

CITY OF BLACK RIVER FALLS

Black River Falls, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

CITY OF BLACK RIVER FALLS

TABLE OF CONTENTS As of and for the Year Ended December 31, 2017

	<u>Page(s)</u>
Independent Auditors' Report	i - iii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4 - 5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7 - 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Funds	10 - 11
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 - 16
Statement of Assets and Liabilities - Agency Fund	17
Index to Notes to Financial Statements	18
Notes to Financial Statements	19 - 62
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund (Non-GAAP)	63
Schedule of Employer's Proportionate Share of the Net Pension Asset (Liability) - Wisconsin Retirement System (WRS)	64
Schedule of Employer Contributions - Wisconsin Retirement System (WRS)	64
Notes to Required Supplementary Information	65
Supplementary Information	
Detailed Schedule of Revenues - Budget and Actual - General Fund (Non-GAAP)	66 - 67
Detailed Schedule of Expenditures - Budget and Actual - General Fund (Non-GAAP)	68 - 69
Combining Balance Sheet - Nonmajor Governmental Funds	70 - 71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	72 - 73
Combining Balance Sheet - General Fund	74 - 75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund	76 - 77
Required Utility Bond Disclosures	78

CITY OF BLACK RIVER FALLS

TABLE OF CONTENTS (cont.)
As of and for the Year Ended December 31, 2017

	<u>Page(s)</u>
Other Reports	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	79 - 80
Schedule of Findings and Responses	81 - 82

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, 2017, and the related notes to the financial statements, which collectively comprise the City of Black River Falls' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note III.I to the financial statements, fund balance as of December 31, 2016 has been restated to correct a material misstatement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2018 on our consideration of the City of Black River Falls' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Black River Falls' internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Eau Claire, Wisconsin
May 23, 2018

CITY OF BLACK RIVER FALLS

STATEMENT OF NET POSITION As of December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Business Improvement District
ASSETS				
Cash and investments	\$ 4,996,655	\$ 4,029,772	\$ 9,026,427	\$ -
Receivables (net)				
Taxes	2,597,665	-	2,597,665	26,187
Accounts	710,233	1,177,703	1,887,936	-
Special assessments	188,610	-	188,610	-
Notes	783,781	-	783,781	-
Accrued interest	-	7,482	7,482	-
Other	50,461	8,457	58,918	-
Due from other governments	72,036	123,837	195,873	-
Internal balances	827,665	(827,665)	-	-
Prepaid items and inventories	-	-	270,200	-
Other assets	-	469,530	469,530	-
Restricted assets				
Restricted cash	-	1,236,977	1,236,977	-
Capital Assets (net of accumulated depreciation)				
Construction in progress	-	623,748	623,748	-
Land and land improvements	5,910,298	252,779	6,163,077	-
Other capital assets, net of depreciation	14,162,585	22,800,817	36,963,402	-
Total Assets	30,299,989	30,173,637	60,473,626	26,187
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	136,854	136,854	-
Pension related amounts	570,315	615,333	1,185,648	-
Total Deferred Outflows of Resources	570,315	752,187	1,322,502	-
LIABILITIES				
Accounts payable	183,496	405,486	588,982	-
Accrued liabilities and deposits	66,292	96,585	162,877	-
Other deferred credits	-	12,669	12,669	-
Short term debt	50,461	-	50,461	-
Noncurrent Liabilities				
Due within one year	1,189,385	965,381	2,154,766	-
Due in more than one year	1,008,098	10,672,195	11,680,293	-
Total Liabilities	2,497,732	12,152,316	14,650,048	-
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	2,585,323	-	2,585,323	26,187
Pension related amounts	228,014	249,272	477,286	-
Total Deferred Inflows of Resources	2,813,337	249,272	3,062,609	26,187
NET POSITION				
Net investment in capital assets	18,514,902	12,976,192	31,491,094	-
Restricted for				
Future fair park projects	158,582	-	158,582	-
Future library costs	126,669	-	126,669	-
Future TIF project costs	1,907,958	-	1,907,958	-
General debt service	461,163	-	461,163	-
Future housing loans	898,665	-	898,665	-
Debt and equipment replacement	-	792,171	792,171	-
Unrestricted	3,491,296	4,755,873	8,247,169	-
TOTAL NET POSITION	\$ 25,559,235	\$ 18,524,236	\$ 44,083,471	\$ -

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 548,568	\$ 99,430	\$ 67,142	\$ -
Public safety	1,120,866	18,337	30,168	-
Public works	2,011,653	26,201	445,092	9,147
Health and human services	5,226	-	-	-
Culture, education and recreation	1,356,268	110,767	217,146	275,226
Conservation and development	556,989	-	-	-
Interest and fiscal charges	36,521	-	-	-
Total Governmental Activities	5,636,091	254,735	759,548	284,373
Business-type Activities				
Electric Utility	6,489,112	6,859,045	58,790	428,028
Water Utility	1,098,986	1,008,811	-	-
Sewer Utility	817,236	977,333	-	-
Ambulance	885,962	898,763	-	-
Total Business-type Activities	9,291,296	9,743,952	58,790	428,028
Total Primary Government	\$ 14,927,387	\$ 9,998,687	\$ 818,338	\$ 712,401
Component Unit				
Business Improvement District	\$ 29,687	\$ -	\$ 3,500	\$ -

General Revenues

 Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for BID

 Property taxes, levied for debt service

 Property taxes, levied for TIF districts

 Property taxes, levied for capital 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
\$ (381,996)	\$ -	\$ (381,996)	\$ -
(1,072,361)	-	(1,072,361)	-
(1,531,213)	-	(1,531,213)	-
(5,226)	-	(5,226)	-
(753,129)	-	(753,129)	-
(556,989)	-	(556,989)	-
(36,521)	-	(36,521)	-
<u>(4,337,435)</u>	<u>-</u>	<u>(4,337,435)</u>	<u>-</u>
-	856,751	856,751	-
-	(90,175)	(90,175)	-
-	160,097	160,097	-
-	12,801	12,801	-
<u>-</u>	<u>939,474</u>	<u>939,474</u>	<u>-</u>
<u>(4,337,435)</u>	<u>939,474</u>	<u>(3,397,961)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,187)</u>
1,500,060	-	1,500,060	-
-	-	-	26,187
350,700	-	350,700	-
517,069	-	517,069	-
110,000	-	110,000	-
119,661	-	119,661	-
714,626	-	714,626	-
106,282	-	106,282	-
51,044	34,373	85,417	-
<u>45,649</u>	<u>30,580</u>	<u>76,229</u>	<u>-</u>
<u>3,515,091</u>	<u>64,953</u>	<u>3,580,044</u>	<u>26,187</u>
<u>446,823</u>	<u>(446,823)</u>	<u>-</u>	<u>-</u>
(375,521)	557,604	182,083	-
<u>25,934,756</u>	<u>17,966,632</u>	<u>43,901,388</u>	<u>-</u>
<u>\$ 25,559,235</u>	<u>\$ 18,524,236</u>	<u>\$ 44,083,471</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2017

	General Fund	Debt Service Fund	General Capital Projects Fund	Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 2,214,625	\$ 664,904	\$ -	\$ 2,117,126
Receivables (net)				
Taxes	1,574,280	350,700	125,408	547,277
Accounts	140,941	-	569,292	-
Special assessments	60	-	188,550	-
Loans	58,967	-	-	724,814
Other	-	50,461	-	-
Due from other funds	832,254	-	-	-
Due from other governments	31,480	-	40,556	-
Advances to other funds	-	163,200	-	-
	<u>\$ 4,852,607</u>	<u>\$ 1,229,265</u>	<u>\$ 923,806</u>	<u>\$ 3,389,217</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 148,179	\$ -	\$ -	\$ 35,317
Accrued liabilities	43,411	-	-	-
Due to other funds	-	-	132,857	34,932
Short-term debt	-	50,461	-	-
Total Liabilities	<u>191,590</u>	<u>50,461</u>	<u>132,857</u>	<u>70,249</u>
Deferred Inflows of Resources				
Unearned revenues	1,567,346	350,700	120,000	547,277
Unavailable revenues	58,967	50,461	802,508	724,814
Total Deferred Inflows of Resources	<u>1,626,313</u>	<u>401,161</u>	<u>922,508</u>	<u>1,272,091</u>
Fund Balances (Deficit)				
Nonspendable	37,644	-	-	-
Restricted	285,251	461,163	-	2,081,809
Assigned	1,592,772	316,480	-	-
Unassigned (deficit)	1,119,037	-	(131,559)	(34,932)
Total Fund Balances (Deficit)	<u>3,034,704</u>	<u>777,643</u>	<u>(131,559)</u>	<u>2,046,877</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,852,607</u>	<u>\$ 1,229,265</u>	<u>\$ 923,806</u>	<u>\$ 3,389,217</u>

See accompanying notes to financial statements.

Totals

\$ 4,996,655

2,597,665

710,233

188,610

783,781

50,461

832,254

72,036

163,200

\$ 10,394,895

\$ 183,496

43,411

167,789

50,461

445,157

2,585,323

1,636,750

4,222,073

37,644

2,828,223

1,909,252

952,546

5,727,665

\$ 10,394,895

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, 2017

Total Fund Balances - Governmental Funds	\$	5,727,665
--	----	-----------

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		31,476,642
Less: Accumulated depreciation		(11,403,759)

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		570,315
---	--	---------

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		(228,014)
--	--	-----------

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		802,508
Loan to golf course		50,461
Economic development loans		58,967
Housing loans		724,814

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		(1,884,381)
Vested compensated absences		(173,524)
Accrued interest		(22,881)
Landfill post closure costs		(64,000)
Net pension liability		<u>(75,578)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>25,559,235</u>
--	-----------	--------------------------

CITY OF BLACK RIVER FALLS

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

For the Year Ended December 31, 2017

	General Fund	Debt Service Fund	General Capital Projects Fund	Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 1,613,497	\$ 350,700	\$ 110,000	\$ 517,069
Intergovernmental	1,391,678	-	-	4,965
Licenses and permits	39,077	-	-	-
Fines, forfeitures and penalties	18,337	-	-	-
Public charges for services	180,417	-	-	-
Intergovernmental charges for services	2,500	-	-	-
Special assessments	132	-	-	-
Investment income	31,132	4,064	15,589	259
Miscellaneous	495,980	10,098	-	86,859
Total Revenues	3,772,750	364,862	125,589	609,152
EXPENDITURES				
Current				
General government	520,594	-	-	-
Public safety	1,042,499	-	-	-
Public works	1,048,678	-	-	-
Health and human services	5,226	-	-	-
Culture, recreation and education	1,040,900	-	-	-
Conservation and development	3,550	-	-	578,596
Capital Outlay	133,212	-	249,738	-
Debt Service				
Principal retirement	-	264,960	131,787	198,442
Interest and fiscal charges	-	22,933	11,129	8,574
Total Expenditures	3,794,659	287,893	392,654	785,612
Excess (deficiency) of revenues over expenditures	(21,909)	76,969	(267,065)	(176,460)
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	260,000	-
Transfers in	621,823	-	-	26,613
Transfers out	-	-	-	(201,613)
Total Other Financing Sources (Uses)	621,823	-	260,000	(175,000)
Net Change in Fund Balances	599,914	76,969	(7,065)	(351,460)
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	2,434,790	700,674	(124,494)	2,398,337
FUND BALANCES - END OF YEAR	\$ 3,034,704	\$ 777,643	\$ (131,559)	\$ 2,046,877

See accompanying notes to financial statements.

Totals
\$ 2,591,266
1,396,643
39,077
18,337
180,417
2,500
132
51,044
592,937
4,872,353

520,594
1,042,499
1,048,678
5,226
1,040,900
582,146
382,950

595,189
42,636
5,260,818

(388,465)

260,000
648,436
(201,613)
706,823

318,358

5,409,307

\$ 5,727,665

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, 2017

Net change in fund balances - total governmental funds	\$	318,358
<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		382,950
Some capital outlay is not capitalized in the government-wide statements		(34,298)
Some functional expenditures were capitalized in the government-wide statements		96,425
Net book value of assets retired		(18,555)
Depreciation is reported in the government-wide statements		(883,795)
<p>Contributed capital assets are reported as revenues in the government-wide financial statements.</p>		
		96,054
<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>		
		(464,505)
<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		(260,000)
Principal repaid		595,189
<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		6,153
Change in landfill post closure liability		4,000
Change in the vested compensated absences liability		(1,672)
Change in capital leases		1,083
Change in net pension liability and pension deferred outflows/inflows of resources		(112,298)
<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.		25,157
Repayment of principal on loans, notes, and other receivables recognized as revenue on fund statements		(125,767)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(375,521)</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

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

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	
ASSETS					
Current Assets					
Cash and investments	\$ 1,385,833	\$ 1,161,883	\$ 200,022	\$ 1,282,034	\$ 4,029,772
Receivables (net)					
Accounts	694,953	97,086	129,383	256,281	1,177,703
Interest	5,562	1,920	-	-	7,482
Other	8,457	-	-	-	8,457
Due from other governments	123,837	-	-	-	123,837
Prepays items and inventories	221,508	38,774	9,918	-	270,200
Restricted Assets					
Redemption account	93,858	17,227	83,354	-	194,439
Total Current Assets	<u>2,534,008</u>	<u>1,316,890</u>	<u>422,677</u>	<u>1,538,315</u>	<u>5,811,890</u>
Noncurrent Assets					
Restricted Assets					
Reserve account	560,427	-	-	-	560,427
Replacement account	-	2,405	479,706	-	482,111
Capital Assets					
Construction in progress	622,259	1,489	-	-	623,748
Land and land improvements	71,257	94,478	87,044	-	252,779
Plant in service	20,326,759	10,342,427	5,436,702	1,055,902	37,161,790
Less: Accumulated depreciation	(7,701,077)	(3,828,079)	(2,490,819)	(340,998)	(14,360,973)
Other Assets					
Property held for future use	233,905	-	-	-	233,905
Net non-utility property	235,625	-	-	-	235,625
Total Noncurrent Assets	<u>14,349,155</u>	<u>6,612,720</u>	<u>3,512,633</u>	<u>714,904</u>	<u>25,189,412</u>
Total Assets	<u>16,883,163</u>	<u>7,929,610</u>	<u>3,935,310</u>	<u>2,253,219</u>	<u>31,001,302</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	83,030	53,824	-	-	136,854
Pension related amounts	289,884	92,535	89,133	143,781	615,333
Total Deferred Outflows of Resources	<u>372,914</u>	<u>146,359</u>	<u>89,133</u>	<u>143,781</u>	<u>752,187</u>

Business-type Activities - Enterprise Funds

	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Nonmajor Enterprise Fund - Ambulance Fund</u>	<u>Totals</u>
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 398,681	\$ -	\$ -	\$ 6,805	\$ 405,486
Deposits	30,694	-	-	-	30,694
Other deferred credits	12,669	-	-	-	12,669
Due to other funds	359,336	187,783	58,323	59,023	664,465
Accrued payroll	18,795	-	-	-	18,795
Accrued interest	2,989	3,711	-	-	6,700
Accrued liabilities	-	4,335	3,885	-	8,220
Current portion of general obligation debt	87,240	249,560	48,433	-	385,233
Current portion of revenue bonds	50,000	-	-	-	50,000
Current portion of advances	16,897	5,540	5,263	-	27,700
Current portion of vested compensated absences	-	-	-	26,960	26,960
Current Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	360,187	24,553	118,448	-	503,188
Accrued interest	25,238	882	6,056	-	32,176
Total Current Liabilities	<u>1,362,726</u>	<u>476,364</u>	<u>240,408</u>	<u>92,788</u>	<u>2,172,286</u>
Noncurrent Liabilities					
General obligation debt Unamortized debt premium	117,342	-	-	-	117,342
Customer advances for construction	38,453	-	-	-	38,453
Revenue bonds	8,252,558	433,738	1,054,201	-	9,740,497
Advance from municipality	82,655	27,100	25,745	-	135,500
Vested compensated absences	52,835	11,979	11,979	8,987	85,780
Net pension liability	38,446	10,581	10,418	16,742	76,187
Total Noncurrent Liabilities	<u>8,582,289</u>	<u>1,048,398</u>	<u>1,151,279</u>	<u>25,729</u>	<u>10,807,695</u>
Total Liabilities	<u>9,945,015</u>	<u>1,524,762</u>	<u>1,391,687</u>	<u>118,517</u>	<u>12,979,981</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	115,341	37,956	36,335	59,640	249,272
NET POSITION					
Net investment in capital assets	4,947,531	5,550,848	1,762,909	714,904	12,976,192
Restricted for Debt and equipment replacement	216,417	18,750	557,004	-	792,171
Unrestricted	2,031,773	943,653	276,508	1,503,939	4,755,873
TOTAL NET POSITION	<u>\$ 7,195,721</u>	<u>\$ 6,513,251</u>	<u>\$ 2,596,421</u>	<u>\$ 2,218,843</u>	<u>\$ 18,524,236</u>

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, 2017

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	
OPERATING REVENUES	<u>\$ 6,859,045</u>	<u>\$ 1,008,811</u>	<u>\$ 977,333</u>	<u>\$ 898,763</u>	<u>\$ 9,743,952</u>
OPERATING EXPENSES					
Operation and maintenance	5,645,591	834,973	603,591	788,550	7,872,705
Depreciation	550,504	234,520	183,116	84,787	1,052,927
Amortization	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Total Operating Expenses	<u>6,202,095</u>	<u>1,069,493</u>	<u>786,707</u>	<u>873,337</u>	<u>8,931,632</u>
Operating Income	<u>656,950</u>	<u>(60,682)</u>	<u>190,626</u>	<u>25,426</u>	<u>812,320</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	14,284	9,318	3,166	7,605	34,373
Interest expense	(312,741)	(21,790)	(30,529)	-	(365,060)
IRS Build America Bond interest subsidy	34,528	-	-	-	34,528
Operating grants	58,790	-	-	-	58,790
Amortization	2,639	(7,689)	-	-	(5,050)
Miscellaneous	2,338	(14)	-	16,799	19,123
Loss on sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,625)</u>	<u>(12,625)</u>
Total Nonoperating Revenues (Expenses)	<u>(200,162)</u>	<u>(20,175)</u>	<u>(27,363)</u>	<u>11,779</u>	<u>(235,921)</u>
Income Before Contributions and Transfers	<u>456,788</u>	<u>(80,857)</u>	<u>163,263</u>	<u>37,205</u>	<u>576,399</u>
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	428,028	-	-	-	428,028
Transfers in	-	175,000	-	-	175,000
Transfers out	<u>(372,140)</u>	<u>(189,737)</u>	<u>(59,946)</u>	<u>-</u>	<u>(621,823)</u>
Total Contributions and Transfers	<u>55,888</u>	<u>(14,737)</u>	<u>(59,946)</u>	<u>-</u>	<u>(18,795)</u>
Change in Net Position	512,676	(95,594)	103,317	37,205	557,604
NET POSITION - Beginning of Year	<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>
NET POSITION - END OF YEAR	<u>\$ 7,195,721</u>	<u>\$ 6,513,251</u>	<u>\$ 2,596,421</u>	<u>\$ 2,218,843</u>	<u>\$ 18,524,236</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 6,770,216	\$ 730,436	\$ 977,516	\$ 958,436	\$ 9,436,604
Cash received from city	91,283	282,753	-	-	374,036
Paid to suppliers for goods and services	(4,963,251)	(642,113)	(403,667)	(252,626)	(6,261,657)
Paid to employees for services	(655,796)	(183,818)	(186,822)	(523,686)	(1,550,122)
Net Cash Flows From Operating Activities	<u>1,242,452</u>	<u>187,258</u>	<u>387,027</u>	<u>182,124</u>	<u>1,998,861</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Marketable securities sold	191,114	157,409	-	-	348,523
Marketable securities purchased	(199,611)	(164,607)	-	-	(364,218)
Investment income	13,013	8,437	1,865	7,605	30,920
Net Cash Flows From Investing Activities	<u>4,516</u>	<u>1,239</u>	<u>1,865</u>	<u>7,605</u>	<u>15,225</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Paid to municipality for tax equivalent	(366,250)	(190,060)	-	-	(556,310)
Transfers in (out)	(4,240)	175,000	(60,983)	-	109,777
Noncapital grant received	58,790	-	-	-	58,790
Advances repaid	(16,592)	(5,440)	(5,168)	-	(27,200)
Interest paid on advances	(2,480)	(813)	(772)	-	(4,065)
Net Cash Flows From Noncapital Financing Activities	<u>(330,772)</u>	<u>(21,313)</u>	<u>(66,923)</u>	<u>-</u>	<u>(419,008)</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	Totals
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	\$ (410,891)	\$ (134,693)	\$ (163,647)	\$ -	\$ (709,231)
Interest paid	(315,736)	(22,862)	(30,735)	-	(369,333)
Capital contributions	335,979	-	-	-	335,979
Acquisition and construction of capital assets	(921,858)	(55,154)	(4,337)	(241,845)	(1,223,194)
Interest rebate received on bonds	47,939	-	-	-	47,939
Draws on line of credit	254,013	-	-	-	254,013
Payments on line of credit	<u>(254,013)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(254,013)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(1,264,567)</u>	<u>(212,709)</u>	<u>(198,719)</u>	<u>(241,845)</u>	<u>(1,917,840)</u>
Net Change in Cash and Cash Equivalents	(348,371)	(45,525)	123,250	(52,116)	(322,762)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,653,784</u>	<u>495,590</u>	<u>476,407</u>	<u>434,150</u>	<u>3,059,931</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,305,413</u>	<u>\$ 450,065</u>	<u>\$ 599,657</u>	<u>\$ 382,034</u>	<u>\$ 2,737,169</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 656,950	\$ (60,682)	\$ 190,626	\$ 25,426	\$ 812,320
Nonoperating revenue (expense)	2,338	(14)	-	16,799	19,123
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation and amortization	556,504	234,520	183,116	84,787	1,058,927
Depreciation charged to other accounts	-	7,744	(7,744)	-	-
Changes in assets, deferred outflows, liabilities and deferred inflows					
Accounts receivable	41,457	(5,546)	5,038	42,874	83,823
Other receivables	(2,365)	-	-	-	(2,365)
Inventories	(16,900)	(4,552)	-	-	(21,452)
Accounts payable	(6,739)	-	-	5,785	(954)
Due to other funds	13,621	2,194	2,889	(11,948)	6,756
Customer deposits	(52,597)	-	-	-	(52,597)
Accrued liabilities	2,870	2,153	357	3,328	8,708
Prepayments	(1,043)	(840)	492	-	(1,391)
Pension related deferrals and asset	48,356	12,281	12,253	15,073	87,963
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,242,452</u>	<u>\$ 187,258</u>	<u>\$ 387,027</u>	<u>\$ 182,124</u>	<u>\$ 1,998,861</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Ambulance Fund	
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Cash and investments - statement of net position	\$ 1,385,833	\$ 1,161,883	\$ 200,022	\$ 1,282,034	\$ 4,029,772
Redemption account	93,858	17,227	83,354	-	194,439
Reserve account	560,427	-	-	-	560,427
Replacement account	-	2,405	479,706	-	482,111
Total Cash and Investments	2,040,118	1,181,515	763,082	1,282,034	5,266,749
Less: Noncash equivalents	(734,705)	(731,450)	(163,425)	(900,000)	(2,529,580)
CASH AND CASH EQUIVALENTS	<u>\$ 1,305,413</u>	<u>\$ 450,065</u>	<u>\$ 599,657</u>	<u>\$ 382,034</u>	<u>\$ 2,737,169</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital assets acquired through accounts payable	<u>\$ 6,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Line of credit refinanced directly between banks	<u>\$ 255,941</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, 2017

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 1,542,166
Taxes receivable	<u>2,444,249</u>
TOTAL ASSETS	<u><u>\$ 3,986,415</u></u>
LIABILITIES	
Due to other governments	<u>\$ 3,986,415</u>
TOTAL LIABILITIES	<u><u>\$ 3,986,415</u></u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE	Page
I Summary of Significant Accounting Policies	19
A. Reporting Entity	19
B. Government-Wide and Fund Financial Statements	20
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	23
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	24
1. Deposits and Investments	24
2. Receivables	25
3. Inventories and Prepaid Items	27
4. Restricted Assets	27
5. Capital Assets	27
6. Deferred Outflows of Resources	28
7. Compensated Absences	29
8. Long-Term Obligations/Conduit Debt	29
9. Deferred Inflows of Resources	29
10. Equity Classifications	30
11. Pension	31
12. Basis for Existing Rates	31
13. Other Assets	32
14. Other Deferred Credits	32
II Stewardship, Compliance, and Accountability	32
A. Budgetary Information	32
B. Excess Expenditures Over Appropriations	33
C. Deficit Balances	33
D. Limitations on the City's Tax Levy	33
III Detailed Notes on All Funds	34
A. Deposits and Investments	34
B. Receivables	35
C. Restricted Assets	36
D. Capital Assets	37
E. Interfund Receivables/Payables, Advances and Transfers	42
F. Short-Term Debt Activity	44
G. Long-Term Obligations	45
H. Closure and Postclosure Care Cost	49
I. Net Position/Fund Balances	50
J. Restatement of Fund Balances	51
K. Component Unit	52
IV Other Information	52
A. Employees' Retirement System	52
B. Risk Management	58
C. Commitments and Contingencies	59
D. Joint Ventures	60
E. Subsequent Events	61
F. Economic Dependency	62
G. Effect of New Accounting Standards on Current-Period Financial Statements	62

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of 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, 2017

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.K. As a component unit, the BID's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2017. The BID does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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, 2017

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

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

Fund Financial Statements (cont.)

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

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

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

The city reports the following major governmental funds:

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

The city reports the following major enterprise funds:

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental and enterprise funds:

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

Revolving Housing Fund

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

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

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

Ambulance

In addition, the city reports the following fund type:

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

Tax Collection

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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, 2017

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

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

Fund Financial Statements (cont.)

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

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

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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

1. Deposits and Investments (cont.)

- 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, 2017, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

2. Receivables

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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

2. Receivables (cont.)

Property tax calendar - 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale - 2017 delinquent real estate taxes	October 2020

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the 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, 2017

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

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

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 and \$5,000 for infrastructure assets and \$1,000 for utility capital assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but GASB No. 34 does not require the city to retroactively report all major general infrastructure assets. As of December 31, 2017, 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, 2017

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

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

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, 2017

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

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

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, 2017, are determined on the basis of current salary rates and include salary related payments.

8. *Long-Term Obligations/Conduit Debt*

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, 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 \$5,810,500, 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, 2017

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

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

10. Equity Classifications

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, 2017

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- 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.

12. Basis for Existing Rates

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

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

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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

12. Basis for Existing Rates (cont.)

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.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund	\$ 3,179,909	\$ 3,794,659	\$ 614,750
General Capital Projects	110,000	392,654	282,654

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, 2017, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
General Capital Projects	\$ (131,559)	Expenditures in excess of revenues
TIF #5	(11,532)	Expenditures in excess of revenues
TIF #6	(4,900)	Expenditures in excess of revenues
TIF #7	(18,500)	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, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 11,720,118	\$ 11,537,952	Custodial credit
LGIP	85,052	85,052	Credit
Petty cash	400	-	N/A
 Total Deposits and Investments	 \$ 11,805,570	 \$ 11,623,004	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 9,026,427		
Restricted cash and investments	1,236,977		
Per statement of assets and liabilities -			
agency fund			
Agency Fund	1,542,166		
 Total Deposits and Investments	 \$ 11,805,570		

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, 2017, the banks had pledged various government securities in the amount of \$4,258,828 to secure the city's deposits and \$3,751,618 to secure the utilities' deposits.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2017, \$1,825,015 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>1,825,015</u>
Total	\$ <u><u>1,825,015</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 \$27,039 in the general fund, \$42,888 in the debt service fund, \$631,473 in the general capital projects fund, and \$724,197 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 \$989,808 allowance for uncollectibles. Receivables in the nonmajor governmental funds are shown net of a \$83,436 allowance for uncollectibles. Receivables in the ambulance fund are shown net of a \$312,982 allowance for uncollectibles.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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	<u>\$ 92,046</u>
--	------------------

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 2,585,323	\$ -
Special assessments, taxes receivable, and due from other governments not yet due	-	802,508
Loan to golf course	-	50,461
Economic development loans	-	58,967
Housing loans	-	724,814
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 2,585,323	 \$ 1,636,750

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, 2017

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

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2017:

Restricted Assets		
Redemption account	\$	194,439
Reserve account		560,427
Replacement account		<u>482,111</u>
Total Restricted Assets	\$	<u><u>1,236,977</u></u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land and land improvements	\$ 5,910,298	\$ -	\$ -	\$ 5,910,298
Construction in progress	<u>18,555</u>	<u>-</u>	<u>18,555</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>5,928,853</u>	<u>-</u>	<u>18,555</u>	<u>5,910,298</u>
Capital assets being depreciated				
Land improvements	1,037,449	-	-	1,037,449
Buildings	11,184,149	-	-	11,184,149
Machinery and equipment	4,970,642	308,104	55,000	5,223,746
Roads	5,653,956	144,492	-	5,798,448
Curb and gutter	137,157	8,000	-	145,157
Storm sewer	449,230	29,375	-	478,605
Sanitary sewer	963,423	51,160	-	1,014,583
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>25,080,213</u>	<u>541,131</u>	<u>55,000</u>	<u>25,566,344</u>
Total Capital Assets	<u>31,009,066</u>	<u>541,131</u>	<u>73,555</u>	<u>31,476,642</u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

D. CAPITAL ASSETS (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Land improvements	\$ (268,785)	\$ (46,405)	\$ -	\$ (315,190)
Buildings	(4,602,179)	(302,065)	-	(4,904,244)
Machinery and equipment	(3,255,370)	(218,745)	55,000	(3,419,115)
Roads	(1,822,338)	(247,958)	-	(2,070,296)
Curb and gutter	(43,026)	(4,785)	-	(47,811)
Storm sewer	(159,336)	(15,758)	-	(175,094)
Sanitary sewer	(357,545)	(33,512)	-	(391,057)
Street lighting	(16,945)	(2,207)	-	(19,152)
Bridges	(49,440)	(12,360)	-	(61,800)
Total Accumulated Depreciation	<u>(10,574,964)</u>	<u>(883,795)</u>	<u>55,000</u>	<u>(11,403,759)</u>
Net Capital Assets Being Depreciated	<u>14,505,249</u>	<u>(342,664)</u>	<u>-</u>	<u>14,162,585</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 20,434,102</u>	<u>\$ (342,664)</u>	<u>\$ 18,555</u>	<u>\$ 20,072,883</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 13,704
Public safety	38,304
Public works	474,160
Culture, recreation and education	<u>357,627</u>
Total Governmental Activities Depreciation Expense	<u>\$ 883,795</u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

D. CAPITAL ASSETS (cont.)

Business-type Activities

	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	432,053	395,465	205,259	622,259
Total Capital Assets Not Being Depreciated	503,310	395,465	205,259	693,516
Capital assets being depreciated/amortized				
Intangible	244,513	-	-	244,513
Hydraulic production	11,982,179	-	-	11,982,179
Other production	198,820	-	-	198,820
Transmission	334,610	22,710	-	357,320
Distribution	6,471,127	228,687	33,991	6,665,823
Administrative and general assets	800,347	210,505	132,748	878,104
Total Capital Assets Being Depreciated/Amortized	20,031,596	461,902	166,739	20,326,759
Total Capital Assets	20,534,906	857,367	371,998	21,020,275
Less: Accumulated depreciation/amortization for				
Intangible	(112,524)	(6,000)	-	(118,524)
Hydraulic production	(2,221,764)	(265,881)	-	(2,487,645)
Other production	(198,818)	-	-	(198,818)
Transmission	(276,361)	(6,192)	-	(282,553)
Distribution	(3,840,435)	(213,944)	33,991	(4,020,388)
Administrative and general assets	(667,335)	(58,562)	132,748	(593,149)
Total Accumulated Depreciation/Amortization	(7,317,237)	(550,579)	166,739	(7,701,077)
Net Capital Assets Being Depreciated/Amortized	12,714,359	(88,677)	-	12,625,682
Net Electric Capital Assets	\$ 13,217,669	\$ 306,788	\$ 205,259	\$ 13,319,198

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 94,478	\$ -	\$ -	\$ 94,478
Construction in progress	-	43,222	41,733	1,489
Total Capital Assets Not Being Depreciated	94,478	43,222	41,733	95,967
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	7,218,660	40,411	5,844	7,253,227
General	406,332	3,151	-	409,483
Total Capital Assets Being Depreciated	10,304,709	43,562	5,844	10,342,427
Total Capital Assets	10,399,187	86,784	47,577	10,438,394
Less: Accumulated depreciation for				
Source of supply	(325,163)	(16,977)	-	(342,140)
Pumping	(839,051)	(62,234)	-	(901,285)
Treatment	(99,559)	(9,206)	-	(108,765)
Transmission and distribution	(2,011,862)	(122,370)	5,844	(2,128,388)
General	(326,127)	(21,374)	-	(347,501)
Total Accumulated Depreciation	(3,601,762)	(232,161)	5,844	(3,828,079)
Net Capital Assets Being Depreciated	6,702,947	(188,599)	-	6,514,348
Net Water Capital Assets	\$ 6,797,425	\$ (145,377)	\$ 41,733	\$ 6,610,315

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 87,044	\$ -	\$ -	\$ 87,044
Total Capital Assets Not Being Depreciated	<u>87,044</u>	<u>-</u>	<u>-</u>	<u>87,044</u>
Capital assets being depreciated				
Collecting system pumping	97,228	-	-	97,228
Treatment and disposal	5,115,485	3,237	-	5,118,722
General	<u>219,652</u>	<u>1,100</u>	<u>-</u>	<u>220,752</u>
Total Capital Assets Being Depreciated	<u>5,432,365</u>	<u>4,337</u>	<u>-</u>	<u>5,436,702</u>
Total Capital Assets	<u>5,519,409</u>	<u>4,337</u>	<u>-</u>	<u>5,523,746</u>
Less: Accumulated depreciation for Sewer plant	<u>(2,315,447)</u>	<u>(175,372)</u>	<u>-</u>	<u>(2,490,819)</u>
Net Capital Assets Being Depreciated	<u>3,116,918</u>	<u>(171,035)</u>	<u>-</u>	<u>2,945,883</u>
Net Sewer Capital Assets	<u>\$ 3,203,962</u>	<u>\$ (171,035)</u>	<u>\$ -</u>	<u>\$ 3,032,927</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	\$ 928,848	\$ 247,220	\$ 120,166	\$ 1,055,902
Less: Accumulated depreciation for Machinery and equipment	<u>(358,377)</u>	<u>(84,787)</u>	<u>102,166</u>	<u>(340,998)</u>
Net Ambulance Capital Assets	<u>\$ 570,471</u>	<u>\$ 162,433</u>	<u>\$ 18,000</u>	<u>\$ 714,904</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 23,789,527</u>	<u>\$ 152,809</u>	<u>\$ 264,992</u>	<u>\$ 23,677,344</u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities

Electric	\$ 556,504
Water	234,520
Sewer	183,116
Ambulance	<u>84,787</u>
 Total Business-type Activities Depreciation Expense	 <u><u>\$ 1,058,927</u></u>

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	General Capital Projects	\$ 132,857	\$ 4,174
General Fund	Electric Utility	359,336	-
General Fund	Water Utility	187,783	-
General Fund	Sewer Utility	58,323	-
General Fund	Ambulance	59,023	-
General Fund	TIF #5	11,532	10,070
General Fund	TIF #6	4,900	4,900
General Fund	TIF #7	<u>18,500</u>	18,500
 Total - Fund Financial Statements		 832,254	
Less: Fund eliminations		(167,789)	
Add: Interfund advances		<u>163,200</u>	
 Total Internal Balances - Government-Wide Statement of Net Position		 <u><u>\$ 827,665</u></u>	

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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

Interfund Receivables/Payables (cont.)

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

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Debt Service Fund	Electric Utility	\$ 99,552	\$ 82,655
Debt Service Fund	Water Utility	32,640	27,100
Debt Service Fund	Sewer Utility	31,008	25,745
Total		\$ 163,200	

Years	Principal	Interest
2018	\$ 27,700	\$ 3,484
2019	25,533	4,039
2020	26,295	3,278
2021	27,071	2,501
2022	27,885	1,687
2023	28,716	856
Totals	\$ 163,200	\$ 15,845

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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

Transfers

The following is a schedule of interfund transfers:

<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	367,900	Property tax equivalent
General Fund	Water Utility	189,737	Property tax equivalent
Water Utility	TIF #1	175,000	Assist utility with cost of water tower painting
General Fund	Sewer Utility	59,946	Assist city with cost of maintenance of collection system
TIF #3	TIF #6	<u>26,613</u>	Increment sharing
Total - Fund Financial Statements		823,436	
Less: Fund eliminations		<u>(376,613)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 446,823</u></u>	

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

F. SHORT-TERM DEBT ACTIVITY

On November 10, 2017, the city entered into a short-term borrowing agreement for \$50,461. The promissory note is due October 1, 2018 and bears interest of 4.39%. The proceeds were used to refinance a general obligation promissory note due in November 2017.

On October 16, 2016 the municipality, on behalf of the utilities, established a line of credit of \$1,000,000 to finance electric utility repairs. The utilities drew and repaid \$254,013 in 2017; no balance was outstanding at year end. The current line of credit expires on October 16, 2020 and bears an interest rate of 2.15%. The maximum amount that can be drawn in the future is \$744,059.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

G. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 2,219,570	\$ 260,000	\$ 595,189	\$ 1,884,381	\$ 1,055,242
Sub-totals	2,219,570	260,000	595,189	1,884,381	1,055,242
Other Liabilities					
Vested compensated absences	171,852	82,356	80,684	173,524	130,143
Capital leases	1,083	-	1,083	-	-
Landfill post closure costs	68,000	-	4,000	64,000	4,000
Net pension liability	143,270	99,649	167,341	75,578	-
Total Other Liabilities	384,205	182,005	253,108	313,102	134,143
Total Governmental Activities Long-Term Liabilities	\$ 2,603,775	\$ 442,005	\$ 848,297	\$ 2,197,483	\$ 1,189,385
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,171,327	\$ -	\$ 172,158	\$ 999,169	\$ 385,233
Revenue bonds	10,830,758	-	537,073	10,293,685	553,188
(Discounts)/Premiums	126,368	-	9,026	117,342	-
Sub-totals	12,128,453	-	718,257	11,410,196	938,421
Other Liabilities					
Vested compensated absences	106,933	24,036	18,229	112,740	26,960
Customer advances for construction	6,665	31,788	-	38,453	-
Net pension liability	153,653	91,226	168,692	76,187	-
Total Other Liabilities	267,251	147,050	186,921	227,380	26,960
Total Business-type Activities Long-Term Liabilities	\$ 12,395,704	\$ 147,050	\$ 905,178	\$ 11,637,576	\$ 965,381

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2017, was \$12,437,765. Total general obligation debt outstanding at year end was \$2,883,550.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

G. 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, 2017</u>
Promissory Note	Jan-13	Jan-18	2.10%	\$ 544,000	\$ 326,400
Promissory Note	Jan-13	Jan-18	1.37%	800,000	390,000
Promissory Note	Jan-14	Jun-19	1.55%	608,000	431,242
Promissory Note	Jan-14	Feb-19	1.55%	165,000	82,091
Promissory Note	Oct-14	Oct-19	1.85%	200,000	143,823
Promissory Note	May-15	Jun-18	1.31%	425,000	143,482
Promissory Note	May-15	May-20	2.00%	290,000	177,343
Promissory Note	Oct-17	Dec-21	1.37%	260,000	<u>190,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 1,884,381</u>

Business-type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
Promissory Note	Apr-13	Apr-18	1.55%	\$ 260,000	\$ 159,560
Promissory Note	Apr-13	Apr-18	1.55%	141,268	87,240
Refunding Bonds	Jun-13	Dec-24	0.5-2.6%	995,000	655,000
Refunding Note	Mar-16	Mar-19	1.15%	145,304	<u>97,369</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 999,169</u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

G. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2018	\$ 1,055,242	\$ 32,195	\$ 385,233	\$ 18,647
2019	626,845	13,557	138,936	12,966
2020	84,294	3,204	95,000	10,955
2021	118,000	1,639	90,000	9,150
2022	-	-	90,000	7,170
2023-2024	-	-	200,000	7,700
Totals	<u>\$ 1,884,381</u>	<u>\$ 50,595</u>	<u>\$ 999,169</u>	<u>\$ 66,588</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 2017 was \$705,555. Total customer net revenues as defined for 2017 were \$1,321,056. Annual principal and interest payments are expected to require 32% 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 2017 was \$29,706. Total customer net revenues as defined for 2017 were \$358,156. Annual principal and interest payments are expected to require 8% 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 2017 was \$144,813. Total customer net revenues as defined for 2017 were \$376,908. Annual principal and interest payments are expected to require 38% of net revenues on average.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

G. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2017, consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
<u>Electric Utility</u>					
Revenue Bond	Dec-10	Jun-47	3.75%	\$ 5,000,000	\$ 4,362,745
Revenue Bond	Dec-10	Jan-20	0.00%	500,000	150,000
Revenue Bond	May-14	Dec-30	2.0-5.0%	5,045,000	<u>4,150,000</u>
				Total Electric Utility	<u>8,662,745</u>
<u>Water Utility</u>					
Revenue Bond	Dec-14	May-34	1.155%	506,560	<u>458,291</u>
<u>Sewer Utility</u>					
Revenue Bond	Oct-06	May-26	2.365%	2,299,337	<u>1,172,649</u>
Total Business-type Activities - Revenue Debt					<u><u>\$ 10,293,685</u></u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

G. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2018	\$ 553,188	\$ 331,551
2019	564,499	319,707
2020	575,999	306,172
2021	542,698	292,312
2022	554,600	277,996
2023-2027	2,862,995	1,138,467
2028-2032	1,897,065	685,312
2033-2037	860,800	438,555
2038-2042	965,871	274,129
2043-2047	915,970	79,163
Totals	<u>\$ 10,293,685</u>	<u>\$ 4,143,364</u>

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.

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 \$64,000 reported as landfill closure and postclosure care liability at December 31, 2017, represents the total amount needed by the city for post closure care costs according to state and federal regulations. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

I. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2017, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 5,910,298
Other capital assets, net of accumulated depreciation	14,162,585
Less: Long-term debt outstanding	(1,884,381)
Plus: Noncapital debt proceeds	<u>326,400</u>
Total Net Investment in Capital Assets	<u><u>\$ 18,514,902</u></u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

	General Fund	Debt Service Fund	General Capital Projects Fund	Nonmajor Funds	Totals
Fund Balances					
Nonspendable:					
Non-current interfunds	\$ 37,644	\$ -	\$ -	\$ -	\$ 37,644
Restricted for:					
Fair park	158,582	-	-	-	158,582
Library	126,669	-	-	-	126,669
TIF project costs	-	-	-	1,907,958	1,907,958
Debt service	-	461,163	-	-	461,163
Loans	-	-	-	173,851	173,851
Assigned to:					
Superfund	478,710	-	-	-	478,710
Economic development	613,875	-	-	-	613,875
Fair Park projects	254,830	-	-	-	254,830
Lunda Community Park	179,663	-	-	-	179,663
License plates	31,468	-	-	-	31,468
Taxi services	34,226	-	-	-	34,226
Debt service	-	316,480	-	-	316,480
Unassigned (deficit):	<u>1,119,037</u>	<u>-</u>	<u>(131,559)</u>	<u>(34,932)</u>	<u>952,546</u>
Total Fund Balances (Deficit)	<u><u>\$ 3,034,704</u></u>	<u><u>\$ 777,643</u></u>	<u><u>\$ (131,559)</u></u>	<u><u>\$ 2,046,877</u></u>	<u><u>\$ 5,727,665</u></u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

I. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 252,779
Construction in progress	623,748
Other capital assets, net of accumulated depreciation	22,800,817
Less: Capital-related long-term debt outstanding	(11,133,294)
Add: Unamortized debt discount (premium)	(117,342)
Add: Deferred charge on refunding	136,854
Add: Unspent proceeds	<u>412,630</u>
Total Net Investment in Capital Assets	<u>\$ 12,976,192</u>

J. RESTATEMENT OF FUND BALANCES

Fund balance has been restated to correct errors in recording 2002 and 2007 debt proceeds and a related donation.

General Fund

General Fund balance - December 31, 2016 (as reported)	\$ 1,914,790
Add: 2007 loan proceeds receipted in the debt service fund but used to finance general fund expenditures	235,000
2007 donation receipted in the debt service fund but used to fund general fund expenditures	5,000
2002 loan proceeds receipted into the debt service fund but used to finance general fund expenditures	<u>280,000</u>
Fund Balance - December 31, 2016 (as restated)	<u>\$ 2,434,790</u>

Debt Service Fund

Debt Service Fund balance - December 31, 2016 (as reported)	\$ 1,220,674
Less: 2007 loan proceeds receipted in the debt service fund but used to finance general fund expenditures	(235,000)
2007 donation receipted in the debt service fund but used to fund general fund expenditures	(5,000)
2002 loan proceeds receipted into the debt service fund but used to finance general fund expenditures	<u>(280,000)</u>
Fund Balance - December 31, 2016 (as restated)	<u>\$ 700,674</u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

K. 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, 2017, the BID had unearned revenues of \$26,187 related to property taxes receivable for the subsequent year.

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized \$186,397 in contributions from the city.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2017, the city reported a liability of \$151,765 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the city's proportion was 0.01841270%, which was an increase of 0.00014028% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the city recognized pension expense of \$394,903.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2017, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,868	\$ 477,286
Changes in assumptions	158,676	-
Net differences between projected and actual earnings on pension plan investments	755,435	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,027	-
Employer contributions subsequent to the measurement date	194,642	-
Totals	\$ 1,185,648	\$ 477,286

\$194,642 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 359,673	\$ 152,381
2019	359,673	152,381
2020	294,838	152,381
2021	(23,504)	20,143
2022	326	-

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Core Fund Asset Class</u>	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	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, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension asset (liability)	\$(1,996,561)	\$(151,765)	\$1,268,812

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, 2017, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

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 \$40.43 per pay period for an annual maximum of \$1,051.27. Family plans have a \$92.10 per pay period deduction with an annual maximum deduction of \$2,394.53. 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 2017 were \$0. Claims incurred and paid during 2017 were \$56,619.

The utilities are also self-insured for unemployment compensation obligations as permitted under Wisconsin Statutes. Annual expenditures by the utility for claims during 2017 were immaterial. The utilities are self-insured for boiler and machinery insurance as well.

C. COMMITMENTS AND CONTINGENCIES

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

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

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

Long-Term Contracts - WPPI Energy

The electric utility is one of 51 WPPI Energy member municipalities located throughout the 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.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Long-Term Contracts - WPPI Energy (cont.)

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

In 2015 and 2016, all but two of WPPI Energy members ratified an extension to their existing contracts. The new contract expires at midnight on December 31, 2055. The contract for the remaining members expires on December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$388 million as of December 31, 2017.

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.

In 2017, the city entered into a development agreement which commits TIF District #4 to providing \$359,000 to a local business when certain requirements are met. As of December 31, 2017, no payment have been made on this agreement.

D. JOINT VENTURES

Black River Falls Rural Fire Department

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Black River Falls Rural Fire Department (cont.)

The governing body is made up of citizens from each community. Local representatives are appointed by the Mayor of the City of Black River Falls and the Chairperson of each township. The governing body has authority to adopt its own budget and control the financial affairs of the department. The city is obligated by the joint venture agreement to remit an amount annually to the department. The city made a payment to the department of \$10,900 in 2017.

Summary financial information of the department was not available as of December 31, 2017.

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 2017.

Summary financial information of the airport as of December 31, 2017 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 18, 2018, the city issued a general obligation bank note in the amount of \$271,000 with an interest rate of 2.94%. The amount will be used to refinance existing long-term debt.

On January 19, 2018, the city issued a general obligation bank note in the amount of \$308,000 with an interest rate of 2.61%. The amount will be used to refinance existing long-term debt.

On May 2, 2018, the city issued a general obligation bank note in the amount of \$210,000 with an interest rate of 2.94%. The amount will be used to finance street projects.

In January 2018, the utilities issued Electric revenue bonds through WPPI in the amount of \$280,000 to finance a meter conversion project. No interest is being charged.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

E. SUBSEQUENT EVENTS (cont.)

In February 2018, the utilities refinanced the 2013 Electric refunding loan and the 2013 Water tower painting loan. The new loans have a term of five years and bear interest at 2.94%.

F. ECONOMIC DEPENDENCY

Water Utility

The water utility has one significant customer who was responsible for 28% of operating revenues in 2017.

Sewer Utility

The sewer utility has one significant customer who was responsible for 28% of operating revenues in 2017.

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

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

- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,416,136	\$ 1,416,136	\$ 1,424,473	\$ 8,337
Intergovernmental	1,061,623	1,061,623	1,231,531	169,908
Licenses and permits	7,500	7,500	39,077	31,577
Fines, forfeitures and penalties	20,400	20,400	18,337	(2,063)
Public charges for services	9,000	9,000	23,946	14,946
Special assessments	-	-	132	132
Investment income	12,000	12,000	21,770	9,770
Miscellaneous	<u>60,550</u>	<u>60,550</u>	<u>296,456</u>	<u>235,906</u>
Total Revenues	<u>2,587,209</u>	<u>2,587,209</u>	<u>3,055,722</u>	<u>468,513</u>
EXPENDITURES				
Current				
General government	568,334	568,334	520,594	47,740
Public safety	1,048,259	1,048,259	1,036,053	12,206
Public works	910,258	910,258	864,577	45,681
Health and human services	7,500	7,500	5,226	2,274
Culture, recreation and education	509,058	509,058	639,471	(130,413)
Capital Outlay	<u>136,500</u>	<u>136,500</u>	<u>133,212</u>	<u>3,288</u>
Total Expenditures	<u>3,179,909</u>	<u>3,179,909</u>	<u>3,199,133</u>	<u>(19,224)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(592,700)</u>	<u>(592,700)</u>	<u>(143,411)</u>	<u>449,289</u>
OTHER FINANCING SOURCES				
Transfers in	<u>584,200</u>	<u>584,200</u>	<u>623,932</u>	<u>39,732</u>
Total Other Financing Sources	<u>584,200</u>	<u>584,200</u>	<u>623,932</u>	<u>39,732</u>
CHANGE IN FUND BALANCE - BUDGETARY BASIS	<u><u>\$ (8,500)</u></u>	<u><u>\$ (8,500)</u></u>	480,521	<u><u>\$ 489,021</u></u>
Prospective differences:				
Economic Development fund change in fund balance			35,810	
Aquatic Center fund change in fund balance			(21,543)	
Jackson County Fair fund change in fund balance			8,596	
Jackson County New Arena fund change in fund balance			45,683	
Lunda Community Park fund change in fund balance			19,155	
Field of Honor fund change in fund balance			(520)	
Fair Park Renovation fund change in fund balance			27,444	
Jackson County Fair Park Maintenance fund change in fund balance			8,680	
License Plate fund change in fund balance			(17,458)	
Taxi Service fund change in fund balance			<u>13,546</u>	
NET CHANGE IN FUND BALANCE - GAAP BASIS			<u><u>\$ 599,914</u></u>	

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

CITY OF BLACK RIVER FALLS

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)
WISCONSIN RETIREMENT SYSTEM (WRS)
For the Year Ended December 31, 2017

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
12/31/16	0.01841270%	\$ (151,765)	\$ 2,535,421	5.99%	99.12%
12/31/15	0.01827242%	(296,923)	2,375,291	12.50%	98.20%
12/31/14	0.01868455%	458,944	2,333,340	19.67%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM (WRS)
For the Year Ended December 31, 2017

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
12/31/17	\$ 194,642	\$ 194,642	\$ -	2,539,137	7.67%
12/31/16	186,397	186,397	-	2,535,421	7.35%
12/31/15	177,400	177,400	-	2,401,183	7.39%

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

CITY OF BLACK RIVER FALLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2017

BUDGETARY INFORMATION

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

The budgeted amounts presented include any amendments made. The city 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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
TAXES				
General property tax for local purposes	\$ 1,406,560	\$ 1,406,560	\$ 1,406,560	\$ -
Mobile home taxes	7,000	7,000	1,368	(5,632)
Public accommodation taxes	2,500	2,500	3,588	1,088
Payment in lieu of taxes	76	76	12,957	12,881
Total Taxes	<u>1,416,136</u>	<u>1,416,136</u>	<u>1,424,473</u>	<u>8,337</u>
SPECIAL ASSESSMENTS				
Other	-	-	132	132
INTERGOVERNMENTAL				
Shared revenues	628,000	628,000	651,553	23,553
Fire insurance tax from state	8,500	8,500	10,176	1,676
State aid - law enforcement training	-	-	960	960
State aid - local transportation	221,000	221,000	220,700	(300)
State aid - connecting streets	40,000	40,000	40,282	282
Other state payments	-	-	51,837	51,837
State aid - municipal services	6,700	6,700	5,942	(758)
In lieu of taxes on federal forest land	200	200	338	138
County aid - libraries	127,223	127,223	136,973	9,750
Transmission line payment	-	-	57,770	57,770
Other local government	30,000	30,000	55,000	25,000
Total Intergovernmental	<u>1,061,623</u>	<u>1,061,623</u>	<u>1,231,531</u>	<u>169,908</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	5,600	5,600	7,021	1,421
Operators' licenses	1,500	1,500	2,515	1,015
Cigarette licenses	400	400	1,005	605
Building permits	-	-	27,690	27,690
Other regulatory permits and fees	-	-	846	846
Total Licenses and Permits	<u>7,500</u>	<u>7,500</u>	<u>39,077</u>	<u>31,577</u>
FINES, FORFEITURES AND PENALTIES				
Ordinance violations	400	400	221	(179)
Traffic reports	20,000	20,000	18,116	(1,884)
Total Fines, Forfeitures and Penalties	<u>20,400</u>	<u>20,400</u>	<u>18,337</u>	<u>(2,063)</u>
PUBLIC CHARGES FOR SERVICES				
Parks	500	500	4,031	3,531
Other public charges for services	-	-	143	143
Street related facilities	-	-	10,098	10,098
Library	8,500	8,500	9,674	1,174
Total Public Charges for Services	<u>9,000</u>	<u>9,000</u>	<u>23,946</u>	<u>14,946</u>

CITY OF BLACK RIVER FALLS

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND (NON-GAAP) For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
INVESTMENT INCOME				
Investment income	\$ 12,000	\$ 12,000	\$ 21,279	\$ 9,279
Interest on special assessments	-	-	491	491
Total Investment Income	<u>12,000</u>	<u>12,000</u>	<u>21,770</u>	<u>9,770</u>
MISCELLANEOUS				
Rent	-	-	6,200	6,200
Donations	13,050	13,050	143,140	130,090
Miscellaneous	47,500	47,500	105,077	57,577
Insurance recoveries - highway	-	-	23,963	23,963
Insurance recoveries - police	-	-	3,882	3,882
Insurance recoveries - other	-	-	14,194	14,194
Total Miscellaneous	<u>60,550</u>	<u>60,550</u>	<u>296,456</u>	<u>235,906</u>
TOTAL REVENUES	<u>\$ 2,587,209</u>	<u>\$ 2,587,209</u>	<u>\$ 3,055,722</u>	<u>\$ 468,513</u>

CITY OF BLACK RIVER FALLS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (NON-GAAP) For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT				
Council	\$ 19,200	\$ 19,200	\$ 16,964	\$ 2,236
Mayor	7,959	7,959	7,691	268
Municipal building	27,555	27,555	35,567	(8,012)
Legal counseling	41,200	41,200	37,860	3,340
Administrator	101,190	101,190	100,849	341
Finance	135,490	135,490	134,960	530
Elections	10,000	10,000	4,092	5,908
Independent auditing	40,000	40,000	41,200	(1,200)
Assessor/building inspector	15,200	15,200	14,020	1,180
Property and liability insurance	45,000	45,000	31,639	13,361
Workers' compensation	50,000	50,000	18,585	31,415
Employee benefits	39,540	39,540	51,375	(11,835)
Automobile fleet insurance	15,000	15,000	4,525	10,475
Licenses publication fees	-	-	162	(162)
Other general government	21,000	21,000	21,105	(105)
Total General Government	<u>568,334</u>	<u>568,334</u>	<u>520,594</u>	<u>47,740</u>
PUBLIC SAFETY				
Police	658,264	658,264	636,791	21,473
Building inspection	-	-	24,562	(24,562)
Fire protection	109,995	109,995	91,947	18,048
Hydrant rental	280,000	280,000	282,753	(2,753)
Total Public Safety	<u>1,048,259</u>	<u>1,048,259</u>	<u>1,036,053</u>	<u>12,206</u>
PUBLIC WORKS				
Administration	83,235	83,235	82,904	331
Insurance	124,703	124,703	115,537	9,166
Street machine repair	57,918	57,918	73,671	(15,753)
Highway and street maintenance	85,302	85,302	79,247	6,055
Sidewalks	21,119	21,119	4,091	17,028
Curb and gutter	29,763	29,763	31,819	(2,056)
Garage and machine shed	74,000	74,000	71,897	2,103
Tree and brush control	39,841	39,841	46,877	(7,036)
Street signs	7,973	7,973	2,635	5,338
Street cleaning	10,622	10,622	12,135	(1,513)
Snow and ice control	101,230	101,230	65,151	36,079
Street lighting	99,000	99,000	103,031	(4,031)
Storm sewers	10,667	10,667	9,996	671
Airport	12,500	12,500	12,500	-
Levee certification and maintenance	1,200	1,200	-	1,200
Refuse and garbage collection	48,892	48,892	52,659	(3,767)
Sanitary sewers	42,394	42,394	37,555	4,839
Recycling	25,199	25,199	18,504	6,695
Landfill abandonment	4,700	4,700	4,565	135
Landfill	30,000	30,000	39,803	(9,803)
Total Public Works	<u>910,258</u>	<u>910,258</u>	<u>864,577</u>	<u>45,681</u>

CITY OF BLACK RIVER FALLS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND (NON-GAAP) For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
HEALTH AND HUMAN SERVICES				
Animal shelter	\$ 7,000	\$ 7,000	\$ 4,842	\$ 2,158
Rodent control	500	500	384	116
Total Health and Human Services	<u>7,500</u>	<u>7,500</u>	<u>5,226</u>	<u>2,274</u>
CULTURE, RECREATION, AND EDUCATION				
Library	300,262	300,262	333,087	(32,825)
Parks	116,612	116,612	132,561	(15,949)
Recreation administration	85,334	85,334	85,984	(650)
Recreation programs	2,100	2,100	29,147	(27,047)
Golf courses	-	-	58,391	(58,391)
Skating rink	4,750	4,750	301	4,449
Total Culture, Recreation and Education	<u>509,058</u>	<u>509,058</u>	<u>639,471</u>	<u>(130,413)</u>
CAPITAL OUTLAY				
Law enforcement	5,000	5,000	-	5,000
Fire protection	1,500	1,500	3,718	(2,218)
Highway buildings	2,000	2,000	-	2,000
Highway and street construction	110,000	110,000	115,752	(5,752)
Storm sewer	2,000	2,000	-	2,000
Parks and playgrounds	16,000	16,000	13,742	2,258
Total Capital Outlay	<u>136,500</u>	<u>136,500</u>	<u>133,212</u>	<u>3,288</u>
TOTAL EXPENDITURES	<u>\$ 3,179,909</u>	<u>\$ 3,179,909</u>	<u>\$ 3,199,133</u>	<u>\$ (19,224)</u>

CITY OF BLACK RIVER FALLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2017

	Special Revenue	Capital Projects	
	Revolving Housing	TIF #1	TIF #3
ASSETS			
Cash and investments	\$ 173,851	\$ 519,309	\$ 1,325,668
Receivables (net)			
Taxes	-	118,822	327,848
Loans	<u>724,814</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 898,665</u></u>	<u><u>\$ 638,131</u></u>	<u><u>\$ 1,653,516</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ 34,341	\$ 976
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>34,341</u>	<u>976</u>
Deferred Inflows of Resources			
Unearned revenues	-	118,822	327,848
Unavailable revenues	<u>724,814</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>724,814</u>	<u>118,822</u>	<u>327,848</u>
Fund Balances (Deficit)			
Restricted	173,851	484,968	1,324,692
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficit)	<u>173,851</u>	<u>484,968</u>	<u>1,324,692</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 898,665</u></u>	<u><u>\$ 638,131</u></u>	<u><u>\$ 1,653,516</u></u>

Capital Projects

TIF #4	TIF #5	TIF #6	TIF #7	Total Nonmajor Governmental Funds
\$ 98,298	\$ -	\$ -	\$ -	\$ 2,117,126
99,145	1,462	-	-	547,277
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>724,814</u>
<u>\$ 197,443</u>	<u>\$ 1,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,389,217</u>
\$ -	\$ -	\$ -	\$ -	\$ 35,317
<u>-</u>	<u>11,532</u>	<u>4,900</u>	<u>18,500</u>	<u>34,932</u>
<u>-</u>	<u>11,532</u>	<u>4,900</u>	<u>18,500</u>	<u>70,249</u>
99,145	1,462	-	-	547,277
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>724,814</u>
<u>99,145</u>	<u>1,462</u>	<u>-</u>	<u>-</u>	<u>1,272,091</u>
98,298	-	-	-	2,081,809
<u>-</u>	<u>(11,532)</u>	<u>(4,900)</u>	<u>(18,500)</u>	<u>(34,932)</u>
<u>98,298</u>	<u>(11,532)</u>	<u>(4,900)</u>	<u>(18,500)</u>	<u>2,046,877</u>
<u>\$ 197,443</u>	<u>\$ 1,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,389,217</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, 2017

	Special Revenue	Capital Projects	
	Revolving Housing	TIF #1	TIF #3
REVENUES			
Taxes	\$ -	\$ 107,310	\$ 304,258
Intergovernmental	-	397	4,320
Investment income	259	-	-
Miscellaneous	<u>86,859</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>87,118</u>	<u>107,707</u>	<u>308,578</u>
EXPENDITURES			
Current			
Conservation and development	25,012	196,785	295,348
Debt Service			
Principal retirement	-	-	141,695
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>3,788</u>
Total Expenditures	<u>25,012</u>	<u>196,785</u>	<u>440,831</u>
Excess of revenues over expenditures	<u>62,106</u>	<u>(89,078)</u>	<u>(132,253)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>(175,000)</u>	<u>(26,613)</u>
Net Change in Fund Balances	62,106	(264,078)	(158,866)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>111,745</u>	<u>749,046</u>	<u>1,483,558</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 173,851</u>	<u>\$ 484,968</u>	<u>\$ 1,324,692</u>

Capital Projects

<u>TIF #4</u>	<u>TIF #5</u>	<u>TIF #6</u>	<u>TIF #7</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 93,649	\$ 11,852	\$ -	\$ -	\$ 517,069
248	-	-	-	4,965
-	-	-	-	259
-	-	-	-	<u>86,859</u>
<u>93,897</u>	<u>11,852</u>	<u>-</u>	<u>-</u>	<u>609,152</u>
9,538	1,900	31,513	18,500	578,596
56,747	-	-	-	198,442
4,786	-	-	-	8,574
<u>71,071</u>	<u>1,900</u>	<u>31,513</u>	<u>18,500</u>	<u>785,612</u>
<u>22,826</u>	<u>9,952</u>	<u>(31,513)</u>	<u>(18,500)</u>	<u>(176,460)</u>
-	-	26,613	-	26,613
-	-	-	-	<u>(201,613)</u>
22,826	9,952	(4,900)	(18,500)	(351,460)
<u>75,472</u>	<u>(21,484)</u>	<u>-</u>	<u>-</u>	<u>2,398,337</u>
<u>\$ 98,298</u>	<u>\$ (11,532)</u>	<u>\$ (4,900)</u>	<u>\$ (18,500)</u>	<u>\$ 2,046,877</u>

CITY OF BLACK RIVER FALLS

COMBINING BALANCE SHEET - GENERAL FUND
As of December 31, 2017

	General Fund	Economic Development	Aquatic Center	Jackson County Fair	Jackson County New Arena	Lunda Community Park
ASSETS						
Cash and investments	\$ 1,033,836	\$ 613,875	\$ (68,875)	\$ 95,948	\$ 89,641	\$ 175,594
Receivables (net)						
Taxes	1,471,780	-	45,000	-	-	23,500
Accounts	49,953	-	46,000	11,528	28,941	4,519
Special assessments	60	-	-	-	-	-
Loans	-	58,967	-	-	-	-
Due from other governments	7,002	-	-	-	-	-
Due from other funds	832,254	-	-	-	-	-
TOTAL ASSETS	<u>\$ 3,394,885</u>	<u>\$ 672,842</u>	<u>\$ 22,125</u>	<u>\$ 107,476</u>	<u>\$ 118,582</u>	<u>\$ 203,613</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 100,722	\$ -	\$ 451	\$ 20,377	\$ 9,357	\$ 450
Accrued liabilities	43,411	-	-	-	-	-
Total Liabilities	<u>144,133</u>	<u>-</u>	<u>451</u>	<u>20,377</u>	<u>9,357</u>	<u>450</u>
Deferred Inflows of Resources						
Unearned revenues	1,464,846	-	45,000	-	-	23,500
Unavailable revenues	-	58,967	-	-	-	-
Total Deferred Inflows of Resources	<u>1,464,846</u>	<u>58,967</u>	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>23,500</u>
Fund Balances (Deficit)						
Nonspendable	37,644	-	-	-	-	-
Restricted	126,669	-	-	-	-	-
Assigned	478,710	613,875	-	87,099	109,225	179,663
Unassigned (deficit)	1,142,883	-	(23,326)	-	-	-
Total Fund Balances (Deficit)	<u>1,785,906</u>	<u>613,875</u>	<u>(23,326)</u>	<u>87,099</u>	<u>109,225</u>	<u>179,663</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,394,885</u>	<u>\$ 672,842</u>	<u>\$ 22,125</u>	<u>\$ 107,476</u>	<u>\$ 118,582</u>	<u>\$ 203,613</u>

CITY OF BLACK RIVER FALLS

COMBINING BALANCE SHEET - GENERAL FUND
As of December 31, 2017

	Field of Honor	Fair Park Renovation	Jackson County Fair Park Maintenance	License Plate	Taxi Service	Total Combined General Fund
ASSETS						
Cash and investments	\$ (499)	\$ 158,582	\$ 58,506	\$ 31,476	\$ 26,541	\$ 2,214,625
Receivables (net)						
Taxes	-	-	-	-	34,000	1,574,280
Accounts	-	-	-	-	-	140,941
Special assessments	-	-	-	-	-	60
Loans	-	-	-	-	-	58,967
Due from other governments	-	-	-	-	24,478	31,480
Due from other funds	-	-	-	-	-	832,254
TOTAL ASSETS	\$ (499)	\$ 158,582	\$ 58,506	\$ 31,476	\$ 85,019	\$ 4,852,607
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 21	\$ -	\$ -	\$ 8	\$ 16,793	\$ 148,179
Accrued liabilities	-	-	-	-	-	43,411
Total Liabilities	<u>21</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>16,793</u>	<u>191,590</u>
Deferred Inflows of Resources						
Unearned revenues	-	-	-	-	34,000	1,567,346
Unavailable revenues	-	-	-	-	-	58,967
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,000</u>	<u>1,626,313</u>
Fund Balances (Deficit)						
Nonspendable	-	-	-	-	-	37,644
Restricted	-	158,582	-	-	-	285,251
Assigned	-	-	58,506	31,468	34,226	1,592,772
Unassigned (deficit)	(520)	-	-	-	-	1,119,037
Total Fund Balances (Deficit)	<u>(520)</u>	<u>158,582</u>	<u>58,506</u>	<u>31,468</u>	<u>34,226</u>	<u>3,034,704</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ (499)	\$ 158,582	\$ 58,506	\$ 31,476	\$ 85,019	\$ 4,852,607

CITY OF BLACK RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GENERAL FUND
For the Year Ended December 31, 2017

	General Fund	Economic Development	Aquatic Center	Jackson County Fair	Jackson County New Arena	Lunda Community Park
REVENUES						
Taxes	\$ 1,424,473	\$ -	\$ 43,500	\$ 36,588	\$ 36,588	\$ 42,348
Intergovernmental	1,231,531	-	-	-	-	-
Licenses and permits	39,077	-	-	-	-	-
Fines, forfeitures and penalties	18,337	-	-	-	-	-
Public charges for services	23,946	-	70,586	59,060	2,423	10,931
Intergovernmental charges for services	-	-	-	-	-	-
Special assessments	132	-	-	-	-	-
Investment income	21,770	8,025	-	-	-	1,290
Miscellaneous	296,456	31,335	-	4,770	106,282	23,651
Total Revenues	<u>3,055,722</u>	<u>39,360</u>	<u>114,086</u>	<u>100,418</u>	<u>145,293</u>	<u>78,220</u>
EXPENDITURES						
Current						
General government	520,594	-	-	-	-	-
Public safety	1,036,053	-	-	-	-	-
Public works	864,577	-	-	-	-	-
Health and human services	5,226	-	-	-	-	-
Culture, recreation and education	639,471	-	135,629	95,955	101,310	75,653
Conservation and development	-	3,550	-	-	-	-
Capital Outlay	133,212	-	-	-	-	-
Total Expenditures	<u>3,199,133</u>	<u>3,550</u>	<u>135,629</u>	<u>95,955</u>	<u>101,310</u>	<u>75,653</u>
Excess (deficiency) of revenues over expenditures	<u>(143,411)</u>	<u>35,810</u>	<u>(21,543)</u>	<u>4,463</u>	<u>43,983</u>	<u>2,567</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	623,932	-	-	4,133	1,700	16,588
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>623,932</u>	<u>-</u>	<u>-</u>	<u>4,133</u>	<u>1,700</u>	<u>16,588</u>
Net change in fund balance	480,521	35,810	(21,543)	8,596	45,683	19,155
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	<u>1,305,385</u>	<u>578,065</u>	<u>(1,783)</u>	<u>78,503</u>	<u>63,542</u>	<u>160,508</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 1,785,906</u>	<u>\$ 613,875</u>	<u>\$ (23,326)</u>	<u>\$ 87,099</u>	<u>\$ 109,225</u>	<u>\$ 179,663</u>

CITY OF BLACK RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GENERAL FUND
For the Year Ended December 31, 2017

	Field of Honor	Fair Park Renovation	Jackson County Fair Park Maintenance	License Plate	Taxi Service	Eliminations	Total Combined General Fund
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ 1,613,497
Intergovernmental	-	-	-	-	160,147	-	1,391,678
Licenses and permits	-	-	-	-	-	-	39,077
Fines, forfeitures and penalties	-	-	-	-	-	-	18,337
Public charges for services	-	-	-	13,471	-	-	180,417
Intergovernmental charges for services	-	-	-	-	2,500	-	2,500
Special Assessments	-	-	-	-	-	-	132
Investment income	-	-	-	47	-	-	31,132
Miscellaneous	1,042	27,444	-	-	5,000	-	495,980
Total Revenues	1,042	27,444	-	13,518	197,647	-	3,772,750
EXPENDITURES							
Current							
General government	-	-	-	-	-	-	520,594
Public safety	-	-	-	6,446	-	-	1,042,499
Public works	-	-	-	-	184,101	-	1,048,678
Health and human services	-	-	-	-	-	-	5,226
Culture, recreation and education	1,562	-	(8,680)	-	-	-	1,040,900
Conservation and development	-	-	-	-	-	-	3,550
Capital Outlay	-	-	-	-	-	-	133,212
Total Expenditures	1,562	-	(8,680)	6,446	184,101	-	3,794,659
Excess (deficiency) of revenues over expenditures	(520)	27,444	8,680	7,072	13,546	-	(21,909)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	(24,530)	621,823
Transfers out	-	-	-	(24,530)	-	24,530	-
Total Other Financing Sources (Uses)	-	-	-	(24,530)	-	-	621,823
Net change in fund balance	(520)	27,444	8,680	(17,458)	13,546	-	599,914
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	-	131,138	49,826	48,926	20,680	-	2,434,790
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (520)</u>	<u>\$ 158,582</u>	<u>\$ 58,506</u>	<u>\$ 31,468</u>	<u>\$ 34,226</u>	<u>\$ -</u>	<u>\$ 3,034,704</u>

CITY OF BLACK RIVER FALLS

REQUIRED UTILITY BOND DISCLOSURES For the Year Ended December 31, 2017

INSURANCE COVERAGE

<u>Description</u>	<u>Amount of Coverage</u>	<u>Coverage Dates</u>	<u>Name of Insurer</u>
Property	\$ 23,271,241	11/1/17 - 11/1/18	EMC Insurance
Property in the Open	12,622,575	11/1/17 - 11/1/18	EMC Insurance
Hydro-Electric Plant	4,864,755	11/1/17 - 11/1/18	EMC Insurance
Contractor's Equipment	1,982,154	11/1/17 - 11/1/18	EMC Insurance
Equipment Breakdown	100,000,000	11/1/17 - 11/1/18	EMC Insurance
Auto Liability	3,000,000	11/1/17 - 11/1/18	League of Wisconsin Municipalities Mutual
Workers Compensation / Employer Liability	2,000,000	11/1/17 - 11/1/18	United Heartland
Liability	3,000,000	11/1/17 - 11/1/18	League of Wisconsin Municipalities Mutual

NUMBER OF CONNECTIONS

<u>User Classification</u>	<u>Electric</u>
Residential	2,208
Commercial	518
Public Authority	12
Standby	-

OTHER REPORTS

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

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Black River Falls, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to financial statements, and have issued our report thereon dated May 23, 2018.

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 2017-001 and 2017-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Black River Falls' financial statements are free 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 Virchow Krause, LLP

Eau Claire, Wisconsin
May 23, 2018

CITY OF BLACK RIVER FALLS

SCHEDULE OF FINDINGS AND RESPONSES For the Year Ended December 31, 2017

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

FINDING 2017-001: INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

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

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

FINDING 2017-002: INTERNAL CONTROL ENVIRONMENT

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

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

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

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

CITY OF BLACK RIVER FALLS

SCHEDULE OF FINDINGS AND RESPONSES For the Year Ended December 31, 2017

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

FINDING 2017-002: 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.