

# **CITY OF BLACK RIVER FALLS**

Black River Falls, Wisconsin

## FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

# CITY OF BLACK RIVER FALLS

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# 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, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Black River Falls, Wisconsin, as of and for the year ended December 31, 2016, 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, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Black River Falls, Wisconsin, as of December 31, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

#### *Supplementary Information*

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

To the City Council  
City of Black River Falls

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2017 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 Veitchau Krause, LLP*

Altoona, Wisconsin  
May 30, 2017

# CITY OF BLACK RIVER FALLS

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Business Improvement District
<b>ASSETS</b>				
Cash and investments	\$ 4,680,291	\$ 4,423,300	\$ 9,103,591	\$ -
Receivables (net)				
Taxes	2,513,881	-	2,513,881	24,879
Accounts	608,705	1,261,526	1,870,231	-
Special assessments	606,686	-	606,686	-
Notes	876,818	-	876,818	-
Accrued interest	-	5,454	5,454	-
Other	58,034	6,092	64,126	-
Due from other governments	120,404	-	120,404	-
Internal balances	834,532	(834,532)	-	-
Prepaid items and inventories	-	247,357	247,357	-
Other assets	-	468,530	468,530	-
Restricted assets				
Restricted cash	-	1,149,215	1,149,215	-
Capital Assets (net of accumulated depreciation)				
Construction in progress	18,555	432,053	450,608	-
Land and land improvements	5,910,298	252,779	6,163,077	-
Other capital assets, net of depreciation	14,505,249	23,104,695	37,609,944	-
Total Assets	<u>30,733,453</u>	<u>30,516,469</u>	<u>61,249,922</u>	<u>24,879</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	-	150,930	150,930	-
Pension related amounts	823,800	854,851	1,678,651	-
Total Deferred Outflows of Resources	<u>823,800</u>	<u>1,005,781</u>	<u>1,829,581</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	162,933	669,265	832,198	-
Accrued liabilities and deposits	72,776	162,215	234,991	-
Other deferred credits	-	11,738	11,738	-
Noncurrent Liabilities				
Due within one year	659,509	733,565	1,393,074	-
Due in more than one year	1,944,266	11,655,474	13,599,740	-
Total Liabilities	<u>2,839,484</u>	<u>13,232,257</u>	<u>16,071,741</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenues	2,481,504	-	2,481,504	24,879
Pension related amounts	301,509	323,361	624,870	-
Total Deferred Inflows of Resources	<u>2,783,013</u>	<u>323,361</u>	<u>3,106,374</u>	<u>24,879</u>
<b>NET POSITION</b>				
Net investment in capital assets	18,652,281	12,409,614	31,061,895	-
Restricted for				
Future fair park projects	131,138	-	131,138	-
Future library costs	130,444	-	130,444	-
Future TIF project costs	2,308,076	-	2,308,076	-
General debt service	1,249,674	-	1,249,674	-
Future housing loans	898,261	-	898,261	-
Debt and equipment replacement	-	698,661	698,661	-
Unrestricted	<u>2,564,882</u>	<u>4,858,357</u>	<u>7,423,239</u>	<u>-</u>
<b>TOTAL NET POSITION</b>	<u>\$ 25,934,756</u>	<u>\$ 17,966,632</u>	<u>\$ 43,901,388</u>	<u>\$ -</u>

See accompanying notes to financial statements.

# CITY OF BLACK RIVER FALLS

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

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 557,728	\$ 39,607	\$ 42,746	\$ -
Public safety	1,293,479	24,428	38,922	-
Public works	1,520,165	14,837	487,402	116,754
Health and human services	24,247	-	-	-
Culture, education and recreation	1,422,071	198,452	207,163	400,178
Conservation and development	232,000	-	-	-
Interest and fiscal charges	43,210	-	-	-
Total Governmental Activities	5,092,900	277,324	776,233	516,932
Business-type Activities				
Electric Utility	6,593,281	6,932,783	-	9,542
Water Utility	760,733	989,823	-	-
Sewer Utility	771,083	957,107	-	-
Ambulance	862,914	871,704	-	-
Total Business-type Activities	8,988,011	9,751,417	-	9,542
Total Primary Government	\$ 14,080,911	\$ 10,028,741	\$ 776,233	\$ 526,474
Component Unit				
Business Improvement District	\$ 32,379	\$ 24,879	\$ 7,500	\$ -

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

**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
\$ (475,375)	\$ -	\$ (475,375)	\$ -
(1,230,129)	-	(1,230,129)	-
(901,172)	-	(901,172)	-
(24,247)	-	(24,247)	-
(616,278)	-	(616,278)	-
(232,000)	-	(232,000)	-
(43,210)	-	(43,210)	-
<u>(3,522,411)</u>	<u>-</u>	<u>(3,522,411)</u>	<u>-</u>
-	349,044	349,044	-
-	229,090	229,090	-
-	186,024	186,024	-
-	8,790	8,790	-
<u>-</u>	<u>772,948</u>	<u>772,948</u>	<u>-</u>
<u>(3,522,411)</u>	<u>772,948</u>	<u>(2,749,463)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,431,622	-	1,431,622	-
344,200	-	344,200	-
527,544	-	527,544	-
110,000	-	110,000	-
97,562	-	97,562	-
658,972	-	658,972	-
82,993	-	82,993	-
41,150	36,953	78,103	-
<u>137,385</u>	<u>57,122</u>	<u>194,507</u>	<u>-</u>
<u>3,431,428</u>	<u>94,075</u>	<u>3,525,503</u>	<u>-</u>
<u>621,533</u>	<u>(621,533)</u>	<u>-</u>	<u>-</u>
530,550	245,490	776,040	-
<u>25,404,206</u>	<u>17,721,142</u>	<u>43,125,348</u>	<u>-</u>
<u>\$ 25,934,756</u>	<u>\$ 17,966,632</u>	<u>\$ 43,901,388</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF BLACK RIVER FALLS**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2016

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>General Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,226,965	\$ 1,030,274	\$ -	\$ 2,423,052
Receivables (net)				
Taxes	1,542,612	344,200	110,000	517,069
Accounts	40,711	-	567,994	-
Special assessments	60	-	606,626	-
Loans	90,302	-	-	786,516
Other	-	58,034	-	-
Due from other funds	783,636	-	-	-
Due from other governments	79,848	-	40,556	-
Advances to other funds	-	190,400	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,764,134</u></b>	<b><u>\$ 1,622,908</u></b>	<b><u>\$ 1,325,176</u></b>	<b><u>\$ 3,726,637</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 153,228	\$ -	\$ 6,474	\$ 3,231
Accrued liabilities	43,742	-	-	-
Due to other funds	-	-	118,020	21,484
Total Liabilities	<u>196,970</u>	<u>                    </u>	<u>124,494</u>	<u>24,715</u>
Deferred Inflows of Resources				
Unearned revenues	1,510,235	344,200	110,000	517,069
Unavailable revenues	142,139	58,034	1,215,176	786,516
Total Deferred Inflows of Resources	<u>1,652,374</u>	<u>402,234</u>	<u>1,325,176</u>	<u>1,303,585</u>
Fund Balances (Deficit)				
Nonspendable	17,652	-	-	-
Restricted	261,582	1,220,674	-	2,419,821
Assigned	1,396,423	-	-	-
Unassigned (deficit)	239,133	-	(124,494)	(21,484)
Total Fund Balances (Deficit)	<u>1,914,790</u>	<u>1,220,674</u>	<u>(124,494)</u>	<u>2,398,337</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 3,764,134</u></b>	<b><u>\$ 1,622,908</u></b>	<b><u>\$ 1,325,176</u></b>	<b><u>\$ 3,726,637</u></b>

See accompanying notes to financial statements.

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Totals

\$ 4,680,291  
2,513,881  
608,705  
606,686  
876,818  
58,034  
783,636  
120,404  
190,400  
\$ 10,438,855

\$ 162,933  
43,742  
139,504  
346,179

2,481,504  
2,201,865  
4,683,369

17,652  
3,902,077  
1,396,423  
93,155  
5,409,307

\$ 10,438,855

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, 2016

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Total Fund Balances - Governmental Funds	\$	5,409,307
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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		30,990,511
Construction in progress		18,555
Less: Accumulated depreciation		(10,574,964)

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		823,800
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Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		(301,509)
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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		1,267,013
Loan to golf course		58,034
Economic development loans		90,302
Housing loans		786,516

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		(2,219,570)
Capital leases		(1,083)
Vested compensated absences		(171,852)
Accrued interest		(29,034)
Landfill post closure costs		(68,000)
Net pension liability		<u>(143,270)</u>

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>25,934,756</u></b>
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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, 2016

	General Fund	Debt Service Fund	General Capital Projects Fund	Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,529,184	\$ 344,200	\$ 110,000	\$ 527,544
Intergovernmental	1,347,980	-	-	5,968
Licenses and permits	25,954	-	-	-
Fines, forfeitures and penalties	24,428	-	-	-
Public charges for services	213,561	-	-	-
Special assessments	5,058	-	184,142	-
Investment income	18,254	4,622	18,148	126
Miscellaneous	434,784	111,752	-	92,800
Total Revenues	3,599,203	460,574	312,290	626,438
<b>EXPENDITURES</b>				
Current				
General government	537,302	-	-	-
Public safety	1,068,459	100,000	-	-
Public works	1,061,430	-	-	-
Health and human services	5,147	-	-	-
Culture, recreation and education	1,054,839	-	-	-
Conservation and development	7,500	-	-	194,908
Capital Outlay	376,924	-	269,617	-
Debt Service				
Principal retirement	-	331,473	104,741	195,733
Interest and fiscal charges	-	29,735	8,854	11,283
Total Expenditures	4,111,601	461,208	383,212	401,924
Excess (deficiency) of revenues over expenditures	(512,398)	(634)	(70,922)	224,514
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	100,000	-	-
Transfers in	621,533	-	-	1,000
Transfers out	(1,000)	-	-	-
Total Other Financing Sources (Uses)	620,533	100,000	-	1,000
<b>Net Change in Fund Balances</b>	108,135	99,366	(70,922)	225,514
FUND BALANCES (DEFICIT) - Beginning of Year	1,806,655	1,121,308	(53,572)	2,172,823
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 1,914,790	\$ 1,220,674	\$ (124,494)	\$ 2,398,337

See accompanying notes to financial statements.

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Totals  
\$ 2,510,928  
1,353,948  
25,954  
24,428  
213,561  
189,200  
41,150  
639,336  
4,998,505

537,302  
1,168,459  
1,061,430  
5,147  
1,054,839  
202,408  
646,541

631,947  
49,872  
5,357,945

(359,440)

100,000  
622,533  
(1,000)  
721,533

362,093

5,047,214

\$ 5,409,307

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, 2016

Net change in fund balances - total governmental funds	\$	362,093
<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		646,541
Some capital outlay is not capitalized in the government-wide statements		(63,254)
Some functional expenditures were capitalized in the government-wide statements		160,195
Net book value of assets retired		(29,897)
Depreciation is reported in the government-wide statements		(866,402)
<p>Contributed capital assets are reported as revenues in the government-wide financial statements.</p>		
		172,638
<p>Special assessments are reported as unavailable revenue in the fund financial statements, but are recognized as revenue when earned in the government-wide financial statements</p>		
		(97,516)
<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		(100,000)
Principal repaid		631,947
<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		6,838
Change in landfill post closure liability		4,000
Change in the vested compensated absences liability		(22,073)
Change in capital leases		1,504
Change in net pension liability and pension deferred outflows/inflows of resources		(98,963)
<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		95,558
Repayment of principal on loans, notes, and other receivables recognized as revenue on fund statements		\$ (272,659)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 530,550</u></b>

See accompanying notes to financial statements.

# CITY OF BLACK RIVER FALLS

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

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 1,774,158	\$ 1,201,553	\$ 113,439	\$ 1,334,150	\$ 4,423,300
Receivables (net)					
Accounts	736,410	91,540	134,421	299,155	1,261,526
Interest	4,415	1,039	-	-	5,454
Other	6,092	-	-	-	6,092
Due from other funds	13,287	-	-	-	13,287
Prepays items and inventories	203,565	33,382	10,410	-	247,357
Restricted Assets					
Redemption account	77,148	17,088	81,992	-	176,228
Total Current Assets	<u>2,815,075</u>	<u>1,344,602</u>	<u>340,262</u>	<u>1,633,305</u>	<u>6,133,244</u>
Noncurrent Assets					
Restricted Assets					
Reserve account	528,686	-	-	-	528,686
Replacement account	-	1,201	443,100	-	444,301
Capital Assets					
Construction in progress	432,053	-	-	-	432,053
Land and land improvements	71,257	94,478	87,044	-	252,779
Plant in service	20,031,596	10,304,709	5,432,365	928,848	36,697,518
Less: Accumulated depreciation	(7,317,237)	(3,601,762)	(2,315,447)	(358,377)	(13,592,823)
Other Assets					
Property held for future use	232,905	-	-	-	232,905
Net non-utility property	235,625	-	-	-	235,625
Total Noncurrent Assets	<u>14,214,885</u>	<u>6,798,626</u>	<u>3,647,062</u>	<u>570,471</u>	<u>25,231,044</u>
Total Assets	<u>17,029,960</u>	<u>8,143,228</u>	<u>3,987,324</u>	<u>2,203,776</u>	<u>31,364,288</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	89,417	61,513	-	-	150,930
Pension related amounts	409,752	127,450	123,180	194,469	854,851
Total Deferred Outflows of Resources	<u>499,169</u>	<u>188,963</u>	<u>123,180</u>	<u>194,469</u>	<u>1,005,781</u>

See accompanying notes to financial statements.



Business-type Activities - Enterprise Funds					
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	Totals
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 668,245	\$ -	\$ -	\$ 1,020	\$ 669,265
Deposits	83,291	-	-	-	83,291
Other deferred credits	11,738	-	-	-	11,738
Due to other funds	344,065	185,912	56,471	70,971	657,419
Accrued payroll	18,699	-	-	-	18,699
Accrued interest	3,741	5,549	-	-	9,290
Accrued liabilities	-	2,500	3,846	-	6,346
Current portion of general obligation debt	13,787	110,375	47,874	-	172,036
Current portion of revenue bonds	50,000	-	-	-	50,000
Current portion of advances	16,592	5,440	5,168	-	27,200
Current portion of vested compensated absences	-	-	-	24,464	24,464
Current Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	347,080	24,273	115,712	-	487,065
Accrued interest	29,961	929	7,034	-	37,924
<b>Total Current Liabilities</b>	<b>1,587,199</b>	<b>334,978</b>	<b>236,105</b>	<b>96,455</b>	<b>2,254,737</b>
Noncurrent Liabilities					
General obligation debt	87,256	814,605	97,430	-	999,291
Unamortized debt premium	126,368	-	-	-	126,368
Customer advances for construction	6,665	-	-	-	6,665
Revenue bonds	8,662,753	458,291	1,172,649	-	10,293,693
Advance from municipality	99,552	32,640	31,008	-	163,200
Vested compensated absences	50,992	11,661	11,661	8,155	82,469
Net pension liability	72,572	22,925	22,080	36,076	153,653
<b>Total Noncurrent Liabilities</b>	<b>9,106,158</b>	<b>1,340,122</b>	<b>1,334,828</b>	<b>44,231</b>	<b>11,825,339</b>
<b>Total Liabilities</b>	<b>10,693,357</b>	<b>1,675,100</b>	<b>1,570,933</b>	<b>140,686</b>	<b>14,080,076</b>

See accompanying notes to financial statements.

# CITY OF BLACK RIVER FALLS

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

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related amounts	\$ 152,727	\$ 48,246	\$ 46,467	\$ 75,921	\$ 323,361
<b>NET POSITION</b>					
Net investment in capital assets	4,432,472	5,636,374	1,770,297	570,471	12,409,614
Restricted for Debt and equipment replacement	\$ 163,243	\$ 17,360	\$ 518,058	\$ -	\$ 698,661
Unrestricted	<u>2,087,330</u>	<u>955,111</u>	<u>204,749</u>	<u>1,611,167</u>	<u>4,858,357</u>
<b>TOTAL NET POSITION</b>	<u>\$ 6,683,045</u>	<u>\$ 6,608,845</u>	<u>\$ 2,493,104</u>	<u>\$ 2,181,638</u>	<u>\$ 17,966,632</u>

See accompanying notes to financial statements.

**CITY OF BLACK RIVER FALLS**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	
<b>OPERATING REVENUES</b>	<u>\$ 6,932,783</u>	<u>\$ 989,823</u>	<u>\$ 957,107</u>	<u>\$ 871,704</u>	<u>\$ 9,751,417</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	5,710,061	485,174	551,582	792,811	7,539,628
Depreciation	581,626	242,969	184,913	70,103	1,079,611
Amortization	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Total Operating Expenses	<u>6,297,687</u>	<u>728,143</u>	<u>736,495</u>	<u>862,914</u>	<u>8,625,239</u>
Operating Income	<u>635,096</u>	<u>261,680</u>	<u>220,612</u>	<u>8,790</u>	<u>1,126,178</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	14,325	7,634	2,514	12,480	36,953
Interest expense	(322,982)	(24,901)	(34,588)	-	(382,471)
IRS Build America Bond interest subsidy	33,539	-	-	-	33,539
Amortization	2,639	(7,689)	-	-	(5,050)
Miscellaneous	<u>2,484</u>	<u>171</u>	<u>-</u>	<u>45,677</u>	<u>48,332</u>
Total Nonoperating Revenues (Expenses)	<u>(269,995)</u>	<u>(24,785)</u>	<u>(32,074)</u>	<u>58,157</u>	<u>(268,697)</u>
Income Before Contributions and Transfers	<u>365,101</u>	<u>236,895</u>	<u>188,538</u>	<u>66,947</u>	<u>857,481</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>					
Capital contributions	9,542	-	-	-	9,542
Transfers out	<u>(370,490)</u>	<u>(190,060)</u>	<u>(60,983)</u>	<u>-</u>	<u>(621,533)</u>
Total Contributions and Transfers	<u>(360,948)</u>	<u>(190,060)</u>	<u>(60,983)</u>	<u>-</u>	<u>(611,991)</u>
Change in Net Position	4,153	46,835	127,555	66,947	245,490
NET POSITION - Beginning 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>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 6,683,045</u>	<u>\$ 6,608,845</u>	<u>\$ 2,493,104</u>	<u>\$ 2,181,638</u>	<u>\$ 17,966,632</u>

See accompanying notes to financial statements.

**CITY OF BLACK RIVER FALLS**

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

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 6,774,690	\$ 723,084	\$ 948,862	\$ 918,985	\$ 9,365,621
Cash received from city	87,443	278,574	-	-	366,017
Paid to suppliers for goods and services	(4,998,672)	(289,678)	(365,205)	(227,894)	(5,881,449)
Paid to employees for services	(677,454)	(196,142)	(189,466)	(488,661)	(1,551,723)
Net Cash Flows From Operating Activities	<u>1,186,007</u>	<u>515,838</u>	<u>394,191</u>	<u>202,430</u>	<u>2,298,466</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Marketable securities sold	229,577	624,511	159,550	-	1,013,638
Marketable securities purchased	(238,040)	(632,135)	(162,124)	-	(1,032,299)
Investment income	<u>13,700</u>	<u>8,330</u>	<u>6,181</u>	<u>12,480</u>	<u>40,691</u>
Net Cash Flows From Investing Activities	<u>5,237</u>	<u>706</u>	<u>3,607</u>	<u>12,480</u>	<u>22,030</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Paid to municipality for tax equivalent	(361,473)	(177,265)	-	-	(538,738)
Transfers out	(4,240)	-	(61,841)	-	(66,081)
Advances repaid	(16,548)	(5,426)	(5,154)	-	(27,128)
Interest paid on advances	<u>(2,826)</u>	<u>(927)</u>	<u>(880)</u>	<u>-</u>	<u>(4,633)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(385,087)</u>	<u>(183,618)</u>	<u>(67,875)</u>	<u>-</u>	<u>(636,580)</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	Totals
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Debt issued	\$ -	\$ -	\$ 145,304	\$ -	\$ 145,304
Debt retired	(407,664)	(138,988)	(303,522)	-	(850,174)
Interest paid	(319,081)	(24,276)	(47,901)	-	(391,258)
Capital contributions	3,785	-	-	-	3,785
Acquisition and construction of capital assets	(257,665)	(36,805)	(1,560)	(115,935)	(411,965)
Interest rebate received on bonds	<u>20,223</u>	<u>-</u>	<u>4,641</u>	<u>-</u>	<u>24,864</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(960,402)</u>	<u>(200,069)</u>	<u>(203,038)</u>	<u>(115,935)</u>	<u>(1,479,444)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(154,245)	132,857	126,885	98,975	204,472
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,808,029</u>	<u>362,733</u>	<u>349,522</u>	<u>335,175</u>	<u>2,855,459</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,653,784</u>	<u>\$ 495,590</u>	<u>\$ 476,407</u>	<u>\$ 434,150</u>	<u>\$ 3,059,931</u>

See accompanying notes to financial statements.

**CITY OF BLACK RIVER FALLS**

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

	Business-type Activities - Enterprise Funds				
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	Totals
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income	\$ 635,096	\$ 261,680	\$ 220,612	\$ 8,790	\$ 1,126,178
Nonoperating revenue	2,484	171	-	45,677	48,332
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities					
Depreciation and amortization	587,626	242,969	184,913	70,103	1,085,611
Depreciation charged to other accounts	-	7,685	(7,685)	-	-
Changes in assets and liabilities					
Accounts receivable	(96,277)	4,599	276	(8,857)	(100,259)
Other receivables	10,462	-	-	-	10,462
Due from other funds	-	-	-	10,461	10,461
Inventories	10,580	2,170	-	-	12,750
Accounts payable	(7,501)	-	-	(4,895)	(12,396)
Due to other funds	(26,934)	(7,369)	(9,036)	70,971	27,632
Customer deposits	17,386	-	-	-	17,386
Accrued liabilities	15,194	(5,709)	(4,414)	(1,188)	3,883
Prepayments	419	(3,999)	(3,577)	-	(7,157)
Pension related deferrals and asset	37,472	13,641	13,102	11,368	75,583
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 1,186,007</b>	<b>\$ 515,838</b>	<b>\$ 394,191</b>	<b>\$ 202,430</b>	<b>\$ 2,298,466</b>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	Totals
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>					
Cash and investments - statement of net position	\$ 1,774,158	\$ 1,201,553	\$ 113,439	\$ 1,334,150	\$ 4,423,300
Redemption account	77,148	17,088	81,992	-	176,228
Reserve account	528,686	-	-	-	528,686
Replacement account	-	1,201	443,100	-	444,301
Total Cash and Investments	2,379,992	1,219,842	638,531	1,334,150	5,572,515
Less: Noncash equivalents	(726,208)	(724,252)	(162,124)	(900,000)	(2,512,584)
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 1,653,784</u>	<u>\$ 495,590</u>	<u>\$ 476,407</u>	<u>\$ 434,150</u>	<u>\$ 3,059,931</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital assets acquired through accounts payable	<u>\$ 268,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

See accompanying notes to financial statements.

**CITY OF BLACK RIVER FALLS**

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

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 1,085,148
Taxes receivable	<u>2,873,780</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,958,928</u></b>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ 3,958,928</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 3,958,928</u></b>

See accompanying notes to financial statements.



# CITY OF BLACK RIVER FALLS

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

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# CITY OF BLACK RIVER FALLS

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

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

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The accounting policies of the City of Black River Falls, Wisconsin (city) 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, 2016

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## **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.J. As a component unit, the BID's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2016. The BID does not issue separate financial statements.

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

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

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

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

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

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

# CITY OF BLACK RIVER FALLS

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

---

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

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

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

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

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

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

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt Service Fund - accounts for and 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 fund debt.
- General Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities.

The city reports the following major enterprise funds:

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

# CITY OF BLACK RIVER FALLS

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

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

---

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

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

The city reports the following nonmajor governmental and enterprise funds:

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

Revolving Housing Fund

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

TIF #1  
TIF #3  
TIF #4  
TIF #5

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

Ambulance

In addition, the city reports the following fund type:

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

Tax Collection

# CITY OF BLACK RIVER FALLS

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

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

---

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

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

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

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

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

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

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

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

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

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

# CITY OF BLACK RIVER FALLS

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

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

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#### ***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, 2016

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

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

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

- 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, 2016, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

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

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



# CITY OF BLACK RIVER FALLS

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

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

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

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

Property tax calendar - 2016 tax roll:

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

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the 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, 2016

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

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

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

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. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

#### ***5. Capital Assets***

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

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets, \$5,000 for infrastructure assets and \$1,000 for utility capital assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated 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, 2016, the city has not retroactively reported any infrastructure.

# CITY OF BLACK RIVER FALLS

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

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

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

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

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

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

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

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

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

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

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

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

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

# CITY OF BLACK RIVER FALLS

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

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

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

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

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

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

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

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

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, net pension liability 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 \$6,129,000, made up of one issue.

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

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

# CITY OF BLACK RIVER FALLS

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

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

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

#### **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, 2016

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

---

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

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

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

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

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

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

See Note III. I. for further information.

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

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

# CITY OF BLACK RIVER FALLS

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

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

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

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

Current electric rates were approved by the Public Service Commission of Wisconsin and placed into effect by the utility on June 28, 2016.

Current water rates were approved by the Public Service Commission of Wisconsin and placed into effect by the utility on 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	May 18, 2016
ALS Base Rate	May 18, 2016
BLS Mileage Rate	May 18, 2016
ALS Mileage Rate	May 18, 2016

#### **13. Other Assets**

The balance represents \$232,905 for land purchased as the site for a future utility office building and \$235,625 of costs net of accumulated depreciation related to electric plant not in service at year end.

#### **14. Other Deferred Credits**

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

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## NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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### **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.

**CITY OF BLACK RIVER FALLS**

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

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

**B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund	\$ 2,973,591	\$ 3,478,667	\$ 505,076
Debt Service	344,200	461,208	117,008
General Capital Projects	110,000	383,212	273,212

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

**C. DEFICIT BALANCES**

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

As of December 31, 2016, the following individual funds held a deficit balance:

Fund	Amount	Reason
General Capital Projects	\$ (124,494)	Expenditures in excess of revenues
TIF #5	(21,484)	Expenditures in excess of revenues

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

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

**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, 2016

## NOTE III - DETAILED NOTES ON ALL FUNDS

### A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 11,253,216	\$ 11,254,957	Custodial credit
LGIP	84,338	84,338	Credit
Petty cash	400	-	N/A
Total Deposits and Investments	<u>\$ 11,337,954</u>	<u>\$ 11,339,295</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 9,103,591		
Restricted cash and investments	1,149,215		
Per statement of assets and liabilities -			
agency fund			
Agency Fund	1,085,148		
Total Deposits and Investments	<u>\$ 11,337,954</u>		

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

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, 2016, the banks had pledged various government securities in the amount of \$3,884,191 to secure the city's deposits and \$3,159,160 to secure the utilities' deposits.

# CITY OF BLACK RIVER FALLS

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

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

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### 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, 2016, \$2,564,317 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>2,564,317</u>
Total	\$ <u><u>2,564,317</u></u>

##### Investments

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

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

#### *Credit Risk*

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

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

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

### B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$58,967 in the general fund, \$50,789 in the debt service fund, \$1,074,768 in the general capital projects fund, and \$783,501 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 \$567,993 allowance for uncollectibles. Receivables in the nonmajor governmental funds are shown net of a \$211,533 allowance for uncollectibles. Receivables in the ambulance fund are shown net of a \$310,155 allowance for uncollectibles.

**CITY OF BLACK RIVER FALLS**

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

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

**B. RECEIVABLES (cont.)**

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    \$ 113,268

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 2,481,504	\$ -
Special assessments, taxes receivable, and due from other governments not yet due	-	1,267,013
Loan to golf course	-	58,034
Economic development loans	-	90,302
Housing loans	-	786,516
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 2,481,504</u>	 <u>\$ 2,201,865</u>

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

***Long-Term Debt Accounts***

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

***Equipment Replacement Account***

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

**CITY OF BLACK RIVER FALLS**

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

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

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

Following is a list of restricted assets at December 31, 2016:

Restricted Assets	
Redemption account	\$ 176,228
Reserve account	528,686
Replacement account	<u>444,301</u>
Total Restricted Assets	<u>\$ 1,149,215</u>

**D. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land and land improvements	\$ 5,910,298	\$ -	\$ -	\$ 5,910,298
Construction in progress	<u>-</u>	<u>18,555</u>	<u>-</u>	<u>18,555</u>
Total Capital Assets Not Being Depreciated	<u>5,910,298</u>	<u>18,555</u>	<u>-</u>	<u>5,928,853</u>
Capital assets being depreciated				
Land improvements	682,829	354,620	-	1,037,449
Buildings	11,164,185	46,768	26,804	11,184,149
Machinery and equipment	4,748,027	395,146	172,531	4,970,642
Roads	5,577,856	76,100	-	5,653,956
Curb and gutter	112,226	24,931	-	137,157
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>24,381,983</u>	<u>897,565</u>	<u>199,335</u>	<u>25,080,213</u>
Total Capital Assets	<u>30,292,281</u>	<u>916,120</u>	<u>199,335</u>	<u>31,009,066</u>

**CITY OF BLACK RIVER FALLS**

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

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities (cont.)</b>				
Less: Accumulated depreciation for				
Land improvements	\$ (222,380)	\$ (46,405)	\$ -	\$ (268,785)
Buildings	(4,326,537)	(302,446)	26,804	(4,602,179)
Machinery and equipment	(3,188,892)	(209,112)	142,634	(3,255,370)
Roads	(1,580,159)	(242,179)	-	(1,822,338)
Curb and gutter	(38,454)	(4,572)	-	(43,026)
Storm sewer	(144,363)	(14,973)	-	(159,336)
Sanitary sewer	(325,397)	(32,148)	-	(357,545)
Street lighting	(14,738)	(2,207)	-	(16,945)
Bridges	<u>(37,080)</u>	<u>(12,360)</u>	-	<u>(49,440)</u>
Total Accumulated Depreciation	<u>(9,878,000)</u>	<u>(866,402)</u>	<u>169,438</u>	<u>(10,574,964)</u>
Net Capital Assets Being Depreciated	<u>14,503,983</u>	<u>31,163</u>	<u>29,897</u>	<u>14,505,249</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 20,414,281</u>	<u>\$ 49,718</u>	<u>\$ 29,897</u>	<u>\$ 20,434,102</u>

Depreciation/amortization expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 13,704
Public safety	50,863
Public works	454,456
Culture, recreation and education	<u>347,379</u>
Total Governmental Activities Depreciation Expense	<u>\$ 866,402</u>

# CITY OF BLACK RIVER FALLS

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

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

### D. CAPITAL ASSETS (cont.)

#### Business-type Activities

	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	132,874	477,419	178,240	432,053
Total Capital Assets Not Being Depreciated	204,131	477,419	178,240	503,310
Capital assets being depreciated/amortized				
Intangible	244,513	-	-	244,513
Hydraulic production	12,235,114	10,333	263,268	11,982,179
Other production	198,820	-	-	198,820
Transmission	318,587	16,023	-	334,610
Distribution	6,329,201	163,433	21,507	6,471,127
Administrative and general assets	783,735	16,612	-	800,347
Total Capital Assets Being Depreciated/Amortized	20,109,970	206,401	284,775	20,031,596
Total Capital Assets	20,314,101	683,820	463,015	20,534,906
Less: Accumulated depreciation/amortization for				
Intangible	(106,524)	(6,000)	-	(112,524)
Hydraulic production	(1,980,861)	(268,546)	27,643	(2,221,764)
Other production	(169,157)	(29,661)	-	(198,818)
Transmission	(270,689)	(5,672)	-	(276,361)
Distribution	(3,660,852)	(222,093)	42,510	(3,840,435)
General	(611,737)	(55,598)	-	(667,335)
Total Accumulated Depreciation/Amortization	(6,799,820)	(587,570)	70,153	(7,317,237)
Net Capital Assets Being Depreciated/Amortized	13,310,150	(381,169)	214,622	12,714,359
Net Electric Capital Assets	\$ 13,514,281	\$ 96,250	\$ 392,862	\$ 13,217,669

# CITY OF BLACK RIVER FALLS

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

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

#### D. CAPITAL ASSETS (cont.)

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 94,478	\$ -	\$ -	\$ 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	7,194,294	32,172	7,806	7,218,660
General	401,699	4,633	-	406,332
Total Capital Assets Being Depreciated	10,275,710	36,805	7,806	10,304,709
Total Capital Assets	10,370,188	36,805	7,806	10,399,187
Less: Accumulated depreciation for				
Source of supply	(308,186)	(16,977)	-	(325,163)
Pumping	(776,817)	(62,234)	-	(839,051)
Treatment	(90,353)	(9,206)	-	(99,559)
Transmission and distribution	(1,887,726)	(131,942)	7,806	(2,011,862)
General	(295,832)	(30,295)	-	(326,127)
Total Accumulated Depreciation	(3,358,914)	(250,654)	7,806	(3,601,762)
Net Capital Assets Being Depreciated	6,916,796	(213,849)	-	6,702,947
Net Water Capital Assets	\$ 7,011,274	\$ (213,849)	\$ -	\$ 6,797,425

**CITY OF BLACK RIVER FALLS**

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

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

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

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

	<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	5,118,347	-	2,862	5,115,485
General	<u>222,317</u>	<u>1,560</u>	<u>4,225</u>	<u>219,652</u>
Total Capital Assets Being Depreciated	<u>5,437,892</u>	<u>1,560</u>	<u>7,087</u>	<u>5,432,365</u>
Total Capital Assets	<u>5,524,936</u>	<u>1,560</u>	<u>7,087</u>	<u>5,519,409</u>
Less: Accumulated depreciation for Sewer plant	<u>(2,145,306)</u>	<u>(177,228)</u>	<u>7,087</u>	<u>(2,315,447)</u>
Net Capital Assets Being Depreciated	<u>3,292,586</u>	<u>(175,668)</u>	<u>-</u>	<u>3,116,918</u>
Net Sewer Capital Assets	<u>\$ 3,379,630</u>	<u>\$ (175,668)</u>	<u>\$ -</u>	<u>\$ 3,203,962</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	\$ 812,913	\$ 115,935	\$ -	\$ 928,848
Less: Accumulated depreciation for Machinery and equipment	<u>(288,274)</u>	<u>(70,103)</u>	<u>-</u>	<u>(358,377)</u>
Net Ambulance Capital Assets	<u>\$ 524,639</u>	<u>\$ 45,832</u>	<u>\$ -</u>	<u>\$ 570,471</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 24,429,824</u>	<u>\$ (247,435)</u>	<u>\$ 392,862</u>	<u>\$ 23,789,527</u>



# CITY OF BLACK RIVER FALLS

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

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

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

Depreciation/amortization expense was charged to functions as follows:

#### **Business-type Activities**

Electric	\$ 587,626
Water	242,969
Sewer	184,913
Ambulance	<u>70,103</u>

Total Business-type Activities Depreciation/Amortization Expense	<u><u>\$ 1,085,611</u></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:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	General Capital Projects	\$ 118,020	\$ 8,020
General Fund	Electric Utility	344,065	-
General Fund	Water Utility	185,912	-
General Fund	Sewer Utility	56,471	-
General Fund	Ambulance	57,684	-
General Fund	TIF #5	21,484	9,632
Electric Utility	Ambulance	<u>13,287</u>	-
Total - Fund Financial Statements		796,923	
Less: Fund eliminations		(152,791)	
Add: Interfund advances		<u>190,400</u>	
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 834,532</u></u>	

**CITY OF BLACK RIVER FALLS**

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

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

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

***Interfund Receivables/Payables (cont.)***

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 interest rate being charged on this advance is 2.10%.

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	\$ 116,144	\$ 99,552
Debt Service Fund	Water Utility	38,080	32,640
Debt Service Fund	Sewer Utility	<u>36,176</u>	31,008
		<u>\$ 190,400</u>	
<u>Years</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 27,200	\$ 4,065	
2018	<u>163,200</u>	<u>3,475</u>	
Totals	<u>\$ 190,400</u>	<u>\$ 7,540</u>	

**CITY OF BLACK RIVER FALLS**

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

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

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

***Transfers***

The following is a schedule of interfund transfers:

<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	366,250	Property tax equivalent
General Fund	Water Utility	190,060	Property tax equivalent
General Fund	Sewer Utility	60,983	Assist city with cost of maintenance of collection system
General Fund	TIF #1	<u>1,000</u>	To move portion of grant related to Bauer Road realignment to proper fund
Total - Fund Financial Statements		<u>\$ 622,533</u>	
Less: Fund eliminations		<u>(1,000)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 621,533</u></u>	

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

# CITY OF BLACK RIVER FALLS

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

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

#### F. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 2,751,517	\$ 100,000	\$ 631,947	\$ 2,219,570	\$ 525,537
Sub-totals	<u>2,751,517</u>	<u>100,000</u>	<u>631,947</u>	<u>2,219,570</u>	<u>525,537</u>
Other Liabilities					
Vested compensated absences	149,779	162,305	140,232	171,852	128,889
Capital leases	2,587	-	1,504	1,083	1,083
Landfill post closure costs	72,000	-	4,000	68,000	4,000
Net pension liability (asset)	<u>(238,836)</u>	<u>769,213</u>	<u>387,107</u>	<u>143,270</u>	<u>-</u>
Total Other Liabilities	<u>(14,470)</u>	<u>931,518</u>	<u>532,843</u>	<u>384,205</u>	<u>133,972</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 2,737,047</u>	<u>\$ 1,031,518</u>	<u>\$ 1,164,790</u>	<u>\$ 2,603,775</u>	<u>\$ 659,509</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 1,345,070	\$ 145,304	\$ 319,047	\$ 1,171,327	\$ 172,036
Revenue bonds	11,361,885	-	531,127	10,830,758	537,065
(Discounts)/Premiums	<u>135,394</u>	<u>-</u>	<u>9,026</u>	<u>126,368</u>	<u>-</u>
Sub-totals	<u>12,842,349</u>	<u>145,304</u>	<u>859,200</u>	<u>12,128,453</u>	<u>709,101</u>
Other Liabilities					
Vested compensated absences	119,684	19,435	32,186	106,933	24,464
Net pension liability (asset)	<u>(220,108)</u>	<u>788,924</u>	<u>415,163</u>	<u>153,653</u>	<u>-</u>
Total Other Liabilities	<u>(100,424)</u>	<u>808,359</u>	<u>447,349</u>	<u>260,586</u>	<u>24,464</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 12,741,925</u>	<u>\$ 953,663</u>	<u>\$ 1,306,549</u>	<u>\$ 12,389,039</u>	<u>\$ 733,565</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, 2016, was \$12,128,710. Total general obligation debt outstanding at year end was \$3,390,897.

**CITY OF BLACK RIVER FALLS**

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

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

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

**General Obligation Debt**

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

**Governmental Activities**

<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, 2016</u>
Promissory Note	Mar-07	Mar-17	4.39%	\$ 235,000	\$ 23,500
Promissory Note	Feb-08	Nov-17	4.39%	120,632	58,034
Promissory Note	Jan-13	Jan-18	2.10%	544,000	380,800
Promissory Note	Jan-13	Jan-18	1.37%	800,000	470,000
Promissory Note	Jan-14	Jun-19	1.55%	608,000	493,029
Promissory Note	Jan-14	Feb-19	1.55%	165,000	112,033
Promissory Note	Oct-14	Oct-19	1.85%	200,000	162,907
Promissory Note	May-15	Jun-18	1.31%	425,000	285,177
Promissory Note	May-15	May-20	2.00%	290,000	<u>234,090</u>

Total Governmental Activities - General Obligation Debt \$ 2,219,570

**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, 2016</u>
Promissory Note	Apr-13	Apr-18	1.55%	\$ 260,000	\$ 184,980
Promissory Note	Apr-13	Apr-18	1.55%	141,268	101,043
Refunding Bonds	Jun-13	Dec-24	0.5-2.6%	995,000	740,000
Refunding Note	Mar-16	Mar-19	1.15%	145,304	<u>145,304</u>

Total Business-type Activities - General Obligation Debt \$ 1,171,327

**CITY OF BLACK RIVER FALLS**

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

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

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

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2017	\$ 525,537	\$ 37,629	\$ 172,036	\$ 20,755
2018	1,031,186	29,556	385,312	18,647
2019	602,589	11,251	138,998	12,966
2020	60,258	1,226	95,000	10,955
2021	-	-	90,000	9,150
2022-2024	-	-	289,981	14,870
Totals	<u>\$ 2,219,570</u>	<u>\$ 79,662</u>	<u>\$ 1,171,327</u>	<u>\$ 87,343</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 2016 was \$710,855. Total customer net revenues as defined for 2016 were \$1,270,586. Annual principal and interest payments are expected to require 34% 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 2016 was \$29,597. Total customer net revenues as defined for 2016 were \$512,283. 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 2016 was \$144,845. Total customer net revenues as defined for 2016 were \$408,039. Annual principal and interest payments are expected to require 35% of net revenues on average.

**CITY OF BLACK RIVER FALLS**

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

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

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

**Revenue Debt (cont.)**

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

**Business-type Activities Revenue Debt**

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
<u>Electric Utility</u>					
Revenue Bond	Dec-10	Jun-47	3.75%	\$ 5,000,000	\$ 4,444,833
Revenue Bond	Dec-10	Jan-20	0.00%	500,000	200,000
Revenue Bond	May-14	Dec-30	2.0-5.0%	5,045,000	<u>4,415,000</u>
				Total Electric Utility	<u>9,059,833</u>
<u>Water Utility</u>					
Revenue Bond	Dec-14	May-34	1.155%	506,560	<u>482,564</u>
<u>Sewer Utility</u>					
Revenue Bond	Oct-06	May-26	2.365%	2,299,337	<u>1,288,361</u>
Total Business-type Activities - Revenue Debt					<u><u>\$ 10,830,758</u></u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2017	\$ 537,065	\$ 343,009
2018	553,188	331,551
2019	564,499	319,707
2020	575,999	306,172
2021	542,698	292,312
2022-2026	2,926,356	1,223,649
2027-2031	2,216,161	772,589
2032-2036	860,381	468,654
2037-2041	930,645	309,355
2042-2046	1,120,625	119,375
2047	<u>3,141</u>	<u>-</u>
Totals	<u><u>\$ 10,830,758</u></u>	<u><u>\$ 4,486,373</u></u>

**CITY OF BLACK RIVER FALLS**

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

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

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

**Capital Leases**

Refer to Note III. G.

**Other Debt Information**

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

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

**Current Refunding**

On March 1, 2016, the sewer utility issued \$145,304 in general obligation bank loans with an interest rate of 1.15% to refund \$190,484 of outstanding sewer utility general obligation state trust fund loans with an interest rate of 6.50%. The net proceeds along with existing funds of the sewer utility were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$221,600 from 2016 through 2019. The cash flow requirements on the new loan are \$148,705 from 2017 through 2019. The economic gain or loss on the current refunding was not readily available.

**G. 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, 2016, are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	<u>\$ 1,083</u>	<u>\$ 38</u>	<u>\$ 1,121</u>



# CITY OF BLACK RIVER FALLS

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

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

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### *H. 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 \$68,000 reported as landfill closure and postclosure care liability at December 31, 2016, 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.

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

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

#### *Governmental Activities*

Net Investment in Capital Assets	
Land	\$ 5,910,298
Construction in progress	18,555
Other capital assets, net of accumulated depreciation	14,505,249
Less: Long-term debt outstanding	(2,220,653)
Plus: Noncapital debt proceeds	<u>438,832</u>
Total Net Investment in Capital Assets	<u>\$ 18,652,281</u>

# CITY OF BLACK RIVER FALLS

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

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

#### I. NET POSITION/FUND BALANCES (cont.)

##### **Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2016, include the following:

	General Fund	Debt Service Fund	General Capital Projects Fund	Nonmajor Governmental Funds	Totals
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Non-current interfunds	\$ 17,652	\$ -	\$ -	\$ -	\$ 17,652
<b>Restricted for:</b>					
Fair park	131,138	-	-	-	131,138
Library	130,444	-	-	-	130,444
TIF project costs	-	-	-	2,308,076	2,308,076
Debt service	-	1,220,674	-	-	1,220,674
Loans	-	-	-	111,745	111,745
<b>Assigned to:</b>					
Superfund	396,373	-	-	-	396,373
Economic development	578,065	-	-	-	578,065
Fair Park projects	191,871	-	-	-	191,871
Lunda Community Park	160,508	-	-	-	160,508
License plates	48,926	-	-	-	48,926
Taxi services	20,680	-	-	-	20,680
<b>Unassigned (deficit):</b>	<b>239,133</b>	<b>-</b>	<b>(124,494)</b>	<b>(21,484)</b>	<b>93,155</b>
<b>Total Fund Balances (Deficit)</b>	<b>\$ 1,914,790</b>	<b>\$ 1,220,674</b>	<b>\$ (124,494)</b>	<b>\$ 2,398,337</b>	<b>\$ 5,409,307</b>

##### **Business-type Activities**

#### Net Investment in Capital Assets

Land	\$ 252,779
Construction in progress	432,053
Other capital assets, net of accumulated depreciation	23,104,695
Less: Capital-related long-term debt outstanding	(11,817,105)
Add: Unamortized debt discount (premium)	(126,368)
Add: Deferred charge on refunding	150,930
Add: Unspent proceeds	412,630

Total Net Investment in Capital Assets \$ 12,409,614

# CITY OF BLACK RIVER FALLS

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

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

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### *J. COMPONENT UNIT*

#### ***BUSINESS IMPROVEMENT DISTRICT OF THE CITY OF BLACK RIVER FALLS***

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

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

a. Basis of Accounting/Measurement Focus

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

b. Receivables

As of December 31, 2016, the BID had unearned revenues of \$24,876 related to property taxes receivable for the subsequent year.

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## NOTE IV - OTHER INFORMATION

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### ***A. EMPLOYEES' RETIREMENT SYSTEM***

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

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

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

# CITY OF BLACK RIVER FALLS

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
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
2015	2.9	2

# CITY OF BLACK RIVER FALLS

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

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

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

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and 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 \$177,406 in contributions from the city.

Contribution rates as of December 31, 2016 are:

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

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

At December 31, 2016, the city reported an liability of \$296,923 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the city's proportion was 0.01827242%, which was a decrease of 0.00041213% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the city recognized pension expense of \$354,544.

# CITY OF BLACK RIVER FALLS

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

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,231	\$ 624,870
Changes in assumptions	207,740	-
Net differences between projected and actual earnings on pension plan investments	1,215,688	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,595	-
Employer contributions subsequent to the measurement date	186,397	-
Totals	\$ 1,678,651	\$ 624,870

\$186,397 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 387,378	\$ 151,220
2018	387,378	151,220
2019	387,377	151,220
2020	323,032	151,220
2021	7,089	19,990

# CITY OF BLACK RIVER FALLS

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

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## NOTE IV - OTHER INFORMATION (cont.)

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

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

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

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

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

## CITY OF BLACK RIVER FALLS

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

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

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

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

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



# CITY OF BLACK RIVER FALLS

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

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

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

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

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	\$2,082,626	\$296,923	\$(1,097,742)

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

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

#### B. RISK MANAGEMENT

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

# CITY OF BLACK RIVER FALLS

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

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## NOTE IV - OTHER INFORMATION (cont.)

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### ***B. RISK MANAGEMENT*** (cont.)

#### ***Public Entity Risk Pool***

#### ***Self Insurance***

The utilities are partially self-insured for health insurance claims. The utilities purchase 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 \$38.66 per pay period for an annual maximum of \$1,005.24. Family plans have a \$88.06 per pay period deduction with an annual maximum deduction of \$2,289.60. The utilities have developed a health insurance plan and has hired a third party administrator to process claims.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities do not include an amount for claims that have been incurred but not reported as these were likely to be immaterial. The utilities do not allocate overhead costs or other nonincremental costs to the claims liability. Claims payable at the beginning and end of the 2016 and 2015 were \$0. Claims incurred and paid during 2016 were \$42,067. Claims incurred and paid during 2015 were \$38,415.

The utilities are also self-insured for unemployment compensation obligations as permitted under Wisconsin Statutes. Annual expenditures by the utility for claims during 2016 were immaterial. The utilities are 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.

## CITY OF BLACK RIVER FALLS

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

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

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

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

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

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

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

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$411 million as of December 31, 2016.

##### ***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.H. for additional information concerning the monitoring plan.

# CITY OF BLACK RIVER FALLS

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

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## NOTE IV - OTHER INFORMATION (cont.)

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

#### ***Black River Falls Rural Fire Department***

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

The governing body is made up of citizens from each community. Local representatives are appointed by the Mayor of the City of Black River Falls and the Chairperson of each township. The governing body has authority to adopt its own budget and control the financial affairs of the department. The city is obligated by the joint venture agreement to remit an amount annually to the department. The city made a payment to the department of \$9,892 in 2016.

Summary financial information of the department was not available as of December 31, 2016.

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 2016.

Summary financial information of the airport as of December 31, 2016 is available from the City Clerk's office at 101 S. 2nd Street, Black River Falls, WI, 54615.

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

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

### ***E. SUBSEQUENT EVENTS***

On January 5, 2017 the city issued a general obligation promissory note in the amount of \$260,000 with an interest rate of 1.37%. This amount will be used for street department outlay.

# CITY OF BLACK RIVER FALLS

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

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

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

On October 27, 2016 the municipality, on behalf of the utilities, established a line of credit of \$1,000,000 to finance electric utility repairs. There were no draws on the line of credit as of December 31, 2016. In 2017, the utility has drawn \$254,013 on the line of credit. The line of credit is due October 27, 2017 and bears an interest rate of 0.99%.

### **F. ECONOMIC DEPENDENCY**

#### *Water Utility*

The water utility has one significant customer who was responsible for 28% of operating revenues in 2016.

#### *Sewer Utility*

The sewer utility has one significant customer who was responsible for 25% of operating revenues in 2016.

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

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

- > *Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > *Statement No. 80, Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- > *Statement No. 81, Irrevocable Split-Interest Agreements*
- > *Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*

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

**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF BLACK RIVER FALLS

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (NON-GAAP) For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,352,698	\$ 1,352,698	\$ 1,370,612	\$ 17,914
Intergovernmental	941,413	941,413	1,161,367	219,954
Licenses and permits	7,500	7,500	25,954	18,454
Fines, forfeitures and penalties	22,400	22,400	24,428	2,028
Public charges for services	500	500	20,760	20,260
Special assessments	-	-	5,058	5,058
Investment income	12,000	12,000	12,304	304
Miscellaneous	47,500	47,500	291,530	244,030
Total Revenues	2,384,011	2,384,011	2,912,013	528,002
<b>EXPENDITURES</b>				
Current				
General government	555,109	555,109	537,302	17,807
Public safety	1,026,246	1,026,246	1,051,779	(25,533)
Public works	898,082	898,082	851,161	46,921
Health and human services	7,400	7,400	5,147	2,253
Culture, recreation and education	354,080	354,080	656,354	(302,274)
Capital Outlay	132,674	132,674	376,924	(244,250)
Total Expenditures	2,973,591	2,973,591	3,478,667	(505,076)
Excess (deficiency) of revenues over (under) expenditures	(589,580)	(589,580)	(566,654)	22,926
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	574,200	574,200	130,455	(443,745)
Transfers out	-	-	(1,000)	(1,000)
Total Other Financing Sources (Uses)	574,200	574,200	129,455	(444,745)
<b>CHANGE IN FUND BALANCE - BUDGETARY BASIS</b>	\$ (15,380)	\$ (15,380)	(437,199)	\$ (421,819)
Prospective differences:				
Economic Development fund change in fund balance			25,130	
Lunda Center fund change in fund balance			1,784	
Aquatic Center fund change in fund balance			85,623	
Jackson County Fair fund change in fund balance			39,237	
Jackson County New Arena fund change in fund balance			15,250	
Lunda Community Park fund change in fund balance			9,274	
Field of Honor fund change in fund balance			685	
Fair Park Renovation fund change in fund balance			356,631	
Jackson County Fair Park Maintenance fund change in fund balance			10,754	
License Plate fund change in fund balance			(5,378)	
Taxi Service fund change in fund balance			6,344	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			\$ 108,135	

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

**CITY OF BLACK RIVER FALLS**

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY  
WISCONSIN RETIREMENT SYSTEM (WRS)  
For the Year Ended December 31, 2016

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Asset / Liability	City's Proportionate Share of the Net Pension (Asset) Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset / Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/15	0.01827242%	\$ 296,923	\$ 2,375,291	12.50%	98.20%
12/31/14	0.01868455%	(458,944)	2,333,340	19.67%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
WISCONSIN RETIREMENT SYSTEM (WRS)  
For the Year Ended December 31, 2016

City Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/16	\$ 186,397	\$ 186,397	\$ -	2,535,421	7.35%
12/31/15	177,400	177,400	-	2,401,183	7.39%

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



# CITY OF BLACK RIVER FALLS

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

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### ***BUDGETARY INFORMATION***

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

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The city may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

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

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

### ***WISCONSIN RETIREMENT SYSTEM***

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

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

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

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

**SUPPLEMENTARY INFORMATION**

## CITY OF BLACK RIVER FALLS

### DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND (NON-GAAP) For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
General property tax for local purposes	\$ 1,341,622	\$ 1,341,622	\$ 1,341,622	\$ -
Mobile home taxes	8,000	8,000	8,886	886
Public accommodation taxes	3,000	3,000	7,147	4,147
Payment in lieu of taxes	76	76	12,957	12,881
Total Taxes	<u>1,352,698</u>	<u>1,352,698</u>	<u>1,370,612</u>	<u>17,914</u>
<b>SPECIAL ASSESSMENTS</b>				
Other	-	-	5,058	5,058
Total Special Assessments	<u>-</u>	<u>-</u>	<u>5,058</u>	<u>5,058</u>
<b>INTERGOVERNMENTAL</b>				
Shared revenues	628,000	628,000	652,648	24,648
Fire insurance tax from state	8,500	8,500	9,476	976
State aid - law enforcement training	-	-	1,990	1,990
State aid - local transportation	228,000	228,000	228,549	549
State aid - connecting streets	40,000	40,000	73,651	33,651
State aid - municipal services	6,700	6,700	6,746	46
In lieu of taxes on federal forest land	213	213	356	143
County aid - libraries	-	-	151,951	151,951
Other local government	30,000	30,000	36,000	6,000
Total Intergovernmental	<u>941,413</u>	<u>941,413</u>	<u>1,161,367</u>	<u>219,954</u>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	5,600	5,600	5,877	277
Operators' licenses	1,500	1,500	1,680	180
Cigarette licenses	400	400	480	80
Building permits	-	-	17,077	17,077
Other regulatory permits and fees	-	-	840	840
Total Licenses and Permits	<u>7,500</u>	<u>7,500</u>	<u>25,954</u>	<u>18,454</u>
<b>FINES, FORFEITURES AND PENALTIES</b>				
Ordinance violations	400	400	289	(111)
Traffic reports	22,000	22,000	24,139	2,139
Total Fines, Forfeitures and penalties	<u>22,400</u>	<u>22,400</u>	<u>24,428</u>	<u>2,028</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
Parks	500	500	7,342	6,842
Other public charges for services	-	-	181	181
Street related facilities	-	-	3,712	3,712
Library	-	-	9,525	9,525
Total Public Charges for Services	<u>500</u>	<u>500</u>	<u>20,760</u>	<u>20,260</u>

## CITY OF BLACK RIVER FALLS

### DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>INVESTMENT INCOME</b>				
Investment income	\$ 12,000	\$ 12,000	\$ 10,828	\$ (1,172)
Interest on special assessments	-	-	1,476	1,476
Total Investment Income	<u>12,000</u>	<u>12,000</u>	<u>12,304</u>	<u>304</u>
<b>MISCELLANEOUS</b>				
Donations	-	-	194,773	194,773
Miscellaneous	47,500	47,500	66,011	18,511
Insurance recoveries - highway	-	-	23,659	23,659
Insurance recoveries - police	-	-	7,087	7,087
Total Miscellaneous	<u>47,500</u>	<u>47,500</u>	<u>291,530</u>	<u>244,030</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,384,011</u>	<u>\$ 2,384,011</u>	<u>\$ 2,912,013</u>	<u>\$ 528,002</u>

## CITY OF BLACK RIVER FALLS

### DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (NON-GAAP) For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Council	\$ 17,800	\$ 17,800	\$ 19,820	\$ (2,020)
Mayor	7,959	7,959	5,153	2,806
Municipal building	27,540	27,540	24,119	3,421
Legal counseling	40,600	40,600	36,239	4,361
Administrator	99,470	99,470	99,426	44
Finance	132,650	132,650	133,808	(1,158)
Elections	10,000	10,000	9,547	453
Independent auditing	38,000	38,000	42,705	(4,705)
Assessor/building inspector	15,200	15,200	15,044	156
Property and liability insurance	43,000	43,000	34,999	8,001
Workers' compensation	50,000	50,000	34,166	15,834
Employee benefits	38,890	38,890	48,900	(10,010)
Automobile fleet insurance	13,000	13,000	9,240	3,760
Licenses publication fees	-	-	163	(163)
Other general government	21,000	21,000	23,973	(2,973)
Total General Government	<u>555,109</u>	<u>555,109</u>	<u>537,302</u>	<u>17,807</u>
<b>PUBLIC SAFETY</b>				
Police	638,411	638,411	662,518	(24,107)
Building inspection	-	-	14,689	(14,689)
Fire protection	107,835	107,835	95,998	11,837
Hydrant rental	280,000	280,000	278,574	1,426
Total Public Safety	<u>1,026,246</u>	<u>1,026,246</u>	<u>1,051,779</u>	<u>(25,533)</u>
<b>PUBLIC WORKS</b>				
Administration	81,780	81,780	81,776	4
Insurance	122,955	122,955	117,314	5,641
Street machine repair	50,560	50,560	75,735	(25,175)
Highway and street maintenance	84,205	84,205	79,199	5,006
Sidewalks	17,245	17,245	27,967	(10,722)
Curb and gutter	25,775	25,775	7,053	18,722
Garage and machine shed	74,000	74,000	67,506	6,494
Tree and brush control	36,415	36,415	50,036	(13,621)
Street signs	7,870	7,870	6,738	1,132
Street cleaning	10,480	10,480	10,198	282
Snow and ice control	93,840	93,840	60,782	33,058
Street lighting	99,000	99,000	98,167	833
Storm sewers	10,520	10,520	14,487	(3,967)
Airport	12,500	12,500	12,500	-
Levee certification and maintenance	-	-	290	(290)
Refuse and garbage collection	69,740	69,740	48,485	21,255
Sanitary sewers	41,955	41,955	29,956	11,999
Recycling	24,840	24,840	18,267	6,573
Landfill abandonment	4,500	4,500	4,598	(98)
Landfill	29,902	29,902	40,107	(10,205)
Total Public Works	<u>898,082</u>	<u>898,082</u>	<u>851,161</u>	<u>46,921</u>

## CITY OF BLACK RIVER FALLS

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>HEALTH AND HUMAN SERVICES</b>				
Animal shelter	\$ 7,000	\$ 7,000	\$ 4,763	\$ 2,237
Rodent control	<u>400</u>	<u>400</u>	<u>384</u>	<u>16</u>
Total Health and Human services	<u>7,400</u>	<u>7,400</u>	<u>5,147</u>	<u>2,253</u>
<b>CULTURE, RECREATION, AND EDUCATION</b>				
Library	150,139	150,139	373,281	(223,142)
Parks	113,835	113,835	128,067	(14,232)
Recreation administration	83,266	83,266	85,988	(2,722)
Recreation programs	2,100	2,100	525	1,575
Golf courses	-	-	68,369	(68,369)
Skating rink	<u>4,740</u>	<u>4,740</u>	<u>124</u>	<u>4,616</u>
Total Culture, Recreation and Education	<u>354,080</u>	<u>354,080</u>	<u>656,354</u>	<u>(302,274)</u>
<b>CAPITAL OUTLAY</b>				
General public buildings	-	-	5,243	(5,243)
Law enforcement	-	-	47,445	(47,445)
Fire protection	2,674	2,674	120,779	(118,105)
Highway buildings	2,000	2,000	-	2,000
Highway and street construction	110,000	110,000	1,255	108,745
Streets	-	-	6,780	(6,780)
Storm sewer	2,000	2,000	153	1,847
Parks and playgrounds	<u>16,000</u>	<u>16,000</u>	<u>195,269</u>	<u>(179,269)</u>
Total Capital Outlay	<u>132,674</u>	<u>132,674</u>	<u>376,924</u>	<u>(244,250)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,973,591</u>	<u>\$ 2,973,591</u>	<u>\$ 3,478,667</u>	<u>\$ (505,076)</u>

**CITY OF BLACK RIVER FALLS**

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

	Special Revenue	Capital Projects	
	Revolving Housing	TIF #1	TIF #3
<b>ASSETS</b>			
Cash and investments	\$ 111,745	\$ 752,277	\$ 1,483,558
Receivables			
Taxes	-	107,310	304,258
Loans	<u>786,516</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 898,261</u></u>	<u><u>\$ 859,587</u></u>	<u><u>\$ 1,787,816</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ 3,231	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>3,231</u>	<u>-</u>
Deferred Inflows of Resources			
Unearned revenues	-	107,310	304,258
Unavailable revenues	<u>786,516</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>786,516</u>	<u>107,310</u>	<u>304,258</u>
Fund Balances (Deficit)			
Restricted	111,745	749,046	1,483,558
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficit)	<u>111,745</u>	<u>749,046</u>	<u>1,483,558</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u><u>\$ 898,261</u></u>	<u><u>\$ 859,587</u></u>	<u><u>\$ 1,787,816</u></u>

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<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
<u>TIF #4</u>	<u>TIF #5</u>	
\$ 75,472	\$ -	\$ 2,423,052
93,649	11,852	517,069
<u>-</u>	<u>-</u>	<u>786,516</u>
<u>\$ 169,121</u>	<u>\$ 11,852</u>	<u>\$ 3,726,637</u>
\$ -	\$ -	\$ 3,231
-	21,484	21,484
<u>-</u>	<u>21,484</u>	<u>24,715</u>
93,649	11,852	517,069
-	-	786,516
<u>93,649</u>	<u>11,852</u>	<u>1,303,585</u>
75,472	-	2,419,821
-	(21,484)	(21,484)
<u>75,472</u>	<u>(21,484)</u>	<u>2,398,337</u>
<u>\$ 169,121</u>	<u>\$ 11,852</u>	<u>\$ 3,726,637</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, 2016

	Special Revenue	Capital Projects	
	Revolving Housing	TIF #1	TIF #3
<b>REVENUES</b>			
Taxes	\$ -	\$ 107,641	\$ 313,916
Intergovernmental	-	493	5,197
Investment income	126	-	-
Miscellaneous	<u>92,800</u>	-	-
Total Revenues	<u>92,926</u>	<u>108,134</u>	<u>319,113</u>
<b>EXPENDITURES</b>			
Current			
Conservation and development	50,997	71,288	42,323
Debt Service			
Principal retirement	-	-	139,823
Interest and fiscal charges	-	-	<u>5,660</u>
Total Expenditures	<u>50,997</u>	<u>71,288</u>	<u>187,806</u>
Excess of revenues over expenditures	<u>41,929</u>	<u>36,846</u>	<u>131,307</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	<u>1,000</u>	-
<b>Net Change in Fund Balances</b>	41,929	37,846	131,307
FUND BALANCES (DEFICIT) - Beginning of Year	<u>69,816</u>	<u>711,200</u>	<u>1,352,251</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 111,745</u>	<u>\$ 749,046</u>	<u>\$ 1,483,558</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, 2016

Capital Projects		Total Nonmajor Governmental Funds
TIF #4	TIF #5	
\$ 94,399	\$ 11,588	\$ 527,544
278	-	5,968
-	-	126
-	-	<u>92,800</u>
<u>94,677</u>	<u>11,588</u>	<u>626,438</u>
25,150	5,150	194,908
55,910	-	195,733
<u>5,623</u>	-	<u>11,283</u>
<u>86,683</u>	<u>5,150</u>	<u>401,924</u>
<u>7,994</u>	<u>6,438</u>	<u>224,514</u>
-	-	<u>1,000</u>
7,994	6,438	225,514
<u>67,478</u>	<u>(27,922)</u>	<u>2,172,823</u>
<u>\$ 75,472</u>	<u>\$ (21,484)</u>	<u>\$ 2,398,337</u>

**CITY OF BLACK RIVER FALLS**

COMBINING BALANCE SHEET - GENERAL FUND  
As of December 31, 2016

	General Fund	Economic Development	Lunda Center	Aquatic Center	Jackson County Fair	Jackson County New Arena	Lunda Community Park
<b>ASSETS</b>							
Cash and investments	\$ 95,096	\$ 578,065	\$ -	\$ (1,363)	\$ 82,851	\$ 73,786	\$ 160,931
Receivables (net)							
Taxes	1,442,612	-	-	50,000	-	-	20,000
Accounts	40,711	-	-	-	-	-	-
Special assessments	60	-	-	-	-	-	-
Loans	-	90,302	-	-	-	-	-
Due from other governments	61,995	-	-	-	-	-	-
Due from other funds	783,636	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,424,110</b>	<b>\$ 668,367</b>	<b>\$ -</b>	<b>\$ 48,637</b>	<b>\$ 82,851</b>	<b>\$ 73,786</b>	<b>\$ 180,931</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities							
Accounts payable	\$ 132,911	\$ -	\$ -	\$ 420	\$ 4,348	\$ 10,244	\$ 423
Accrued liabilities	43,742	-	-	-	-	-	-
Total Liabilities	176,653	-	-	420	4,348	10,244	423
Deferred Inflows of Resources							
Unearned revenues	1,410,235	-	-	50,000	-	-	20,000
Unavailable revenues	51,837	90,302	-	-	-	-	-
Total Deferred Inflows of Resources	1,462,072	90,302	-	50,000	-	-	20,000
Fund Balances (Deficit)							
Nonspendable	17,652	-	-	-	-	-	-
Restricted	130,444	-	-	-	-	-	-
Assigned	396,373	578,065	-	-	78,503	63,542	160,508
Unassigned (deficit)	240,916	-	-	(1,783)	-	-	-
Total Fund Balances (Deficit)	785,385	578,065	-	(1,783)	78,503	63,542	160,508
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 2,424,110</b>	<b>\$ 668,367</b>	<b>\$ -</b>	<b>\$ 48,637</b>	<b>\$ 82,851</b>	<b>\$ 73,786</b>	<b>\$ 180,931</b>

**CITY OF BLACK RIVER FALLS**

COMBINING BALANCE SHEET - GENERAL FUND  
As of December 31, 2016

	Field of Honor	Fair Park Renovation	Jackson County Fair Park Maintenance	License Plate	Taxi Service	Total Combined General Fund
<b>ASSETS</b>						
Cash and investments	\$ 15	\$ 131,138	\$ 49,826	\$ 48,950	\$ 7,670	\$ 1,226,965
Receivables (net)						
Taxes	-	-	-	-	30,000	1,542,612
Accounts	-	-	-	-	-	40,711
Special assessments	-	-	-	-	-	60
Loans	-	-	-	-	-	90,302
Due from other governments	-	-	-	-	17,853	79,848
Due from other funds	-	-	-	-	-	783,636
<b>TOTAL ASSETS</b>	<b>\$ 15</b>	<b>\$ 131,138</b>	<b>\$ 49,826</b>	<b>\$ 48,950</b>	<b>\$ 55,523</b>	<b>\$ 3,764,134</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 15	\$ -	\$ -	\$ 24	\$ 4,843	\$ 153,228
Accrued liabilities	-	-	-	-	-	43,742
Total Liabilities	15	-	-	24	4,843	196,970
Deferred Inflows of Resources						
Unearned revenues	-	-	-	-	30,000	1,510,235
Unavailable revenues	-	-	-	-	-	142,139
Total Deferred Inflows of Resources	-	-	-	-	30,000	1,652,374
Fund Balances (Deficit)						
Nonspendable	-	-	-	-	-	17,652
Restricted	-	131,138	-	-	-	261,582
Assigned	-	-	49,826	48,926	20,680	1,396,423
Unassigned (deficit)	-	-	-	-	-	239,133
Total Fund Balances (Deficit)	-	131,138	49,826	48,926	20,680	1,914,790
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 15</b>	<b>\$ 131,138</b>	<b>\$ 49,826</b>	<b>\$ 48,950</b>	<b>\$ 55,523</b>	<b>\$ 3,764,134</b>

**CITY OF BLACK RIVER FALLS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GENERAL FUND  
For the Year Ended December 31, 2016

	General Fund	Economic Development	Lunda Center	Aquatic Center	Jackson County Fair	Jackson County New Arena	Lunda Community Park
<b>REVENUES</b>							
Taxes	\$ 1,370,612	\$ -	\$ -	\$ 40,000	\$ 29,143	\$ 29,143	\$ 30,286
Intergovernmental	1,161,367	-	-	-	-	-	-
Licenses and permits	25,954	-	-	-	-	-	-
Fines, forfeitures and penalties	24,428	-	-	-	-	-	-
Public charges for services	20,760	-	60,795	42,057	59,629	4,188	15,007
Special assessments	5,058	-	-	-	-	-	-
Investment income	12,304	5,245	-	-	-	-	571
Miscellaneous	291,530	30,747	-	-	1,200	82,993	19,260
Total Revenues	<u>2,912,013</u>	<u>35,992</u>	<u>60,795</u>	<u>82,057</u>	<u>89,972</u>	<u>116,324</u>	<u>65,124</u>
<b>EXPENDITURES</b>							
Current							
General government	537,302	-	-	-	-	-	-
Public safety	1,051,779	-	-	-	-	-	-
Public works	851,161	-	-	-	-	-	-
Health and human services	5,147	-	-	-	-	-	-
Culture, recreation and education	656,354	-	85,228	91,434	50,735	101,074	78,414
Conservation and development	-	7,500	-	-	-	-	-
Capital Outlay	376,924	-	-	-	-	-	-
Total Expenditures	<u>3,478,667</u>	<u>7,500</u>	<u>85,228</u>	<u>91,434</u>	<u>50,735</u>	<u>101,074</u>	<u>78,414</u>
Excess (deficiency) of revenues over expenditures	<u>(566,654)</u>	<u>28,492</u>	<u>(24,433)</u>	<u>(9,377)</u>	<u>39,237</u>	<u>15,250</u>	<u>(13,290)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	625,803	-	26,217	95,000	-	-	22,564
Transfers out	(496,348)	(3,362)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>129,455</u>	<u>(3,362)</u>	<u>26,217</u>	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>22,564</u>
Net change in fund balance	(437,199)	25,130	1,784	85,623	39,237	15,250	9,274
<b>FUND BALANCES (DEFICIT) -</b>							
Beginning 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>
<b>FUND BALANCES (DEFICIT) -</b>							
<b>END OF YEAR</b>	<u>\$ 785,385</u>	<u>\$ 578,065</u>	<u>\$ -</u>	<u>\$ (1,783)</u>	<u>\$ 78,503</u>	<u>\$ 63,542</u>	<u>\$ 160,508</u>

**CITY OF BLACK RIVER FALLS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GENERAL FUND  
For the Year Ended December 31, 2016

	Field of Honor	Fair Park Renovation	Jackson County Fair Park Maintenance	License Plate	Taxi Service	Eliminations	Total Combined General Fund
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ 1,529,184
Intergovernmental	-	-	-	-	186,613	-	1,347,980
Licenses and permits	-	-	-	-	-	-	25,954
Fines, forfeitures and penalties	-	-	-	-	-	-	24,428
Public charges for services	-	-	-	11,125	-	-	213,561
Special Assessments	-	-	-	-	-	-	5,058
Investment income	-	50	-	84	-	-	18,254
Miscellaneous	898	8,156	-	-	-	-	434,784
Total Revenues	898	8,206	-	11,209	216,613	-	3,599,203
<b>EXPENDITURES</b>							
Current							
General government	-	-	-	-	-	-	537,302
Public safety	-	-	-	16,680	-	-	1,068,459
Public works	-	-	-	-	210,269	-	1,061,430
Health and human services	-	-	-	-	-	-	5,147
Culture, recreation and education	2,354	-	(10,754)	-	-	-	1,054,839
Conservation and development	-	-	-	-	-	-	7,500
Capital Outlay	-	-	-	-	-	-	376,924
Total Expenditures	2,354	-	(10,754)	16,680	210,269	-	4,111,601
Excess (deficiency) of revenues over expenditures	(1,456)	8,206	10,754	(5,471)	6,344	-	(512,398)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	2,141	348,425	-	93	-	(498,710)	621,533
Transfers out	-	-	-	-	-	498,710	(1,000)
Total Other Financing Sources (Uses)	2,141	348,425	-	93	-	-	620,533
Net change in fund balance	685	356,631	10,754	(5,378)	6,344	-	108,135
<b>FUND BALANCES (DEFICIT) - Beginning of Year</b>	(685)	(225,493)	39,072	54,304	14,336	-	1,806,655
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ -	\$ 131,138	\$ 49,826	\$ 48,926	\$ 20,680	\$ -	\$ 1,914,790

## BLACK RIVER FALLS MUNICIPAL UTILITIES

### REQUIRED BOND DISCLOSURES For the Year Ended December 31, 2016

#### INSURANCE COVERAGE

<u>Description</u>	<u>Amount of Coverage</u>	<u>Coverage Dates</u>	<u>Name of Insurer</u>
Property / Property in the Open	\$22,963,490	11/1/16 - 11/1/17	EMC Insurance
Contractor's Equipment	103,460	11/1/16 - 11/1/17	EMC Insurance
	100,000,000 /		
Equipment Breakdown	5,000,000	11/1/16 - 11/1/17	Liberty Mutual Insurance
Auto Liability	3,000,000	11/1/16 - 11/1/17	League of Wisconsin Municipalities Mutual
	100,000 /		
Workers Compensation /	500,000 /		
Employer's Liability	100,000	11/1/16 - 11/1/17	United Heartland
Liability	3,000,000	11/1/16 - 11/1/17	League of Wisconsin Municipalities Mutual

#### NUMBER OF CONNECTIONS

<u>User Classification</u>	<u>Electric</u>
Residential	2,206
Commercial	522
Public Authority	12

## OTHER REPORTS



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

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Black River Falls, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to financial statements, and have issued our report thereon dated May 30, 2017.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses as items 2016-001, 2016-002, and 2016-003, that we consider to be material weaknesses.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Black River Falls' Response to Findings**

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

### **Purpose of this Report**

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

*Baker Tilly Veitchau Krause, LLP*

Altoona, Wisconsin  
May 30, 2017

# CITY OF BLACK RIVER FALLS

## SCHEDULE OF FINDINGS AND RESPONSES For the Year Ended December 31, 2016

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

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#### ***FINDING 2016-001: 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 2016-002: INTERNAL CONTROL ENVIRONMENT***

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

**Condition:** There is a lack of controls over accounts payable/disbursements, payroll, property taxes, utility billing, utility plant accounting, and period close transaction cycles, 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, 2016

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

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#### ***FINDING 2016-002: INTERNAL CONTROL ENVIRONMENT (cont.)***

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

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

#### ***FINDING 2016-003: 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 ensure 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.