,305)              | -   |
| 828  | 4,495                | -   |
| 1,440  | (2,837)              | -   |
| <u>44,560</u>                                  | <u>191,672</u>       | <u>23,816</u>   |
| <u>\$ 123,566</u>                              | <u>\$ 4,396,153</u>  | <u>\$ (950,047)</u>                                       |
| \$ 733,453                                     | \$ 9,143,494         | \$ 123,284  |
| -  | <u>3,231,957</u>     | -   |
| <u>\$ 733,453</u>                              | <u>\$ 12,375,451</u> | <u>\$ 123,284</u>   |
| <u>\$ -</u>                                    |                      | <u>\$ -</u>   |
| <u>\$ 130,243</u>                              |                      | <u>\$ -</u>   |

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND As of December 31, 2019

---

|                           | <u>Custodial Fund</u><br><u>Tax Collection</u><br><u>Fund</u> |
|---------------------------|---|
| <b>ASSETS</b>             |   |
| Cash and investments      | \$ 2,787,301  |
| Receivables               |   |
| Taxes                     | <u>12,248,141</u>   |
| Total Assets              | <u>15,035,442</u>   |
| <b>LIABILITIES</b>        |   |
| Due to other taxing units | <u>15,035,442</u>   |
| Total Liabilities         | <u>15,035,442</u>   |
| <b>TOTAL NET POSITION</b> | <u>\$ -</u>   |

See accompanying notes to financial statements.

**CITY OF RIVER FALLS**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
For the Year Ended December 31, 2019

---

|   | <u>Custodial Fund</u><br><u>Tax Collection</u><br><u>Fund</u> |
|---|---|
| <b>ADDITIONS</b>                                |   |
| Property taxes collected for other governments  | \$ 10,005,180   |
| Total Additions                                 | <u>10,005,180</u>   |
| <b>DEDUCTIONS</b>                               |   |
| Property taxes distributed to other governments | <u>10,005,180</u>   |
| Total Deductions                                | <u>10,005,180</u>   |
| <b>Change in Fiduciary Net Position</b>         | -   |
| NET POSITION - Beginning of Year                | <u>-</u>  |
| <b>NET POSITION - END OF YEAR</b>               | <u><u>\$ -</u></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, 2019

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# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

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

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

Component units are reported using one of three methods, discrete presentation, blended, or fiduciary. 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, 2019. 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, 2019

---

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

---

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

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

#### ***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

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

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

---

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

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

- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The city reports the following major governmental funds:

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

The city reports the following major enterprise funds:

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

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

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

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

---

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

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

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

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

Notes  
Bonds

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

Custodial Fund - used to account for and report assets controlled by the city and the assets are for the benefit of 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, 2019

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### **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, 2019

---

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

---

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

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

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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, 2019

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

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

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

- 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, 2019

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

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

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

###### **Concentration of Credit Risk (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, 2019, 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 fiduciary net position - fiduciary fund.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

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

Property tax calendar - 2019 tax roll:

|  |                  |
|--|------------------|
| Lien date and levy date                      | December 2019    |
| Tax bills mailed                             | December 2019    |
| Payment in full, or                          | January 31, 2020 |
| First installment due                        | January 31, 2020 |
| Second installment due                       | July 31, 2020    |
| Personal property taxes in full              | January 31, 2020 |
| Tax sale - 2019 delinquent real estate taxes | October 2022     |

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, 2019

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

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

##### ***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.

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 |

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### 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.)**

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

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

##### **6. Deferred Outflows of Resources**

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

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

##### **7. Compensated Absences**

Under terms of employment, employees are granted paid time off in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested paid time off 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 paid time off will be made at rates in effect when the benefits are used. Accumulated paid time off liabilities at December 31, 2019, 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, other postemployment benefits, and net pension liability.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

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

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

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

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

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

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$120,000, made up of one issue.

##### ***9. Deferred Inflows of Resources***

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

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

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

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

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

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

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

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

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

|                                  | Governmental<br>Activities | Business-type<br>Activities | Adjustment     | Total         |
|----------------------------------|----------------------------|-----------------------------|----------------|---------------|
| Net investment in capital assets | \$ 43,720,649              | \$ 53,731,208               | \$ (1,710,724) | \$ 95,741,133 |
| Unrestricted                     | 3,073,967                  | 9,476,654                   | 1,710,724      | 14,261,345    |

When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted resources as they are needed.

***Fund Statements***

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Council may take official action to assign amounts. Assignments may take place after the end of the reporting period.

# CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

---

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

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

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

- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

See Note III. H. for further information.

#### ***11. Pension***

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

#### ***12. Basis for Existing Rates***

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

Current water rates were approved by the PSCW effective June 27, 2016.

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

Current stormwater rates were effective April 1, 2007.

Current ambulance rates were effective March 1, 2018.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

| Fund                                | Budgeted<br>Expenditures | Actual<br>Expenditures | Excess<br>Expenditures Over<br>Budget |
|-------------------------------------|--------------------------|------------------------|---------------------------------------|
| General Fund                        | \$ 10,800,516            | \$ 10,979,585          | \$ 179,069                            |
| TIF #10                             | 805,862                  | 838,768                | 32,906                                |
| General Capital Projects            | 5,678,139                | 5,853,355              | 175,216                               |
| Shared Ride Taxi                    | 242,355                  | 249,085                | 6,730                                 |
| Refuse/Solid Waste                  | 753,082                  | 770,515                | 17,433                                |
| Commercial Revolving Loan           | 1,089                    | 51,089                 | 50,000                                |
| Fire Impact Fees                    | 27,964                   | 472,576                | 444,612                               |
| Library Trust                       | 5,167                    | 37,934                 | 32,767                                |
| Tourism and Economic<br>Development | 149,804                  | 153,541                | 3,737                                 |
| TIF #5                              | 551,379                  | 572,155                | 20,776                                |
| TIF #8                              | 69,245                   | 69,371                 | 126                                   |
| TIF #9                              | 146,659                  | 154,179                | 7,520                                 |
| TIF #11                             | 11,310                   | 156,749                | 145,439                               |
| TIF #12                             | 3,546                    | 5,563                  | 2,017                                 |
| TIF #13                             | -                        | 5,852                  | 5,852                                 |
| TIF #14                             | -                        | 26,199                 | 26,199                                |
| Debt Service Bonds                  | 550,186                  | 554,643                | 4,457                                 |
| Debt Service Notes                  | 693,314                  | 839,765                | 146,451                               |
| Capital Equipment                   | 464,936                  | 477,054                | 12,118                                |

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, 2019

**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, 2019, the following individual funds held a deficit balance:

| Fund                             | Amount       | Reason   |
|----------------------------------|--------------|--|
| TIF #10                          | \$ 3,379,416 | Insufficient tax increment generated                                   |
| General Capital Projects         | 751,653      | Costs exceeded revenues due to capital expenditures                    |
| TIF #5                           | 168,000      | Insufficient tax increment generated                                   |
| TIF #6                           | 913,353      | Insufficient tax increment generated                                   |
| TIF #8                           | 117,431      | Insufficient tax increment generated                                   |
| TIF #9                           | 381,709      | Insufficient tax increment generated                                   |
| TIF #11                          | 168,683      | Insufficient tax increment generated                                   |
| TIF #12                          | 628,680      | Insufficient tax increment generated                                   |
| TIF #13                          | 14,352       | Insufficient tax increment generated                                   |
| Tourism and Economic Development | 649,271      | Costs exceeded revenues due to purchase of property                    |
| Commercial Revolving Loan Fund   | 6,404        | Costs exceeded revenues due to the long-term nature of loan repayments |
| Library Impact Fees              | 52,148       | Costs exceeded revenues due to purchase of property                    |
| Debt Service Bonds               | 35,588       | Insufficient revenues to cover expenditures                            |
| Motor Pool                       | 2,442        | Insufficient revenues to cover expenses                                |

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, 2019

### 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<br>Value    | Bank and<br>Investment<br>Balances | Associated Risks   |
|---|----------------------|------------------------------------|--|
| Deposits  | \$ 6,415,201         | \$ 6,504,414                       | Custodial credit   |
| LGIP  | 18,880,499           | 18,880,499                         | Credit   |
| US treasuries   | 1,148,788            | 1,148,788                          | Custodial credit, interest<br>rate                                     |
| Corporate bonds   | 683,329              | 683,329                            | Custodial credit, credit,<br>interest rate,<br>concentration of credit |
| Asset-backed securities                                     | 50,858               | 50,858                             | Custodial credit, credit,<br>interest rate,<br>concentration of credit |
| Mortgage-backed securities                                  | 40,669               | 40,669                             | Custodial credit, credit,<br>interest rate,<br>concentration of credit |
| Petty cash  | 763                  | -                                  | N/A  |
| Total Deposits and Investments                              | <u>\$ 27,220,107</u> | <u>\$ 27,308,557</u>               |  |
| Reconciliation to financial statements                      |                      |                                    |  |
| Per statement of net position                               |                      |                                    |  |
| Unrestricted cash and investments                           | \$ 21,200,849        |                                    |  |
| Restricted cash and investments                             | 3,231,957            |                                    |  |
| Per statement of fiduciary net position -<br>fiduciary fund |                      |                                    |  |
| Tax Collection Fund   | 2,787,301            |                                    |  |
| Total Deposits and Investments                              | <u>\$ 27,220,107</u> |                                    |  |

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

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

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).

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

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 collateralized 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, 2019 |              |         |              |
|----------------------------|-------------------|--------------|---------|--------------|
|                            | Level 1           | Level 2      | Level 3 | Total        |
| US treasuries              | \$ -              | \$ 1,148,788 | \$ -    | \$ 1,148,788 |
| Corporate bonds            | -                 | 683,329      | -       | 683,329      |
| Asset-backed securities    | -                 | 50,858       | -       | 50,858       |
| Mortgage-backed securities | -                 | 40,669       | -       | 40,669       |
| Total                      | \$ -              | \$ 1,923,644 | \$ -    | \$ 1,923,644 |

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

##### **Deposits**

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

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

##### **Investments**

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

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

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

***Credit Risk***

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

As of December 31, 2019, the city's investments were rated as follows:

| Investment Type            | Standard & Poors      |
|----------------------------|-----------------------|
| Corporate bonds            | AAA/AA+/<br>AA/AA-/A+ |
| Asset-backed securities    | AAA/AA+               |
| Mortgage-backed securities | AA+                   |

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

Local Government Investment Pool

***Concentration of Credit Risk***

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

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

***Interest Rate Risk***

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

As of December 31, 2019, the city's investments were as follows:

| Investment Type            | Fair Value   | Maturity (In Years)   |              |
|----------------------------|--------------|-----------------------|--------------|
|                            |              | Less than One<br>Year | One - Five   |
| US treasuries              | \$ 1,148,788 | \$ 444,632            | \$ 704,156   |
| Corporate bonds            | 683,329      | 410,484               | 272,845      |
| Asset-backed securities    | 50,858       | 50,858                | -            |
| Mortgage-backed securities | 40,669       | 6,759                 | 33,910       |
| Totals                     | \$ 1,923,644 | \$ 912,733            | \$ 1,010,911 |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

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

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

**B. RECEIVABLES**

All of the receivables on the balance sheet are expected to be collected within one year except for special assessments of \$55,347 in the general fund, loans of \$161,615 in the general capital projects fund, loans of \$3,188 in the electric utility, other receivables of \$74,348 and \$57,453, in the water utility and sewer utility, respectively, special assessments of \$16,724 in the general capital projects fund, and loans of \$219,957 in nonmajor governmental funds.

Revenues of the ambulance fund are reported net of contractual cost reductions related to Medicare and Medicaid and amount to \$1,456,492 for the current period.

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

|   |                     |
|---|---------------------|
| General Fund                                      |                     |
| Allowance for various uncollectible receivables   | \$ <u>18,807</u>    |
|   |                     |
| Nonmajor Enterprise Funds                         |                     |
| Allowance for uncollectible ambulance receivables | \$ <u>1,409,188</u> |

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

|   | Unearned          | Unavailable    |
|---|-------------------|----------------|
| Property taxes receivable                                     | \$ 8,255,067      | \$ 4,129       |
| Special assessments receivable                                | 8,087             | 67,426         |
| Grants receivable   | -                 | 8,412          |
| Loans receivable  | -                 | 469,748        |
| Developer deposits  | 3,155,016         | -              |
| Miscellaneous   | -                 | 127,571        |
| <br>Total Unearned/Unavailable Revenue for Governmental Funds | <br>\$ 11,418,170 | <br>\$ 677,286 |
| <br>Unearned revenue included in liabilities                  | <br>\$ 3,155,016  |                |
| Unearned revenue included in deferred inflows                 | 8,263,154         |                |
| <br>Total Unearned Revenue for Governmental Funds             | <br>\$ 11,418,170 |                |

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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#### **C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

##### ***Long-Term Debt Accounts***

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

##### ***Equipment Replacement Account***

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

##### ***Impact Fee Account***

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

Following is a list of restricted assets at December 31, 2019:

|                         |                     |
|-------------------------|---------------------|
| Restricted Assets       |                     |
| Bond redemption account | \$ 840,977          |
| Bond reserve account    | 967,160             |
| Impact fee account      | 433,195             |
| Replacement account     | <u>990,625</u>      |
| Total Restricted Assets | <u>\$ 3,231,957</u> |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019, was as follows:

|   | Beginning<br>Balance | Additions           | Deletions           | Ending<br>Balance    |
|---|----------------------|---------------------|---------------------|----------------------|
| <b>Governmental Activities</b>  |                      |                     |                     |                      |
| Capital assets not being<br>depreciated/amortized   |                      |                     |                     |                      |
| Land  | \$ 13,200,645        | \$ 232,000          | \$ 66,353           | \$ 13,366,292        |
| Construction in progress  | <u>806,519</u>       | <u>4,839,451</u>    | <u>-</u>            | <u>5,645,970</u>     |
| Total Capital Assets Not Being<br>Depreciated/Amortized   | <u>14,007,164</u>    | <u>5,071,451</u>    | <u>66,353</u>       | <u>19,012,262</u>    |
| Capital assets being<br>depreciated/amortized   |                      |                     |                     |                      |
| Land improvements   | 521,469              | -                   | -                   | 521,469              |
| Buildings   | 19,019,173           | 839,674             | 3,878,953           | 15,979,894           |
| Machinery and equipment   | 7,361,332            | 570,352             | 232,093             | 7,699,591            |
| Infrastructure  | 37,558,944           | 488,092             | 6,534               | 38,040,502           |
| Intangibles   | <u>342,638</u>       | <u>-</u>            | <u>-</u>            | <u>342,638</u>       |
| Total Capital Assets Being<br>Depreciated/Amortized   | <u>64,803,556</u>    | <u>1,898,118</u>    | <u>4,117,580</u>    | <u>62,584,094</u>    |
| Total Capital Assets  | <u>78,810,720</u>    | <u>6,969,569</u>    | <u>4,183,933</u>    | <u>81,596,356</u>    |
| Less: Accumulated<br>depreciation/amortization for  |                      |                     |                     |                      |
| Land improvements   | (311,147)            | (23,693)            | -                   | (334,840)            |
| Buildings   | (6,570,042)          | (496,215)           | 315,369             | (6,750,888)          |
| Machinery and equipment   | (3,750,355)          | (430,507)           | 188,534             | (3,992,328)          |
| Infrastructure  | (9,097,076)          | (548,075)           | -                   | (9,645,151)          |
| Intangibles   | <u>(172,817)</u>     | <u>(33,135)</u>     | <u>-</u>            | <u>(205,952)</u>     |
| Total Accumulated<br>Depreciation/Amortization  | <u>(19,901,437)</u>  | <u>(1,531,625)</u>  | <u>503,903</u>      | <u>(20,929,159)</u>  |
| Net Capital Assets Being<br>Depreciated/Amortized   | <u>44,902,119</u>    | <u>366,493</u>      | <u>3,613,677</u>    | <u>41,654,935</u>    |
| Total Governmental<br>Activities Capital Assets,<br>Net of Accumulated<br>Depreciation/<br>Amortization | <u>\$ 58,909,283</u> | <u>\$ 5,437,944</u> | <u>\$ 3,680,030</u> | <u>\$ 60,667,197</u> |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

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

Depreciation/amortization expense was charged to functions as follows:

**Governmental Activities**

|   |                            |
|---|----------------------------|
| General government  | \$ 176,153                 |
| Public safety   | 187,773                    |
| Public works  | 774,619                    |
| Leisure activities  | 271,916                    |
| Conservation and development                                    | <u>121,164</u>             |
| Total Governmental Activities Depreciation/Amortization Expense | <u><u>\$ 1,531,625</u></u> |

**Business-type Activities**

|  | Beginning<br>Balance        | Additions                  | Deletions                  | Ending Balance              |
|--|-----------------------------|----------------------------|----------------------------|-----------------------------|
| <u>Electric</u>                            |                             |                            |                            |                             |
| Capital assets not being depreciated       |                             |                            |                            |                             |
| Land and land rights                       | \$ 122,960                  | \$ -                       | \$ -                       | \$ 122,960                  |
| Construction in progress                   | <u>334,279</u>              | <u>1,643,743</u>           | <u>1,107,867</u>           | <u>870,155</u>              |
| Total Capital Assets Not Being Depreciated | <u>457,239</u>              | <u>1,643,743</u>           | <u>1,107,867</u>           | <u>993,115</u>              |
| Capital assets being depreciated           |                             |                            |                            |                             |
| Hydraulic production                       | 932,179                     | -                          | -                          | 932,179                     |
| Other production                           | 1,260,829                   | -                          | -                          | 1,260,829                   |
| Transmission                               | 2,747,155                   | -                          | -                          | 2,747,155                   |
| Distribution                               | 23,359,336                  | 1,119,353                  | 352,460                    | 24,126,229                  |
| General                                    | <u>2,244,148</u>            | <u>460,697</u>             | <u>76,584</u>              | <u>2,628,261</u>            |
| Total Capital Assets Being Depreciated     | <u>30,543,647</u>           | <u>1,580,050</u>           | <u>429,044</u>             | <u>31,694,653</u>           |
| Total Capital Assets                       | <u>31,000,886</u>           | <u>3,223,793</u>           | <u>1,536,911</u>           | <u>32,687,768</u>           |
| Less: Accumulated depreciation for         |                             |                            |                            |                             |
| Hydraulic production                       | (682,527)                   | (20,448)                   | -                          | (702,975)                   |
| Other production                           | (739,357)                   | (25,128)                   | -                          | (764,485)                   |
| Transmission                               | (812,973)                   | (87,766)                   | -                          | (900,739)                   |
| Distribution                               | (9,945,940)                 | (796,602)                  | 390,325                    | (10,352,217)                |
| General                                    | <u>(1,443,278)</u>          | <u>(124,974)</u>           | <u>76,584</u>              | <u>(1,491,668)</u>          |
| Total Accumulated Depreciation             | <u>(13,624,075)</u>         | <u>(1,054,918)</u>         | <u>466,909</u>             | <u>(14,212,084)</u>         |
| Net Capital Assets Being Depreciated       | <u>16,919,572</u>           | <u>525,132</u>             | <u>(37,865)</u>            | <u>17,482,569</u>           |
| Net Electric Capital Assets                | <u><u>\$ 17,376,811</u></u> | <u><u>\$ 2,168,875</u></u> | <u><u>\$ 1,070,002</u></u> | <u><u>\$ 18,475,684</u></u> |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

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

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

|  | Beginning<br>Balance | Additions  | Deletions  | Ending Balance |
|--|----------------------|------------|------------|----------------|
| <u>Water</u>                               |                      |            |            |                |
| Capital assets not being depreciated       |                      |            |            |                |
| Land and land rights                       | \$ 23,120            | \$ -       | \$ -       | \$ 23,120      |
| Construction in progress                   | 177,186              | 121,924    | 133,210    | 165,900        |
| Total Capital Assets Not Being Depreciated | 200,306              | 121,924    | 133,210    | 189,020        |
| Capital assets being depreciated           |                      |            |            |                |
| Source of supply                           | 881,451              | -          | -          | 881,451        |
| Pumping                                    | 2,097,693            | -          | -          | 2,097,693      |
| Water treatment                            | 49,671               | -          | -          | 49,671         |
| Transmission and distribution              | 17,117,221           | 380,768    | 18,257     | 17,479,732     |
| General                                    | 565,916              | 122,056    | 144,958    | 543,014        |
| Total Capital Assets Being Depreciated     | 20,711,952           | 502,824    | 163,215    | 21,051,561     |
| Total Capital Assets                       | 20,912,258           | 624,748    | 296,425    | 21,240,581     |
| Less: Accumulated depreciation for         |                      |            |            |                |
| Source of supply                           | (169,594)            | (4,266)    | -          | (173,860)      |
| Pumping                                    | (659,581)            | (60,424)   | -          | (720,005)      |
| Water treatment                            | (19,587)             | (2,694)    | -          | (22,281)       |
| Transmission and distribution              | (5,083,736)          | (377,631)  | 16,987     | (5,444,380)    |
| General                                    | (410,289)            | (51,293)   | 142,208    | (319,374)      |
| Total Accumulated Depreciation             | (6,342,787)          | (496,308)  | 159,195    | (6,679,900)    |
| Net Capital Assets Being Depreciated       | 14,369,165           | 6,516      | 4,020      | 14,371,661     |
| Net Water Capital Assets                   | \$ 14,569,471        | \$ 128,440 | \$ 137,230 | \$ 14,560,681  |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

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

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

|  | Beginning<br>Balance | Additions | Deletions  | Ending Balance |
|--|----------------------|-----------|------------|----------------|
| <u>Sewer</u>                               |                      |           |            |                |
| Capital assets not being depreciated       |                      |           |            |                |
| Land and land rights                       | \$ 117,622           | \$ -      | \$ -       | \$ 117,622     |
| Construction in progress                   | 439,840              | 527,067   | 94,972     | 871,935        |
| Total Capital Assets Not Being Depreciated | 557,462              | 527,067   | 94,972     | 989,557        |
| Capital assets being depreciated           |                      |           |            |                |
| Collection system                          | 17,647,234           | 56,688    | -          | 17,703,922     |
| Collection system pumping                  | 1,028,479            | -         | -          | 1,028,479      |
| Treatment and disposal                     | 11,148,136           | -         | 4,874      | 11,143,262     |
| General                                    | 3,082,299            | 143,968   | 16,906     | 3,209,361      |
| Intangibles                                | 113,314              | -         | 6,742      | 106,572        |
| Total Capital Assets Being Depreciated     | 33,019,462           | 200,656   | 28,522     | 33,191,596     |
| Total Capital Assets                       | 33,576,924           | 727,723   | 123,494    | 34,181,153     |
| Less: Accumulated depreciation for         |                      |           |            |                |
| Collection system                          | (3,465,527)          | (189,292) | -          | (3,654,819)    |
| Collection system pumping                  | (787,331)            | (25,539)  | -          | (812,870)      |
| Treatment and disposal                     | (4,865,271)          | (345,459) | 3,549      | (5,207,181)    |
| General                                    | (1,095,096)          | (135,743) | 14,155     | (1,216,684)    |
| Total Accumulated Depreciation             | (10,213,225)         | (696,033) | 17,704     | (10,891,554)   |
| Net Capital Assets Being Depreciated       | 22,806,237           | (495,377) | 10,818     | 22,300,042     |
| Net Sewer Capital Assets                   | \$ 23,363,699        | \$ 31,690 | \$ 105,790 | \$ 23,289,599  |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

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

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

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>   | <u>Deletions</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|-----------------------|
| <u>Stormwater</u>                          |                              |                    |                  |                       |
| Capital assets not being depreciated       |                              |                    |                  |                       |
| Construction in progress                   | \$ 64,350                    | \$ -               | \$ -             | \$ 64,350             |
| Total Capital Assets Not Being Depreciated | <u>64,350</u>                | <u>-</u>           | <u>-</u>         | <u>64,350</u>         |
| Capital assets being depreciated           |                              |                    |                  |                       |
| Machinery and equipment                    | 143,440                      | -                  | -                | 143,440               |
| Collection system                          | <u>8,502,707</u>             | <u>130,243</u>     | <u>-</u>         | <u>8,632,950</u>      |
| Total Capital Assets Being Depreciated     | <u>8,646,147</u>             | <u>130,243</u>     | <u>-</u>         | <u>8,776,390</u>      |
| Total Capital Assets                       | <u>8,710,497</u>             | <u>130,243</u>     | <u>-</u>         | <u>8,840,740</u>      |
| Less: Accumulated depreciation for         |                              |                    |                  |                       |
| Machinery and equipment                    | (93,253)                     | (15,455)           | -                | (108,708)             |
| Collection system                          | <u>(2,200,369)</u>           | <u>(158,012)</u>   | <u>-</u>         | <u>(2,358,381)</u>    |
| Total Accumulated depreciation             | <u>(2,293,622)</u>           | <u>(173,467)</u>   | <u>-</u>         | <u>(2,467,089)</u>    |
| Net Capital Assets Being Depreciated       | <u>6,352,525</u>             | <u>(43,224)</u>    | <u>-</u>         | <u>6,309,301</u>      |
| Net Stormwater Capital Assets              | <u>\$ 6,416,875</u>          | <u>\$ (43,224)</u> | <u>\$ -</u>      | <u>\$ 6,373,651</u>   |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

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

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

|   | Beginning<br>Balance | Additions    | Deletions    | Ending Balance |
|---|----------------------|--------------|--------------|----------------|
| <u>Ambulance</u>  |                      |              |              |                |
| Capital assets not being depreciated                          |                      |              |              |                |
| Land  | \$ 101,298           | \$ -         | \$ -         | \$ 101,298     |
| Total Capital Assets Not Being Depreciated                    | 101,298              | -            | -            | 101,298        |
| Capital assets being depreciated                              |                      |              |              |                |
| Building improvements   | 21,393               | -            | -            | 21,393         |
| Buildings   | 601,408              | -            | -            | 601,408        |
| Machinery and equipment                                       | 1,365,246            | -            | 56,281       | 1,308,965      |
| Intangibles   | 35,232               | -            | 4,335        | 30,897         |
| Total Capital Assets Being Depreciated                        | 2,023,279            | -            | 60,616       | 1,962,663      |
| Total Capital Assets  | 2,124,577            | -            | 60,616       | 2,063,961      |
| Less: Accumulated depreciation for                            |                      |              |              |                |
| Building improvements   | (21,393)             | -            | -            | (21,393)       |
| Buildings   | (439,359)            | (21,833)     | -            | (461,192)      |
| Machinery and equipment                                       | (880,789)            | (106,134)    | 33,218       | (953,705)      |
| Total Accumulated Depreciation                                | (1,341,541)          | (127,967)    | 33,218       | (1,436,290)    |
| Net Capital Assets Being Depreciated                          | 681,738              | (127,967)    | 27,398       | 526,373        |
| Net Ambulance Capital Assets                                  | \$ 783,036           | \$ (127,967) | \$ 27,398    | \$ 627,671     |
| Business-type Capital Assets, Net of Accumulated Depreciation | \$ 62,509,892        | \$ 2,157,814 | \$ 1,340,420 | \$ 63,327,286  |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**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   | \$ 1,054,918   |
| Water      | 451,514        |
| Sewer      | 740,827        |
| Stormwater | 173,467        |
| Ambulance  | <u>127,967</u> |

|   |                            |
|---|----------------------------|
| Total Business-type Activities Depreciation Expense | <u><u>\$ 2,548,693</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:

| <u>Receivable Fund</u>   | <u>Payable Fund</u>       | <u>Amount</u>              |
|--|---------------------------|----------------------------|
| General Fund   | TIF District #5           | \$ 172,018                 |
| General Fund   | TIF District #13          | 14,352                     |
| General Fund   | Commercial Revolving Loan | 6,404                      |
| General Fund   | Library Impact Fees       | 107,324                    |
| General Fund   | Debt Service Bonds        | 52,999                     |
| General Fund   | Ambulance                 | 135,616                    |
| General Fund   | Motor Pool                | <u>17,299</u>              |
| Total - Fund Financial Statements  |                           | 506,012                    |
| Less: Fund eliminations  |                           | (353,097)                  |
| Add: Interfund receivables created with internal service fund eliminations |                           | <u>1,387,995</u>           |
| Total Internal Balances - Government-Wide Statement of Net Position        |                           | <u><u>\$ 1,540,910</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, 2019

**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. 6, No. 8, No. 9, No. 10, No. 11 and No. 12. The amount advanced is 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 the TIF District advances.

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<br>Due Within One<br>Year |
|---|-------------------------------------|--------------------|--------------------------------------|
| General Fund  | TIF District #6                     | \$ 917,045         | \$ 917,045                           |
| General Fund  | TIF District #8                     | 118,157            | 118,157                              |
| General Fund  | TIF District #9                     | 381,709            | 381,709                              |
| General Fund  | TIF District #10                    | 2,422,711          | 2,422,711                            |
| General Fund  | TIF District #11                    | 164,611            | 164,611                              |
| General Fund  | TIF District #12                    | 629,726            | 629,726                              |
| General Capital Projects  | TIF District #10                    | 500,000            | 500,000                              |
| Environmental Fee   | TIF District #10                    | 500,000            | 500,000                              |
| Environmental Fee   | Tourism and Economic<br>Development | <u>1,000,000</u>   | 1,000,000                            |
| Total Fund Financial Statements   |                                     | 6,633,959          |                                      |
| Less: Fund eliminations   |                                     | <u>(6,633,959)</u> |                                      |
| Total - Interfund Advances - Government-Wide Statement<br>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 Districts No. 5, 9, and 10. The TIF Districts are contingently liable for repayment of these amounts to the General Fund, if the districts have sufficient resources. Net property tax levies advanced as of December, 31 2019 are as follows:

|                     |              |
|---------------------|--------------|
| TIF District No. 5  | \$ 1,549,267 |
| TIF District No. 9  | 64,866       |
| TIF District No. 10 | 337,423      |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**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                      | \$ 29,799           | Budgeted allocations   |
| General   | General Capital Projects     | 26,668              | Budgeted allocations   |
| General   | Nonmajor governmental funds  | 492,111             | Subsidy refund & budgeted allocations  |
| General   | Electric utility             | 767,446             | Property tax equivalent & budgeted allocations   |
| General   | Water utility                | 398,829             | Property tax equivalent & budgeted allocations   |
| General   | Sewer utility                | 124,667             | Budgeted allocations   |
| General   | Nonmajor enterprise funds    | 120,717             | Budgeted allocations   |
| General   | Internal service funds       | 59,455              | Budgeted allocations   |
| TIF #10   | General                      | 92,157              | Budgeted allocations   |
| General Capital Projects                                  | Nonmajor governmental funds  | 151,000             | Desanctis Park and community signage costs   |
| Nonmajor governmental funds                               | General                      | 731,088             | Budgeted allocations, fire truck prepayment, M Stokke memorial donation & cover deficit balances |
| Nonmajor governmental funds                               | Nonmajor governmental funds  | 40,452              | Budgeted allocations   |
| Nonmajor governmental funds                               | General Capital Projects     | 200,000             | Budgeted allocations   |
| Nonmajor governmental funds                               | Internal service funds       | 151,445             | Budgeted allocations   |
| Internal service funds                                    | General                      | 768,173             | Budgeted allocations   |
| Internal service funds                                    | Nonmajor governmental funds  | 72,015              | Budgeted allocations   |
| Internal service funds                                    | Electric utility             | 208,897             | Budgeted allocations   |
| Internal service funds                                    | Water utility                | 48,488              | Budgeted allocations   |
| Internal service funds                                    | Sewer utility                | 64,640              | Budgeted allocations   |
| Internal service funds                                    | Nonmajor enterprise funds    | 58,705              | Budgeted allocations   |
| Internal service funds                                    | Internal service funds       | <u>85,056</u>       | Budgeted allocations   |
| Total - Fund Financial Statements                         |                              | 4,691,808           |  |
| Less: Fund and government-wide eliminations               |                              | <u>(2,899,419)</u>  |  |
| Total Transfers - Government-Wide Statement of Activities |                              | <u>\$ 1,792,389</u> |  |

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

##### Transfers (cont.)

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.

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

|  | Beginning<br>Balance | Increases           | Decreases           | Ending<br>Balance    | Amounts Due<br>Within One<br>Year |
|--|----------------------|---------------------|---------------------|----------------------|-----------------------------------|
| <b>Governmental Activities</b>   |                      |                     |                     |                      |                                   |
| Bonds and Notes Payable  |                      |                     |                     |                      |                                   |
| General obligation debt  | \$ 14,550,000        | \$ -                | \$ 1,295,000        | \$ 13,255,000        | \$ 1,325,000                      |
| General obligation bonds or<br>notes from direct borrowings<br>and direct placements | 3,669,870            | 2,638,000           | 347,302             | 5,960,568            | 2,018,994                         |
| (Discounts)/Premiums   | 479,011              | -                   | 37,596              | 441,415              | -                                 |
| Sub-totals   | <u>18,698,881</u>    | <u>2,638,000</u>    | <u>1,679,898</u>    | <u>19,656,983</u>    | <u>3,343,994</u>                  |
| Other Liabilities  |                      |                     |                     |                      |                                   |
| Vested compensated<br>absences   | 352,535              | 37,195              | 164,359             | 225,371              | 225,371                           |
| Other postemployment<br>benefits   | 558,053              | 106,816             | -                   | 664,869              | -                                 |
| Net pension liability  | -                    | 2,916,789           | 1,553,897           | 1,362,892            | -                                 |
| Landfill postclosure care cost   | 138,170              | 3,178               | 14,471              | 126,877              | 14,471                            |
| Total Other Liabilities  | <u>1,048,758</u>     | <u>3,063,978</u>    | <u>1,732,727</u>    | <u>2,380,009</u>     | <u>239,842</u>                    |
| Total Governmental<br>Activities Long-Term<br>Liabilities                            | <u>\$ 19,747,639</u> | <u>\$ 5,701,978</u> | <u>\$ 3,412,625</u> | <u>\$ 22,036,992</u> | <u>\$ 3,583,836</u>               |
| <b>Business-type Activities</b>  |                      |                     |                     |                      |                                   |
| Bonds and Notes Payable  |                      |                     |                     |                      |                                   |
| General obligation debt  | \$ 1,725,000         | \$ -                | \$ 440,000          | \$ 1,285,000         | \$ 305,000                        |
| Revenue bonds  | 8,440,000            | -                   | 495,000             | 7,945,000            | 520,000                           |
| Revenue bonds from direct<br>borrowings and direct<br>placements                     | 1,386,621            | -                   | 182,359             | 1,204,262            | 187,367                           |
| Other long-term debt from<br>direct borrowings and direct<br>placements              | 7,593                | -                   | 2,445               | 5,148                | 2,494                             |
| (Discounts)/Premiums   | 239,274              | -                   | 32,431              | 206,843              | -                                 |
| Sub-totals   | <u>11,798,488</u>    | <u>-</u>            | <u>1,152,235</u>    | <u>10,646,253</u>    | <u>1,014,861</u>                  |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

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

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>    | <u>Ending<br/>Balance</u> | <u>Amounts Due<br/>Within One<br/>Year</u> |
|--|------------------------------|---------------------|---------------------|---------------------------|--|
| <b>Business-type Activities (cont.)</b>                    |                              |                     |                     |                           |  |
| Other Liabilities  |                              |                     |                     |                           |  |
| Vested compensated<br>absences                             | \$ 109,229                   | \$ 11,282           | \$ 6,787            | \$ 113,724                | \$ 113,724                                 |
| Other postemployment<br>benefits                           | 120,021                      | 10,390              | -                   | 130,411                   | -  |
| Net pension liability                                      | <u>-</u>                     | <u>1,420,600</u>    | <u>755,356</u>      | <u>665,244</u>            | <u>-</u>                                   |
| Total Other Liabilities                                    | <u>229,250</u>               | <u>1,442,272</u>    | <u>762,143</u>      | <u>909,379</u>            | <u>113,724</u>                             |
| Total Business-type<br>Activities Long-Term<br>Liabilities | <u>\$ 12,027,738</u>         | <u>\$ 1,442,272</u> | <u>\$ 1,914,378</u> | <u>\$ 11,555,632</u>      | <u>\$ 1,128,585</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, 2019, was \$54,217,895. Total general obligation debt outstanding at year end was \$20,500,568.

**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<br/>Issue</u> | <u>Final<br/>Maturity</u> | <u>Interest<br/>Rates</u> | <u>Original<br/>Indebtedness</u> | <u>Balance<br/>December 31,<br/>2019</u> |
|---|--------------------------|---------------------------|---------------------------|----------------------------------|--|
| Refunding Bonds<br>Corporate Purpose                    | 03/2012                  | 03/2028                   | 2.4%                      | \$ 4,560,000                     | \$ 1,865,000                             |
| Bonds   | 08/2014                  | 06/2034                   | 3.00-4.00%                | 5,425,000                        | 4,430,000                                |
| State Trust Fund Loan *                                 | 07/2015                  | 03/2034                   | 3.75%                     | 1,600,000                        | 1,334,958                                |
| State Trust Fund Loan *                                 | 10/2015                  | 03/2025                   | 3.25%                     | 269,800                          | 190,935                                  |
| Promissory Note *                                       | 10/2015                  | 10/2025                   | 2.94%                     | 575,000                          | 346,790                                  |
| Refunding Bonds   | 04/2016                  | 03/2029                   | 2.0-3.0%                  | 4,060,000                        | 3,680,000                                |
| State Trust Fund Loan *                                 | 01/2017                  | 03/2031                   | 3.50%                     | 1,100,000                        | 979,198                                  |
| State Trust Fund Loan *                                 | 01/2017                  | 03/2021                   | 2.50%                     | 112,500                          | 57,887                                   |
| Park Bonds  | 07/2018                  | 04/2033                   | 3.0-3.2%                  | 3,460,000                        | 3,280,000                                |
| Promissory Note *                                       | 12/2018                  | 12/2023                   | 3.33%                     | 516,000                          | 412,800                                  |
| Promissory Note *                                       | 01/2019                  | 07/2020                   | 2.84%                     | 1,500,000                        | 1,500,000                                |
| Promissory Note *                                       | 11/2019                  | 11/2029                   | 2.54%                     | 620,000                          | 620,000                                  |
| Promissory Note *                                       | 11/2019                  | 11/2024                   | 2.09%                     | 518,000                          | <u>518,000</u>                           |
| Total Governmental Activities - General Obligation Debt |                          |                           |                           |                                  | <u>\$ 19,215,568</u>                     |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

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

**General Obligation Debt (cont.)**

**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, 2019</u> |
|--|----------------------|-----------------------|-----------------------|------------------------------|----------------------------------|
| Refunding Bonds  | 08/2012              | 05/2023               | 1.0-2.5%              | \$ 3,165,000                 | <u>\$ 1,285,000</u>              |
| Total Business-type Activities - General Obligation Debt |                      |                       |                       |                              | <u>\$ 1,285,000</u>              |

\* - considered direct placement or direct borrowing

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Governmental Activities<br/>General Obligation Debt</u> |                     | <u>Business-type Activities<br/>General Obligation Debt</u> |                  |
|--------------|--|---------------------|---|------------------|
|              | <u>Principal</u>   | <u>Interest</u>     | <u>Principal</u>  | <u>Interest</u>  |
| 2020         | \$ 1,325,000   | \$ 392,715          | \$ 305,000  | \$ 23,413        |
| 2021         | 1,355,000  | 351,503             | 315,000   | 16,450           |
| 2022         | 1,090,000  | 312,530             | 325,000   | 10,050           |
| 2023         | 925,000  | 275,959             | 340,000   | 3,400            |
| 2024         | 950,000  | 245,910             | -   | -                |
| 2025-2029    | 5,020,000  | 813,675             | -   | -                |
| 2030-2034    | <u>2,590,000</u>   | <u>234,974</u>      | <u>-</u>  | <u>-</u>         |
| Totals       | <u>\$ 13,255,000</u>                                       | <u>\$ 2,627,266</u> | <u>\$ 1,285,000</u>   | <u>\$ 53,313</u> |

| <u>Years</u> | <u>Governmental Activities<br/>Bonds and notes from Direct<br/>Borrowings and Direct<br/>Placements</u> |                   |
|--------------|---|-------------------|
|              | <u>Principal</u>  | <u>Interest</u>   |
| 2020         | \$ 2,018,994  | \$ 173,070        |
| 2021         | 525,801   | 124,921           |
| 2022         | 502,556   | 109,240           |
| 2023         | 508,829   | 94,076            |
| 2024         | 411,946   | 79,737            |
| 2025-2029    | 1,269,107   | 253,642           |
| 2030-2034    | <u>723,335</u>  | <u>71,174</u>     |
| Totals       | <u>\$ 5,960,568</u>   | <u>\$ 905,860</u> |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

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

**Revenue Debt**

Business-type activities revenue bonds are payable only from revenues derived from the operation of the 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 15.11% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,661,725. Principal and interest paid for the current year and total customer net revenues were \$297,715 and \$1,957,266, respectively.

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 18.20% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,878,960. Principal and interest paid for the current year and total customer net revenues were \$158,640 and \$860,135, 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 25.38% of net revenues. The total principal and interest remaining to be paid on the bonds is \$6,526,406. Principal and interest paid for the current year and total customer net revenues were \$527,282 and \$1,512,646, respectively.

Revenue debt payable at December 31, 2019, consists of the following:

**Business-type Activities Revenue Debt**

|                         | <u>Date of<br/>Issue</u> | <u>Final<br/>Maturity</u> | <u>Interest<br/>Rates</u> | <u>Original<br/>Indebtedness</u> | <u>Balance<br/>December 31,<br/>2019</u> |
|-------------------------|--------------------------|---------------------------|---------------------------|----------------------------------|--|
| <u>Electric Utility</u> |                          |                           |                           |                                  |  |
| Revenue Bonds           | 07/2018                  | 04/2028                   | 3.0-4.0%                  | \$ 2,500,000                     | <u>\$ 2,305,000</u>                      |
|                         |                          |                           |                           | Total Electric Utility           | <u>2,305,000</u>                         |
| <u>Water Utility</u>    |                          |                           |                           |                                  |  |
| Revenue Bonds           | 07/2011                  | 11/2031                   | 2.0-4.4%                  | 2,125,000                        | <u>1,485,000</u>                         |
|                         |                          |                           |                           | Total Water Utility              | <u>1,485,000</u>                         |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

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

**Revenue Debt (cont.)**

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

|                      | Date of<br>Issue | Final<br>Maturity | Interest<br>Rates | Original<br>Indebtedness | Balance<br>December 31,<br>2019 |
|----------------------|------------------|-------------------|-------------------|--------------------------|---------------------------------|
| <u>Sewer Utility</u> |                  |                   |                   |                          |                                 |
| Revenue Bonds *      | 11/2005          | 05/2025           | 2.746%            | \$ 3,317,130             | \$ 1,204,262                    |
| Revenue Bonds        | 04/2016          | 05/2036           | 2.0-3.0%          | 4,510,000                | <u>4,155,000</u>                |
|                      |                  |                   |                   | Total Sewer Utility      | <u>5,359,262</u>                |
|                      |                  |                   |                   |                          | <u>\$ 9,149,262</u>             |

\* - considered direct placement or direct borrowing

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Business-type Activities<br/>Revenue Debt</u> |                     |
|--------------|--|---------------------|
|              | <u>Principal</u>                                 | <u>Interest</u>     |
| 2020         | \$ 520,000                                       | \$ 236,740          |
| 2021         | 540,000  | 221,715             |
| 2022         | 555,000  | 204,805             |
| 2023         | 570,000  | 187,200             |
| 2024         | 590,000  | 168,795             |
| 2025-2029    | 2,930,000  | 573,035             |
| 2030-2034    | 1,645,000  | 205,795             |
| 2035-2036    | <u>595,000</u>                                   | <u>17,925</u>       |
| Totals       | <u>\$ 7,945,000</u>                              | <u>\$ 1,816,010</u> |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

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

**Revenue Debt (cont.)**

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

| <u>Years</u> | Business-type Activities<br>Revenue Debt from Direct<br>Borrowings and Direct<br>Placements |            |
|--------------|---|------------|
|              | Principal   | Interest   |
| 2020         | \$ 187,367  | \$ 30,496  |
| 2021         | 192,512   | 25,281     |
| 2022         | 197,798   | 19,922     |
| 2023         | 203,230   | 14,416     |
| 2024         | 208,811   | 8,758      |
| 2025         | 214,544   | 2,946      |
| Totals       | \$ 1,204,262  | \$ 101,819 |

**Other Debt Information**

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

The city's outstanding State Trust Fund Loans from direct borrowings related to governmental activities of \$2,562,978 contain clauses that any delinquent payments are subject to a penalty of one percent per month and shall be deducted from any state payments that are due to the city.

The city's outstanding notes from direct borrowings related to governmental activities of \$3,397,590 contain provisions that in an event of default, outstanding amounts become immediately due and payable.

The city's outstanding debt from direct borrowings or direct placement related to the business-type activities of \$1,204,262 contain provisions that (1) any delinquent payments can be deducted from any state payments that are due to the city or a special charge may be added to the taxes apportioned to and levied upon the county in which the city is located and (2) in an event of default, outstanding amounts become immediately due and payable or the interest rate may be increased to the market interest rate and (3) any delinquent payments may be intercepted from the revenue of the utility system.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

State and federal laws and regulations require the city to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site 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 \$126,877 reported as landfill closure and postclosure care liability at December 31, 2019, represents the estimated amount of future postclosure costs. These amounts are based on what it would cost to perform all postclosure care in 2019. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

Net position reported on the government wide statement of net position at December 31, 2019, includes the following:

##### **Governmental Activities**

|  |                      |
|--|----------------------|
| Net Investment in Capital Assets   |                      |
| Land   | \$ 13,366,292        |
| Construction in progress   | 5,645,970            |
| Other capital assets, net of accumulated depreciation                              | 41,654,935           |
| Less: Long-term debt outstanding (excluding unspent capital related debt proceeds) | (19,215,568)         |
| Plus: Noncapital debt proceeds   | 2,431,962            |
| Less: Unamortized debt premium   | (441,415)            |
| Plus: Unamortized deferred charge on refunding                                     | <u>278,473</u>       |
| Total Net Investment in Capital Assets   | <u>\$ 43,720,649</u> |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**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, 2019, include the following:

|  | <u>General Fund</u>  | <u>Tax Increment<br/>District #10</u> | <u>General<br/>Capital<br/>Projects Fund</u> | <u>Nonmajor<br/>Funds</u> | <u>Totals</u>       |
|--|----------------------|---------------------------------------|--|---------------------------|---------------------|
| <b>Fund Balances</b>                     |                      |                                       |  |                           |                     |
| <b>Nonspendable:</b>                     |                      |                                       |  |                           |                     |
| Inventories and prepayments              | \$ 45,425            | \$ -                                  | \$ 139                                       | \$ 632,719                | \$ 678,283          |
| Advances to other funds                  | 4,633,959            | -                                     | 500,000                                      | -                         | 5,133,959           |
| Sub-total                                | <u>4,679,384</u>     | <u>-</u>                              | <u>500,139</u>                               | <u>632,719</u>            | <u>5,812,242</u>    |
| <b>Restricted for:</b>                   |                      |                                       |  |                           |                     |
| Debt service                             | -                    | -                                     | -  | 14,861                    | 14,861              |
| Parking improvements                     | -                    | -                                     | -  | 66,155                    | 66,155              |
| Refuse/solid waste                       | -                    | -                                     | -  | 78,893                    | 78,893              |
| Shared ride taxi                         | -                    | -                                     | -  | 22,870                    | 22,870              |
| Environmental fee                        | -                    | -                                     | -  | 3,104,372                 | 3,104,372           |
| Future TIF expenditures                  | -                    | -                                     | -  | 415,694                   | 415,694             |
| Library                                  | -                    | -                                     | -  | 111,624                   | 111,624             |
| Park impact fee projects                 | -                    | -                                     | -  | 251,527                   | 251,527             |
| Fire impact fee projects                 | -                    | -                                     | -  | 822                       | 822                 |
| Housing reserve                          | -                    | -                                     | -  | 745,668                   | 745,668             |
| Library trust                            | -                    | -                                     | -  | 156,144                   | 156,144             |
| Sub-total                                | <u>-</u>             | <u>-</u>                              | <u>-</u>                                     | <u>4,968,630</u>          | <u>4,968,630</u>    |
| <b>Committed to:</b>                     |                      |                                       |  |                           |                     |
| Park acquisition                         | -                    | -                                     | -  | 1,125                     | 1,125               |
| Equipment                                | -                    | -                                     | -  | 205,448                   | 205,448             |
| Sub-total                                | <u>-</u>             | <u>-</u>                              | <u>-</u>                                     | <u>206,573</u>            | <u>206,573</u>      |
| <b>Unassigned (deficit):</b>             | <u>5,942,279</u>     | <u>(3,379,416)</u>                    | <u>(1,251,792)</u>                           | <u>(3,135,631)</u>        | <u>(1,824,560)</u>  |
| <b>Total Fund Balances<br/>(Deficit)</b> | <u>\$ 10,621,663</u> | <u>\$ (3,379,416)</u>                 | <u>\$ (751,653)</u>                          | <u>\$ 2,672,291</u>       | <u>\$ 9,162,885</u> |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**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                              | 1,972,340                       |
| Other capital assets, net of accumulated depreciation | 60,989,946                      |
| Less: Long-term debt outstanding                      | (10,434,262)                    |
| Plus: Unamortized loss on refunding                   | 77,867                          |
| Less: Unamortized debt premium                        | (206,843)                       |
| Plus: Unspent debt proceeds                           | <u>967,160</u>                  |
| <br>Total Net Investment in Capital Assets            | <br><u><u>\$ 53,731,208</u></u> |

Of the total December 31, 2019 unrestricted net position of \$4,670,234 in the electric utility, \$132,764 has been committed by the city for hydroelectric operations.

**I. COMPONENT UNIT**

***BUSINESS IMPROVEMENT DISTRICT***

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

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

|          | <u>Carrying<br/>Value</u> | <u>Statement<br/>Balances</u> | <u>Associated Risks</u> |
|----------|---------------------------|-------------------------------|-------------------------|
| Deposits | <u>\$ 18,400</u>          | <u>\$ 26,987</u>              | Custodial credit risk   |

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

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

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

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

#### **Deposits**

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

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

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### NOTE IV - OTHER INFORMATION

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#### A. EMPLOYEES' RETIREMENT SYSTEM

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours teachers and school district educational support employees) 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 executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings, and creditable service.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

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<br/>Adjustment</u> | <u>Variable Fund<br/>Adjustment</u> |
|-------------|---------------------------------|-------------------------------------|
| 2009        | (2.1)%                          | (42.0)%                             |
| 2010        | (1.3)                           | 22.0                                |
| 2011        | (1.2)                           | 11.0                                |
| 2012        | (7.0)                           | (7.0)                               |
| 2013        | (9.6)                           | 9.0                                 |
| 2014        | 4.7                             | 25.0                                |
| 2015        | 2.9                             | 2.0                                 |
| 2016        | 0.5                             | (5.0)                               |
| 2017        | 2.0                             | 4.0                                 |
| 2018        | 2.4                             | 17.0                                |

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and 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 \$614,274 in contributions from the city.

Contribution rates for the plan year reported as of December 31, 2019 are:

| <u>Employee Category</u>                 | <u>Employee</u> | <u>Employer</u> |
|--|-----------------|-----------------|
| General (Executives & Elected Officials) | 6.7%            | 6.7%            |
| Protective with Social Security          | 6.7%            | 10.7%           |
| Protective without Social Security       | 6.7%            | 14.9%           |

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

At December 31, 2019, the city reported an liability of \$2,028,136 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the city's proportion was 0.05700718%, which was an increase of 0.00343644% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the city recognized pension expense of \$1,358,798.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

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

At December 31, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience  | \$ 1,579,611                         | \$ 2,792,184                        |
| Changes in assumptions  | 341,869                              | -                                   |
| Net differences between projected and actual earnings on pension plan investments                             | 2,961,955                            | -                                   |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 2,010                                | 39,715                              |
| Employer contributions subsequent to the measurement date   | 630,482                              | -                                   |
| Totals  | \$ 5,515,927                         | \$ 2,831,899                        |

\$630,482 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, 2020. 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<br>December 31: | Deferred Outflows<br>of Resources and<br>Deferred Inflows of<br>Resources (net) |
|----------------------------|---|
| 2020                       | \$ 745,130  |
| 2021                       | 177,559   |
| 2022                       | 323,619   |
| 2023                       | 807,238   |

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

**Actuarial assumptions.** The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|  |                                |
|--|--------------------------------|
| Actuarial Valuation Date:                          | December 31, 2017              |
| Measurement Date of Net Pension Liability (Asset): | December 31, 2018              |
| Actuarial Cost Method:                             | Entry Age Normal               |
| Asset Valuation Method:                            | Fair Value                     |
| Long-Term Expected Rate of Return:                 | 7.0%                           |
| Discount Rate:                                     | 7.0%                           |
| Salary Increases:                                  |                                |
| Inflation  | 3.0%                           |
| Seniority/Merit                                    | 0.1% - 5.6%                    |
| Mortality:   | Wisconsin 2018 Mortality Table |
| Post-retirement Adjustments*:                      | 1.9%                           |

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

## CITY OF RIVER FALLS

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### 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                      | 49%                               | 8.1%   | 5.5%  |
| Fixed Income                         | 24.5                              | 4.0  | 1.5   |
| Inflation Sensitive Assets           | 15.5                              | 3.8  | 1.3   |
| Real Estate                          | 9                                 | 6.5  | 3.9   |
| Private Equity/Debt                  | 8                                 | 9.4  | 6.7   |
| Multi-Asset                          | 4                                 | 6.7  | 4.1   |
| Total Core Fund                      | 110                               | 7.3  | 4.7   |
| <br><u>Variable Fund Asset Class</u> |                                   |  |   |
| U.S Equities                         | 70                                | 7.6  | 5.0   |
| International Equities               | 30                                | 8.5  | 5.9   |
| Total Variable Fund                  | 100                               | 8.0  | 5.4   |

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

**Single discount rate.** A single discount rate of 7.00% 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 7.00% and a long term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

**Sensitivity of the city's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the city's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the city's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

|   | 1% Decrease to<br>Discount Rate<br>(6.00%) | Current Discount<br>Rate (7.00%) | 1% Increase to<br>Discount Rate<br>(8.00%) |
|---|--|----------------------------------|--|
| City's proportionate share of the net pension liability (asset) | \$8,060,027                                | \$2,028,136                      | \$(2,457,042)                              |

**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, 2019, 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.

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, 2019. 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 \$3,277,000 at December 31, 2019 relating to various projects.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

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

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

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

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 \$324 million as of December 31, 2019.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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#### ***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, 2019 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, 2019

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

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

***Employees covered by benefit terms.*** At December 31, 2019, the following employees were covered by the benefit terms:

|   |    |  |
|---|----|--|
| Inactive plan members or beneficiaries currently receiving benefit payments | 8  |  |
| Inactive plan members entitled to but not yet receiving benefit payments    | 1  |  |
| Active plan members   | 55 |  |
|   | 64 |  |

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

***TOTAL OPEB LIABILITY***

The city's total OPEB liability of \$795,280 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

***Actuarial assumptions and other inputs.*** The total OPEB liability in the December 31, 2019 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  |
| Healthcare cost trend rates | 8.0 percent for 2019, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent for 2027 and later years |

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 various SOA Pub-2010 Headcount Weighted Mortality Tables, using Scale MP-2019.

Some actuarial assumptions used in the December 31, 2019 valuation were based on the most recent WRS tables as of December 31, 2018.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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

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

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

|   | Total OPEB<br>Liability |
|---|-------------------------|
| Balances at December 31, 2018                         | \$ 678,074              |
| Changes for the year:                                 |                         |
| Service cost  | 36,854                  |
| Interest  | 28,328                  |
| Differences between expected and<br>actual experience | 58,906                  |
| Changes in assumptions or other inputs                | 44,979                  |
| Benefit payments                                      | (51,861)                |
| Net changes   | 117,206                 |
| Balances at December 31, 2019                         | \$ 795,280              |

Changes of assumptions and other inputs reflect a change in the discount rate from 4.11 percent in 2018 to 3.26 percent in 2019.

***Sensitivity of the total OPEB liability to changes in the discount rate.*** The following presents the total OPEB liability of the city, as well as what the city's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.3 percent) or 1-percentage-point higher (4.3 percent) than the current discount rate:

|                      | 1% Decrease<br>(2.3%) | Discount Rate<br>(3.3%) | 1% Increase<br>(4.3%) |
|----------------------|-----------------------|-------------------------|-----------------------|
| Total OPEB liability | \$ 848,394            | \$ 795,280              | \$ 744,728            |

***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 ( 7.0 percent decreasing to 3.5 percent) or 1-percentage-point higher (9.0 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

|                      | 1% Decrease<br>(7.0%<br>Decreasing to<br>3.5%) | Healthcare Cost<br>Trend Rates<br>(8.0%<br>Decreasing to<br>4.5%) | 1% Increase<br>(9.0%<br>Decreasing to<br>5.5%) |
|----------------------|--|---|--|
| Total OPEB liability | \$ 717,903                                     | \$ 795,280  | \$ 885,692                                     |

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**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, 2019, the city recognized OPEB expense of \$85,697. At December 31, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 67,494                            | \$ 12,352                           |
| Changes of assumptions or other inputs             | 79,778                               | 17,500                              |
| Total  | \$ 147,272                           | \$ 29,852                           |

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: | Deferred Outflows<br>of Resources and<br>Deferred Inflows of<br>Resources (net) |
|-------------------------|---|
| 2020                    | \$ 20,515   |
| 2021                    | 20,515  |
| 2022                    | 20,515  |
| 2023                    | 20,515  |
| 2024                    | 20,521  |
| Thereafter              | 14,839  |

**F. SUBSEQUENT EVENTS**

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including areas impacting the city. Currently, the city's evaluation of these events is ongoing; however, we anticipate the situation could result in declines in revenues such as state aids and investment income, a decrease in demand for certain services, an increase in delinquencies or uncollectible accounts receivable, decline in market value of investments, timing or ability to issue bonds or obtain financing (as the market has been disrupted), and increased costs related to labor and insurance.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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#### ***F. SUBSEQUENT EVENTS*** (cont.)

The extent of the impact of COVID-19 on the city's operational and financial performance will depend on future developments, including the duration and spread of the outbreak, and related governmental or other regulatory actions.

On March 24, 2020 the city authorized the sale of its ambulance services to Allina Health System effective January 1, 2021. The sale will include the ambulances and larger medical equipment and Allina will rent the facility currently owned by the city for a minimum of three years. The city will continue to carry old accounts receivables.

In March 2020, the city authorized the creation of Tax Incremental District No.15 and the use of WHEDA tax credits to develop workforce housing.

On April 28, 2020 the city authorized the issuance of general obligation bonds not to exceed \$6,250,000 for the purpose of refunding certain outstanding obligations of the city, purchasing a fire engine, and financing the police facility. These bonds will have a 20 year term and will be dated June 30, 2020.

#### ***G. RELATED ORGANIZATIONS***

##### ***Housing Authority***

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

#### ***H. TAX ABATEMENT***

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 through its various Tax Incremental Financing Districts (TID) has entered into tax abatement agreements with several developers in the form of tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans. The developers pay property taxes as they become due, and after meeting the criteria established in the development agreements, are entitled to future incentive payments that directly correlate to the taxes paid. Aggregate incentive payments for the year ended December 31, 2019 were \$198,222. Anticipated future incentive payments based on such development agreements as of year end totaled \$2,905,978. In addition to the tax abatement arrangements described above, the city has several development agreements where the city will reimburse the developer for infrastructure costs.

# CITY OF RIVER FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

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

- > Statement No. 87, *Leases*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > 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, 2019 is limited to a maximum of \$202,585 in principal plus interest.

#### ***K. 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<br/>Deadline</u> | <u>Termination<br/>Date</u> |
|------------|----------------------|---------------------------------|-----------------------------|
| TID No. 5  | 1994                 | 2016                            | 2024                        |
| TID No. 6  | 2005                 | 2027                            | 2032                        |
| 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, 2019

|  | Budgeted Amounts     |                      | Actual               | Variance with<br>Final Budget |
|--|----------------------|----------------------|----------------------|-------------------------------|
|  | Original             | Final                |                      |                               |
| <b>REVENUES</b>  |                      |                      |                      |                               |
| Taxes  | \$ 4,391,375         | \$ 4,391,375         | \$ 4,394,080         | \$ 2,705                      |
| Special assessments  | -                    | -                    | 14,883               | 14,883                        |
| Intergovernmental  | 3,564,577            | 3,564,577            | 3,569,452            | 4,875                         |
| Licenses and permits   | 308,380              | 308,380              | 477,097              | 168,717                       |
| Fines, forfeitures and penalties                             | 205,000              | 205,000              | 180,685              | (24,315)                      |
| Public charges for services                                  | 206,025              | 206,025              | 238,765              | 32,740                        |
| Intergovernmental charges for<br>services                    | 25,000               | 25,000               | 20,498               | (4,502)                       |
| Investment income  | 304,000              | 304,000              | 367,911              | 63,911                        |
| Miscellaneous revenues                                       | 56,937               | 56,937               | 146,490              | 89,553                        |
| Total Revenues   | <u>9,061,294</u>     | <u>9,061,294</u>     | <u>9,409,861</u>     | <u>348,567</u>                |
| <b>EXPENDITURES</b>  |                      |                      |                      |                               |
| Current  |                      |                      |                      |                               |
| General government   | 2,085,863            | 2,085,863            | 1,850,372            | 235,491                       |
| Public safety  | 4,060,103            | 4,060,103            | 3,747,165            | 312,938                       |
| Public works   | 2,156,375            | 2,106,375            | 2,002,747            | 103,628                       |
| Health services  | 2,740                | 2,740                | 3,281                | (541)                         |
| Leisure activities   | 712,664              | 762,664              | 778,937              | (16,273)                      |
| Conservation and development                                 | 833,413              | 833,413              | 836,013              | (2,600)                       |
| Debt Service   |                      |                      |                      |                               |
| Principal  | 85,391               | 85,391               | 146,191              | (60,800)                      |
| Interest and fiscal charges                                  | 13,753               | 13,753               | 23,461               | (9,708)                       |
| Total Expenditures   | <u>9,950,302</u>     | <u>9,950,302</u>     | <u>9,388,167</u>     | <u>562,135</u>                |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(889,008)</u>     | <u>(889,008)</u>     | <u>21,694</u>        | <u>910,702</u>                |
| <b>OTHER FINANCING SOURCES<br/>(USES)</b>                    |                      |                      |                      |                               |
| Transfers in   | 1,769,952            | 1,769,952            | 2,019,692            | 249,740                       |
| Transfers out  | (607,531)            | (850,214)            | (1,591,418)          | (741,204)                     |
| Property sales   | 15,000               | 15,000               | 36,548               | 21,548                        |
| Total Other Financing Sources<br>(Uses)                      | <u>1,177,421</u>     | <u>934,738</u>       | <u>464,822</u>       | <u>(469,916)</u>              |
| <b>Net Change in Fund Balance</b>                            | 288,413              | 45,730               | 486,516              | 440,786                       |
| FUND BALANCE - Beginning of Year                             | <u>10,135,147</u>    | <u>10,135,147</u>    | <u>10,135,147</u>    | <u>-</u>                      |
| <b>FUND BALANCE - END OF YEAR</b>                            | <u>\$ 10,423,560</u> | <u>\$ 10,180,877</u> | <u>\$ 10,621,663</u> | <u>\$ 440,786</u>             |

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

## CITY OF RIVER FALLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - TAX INCREMENT DISTRICT #10  
For the Year Ended December 31, 2019

|   | Budgeted Amounts<br>Original and Final | Actual                | Variance with<br>Final Budget |
|---|--|-----------------------|-------------------------------|
| <b>REVENUES</b>   |  |                       |                               |
| Taxes   | \$ 416,090                             | \$ 415,641            | \$ (449)                      |
| Intergovernmental   | -                                      | 679                   | 679                           |
| Investment income   | -                                      | 5,359                 | 5,359                         |
| Miscellaneous   | -                                      | 7,344                 | 7,344                         |
| Total Revenues  | <u>416,090</u>                         | <u>429,023</u>        | <u>12,933</u>                 |
| <b>EXPENDITURES</b>                                       |  |                       |                               |
| Current   |  |                       |                               |
| Conservation and development                              | 4,000                                  | 7,787                 | (3,787)                       |
| Capital Outlay  | 410,750                                | 464,145               | (53,395)                      |
| Debt Service  |  |                       |                               |
| Principal retirement                                      | 204,809                                | 204,809               | -                             |
| Interest and fiscal charges                               | 132,204                                | 132,228               | (24)                          |
| Total Expenditures  | <u>751,763</u>                         | <u>808,969</u>        | <u>(57,206)</u>               |
| Excess (deficiency) of revenues over (under) expenditures | <u>(335,673)</u>                       | <u>(379,946)</u>      | <u>(44,273)</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |  |                       |                               |
| Long-term debt issued                                     | 350,000                                | 350,000               | -                             |
| Transfers from other funds                                | 92,157                                 | 92,157                | -                             |
| Transfers to other funds                                  | (54,099)                               | (29,799)              | 24,300                        |
| Total Other Financing Sources (Uses)                      | <u>388,058</u>                         | <u>412,358</u>        | <u>24,300</u>                 |
| <b>Net change in fund balance</b>                         | 52,385                                 | 32,412                | (19,973)                      |
| FUND BALANCE (DEFICIT) - Beginning of Year                | <u>(3,411,828)</u>                     | <u>(3,411,828)</u>    | <u>-</u>                      |
| <b>FUND BALANCE (DEFICIT) - END OF YEAR</b>               | <u>\$ (3,359,443)</u>                  | <u>\$ (3,379,416)</u> | <u>\$ (19,973)</u>            |

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

## CITY OF RIVER FALLS

### SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS For the Year Ended December 31, 2019

|   | Year End Date     |                   |                   |
|---|-------------------|-------------------|-------------------|
|   | 2019              | 2018              | 2017              |
| <b>Total OPEB Liability</b>   |                   |                   |                   |
| Service cost  | \$ 36,854         | \$ 39,517         | \$ 34,576         |
| Interest  | 28,328            | 25,542            | 21,789            |
| Changes of benefit terms  | -                 | -                 | -                 |
| Differences between expected and actual experience                      | 58,906            | (17,294)          | 27,203            |
| Changes of assumptions  | 44,979            | (24,500)          | 65,960            |
| Benefit payments  | <u>(51,861)</u>   | <u>(45,877)</u>   | <u>(41,071)</u>   |
| <b>Net Change in Total OPEB Liability</b>                               | 117,206           | (22,612)          | 108,457           |
| <b>Total OPEB Liability - Beginning</b>                                 | <u>678,074</u>    | <u>700,686</u>    | <u>592,229</u>    |
| <b>Total OPEB Liability - Ending</b>                                    | <u>\$ 795,280</u> | <u>\$ 678,074</u> | <u>\$ 700,686</u> |
| <br>  |                   |                   |                   |
| <b>Covered-employee payroll</b>   | \$ 3,970,409      | \$ 4,843,135      | \$ 4,692,960      |
| <br>  |                   |                   |                   |
| <b>Total OPEB liability as a percentage of covered-employee payroll</b> | 20.03%            | 14.00%            | 14.93%            |

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

## CITY OF RIVER FALLS

### SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY) - WISCONSIN RETIREMENT SYSTEM (WRS) For the Year Ended December 31, 2019

| WRS Fiscal<br>Year End Date<br>(Measurement<br>Date) | City's<br>Proportion<br>of the Net<br>Pension<br>Asset/(Liability) | City's<br>Proportionate<br>Share of the<br>Net Pension<br>Asset/(Liability) | City's<br>Covered<br>Payroll | City's Proportionate<br>Share of the<br>Net Pension Asset/(Liability)<br>as a Percentage of<br>Covered Payroll | Plan Fiduciary<br>Net Position<br>as a Percentage<br>of the Total<br>Pension Liability |
|--|--|---|------------------------------|--|--|
| 12/31/18   | 0.05700718%  | \$ (2,028,136)  | \$ 8,119,664                 | 24.98%   | 96.45%   |
| 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, 2019

| City<br>Year End Date | Contractually<br>Required<br>Contributions | Contributions in<br>Relation to the<br>Contractually<br>Required<br>Contributions | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll | Contributions<br>as a Percentage<br>of Covered<br>Payroll |
|-----------------------|--|---|--|--------------------|---|
| 12/31/19              | \$ 630,482                                 | \$ 630,482  | \$ -                                   | 8,119,377          | 7.77%   |
| 12/31/18              | 614,274                                    | 614,274   | -                                      | 8,119,664          | 7.57%   |
| 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 independent auditors' report and accompanying notes to required supplementary information.

# CITY OF RIVER FALLS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

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### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

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

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

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

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

The city is required to present the last ten fiscal years of 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 4.11 percent in 2018 to 3.26 percent in 2019. For 2019, mortality tables were updated from RPH-2017 adjusted to 2006 Total Dataset Fully Generational using scale MP-2017 to five different tables for various retiree groups, all of which are Headcount Weighted Mortality Tables generational using Scale MP-2019. The termination rate, retirement rate, and disability rate assumptions were updated for 2019 to the most recent WRS tables as of December 31, 2018. Health care trend rates were updated for 2019 to an initial rate of 8.0% decreasing by .5% annually to an ultimate rate of 4.5%.

### ***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.* Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

**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, 2019

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|------------------|------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>     |                  |                                       |
| <b>TAXES</b>                                     |                         |                  |                  |                                       |
| General property taxes                           | \$ 4,299,053            | \$ 4,299,053     | \$ 4,303,908     | \$ 4,855                              |
| Mobile home taxes                                | 22,000                  | 22,000           | 21,011           | (989)                                 |
| Payments in lieu of taxes - housing<br>authority | 7,822                   | 7,822            | 6,121            | (1,701)                               |
| Payment in lieu of taxes - other                 | 62,000                  | 62,000           | 61,929           | (71)                                  |
| Interest and penalties on taxes                  | 500                     | 500              | 1,111            | 611                                   |
| Total Taxes                                      | <u>4,391,375</u>        | <u>4,391,375</u> | <u>4,394,080</u> | <u>2,705</u>                          |
| <b>SPECIAL ASSESSMENTS</b>                       |                         |                  |                  |                                       |
| Special assessments                              | -                       | -                | 14,883           | 14,883                                |
| <b>INTERGOVERNMENTAL</b>                         |                         |                  |                  |                                       |
| State shared revenues                            | 2,078,524               | 2,078,524        | 2,104,720        | 26,196                                |
| Fire insurance from state                        | 40,000                  | 40,000           | 45,725           | 5,725                                 |
| State aid - computers                            | 10,000                  | 10,000           | 10,754           | 754                                   |
| State aid - police training                      | -                       | -                | 14,206           | 14,206                                |
| State aid - other public safety                  | 24,000                  | 24,000           | 28,002           | 4,002                                 |
| State aid - streets                              | 668,163                 | 668,163          | 687,534          | 19,371                                |
| State aid - municipal services                   | 262,000                 | 262,000          | 267,468          | 5,468                                 |
| Municipal grants                                 | 307,250                 | 307,250          | 304,059          | (3,191)                               |
| School district grant                            | 100,000                 | 100,000          | 106,984          | 6,984                                 |
| Federal grants                                   | 74,640                  | 74,640           | -                | (74,640)                              |
| Total Intergovernmental                          | <u>3,564,577</u>        | <u>3,564,577</u> | <u>3,569,452</u> | <u>4,875</u>                          |
| <b>LICENSES AND PERMITS</b>                      |                         |                  |                  |                                       |
| Liquor and malt beverage licenses                | 18,000                  | 18,000           | 18,005           | 5                                     |
| Operators' license                               | 6,000                   | 6,000            | 5,780            | (220)                                 |
| Cigarette licenses                               | 1,000                   | 1,000            | 1,800            | 800                                   |
| Cable television franchise fees                  | 140,180                 | 140,180          | 134,215          | (5,965)                               |
| Business and occupational licenses               | 1,500                   | 1,500            | 1,970            | 470                                   |
| Dog licenses                                     | 4,000                   | 4,000            | 3,098            | (902)                                 |
| Housing inspection licenses                      | 500                     | 500              | 120              | (380)                                 |
| Plumbing permits                                 | 2,000                   | 2,000            | 5,668            | 3,668                                 |
| Building permits                                 | 130,000                 | 130,000          | 297,576          | 167,576                               |
| Sign permits                                     | 500                     | 500              | 2,457            | 1,957                                 |
| Zoning permits                                   | 3,000                   | 3,000            | 3,900            | 900                                   |
| Inspectors red seal                              | 1,700                   | 1,700            | 2,508            | 808                                   |
| Total Licenses and Permits                       | <u>308,380</u>          | <u>308,380</u>   | <u>477,097</u>   | <u>168,717</u>                        |

## CITY OF RIVER FALLS

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

For the Year Ended December 31, 2019

|   | <u>Budgeted Amounts</u> |                      | <u>Actual</u>        | <u>Variance with<br/>Final Budget</u> |
|---|-------------------------|----------------------|----------------------|---------------------------------------|
|   | <u>Original</u>         | <u>Final</u>         |                      |                                       |
| <b>FINES, FORFEITURES AND PENALTIES</b>           |                         |                      |                      |                                       |
| Court penalties and costs                         | \$ 70,000               | \$ 70,000            | \$ 54,979            | \$ (15,021)                           |
| Parking violations                                | 105,000                 | 105,000              | 96,151               | (8,849)                               |
| Court costs                                       | <u>30,000</u>           | <u>30,000</u>        | <u>29,555</u>        | <u>(445)</u>                          |
| Total Fines, Forfeitures and Penalties            | <u>205,000</u>          | <u>205,000</u>       | <u>180,685</u>       | <u>(24,315)</u>                       |
| <b>PUBLIC CHARGES FOR SERVICES</b>                |                         |                      |                      |                                       |
| Clerk's fees                                      | 9,000                   | 9,000                | 8,503                | (497)                                 |
| Zoning administration fees                        | 17,000                  | 17,000               | 53,110               | 36,110                                |
| Publication fees                                  | 1,000                   | 1,000                | 1,140                | 140                                   |
| Plat review fees                                  | 10,000                  | 10,000               | 10,000               | -                                     |
| Police department fees                            | 10,000                  | 10,000               | 8,893                | (1,107)                               |
| Police towing                                     | 10,000                  | 10,000               | 8,225                | (1,775)                               |
| Fire department fees                              | 15,000                  | 15,000               | 14,951               | (49)                                  |
| Fire inspection fees                              | 1,000                   | 1,000                | 1,680                | 680                                   |
| Highway maintenance and construction              | 10,000                  | 10,000               | 9,479                | (521)                                 |
| Weights and measures charges                      | 4,475                   | 4,475                | 4,300                | (175)                                 |
| Swimming pool                                     | 25,000                  | -                    | -                    | -                                     |
| Parks   | 36,300                  | 36,300               | 38,054               | 1,754                                 |
| Recreation programs                               | 55,000                  | 80,000               | 76,585               | (3,415)                               |
| Forestry fees                                     | -                       | -                    | 1,685                | 1,685                                 |
| Other public charges for services                 | <u>2,250</u>            | <u>2,250</u>         | <u>2,160</u>         | <u>(90)</u>                           |
| Total Public Charges for Services                 | <u>206,025</u>          | <u>206,025</u>       | <u>238,765</u>       | <u>32,740</u>                         |
| <b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>     |                         |                      |                      |                                       |
| Interdepartmental sales                           | <u>25,000</u>           | <u>25,000</u>        | <u>20,498</u>        | <u>(4,502)</u>                        |
| <b>INVESTMENT INCOME</b>                          |                         |                      |                      |                                       |
| Interest - interfund advances                     | 204,000                 | 204,000              | 204,000              | -                                     |
| Interest on temporary investments                 | <u>100,000</u>          | <u>100,000</u>       | <u>163,911</u>       | <u>63,911</u>                         |
| Total Investment Income                           | <u>304,000</u>          | <u>304,000</u>       | <u>367,911</u>       | <u>63,911</u>                         |
| <b>MISCELLANEOUS</b>                              |                         |                      |                      |                                       |
| Rent of municipal buildings                       | 2,200                   | 2,200                | 8,730                | 6,530                                 |
| Donations   | 5,350                   | 5,350                | 4,943                | (407)                                 |
| Miscellaneous                                     | <u>49,387</u>           | <u>49,387</u>        | <u>132,817</u>       | <u>83,430</u>                         |
| Total Miscellaneous                               | <u>56,937</u>           | <u>56,937</u>        | <u>146,490</u>       | <u>89,553</u>                         |
| <b>OTHER FINANCING SOURCES</b>                    |                         |                      |                      |                                       |
| Transfers from other funds                        | 1,769,952               | 1,769,952            | 2,019,692            | 249,740                               |
| Property sales                                    | <u>15,000</u>           | <u>15,000</u>        | <u>36,548</u>        | <u>21,548</u>                         |
| Total Other Financing Sources                     | <u>1,784,952</u>        | <u>1,784,952</u>     | <u>2,056,240</u>     | <u>271,288</u>                        |
| <b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b> |                         |                      |                      |                                       |
|   | <u>\$ 10,846,246</u>    | <u>\$ 10,846,246</u> | <u>\$ 11,466,101</u> | <u>\$ 619,855</u>                     |

## CITY OF RIVER FALLS

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

For the Year Ended December 31, 2019

|  | Budgeted Amounts     |                      | Actual               | Variance with<br>Final Budget |
|--|----------------------|----------------------|----------------------|-------------------------------|
|  | Original             | Final                |                      |                               |
| <b>GENERAL GOVERNMENT</b>                          |                      |                      |                      |                               |
| Council  | \$ 264,607           | \$ 264,607           | \$ 193,500           | \$ 71,107                     |
| Municipal court                                    | 131,741              | 131,741              | 121,239              | 10,502                        |
| City administrator                                 | 633,701              | 633,701              | 562,334              | 71,367                        |
| Personnel  | 436,525              | 436,525              | 398,361              | 38,164                        |
| Clerk  | 163,235              | 163,235              | 153,617              | 9,618                         |
| Finance  | 401,754              | 401,754              | 370,805              | 30,949                        |
| Legal counseling                                   | 54,300               | 54,300               | 50,516               | 3,784                         |
| Total General Government                           | <u>2,085,863</u>     | <u>2,085,863</u>     | <u>1,850,372</u>     | <u>235,491</u>                |
| <b>PUBLIC SAFETY</b>                               |                      |                      |                      |                               |
| Police   | 3,304,454            | 3,304,454            | 3,165,648            | 138,806                       |
| Fire department                                    | 755,649              | 755,649              | 581,517              | 174,132                       |
| Total Public Safety                                | <u>4,060,103</u>     | <u>4,060,103</u>     | <u>3,747,165</u>     | <u>312,938</u>                |
| <b>PUBLIC WORKS</b>                                |                      |                      |                      |                               |
| Garage   | 365,767              | 365,767              | 322,296              | 43,471                        |
| Street maintenance                                 | 1,499,086            | 1,449,086            | 1,375,245            | 73,841                        |
| Engineer   | 291,522              | 291,522              | 305,206              | (13,684)                      |
| Total Public Works                                 | <u>2,156,375</u>     | <u>2,106,375</u>     | <u>2,002,747</u>     | <u>103,628</u>                |
| <b>HEALTH SERVICES</b>                             |                      |                      |                      |                               |
| Animal control                                     | 2,740                | 2,740                | 3,281                | (541)                         |
| <b>LEISURE ACTIVITIES</b>                          |                      |                      |                      |                               |
| Recreation   | 144,441              | 144,441              | 142,440              | 2,001                         |
| Swimming   | 66,079               | 66,079               | 35,732               | 30,347                        |
| Parks  | 502,144              | 552,144              | 600,765              | (48,621)                      |
| Total Leisure Activities                           | <u>712,664</u>       | <u>762,664</u>       | <u>778,937</u>       | <u>(16,273)</u>               |
| <b>CONSERVATION AND DEVELOPMENT</b>                |                      |                      |                      |                               |
| Forestry   | 68,555               | 68,555               | 79,460               | (10,905)                      |
| Community development                              | 764,858              | 764,858              | 756,553              | 8,305                         |
| Total Conservation and Development                 | <u>833,413</u>       | <u>833,413</u>       | <u>836,013</u>       | <u>(2,600)</u>                |
| <b>DEBT SERVICE</b>                                |                      |                      |                      |                               |
| Principal on notes payable - fire                  | 57,500               | 57,500               | 57,500               | -                             |
| Principal retirements                              | 27,891               | 27,891               | 88,691               | (60,800)                      |
| Interest on notes payable - fire                   | 11,568               | 11,568               | 11,568               | -                             |
| Interest and fiscal charges                        | 2,185                | 2,185                | 11,893               | (9,708)                       |
| Total Debt Service                                 | <u>99,144</u>        | <u>99,144</u>        | <u>169,652</u>       | <u>(70,508)</u>               |
| <b>OTHER FINANCING USES</b>                        |                      |                      |                      |                               |
| Transfers to other funds                           | 607,531              | 850,214              | 1,591,418            | (741,204)                     |
| <b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b> | <u>\$ 10,557,833</u> | <u>\$ 10,800,516</u> | <u>\$ 10,979,585</u> | <u>\$ (179,069)</u>           |

**CITY OF RIVER FALLS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2019

|  | Special Revenue Funds   |                       |                     |                      |
|--|-------------------------|-----------------------|---------------------|----------------------|
|  | Parking<br>Improvements | Refuse/Solid<br>Waste | Shared Ride<br>Taxi | Environmental<br>Fee |
| <b>ASSETS</b>  |                         |                       |                     |                      |
| Cash and investments   | \$ 66,470               | \$ 84                 | \$ 17,972           | \$ 1,592,767         |
| Receivables  |                         |                       |                     |                      |
| Taxes  | -                       | -                     | -                   | -                    |
| Accounts   | -                       | 78,937                | 23,849              | 8,800                |
| Accrued interest   | -                       | -                     | -                   | 2,805                |
| Loans  | -                       | -                     | -                   | -                    |
| Prepaid items and inventories  | -                       | -                     | -                   | -                    |
| Due from other governments   | -                       | 273                   | 6,162               | -                    |
| Advances to other funds  | -                       | -                     | -                   | 1,500,000            |
|  | <u>\$ 66,470</u>        | <u>\$ 79,294</u>      | <u>\$ 47,983</u>    | <u>\$ 3,104,372</u>  |
| <b>TOTAL ASSETS</b>  |                         |                       |                     |                      |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>       |                         |                       |                     |                      |
| Liabilities  |                         |                       |                     |                      |
| Accounts payable   | \$ 315                  | \$ 128                | \$ 16,701           | \$ -                 |
| Accrued liabilities  | -                       | -                     | -                   | -                    |
| Deposits   | -                       | -                     | -                   | -                    |
| Due to other funds   | -                       | -                     | -                   | -                    |
| Advances from other funds  | -                       | -                     | -                   | -                    |
| Total Liabilities  | <u>315</u>              | <u>128</u>            | <u>16,701</u>       | <u>-</u>             |
| Deferred Inflows of Resources  |                         |                       |                     |                      |
| Unearned revenues  | -                       | -                     | -                   | -                    |
| Unavailable revenues   | -                       | 273                   | 8,412               | -                    |
| Total Deferred Inflows of Resources  | <u>-</u>                | <u>273</u>            | <u>8,412</u>        | <u>-</u>             |
| Fund Balances  |                         |                       |                     |                      |
| Nonspendable   | -                       | -                     | -                   | -                    |
| Restricted   | 66,155                  | 78,893                | 22,870              | 3,104,372            |
| Committed  | -                       | -                     | -                   | -                    |
| Unassigned (deficit)   | -                       | -                     | -                   | -                    |
| Total Fund Balances (Deficit)  | <u>66,155</u>           | <u>78,893</u>         | <u>22,870</u>       | <u>3,104,372</u>     |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> |                         |                       |                     |                      |
|  | <u>\$ 66,470</u>        | <u>\$ 79,294</u>      | <u>\$ 47,983</u>    | <u>\$ 3,104,372</u>  |

Special Revenue Funds

| Park<br>Acquisition<br>Fund | Tax Increment<br>District #5 | Tax Increment<br>District #6 | Tax Increment<br>District #8 | Tax Increment<br>District #9 | Tax Increment<br>District #11 | Tax Increment<br>District #12 |
|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|
| \$ 1,125                    | \$ -                         | \$ 3,692                     | \$ 726                       | \$ -                         | \$ -                          | \$ 1,034                      |
| -                           | 511,633                      | 186,163                      | 71,357                       | 64,645                       | 1,038                         | 41,512                        |
| -                           | 9,343                        | -                            | -                            | -                            | -                             | -                             |
| -                           | -                            | -                            | -                            | -                            | -                             | -                             |
| -                           | 24,030                       | -                            | -                            | -                            | -                             | -                             |
| -                           | -                            | -                            | -                            | -                            | -                             | 12                            |
| -                           | -                            | -                            | -                            | -                            | -                             | -                             |
| <u>\$ 1,125</u>             | <u>\$ 545,006</u>            | <u>\$ 189,855</u>            | <u>\$ 72,083</u>             | <u>\$ 64,645</u>             | <u>\$ 1,038</u>               | <u>\$ 42,558</u>              |
| \$ -                        | \$ 5,325                     | \$ -                         | \$ -                         | \$ -                         | \$ 4,072                      | \$ -                          |
| -                           | -                            | -                            | -                            | -                            | -                             | -                             |
| -                           | -                            | -                            | -                            | -                            | -                             | -                             |
| -                           | 172,018                      | -                            | -                            | -                            | -                             | -                             |
| -                           | -                            | 917,045                      | 118,157                      | 381,709                      | 164,611                       | 629,726                       |
| -                           | <u>177,343</u>               | <u>917,045</u>               | <u>118,157</u>               | <u>381,709</u>               | <u>168,683</u>                | <u>629,726</u>                |
| -                           | 511,633                      | 186,163                      | 71,357                       | 64,645                       | 1,038                         | 41,512                        |
| -                           | 24,030                       | -                            | -                            | -                            | -                             | -                             |
| -                           | <u>535,663</u>               | <u>186,163</u>               | <u>71,357</u>                | <u>64,645</u>                | <u>1,038</u>                  | <u>41,512</u>                 |
| -                           | -                            | -                            | -                            | -                            | -                             | 12                            |
| -                           | -                            | -                            | -                            | -                            | -                             | -                             |
| 1,125                       | -                            | -                            | -                            | -                            | -                             | -                             |
| -                           | (168,000)                    | (913,353)                    | (117,431)                    | (381,709)                    | (168,683)                     | (628,692)                     |
| <u>1,125</u>                | <u>(168,000)</u>             | <u>(913,353)</u>             | <u>(117,431)</u>             | <u>(381,709)</u>             | <u>(168,683)</u>              | <u>(628,680)</u>              |
| <u>\$ 1,125</u>             | <u>\$ 545,006</u>            | <u>\$ 189,855</u>            | <u>\$ 72,083</u>             | <u>\$ 64,645</u>             | <u>\$ 1,038</u>               | <u>\$ 42,558</u>              |

# CITY OF RIVER FALLS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2019

|  | Special Revenue Funds         |                               |                     |                                      |
|--|-------------------------------|-------------------------------|---------------------|--------------------------------------|
|  | Tax Increment<br>District #13 | Tax Increment<br>District #14 | Library             | Commercial<br>Revolving<br>Loan Fund |
| <b>ASSETS</b>  |                               |                               |                     |                                      |
| Cash and investments   | \$ -                          | \$ 420,384                    | \$ 153,328          | \$ -                                 |
| Receivables  |                               |                               |                     |                                      |
| Taxes  | 57,079                        | 31,086                        | 855,000             | -                                    |
| Accounts   | -                             | -                             | -                   | -                                    |
| Accrued interest   | -                             | -                             | -                   | -                                    |
| Loans  | -                             | -                             | -                   | 91,107                               |
| Prepaid items and inventories  | -                             | -                             | 4,846               | -                                    |
| Due from other governments   | -                             | -                             | -                   | -                                    |
| Advances to other funds  | -                             | -                             | -                   | -                                    |
|  | <u>57,079</u>                 | <u>451,470</u>                | <u>1,013,174</u>    | <u>91,107</u>                        |
| <b>TOTAL ASSETS</b>  | <u>\$ 57,079</u>              | <u>\$ 451,470</u>             | <u>\$ 1,013,174</u> | <u>\$ 91,107</u>                     |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>       |                               |                               |                     |                                      |
| Liabilities  |                               |                               |                     |                                      |
| Accounts payable   | \$ -                          | \$ -                          | \$ 12,645           | \$ -                                 |
| Accrued liabilities  | -                             | -                             | 29,059              | -                                    |
| Deposits   | -                             | 4,690                         | -                   | -                                    |
| Due to other funds   | 14,352                        | -                             | -                   | 6,404                                |
| Advances from other funds  | -                             | -                             | -                   | -                                    |
| Total Liabilities  | <u>14,352</u>                 | <u>4,690</u>                  | <u>41,704</u>       | <u>6,404</u>                         |
| Deferred Inflows of Resources  |                               |                               |                     |                                      |
| Unearned revenues  | 57,079                        | 31,086                        | 855,000             | -                                    |
| Unavailable revenues   | -                             | -                             | -                   | 91,107                               |
| Total Deferred Inflows of Resources  | <u>57,079</u>                 | <u>31,086</u>                 | <u>855,000</u>      | <u>91,107</u>                        |
| Fund Balances  |                               |                               |                     |                                      |
| Nonspendable   | -                             | -                             | 4,846               | -                                    |
| Restricted   | -                             | 415,694                       | 111,624             | -                                    |
| Committed  | -                             | -                             | -                   | -                                    |
| Unassigned (deficit)   | (14,352)                      | -                             | -                   | (6,404)                              |
| Total Fund Balances (Deficit)  | <u>(14,352)</u>               | <u>415,694</u>                | <u>116,470</u>      | <u>(6,404)</u>                       |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> | <u>\$ 57,079</u>              | <u>\$ 451,470</u>             | <u>\$ 1,013,174</u> | <u>\$ 91,107</u>                     |

Special Revenue Funds

| Park Impact<br>Fees | Library Impact<br>Fees | Fire Impact<br>Fees | Housing<br>Reserve | Library Trust<br>Fund | Tourism and<br>Economic<br>Development |
|---------------------|------------------------|---------------------|--------------------|-----------------------|--|
| \$ 251,527          | \$ 743                 | \$ 822              | \$ 745,668         | \$ 156,144            | \$ 317,949                             |
| -                   | -                      | -                   | -                  | -                     | 2,500                                  |
| -                   | 54,433                 | -                   | -                  | -                     | 35,513                                 |
| -                   | -                      | -                   | 163,675            | -                     | -                                      |
| -                   | -                      | -                   | -                  | -                     | -                                      |
| -                   | -                      | -                   | -                  | -                     | -                                      |
| <u>251,527</u>      | <u>55,176</u>          | <u>822</u>          | <u>909,343</u>     | <u>156,144</u>        | <u>355,962</u>                         |
| -                   | -                      | -                   | -                  | -                     | 2,733                                  |
| -                   | -                      | -                   | -                  | -                     | -                                      |
| -                   | 107,324                | -                   | -                  | -                     | -                                      |
| -                   | -                      | -                   | -                  | -                     | 1,000,000                              |
| <u>-</u>            | <u>107,324</u>         | <u>-</u>            | <u>-</u>           | <u>-</u>              | <u>1,002,733</u>                       |
| -                   | -                      | -                   | -                  | -                     | 2,500                                  |
| -                   | -                      | -                   | 163,675            | -                     | -                                      |
| <u>-</u>            | <u>-</u>               | <u>-</u>            | <u>163,675</u>     | <u>-</u>              | <u>2,500</u>                           |
| -                   | -                      | -                   | -                  | -                     | -                                      |
| 251,527             | -                      | 822                 | 745,668            | 156,144               | -                                      |
| -                   | -                      | -                   | -                  | -                     | -                                      |
| -                   | (52,148)               | -                   | -                  | -                     | (649,271)                              |
| <u>251,527</u>      | <u>(52,148)</u>        | <u>822</u>          | <u>745,668</u>     | <u>156,144</u>        | <u>(649,271)</u>                       |
| <u>\$ 251,527</u>   | <u>\$ 55,176</u>       | <u>\$ 822</u>       | <u>\$ 909,343</u>  | <u>\$ 156,144</u>     | <u>\$ 355,962</u>                      |

**CITY OF RIVER FALLS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2019

|  | <u>Debt Service Funds</u>     |                               | <u>Capital<br/>Projects Fund</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
|--|-------------------------------|-------------------------------|----------------------------------|--|
|  | <u>Debt Service<br/>Notes</u> | <u>Debt Service<br/>Bonds</u> | <u>Capital<br/>Equipment</u>     |  |
| <b>ASSETS</b>  |                               |                               |                                  |  |
| Cash and investments   | \$ 14,861                     | \$ 17,411                     | \$ 205,448                       | \$ 3,968,155   |
| Receivables  |                               |                               |                                  |  |
| Taxes  | 506,263                       | 477,417                       | 265,103                          | 3,070,796  |
| Accounts   | -                             | -                             | -                                | 210,875  |
| Accrued interest   | -                             | -                             | -                                | 2,805  |
| Loans  | -                             | -                             | -                                | 278,812  |
| Prepaid items and inventories  | -                             | -                             | 627,861                          | 632,719  |
| Due from other governments   | -                             | -                             | -                                | 6,435  |
| Advances to other funds  | -                             | -                             | -                                | 1,500,000  |
|  | <u>-</u>                      | <u>-</u>                      | <u>-</u>                         | <u>-</u>   |
| <b>TOTAL ASSETS</b>  | <u>\$ 521,124</u>             | <u>\$ 494,828</u>             | <u>\$ 1,098,412</u>              | <u>\$ 9,670,597</u>                                  |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b>               |                               |                               |                                  |  |
| Liabilities  |                               |                               |                                  |  |
| Accounts payable   | \$ -                          | \$ -                          | \$ -                             | \$ 41,919  |
| Accrued liabilities  | -                             | -                             | -                                | 29,059   |
| Deposits   | -                             | -                             | -                                | 4,690  |
| Due to other funds   | -                             | 52,999                        | -                                | 353,097  |
| Advances from other funds  | -                             | -                             | -                                | 3,211,248  |
| Total Liabilities  | <u>-</u>                      | <u>52,999</u>                 | <u>-</u>                         | <u>3,640,013</u>                                     |
| Deferred Inflows of Resources  |                               |                               |                                  |  |
| Unearned revenues  | 506,263                       | 477,417                       | 265,103                          | 3,070,796  |
| Unavailable revenues   | -                             | -                             | -                                | 287,497  |
| Total Deferred Inflows of Resources  | <u>506,263</u>                | <u>477,417</u>                | <u>265,103</u>                   | <u>3,358,293</u>                                     |
| Fund Balances  |                               |                               |                                  |  |
| Nonspendable   | -                             | -                             | 627,861                          | 632,719  |
| Restricted   | 14,861                        | -                             | -                                | 4,968,630  |
| Committed  | -                             | -                             | 205,448                          | 206,573  |
| Unassigned (deficit)   | -                             | (35,588)                      | -                                | (3,135,631)  |
| Total Fund Balances (Deficit)  | <u>14,861</u>                 | <u>(35,588)</u>               | <u>833,309</u>                   | <u>2,672,291</u>                                     |
| <b>TOTAL LIABILITIES,<br/>DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND<br/>BALANCES</b> | <u>\$ 521,124</u>             | <u>\$ 494,828</u>             | <u>\$ 1,098,412</u>              | <u>\$ 9,670,597</u>                                  |

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

|  | Special Revenue Funds   |                       |                     |
|--|-------------------------|-----------------------|---------------------|
|  | Parking<br>Improvements | Refuse/Solid<br>Waste | Shared Ride<br>Taxi |
| <b>REVENUES</b>                                      |                         |                       |                     |
| Taxes  | \$ -                    | \$ -                  | \$ -                |
| Special assessments                                  | -                       | -                     | -                   |
| Intergovernmental                                    | -                       | 12,157                | 208,862             |
| Public charges for services                          | -                       | 769,315               | -                   |
| Investment income                                    | 465                     | 31                    | 523                 |
| Miscellaneous  | -                       | -                     | -                   |
| Total Revenues                                       | 465                     | 781,503               | 209,385             |
| <b>EXPENDITURES</b>                                  |                         |                       |                     |
| Current  |                         |                       |                     |
| Public safety  | 9,549                   | -                     | -                   |
| Public works   | -                       | 750,632               | 206,356             |
| Leisure activities                                   | -                       | -                     | -                   |
| Conservation and development                         | -                       | -                     | -                   |
| Capital Outlay                                       | -                       | -                     | 40,134              |
| Debt Service   |                         |                       |                     |
| Principal retirement                                 | -                       | -                     | -                   |
| Interest and fiscal charges                          | -                       | -                     | -                   |
| Total Expenditures                                   | 9,549                   | 750,632               | 246,490             |
| Excess (deficiency) of revenues over expenditures    | (9,084)                 | 30,871                | (37,105)            |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                         |                       |                     |
| Long-term debt issued                                | -                       | -                     | -                   |
| Transfers from other funds                           | -                       | -                     | 17,175              |
| Transfers to other funds                             | -                       | (19,883)              | (2,595)             |
| Property sales                                       | -                       | -                     | 3,300               |
| Total Other Financing Sources (Uses)                 | -                       | (19,883)              | 17,880              |
| <b>Net Change in Fund Balances</b>                   | (9,084)                 | 10,988                | (19,225)            |
| FUND BALANCES (DEFICIT) -                            |                         |                       |                     |
| Beginning of Year                                    | 75,239                  | 67,905                | 42,095              |
| <b>FUND BALANCES (DEFICIT) -<br/>    END OF YEAR</b> | \$ 66,155               | \$ 78,893             | \$ 22,870           |

Special Revenue Funds

| Environmental<br>Fee | Park<br>Acquisition<br>Fund | Tax Increment<br>District #5 | Tax Increment<br>District #6 | Tax Increment<br>District #8 | Tax Increment<br>District #9 | Tax Increment<br>District #11 |
|----------------------|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| \$ -                 | \$ -                        | \$ 510,837                   | \$ 185,663                   | \$ 69,974                    | \$ 62,375                    | \$ 9,706                      |
| -                    | -                           | -                            | -                            | -                            | -                            | -                             |
| -                    | -                           | 15,910                       | 431                          | 123                          | 2,645                        | 43                            |
| 93,026               | -                           | -                            | -                            | -                            | -                            | -                             |
| 53,292               | -                           | 9,168                        | -                            | -                            | 57                           | -                             |
| -                    | -                           | 32,449                       | -                            | -                            | 21,153                       | -                             |
| <u>146,318</u>       | <u>-</u>                    | <u>568,364</u>               | <u>186,094</u>               | <u>70,097</u>                | <u>86,230</u>                | <u>9,749</u>                  |
| -                    | -                           | -                            | -                            | -                            | -                            | -                             |
| -                    | -                           | -                            | -                            | -                            | -                            | -                             |
| -                    | -                           | -                            | -                            | -                            | -                            | -                             |
| 32,051               | -                           | 25,341                       | 871                          | 65,011                       | 70,871                       | 879                           |
| -                    | -                           | -                            | -                            | -                            | -                            | 150,913                       |
| -                    | -                           | 170,000                      | 130,000                      | -                            | 70,400                       | -                             |
| -                    | -                           | 233,285                      | 39,381                       | -                            | 7,210                        | -                             |
| <u>32,051</u>        | <u>-</u>                    | <u>428,626</u>               | <u>170,252</u>               | <u>65,011</u>                | <u>148,481</u>               | <u>151,792</u>                |
| <u>114,267</u>       | <u>-</u>                    | <u>139,738</u>               | <u>15,842</u>                | <u>5,086</u>                 | <u>(62,251)</u>              | <u>(142,043)</u>              |
| -                    | -                           | -                            | -                            | -                            | -                            | -                             |
| -                    | -                           | -                            | -                            | -                            | 64,866                       | -                             |
| (3,733)              | -                           | (143,529)                    | (12,724)                     | (4,360)                      | (5,698)                      | (4,957)                       |
| <u>(3,733)</u>       | <u>-</u>                    | <u>(143,529)</u>             | <u>(12,724)</u>              | <u>(4,360)</u>               | <u>59,168</u>                | <u>(4,957)</u>                |
| 110,534              | -                           | (3,791)                      | 3,118                        | 726                          | (3,083)                      | (147,000)                     |
| <u>2,993,838</u>     | <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>\$ 3,104,372</u>  | <u>\$ 1,125</u>             | <u>\$ (168,000)</u>          | <u>\$ (913,353)</u>          | <u>\$ (117,431)</u>          | <u>\$ (381,709)</u>          | <u>\$ (168,683)</u>           |

## CITY OF RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2019

|  | Special Revenue Funds         |                               |                               |
|--|-------------------------------|-------------------------------|-------------------------------|
|  | Tax Increment<br>District #12 | Tax Increment<br>District #13 | Tax Increment<br>District #14 |
| <b>REVENUES</b>                                      |                               |                               |                               |
| Taxes  | \$ 40,354                     | \$ -                          | \$ -                          |
| Special assessments                                  | -                             | -                             | -                             |
| Intergovernmental                                    | 133                           | -                             | -                             |
| Public charges for services                          | -                             | -                             | -                             |
| Investment income                                    | -                             | -                             | 8,393                         |
| Miscellaneous  | -                             | -                             | -                             |
| Total Revenues                                       | 40,487                        | -                             | 8,393                         |
| <b>EXPENDITURES</b>                                  |                               |                               |                               |
| Current  |                               |                               |                               |
| Public safety  | -                             | -                             | -                             |
| Public works   | -                             | -                             | -                             |
| Leisure activities                                   | -                             | -                             | -                             |
| Conservation and development                         | 4,105                         | 5,852                         | 26,199                        |
| Capital Outlay                                       | -                             | -                             | -                             |
| Debt Service   |                               |                               |                               |
| Principal retirement                                 | -                             | -                             | -                             |
| Interest and fiscal charges                          | -                             | -                             | -                             |
| Total Expenditures                                   | 4,105                         | 5,852                         | 26,199                        |
| Excess (deficiency) of revenues over expenditures    | 36,382                        | (5,852)                       | (17,806)                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                               |                               |                               |
| Long-term debt issued                                | -                             | -                             | -                             |
| Transfers from other funds                           | -                             | -                             | -                             |
| Transfers to other funds                             | (1,458)                       | -                             | -                             |
| Property sales                                       | -                             | -                             | 444,000                       |
| Total Other Financing Sources (Uses)                 | (1,458)                       | -                             | 444,000                       |
| <b>Net Change in Fund Balances</b>                   | 34,924                        | (5,852)                       | 426,194                       |
| FUND BALANCES (DEFICIT) -                            |                               |                               |                               |
| Beginning of Year                                    | (663,604)                     | (8,500)                       | (10,500)                      |
| <b>FUND BALANCES (DEFICIT) -<br/>    END OF YEAR</b> | \$ (628,680)                  | \$ (14,352)                   | \$ 415,694                    |

Special Revenue Funds

| Library           | Commercial<br>Revolving<br>Loan Fund | Park Impact<br>Fees | Library Impact<br>Fees | Fire Impact<br>Fees | Housing<br>Reserve | Library Trust<br>Fund |
|-------------------|--------------------------------------|---------------------|------------------------|---------------------|--------------------|-----------------------|
| \$ 869,000        | \$ -                                 | \$ -                | \$ -                   | \$ -                | \$ -               | \$ -                  |
| -                 | -                                    | -                   | -                      | -                   | -                  | -                     |
| 369,329           | -                                    | -                   | -                      | -                   | -                  | -                     |
| 25,173            | -                                    | 113,250             | 74,502                 | 64,188              | -                  | -                     |
| 14,935            | 2,174                                | 8,303               | 98                     | 1,769               | 16,426             | 3,761                 |
| 11,979            | 22,825                               | -                   | 24,840                 | 3,030               | 23,922             | 15,645                |
| <u>1,290,416</u>  | <u>24,999</u>                        | <u>121,553</u>      | <u>99,440</u>          | <u>68,987</u>       | <u>40,348</u>      | <u>19,406</u>         |
| -                 | -                                    | -                   | -                      | -                   | -                  | -                     |
| -                 | -                                    | -                   | -                      | -                   | -                  | -                     |
| 1,080,592         | -                                    | -                   | 1,576                  | -                   | -                  | 37,767                |
| -                 | 50,000                               | -                   | -                      | -                   | -                  | -                     |
| 60                | -                                    | -                   | -                      | 444,612             | -                  | -                     |
| -                 | -                                    | -                   | -                      | -                   | -                  | -                     |
| -                 | -                                    | -                   | -                      | -                   | -                  | -                     |
| <u>1,080,652</u>  | <u>50,000</u>                        | <u>-</u>            | <u>1,576</u>           | <u>444,612</u>      | <u>-</u>           | <u>37,767</u>         |
| <u>209,764</u>    | <u>(25,001)</u>                      | <u>121,553</u>      | <u>97,864</u>          | <u>(375,625)</u>    | <u>40,348</u>      | <u>(18,361)</u>       |
| -                 | -                                    | -                   | -                      | 270,000             | -                  | -                     |
| -                 | -                                    | -                   | -                      | -                   | -                  | 50                    |
| (152,307)         | (1,089)                              | (152,222)           | (1,169)                | (27,964)            | (3,550)            | (167)                 |
| <u>-</u>          | <u>-</u>                             | <u>-</u>            | <u>-</u>               | <u>-</u>            | <u>-</u>           | <u>-</u>              |
| <u>(152,307)</u>  | <u>(1,089)</u>                       | <u>(152,222)</u>    | <u>(1,169)</u>         | <u>242,036</u>      | <u>(3,550)</u>     | <u>(117)</u>          |
| 57,457            | (26,090)                             | (30,669)            | 96,695                 | (133,589)           | 36,798             | (18,478)              |
| <u>59,013</u>     | <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>\$ 116,470</u> | <u>\$ (6,404)</u>                    | <u>\$ 251,527</u>   | <u>\$ (52,148)</u>     | <u>\$ 822</u>       | <u>\$ 745,668</u>  | <u>\$ 156,144</u>     |

## CITY OF RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2019

|  | Special<br>Revenue<br>Funds            | Debt Service          |                       |
|--|--|-----------------------|-----------------------|
|  | Tourism and<br>Economic<br>Development | Debt Service<br>Notes | Debt Service<br>Bonds |
| <b>REVENUES</b>                                      |  |                       |                       |
| Taxes  | \$ 140,602                             | \$ 514,417            | \$ 283,054            |
| Special assessments                                  | 2,500                                  | -                     | -                     |
| Intergovernmental                                    | 55,382                                 | -                     | -                     |
| Public charges for services                          | -                                      | -                     | -                     |
| Investment income                                    | 7,472                                  | 5,718                 | -                     |
| Miscellaneous  | -                                      | -                     | 48,539                |
| Total Revenues                                       | 205,956                                | 520,135               | 331,593               |
| <b>EXPENDITURES</b>                                  |  |                       |                       |
| Current  |  |                       |                       |
| Public safety  | -                                      | -                     | -                     |
| Public works   | -                                      | -                     | -                     |
| Leisure activities                                   | -                                      | -                     | -                     |
| Conservation and development                         | 104,237                                | -                     | -                     |
| Capital Outlay                                       | -                                      | -                     | -                     |
| Debt Service   |  |                       |                       |
| Principal retirement                                 | -                                      | 570,000               | 322,488               |
| Interest and fiscal charges                          | -                                      | 117,863               | 230,124               |
| Total Expenditures                                   | 104,237                                | 687,863               | 552,612               |
| Excess (deficiency) of revenues over expenditures    | 101,719                                | (167,728)             | (221,019)             |
| <b>OTHER FINANCING SOURCES (USES)</b>                |  |                       |                       |
| Long-term debt issued                                | -                                      | -                     | -                     |
| Transfers from other funds                           | 13,000                                 | 178,947               | 221,947               |
| Transfers to other funds                             | (49,304)                               | (151,902)             | (2,031)               |
| Property sales                                       | -                                      | -                     | -                     |
| Total Other Financing Sources (Uses)                 | (36,304)                               | 27,045                | 219,916               |
| <b>Net Change in Fund Balances</b>                   | 65,415                                 | (140,683)             | (1,103)               |
| FUND BALANCES (DEFICIT) -                            |  |                       |                       |
| Beginning of Year                                    | (714,686)                              | 155,544               | (34,485)              |
| <b>FUND BALANCES (DEFICIT) -<br/>    END OF YEAR</b> | \$ (649,271)                           | \$ 14,861             | \$ (35,588)           |

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| <u>Capital<br/>Projects</u>  |    | Total<br>Nonmajor<br>Governmental<br>Funds |
|------------------------------|----|--|
| <u>Capital<br/>Equipment</u> |    |  |
| \$ 364,736                   | \$ | 3,050,718                                  |
| -                            |    | 2,500                                      |
| -                            |    | 665,015                                    |
| -                            |    | 1,139,454                                  |
| 3,183                        |    | 135,768                                    |
| <u>11,001</u>                |    | <u>215,383</u>                             |
| <u>378,920</u>               |    | <u>5,208,838</u>                           |

|         |           |
|---------|-----------|
| -       | 9,549     |
| -       | 956,988   |
| -       | 1,119,935 |
| -       | 385,417   |
| 462,118 | 1,097,837 |

|                |                  |
|----------------|------------------|
| -              | 1,262,888        |
| -              | <u>627,863</u>   |
| <u>462,118</u> | <u>5,460,477</u> |

|                 |                  |
|-----------------|------------------|
| <u>(83,198)</u> | <u>(251,639)</u> |
|-----------------|------------------|

|                |                  |
|----------------|------------------|
| 268,000        | 538,000          |
| 627,000        | 1,122,985        |
| (14,936)       | (755,578)        |
| -              | <u>447,300</u>   |
| <u>880,064</u> | <u>1,352,707</u> |

|         |           |
|---------|-----------|
| 796,866 | 1,101,068 |
|---------|-----------|

|               |                  |
|---------------|------------------|
| <u>36,443</u> | <u>1,571,223</u> |
|---------------|------------------|

|                   |                     |
|-------------------|---------------------|
| <u>\$ 833,309</u> | <u>\$ 2,672,291</u> |
|-------------------|---------------------|

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS As of December 31, 2019

|   | Stormwater          | Ambulance           | Total Nonmajor<br>Enterprise<br>Funds |
|---|---------------------|---------------------|---------------------------------------|
| <b>ASSETS</b>                           |                     |                     |                                       |
| Current Assets                          |                     |                     |                                       |
| Cash and investments                    | \$ 636,743          | \$ 96,710           | \$ 733,453                            |
| Receivables (net)                       |                     |                     |                                       |
| Accounts                                | 51,044              | 644,909             | 695,953                               |
| Prepaid items                           | 1,404               | 4,039               | 5,443                                 |
| Total Current Assets                    | 689,191             | 745,658             | 1,434,849                             |
| Noncurrent Assets                       |                     |                     |                                       |
| Capital Assets                          |                     |                     |                                       |
| Land                                    | -                   | 101,298             | 101,298                               |
| Construction in progress                | 64,350              | -                   | 64,350                                |
| Property and equipment                  | 8,776,390           | 1,962,663           | 10,739,053                            |
| Less: Accumulated depreciation          | (2,467,089)         | (1,436,290)         | (3,903,379)                           |
| Total Noncurrent Assets                 | 6,373,651           | 627,671             | 7,001,322                             |
| Total Assets                            | 7,062,842           | 1,373,329           | 8,436,171                             |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |                     |                     |                                       |
| Pension related amounts                 | 85,596              | 441,165             | 526,761                               |
| OPEB related amounts                    | -                   | 3,408               | 3,408                                 |
| Total Deferred Outflows of Resources    | 85,596              | 444,573             | 530,169                               |
| <b>LIABILITIES</b>                      |                     |                     |                                       |
| Current Liabilities                     |                     |                     |                                       |
| Accounts payable                        | 39,486              | 11,459              | 50,945                                |
| Customer deposits                       | 60,000              | -                   | 60,000                                |
| Accrued liabilities                     | 7,681               | 52,475              | 60,156                                |
| Due to other funds                      | -                   | 135,616             | 135,616                               |
| Current portion of compensated absences | -                   | 25,875              | 25,875                                |
| Total Current Liabilities               | 107,167             | 225,425             | 332,592                               |
| Noncurrent Liabilities                  |                     |                     |                                       |
| Long-Term Debt                          |                     |                     |                                       |
| Net pension liability                   | 29,691              | 180,032             | 209,723                               |
| Other postemployment benefits           | -                   | 18,402              | 18,402                                |
| Total Noncurrent Liabilities            | 29,691              | 198,434             | 228,125                               |
| Total Liabilities                       | 136,858             | 423,859             | 560,717                               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>    |                     |                     |                                       |
| Pension related amounts                 | 41,142              | 219,708             | 260,850                               |
| OPEB related amounts                    | -                   | 691                 | 691                                   |
| Total Deferred Inflows of Resources     | 41,142              | 220,399             | 261,541                               |
| <b>NET POSITION</b>                     |                     |                     |                                       |
| Net investment in capital assets        | 6,373,651           | 627,671             | 7,001,322                             |
| Unrestricted                            | 596,787             | 545,973             | 1,142,760                             |
| <b>TOTAL NET POSITION</b>               | <b>\$ 6,970,438</b> | <b>\$ 1,173,644</b> | <b>\$ 8,144,082</b>                   |

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2019

|  | <u>Stormwater</u>   | <u>Ambulance</u>    | <u>Total Nonmajor<br/>Enterprise<br/>Funds</u> |
|--|---------------------|---------------------|--|
| <b>OPERATING REVENUES</b>                        |                     |                     |  |
| Public charges for services                      | \$ 568,676          | \$ 1,423,993        | \$ 1,992,669                                   |
| Total Operating Revenues                         | <u>568,676</u>      | <u>1,423,993</u>    | <u>1,992,669</u>                               |
| <b>OPERATING EXPENSES</b>                        |                     |                     |  |
| Operation and maintenance                        | 387,971             | 1,717,121           | 2,105,092                                      |
| Depreciation                                     | 173,467             | 127,967             | 301,434  |
| Total Operating Expenses                         | <u>561,438</u>      | <u>1,845,088</u>    | <u>2,406,526</u>                               |
| Operating Income (Loss)                          | <u>7,238</u>        | <u>(421,095)</u>    | <u>(413,857)</u>                               |
| <b>NONOPERATING REVENUES (EXPENSES)</b>          |                     |                     |  |
| Intergovernmental                                | -                   | 9,101               | 9,101  |
| Investment income                                | 13,181              | 341                 | 13,522   |
| Interest and fiscal charges                      | (1,366)             | -                   | (1,366)  |
| Miscellaneous                                    | 9,501               | 13,698              | 23,199   |
| Total Nonoperating Revenues (Expenses)           | <u>21,316</u>       | <u>23,140</u>       | <u>44,456</u>                                  |
| Income (Loss) Before Contributions and Transfers | <u>28,554</u>       | <u>(397,955)</u>    | <u>(369,401)</u>                               |
| <b>CONTRIBUTIONS AND TRANSFERS</b>               |                     |                     |  |
| Capital contributions                            | 130,243             | -                   | 130,243  |
| Transfers to other funds                         | (54,366)            | (125,056)           | (179,422)                                      |
| Total Contributions and Transfers                | <u>75,877</u>       | <u>(125,056)</u>    | <u>(49,179)</u>                                |
| <b>Change in Net Position</b>                    | 104,431             | (523,011)           | (418,580)                                      |
| NET POSITION - Beginning of Year                 | <u>6,866,007</u>    | <u>1,696,655</u>    | <u>8,562,662</u>                               |
| <b>NET POSITION - END OF YEAR</b>                | <u>\$ 6,970,438</u> | <u>\$ 1,173,644</u> | <u>\$ 8,144,082</u>                            |

**CITY OF RIVER FALLS**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2019

|  | <u>Stormwater</u> | <u>Ambulance</u>    | <u>Total Nonmajor<br/>Enterprise<br/>Funds</u> |
|--|-------------------|---------------------|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                   |                     |  |
| Received from customers  | \$ 583,084        | \$ 1,406,989        | \$ 1,990,073                                   |
| Paid to suppliers for goods and services   | (201,159)         | (457,457)           | (658,616)                                      |
| Paid to employees for services   | (140,732)         | (1,067,159)         | (1,207,891)                                    |
| Net Cash Flows From Operating Activities   | <u>241,193</u>    | <u>(117,627)</u>    | <u>123,566</u>                                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                   |                     |  |
| Investment income  | <u>13,181</u>     | <u>341</u>          | <u>13,522</u>                                  |
| Net Cash Flows From Investing Activities   | <u>13,181</u>     | <u>341</u>          | <u>13,522</u>                                  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING<br/>ACTIVITIES</b>   |                   |                     |  |
| Transfers to other funds   | <u>(54,366)</u>   | <u>(125,056)</u>    | <u>(179,422)</u>                               |
| Net Cash Flows From Noncapital Financing Activities  | <u>(54,366)</u>   | <u>(125,056)</u>    | <u>(179,422)</u>                               |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>                                  |                   |                     |  |
| Interest paid  | (1,366)           | -                   | (1,366)  |
| Proceeds from sale/transfer of capital assets  | -                 | <u>27,398</u>       | <u>27,398</u>                                  |
| Net Cash Flows From Capital and Related Financing<br>Activities                                      | <u>(1,366)</u>    | <u>27,398</u>       | <u>26,032</u>                                  |
| <b>Net Change in Cash and Cash Equivalents</b>   | 198,642           | (214,944)           | (16,302)                                       |
| CASH AND CASH EQUIVALENTS - Beginning of Year  | <u>438,101</u>    | <u>311,654</u>      | <u>749,755</u>                                 |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>   | <u>\$ 636,743</u> | <u>\$ 96,710</u>    | <u>\$ 733,453</u>                              |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO<br/>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>     |                   |                     |  |
| Operating income (loss)  | \$ 7,238          | \$ (421,095)        | \$ (413,857)                                   |
| Nonoperating revenue   | 9,501             | 22,799              | 32,300   |
| Adjustments to Reconcile Operating Income (Loss) to Net<br>Cash Flows From Operating Activities      |                   |                     |  |
| Depreciation   | 173,467           | 127,967             | 301,434  |
| Changes in assets, deferred outflows of resources,<br>liabilities, and deferred inflows of resources |                   |                     |  |
| Accounts receivable  | (93)              | (39,803)            | (39,896)                                       |
| Prepaid items  | 1,125             | 16,426              | 17,551   |
| Accounts payable   | 36,814            | 4,460               | 41,274   |
| Accrued liabilities  | 1,600             | (4,284)             | (2,684)  |
| Due to other funds   | -                 | 135,616             | 135,616  |
| Customer deposits  | 5,000             | -                   | 5,000  |
| Compensated absences   | -                 | 828                 | 828  |
| Other postemployment benefits and related deferrals  | -                 | 1,440               | 1,440  |
| Pension related deferrals and liability  | <u>6,541</u>      | <u>38,019</u>       | <u>44,560</u>                                  |
| <b>NET CASH FLOWS FROM OPERATING<br/>ACTIVITIES</b>  | <u>\$ 241,193</u> | <u>\$ (117,627)</u> | <u>\$ 123,566</u>                              |
| <b>NONCASH CAPITAL AND RELATED FINANCING<br/>ACTIVITIES</b>  |                   |                     |  |
| Capital assets contributed by developers   | <u>\$ 130,243</u> | <u>\$ -</u>         | <u>\$ 130,243</u>                              |

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2019

|                                       | City Hall        | Motor Pool        | Technology        |
|---------------------------------------|------------------|-------------------|-------------------|
| <b>ASSETS</b>                         |                  |                   |                   |
| Current Assets                        |                  |                   |                   |
| Cash and investments                  | \$ 63,552        | \$ 61             | \$ 27,917         |
| Other receivables                     | -                | -                 | -                 |
| Prepaid items                         | 1,976            | 154               | 17,159            |
| Total Current Assets                  | 65,528           | 215               | 45,076            |
| Noncurrent Assets                     |                  |                   |                   |
| Capital assets                        |                  |                   |                   |
| Property and equipment                | -                | 18,075            | 525,268           |
| Less: Accumulated depreciation        | -                | (3,314)           | (326,312)         |
| Total Noncurrent Assets               | -                | 14,761            | 198,956           |
| Total Assets                          | 65,528           | 14,976            | 244,032           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                  |                   |                   |
| Pension related amounts               | -                | -                 | 79,615            |
| <b>LIABILITIES</b>                    |                  |                   |                   |
| Current Liabilities                   |                  |                   |                   |
| Accounts payable                      | 6,145            | 119               | 5,142             |
| Accrued liabilities                   | -                | -                 | 6,932             |
| Due to other funds                    | -                | 17,299            | -                 |
| Total Current Liabilities             | 6,145            | 17,418            | 12,074            |
| Noncurrent Liabilities                |                  |                   |                   |
| Net pension liability                 | -                | -                 | 37,086            |
| Total Noncurrent Liabilities          | -                | -                 | 37,086            |
| Total Liabilities                     | 6,145            | 17,418            | 49,160            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                  |                   |                   |
| Pension related amounts               | -                | -                 | 46,872            |
| <b>NET POSITION</b>                   |                  |                   |                   |
| Net investment in capital assets      | -                | 14,761            | 198,956           |
| Unrestricted (deficit)                | 59,383           | (17,203)          | 28,659            |
| <b>TOTAL NET POSITION</b>             | <b>\$ 59,383</b> | <b>\$ (2,442)</b> | <b>\$ 227,615</b> |

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| <u>Maintenance</u> | <u>Totals</u>     |
|--------------------|-------------------|
| \$ 31,754          | \$ 123,284        |
| 847                | 847               |
| <u>508</u>         | <u>19,797</u>     |
| <u>33,109</u>      | <u>143,928</u>    |
| -                  | 543,343           |
| <u>-</u>           | <u>(329,626)</u>  |
| <u>-</u>           | <u>213,717</u>    |
| <u>33,109</u>      | <u>357,645</u>    |
| <u>89,270</u>      | <u>168,885</u>    |
| 213                | 11,619            |
| 10,615             | 17,547            |
| <u>-</u>           | <u>17,299</u>     |
| <u>10,828</u>      | <u>46,465</u>     |
| <u>42,430</u>      | <u>79,516</u>     |
| <u>42,430</u>      | <u>79,516</u>     |
| <u>53,258</u>      | <u>125,981</u>    |
| <u>44,223</u>      | <u>91,095</u>     |
| -                  | 213,717           |
| <u>24,898</u>      | <u>95,737</u>     |
| <u>\$ 24,898</u>   | <u>\$ 309,454</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, 2019

|   | City Hall  | Motor Pool | Technology |
|---|------------|------------|------------|
| <b>OPERATING REVENUES</b>                   |            |            |            |
| Public charges for services                 | \$ 257,161 | \$ -       | \$ 36,900  |
| Total Operating Revenues                    | 257,161    | -          | 36,900     |
| <b>OPERATING EXPENSES</b>                   |            |            |            |
| Operation and maintenance                   | 102,015    | 29,871     | 569,733    |
| Depreciation expense                        | -          | 3,314      | 54,238     |
| Total Operating Expenses                    | 102,015    | 33,185     | 623,971    |
| Operating Income (Loss)                     | 155,146    | (33,185)   | (587,071)  |
| <b>NONOPERATING REVENUES</b>                |            |            |            |
| Investment income                           | 203        | -          | 254        |
| Miscellaneous                               | -          | -          | 782        |
| Total Nonoperating Revenues                 | 203        | -          | 1,036      |
| Income (Loss) Before Transfers              | 155,349    | (33,185)   | (586,035)  |
| <b>TRANSFERS</b>                            |            |            |            |
| Transfers from other funds                  | 272,367    | 22,595     | 647,955    |
| Transfers to other funds                    | (218,017)  | (614)      | (21,676)   |
| Total Transfers                             | 54,350     | 21,981     | 626,279    |
| <b>Change in net position</b>               | 209,699    | (11,204)   | 40,244     |
| NET POSITION (DEFICIT) - Beginning of Year  | (150,316)  | 8,762      | 187,371    |
| <b>NET POSITION (DEFICIT) - END OF YEAR</b> | \$ 59,383  | \$ (2,442) | \$ 227,615 |

---

| <u>Maintenance</u>    | <u>Totals</u>       |
|-----------------------|---------------------|
| \$ <u>          -</u> | \$ <u>  294,061</u> |
| <u>          -</u>    | <u>  294,061</u>    |
| 317,709               | 1,019,328           |
| <u>          -</u>    | <u>    57,552</u>   |
| <u>  317,709</u>      | <u> 1,076,880</u>   |
| <u>  (317,709)</u>    | <u>  (782,819)</u>  |
| -                     | 457                 |
| <u>  1,629</u>        | <u>  2,411</u>      |
| <u>  1,629</u>        | <u>  2,868</u>      |
| <u>  (316,080)</u>    | <u>  (779,951)</u>  |
| 363,057               | 1,305,974           |
| <u>  (55,649)</u>     | <u>  (295,956)</u>  |
| <u>  307,408</u>      | <u> 1,010,018</u>   |
| (8,672)               | 230,067             |
| <u>  33,570</u>       | <u>  79,387</u>     |
| <u>\$  24,898</u>     | <u>\$  309,454</u>  |

## CITY OF RIVER FALLS

### COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2019

|   | City Hall  | Motor Pool  | Technology   |
|---|------------|-------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |            |             |              |
| Received from customers   | \$ 259,956 | \$ -        | \$ 37,743    |
| Paid to suppliers for goods and services  | (262,546)  | (11,813)    | (548,560)    |
| Paid to employees for services  | -          | -           | (124,699)    |
| Net Cash Flows From Operating Activities  | (2,590)    | (11,813)    | (635,516)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |            |             |              |
| Investment income   | 203        | -           | 254          |
| Net Cash Flows From Investing Activities  | 203        | -           | 254          |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |            |             |              |
| Transfers to/from other funds   | 54,350     | 21,981      | 626,279      |
| Net Cash Flows From Noncapital Financing Activities   | 54,350     | 21,981      | 626,279      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                   |            |             |              |
| Acquisition and construction of capital assets  | -          | (18,075)    | -            |
| Net Cash Flows From Capital and Related Financing Activities                                      | -          | (18,075)    | -            |
| <b>Net Change in Cash and Cash Equivalents</b>  | 51,963     | (7,907)     | (8,983)      |
| CASH AND CASH EQUIVALENTS - Beginning of Year   | 11,589     | 7,968       | 36,900       |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | \$ 63,552  | \$ 61       | \$ 27,917    |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>      |            |             |              |
| Operating income (loss)   | \$ 155,146 | \$ (33,185) | \$ (587,071) |
| Nonoperating revenue  | -          | -           | 782          |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities      |            |             |              |
| Depreciation  | -          | 3,314       | 54,238       |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources |            |             |              |
| Other receivables   | 2,795      | -           | 61           |
| Prepaid items   | 813        | 786         | (10,559)     |
| Due from other funds  | -          | 17,299      | -            |
| Accounts payable  | (949)      | (27)        | (4,324)      |
| Due to other funds  | (160,395)  | -           | (102,298)    |
| Accrued liabilities   | -          | -           | 1,615        |
| Pension related deferrals and liability   | -          | -           | 12,040       |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>   | \$ (2,590) | \$ (11,813) | \$ (635,516) |
| <b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |            |             |              |
| None  |            |             |              |

---

| <u>Maintenance</u> | <u>Totals</u>    |
|--------------------|------------------|
| \$ 1,977           | \$ 299,676       |
| (102,152)          | (925,071)        |
| <u>(199,953)</u>   | <u>(324,652)</u> |
| <u>(300,128)</u>   | <u>(950,047)</u> |

|          |            |
|----------|------------|
| <u>-</u> | <u>457</u> |
| <u>-</u> | <u>457</u> |

|                |                  |
|----------------|------------------|
| <u>307,408</u> | <u>1,010,018</u> |
| <u>307,408</u> | <u>1,010,018</u> |

|          |                 |
|----------|-----------------|
| <u>-</u> | <u>(18,075)</u> |
|----------|-----------------|

|          |                 |
|----------|-----------------|
| <u>-</u> | <u>(18,075)</u> |
|----------|-----------------|

|       |        |
|-------|--------|
| 7,280 | 42,353 |
|-------|--------|

|               |               |
|---------------|---------------|
| <u>24,474</u> | <u>80,931</u> |
|---------------|---------------|

|                  |                   |
|------------------|-------------------|
| <u>\$ 31,754</u> | <u>\$ 123,284</u> |
|------------------|-------------------|

|              |              |
|--------------|--------------|
| \$ (317,709) | \$ (782,819) |
| 1,629        | 2,411        |

|   |        |
|---|--------|
| - | 57,552 |
|---|--------|

|     |       |
|-----|-------|
| 348 | 3,204 |
|-----|-------|

|       |         |
|-------|---------|
| 1,696 | (7,264) |
|-------|---------|

|   |        |
|---|--------|
| - | 17,299 |
|---|--------|

|    |         |
|----|---------|
| 69 | (5,231) |
|----|---------|

|   |           |
|---|-----------|
| - | (262,693) |
|---|-----------|

|       |       |
|-------|-------|
| 2,063 | 3,678 |
|-------|-------|

|               |               |
|---------------|---------------|
| <u>11,776</u> | <u>23,816</u> |
|---------------|---------------|

|                     |                     |
|---------------------|---------------------|
| <u>\$ (300,128)</u> | <u>\$ (950,047)</u> |
|---------------------|---------------------|

**CITY OF RIVER FALLS**  
**BALANCE SHEET**  
**GOVERNMENTAL COMPONENT UNIT**  
As of December 31, 2019

|   | <u>Business<br/>Improvement<br/>District</u> |
|---|--|
| <b>ASSETS</b>   |  |
| Cash and investments  | \$ 18,400                                    |
| Special assessments receivable  | <u>42,000</u>                                |
| <b>TOTAL ASSETS</b>   | <b><u>\$ 60,400</u></b>                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |  |
| Unavailable revenue   | \$ 42,000                                    |
| Total Deferred Inflows of Resources   | <u>42,000</u>                                |
| <b>FUND BALANCES</b>  |  |
| Unassigned  | <u>18,400</u>                                |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>  | <b><u>\$ 60,400</u></b>                      |
| <b>RECONCILIATION OF FUND BALANCE TO NET POSITION</b>   |  |
| Fund balance at year-end  | \$ 18,400                                    |
| Special assessments are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. | <u>42,000</u>                                |
| <b>NET POSITION AT YEAR END</b>   | <b><u>\$ 60,400</u></b>                      |

**CITY OF RIVER FALLS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
GOVERNMENTAL COMPONENT UNIT  
For the Year Ended December 31, 2019

|   | <u>Business<br/>Improvement<br/>District</u> |
|---|--|
| <b>REVENUES</b>   |  |
| Special assessments   | \$ 42,000                                    |
| Total Revenues  | <u>42,000</u>                                |
| <b>EXPENDITURES</b>   |  |
| Conservation and development  | <u>50,511</u>                                |
| Total Expenditures  | <u>50,511</u>                                |
| Change in fund balance  | (8,511)                                      |
| FUND BALANCE - Beginning of Year  | <u>26,911</u>                                |
| <b>FUND BALANCE - END OF YEAR</b>   | <u><u>\$ 18,400</u></u>                      |
| <br><b>RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION</b>   |  |
| Change in fund balance  | \$ (8,511)                                   |
| 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>\$ (8,511)</u></u>                     |

**CITY OF RIVER FALLS**

**ELECTRIC UTILITY PLANT**

As of and for the Year Ended December 31, 2019

|  | Balance<br>1/1/2019 | Additions        | Retirements    | Balance<br>12/31/2019 |
|--|---------------------|------------------|----------------|-----------------------|
| <b>HYDRAULIC PRODUCTION</b>            |                     |                  |                |                       |
| Land and land rights                   | \$ 15,310           | \$ -             | \$ -           | \$ 15,310             |
| Structures and improvements            | 43,697              | -                | -              | 43,697                |
| Reservoirs, dams and waterways         | 850,101             | -                | -              | 850,101               |
| Water wheels, turbines, and generators | 27,976              | -                | -              | 27,976                |
| Accessory electric equipment           | 7,657               | -                | -              | 7,657                 |
| Miscellaneous power equipment          | 2,748               | -                | -              | 2,748                 |
| Total Hydraulic                        | <u>947,489</u>      | <u>-</u>         | <u>-</u>       | <u>947,489</u>        |
| <b>OTHER PRODUCTION</b>                |                     |                  |                |                       |
| Land and land rights                   | 25,248              | -                | -              | 25,248                |
| Structures and improvements            | 1,224,829           | -                | -              | 1,224,829             |
| Generators                             | 36,000              | -                | -              | 36,000                |
| Total Production                       | <u>1,286,077</u>    | <u>-</u>         | <u>-</u>       | <u>1,286,077</u>      |
| <b>TRANSMISSION</b>                    |                     |                  |                |                       |
| Land and land rights                   | 2,302               | -                | -              | 2,302                 |
| Station equipment                      | 1,665,477           | -                | -              | 1,665,477             |
| Poles and fixtures                     | 336,070             | -                | -              | 336,070               |
| Overhead conductors and devices        | 717,382             | -                | -              | 717,382               |
| Underground conductors and devices     | 28,226              | -                | -              | 28,226                |
| Total Transmission                     | <u>2,749,457</u>    | <u>-</u>         | <u>-</u>       | <u>2,749,457</u>      |
| <b>DISTRIBUTION</b>                    |                     |                  |                |                       |
| Land and land rights                   | 78,544              | -                | -              | 78,544                |
| Structures and improvements            | 1,237,334           | -                | -              | 1,237,334             |
| Station equipment                      | 3,845,549           | 9,871            | -              | 3,855,420             |
| Storage battery equipment              | 31,236              | -                | -              | 31,236                |
| Poles, towers, and fixtures            | 1,816,440           | 32,355           | 17,629         | 1,831,166             |
| Overhead conductors                    | 1,684,610           | 23,725           | 31,666         | 1,676,669             |
| Underground conduit                    | 946,199             | 163,758          | 861            | 1,109,096             |
| Underground conductors                 | 6,823,397           | 234,506          | 33,834         | 7,024,069             |
| Transformers                           | 2,751,855           | 132,616          | 14,759         | 2,869,712             |
| Services                               | 1,447,439           | 65,829           | 5,834          | 1,507,434             |
| Meters                                 | 1,149,132           | 425,102          | 199,747        | 1,374,487             |
| Street lighting and signal systems     | 1,626,145           | 31,591           | 48,130         | 1,609,606             |
| Total Distribution                     | <u>23,437,880</u>   | <u>1,119,353</u> | <u>352,460</u> | <u>24,204,773</u>     |

**CITY OF RIVER FALLS**

ELECTRIC UTILITY PLANT (cont.)

As of and for the Year Ended December 31, 2019

|                                     | Balance<br>1/1/2019  | Additions           | Retirements       | Balance<br>12/31/2019 |
|-------------------------------------|----------------------|---------------------|-------------------|-----------------------|
| <b>GENERAL</b>                      |                      |                     |                   |                       |
| Land and land rights                | \$ 1,556             | \$ -                | \$ -              | \$ 1,556              |
| Structures and improvements         | 692,828              | -                   | -                 | 692,828               |
| Office furniture and equipment      | 40,322               | -                   | -                 | 40,322                |
| Computer equipment                  | 100,816              | -                   | -                 | 100,816               |
| Transportation equipment            | 1,062,138            | -                   | -                 | 1,062,138             |
| Tools, shop, and garage equipment   | 69,540               | -                   | -                 | 69,540                |
| Laboratory equipment                | 134,759              | -                   | -                 | 134,759               |
| Power operated equipment            | 44,195               | 6,902               | -                 | 51,097                |
| Communication equipment             | 22,965               | -                   | -                 | 22,965                |
| SCADA equipment                     | 76,585               | 453,795             | 76,584            | 453,796               |
| Total General                       | <u>2,245,704</u>     | <u>460,697</u>      | <u>76,584</u>     | <u>2,629,817</u>      |
| <b>TOTAL ELECTRIC UTILITY PLANT</b> | <u>\$ 30,666,607</u> | <u>\$ 1,580,050</u> | <u>\$ 429,044</u> | <u>\$ 31,817,613</u>  |

## CITY OF RIVER FALLS

### ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES

For the Years Ended December 31, 2019 and 2018

| <b>OPERATING REVENUES</b>         | <u>2019</u>       | <u>2018</u>       |
|-----------------------------------|-------------------|-------------------|
| Sales of Electricity              |                   |                   |
| Residential and rural             | \$ 5,344,194      | \$ 5,640,096      |
| Small commercial and industrial   | 1,381,679         | 1,488,885         |
| Large commercial and industrial   | 3,747,102         | 3,750,657         |
| Public street and lighting        | 220,086           | 217,697           |
| Other sales to public authorities | <u>2,389,998</u>  | <u>2,430,341</u>  |
| Total Sales of Electricity        | <u>13,083,059</u> | <u>13,527,676</u> |
| Other Operating Revenues          |                   |                   |
| Forfeited discounts               | 45,296            | 48,746            |
| Miscellaneous service revenues    | 5,154             | 6,397             |
| Rent from electric property       | 33,281            | 32,242            |
| Other miscellaneous revenues      | <u>329,751</u>    | <u>310,052</u>    |
| Total Operating Revenues          | <u>13,496,541</u> | <u>13,925,113</u> |
| <br><b>OPERATING EXPENSES</b>     |                   |                   |
| Power Production                  |                   |                   |
| Hydraulic power generation        |                   |                   |
| Operation                         |                   |                   |
| Operating and supervision         | 120,399           | 115,334           |
| Hydraulic                         | 4,215             | 3,632             |
| Miscellaneous                     | <u>20,392</u>     | <u>19,819</u>     |
| Total Hydraulic Power Generation  | <u>145,006</u>    | <u>138,785</u>    |
| Purchased Power                   | <u>9,354,794</u>  | <u>9,735,938</u>  |
| Total Power Production            | <u>9,499,800</u>  | <u>9,874,723</u>  |
| Transmission                      |                   |                   |
| Operation                         |                   |                   |
| Station                           | 2,741             | 2,716             |
| Overhead lines                    | 16,236            | 1,565             |
| Maintenance                       |                   |                   |
| Overhead lines                    | <u>1,360</u>      | <u>18,311</u>     |
| Total Transmission                | <u>20,337</u>     | <u>22,592</u>     |

## CITY OF RIVER FALLS

### ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES (cont.)

For the Years Ended December 31, 2019 and 2018

| <b>OPERATING EXPENSES</b> (cont.)     | 2019              | 2018                |
|---------------------------------------|-------------------|---------------------|
| Distribution                          |                   |                     |
| Operation                             |                   |                     |
| Operation supervision and engineering | \$ 94,807         | \$ 134,838          |
| Station                               | 45,405            | 87,644              |
| Overhead line                         | 131,757           | 74,643              |
| Underground line                      | 144,783           | 113,494             |
| Street lighting and signal            | 6,748             | 26,030              |
| Meter expenses                        | 64,383            | 110,077             |
| Miscellaneous                         | 193,861           | 123,151             |
| Maintenance                           |                   |                     |
| Structures                            | 26,867            | 26,759              |
| Station equipment                     | 18,005            | 30,103              |
| Overhead line                         | 48,388            | 104,795             |
| Underground line                      | 51,763            | 34,814              |
| Line transformers                     | 16,384            | 14,226              |
| Street lighting and signal            | 16,790            | 19,336              |
| Total Distribution                    | 859,941           | 899,910             |
| Customer Accounts                     |                   |                     |
| Meter reading                         | 20,144            | 19,107              |
| Accounting and collecting labor       | 155,672           | 143,651             |
| Customer Service & Informational      | 206,339           | 165,943             |
| Total Customer Accounts               | 382,155           | 328,701             |
| Sales                                 |                   |                     |
| Advertising                           | 6,045             | 240                 |
| Administrative and General            |                   |                     |
| Salaries                              | 198,539           | 190,916             |
| Office supplies                       | 6,076             | 7,929               |
| Outside services employed             | 32,777            | 26,787              |
| Insurance                             | 30,469            | 47,110              |
| Employee pensions and benefits        | 254,266           | 257,496             |
| Miscellaneous                         | 218,753           | 126,034             |
| Rents                                 | 65,040            | 65,040              |
| Total Administrative and General      | 805,920           | 721,312             |
| Taxes                                 | 92,739            | 94,774              |
| Total Operation and Maintenance       | 11,666,937        | 11,942,252          |
| Depreciation                          | 1,054,918         | 953,446             |
| Total Operating Expenses              | 12,721,855        | 12,895,698          |
| <b>OPERATING INCOME</b>               | <b>\$ 774,686</b> | <b>\$ 1,029,415</b> |

## CITY OF RIVER FALLS

### WATER UTILITY PLANT

As of and for the Year Ended December 31, 2019

|  | Balance<br>1/1/2019  | Additions         | Retirements       | Balance<br>12/31/2019 |
|--|----------------------|-------------------|-------------------|-----------------------|
| <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                  | 1,432,137            | -                 | -                 | 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                                | 2,097,693            | -                 | -                 | 2,097,693             |
| <b>WATER TREATMENT</b>                       |                      |                   |                   |                       |
| Water treatment equipment                    | 49,671               | -                 | -                 | 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        | 869,263              | -                 | -                 | 869,263               |
| Transmission and distribution main           | 9,912,323            | 177,972           | 4,621             | 10,085,674            |
| Services                                     | 2,319,159            | 63,069            | 49                | 2,382,179             |
| Meters                                       | 1,598,423            | 74,464            | 13,587            | 1,659,300             |
| Hydrants                                     | 1,570,521            | 65,263            |                   | 1,635,784             |
| Other transmission and distribution<br>Plant | 831,668              | -                 | -                 | 831,668               |
| Total Transmission and Distribution<br>Plant | 17,137,633           | 380,768           | 18,257            | 17,500,144            |
| <b>GENERAL</b>                               |                      |                   |                   |                       |
| Computers                                    | 52,031               | -                 | -                 | 52,031                |
| Structures and improvements                  | 212,455              | -                 | -                 | 212,455               |
| Office furniture                             | 10,287               | -                 | -                 | 10,287                |
| Transportation equipment                     | 59,484               | 11,250            | 12,137            | 58,597                |
| Tools, shop & garage                         | 24,854               | -                 | -                 | 24,854                |
| Laboratory equipment                         | 4,905                | -                 | -                 | 4,905                 |
| Power operated equipment                     | 27,310               | -                 | -                 | 27,310                |
| Communication equipment                      | -                    | -                 | -                 | -                     |
| SCADA equipment                              | 174,590              | 110,806           | 132,821           | 152,575               |
| Total General                                | 565,916              | 122,056           | 144,958           | 543,014               |
| <b>TOTAL WATER UTILITY PLANT</b>             | <b>\$ 20,735,072</b> | <b>\$ 502,824</b> | <b>\$ 163,215</b> | <b>\$ 21,074,681</b>  |

## CITY OF RIVER FALLS

### WATER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2019 and 2018

| <b>OPERATING REVENUES</b>             | <u>2019</u>      | <u>2018</u>      |
|---------------------------------------|------------------|------------------|
| Sales of Water                        |                  |                  |
| Residential                           | \$ 664,101       | \$ 661,713       |
| Commercial                            | 129,546          | 131,548          |
| Multi-family                          | 55,401           | 54,603           |
| Industrial                            | 30,845           | 26,849           |
| Public authorities                    | 88,419           | 91,922           |
| Irrigation                            | <u>206,603</u>   | <u>245,673</u>   |
| Total Metered Sales                   | 1,174,915        | 1,212,308        |
| Private fire protection               | 61,539           | 60,588           |
| Public fire protection                | <u>369,018</u>   | <u>368,669</u>   |
| Total Sales of Water                  | <u>1,605,472</u> | <u>1,641,565</u> |
| Other Operating Revenues              |                  |                  |
| Forfeited discounts                   | 1,807            | 1,882            |
| Rent from water property              | 113,237          | 110,568          |
| Other miscellaneous revenues          | <u>40,762</u>    | <u>45,531</u>    |
| Total Operating Revenues              | <u>1,761,278</u> | <u>1,799,546</u> |
| <br><b>OPERATING EXPENSES</b>         |                  |                  |
| Pumping                               |                  |                  |
| Operation                             |                  |                  |
| Operation supervision and engineering | 2,055            | 3,341            |
| Fuel or purchased power for pumping   | 71,273           | 71,749           |
| Pumping labor                         | 33,370           | 31,963           |
| Maintenance                           |                  |                  |
| Structures and improvements           | 23,333           | 22,019           |
| Power production equipment            | 7,371            | 783              |
| Pumping equipment                     | <u>43,385</u>    | <u>10,460</u>    |
| Total Pumping                         | <u>180,787</u>   | <u>140,315</u>   |
| Water Treatment                       |                  |                  |
| Operation                             |                  |                  |
| Operation supervision and engineering | 1,646            | 2,645            |
| Chemicals                             | 25,549           | 26,951           |
| Operation labor                       | 18,761           | 28,789           |
| Maintenance                           |                  |                  |
| Water treatment equipment             | <u>18,577</u>    | <u>15,593</u>    |
| Total Water Treatment                 | <u>64,533</u>    | <u>73,978</u>    |

## CITY OF RIVER FALLS

### WATER UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2019 and 2018

| <b>OPERATING EXPENSES (cont.)</b>     | 2019              | 2018              |
|---------------------------------------|-------------------|-------------------|
| Transmission and Distribution         |                   |                   |
| Operation                             |                   |                   |
| Operation supervision and engineering | \$ 56,313         | \$ 49,300         |
| Storage facilities                    | 1,319             | 1,124             |
| Transmission and distribution lines   | 63,679            | 52,577            |
| Meters                                | 18,118            | 24,053            |
| Customer installations                | 19,926            | 21,701            |
| Miscellaneous                         | 49,038            | 56,662            |
| Maintenance                           |                   |                   |
| Supervision and engineering           | 3,903             | 5,168             |
| Structures and improvements           | 4,002             | 6,152             |
| Reservoirs and standpipes             | 19,744            | 12,366            |
| Mains                                 | 70,053            | 72,241            |
| Services                              | 28,959            | 20,274            |
| Meters                                | 316               | 689               |
| Hydrants                              | 17,883            | 11,458            |
| Total Transmission and Distribution   | 353,253           | 333,765           |
| Customer Accounts                     |                   |                   |
| Meter reading                         | 5,151             | 5,277             |
| Accounting and collecting labor       | 70,678            | 47,923            |
| Total Customer Accounts               | 75,829            | 53,200            |
| Sales                                 |                   |                   |
| Advertising                           | 2,591             | 240               |
| Administrative and General            |                   |                   |
| Salaries                              | 78,437            | 70,024            |
| Office supplies                       | 4,476             | 4,011             |
| Outside services employed             | 4,795             | 5,671             |
| Insurance                             | 10,789            | 14,049            |
| Employee pensions and benefits        | 101,464           | 94,640            |
| Miscellaneous                         | 21,011            | 7,922             |
| Rents                                 | 30,300            | 30,300            |
| Total Administrative and General      | 251,272           | 226,617           |
| Taxes                                 | 29,888            | 28,383            |
| Total operation and maintenance       | 958,153           | 856,498           |
| Depreciation                          | 451,514           | 451,377           |
| Total Operating Expenses              | 1,409,667         | 1,307,875         |
| <b>OPERATING INCOME</b>               | <b>\$ 351,611</b> | <b>\$ 491,671</b> |

## CITY OF RIVER FALLS

### SEWER UTILITY PLANT

As of and for the Year Ended December 31, 2019

|   | Balance<br>1/1/2019  | Additions         | Retirements      | Balance<br>12/31/2019 |
|---|----------------------|-------------------|------------------|-----------------------|
| <b>COLLECTING SYSTEM</b>                |                      |                   |                  |                       |
| Collecting mains                        | \$ 10,277,147        | \$ 56,688         | \$ -             | \$ 10,333,835         |
| Interceptor mains                       | 7,228,480            | -                 | -                | 7,228,480             |
| Force mains                             | 141,607              | -                 | -                | 141,607               |
| Other collecting system equipment       | -                    | -                 | -                | -                     |
| Total Collecting System                 | <u>17,647,234</u>    | <u>56,688</u>     | <u>-</u>         | <u>17,703,922</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              | 258,339              | -                 | -                | 258,339               |
| Total Collecting System Pumping         | <u>1,030,863</u>     | <u>-</u>          | <u>-</u>         | <u>1,030,863</u>      |
| <b>TREATMENT AND DISPOSAL</b>           |                      |                   |                  |                       |
| Land and land rights                    | 115,238              | -                 | -                | 115,238               |
| Structures and improvements             | 5,685,474            | -                 | -                | 5,685,474             |
| Preliminary treatment equipment         | 643,897              | -                 | -                | 643,897               |
| Primary treatment equipment             | 415,996              | -                 | -                | 415,996               |
| Secondary treatment equipment           | 900,319              | -                 | -                | 900,319               |
| Chlorination equipment                  | 108,480              | -                 | -                | 108,480               |
| Sludge treatment and disposal equipment | 2,257,100            | -                 | -                | 2,257,100             |
| Plant site piping                       | 1,000,644            | -                 | -                | 1,000,644             |
| Flow metering and monitoring equipment  | 78,918               | -                 | -                | 78,918                |
| Other treatment and disposal equipment  | 57,308               | -                 | 4,874            | 52,434                |
| Total Treatment and Disposal            | <u>11,263,374</u>    | <u>-</u>          | <u>4,874</u>     | <u>11,258,500</u>     |
| <b>GENERAL</b>                          |                      |                   |                  |                       |
| Structures and improvements             | 2,266,595            | -                 | -                | 2,266,595             |
| Office furniture                        | 10,287               | -                 | -                | 10,287                |
| Computers                               | 36,377               | -                 | -                | 36,377                |
| Transportation equipment                | 329,149              | 48,996            | 12,138           | 366,007               |
| Other general equipment                 | 264,265              | -                 | -                | 264,265               |
| SCADA equipment                         | 175,626              | 94,972            | 4,768            | 265,830               |
| Total General                           | <u>3,082,299</u>     | <u>143,968</u>    | <u>16,906</u>    | <u>3,209,361</u>      |
| <b>INTANGIBLES</b>                      |                      |                   |                  |                       |
|   | <u>113,314</u>       | <u>-</u>          | <u>6,742</u>     | <u>106,572</u>        |
| <b>TOTAL SEWER UTILITY PLANT</b>        | <u>\$ 33,137,084</u> | <u>\$ 200,656</u> | <u>\$ 28,522</u> | <u>\$ 33,309,218</u>  |

## CITY OF RIVER FALLS

### SEWER UTILITY OPERATING REVENUES AND EXPENSES

For the Years Ended December 31, 2019 and 2018

| <b>OPERATING REVENUES</b>              | <u>2019</u>      | <u>2018</u>      |
|--|------------------|------------------|
| Sales of Wastewater                    |                  |                  |
| Residential                            | \$ 2,038,485     | \$ 2,038,055     |
| Commercial                             | 414,683          | 439,409          |
| Multi-family                           | 240,538          | 236,439          |
| Industrial                             | 153,924          | 129,566          |
| Public authorities                     | <u>321,381</u>   | <u>335,351</u>   |
| Total Wastewater Sales                 | <u>3,169,011</u> | <u>3,178,820</u> |
| Other Operating Revenues               |                  |                  |
| Forfeited discounts                    | 4,123            | 4,207            |
| Other miscellaneous revenues           | <u>43,633</u>    | <u>28,975</u>    |
| Total Operating Revenues               | <u>3,216,767</u> | <u>3,212,002</u> |
| <br><b>OPERATING EXPENSES</b>          |                  |                  |
| Operation                              |                  |                  |
| Operation supervision and engineering  | 143,450          | 114,970          |
| Power and fuel for pumping             | 26,318           | 24,487           |
| Power and fuel for aeration equipment  | 145,842          | 133,962          |
| Treatment charges                      | 411,727          | 366,206          |
| Chlorine                               | 5,123            | 2,992            |
| Phosphorous & Sludge removal           | 4,062            | 3,137            |
| Other operating supplies               | 24,359           | 41,625           |
| Transportation                         | <u>17,474</u>    | <u>14,398</u>    |
| Total Operations                       | <u>778,355</u>   | <u>701,777</u>   |
| Maintenance                            |                  |                  |
| Collection system                      | 156,484          | 240,706          |
| Pumping equipment                      | 22,637           | 31,151           |
| Treatment and disposal plant equipment | 176,490          | 136,821          |
| General plant structures equipment     | <u>73,993</u>    | <u>69,043</u>    |
| Total Maintenance                      | <u>429,604</u>   | <u>477,721</u>   |
| Customer Accounts                      |                  |                  |
| Accounting and collecting labor        | <u>132,829</u>   | <u>125,013</u>   |
| Sales                                  |                  |                  |
| Advertising                            | <u>2,969</u>     | <u>240</u>       |
| Administrative and General             |                  |                  |
| Salaries                               | 131,722          | 114,495          |
| Office supplies                        | 11,031           | 18,027           |
| Outside services employed              | 7,544            | 4,284            |
| Insurance                              | 23,935           | 31,734           |
| Employee pensions and benefits         | 199,587          | 150,362          |

## CITY OF RIVER FALLS

### SEWER UTILITY OPERATING REVENUES AND EXPENSES (cont.)

For the Years Ended December 31, 2019 and 2018

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|                                    | <u>2019</u>       | <u>2018</u>       |
|------------------------------------|-------------------|-------------------|
| <b>OPERATING EXPENSES</b> (cont.)  |                   |                   |
| Administrative and General (cont.) |                   |                   |
| Miscellaneous                      | \$ 2,031          | \$ 6,703          |
| Rents                              | <u>56,543</u>     | <u>56,544</u>     |
| Total Administrative and General   | <u>432,393</u>    | <u>382,149</u>    |
| Taxes                              | <u>38,649</u>     | <u>34,440</u>     |
| Total Operation and Maintenance    | 1,814,799         | 1,721,340         |
| Depreciation                       | <u>740,827</u>    | <u>547,084</u>    |
| Total Operating Expenses           | <u>2,555,626</u>  | <u>2,268,424</u>  |
| <br>                               |                   |                   |
| <b>OPERATING INCOME</b>            | <u>\$ 661,141</u> | <u>\$ 943,579</u> |

**CITY OF RIVER FALLS**

INSURANCE SUMMARY  
For the Year Ended December 31, 2019

| Description                               | Insurer                               | Policy Number     | Coverage Limits | Deductible           | Policy Period |
|---|---------------------------------------|-------------------|-----------------|----------------------|---------------|
| Property                                  | Travelers Prop Casualty Co of America | 630-7J057507      | \$71,265,294    | \$5,000 - \$100,000  | 8/1/19-8/1/20 |
| Crime                                     | Travelers Prop Casualty Co of America | 630-7J057507      | \$500,000       | \$5,000              | 8/1/19-8/1/20 |
| Inland Marine                             | Travelers Prop Casualty Co of America | 630-7J057507      | \$3,636,061     | \$1,000 - \$50,000   | 8/1/19-8/1/20 |
| General Liability                         | The Charter Oak Fire Insurance Co     | ZLP-51M85218      | \$2,000,000     | NA                   | 8/1/19-8/1/20 |
| Law Enforcement Liability                 | The Charter Oak Fire Insurance Co     | ZLP-51M85218      | \$2,000,000     | \$5,000              | 8/1/19-8/1/20 |
| Employee Benefits                         | The Charter Oak Fire Insurance Co     | ZLP-51M85218      | \$3,000,000     | \$1,000              | 8/1/19-8/1/20 |
| Management Liability                      | The Charter Oak Fire Insurance Co     | ZLP-51M85218      | \$2,000,000     | \$5,000/\$50,000     | 8/1/19-8/1/20 |
| Management Liability-Related to Practices | The Charter Oak Fire Insurance Co     | ZLP-51M85218      | \$2,000,000     | \$10,000             | 8/1/19-8/1/20 |
| Business Automobile                       | The Charter Oak Fire Insurance Co     | 810-2C413439      | \$2,000,000     | \$1,000 - \$2,500    | 8/1/19-8/1/20 |
| Commercial Umbrella                       | Travelers Prop Casualty Co of America | ZUP-91M84121      | \$5,000,000     | NA                   | 8/1/19-8/1/20 |
| Workers Compensation                      | The Travelers Indemnity Co of CT      | UB-8L703398       | \$500,000       | NA                   | 8/1/19-8/1/20 |
| Boiler and Machinery                      | Travelers Prop Casualty Co of America | BME1-7J262816     | \$50,000,000    | \$25,000             | 8/1/19-8/1/20 |
| Cyber & Privacy Liability                 | Axis Insurance Company                | P-001-00031856-02 | \$1,000,000     | \$10,000 (retention) | 8/1/19-8/1/20 |

## CITY OF RIVER FALLS

### WATER UTILITY REVENUE BOND DISCLOSURE WATER SALES TO GENERAL CUSTOMERS For the Year Ended December 31, 2019

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|                          | Average Customer<br>Count   | Gallons Sold<br>(000's)     |
|--------------------------|-----------------------------|-----------------------------|
|                          | <u>                    </u> | <u>                    </u> |
| Residential              | 4,360                       | 168,331                     |
| Commercial               | 300                         | 50,277                      |
| Industrial               | 20                          | 20,905                      |
| Public Authority         | 74                          | 39,266                      |
| Multi-Family Residential | 72                          | 29,855                      |
| Irrigation               | 756                         | 48,038                      |
|                          | <u>                    </u> | <u>                    </u> |
|                          | 5,582                       | 356,672                     |

### ELECTRIC UTILITY REVENUE BOND DISCLOSURE ELECTRIC SALES TO GENERAL CUSTOMERS For the Year Ended December 31, 2019

---

|                           | Average Customer<br>Count   | Kilowatt Hours<br>(000's)   |
|---------------------------|-----------------------------|-----------------------------|
|                           | <u>                    </u> | <u>                    </u> |
| Residential               | 5,482                       | 43,516                      |
| Rural                     | 282                         | 2,693                       |
| Small Commercial          | 560                         | 12,532                      |
| Industrial                | 67                          | 41,727                      |
| Street & Highway Lighting | 10                          | 526                         |
| Public Authority          | 157                         | 25,667                      |
|                           | <u>                    </u> | <u>                    </u> |
|                           | 6,558                       | 126,661                     |

# Reporting and insights from 2019 audit:

City of River Falls

December 31, 2019



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# Executive summary

We have completed our audit of the financial statements of the City of River Falls, Wisconsin (city) for the year ended December 31, 2019, and have issued our report thereon dated June 15, 2020. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your city's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas the city should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Kimberly Shult, Partner: [kimberly.shult@bakertilly.com](mailto:kimberly.shult@bakertilly.com) or +1 (612) 876 4912
- Cheryl Puhl, Senior Manager: [cheryl.puhl@bakertilly.com](mailto:cheryl.puhl@bakertilly.com) or +1 (612) 876 4910

Sincerely,

Baker Tilly Virchow Krause, LLP



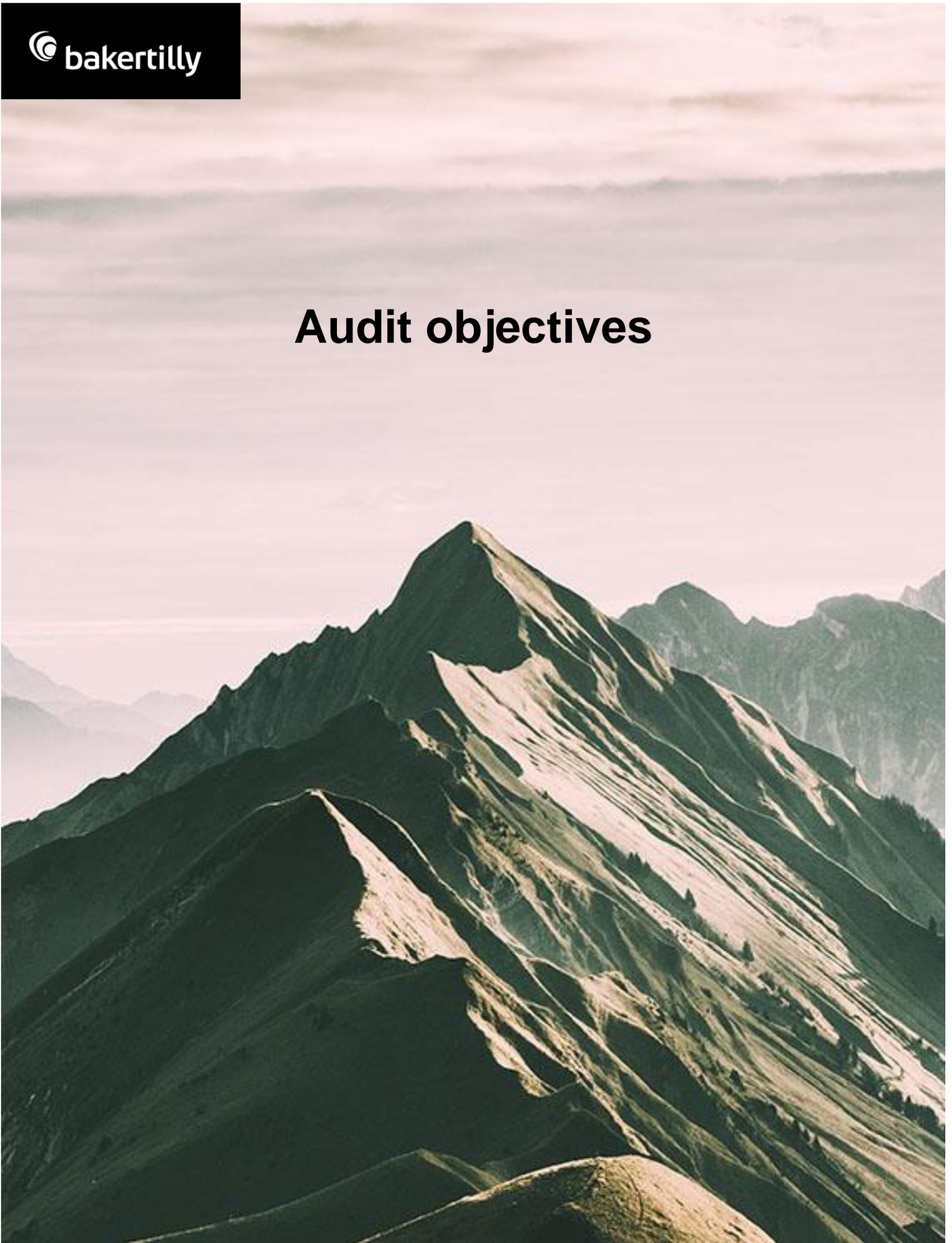
Kimberly Shult, CPA Partner

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THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

# Audit objectives



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# Audit objectives

## Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the city's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements:
  - Are free from material misstatement
  - Present fairly, in all material respects, and in accordance with accounting principles generally accepted in the United States of America

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of those charged with governance, including:

- Qualitative aspects of the city's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant difficulties encountered
- Disagreements with management
- Corrected and uncorrected misstatements
- Internal control matters
- Significant estimates
- Other findings or issues arising from the audit

# Management's responsibilities

| Management  | Auditor  |
|---|--|
|  <p>Prepare and fairly present the financial statements</p>                        | <p>Our audit does not relieve management or those charged with governance of their responsibilities</p>                                    |
|  <p>Establish and maintain effective internal control over financial reporting</p> | <p>An audit includes consideration of internal control over financial reporting, but not an expression of an opinion on those controls</p> |
|  <p>Provide us with written representations at the conclusion of the audit</p>     | <p>See Appendix A for a copy of management's representations</p>   |

# Audit status



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# Audit status

## Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

## Audit approach and results



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# Audit approach and results

## Planned scope and timing

### Audit focus

Based on our understanding of the city and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the city's current year results.

### Implementation of GASB No. 84 reporting fiduciary activities

During the current year, your government implemented GASB Statement No. 84 – *Fiduciary Activities*. This standard was issued to provide a clear foundation and reduce inconsistencies in reporting of fiduciary activities. Implementation of this standard required the evaluation of various activities and application of specific criteria to determine the fiduciary activities that required reporting. As a result of this standard you will note the following changes in your financial statements from prior years:

- Change in the activity that is reported through the tax collection custodial fund
- Recognition of a liability to the beneficiaries in each 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
- Additional footnote disclosures

### Implementation of GASB No. 88 financial reporting for debt disclosures

During the current year, your government implemented GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard requires additional note disclosures related to the debt obligations of your government.

# Key areas of focus and significant findings

## Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

| Significant risk areas          | Testing approach   | Conclusion   |
|---------------------------------|--|--|
| Management override of controls | Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise | Procedures identified provided sufficient evidence for our audit opinion |

## Other key areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

| Other key areas of emphasis             |                              |  |
|---|------------------------------|--|
| Cash and investments                    | Revenues and receivables     | General disbursements                        |
| Payroll                                 | Pension and OPEB liabilities | Long-term debt                               |
| Capital assets including infrastructure | Net position calculations    | Financial reporting and required disclosures |

## Internal control matters

We considered the city's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements. We are not expressing an opinion on the effectiveness of the city's internal control.

Our consideration of 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.

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 identified the following deficiency as a material weakness:

– **Financial Statement Close Process**

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 that are not in place are as follows:

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

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 adjusting journal entries identified by the auditors.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles. In addition, material misstatements in the general ledger were identified during the financial audit.

# Required communications

## Qualitative aspect of 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 have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the city are described in Note I to the financial statements. As described in Note I, the city changed accounting policies related to: reporting for fiduciary activities by adopting Governmental Accounting Standards Board (GASB) 84 – *Fiduciary Activities* and financial reporting for debt disclosures by adopting GASB No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in 2019. We noted no transactions entered into by the city during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.

- Accounting estimates: Accounting estimates, including fair value 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, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

| Estimate  | Management’s process to determine   | Baker Tilly’s conclusions regarding reasonableness            |
|---|---|---|
| Other postemployment benefits liability and related deferrals | Key assumptions set by management with the assistance of a third party actuary                                  | Reasonable in relation to the financial statements as a whole |
| Historic cost of road and storm sewer networks                | Evaluation of current construction costs at the time of the estimate, deflated back to the year of construction | Reasonable in relation to the financial statements as a whole |
| Net pension liability and related deferrals                   | Evaluation of information provided by the Wisconsin Retirement System   | Reasonable in relation to the financial statements as a whole |
| Depreciation  | Evaluation of estimated useful life of the asset and original acquisition value and/or PSC guidelines           | Reasonable in relation to the financial statements as a whole |
| Allowance for doubtful accounts                               | Evaluation of historical revenues and loss levels with the analysis on collectability of individual amounts     | Reasonable in relation to the financial statements as a whole |

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

## **Significant unusual transactions**

There have been no significant transactions that are outside the normal course of business for the city or that otherwise appear to be unusual due to their timing, size or nature.

## **Difficulties encountered during the audit**

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

## **Disagreements with management**

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.

## **Management's consultations with other accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

## **Written communications between management and Baker Tilly**

The Appendix includes copies of other material written communications, including a copy of the management representation letter.

## **Uncorrected misstatements and corrected misstatements**

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and to communicate accumulated misstatements to management. The schedule within the Appendix summarizes the uncorrected misstatements, other than those that are clearly trivial, that we presented to management and the corrected misstatements that, in our judgment, may not have been detected except through our auditing procedures. Some of the corrected misstatements are considered to be material. The internal control matters section of this report describes the effects on the financial reporting process indicated by the uncorrected misstatements and corrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses.

Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

## **Compliance with laws and regulations**

We did not identify any non-compliance with laws and regulations during our audit.

## **Fraud**

We did not identify any known or suspected fraud during our audit.

## **Going concern**

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the city's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

## **Independence**

We are not aware of any relationships between Baker Tilly and the city that, in our professional judgment, may reasonably be thought to bear on our independence.

## **Related parties**

We did not have any significant findings or issues arise during the audit in connection with the city's related parties.

## **Other audit findings or issues**

We encountered no other audit findings or issues that require communication at this time.

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.

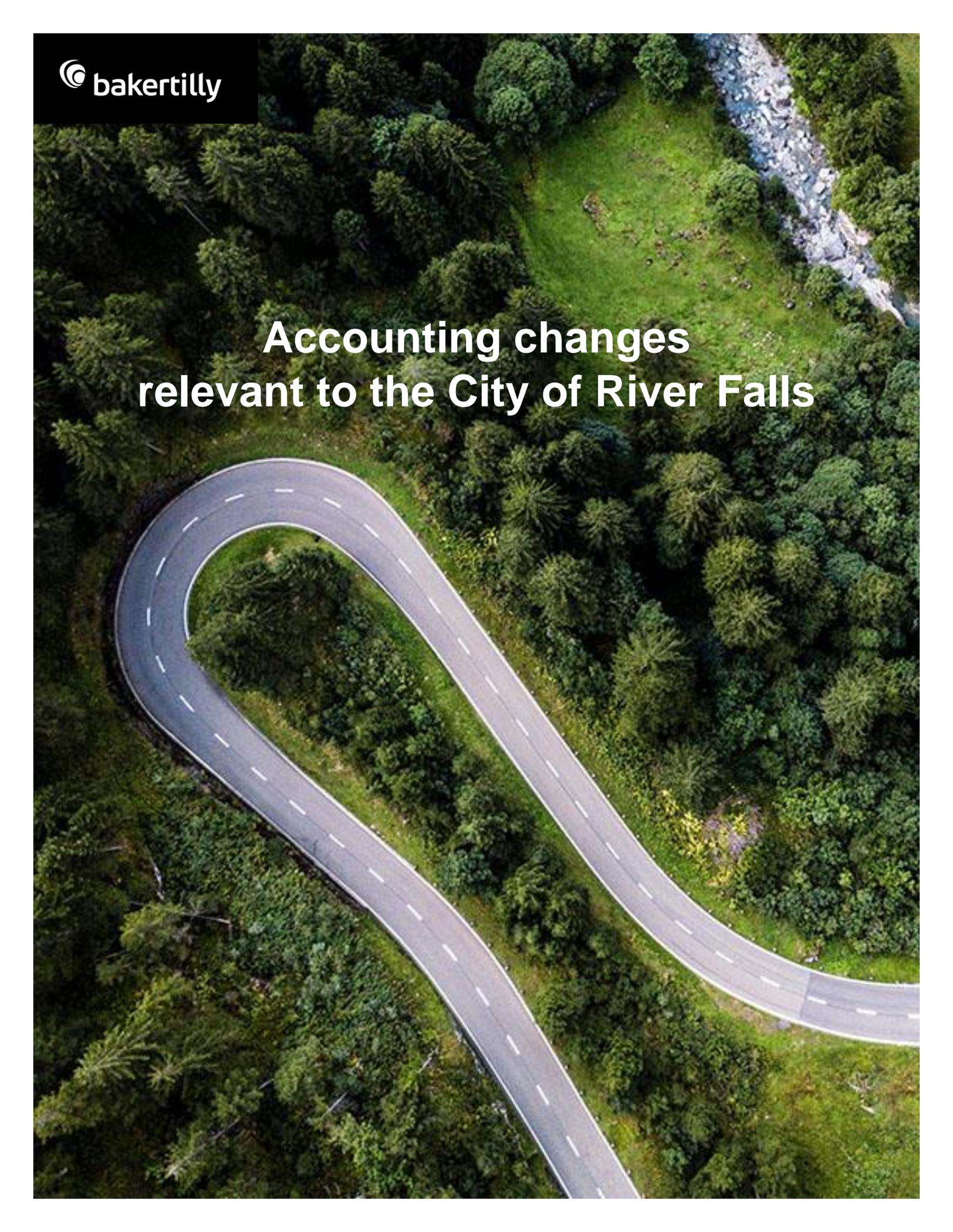
## Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries
- Compiled TIF financial statements

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.

None of these nonattest services constitute an audit under generally accepted auditing standards.

An aerial photograph of a winding asphalt road with white dashed lane markings, curving through a dense, lush green forest. In the upper right corner, a rocky stream flows through the trees. The overall scene is vibrant and natural.

# Accounting changes relevant to the City of River Falls

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# Accounting changes relevant to the City of River Falls

## Future accounting standards updates

| GASB Statement Number | Description  | Potentially Impacts you | Effective Date |
|-----------------------|--|-------------------------|----------------|
| 87                    | Leases   | ✓                       | 12/31/22       |
| 89                    | Accounting for Interest Incurred before the End of a Construction Period | ✓                       | 12/31/21       |
| 91                    | Conduit Debt   | ✓                       | 12/31/22       |

Further information on upcoming [GASB pronouncements](#)

## Preparing for the new lease standard

GASB's new single model for lease accounting will be effective for the upcoming year. This standard will require governments to identify and evaluate- contracts that convey control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Contracts meeting the criteria for control, term and other items within the standard will result in recognizing a right to use asset and lease liability or a receivable and deferred inflow of resources.

We recommend the city review this standard and start planning now as to how this will affect your financial reporting. We recommend that you begin by completing an inventory of all contracts that might meet the definition of a lease. The contract listing should include key terms of the contracts such as:

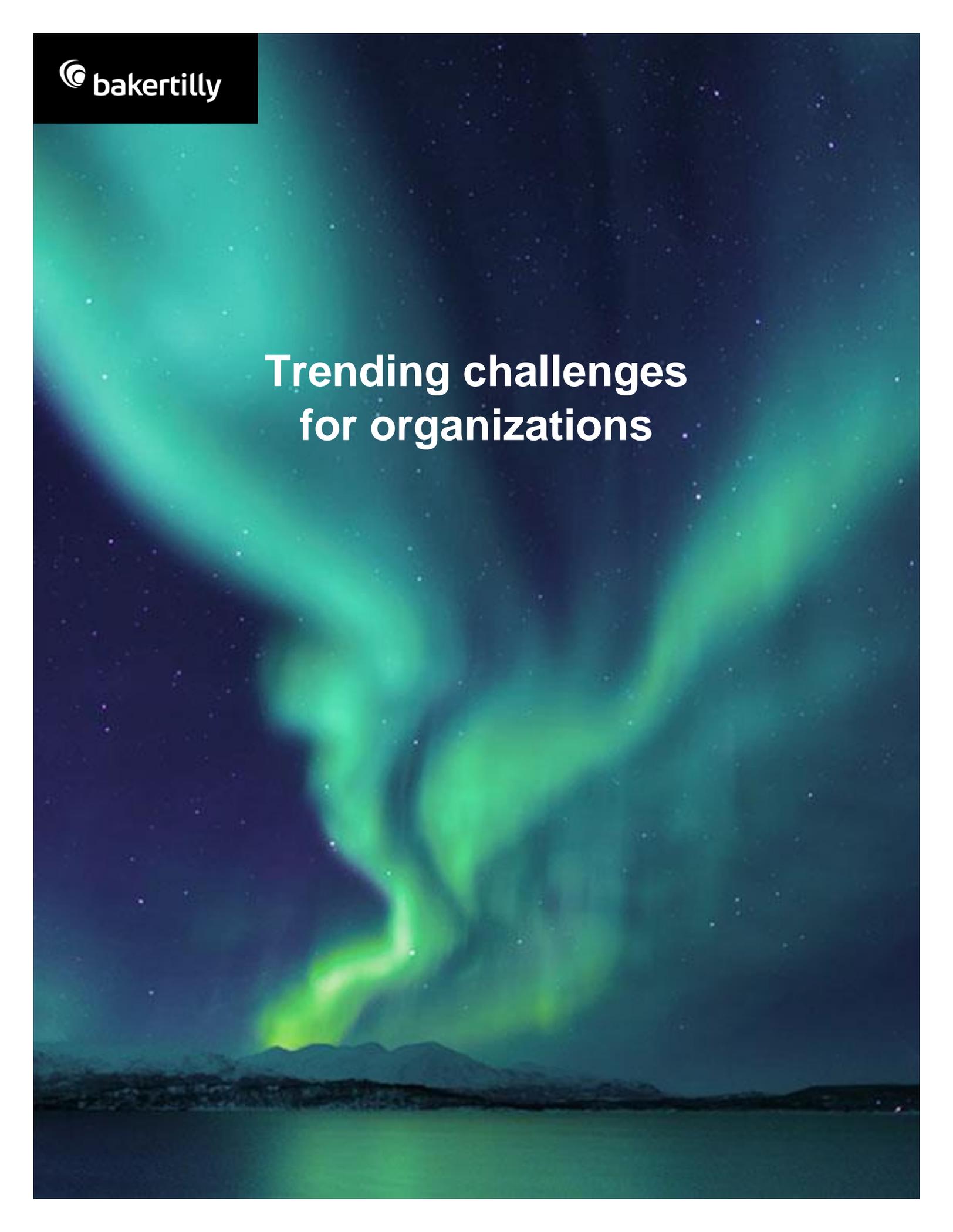
- Description of contract
- Underlying asset
- Contract term
- Options for extensions and terminations
- Service components, if any
- Dollar amount of lease

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.

Learn more about [GASB 87](#).

## **Planning for the new conduit debt reporting**

Conduit debt includes arrangements where there are three separate parties involved including a third party that is obligated for payment, a debt holder or lender and an issuing party, which is often a government. This standard provides additional criteria for identifying and classifying conduit debt with the intent of providing consistency in how the debt is recorded and reported in governmental financial statements. The city should identify any existing debt arrangements involving third party obligors and evaluate how those arrangements will be reported under the new standard in order to determine the potential impact of this standard on future financial reporting.

A photograph of the Aurora Borealis (Northern Lights) in shades of green and teal, dancing across a dark, starry night sky. The lights are reflected in a calm body of water in the foreground, with dark mountain ranges visible on the horizon.

# Trending challenges for organizations

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# Trending challenges for organizations

Management and the governing body of the city must keep the future in mind as they evaluate strategies to achieve future growth. Keeping a balance between risk and sustainability is key, and organizations need to think beyond their immediate needs to their long-term goals. Economic uncertainty, coupled with key risk areas and fast-paced technology change, make strategic planning complex. Begin the discussion with your management team to find your path to your future.

## 2020 strategic risks for boards



### Evaluating and mitigating the greatest risks

Public sector organizations face a multitude of internal and external risks in an evolving landscape. Risks can stem from strategy, finances, legal situations, operations, regulatory compliance, information technology, economic environment, and/or fraud, waste and abuse.

By employing a risk assessment, areas with the greatest needs and highest risks are evaluated. Then a risk mitigation plan can be developed and deployed.

Learn about [risk assessment](#) types, tools and strategies.

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## Cybersecurity

### Operational reporting on cybersecurity effectiveness

As boards engage management in cybersecurity risk discussions, directors should expect management to produce reports on the effectiveness of the organization's cybersecurity-risk management program. Management can (and should) collect and analyze relevant performance measures and metrics to determine if cybersecurity safeguards and controls are operating as intended, and whether any corrective action should be taken to strengthen management's risk-mitigation approaches. While not an exhaustive list, some key processes on which management should report include these:

- Incident management
- Risk management and governance
- Independent assurance on the cybersecurity program

[Learn more](#) about cybersecurity risk management.



[WATCH: On demand webinar about board governance over cybersecurity.](#)

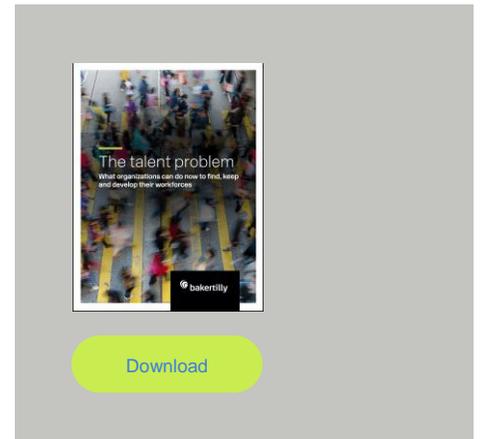
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## The talent problem

### Establishing a lifeline for your shifting workforce

Employee recruitment and retention challenges are an all too common struggle in the public sector:

- Aging workers with institutional knowledge retire
- High demand for small qualified candidate pool
- Perception of geographic disadvantages
- Wage/benefit competition with private sector
- Lean operations exclude investments in recruitment, on-the-job training and technology
- Unclear growth and career advancement tracks

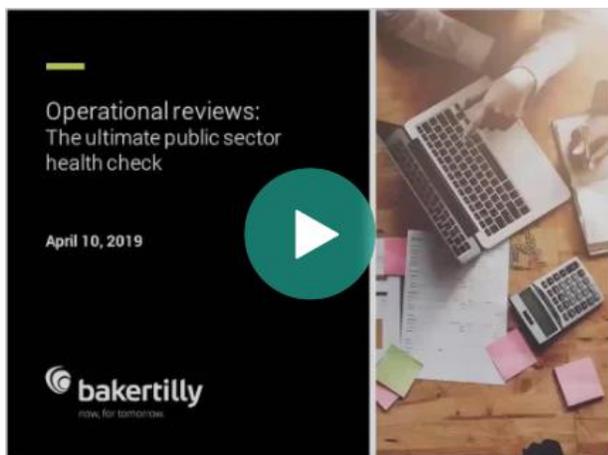


Sustainable organizations must have a robust workforce development and succession planning program. Learn how to get started and incorporate a workforce/succession planning program with existing operational practices.

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## Operational and organizational sustainability

### Aligning resources with strategy



As new demands confront the public sector industry, it's easy to solve an immediate problem instead of pausing to take a holistic view. Rippling inefficiencies, increasing financial pressures, taxing staff resources and plummeting constituent satisfaction can pile atop organizations already facing pressure to improve efficiency, effectiveness, relevance and financial viability.

An operational review follows a systematic, strategic approach to understanding an entity's operations and performance. Opportunities to improve processes, bolster internal controls and reduce costs are uncovered in order to realign organizational resources and strategic objectives.

Learn invaluable methods for [executing an operational review](#) while maintaining day-to-day operations.

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## COVID-19 risks and ongoing response

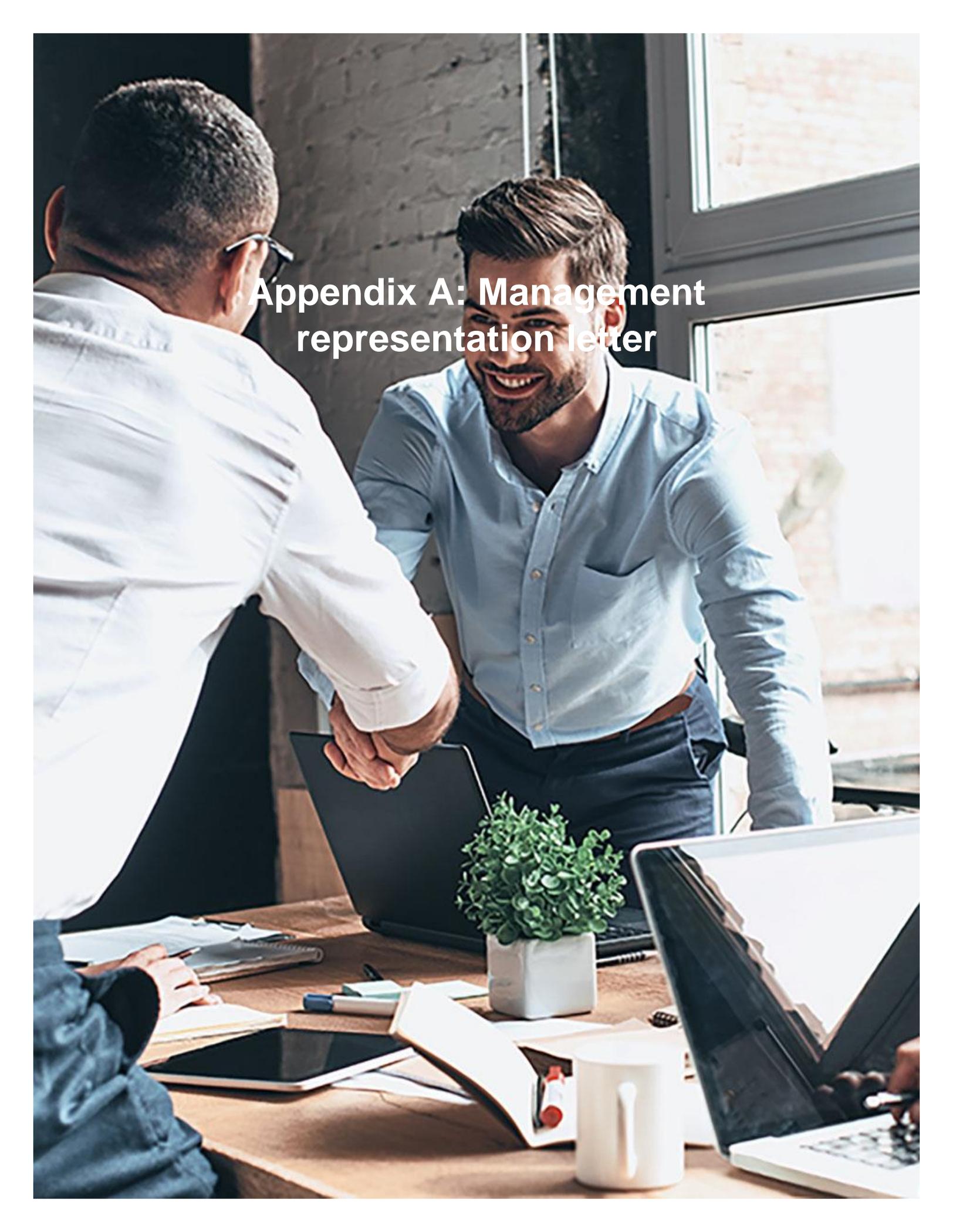
### Staying nimble and resilient during unprecedented disruption

COVID-19 has challenged all organizations and the effects continue to unfold. It is critical that management and governing bodies stay nimble to respond to direct and indirect effects of this disruption on operations, cash flow, and people. Some best practices to consider include:



- Establish mechanisms to track COVID-19 related expenses, lost revenues or delayed revenues
- Monitor cash flow projections and seek short term liquidity help
- Create a policy and forms for compliance with Family First Coronavirus Response Act
- Develop a strategy for leading your community through the crisis

Learn about public sector [Coronavirus resources](#), including the latest news on business continuity and cash flow management, Federal stimulus and tax developments, and more.

A photograph of two men in an office environment. The man on the left is seen from the back, wearing a white shirt and glasses. The man on the right is smiling and wearing a light blue button-down shirt. They are shaking hands over a desk. On the desk, there is a laptop, a small potted plant, a white mug, and some papers. A window is visible in the background, showing a view of a building.

## Appendix A: Management representation letter



June 15, 2020

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, 2019, 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 financial statement 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) We believe the effects of the uncorrected financial statement misstatements listed here are immaterial, both individually and in the aggregate, to the basic financial statements as a whole: grant revenue of \$221,126 was not accrued and recognized as revenue in 2018 when the related expenditures were incurred. This revenue was recognized in 2019, when received, resulting in an overstatement of 2019 revenues and change in net position for its governmental activities. In addition, you have recommended adjusting journal entries, and we are in agreement with those adjustments.
- 9) All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.
- 10) 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.
- 11) Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

## **Information Provided**

- 12) 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.
- 13) 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.
- 14) 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.
- 15) 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.
- 16) 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.
- 17) There are no known related parties or related party relationships and transactions of which we are aware.

**Other**

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) 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.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) 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.
- 22) The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 23) 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.
- 24) 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.
- 25) 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*.

- 26) 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.
- 27) 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.
- 28) 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.
- 29) The financial statements properly classify all funds and activities.
- 30) 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.

- 31) 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.
- 32) 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.
- 33) Provisions for uncollectible receivables, if any, have been properly identified and recorded.
- 34) 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.
- 35) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 36) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 37) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
- 38) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 39) Tax-exempt bonds issued have retained their tax-exempt status.
- 40) We have appropriately disclosed the City of River Falls' 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.
- 41) 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.
- 42) 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.

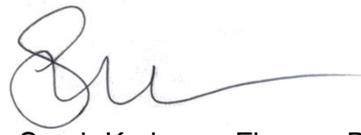
- b) If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 43) We assume responsibility for, and agree with, the findings of specialists in evaluating the other postemployment 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.
- 44) 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.
- 45) We have evaluated and considered all potential tax abatements and believe all material tax abatements have been properly reported and disclosed.
- 46) 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.
- 47) 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.
- 48) 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.
- 49) We are not aware of any material asset retirement obligations associated with our long-lived assets (i.e. asbestos or other hazardous material removal costs) that area required to be recorded in accordance with GASB Statement No. 83.
- 50) All activities that meet the criteria in GASB Statement No. 84 for presentation as fiduciary activities have been identified and presented as such.

51) Any direct borrowings, direct placements, lines of credit or debt default clauses have been identified and properly disclosed.

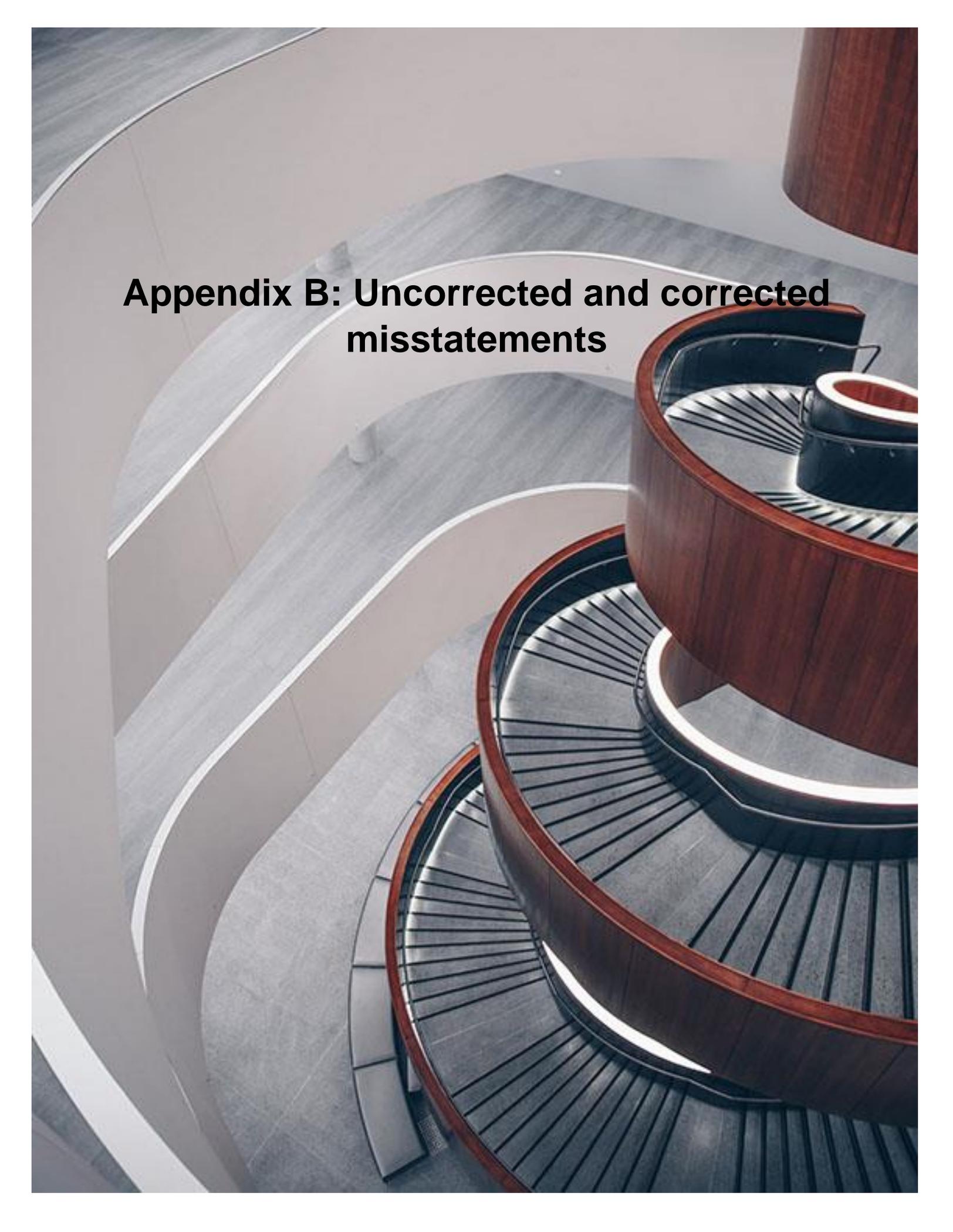
Sincerely,



Scot Simpson, City Administrator



Sarah Karlsson, Finance Director



**Appendix B: Uncorrected and corrected misstatements**

# Uncorrected misstatements

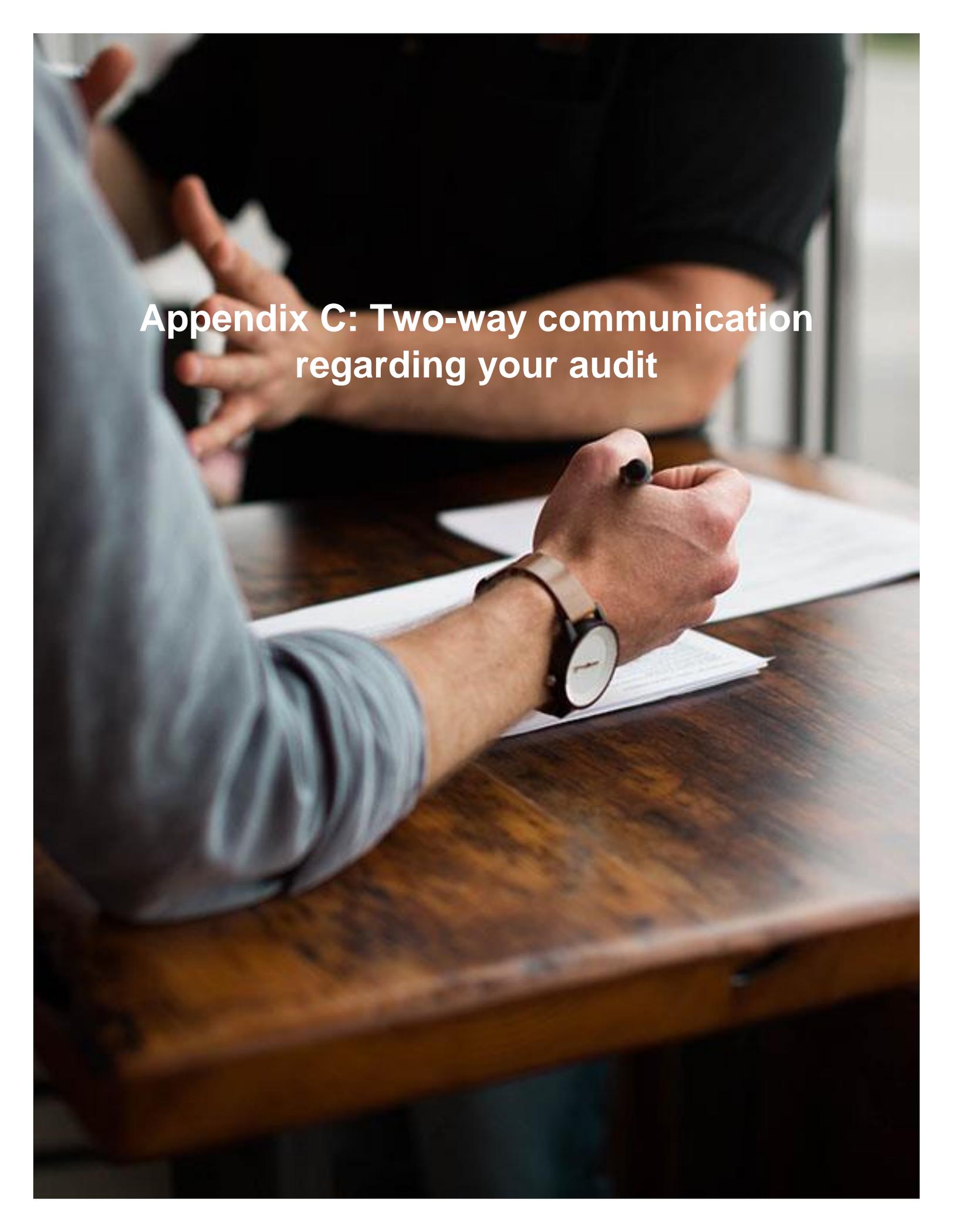
## Opinion unit – governmental activities

- Grant revenue of \$221,126 was not accrued and recognized as revenue in 2018 when the related expenditures were incurred. This revenue was recognized when received in 2019, resulting in an overstatement of 2019 revenues and change in net position for its governmental activities.

# Material corrected misstatements

| Description                                      | Opinion unit                  | Amount    |
|--|-------------------------------|-----------|
| Record receivable related to developer agreement | Water Utility Enterprise Fund | \$ 99,132 |

The remaining misstatements that were identified and corrected by management were not material individually or in the aggregate to the financial statements taken as a whole.

A close-up photograph of a person's hands and arms at a wooden table. The person is wearing a light blue long-sleeved shirt and a black watch with a white face. They are holding a black pen and writing on a white document. In the background, another person's hands are visible, gesturing during a conversation. The scene is set in a meeting or office environment.

**Appendix C: 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.
- c. 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.
- d. 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.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

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?

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

- a. The entity'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 financial audit work during the month of December, and sometimes early January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial 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.