

CITY OF BLACK RIVER FALLS

Black River Falls, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

CITY OF BLACK RIVER FALLS

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

	<u>Page(s)</u>
Independent Auditors' Report	i - iii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4 - 5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7 - 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Funds	10 - 11
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 - 16
Statement of Assets and Liabilities - Agency Fund	17
Index to Notes to Financial Statements	18
Notes to Financial Statements	19 - 61
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund (Non-GAAP)	62
Schedule of Employer's Proportionate Share of the Net Pension Asset (Liability) - Wisconsin Retirement System (WRS)	63
Schedule of Employer Contributions - Wisconsin Retirement System (WRS)	63
Notes to Required Supplementary Information	64
Supplementary Information	
Detailed Schedule of Revenues - Budget and Actual - General Fund (Non-GAAP)	65 - 66
Detailed Schedule of Expenditures - Budget and Actual - General Fund (Non-GAAP)	67 - 68
Combining Balance Sheet - Nonmajor Governmental Funds	69 - 70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	71 - 72
Combining Balance Sheet - General Fund	73 - 74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund	75 - 76
Required Utility Bond Disclosures	77

CITY OF BLACK RIVER FALLS

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

	<u>Page(s)</u>
Other Reports	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	78 - 79
Schedule of Findings and Responses	80 - 81

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Black River Falls
Black 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 Black River Falls, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Black River Falls' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the City of Black 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 Black 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 Black River Falls, Wisconsin, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Black River Falls' basic financial statements. The supplementary information 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2019 on our consideration of the City of Black 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 Black River Falls' internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Eau Claire, Wisconsin
May 29, 2019

CITY OF BLACK RIVER FALLS

STATEMENT OF NET POSITION As of December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Business Improvement District
ASSETS				
Cash and investments	\$ 5,591,699	\$ 3,867,521	\$ 9,459,220	\$ -
Receivables (net)				
Taxes	2,584,867	-	2,584,867	26,187
Accounts	660,719	1,252,517	1,913,236	-
Special assessments	11,068	-	11,068	-
Notes	790,042	-	790,042	-
Accrued interest	-	7,104	7,104	-
Other	-	11,419	11,419	-
Due from other governments	66,457	399,491	465,948	-
Internal balances	782,906	(782,906)	-	-
Prepaid items and inventories	-	250,305	250,305	-
Other assets	-	233,905	233,905	-
Restricted assets				
Restricted cash	-	1,223,903	1,223,903	-
Net pension asset	261,794	311,029	572,823	-
Capital Assets (net of accumulated depreciation)				
Construction in progress	88,373	244,642	333,015	-
Land and land improvements	5,910,298	252,779	6,163,077	-
Other capital assets, net of depreciation	13,432,863	23,358,228	36,791,091	-
Total Assets	<u>30,181,086</u>	<u>30,629,937</u>	<u>60,811,023</u>	<u>26,187</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	122,778	122,778	-
Pension related amounts	487,330	567,410	1,054,740	-
Total Deferred Outflows of Resources	<u>487,330</u>	<u>690,188</u>	<u>1,177,518</u>	<u>-</u>
LIABILITIES				
Accounts payable	163,729	359,665	523,394	-
Accrued liabilities and deposits	57,725	111,429	169,154	-
Other deferred credits	-	11,000	11,000	-
Noncurrent Liabilities				
Due within one year	507,804	786,102	1,293,906	-
Due in more than one year	1,197,779	10,579,613	11,777,392	-
Total Liabilities	<u>1,927,037</u>	<u>11,847,809</u>	<u>13,774,846</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	2,563,941	-	2,563,941	26,187
Pension related amounts	508,827	627,475	1,136,302	-
Total Deferred Inflows of Resources	<u>3,072,768</u>	<u>627,475</u>	<u>3,700,243</u>	<u>26,187</u>
NET POSITION				
Net investment in capital assets	18,503,708	13,261,923	31,765,631	-
Restricted for				
Future fair park projects	158,836	-	158,836	-
Future library costs	120,655	-	120,655	-
Future TIF project costs	2,017,938	-	2,017,938	-
General debt service	357,008	-	357,008	-
Future housing loans	884,843	-	884,843	-
Pension	261,794	311,029	572,823	-
Debt and equipment replacement	-	780,771	780,771	-
Unrestricted	<u>3,363,829</u>	<u>4,491,118</u>	<u>7,854,947</u>	<u>-</u>
TOTAL NET POSITION	<u><u>\$ 25,668,611</u></u>	<u><u>\$ 18,844,841</u></u>	<u><u>\$ 44,513,452</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 574,779	\$ 50,414	\$ 55,027	\$ -
Public safety	1,095,097	17,720	68,235	-
Public works	1,650,118	20,763	432,724	20,720
Health and human services	6,813	-	-	-
Culture, education and recreation	1,282,852	122,425	206,183	20,379
Conservation and development	434,180	-	-	-
Interest and fiscal charges	38,493	-	-	-
Total Governmental Activities	5,082,332	211,322	762,169	41,099
Business-type Activities				
Electric Utility	6,836,285	6,897,447	-	332,080
Water Utility	761,126	1,037,099	-	-
Sewer Utility	934,819	1,016,363	-	5,570
Ambulance	902,748	991,126	-	-
Total Business-type Activities	9,434,978	9,942,035	-	337,650
Total Primary Government	\$ 14,517,310	\$ 10,153,357	\$ 762,169	\$ 378,749
Component Unit				
Business Improvement District	\$ 29,687	\$ -	\$ 3,500	\$ -

General Revenues

 Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for BID

 Property taxes, levied for debt service

 Property taxes, levied for TIF districts

 Property taxes, levied for capital assets

 Other taxes

 Intergovernmental revenues not restricted to specific programs

 Public gifts and grants

 Investment income

 Miscellaneous

 Total General Revenues

Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Business Improvement District
\$ (469,338)	\$ -	\$ (469,338)	\$ -
(1,009,142)	-	(1,009,142)	-
(1,175,911)	-	(1,175,911)	-
(6,813)	-	(6,813)	-
(933,865)	-	(933,865)	-
(434,180)	-	(434,180)	-
(38,493)	-	(38,493)	-
<u>(4,067,742)</u>	<u>-</u>	<u>(4,067,742)</u>	<u>-</u>
-	393,242	393,242	-
-	275,973	275,973	-
-	87,114	87,114	-
-	<u>88,378</u>	<u>88,378</u>	-
-	<u>844,707</u>	<u>844,707</u>	-
<u>(4,067,742)</u>	<u>844,707</u>	<u>(3,223,035)</u>	<u>-</u>
-	-	-	<u>(26,187)</u>
1,553,695	-	1,553,695	-
-	-	-	26,187
350,700	-	350,700	-
547,277	-	547,277	-
120,000	-	120,000	-
99,797	-	99,797	-
664,749	-	664,749	-
89,511	-	89,511	-
69,127	39,848	108,975	-
<u>56,850</u>	<u>61,462</u>	<u>118,312</u>	-
<u>3,551,706</u>	<u>101,310</u>	<u>3,653,016</u>	<u>26,187</u>
<u>625,412</u>	<u>(625,412)</u>	<u>-</u>	<u>-</u>
109,376	320,605	429,981	-
<u>25,559,235</u>	<u>18,524,236</u>	<u>44,083,471</u>	<u>-</u>
<u>\$ 25,668,611</u>	<u>\$ 18,844,841</u>	<u>\$ 44,513,452</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>General Capital Projects Fund</u>
ASSETS			
Cash and investments	\$ 2,874,278	\$ 564,666	\$ -
Receivables (net)			
Taxes	1,410,145	350,700	274,750
Accounts	85,475	-	575,244
Special assessments	-	-	11,068
Loans	27,039	-	-
Due from other funds	695,397	-	-
Due from other governments	25,901	-	40,556
Advances to other funds	-	135,500	-
	<u>-</u>	<u>135,500</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 5,118,235</u>	<u>\$ 1,050,866</u>	<u>\$ 901,618</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 150,752	\$ -	\$ -
Accrued liabilities	31,047	-	-
Due to other funds	-	-	19,072
Total Liabilities	<u>181,799</u>	<u>-</u>	<u>19,072</u>
Deferred Inflows of Resources			
Unearned revenues	1,389,219	350,700	274,750
Unavailable revenues	27,039	-	626,868
Total Deferred Inflows of Resources	<u>1,416,258</u>	<u>350,700</u>	<u>901,618</u>
Fund Balances (Deficit)			
Nonspendable	28,877	-	-
Restricted	279,491	383,686	-
Assigned	1,700,446	316,480	-
Unassigned fund balance (deficit)	1,511,364	-	(19,072)
Total Fund Balances (Deficit)	<u>3,520,178</u>	<u>700,166</u>	<u>(19,072)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,118,235</u>	<u>\$ 1,050,866</u>	<u>\$ 901,618</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 2,152,755	\$ 5,591,699
549,272	2,584,867
-	660,719
-	11,068
763,003	790,042
-	695,397
-	66,457
-	135,500
<u>\$ 3,465,030</u>	<u>\$ 10,535,749</u>

\$ 12,977	\$ 163,729
-	31,047
28,919	47,991
<u>41,896</u>	<u>242,767</u>

549,272	2,563,941
<u>763,003</u>	<u>1,416,910</u>
<u>1,312,275</u>	<u>3,980,851</u>

-	28,877
2,139,778	2,802,955
-	2,016,926
<u>(28,919)</u>	<u>1,463,373</u>
<u>2,110,859</u>	<u>6,312,131</u>

<u>\$ 3,465,030</u>	<u>\$ 10,535,749</u>
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See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2018

Total Fund Balances - Governmental Funds	\$	6,312,131
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.</p>		
Capital assets		31,506,289
Construction in progress		88,373
Less: Accumulated depreciation		(12,163,128)
<p>The net pension asset does not relate to current financial resources and is not reported in the governmental funds.</p>		
		261,794
<p>Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.</p>		
		487,330
<p>Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.</p>		
		(508,827)
<p>Special assessments, loans and some other receivables are reported as unavailable revenue in the fund financial statements but recognized as revenue when earned in the government-wide financial statements. These types of unavailable revenues at year end consist of:</p>		
Special assessments, taxes receivable, and due from other governments not yet due		626,868
Economic development loans		27,039
Housing loans		763,003
<p>Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Bonds and notes payable		(1,557,826)
Vested compensated absences		(87,757)
Accrued interest		(26,678)
Landfill post closure costs		(60,000)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>25,668,611</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

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

For the Year Ended December 31, 2018

	General Fund	Debt Service Fund	General Capital Projects Fund
REVENUES			
Taxes	\$ 1,653,492	\$ 350,700	\$ 120,000
Intergovernmental	1,284,078	-	-
Licenses and permits	45,106	-	-
Fines, forfeitures and penalties	17,720	-	-
Public charges for services	142,783	-	-
Special assessments	505	-	243,031
Investment income	26,257	3,484	-
Miscellaneous	314,156	52,061	-
Total Revenues	3,484,097	406,245	363,031
EXPENDITURES			
Current			
General government	568,572	-	-
Public safety	1,063,203	-	-
Public works	1,077,933	-	-
Health and human services	6,813	-	-
Culture, recreation and education	948,499	-	-
Conservation and development	3,500	-	-
Capital Outlay	191,438	-	10,935
Debt Service			
Principal retirement	-	1,064,137	209,000
Interest and fiscal charges	-	26,555	2,639
Total Expenditures	3,859,958	1,090,692	222,574
Excess (deficiency) of revenues over expenditures	(375,861)	(684,447)	140,457
OTHER FINANCING SOURCES (USES)			
Debt issued	210,000	579,000	-
Transfers in	625,412	27,970	-
Transfers out	-	-	(27,970)
Sale of property and equipment	25,923	-	-
Total Other Financing Sources (Uses)	861,335	606,970	(27,970)
Net Change in Fund Balances	485,474	(77,477)	112,487
FUND BALANCES (DEFICIT) - Beginning of Year	3,034,704	777,643	(131,559)
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 3,520,178	\$ 700,166	\$ (19,072)

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 547,277	\$ 2,671,469
5,037	1,289,115
-	45,106
-	17,720
-	142,783
-	243,536
233	29,974
<u>70,876</u>	<u>437,093</u>
<u>623,423</u>	<u>4,876,796</u>
-	568,572
-	1,063,203
-	1,077,933
-	6,813
-	948,499
690,661	694,161
20,860	223,233
201,418	1,474,555
<u>5,502</u>	<u>34,696</u>
<u>918,441</u>	<u>6,091,665</u>
<u>(295,018)</u>	<u>(1,214,869)</u>
359,000	1,148,000
100,000	753,382
(100,000)	(127,970)
-	25,923
<u>359,000</u>	<u>1,799,335</u>
63,982	584,466
<u>2,046,877</u>	<u>5,727,665</u>
<u>\$ 2,110,859</u>	<u>\$ 6,312,131</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$	584,466
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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 capitalized in the government-wide statements		223,233
Some capital outlay is not capitalized in the government-wide statements		(113,973)
Some functional expenditures were capitalized in the government-wide statements		192,455
Net book value of assets retired		(48,277)
Depreciation is reported in the government-wide statements		(894,787)

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		(175,640)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued		(1,148,000)
Principal repaid		1,474,555

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.

Change in accrued interest payable		(3,797)
Change in landfill post closure liability		4,000
Change in the vested compensated absences liability		85,767
Change in net pension asset and related pension deferred outflows/inflows of resources		(26,426)

Governmental funds report repayments of loans, notes, and other receivables as revenue and issuance of new loans, notes, and other receivables as expenditures. However, in the statement of activities, these amounts decrease or increase receivables.

New loans and other receivables recognized as expenditures on fund statements		109,065
Repayment of principal on loans, notes, and other receivables recognized as revenue on fund statements		(153,265)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>109,376</u>
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CITY OF BLACK RIVER FALLS

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

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	
ASSETS					
Current Assets					
Cash and investments	\$ 1,130,532	\$ 1,193,279	\$ 245,868	\$ 1,297,842	\$ 3,867,521
Receivables (net)					
Accounts	639,791	93,160	144,233	375,333	1,252,517
Interest	5,165	1,939	-	-	7,104
Other	11,419	-	-	-	11,419
Due from other governments	399,491	-	-	-	399,491
Prepays items and inventories	208,134	34,855	7,316	-	250,305
Restricted Assets					
Redemption account	92,043	17,369	84,750	-	194,162
Total Current Assets	<u>2,486,575</u>	<u>1,340,602</u>	<u>482,167</u>	<u>1,673,175</u>	<u>5,982,519</u>
Noncurrent Assets					
Restricted Assets					
Reserve account	591,926	-	-	-	591,926
Replacement account	-	3,612	434,203	-	437,815
Net pension asset	159,885	38,344	38,723	74,077	311,029
Capital Assets					
Construction in progress	181,353	63,289	-	-	244,642
Land and land improvements	71,257	94,478	87,044	-	252,779
Plant in service	21,593,533	10,407,862	5,452,671	1,130,365	38,584,431
Less: Accumulated depreciation	(8,110,287)	(4,018,750)	(2,658,134)	(439,032)	(15,226,203)
Other Assets					
Property held for future use	233,905	-	-	-	233,905
Total Noncurrent Assets	<u>14,721,572</u>	<u>6,588,835</u>	<u>3,354,507</u>	<u>765,410</u>	<u>25,430,324</u>
Total Assets	<u>17,208,147</u>	<u>7,929,437</u>	<u>3,836,674</u>	<u>2,438,585</u>	<u>31,412,843</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	76,643	46,135	-	-	122,778
Pension related amounts	288,820	73,305	72,844	132,441	567,410
Total Deferred Outflows of Resources	<u>365,463</u>	<u>119,440</u>	<u>72,844</u>	<u>132,441</u>	<u>690,188</u>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds					
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	Totals
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 335,081	\$ -	\$ -	\$ 24,584	\$ 359,665
Deposits	30,344	-	-	-	30,344
Other deferred credits	11,000	-	-	-	11,000
Due to other funds	360,184	184,946	59,350	42,926	647,406
Accrued payroll	27,258	-	-	-	27,258
Accrued interest	8,201	5,303	-	-	13,504
Accrued liabilities	-	5,458	4,363	-	9,821
Current portion of general obligation debt	13,474	114,549	48,930	-	176,953
Current portion of revenue bonds	78,000	-	-	-	78,000
Current portion of advances	15,575	5,107	4,851	-	25,533
Current portion of vested compensated absences	-	-	-	16,650	16,650
Current Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	368,412	24,837	121,250	-	514,499
Accrued interest	24,315	788	5,399	-	30,502
Total Current Liabilities	<u>1,271,844</u>	<u>340,988</u>	<u>244,143</u>	<u>84,160</u>	<u>1,941,135</u>
Noncurrent Liabilities					
Line of credit	313,400	-	-	-	313,400
General obligation debt	59,526	583,451	-	-	642,977
Unamortized debt premium	108,315	-	-	-	108,315
Customer advances for construction	1,772	-	-	-	1,772
Revenue bonds	8,086,138	408,901	932,951	-	9,427,990
Advance from municipality	67,080	21,993	20,894	-	109,967
Vested compensated absences	54,419	12,595	12,595	5,550	85,159
Total Noncurrent Liabilities	<u>8,690,650</u>	<u>1,026,940</u>	<u>966,440</u>	<u>5,550</u>	<u>10,689,580</u>
Total Liabilities	<u>9,962,494</u>	<u>1,367,928</u>	<u>1,210,583</u>	<u>89,710</u>	<u>12,630,715</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	<u>331,253</u>	<u>71,439</u>	<u>73,587</u>	<u>151,196</u>	<u>627,475</u>
NET POSITION					
Net investment in capital assets	5,197,864	5,594,276	1,778,450	691,333	13,261,923
Restricted for					
Debt and equipment replacement	247,024	20,193	513,554	-	780,771
Pension	159,885	38,344	38,723	74,077	311,029
Unrestricted	<u>1,675,090</u>	<u>956,697</u>	<u>294,621</u>	<u>1,564,710</u>	<u>4,491,118</u>
TOTAL NET POSITION	<u>\$ 7,279,863</u>	<u>\$ 6,609,510</u>	<u>\$ 2,625,348</u>	<u>\$ 2,330,120</u>	<u>\$ 18,844,841</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	
OPERATING REVENUES	<u>\$ 6,897,447</u>	<u>\$ 1,037,099</u>	<u>\$ 1,016,363</u>	<u>\$ 991,126</u>	<u>\$ 9,942,035</u>
OPERATING EXPENSES					
Operation and maintenance	5,606,239	497,453	724,439	804,714	7,632,845
Depreciation	574,687	232,671	182,914	98,034	1,088,306
Amortization	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Total Operating Expenses	<u>6,186,926</u>	<u>730,124</u>	<u>907,353</u>	<u>902,748</u>	<u>8,727,151</u>
Operating Income	<u>710,521</u>	<u>306,975</u>	<u>109,010</u>	<u>88,378</u>	<u>1,214,884</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	16,765	8,311	3,677	11,095	39,848
Interest expense	(308,070)	(23,073)	(27,466)	-	(358,609)
IRS Build America Bond interest subsidy	32,571	-	-	-	32,571
Amortization	2,640	(7,689)	-	-	(5,049)
Miscellaneous revenue	49,658	-	-	11,804	61,462
Miscellaneous expense	(46,750)	(240)	-	-	(46,990)
Loss on disposal of capital assets	<u>(329,750)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(329,750)</u>
Total Nonoperating Revenues (Expenses)	<u>(582,936)</u>	<u>(22,691)</u>	<u>(23,789)</u>	<u>22,899</u>	<u>(606,517)</u>
Income Before Contributions and Transfers	<u>127,585</u>	<u>284,284</u>	<u>85,221</u>	<u>111,277</u>	<u>608,367</u>
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	332,080	-	5,570	-	337,650
Transfers out	<u>(375,523)</u>	<u>(188,025)</u>	<u>(61,864)</u>	<u>-</u>	<u>(625,412)</u>
Total Contributions and Transfers	<u>(43,443)</u>	<u>(188,025)</u>	<u>(56,294)</u>	<u>-</u>	<u>(287,762)</u>
Change in Net Position	84,142	96,259	28,927	111,277	320,605
NET POSITION - Beginning of Year	<u>7,195,721</u>	<u>6,513,251</u>	<u>2,596,421</u>	<u>2,218,843</u>	<u>18,524,236</u>
NET POSITION - END OF YEAR	<u>\$ 7,279,863</u>	<u>\$ 6,609,510</u>	<u>\$ 2,625,348</u>	<u>\$ 2,330,120</u>	<u>\$ 18,844,841</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

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

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 6,864,442	\$ 761,296	\$ 992,055	\$ 883,878	\$ 9,501,671
Cash received from city	85,228	286,931	-	-	372,159
Paid to suppliers for goods and services	(4,935,727)	(285,120)	(522,956)	(284,488)	(6,028,291)
Paid to employees for services	(690,924)	(202,887)	(193,387)	(540,543)	(1,627,741)
Net Cash Flows From Operating Activities	1,323,019	560,220	275,712	58,847	2,217,798
CASH FLOWS FROM INVESTING ACTIVITIES					
Marketable securities sold	694,705	693,425	163,425	-	1,551,555
Marketable securities purchased	(502,167)	(700,558)	(164,737)	(100,000)	(1,467,462)
Investment income	17,120	8,292	3,677	11,095	40,184
Net Cash Flows From Investing Activities	209,658	1,159	2,365	(88,905)	124,277
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Paid to municipality for tax equivalent	(367,900)	(189,737)	-	-	(557,637)
Transfers in (out)	(4,240)	-	(59,946)	-	(64,186)
Advances repaid	(16,897)	(5,540)	(5,263)	-	(27,700)
Interest paid on advances	(2,125)	(697)	(662)	-	(3,484)
Net Cash Flows From Noncapital Financing Activities	(391,162)	(195,974)	(65,871)	-	(653,007)

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	\$ (497,435)	\$ (274,113)	\$ (166,887)	\$ -	\$ (938,435)
Interest paid	(301,656)	(20,878)	(27,461)	-	(349,995)
Proceeds from debt issue	353,000	133,000	-	-	486,000
Capital contributions	19,745	-	-	-	19,745
Acquisition and construction of capital assets	(1,094,261)	(177,802)	(17,431)	(54,134)	(1,343,628)
Interest rebate received on bonds	32,613	-	-	-	32,613
Draws on line of credit	<u>313,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,400</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(1,174,594)</u>	<u>(339,793)</u>	<u>(211,779)</u>	<u>(54,134)</u>	<u>(1,780,300)</u>
Net Change in Cash and Cash Equivalents	(33,079)	25,612	427	(84,192)	(91,232)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,305,413</u>	<u>450,065</u>	<u>599,657</u>	<u>382,034</u>	<u>2,737,169</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,272,334</u>	<u>\$ 475,677</u>	<u>\$ 600,084</u>	<u>\$ 297,842</u>	<u>\$ 2,645,937</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

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

	Business-type Activities - Enterprise Funds				
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income	\$ 710,521	\$ 306,975	\$ 109,010	\$ 88,378	\$ 1,214,884
Nonoperating revenue (expense)	2,908	(240)	-	11,804	14,472
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities					
Depreciation and amortization	580,687	232,671	182,914	98,034	1,094,306
Depreciation charged to other accounts	(1,158)	8,567	(8,567)	-	(1,158)
Changes in assets, deferred outflows, liabilities and deferred inflows					
Accounts receivable	55,162	3,926	(14,850)	(119,052)	(74,814)
Other receivables	(2,962)	-	-	-	(2,962)
Inventories	13,361	776	-	-	14,137
Accounts payable	(59,651)	-	-	(2,550)	(62,201)
Due to other funds	(2,535)	(1,125)	(891)	(16,097)	(20,648)
Customer deposits	(350)	-	-	-	(350)
Accrued liabilities	8,378	1,739	1,094	(13,747)	(2,536)
Prepayments	13	3,143	2,602	-	5,758
Pension related deferrals and asset	18,645	3,788	4,400	12,077	38,910
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,323,019</u>	<u>\$ 560,220</u>	<u>\$ 275,712</u>	<u>\$ 58,847</u>	<u>\$ 2,217,798</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	Totals
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Cash and investments - statement of net position	\$ 1,130,532	\$ 1,193,279	\$ 245,868	\$ 1,297,842	\$ 3,867,521
Redemption account	92,043	17,369	84,750	-	194,162
Reserve account	591,926	-	-	-	591,926
Replacement account	-	3,612	434,203	-	437,815
Total Cash and Investments	1,814,501	1,214,260	764,821	1,297,842	5,091,424
Less: Noncash equivalents	(542,167)	(738,583)	(164,737)	(1,000,000)	(2,445,487)
CASH AND CASH EQUIVALENTS	<u>\$ 1,272,334</u>	<u>\$ 475,677</u>	<u>\$ 600,084</u>	<u>\$ 297,842</u>	<u>\$ 2,645,937</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital assets acquired through accounts payable	<u>\$ 2,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,329</u>	
Capital assets contributed by a private business	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,570</u>	<u>\$ -</u>	

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

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

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 1,381,946
Taxes receivable	<u>2,290,081</u>
TOTAL ASSETS	<u><u>\$ 3,672,027</u></u>
LIABILITIES	
Due to other governments	<u>\$ 3,672,027</u>
TOTAL LIABILITIES	<u><u>\$ 3,672,027</u></u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

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

NOTE	Page
I Summary of Significant Accounting Policies	19
A. Reporting Entity	19
B. Government-Wide and Fund Financial Statements	20
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	23
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	24
1. Deposits and Investments	24
2. Receivables	25
3. Inventories and Prepaid Items	26
4. Restricted Assets	27
5. Capital Assets	27
6. Deferred Outflows of Resources	28
7. Compensated Absences	28
8. Long-Term Obligations/Conduit Debt	28
9. Deferred Inflows of Resources	29
10. Equity Classifications	29
11. Pension	31
12. Basis for Existing Rates	31
13. Other Assets	31
14. Other Deferred Credits	31
II Stewardship, Compliance, and Accountability	32
A. Budgetary Information	32
B. Excess Expenditures Over Appropriations	32
C. Deficit Balances	32
D. Limitations on the City's Tax Levy	33
III Detailed Notes on All Funds	33
A. Deposits and Investments	33
B. Receivables	35
C. Restricted Assets	35
D. Capital Assets	37
E. Interfund Receivables/Payables, Advances and Transfers	41
F. Long-Term Obligations	43
G. Closure and Postclosure Care Cost	48
H. Net Position/Fund Balances	49
I. Component Unit	50
IV Other Information	51
A. Employees' Retirement System	51
B. Risk Management	57
C. Commitments and Contingencies	58
D. Joint Ventures	59
E. Subsequent Event	60
F. Economic Dependency	60
G. Effect of New Accounting Standards on Current-Period Financial Statements	61

CITY OF BLACK RIVER FALLS

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Black 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 units. 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 BLACK RIVER FALLS

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

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Business Improvement District of the City of Black River Falls

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF BLACK RIVER FALLS

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

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

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

Fund Financial Statements (cont.)

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.
- Debt Service Fund - accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise fund debt.
- General Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities.

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 BLACK RIVER FALLS

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

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

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

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental and enterprise funds:

Special Revenue Fund - 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).

Revolving Housing Fund

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.

TIF #1
TIF #3
TIF #4
TIF #5
TIF #6
TIF #7

Enterprise Fund - 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.

Ambulance

In addition, the city reports the following fund type:

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

CITY OF BLACK RIVER FALLS

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

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

CITY OF BLACK RIVER FALLS

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

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

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

Fund Financial Statements (cont.)

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

CITY OF BLACK RIVER FALLS

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

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

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

1. Deposits and Investments (cont.)

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

The city has not adopted an investment policy.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. 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 to the general fund. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

2. Receivables

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

Property tax calendar - 2018 tax roll:

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

CITY OF BLACK RIVER FALLS

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

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

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

2. Receivables (cont.)

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 city's electric, water, or sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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

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

The city has received grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The city records a loan receivable when the loan has been made and funds have been disbursed.

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 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 lower of cost or market utilizing the average cost method, and charged to construction and/or operation and maintenance expense when used.

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

CITY OF BLACK RIVER FALLS

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

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets, \$5,000 for infrastructure assets and \$1,000 for utility capital assets, and an estimated useful life in excess of one 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.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but GASB No. 34 does not require the city to retroactively report all major general infrastructure assets. As of December 31, 2018, the city has not retroactively reported any infrastructure.

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation 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:

Land Improvements	20-30	Years
Buildings	30-75	Years
Machinery and Equipment	5-30	Years
Infrastructure	20-50	Years
Utility System	4-77	Years

CITY OF BLACK RIVER FALLS

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

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

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

5. Capital Assets (cont.)

Fund Financial Statements

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

6. Deferred Outflows of Resources

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

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

7. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2018, are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

CITY OF BLACK RIVER FALLS

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

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

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

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

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

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

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$5,476,075, 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."

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.

CITY OF BLACK RIVER FALLS

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

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

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

10. Equity Classifications (cont.)

Fund 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 City 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 doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the city would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note III. H. for further information.

CITY OF BLACK RIVER FALLS

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

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

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

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 Public Service Commission of Wisconsin and placed into effect by the utility on June 28, 2016.

Current water rates were approved by the Public Service Commission of Wisconsin and placed into effect by the utility on June 21, 2017.

Current sewer rates were approved by the utility commission on February 25, 2013.

Current ambulance rates became effective as follows:

<u>Rate</u>	<u>Date Adopted</u>
BLS Base Rate	May 18, 2016
ALS Base Rate	May 18, 2016
BLS Mileage Rate	May 18, 2016
ALS Mileage Rate	May 18, 2016

New ALS and BLS base rates were approved by the City Council on December 19, 2018 and were placed into effect on January 1, 2019.

13. Other Assets

The balance represents \$233,905 for land purchased as the site for a future utility office building.

14. Other Deferred Credits

The electric utility charges fees to all customers as required by the 1999 Energy Reliability Act and 2006 Act 141. Revenues generated from the fees are used to fund energy conservation and low-income energy assistance ("Commitment to Community") programs. The utility is acting as an agent administering the program so revenues and expenses associated with the program are recorded as a current liability on the statement of net position.

CITY OF BLACK RIVER FALLS

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

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general fund, debt service fund, and general capital projects fund. A budget has not been formally adopted for any of the city's other funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund	\$ 3,346,220	\$ 3,859,958	\$ 513,738
Debt Service	350,700	1,090,692	739,992
General Capital Projects	120,000	250,544	130,544

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.

C. DEFICIT BALANCES

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

As of December 31, 2018, the following individual funds held a deficit balance:

Fund	Amount	Reason
General Capital Projects	\$ 19,072	Expenditures in excess of revenues
TIF #5	10,249	Expenditures in excess of revenues
TIF #7	18,670	Expenditures in excess of revenues

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.

The general capital projects fund deficit is anticipated to be funded with general tax revenues and collection of receivables.

CITY OF BLACK RIVER FALLS

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

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

D. 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.

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	\$ 11,978,002	\$ 11,929,422	Custodial credit
LGIP	86,667	86,667	Credit
Petty cash	400	-	N/A
Total Deposits and Investments	<u>\$ 12,065,069</u>	<u>\$ 12,016,089</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 9,459,220		
Restricted cash and investments	1,223,903		
Per statement of assets and liabilities -			
agency fund			
Agency Fund	1,381,946		
Total Deposits and Investments	<u>\$ 12,065,069</u>		

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

CITY OF BLACK RIVER FALLS

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

The city maintains collateral agreements with its banks. At December 31, 2018, the banks had pledged various government securities in the amount of \$6,131,732 to secure the city's deposits and \$3,486,675 to secure the utilities' deposits.

Custodial Credit Risk

Deposits

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

As of December 31, 2018, \$263,064 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>263,064</u>
Total	\$ <u><u>263,064</u></u>

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.

The city had investments in the external Wisconsin Local Government Investment Pool which is not rated.

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

CITY OF BLACK RIVER FALLS

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

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$626,868 in the general capital projects fund and \$757,235 in nonmajor governmental funds.

Receivables in the general capital projects fund are shown net of a \$575,243 allowance for uncollectibles. Receivables in the nonmajor governmental funds are shown net of a \$75,532 allowance for uncollectibles. Receivables in the ambulance fund are shown net of a \$338,536 allowance for uncollectibles.

Revenues of the ambulance fund are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to revenues of the current period	<u>\$ 137,084</u>
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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 for subsequent year	\$ 2,563,941	\$ -
Special assessments, taxes receivable, and due from other governments not yet due	-	626,868
Economic development loans	-	27,039
Housing loans	-	763,003
	-	763,003
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 2,563,941</u>	 <u>\$ 1,416,910</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.

CITY OF BLACK RIVER FALLS

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

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

C. RESTRICTED ASSETS (cont.)

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.

Net Pension Asset

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

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

Restricted Assets	
Redemption account	\$ 194,162
Reserve account	591,926
Replacement account	437,815
Net pension asset	<u>572,823</u>
Total Restricted Assets	<u>\$ 1,796,726</u>

CITY OF BLACK RIVER FALLS

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

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

D. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land and land improvements	\$ 5,910,298	\$ -	\$ -	\$ 5,910,298
Construction in progress	-	88,373	-	88,373
Total Capital Assets Not Being Depreciated	<u>5,910,298</u>	<u>88,373</u>	<u>-</u>	<u>5,998,671</u>
Capital assets being depreciated				
Land improvements	1,070,449	-	-	1,070,449
Buildings	11,184,149	-	27,820	11,156,329
Machinery and equipment	5,223,746	129,939	66,175	5,287,510
Roads	5,765,448	83,403	89,700	5,759,151
Curb and gutter	145,157	-	-	145,157
Storm sewer	478,605	-	-	478,605
Sanitary sewer	1,014,583	-	-	1,014,583
Street lighting	66,219	-	-	66,219
Bridges	617,988	-	-	617,988
Total Capital Assets Being Depreciated	<u>25,566,344</u>	<u>213,342</u>	<u>183,695</u>	<u>25,595,991</u>
Total Capital Assets	<u>31,476,642</u>	<u>301,715</u>	<u>183,695</u>	<u>31,594,662</u>
Less: Accumulated depreciation for				
Land improvements	(315,190)	(46,405)	-	(361,595)
Buildings	(4,904,244)	(301,833)	26,187	(5,179,890)
Machinery and equipment	(3,419,115)	(229,971)	66,175	(3,582,911)
Roads	(2,070,296)	(247,958)	43,056	(2,275,198)
Curb and gutter	(47,811)	(4,785)	-	(52,596)
Storm sewer	(175,094)	(15,756)	-	(190,850)
Sanitary sewer	(391,057)	(33,512)	-	(424,569)
Street lighting	(19,152)	(2,207)	-	(21,359)
Bridges	(61,800)	(12,360)	-	(74,160)
Total Accumulated Depreciation	<u>(11,403,759)</u>	<u>(894,787)</u>	<u>135,418</u>	<u>(12,163,128)</u>
Net Capital Assets Being Depreciated	<u>14,162,585</u>	<u>(681,445)</u>	<u>48,277</u>	<u>13,432,863</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 20,072,883</u>	<u>\$ (593,072)</u>	<u>\$ 48,277</u>	<u>\$ 19,431,534</u>

CITY OF BLACK RIVER FALLS

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

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 12,583
Public safety	40,744
Public works	470,500
Culture, recreation and education	<u>370,960</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 894,787</u></u>

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Electric</u>				
Capital assets not being depreciated				
Land and land rights	\$ 71,257	\$ -	\$ -	\$ 71,257
Construction in progress	<u>622,259</u>	<u>1,177,578</u>	<u>1,618,484</u>	<u>181,353</u>
Total Capital Assets Not Being Depreciated	<u>693,516</u>	<u>1,177,578</u>	<u>1,618,484</u>	<u>252,610</u>
Capital assets being depreciated/amortized				
Intangible	244,513	-	-	244,513
Hydraulic production	11,982,179	919,735	-	12,901,914
Other production	198,820	-	-	198,820
Transmission	357,320	3,960	-	361,280
Distribution	6,665,823	556,560	216,685	7,005,698
Administrative and general assets	<u>878,104</u>	<u>5,193</u>	<u>1,989</u>	<u>881,308</u>
Total Capital Assets Being Depreciated/Amortized	<u>20,326,759</u>	<u>1,485,448</u>	<u>218,674</u>	<u>21,593,533</u>
Total Capital Assets	<u>21,020,275</u>	<u>2,663,026</u>	<u>1,837,158</u>	<u>21,846,143</u>
Less: Accumulated depreciation/amortization for				
Intangible	(118,524)	(6,000)	-	(124,524)
Hydraulic production	(2,487,645)	(275,538)	-	(2,763,183)
Other production	(198,818)	-	-	(198,818)
Transmission	(282,553)	(6,941)	-	(289,494)
Distribution	(4,020,388)	(237,799)	168,327	(4,089,860)
Administrative and general assets	<u>(593,149)</u>	<u>(53,248)</u>	<u>1,989</u>	<u>(644,408)</u>
Total Accumulated Depreciation/Amortization	<u>(7,701,077)</u>	<u>(579,526)</u>	<u>170,316</u>	<u>(8,110,287)</u>
Net Capital Assets Being Depreciated/Amortized	<u>12,625,682</u>	<u>905,922</u>	<u>48,358</u>	<u>13,483,246</u>
Net Electric Capital Assets	<u><u>\$ 13,319,198</u></u>	<u><u>\$ 2,083,500</u></u>	<u><u>\$ 1,666,842</u></u>	<u><u>\$ 13,735,856</u></u>

CITY OF BLACK RIVER FALLS

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 94,478	\$ -	\$ -	\$ 94,478
Construction in progress	1,489	133,137	71,337	63,289
Total Capital Assets Not Being Depreciated	95,967	133,137	71,337	157,767
Capital assets being depreciated				
Source of supply	594,473	-	-	594,473
Pumping	1,806,252	1,675	-	1,807,927
Treatment	278,992	26,564	34,975	270,581
Transmission and distribution	7,253,227	70,202	13,300	7,310,129
General	409,483	15,557	288	424,752
Total Capital Assets Being Depreciated	10,342,427	113,998	48,563	10,407,862
Total Capital Assets	10,438,394	247,135	119,900	10,565,629
Less: Accumulated depreciation for				
Source of supply	(342,140)	(16,977)	-	(359,117)
Pumping	(901,285)	(62,002)	-	(963,287)
Treatment	(108,765)	(9,068)	34,975	(82,858)
Transmission and distribution	(2,128,388)	(134,380)	15,044	(2,247,724)
General	(347,501)	(18,551)	288	(365,764)
Total Accumulated Depreciation	(3,828,079)	(240,978)	50,307	(4,018,750)
Net Capital Assets Being Depreciated	6,514,348	(126,980)	(1,744)	6,389,112
Net Water Capital Assets	\$ 6,610,315	\$ 6,157	\$ 69,593	\$ 6,546,879

CITY OF BLACK RIVER FALLS

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 87,044	\$ -	\$ -	\$ 87,044
Total Capital Assets Not Being Depreciated	<u>87,044</u>	<u>-</u>	<u>-</u>	<u>87,044</u>
Capital assets being depreciated				
Collecting system pumping	97,228	-	-	97,228
Treatment and disposal	5,118,722	21,405	6,350	5,133,777
General	<u>220,752</u>	<u>1,596</u>	<u>682</u>	<u>221,666</u>
Total Capital Assets Being Depreciated	<u>5,436,702</u>	<u>23,001</u>	<u>7,032</u>	<u>5,452,671</u>
Total Capital Assets	<u>5,523,746</u>	<u>23,001</u>	<u>7,032</u>	<u>5,539,715</u>
Less: Accumulated depreciation for Sewer plant	<u>(2,490,819)</u>	<u>(174,347)</u>	<u>7,032</u>	<u>(2,658,134)</u>
Net Capital Assets Being Depreciated	<u>2,945,883</u>	<u>(151,346)</u>	<u>-</u>	<u>2,794,537</u>
Net Sewer Capital Assets	<u>\$ 3,032,927</u>	<u>\$ (151,346)</u>	<u>\$ -</u>	<u>\$ 2,881,581</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Ambulance</u>				
Capital assets being depreciated				
Machinery and equipment	\$ 1,055,902	\$ 74,463	\$ -	\$ 1,130,365
Less: Accumulated depreciation for Machinery and equipment	<u>(340,998)</u>	<u>(98,034)</u>	<u>-</u>	<u>(439,032)</u>
Net Ambulance Capital Assets	<u>\$ 714,904</u>	<u>\$ (23,571)</u>	<u>\$ -</u>	<u>\$ 691,333</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 23,677,344</u>	<u>\$ 1,914,740</u>	<u>\$ 1,736,435</u>	<u>\$ 23,855,649</u>

CITY OF BLACK RIVER FALLS

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

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities

Electric	\$ 580,687
Water	232,671
Sewer	182,914
Ambulance	<u>98,034</u>
Total Business-type Activities Depreciation/Amortization Expense	<u><u>\$ 1,094,306</u></u>

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

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	Amount Not Due Within One Year
General Fund	General Capital Projects	\$ 19,072	\$ -
General Fund	Electric Utility	360,184	-
General Fund	Water Utility	184,946	-
General Fund	Sewer Utility	59,350	-
General Fund	Ambulance	42,926	-
General Fund	TIF #5	10,249	10,207
General Fund	TIF #7	<u>18,670</u>	18,670
Total - Fund Financial Statements		695,397	
Less: Fund eliminations		(47,991)	
Add: Interfund advances		<u>135,500</u>	
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 782,906</u></u>	

The payables from the electric and water utilities to the general fund are for payments in lieu of taxes. All remaining 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 BLACK RIVER FALLS

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

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

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

Advances

The debt service fund is advancing funds to the electric, water, and sewer utilities. The amount advanced is determined by the amount of unfunded pension costs. The interest rate being charged on this advance is 2.10%.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Debt Service Fund	Electric Utility	\$ 82,655	\$ 67,080
Debt Service Fund	Water Utility	27,100	21,993
Debt Service Fund	Sewer Utility	25,745	20,894
Total		\$ 135,500	

Years	Principal	Interest
2019	\$ 25,533	\$ 4,039
2020	26,295	3,278
2021	27,071	2,501
2022	27,885	1,687
2023	28,716	856
Totals	\$ 135,500	\$ 12,361

CITY OF BLACK RIVER FALLS

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

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Electric Utility	\$ 4,240	Return on city's investment
General Fund	Electric Utility	371,283	Property tax equivalent
General Fund	Water Utility	188,025	Property tax equivalent
			Assist city with cost of maintenance of collection system
General Fund	Sewer Utility	61,864	
Debt Service	General Capital Projects	27,970	Increment sharing
TIF #6	TIF #3	<u>100,000</u>	Increment sharing
Total - Fund Financial Statements		753,382	
Less: Fund eliminations		<u>(127,970)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 625,412</u></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, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,884,381	\$ 1,148,000	\$ 1,474,555	\$ 1,557,826	\$ 437,986
Sub-totals	<u>1,884,381</u>	<u>1,148,000</u>	<u>1,474,555</u>	<u>1,557,826</u>	<u>437,986</u>
Other Liabilities					
Vested compensated absences	173,524	94,736	180,503	87,757	65,818
Landfill post closure costs	64,000	-	4,000	60,000	4,000
Net pension liability	75,578	-	75,578	-	-
Total Other Liabilities	<u>313,102</u>	<u>94,736</u>	<u>260,081</u>	<u>147,757</u>	<u>69,818</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 2,197,483</u>	<u>\$ 1,242,736</u>	<u>\$ 1,734,636</u>	<u>\$ 1,705,583</u>	<u>\$ 507,804</u>

CITY OF BLACK RIVER FALLS

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

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 999,169	\$ 206,000	\$ 385,239	\$ 819,930	\$ 176,953
Revenue bonds	10,293,685	280,000	553,196	10,020,489	592,499
Line of credit	-	313,400	-	313,400	-
(Discounts)/Premiums	117,342	-	9,027	108,315	-
Sub-totals	<u>11,410,196</u>	<u>799,400</u>	<u>947,462</u>	<u>11,262,134</u>	<u>769,452</u>
Other Liabilities					
Vested compensated absences	112,740	13,656	24,587	101,809	16,650
Customer advances for construction	38,453	-	36,681	1,772	-
Net pension liability	76,187	-	76,187	-	-
Total Other Liabilities	<u>227,380</u>	<u>13,656</u>	<u>137,455</u>	<u>103,581</u>	<u>16,650</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 11,637,576</u>	<u>\$ 813,056</u>	<u>\$ 1,084,917</u>	<u>\$ 11,365,715</u>	<u>\$ 786,102</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2018, was \$11,930,905. Total general obligation debt outstanding at year end was \$2,377,756.

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 debt service fund. 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, 2018
Promissory Note	Oct-14	Oct-19	1.85%	\$ 200,000	\$ 124,420
Promissory Note	May-15	May-20	2.00%	290,000	119,406
Promissory Note	Oct-17	Dec-21	1.37%	260,000	166,000
Promissory Note	Jan-18	Jan-23	2.94%	271,000	271,000
Promissory Note	Jan-18	Jan-22	2.61%	308,000	308,000
Promissory Note	May-18	May-23	2.94%	210,000	210,000
Promissory Note	Sep-18	Oct-23	3.665%	359,000	<u>359,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 1,557,826</u>

CITY OF BLACK RIVER FALLS

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2018</u>
Refunding Bonds	Jun-13	Dec-24	0.5-2.6%	\$ 995,000	\$ 565,000
Refunding Note	Mar-16	Mar-19	1.15%	145,304	48,930
Refunding Note	Feb-18	Feb-23	2.94%	73,000	73,000
Refunding Note	Feb-18	Feb-23	2.94%	133,000	<u>133,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 819,930</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 437,986	\$ 43,986	\$ 176,953	\$ 20,177
2020	322,909	31,971	135,153	15,976
2021	363,999	23,019	131,363	12,960
2022	253,627	13,754	132,596	9,746
2023	179,305	5,913	143,865	6,407
2024	-	-	<u>100,000</u>	<u>2,600</u>
Totals	<u>\$ 1,557,826</u>	<u>\$ 118,643</u>	<u>\$ 819,930</u>	<u>\$ 67,866</u>

Revenue Debt

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

The electric utility revenues net of specified operating expenses are pledged as security of the electric revenue bonds until the bonds are defeased. Principal and interest paid for 2018 was \$710,255. Total customer net revenues as defined for 2018 were \$1,340,545, Annual principal and interest payments are expected to require 31% of net revenues on average.

The water utility revenues net of specified operating expenses are pledged as security of the water revenue bonds until the bonds are defeased. Principal and interest paid for 2018 was \$29,704. Total customer net revenues as defined for 2018 were \$547,957. Annual principal and interest payments are expected to require 5% of net revenues on average.

CITY OF BLACK RIVER FALLS

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

The sewer utility revenues net of specified operating expenses are pledged as security of the sewer revenue bonds until the bonds are defeased. Principal and interest paid for 2018 was \$144,780. Total customer net revenues as defined for 2018 were \$295,601. Annual principal and interest payments are expected to require 49% of net revenues on average.

Revenue debt payable at December 31, 2018, consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2018</u>
<u>Electric Utility</u>					
Revenue Bond	Dec-10	Jun-47	3.75%	\$ 5,000,000	\$ 4,277,550
Revenue Bond	Dec-10	Jan-20	0.00%	500,000	100,000
Revenue Bond	May-14	Dec-30	2.0-5.0%	5,045,000	3,875,000
Revenue Bond	Jan-18	Jan-28	0.00%	280,000	<u>280,000</u>
				Total Electric Utility	<u>8,532,550</u>
<u>Water Utility</u>					
Revenue Bond	Dec-14	May-34	1.155%	506,560	<u>433,738</u>
<u>Sewer Utility</u>					
Revenue Bond	Oct-06	May-26	2.365%	2,299,337	<u>1,054,201</u>
Total Business-type Activities - Revenue Debt					<u>\$ 10,020,489</u>

CITY OF BLACK RIVER FALLS

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 592,499	\$ 319,707
2020	603,999	306,172
2021	570,698	292,312
2022	582,600	277,996
2023	594,714	261,844
2024-2028	2,947,339	1,052,712
2029-2033	1,563,908	609,000
2034-2038	861,992	407,682
2039-2043	1,002,431	237,569
2044-2047	700,309	46,875
Totals	<u>\$ 10,020,489</u>	<u>\$ 3,811,869</u>

Other Debt Information

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

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The city believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

Current Refunding

On January 18, 2018, the city issued \$271,000 in general obligation promissory notes with an interest rate of 2.94% to refund \$326,400 of outstanding notes with an interest rate of 2.10%. The net proceeds along with existing funds of the city were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$333,369 in 2018. The cash flow requirements on the the new loan are \$295,722 from 2019 through 2023. The economic gain or loss on the current refunding was not readily available.

CITY OF BLACK RIVER FALLS

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

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

F. LONG-TERM OBLIGATIONS (cont.)

On January 19, 2018, the city issued \$308,000 in general obligation promissory notes with an interest rate of 2.61% to refund \$390,000 of outstanding notes with an interest rate of 1.37%. The net proceeds along with existing funds of the city were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$395,432 in 2018. The cash flow requirements on the new loan are \$328,654 from 2019 through 2022. The economic gain or loss on the current refunding was not readily available.

On February 15, 2018, the electric utility issued \$73,000 in general obligation promissory notes with an interest rate of 2.94% to refund \$87,240 of outstanding bank loans with an interest rate of 1.55%. The net proceeds along with existing funds of the electric utility were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$88,765 in 2018. The cash flow requirements on the new loan are \$80,039 from 2019 through 2023. The economic gain or loss on the current refunding was not readily available.

On February 15, 2018, water utility issued \$133,000 in general obligation promissory notes with an interest rate of 2.94% to refund \$159,560 of outstanding bank loans with an interest rate of 1.55%. The net proceeds along with existing funds of the water utility were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$163,369 in 2018. The cash flow requirements on the new loan are \$145,826 from 2019 through 2023. The economic gain or loss on the current refunding was not readily available.

Other Debt

On October 16, 2016, the city, on behalf of the utilities, established a line of credit of \$1,000,000 to finance electric utility repairs. During 2018, the utilities drew \$313,400 on the line of credit and made no repayments prior to year end. The current line of credit expires on October 16, 2020 and bears an interest rate of 2.15%. The maximum amount that can be drawn in the future is \$430,659.

G. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the city to place a final cover on its former landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 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 \$60,000 reported as landfill closure and postclosure care liability at December 31, 2018, represents the total amount needed by the city for post closure care costs according to state and federal regulations. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

CITY OF BLACK RIVER FALLS

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

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

H. NET POSITION/FUND BALANCES

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

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 5,910,298
Construction in progress	88,373
Other capital assets, net of accumulated depreciation	13,432,863
Less: Long-term debt outstanding	(1,557,826)
Plus: Noncapital debt proceeds	<u>630,000</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 18,503,708</u></u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2018, include the following:

	General Fund	Debt Service Fund	General Capital Projects Fund	Nonmajor Funds	Totals
Fund Balances					
Nonspendable:					
Non-current interfunds	\$ 28,877	\$ -	\$ -	\$ -	\$ 28,877
Restricted for:					
Fair park	158,836	-	-	-	158,836
Library	120,655	-	-	-	120,655
TIF project costs	-	-	-	2,017,938	2,017,938
Debt service	-	383,686	-	-	383,686
Loans	-	-	-	121,840	121,840
Assigned to:					
Superfund	514,525	-	-	-	514,525
Economic development	649,770	-	-	-	649,770
Fair Park projects	267,409	-	-	-	267,409
Lunda Community Park	185,195	-	-	-	185,195
License plates	30,438	-	-	-	30,438
Taxi services	53,109	-	-	-	53,109
Debt service	-	316,480	-	-	316,480
Unassigned (deficit):	<u>1,511,364</u>	<u>-</u>	<u>(19,072)</u>	<u>(28,919)</u>	<u>1,463,373</u>
 Total Fund Balances (Deficit)	 <u><u>\$ 3,520,178</u></u>	 <u><u>\$ 700,166</u></u>	 <u><u>\$ (19,072)</u></u>	 <u><u>\$ 2,110,859</u></u>	 <u><u>\$ 6,312,131</u></u>

CITY OF BLACK RIVER FALLS

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

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 252,779
Construction in progress	244,642
Other capital assets, net of accumulated depreciation	23,358,228
Less: Capital-related long-term debt outstanding	(11,020,819)
Add: Unamortized debt discount (premium)	(108,315)
Add: Deferred charge on refunding	122,778
Add: Unspent proceeds	<u>412,630</u>
Total Net Investment in Capital Assets	<u>\$ 13,261,923</u>

I. COMPONENT UNIT

BUSINESS IMPROVEMENT DISTRICT OF THE CITY OF BLACK RIVER FALLS

This report contains the Business Improvement District of the City of Black River Falls (BID), which is included as a component unit.

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 full accrual basis of accounting and the flow of economic resources measurement focus.

b. Receivables

As of December 31, 2018, the BID had unearned revenues of \$26,187 related to property taxes receivable for the subsequent year.

CITY OF BLACK RIVER FALLS

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

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

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.

CITY OF BLACK RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

CITY OF BLACK RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$201,470 in contributions from the city.

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

At December 31, 2018, the city reported an asset of \$572,823 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension asset was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the city's proportion was 0.01929270%, which was an increase of 0.00088000% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the city recognized pension expense of \$259,978.

CITY OF BLACK RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 727,786	\$ 340,434
Changes in assumptions	113,178	-
Net differences between projected and actual earnings on pension plan investments	-	787,292
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,986	8,576
Employer contributions subsequent to the measurement date	200,790	-
Totals	\$ 1,054,740	\$ 1,136,302

\$200,790 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 asset (liability) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2019	\$ 65,870
2020	(2,018)
2021	(196,860)
2022	(150,702)
2023	1,358

CITY OF BLACK RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

CITY OF BLACK RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

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

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

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BLACK RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the city's proportionate share of the net pension asset (liability) to changes in the discount rate. The following presents the city's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension asset (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 asset (liability)	\$(1,482,089)	\$572,823	\$2,134,620

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

At December 31, 2018, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

Self Insurance

The utilities are partially self-insured for health insurance claims. The utilities purchase a commercial health insurance policy with a \$3,000 deductible for single and \$6,000 deductible for family coverage. Employees are responsible for 12% of the premiums. The amount is taken as a payroll deduction. Single plan deductions are \$48.35 per pay period for an annual maximum of \$1,257.21. Family plans have a \$110.14 per pay period deduction with an annual maximum deduction of \$2,863.61. The utilities have developed a health insurance plan and has hired a third party administrator to process claims.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities do not include an amount for claims that have been incurred but not reported as these were likely to be immaterial. The utilities do not allocate overhead costs or other nonincremental costs to the claims liability. Claims payable at the beginning and end of 2018 were \$0. Claims incurred and paid during 2018 were \$79,792.

The utilities are also self-insured for unemployment compensation obligations as permitted under Wisconsin Statutes. Annual expenditures by the utility for claims during 2018 were immaterial. The utilities are self-insured for boiler and machinery insurance as well.

CITY OF BLACK RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

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

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

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

Long-Term Contracts - WPPI Energy

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

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

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

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

CITY OF BLACK RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Other

The city owns land which was previously used for the disposal of municipal solid waste. The Wisconsin Department of Natural Resources (DNR) contends the former solid waste sites caused groundwater pollution. The city is of the opinion that the current monitoring plan approved by the DNR will preclude any forfeitures, damages, or other expenses being imposed on the city by the DNR. At this point it is doubtful any insurance coverage exists for any potential losses incurred by the city. See Note III.G. for additional information concerning the monitoring plan.

D. JOINT VENTURES

Black River Falls Rural Fire Department

The City of Black River Falls and the townships of Alma, Adams, Albion, Irving, Brockway, Manchester, Komensky, and Millston jointly operate the local fire department, which is called the Black River Falls Rural Fire Department (department) and provides fire service. The townships share in the operation of the department on a mill-rate formula based on the latest aggregate full value of the townships. The City of Black River Falls agrees to provide adequate housing for the fire apparatus and pay 12% of the operating budget per year.

The governing body is made up of citizens from each community. Local representatives are appointed by the Mayor of the City of Black River Falls and the Chairperson of each township. The governing body has authority to adopt its own budget and control the financial affairs of the department. The city is obligated by the joint venture agreement to remit an amount annually to the department. The city made a payment to the department of \$10,900 in 2018.

Summary financial information of the department was not available as of December 31, 2018.

The city does not have an equity interest in the department.

CITY OF BLACK RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Black River Falls Area Airport

The City of Black River Falls and Jackson County jointly operate the local airport, which is called the Black River Falls Area Airport (airport) and provides airport service.

The governing body is made up of elected officials appointed by the Mayor and County Board Chairperson. The governing body has authority to adopt its own budget and control the financial affairs of the airport. The city is obligated by the joint venture agreement to remit an amount annually to the department. The city made a payment to the airport of \$12,500 in 2018.

Summary financial information of the airport as of December 31, 2018 is available from the City Clerk's office at 101 S. 2nd Street, Black River Falls, WI 54615.

The transactions of the airport are not reflected in these financial statements.

The city reports the airport capital assets on the statement of net position.

E. SUBSEQUENT EVENT

On May 7, 2019, the City Council awarded a contract in the amount of \$2,607,531 for the extension of Andrews Road and McKinley Street.

F. ECONOMIC DEPENDENCY

Water Utility

The water utility has one significant customer who was responsible for 28% of operating revenues in 2018.

Sewer Utility

The sewer utility has one significant customer who was responsible for 28% of operating revenues in 2018.

CITY OF BLACK RIVER FALLS

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

NOTE IV - OTHER INFORMATION (cont.)

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

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

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BLACK RIVER FALLS

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

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,461,270	\$ 1,475,371	\$ 14,101
Intergovernmental	1,076,000	1,130,074	54,074
Licenses and permits	7,500	45,106	37,606
Fines, forfeitures and penalties	20,200	17,720	(2,480)
Public charges for services	9,000	21,521	12,521
Special assessments	-	505	505
Investment income	10,000	17,466	7,466
Miscellaneous	<u>60,550</u>	<u>169,136</u>	<u>108,586</u>
Total Revenues	<u>2,644,520</u>	<u>2,876,899</u>	<u>232,379</u>
EXPENDITURES			
Current			
General government	580,672	568,572	12,100
Public safety	1,066,768	1,049,980	16,788
Public works	925,787	908,812	16,975
Health and human services	7,500	6,813	687
Culture, recreation and education	517,843	571,389	(53,546)
Capital Outlay	<u>141,650</u>	<u>191,438</u>	<u>(49,788)</u>
Total Expenditures	<u>3,240,220</u>	<u>3,297,004</u>	<u>(56,784)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(595,700)</u>	<u>(420,105)</u>	<u>175,595</u>
OTHER FINANCING SOURCES			
Debt issued	-	210,000	210,000
Transfers in	589,200	614,650	25,450
Sale of property and equipment	<u>-</u>	<u>25,923</u>	<u>25,923</u>
Total Other Financing Sources	<u>589,200</u>	<u>850,573</u>	<u>261,373</u>
CHANGE IN FUND BALANCE - BUDGETARY BASIS	<u>\$ (6,500)</u>	430,468	<u>\$ 436,968</u>
Prospective differences:			
Economic Development fund change in fund balance		35,895	
Aquatic Center fund change in fund balance		(13,565)	
Jackson County Fair fund change in fund balance		27,371	
Jackson County New Arena fund change in fund balance		(5,830)	
Lunda Community Park fund change in fund balance		5,532	
Field of Honor fund change in fund balance		(3,542)	
Fair Park Renovation fund change in fund balance		254	
Jackson County Fair Park Maintenance fund change in fund balance		(8,962)	
License Plate fund change in fund balance		(1,030)	
Taxi Service fund change in fund balance		<u>18,883</u>	
NET CHANGE IN FUND BALANCE - GAAP BASIS		<u>\$ 485,474</u>	

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

CITY OF BLACK RIVER FALLS

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)
WISCONSIN RETIREMENT SYSTEM (WRS)
For the Year Ended December 31, 2018

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Asset (Liability)	City's Proportionate Share of the Net Pension Asset (Liability)	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/17	0.01929270%	\$ 572,823	\$ 2,603,541	22.00%	102.93%
12/31/16	0.01841270%	(151,765)	2,535,421	5.99%	99.12%
12/31/15	0.01827242%	(296,923)	2,375,291	12.50%	98.20%
12/31/14	0.01868455%	458,944	2,333,340	19.67%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM (WRS)
For the Year Ended December 31, 2018

City Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 200,790	\$ 200,790	\$ -	\$ 2,638,058	7.61%
12/31/17	194,642	194,642	-	2,539,137	7.67%
12/31/16	186,397	186,397	-	2,535,421	7.35%
12/31/15	177,400	177,400	-	2,401,183	7.39%

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

CITY OF BLACK RIVER FALLS

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

BUDGETARY INFORMATION

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

The budgeted amounts presented include any amendments made. The city may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the object level of expenditure in the general fund, and in the debt service fund and general capital projects fund, budgets are adopted at the fund level of expenditure.

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting. There are prospective differences between general fund actual amounts shown in the required supplementary information and those shown in the basic financial statements. These are detailed in the required supplementary information.

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 BLACK RIVER FALLS

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND (NON-GAAP) For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
TAXES			
General property tax for local purposes	\$ 1,451,195	\$ 1,451,195	\$ -
Mobile home taxes	7,000	7,543	543
Public accommodation taxes	3,000	3,676	676
Payments in lieu of taxes	75	12,957	12,882
Total Taxes	<u>1,461,270</u>	<u>1,475,371</u>	<u>14,101</u>
SPECIAL ASSESSMENTS			
Other	<u>-</u>	<u>505</u>	<u>505</u>
INTERGOVERNMENTAL			
Shared revenues	630,000	653,084	23,084
Fire insurance tax from state	8,500	10,081	1,581
State aid - law enforcement training	-	13,588	13,588
State aid - general transportation aids	230,000	231,025	1,025
State aid - connecting streets	38,000	40,503	2,503
State aid - municipal services	6,500	7,363	863
In lieu of taxes on federal forest land	200	26	(174)
Other state payments	-	6,602	6,602
County aid - libraries	132,800	132,802	2
Other local government	<u>30,000</u>	<u>35,000</u>	<u>5,000</u>
Total Intergovernmental	<u>1,076,000</u>	<u>1,130,074</u>	<u>54,074</u>
LICENSES AND PERMITS			
Liquor and malt beverage licenses	5,600	7,707	2,107
Operators' license	1,500	2,073	573
Cigarette licenses	400	1,241	841
Building permits	-	31,309	31,309
Other regulatory permits and fees	<u>-</u>	<u>2,776</u>	<u>2,776</u>
Total Licenses and Permits	<u>7,500</u>	<u>45,106</u>	<u>37,606</u>
FINES, FORFEITURES AND PENALTIES			
Law and ordinance violations	200	1,470	1,270
Traffic reports	<u>20,000</u>	<u>16,250</u>	<u>(3,750)</u>
Total Fines, Forfeitures and Penalties	<u>20,200</u>	<u>17,720</u>	<u>(2,480)</u>
PUBLIC CHARGES FOR SERVICES			
Parks	500	4,212	3,712
Street related facilities	-	8,099	8,099
Library	8,500	8,995	495
Other public charges for services	<u>-</u>	<u>215</u>	<u>215</u>
Total Public Charges for Services	<u>9,000</u>	<u>21,521</u>	<u>12,521</u>

CITY OF BLACK RIVER FALLS

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND (NON-GAAP) For the Year Ended December 31, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
INVESTMENT INCOME			
Interest income	\$ 10,000	\$ 16,726	\$ 6,726
Interest on special assessments	-	740	740
Total Investment Income	<u>10,000</u>	<u>17,466</u>	<u>7,466</u>
MISCELLANEOUS			
Rent	-	12,664	12,664
Insurance recoveries - police	-	1,373	1,373
Insurance recoveries - highway	-	7,192	7,192
Insurance recoveries - other	-	4,911	4,911
Donations	13,050	84,673	71,623
Miscellaneous	<u>47,500</u>	<u>58,323</u>	<u>10,823</u>
Total Miscellaneous	<u>60,550</u>	<u>169,136</u>	<u>108,586</u>
 TOTAL REVENUES	 <u>\$ 2,644,520</u>	 <u>\$ 2,876,899</u>	 <u>\$ 232,379</u>

CITY OF BLACK RIVER FALLS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (NON-GAAP) For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT			
Council	\$ 19,200	\$ 20,136	\$ (936)
Legal counseling	43,775	39,674	4,101
Mayor	7,960	8,487	(527)
Administrator	102,897	102,533	364
Elections	10,000	9,597	403
Finance	137,833	137,475	358
Assessor/building inspector	15,200	13,908	1,292
Independent auditing	42,500	44,594	(2,094)
Municipal building	27,670	30,751	(3,081)
Property and liability insurance	45,000	38,735	6,265
Workers' compensation	50,000	35,644	14,356
Automobile fleet insurance	15,000	10,935	4,065
Other general government	23,500	24,026	(526)
Employee benefits	40,137	51,838	(11,701)
License publication fees	-	239	(239)
Total General Government	<u>580,672</u>	<u>568,572</u>	<u>12,100</u>
PUBLIC SAFETY			
Police	672,270	644,446	27,824
Fire protection	111,698	90,929	20,769
Hydrant rental	282,800	286,931	(4,131)
Building inspection	-	27,674	(27,674)
Total Public Safety	<u>1,066,768</u>	<u>1,049,980</u>	<u>16,788</u>
PUBLIC WORKS			
Administration	84,752	82,849	1,903
Street machine repair	58,594	111,281	(52,687)
Highway and street maintenance and construction	86,393	80,017	6,376
Curb and gutter	30,121	20,355	9,766
Tree and brush control	40,410	49,324	(8,914)
Street signs	8,064	6,264	1,800
Street cleaning	10,761	16,293	(5,532)
Snow and ice control	102,195	104,306	(2,111)
Street lighting	99,000	81,779	17,221
Storm sewer	10,807	8,999	1,808
Airport	12,500	12,500	-
Levee certification and maintenance	1,200	8	1,192
Refuse and garbage collection	49,119	38,720	10,399
Landfill	35,000	35,874	(874)
Recycling	25,566	19,889	5,677
Sanitary sewers	42,798	24,700	18,098
Garage and machine shed	74,000	74,001	(1)
Landfill abandonment	4,700	4,600	100
Insurance	128,444	125,669	2,775
Sidewalks	21,363	11,384	9,979
Total Public Works	<u>925,787</u>	<u>908,812</u>	<u>16,975</u>

CITY OF BLACK RIVER FALLS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (NON-GAAP) For the Year Ended December 31, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
HEALTH AND HUMAN SERVICES			
Rodent control	\$ 500	\$ 402	\$ 98
Animal control	7,000	6,411	589
Total Health and Human Services	<u>7,500</u>	<u>6,813</u>	<u>687</u>
CULTURE, RECREATION, AND EDUCATION			
Library	309,962	323,636	(13,674)
Parks	117,757	138,643	(20,886)
Recreation programs	2,100	20,620	(18,520)
Recreation administration	86,024	88,344	(2,320)
Skating rink	2,000	146	1,854
Total Culture, Recreation and Education	<u>517,843</u>	<u>571,389</u>	<u>(53,546)</u>
CAPITAL OUTLAY			
Law enforcement	5,000	40,612	(35,612)
Fire protection	1,150	-	1,150
Highway buildings	2,500	-	2,500
Highway and street construction	110,000	91,770	18,230
Street lighting	2,500	42,985	(40,485)
Storm sewer	1,500	-	1,500
Parks and playgrounds	19,000	16,071	2,929
Total Capital Outlay	<u>141,650</u>	<u>191,438</u>	<u>(49,788)</u>
TOTAL EXPENDITURES	<u>\$ 3,240,220</u>	<u>\$ 3,297,004</u>	<u>\$ (56,784)</u>

CITY OF BLACK RIVER FALLS

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

	Special Revenue	Capital Projects	
	Revolving Housing	TIF #1	TIF #3
ASSETS			
Cash and investments	\$ 121,840	\$ 581,698	\$ 1,328,244
Receivables (net)			
Taxes	-	114,070	338,121
Loans	<u>763,003</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 884,843</u>	<u>\$ 695,768</u>	<u>\$ 1,666,365</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ 19	\$ 12,958
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>19</u>	<u>12,958</u>
Deferred Inflows of Resources			
Unearned revenues	-	114,070	338,121
Unavailable revenues	<u>763,003</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>763,003</u>	<u>114,070</u>	<u>338,121</u>
Fund Balances (Deficit)			
Restricted	121,840	581,679	1,315,286
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficit)	<u>121,840</u>	<u>581,679</u>	<u>1,315,286</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 884,843</u>	<u>\$ 695,768</u>	<u>\$ 1,666,365</u>

Capital Projects

TIF #4	TIF #5	TIF #6	TIF #7	Total Nonmajor Governmental Funds
\$ 38,123	\$ -	\$ 82,850	\$ -	\$ 2,152,755
97,039	42	-	-	549,272
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>763,003</u>
<u>\$ 135,162</u>	<u>\$ 42</u>	<u>\$ 82,850</u>	<u>\$ -</u>	<u>\$ 3,465,030</u>
\$ -	\$ -	\$ -	\$ -	\$ 12,977
<u>-</u>	<u>10,249</u>	<u>-</u>	<u>18,670</u>	<u>28,919</u>
<u>-</u>	<u>10,249</u>	<u>-</u>	<u>18,670</u>	<u>41,896</u>
97,039	42	-	-	549,272
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>763,003</u>
<u>97,039</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>1,312,275</u>
38,123	-	82,850	-	2,139,778
<u>-</u>	<u>(10,249)</u>	<u>-</u>	<u>(18,670)</u>	<u>(28,919)</u>
<u>38,123</u>	<u>(10,249)</u>	<u>82,850</u>	<u>(18,670)</u>	<u>2,110,859</u>
<u>\$ 135,162</u>	<u>\$ 42</u>	<u>\$ 82,850</u>	<u>\$ -</u>	<u>\$ 3,465,030</u>

CITY OF BLACK RIVER FALLS

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

	Special Revenue	Capital Projects	
	Revolving Housing	TIF #1	TIF #3
REVENUES			
Taxes	\$ -	\$ 118,822	\$ 327,848
Intergovernmental	-	344	4,507
Investment income	233	-	-
Miscellaneous	<u>70,876</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>71,109</u>	<u>119,166</u>	<u>332,355</u>
EXPENDITURES			
Current			
Conservation and development	123,120	22,455	96,373
Capital Outlay	-	-	-
Debt Service			
Principal retirement	-	-	143,482
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>1,906</u>
Total Expenditures	<u>123,120</u>	<u>22,455</u>	<u>241,761</u>
Excess of revenues over expenditures	<u>(52,011)</u>	<u>96,711</u>	<u>90,594</u>
OTHER FINANCING SOURCES (USES)			
Debt issued	-	-	-
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Net Change in Fund Balances	(52,011)	96,711	(9,406)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>173,851</u>	<u>484,968</u>	<u>1,324,692</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 121,840</u>	<u>\$ 581,679</u>	<u>\$ 1,315,286</u>

Capital Projects

<u>TIF #4</u>	<u>TIF #5</u>	<u>TIF #6</u>	<u>TIF #7</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 99,145	\$ 1,462	\$ -	\$ -	\$ 547,277
186	-	-	-	5,037
-	-	-	-	233
-	-	-	-	<u>70,876</u>
<u>99,331</u>	<u>1,462</u>	<u>-</u>	<u>-</u>	<u>623,423</u>
436,114	179	12,250	170	690,661
20,860	-	-	-	20,860
57,936	-	-	-	201,418
3,596	-	-	-	<u>5,502</u>
<u>518,506</u>	<u>179</u>	<u>12,250</u>	<u>170</u>	<u>918,441</u>
<u>(419,175)</u>	<u>1,283</u>	<u>(12,250)</u>	<u>(170)</u>	<u>(295,018)</u>
359,000	-	-	-	359,000
-	-	100,000	-	100,000
-	-	-	-	<u>(100,000)</u>
(60,175)	1,283	87,750	(170)	63,982
<u>98,298</u>	<u>(11,532)</u>	<u>(4,900)</u>	<u>(18,500)</u>	<u>2,046,877</u>
<u>\$ 38,123</u>	<u>\$ (10,249)</u>	<u>\$ 82,850</u>	<u>\$ (18,670)</u>	<u>\$ 2,110,859</u>

CITY OF BLACK RIVER FALLS

COMBINING BALANCE SHEET - GENERAL FUND
As of December 31, 2018

	General Fund	Economic Development	Aquatic Center	Jackson County Fair	Jackson County New Arena	Lunda Community Park
ASSETS						
Cash and investments	\$ 1,595,455	\$ 649,770	\$ (36,501)	\$ 111,579	\$ 90,292	\$ 182,324
Receivables (net)						
Taxes	1,305,145	-	45,000	-	-	25,000
Accounts	54,722	-	-	5,109	22,238	3,406
Loans	-	27,039	-	-	-	-
Due from other governments	7,494	-	-	-	-	-
Due from other funds	695,397	-	-	-	-	-
TOTAL ASSETS	\$ 3,658,213	\$ 676,809	\$ 8,499	\$ 116,688	\$ 112,530	\$ 210,730
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 126,573	\$ -	\$ 390	\$ 2,218	\$ 9,135	\$ 535
Accrued liabilities	31,047	-	-	-	-	-
Total Liabilities	157,620	-	390	2,218	9,135	535
Deferred Inflows of Resources						
Unearned revenues	1,284,219	-	45,000	-	-	25,000
Unavailable revenues	-	27,039	-	-	-	-
Total Deferred Inflows of Resources	1,284,219	27,039	45,000	-	-	25,000
Fund Balances (Deficit)						
Nonspendable	28,877	-	-	-	-	-
Restricted	120,655	-	-	-	-	-
Assigned	514,525	649,770	-	114,470	103,395	185,195
Unassigned (deficit)	1,552,317	-	(36,891)	-	-	-
Total Fund Balances (Deficit)	2,216,374	649,770	(36,891)	114,470	103,395	185,195
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,658,213	\$ 676,809	\$ 8,499	\$ 116,688	\$ 112,530	\$ 210,730

CITY OF BLACK RIVER FALLS

COMBINING BALANCE SHEET - GENERAL FUND
As of December 31, 2018

	Field of Honor	Fair Park Renovation	Jackson County Fair Park Maintenance	License Plate	Taxi Service	Total Combined General Fund
ASSETS						
Cash and investments	\$ (4,039)	\$ 158,836	\$ 49,544	\$ 30,647	\$ 46,371	\$ 2,874,278
Receivables (net)						
Taxes	-	-	-	-	35,000	1,410,145
Accounts	-	-	-	-	-	85,475
Loans	-	-	-	-	-	27,039
Due from other governments	-	-	-	-	18,407	25,901
Due from other funds	-	-	-	-	-	695,397
TOTAL ASSETS	\$ (4,039)	\$ 158,836	\$ 49,544	\$ 30,647	\$ 99,778	\$ 5,118,235
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 23	\$ -	\$ -	\$ 209	\$ 11,669	\$ 150,752
Accrued liabilities	-	-	-	-	-	31,047
Total Liabilities	<u>23</u>	<u>-</u>	<u>-</u>	<u>209</u>	<u>11,669</u>	<u>181,799</u>
Deferred Inflows of Resources						
Unearned revenues	-	-	-	-	35,000	1,389,219
Unavailable revenues	-	-	-	-	-	27,039
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>1,416,258</u>
Fund Balances (Deficit)						
Nonspendable	-	-	-	-	-	28,877
Restricted	-	158,836	-	-	-	279,491
Assigned	-	-	49,544	30,438	53,109	1,700,446
Unassigned (deficit)	(4,062)	-	-	-	-	1,511,364
Total Fund Balances (Deficit)	<u>(4,062)</u>	<u>158,836</u>	<u>49,544</u>	<u>30,438</u>	<u>53,109</u>	<u>3,520,178</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ (4,039)	\$ 158,836	\$ 49,544	\$ 30,647	\$ 99,778	\$ 5,118,235

CITY OF BLACK RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GENERAL FUND
For the Year Ended December 31, 2018

	General Fund	Economic Development	Aquatic Center	Jackson County Fair	Jackson County New Arena	Lunda Community Park
REVENUES						
Taxes	\$ 1,475,371	\$ -	\$ 45,000	\$ 28,358	\$ 28,358	\$ 42,405
Intergovernmental	1,130,074	-	-	-	-	-
Licenses and permits	45,106	-	-	-	-	-
Fines, forfeitures and penalties	17,720	-	-	-	-	-
Public charges for services	21,521	-	39,562	59,058	2,507	7,976
Special assessments	505	-	-	-	-	-
Investment income	17,466	7,467	-	-	-	1,290
Miscellaneous	169,136	31,928	-	25	89,511	21,782
Total Revenues	<u>2,876,899</u>	<u>39,395</u>	<u>84,562</u>	<u>87,441</u>	<u>120,376</u>	<u>73,453</u>
EXPENDITURES						
Current						
General government	568,572	-	-	-	-	-
Public safety	1,049,980	-	-	-	-	-
Public works	908,812	-	-	-	-	-
Health and human services	6,813	-	-	-	-	-
Culture, recreation and education	571,389	-	98,127	60,070	126,206	78,683
Conservation and development	-	3,500	-	-	-	-
Capital Outlay	191,438	-	-	-	-	-
Total Expenditures	<u>3,297,004</u>	<u>3,500</u>	<u>98,127</u>	<u>60,070</u>	<u>126,206</u>	<u>78,683</u>
Excess (deficiency) of revenues over expenditures	<u>(420,105)</u>	<u>35,895</u>	<u>(13,565)</u>	<u>27,371</u>	<u>(5,830)</u>	<u>(5,230)</u>
OTHER FINANCING SOURCES (USES)						
Long-term debt Issued	210,000	-	-	-	-	-
Transfers in	625,412	-	-	-	-	10,762
Transfers out	(10,762)	-	-	-	-	-
Proceeds from sale of capital assets	25,923	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>850,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,762</u>
Net change in fund balance	430,468	35,895	(13,565)	27,371	(5,830)	5,532
FUND BALANCES (DEFICIT) - Beginning of Year	<u>1,785,906</u>	<u>613,875</u>	<u>(23,326)</u>	<u>87,099</u>	<u>109,225</u>	<u>179,663</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 2,216,374</u>	<u>\$ 649,770</u>	<u>\$ (36,891)</u>	<u>\$ 114,470</u>	<u>\$ 103,395</u>	<u>\$ 185,195</u>

CITY OF BLACK RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GENERAL FUND
For the Year Ended December 31, 2018

	Field of Honor	Fair Park Renovation	Jackson County Fair Park Maintenance	License Plate	Taxi Service	Eliminations	Total Combined General Fund
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 34,000	\$ -	\$ 1,653,492
Intergovernmental	-	-	-	-	154,004	-	1,284,078
Licenses and permits	-	-	-	-	-	-	45,106
Fines, forfeitures and penalties	-	-	-	-	-	-	17,720
Public charges for services	-	-	-	12,159	-	-	142,783
Special assessments	-	-	-	-	-	-	505
Investment income	-	-	-	34	-	-	26,257
Miscellaneous	1,520	254	-	-	-	-	314,156
Total Revenues	1,520	254	-	12,193	188,004	-	3,484,097
EXPENDITURES							
Current							
General government	-	-	-	-	-	-	568,572
Public safety	-	-	-	13,223	-	-	1,063,203
Public works	-	-	-	-	169,121	-	1,077,933
Health and human services	-	-	-	-	-	-	6,813
Culture, recreation and education	5,062	-	8,962	-	-	-	948,499
Conservation and development	-	-	-	-	-	-	3,500
Capital Outlay	-	-	-	-	-	-	191,438
Total Expenditures	5,062	-	8,962	13,223	169,121	-	3,859,958
Excess (deficiency) of revenues over expenditures	(3,542)	254	(8,962)	(1,030)	18,883	-	(375,861)
OTHER FINANCING SOURCES (USES)							
Long-term debt Issued	-	-	-	-	-	-	210,000
Transfers in	-	-	-	-	-	(10,762)	625,412
Transfers out	-	-	-	-	-	10,762	-
Proceeds from sale of capital assets	-	-	-	-	-	-	25,923
Total Other Financing Sources (Uses)	-	-	-	-	-	-	861,335
Net change in fund balance	(3,542)	254	(8,962)	(1,030)	18,883	-	485,474
FUND BALANCES (DEFICIT) - Beginning of Year	(520)	158,582	58,506	31,468	34,226	-	3,034,704
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (4,062)	\$ 158,836	\$ 49,544	\$ 30,438	\$ 53,109	\$ -	\$ 3,520,178

BLACK RIVER FALLS MUNICIPAL UTILITIES

REQUIRED BOND DISCLOSURES
For the Year Ended December 31, 2018

INSURANCE COVERAGE

<u>Description</u>	<u>Amount of Coverage</u>	<u>Coverage Dates</u>	<u>Name of Insurer</u>
Property	\$ 23,161,300	11/1/18 - 11/1/19	EMC Insurance
Personal Property	13,160,684	11/1/18 - 11/1/19	EMC Insurance
Property in the Open	12,600,336	11/1/18 - 11/1/19	EMC Insurance
Flood (At Specific Locations)	1,000,000	11/1/18 - 11/1/19	EMC Insurance
Hydro-Electric Plant	7,628,949	11/1/18 - 11/1/19	EMC Insurance
Contractor's Equipment	2,120,804	11/1/18 - 11/1/19	EMC Insurance
Equipment Breakdown	100,000,000	11/1/18 - 11/1/19	EMC Insurance
Auto Liability	3,000,000	11/1/18 - 11/1/19	League of Wisconsin Municipalities Mutual
Workers Compensation / Employer Liability	2,000,000	11/1/18 - 11/1/19	United Heartland
Liability	3,000,000	11/1/18 - 11/1/19	League of Wisconsin Municipalities Mutual

NUMBER OF CONNECTIONS

<u>User Classification</u>	<u>Electric</u>
Residential	2,218
Commercial	520
Public Authority	12
Standby	-

OTHER REPORTS

REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

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

We have audited, 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, the 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 Black River Falls, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to financial statements, and have issued our report thereon dated May 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Black River Falls' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Black River Falls' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Black River Falls' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses as items 2018-001 and 2018-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Black River Falls' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Black River Falls' Response to Findings

The City of Black River Falls' response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Black River Falls' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly Virchow Krause, LLP

Eau Claire, Wisconsin
May 29, 2019

CITY OF BLACK RIVER FALLS

SCHEDULE OF FINDINGS AND RESPONSES For the Year Ended December 31, 2018

FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

FINDING 2018-001: INTERNAL CONTROL OVER FINANCIAL REPORTING

Criteria: A system of internal control should be in place that provides reasonable assurance that year-end financial statements are complete and accurate.

Condition: There is a lack of controls over the year-end financial reporting process. Material journal entries were discovered during the course of the audit and we, as your auditors, prepared the city's financial statements.

Cause: The city has chosen to have the auditors prepare its annual financial statements.

Effect: The city's financial records may be materially misstated before the annual audit is completed. In addition, the annual financial statements are not available to the city until they are completed by the auditors.

Recommendation: The city should develop an action plan to ensure that all material year-end adjustments are recorded by city staff prior to audit fieldwork. Many small governments operate with only enough staff to process monthly transactions and reports, and will continue to rely on outside consultants to handle year-end financial reporting. Management and the City Council should continue to make a reasonable effort to be knowledgeable about the city's financial condition and financial reporting requirements.

Management's Response/Planned Corrective Action: Because of its size, the city does not feel it is cost effective to hire an employee(s) with the experience and technical training to prepare its financial statements. The city will make every effort to reduce the number of journal entries made by the auditors at the end of the year.

FINDING 2018-002: INTERNAL CONTROL ENVIRONMENT

Criteria: A system of internal controls should be in place to achieve a higher level of reliability that errors or irregularities in your processes would be discovered by your staff and to provide reasonable assurance that individuals have access to only one phase of the accounting process.

Condition: There is a lack of controls over accounts payable/disbursements, payroll, property taxes, utility billing, utility plant accounting, and period close transaction cycles, primarily due to a lack of segregation of duties in the accounting functions.

Cause: The city has not assigned duties to have the appropriate controls in place.

Effect: Because of the lack of internal controls, it is less likely that errors or irregularities would be discovered internally. Because of the lack of segregation of duties, the accounting records may be misstated.

CITY OF BLACK RIVER FALLS

SCHEDULE OF FINDINGS AND RESPONSES For the Year Ended December 31, 2018

FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (cont.)

FINDING 2018-002: INTERNAL CONTROL ENVIRONMENT (cont.)

Recommendation: Most of the key controls lacking for these transaction cycles are not possible to cure without adding staff. The City Council should rely more heavily on their direct knowledge of the city's operations and day-to-day contact with employees to control and safeguard assets. The City Council should also continue to make a reasonable effort to be knowledgeable about the city's key transaction cycles.

Management's Response/Planned Corrective Action: The city is aware of our lack of controls over accounts payable/disbursements, payroll, property taxes, utility billing, utility plant accounting, and period close. Because of our size, we do not feel it is cost effective to hire the number of employees needed to cure these internal control deficiencies.