

CITY OF BLACK RIVER FALLS

Black River Falls, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

CITY OF BLACK RIVER FALLS

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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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Black River Falls, Wisconsin, as of and for the year ended December 31, 2015, 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.

To the City Council
City of Black River Falls

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Black River Falls, Wisconsin, as of December 31, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Black River Falls adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules of net pension asset and contributions 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 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.

To the City Council
City of Black River Falls

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 detailed budgetary comparison schedules, combining financial statements, and required bond disclosures as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 detailed budgetary comparison schedules, combining financial statements, and required bond disclosures are 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 25, 2016 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 Vichow Krause, LLP

May 25, 2016

CITY OF BLACK RIVER FALLS

STATEMENT OF NET POSITION As of December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Business Improvement District
ASSETS				
Cash and investments	\$ 4,205,456	\$ 4,271,770	\$ 8,477,226	\$ -
Receivables (net)				
Taxes receivable	2,464,129	-	2,464,129	23,188
Accounts	787,718	1,161,267	1,948,985	-
Special assessments	600,880	-	600,880	-
Notes receivable	1,098,512	-	1,098,512	-
Accrued interest	1,100	5,496	6,596	-
Other receivables	65,278	16,554	81,832	-
Due from other governments	94,464	3,667	98,131	-
Internal balances	820,140	(820,140)	-	-
Prepaid items and inventories	-	252,950	252,950	-
Other assets	-	232,905	232,905	-
Restricted assets				
Restricted cash	-	1,077,612	1,077,612	-
Net pension asset	238,836	220,108	458,944	-
Capital Assets (net of accumulated depreciation)				
Construction in progress	-	132,874	132,874	-
Land and land improvements	5,910,298	252,779	6,163,077	-
Other capital assets, net of depreciation	14,503,983	24,044,171	38,548,154	-
Total Assets	<u>30,790,794</u>	<u>30,852,013</u>	<u>61,642,807</u>	<u>23,188</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	165,006	165,006	-
Pension related amounts	239,148	233,312	472,460	-
Total Deferred Outflows of Resources	<u>239,148</u>	<u>398,318</u>	<u>637,466</u>	<u>-</u>
LIABILITIES				
Accounts payable	151,321	412,687	564,008	-
Accrued liabilities and deposits	80,785	143,465	224,250	-
Other deferred credits	-	11,004	11,004	-
Noncurrent Liabilities				
Due within one year	652,953	730,223	1,383,176	-
Due in more than one year	2,322,930	12,231,810	14,554,740	-
Total Liabilities	<u>3,207,989</u>	<u>13,529,189</u>	<u>16,737,178</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	2,417,747	-	2,417,747	23,188
NET POSITION				
Net investment in capital assets	18,160,511	12,375,308	30,535,819	-
Restricted for				
Future library costs	134,729	-	134,729	-
Future TIF project costs	2,130,929	-	2,130,929	-
General debt service	1,150,714	-	1,150,714	-
Future housing loans	1,047,279	-	1,047,279	-
Pension	238,836	220,108	458,944	-
Debt and equipment replacement	-	619,625	619,625	-
Unrestricted	<u>2,541,208</u>	<u>4,506,101</u>	<u>7,047,309</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 25,404,206</u>	<u>\$ 17,721,142</u>	<u>\$ 43,125,348</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 572,546	\$ 68,046	\$ 41,773	\$ -
Public safety	1,025,634	17,304	9,573	-
Public works	1,631,431	25,102	469,045	65,977
Health and human services	5,765	-	-	-
Culture, education and recreation	1,322,878	199,568	226,615	91,189
Conservation and development	118,735	-	-	-
Interest and fiscal charges	<u>57,297</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>4,734,286</u>	<u>310,020</u>	<u>747,006</u>	<u>157,166</u>
Business-type Activities				
Electric Utility	6,475,766	6,906,025	-	25,453
Water Utility	760,794	974,383	-	124,735
Sewer Utility	788,250	953,686	-	-
Ambulance	<u>830,053</u>	<u>847,810</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>8,854,863</u>	<u>9,681,904</u>	<u>-</u>	<u>150,188</u>
Total Primary Government	<u>\$ 13,589,149</u>	<u>\$ 9,991,924</u>	<u>\$ 747,006</u>	<u>\$ 307,354</u>
Component Unit				
Business Improvement District	<u>\$ 33,751</u>	<u>\$ 23,188</u>	<u>\$ 10,563</u>	<u>\$ -</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Property taxes, levied for capital projects

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 (as restated)

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
\$ (462,727)	\$ -	\$ (462,727)	\$ -
(998,757)	-	(998,757)	-
(1,071,307)	-	(1,071,307)	-
(5,765)	-	(5,765)	-
(805,506)	-	(805,506)	-
(118,735)	-	(118,735)	-
(57,297)	-	(57,297)	-
<u>(3,520,094)</u>	<u>-</u>	<u>(3,520,094)</u>	<u>-</u>
-	455,712	455,712	-
-	338,324	338,324	-
-	165,436	165,436	-
-	17,757	17,757	-
<u>-</u>	<u>977,229</u>	<u>977,229</u>	<u>-</u>
<u>(3,520,094)</u>	<u>977,229</u>	<u>(2,542,865)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,458,363	-	1,458,363	-
352,375	-	352,375	-
522,032	-	522,032	-
15,000	-	15,000	-
121,233	-	121,233	-
644,916	-	644,916	-
60,198	-	60,198	-
47,140	31,574	78,714	-
39,921	8,860	48,781	-
<u>3,261,178</u>	<u>40,434</u>	<u>3,301,612</u>	<u>-</u>
<u>604,819</u>	<u>(604,819)</u>	<u>-</u>	<u>-</u>
345,903	412,844	758,747	-
<u>25,058,303</u>	<u>17,308,298</u>	<u>42,366,601</u>	<u>-</u>
<u>\$ 25,404,206</u>	<u>\$ 17,721,142</u>	<u>\$ 43,125,348</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>General Capital Projects Fund</u>	<u>TIF #3</u>
ASSETS				
Cash and investments	\$ 1,100,881	\$ 903,780	\$ -	\$ 1,352,251
Receivables				
Taxes	1,461,288	344,200	131,097	313,916
Accounts (net)	32,224	-	755,494	-
Special assessments (net)	335	-	600,545	-
Loans	121,049	-	-	-
Other	1,100	65,278	-	-
Due from other funds	799,567	-	-	-
Due from other governments	53,908	-	40,556	-
Advances to other funds	-	217,528	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 3,570,352</u>	<u>\$ 1,530,786</u>	<u>\$ 1,527,692</u>	<u>\$ 1,666,167</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 151,271	\$ -	\$ -	\$ -
Accrued liabilities	44,913	-	-	-
Due to other funds	10,461	-	158,572	-
Total Liabilities	<u>206,645</u>	<u>-</u>	<u>158,572</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	1,436,003	344,200	110,000	313,916
Unavailable revenues	121,049	65,278	1,312,692	-
Total Deferred Inflows of Resources	<u>1,557,052</u>	<u>409,478</u>	<u>1,422,692</u>	<u>313,916</u>
Fund Balances				
Nonspendable	43,809	-	-	-
Restricted	134,729	1,121,308	-	1,352,251
Unassigned (deficit)	1,628,117	-	(53,572)	-
Total Fund Balances (Deficit)	<u>1,806,655</u>	<u>1,121,308</u>	<u>(53,572)</u>	<u>1,352,251</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,570,352</u>	<u>\$ 1,530,786</u>	<u>\$ 1,527,692</u>	<u>\$ 1,666,167</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 848,544	\$ 4,205,456
213,628	2,464,129
-	787,718
-	600,880
977,463	1,098,512
-	66,378
-	799,567
-	94,464
-	217,528
<u>\$ 2,039,635</u>	<u>\$ 10,334,632</u>

\$ 50	\$ 151,321
-	44,913
<u>27,922</u>	<u>196,955</u>
<u>27,972</u>	<u>393,189</u>

213,628	2,417,747
<u>977,463</u>	<u>2,476,482</u>
<u>1,191,091</u>	<u>4,894,229</u>

-	43,809
848,494	3,456,782
<u>(27,922)</u>	<u>1,546,623</u>
<u>820,572</u>	<u>5,047,214</u>

<u>\$ 2,039,635</u>	<u>\$ 10,334,632</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, 2015

Total Fund Balances - Governmental Funds	\$	5,047,214
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets		30,292,281
Less: Accumulated depreciation		(9,878,000)

The net pension asset does not relate to current financial resources and is not reported in the governmental funds.		238,836
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Deferred outflows of resources related to pensions do not relate to current financial resources and is not reported in the governmental funds.		239,148
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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:

Special assessments, taxes receivable, and due from other governments not yet due		1,312,692
Loan to golf course		65,278
Economic development loans		121,049
Housing loans		977,463

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

Bonds and notes payable		(2,751,517)
Capital leases		(2,587)
Vested compensated absences		(149,779)
Accrued interest		(35,872)
Landfill post closure costs		<u>(72,000)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>25,404,206</u>
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CITY OF BLACK RIVER FALLS

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

For the Year Ended December 31, 2015

	General Fund	Debt Service Fund	General Capital Projects Fund	TIF #3
REVENUES				
Taxes	\$ 1,577,075	\$ 352,375	\$ 15,000	\$ 307,797
Intergovernmental	1,284,703	-	325	1,215
Licenses and permits	61,257	-	-	-
Fines, forfeitures and penalties	17,304	-	-	-
Public charges for services	224,154	-	-	-
Special assessments	1,923	-	108,197	-
Investment income	16,430	5,211	26,103	-
Miscellaneous	324,014	10,096	-	-
Total Revenues	3,506,860	367,682	149,625	309,012
EXPENDITURES				
Current				
General government	569,139	-	-	-
Public safety	985,071	-	-	-
Public works	1,126,931	-	-	-
Health and human services	5,765	-	-	-
Culture, recreation and education	966,633	-	-	-
Conservation and development	10,563	-	-	19,132
Capital Outlay	440,943	-	18	150
Debt Service				
Principal retirement	-	348,652	10,176	575,000
Interest and fiscal charges	-	36,968	10,077	12,299
Total Expenditures	4,105,045	385,620	20,271	606,581
Excess (deficiency) of revenues over expenditures	(598,185)	(17,938)	129,354	(297,569)
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	425,000
Transfers in	604,819	-	-	24,607
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	604,819	-	-	449,607
Net Change in Fund Balances	6,634	(17,938)	129,354	152,038
FUND BALANCES (DEFICIT) - Beginning of Year	1,800,021	1,139,246	(182,926)	1,200,213
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 1,806,655	\$ 1,121,308	\$ (53,572)	\$ 1,352,251

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 214,235	\$ 2,466,482
690	1,286,933
-	61,257
-	17,304
-	224,154
-	110,120
82	47,826
<u>39,041</u>	<u>373,151</u>
<u>254,048</u>	<u>4,587,227</u>
-	569,139
-	985,071
-	1,126,931
-	5,765
-	966,633
18,005	47,700
48,423	489,534
318,298	1,252,126
<u>16,811</u>	<u>76,155</u>
<u>401,537</u>	<u>5,519,054</u>
<u>(147,489)</u>	<u>(931,827)</u>
290,000	715,000
156	629,582
<u>(24,763)</u>	<u>(24,763)</u>
<u>265,393</u>	<u>1,319,819</u>
117,904	387,992
<u>702,668</u>	<u>4,659,222</u>
<u>\$ 820,572</u>	<u>\$ 5,047,214</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, 2015

Net change in fund balances - total governmental funds	\$	387,992
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Capital outlay is capitalized in the government-wide statements		489,534
Some capital outlay is not capitalized in the government-wide statements		(106,455)
Depreciation is reported in the government-wide statements		(832,066)
<p>Special assessments are reported as deferred revenue in the fund financial statements, but are recognized as revenue when earned in the government-wide financial statements</p>		
		(45,154)
<p>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.</p>		
Debt issued		(715,000)
Principal repaid		1,252,126
<p>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.</p>		
Change in accrued interest payable		19,166
Change in landfill post closure liability		4,000
Change in the vested compensated absences liability		36,453
Change in capital leases		1,372
Change in net pension asset and pension deferred outflows of resources		(4,386)
<p>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.</p>		
New loans and other receivables recognized as expenditures on fund statements		2,140
Repayment of principal on loans, notes, and other receivables recognized as revenue on fund statements		(143,819)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>345,903</u>

CITY OF BLACK RIVER FALLS

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2015

	Business-type Activities - Enterprise Funds				
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	Totals
ASSETS					
Current Assets					
Cash and investments	\$ 1,935,372	\$ 1,079,361	\$ 21,862	\$ 1,235,175	\$ 4,271,770
Receivables (net)					
Accounts	640,133	96,139	134,697	290,298	1,161,267
Interest	3,761	1,735	-	-	5,496
Other	16,554	-	-	-	16,554
Due from other funds	-	-	-	10,461	10,461
Due from other governments	-	-	3,667	-	3,667
Inventories and prepaid items	214,564	31,553	6,833	-	252,950
Restricted Assets					
Redemption account	<u>93,282</u>	<u>-</u>	<u>80,660</u>	<u>-</u>	<u>173,942</u>
Total Current Assets	<u>2,903,666</u>	<u>1,208,788</u>	<u>247,719</u>	<u>1,535,934</u>	<u>5,896,107</u>
Noncurrent Assets					
Restricted Assets					
Reserve account	497,120	-	-	-	497,120
Replacement account	-	-	406,550	-	406,550
Net pension asset	108,689	34,221	33,199	43,999	220,108
Capital Assets					
Plant in service	20,181,227	10,370,188	5,524,936	812,913	36,889,264
Construction in progress	132,874	-	-	-	132,874
Less: Accumulated depreciation	(6,799,820)	(3,358,914)	(2,145,306)	(288,274)	(12,592,314)
Other Assets					
Property held for future use	<u>232,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,905</u>
Total Noncurrent Assets	<u>14,352,995</u>	<u>7,045,495</u>	<u>3,819,379</u>	<u>568,638</u>	<u>25,786,507</u>
Total Assets	<u>17,256,661</u>	<u>8,254,283</u>	<u>4,067,098</u>	<u>2,104,572</u>	<u>31,682,614</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	95,804	69,202	-	-	165,006
Pension related amounts	<u>113,236</u>	<u>35,699</u>	<u>34,536</u>	<u>49,841</u>	<u>233,312</u>
Total Deferred Outflows of Resources	<u>209,040</u>	<u>104,901</u>	<u>34,536</u>	<u>49,841</u>	<u>398,318</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	\$ 406,772	\$ -	\$ -	\$ 5,915	\$ 412,687
Deposits	65,905	-	-	-	65,905
Other deferred credits	11,004	-	-	-	11,004
Due to other funds	366,222	180,486	66,365	-	613,073
Accrued payroll	3,035	-	-	-	3,035
Accrued interest	4,081	6,780	-	-	10,861
Accrued liabilities	-	2,925	3,185	-	6,110
Current portion of general obligation debt	13,569	114,973	45,205	-	173,747
Current portion of revenue bonds	50,000	23,996	-	-	73,996
Current portion of advances	16,592	5,440	5,168	-	27,200
Current portion of vested compensated absences	-	-	-	25,355	25,355
Current Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	344,087	-	113,038	-	457,125
Accrued interest	28,546	-	16,586	-	45,132
Total Current Liabilities	<u>1,309,813</u>	<u>334,600</u>	<u>249,547</u>	<u>31,270</u>	<u>1,925,230</u>
Noncurrent Liabilities					
General obligation debt	101,045	924,999	145,279	-	1,171,323
Unamortized debt premium	135,394	-	-	-	135,394
Customer advances for construction	12,422	-	-	-	12,422
Revenue bonds	9,059,839	482,564	1,288,361	-	10,830,764
Advance from municipality	116,100	38,066	36,162	-	190,328
Vested compensated absences	52,196	16,945	16,736	8,452	94,329
Total Noncurrent Liabilities	<u>9,476,996</u>	<u>1,462,574</u>	<u>1,486,538</u>	<u>8,452</u>	<u>12,434,560</u>
Total Liabilities	<u>10,786,809</u>	<u>1,797,174</u>	<u>1,736,085</u>	<u>39,722</u>	<u>14,359,790</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2015

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	
NET POSITION					
Net investment in capital assets	\$ 4,319,006	\$ 5,743,916	\$ 1,787,747	\$ 524,639	\$ 12,375,308
Restricted for					
Debt and equipment replacement	149,001	-	470,624	-	619,625
Pension	108,689	34,221	33,199	43,999	220,108
Unrestricted	<u>2,102,196</u>	<u>783,873</u>	<u>73,979</u>	<u>1,546,053</u>	<u>4,506,101</u>
TOTAL NET POSITION	<u>\$ 6,678,892</u>	<u>\$ 6,562,010</u>	<u>\$ 2,365,549</u>	<u>\$ 2,114,691</u>	<u>\$ 17,721,142</u>

CITY OF BLACK RIVER FALLS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	
OPERATING REVENUES	<u>\$ 6,906,025</u>	<u>\$ 974,383</u>	<u>\$ 953,686</u>	<u>\$ 847,810</u>	<u>\$ 9,681,904</u>
OPERATING EXPENSES					
Operation and maintenance	5,619,878	497,912	558,263	717,606	7,393,659
Depreciation	558,078	232,315	186,544	60,858	1,037,795
Amortization	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Total Operating Expenses	<u>6,183,956</u>	<u>730,227</u>	<u>744,807</u>	<u>778,464</u>	<u>8,437,454</u>
Operating Income	<u>722,069</u>	<u>244,156</u>	<u>208,879</u>	<u>69,346</u>	<u>1,244,450</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	10,330	7,843	1,903	11,498	31,574
Interest expense	(330,522)	(22,878)	(43,443)	-	(396,843)
IRS Build America Bond interest subsidy	36,073	-	-	-	36,073
Amortization expense	2,639	(7,689)	-	-	(5,050)
Miscellaneous	973	96	-	7,791	8,860
Loss on sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,589)</u>	<u>(51,589)</u>
Total Nonoperating Revenues (Expenses)	<u>(280,507)</u>	<u>(22,628)</u>	<u>(41,540)</u>	<u>(32,300)</u>	<u>(376,975)</u>
Income Before Contributions and Transfers	<u>441,562</u>	<u>221,528</u>	<u>167,339</u>	<u>37,046</u>	<u>867,475</u>
CONTRIBUTIONS AND TRANSFERS					
Capital contributions received	25,453	124,735	-	-	150,188
Transfers	<u>(365,713)</u>	<u>(177,265)</u>	<u>(61,841)</u>	<u>-</u>	<u>(604,819)</u>
Total Contributions and Transfers	<u>(340,260)</u>	<u>(52,530)</u>	<u>(61,841)</u>	<u>-</u>	<u>(454,631)</u>
Change in Net Position	101,302	168,998	105,498	37,046	412,844
NET POSITION - Beginning of Year (as restated)	<u>6,577,590</u>	<u>6,393,012</u>	<u>2,260,051</u>	<u>2,077,645</u>	<u>17,308,298</u>
NET POSITION - END OF YEAR	<u>\$ 6,678,892</u>	<u>\$ 6,562,010</u>	<u>\$ 2,365,549</u>	<u>\$ 2,114,691</u>	<u>\$ 17,721,142</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2015

	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	\$ 6,992,024	\$ 710,991	\$ 943,756	\$ 791,140	\$ 9,437,911
Cash received from city	97,174	272,488	-	5,892	375,554
Paid to suppliers for goods and services	(5,372,565)	(315,222)	(370,347)	(266,204)	(6,324,338)
Paid to employees for services	(617,866)	(195,068)	(192,859)	(492,005)	(1,497,798)
Net Cash Flows From Operating Activities	<u>1,098,767</u>	<u>473,189</u>	<u>380,550</u>	<u>38,823</u>	<u>1,991,329</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Marketable securities sold	722,769	68,400	-	-	791,169
Marketable securities purchased	(256,390)	(550,403)	-	-	(806,793)
Investment income	<u>11,386</u>	<u>6,789</u>	<u>2,708</u>	<u>11,498</u>	<u>32,381</u>
Net Cash Flows From Investing Activities	<u>477,765</u>	<u>(475,214)</u>	<u>2,708</u>	<u>11,498</u>	<u>16,757</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Paid to municipality for tax equivalent	(373,440)	(138,825)	-	-	(512,265)
Transfers out	(4,240)	-	(61,841)	-	(66,081)
Advances repaid	(16,636)	(5,454)	(5,182)	-	(27,272)
Interest paid on advances	<u>(3,179)</u>	<u>(1,042)</u>	<u>(990)</u>	<u>-</u>	<u>(5,211)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(397,495)</u>	<u>(145,321)</u>	<u>(68,013)</u>	<u>-</u>	<u>(610,829)</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	Totals
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt issued	\$ -	\$ 479,106	\$ -	\$ -	\$ 479,106
Debt retired	(394,578)	(128,721)	(152,881)	-	(676,180)
Interest paid	(326,764)	(21,315)	(50,381)	-	(398,460)
Capital contributions received	-	343,809	-	-	343,809
Acquisition and construction of capital assets	(135,203)	(647,504)	(23,333)	(136,372)	(942,412)
Interest rebate received on bonds	36,096	-	5,660	-	41,756
Net Cash Flows From Capital and Related Financing Activities	<u>(820,449)</u>	<u>25,375</u>	<u>(220,935)</u>	<u>(136,372)</u>	<u>(1,152,381)</u>
Net Change in Cash and Cash Equivalents	358,588	(121,971)	94,310	(86,051)	244,876
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,449,441</u>	<u>484,704</u>	<u>255,212</u>	<u>421,226</u>	<u>2,610,583</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,808,029</u>	<u>\$ 362,733</u>	<u>\$ 349,522</u>	<u>\$ 335,175</u>	<u>\$ 2,855,459</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2015

	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	\$ 722,069	\$ 244,156	\$ 208,879	\$ 69,346	\$ 1,244,450
Nonoperating revenue	973	96	-	7,791	8,860
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities					
Depreciation and amortization	564,078	232,315	186,544	60,858	1,043,795
Depreciation charged to other accounts	-	7,571	(7,571)	-	-
Changes in assets and liabilities					
Accounts receivable	133,034	(3,102)	(2,359)	(48,108)	79,465
Other receivables	7,383	-	-	-	7,383
Due from other funds	-	4,531	7,336	(10,461)	1,406
Inventories	(21,198)	(1,657)	-	-	(22,855)
Accounts payable	(291,440)	-	-	2,065	(289,375)
Due to other funds	18,529	1,311	-	(38,135)	(18,295)
Customer deposits	41,783	-	-	-	41,783
Accrued liabilities	(55,736)	(5,604)	(4,762)	443	(65,659)
Prepayments	(18,299)	(5,624)	(6,833)	-	(30,756)
Pension related deferrals and asset	(2,409)	(804)	(684)	(4,976)	(8,873)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,098,767</u>	<u>\$ 473,189</u>	<u>\$ 380,550</u>	<u>\$ 38,823</u>	<u>\$ 1,991,329</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	\$ 1,935,372	\$ 1,079,361	\$ 21,862	\$ 1,235,175	\$ 4,271,770
Redemption account	93,282	-	80,660	-	173,942
Reserve account	497,120	-	-	-	497,120
Replacement account	-	-	406,550	-	406,550
Total Cash and Investments	2,525,774	1,079,361	509,072	1,235,175	5,349,382
Less: Noncash equivalents	(717,745)	(716,628)	(159,550)	(900,000)	(2,493,923)
CASH AND CASH EQUIVALENTS	<u>\$ 1,808,029</u>	<u>\$ 362,733</u>	<u>\$ 349,522</u>	<u>\$ 335,175</u>	<u>\$ 2,855,459</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
None					

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2015

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 1,439,354
Taxes receivable	<u>2,457,019</u>
TOTAL ASSETS	<u>\$ 3,896,373</u>
LIABILITIES	
Due to other governments	<u>\$ 3,896,373</u>
TOTAL LIABILITIES	<u>\$ 3,896,373</u>

CITY OF BLACK RIVER FALLS

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CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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, 2015

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.L. 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, 2015. The BID does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

Government-Wide Financial Statements

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

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements

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

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

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

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

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt Service Fund - accounts for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise 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.
- TIF #3 - used to account for and report financial resources that are restricted, committed, or assigned to expenditures within the city's TIF #3.

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, 2015

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 #4
TIF #5

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

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, 2015

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 utility 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, 2015

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 maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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.)

- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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. Fair values are based on quoted market prices. 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, 2015, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

2. Receivables

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

2. Receivables (cont.)

Property tax calendar - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale - 2015 delinquent real estate taxes	October 2018

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.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

3. Inventories and Prepaid Items

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.

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$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 fair 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, 2015, 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.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Depreciation 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:

Buildings	30-75 Years
Machinery and Equipment	5-30 Years
Utility System	4-77 Years

Fund Financial Statements

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

6. Deferred Outflows of Resources

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

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

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.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

7. Compensated Absences (cont.)

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, 2015, are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the 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 \$6,432,601, made up of one issue.

9. Deferred Inflows of Resources

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

10. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

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

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

The city considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit 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. J. for further information.

11. Basis for Existing Rates

Current electric rates were approved by the Public Service Commission of Wisconsin and placed into effect by the utility on December 27, 2012.

Current water rates were approved by the Public Service Commission of Wisconsin and placed into effect by the utility on September 21, 2015.

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	November 1, 2010
ALS Base Rate	August 25, 2011
BLS Mileage Rate	November 1, 2010
ALS Mileage Rate	May 1, 2013

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

12. Property Held for Future Use

The balance represents land purchased as the site for a future utility office building.

13. 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.

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

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund	\$ 3,109,269	\$ 3,450,263	\$ 340,994
Debt Service	352,375	385,620	33,245
General Capital Projects	15,000	20,271	5,271

The city controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the city's year-end budget to actual report.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

C. DEFICIT BALANCES

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

As of December 31, 2015, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
General Capital Projects	\$ (53,572)	Expenditures in excess of revenues
TIF #5	(27,922)	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.

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.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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	\$ 10,909,804	\$ 10,191,074	Custodial credit risk
LGIP	83,988	83,998	Credit risk
Petty cash	400	-	N/A
 Total Deposits and Investments	 \$ 10,994,192	 \$ 10,275,072	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 8,477,226		
Restricted cash and investments	1,077,612		
Per statement of assets and liabilities -			
agency fund			
Agency Fund	1,439,354		
 Total Deposits and Investments	 \$ 10,994,192		

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.

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, 2015, the banks had pledged various government securities in the amount of \$3,870,902 to secure the city's deposits and \$3,280,532 to secure the utilities' deposits.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

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

As of December 31, 2015, \$1,449,241 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>1,449,241</u>
Total	\$ <u><u>1,449,241</u></u>

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.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$90,302 in the general fund, \$58,258 in the debt service fund, \$1,144,710 in the general capital projects fund, and \$971,983 in nonmajor governmental funds.

Receivables in the general fund are shown net of a \$19,874 allowance for uncollectibles. Receivables in the general capital projects fund are shown net of a \$650,493 allowance for uncollectibles. Receivables in the nonmajor governmental funds are shown net of a \$192,567 allowance for uncollectibles. Receivables in the ambulance fund are shown net of a \$305,996 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>120,619</u>
Total Uncollectibles of the Current Fiscal Year	\$ <u><u>120,619</u></u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

B. RECEIVABLES (cont.)

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 2,417,747	\$ -
Special assessments, taxes receivable, and due from other governments not yet due	-	1,312,692
Loan to golf course	-	65,278
Economic development loans	-	121,049
Housing loans	-	977,463
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 2,417,747	 \$ 2,476,482

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

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.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2015:

Restricted Assets	
Redemption account	\$ 173,942
Reserve account	497,120
Replacement account	406,550
Pension	<u>458,944</u>
 Total Restricted Assets	 <u><u>\$ 1,536,556</u></u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land and land improvements	\$ 5,910,298	\$ -	\$ -	\$ 5,910,298
Total Capital Assets Not Being Depreciated	<u>5,910,298</u>	<u>-</u>	<u>-</u>	<u>5,910,298</u>
Capital assets being depreciated				
Land improvements	682,829	-	-	682,829
Buildings	11,164,185	-	-	11,164,185
Machinery and equipment	4,761,830	152,897	166,700	4,748,027
Roads	5,347,674	230,182	-	5,577,856
Curb and gutter	112,226	-	-	112,226
Storm sewer	449,230	-	-	449,230
Sanitary sewer	963,423	-	-	963,423
Street lighting	66,219	-	-	66,219
Bridges	<u>617,988</u>	<u>-</u>	<u>-</u>	<u>617,988</u>
Total Capital Assets Being Depreciated	<u>24,165,604</u>	<u>383,079</u>	<u>166,700</u>	<u>24,381,983</u>
Total Capital Assets	<u>30,075,902</u>	<u>383,079</u>	<u>166,700</u>	<u>30,292,281</u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Land improvements	\$ (192,324)	\$ (30,056)	\$ -	\$ (222,380)
Buildings	(4,026,278)	(300,259)	-	(4,326,537)
Machinery and equipment	(3,160,054)	(195,538)	166,700	(3,188,892)
Roads	(1,339,375)	(240,784)	-	(1,580,159)
Curb and gutter	(34,713)	(3,741)	-	(38,454)
Storm sewer	(129,390)	(14,973)	-	(144,363)
Sanitary sewer	(293,249)	(32,148)	-	(325,397)
Street lighting	(12,531)	(2,207)	-	(14,738)
Bridges	<u>(24,720)</u>	<u>(12,360)</u>	-	<u>(37,080)</u>
Total Accumulated Depreciation	<u>(9,212,634)</u>	<u>(832,066)</u>	<u>166,700</u>	<u>(9,878,000)</u>
Net Capital Assets Being Depreciated	<u>14,952,970</u>	<u>(448,987)</u>	-	<u>14,503,983</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 20,863,268</u>	<u>\$ (448,987)</u>	<u>\$ -</u>	<u>\$ 20,414,281</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 13,704
Public safety	49,834
Public works	420,122
Culture, recreation and education	<u>348,406</u>
Total Governmental Activities Depreciation Expense	<u>\$ 832,066</u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

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	144,082	78,197	89,405	132,874
Total Capital Assets Not Being Depreciated	215,339	78,197	89,405	204,131
Capital assets being depreciated/amortized				
Intangible	244,513	-	-	244,513
Hydraulic production	12,231,644	3,470	-	12,235,114
Other production	198,820	-	-	198,820
Transmission	311,737	6,850	-	318,587
Distribution	6,210,246	126,479	7,524	6,329,201
Administrative and general assets	781,629	30,780	28,674	783,735
Total Capital Assets Being Depreciated/Amortized	19,978,589	167,579	36,198	20,109,970
Total Capital Assets	20,193,928	245,776	125,603	20,314,101
Less: Accumulated depreciation/amortization for				
Intangible	(100,524)	(6,000)	-	(106,524)
Hydraulic production	(1,709,705)	(271,156)	-	(1,980,861)
Other production	(162,335)	(6,822)	-	(169,157)
Transmission	(260,793)	(9,896)	-	(270,689)
Distribution	(3,448,445)	(219,931)	7,524	(3,660,852)
Administrative and general assets	(584,406)	(56,005)	28,674	(611,737)
Total Accumulated Depreciation/Amortization	(6,266,208)	(569,810)	36,198	(6,799,820)
Net Capital Assets Being Depreciated/Amortized	13,712,381	(402,231)	-	13,310,150
Net Electric Capital Assets	\$ 13,927,720	\$ (324,034)	\$ 89,405	\$ 13,514,281

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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	327,803	610,302	938,105	-
Total Capital Assets Not Being Depreciated	422,281	610,302	938,105	94,478
Capital assets being depreciated				
Source of supply	594,473	-	-	594,473
Pumping	1,806,252	-	-	1,806,252
Treatment	278,992	-	-	278,992
Transmission and distribution	6,255,740	940,318	1,764	7,194,294
Administrative and general assets	393,600	31,302	23,203	401,699
Total Capital Assets Being Depreciated	9,329,057	971,620	24,967	10,275,710
Total Capital Assets	9,751,338	1,581,922	963,072	10,370,188
Less: Accumulated depreciation for				
Source of supply	(291,209)	(16,977)	-	(308,186)
Pumping	(714,583)	(62,234)	-	(776,817)
Treatment	(81,147)	(9,206)	-	(90,353)
Transmission and distribution	(1,770,415)	(122,763)	5,452	(1,887,726)
Administrative and general assets	(290,328)	(28,707)	23,203	(295,832)
Total Accumulated Depreciation	(3,147,682)	(239,887)	28,655	(3,358,914)
Net Capital Assets Being Depreciated	6,181,375	731,733	(3,688)	6,916,796
Net Water Capital Assets	\$ 6,603,656	\$ 1,342,035	\$ 934,417	\$ 7,011,274

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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
Capital assets being depreciated				
Collecting system pumping	97,228	-	-	97,228
Treatment and disposal	5,097,527	20,820	-	5,118,347
Administrative and general assets	221,977	2,513	2,173	222,317
Total Capital Assets Being Depreciated	<u>5,416,732</u>	<u>23,333</u>	<u>2,173</u>	<u>5,437,892</u>
Total Capital Assets	<u>5,503,776</u>	<u>23,333</u>	<u>2,173</u>	<u>5,524,936</u>
Less: Accumulated depreciation for Sewer plant	<u>(1,968,506)</u>	<u>(178,973)</u>	<u>2,173</u>	<u>(2,145,306)</u>
Net Capital Assets Being Depreciated	<u>3,448,226</u>	<u>(155,640)</u>	<u>-</u>	<u>3,292,586</u>
Net Sewer Capital Assets	<u>\$ 3,535,270</u>	<u>\$ (155,640)</u>	<u>\$ -</u>	<u>\$ 3,379,630</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	\$ 846,345	\$ 136,372	\$ 169,804	\$ 812,913
Less: Accumulated depreciation for Machinery and equipment	<u>(345,631)</u>	<u>(60,858)</u>	<u>118,215</u>	<u>(288,274)</u>
Net Capital Assets Being Depreciated	<u>500,714</u>	<u>75,514</u>	<u>51,589</u>	<u>524,639</u>
Net Ambulance Capital Assets	<u>\$ 500,714</u>	<u>\$ 75,514</u>	<u>\$ 51,589</u>	<u>\$ 524,639</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 24,567,360</u>	<u>\$ 937,875</u>	<u>\$ 1,075,411</u>	<u>\$ 24,429,824</u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Electric	\$ 558,078
Water	232,315
Sewer	186,544
Ambulance	<u>60,858</u>

Total Business-type Activities Depreciation Expense	<u>\$ 1,037,795</u>
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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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	General Capital Projects	\$ 158,572	\$ 27,475
General Fund	Electric Utility	366,222	-
General Fund	Water Utility	180,486	-
General Fund	Sewer Utility	66,365	-
General Fund	TIF #5	27,922	16,334
Ambulance Fund	General Fund	<u>10,461</u>	-
Total - Fund Financial Statements		810,028	
Less: Fund eliminations		(186,494)	
Less: Government-wide eliminations		(20,922)	
Add: Interfund advances		<u>217,528</u>	
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 820,140</u>	

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

Interfund Receivables/Payables (cont.)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 830,601
Business-type Activities	Governmental Activities	<u>(10,461)</u>
Total Government-Wide Financial Statements		<u><u>\$ 820,140</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.

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 following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Debt Service Fund	Electric Utility	\$ 132,692	\$ 116,100
Debt Service Fund	Water Utility	43,506	38,066
Debt Service Fund	Sewer Utility	<u>41,330</u>	36,162
Total		<u><u>\$ 217,528</u></u>	

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 27,200	\$ 4,633
2017	27,200	4,065
2018	<u>163,128</u>	<u>3,477</u>
Totals	<u><u>\$ 217,528</u></u>	<u><u>\$ 12,175</u></u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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	361,473	Property tax equivalent
General Fund	Water Utility	177,265	Property tax equivalent
			Assist city with cost of maintenance of collection system
General Fund	Sewer Utility	61,841	Move tax increment to correct fund
TIF #4	TIF #1	156	Move tax increment to correct fund
TIF #3	TIF #1	9,150	Move tax increment to correct fund
TIF #3	TIF #5	<u>15,457</u>	Move tax increment to correct fund
Total - Fund Financial Statements		629,582	
Less: Fund eliminations		<u>(24,763)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 604,819</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. SHORT-TERM DEBT ACTIVITY

During 2014, the water utility obtained short term debt in advance of draws on the 2014 Safe Drinking Water Loan. They drew \$19,100 in 2014 and paid off the balance in 2015. No additional draws were made in 2015. The debt bears interest at .98% and had a maturity date of July 1, 2015. The maximum amount that could have been drawn was \$1,000,000.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

G. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015, 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	\$ 3,288,643	\$ 715,000	\$ 1,252,126	\$ 2,751,517	\$ 535,115
Sub-totals	<u>3,288,643</u>	<u>715,000</u>	<u>1,252,126</u>	<u>2,751,517</u>	<u>535,115</u>
Other Liabilities					
Vested compensated absences	186,232	141,181	177,634	149,779	112,334
Capital leases	3,959	-	1,372	2,587	1,504
Landfill post closure costs	76,000	-	4,000	72,000	4,000
Total Other Liabilities	<u>266,191</u>	<u>141,181</u>	<u>183,006</u>	<u>224,366</u>	<u>117,838</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 3,554,834</u>	<u>\$ 856,181</u>	<u>\$ 1,435,132</u>	<u>\$ 2,975,883</u>	<u>\$ 652,953</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,510,514	\$ -	\$ 165,444	\$ 1,345,070	\$ 173,747
Revenue bonds	11,374,415	479,106	491,636	11,361,885	531,121
(Discounts)/Premiums	144,420	-	9,026	135,394	-
Sub-totals	<u>13,029,349</u>	<u>479,106</u>	<u>666,106</u>	<u>12,842,349</u>	<u>704,868</u>
Other Liabilities					
Vested compensated absences	133,211	17,646	31,173	119,684	25,355
Total Other Liabilities	<u>133,211</u>	<u>17,646</u>	<u>31,173</u>	<u>119,684</u>	<u>25,355</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 13,162,560</u>	<u>\$ 496,752</u>	<u>\$ 697,279</u>	<u>\$ 12,962,033</u>	<u>\$ 730,223</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, 2015, was \$11,911,190. Total general obligation debt outstanding at year end was \$4,096,587.

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.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

G. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2015</u>
Promissory Note	Mar-07	Mar-17	4.39%	\$ 235,000	\$ 47,000
Line of Credit	Feb-08	Nov-17	4.39%	120,632	65,279
Promissory Note	Jan-13	Jan-18	2.10%	544,000	435,057
Promissory Note	Jan-13	Jan-18	1.37%	800,000	549,880
Promissory Note	Jan-14	Jun-19	1.55%	608,000	597,770
Promissory Note	Jan-14	Feb-19	1.55%	165,000	159,964
Promissory Note	Oct-14	Oct-19	1.85%	200,000	181,567
Promissory Note	May-15	Jun-18	1.31%	425,000	425,000
Promissory Note	May-15	May-20	2.00%	290,000	<u>290,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 2,751,517</u>

Business-type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2015</u>
Promissory Note	Mar-99	Mar-19	2.97-6.5%	\$ 634,400	\$ 190,484
Promissory Note	Apr-13	Apr-18	1.55%	260,000	209,972
Promissory Note	Apr-13	Apr-18	1.55%	141,268	114,614
Refunding Bonds	Jun-13	Dec-24	0.5-2.6%	995,000	<u>830,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 1,345,070</u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

G. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2016	\$ 535,115	\$ 46,989	\$ 173,747	\$ 32,881
2017	467,503	37,737	172,317	28,502
2018	1,031,097	29,653	388,168	23,820
2019	592,217	10,888	135,838	15,371
2020	60,306	1,226	95,000	10,955
2021-2024	-	-	380,000	24,020
Line of credit	65,279	-	-	-
Totals	<u>\$ 2,751,517</u>	<u>\$ 126,493</u>	<u>\$ 1,345,070</u>	<u>\$ 135,549</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 2015 was \$705,955. Total customer net revenues as defined for 2015 were \$1,332,549. Annual principal and interest payments are expected to require 33% 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 2015 was \$1,604. Total customer net revenues as defined for 2015 were \$484,314. Annual principal and interest payments are expected to require 6% of net revenues on average.

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 2015 was \$144,876. Total customer net revenues as defined for 2015 were \$397,326. Annual principal and interest payments are expected to require 36% of net revenues on average.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

G. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2015, 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, 2015</u>
<u>Electric Utility</u>					
Revenue bond	Dec-10	2047	3.75%	\$ 5,000,000	\$ 4,523,926
Revenue bond	Dec-10	2020	0.00%	500,000	250,000
Revenue bond	May-14	2030	2.0-5.0%	5,045,000	<u>4,680,000</u>
Total Electric Utility					<u>9,453,926</u>
<u>Water Utility</u>					
Revenue bond	Dec-14	2034	1.155%	506,560	<u>506,560</u>
<u>Sewer Utility</u>					
Revenue bond	Oct-06	2026	2.365%	2,299,337	<u>1,401,399</u>
Total Business-type Activities - Revenue Debt					<u><u>\$ 11,361,885</u></u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

G. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2016	\$ 531,121	\$ 354,175
2017	537,065	343,009
2018	553,188	331,551
2019	564,499	319,707
2020	575,999	306,172
2021-2025	2,849,662	1,305,751
2026-2030	2,668,966	871,705
2031-2035	860,700	498,016
2036-2040	896,703	343,297
2041-2045	1,079,755	160,245
2046-2047	244,227	6,920
Totals	<u>\$ 11,361,885</u>	<u>\$ 4,840,548</u>

Capital Leases

Refer to Note III. H.

Other Debt Information

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

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 Refundings

On May 15, 2015, the city issued \$425,000 in general obligation promissory notes with an interest rate of 1.31% to refund \$575,000 of outstanding general obligation bonds with an interest rates of 4.2% - 4.35%. The net proceeds along with existing funds of the city were used to prepay the outstanding debt.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

G. LONG-TERM OBLIGATIONS (cont.)

Current Refundings (cont.)

The cash flow requirements on the refunded debt prior to the current refunding was \$638,245 from 2015 through 2018. The cash flow requirements on the refunding notes are \$436,449 from 2016 through 2018. The economic gain or loss on the current refunding was not readily available.

On May 15, 2015, the city issued \$290,000 in general obligation promissory notes with an interest rate of 2.00% to refund the \$291,836 balance on an outstanding line of credit with an interest rate of 4.38%. The net proceeds along with existing funds of the city were used to prepay the outstanding debt.

The cash flow requirements on the refunded line of credit prior to the current refunding was \$354,521 in 2016. The cash flow requirements on the refunding notes are \$307,663 from 2016 through 2020. The economic gain or loss on the current refunding was not readily available.

H. LEASE DISCLOSURES

Lessee - Capital Leases

In 2013 the city acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$5,603, which are included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2015, are as follows:

<u>Years</u>	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 1,504	\$ 176	\$ 1,680
2017	<u>1,083</u>	<u>38</u>	<u>1,121</u>
Totals	<u>\$ 2,587</u>	<u>\$ 214</u>	<u>\$ 2,801</u>

I. 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 \$72,000 reported as landfill closure and postclosure care liability at December 31, 2015, 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, 2015

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

J. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2015, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 5,910,298
Other capital assets, net of accumulated depreciation	14,503,983
Less: Long-term debt outstanding	(2,754,104)
Plus: Noncapital debt proceeds	<u>500,334</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 18,160,511</u></u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2015, include the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>General Capital Projects Fund</u>	<u>TIF #3</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Fund Balances						
Nonspendable:						
Non-current interfunds	\$ 43,809	\$ -	\$ -	\$ -	\$ -	\$ 43,809
Restricted for:						
Library	134,729	-	-	-	-	134,729
TIF project costs	-	-	-	1,352,251	778,678	2,130,929
Debt service	-	1,121,308	-	-	-	1,121,308
Loans	-	-	-	-	69,816	69,816
Unassigned (deficit):	<u>1,628,117</u>	<u>-</u>	<u>(53,572)</u>	<u>-</u>	<u>(27,922)</u>	<u>1,546,623</u>
 Total Fund Balances (Deficit)	 <u><u>\$ 1,806,655</u></u>	 <u><u>\$ 1,121,308</u></u>	 <u><u>\$ (53,572)</u></u>	 <u><u>\$ 1,352,251</u></u>	 <u><u>\$ 820,572</u></u>	 <u><u>\$ 5,047,214</u></u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 252,779
Construction in progress	132,874
Other capital assets, net of accumulated depreciation	24,044,171
Less: Capital related long-term debt outstanding	(12,496,983)
Add: Unamortized debt discount (premium)	(135,394)
Add: Deferred charge on refunding	165,006
Add: Unspent proceeds	<u>412,855</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 12,375,308</u></u>

K. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Ambulance Fund</u>
Net Position - December 31, 2014 (as reported)	\$ 24,575,933	\$ 16,863,751	\$ 6,358,074	\$ 6,323,896	\$ 2,193,000	\$ 1,988,781
Add: Net pension asset	393,825	362,945	179,221	56,429	54,743	72,552
Add: Deferred outflows related to pensions	<u>88,545</u>	<u>81,602</u>	<u>40,295</u>	<u>12,687</u>	<u>12,308</u>	<u>16,312</u>
Net Position - December 31, 2014 (as restated)	<u><u>\$ 25,058,303</u></u>	<u><u>\$ 17,308,298</u></u>	<u><u>\$ 6,577,590</u></u>	<u><u>\$ 6,393,012</u></u>	<u><u>\$ 2,260,051</u></u>	<u><u>\$ 2,077,645</u></u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

L. 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.

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Summary of Significant Accounting Policies

Pension. For purposes of measuring the net pension liability (asset), 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.

General Information About the Pension Plan

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.

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized \$170,147 in contributions from the city.

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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

At December 31, 2015, the city reported an asset of \$458,944 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. 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, 2014, the city's proportion was 0.01868455%, which was a decrease of 0.00051064% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the city recognized pension expense of \$165,660.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2015, the city reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 66,533
Net differences between projected and actual earnings on pension plan investments	222,243
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,284
Employer contributions subsequent to the measurement date	177,400
Totals	\$ 472,460

\$177,400 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 72,163	\$ -
2017	72,163	-
2018	72,163	-
2019	72,162	-
2020	6,409	-

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension asset	\$(1,294,759)	\$458,944	\$1,843,947

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://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, 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.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance

The utilities are partially self-insured for health insurance claims. The utilities purchases a commercial health insurance policy with a \$2,000 deductible for single and \$4,000 deductible for family coverage. Employees are responsible for 10% of the premiums. The amount is taken as a payroll deduction. Single plan deductions are \$37.58 per pay period for an annual maximum of \$977.18. Family plans have a \$86.37 per pay period deduction with an annual maximum deduction of \$2,245.56. 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. Beginning of the year claims payable were \$0, current year claims were \$38,415 and claims paid were \$38,415 leaving \$0 as unpaid health insurance claims at December 31, 2015.

The utility is also self-insured for its unemployment compensation obligations as permitted under Wisconsin Statutes. Annual expenditures by the utility for claims during 2015 were immaterial. The utility is self-insured for its boiler and machinery insurance as well.

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Long-Term Contracts - WPPI Energy (cont.)

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

In 2002, all WPPI Energy members ratified a 13 year extension to their original 35 year contracts. The new contract expires at midnight on December 31, 2037. On October 6, 2015, the city signed a second amendment which extends the contract through December 31, 2055, provided that by March 31, 2016 no less than 34 members had executed similar amendments. The threshold was met in 2016 with 49 members extending through 2055.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$437 million as of December 31, 2015.

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.I. 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.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Black River Falls Rural Fire Department (cont.)

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 \$9,024 in 2015.

Summary financial information of the department was not available as of December 31, 2015.

Debt is being repaid with resources of the department and is secured by the taxing power of the city. The transactions of the department are not reflected in these financial statements.

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

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 2015.

Summary financial information of the airport as of December 31, 2015 is available from the City Clerk's office at 101 S. 2nd Street, Black River Falls, WI, 54615.

The airport has a \$20,000 line of credit with an area bank. At year end there was \$0 outstanding on the line of credit. 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 EVENTS

On January 29, 2016 the city issued a general obligation promissory note in the amount of \$100,000 with an interest rate of 2.15%. This amount will be used for the city's portion of a fire truck purchased by the Black River Falls Rural Fire Department.

On March 1, 2016 the city issued a general obligation promissory note in the amount of \$145,304 with an interest rate of 1.15%. This amount will be used to refund the 1999 sewer loan.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

F. ECONOMIC DEPENDENCY

Water Utility

The water utility has one significant customer who was responsible for 28% of operating revenues in 2015.

Sewer Utility

The sewer utility has one significant customer who was responsible for 24% of operating revenues in 2015.

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

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

- > Statement No. 72, Fair Value Measurement and Application
- > Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68
- > Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans
- > Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions
- > Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Government
- > Statement No. 77, Tax Abatement Disclosures
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

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

- > Statement No. 79, *Certain External Investment Pools and Pool Participants*
- > Statement No. 80, *Blending Requirements for Certain Component Units*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues - an amendment of GASB Statements 67, 68, 73*

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 For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,414,139	\$ 1,414,139	\$ 1,422,313	\$ 8,174
Special assessments	-	-	1,923	1,923
Intergovernmental	1,080,800	1,080,800	1,127,068	46,268
Licenses and permits	7,900	7,900	61,257	53,357
Fines, forfeitures and penalties	22,400	22,400	17,304	(5,096)
Public charges for services	8,650	8,650	19,119	10,469
Investment income	12,000	12,000	12,065	65
Miscellaneous	<u>68,100</u>	<u>68,100</u>	<u>172,658</u>	<u>104,558</u>
Total Revenues	<u>2,613,989</u>	<u>2,613,989</u>	<u>2,833,707</u>	<u>219,718</u>
EXPENDITURES				
General government	527,725	527,725	569,139	(41,414)
Public safety	959,298	959,298	963,359	(4,061)
Public works	914,802	914,802	940,139	(25,337)
Health and human services	7,400	7,400	5,765	1,635
Culture, recreation and education	478,594	478,594	530,918	(52,324)
Capital Outlay	<u>221,450</u>	<u>221,450</u>	<u>440,943</u>	<u>(219,493)</u>
Total Expenditures	<u>3,109,269</u>	<u>3,109,269</u>	<u>3,450,263</u>	<u>(340,994)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(495,280)</u>	<u>(495,280)</u>	<u>(616,556)</u>	<u>(121,276)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>479,200</u>	<u>479,200</u>	<u>648,960</u>	<u>169,760</u>
Total Other Financing Sources	<u>479,200</u>	<u>479,200</u>	<u>648,960</u>	<u>169,760</u>
CHANGE IN FUND BALANCE - BUDGETARY BASIS	<u>\$ (16,080)</u>	<u>\$ (16,080)</u>	32,404	<u>\$ 48,484</u>
Prospective differences:				
Economic Development fund change in fund balance			30,500	
Lunda Center fund change in fund balance			13,647	
Aquatic Center change in fund balance			(14,465)	
Jackson County Fair fund change in fund balance			(42,460)	
Jackson County New Arena fund change in fund balance			29,864	
Lunda Community Park fund change in fund balance			49,214	
Field of Honor fund change in fund balance			939	
Fair Park Renovation fund change in fund balance			(49,893)	
Jackson County Fair Park Maintenance fund change in fund balance			10,014	
License Plate fund change in fund balance			(38,973)	
Taxi Service fund change in fund balance			<u>(14,157)</u>	
NET CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 6,634</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
 WISCONSIN RETIREMENT SYSTEM (WRS)
 For the Year Ended December 31, 2015

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Asset	City's Proportionate Share of the Net Pension Asset	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Asset
12/31/15	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, 2015

WRS Fiscal Year End Date (Measurement Date)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 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, 2015

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 that occurred within the fiscal year.

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

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 For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
General property tax for local purposes	\$ 1,403,363	\$ 1,403,363	\$ 1,403,363	\$ -
Mobile home taxes	8,000	8,000	5,303	(2,697)
Public accommodation taxes	2,700	2,700	690	(2,010)
Payment in lieu of taxes	76	76	12,957	12,881
Total Taxes	<u>1,414,139</u>	<u>1,414,139</u>	<u>1,422,313</u>	<u>8,174</u>
SPECIAL ASSESSMENTS				
Other	-	-	1,923	1,923
Total Special Assessments	<u>-</u>	<u>-</u>	<u>1,923</u>	<u>1,923</u>
INTERGOVERNMENTAL				
Shared revenues	628,000	628,000	642,705	14,705
Fire insurance tax from state	8,500	8,500	8,613	113
State aid - law enforcement training	-	-	960	960
State aid - local transportation	236,000	236,000	235,580	(420)
State aid - connecting streets	39,800	39,800	58,355	18,555
State aid - local road improvement program	-	-	9,250	9,250
State aid - municipal services	6,700	6,700	6,773	73
In lieu of taxes on federal forest land	213	213	306	93
County aid - libraries	129,587	129,587	129,526	(61)
Other local government	32,000	32,000	35,000	3,000
Total Intergovernmental	<u>1,080,800</u>	<u>1,080,800</u>	<u>1,127,068</u>	<u>46,268</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	6,000	6,000	6,599	599
Operators' licenses	1,500	1,500	1,912	412
Cigarette licenses	400	400	527	127
Bicycle licenses	-	-	14	14
Building permits	-	-	51,625	51,625
Other regulatory permits and fees	-	-	580	580
Total Licenses and Permits	<u>7,900</u>	<u>7,900</u>	<u>61,257</u>	<u>53,357</u>
FINES, FORFEITURES AND PENALTIES				
Ordinance violations	400	400	314	(86)
Traffic reports	22,000	22,000	16,990	(5,010)
Total Fines, Forfeitures and penalties	<u>22,400</u>	<u>22,400</u>	<u>17,304</u>	<u>(5,096)</u>
PUBLIC CHARGES FOR SERVICES				
Parks	500	500	3,317	2,817
Other public charges for services	50	50	563	513
Street related facilities	-	-	5,463	5,463
Library	8,100	8,100	9,776	1,676
Total Public Charges for Services	<u>8,650</u>	<u>8,650</u>	<u>19,119</u>	<u>10,469</u>

CITY OF BLACK RIVER FALLS

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
INVESTMENT INCOME				
Investment income	\$ 12,000	\$ 12,000	\$ 10,672	\$ (1,328)
Interest on special assessments	<u>-</u>	<u>-</u>	<u>1,393</u>	<u>1,393</u>
Total Investment Income	<u>12,000</u>	<u>12,000</u>	<u>12,065</u>	<u>65</u>
MISCELLANEOUS				
Donations	20,600	20,600	105,805	85,205
Miscellaneous	47,500	47,500	58,628	11,128
Insurance recoveries - highway	<u>-</u>	<u>-</u>	<u>8,225</u>	<u>8,225</u>
Total Miscellaneous	<u>68,100</u>	<u>68,100</u>	<u>172,658</u>	<u>104,558</u>
TOTAL REVENUES	<u>\$ 2,613,989</u>	<u>\$ 2,613,989</u>	<u>\$ 2,833,707</u>	<u>\$ 219,718</u>

CITY OF BLACK RIVER FALLS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Council	\$ 17,260	\$ 17,260	\$ 17,050	\$ 210
Mayor	7,959	7,959	7,959	-
Municipal building	27,350	27,350	31,654	(4,304)
Legal counseling	37,125	37,125	46,705	(9,580)
Administrator	97,127	97,127	111,935	(14,808)
Clerk	-	-	75	(75)
Finance	128,434	128,434	130,936	(2,502)
Elections	7,500	7,500	4,505	2,995
Independent auditing	38,000	38,000	37,940	60
Assessor/building inspector	13,900	13,900	14,719	(819)
Property and liability insurance	38,000	38,000	9,823	28,177
Workers' compensation	38,000	38,000	57,384	(19,384)
Employee benefits	39,070	39,070	57,573	(18,503)
Automobile fleet insurance	15,000	15,000	5,198	9,802
Licenses publication fees	-	-	554	(554)
Other general government	23,000	23,000	35,129	(12,129)
Total General Government	<u>527,725</u>	<u>527,725</u>	<u>569,139</u>	<u>(41,414)</u>
PUBLIC SAFETY				
Police	586,369	586,369	560,556	25,813
Building inspection	-	-	45,054	(45,054)
Fire protection	97,929	97,929	85,261	12,668
Hydrant rental	275,000	275,000	272,488	2,512
Total Public Safety	<u>959,298</u>	<u>959,298</u>	<u>963,359</u>	<u>(4,061)</u>
PUBLIC WORKS				
Administration	79,993	79,993	82,032	(2,039)
Insurance	130,804	130,804	112,734	18,070
Street machine repair	50,044	50,044	73,492	(23,448)
Highway and street maintenance	83,032	83,032	106,953	(23,921)
Sidewalks	13,405	13,405	2,479	10,926
Curb and gutter	21,925	21,925	26,683	(4,758)
Garage and machine shed	74,000	74,000	80,148	(6,148)
Tree and brush control	35,962	35,962	43,804	(7,842)
Street signs	7,787	7,787	4,074	3,713
Street cleaning	10,349	10,349	9,558	791
Snow and ice control	88,503	88,503	60,559	27,944
Street lighting	93,000	93,000	110,195	(17,195)
Storm sewers	10,394	10,394	12,714	(2,320)
Airport	12,500	12,500	12,500	-
Levee certification and maintenance	-	-	26,332	(26,332)
Refuse and garbage collection	67,876	67,876	54,730	13,146
Sanitary sewers	41,600	41,600	28,736	12,864
Recycling	36,325	36,325	28,750	7,575
Landfill abandonment	4,000	4,000	4,567	(567)
Landfill	53,303	53,303	59,099	(5,796)
Total Public Works	<u>914,802</u>	<u>914,802</u>	<u>940,139</u>	<u>(25,337)</u>

CITY OF BLACK RIVER FALLS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
HEALTH AND HUMAN SERVICES				
Animal shelter	\$ 7,000	\$ 7,000	\$ 5,397	\$ 1,603
Rodent control	<u>400</u>	<u>400</u>	<u>368</u>	<u>32</u>
Total Health and Human services	<u>7,400</u>	<u>7,400</u>	<u>5,765</u>	<u>1,635</u>
CULTURE, RECREATION, AND EDUCATION				
Library	306,426	306,426	314,744	(8,318)
Parks	88,457	88,457	101,938	(13,481)
Recreation administration	76,221	76,221	78,713	(2,492)
Recreation programs	3,100	3,100	2,223	877
Golf courses	-	-	32,000	(32,000)
Skating rink	<u>4,390</u>	<u>4,390</u>	<u>1,300</u>	<u>3,090</u>
Total Culture, Recreation and Education	<u>478,594</u>	<u>478,594</u>	<u>530,918</u>	<u>(52,324)</u>
CAPITAL OUTLAY				
Law enforcement	5,000	5,000	-	5,000
Fire protection	1,450	1,450	-	1,450
Highway equipment	85,000	85,000	152,897	(67,897)
Highway buildings	2,000	2,000	985	1,015
Highway and street construction	110,000	110,000	271,525	(161,525)
Storm sewer	2,000	2,000	330	1,670
Parks and playgrounds	<u>16,000</u>	<u>16,000</u>	<u>15,206</u>	<u>794</u>
Total Capital Outlay	<u>221,450</u>	<u>221,450</u>	<u>440,943</u>	<u>(219,493)</u>
TOTAL EXPENDITURES	<u>\$ 3,109,269</u>	<u>\$ 3,109,269</u>	<u>\$ 3,450,263</u>	<u>\$ (340,994)</u>

CITY OF BLACK RIVER FALLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2015

	Special Revenue	Capital Projects			Total Nonmajor Governmental Funds
	Revolving Housing	TIF #1	TIF #4	TIF #5	
ASSETS					
Cash and investments	\$ 69,816	\$ 711,250	\$ 67,478	\$ -	\$ 848,544
Receivables					
Taxes	-	107,641	94,399	11,588	213,628
Loans	<u>977,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>977,463</u>
TOTAL ASSETS	<u>\$ 1,047,279</u>	<u>\$ 818,891</u>	<u>\$ 161,877</u>	<u>\$ 11,588</u>	<u>\$ 2,039,635</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 50	\$ -	\$ -	\$ 50
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,922</u>	<u>27,922</u>
Total Liabilities	<u>-</u>	<u>50</u>	<u>-</u>	<u>27,922</u>	<u>27,972</u>
Deferred Inflows of Resources					
Unearned revenues	-	107,641	94,399	11,588	213,628
Unavailable revenues	<u>977,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>977,463</u>
Total Deferred Inflows of Resources	<u>977,463</u>	<u>107,641</u>	<u>94,399</u>	<u>11,588</u>	<u>1,191,091</u>
Fund Balances					
Restricted	69,816	711,200	67,478	-	848,494
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,922)</u>	<u>(27,922)</u>
Total Fund Balances (Deficit)	<u>69,816</u>	<u>711,200</u>	<u>67,478</u>	<u>(27,922)</u>	<u>820,572</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,047,279</u>	<u>\$ 818,891</u>	<u>\$ 161,877</u>	<u>\$ 11,588</u>	<u>\$ 2,039,635</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, 2015

	Special Revenue	Capital Projects			Total Nonmajor Governmental Funds
	Revolving Housing	TIF #1	TIF #4	TIF #5	
REVENUES					
Taxes	\$ -	\$ 108,706	\$ 94,622	\$ 10,907	\$ 214,235
Intergovernmental	-	511	179	-	690
Investment income	82	-	-	-	82
Miscellaneous	<u>39,041</u>	-	-	-	<u>39,041</u>
Total Revenues	<u>39,123</u>	<u>109,217</u>	<u>94,801</u>	<u>10,907</u>	<u>254,048</u>
EXPENDITURES					
Current					
Conservation and development	5,938	7,067	-	5,000	18,005
Capital Outlay	-	150	48,123	150	48,423
Debt Service					
Principal retirement	-	-	318,298	-	318,298
Interest and fiscal charges	-	-	<u>16,811</u>	-	<u>16,811</u>
Total Expenditures	<u>5,938</u>	<u>7,217</u>	<u>383,232</u>	<u>5,150</u>	<u>401,537</u>
Excess (deficiency) of revenues over expenditures	<u>33,185</u>	<u>102,000</u>	<u>(288,431)</u>	<u>5,757</u>	<u>(147,489)</u>
OTHER FINANCING SOURCES (USES)					
Debt issued	-	-	290,000	-	290,000
Transfers in	-	-	156	-	156
Transfers out	-	<u>(9,306)</u>	-	<u>(15,457)</u>	<u>(24,763)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(9,306)</u>	<u>290,156</u>	<u>(15,457)</u>	<u>265,393</u>
Net Change in Fund Balances	33,185	92,694	1,725	(9,700)	117,904
FUND BALANCES (DEFICIT)					
- Beginning of Year	<u>36,631</u>	<u>618,506</u>	<u>65,753</u>	<u>(18,222)</u>	<u>702,668</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 69,816</u>	<u>\$ 711,200</u>	<u>\$ 67,478</u>	<u>\$ (27,922)</u>	<u>\$ 820,572</u>

CITY OF BLACK RIVER FALLS

COMBINING BALANCE SHEET - GENERAL FUND
As of December 31, 2015

	General Fund	Economic Development	Lunda Center	Aquatic Center	Jackson County Fair	Jackson County New Arena	Lunda Community Park
ASSETS							
Cash and investments	\$ 521,343	\$ 551,835	\$ (1,640)	\$ (86,966)	\$ 39,627	\$ 57,980	\$ 151,221
Taxes receivable	1,371,288	-	-	40,000	-	-	20,000
Accounts receivable	32,192	1,100	-	-	-	-	367
Loans	-	121,049	-	-	-	-	-
Due from other funds	799,567	-	-	-	-	-	-
Due from other governments	7,453	-	-	-	-	-	-
TOTAL ASSETS	\$ 2,731,843	\$ 673,984	\$ (1,640)	\$ (46,966)	\$ 39,627	\$ 57,980	\$ 171,588
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 107,882	\$ -	\$ 144	\$ 440	\$ 361	\$ 9,688	\$ 354
Accrued liabilities	44,913	-	-	-	-	-	-
Due to other funds	10,461	-	-	-	-	-	-
Total Liabilities	163,256	-	144	440	361	9,688	354
Deferred Inflows of Resources							
Unearned revenues	1,346,003	-	-	40,000	-	-	20,000
Unavailable revenues	-	121,049	-	-	-	-	-
Total Deferred Inflows of Resources	1,346,003	121,049	-	40,000	-	-	20,000
Fund Balances (Deficit)							
Nonspendable	43,809	-	-	-	-	-	-
Restricted	134,729	-	-	-	-	-	-
Unassigned (deficit)	1,044,046	552,935	(1,784)	(87,406)	39,266	48,292	151,234
Total Fund Balances (Deficit)	1,222,584	552,935	(1,784)	(87,406)	39,266	48,292	151,234
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,731,843	\$ 673,984	\$ (1,640)	\$ (46,966)	\$ 39,627	\$ 57,980	\$ 171,588

CITY OF BLACK RIVER FALLS

COMBINING BALANCE SHEET - GENERAL FUND
As of December 31, 2015

	Field of Honor	Fair Park Renovation	Jackson County Fair Park Maintenance	License Plate	Taxi Service	Total Combined General Fund
ASSETS						
Cash and investments	\$ (677)	\$ (225,493)	\$ 39,072	\$ 65,176	\$ (10,597)	\$ 1,100,881
Taxes receivable	-	-	-	-	30,000	1,461,288
Accounts receivable	-	-	-	-	-	33,659
Loans	-	-	-	-	-	121,049
Due from other funds	-	-	-	-	-	799,567
Due from other governments	-	-	-	-	46,455	53,908
TOTAL ASSETS	\$ (677)	\$ (225,493)	\$ 39,072	\$ 65,176	\$ 65,858	\$ 3,570,352
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 8	\$ -	\$ -	\$ 10,872	\$ 21,522	\$ 151,271
Accrued liabilities	-	-	-	-	-	44,913
Due to other funds	-	-	-	-	-	10,461
Total Liabilities	<u>8</u>	<u>-</u>	<u>-</u>	<u>10,872</u>	<u>21,522</u>	<u>206,645</u>
Deferred Inflows of Resources						
Unearned revenues	-	-	-	-	30,000	1,436,003
Unavailable revenues	-	-	-	-	-	121,049
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>1,557,052</u>
Fund Balances (Deficit)						
Nonspendable	-	-	-	-	-	43,809
Restricted	-	-	-	-	-	134,729
Unassigned (deficit)	(685)	(225,493)	39,072	54,304	14,336	1,628,117
Total Fund Balances (Deficit)	<u>(685)</u>	<u>(225,493)</u>	<u>39,072</u>	<u>54,304</u>	<u>14,336</u>	<u>1,806,655</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ (677)	\$ (225,493)	\$ 39,072	\$ 65,176	\$ 65,858	\$ 3,570,352

CITY OF BLACK RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GENERAL FUND
For the Year Ended December 31, 2015

	General Fund	Economic Development	Lunda Center	Aquatic Center	Jackson County Fair	Jackson County New Arena	Lunda Community Park
REVENUES							
Taxes	\$ 1,422,313	\$ -	\$ -	\$ 30,000	\$ 42,399	\$ 42,399	\$ 24,964
Intergovernmental	1,127,068	-	-	-	-	-	-
Licenses and permits	61,257	-	-	-	-	-	-
Fines, forfeitures and penalties	17,304	-	-	-	-	-	-
Public charges for services	19,119	-	77,427	49,420	43,451	4,116	11,562
Special assessments	1,923	-	-	-	-	-	-
Investment income	12,065	4,043	-	-	-	-	82
Miscellaneous	172,658	33,658	-	-	1,225	60,198	18,643
Total Revenues	<u>2,833,707</u>	<u>37,701</u>	<u>77,427</u>	<u>79,420</u>	<u>87,075</u>	<u>106,713</u>	<u>55,251</u>
EXPENDITURES							
Current							
General government	569,139	-	-	-	-	-	-
Public safety	963,359	-	-	-	-	-	-
Public works	940,139	-	-	-	-	-	-
Health and human services	5,765	-	-	-	-	-	-
Culture, recreation and education	530,918	-	63,780	93,885	129,535	76,849	79,619
Conservation and development	-	10,563	-	-	-	-	-
Capital Outlay	440,943	-	-	-	-	-	-
Total Expenditures	<u>3,450,263</u>	<u>10,563</u>	<u>63,780</u>	<u>93,885</u>	<u>129,535</u>	<u>76,849</u>	<u>79,619</u>
Excess (deficiency) of revenues over expenditures	<u>(616,556)</u>	<u>27,138</u>	<u>13,647</u>	<u>(14,465)</u>	<u>(42,460)</u>	<u>29,864</u>	<u>(24,368)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	648,960	3,362	-	-	-	-	73,582
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources	<u>648,960</u>	<u>3,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,582</u>
Net change in fund balance	32,404	30,500	13,647	(14,465)	(42,460)	29,864	49,214
FUND BALANCES (DEFICIT) - Beginning of Year	<u>1,190,180</u>	<u>522,435</u>	<u>(15,431)</u>	<u>(72,941)</u>	<u>81,726</u>	<u>18,428</u>	<u>102,020</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 1,222,584</u>	<u>\$ 552,935</u>	<u>\$ (1,784)</u>	<u>\$ (87,406)</u>	<u>\$ 39,266</u>	<u>\$ 48,292</u>	<u>\$ 151,234</u>

CITY OF BLACK RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GENERAL FUND
For the Year Ended December 31, 2015

	Field of Honor	Fair Park Renovation	Jackson County Fair Park Maintenance	License Plate	Taxi Service	Total Combined General Fund
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ 1,577,075
Intergovernmental	-	-	-	-	157,635	1,284,703
Licenses and permits	-	-	-	-	-	61,257
Fines, forfeitures and penalties	-	-	-	-	-	17,304
Public charges for services	-	-	-	19,059	-	224,154
Special Assessments	-	-	-	-	-	1,923
Investment income	-	-	-	240	-	16,430
Miscellaneous	3,000	34,632	-	-	-	324,014
Total Revenues	3,000	34,632	-	19,299	172,635	3,506,860
EXPENDITURES						
Current						
General government	-	-	-	-	-	569,139
Public safety	-	-	-	21,712	-	985,071
Public works	-	-	-	-	186,792	1,126,931
Health and human services	-	-	-	-	-	5,765
Culture, recreation and education	2,061	-	(10,014)	-	-	966,633
Conservation and development	-	-	-	-	-	10,563
Capital Outlay	-	-	-	-	-	440,943
Total Expenditures	2,061	-	(10,014)	21,712	186,792	4,105,045
Excess (deficiency) of revenues over expenditures	939	34,632	10,014	(2,413)	(14,157)	(598,185)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	725,904
Transfers out	-	(84,525)	-	(36,560)	-	(121,085)
Total Other Financing Sources	-	(84,525)	-	(36,560)	-	604,819
Net change in fund balance	939	(49,893)	10,014	(38,973)	(14,157)	6,634
FUND BALANCES (DEFICIT) - Beginning of Year	(1,624)	(175,600)	29,058	93,277	28,493	1,800,021
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (685)	\$ (225,493)	\$ 39,072	\$ 54,304	\$ 14,336	\$ 1,806,655

BLACK RIVER FALLS MUNICIPAL UTILITIES

REQUIRED BOND DISCLOSURES
For the Year Ended December 31, 2015

INSURANCE COVERAGE

<u>Description</u>	<u>Amount of Coverage</u>	<u>Coverage Dates</u>	<u>Name of Insurer</u>
Property / Property in the Open	\$ 20,177,590	11/1/15 - 11/1/16	EMC Insurance
Contractor's Equipment	99,439	11/1/15 - 11/1/16	EMC Insurance
	100,000,000 /		
Equipment Breakdown	5,000,000	11/1/15 - 11/1/16	Liberty Mutual Insurance
Auto Liability	3,000,000	11/1/15 - 11/1/16	League of Wisconsin Municipalities Mutual
	100,000 /		
Workers Compensation /	500,000 /		
Employer's Liability	100,000	11/1/15 - 11/1/16	United Heartland
Liability	3,000,000	11/1/15 - 11/1/16	League of Wisconsin Municipalities Mutual

NUMBER OF CONNECTIONS

<u>User Classification</u>	<u>Electric</u>
Residential	2,189
Commercial	533
Public Authority	13
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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Black River Falls, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to financial statements, and have issued our report thereon dated May 25, 2016.

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 that we consider to be material weaknesses. These material weaknesses are items 2015-001, 2015-002, and 2015-003.

To the City Council
City of Black River Falls

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Black River Falls' financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2015-004.

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 Vichow Krause, LLP

May 25, 2016

CITY OF BLACK RIVER FALLS

SCHEDULE OF FINDINGS AND RESPONSES For the Year Ended December 31, 2015

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

FINDING 2015-001: 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: Due to its size, 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 and develop a time-line for preparation of its financial statements and note disclosures.

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 2015-002: 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 plant accounting, and period close transaction cycles, due to a lack of segregation of duties in the accounting functions.

Cause: Due to its size, the city does not have an adequate number of employees needed to implement the controls over these transaction cycles.

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, 2015

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

FINDING 2015-002: 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 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.

FINDING 2015-003: LACK OF ACCOUNT RECONCILIATIONS

Criteria: Adequate monitoring and regular reconciliation of all general ledger accounts, including cash and investment accounts, provide assurance that the city's accounting records are complete and accurate throughout the year. Also, timely recording of transactions and adjustments contributes to more accurate financial information throughout the year.

Condition: The auditors proposed a significant number of adjustments to the city's records to correct year-end balances including cash and investment balances.

Cause: As with any entity working with limited resources, the city has to prioritize its workload. Highest priority goes to the tasks that have external deadlines attached to them, which account reconciliations do not have.

Effect: The city's financial records may not be complete or accurate throughout the year.

Recommendation: We recommend you approve a process that identifies who is responsible for reconciling each balance sheet account, how often each account should be reconciled, and who should ensure the reconciliations are being performed and/or review such reconciliations. The first priority should be to reconcile all cash and investment accounts to monthly bank statements. Such reconciliations should be completed within three weeks of month end and any necessary adjustments should be posted to the general ledger at this time also.

Management's Response/Planned Corrective Action: Bank reconciliations on all cash and investment accounts are performed monthly and the staff responsible for these reconciliations complete them within two weeks of month end. Reconciliations indicate the bank balances are accurate; however, management is aware of discrepancies occurring between the bank balances and the accounting software balances. This has been a long standing issue, and management has been working diligently to resolve the situation and insure these balances agree by evaluating and adjusting our internal controls for money transfers and the corresponding entries to record the transfers in the accounting software.

CITY OF BLACK RIVER FALLS

SCHEDULE OF FINDINGS AND RESPONSES For the Year Ended December 31, 2015

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

FINDING 2015-004: RESIDENTIAL REHABILITATION REVOLVING LOAN PROGRAM

Criteria: The financial statements include loans receivable from residents made through the city's Residential Rehabilitation Revolving Loan Program. The loans are deferred and repayments are not required until the home is sold, the owner no longer uses the home for their primary residence, or the owner is deceased. As a part of our auditing procedures, we tested several outstanding loans to verify that the homes securing the loans are still owned and occupied by the individual to whom the loan was issued.

Condition: Of a sample of 25 loans included on the loan receivable listing, six should have been repaid to the city. Of these six loans, five individuals had sold their homes but not repaid the loans. The city had no record of the individual or loan for the sixth loan tested.

Cause: The city contracts with a third party to administer its housing rehabilitation loan program. This third party does not appear to be reviewing, updating, or tracking the loans with accuracy. The city does not appear to be adequately monitoring these loans or the services provided by the third party.

Effect: The city's loan records may not be accurate and the city may not be receiving payment on outstanding loans as required.

Recommendation: We recommend the city develop a system to review, update, and track the status of the outstanding loans. Loans that no longer qualify to be deferred should be repaid to the city on a timely basis and removed from the loan listing maintained by the third party administrator.

Management's Response/Planned Corrective Action: Management of the city has been made aware of the issue and has committed to working more closely with the third party administrator and reviewing the loan listing for other loans that no longer qualify to be deferred and for which the city should be repaid.