

## PRELIMINARY OFFICIAL STATEMENT DATED JUNE 6, 2018

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

**New Issue**

**Rating Application Made: Moody's Investors Service, Inc.**

### CITY OF RIVER FALLS, WISCONSIN (Pierce and St. Croix Counties)

### \$3,505,000\* GENERAL OBLIGATION PARK BONDS, SERIES 2018A

**BID OPENING:** June 12, 2018, 11:00 A.M., C.T.

**CONSIDERATION:** June 12, 2018, 6:30 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$3,505,000\* General Obligation Park Bonds, Series 2018A (the "Bonds") of the City of River Falls, Wisconsin (the "City") are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of financing parks and public grounds projects. The Bonds are valid and binding general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

**DATE OF BONDS:** July 2, 2018

**MATURITY:** April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$170,000	2024	\$220,000	2029	\$250,000
2020	200,000	2025	225,000	2030	260,000
2021	205,000	2026	230,000	2031	270,000
2022	210,000	2027	235,000	2032	280,000
2023	215,000	2028	245,000	2033	290,000

**\*MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BONDS:** See "Term Bond Option" herein.

**INTEREST:** April 1, 2019 and semiannually thereafter.

**OPTIONAL REDEMPTION:** Bonds maturing on April 1, 2026 and thereafter are subject to call for prior optional redemption on April 1, 2025 or any date thereafter, at a price of par plus accrued interest.

**MINIMUM BID:** \$3,462,940.

**MAXIMUM BID:** \$3,715,300.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$70,100 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** U.S. Bank National Association, St. Paul, Minnesota.

**BOND COUNSEL &  
DISCLOSURE COUNSEL:** Quarles & Brady LLP.

**MUNICIPAL ADVISOR:** Ehlers and Associates, Inc.

**BOOK-ENTRY-ONLY:** See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).



## REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers & Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles and Brady LLP will serve as Disclosure Counsel to the City with respect to the Bonds. Compensation of Ehlers & Associates, Inc., payable entirely by the City, is contingent upon the sale of the Bonds.

## COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

**Preliminary Official Statement:** This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

**Review Period:** This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers & Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

**Final Official Statement:** Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

**Continuing Disclosure:** Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

## CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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**CITY OF RIVER FALLS  
COMMON COUNCIL**

		<u>Term Expires</u>
Dan Toland	Mayor	April 2020
Diane Odeen	Aldersperson	April 2019
Sean Downing	Aldersperson	April 2019
Christopher Gagne	Aldersperson	April 2019
Hal Watson	Aldersperson	April 2019
Michael Page	Aldersperson	April 2020
Scott Morrisette	Aldersperson	April 2020
Todd Bjerstedt	Aldersperson	April 2020

**ADMINISTRATION**

Scot Simpson	City Administrator
Julie Bergstrom	Assistant City Administrator
Amy White	City Clerk
Susan Langer	City Treasurer

**PROFESSIONAL SERVICES**

Weld Riley, City Attorney, Eau Claire, Wisconsin

Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin

Ehlers & Associates, Inc., Municipal Advisors, Roseville, Minnesota  
*(Other offices located in Waukesha, Wisconsin, Chicago, Illinois and Denver, Colorado)*

## INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of River Falls, Wisconsin (the "City") and the issuance of its \$3,505,000\* General Obligation Park Bonds, Series 2018A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution awarding the sale of the Bonds ("Award Resolution") to be adopted by the Common Council on June 12, 2018.

Inquiries may be directed to Ehlers & Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's Municipal Advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the link to the Bond Sales and following the directions at the top of the site.

## THE BONDS

### GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of July 2, 2018. The Bonds will mature on April 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2019, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected U.S. Bank National Association, St. Paul, Minnesota, to act as paying agent (the "Paying Agent"). The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

### OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after April 1, 2026 shall be subject to optional redemption prior to maturity on April 1, 2025 or on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

**AUTHORITY; PURPOSE**

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of financing parks and public grounds projects.

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>		
Par Amount of Bonds	<u>\$3,505,000</u>	
<b>Total Sources</b>		<b>\$3,505,000</b>
<b>Uses</b>		
Estimated Underwriter's Discount	\$42,060	
Costs of Issuance	49,500	
Deposit to Project Construction Fund	3,410,000	
Rounding Amount	<u>3,440</u>	
<b>Total Uses</b>		<b>\$3,505,000</b>

\*Preliminary, subject to change.

**SECURITY**

For the prompt payment of the Bonds with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the City will be irrevocably pledged. The City will levy a direct, annual, irrevocable tax on all taxable property in the City sufficient to pay the interest on the Bonds when it becomes due and also to pay and discharge the principal on the Bonds at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

**RATING**

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "Aa2" by Moody's Investors Service, Inc. ("Moody's").

The City has requested a rating on the Bonds from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

## **CONTINUING DISCLOSURE**

In order to assist the underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"), the City shall covenant to take certain actions pursuant to the Award Resolution adopted by the Common Council by entering into a Continuing Disclosure Certificate (the "Disclosure Undertaking") for the benefit of holders, including beneficial holders. The Disclosure Undertaking requires the City to provide electronically or in the manner otherwise prescribed certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule. The details and terms of the Disclosure Undertaking for the Bonds are set forth in Appendix D to be executed and delivered by the City at the time of delivery of the Bonds. Such Disclosure Undertaking will be in substantially the form attached hereto.

For the fiscal years ended December 31, 2012, December 31, 2013, December 31, 2014, December 31, 2015 and December 31, 2016 the City failed to provide certain of its operating data required for its water system revenue bonds. Except to the extent the preceding is deemed to be material, in the previous five years the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities to help ensure compliance in the future.

A failure by the City to comply with the Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system or any system that may be prescribed in the future. Investors will be able to access continuing disclosure information filed with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

## **LEGAL MATTERS**

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" attached as Appendix B.)

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

## **TAX EXEMPTION**

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

## **ORIGINAL ISSUE DISCOUNT**

To the extent that the initial public offering price of certain of the Bonds is less than the principal amount payable at maturity, such Bonds ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for



federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction. In the case of corporate owners of Discounted Bonds, a portion of the original issue discount that is accrued in each year will be included in adjusted current earnings for purposes of calculating the corporation's alternative minimum tax liability. Corporate owners of any Discounted Bonds should be aware that such accrual of original issue discount may result in an alternative minimum tax liability although the owners of such Discounted Bonds will not receive a corresponding cash payment until a later year. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

## **BOND PREMIUM**

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction

for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

## **MUNICIPAL ADVISOR**

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a Municipal Advisor.

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

## **INDEPENDENT AUDITORS**

The basic financial statements of the City for the fiscal year ended December 31, 2016 and the draft basic financial statements of the City for the fiscal year ended December 31, 2017 have been audited by Baker Tilly, Altoona, Wisconsin, independent auditors (the "Auditor"). The City expects delivery of the draft basic financial statements for the fiscal year ended December 31, 2017 substantially in the form attached hereto, but such financial statements are subject to final review by the City. The reports of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its reports included herein, any procedures on the financial statements addressed in the reports. The Auditor also has not performed any procedures relating to this Official Statement.

## RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

**Taxes:** The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

**State Actions:** Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

**Future Changes in Law:** Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

**Ratings; Interest Rates:** In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

**Tax Exemption:** If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Bonds may fall for purposes of resale. Noncompliance by the City with the covenants in the Award Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Bonds in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

**Continuing Disclosure:** A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

**Book-Entry-Only System:** The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

**Depository Risk:** Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

**Economy:** A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

**Secondary Market for the Bonds:** No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

**Bankruptcy:** The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

# VALUATIONS

## WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

### **Equalized Value**

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

### **Assessed Value**

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

## CURRENT PROPERTY VALUATIONS

	<b>Pierce County</b>	<b>St. Croix County</b>	<b>Total</b>
2017 Equalized Value	\$ 620,638,600	\$ 344,806,300	\$ 965,444,900
2017 Equalized Value Reduced by Tax Increment Valuation	\$ 606,847,500	\$ 313,398,400	\$ 920,245,900
2017 Assessed Value	\$ 578,879,200	\$ 322,184,300	\$ 901,063,500

## 2017 EQUALIZED VALUE BY CLASSIFICATION

	<b>2017 Equalized Value<sup>1</sup></b>	<b>Percent of Total Equalized Value</b>
Residential	\$ 720,213,800	74.599%
Commercial	200,811,800	20.800%
Manufacturing	27,203,300	2.818%
Agricultural	16,800	0.002%
Undeveloped	8,100	0.001%
Ag Forest	89,100	0.009%
Personal Property	17,102,000	1.771%
Total	<u>\$ 965,444,900</u>	<u>100.000%</u>

## TREND OF VALUATIONS

<b>Year</b>	<b>Assessed Value</b>	<b>Equalized Value<sup>1</sup></b>	<b>Percent Increase/Decrease in Equalized Value</b>
2013	\$939,324,200	\$803,507,800	-0.63%
2014	942,622,400	852,304,900	6.07%
2015	875,226,800	879,304,600	3.17%
2016	885,178,900	911,180,400	3.63%
2017	901,063,500	965,444,900	5.96%

**Source:** Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

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<sup>1</sup> Includes tax increment valuation.

## LARGER TAXPAYERS

<b>Taxpayer</b>	<b>Type of Business/Property</b>	<b>2017 Equalized Value<sup>1</sup></b>	<b>Percent of City's Total Equalized Value</b>
IGO Legacy Hotel Group Marshfield LLC	Hotel/Restaurant	\$ 7,430,991	0.77%
River Falls RCAC LLC	Senior Care	5,275,886	0.55%
Erickson's Diversified Corp	Grocery Store	4,968,289	0.51%
TW Equities LLC	Office/Warehouse	4,517,696	0.47%
Spirit SPE Portfolio 2006-1 LLC	Retail	4,424,707	0.46%
WISOTA LLC	Apartment	4,397,388	0.46%
WISOTA LLC	Apartment	3,785,185	0.39%
Health One Corp	Hospital	3,336,689	0.35%
River Valley Business Center LLC	Office Building	3,082,682	0.32%
Goldridge Group TH RF LLC	Senior Care	3,000,379	0.31%
<b>Total</b>		<b>\$ 44,219,892</b>	<b>4.58%</b>
City's Total 2017 Equalized Value <sup>2</sup>		\$965,444,900	

**Source:** The City.

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<sup>1</sup> Calculated by dividing the 2017 Assessed Values by the 2017 Aggregate Ratio of assessment for the City.

<sup>2</sup> Includes tax increment valuation.

## DEBT

### DIRECT DEBT<sup>1</sup>

#### General Obligation Debt (see schedules following)

Total General Obligation Debt* (includes the Bonds)	<u><u>\$ 20,002,621</u></u>
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#### Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues	<u><u>\$ 5,741,621</u></u>
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Total revenue debt secured by water revenues	<u><u>\$ 1,585,000</u></u>
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Total revenue debt secured by electric revenues* (includes the Concurrent Obligations, as defined herein)	<u><u>\$ 2,600,000</u></u>
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\*Preliminary, subject to change.

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<sup>1</sup> Outstanding debt is as of the dated date of the Bonds.



**CITY OF RIVER FALLS, WISCONSIN**  
Schedule of Bonded Indebtedness  
General Obligation Debt Outstanding  
(As of July 2, 2018)

Dated Amount	GO Refunding Bonds Series 2011B		Taxable GO Refunding Bonds Series 2012A		GO Refunding Bonds Series 2012B		Promissory Note	
	7/06/11 \$1,740,000	5/01	3/22/12 \$4,560,000	3/01	9/20/12 \$3,765,000	5/01	11/12/13 \$250,000	11/12
Maturity	5/01	5/01	3/01	3/01	5/01	5/01	11/12	11/12
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018		1,813		30,321		17,300		927
2019	145,000	1,813	420,000	56,180	295,000	30,913	51,790	
2020			420,000	46,730	305,000	23,413		
2021			425,000	36,643	315,000	16,450		
2022			135,000	29,720	325,000	10,050		
2023			135,000	25,974	340,000	3,400		
2024			140,000	21,950				
2025			145,000	17,603				
2026			150,000	12,955				
2027			155,000	7,988				
2028			160,000	2,720				
2029								
2030								
2031								
2032								
2033								
2034	145,000	3,625	2,285,000	288,793	1,580,000	101,525	51,790	927

**CITY OF RIVER FALLS, WISCONSIN**  
**Schedule of Bonded Indebtedness (cont.)**  
**General Obligation Debt Outstanding**  
**(As of July 2, 2018)**

Fiscal Year Ending	GO Corp Purpose Bonds Series 2014A		State Trust Fund Loan		State Trust Fund Loan		Promissory Note		
	Dated Amount	Maturity	8/12/14 \$5,425,000	7/01/15 \$1,600,000	10/21/15 \$269,800	10/21/15 \$575,000	4/15 & 10/15	Principal	Interest
2018			Principal	Principal	Principal	Principal			
2019			Interest	Interest	Interest	Interest			
2020			Principal	Principal	Principal	Principal			
2021			Interest	Interest	Interest	Interest			
2022			Principal	Principal	Principal	Principal			
2023			Interest	Interest	Interest	Interest			
2024			Principal	Principal	Principal	Principal			
2025			Interest	Interest	Interest	Interest			
2026			Principal	Principal	Principal	Principal			
2027			Interest	Interest	Interest	Interest			
2028			Principal	Principal	Principal	Principal			
2029			Interest	Interest	Interest	Interest			
2030			Principal	Principal	Principal	Principal			
2031			Interest	Interest	Interest	Interest			
2032			Principal	Principal	Principal	Principal			
2033			Interest	Interest	Interest	Interest			
2034			Principal	Principal	Principal	Principal			
			5,225,000	1,448,306	487,623	219,350	431,250		51,466



**CITY OF RIVER FALLS, WISCONSIN**  
**Schedule of Bonded Indebtedness**  
**Debt Being Paid From Sewer Revenues**  
**(As of July 2, 2018)**

**Sewerage Sys Rev Bonds Series 2005**      **Sewerage Sys Rev Bonds Series 2016A**

Fiscal Year Ending	Sewerage Sys Rev Bonds Series 2005		Sewerage Sys Rev Bonds Series 2016A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
	Dated Amount	Maturity	Dated Amount	Maturity						
2018						55,675	74,713	5,741,621	0.00%	2018
2019	182,359		200,000		382,359	109,350	527,282	5,359,262	6.66%	2019
2020	187,367		200,000		387,367	105,350	523,213	4,971,895	13.41%	2020
2021	192,512		205,000		397,512	101,300	524,093	4,574,383	20.33%	2021
2022	197,798		210,000		407,798	97,150	524,870	4,166,585	27.43%	2022
2023	203,230		215,000		418,230	92,900	525,546	3,748,355	34.72%	2023
2024	208,811		220,000		428,811	88,550	526,119	3,319,544	42.18%	2024
2025	214,544		225,000		439,544	84,100	526,590	2,880,000	49.84%	2025
2026			225,000		225,000	79,600	304,600	2,655,000	53.76%	2026
2027			230,000		230,000	75,050	305,050	2,425,000	57.76%	2027
2028			240,000		240,000	69,150	309,150	2,185,000	61.94%	2028
2029			245,000		245,000	61,875	306,875	1,940,000	66.21%	2029
2030			255,000		255,000	54,375	309,375	1,685,000	70.65%	2030
2031			260,000		260,000	46,650	306,650	1,425,000	75.18%	2031
2032			270,000		270,000	38,700	308,700	1,155,000	79.88%	2032
2033			275,000 <sup>(1)</sup>		275,000	30,525	305,525	880,000	84.67%	2033
2034			285,000 <sup>(1)</sup>		285,000	22,125	307,125	595,000	89.64%	2034
2035			295,000 <sup>(1)</sup>		295,000	13,425	308,425	300,000	94.77%	2035
2036			300,000 <sup>(1)</sup>		300,000	4,500	304,500	0	100.00%	2036
			4,355,000		5,741,621	1,386,780	7,128,401			

(1) Mandatory redemption amounts.

**CITY OF RIVER FALLS, WISCONSIN**  
**Schedule of Bonded Indebtedness**  
**Debt Being Paid From Water Revenues**  
**(As of July 2, 2018)**

**Water Sys Rev Bonds**  
**Series 2011A**

Dated Amount	Maturity	7/06/11 \$2,125,000		5/01					
Fiscal Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Coverage	Fiscal Year Ending
2018		29,970		29,970		1,585,000	0.00%		2018
2019	100,000 (1)	58,640	100,000	58,640	158,640	1,485,000	6.31%		2019
2020	100,000 (1)	55,840	100,000	55,840	155,840	1,385,000	12.62%		2020
2021	105,000 (1)	52,765	105,000	52,765	157,765	1,280,000	19.24%		2021
2022	105,000 (1)	49,405	105,000	49,405	154,405	1,175,000	25.87%		2022
2023	110,000 (1)	45,750	110,000	45,750	155,750	1,065,000	32.81%		2023
2024	115,000 (1)	41,695	115,000	41,695	156,695	950,000	40.06%		2024
2025	120,000 (1)	37,230	120,000	37,230	157,230	830,000	47.63%		2025
2026	125,000 (1)	32,450	125,000	32,450	157,450	705,000	55.52%		2026
2027	130,000 (1)	27,350	130,000	27,350	157,350	575,000	63.72%		2027
2028	135,000 (1)	21,915	135,000	21,915	156,915	440,000	72.24%		2028
2029	140,000 (1)	16,140	140,000	16,140	156,140	300,000	81.07%		2029
2030	145,000 (1)	10,010	145,000	10,010	155,010	155,000	90.22%		2030
2031	155,000 (1)	3,410	155,000	3,410	158,410	0	100.00%		2031
			1,585,000	482,570	2,067,570				

(1) Mandatory redemption amounts.

**Schedule of Bonded Indebtedness  
Debt Being Paid From Electric Revenues  
CITY OF RIVER FALLS, WISCONSIN  
As of July 2, 2018**

**Electric System  
Revenue Bonds,  
Series 2018B**

Dated Amount	7/2/2018 \$2,600,000*	Maturity	4/1	Fiscal Year Ending	Principal*	Interest*	Total Principal*	Total Interest*	Total P & I*	Principal Outstanding*	% Paid*	Fiscal Year Ending
2019	210,000	94,022	210,000	94,022	304,022	2,390,000	8.08%	2019				
2020	235,000	69,798	235,000	69,798	304,798	2,155,000	17.12%	2020				
2021	245,000	63,915	245,000	63,915	308,915	1,910,000	26.54%	2021				
2022	250,000	57,415	250,000	57,415	307,415	1,660,000	36.15%	2022				
2023	255,000	50,216	255,000	50,216	305,216	1,405,000	45.96%	2023				
2024	265,000	42,348	265,000	42,348	307,348	1,140,000	56.15%	2024				
2025	270,000	33,920	270,000	33,920	303,920	870,000	66.54%	2025				
2026	280,000	24,980	280,000	24,980	304,980	590,000	77.31%	2026				
2027	290,000	15,430	290,000	15,430	305,430	300,000	88.46%	2027				
2028	300,000	5,250	300,000	5,250	305,250	0	100.00%	2028				
	2,600,000	457,294	2,600,000	457,294	3,057,294							

\*Preliminary, subject to change.

## DEBT LIMIT

The constitutional general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$ 965,444,900
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 48,272,245
Less: General Obligation Debt (includes the Bonds)*	<u>(20,002,621)</u>
Unused Debt Limit*	<u>\$ 28,269,624</u>

## OVERLAPPING DEBT<sup>1</sup>

Taxing District	2017 Equalized Value <sup>2</sup>	% In City	Total G.O. Debt <sup>3</sup>	City's Proportionate Share
Pierce County	\$ 3,271,381,300	18.97%	\$ 20,890,000	\$ 3,962,833
St. Croix County	9,195,173,600	3.75%	61,442,353	2,304,088
Chippewa Valley Technical College District	24,615,539,473	3.92%	24,900,000	976,080
River Falls School District <sup>4</sup>	2,046,281,417	47.18%	61,045,000	<u>28,801,031</u>
City's Share of Total Overlapping Debt				<u>\$36,044,032</u>

<sup>1</sup> Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

<sup>2</sup> Includes tax increment valuation.

<sup>3</sup> Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

<sup>4</sup> The River Falls School District is in the process of selling \$37,960,000\* in General Obligation Corporate Purpose Bonds, Series 2018A on June 18, 2018 with an estimated closing date of July 12, 2018.

## DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$965,444,900	Debt/ Per Capita 15,417 <sup>1</sup>
Total General Obligation Debt*	\$ 20,002,621	2.07%	\$ 1,297.44
City's Share of Total Overlapping Debt	<u>36,044,032</u>	<u>3.73%</u>	<u>2,337.94</u>
Total*	\$ 56,046,653	5.81%	\$ 3,635.38

## DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

## FUTURE FINANCING

Concurrently with the Bonds, the City expects to issue \$2,600,000\* Electric System Revenue Bonds, Series 2018B (the "Concurrent Obligations"). The City also expects to issue roughly \$600,000 in general obligation debt to finance public improvements, including a trail, sometime in the next 12 months. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

\*Preliminary, subject to change.

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<sup>1</sup> Estimated 2017 population.



## TAX LEVIES AND COLLECTIONS

### Pierce County

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2013/14	\$3,308,418	100%	\$6.46
2014/15	3,485,671	100%	6.40
2015/16	3,674,329	100%	6.53
2016/17	3,837,001	100%	6.68
2017/18	4,103,042	In Process	6.76

### St. Croix County

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2013/14	\$1,594,434	100%	\$6.45
2014/15	1,686,078	100%	6.40
2015/16	1,748,555	100%	6.53
2016/17	1,898,769	100%	6.68
2017/18	2,118,958	In Process	6.76

Property tax statements are distributed to taxpayers by the town, village, and city clerks in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the

delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year.

**PROPERTY TAX RATES**

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

**Pierce County**

<b>Year Levied/ Year Collected</b>	<b>Schools<sup>1</sup></b>	<b>County</b>	<b>Local</b>	<b>Other<sup>2</sup></b>	<b>Total</b>
2013/14	\$12.53	\$6.13	\$6.46	\$0.17	\$25.29
2014/15	10.69	5.98	6.40	0.17	23.25
2015/16	11.12	5.78	6.53	0.17	23.60
2016/17	10.23	5.66	6.68	0.17	22.74
2017/18	9.96	6.00	6.76	0.00	22.72

**St. Croix County**

<b>Year Levied/ Year Collected</b>	<b>Schools<sup>1</sup></b>	<b>County</b>	<b>Local</b>	<b>Other<sup>2</sup></b>	<b>Total</b>
2013/14	\$12.53	\$3.83	\$6.45	\$0.19	\$23.01
2014/15	10.69	3.81	6.40	0.19	21.09
2015/16	11.12	3.72	6.53	0.19	21.57
2016/17	10.23	3.57	6.68	0.19	20.67
2017/18	9.96	3.57	6.76	0.00	20.29

**Source:** Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

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<sup>1</sup> The Schools tax rate reflects the composite rate of all local school districts and technical college district.

<sup>2</sup> Includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties, in turn, apportion the tax to the tax districts within their borders on the basis of full value. It also includes taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included. State property taxes were eliminated in the State's 2017 - 2019 budget act.

## LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Bonds were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Bonds.

# THE ISSUER

## CITY GOVERNMENT

The City was incorporated in 1885 and is governed by a Mayor and a seven-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to two-year terms. The appointed City Administrator, City Clerk and Assistant City Administrator are responsible for administrative details and financial records.

## EMPLOYEES; PENSIONS

The City employs a staff of 111 full-time, 25 part-time, and eight seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2015 ("Fiscal Year 2015"), the fiscal year ended December 31, 2016 ("Fiscal Year 2016") and the fiscal year ended December 31, 2017 ("Fiscal Year 2017"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$473,488, \$477,121 and \$503,724, respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2015.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2016, the total pension liability of the WRS was calculated as \$93.4 billion and the fiduciary net position of the WRS was calculated as \$92.6 billion, resulting in a net pension liability of \$0.8 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2017, the City reported a liability of \$413,365 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2016 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.05015113% of the aggregate WRS net pension liability as of December 31, 2016.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note IV.A in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

**Recognized and Certified Bargaining Units**

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining unit represents employees of the City:

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
River Falls Police Association	December 31, 2018

**OTHER POST EMPLOYMENT BENEFITS**

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to employees who have terminated their employment with the City and have satisfied specified eligibility standards through a single-employer plan. Membership of the plan consisted of 5 retirees receiving benefits and 67 active eligible plan members as of December 31, 2017, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every three years. Prior to fiscal years beginning after June 15, 2017, OPEB calculations were required to be prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board ("GASB 45") regarding retiree health and life insurance benefits, and related standards. For fiscal years beginning after June 15, 2017, OPEB calculations are required to be prepared in accordance with Statement No. 75 of the Governmental Accounting Standards Board ("GASB 75"). The City had an actuarial study for the plan prepared in accordance with GASB 75 by Nyhart, in March 2018 with an actuarial valuation date of December 31, 2017.

For Fiscal Year 2017, contributions to the plan totaled \$41,071. The City's current funding practice is to make annual contributions to the plan in amounts at least equal to the benefits paid to retirees in a particular year on a "pay-as-you-go" basis.

Under GASB 75, a net OPEB liability (or asset) is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position, which terms have similar meanings as under GASB 68 for pension plans.

As shown City's audited financial statements for Fiscal Year 2017, as of December 31, 2017, the plan's total OPEB liability was \$700,686 and the plan fiduciary net position was \$0, resulting in a net OPEB liability of \$700,686.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information regarding such actuarial assumptions, see Note IV.E. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

## **LITIGATION**

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

## **MUNICIPAL BANKRUPTCY**

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.



**FUNDS ON HAND** (as of April 30, 2018)

<b>Fund</b>	<b>Total Cash and Investments</b>
General Fund	\$ 3,790,981
Parking Improvement Fund	116,125
Taxi	933
Solid Waste	106,394
Library	896,555
Park Impact Fee	224,343
Fire Impact Fee	172,005
Library Trust	166,982
Park Land Acquisition	1,125
Environmental Utility Fee	1,288,535
Revolving Loan Fund	8,757
Housing Reserve Fund	679,533
Business Development / Tourism	352,908
TID #4 Industrial Park	3,828
TID #5 Whitetail Ridge Corp. Park	193,677
TID #8 (Cascade/Winter)	44,640
TID #9 (Downtown District)	22,132
TID #11 Industrial Park	4,683
2007 GO Notes	147,309
2012 Sterling Ponds	6,252
2009 City Hall Bonds	290,392
2014A GO Debt-Radio Road	171,852
General Capital Improvements	2,250,629
Capital Equipment	89,947
Electric	3,519,115
Water	1,745,686
Wastewater	4,453,550
Storm Water	404,743
Ambulance	673,097
Motor Pool	7,046
Maintenance Fund	26,773
Tax	108,734
Pooled Cash	1,276,100
<b>Total Funds on Hand</b>	<b>\$ 23,245,360</b>

## ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	<b>2015 Audit</b>	<b>2016 Audit</b>	<b>2017 Draft Audit</b>
<b>Electric</b>			
Total Operating Revenues	\$ 13,663,081	\$ 13,523,199	\$ 13,702,434
Less: Operating Expenses	<u>(12,306,864)</u>	<u>(12,346,129)</u>	<u>(12,699,469)</u>
Operating Income	\$ 1,356,217	\$ 1,177,070	\$ 1,002,965
Plus: Depreciation	785,398	812,396	789,972
Interest Income	<u>18,025</u>	<u>44,158</u>	<u>58,775</u>
Revenues Available for Debt Service	<u><u>\$ 2,159,640</u></u>	<u><u>\$ 2,033,624</u></u>	<u><u>\$ 1,851,712</u></u>
<b>Water</b>			
Total Operating Revenues	\$ 1,526,969	\$ 1,662,243	\$ 1,741,405
Less: Operating Expenses	<u>(1,236,696)</u>	<u>(1,227,375)</u>	<u>(1,307,626)</u>
Operating Income	\$ 290,273	\$ 434,868	\$ 433,779
Plus: Depreciation	397,234	410,838	441,491
Interest Income	<u>2,489</u>	<u>7,007</u>	<u>13,007</u>
Revenues Available for Debt Service	<u><u>\$ 689,996</u></u>	<u><u>\$ 852,713</u></u>	<u><u>\$ 888,277</u></u>
<b>Sewer</b>			
Total Operating Revenues	\$ 3,187,039	\$ 3,218,487	\$ 3,356,395
Less: Operating Expenses	<u>(2,425,907)</u>	<u>(2,268,143)</u>	<u>(2,251,369)</u>
Operating Income	\$ 761,132	\$ 950,344	\$ 1,105,026
Plus: Depreciation	563,321	592,720	667,086
Interest Income	<u>8,922</u>	<u>32,906</u>	<u>37,349</u>
Revenues Available for Debt Service	<u><u>\$ 1,333,375</u></u>	<u><u>\$ 1,575,970</u></u>	<u><u>\$ 1,809,461</u></u>

## GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete audited financial statements are available upon request. See Appendix A for the City's 2016 audited financial statements and a draft of the City's 2017 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2014 Audited	2015 Audited	2016 Audited	2017 Draft Audited	2018 Adopted Budget <sup>1</sup>
<b>Revenues</b>					
Taxes	\$ 2,825,691	\$ 3,123,052	\$ 3,506,465	\$ 3,897,058	\$ 3,710,066
Special assessments	788	16,226	703	44,135	0
Intergovernmental	3,149,417	3,212,804	3,227,273	3,245,913	3,247,211
Licenses and permits	165,353	171,080	408,250	358,334	195,200
Fines, forfeitures and penalties	209,890	192,822	194,402	196,573	205,000
Public charges for services	180,476	205,834	254,571	211,877	344,455
Intergovernmental charges for services	0	31,360	20,170	40,398	25,000
Interest	251,306	231,315	266,517	244,902	300,000
Miscellaneous	532,491	256,462	244,173	101,882	408,754
<b>Total Revenues</b>	<b>\$ 7,315,412</b>	<b>\$ 7,440,955</b>	<b>\$ 8,122,524</b>	<b>\$ 8,341,072</b>	<b>\$ 8,435,686</b>
<b>Expenditures</b>					
<b>Current:</b>					
General government	\$ 1,586,930	\$ 1,591,938	\$ 1,762,821	\$ 1,986,644	\$ 1,830,610
Public safety	3,230,550	3,303,188	3,469,993	3,506,208	3,623,419
Public works	1,848,618	1,936,547	2,012,340	2,156,824	2,319,564
Health services	8,446	6,508	3,710	1,864	10,040
Leisure	646,270	669,216	676,708	714,259	708,853
Conservation and development	542,007	577,119	637,497	714,215	759,405
Debt Service	257,958	385,135	246,927	234,944	193,270
<b>Total Expenditures</b>	<b>\$ 8,120,779</b>	<b>\$ 8,469,651</b>	<b>\$ 8,809,996</b>	<b>\$ 9,314,958</b>	<b>\$ 9,445,161</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (805,367)</b>	<b>\$ (1,028,696)</b>	<b>\$ (687,472)</b>	<b>\$ (973,886)</b>	<b>\$ (1,009,475)</b>
<b>Other Financing Sources (Uses)</b>					
Long term debt issue	\$ 0	\$ 166,130	\$ 0	\$ 0	\$ 0
Transfers from other funds	1,601,656	1,703,489	1,763,871	1,827,735	1,606,279
Transfers to other funds	(776,502)	(419,756)	(414,206)	(563,273)	(596,804)
Property sales	0	0	1,892,897	10,839	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 825,154</b>	<b>\$ 1,449,863</b>	<b>\$ 3,242,562</b>	<b>\$ 1,275,301</b>	<b>\$ 1,009,475</b>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ 19,787</b>	<b>\$ 421,167</b>	<b>\$ 2,555,090</b>	<b>\$ 301,415</b>	<b>\$ 0</b>
General Fund Balance January 1	6,662,486	6,682,273	7,103,440	9,658,530	9,959,945
General Fund Balance December 31	\$ 6,682,273	\$ 7,103,440	\$ 9,658,530	\$ 9,959,945	\$ 9,959,945
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	\$ 1,811,289	\$ 2,629,777	\$ 5,348,989	\$ 6,838,653 <sup>2</sup>	
Restricted	0	0	0	0	
Committed	0	0	0	0	
Assigned	250,000	0	0	0	
Unassigned	4,620,984	4,473,663	4,309,541	3,121,292 <sup>2</sup>	
<b>Total</b>	<b>\$ 6,682,273</b>	<b>\$ 7,103,440</b>	<b>\$ 9,658,530</b>	<b>\$ 9,959,945</b>	

<sup>1</sup> The 2018 budget was adopted on November 28, 2017.

<sup>2</sup> The City expects that these figures will be revised prior to the 2017 draft audit being finalized. Such revision is expected to reallocate approximately \$1,000,000 from Nonspendable Fund Balance to Unassigned Fund Balance. The total fund balance of \$9,959,945 is not expected to be affected.

## GENERAL INFORMATION

### LOCATION

The City, with a 2010 U.S. Census population of 15,000 and a current estimated population of 15,417, comprises an area of 6.56 square miles and is located approximately 30 miles east of the Minneapolis-St. Paul metropolitan area.

### LARGER EMPLOYERS<sup>1</sup>

Larger employers in the City include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
University of Wisconsin - River Falls	Post-secondary education	886
School District of River Falls	Elementary and secondary education	450
River Falls Area Hospital	Hospital	444
BioDiagnostics, Inc.	Genetic testing	180
Best Maid Cookie Company	Bakers	175
Vibrant Health	Medical clinic	148
The City	Municipal government and services	144
Minnesota Rubber & Plastics	Rubber and plastic component manufacturer	130
Family Fresh Market	Grocery store	130
Shopko	Retail Store	100

**Source:** *ReferenceUSA, written and telephone survey (March 2018), and Allina Health website.*

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<sup>1</sup> This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data.

## BUILDING PERMITS

	2014	2015	2016	2017	2018 <sup>1</sup>
<u>New Single Family Homes</u>					
No. of building permits	57	52	50	59	12
Valuation	\$8,945,500	\$8,533,200	\$8,667,888	\$9,957,790	\$2,600,000
<u>New Multiple Family Buildings</u>					
No. of building permits	1	2	2	0	1
Valuation	\$400,000	\$800,000	\$800,000	\$0	\$795,000
<u>New Commercial/Industrial</u>					
No. of building permits	1	2	6	5	1
Valuation	\$40,000	\$1,317,381	\$31,488,311	\$3,535,704	\$1,000,000
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	172	187	263	257	58
Valuation	\$14,056,490	\$14,547,136	\$46,713,721	\$21,185,600	\$7,235,207

**Source:** The City.

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<sup>1</sup> Building permits are as of March 31, 2018

## U.S. CENSUS DATA

### Population Trend: City

2000 U.S. Census	12,560
2010 U.S. Census	15,000
2017 Estimated Population	15,417
Percent of Change 2000 - 2010	19.43%

### Income and Age Statistics

	City	Pierce County	State of Wisconsin	United States
2016 per capita income	\$24,876	\$30,009	\$29,253	\$29,829
2016 median household income	\$52,598	\$64,364	\$54,610	\$55,322
2016 median family income	\$76,272	\$80,211	\$69,925	\$67,871
2016 median gross rent	\$871	\$781	\$789	\$949
2016 median value owner occupied units	\$174,600	\$193,000	\$167,000	\$184,700
2016 median age	25.0 yrs.	36.0 yrs.	39.1 yrs.	37.7 yrs.
		State of Wisconsin	United States	
City % of 2016 per capita income		85.04%	83.40%	
City % of 2016 median family income		109.08%	112.38%	

### Housing Statistics

	<u>City</u>		
	2000	2016	Percent of Change
All Housing Units	4,345	5,575	28.31%

**Source:** 2000 and 2010 Census of Population and Housing, and 2016 American Community Survey (Based on a five-year estimate), U.S. Census Bureau ([www.factfinder2.census.gov](http://www.factfinder2.census.gov)).

## EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>		
	Pierce County	St Croix County	Pierce County	St Croix County	State of Wisconsin
2014	22,961	46,161	4.4%	4.5%	5.4%
2015	23,203	46,977	3.9%	3.8%	4.5%
2016	23,776	47,979	4.0%	3.8%	4.0%
2017	24,362	49,100	3.4%	3.1%	3.3%
2018, April	24,626	49,473	2.9%	2.8%	2.7%

**Source:** Wisconsin Department of Workforce Development.

**FINANCIAL STATEMENTS**

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City expects delivery of the draft basic financial statements for the fiscal year ended December 31, 2017 substantially in the form attached hereto, but such financial statements are subject to final review by the City. The City has not requested the Auditor to perform any additional examination, assessments or evaluation with respect to such financial statements since the date thereof, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

# **CITY OF RIVER FALLS**

River Falls, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016



**CITY OF RIVER FALLS**

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**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, 2016, 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, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit for the year ended December 31, 2016 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, 2016 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, 2016, 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, 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, 2016.

To the City Council  
City of River Falls

**Other Matters** (cont.)

*Supplementary Information* (cont.)

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of River Falls as of and for the year ended December 31, 2015 (not presented herein), and have issued our report thereon dated July 11, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information. The utility operating revenues and expenses statements for the year ended December 31, 2015 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the utility operating revenues and expenses statements is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2015.

*Baker Tilly Virchow Krause, LLP*

Altoona, Wisconsin  
June 28, 2017

**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, 2016. 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 decrease in net position of \$2.6 million. Total expenses for the primary government were \$36.3 million as compared with \$29.6 million the previous year. Revenues for the period were \$33.7 million for a total net position of \$109.5 million at the end of 2016.

The City's governmental type funds reported combined ending fund balances of \$6.7 million at year end. Total assets increased \$2.9 million in part from the sale of property to Winfield Solutions for \$1.9 million and an increase in receivables of \$250,000.

Year end results for the City's enterprise funds include operating income of \$2.7 million, and a positive change in net position of \$3.2 million. Net position increased by \$709 thousand, \$1.2 million and \$920 thousand in the Water, Sewer and Stormwater funds, respectively, due mainly to capital contributions into these funds.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements:** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

- The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the total of the assets and deferred outflows of resources less the total of the liabilities and deferred inflows of resources reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

- The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include public safety (police and fire services), public works (roads, traffic controls, and transit), culture and recreation (parks, library and recreation), community development, general government, and interest on long-term debt. The business-type activities of the City include electric, water, sewer, storm water, and ambulance services.

The government-wide financial statements include not only the City of River Falls itself (known as the *primary government*), but also legally distinct entities for which the City has financial responsibility and accountability, known as component units. The component unit of the City is the River Falls Business Improvement District. This entity is described in Note III. 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.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

Total net position decreased by \$2.6 million or 2.3% to \$109.5 million at the close of fiscal year ended December 31, 2016. This decrease is a combined result of decreases to cash and investments and capital assets. In addition, GASB 68 activity (net pension liabilities) reduced restricted assets and deferred resources by \$2.3 million.

Net investment in capital assets comprises 80.8% 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 \$14.8 million or 13.5% of the City's net position, which is a decrease of \$2.3 million from the previous year. The total amount is allocated between business activities of \$12.6 million, \$0.8 million from governmental activities, and a government-wide adjustment of \$1.4 million for capital assets owned by the business-type activities, but financed by the debt of governmental activities. Unrestricted assets may be used to meet the City's ongoing obligations to citizens and creditors. Future infrastructure improvements for business-type activities will be funded from a combination of debt and unrestricted assets.

The remaining balance of the City's net position (5.7%), represents resources that are subject to internal or external restrictions on how they may be used. The tables below and the narrative that follows consider the operations of governmental and business-type activities separately.

The City is reporting three major governmental funds for 2016: General fund, Tax Increment District #10 fund 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 for the general fund to demonstrate compliance with the adopted budget.

The basic governmental funds financial statements can be found on pages 5 – 10 of this report.

- Proprietary funds are used when the City charges customers for the services it provides; whether to outside customers or to other units of the City. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, sewer, storm water, and ambulance service.

The proprietary funds financial statements can be found on pages 11 – 20 of this report.

- Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting for fiduciary funds is similar to that used for proprietary funds. The City of River Falls uses fiduciary funds to account for taxes collected for the benefit of overlapping tax jurisdictions.

The fiduciary financial statement can be found on page 21.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 – 79 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 that includes additional information for non-major governmental funds. Required supplementary information can be found on pages 80 – 84 of this report; supplementary information can be found on pages 85 – 119 of this report.

**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.

	City of River Falls Summary Statement of Activities			
	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
<b>Revenues</b>				
Program revenues:				
Charges for services	\$1,545,896	\$962,189	\$20,025,858	\$20,529,316
Operating grants and contributions	1,691,736	1,803,552	7,928	7,149
Capital grants and contributions	337,038	585,805	359,995	506,647
General revenues:				
Property taxes	6,516,489	6,108,137		6,516,489
Other taxes	206,857	196,109		206,857
Intergovernmental	2,060,046	2,028,971		2,060,046
Investment earnings	292,193	77,301	86,926	29,880
Amortization of Gain			(277,008)	227,224
Miscellaneous	574,599	529,123	290,678	43,428
Total revenues	13,224,854	12,291,187	20,494,377	21,343,644
<b>Expenses</b>				
General government	2,292,977	2,055,542		2,292,977
Public safety	3,845,661	3,460,018		3,845,661
Public works	3,601,293	2,703,408		3,601,293
Health services	20,608	14,289		20,608
Leisure	2,283,152	1,807,310		2,283,152
Conservation and development	5,399,933	937,852		5,399,933
Interest and fiscal charges	769,927	551,832		769,927
Electric utility			12,428,023	12,393,923
Water utility			1,308,311	1,318,123
Sewer utility			2,539,447	2,539,447
Storm water utility			484,394	519,219
Ambulance service			1,299,966	1,196,273
Total expenses	18,213,551	11,530,251	18,060,141	18,025,920
Change in net position before transfers	(4,988,697)	760,936	2,434,236	3,317,724
Transfers	(686,847)	1,327,493	686,847	(1,327,493)
Increase in net position	(5,675,544)	2,088,429	3,121,083	1,990,231
Net position January 1	53,144,227	51,055,298	58,952,074	56,961,843
Net position December 31	\$ 47,468,683	\$ 53,144,227	\$ 62,073,157	\$ 58,952,074

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

	Governmental Activities		Business-Type Activities		Total
	2016	2015	2016	2015	
<b>Current and Other Assets</b>	\$ 18,231,588	\$ 20,308,023	\$ 16,452,384	\$ 16,549,882	\$ 34,683,972
Capital Assets	55,951,916	60,244,062	58,589,335	51,205,004	114,541,251
Total Assets	74,183,504	80,552,085	75,041,719	67,754,886	149,225,223
<b>Deferred Outflows of Resources</b>	3,599,383	901,933	1,362,439	739,344	4,961,822
Current Liabilities	3,467,661	2,991,065	1,874,271	1,421,964	5,341,932
Noncurrent Liabilities	18,702,555	18,797,801	12,004,832	8,120,192	30,707,387
Total Liabilities	22,170,216	21,788,866	13,879,103	9,542,156	36,049,319
Deferred Inflows of Resources	8,143,988	6,520,925	451,898	-	8,595,886
Net Investment in Capital Assets <sup>1</sup>	41,899,789	45,498,303	48,095,627	44,124,132	88,557,128
Restricted	4,765,598	5,252,437	1,416,902	1,901,102	6,182,500
Unrestricted <sup>1</sup>	803,296	2,393,487	12,560,628	12,926,840	14,802,212
Total Net Position	\$ 47,468,683	\$ 53,144,227	\$ 62,073,157	\$ 58,952,074	\$ 109,541,840
Total Net Position as a % of Total Liabilities/Deferred Inflows	157%	188%	433%	618%	245%
Unrestricted Net Position as a % of Total Liabilities/Deferred Inflows	3%	8%	88%	135%	33%

<sup>1</sup> See Note 1D.10 (pg 35) for detailed information of 2016 adjustments



**Governmental Activities:**

At the end of 2016, the City of River Falls' Governmental Activities had total assets and deferred outflows of resources of \$77.8 million and liabilities and deferred inflows of resources of \$30.3 million; resulting in a net position of \$47.5 million. This results in a decrease of \$5.7 million from the beginning of year. The net position is allocated with \$41.9 million representing capital assets net of related debt, \$4.8 million held for restricted purposes, and \$0.8 million available to meet the government's ongoing obligations to citizens and creditors. (Pages 1 – 2)

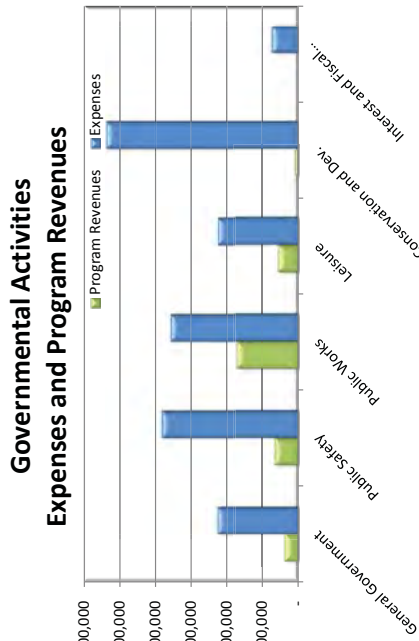
The primary reason for the decrease to net position is the purchase and contribution of land as part of tax incremental district developer incentives.

Revenues for the City's governmental activities, excluding transfers from other funds, totaled \$13.2 million, with property taxes encompassing 49.3% of the total. Intergovernmental revenues include \$2.1 million in state shared revenue and grants which account for 15.6% of annual revenues. Operating grants and capital grants contributions comprise 15.3% and charges for services account are 11.7% of total revenues; which include solid waste, environmental fees, permits, licenses and miscellaneous fees.

Governmental activities expenses totaled \$18.2 million with Public Safety, Public Works, Leisure Services, and Conservation and Development representing 83.1% of total expenditures. These activities increased by \$6.2 million from 2015.

When all revenue and funding sources are combined, including property taxes, investment earnings, inter-fund transfers, grants and contributions not restricted to specific programs, total expenditures exceeded revenues by \$5.7 million, resulting in a 10.7% decrease in net position.

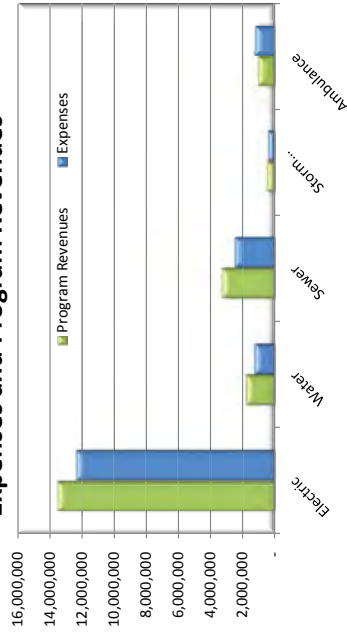
The accompanying graph exhibits the governmental activities expenses in comparison to program revenues exclusive of all grants and contributions.



**Business-Type Activities:**

Business-type activities increased the City's net position by \$3.1 million. Due to the enterprise nature of these activities, 97.7% of annual revenues are generated by charges for services. The Electric fund accounted for 66.5% of the program revenues, followed by Sewer with 16.4%. In 2016, business-type activities recognized \$359,995 in capital grants and contributions.

**Business-Type Activities Expenses and Program Revenues**



Key elements of the business-type activities in 2016 are as follows:

**Electric**

- The Electric fund's net position increased \$377,000 from the prior year to \$20.4 million. Overall, total assets and deferred outflows decreased by \$991,000, while total liabilities and deferred inflows increased \$614,000.
  - Cash and Receivables declined by \$173,000.
  - Construction in Progress increased by \$816,000.
  - Capital property and equipment increased \$1.1million.
  - Net pension asset and related amounts became net pension liabilities and related amounts of \$202,000, a total difference of \$31,000 from 2015.
- The Electric Utility's 2016 operating revenues were \$13.5 million, which is similar to 2015 results.
- Operating expenditures were \$12.3 million, which is similar to 2015 results.
- Total electric generation was comprised of 2.1 million kWh hydraulic and 122.4 million kWh purchased, for a total of 124.5 million kWh for 2016 compared to 121.3 million kWh in 2015. The utilities distribution energy losses were 2.6% in 2016 which increased from the 2015 rate of 1.7%.



### Water

- The Water fund's net position increased \$709,000 from the prior year to \$14.4 million.
- Total liabilities and deferred inflows increased \$362,000 as a result of amounts due to other funds and pension related liabilities.
- Operating revenues were \$1.7 million; an increase of \$135,000 from 2015, reflecting the adjustment in water rates. Operating expenditures decreased \$9,000.
- The net impact of increased revenues and reduced expenses resulted in an increase of operating income by \$145,000 as compared to 2015.
- Total gallons sold were 369.8 million, an increase of 5.5 million gallons from the prior year. Industrial, multi-family residential and irrigation classes increased water consumption 31%, 12% and 5% year over year respectively.

### Sewer

- The Sewer fund's net position increased \$1.2 million from the prior year to \$18.6 million.
- Total liabilities and deferred inflows increased \$4.0 million primarily as a result of debt issued to build a new wastewater treatment facility.
- Operating revenues are \$3.2 million, which is similar to the prior year.
- Operating expenses decreased \$158,000 as compared to the prior year. The operations and maintenance expenses decreased 10% while depreciation expenses increased by 5% from 2015.

### Storm Water

- The Storm Water fund's year end net position is \$6.9 million, an increase of \$920,000, primarily due to capital contribution into the fund of \$913,000.
- Significant projects taking place in 2016 were:
  - Sterling Ponds Phase 1 & 2
  - Chapman Drive reconstruction

### Ambulance

- The Ambulance fund's net position increased by \$39,000 in 2016 to an ending balance of \$2.2 million.
- Total Ambulance operating revenues decreased \$307,000 as compared to 2015.
- Capital assets increased with the acquisition of an additional ambulance vehicle.

### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City of River Falls uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As the City concluded the year, its governmental funds reported a combined fund balance of \$6.7 million, a decrease of \$1.55 million from the prior year. The General fund ended the year with \$4.3 million in unassigned fund balance which is available to meet the City's current and future needs. An additional \$5.3 million is considered non-spendable in the General Fund.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The 2016 budget was adopted at the function level of expenditures. General fund revenues and other financing sources exceeded expenditures and other financing uses by \$2,555,090. The primary reasons for this outcome was the sale of property to Winfield Solutions for \$1.9 million and higher than expected building permit revenue of \$113,000. Additionally, General Government, Public Safety, Public Works and Conservation and Development expenditures ended the year \$444,000 under budget.

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

#### Capital Assets

The City's investment in capital assets for its governmental and business-type activities at December 31, 2016, amounted to \$114.5 million (net of accumulated depreciation), an increase of 2.8% over 2015. 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 2016 include:
  - Street Infrastructure:
    - Sterling Ponds Phase 1 & 2
    - Paulson Road Upgrade
    - Chapman Drive construction
    - Kinnickinnic River trail
    - Radio Road Interchange
  - Machinery and Equipment:
    - 2016 Larue model D50
    - Freightliner Snow and Ice

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

Further details of the City's capital assets can be found on pages 45 - 52 in the notes to the financial statements.

#### Long-Term Debt

At December 31, 2016, the City had \$19.0 million of general obligation bonds and promissory notes outstanding; with \$2.1 million payable within one year. Of the total general obligation debt, \$3.1 million, or 16.3%, 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, 2016, the City's total amount applicable to debt margin (outstanding notes less debt service fund balance) was \$19.0 million or 42% of the legal limit of \$45,559,020. The net debt per capita equaled \$1,252 at year-end based with a year-end population of 15,180.

Further details of the City's long-term debt activity can be found in the notes to the financial statements within Note III section F starting on page 55.

#### **ECONOMIC FACTORS AND THE 2016 BUDGET AND RATES**

The 2015 – 2016 budget was approved by the City Council in November 2014. The proposed property tax levy of \$10.6 million combined for both years is less than the fiscal plan approved in 2013. The biennial budget for the General Fund does not incorporate the use of fund balance for operating expenditures. It is anticipated that increased revenues and additional cost savings in operations will result in a secure year-end financial condition.

The City completed a reassessment of all taxable properties in 2015 to realign the individual and property class values to current market rates. The reassessment reduced the City's total assessed value by \$67.4 million, or 7.1% from the prior year. For 2016, assessed values equaled 97.1% of equalized (market) values. On average, residential property values increased 4.6% and commercial properties increased 1.2%. The City's total equalized value increased by \$32 million or 3.6% in 2016, to a total of \$911,180,400.

#### **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, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Business Improvement District
<b>ASSETS</b>				
Cash and investments	\$ 8,853,063	\$ 12,378,835	\$ 21,231,898	\$ 34,315
Receivables (net)				
Taxes	6,859,785	2,375	6,862,160	-
Accounts	356,434	1,972,870	2,329,304	-
Special assessments	87,176	-	87,176	42,000
Accrued interest	11,573	-	11,573	-
Loans	796,770	28,993	825,763	-
Inventories and prepaid items	123,335	552,374	675,709	-
Due from other governmental units	65,768	-	65,768	-
Other receivables	-	46,961	46,961	-
Internal balances	830,219	(830,219)	-	-
Other assets	-	170,804	170,804	-
Restricted assets				
Cash and investments	247,465	2,129,273	2,376,738	-
Interest receivable	-	118	118	-
Capital Assets				
Land	12,968,147	349,167	13,317,314	-
Construction in progress	268,276	5,252,512	5,520,788	-
Other capital assets, net of depreciation	42,715,493	52,987,656	95,703,149	-
Total Assets	<u>74,183,504</u>	<u>75,041,719</u>	<u>149,225,223</u>	<u>76,315</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	368,788	150,357	519,145	-
Pension related amounts	3,230,595	1,212,082	4,442,677	-
Total Deferred Outflows of Resources	<u>3,599,383</u>	<u>1,362,439</u>	<u>4,961,822</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	552,850	1,596,438	2,149,288	-
Accrued liabilities	297,429	124,673	422,102	-
Accrued interest	145,903	49,538	195,441	-
Deposits	7,752	103,622	111,374	-
Unearned revenues	2,463,727	-	2,463,727	-
Noncurrent Liabilities				
Due within one year	1,797,470	1,199,126	2,996,596	-
Due in more than one year	16,905,085	10,805,706	27,710,791	-
Total Liabilities	<u>22,170,216</u>	<u>13,879,103</u>	<u>36,049,319</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenues	6,938,021	-	6,938,021	-
Pension related amounts	1,205,967	451,898	1,657,865	-
Total Deferred Inflows of Resources	<u>8,143,988</u>	<u>451,898</u>	<u>8,595,886</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)	\$ 41,899,789	\$ 48,095,627	\$ 88,557,128	\$ -
Restricted for				
Debt service	-	596,622	596,622	-
Capital asset repair and replacement	-	408,011	408,011	-
Impact fee projects	300,903	412,269	713,172	-
Library trust	164,969	-	164,969	-
Housing	630,009	-	630,009	-
Parking improvements	120,561	-	120,561	-
Refuse/solid waste	225,591	-	225,591	-
Environmental fee	2,913,957	-	2,913,957	-
Library	36,475	-	36,475	-
Taxi	58,807	-	58,807	-
Tax increment districts	142,552	-	142,552	-
Business incubator	171,774	-	171,774	-
Unrestricted	<u>803,296</u>	<u>12,560,628</u>	<u>14,802,212</u>	<u>76,315</u>
<b>TOTAL NET POSITION</b>	<u>\$ 47,468,683</u>	<u>\$ 62,073,157</u>	<u>\$ 109,541,840</u>	<u>\$ 76,315</u>

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,292,977	\$ 419,707	\$ -	\$ -
Public safety	3,845,661	117,258	577,635	-
Public works	3,601,293	626,480	781,782	337,038
Health services	20,608	-	-	-
Leisure	2,283,152	260,249	332,319	-
Conservation and development	5,399,933	122,202	-	-
Interest and fiscal charges	769,927	-	-	-
Total Governmental Activities	18,213,551	1,545,896	1,691,736	337,038
Business-type Activities				
Electric utility	12,428,023	13,523,199	-	45,617
Water utility	1,308,311	1,662,243	-	181,682
Sewer utility	2,539,447	3,218,487	-	132,696
Stormwater	484,394	516,938	-	-
Ambulance	1,299,966	1,104,991	7,928	-
Total Business-type Activities	18,060,141	20,025,858	7,928	359,995
Total Primary Government	\$ 36,273,692	\$ 21,571,754	\$ 1,699,664	\$ 697,033
Component Unit				
Business Improvement District	\$ 27,957	\$ 42,000	\$ -	\$ -

General Revenues

    Taxes

        Property taxes, levied for general purposes

        Property taxes, levied for debt service

        Property taxes, levied for TIF districts

        Other taxes

    Intergovernmental revenues not restricted to specific programs

    Investment income

    Amortization of gain on early retirement

    Miscellaneous

        Total General Revenues

Transfers - internal

**Change in net position**

NET POSITION - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Business Improvement District
\$ (1,873,270)	\$ -	\$ (1,873,270)	\$ -
(3,150,768)	-	(3,150,768)	-
(1,855,993)	-	(1,855,993)	-
(20,608)	-	(20,608)	-
(1,690,584)	-	(1,690,584)	-
(5,277,731)	-	(5,277,731)	-
(769,927)	-	(769,927)	-
<u>(14,638,881)</u>	<u>-</u>	<u>(14,638,881)</u>	<u>-</u>
-	1,140,793	1,140,793	-
-	535,614	535,614	-
-	811,736	811,736	-
-	32,544	32,544	-
-	(187,047)	(187,047)	-
-	<u>2,333,640</u>	<u>2,333,640</u>	<u>-</u>
<u>(14,638,881)</u>	<u>2,333,640</u>	<u>(12,305,241)</u>	<u>-</u>
-	-	-	14,043
5,063,930	-	5,063,930	-
369,384	-	369,384	-
1,083,175	-	1,083,175	-
206,857	-	206,857	-
2,060,046	-	2,060,046	-
292,193	86,926	379,119	-
-	(277,008)	(277,008)	-
<u>574,599</u>	<u>290,678</u>	<u>865,277</u>	<u>-</u>
<u>9,650,184</u>	<u>100,596</u>	<u>9,750,780</u>	<u>-</u>
<u>(686,847)</u>	<u>686,847</u>	<u>-</u>	<u>-</u>
(5,675,544)	3,121,083	(2,554,461)	14,043
<u>53,144,227</u>	<u>58,952,074</u>	<u>112,096,301</u>	<u>62,272</u>
<u>\$ 47,468,683</u>	<u>\$ 62,073,157</u>	<u>\$ 109,541,840</u>	<u>\$ 76,315</u>

See accompanying notes to financial statements.

**CITY OF RIVER FALLS**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2016

	<u>General Fund</u>	<u>Tax Increment District #10</u>	<u>General Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and investments	\$ 3,206,256	\$ -	\$ 2,651,442	\$ 2,978,826	\$ 8,836,524
Receivables					
Taxes	3,802,709	-	144,751	2,912,325	6,859,785
Accounts	188,657	-	-	167,777	356,434
Special assessments	54,808	-	32,368	-	87,176
Interest	8,373	-	-	3,200	11,573
Notes	-	-	269,800	526,970	796,770
Prepaid items and inventories	105,294	-	-	7,555	112,849
Due from other funds	2,170,163	-	-	700,000	2,870,163
Due from other governmental units	29,318	-	-	36,450	65,768
Advances to other funds	5,243,695	-	-	1,000,000	6,243,695
Restricted cash and investments	-	-	247,465	-	247,465
<b>TOTAL ASSETS</b>	<u>\$ 14,809,273</u>	<u>\$ -</u>	<u>\$ 3,345,826</u>	<u>\$ 8,333,103</u>	<u>\$ 26,488,202</u>

See accompanying notes to financial statements.

	General Fund	Tax Increment District #10	General Capital Projects	Nonmajor Governmental Funds	Totals
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 283,355	\$ 14,417	\$ 195,890	\$ 50,655	\$ 544,317
Accrued liabilities	275,137	-	-	16,565	291,702
Deposits	3,062	-	-	4,690	7,752
Unearned revenues	-	-	2,463,727	-	2,463,727
Due to other funds	700,000	1,350,813	-	310,490	2,361,303
Advances from other funds	-	2,549,982	-	3,693,713	6,243,695
Total Liabilities	<u>1,261,554</u>	<u>3,915,212</u>	<u>2,659,617</u>	<u>4,076,113</u>	<u>11,912,496</u>
Deferred Inflows of Resources					
Unearned revenues	3,802,188	-	223,508	2,912,325	6,938,021
Unavailable revenues	87,001	-	294,081	542,783	923,865
Total Deferred Inflows of Resources	<u>3,889,189</u>	<u>-</u>	<u>517,589</u>	<u>3,455,108</u>	<u>7,861,886</u>
Fund Balances					
Nonspendable	5,348,989	-	-	7,555	5,356,544
Restricted	-	-	171,774	4,217,126	4,388,900
Committed	-	-	-	793	793
Unassigned (deficit)	4,309,541	(3,915,212)	(3,154)	(3,423,592)	(3,032,417)
Total Fund Balances	<u>9,658,530</u>	<u>(3,915,212)</u>	<u>168,620</u>	<u>801,882</u>	<u>6,713,820</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 14,809,273</u>	<u>\$ -</u>	<u>\$ 3,345,826</u>	<u>\$ 8,333,103</u>	<u>\$ 26,488,202</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, 2016

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Total Fund Balances - Governmental Funds	\$ 6,713,820
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Amounts reported for governmental activities in the statement of net position are different because:

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

Land	12,968,147
Construction in progress	268,276
Other capital assets	60,060,817
Less: Accumulated depreciation	(17,345,324)
Less: Internal service fund included below	(351,826)

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.	923,865
--	---------

The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(573,047)
Add: Internal service fund included below	18,874

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	3,230,595
Less: Internal service fund included below	(97,075)

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,205,967)
Add: Internal service fund included below	39,719

Governmental funds report the effect of losses on refunding, discounts, and similar items when debt is first issued, whereas these items are deferred and amortized in the statement of activities.	(185,858)
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Internal service funds are reported in the statement of net position as governmental activities.	689,562
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Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(15,915,657)
Compensated absences	(945,323)
Accrued interest	(145,903)
Landfill post-closure care cost	(144,930)
Other post-employment benefits	(534,082)

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 47,468,683</u></b>
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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, 2016

	<u>General Fund</u>	<u>Tax Increment District #10</u>	<u>General Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>REVENUES</b>					
Taxes	\$ 3,506,465	\$ 5,282	\$ 108,064	\$ 3,103,535	\$ 6,723,346
Special assessments	703	-	4,279	2,500	7,482
Intergovernmental	3,227,273	-	934,192	545,259	4,706,724
Licenses and permits	408,250	-	-	-	408,250
Fines, forfeitures and penalties	194,402	-	-	-	194,402
Public charges for services	254,571	-	-	830,942	1,085,513
Intergovernmental charges for services	20,170	-	-	-	20,170
Investment income	266,517	-	5,048	19,728	291,293
Miscellaneous	244,173	1,956	2,466	215,360	463,955
Total Revenues	<u>8,122,524</u>	<u>7,238</u>	<u>1,054,049</u>	<u>4,717,324</u>	<u>13,901,135</u>
<b>EXPENDITURES</b>					
Current					
General government	1,762,821	-	-	-	1,762,821
Public safety	3,469,993	-	-	4,083	3,474,076
Public works	2,012,340	-	-	811,138	2,823,478
Health services	3,710	-	-	-	3,710
Leisure activities	676,708	-	-	1,111,983	1,788,691
Conservation and development	637,497	137,507	-	337,070	1,112,074
Capital Outlay	-	2,718,318	1,397,776	1,107,265	5,223,359
Debt Service					
Principal retirement	224,895	-	-	930,859	1,155,754
Interest and fiscal charges	22,032	105,111	-	576,554	703,697
Total Expenditures	<u>8,809,996</u>	<u>2,960,936</u>	<u>1,397,776</u>	<u>4,878,952</u>	<u>18,047,660</u>
Excess (deficiency) of revenues over expenditures	<u>(687,472)</u>	<u>(2,953,698)</u>	<u>(343,727)</u>	<u>(161,628)</u>	<u>(4,146,525)</u>

See accompanying notes to financial statements.

	<u>General Fund</u>	<u>Tax Increment District #10</u>	<u>General Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	\$ -	\$ -	\$ -	\$ 4,060,000	\$ 4,060,000
Premium on debt issued	-	-	-	235,744	235,744
Transfers from other funds	1,763,871	-	402,706	343,745	2,510,322
Transfers to other funds	(414,206)	(408,227)	(39,504)	(939,260)	(1,801,197)
Property sales	1,892,897	-	5,081	32,682	1,930,660
Payments to refunding escrow	-	-	-	(4,340,016)	(4,340,016)
Total Other Financing Sources (Uses)	<u>3,242,562</u>	<u>(408,227)</u>	<u>368,283</u>	<u>(607,105)</u>	<u>2,595,513</u>
<b>Net Change in Fund Balances</b>	2,555,090	(3,361,925)	24,556	(768,733)	(1,551,012)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>7,103,440</u>	<u>(553,287)</u>	<u>144,064</u>	<u>1,570,615</u>	<u>8,264,832</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 9,658,530</u>	<u>\$(3,915,212)</u>	<u>\$ 168,620</u>	<u>\$ 801,882</u>	<u>\$ 6,713,820</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, 2016

Net change in fund balances - total governmental funds	\$	(1,551,012)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		5,223,359
Some items reported as capital outlay were not capitalized		(4,201,753)
Some business-type activities' capital assets were paid for by the governmental activities		(2,035,911)
Depreciation is reported in the government-wide financial statements		(1,332,466)
Net book value of assets retired		(1,923,886)
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.		(742,728)
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		(4,060,000)
Principal repaid		5,073,905
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.		9,942
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.		109,949
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		(88,853)
Other postemployment benefits		(19,488)
Landfill post-closure care costs		9,270
Net pension liability		(1,418,075)
Deferred outflows of resources related to pensions		2,248,542
Deferred inflows of resources related to pensions		(1,166,248)
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.		189,909
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>(5,675,544)</u></b>

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2016

	<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	\$ 7,045,643	\$ 1,448,247	\$ 2,560,579
Receivables (net)			
Taxes	-	-	2,375
Accounts	1,208,521	142,504	300,266
Other accounts receivable	34,820	1,836	10,305
Current portion of loans receivable	10,063	-	-
Inventories	485,507	13,517	-
Prepaid items	15,729	8,527	12,932
Restricted Assets			
Redemption account	-	77,059	557,345
Interest receivable	118	-	-
Total Current Assets	8,800,401	1,691,690	3,443,802
Noncurrent Assets			
Restricted Assets			
Reserve account	-	164,920	509,669
Impact fee account	-	-	412,269
Replacement account	-	-	408,011
Capital Assets			
Land	107,127	23,120	117,622
Construction in progress	898,595	-	4,272,348
Property and equipment	25,269,649	20,226,170	28,700,061
Less: Accumulated depreciation	(13,282,994)	(5,648,321)	(9,594,863)
Other Assets			
Loan receivable	18,930	-	-
Preliminary survey and investigation	-	153,604	-
Nonutility property	-	-	17,200
Total Noncurrent Assets	13,011,307	14,919,493	24,842,317
Total Assets	21,811,708	16,611,183	28,286,119
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	-	150,357
Pension related amounts	435,932	184,778	261,086
Total Deferred Outflows of Resources	435,932	184,778	411,443

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals	
\$ 1,324,366	\$ 12,378,835	\$ 16,539
-	2,375	-
321,579	1,972,870	-
-	46,961	-
-	10,063	-
-	499,024	-
16,162	53,350	10,486
-	634,404	-
-	118	-
<u>1,662,107</u>	<u>15,598,000</u>	<u>27,025</u>
-	674,589	-
-	412,269	-
-	408,011	-
101,298	349,167	-
81,569	5,252,512	-
10,354,598	84,550,478	552,720
(3,036,644)	(31,562,822)	(200,894)
-	18,930	-
-	153,604	-
-	17,200	-
<u>7,500,821</u>	<u>60,273,938</u>	<u>351,826</u>
<u>9,162,928</u>	<u>75,871,938</u>	<u>378,851</u>
-	150,357	-
<u>330,286</u>	<u>1,212,082</u>	<u>97,075</u>
<u>330,286</u>	<u>1,362,439</u>	<u>97,075</u>

See accompanying notes to financial statements.

# CITY OF RIVER FALLS

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2016

	<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	\$ 1,272,757	\$ 21,336	\$ 282,883
Customer deposits	63,419	203	-
Accrued liabilities	66,881	10,964	12,145
Accrued interest	-	-	11,517
Due to other funds	-	342,596	-
Current portion of general obligation debt	-	-	635,000
Current portion of shared services notes payable	10,063	-	-
Current portion of compensated absences	62,352	27,344	31,369
Current portion of lease payable	-	-	-
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	95,000	247,742
Accrued interest	-	10,758	27,024
Total Current Liabilities	1,475,472	508,201	1,247,680
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	-	-	2,380,000
Revenue bonds	-	1,680,000	5,999,107
Unamortized debt premium	-	2,556	204,287
Shared services notes payable	17,175	-	-
Compensated absences	68,613	27,718	16,942
Other post-employment benefits	77,816	48,216	31,309
Lease payable	-	-	-
Net pension liability	75,457	31,849	47,411
Total Noncurrent Liabilities	239,061	1,790,339	8,679,056
Total Liabilities	1,714,533	2,298,540	9,926,736
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	158,797	67,026	99,777
Total Deferred Inflows of Resources	158,797	67,026	99,777
<b>NET POSITION</b>			
Net investment in capital assets	12,992,377	12,988,333	14,689,058
Restricted for			
Debt service	-	66,301	530,321
Replacement	-	-	408,011
Impact fee projects	-	-	412,269
Unrestricted	7,381,933	1,375,761	2,631,390
<b>TOTAL NET POSITION</b>	<b>\$ 20,374,310</b>	<b>\$ 14,430,395</b>	<b>\$ 18,671,049</b>

Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.

### NET POSITION BUSINESS-TYPE ACTIVITIES

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals	
\$ 19,462	\$ 1,596,438	\$ 8,533
40,000	103,622	-
34,683	124,673	5,727
239	11,756	-
-	342,596	166,264
74,962	709,962	-
-	10,063	-
15,294	136,359	-
-	-	12,021
-	342,742	-
-	37,782	-
<u>184,640</u>	<u>3,415,993</u>	<u>192,545</u>
-	2,380,000	-
-	7,679,107	-
-	206,843	-
-	17,175	-
21,235	134,508	-
16,001	173,342	-
-	-	22,849
<u>60,014</u>	<u>214,731</u>	<u>18,874</u>
<u>97,250</u>	<u>10,805,706</u>	<u>41,723</u>
<u>281,890</u>	<u>14,221,699</u>	<u>234,268</u>
<u>126,298</u>	<u>451,898</u>	<u>39,719</u>
<u>126,298</u>	<u>451,898</u>	<u>39,719</u>
7,425,859	48,095,627	316,956
-	596,622	-
-	408,011	-
-	412,269	-
<u>1,659,167</u>	<u>13,048,251</u>	<u>(115,017)</u>
<u>\$ 9,085,026</u>	<u>62,560,780</u>	<u>\$ 201,939</u>
	<u>(487,623)</u>	
	<u>\$ 62,073,157</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, 2016

	Business-type Activities - Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
<b>OPERATING REVENUES</b>			
Public charges for services	\$ 13,523,199	\$ 1,662,243	\$ 3,218,487
Total Operating Revenues	13,523,199	1,662,243	3,218,487
<b>OPERATING EXPENSES</b>			
Operation and maintenance	11,533,733	816,537	1,675,423
Depreciation	812,396	410,838	592,720
Total Operating Expenses	12,346,129	1,227,375	2,268,143
Operating Income (Loss)	1,177,070	434,868	950,344
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	-	-	-
Investment income	44,158	7,007	32,906
Interest and fiscal charges	-	(65,147)	(123,332)
Amortization of gain on early retirement	(277,008)	-	-
Debt issuance costs	-	-	(122,147)
Amortization of debt premium and amortization of loss on refunding	-	178	(2,102)
Miscellaneous	58,418	-	-
Total Nonoperating Revenues (Expenses)	(174,432)	(57,962)	(214,675)
Income (Loss) Before Contributions and Transfers	1,002,638	376,906	735,669
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	45,617	752,011	684,855
Transfers from other funds	-	-	-
Transfers to other funds	(670,950)	(419,602)	(181,947)
Total Contributions and Transfers	(625,333)	332,409	502,908
Change in Net Position	377,305	709,315	1,238,577
NET POSITION - Beginning of Year	19,997,005	13,721,080	17,432,472
<b>NET POSITION - END OF YEAR</b>	<b>\$ 20,374,310</b>	<b>\$ 14,430,395</b>	<b>\$ 18,671,049</b>

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

#### NET POSITION OF BUSINESS-TYPE ACTIVITIES

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>		Governmental Activities - Internal Service Funds
<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	
\$ 1,839,021	\$ 20,242,950	\$ 79,118
<u>1,839,021</u>	<u>20,242,950</u>	<u>79,118</u>
1,453,452	15,479,145	626,050
285,528	2,101,482	66,739
<u>1,738,980</u>	<u>17,580,627</u>	<u>692,789</u>
<u>100,041</u>	<u>2,662,323</u>	<u>(613,671)</u>
7,928	7,928	-
2,855	86,926	238
(3,561)	(192,040)	-
-	(277,008)	-
-	(122,147)	-
-	(1,924)	-
15,168	73,586	-
<u>22,390</u>	<u>(424,679)</u>	<u>238</u>
<u>122,431</u>	<u>2,237,644</u>	<u>(613,433)</u>
913,423	2,395,906	-
80,200	80,200	670,744
(156,765)	(1,429,264)	(30,805)
<u>836,858</u>	<u>1,046,842</u>	<u>639,939</u>
959,289	3,284,486	26,506
<u>8,125,737</u>	<u>59,276,294</u>	<u>175,433</u>
<u>\$ 9,085,026</u>	62,560,780	<u>\$ 201,939</u>
	<u>(487,623)</u>	
	<u>\$ 62,073,157</u>	

See accompanying notes to financial statements.

## CITY OF RIVER FALLS

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2016

	<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	\$ 13,417,487	\$ 1,692,504	\$ 3,197,504
Received from municipality for services	221,038	-	-
Paid to suppliers for goods and services	(10,645,759)	(109,315)	(1,378,367)
Paid to employees for services	(731,834)	(337,628)	(450,720)
Net Cash Flows From Operating Activities	<u>2,260,932</u>	<u>1,245,561</u>	<u>1,368,417</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	-	-	77,443
Investment income	44,040	7,007	32,906
Net Cash Flows From Investing Activities	<u>44,040</u>	<u>7,007</u>	<u>110,349</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Paid to municipality for tax equivalent	(388,864)	(296,728)	-
Debt retired	(9,848)	-	-
Transfers to/from other funds	(282,086)	(122,874)	(181,947)
Net Cash Flows From Noncapital Financing Activities	<u>(680,798)</u>	<u>(419,602)</u>	<u>(181,947)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt issued	-	-	4,510,000
Debt retired	-	(90,000)	(783,125)
Interest paid	-	(65,447)	(107,077)
Debt issuance costs	-	-	(5,623)
Acquisition and construction of capital assets	(1,791,327)	(760,782)	(4,163,675)
Capital contributions received	45,617	-	-
Impact fees received	-	181,682	132,696
Net Cash Flows From Capital and Related Financing Activities	<u>(1,745,710)</u>	<u>(734,547)</u>	<u>(416,804)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(121,536)	98,419	880,015
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>6,784,528</u>	<u>1,591,807</u>	<u>3,567,858</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 6,662,992</u>	<u>\$ 1,690,226</u>	<u>\$ 4,447,873</u>

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>		<u>Governmental Activities - Internal Service Funds</u>
<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	
\$ 2,005,188	\$ 20,312,683	\$ 79,118
-	221,038	-
(613,296)	(12,746,737)	(527,412)
<u>(809,741)</u>	<u>(2,329,923)</u>	<u>(185,547)</u>
<u>582,151</u>	<u>5,457,061</u>	<u>(633,841)</u>
-	77,443	-
<u>2,855</u>	<u>86,808</u>	<u>238</u>
<u>2,855</u>	<u>164,251</u>	<u>238</u>
-	(685,592)	-
-	(9,848)	-
<u>(76,565)</u>	<u>(663,472)</u>	<u>639,939</u>
<u>(76,565)</u>	<u>(1,358,912)</u>	<u>639,939</u>
-	4,510,000	-
(108,076)	(981,201)	(12,298)
(3,561)	(176,085)	-
-	(5,623)	-
(177,809)	(6,893,593)	(45,250)
-	45,617	-
<u>-</u>	<u>314,378</u>	<u>-</u>
<u>(289,446)</u>	<u>(3,186,507)</u>	<u>(57,548)</u>
218,995	1,075,893	(51,212)
<u>1,105,371</u>	<u>13,049,564</u>	<u>67,751</u>
<u>\$ 1,324,366</u>	<u>\$ 14,125,457</u>	<u>\$ 16,539</u>

See accompanying notes to financial statements.

## CITY OF RIVER FALLS

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 1,177,070	\$ 434,868	\$ 950,344
Nonoperating revenue	58,418	-	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	812,396	410,838	592,720
Depreciation charged to other funds	-	43,038	(43,038)
Unfunded postemployment benefits obligation	2,839	1,759	1,142
Changes in assets and liabilities			
Accounts receivable	43,741	(10,942)	23,039
Other accounts receivable	17,643	(1,836)	(984)
Inventories	32,990	(421)	-
Prepaid items	14,392	7,174	14,207
Accounts payable	76,436	2,644	(184,821)
Due to other funds	-	342,596	-
Accrued liabilities	(32,355)	558	(2,250)
Customer deposits	(4,477)	1	-
Compensated absences	30,622	6,253	7,709
Pension related deferrals and liability	31,217	9,031	10,349
	<b>\$ 2,260,932</b>	<b>\$ 1,245,561</b>	<b>\$ 1,368,417</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>			
Cash and investments	\$ 7,045,643	\$ 1,448,247	\$ 2,560,579
Restricted cash and investments	-	241,979	1,887,294
Total Cash and Investments	7,045,643	1,690,226	4,447,873
Less: Noncash equivalents	(382,651)	-	-
	<b>\$ 6,662,992</b>	<b>\$ 1,690,226</b>	<b>\$ 4,447,873</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets contributed by TIF	\$ -	\$ 570,329	\$ 552,159

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals	
\$ 100,041	\$ 2,662,323	\$ (613,671)
23,096	81,514	-
285,528	2,101,482	66,739
-	-	-
-	5,740	-
133,071	188,909	-
-	14,823	-
-	32,569	-
7,222	42,995	10,473
10,960	(94,781)	(10,122)
-	342,596	(77,827)
3,931	(30,116)	793
10,000	5,524	-
5,766	50,350	-
<u>2,536</u>	<u>53,133</u>	<u>(10,226)</u>
<u>\$ 582,151</u>	<u>\$ 5,457,061</u>	<u>\$ (633,841)</u>
\$ 1,324,366	\$ 12,378,835	\$ 16,539
-	<u>2,129,273</u>	-
<u>1,324,366</u>	14,508,108	16,539
-	<u>(382,651)</u>	-
<u>\$ 1,324,366</u>	<u>\$ 14,125,457</u>	<u>\$ 16,539</u>
<u>\$ 913,423</u>		<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF RIVER FALLS**

STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUND  
As of December 31, 2016

---

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 1,718,624
Receivables	
Taxes	<u>11,637,499</u>
<b>TOTAL ASSETS</b>	<u>\$ 13,356,123</u>
<b>LIABILITIES</b>	
Due to other taxing units	<u>\$ 13,356,123</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 13,356,123</u>

See accompanying notes to financial statements.

**CITY OF RIVER FALLS**

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As of and for the Year Ended December 31, 2016

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**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**A. REPORTING ENTITY**

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

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



CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

*Discretely Presented Component Unit*

*Business Improvement District*

The government-wide financial statements include the Business Improvement District ("BID") as a component unit. The BID is a legally separate organization. The board of the BID is appointed by the mayor of the City of River Falls. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the BID, and also create a potential financial benefit to or burden on the city. See Note III.1. 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, 2016. The BID does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In February 2015, the GASB issued statement No. 72 - *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

In August 2015, the GASB issued Statement No. 77 - *Tax Abatement Disclosures*. This statement addresses accounting and financial reporting issues related to tax abatements. This standard was implemented January 1, 2016.

*Government-Wide Financial Statements*

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

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

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

*Fund Financial Statements*

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

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

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

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

The city reports the following major governmental funds:

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

The city reports the following major enterprise funds:

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE 1 - 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:

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

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

Notes  
Bonds

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

Capital Equipment

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

Stormwater  
Ambulance

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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

**Fund Financial Statements (cont.)**

In addition, the city reports the following fund types:

Internal Service Funds - used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis.

City Hall  
Motor Pool  
Technology

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

Tax Collection Fund

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

**Government-Wide Financial Statements**

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

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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

**Fund Financial Statements**

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

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

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

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

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

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

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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

**All Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

**1. Deposits and Investments**

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

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

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

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

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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

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

**Custodial Credit Risk**

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

**Credit Risk**

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

**Concentration of Credit Risk**

The city will diversify investments according to the following limits:

1. No financial institutions shall hold more than 15% of the city's investment portfolio excluding short-term construction bond proceeds.
2. Monies deposited at an individual financial institution shall not exceed 10% of the capital stock and surplus of that institution.
3. Commercial paper shall not exceed 10% of the city's portfolio.
4. Deposits in the Wisconsin State Investment Pool shall not exceed 50% of the investment portfolio, with the exception of annual property tax collections, which are generally invested for 30 days or less.
5. Financing for city projects, for a term not more than five years, shall not exceed 15% of the portfolio.
6. Total holdings of any one issuer may not exceed 10% of the market value of the portfolio at the time of purchase, with the exception of U.S. government issues fully guaranteed as to both principal and interest by the U.S. government or agencies thereof.

**Interest Rate Risk**

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III. A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2016, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

**2. Receivables**

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

Property tax calendar - 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale - 2016 delinquent real estate taxes	October 2019

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

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

**2. Receivables (cont.)**

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

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

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

**3. Inventories and Prepaid Items**

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

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

**4. Restricted Assets**

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

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE 1 - 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**

**Government-Wide Statements**

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. \$82,023 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

**Fund Financial Statements**

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



**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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

**6. Deferred Outflows of Resources**

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

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

**7. Compensated Absences**

Under terms of employment, employees are granted sick leave, vacations, and compensation time in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in government funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2016, are determined on the basis of current salary rates and include salary related payments.

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

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

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

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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

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

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$450,000, made up of one issue.

**9. Deferred Inflows of Resources**

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

**10. Equity Classifications**

**Government-Wide Statements**

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

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

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 41,899,789	\$ 48,095,627	\$ (1,438,288)	\$ 88,557,128
Unrestricted	803,296	12,560,628	1,438,288	14,802,212

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE 1 - 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.)**

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

**Fund Statements**

Governmental fund balances are displayed as follows:

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

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

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE 1 - 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.)**

See Note III. H. for further information.

**11. Pension**

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

**12. Basis for Existing Rates**

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

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

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

Stormwater rates were effective April 1, 2007.

Current ambulance rates were effective January 1, 2015.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
TIF #10	\$ 104,563	\$ 3,369,163	\$ 3,264,600
Refuse/Solid Waste	64,835	665,493	600,658
Shared Ride Taxi	158,694	187,073	28,379
Media Services	-	167,763	167,763
TIF #4	242,207	313,333	71,126
TIF #7	13,288	46,337	33,049
TIF #8	64,991	67,665	2,674
TIF #11	-	10,720	10,720
TIF #12	-	614,576	614,576
Library Impact Fees	14,184	235,960	221,776
Tourism and Economic Development	108,500	137,554	29,054
Debt Service Notes	823,521	5,065,549	4,242,028
Debt Service Bonds	169,058	173,032	3,974

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, 2016

**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, 2016, the following individual funds held a deficit balance:

Fund	Amount	Reason
TIF #10	\$ 3,915,212	Insufficient tax increment generated
TIF #6	910,272	Insufficient tax increment generated
TIF #7	462,581	Insufficient tax increment generated
TIF #8	109,300	Insufficient tax increment generated
TIF #9	307,843	Insufficient tax increment generated
TIF #11	25,394	Insufficient tax increment generated
TIF #12	614,576	Insufficient tax increment generated
Commercial Revolving Loan Fund	9,627	Costs exceeded revenues due to the long-term nature of loan repayments
Library Impact Fees	214,479	Costs exceeded revenues due to capital expenditures
Tourism and Economic Development	691,927	Costs exceeded revenues due to purchase of property
Capital Equipment	77,383	Costs exceeded revenues due to capital expenditures

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

**C. LIMITATIONS ON THE CITY'S TAX LEVY**

Wisconsin law limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.



**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III - DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The city's deposits and investments at year end were comprised of the following:

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits			
US agencies	\$ 6,343,960	\$ 6,734,556	Custodial credit
	160,126	160,126	Custodial credit, credit, interest rate, concentration of credit
LGIP	15,197,128	15,197,128	Credit
US treasuries	2,091,828	2,091,828	Custodial credit, interest rate
Corporate bonds	1,199,367	1,199,367	Custodial credit, credit, interest rate, concentration of credit
Asset-backed securities	163,362	163,362	Custodial credit, credit, interest rate, concentration of credit
Municipally-held securities	50,083	50,083	Custodial credit, credit, interest rate, concentration of credit
Mortgage-backed securities	120,856	120,856	Custodial credit, credit, interest rate, concentration of credit
Petty cash	550	-	N/A
<b>Total Deposits and Investments</b>	<b>\$ 25,327,260</b>	<b>\$ 25,717,306</b>	

Reconciliation to financial statements

Per statement of net position	
Unrestricted cash and investments	\$ 21,231,898
Restricted cash and investments	2,376,738
Per statement of assets and liabilities - agency fund	
Agency Fund	1,718,624
<b>Total Deposits and Investments</b>	<b>\$ 25,327,260</b>

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

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

Deposits in accounts at Security Financial Bank are secured by a \$9,000,000 Federal Home Loan Bank letter of credit. The city also maintains collateral agreements with its other banks. At December 31, 2016, those banks had pledged various government securities in the amount of \$865,040 to secure the city's deposits.

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

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

- ! Quoted market prices
- ! Matrix modeled pricing

Investment Type	December 31, 2016			Total
	Level 1	Level 2	Level 3	
US agencies	\$ -	\$ 160,126	\$ -	\$ 160,126
US treasuries	-	2,091,828	-	2,091,828
Corporate bonds	-	1,199,367	-	1,199,367
Asset-backed securities	-	163,362	-	163,362
Municipally-held securities	-	50,083	-	50,083
Mortgage-backed securities	-	120,856	-	120,856
<b>Total</b>	<b>\$ -</b>	<b>\$ 3,785,622</b>	<b>\$ -</b>	<b>\$ 3,785,622</b>

**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.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**Custodial Credit Risk (cont.)**

**Investments**

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

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

**Credit Risk**

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

As of December 31, 2016, the city's investments were rated as follows:

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

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

Local Government Investment Pool

**Concentration of Credit Risk**

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

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**Interest Rate Risk**

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

As of December 31, 2016, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Months)		
		Less than One Year	One - Five	Five - Ten
US treasuries	\$ 2,091,828	\$ 235,349	\$ 1,856,479	
US agencies	160,126	125,168	34,958	
Asset-backed securities	163,362	33,681	129,681	
Municipally-held securities	50,083	50,083	-	
Corporate bonds	1,199,367	130,064	1,069,303	
Mortgage-backed securities	120,856	23,072	97,784	
Totals	\$ 3,785,622	\$ 597,417	\$ 3,188,205	

See Note 1D.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 \$84,126 in the general fund, loans of \$246,869 in the general capital projects fund, loans of \$18,930 in the electric fund, special assessments of \$28,663 in non-major governmental funds, and loans of \$458,601 in non-major governmental funds.

Revenues of the ambulance fund are reported net of contractual cost reductions related to Medicare and Medicaid and amount to \$1,138,403 for the current period.

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

General Fund	
Allowance for uncollectible court and parking ticket receivables	\$ 21,989
Nonmajor Enterprise Funds	
Allowance for uncollectible ambulance receivables	\$ 265,521

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

**B. RECEIVABLES (cont.)**

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable	\$ 6,852,485	\$ 521
Special assessments receivable	12,366	79,089
Grants receivable	70,670	15,638
Loans receivable	-	796,770
Miscellaneous	2,500	31,847
	<u>6,938,021</u>	<u>\$ 923,865</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>2,463,727</u>	
Unearned revenue included in liabilities	<u>\$ 9,401,748</u>	

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

**Long-Term Debt Accounts**

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

**Equipment Replacement Account**

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**Impact Fee Account**

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

Restricted assets in the governmental activities consist of \$247,465 held for the business incubator project.

Following is a list of restricted assets of business-type activities at December 31, 2016:

Restricted Assets	
Bond redemption account	\$ 634,404
Bond reserve account	674,589
Impact fee account	412,269
Replacement account	408,011
Interest receivable	118
Total Restricted Assets	<u>\$ 2,129,391</u>

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized	\$ 16,028,095	\$ 96,052	\$ 3,156,000	\$ 12,968,147
Land	8,200,705	266,476	8,198,905	266,276
Construction in progress	24,228,800	362,528	11,354,905	13,236,423
Total Capital Assets Not Being Depreciated/Amortized	\$ 521,469	\$ -	\$ -	\$ 521,469
Capital assets being depreciated/amortized	15,273,537	149,865	-	15,423,402
Land Improvements	6,806,129	318,973	235,394	6,889,708
Buildings	29,228,155	7,616,245	-	36,844,400
Machinery and equipment	336,589	96,930	51,681	381,838
Infrastructure				
Intangibles				
Total Capital Assets Being Depreciated/Amortized	52,165,879	8,182,013	287,075	60,060,817
Total Capital Assets	76,394,679	8,544,541	11,641,980	73,297,240

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>D. CAPITAL ASSETS (cont.)</b>				
<b>Governmental Activities (cont.)</b>				
Less: Accumulated depreciation/amortization for				
Land improvements	\$ (240,068)	\$ (23,693)	\$ -	\$ (263,761)
Buildings	(5,312,124)	(381,703)	-	(5,693,827)
Machinery and equipment	(2,898,606)	(451,049)	204,499	(3,145,156)
Infrastructure	(7,636,589)	(506,561)	-	(8,143,150)
Intangibles	(63,230)	(36,200)	-	(99,430)
Total Accumulated Depreciation/Amortization	<u>(16,150,617)</u>	<u>(1,399,206)</u>	<u>204,499</u>	<u>(17,345,324)</u>
Net Capital Assets Being Depreciated/Amortized	<u>36,015,262</u>	<u>6,782,807</u>	<u>82,576</u>	<u>42,715,493</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 60,244,062</u>	<u>\$ 7,145,335</u>	<u>\$ 11,437,481</u>	<u>\$ 55,951,916</u>
Depreciation expense was charged to functions as follows:				
<b>Governmental Activities</b>				
General government				\$ 200,048
Public safety				192,800
Public works				696,897
Leisure				294,503
Conservation and development				<u>14,958</u>
Total Governmental Activities Depreciation/Amortization Expense				<u>\$ 1,399,206</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>D. CAPITAL ASSETS (cont.)</b>				
<b>Business-type Activities</b>				
<b>Electric</b>				
Capital assets not being depreciated	\$ 107,127	\$ -	\$ -	\$ 107,127
Land and land rights	82,484	1,962,675	1,146,564	898,595
Construction in progress				
Total Capital Assets Not Being Depreciated	<u>189,611</u>	<u>1,962,675</u>	<u>1,146,564</u>	<u>1,005,722</u>
Capital assets being depreciated				
Hydraulic production	932,179	-	-	932,179
Other production	1,260,829	-	-	1,260,829
Transmission	1,536,162	-	-	1,536,162
Distribution	18,323,573	1,257,900	183,409	19,398,064
General	2,139,230	18,109	14,924	2,142,415
Total Capital Assets Being Depreciated	<u>24,191,973</u>	<u>1,276,009</u>	<u>198,333</u>	<u>25,269,649</u>
Total Capital Assets	<u>24,381,584</u>	<u>3,238,684</u>	<u>1,344,897</u>	<u>26,275,371</u>
Less: Accumulated depreciation for				
Hydraulic production	(616,147)	(21,468)	-	(637,615)
Other production	(705,055)	(32,061)	-	(737,116)
Transmission	(1,185,307)	(36,133)	-	(1,221,440)
Distribution	(8,770,649)	(639,580)	209,919	(9,200,310)
General	(1,407,090)	(83,154)	3,731	(1,486,513)
Total Accumulated Depreciation	<u>(12,684,248)</u>	<u>(812,396)</u>	<u>213,650</u>	<u>(13,282,994)</u>
Net Capital Assets Being Depreciated	<u>11,507,725</u>	<u>463,613</u>	<u>(15,317)</u>	<u>11,986,655</u>
Net Electric Capital Assets	<u>\$ 11,697,336</u>	<u>\$ 2,426,288</u>	<u>\$ 1,131,247</u>	<u>\$ 12,992,377</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Water</b>				
Capital assets not being depreciated				
Land and land rights	\$ 23,120	\$ -	\$ -	\$ 23,120
Construction in progress	94,354	680,003	774,357	-
Total Capital Assets Not Being Depreciated	117,474	680,003	774,357	23,120
Capital assets being depreciated				
Source of supply	234,839	689,112	-	903,951
Pumping	2,080,866	-	-	2,080,866
Water treatment	83,786	-	-	83,786
Transmission and distribution	15,845,524	749,369	63,145	16,531,748
General	622,634	18,109	14,924	625,819
Total Capital Assets Being Depreciated	18,867,649	1,436,590	78,069	20,226,170
Total Capital Assets	18,985,123	2,116,593	852,426	20,249,290
Less: Accumulated depreciation/amortization for				
Source of supply	(98,385)	(4,266)	-	(102,651)
Pumping	(474,765)	(62,004)	-	(536,769)
Water treatment	(45,620)	(2,694)	-	(48,314)
Transmission and distribution	(4,220,276)	(362,989)	63,145	(4,520,090)
General	(422,343)	(21,953)	3,799	(440,497)
Total Accumulated Depreciation/Amortization	(5,261,389)	(453,876)	66,944	(5,648,321)
Net Capital Assets Being Depreciated	13,606,260	982,714	11,125	14,577,849
Net Water Capital Assets	\$ 13,723,734	\$ 1,662,717	\$ 785,482	\$ 14,600,969

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Sewer</b>				
Capital assets not being depreciated				
Land and land rights	\$ 117,622	\$ -	\$ -	\$ 117,622
Construction in progress	346,545	3,950,313	24,510	4,272,348
Total Capital Assets Not Being Depreciated	464,167	3,950,313	24,510	4,389,970
Capital assets being depreciated				
Collection system	16,759,384	653,260	10,744	17,401,900
Collection system pumping	1,105,140	-	-	1,105,140
Treatment and disposal	8,118,093	6,568	-	8,124,661
General	1,710,010	245,117	14,930	1,940,197
Intangibles	-	128,163	-	128,163
Total Capital Assets Being Depreciated	27,692,627	1,033,108	25,674	28,700,061
Total Capital Assets	28,156,794	4,983,421	50,184	33,090,031
Less: Accumulated depreciation for				
Collection system	(2,981,454)	(182,632)	10,744	(3,153,342)
Collection system pumping	(859,997)	(39,866)	-	(899,863)
Treatment and disposal	(4,307,135)	(240,893)	-	(4,548,028)
General	(918,544)	(86,291)	11,205	(993,630)
Total Accumulated Depreciation	(9,067,130)	(549,682)	21,949	(9,594,863)
Net Capital Assets Being Depreciated	18,625,497	483,426	3,725	19,105,198
Net Sewer Capital Assets	\$ 19,089,664	\$ 4,433,739	\$ 28,235	\$ 23,495,168

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Stormwater</b>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 38,607	\$ -	\$ 38,607
Total Capital Assets Not Being Depreciated	-	38,607	-	38,607
Capital assets being depreciated				
Machinery and equipment	135,688	5,418	-	141,106
Collection system	7,522,794	913,423	-	8,436,217
Total Capital Assets Being Depreciated	7,658,482	918,841	-	8,577,323
Total Capital Assets	7,658,482	957,448	-	8,615,930
Less: Accumulated depreciation for				
Machinery and equipment	(50,146)	(14,610)	-	(64,756)
Collection system	(1,732,532)	(154,028)	-	(1,886,560)
Total Accumulated depreciation	(1,782,678)	(168,638)	-	(1,951,316)
Net Capital Assets Being Depreciated	5,875,804	750,203	-	6,626,007
Net Stormwater Capital Assets	\$ 5,875,804	\$ 788,810	\$ -	\$ 6,664,614

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Ambulance</b>				
Capital assets not being depreciated				
Land	\$ 101,298	\$ -	\$ -	\$ 101,298
Construction in progress	-	42,962	-	42,962
Total Capital Assets Not Being Depreciated	101,298	42,962	-	144,260
Capital assets being depreciated				
Building improvements	21,393	-	-	21,393
Buildings	601,408	-	-	601,408
Machinery and equipment	1,072,328	14,446	40,000	1,046,774
Intangibles	-	107,700	-	107,700
Total Capital Assets Being Depreciated	1,695,129	122,146	40,000	1,777,275
Total Capital Assets	1,796,427	165,108	40,000	1,921,535
Less: Accumulated depreciation for				
Building improvements	(21,393)	-	-	(21,393)
Buildings	(373,860)	(21,833)	-	(395,693)
Machinery and equipment	(582,708)	(91,248)	5,714	(668,242)
Total Accumulated Depreciation	(977,961)	(113,081)	5,714	(1,085,328)
Net Capital Assets Being Depreciated	717,168	9,065	34,286	691,947
Net Other Enterprise Capital Assets	\$ 818,466	\$ 52,027	\$ 34,286	\$ 836,207
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 51,205,004	\$ 9,363,581	\$ 1,979,250	\$ 58,589,335

Depreciation expense was charged to functions as follows:

Business-type Activities	
Electric	\$ 812,396
Water	410,838
Sewer	592,720
Storm	168,638
Ambulance	116,890
Total Business-type Activities Depreciation Expense	\$ 2,101,482

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

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

Depreciation expense is different from additions because of joint metering, salvage, and cost of removal.

**E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS**

**Interfund Receivables/Payables**

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General Fund	TIF #10	\$ 1,350,813
General Fund	Commercial Revolving Loan Fund	18,456
General Fund	Library Impact Fees	214,399
General Fund	Debt Service Bonds	252
General Fund	Capital Equipment	77,383
General Fund	City Hall	36,042
General Fund	Technology	130,222
General Fund	Water Utility	342,596
Environmental Fee	General Fund	700,000
Total - Fund Financial Statements		2,870,163
Less: Fund eliminations		(2,361,303)
Add: Interfund receivables created with internal service fund eliminations		321,359
Total Internal Balances - Government-Wide Statement of Net Position		\$ 830,219

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, 2016

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

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

**Advances**

The general fund is advancing funds to TIF Districts No. 5, No. 6, No. 7, No. 8, No. 9, No. 10, No. 11 and No. 12. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since each District's inception. No repayment schedule has been established for TIF Districts No. 6, No. 7, No. 8, No. 9, No. 10, No. 11, and No. 12. The advance to TIF District No. 5 is scheduled to be paid off in 2020.

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

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	TIF District #5	\$ 182,133	\$ 132,133
General Fund	TIF District #6	910,272	910,272
General Fund	TIF District #7	544,111	544,111
General Fund	TIF District #8	109,300	109,300
General Fund	TIF District #9	307,843	307,843
General Fund	TIF District #10	2,549,982	2,549,982
General Fund	TIF District #11	25,394	25,394
General Fund	TIF District #12	614,660	614,660
Environmental Fee	Tourism and Economic Development	1,000,000	1,000,000
Total - Fund Financial Statements		6,243,695	
Less: Fund eliminations		(6,243,695)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ -	

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**Transfers**

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General	TIF #10	5,521	Budgeted allocations
General	General Capital Projects	39,504	Budgeted allocations
General	Nonmajor governmental funds	464,581	Budgeted allocations
General	Electric utility	569,556	Property tax equivalent & budgeted allocations
General	Water utility	401,948	Property tax equivalent & budgeted allocations
General	Sewer utility	152,851	Budgeted allocations
General	Nonmajor enterprise funds	111,314	Budgeted allocations
General	Internal service funds	18,596	Budgeted allocations
General Capital Projects	TIF #10	402,706	Sterling Ponds capital costs
Nonmajor governmental funds	General	26,162	Budgeted allocations
Nonmajor governmental funds	Nonmajor governmental funds	317,583	Budgeted allocations
Nonmajor enterprise funds	General	75,200	Budgeted allocations
Nonmajor enterprise funds	Nonmajor governmental funds	5,000	Budgeted allocations
Internal service funds	General	312,844	Budgeted allocations
Internal service funds	Nonmajor governmental funds	152,096	Budgeted allocations
Internal service funds	Electric utility	101,394	Budgeted allocations
Internal service funds	Water utility	17,654	Budgeted allocations
Internal service funds	Sewer utility	29,096	Budgeted allocations
Internal service funds	Nonmajor enterprise funds	45,451	Budgeted allocations
Internal service funds	Internal service funds	12,209	Budgeted allocations
Total - Fund Financial Statements		3,261,266	
Less: Fund and government-wide eliminations		(1,912,202)	
Less: Transfer of capital assets from governmental activities to business-type activities		(2,035,911)	
Total Transfers - Government-Wide Statement of Activities		<u>\$ (686,847)</u>	

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**Transfers (cont.)**

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	\$ 1,429,264
Business-type Activities	Governmental Activities	(2,116,111)
Total Government-wide Financial Statements		<u>\$ (686,847)</u>

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

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable	\$ 16,925,562	\$ 4,060,000	\$ 5,073,995	\$ 15,911,567	\$ 1,419,062
General obligation debt	295,807	235,744	(23,095)	554,648	-
(Discounts)/Premiums	17,225,369	4,295,744	5,050,810	16,470,303	1,419,062
Sub-totals					
Other Liabilities					
Accrued compensated absences	856,470	162,458	73,605	945,323	353,877
Capital leases	47,168	-	12,298	34,870	12,021
Other postemployment benefits	514,594	19,488	-	534,082	-
Net pension liability (asset)	(875,203)	2,996,789	1,548,539	573,047	-
Landfill post-closure care cost	154,200	3,240	12,510	144,930	12,510
Total Other Liabilities	697,229	3,181,975	1,646,952	2,232,252	378,408
Total Governmental Activities Long-Term Liabilities	\$ 17,922,598	\$ 7,477,719	\$ 6,697,762	\$ 18,702,555	\$ 1,797,470



**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Business-type Activities</b>					
Bonds and Notes Payable	\$ 3,813,038	\$ -	\$ 723,076	\$ 3,089,962	\$ 709,962
General obligation debt	3,769,974	4,510,000	258,125	8,021,849	342,742
Revenue bonds	37,086	-	9,848	27,238	10,063
Other long-term debt	112,559	116,523	22,239	206,843	-
(Discounts)/Premiums	7,732,657	4,626,523	1,013,288	11,345,892	1,062,767
Sub-totals					
Other Liabilities					
Vested compensated absences	220,517	56,461	6,111	270,867	136,359
Other employment benefits	167,018	6,324	-	173,342	-
Net pension liability (asset)	(310,771)	1,103,336	577,834	214,731	-
Total Other Liabilities	76,764	1,166,121	583,945	658,940	136,359
Total Business-type Activities Long-Term Liabilities	\$ 7,809,421	\$ 5,792,644	\$ 1,597,233	\$ 12,004,832	\$ 1,199,126

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, 2016, was \$45,559,020. Total general obligation debt outstanding at year end was \$19,005,619.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**General Obligation Debt**

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

**Governmental Activities**

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
State Trust Fund Loan	09/2008	03/2018	4.25%	\$ 300,000	\$ 78,314
Refunding Bonds	03/2009	03/2029	3.0-4.6%	5,070,000	580,000
Refunding Bonds	03/2012	03/2028	2.4%	4,560,000	3,070,000
Promissory Note	12/2012	12/2017	1.917%	118,000	23,874
Promissory Note	11/2013	11/2018	1.79%	250,000	102,709
Corporate Purpose Bonds	08/2014	06/2034	3.00-4.00%	5,425,000	5,425,000
State Trust Fund Loan	07/2015	03/2034	3.75%	1,600,000	1,524,407
State Trust Fund Loan	10/2015	03/2025	3.25%	269,800	269,800
Promissory Note	10/2015	10/2025	2.94%	575,000	517,500
Refunding Promissory Note	10/2015	10/2017	1.19%	525,000	264,053
Refunding Bonds	04/2016	03/2029	2.0-3.0%	4,060,000	4,060,000

Total Governmental Activities - General Obligation Debt

\$ 15,915,657

**Business-type Activities**

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
Refunding Bonds	07/2011	11/2019	2.0-2.5%	\$ 1,740,000	\$ 875,000
Refunding Bonds	08/2012	05/2023	1.0-2.5%	3,165,000	2,140,000
Promissory Note	12/2012	12/2017	1.917%	360,000	74,962

Total Business-type Activities - General Obligation Debt

\$ 3,089,962

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 1,419,062	\$ 485,189	\$ 709,962	\$ 63,283
2018	1,364,298	446,414	655,000	46,413
2019	1,266,402	401,181	440,000	32,725
2020	1,289,627	362,220	305,000	23,413
2021	1,318,277	321,391	315,000	16,450
2022-2026	4,630,327	1,103,685	665,000	13,450
2027-2031	3,338,664	486,800	-	-
2032-2034	1,269,000	90,450	-	-
Totals	\$ 15,915,657	\$ 3,697,330	\$ 3,089,962	\$ 195,734

**Revenue Debt**

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

The water utility has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in 2011. The bonds are payable solely from water utility revenues and are payable through 2031. Annual principal and interest payments on the bonds are expected to require 18.39% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,352,254. Principal and interest paid for the current year and total customer net revenues were \$155,447 and \$852,713, respectively.

The sewer utility has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in 2005 and 2016. The bonds are payable solely from sewer utility revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require 24.97% of net revenues. The total principal and interest remaining to be paid on the bonds is \$7,870,601. Principal and interest paid for the current year and total customer net revenues were \$281,075 and \$1,575,970, respectively.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2016, consists of the following:

Business-type Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
<b>Water Utility</b>					
Revenue Bonds	07/2011	11/2031	2.0-4.4%	\$ 2,125,000	\$ 1,775,000
				Total Water Utility	1,775,000
<b>Sewer Utility</b>					
Revenue Bonds	11/2005	05/2025	2.746%	3,317,130	1,736,849
Revenue Bonds	04/2016	05/2036	2.0-3.0%	4,510,000	4,510,000
				Total Sewer Utility	6,246,849
					\$ 8,021,849

**Total Business-type Activities - Revenue Debt**

Debt service requirements to maturity are as follows:

Years	Business-type Activities	
	Principal	Interest
2017	\$ 342,742	\$ 222,501
2018	352,486	213,838
2019	482,359	203,563
2020	487,367	191,686
2021	502,512	179,346
2022-2026	2,494,383	694,872
2027-2031	1,935,000	385,925
2032-2036	1,425,000	109,275
Totals	\$ 8,021,849	\$ 2,201,006

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**Other Debt Information**

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

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

**Advance Refunding**

On April 13, 2016, the city issued \$4,060,000 in general obligation bonds with an average coupon rate of 2.65% to advance refund \$3,920,000 of outstanding bonds with an average coupon rate of 4.23%. The net proceeds along with existing funds of the city were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The cash flow requirements on the refunded debt prior to the advance refunding was \$6,290,094 from 2016 through 2029. The cash flow requirements on the 2016 refunding bonds are \$5,782,666 from 2016 through 2029. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$495,554.

**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 \$144,930 reported as landfill closure and postclosure care liability at December 31, 2016, represents the estimated amount of future postclosure costs. These amounts are based on what it would cost to perform all postclosure care in 2016. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

**H. NET POSITION/FUND BALANCES**

Net position reported on the government wide statement of net position at December 31, 2016, includes the following:

**Governmental Activities**

Net Investment in Capital Assets	\$	12,968,147
Land		268,276
Construction in progress		42,715,493
Other capital assets, net of accumulated depreciation		(15,915,657)
Less: Long-term debt outstanding		2,049,388
Plus: Noncapital debt proceeds		(554,646)
Less: Unamortized debt premium		368,788
Plus: Unamortized deferred charge on refunding		-
Total Net Investment in Capital Assets	\$	<u>41,899,799</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**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, 2016, include the following:

	General Fund	Tax Incremental District #10	General Capital Projects Fund	Nonmajor Funds	Totals
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Inventories and prepayments	\$ 105,294	\$ -	\$ -	\$ 7,555	\$ 112,849
Advances to other funds	5,243,695	-	-	-	5,243,695
<b>Restricted for:</b>					
Debt service	-	-	-	78,978	78,978
Parking improvements	-	-	-	120,561	120,561
Refuse/solid waste	-	-	-	225,401	225,401
Shared ride taxi	-	-	-	43,169	43,169
Environmental fee	-	-	-	2,913,957	2,913,957
Future TIF expenditures	-	-	-	51,836	51,836
Library	-	-	-	29,145	29,145
Park impact fee projects	-	-	-	156,221	156,221
Fire impact fee projects	-	-	-	144,682	144,682
Business incubator project	-	-	171,774	-	171,774
Housing reserve	-	-	-	288,207	288,207
Library trust	-	-	-	164,969	164,969
<b>Committed to:</b>					
Park acquisition	-	-	-	793	793
<b>Unassigned (deficit):</b>	<u>4,309,541</u>	<u>(3,915,212)</u>	<u>(3,154)</u>	<u>(3,423,592)</u>	<u>(3,032,417)</u>
<b>Total Fund Balances (Deficit)</b>	<u>\$ 9,658,530</u>	<u>\$ (3,915,212)</u>	<u>\$ 168,620</u>	<u>\$ 801,882</u>	<u>\$ 6,713,820</u>

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**Business-type Activities**

Net Investment in Capital Assets	\$	349,167
Land		5,252,512
Construction in progress		52,987,656
Other capital assets, net of accumulated depreciation		(11,111,811)
Less: Long-term debt outstanding		674,589
Plus: Unspent capital related debt proceeds		150,357
Plus: Unamortized loss on refunding		(206,843)
Less: Unamortized debt premium		
Total Net Investment in Capital Assets	\$	<u>48,095,627</u>

Of the total December 31, 2016 unrestricted net position of \$7,381,933 in the electric utility, \$125,840 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.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

**I. COMPONENT UNIT (cont.)**

**BUSINESS IMPROVEMENT DISTRICT (cont.)**

b. Deposits and Investments

Carrying Value	Statement Balances	Associated Risks
\$ 34,315	\$ 35,815	Custodial credit risk

**Custodial Credit Risk**

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

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

**NOTE IV - OTHER INFORMATION**

**A. EMPLOYEES' RETIREMENT SYSTEM**

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

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

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment		Variable Fund Adjustment	
	0.8%	3%		
2006				
2007	3.0		10	
2008	6.6		0	
2009	(2.1)		(42)	
2010	(1.3)		22	
2011	(1.2)		11	
2012	(7.0)		(7)	
2013	(9.6)		9	
2014	4.7		25	
2015	2.9		2	

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. 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 \$477,121 in contributions from the city.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At December 31, 2016, the city reported a liability (asset) of \$787,778 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. 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 (asset) was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the city's proportion was 0.04847920%, which was an increase of 0.00019575% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the city recognized pension expense of \$938,027.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

At December 31, 2016, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 133,269	\$ 1,657,865
Changes in assumptions	551,164	-
Net differences between projected and actual earnings on pension plan investments	3,225,387	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,474	-
Employer contributions subsequent to the measurement date	515,383	-
Totals	\$ 4,442,677	\$ 1,657,865

\$515,383 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 1,020,297	\$ 401,206
2018	1,020,297	401,206
2019	1,020,297	401,206
2020	848,768	401,206
2021	17,635	53,041

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Actuarial assumptions.** The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

CITY OF RIVER FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5

Variable Fund Asset Class

U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations



**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the city's proportionate share of the net pension liability (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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to		1% Increase to
	Discount Rate	Current Discount	Discount Rate
	(6.20%)	Rate (7.20%)	(8.20%)
City's proportionate share of the net pension liability (asset)	\$5,525,487	\$787,778	\$(2,912,458)

**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://efw.wi.gov/publications/cafr.htm>.

At December 31, 2016, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

**B. RISK MANAGEMENT**

The city is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

**C. COMMITMENTS AND CONTINGENCIES**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

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

The city has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The city has active construction projects as of December 31, 2016. 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 \$965,000 at December 31, 2016 relating to various projects.

**Long-Term Contracts - WPPI Energy**

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

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

In 2015, a majority of WPPI Energy members ratified an eighteen year extension to their existing contracts. All but two of the remaining members ratified the same extension in 2016. The new contract expires at midnight on December 31, 2055.

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 \$411 million as of December 31, 2016.



**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

**D. JOINT VENTURES**

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

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

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

Debt is being repaid with resources of the sewer utility and is secured by revenues of the utility. The transactions of the facility are not reflected in these financial statements. Facility financial information as of December 31, 2016 is available from the facility office.

**E. OTHER POSTEMPLOYMENT BENEFITS**

The city administers a single-employer defined benefit healthcare plan. The city's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Contribution requirements are established through personnel policy guidelines and may be amended by the action of the governing body. Retired plan members are required to pay 100% of the premium. For fiscal year 2016, total retired member contributions were \$62,233. Administrative cost of the plan are financed by the city.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

The city's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the city's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the city's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 58,235
Interest on net OPEB obligation	20,448
Adjustment to annual required contribution	<u>(22,589)</u>
Annual OPEB cost	56,094
Contributions made	<u>(30,281)</u>
Increase in net OPEB obligation	25,813
Net OPEB Obligation - Beginning of Year	<u>681,612</u>
Net OPEB Obligation - End of Year	<u>\$ 707,425</u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2014	\$ 56,038	47.00	\$ 651,740
December 31, 2015	58,762	49.00	681,612
December 31, 2016	56,094	54.00	707,425

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

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

Actuarial accrued liability (AAL)	\$ 637,997
Actuarial value of plan assets	<u>          -</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 637,997</u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 6,032,728
UAAL as a percentage of covered payroll	10.58%

The projection of future benefit payments for an ongoing plan involves estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

The following simplifying assumptions were made:

1. Retirement age for active employees – Wisconsin Retirement System actuarial valuations were used to determine the retirement age for active employees.
2. Marital status – Marital status of members at the calculation date was assumed to continue throughout retirement.
3. Mortality – Life expectancies were based on the SOA RPH-2014 Total Dataset Mortality using Scale MP-2014 for healthy retirees and SOA RPH-2014 Disabled Retiree Mortality using Scale MP-2014 for disabled retirees.
4. Turnover – Wisconsin Retirement System actuarial valuations were used in calculating turnover.
5. Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 9% initially, reduced to an ultimate rate of 5% after nine years, was used.
6. Health insurance premiums – 2017 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.
7. Inflation rate – The expected long-term inflation assumption of 3% was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-U).
8. Payroll growth rate – The expected long-term payroll growth rate was assumed to be 3.25%.

Based on the historical and expected returns of the city's short-term investment portfolio, a discount rate of 3% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2016, was 30 years.

**F. SUBSEQUENT EVENTS**

The legal life of Tax Increment District #4 is set to be terminated on June 1, 2017. Fund balance remaining after collection of the 2016 tax increment and payment of final expenditures in 2017 will be distributed to overlying tax districts.

The city council has authorized the issuance of a \$1,100,000 State Trust Fund Loan. The proceeds will be used to finance TIF #10 corporate park costs. Loan proceeds were received by the city on January 9, 2017.

The city council has authorized the issuance of a \$112,500 State Trust Fund loan. The proceeds will be used to purchase a snow blower. Loan proceeds were received by the city on January 9, 2017.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

**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 is disclosing all abatement agreements individually.

The city through its Tax Incremental Financing Districts (TID) No. 8 and 9 has entered into tax abatement agreements with a 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.

Agreement Description	Calculation Method	Developer Commitment	2016 Payments
Gerrard-University Falls (TIF #8)	in dollars	Rebate of increment taxes to a maximum of \$486,000	\$ 61,960
Erickson Diversified (TIF #9)	in dollars	Rebate of increment taxes paid to a maximum of \$686,000	70,000

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

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

- ! Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- ! Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- ! Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- ! Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- ! Statement No. 81, *Irrevocable Split-Interest Agreements*
- ! Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*
- ! Statement No. 83, *Certain Asset Retirement Obligations*
- ! Statement No. 84, *Fiduciary Activities*
- ! Statement No. 85, *Ornibus 2017*
- ! Statement No. 86, *Certain Debt Extinguishment Issues*

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, 2016 is limited to a maximum of \$257,700 in principal plus interest.

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

**K. DEVELOPER AGREEMENTS**

The city entered into a development agreement with Gerrard Corporation in 2010, to construct three multifamily residential buildings within tax increment district #8. The developer agreed to a minimum assessed value of \$1,500,000 for phase I and \$1,500,000 for phase II, in return for a maximum of \$486,000 in increment payments over a 20 year period or the life of tax increment district #8, whichever is longer. The developer was reimbursed \$61,960, \$60,182, \$59,280, \$35,935, and \$29,000 in 2016, 2015, 2014, 2013, and 2012, respectively, for the first five year's payments.

The city entered into a development agreement with Erickson's Diversified Corporation in 2011 for redevelopment of property in the downtown area. The agreement included the sale of land for the city's trail system, and a guaranteed increase of \$70,000 in property taxes beginning with taxes payable in 2014, and continuing for 17 years, or the life of tax increment district #9, whichever is shorter. In return, the city will make a monetary obligation of \$686,000 to repay the developer for eligible project costs. The developer was reimbursed \$70,000 in 2016, \$70,000 in 2015, and \$70,000 in 2014 for the first three year's payments.

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

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

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

**CITY OF RIVER FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

**L. TAX INCREMENTAL FINANCING DISTRICTS**

The city currently maintains separate special revenue and capital projects fund accounts for nine Tax Increment Financing Districts (TID) created in accordance with Section 66.1105 of the Wisconsin Statutes. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the District. The tax on the increased value is called a tax increment. The statutes allow the municipality to collect tax increments until the net project cost has been fully recovered, or until either 23 or 27 years after the creation date, whichever occurs first.

Special revenue and capital project funds are maintained to account for tax increments and other revenues used to finance principal and interest payments on outstanding debt applicable to the districts. Upon termination, the incremental tax base created by each TID will become part of the city's regular tax base. Any surplus remaining in the TID districts at the time of termination will be allocated among all affected taxing jurisdictions.

	Creation Date	Expenditure Deadline	Termination Date
TID No. 4	1988	2010	2017
TID No. 5	1994	2016	2027
TID No. 6	2005	2027	2032
TID No. 7	2009	2024	2029
TID No. 8	2010	2032	2037
TID No. 9	2011	2034	2039
TID No. 10	2014	2029	2034
TID No. 11	2015	2030	2035
TID No. 12	2016	2029	2037

**CITY OF RIVER FALLS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND COMBINED**  
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,486,500	\$ 3,486,500	\$ 3,506,465	\$ 19,965
Special assessments	-	-	703	703
Intergovernmental	3,102,408	3,212,970	3,227,273	14,303
Licenses and permits	146,000	271,000	408,250	137,250
Fines, forfeitures and penalties	185,000	185,000	194,402	9,402
Public charges for services	231,000	231,000	254,571	23,571
Intergovernmental charges for services	15,000	15,000	20,170	5,170
Investment income	300,000	300,000	266,517	(33,483)
Miscellaneous	229,121	170,399	244,173	73,774
<b>Total Revenues</b>	<b>7,695,029</b>	<b>7,871,869</b>	<b>8,122,524</b>	<b>250,655</b>
<b>EXPENDITURES</b>				
Current				
General government	1,825,448	1,913,998	1,762,821	151,177
Public safety	3,558,601	3,558,601	3,469,993	88,608
Public works	2,018,483	2,124,056	2,012,340	111,716
Health services	10,040	10,040	3,710	6,330
Leisure	691,212	691,212	676,708	14,504
Conservation and development	630,400	730,375	637,497	92,878
Debt Service				
Principal retirement	214,886	214,886	224,895	(10,009)
Interest and fiscal charges	31,361	31,361	22,032	9,329
<b>Total Expenditures</b>	<b>8,980,431</b>	<b>9,274,529</b>	<b>8,809,996</b>	<b>464,533</b>
Excess (deficiency) of revenues over (under) expenditures	(1,285,402)	(1,402,660)	(687,472)	715,188
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	1,686,608	1,788,866	1,763,871	(24,995)
Transfers to other funds	(416,206)	(414,206)	(414,206)	-
Property sales	15,000	15,000	1,892,897	1,877,897
Total Other Financing Sources (Uses)	1,285,402	1,389,660	3,242,562	1,852,902
<b>Net Change in Fund Balance</b>	-	(13,000)	2,555,090	2,568,090
FUND BALANCE - Beginning of Year	7,103,440	7,103,440	7,103,440	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 7,103,440</b>	<b>\$ 7,090,440</b>	<b>\$ 9,658,530</b>	<b>\$ 2,568,090</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

See independent auditors' report and accompanying notes to required supplementary information. Page 80

**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, 2016**

	Budgeted Amounts	Actual	Variance with Final Budget
	Original and Final		
<b>REVENUES</b>			
Taxes	\$ -	\$ 5,282	5,282
Miscellaneous	-	1,956	1,956
Total Revenues	-	7,238	7,238
<b>EXPENDITURES</b>			
Current			
Conservation and development	4,000	137,507	(133,507)
Capital Outlay	-	2,718,318	(2,718,318)
Debt Service			
Interest and fiscal charges	95,042	105,111	(10,069)
Total Expenditures	99,042	2,960,936	(2,861,894)
Excess (deficiency) of revenues over (under) expenditures	(99,042)	(2,953,698)	(2,854,656)
<b>OTHER FINANCING USES</b>			
Transfers to other funds	(5,521)	(408,227)	(402,706)
Total Other Financing Uses	(5,521)	(408,227)	(402,706)
<b>Net change in fund balance</b>	(104,563)	(3,361,925)	(3,257,362)
FUND BALANCE (DEFICIT) - Beginning of Year	(553,287)	(553,287)	-
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	\$ (657,850)	\$ (3,915,212)	\$ (3,257,362)

See independent auditors' report and accompanying notes to required supplementary information. Page 81

**CITY OF RIVER FALLS**

**SCHEDULE OF FUNDING PROGRESS - POST-EMPLOYMENT BENEFITS  
For the Year Ended December 31, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit (b)	Unfunded AAL (UAAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/16	\$ -	\$ 637,997	\$ 637,997	0%	\$ 6,032,728	11%
01/01/15	-	660,993	660,993	0%	5,842,836	11%
01/01/14	-	631,885	631,885	0%	5,658,921	11%

See independent auditors' report and accompanying notes to required supplementary information. Page 82

## 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, 2016

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Asset/Liability	City's Proportionate Share of the Net Pension Asset/(Liability)	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/15	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, 2016

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

**CITY OF RIVER FALLS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended December 31, 2016

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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.

**WISCONSIN RETIREMENT SYSTEM**

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

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

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

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

**SUPPLEMENTARY INFORMATION**



**CITY OF RIVER FALLS**

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

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
General property taxes	\$ 3,400,000	\$ 3,400,000	\$ 3,410,430	\$ 10,430
Mobile home taxes	22,000	22,000	22,106	106
Payments in lieu of taxes - housing authority	7,500	7,500	13,599	6,099
Payment in lieu of taxes - other	57,000	57,000	59,959	2,959
Interest and on taxes	-	-	371	371
<b>Total Taxes</b>	<b>3,486,500</b>	<b>3,486,500</b>	<b>3,506,465</b>	<b>19,965</b>
<b>SPECIAL ASSESSMENTS</b>				
Interest on special assessments	-	-	703	703
<b>Total Special Assessments</b>	<b>-</b>	<b>-</b>	<b>703</b>	<b>703</b>
<b>INTERGOVERNMENTAL</b>				
Shared revenues from state	1,968,408	1,987,855	1,988,185	330
Fire insurance from state	35,000	35,000	36,642	1,642
State aid - computers	10,000	10,000	9,129	(871)
State aid - police training	4,000	4,000	4,684	684
State aid - streets	525,000	616,115	615,682	(433)
State aid - municipal services	210,000	210,000	218,349	8,349
State aid - other public safety	-	-	7,728	7,728
School district grant	50,000	50,000	54,483	4,483
Municipal grants	300,000	300,000	292,381	(7,619)
<b>Total Intergovernmental</b>	<b>3,102,408</b>	<b>3,212,970</b>	<b>3,227,273</b>	<b>14,303</b>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	17,000	17,000	18,042	1,042
Operators' license	5,000	5,000	5,360	360
Cigarette licenses	1,000	1,000	900	(100)
Cable television franchise fees	-	125,000	136,478	11,478
Business and occupational licenses	1,500	1,500	1,850	350
Bicycle licenses	-	-	28	28
Dog licenses	5,000	5,000	2,765	(2,235)
Housing inspection licenses	18,500	18,500	26,290	7,790
Plumbing permits	2,000	2,000	2,100	100
Building permits	90,000	90,000	203,162	113,162
Sign permits	2,500	2,500	2,342	(158)
Zoning permits	3,000	3,000	7,180	4,180
Inspectors red seal	500	500	1,733	1,233
<b>Total Licenses and Permits</b>	<b>146,000</b>	<b>271,000</b>	<b>408,250</b>	<b>137,250</b>

**CITY OF RIVER FALLS**

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

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>FINES, FORFEITURES AND PENALTIES</b>				
Court penalties and costs	\$ 70,000	\$ 70,000	\$ 66,073	\$ (3,927)
Parking violations	90,000	90,000	92,620	2,620
Restitution and forfeitures	-	-	95	95
Court costs	25,000	25,000	35,614	10,614
<b>Total Fines, Forfeitures and Penalties</b>	<b>185,000</b>	<b>185,000</b>	<b>194,402</b>	<b>9,402</b>
<b>PUBLIC CHARGES FOR SERVICES</b>				
Clerk's fees	6,500	6,500	9,175	2,675
Zoning administration fees	10,000	10,000	32,655	22,655
Publication fees	1,000	1,000	1,260	260
Plat review fees	10,000	10,000	22,500	12,500
Police department fees	16,500	16,500	9,486	(7,014)
Police reserve	2,000	2,000	-	(2,000)
Police towing	12,000	12,000	4,000	(8,000)
Fire department fees	15,000	15,000	12,716	(2,284)
Fire inspection fees	4,000	4,000	2,000	(2,000)
Highway maintenance and construct	10,000	10,000	27,427	17,427
Weights and measures charges	4,000	4,000	4,500	500
Swimming pool	20,000	20,000	17,423	(2,577)
Parks	20,000	20,000	24,620	4,620
Other recreation programs	100,000	100,000	86,809	(13,191)
<b>Total Public Charges for Services</b>	<b>231,000</b>	<b>231,000</b>	<b>254,571</b>	<b>23,571</b>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Interdepartmental sales	15,000	15,000	20,170	5,170
<b>INVESTMENT INCOME</b>				
Interest - interfund advances	200,000	200,000	200,000	-
Interest on temporary investments	100,000	100,000	66,517	(33,483)
<b>Total Investment Income</b>	<b>300,000</b>	<b>300,000</b>	<b>266,517</b>	<b>(33,483)</b>
<b>MISCELLANEOUS</b>				
Sale of supplies	1,000	1,000	228	(772)
Rent of municipal buildings	192,445	133,723	176,387	42,664
Donations	-	-	1,025	1,025
Miscellaneous	35,676	35,676	66,533	30,857
<b>Total Miscellaneous</b>	<b>229,121</b>	<b>170,399</b>	<b>244,173</b>	<b>73,774</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	1,686,608	1,788,866	1,763,871	(24,995)
Property sales	15,000	15,000	1,892,897	1,877,897
<b>Total Other Financing Sources</b>	<b>1,701,608</b>	<b>1,803,866</b>	<b>3,656,768</b>	<b>1,852,902</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 9,396,637</b>	<b>\$ 9,675,735</b>	<b>\$ 11,779,292</b>	<b>\$ 2,103,557</b>

**CITY OF RIVER FALLS**

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -  
GENERAL FUND  
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Council	\$ 316,250	\$ 316,250	\$ 213,521	\$ 102,729
Municipal court	132,186	132,186	173,780	(41,594)
City administrator	354,540	443,090	401,984	41,106
Personnel	271,924	271,924	242,625	29,299
Clerk	135,578	227,148	224,609	2,539
Finance	562,450	470,880	453,192	17,688
Legal counseling	52,520	52,520	53,110	(590)
Total General Government	<u>1,825,448</u>	<u>1,913,998</u>	<u>1,762,821</u>	<u>151,177</u>
<b>PUBLIC SAFETY</b>				
Police	2,961,261	2,961,261	2,935,419	25,842
Fire department	597,340	597,340	534,574	62,766
Total Public Safety	<u>3,558,601</u>	<u>3,558,601</u>	<u>3,469,993</u>	<u>88,608</u>
<b>PUBLIC WORKS</b>				
Garage	288,896	288,896	301,818	(12,922)
Street maintenance	1,495,636	1,601,209	1,516,957	84,252
Engineer	233,951	233,951	193,565	40,386
Total Public Works	<u>2,018,483</u>	<u>2,124,056</u>	<u>2,012,340</u>	<u>111,716</u>
<b>HEALTH SERVICES</b>				
Health officer	2,000	2,000	2,000	-
Animal control	8,040	8,040	1,710	6,330
Total Health Services	<u>10,040</u>	<u>10,040</u>	<u>3,710</u>	<u>6,330</u>
<b>LEISURE ACTIVITIES</b>				
Recreation	144,395	144,395	131,137	13,258
Swimming	83,862	83,862	76,031	7,831
Parks	462,955	462,955	469,540	(6,585)
Total Leisure Activities	<u>691,212</u>	<u>691,212</u>	<u>676,708</u>	<u>14,504</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Forestry	63,424	63,424	69,266	(5,842)
Community development	566,976	666,951	588,231	88,720
Total Conservation and Development	<u>630,400</u>	<u>730,375</u>	<u>637,497</u>	<u>92,878</u>
<b>DEBT SERVICE</b>				
Principal on notes payable-fire	118,753	118,753	115,250	3,503
Principal retirement	96,133	96,133	109,645	(13,512)
Interest on notes payable-fire	27,026	27,026	17,675	9,351
Interest and fiscal charges	4,235	4,235	4,357	(122)
Agent fees	100	100	100	0
Total Debt Service	<u>246,247</u>	<u>246,247</u>	<u>246,927</u>	<u>(680)</u>

**CITY OF RIVER FALLS**

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -  
GENERAL FUND  
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>OTHER FINANCING USES</b>				
Transfers to other funds	\$ 416,206	\$ 414,206	\$ 414,206	\$ -
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 9,396,637</u>	<u>\$ 9,688,735</u>	<u>\$ 9,224,202</u>	<u>\$ 464,533</u>

**CITY OF RIVER FALLS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2016

Special Revenue Funds

	Parking Improvements	Refuse/Solid Waste	Shared Ride Taxi	Media Services
Cash and investments	\$ 121,645	\$ 167,024	\$ 44,614	\$ -
Receivables	-	-	-	-
Taxes	-	-	-	-
Accounts	-	60,477	3,638	-
Interest	-	-	-	-
Notes	-	-	-	-
Prepaid items and inventories	-	15	-	-
Due from other funds	-	-	-	-
Due from other governmental units	-	175	36,275	-
Advances to other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 121,645</b>	<b>\$ 227,691</b>	<b>\$ 84,527</b>	<b>\$ -</b>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**

Liabilities				
Accounts payable	\$ 1,084	\$ 2,100	\$ 25,720	\$ -
Accrued liabilities	-	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>1,084</u>	<u>2,100</u>	<u>25,720</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	-	175	15,638	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>175</u>	<u>15,638</u>	<u>-</u>
Fund Balances				
Nonspendable	-	15	-	-
Restricted	120,561	225,401	43,169	-
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances	<u>120,561</u>	<u>225,416</u>	<u>43,169</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 121,645</b>	<b>\$ 227,691</b>	<b>\$ 84,527</b>	<b>\$ -</b>

Special Revenue Funds

	Environmental Fee	Park Acquisition Fund	Tax Increment District #4	Tax Increment District #5	Tax Increment District #6	Tax Increment District #7	Tax Increment District #8
	\$ 1,202,355	\$ 793	\$ 7,073	\$ 229,396	\$ -	\$ -	\$ -
	-	-	301,174	520,679	174,455	-	59,804
	8,485	-	-	-	-	95,012	-
	3,200	-	-	90,716	-	-	-
	-	-	-	-	-	126	-
	700,000	-	-	-	-	-	-
	1,000,000	-	-	-	-	-	-
	<u>\$ 2,914,040</u>	<u>\$ 793</u>	<u>\$ 308,247</u>	<u>\$ 840,791</u>	<u>\$ 174,455</u>	<u>\$ 95,138</u>	<u>\$ 59,804</u>

	\$ 83	-	-	-	-	-	-
	-	-	-	2,500	-	-	-
	-	-	-	-	-	4,690	-
	-	-	-	-	-	-	-
	-	-	-	182,133	910,272	544,111	109,300
	<u>83</u>	<u>-</u>	<u>-</u>	<u>184,633</u>	<u>910,272</u>	<u>557,719</u>	<u>109,300</u>
	-	-	301,174	520,679	174,455	-	59,804
	-	-	<u>301,174</u>	<u>611,395</u>	<u>174,455</u>	<u>-</u>	<u>59,804</u>
	-	-	-	-	-	126	-
	2,913,957	-	7,073	44,763	-	-	-
	-	793	-	-	-	-	-
	<u>2,913,957</u>	<u>793</u>	<u>7,073</u>	<u>44,763</u>	<u>(910,272)</u>	<u>(462,707)</u>	<u>(109,300)</u>
	<u>\$ 2,914,040</u>	<u>\$ 793</u>	<u>\$ 308,247</u>	<u>\$ 840,791</u>	<u>\$ 174,455</u>	<u>\$ 95,138</u>	<u>\$ 59,804</u>

**CITY OF RIVER FALLS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2016

	Special Revenue Funds			
	Tax Increment District #9	Tax Increment District #11	Tax Increment District #12	Library
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ 54,379
Receivables				
Taxes	60,603	-	-	860,000
Accounts	-	-	-	165
Interest	-	-	-	-
Notes	-	-	84	7,330
Prepaid items and inventories	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	-
Advances to other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 60,603</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>\$ 921,874</u>

	Special Revenue Funds			
	Tax Increment District #9	Tax Increment District #11	Tax Increment District #12	Library
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 8,834
Accrued liabilities	-	-	-	16,565
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	307,843	25,394	614,660	-
Total Liabilities	<u>307,843</u>	<u>25,394</u>	<u>614,660</u>	<u>25,399</u>
Deferred Inflows of Resources				
Unearned revenues	60,603	-	-	860,000
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>60,603</u>	<u>-</u>	<u>-</u>	<u>860,000</u>
Fund Balances				
Nonspendable	-	-	84	7,330
Restricted	-	-	-	29,145
Committed	-	-	-	-
Unassigned (deficit)	(307,843)	(25,394)	(614,660)	-
Total Fund Balances	<u>(307,843)</u>	<u>(25,394)</u>	<u>(614,576)</u>	<u>36,475</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 60,603</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>\$ 921,874</u>

	Special Revenue Funds						
	Commercial Revolving Loan Fund	Park Impact Fees	Library Impact Fees	Fire Impact Fees	Housing Reserve	Library Trust Fund	Tourism and Economic Development
\$ 8,829	\$ 156,221	\$ -	\$ -	\$ 144,682	\$ 288,207	\$ 164,969	\$ 309,409
-	-	-	-	-	-	-	2,500
94,452	-	-	-	-	341,802	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 103,281</u>	<u>\$ 156,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,682</u>	<u>\$ 630,009</u>	<u>\$ 164,969</u>	<u>\$ 311,909</u>

\$ -	\$ -	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ 1,336
18,456	-	2,14,399	-	-	-	-	-
<u>18,456</u>	<u>-</u>	<u>2,14,479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
-	-	-	-	341,802	-	-	-
<u>94,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>341,802</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
-	-	-	-	-	-	-	-
-	156,221	-	144,682	288,207	164,969	-	-
(9,627)	-	(214,479)	-	-	-	-	-
<u>(9,627)</u>	<u>156,221</u>	<u>(214,479)</u>	<u>-</u>	<u>144,682</u>	<u>288,207</u>	<u>164,969</u>	<u>(691,927)</u>
<u>\$ 103,281</u>	<u>\$ 156,221</u>	<u>\$ -</u>	<u>\$ 144,682</u>	<u>\$ 630,009</u>	<u>\$ 164,969</u>	<u>\$ 311,909</u>	<u>\$ -</u>

**CITY OF RIVER FALLS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2016

	Debt Service Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 63,965	\$ 15,265	\$ 2,978,826
Receivables			
Taxes	647,101	175,124	2,912,325
Accounts	-	-	167,777
Interest	-	-	3,200
Notes	-	-	526,970
Prepaid items and inventories	-	-	7,555
Due from other funds	-	-	700,000
Due from other governmental units	-	-	36,450
Advances to other funds	-	-	1,000,000
<b>TOTAL ASSETS</b>	<u>\$ 711,066</u>	<u>\$ 190,389</u>	<u>\$ 8,333,103</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**

Liabilities			
Accounts payable	\$ -	\$ -	\$ 50,655
Accrued liabilities	-	-	16,565
Deposits	-	-	4,690
Due to other funds	-	252	310,490
Advances from other funds	-	-	3,693,713
Total Liabilities	-	252	4,076,113
Deferred Inflows of Resources			
Unearned revenues	647,101	175,124	2,912,325
Unavailable revenues	-	-	542,783
Total Deferred Inflows of Resources	647,101	175,124	3,455,108
Fund Balances			
Nonspendable	-	-	7,555
Restricted	63,965	15,013	4,217,126
Committed	-	-	793
Unassigned (deficit)	-	-	(3,423,592)
Total Fund Balances	63,965	15,013	801,882
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 711,066</u>	<u>\$ 190,389</u>	<u>\$ 8,333,103</u>

**CITY OF RIVER FALLS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2016

	Parking Improvements	Refuse/Solid Waste	Shared Ride Taxi
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments	-	-	-
Intergovernmental	-	-	207,831
Public charges for services	-	587,653	-
Investment income	9	554	33
Miscellaneous	-	-	-
Total Revenues	<u>9</u>	<u>588,207</u>	<u>207,864</u>
<b>EXPENDITURES</b>			
Current			
Public safety	4,083	-	-
Public works	-	629,065	182,073
Leisure	-	-	-
Conservation and development	-	-	-
Capital Outlay	-	-	-
Debt Service	-	-	-
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	<u>4,083</u>	<u>629,065</u>	<u>182,073</u>
Excess (deficiency) of revenues over expenditures	<u>(4,074)</u>	<u>(40,858)</u>	<u>25,791</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	-	-
Premium on debt issued	-	-	-
Transfers from other funds	-	-	13,162
Transfers to other funds	(2,056)	(36,428)	(5,000)
Property sales	-	-	-
Payments to refunding escrow	-	-	-
Total Other Financing Sources (Uses)	<u>(2,056)</u>	<u>(36,428)</u>	<u>8,162</u>
<b>Net Change in Fund Balances</b>	<u>(6,130)</u>	<u>(77,286)</u>	<u>33,963</u>
FUND BALANCES (DEFICIT) - Beginning of Year	126,691	302,702	9,216
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 120,561</u>	<u>\$ 225,416</u>	<u>\$ 43,169</u>

**CITY OF RIVER FALLS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2016

										Special Revenue Funds				
Media Services	Environmental Fee	Park Acquisition Fund	Tax Increment District #4	Tax Increment District #5	Tax Increment District #6	Tax Increment District #7								
\$ -	\$ -	\$ -	\$ 308,978	\$ 462,458	\$ 168,396	\$ -								
-	-	-	-	-	-	-								
-	-	-	2,256	22,163	162	-								
-	89,547	-	-	-	-	-								
-	9,233	1	12	4,484	7	3								
-	98,780	1	311,246	60,570	168,565	3								
-	-	-	-	549,675	-	-								
-	-	-	-	-	-	-								
-	-	-	-	-	-	-								
-	29,183	-	2,154	19,808	993	34,799								
-	-	-	-	11,783	-	-								
-	-	-	-	-	-	-								
-	-	-	-	171,766	120,000	-								
-	-	-	-	246,252	45,670	-								
-	29,183	-	2,154	449,609	166,663	34,799								
-	69,597	1	309,092	100,066	1,902	(34,796)								
-	-	-	-	-	-	-								
-	-	-	-	-	-	-								
-	-	-	-	265,000	-	-								
(167,763)	(5,338)	-	(311,179)	(89,781)	(28,245)	(11,538)								
-	-	-	-	-	-	-								
(167,763)	(5,338)	-	(311,179)	175,219	(28,245)	(11,538)								
(167,763)	64,259	1	(2,087)	275,285	(26,343)	(46,334)								
167,763	2,849,698	792	9,160	(230,522)	(883,929)	(416,247)								
\$ -	\$ 2,913,957	\$ 793	\$ 7,073	\$ 44,763	\$ (910,272)	\$ (462,581)								

										Special Revenue Funds		
REVENUES	Taxes	Special assessments	Intergovernmental	Public charges for services	Investment income	Miscellaneous	Total Revenues	Tax Increment District #8	Tax Increment District #9	Tax Increment District #11		
\$ -	\$ 67,226	\$ 70,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
-	-	-	1,509	-	-	-	-	-	-	-		
-	-	-	-	14	31	-	-	-	-	-		
-	-	-	-	9,162	-	-	-	-	-	-		
-	67,240	81,537	-	-	-	-	-	-	-	-		
EXPENDITURES	Current	Public safety	Public works	Leisure	Conservation and development	Capital Outlay	Debt Service	Principal retirement	Interest and fiscal charges	Total Expenditures		
-	-	-	-	-	-	-	-	35,000	4,237	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	62,705	70,783	-	-	-	7,620		
-	-	-	-	-	-	-	-	-	-	3,100		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	62,705	110,020	-	-	-	-	-	-	-	10,720		
-	4,535	(28,483)	-	-	-	-	-	-	-	(10,720)		
Excess (deficiency) of revenues over expenditures												
OTHER FINANCING SOURCES (USES)	Long-term debt issued	Premium on debt issued	Transfers from other funds	Transfers to other funds	Property sales	Payments to refunding escrow	Total Other Financing Sources (Uses)					
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	(4,960)	(11,042)	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	(4,960)	(11,042)	-	-	-	-	-	-	-	-		
Net Change in Fund Balances	(425)	(39,525)								(10,720)		
FUND BALANCES (DEFICIT) - Beginning of Year	(108,875)	(268,318)								(14,674)		
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (109,300)	\$ (307,843)								\$ (25,394)		

**CITY OF RIVER FALLS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2016

Tax Increment District #12	Special Revenue Funds					Housing Reserve
	Library	Commercial Revolving Loan Fund	Park Impact Fees	Library Impact Fees	Fire Impact Fees	
\$	\$ 830,419	\$ -	\$ -	\$ -	\$ -	\$ -
-	311,338	-	-	-	-	-
-	38,607	75,045	17,745	22,345	-	-
-	85	3,335	274	201	437	437
-	12,344	12,512	17	-	-	35,316
-	1,192,793	15,847	75,319	17,762	22,546	35,753
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,079,100	-	-	29,178	-	-
24,146	-	-	-	-	-	-
590,430	-	-	-	206,082	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
614,576	1,079,100	-	235,260	-	-	-
(614,576)	113,693	15,847	75,319	(217,498)	22,546	35,753
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(126,486)	(5,141)	(1,833)	(700)	(27,284)	(12,962)
-	-	-	-	-	-	-
-	(126,486)	(5,141)	(1,833)	(700)	(27,284)	(12,962)
(614,576)	(12,793)	10,706	73,486	(218,198)	(4,738)	22,791
-	49,268	(20,333)	82,735	3,719	149,420	265,416
(614,576)	36,475	(9,627)	156,221	(214,479)	144,682	288,207

REVENUES	Special Revenue Funds			Debt Service Notes
	Library Trust Fund	Tourism and Economic Development		
Taxes	\$ -	\$ 110,822	\$ -	796,938
Special assessments	-	2,500	-	-
Intergovernmental	-	-	-	-
Public charges for services	-	-	-	-
Investment income	284	517	-	57
Miscellaneous	17,166	63,906	-	-
Total Revenues	17,450	177,745	-	796,995
<b>EXPENDITURES</b>				
Current	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Leisure	3,705	-	-	-
Conservation and development	-	84,879	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal retirement	-	-	-	528,500
Interest and fiscal charges	-	-	-	184,383
Total Expenditures	3,705	84,879	-	712,883
Excess (deficiency) of revenues over expenditures	13,745	92,866	-	84,112
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	-	4,060,000
Premium on debt issued	-	-	-	235,744
Transfers from other funds	-	26,000	-	29,583
Transfers to other funds	(867)	(52,675)	-	(12,650)
Property sales	-	-	-	-
Payments to refunding escrow	-	-	-	(4,340,016)
Total Other Financing Sources (Uses)	(867)	(26,675)	-	(27,339)
<b>Net Change in Fund Balances</b>	12,878	66,191	-	56,773
FUND BALANCES (DEFICIT) - Beginning of Year	152,091	(758,118)	-	7,192
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 164,969	\$ (691,927)	\$ -	\$ 63,965

**CITY OF RIVER FALLS**

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
As of December 31, 2016

	Debt Service	Capital Projects	Capital Equipment	Capital Governmental	Total Nonmajor	Stormwater	Ambulance	Total Nonmajor Enterprise Funds
<b>ASSETS</b>								
Current Assets								
Cash and investments						\$ 249,344	\$ 1,075,022	\$ 1,324,366
Receivables						46,081	275,498	321,579
Accounts						1,985	14,167	16,152
Prepaid items						297,420	1,364,687	1,662,107
Total Current Assets								
Noncurrent Assets								
Capital Assets								
Land						-	101,298	101,298
Construction in progress						38,607	42,962	81,569
Property and equipment						8,577,323	1,777,275	10,354,598
Less: Accumulated depreciation						(1,951,316)	(1,085,328)	(3,036,644)
Total Noncurrent Assets						6,664,614	836,207	7,500,821
Total Assets						6,962,034	2,200,894	9,162,928
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Pension related amounts						64,715	265,571	330,286
Total Deferred Outflows of Resources						64,715	265,571	330,286
<b>LIABILITIES</b>								
Current Liabilities								
Accounts payable						7,802	11,660	19,462
Customer deposits						40,000	-	40,000
Accrued liabilities						3,566	31,117	34,683
Accrued interest						-	-	-
Current portion of general obligation debt						74,962	-	74,962
Current portion of compensated absences						-	15,294	15,294
Total Current Liabilities						126,569	58,071	184,640
Noncurrent Liabilities								
Long-Term Debt								
Compensated absences						-	21,235	21,235
Other post-employment benefits						11,076	16,001	16,001
Net pension liability						-	48,938	60,014
Total Noncurrent Liabilities						11,076	86,174	97,250
Total Liabilities						137,645	144,245	281,890
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Pension related amounts						23,310	102,988	126,298
Total Deferred Inflows of Resources						23,310	102,988	126,298
<b>NET POSITION</b>								
Net investment in capital assets						6,589,652	836,207	7,425,859
Unrestricted						276,142	1,383,025	1,659,167
<b>TOTAL NET POSITION</b>						\$ 6,865,794	\$ 2,219,232	\$ 9,085,026



**CITY OF RIVER FALLS**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2016

	Stormwater	Ambulance	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 540,778	\$ 1,464,410	\$ 2,005,188
Paid to suppliers for goods and services	(176,721)	(436,575)	(613,296)
Paid to employees for services	(117,966)	(691,775)	(809,741)
Net Cash Flows From Operating Activities	<u>246,091</u>	<u>336,060</u>	<u>582,151</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	167	2,688	2,855
Net Cash Flows From Investing Activities	<u>167</u>	<u>2,688</u>	<u>2,855</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to/from other funds	(38,306)	(38,259)	(76,565)
Net Cash Flows From Noncapital Financing Activities	<u>(38,306)</u>	<u>(38,259)</u>	<u>(76,565)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	(108,076)	-	(108,076)
Interest paid	(3,561)	-	(3,561)
Acquisition and construction of capital assets	(43,178)	(134,631)	(177,809)
Net Cash Flows From Capital and Related Financing Activities	<u>(154,815)</u>	<u>(134,631)</u>	<u>(289,446)</u>
<b>Net Change in Cash and Cash Equivalents</b>	53,137	165,858	218,995
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	196,207	909,164	1,105,371
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 249,344</u>	<u>\$ 1,075,022</u>	<u>\$ 1,324,366</u>

	Stormwater	Ambulance	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 39,983	\$ 60,058	\$ 100,041
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities	8,624	14,472	23,096
Depreciation	168,638	116,890	285,528
Changes in assets and liabilities			
Accounts receivable	5,216	127,855	133,071
Prepaid items	1,823	5,399	7,222
Accounts payable	6,377	4,583	10,960
Accrued liabilities	414	3,517	3,931
Customer deposits	10,000	-	10,000
Compensated absences	-	5,766	5,766
Pension related deferrals and liability	5,016	(2,480)	2,536
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 246,091</u>	<u>\$ 336,060</u>	<u>\$ 582,151</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets contributed by TIF	<u>\$ 913,423</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF RIVER FALLS**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2016

	Stormwater	Ambulance	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>			
Public charges for services	\$ 516,938	\$ 1,322,083	\$ 1,839,021
Total Operating Revenues	<u>516,938</u>	<u>1,322,083</u>	<u>1,839,021</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	308,317	1,145,135	1,453,452
Depreciation	168,638	116,890	285,528
Total Operating Expenses	<u>476,955</u>	<u>1,262,025</u>	<u>1,738,980</u>
Operating Income	<u>39,983</u>	<u>60,058</u>	<u>100,041</u>

<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	-	7,928	7,928
Investment income	167	2,688	2,855
Interest and fiscal charges	(3,561)	-	(3,561)
Miscellaneous	8,624	6,544	15,168
Total Nonoperating Revenues (Expenses)	<u>5,230</u>	<u>17,160</u>	<u>22,390</u>
Income Before Contributions and Transfers	<u>45,213</u>	<u>77,218</u>	<u>122,431</u>

<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	913,423	-	913,423
Transfers from other funds	5,000	75,200	80,200
Transfers to other funds	(43,306)	(113,459)	(156,765)
Total Contributions and Transfers	<u>875,117</u>	<u>(38,259)</u>	<u>836,858</u>
<b>Change in Net Position</b>	920,330	38,959	959,289
<b>NET POSITION - Beginning of Year</b>	5,945,464	2,180,273	8,125,737
<b>NET POSITION - END OF YEAR</b>	<u>\$ 6,865,794</u>	<u>\$ 2,219,232</u>	<u>\$ 9,085,026</u>

**CITY OF RIVER FALLS**

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
As of December 31, 2016

	City Hall	Motor Pool	Technology	Totals
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ -	\$ 7,670	\$ 8,869	\$ 16,539
Prepaid items	5,254	1,788	3,444	10,486
Total Current Assets	5,254	9,458	12,313	27,025
Noncurrent Assets				
Capital assets				
Property and equipment	45,250	78,292	429,178	552,720
Less: Accumulated depreciation	-	(42,072)	(158,822)	(200,894)
Total Noncurrent Assets	45,250	36,220	270,356	351,826
Total Assets	50,504	45,678	282,669	378,851
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	41,026	-	56,049	97,075
Total Deferred Outflows of Resources	41,026	-	56,049	97,075
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	5,107	-	3,426	8,533
Accrued liabilities	2,391	-	3,336	5,727
Due to other funds	36,042	-	130,222	166,264
Current portion of lease payable	-	12,021	-	12,021
Total Current Liabilities	43,540	12,021	136,984	192,545
Noncurrent Liabilities				
Lease payable	-	22,849	-	22,849
Net pension liability	7,158	-	11,716	18,874
Total Noncurrent Liabilities	7,158	22,849	11,716	41,723
Total Liabilities	50,698	34,870	148,700	234,268
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related amounts	15,064	-	24,655	39,719
<b>NET POSITION</b>				
Net investment in capital assets	45,250	1,350	270,356	316,956
Unrestricted (deficit)	(19,482)	9,458	(104,993)	(115,017)
<b>TOTAL NET POSITION</b>	\$ 25,768	\$ 10,808	\$ 165,363	\$ 201,939

**CITY OF RIVER FALLS**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2016

	City Hall	Motor Pool	Technology	Totals
<b>OPERATING REVENUES</b>				
Public charges for services	\$ 42,218	\$ -	\$ 36,900	\$ 79,118
Total Operating Revenues	42,218	-	36,900	79,118
<b>OPERATING EXPENSES</b>				
Operation and maintenance	245,331	10,732	369,987	626,050
Depreciation expense	-	12,021	54,718	66,739
Total Operating Expenses	245,331	22,753	424,705	692,789
Operating Loss	(203,113)	(22,753)	(387,805)	(613,671)
<b>NONOPERATING REVENUES</b>				
Investment income	28	52	158	238
Total Nonoperating Revenues	28	52	158	238
Income (Loss) Before Transfers	(203,085)	(22,701)	(387,647)	(613,433)
<b>TRANSFERS</b>				
Transfers from other funds	175,410	25,283	470,051	670,744
Transfers to other funds	(18,058)	(699)	(12,048)	(30,805)
Total Transfers	157,352	24,584	458,003	639,939
Change in net position	(45,733)	1,883	70,356	26,506
NET POSITION - Beginning of Year	71,501	8,925	95,007	175,433
<b>NET POSITION - END OF YEAR</b>	\$ 25,768	\$ 10,808	\$ 165,363	\$ 201,939

**CITY OF RIVER FALLS**

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2016

	City Hall	Motor Pool	Technology	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	42,218	\$ -	36,900	\$ 79,118
Paid to suppliers for goods and services	(135,688)	(11,306)	(380,418)	(527,412)
Paid to employees for services	(74,637)	-	(110,910)	(185,547)
Net Cash Flows From Operating Activities	(168,107)	(11,306)	(454,428)	(633,841)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	28	52	158	238
Net Cash Flows From Investing Activities	28	52	158	238
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to/from other funds	157,352	24,584	458,003	639,939
Net Cash Flows From Noncapital Financing Activities	157,352	24,584	458,003	639,939
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt retired	-	(12,298)	-	(12,298)
Acquisition and construction of capital assets	(45,250)	-	-	(45,250)
Net Cash Flows From Capital and Related Financing Activities	(45,250)	(12,298)	-	(57,548)
<b>Net Change in Cash and Cash Equivalents</b>	(55,977)	1,032	3,733	(51,212)
CASH AND CASH EQUIVALENTS - Beginning of Year	55,977	6,638	5,136	67,751
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ -	\$ 7,670	\$ 8,869	\$ 16,539
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (203,113)	\$ (22,753)	\$ (387,805)	\$ (613,671)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	-	12,021	54,718	66,739
Changes in assets and liabilities				
Prepaid items	554	(337)	10,256	10,473
Accounts payable	(4,368)	(237)	(5,517)	(10,122)
Due to other funds	36,042	-	(113,869)	(77,827)
Accrued liabilities	197	-	596	793
Pension related deferrals and liability	2,581	-	(12,807)	(10,226)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$ (168,107)	\$ (11,306)	\$ (454,428)	\$ (633,841)
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
None				

**CITY OF RIVER FALLS**

BALANCE SHEET  
GOVERNMENTAL COMPONENT UNIT  
As of December 31, 2016

<b>ASSETS</b>		
Cash and investments	\$ 34,315	Business Improvement District
Special assessments	42,000	
<b>TOTAL ASSETS</b>	\$ 76,315	
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	\$ 42,000	
Total Deferred Inflows of Resources	42,000	
<b>FUND BALANCES</b>		
Unassigned	34,315	
<b>TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	\$ 76,315	
<b>RECONCILIATION OF FUND BALANCE TO NET POSITION</b>		
Fund balance at year-end	\$ 34,315	
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.	42,000	
<b>NET POSITION AT YEAR END</b>	\$ 76,315	

**CITY OF RIVER FALLS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
GOVERNMENTAL COMPONENT UNIT  
For the Year Ended December 31, 2016

	Business Improvement District
<b>REVENUES</b>	
Special assessments	42,000
Total Revenues	<u>42,000</u>
<b>EXPENDITURES</b>	
Conservation and development	27,957
Total Expenditures	<u>27,957</u>
Change in fund balance	14,043
FUND BALANCE - Beginning of Year	<u>20,272</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 34,315</u>

**RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION**

Change in fund balance	\$ 14,043
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>\$ 14,043</u>

**CITY OF RIVER FALLS**

ELECTRIC UTILITY PLANT  
As of and for the Year Ended December 31, 2016

	Balance 1/1/2016	Additions	Retirements	Balance 12/31/2016
<b>HYDRAULIC PRODUCTION</b>				
Land and land rights	\$ 15,310	\$ -	\$ -	\$ 15,310
Structures and improvements	43,697	-	-	43,697
Reservoirs, dams and waterways	850,101	-	-	850,101
Water wheels, turbines, and generators	27,976	-	-	27,976
Accessory electric equipment	7,657	-	-	7,657
Miscellaneous power equipment	2,748	-	-	2,748
Total Hydraulic	<u>947,489</u>	<u>-</u>	<u>-</u>	<u>947,489</u>
<b>OTHER PRODUCTION</b>				
Land and land rights	25,248	-	-	25,248
Structures and improvements	1,224,829	-	-	1,224,829
Generators	36,000	-	-	36,000
Total Production	<u>1,286,077</u>	<u>-</u>	<u>-</u>	<u>1,286,077</u>
<b>TRANSMISSION</b>				
Land and land rights	2,302	-	-	2,302
Station equipment	526,199	-	-	526,199
Poles and fixtures	332,790	-	-	332,790
Overhead conductors and devices	677,173	-	-	677,173
Total Transmission	<u>1,538,464</u>	<u>-</u>	<u>-</u>	<u>1,538,464</u>
<b>DISTRIBUTION</b>				
Land and land rights	62,711	-	-	62,711
Structures and improvements	564,653	-	-	564,653
Station equipment	2,240,675	-	-	2,240,675
Storage battery equipment	7,328	-	-	7,328
Poles, towers, and fixtures	1,764,270	33,791	17,297	1,780,764
Overhead conductors	1,685,834	15,551	19,853	1,681,532
Underground conduit	559,392	175,243	186	734,449
Underground conductors	5,406,577	620,786	13,785	6,013,578
Transformers	2,408,745	115,771	27,279	2,497,237
Services	1,301,931	45,154	2,663	1,344,422
Meters	1,030,702	33,796	13,554	1,050,944
Street lighting and signal systems	1,353,466	217,808	88,792	1,482,482
Total Distribution	<u>18,386,284</u>	<u>1,257,900</u>	<u>183,409</u>	<u>19,460,775</u>

**CITY OF RIVER FALLS**

**ELECTRIC UTILITY PLANT (cont.)**

As of and for the Year Ended December 31, 2016

	Balance 1/1/2016	Additions	Retirements	Balance 12/31/2016
<b>GENERAL</b>				
Land and land rights	\$ 1,556	\$ -	\$ -	1,556
Structures and improvements	697,555	-	-	697,555
Office furniture and equipment	44,387	-	-	44,387
Computer equipment	117,390	-	-	117,390
Transportation equipment	888,023	1,693	-	889,716
Tools, shop, and garage equipment	112,346	-	-	112,346
Laboratory equipment	135,479	-	-	135,479
Power operated equipment	44,500	16,416	14,924	45,992
Communication equipment	22,965	-	-	22,965
SCADA equipment	76,585	-	-	76,585
<b>Total General</b>	<b>2,140,786</b>	<b>18,109</b>	<b>14,924</b>	<b>2,143,971</b>
<b>TOTAL ELECTRIC UTILITY PLANT</b>	<b>\$ 24,299,100</b>	<b>\$ 1,276,009</b>	<b>\$ 198,333</b>	<b>\$ 25,376,776</b>

**CITY OF RIVER FALLS**

**ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES**

For the Years Ended December 31, 2016 and 2015

	2016	2015
<b>OPERATING REVENUES</b>		
Sales of Electricity	\$ 5,427,101	\$ 5,486,027
Residential and rural	1,390,991	1,418,769
Small commercial and industrial	3,602,876	3,686,669
Large commercial and industrial	221,038	229,328
Public street and lighting	2,498,948	2,466,184
Other sales to public authorities	13,140,954	13,286,977
Total Sales of Electricity		
Other Operating Revenues	45,950	48,259
Forfeited discounts	10,290	13,758
Miscellaneous service revenues	37,779	47,296
Rent from electric property	288,226	266,791
Other miscellaneous revenues	13,523,199	13,663,081
Total Operating Revenues		
<b>OPERATING EXPENSES</b>		
Power Production		
Hydraulic power generation		
Operation	51,040	33,760
Operating and supervision	2,411	31,067
Hydraulic	17,175	7,901
Miscellaneous	-	510
Maintenance	-	-
Reservoirs, dams, and waterways	-	1,510
Miscellaneous	70,626	74,748
Total Hydraulic Power Generation	9,631,080	9,696,357
Purchased Power	9,701,706	9,771,105
Total Power Production		
Transmission		
Operation	1,759	1,464
Station	1,500	1,538
Overhead lines		
Maintenance	5,345	48,534
Overhead lines	8,604	51,536
Total Transmission		

**CITY OF RIVER FALLS**

**ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES (cont.)**  
For the Years Ended December 31, 2016 and 2015

	2016	2015
<b>OPERATING EXPENSES (cont.)</b>		
Distribution		
Operation		
Operation supervision and engineering	\$ 62,028	\$ 43,156
Station	74,757	76,089
Overhead line	32,687	32,842
Underground line	105,772	74,833
Street lighting and signal	7,549	14,672
Meter expenses	115,513	126,496
Customer installations	-	267
Miscellaneous	119,776	123,518
Maintenance		
Structures	36,080	31,636
Station equipment	17,375	1,446
Overhead line	69,462	78,061
Underground line	31,617	25,851
Line transformers	10,896	8,199
Street lighting and signal	16,756	13,482
Total Distribution	<u>700,268</u>	<u>652,548</u>
Customer Accounts		
Meter reading	22,792	25,709
Accounting and collecting labor	176,810	217,530
Miscellaneous	166,181	143,581
Total Customer Accounts	<u>365,783</u>	<u>386,820</u>
Sales		
Advertising	1,566	3,646
Administrative and General		
Salaries	117,327	89,137
Office supplies	14,368	5,138
Outside services employed	18,725	16,062
Property insurance	18,156	21,358
Injuries and damages	16,702	17,218
Employee pensions and benefits	233,292	228,858
Miscellaneous	200,164	144,057
Rents	55,626	55,626
Total Administrative and General	<u>674,360</u>	<u>577,454</u>
Taxes	81,446	78,357
Total Operation and Maintenance	<u>11,533,733</u>	<u>11,521,466</u>
Depreciation	812,396	785,398
Total Operating Expenses	<u>12,346,129</u>	<u>12,306,864</u>
<b>OPERATING INCOME</b>	<u>\$ 1,177,070</u>	<u>\$ 1,356,217</u>

**CITY OF RIVER FALLS**

**WATER UTILITY PLANT**  
As of and for the Year Ended December 31, 2016

	Balance 1/1/2016	Additions	Retirements	Balance 12/31/2016
<b>SOURCE OF SUPPLY</b>				
Land and land rights	\$ 2,708	\$ -	\$ -	\$ 2,708
Wells and springs	234,839	669,112	-	903,951
Total Source of Supply	<u>237,547</u>	<u>669,112</u>	<u>-</u>	<u>906,659</u>
<b>PUMPING</b>				
Structures and improvements	1,437,651	-	-	1,437,651
Other power production equipment	215,385	-	-	215,385
Electric pumping equipment	398,365	-	-	398,365
Diesel pumping equipment	29,465	-	-	29,465
Total Pumping	<u>2,080,866</u>	<u>-</u>	<u>-</u>	<u>2,080,866</u>
<b>WATER TREATMENT</b>				
Water treatment equipment	83,786	-	-	83,786
<b>TRANSMISSION AND DISTRIBUTION</b>				
Land and land rights	20,412	-	-	20,412
Structures and improvements	15,864	-	-	15,864
Distribution reservoirs and standpipe	848,056	-	-	848,056
Transmission and distribution main	9,204,169	488,897	-	9,693,066
Services	2,006,525	95,791	293	2,102,023
Meters	1,558,762	75,396	62,852	1,571,306
Hydrants	1,379,821	89,285	-	1,469,106
Other transmission and distribution				
Plant	<u>832,327</u>	<u>-</u>	<u>-</u>	<u>832,327</u>
Total Transmission and Distribution	<u>15,865,936</u>	<u>749,369</u>	<u>63,145</u>	<u>16,552,160</u>
<b>GENERAL</b>				
Computers	57,607	-	-	57,607
Structures and improvements	214,062	-	-	214,062
Office furniture	11,642	-	-	11,642
Transportation equipment	70,941	1,693	-	72,634
Tools, shop & garage	31,113	-	-	31,113
Laboratory equipment	11,063	-	-	11,063
Power operated equipment	45,591	16,416	14,924	47,083
Communication equipment	1,871	-	-	1,871
SCADA equipment	178,744	-	-	178,744
Total General	<u>622,634</u>	<u>18,109</u>	<u>14,924</u>	<u>625,819</u>
<b>TOTAL WATER UTILITY PLANT</b>	<u>\$ 18,890,769</u>	<u>\$ 1,436,590</u>	<u>\$ 78,069</u>	<u>\$ 20,249,290</u>

**CITY OF RIVER FALLS**

WATER UTILITY OPERATING REVENUES AND EXPENSES  
For the Years Ended December 31, 2016 and 2015

	2016	2015
<b>OPERATING REVENUES</b>		
Sales of Water		
Residential	\$ 571,823	\$ 493,156
Commercial	112,962	103,642
Multi-Family	56,032	49,092
Industrial	22,759	16,842
Public authorities	88,183	79,595
Irrigation	202,001	163,747
Total Metered Sales	<u>1,053,760</u>	<u>906,074</u>
Private fire protection	58,829	56,448
Public fire protection	395,085	420,594
Total Sales of Water	<u>1,507,674</u>	<u>1,383,116</u>
Other Operating Revenues		
Forfeited discounts	3,518	4,828
Rent from water property	101,802	97,445
Other miscellaneous revenues	49,249	41,580
Total Operating Revenues	<u>1,662,243</u>	<u>1,526,969</u>
<b>OPERATING EXPENSES</b>		
Pumping		
Operation		
Operation supervision and engineering	74	5,144
Fuel or purchased power for pumping	78,404	85,284
Pumping labor	20,960	21,950
Maintenance		
Structures and improvements	1,399	8,048
Power production equipment	-	2,550
Pumping equipment	8,820	14,335
Total Pumping	<u>109,657</u>	<u>137,311</u>
Water Treatment		
Operation		
Operation supervision and engineering	5,732	1,134
Chemicals	25,578	25,163
Operation labor	20,441	25,232
Maintenance		
Water treatment equipment	23,023	17,608
Total Water Treatment	<u>74,774</u>	<u>69,137</u>

**CITY OF RIVER FALLS**

WATER UTILITY OPERATING REVENUES AND EXPENSES (cont.)  
For the Years Ended December 31, 2016 and 2015

	2016	2015
<b>OPERATING EXPENSES (cont.)</b>		
Transmission and Distribution		
Operation		
Operation supervision and engineering	\$ 38,120	\$ 33,949
Storage facilities	1,117	1,694
Transmission and distribution lines	55,775	42,348
Meters	38,318	12,296
Customer installations	13,500	34,659
Miscellaneous	58,357	56,982
Maintenance		
Supervision and engineering	10,400	31,865
Structures and improvements	5,789	2,059
Reservoirs and standpipes	13,340	4,198
Mains	21,198	49,557
Services	22,406	33,309
Hydrants	14,571	13,021
Total Transmission and Distribution	<u>292,891</u>	<u>315,937</u>
Customer Accounts		
Meter reading	7,079	6,430
Accounting and collecting labor	54,842	62,234
Total Customer Accounts	<u>61,921</u>	<u>68,664</u>
Sales		
Advertising	1,051	662
Administrative and General		
Salaries	71,776	43,007
Office supplies	7,488	10,813
Outside services employed	15,140	13,165
Property insurance	7,184	5,279
Injuries and damages	14,273	9,722
Employee pensions and benefits	93,188	104,185
Miscellaneous	12,587	10,080
Rents	30,260	30,260
Total Administrative and General	<u>251,896</u>	<u>226,511</u>
Taxes	24,347	21,240
Total operation and maintenance	<u>816,537</u>	<u>839,462</u>
Depreciation	410,838	397,234
Total Operating Expenses	<u>1,227,375</u>	<u>1,236,696</u>
<b>OPERATING INCOME</b>	<u>\$ 434,868</u>	<u>\$ 290,273</u>

**CITY OF RIVER FALLS**

SEWER UTILITY PLANT  
As of and for the Year Ended December 31, 2016

	Balance 1/1/2016	Additions	Retirements	Balance 12/31/2016
<b>COLLECTING SYSTEM</b>				
Collecting mains	\$ 9,389,297	\$ 653,260	\$ 10,744	\$ 10,031,813
Interceptor mains	7,228,480	-	-	7,228,480
Force mains	141,607	-	-	141,607
Other collecting system equipment	-	-	-	-
Total Collecting System	16,759,384	653,260	10,744	17,401,900
<b>COLLECTING SYSTEM PUMPING</b>				
Land and land rights	2,384	-	-	2,384
Structures and improvements	330,289	-	-	330,289
Receiving wells	440,113	-	-	440,113
Electric pumping equipment	334,738	-	-	334,738
Total Collecting System Pumping	1,107,524	-	-	1,107,524
<b>TREATMENT AND DISPOSAL</b>				
Land and land rights	115,238	-	-	115,238
Structures and improvements	4,374,331	-	-	4,374,331
Preliminary treatment equipment	640,652	6,568	-	647,220
Primary treatment equipment	395,354	-	-	395,354
Secondary treatment equipment	504,858	-	-	504,858
Chlorination equipment	109,007	-	-	109,007
Sludge treatment and disposal equipment	944,487	-	-	944,487
Plant site piping	1,000,644	-	-	1,000,644
Flow metering and monitoring equipment	87,513	-	-	87,513
Other treatment and disposal equipment	61,247	-	-	61,247
Total Treatment and Disposal	8,233,331	6,568	-	8,239,899
<b>GENERAL</b>				
Structures and improvements	1,031,787	-	-	1,031,787
Office furniture	17,912	-	-	17,912
Computers	40,197	-	-	40,197
Transportation equipment	163,909	196,693	-	360,602
Other general equipment	280,318	48,424	14,930	313,812
SCADA equipment	175,887	-	-	175,887
Total General	1,710,010	245,117	14,930	1,940,197
<b>INTANGIBLES</b>				
	-	128,163	-	128,163
<b>TOTAL SEWER UTILITY PLANT</b>	<b>\$ 27,810,249</b>	<b>\$ 1,033,108</b>	<b>\$ 25,674</b>	<b>\$ 28,817,683</b>

**CITY OF RIVER FALLS**

SEWER UTILITY OPERATING REVENUES AND EXPENSES  
For the Years Ended December 31, 2016 and 2015

	2016	2015
<b>OPERATING REVENUES</b>		
Sales of Wastewater		
Residential	1,995,375	1,990,488
Commercial	425,539	447,794
Multi-family	260,744	236,670
Industrial	123,274	94,205
Public authorities	360,054	366,697
Total Wastewater Sales	3,164,986	3,135,854
Other Operating Revenues		
Forfeited discounts	9,697	13,058
Other miscellaneous revenues	43,804	38,127
Total Operating Revenues	3,218,487	3,187,039
<b>OPERATING EXPENSES</b>		
Operation		
Operation supervision and engineering	112,810	115,823
Power and fuel for pumping	19,222	17,453
Power and fuel for aeration equipment	179,055	188,767
Treatment charges	297,236	367,325
Chlorine	3,702	4,752
Phosphorous removal chemicals	3,139	-
Other operating supplies	41,224	33,683
Transportation	6,494	11,609
Total Operations	662,882	739,412
Maintenance		
Collection system	237,485	303,792
Pumping equipment	43,687	65,243
Treatment and disposal plant equipment	118,687	189,651
General plant structures equipment	27,188	23,407
Total Maintenance	427,047	582,093
Customer Accounts		
Accounting and collecting labor	150,714	135,434
Sales		
Advertising	1,059	674
Administrative and General		
Salaries	126,530	123,720
Office supplies	16,639	15,540
Outside services employed	16,908	10,566
Property insurance	17,869	9,652
Injuries and damages	14,428	14,777
Employee pensions and benefits	152,789	137,472



**CITY OF RIVER FALLS**

**SEWER UTILITY OPERATING REVENUES AND EXPENSES (cont.)**  
 For the Years Ended December 31, 2016 and 2015

	2016	2015
<b>OPERATING EXPENSES (cont.)</b>		
Administrative and General (cont.)		
Miscellaneous	\$ -	\$ 5,023
Rents	56,431	56,431
Total Administrative and General	401,594	373,181
Taxes	32,127	31,792
Total Operation and Maintenance	1,675,423	1,862,686
Depreciation	592,720	563,321
Total Operating Expenses	2,268,143	2,425,907
<b>OPERATING INCOME</b>	<b>\$ 950,344</b>	<b>\$ 761,132</b>

## CITY OF RIVER FALLS

### INSURANCE SUMMARY

For the Year Ended December 31, 2016

Description	Insurer	Policy Number	Coverage Limits	Deductible	Policy Period
Property	Liberty Mutual	YU2-Z91-515581-276	\$66,952,413 BPP & \$1,000,000 Flood	\$100,000 Flood	8/1/16-8/1/17
General Liability	Liberty Mutual	TB7-Z91-515581-146	\$2,000,000	NA	8/1/16-8/1/17
Business Automobile	Liberty Mutual	AS7-Z91-515581-116	\$2,000,000	\$1,000 - \$2,500 varying	8/1/16-8/1/17
Workers Compensation	Liberty Mutual	WC2-Z91-515581-246	\$500,000	NA	8/1/16-8/1/17
Commercial Umbrella	Liberty Mutual	THC-Z91-515581-156	\$4,000,000	NA	8/1/16-8/1/17
Law Enforcement Liability	Liberty Mutual	ROC-Z91-515581-236	\$2,000,000	NA	8/1/16-8/1/17
Crime	Liberty Mutual	YC2-Z91-515581-266	\$50,000 - \$500,000	occurrence	8/1/16-8/1/17
Management Liability	Darwin National Assurance Co Billing co: RT Specialty, LLC	0202-2479	\$5,000,000	\$5,000 - \$15,000 (retention)	8/1/16-8/1/17
Inland Marine	Liberty Mutual	IM 8141002	\$1,730,237	\$1,000	8/1/16-8/1/17
Cyber & Privacy Liability	Evanston Insurance Company	DB502629	\$ 1,000,000	\$10,000 (retention)	1/1/16-1/1/17

## CITY OF RIVER FALLS

### WATER UTILITY REVENUE BOND DISCLOSURE

#### WATER SALES TO GENERAL CUSTOMERS

For the Year Ended December 31, 2016

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	<u>Average Customer Count</u>	<u>Gallons Sold (000's)</u>
Residential	4,182	166,589
Commercial	296	51,397
Industrial	17	16,648
Public Authority	74	44,540
Multi-Family Residential	72	33,002
Irrigation	<u>675</u>	<u>57,651</u>
Total Metered Sales	<u>5,316</u>	<u>369,827</u>

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**CITY OF RIVER FALLS**

River Falls, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

# CITY OF RIVER FALLS

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# CITY OF RIVER FALLS

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of River Falls, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of River Falls' basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of River Falls, Wisconsin, as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

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Our audit for the year ended December 31, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of River Falls' basic financial statements. The supplementary information for the year ended December 31, 2017 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2017, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2017.



**Other Matters** (cont.)

*Supplementary Information* (cont.)

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of River Falls as of and for the year ended December 31, 2016 (not presented herein), and have issued our report thereon dated June 28, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information. The utility operating revenues and expenses statements for the year ended December 31, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the utility operating revenues and expenses statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2016.

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**Other Reporting Required by Government Auditing Standards**

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

Eau Claire, Wisconsin  
\_\_\_\_\_, 2018

**CITY OF RIVER FALLS**

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

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

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See accompanying notes to financial statements.

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

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**CITY OF RIVER FALLS**

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 2,757,420	\$ 373,372	\$ -	\$ -
Public safety	3,854,700	157,239	537,903	-
Public works	3,735,748	629,451	809,871	235,096
Health services	19,164	-	-	-
Leisure	2,201,090	223,856	369,953	-
Conservation and development	1,364,975	110,539	-	2,531,228
Interest and fiscal charges	702,477	-	-	-
<b>Total Governmental Activities</b>	<u>14,635,574</u>	<u>1,494,457</u>	<u>1,717,727</u>	<u>2,766,324</u>
<b>Business-type Activities</b>				
Electric utility	12,836,118	13,702,434	-	139,765
Water utility	1,406,276	1,741,405	-	515,866
Sewer utility	2,520,248	3,356,395	-	347,189
Stormwater	518,113	546,881	-	66,490
Ambulance	1,553,687	1,517,592	7,636	-
<b>Total Business-type Activities</b>	<u>18,834,442</u>	<u>20,864,707</u>	<u>7,636</u>	<u>1,069,310</u>
<b>Total Primary Government</b>	<u>\$ 33,470,016</u>	<u>\$ 22,359,164</u>	<u>\$ 1,725,363</u>	<u>\$ 3,835,634</u>
<b>Component Unit</b>				
Business Improvement District	<u>\$ 51,583</u>	<u>\$ 42,000</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General Revenues</b>				
<b>Taxes</b>				
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				
<b>Total General Revenues</b>				
Transfers - internal				
<b>Change in net position</b>				
NET POSITION - Beginning of Year				
<b>NET POSITION - END OF YEAR</b>				

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position

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

See accompanying notes to financial statements.

**CITY OF RIVER FALLS**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2017

	<u>General Fund</u>	<u>Tax Increment District #10</u>	<u>General Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and investments	\$ 3,270,466	\$ -	\$ 2,242,066	\$ 3,326,116	\$ 8,838,648
Receivables					
Taxes	4,090,811	116,658	486,061	2,486,667	7,180,197
Accounts	157,050	-	182,794	279,340	619,184
Special assessments	54,808	-	28,573	-	83,381
Accrued interest	9,527	-	-	3,512	13,039
Loans	-	-	246,869	452,074	698,943
Prepaid items and inventories	90,958	-	-	-	90,958
Due from other funds	885,143	-	-	700,000	1,585,143
Due from other governmental units	925	-	-	32,242	33,167
Advances to other funds	6,747,695	-	-	1,000,000	7,747,695
Restricted cash and investments	-	-	259,053	-	259,053
<b>TOTAL ASSETS</b>	<u>\$ 15,307,383</u>	<u>\$ 116,658</u>	<u>\$ 3,445,416</u>	<u>\$ 8,279,951</u>	<u>\$ 27,149,408</u>

**DRAFT**

	General Fund	Tax Increment District #10	General Capital Projects	Nonmajor Governmental Funds	Totals
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 198,584	\$ 10,059	\$ 379,130	\$ 75,454	\$ 663,227
Accrued liabilities	221,921	-	-	25,849	247,770
Deposits	50,100	-	-	4,690	54,790
Unearned revenues	-	-	2,609,182	-	2,609,182
Due to other funds	700,000	46,059	-	493,952	1,240,011
Due to other governments	-	-	-	46	46
Advances from other funds	-	3,414,408	-	4,333,287	7,747,695
Total Liabilities	<u>1,170,605</u>	<u>3,470,526</u>	<u>2,988,312</u>	<u>4,933,278</u>	<u>12,562,721</u>
Deferred Inflows of Resources					
Unearned revenues	4,090,096	116,658	494,148	2,486,667	7,187,569
Unavailable revenues	86,737	-	450,149	510,608	1,047,494
Total Deferred Inflows of Resources	<u>4,176,833</u>	<u>116,658</u>	<u>944,297</u>	<u>2,997,275</u>	<u>8,235,063</u>
Fund Balances					
Nonspendable	6,838,653	-	-	-	6,838,653
Restricted	-	-	-	4,645,311	4,645,311
Committed	-	-	-	5,137	5,137
Unassigned (deficit)	3,121,292	(3,470,526)	(487,193)	(4,301,050)	(5,137,477)
Total Fund Balances	<u>9,959,945</u>	<u>(3,470,526)</u>	<u>(487,193)</u>	<u>349,398</u>	<u>6,351,624</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
	<u>\$ 15,307,383</u>	<u>\$ 116,658</u>	<u>\$ 3,445,416</u>	<u>\$ 8,279,951</u>	<u>\$ 27,149,408</u>

See accompanying notes to financial statements.



## CITY OF RIVER FALLS

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2017

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Total Fund Balances - Governmental Funds	\$	6,351,624
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Amounts reported for governmental activities in the statement of net position are different because:

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

Land		12,968,147
Construction in progress		4,202,881
Other capital assets		60,526,477
Less: Accumulated depreciation		(18,514,992)
Less: Internal service fund included below		(254,853)

DRAFT

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.

1,047,494

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

(293,277)

Add: Internal service fund included below

11,328

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

2,379,582

Less: Internal service fund included below

(69,194)

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

(966,456)

Add: Internal service fund included below

30,468

Governmental funds report the effect of losses on refunding, discounts, and similar items when debt is first issued, whereas these items are deferred and amortized in the statement of activities.

(177,924)

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

790,602

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable		(15,711,571)
Compensated absences		(976,869)
Accrued interest		(168,259)
Landfill post-closure care cost		(139,920)
Other post-employment benefits		(583,326)

**NET POSITION OF GOVERNMENTAL ACTIVITIES**

**\$ 50,451,962**



## CITY OF RIVER FALLS

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

For the Year Ended December 31, 2017

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

See accompanying notes to financial statements.

	<u>General Fund</u>	<u>Tax Increment District #10</u>	<u>General Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>DRAFT</b>					
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	\$ -	\$ 1,100,000	\$ -	\$ 112,500	\$ 1,212,500
Transfers from other funds	1,827,735	-	300,000	496,150	2,623,885
Transfers to other funds	(563,273)	(301,153)	(49,072)	(813,177)	(1,726,675)
Property sales	10,839	-	-	12,050	22,889
Total Other Financing Sources (Uses)	<u>1,275,301</u>	<u>798,847</u>	<u>250,928</u>	<u>(192,477)</u>	<u>2,132,599</u>
<b>Net Change in Fund Balances</b>	301,415	444,686	(655,813)	(452,484)	(362,196)
<b>FUND BALANCES (DEFICIT) - Beginning of Year</b>	<u>9,658,530</u>	<u>(3,915,212)</u>	<u>168,620</u>	<u>801,882</u>	<u>6,713,820</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 9,959,945</u>	<u>\$ (3,470,526)</u>	<u>\$ (487,193)</u>	<u>\$ 349,398</u>	<u>\$ 6,351,624</u>

See accompanying notes to financial statements.

## CITY OF RIVER FALLS

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

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

See accompanying notes to financial statements.

**CITY OF RIVER FALLS**

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

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

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

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See accompanying notes to financial statements.

# CITY OF RIVER FALLS

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

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

Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.

### NET POSITION BUSINESS-TYPE ACTIVITIES

See accompanying notes to financial statements.

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

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See accompanying notes to financial statements.



**CITY OF RIVER FALLS**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS

For the Year Ended December 31, 2017

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

**NET POSITION OF BUSINESS-TYPE ACTIVITIES**

See accompanying notes to financial statements.



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

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See accompanying notes to financial statements.

**CITY OF RIVER FALLS**

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

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

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See accompanying notes to financial statements.

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

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See accompanying notes to financial statements.

**CITY OF RIVER FALLS**

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

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

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

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See accompanying notes to financial statements.

**CITY OF RIVER FALLS**

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

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

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**CITY OF RIVER FALLS**

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

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**CITY OF RIVER FALLS**

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

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

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

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**A. REPORTING ENTITY**

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

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



CITY OF RIVER FALLS

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

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Business Improvement District

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

CITY OF RIVER FALLS

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

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

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

Fund Financial Statements

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

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

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

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

The city reports the following major governmental funds:

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

The city reports the following major enterprise funds:

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



**CITY OF RIVER FALLS**

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

**NOTE 1 - 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:

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

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

- Notes
- Bonds

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

**Capital Equipment**

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

- Stormwater
- Ambulance

**CITY OF RIVER FALLS**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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

**Fund Financial Statements (cont.)**

In addition, the city reports the following fund types:

Internal Service Funds - used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis.

- City Hall
- Motor Pool
- Technology
- Maintenance

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

- Tax Collection Fund

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

**Government-Wide Financial Statements**

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

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

CITY OF RIVER FALLS

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

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

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

*Fund Financial Statements*

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

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

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

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

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

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

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

CITY OF RIVER FALLS

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

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

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

*All Financial Statements*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

1. Deposits and Investments

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

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

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

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

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

CITY OF RIVER FALLS

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

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

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

1. Deposits and Investments (cont.)

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

Concentration of Credit Risk

The city will diversify investments according to the following limits:

1. No financial institutions shall hold more than 15% of the city's investment portfolio excluding short-term construction bond proceeds.
2. Monies deposited at an individual financial institution shall not exceed 10% of the capital stock and surplus of that institution.
3. Commercial paper shall not exceed 10% of the city's portfolio.
4. Deposits in the Wisconsin State Investment Pool shall not exceed 50% of the investment portfolio, with the exception of annual property tax collections, which are generally invested for 30 days or less.
5. Financing for city projects, for a term not more than five years, shall not exceed 15% of the portfolio.
6. Total holdings of any one issuer may not exceed 10% of the market value of the portfolio at the time of purchase, with the exception of U.S. government issues fully guaranteed as to both principal and interest by the U.S. government or agencies thereof.

Interest Rate Risk

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

CITY OF RIVER FALLS

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

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

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

1. Deposits and Investments (cont.)

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III.A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2017, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

2. Receivables

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

Property tax calendar - 2017 tax roll:

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

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

CITY OF RIVER FALLS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

**2. Receivables (cont.)**

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

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

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

**3. Inventories and Prepaid Items**

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

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

**4. Restricted Assets**

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

CITY OF RIVER FALLS

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

NOTE 1 - 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**

**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 investments of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

**Fund Financial Statements**

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



**CITY OF RIVER FALLS**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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

**6. Deferred Outflows of Resources**

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

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

**7. Compensated Absences**

Under terms of employment, employees are granted sick leave, vacations, and compensation time in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2017, are determined on the basis of current salary rates and include salary related payments.

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

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

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

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

**CITY OF RIVER FALLS**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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

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

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

**9. Deferred Inflows of Resources**

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

**10. Equity Classifications**

**Government-Wide Statements**

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

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

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 45,726,653	\$ 52,389,291	\$ (1,900,168)	\$ 96,225,776
Unrestricted (deficit)	(113,512)	9,963,094	1,900,168	11,749,750

**CITY OF RIVER FALLS**

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

**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.)**

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

**Fund Statements**

Governmental fund balances are displayed as follows:

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

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

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

**CITY OF RIVER FALLS**

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

**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.)**

See Note III. H. for further information.

**11. Pension**

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

**12. Basis for Existing Rates**

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

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

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

Stormwater rates were effective April 1, 2007.

Current ambulance rates were effective January 1, 2015.

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CITY OF RIVER FALLS

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

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

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

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

CITY OF RIVER FALLS

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

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

B. DEFICIT BALANCES

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

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

Fund	Amount	Reason
TIF #10	\$ 3,470,526	Insufficient tax increment generated
General Capital Projects	487,193	Costs exceeded revenues due to capital expenditures
TIF #5	111,264	Insufficient tax increment generated
TIF #6	917,045	Insufficient tax increment generated
TIF #7	853,717	Insufficient tax increment generated
TIF #8	115,999	Insufficient tax increment generated
TIF #9	498,394	Insufficient tax increment generated
TIF #11	27,159	Insufficient tax increment generated
TIF #12	669,726	Insufficient tax increment generated
Library Impact Fees	188,495	Costs exceeded revenues due to capital expenditures
Tourism and Economic Development	660,137	Costs exceeded revenues due to purchase of property
Debt Service Bonds	970	Insufficient revenues to cover expenditures
Capital Equipment	258,144	Costs exceeded revenues due to capital expenditures
City Hall	155,301	Insufficient revenues to cover expenditures

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

C. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

**CITY OF RIVER FALLS**

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

**NOTE III - DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The city's deposits and investments at year end were comprised of the following:

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 6,977,341	\$ 7,527,573	Custodial credit
LGIP	11,198,610	11,198,610	Credit
US treasuries	2,349,189	2,349,189	Custodial credit, interest rate
Corporate bonds	1,196,770	1,196,770	Custodial credit, credit, interest rate,
			concentration of credit
Asset-backed securities	116,344	116,344	Custodial credit, credit, interest rate,
			concentration of credit
Mortgage-backed securities	100,098	100,098	Custodial credit, credit, interest rate,
			concentration of credit
Petty cash	600	-	N/A
<b>Total Deposits and Investments</b>	<b>\$ 21,938,952</b>	<b>\$ 22,488,584</b>	

Reconciliation to financial statements

Per statement of net position	
Unrestricted cash and investments	\$ 19,087,125
Restricted cash and investments	2,327,269
Per statement of assets and liabilities - agency fund	
Agency Fund	524,558
<b>Total Deposits and Investments</b>	<b>\$ 21,938,952</b>

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 non interest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

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

**CITY OF RIVER FALLS**

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

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

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

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

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

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

- > Quoted market prices
- > Matrix modeled pricing

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

**Custodial Credit Risk**

**Deposits**

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

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

**Investments**

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

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



**CITY OF RIVER FALLS**

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

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

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

**Credit Risk**

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

As of December 31, 2017, the city's investments were rated as follows:

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

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

Local Government Investment Pool

**Concentration of Credit Risk**

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

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

**Interest Rate Risk**

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

As of December 31, 2017, the city's investments were as follows:

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

**CITY OF RIVER FALLS**

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

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

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

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

**B. RECEIVABLES**

All of the receivables on the balance sheet are expected to be collected within one year except for special assessments of \$55,733 in the general fund, loans of \$219,350 in the general capital projects fund, loans of \$37,183 in the electric utility, special assessments of \$24,778 in non-major governmental funds, and loans of \$311,484 in non-major governmental funds.

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

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

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

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

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

CITY OF RIVER FALLS

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

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

Impact Fee Account

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

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

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

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

CITY OF RIVER FALLS

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

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

D. CAPITAL ASSETS

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

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Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated/amortized	\$ 12,968,147	-	-	\$ 12,968,147
Land	268,276	3,934,605	-	4,202,881
Construction in progress	-	-	-	-
Total Capital Assets Not Being Depreciated/Amortized	<u>13,236,423</u>	<u>3,934,605</u>	<u>-</u>	<u>17,171,028</u>
Capital assets being depreciated/amortized	521,469	-	-	521,469
Land improvements	15,423,402	-	-	15,423,402
Buildings	6,889,708	466,796	185,299	7,171,205
Machinery and equipment	36,844,400	223,363	-	37,067,763
Infrastructure	381,838	6,050	45,250	342,638
Intangibles	-	-	-	-
Total Capital Assets Being Depreciated/Amortized	<u>60,060,817</u>	<u>696,209</u>	<u>230,549</u>	<u>60,526,477</u>
Total Capital Assets	<u>73,297,240</u>	<u>4,630,814</u>	<u>230,549</u>	<u>77,697,505</u>

Less: Accumulated depreciation/amortization for

Land improvements	(263,761)	(23,693)	-	(287,454)
Buildings	(5,693,827)	(383,957)	-	(6,077,784)
Machinery and equipment	(3,145,155)	(426,497)	165,912	(3,405,741)
Infrastructure	(8,143,150)	(463,721)	-	(8,606,871)
Intangibles	(99,430)	(37,712)	-	(137,142)
Total Accumulated Depreciation/Amortization	<u>(17,345,324)</u>	<u>(1,335,580)</u>	<u>165,912</u>	<u>(18,514,992)</u>
Net Capital Assets Being Depreciated/Amortized	<u>42,715,493</u>	<u>(639,371)</u>	<u>64,637</u>	<u>42,011,485</u>

Total Governmental

Activities: Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 55,951,916</u>	<u>\$ 3,295,234</u>	<u>\$ 64,637</u>	<u>\$ 59,182,513</u>
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CITY OF RIVER FALLS

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

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
General government					\$ 198,199
Public safety					181,466
Public works					668,067
Leisure					274,259
Conservation and development					13,589
Total Governmental Activities					\$ 1,335,580

Business-type Activities

Capital assets being depreciated	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
Land and land rights	\$ 107,127	\$ -	\$ 15,833	\$ 789,014	\$ 122,960
Construction in progress	898,595	-	3,433,854	-	3,543,435
Total Capital Assets Not Being Depreciated	1,005,722	-	3,449,687	789,014	3,666,395
Capital assets being depreciated	932,179	-	-	-	932,179
Hydraulic production	1,260,829	-	-	-	1,260,829
Other production	1,536,162	-	-	-	1,536,162
Transmission	19,398,064	-	1,041,192	290,705	20,148,551
Distribution	2,142,415	89	246,816	169,941	2,219,379
General	25,269,649	89	1,288,008	460,646	26,097,100
Total Capital Assets Being Depreciated	26,275,371	89	4,737,695	1,249,660	29,763,495

Less: Accumulated depreciation for

Hydraulic production	(637,615)	(4,016)	(20,448)	-	(662,079)
Other production	(737,116)	25,334	(2,447)	-	(714,229)
Transmission	(1,221,440)	-	(36,133)	-	(1,257,573)
Distribution	(9,200,310)	(2,827)	(672,834)	328,657	(9,547,314)
General	(1,486,513)	(4,970)	183,908	169,941	(1,405,450)
Total Accumulated Depreciation	(13,282,994)	(13,521)	(815,770)	498,598	(13,586,645)

Net Capital Assets Being Depreciated	11,996,655	13,610	472,238	(37,952)	12,510,455
Net Electric Capital Assets	\$ 12,992,377	\$ 13,610	\$ 3,921,925	\$ 751,062	\$ 16,176,850

CITY OF RIVER FALLS

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

Capital assets not being depreciated	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
Land and land rights	\$ 23,120	\$ -	\$ 72,759	\$ 21,929	\$ 23,120
Construction in progress	-	-	-	-	50,830
Total Capital Assets Not Being Depreciated	23,120	-	72,759	21,929	73,950
Capital assets being depreciated	903,951	(22,500)	-	-	881,451
Source of supply	2,080,966	-	22,442	881	2,102,427
Pumping	83,786	-	-	-	83,786
Water treatment	16,531,748	22,500	455,794	96,764	16,913,278
Transmission and distribution	625,819	-	15,849	41,380	600,288
General	20,226,170	-	494,085	139,025	20,581,230
Total Capital Assets Being Depreciated	20,249,290	-	568,844	160,954	20,655,180
Total Capital Assets					
Less: Accumulated depreciation/amortization for					
Source of supply	(102,651)	(6,691)	(30,131)	-	(139,473)
Pumping	(536,769)	(8,046)	(59,881)	881	(603,815)
Water treatment	(48,314)	-	(2,694)	-	(51,008)
Transmission and distribution	(4,520,090)	4,808	(369,558)	96,764	(4,788,076)
General	(440,497)	538	(18,822)	41,380	(417,401)
Total Accumulated Depreciation/Amortization	(5,648,321)	(9,391)	(481,086)	139,025	(5,999,773)
Net Capital Assets Being Depreciated	14,577,949	(9,391)	12,999	-	14,581,457
Net Water Capital Assets	\$ 14,600,969	\$ (9,391)	\$ 85,758	\$ 21,929	\$ 14,655,407

CITY OF RIVER FALLS

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
<b>Sewer</b>					
Capital assets not being depreciated	\$ 117,622	\$ -	\$ -	\$ -	\$ 117,622
Land and land rights	4,272,348	-	258,884	4,435,388	95,844
Construction in progress	-	-	258,884	4,435,388	213,466
Total Capital Assets Not Being Depreciated	4,389,970	-	258,884	4,435,388	213,466
Capital assets being depreciated	17,401,900	301	186,679	-	17,588,880
Collection system	1,105,140	-	29,999	262	1,134,877
Collection system pumping	8,124,661	-	20,642	7,784	8,137,519
Treatment and disposal	1,940,197	-	15,433	82,306	1,873,324
General	128,163	-	-	7,502	120,661
Intangibles	-	-	-	-	-
Completed construction not classified	-	-	4,435,388	-	4,435,388
Total Capital Assets Being Depreciated	28,700,061	301	4,688,141	97,854	33,290,649
Total Capital Assets	33,090,031	301	4,947,025	4,533,242	33,504,115
Less: Accumulated depreciation for					
Collection system	(3,153,342)	15,790	(187,276)	-	(3,324,828)
Collection system pumping	(899,863)	29,428	(24,535)	262	(894,708)
Treatment and disposal	(4,548,028)	138,907	(227,645)	7,784	(4,628,962)
General	(993,630)	(4,039)	(85,707)	82,306	(1,011,070)
Completed construction not classified	-	-	(88,708)	-	(88,708)
Total Accumulated Depreciation	(9,594,863)	180,086	(623,871)	90,352	(9,948,296)
Net Capital Assets Being Depreciated	19,105,198	180,387	4,064,270	7,502	23,342,353
Net Sewer Capital Assets	\$ 23,495,168	\$ 180,387	\$ 4,323,154	\$ 4,442,890	\$ 23,555,819

CITY OF RIVER FALLS

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Stormwater</b>				
Capital assets not being depreciated	\$ 38,607	\$ 10,193	\$ -	\$ 48,800
Construction in progress	38,607	10,193	-	48,800
Total Capital Assets Not Being Depreciated	77,214	20,386	-	97,600
Capital assets being depreciated	141,106	5,375	-	146,481
Machinery and equipment	8,436,217	66,490	-	8,502,707
Collection system	8,577,323	71,865	-	8,649,188
Depreciated	8,615,930	82,058	-	8,697,988
Total Capital Assets	218,320	25,761	-	244,081
Less: Accumulated depreciation for				
Machinery and equipment	(64,766)	(15,272)	-	(80,028)
Collection system	(1,886,560)	(156,535)	-	(2,043,095)
Total Accumulated depreciation	(1,951,316)	(171,807)	-	(2,123,123)
Net Capital Assets Being Depreciated	6,626,007	(99,942)	-	6,526,065
Net Stormwater Capital Assets	\$ 6,664,614	\$ (89,749)	\$ -	\$ 6,574,865

CITY OF RIVER FALLS

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
Capital assets not being depreciated					
Land	\$ 101,298	\$ -	\$ -	\$ -	\$ 101,298
Construction in progress	42,962	-	-	42,962	-
Total Capital Assets Not Being Depreciated	144,260	-	-	42,962	101,298
Capital assets being depreciated					
Building improvements	21,393	-	-	-	21,393
Buildings	601,408	-	-	-	601,408
Machinery and equipment	1,046,774	-	274,537	-	1,321,311
Intangibles	107,700	-	-	65,621	42,079
Total Capital Assets Being Depreciated	1,777,275	-	274,537	65,621	1,986,191
Total Capital Assets	1,921,535	-	274,537	108,583	2,087,489
Less: Accumulated depreciation for					
Building improvements	(21,393)	-	-	-	(21,393)
Buildings	(395,693)	-	(21,833)	-	(417,526)
Machinery and equipment	(669,242)	-	(108,412)	-	(777,654)
Total Accumulated Depreciation	(1,085,328)	-	(130,245)	-	(1,215,573)
Net Capital Assets Being Depreciated	691,947	-	144,292	65,621	770,618
Net Ambulance Capital Assets	836,207	\$ -	\$ 144,292	\$ 108,583	\$ 871,916
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 58,589,335	\$ 184,606	\$ 8,385,380	\$ 5,324,464	\$ 61,834,857

CITY OF RIVER FALLS

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

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities	\$
Electric	789,972
Water	441,491
Sewer	667,086
Stormwater	171,807
Ambulance	130,246
Total Business-type Activities Depreciation Expense	\$ 2,200,602

Depreciation expense is different from additions because of joint metering, salvage, and cost of removal.

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General Fund	TIF #10	\$ 46,059
General Fund	Library Impact Fees	195,877
General Fund	Debt Service Notes	26,919
General Fund	Debt Service Bonds	12,812
General Fund	Capital Equipment	258,144
General Fund	City Hall	200,889
General Fund	Technology	144,243
Environmental Fee	General Fund	700,000
Total - Fund Financial Statements		1,585,143
Less: Fund eliminations		(1,240,011)
Add: Interfund receivables created with internal service fund eliminations		425,676
Total Internal Balances - Government-Wide Statement of Net Position		\$ 770,808

All amounts are due within one year



CITY OF RIVER FALLS

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

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

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

Interfund Receivables/Payables (cont.)

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

Advances

The general fund is advancing funds to TIF Districts No. 5, No. 6, No. 7, No. 8, No. 9, No. 10, No. 11, and No. 12. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since each District's inception. No repayment schedule has been established for TIF Districts No. 6, No. 7, No. 8, No. 9, No. 10, No. 11, and No. 12. The advance to TIF District No. 5 is scheduled to be paid off in 2020.

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

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	TIF District #5	\$ 132,133	\$ 82,133
General Fund	TIF District #6	917,045	917,045
General Fund	TIF District #7	972,831	972,831
General Fund	TIF District #8	115,899	115,899
General Fund	TIF District #9	498,394	498,394
General Fund	TIF District #10	3,414,408	3,414,408
General Fund	TIF District #11	27,459	27,459
General Fund	TIF District #12	669,726	669,726
Environmental Fee	Tourism and Economic Development	1,000,000	1,000,000
Total - Fund Financial Statements		7,747,695	
Less: Fund eliminations		(7,747,695)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$	\$

CITY OF RIVER FALLS

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

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

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General	TIF #10	\$ 1,153	Budgeted allocations
General	General Capital Projects	49,072	Budgeted allocations
General	Nonmajor governmental funds	434,164	Budgeted allocations
General	Electric utility	628,975	Property tax equivalent & budgeted allocations
General	Water utility	369,187	Property tax equivalent & budgeted allocations
General	Sewer utility	137,060	Budgeted allocations
General	Nonmajor enterprise funds	151,432	Budgeted allocations
General	Internal service funds	56,692	Budgeted allocations
General Capital Projects	TIF #10	300,000	Sterling Ports capital costs
Nonmajor governmental funds	General	22,985	Budgeted allocations
Nonmajor governmental funds	Nonmajor governmental funds	316,593	Budgeted allocations
Internal service funds	Internal service funds	156,572	Budgeted allocations
Internal service funds	General	540,288	Budgeted allocations
Internal service funds	Nonmajor governmental funds	62,420	Budgeted allocations
Internal service funds	Electric utility	149,417	Budgeted allocations
Internal service funds	Water utility	39,155	Budgeted allocations
Internal service funds	Sewer utility	53,949	Budgeted allocations
Internal service funds	Nonmajor enterprise funds	65,811	Budgeted allocations
Internal service funds	Internal service funds	51,019	Budgeted allocations
Total - Fund Financial Statements		3,585,944	
Less: Fund and government-wide eliminations		(1,990,958)	
Total Transfers - Government-Wide Statement of Activities		\$ 1,594,986	

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

**CITY OF RIVER FALLS**

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

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

**F. LONG-TERM OBLIGATIONS**

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable	\$ 15,915,657	\$ 1,212,500	\$ 1,416,566	\$ 15,711,571	\$ 1,467,643
General obligation debt	355,646	-	38,039	317,607	-
(Discounts)/Premiums	16,470,305	1,212,500	1,454,625	16,228,178	1,467,643
Sub-totals					
Other Liabilities	945,323	118,592	87,046	976,869	384,662
absences	34,870	-	12,344	22,526	22,526
Capital leases	534,082	124,463	75,239	683,326	-
Other postemployment benefits	673,047	389,443	669,213	393,277	-
Net pension liability	144,930	10,145	15,155	139,920	15,154
Landfill post-closure care cost	2,232,252	642,663	658,997	2,015,918	422,342
Total Other Liabilities					
Total Governmental Activities Long-Term Liabilities	\$ 18,702,555	\$ 1,855,163	\$ 2,313,622	\$ 18,244,096	\$ 1,889,985
<b>Business-type Activities</b>					
Bonds and Notes Payable	\$ 3,089,982	\$ -	\$ 709,962	\$ 2,380,000	\$ 655,000
General obligation debt	8,021,849	-	342,742	7,679,107	352,486
Revenue bonds	27,238	42,268	16,532	52,974	18,502
Other long-term debt	206,843	-	23,891	182,952	-
(Discounts)/Premiums	11,345,892	42,268	1,093,127	10,295,033	1,025,958
Sub-totals					
Other Liabilities	270,867	44,714	20,164	295,427	154,503
Vested compensated absences	173,342	25,045	81,027	117,360	-
Other postemployment benefits	215,731	179,378	274,021	120,088	-
Net pension liability	658,940	249,137	375,202	532,875	154,503
Total Other Liabilities					
Total Business-type Activities Long-Term Liabilities	\$ 12,004,832	\$ 291,405	\$ 1,468,329	\$ 10,827,908	\$ 1,180,491

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2017, was \$48,272,245. Total general obligation debt outstanding at year end was \$18,091,571.

**CITY OF RIVER FALLS**

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

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

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

**General Obligation Debt**

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

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

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

CITY OF RIVER FALLS

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

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

Revenue Debt

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

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

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

CITY OF RIVER FALLS

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2017, consists of the following:

Business-type Activities	Revenue Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance
						December 31, 2017
Water Utility						
Revenue Bonds	07/2011	11/2031	2.0-4.4%	\$ 2,125,000	\$ 1,680,000	
Sewer Utility					Total Water Utility	1,680,000
Revenue Bonds	11/2005	05/2025	2.746%	3,317,130	1,564,107	
Revenue Bonds	04/2016	05/2036	2.0-3.0%	4,510,000	4,435,000	
				Total Sewer Utility	5,999,107	

Total Business-type Activities - Revenue Debt

Debt service requirements to maturity are as follows:

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



**CITY OF RIVER FALLS**

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

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

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

**Other Debt Information**

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

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

**G. CLOSURE AND POSTCLOSURE CARE COST**

State and federal laws and regulations require the city to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for until notified by the Wisconsin Department of Natural Resources that such maintenance and monitoring is no longer required years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the city reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$139,820 reported as landfill closure and postclosure care liability at December 31, 2017, represents the estimated amount of future postclosure costs. These amounts are based on what it would cost to perform all postclosure care in 2017. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

**H. NET POSITION/FUND BALANCES**

Net position reported on the government wide statement of net position at December 31, 2017, includes the following.

**Governmental Activities**

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

**CITY OF RIVER FALLS**

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

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

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

**Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

	General Fund	Tax Incremental District #10	General Capital Projects Fund	Nonmajor Funds	Totals
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Inventories and prepayments	\$ 90,958	\$ -	\$ -	\$ -	\$ 90,958
Advances to other funds	6,747,695	-	-	-	6,747,695
Sub-total	6,838,653	-	-	-	6,838,653
<b>Restricted for:</b>					
Debt services	-	-	-	123,348	123,348
Parking improvements	-	-	-	119,124	119,124
Refuse/solid waste	-	-	-	179,228	179,228
Shared ride taxi	-	-	-	14,962	14,962
Environmental fee	-	-	-	2,980,840	2,980,840
Library	-	-	-	67,241	67,241
Park impact fee projects	-	-	-	205,667	205,667
Fire impact fee projects	-	-	-	165,283	165,283
Housing reserve	-	-	-	623,505	623,505
Library trust	-	-	-	166,113	166,113
Sub-total	-	-	-	4,645,311	4,645,311
<b>Committed to:</b>					
Park acquisition	-	-	-	993	993
Revolving loan	-	-	-	4,144	4,144
Sub-total	-	-	-	5,137	5,137
<b>Unassigned (deficit):</b>	3,121,292	(3,470,526)	(487,193)	(4,301,050)	(5,137,477)
<b>Total Fund Balances (Deficit)</b>	\$ 9,959,945	\$ (3,470,526)	\$ (487,193)	\$ 349,398	\$ 6,351,624

CITY OF RIVER FALLS

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

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	\$	365,000
Land		3,738,809
Construction in progress		57,730,948
Other capital assets, net of accumulated depreciation		(10,059,107)
Less: Long-term debt outstanding		126,194
Plus: Unamortized loss on refunding		(182,952)
Less: Unamortized debt premium		680,299
Plus: Unspent debt proceeds		52,399,291
Total Net Investment in Capital Assets	\$	52,399,291

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

I. COMPONENT UNIT

BUSINESS IMPROVEMENT DISTRICT

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

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

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

CITY OF RIVER FALLS

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

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

I. COMPONENT UNIT (cont.)

BUSINESS IMPROVEMENT DISTRICT (cont.)

b. Deposits and Investments (cont.)

Custodial Credit Risk

Deposits

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

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

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

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

CITY OF RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

The WRS also provides death and disability benefits for employees

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

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

CITY OF RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

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

Contribution rates as of December 31, 2017 are:

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

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

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

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

CITY OF RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 157,615	\$ 1,295,998
Changes in assumptions	432,189	-
Net differences between projected and actual earnings on pension plan investments	2,057,601	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,320	20,284
Employer contributions subsequent to the measurement date	595,057	-
Totals	\$ 3,254,782	\$ 1,320,282

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

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

CITY OF RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

CITY OF RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

CITY OF RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

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

B. RISK MANAGEMENT

The city is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.



**CITY OF RIVER FALLS**

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

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

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

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

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

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

**Long-Term Contracts - WPPi Energy**

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

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

In 2015 and 2016, all but two of WPPi Energy members ratified an extension to their existing contracts. The new contract expires at midnight on December 31, 2055. The contract for the remaining members expires on December 31, 2037.

WPPi Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract is \$388 million as of December 31, 2017.

**CITY OF RIVER FALLS**

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

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

**D. JOINT VENTURES**

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

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

**DRAFT**

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

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

**E. OTHER POSTEMPLOYMENT BENEFITS**

**GENERAL INFORMATION ABOUT THE OPEB PLAN**

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

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

CITY OF RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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

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

TOTAL OPEB LIABILITY

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

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

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

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

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

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

CITY OF RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

CHANGES IN THE TOTAL OPEB LIABILITY

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

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

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

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

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

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

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

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

CITY OF RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

F. 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.

G. TAX ABATEMENTS

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

The city is disclosing all abatement agreements individually.

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

The city entered into a development agreement with Gerrard Corporation in 2010, to construct three multifamily residential buildings within TID No. 8. The developer agreed to a minimum assessed value of \$1,500,000 for phase I and \$1,500,000 for phase II, in return for a maximum of \$486,000 in increment reimbursed \$59,804 in 2017 and a total of \$246,357 in 2012 through 2016.

The city entered into a development agreement with Erickson's Diversified Corporation in 2011, for the redevelopment of property in the downtown area (TID No. 9). The agreement included the sale of land for the city's trail system, and a guaranteed increase of \$70,000 in property taxes beginning with taxes payable in 2014, and continuing until paid in full, or the life of TID No. 9, whichever is shorter. In return, the city will make a monetary obligation of \$686,000 to repay the developer for eligible project costs. The developer was reimbursed \$70,000 in 2017 and a total of \$210,000 in 2014 through 2016.

CITY OF RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

G. TAX ABATEMENTS (cont.)

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

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

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

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

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

I. NONEXCHANGE FINANCIAL GUARANTEE

In 2012, the city entered into a loan guarantee agreement with the River Falls Baseball Council, a legally separate organization. The loan was used for improvements at the baseball park. In the event that the River Falls Baseball Council would be unable to make the loan payments, all rights, title and interest River Falls Baseball Council has in the related real property and improvements would be revoked. The city's exposure at December 31, 2017 is limited to a maximum of \$240,067 in principal plus interest.



**CITY OF RIVER FALLS**

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

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

**J. DEVELOPER AGREEMENTS**

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

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

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

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

**CITY OF RIVER FALLS**

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

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

**K. TAX INCREMENTAL FINANCING DISTRICTS**

The city currently maintains separate special revenue and capital projects fund accounts for nine Tax Incremental 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 improvement costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the District. The tax on the increased value is called a tax increment. The statutes allow the municipality to collect tax increments until the net project cost has been fully recovered, or until either 23 or 27 years after the creation date, whichever occurs first.

Special revenue and capital project funds are maintained to account for tax increments and other revenues used to finance principal and interest payments on outstanding debt applicable to the districts. Upon termination, the incremental tax base created by each TID will become part of the city's regular tax base. Any surplus remaining in the TID districts at the time of termination will be allocated among all affected taxing jurisdictions.

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	Creation Date	Expenditure Deadline	Termination Date
TID No. 4	1988	2010	2017
TID No. 5	1994	2016	2021
TID No. 6	2005	2027	2032
TID No. 7	2009	2024	2029
TID No. 8	2010	2032	2037
TID No. 9	2011	2033	2038
TID No. 10	2014	2029	2034
TID No. 11	2015	2030	2036
TID No. 12	2016	2031	2037

**CITY OF RIVER FALLS**

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

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 3,643,422	\$ 3,897,068	\$ 253,636
Special assessments	-	44,135	44,135
Intergovernmental	3,240,309	3,245,913	5,604
Licenses and permits	319,380	355,334	36,954
Fines, forfeitures and penalties	205,000	196,573	(8,427)
Public charges for services	219,975	211,877	(8,098)
Intergovernmental charges for services	25,000	40,398	15,398
Investment income	300,000	244,902	(55,098)
Miscellaneous	49,000	101,882	52,882
Total Revenues	8,002,086	8,341,072	338,986
<b>EXPENDITURES</b>			
Current			
General government	1,882,021	1,986,644	(104,623)
Public safety	3,550,864	3,506,208	44,676
Public works	2,460,863	2,156,824	304,039
Health services	9,005	1,864	7,141
Leisure	704,749	714,259	(9,510)
Conservation and development	729,580	714,215	15,365
Debt Service			
Principal retirement	243,260	215,974	27,286
Interest and fiscal charges	23,998	18,970	5,028
Total Expenditures	9,604,360	9,314,958	289,402
Excess (deficiency) of revenues over (under) expenditures	(1,602,274)	(973,886)	628,388
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	1,622,579	1,827,735	205,156
Transfers to other funds	(560,305)	(563,273)	(2,968)
Property sales	15,000	10,839	(4,161)
Total Other Financing Sources (Uses)	1,077,274	1,275,301	198,027
<b>Net Change in Fund Balance</b>	(525,000)	301,415	826,415
FUND BALANCE - Beginning of Year	9,658,530	9,658,530	-
<b>FUND BALANCE - END OF YEAR</b>	9,133,530	9,959,945	826,415

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**REQUIRED SUPPLEMENTARY INFORMATION**

**DRAFT**

**CITY OF RIVER FALLS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - TAX INCREMENT DISTRICT #10  
For the Year Ended December 31, 2017

	Budgeted Amounts	Actual	Variance with
	Original and Final		Final Budget
<b>REVENUES</b>			
Taxes	\$ 245,266	\$ -	(245,266)
Total Revenues	245,266	-	(245,266)
<b>EXPENDITURES</b>			
Current			
Conservation and development	4,000	8,725	(4,725)
Capital Outlay	102,060	105,325	(3,265)
Debt Service			
Principal retirement	135,000	135,000	
Interest and fiscal charges	105,113	105,111	2
Total Expenditures	346,173	354,161	(7,988)
Excess (deficiency) of revenues over (under) expenditures	(100,907)	(354,161)	(253,254)
<b>OTHER FINANCING USES</b>			
Long-term debt issued	102,060	1,100,000	997,940
Transfers to other funds	(1,153)	(301,153)	(300,000)
Total Other Financing Uses	100,907	798,847	697,940
<b>Net change in fund balance</b>	-	444,686	444,686
FUND BALANCE (DEFICIT) - Beginning of Year	(3,915,212)	(3,915,212)	-
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	\$ (3,915,212)	\$ (3,470,526)	\$ 444,686

See independent auditors' report and accompanying notes to required supplementary information. Page 77

**CITY OF RIVER FALLS**

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

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

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See independent auditors' report and accompanying notes to required supplementary information. Page 78

**CITY OF RIVER FALLS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
 For the Year Ended December 31, 2017

**BUDGETARY INFORMATION**

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

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

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

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

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

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

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

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

**WISCONSIN RETIREMENT SYSTEM**

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

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

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

Changes in assumptions. There were no changes in assumptions.

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

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

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

**CITY OF RIVER FALLS**

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

For the Year Ended December 31, 2017

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

**DRAFT**

SUPPLEMENTARY INFORMATION

**DRAFT**

**CITY OF RIVER FALLS**

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

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

**CITY OF RIVER FALLS**

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -  
GENERAL FUND  
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
<b>GENERAL GOVERNMENT</b>			
Council	\$ 252,439	\$ 187,117	\$ 65,322
Municipal court	102,906	111,024	(8,118)
City administrator	525,765	538,187	(12,422)
Personnel	266,026	282,848	(16,822)
Clerk	241,189	241,189	13,411
Finance	294,600	444,317	(16,562)
Legal counseling	52,520	181,962	(129,442)
Total General Government	<u>1,882,021</u>	<u>1,986,644</u>	<u>(104,623)</u>
<b>PUBLIC SAFETY</b>			
Police	2,879,738	2,996,045	(116,307)
Fire department	671,146	510,163	160,983
Total Public Safety	<u>3,550,884</u>	<u>3,506,208</u>	<u>44,676</u>
<b>PUBLIC WORKS</b>			
Garage	374,306	375,366	(1,060)
Street maintenance	1,768,215	1,508,020	260,195
Engineer	318,342	273,438	44,904
Total Public Works	<u>2,460,863</u>	<u>2,156,824</u>	<u>304,039</u>
<b>HEALTH SERVICES</b>			
Health officer	2,000	-	2,000
Animal control	7,005	1,864	5,141
Total Health Services	<u>9,005</u>	<u>1,864</u>	<u>7,141</u>
<b>LEISURE ACTIVITIES</b>			
Recreation	141,853	134,711	7,142
Swimming	91,200	96,432	(5,232)
Parks	471,695	483,116	(11,420)
Total Leisure Activities	<u>704,748</u>	<u>714,259</u>	<u>(9,510)</u>
<b>CONSERVATION AND DEVELOPMENT</b>			
Forestry	62,929	55,139	7,790
Community development	666,651	659,076	7,575
Total Conservation and Development	<u>729,580</u>	<u>714,215</u>	<u>15,365</u>
<b>DEBT SERVICE</b>			
Principal on notes payable-fire	115,250	115,250	-
Principal retirement	128,010	100,724	27,286
Interest on notes payable-fire	15,820	15,522	298
Interest and fiscal charges	8,178	3,448	4,730
Total Debt Service	<u>267,258</u>	<u>234,944</u>	<u>32,314</u>
<b>OTHER FINANCING USES</b>			
Transfers to other funds	560,305	563,273	(2,968)
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 10,164,665</u>	<u>\$ 9,878,231</u>	<u>\$ 286,434</u>



**CITY OF RIVER FALLS**

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

Special Revenue Funds				
	Parking Improvements	Refuse/Solid Waste	Shared Rtd Tax	Environmental Fee
<b>ASSETS</b>				
Cash and investments	\$ 119,721	\$ 115,551	\$ 25,058	\$ 1,272,616
Receivables	-	-	-	-
Taxes	-	-	-	-
Accounts Interest	-	63,720	3,093	8,642
Notes	-	-	-	3,512
Due from other funds	-	-	-	700,000
Due from other governmental units	-	175	32,067	-
Advances to other funds	-	-	-	1,000,000
<b>TOTAL ASSETS</b>	<b>\$ 119,721</b>	<b>\$ 179,446</b>	<b>\$ 60,218</b>	<b>\$ 2,984,770</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 597	\$ 43	\$ 10,939	\$ 3,930
Accrued liabilities	-	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	597	43	10,939	3,930
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	175	34,317	-
Total Deferred Inflows of Resources	-	175	34,317	-
Fund Balances				
Restricted	119,124	179,228	14,962	2,980,840
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances	119,124	179,228	14,962	2,980,840
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 119,721</b>	<b>\$ 179,446</b>	<b>\$ 60,218</b>	<b>\$ 2,984,770</b>

Special Revenue Funds								
Park Acquisition Fund	Tax Increment District #4	Tax Increment District #5	Tax Increment District #6	Tax Increment District #7	Tax Increment District #8	Tax Increment District #9		
\$ 983	\$ 5,203	\$ 17,241	\$ -	\$ -	\$ -	\$ -		
-	-	490,454	178,658	-	66,889	67,793		
-	-	27,670	-	142,833	-	-		
-	-	-	-	-	-	-		
-	-	90,717	-	-	-	-		
-	-	-	-	-	-	-		
-	-	-	-	-	-	-		
<b>\$ 983</b>	<b>\$ 5,203</b>	<b>\$ 626,082</b>	<b>\$ 178,658</b>	<b>\$ 142,833</b>	<b>\$ 66,889</b>	<b>\$ 67,793</b>		
\$ -	\$ 5,203	\$ -	\$ -	\$ 19,029	\$ -	\$ -		
-	-	-	-	-	-	-		
-	-	-	-	4,690	-	-		
-	-	-	-	-	-	-		
-	-	-	-	-	-	-		
-	-	132,133	917,045	972,831	115,999	498,394		
-	5,203	132,133	917,045	996,850	115,999	498,394		
-	-	490,454	178,658	-	66,889	67,793		
-	-	114,759	-	-	-	-		
-	-	605,213	178,658	-	66,889	67,793		
983	-	-	-	-	-	-		
983	-	(111,264)	(917,045)	(853,717)	(115,999)	(498,394)		
		(111,264)	(917,045)	(853,717)	(115,999)	(498,394)		
<b>\$ 983</b>	<b>\$ 5,203</b>	<b>\$ 626,082</b>	<b>\$ 178,658</b>	<b>\$ 142,833</b>	<b>\$ 66,889</b>	<b>\$ 67,793</b>		

**CITY OF RIVER FALLS**

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

	Special Revenue Funds							Debt Service Funds
	Park Impact Fees	Library Impact Fees	Fire Impact Fees	Housing Reserve	Library Trust Fund	Tourism and Economic Development	Debt Service Notes	
	\$ 205,667	\$ -	\$ 165,283	\$ 623,505	\$ 166,113	\$ 332,093	\$ 150,267	
	-	7,482	-	-	-	2,500	401,536	
	-	-	-	-	-	25,900	-	
	-	-	-	278,871	-	-	-	
	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
	<u>\$ 205,667</u>	<u>\$ 7,482</u>	<u>\$ 165,283</u>	<u>\$ 902,376</u>	<u>\$ 166,113</u>	<u>\$ 360,493</u>	<u>\$ 551,803</u>	

	Special Revenue Funds				Commercial Revolving Loan Fund
	Tax Increment District #11	Tax Increment District #12	Library		
	\$ -	\$ -	\$ 110,719	\$ 4,144	
	7,353	22,897	880,000	-	
	-	-	-	-	
	-	-	-	82,486	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	<u>\$ 7,353</u>	<u>\$ 22,897</u>	<u>\$ 990,719</u>	<u>\$ 86,630</u>	

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**ASSETS**  
Cash and investments  
Receivables  
Taxes  
Accounts  
Interest  
Notes  
Due from other funds  
Due from other governmental units  
Advances to other funds

**TOTAL ASSETS**

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**  
Liabilities  
Accounts payable  
Accrued liabilities  
Deposits  
Due to other funds  
Due to other governments  
Advances from other funds  
Total Liabilities

Deferred Inflows of Resources  
Unearned revenues  
Unavailable revenues  
Total Deferred Inflows of Resources

Fund Balances  
Restricted  
Committed  
Unassigned (deficit)  
Total Fund Balances

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**



**CITY OF RIVER FALLS**

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

	Debt Service Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 11,942	\$ -	\$ 3,326,116
Receivables	227,738	140,849	2,486,667
Taxes	-	-	279,340
Accounts	-	-	3,512
Interest	-	-	452,074
Notes	-	-	700,000
Due from other funds	-	-	32,242
Due from other governmental units	-	-	1,000,000
Advances to other funds	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 239,680</b>	<b>\$ 140,849</b>	<b>\$ 8,279,951</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 75,454
Accrued liabilities	-	-	25,649
Deposits	-	-	4,690
Due to other funds	12,912	258,144	493,952
Due to other governments	-	-	46
Advances from other funds	-	-	4,333,287
Total Liabilities	<u>12,912</u>	<u>258,144</u>	<u>4,933,276</u>
Deferred Inflows of Resources			
Unearned revenues	227,738	140,849	2,486,667
Unavailable revenues	-	-	510,608
Total Deferred Inflows of Resources	<u>227,738</u>	<u>140,849</u>	<u>2,997,275</u>
Fund Balances			
Restricted	-	-	4,645,311
Committed	-	-	5,137
Unassigned (deficit)	(970)	(258,144)	(4,301,050)
Total Fund Balances	<u>(970)</u>	<u>(258,144)</u>	<u>349,398</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 239,680</b>	<b>\$ 140,849</b>	<b>\$ 8,279,951</b>

**CITY OF RIVER FALLS**

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

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

### CITY OF RIVER FALLS

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

											Special Revenue Funds												
Environmental Fee	Acquisition Fund	Park	District #4			District #5			District #6														
			Tax Increment	Tax Increment	Tax Increment	Tax Increment	Tax Increment	Tax Increment	Tax Increment	Tax Increment	Tax Increment												
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$									
			301,174	496,637	174,455	99								60,603	2,426								
91,464			3,481	12,574	99																		
10,314				7,769																			
101,778	200	200	304,655	526,389	174,554	109,574								15,137	78,166	341							
				109,574	109,574									78,166	341								
31,957			8,135	3,954	2,349	115,129	380,593							70,892	151,680	782	7,978						46,530
31,957			8,135	173,342	120,000	43,795								35,000	3,690	782	54,508						
69,821	200		296,520	106,526	8,410	(386,148)								(183,096)		(782)	(54,167)						
(2,938)			(303,593)	(262,563)	(15,183)	(4,988)										(983)	(983)						
(2,938)			(303,593)	(262,563)	(15,183)	(4,988)								(7,455)	(7,455)	(983)	(983)						
66,883	200		(7,073)	(156,027)	(6,773)	(391,136)								(190,551)	(1,765)	(55,150)							
2,913,957	793		7,073	44,763	(910,272)	(462,581)								(307,843)	(25,394)	(614,576)							
2,980,840	993		\$ -	\$ (111,264)	\$ (917,045)	\$ (853,717)								\$ (498,394)	\$ (27,159)	\$ (669,726)							

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### CITY OF RIVER FALLS

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

	Special Revenue Funds	Debt Service Notes	Debt Service Bonds	Debt Service
<b>REVENUES</b>				
Taxes	\$ 133,243	\$ 647,101	\$ 175,124	\$
Intergovernmental	-	-	-	-
Public charges for services	-	-	-	-
Investment income	2,721	3,299	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>135,964</u>	<u>650,400</u>	<u>175,124</u>	<u>223,204</u>
<b>EXPENDITURES</b>				
Current	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Leisure	-	-	-	-
Conservation and development	111,236	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal retirement	-	588,500	125,839	-
Interest and fiscal charges	-	150,544	110,766	-
Total Expenditures	<u>111,236</u>	<u>739,044</u>	<u>236,605</u>	<u>125,839</u>
Excess (deficiency) of revenues over expenditures	<u>24,728</u>	<u>(88,644)</u>	<u>(13,401)</u>	<u>97,365</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	-	-
Transfers from other funds	13,000	156,572	-	-
Transfers to other funds	(5,938)	(8,545)	(2,582)	-
Property sales	-	-	-	-
Total Other Financing Sources (Uses)	<u>7,062</u>	<u>148,027</u>	<u>(2,582)</u>	<u>(2,582)</u>
<b>Net Change in Fund Balances</b>	<u>31,790</u>	<u>59,383</u>	<u>(15,983)</u>	<u>94,783</u>
<b>FUND BALANCES (DEFICIT) -</b>				
Beginning of Year	(691,927)	63,965	15,013	(612,949)
<b>FUND BALANCES (DEFICIT) -</b>	<u>\$ (660,137)</u>	<u>\$ 123,348</u>	<u>\$ (970)</u>	<u>\$ (537,759)</u>

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

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**CITY OF RIVER FALLS**

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

	Capital Projects	Total Nonmajor Governmental Funds	Stormwater	Ambulance	Total Nonmajor Enterprise Funds
	\$ 110,885	\$ 3,019,026	\$ 322,821	\$ 771,501	\$ 1,094,322
	-	536,889	-	-	-
	-	830,185	-	-	-
	-	40,719	49,217	489,684	538,901
	-	288,910	2,045	-	2,045
	110,885	4,715,729	374,083	1,261,185	1,635,268
	-	-	-	-	-
	-	4,192	-	101,298	101,298
	-	864,288	48,800	-	48,800
	-	1,127,140	8,649,188	1,986,191	10,635,379
	-	423,209	(2,123,123)	(1,215,573)	(3,338,696)
	384,061	962,864	6,574,865	871,918	7,446,781
	-	1,042,681	-	-	-
	384,061	551,362	46,448	87,566	134,014
	(273,176)	(260,007)	46,448	87,566	134,014
	112,500	112,500	-	-	-
	-	496,150	-	-	-
	(32,135)	(913,177)	-	21,216	21,216
	12,050	12,050	6,419	15,031	15,031
	92,415	(192,477)	6,419	27,485	33,904
	(180,761)	(452,484)	6,419	63,732	70,151
	-	-	52,867	151,298	204,165
	(77,383)	801,882	18,068	80,541	98,609
	\$ (268,144)	\$ 349,398	18,068	80,541	98,609
	-	-	6,574,865	871,916	7,446,781
	-	-	347,335	1,220,988	1,567,923
	-	-	\$ 6,922,200	\$ 2,092,504	\$ 9,014,704

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**ASSETS**  
 Current Assets  
 Cash and investments  
 Receivables  
 Accounts  
 Prepaid items  
 Total Current Assets  
 Noncurrent Assets  
 Capital Assets  
 Land  
 Construction in progress  
 Property and equipment  
 Less: Accumulated depreciation  
 Total Noncurrent Assets  
 Total Assets

**DEFERRED OUTFLOWS OF RESOURCES**  
 Pension related amounts  
 Total Deferred Outflows of Resources  
**LIABILITIES**  
 Current Liabilities  
 Accounts payable  
 Customer deposits  
 Accrued liabilities  
 Current portion of compensated absences  
 Total Current Liabilities  
 Noncurrent Liabilities  
 Long-Term Debt  
 Compensated absences  
 Other post-employment benefits  
 Net pension liability  
 Total Noncurrent Liabilities  
 Total Liabilities

**DEFERRED INFLOWS OF RESOURCES**  
 Pension related amounts  
 Total Deferred Inflows of Resources  
**NET POSITION**  
 Net investment in capital assets  
 Unrestricted  
**TOTAL NET POSITION**

**CITY OF RIVER FALLS**

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

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

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

**CITY OF RIVER FALLS**

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

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

	Maintenance	Totals
	\$ 20,730	\$ 110,220
	-	17,036
	<u>20,730</u>	<u>127,256</u>
	-	525,609
	-	(270,756)
	<u>-</u>	<u>254,853</u>
	<u>20,730</u>	<u>382,109</u>
	10,824	69,194
	<u>10,824</u>	<u>69,194</u>
	-	8,060
	8,856	13,995
	<u>-</u>	<u>345,132</u>
	-	22,526
	<u>8,856</u>	<u>369,713</u>
	-	11,328
	<u>-</u>	<u>11,328</u>
	8,856	401,041
	<u>-</u>	<u>30,468</u>
	-	232,327
	<u>22,698</u>	<u>(212,533)</u>
	<u>\$ 22,698</u>	<u>\$ 19,794</u>

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**CITY OF RIVER FALLS**

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

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	City Hall	Motor Pool	Technology	Maintenance	Totals
<b>OPERATING REVENUES</b>					
Public charges for services	\$ 254,631	\$	\$ 36,900	\$	\$ 291,531
Total Operating Revenues	<u>254,631</u>	<u></u>	<u>36,900</u>	<u></u>	<u>291,531</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	335,028	10,160	507,363	249,184	1,101,735
Depreciation expense	<u>12,021</u>	<u></u>	<u>57,842</u>	<u></u>	<u>69,863</u>
Total Operating Expenses	<u>335,028</u>	<u>22,181</u>	<u>565,205</u>	<u>249,184</u>	<u>1,171,598</u>
Operating Loss	<u>(80,397)</u>	<u>(22,181)</u>	<u>(528,305)</u>	<u>(249,184)</u>	<u>(880,067)</u>
<b>NONOPERATING REVENUES</b>					
Investment income	146				146
Total Nonoperating Revenues	<u>146</u>	<u></u>	<u></u>	<u></u>	<u>146</u>
Income (Loss) Before Transfers	<u>(80,251)</u>	<u>(22,181)</u>	<u>(528,305)</u>	<u>(249,184)</u>	<u>(879,921)</u>
<b>TRANSFERS</b>					
Transfers from other funds	95,934	21,864	534,337	309,924	962,059
Transfers to other funds	<u>(196,752)</u>	<u>(989)</u>	<u>(28,500)</u>	<u>(38,042)</u>	<u>(264,283)</u>
Total Transfers	<u>(100,818)</u>	<u>20,875</u>	<u>505,837</u>	<u>271,882</u>	<u>697,776</u>
Change in net position	<u>(181,069)</u>	<u>(1,306)</u>	<u>(22,468)</u>	<u>22,698</u>	<u>(182,145)</u>
NET POSITION - Beginning of Year	<u>25,768</u>	<u>10,808</u>	<u>165,363</u>	<u></u>	<u>201,939</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ (155,301)</u>	<u>\$ 9,502</u>	<u>\$ 142,895</u>	<u>\$ 22,698</u>	<u>\$ 19,794</u>

**CITY OF RIVER FALLS**

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

	City Hall	Motor Pool	Technology
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 254,631	\$ -	\$ 36,900
Paid to suppliers for goods and services	(152,050)	(8,373)	(381,592)
Paid to employees for services	(2,391)	-	(114,981)
Net Cash Flows From Operating Activities	<u>100,190</u>	<u>(8,373)</u>	<u>(459,673)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	146	-	-
Net Cash Flows From Investing Activities	<u>146</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to/from other funds	(100,818)	20,875	505,837
Net Cash Flows From Noncapital Financing Activities	<u>(100,818)</u>	<u>20,875</u>	<u>505,837</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	-	(12,344)	-
Acquisition and construction of capital assets	-	-	(18,139)
Proceeds from sale of capital assets	45,250	-	-
Net Cash Flows From Capital and Related Financing Activities	<u>45,250</u>	<u>(12,344)</u>	<u>(18,139)</u>
<b>Net Change in Cash and Cash Equivalents</b>	44,768	158	28,025
CASH AND CASH EQUIVALENTS - Beginning of Year	-	7,670	8,669
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 44,768</u>	<u>\$ 7,828</u>	<u>\$ 36,694</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating loss	\$ (80,397)	\$ (22,181)	\$ (528,305)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities			
Depreciation	-	12,021	57,842
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
Prepaid items	5,254	1,787	(13,592)
Accounts payable	2,224	-	(2,697)
Due to other funds	164,847	-	14,021
Accrued liabilities	(2,391)	-	1,803
Pension related deferrals and liability	10,653	-	11,255
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 100,190</u>	<u>\$ (8,373)</u>	<u>\$ (459,673)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
None			

	Maintenance	Totals
	\$ -	\$ 291,531
	(93,064)	(635,079)
	(156,088)	(275,460)
	<u>(251,152)</u>	<u>(619,008)</u>
	-	146
	-	146
	271,882	697,776
	<u>271,882</u>	<u>697,776</u>
	-	(12,344)
	-	(18,139)
	-	45,250
	-	14,767
	20,730	93,661
	-	16,539
	<u>\$ 20,730</u>	<u>\$ 110,220</u>
	\$ (249,184)	\$ (880,067)
	-	69,863
	-	(6,551)
	-	(473)
	8,856	187,724
	-	(586)
	<u>(10,824)</u>	<u>11,084</u>
	<u>\$ (251,152)</u>	<u>\$ (619,008)</u>

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**CITY OF RIVER FALLS**

BALANCE SHEET  
GOVERNMENTAL COMPONENT UNIT  
As of December 31, 2017

	Business Improvement District
<b>ASSETS</b>	
Cash and investments	\$ 25,232
Special assessments	42,000
<b>TOTAL ASSETS</b>	<u>\$ 67,232</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue	\$ 42,000
Total Deferred Inflows of Resources	42,000
<b>FUND BALANCES</b>	
Unassigned	25,232
<b>TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 67,232</u>
<b>RECONCILIATION OF FUND BALANCE TO NET POSITION</b>	
Fund balance at year-end	\$ 25,232
Special assessments are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	<u>42,000</u>
<b>NET POSITION AT YEAR END</b>	<u>\$ 67,232</u>

**CITY OF RIVER FALLS**

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

	Business Improvement District
<b>REVENUES</b>	
Special assessments	\$ 42,000
Miscellaneous revenues	500
<b>Total Revenues</b>	<u>42,500</u>
<b>EXPENDITURES</b>	
Conservation and development	51,583
Total Expenditures	51,583
Change in fund balance	(9,083)
<b>FUND BALANCE - Beginning of Year</b>	<u>34,315</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 25,232</u>
<b>RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION</b>	
Change in fund balance	\$ (9,083)
Special assessments not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	<u>          </u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (9,083)</u>

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**CITY OF RIVER FALLS**

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

	Balance 1/1/2017	Additions	Retirements	Balance 12/31/2017
<b>HYDRAULIC PRODUCTION</b>				
Land and land rights	\$ 15,310	\$ -	\$ -	15,310
Structures and improvements	43,697	-	-	43,697
Reservoirs, dams and waterways	850,101	-	-	850,101
Water wheels, turbines, and generators	27,976	-	-	27,976
Accessory electric equipment	7,657	-	-	7,657
Miscellaneous power equipment	2,748	-	-	2,748
Total Hydraulic	947,489	-	-	947,489
<b>OTHER PRODUCTION</b>				
Land and land rights	25,248	-	-	25,248
Structures and improvements	1,224,829	-	-	1,224,829
Generators	36,000	-	-	36,000
Total Production	1,286,077	-	-	1,286,077
<b>TRANSMISSION</b>				
Land and land rights	2,302	-	-	2,302
Station equipment	526,199	-	-	526,199
Poles and fixtures	332,790	-	-	332,790
Overhead conductors and devices	677,173	-	-	677,173
Total Transmission	1,538,464	-	-	1,538,464
<b>DISTRIBUTION</b>				
Land and land rights	62,711	15,833	-	78,544
Structures and improvements	564,653	-	-	564,653
Station equipment	2,240,675	172,813	66,905	2,346,583
Storage battery equipment	7,328	16,082	7,328	16,082
Poles, towers, and fixtures	1,780,764	8,896	15,560	1,774,100
Overhead conductors	1,681,532	5,851	6,575	1,680,808
Underground conduit	734,449	94,578	2,549	826,478
Underground conductors	6,013,578	246,120	87,029	6,172,669
Transformers	2,497,237	217,336	12,723	2,701,850
Services	1,344,422	54,669	3,436	1,395,655
Meters	1,050,944	62,391	11,004	1,102,331
Street lighting and signal systems	1,482,482	162,456	77,596	1,567,342
Total Distribution	19,480,775	1,057,025	290,705	20,227,095

**CITY OF RIVER FALLS**

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

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

**CITY OF RIVER FALLS**

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

	2017	2016
<b>OPERATING REVENUES</b>		
Sales of Electricity		
Residential and rural	\$ 5,423,926	\$ 5,427,101
Small commercial and industrial	1,500,942	1,390,991
Large commercial and industrial	3,618,875	3,602,876
Public street and lighting	213,897	221,038
Other sales to public authorities	2,559,104	2,498,948
Total Sales of Electricity	<u>13,316,744</u>	<u>13,140,954</u>
Other Operating Revenues		
Forfeited discounts	44,696	45,950
Miscellaneous service revenues	8,121	10,290
Rent from electric property	32,847	37,779
Other miscellaneous revenues	300,026	288,226
Total Operating Revenues	<u>13,702,434</u>	<u>13,523,199</u>

**OPERATING EXPENSES**

Power Production		
Hydraulic power generation		
Operation		
Operating and supervision	107,932	51,040
Hydraulic	6,457	2,411
Miscellaneous	19,419	17,475
Total Hydraulic Power Generation	<u>133,808</u>	<u>70,926</u>
Purchased Power	9,682,706	9,631,080
Total Power Production	<u>9,816,514</u>	<u>9,701,706</u>
Transmission		
Operation		
Station	1,276	1,759
Overhead lines	484	1,500
Maintenance		
Overhead lines	59,192	5,345
Total Transmission	<u>60,952</u>	<u>8,604</u>

**CITY OF RIVER FALLS**

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

	2017	2016
<b>OPERATING EXPENSES (cont.)</b>		
Distribution		
Operation		
Operation supervision and engineering	\$ 114,092	\$ 62,028
Station	70,098	74,757
Overhead line	43,467	32,687
Underground line	114,855	105,772
Street lighting and signal	12,318	7,549
Meter expenses	127,136	115,513
Miscellaneous	154,300	119,776
Maintenance		
Structures	45,019	36,080
Station equipment	23,920	17,375
Overhead line	67,385	69,462
Underground line	37,766	31,617
Line transformers	10,954	10,896
Street lighting and signal	21,013	16,756
Total Distribution	<u>842,323</u>	<u>700,268</u>
Customer Accounts		
Meter reading	22,793	22,792
Accounting and collecting labor	148,846	176,810
Miscellaneous	223,691	166,181
Total Customer Accounts	<u>395,330</u>	<u>365,783</u>
Sales		
Advertising	2,061	1,566
Administrative and General		
Salaries	187,716	117,327
Office supplies	15,940	14,368
Outside services employed	19,415	18,725
Property insurance	19,243	18,156
Injuries and damages	13,301	16,702
Employee pensions and benefits	260,009	233,292
Miscellaneous	124,993	200,164
Rents	65,044	55,626
Total Administrative and General	<u>705,661</u>	<u>674,350</u>
Taxes		
Total Operation and Maintenance	11,909,497	11,533,733
Depreciation	789,972	812,396
Total Operating Expenses	<u>12,699,469</u>	<u>12,346,129</u>
<b>OPERATING INCOME</b>	<b>\$ 1,002,965</b>	<b>\$ 1,177,070</b>

**CITY OF RIVER FALLS**

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

	Balance 1/1/2017	Additions	Retirements	Balance 12/31/2017
<b>SOURCE OF SUPPLY</b>				
Land and land rights	\$ 2,708	\$ -	\$ -	2,708
Wells and springs	903,951	-	22,500	881,451
Total Source of Supply	906,659	-	22,500	884,159
<b>PUMPING</b>				
Structures and improvements	1,437,651	-	780	1,436,871
Other power production equipment	215,385	-	-	215,385
Electric pumping equipment	398,365	22,442	101	420,706
Diesel pumping equipment	29,465	-	-	29,465
Total Pumping	2,080,866	22,442	881	2,102,427
<b>WATER TREATMENT</b>				
Water treatment equipment	83,786	-	-	83,786
<b>TRANSMISSION AND DISTRIBUTION</b>				
Land and land rights	20,412	-	-	20,412
Structures and improvements	15,864	-	-	15,864
Distribution reservoirs and standpipe	849,056	22,500	645	869,911
Transmission and distribution main	9,693,066	149,774	691	9,842,149
Services	2,102,023	144,266	1,122	2,245,167
Meters	1,571,306	103,085	93,647	1,580,744
Hydrants	1,469,106	58,669	-	1,527,775
Other transmission and distribution Plant	832,327	-	659	831,669
Total Transmission and Distribution Plant	16,552,160	478,294	96,764	16,933,690
<b>GENERAL</b>				
Computers	57,607	-	7,953	49,654
Structures and improvements	214,062	-	1,608	212,454
Office furniture	11,642	-	999	10,643
Transportation equipment	72,634	10,474	18,424	64,684
Tools, shop & garage	31,113	-	1,453	29,660
Laboratory equipment	11,063	-	5,553	5,510
Power operated equipment	47,083	5,375	-	52,458
Communication equipment	1,871	-	1,871	-
SCADA equipment	178,744	-	3,519	175,225
Total General	625,619	15,849	41,380	600,288
<b>TOTAL WATER UTILITY PLANT</b>	<b>\$ 20,249,290</b>	<b>\$ 516,585</b>	<b>\$ 161,525</b>	<b>\$ 20,604,350</b>

**CITY OF RIVER FALLS**

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

	2017	2016
<b>OPERATING REVENUES</b>		
Sales of Water	\$ 650,202	\$ 571,823
Residential	127,380	112,962
Commercial	57,265	56,032
Multi-family	23,305	22,759
Industrial	92,303	88,183
Public authorities	221,981	202,001
Irrigation	1,172,436	1,053,760
Total Metered Sales	59,120	58,829
Private fire protection	366,581	395,085
Public fire protection	1,598,137	1,507,674
Total Sales of Water	1,855	3,518
Other Operating Revenues	100,897	101,802
Forfeited discounts	40,716	49,249
Rent from water property	1,741,405	1,662,243
Other miscellaneous revenues	-	-
Total Operating Revenues	1,855	3,518
<b>OPERATING EXPENSES</b>		
Pumping	945	74
Operation	72,354	78,404
Operation supervision and engineering	29,335	20,960
Fuel or purchased power for pumping	3,284	1,399
Pumping labor	49	-
Maintenance	61,681	8,820
Structures and improvements	167,648	109,657
Power production equipment	-	-
Pumping equipment	-	-
Total Pumping	167,648	109,657
Water Treatment		
Operation	3,668	5,732
Operation supervision and engineering	22,427	25,578
Chemicals	25,978	20,441
Operation labor	-	-
Maintenance	15,247	23,023
Water treatment equipment	67,320	74,774
Total Water Treatment	109,657	109,657

CITY OF RIVER FALLS

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

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

CITY OF RIVER FALLS

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

	Balance 1/1/2017	Additions	Retirements	Balance 12/31/2017
<b>COLLECTING SYSTEM</b>	\$ 10,031,813	\$ 186,980	\$ -	\$ 10,218,793
Collecting mains	7,228,480	-	-	7,228,480
Interceptor mains	141,607	-	-	141,607
Force mains	-	-	-	-
Other collecting system equipment	-	-	-	-
Total Collecting System	17,401,900	186,980	-	17,588,880
<b>COLLECTING SYSTEM PUMPING</b>				
Land and land rights	2,384	-	-	2,384
Structures and improvements	330,289	-	262	330,027
Receiving wells	440,113	-	-	440,113
Electric pumping equipment	334,738	29,999	-	364,737
Total Collecting System Pumping	1,107,524	29,999	262	1,137,261
<b>TREATMENT AND DISPOSAL</b>				
Land and land rights	115,238	-	-	115,238
Structures and improvements	4,374,331	-	-	4,374,331
Preliminary treatment equipment	647,220	-	-	647,220
Primary treatment equipment	395,354	20,642	-	415,996
Secondary treatment equipment	504,858	-	-	504,858
Chlorination equipment	109,007	-	527	108,480
Sludge treatment and disposal equipment	944,487	-	-	944,487
Plant site piping	1,000,644	-	-	1,000,644
Flow metering and monitoring equipment	87,513	-	3,318	84,195
Other treatment and disposal equipment	61,247	-	3,939	57,308
Total Treatment and Disposal	8,239,899	20,642	7,784	8,252,757
<b>GENERAL</b>				
Structures and improvements	1,031,787	-	888	1,030,899
Office furniture	17,912	-	989	16,913
Computers	40,197	-	6,197	34,000
Transportation equipment	360,602	10,475	36,727	334,350
Other general equipment	313,812	-	33,976	279,836
SCADA equipment	175,887	4,958	3,519	177,326
Total General	1,940,197	15,433	82,306	1,873,324
<b>INTANGIBLES</b>				
Total Sewer Utility Plant	128,163	-	7,502	120,661
<b>TOTAL SEWER UTILITY PLANT</b>	\$ 28,817,683	\$ 253,054	\$ 97,854	\$ 28,972,883

CITY OF RIVER FALLS

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

	2017	2016
<b>OPERATING REVENUES</b>		
Sales of Wastewater		
Residential	\$ 2,004,430	\$ 1,995,375
Commercial	423,579	425,539
Multi-family	251,398	260,744
Industrial	108,785	123,274
Public authorities	333,057	360,054
Total Wastewater Sales	3,121,249	3,164,986
Other Operating Revenues		
Forfeited discounts	4,252	9,697
Other miscellaneous revenues	230,894	43,804
Total Operating Revenues	3,356,395	3,218,487

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**OPERATING EXPENSES**

Operation		
Operation supervision and engineering	121,070	112,810
Power and fuel for pumping	24,639	19,222
Power and fuel for aeration equipment	135,356	179,055
Treatment charges	344,260	297,236
Chlorine	3,075	3,702
Phosphorous removal chemicals	3,139	3,139
Other operating supplies	32,348	41,224
Transportation	18,384	6,494
Total Operations	682,271	662,882
Maintenance		
Collection system	174,620	237,485
Pumping equipment	31,987	43,687
Treatment and disposal plant equipment	115,828	118,687
General plant structures equipment	31,645	27,188
Total Maintenance	354,080	427,047
Customer Accounts		
Accounting and collecting labor	120,094	150,714
Sales		
Advertising	323	1,059
Administrative and General		
Salaries	125,867	126,530
Office supplies	20,225	16,639
Outside services employed	8,824	16,908
Property insurance	11,116	17,869
Injuries and damages	11,181	14,428
Employee pensions and benefits	157,400	152,789

CITY OF RIVER FALLS

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

	2017	2016
<b>OPERATING EXPENSES (cont.)</b>		
Administrative and General (cont.)		
Miscellaneous	\$ 4,791	\$ 56,431
Rents	56,543	401,594
Total Administrative and General	395,947	32,127
Taxes	31,568	1,675,423
Total Operation and Maintenance	1,584,283	592,720
Depreciation	667,066	2,268,143
Total Operating Expenses	2,251,369	
<b>OPERATING INCOME</b>	\$ 1,105,026	\$ 950,344

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**CITY OF RIVER FALLS**

**INSURANCE SUMMARY**

For the Year Ended December 31, 2017

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

**CITY OF RIVER FALLS**

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

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

**DRAFT**



**FORM OF LEGAL OPINION**

(See following page)

Quarles & Brady LLP  
411 East Wisconsin Avenue  
Milwaukee, WI 53202

July 2, 2018

Re: City of River Falls, Wisconsin ("Issuer")  
\$3,505,000 General Obligation Park Bonds, Series 2018A,  
dated July 2, 2018 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on April 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$170,000	___%
2020	200,000	___
2021	205,000	___
2022	210,000	___
2023	215,000	___
2024	220,000	___
2025	225,000	___
2026	230,000	___
2027	235,000	___
2028	245,000	___
2029	250,000	___
2030	260,000	___
2031	270,000	___
2032	280,000	___
2033	290,000	___

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2019.

The Bonds maturing on April 1, 2026 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on April 1, 2025 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[The Bonds maturing in the years \_\_\_\_\_ are subject to mandatory redemption by lot as provided in the resolution awarding the Bonds, at the redemption price of par plus accrued interest to the date of redemption and without premium.]

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.

3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

**BOOK-ENTRY-ONLY SYSTEM**

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following page)

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of River Falls, Pierce and St. Croix Counties, Wisconsin (the "Issuer") in connection with the issuance of \$3,505,000 General Obligation Park Bonds, Series 2018A, dated July 2, 2018 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on April 10, 2018 and June 12, 2018 (collectively, the "Resolution") and delivered to \_\_\_\_\_ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at [www.emma.msrb.org](http://www.emma.msrb.org) in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated June 13, 2018 delivered in connection with the Securities, which is available from the MSRB.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.



"Issuer" means the City of River Falls, Pierce and St. Croix Counties, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Assistant City Administrator of the Issuer who can be contacted at 222 Lewis Street, City Hall, River Falls, Wisconsin, phone (715) 426-3418, fax (715) 425-0915.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

### Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ended December 31, 2017, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - Direct Debt

2. DEBT - Debt Limit
3. VALUATIONS - Current Property Valuations
4. TAX LEVIES AND COLLECTIONS - Tax Levies and Collections

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake

such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 2nd day of July, 2018.

(SEAL)

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Danial H. Toland  
Mayor

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Amy White  
City Clerk

**NOTICE OF SALE**

**\$3,505,000\* GENERAL OBLIGATION PARK BONDS, SERIES 2018A  
CITY OF RIVER FALLS, WISCONSIN**

Bids for the purchase of \$3,505,000\* General Obligation Park Bonds, Series 2018A (the "Bonds") of the City of River Falls, Wisconsin (the "City") will be received at the offices of Ehlers & Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Municipal Advisors to the City, until 11:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 11:00 A.M. Central Time, on June 12, 2018, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 6:30 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

**PURPOSE**

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of financing parks and public grounds projects. The Bonds are valid and binding general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

**DATES AND MATURITIES**

The Bonds will be dated July 2, 2018, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$170,000	2024	\$220,000	2029	\$250,000
2020	200,000	2025	225,000	2030	260,000
2021	205,000	2026	230,000	2031	270,000
2022	210,000	2027	235,000	2032	280,000
2023	215,000	2028	245,000	2033	290,000

**ADJUSTMENT OPTION**

\* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BOND OPTION**

Bids for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

## INTEREST PAYMENT DATES AND RATES

Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2019, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

## BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

## PAYING AGENT

The City has selected U.S. Bank National Association, St. Paul, Minnesota, to act as paying agent (the "Paying Agent"). The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

## OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after April 1, 2026 shall be subject to optional redemption prior to maturity on April 1, 2025 or on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

## DELIVERY

On or about July 2, 2018, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

## LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" attached as Appendix B to the Preliminary Official Statement.)

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

## SUBMISSION OF BIDS

Bids must not be for less than \$3,462,940 nor more than \$3,715,300 plus accrued interest on the principal sum of \$3,505,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com); or
- 2) Facsimile submission to Ehlers, Facsimile Number (651) 697-8555; or
- 3) Electronically via **PARITY** in accordance with this Notice of Sale until 11:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Telephone (212) 849-5021.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$70,100 shall be made by the winning bidder by wire transfer of funds to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have



no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

### **AWARD**

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid.

### **BOND INSURANCE**

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

### **CUSIP NUMBERS**

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The City will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

### **CONTINUING DISCLOSURE**

In order to assist the underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

### **NEW ISSUE PRICING**

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the Underwriter. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the Underwriter on its bid form to determine the issue price for the Bonds. On its bid form, each Underwriter must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the Underwriter selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5<sup>th</sup>) business day after the sale date.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the Underwriter selects the 10% test, the Underwriter agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Bonds or until all of the Bonds of a certain maturity have been sold.

(f) By submitting a bid, each bidder confirms that (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(g) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

## **PRELIMINARY OFFICIAL STATEMENT**

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the bid opening by request from Ehlers at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Common Council

Amy White, City Clerk  
City of River Falls, Wisconsin

# BID FORM

The Common Council  
City of River Falls, Wisconsin

June 12, 2018

RE: \$3,505,000\* General Obligation Park Bonds, Series 2018A  
DATED: July 2, 2018

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ \_\_\_\_\_ (not less than \$3,462,940 nor more than \$3,715,300) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2019	_____ % due	2024	_____ % due	2029
_____ % due	2020	_____ % due	2025	_____ % due	2030
_____ % due	2021	_____ % due	2026	_____ % due	2031
_____ % due	2022	_____ % due	2027	_____ % due	2032
_____ % due	2023	_____ % due	2028	_____ % due	2033

\* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

We enclose our Deposit in the amount of \$70,100, to be held by you pending delivery and payment. Alternatively, if we are the winning bidder, we will wire our Deposit to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers & Associates no later than two hours after the bid opening time. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. If our bid is not accepted, said deposit shall be promptly returned to us. If the Deposit is wired to such escrow account, we agree to the conditions and duties of Ehlers & Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about July 2, 2018.

This bid is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Bonds within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal bonds.  
YES: \_\_\_ NO: \_\_\_.

If the competitive sale requirements are not met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_

Account Members:

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from July 2, 2018 of the above bid is \$ \_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_%.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of River Falls, Wisconsin, on June 12, 2018.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_