

City of Black River Falls

Financial Statements and
Supplementary Information

December 31, 2020

City of Black River Falls

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Independent Auditors' Report

To the City Council of
City of Black River Falls

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, 2020, 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, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2021 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 solely 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 the effectiveness of the City of Black River Falls' 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 US, LLP

Eau Claire, Wisconsin
May 27, 2021

City of Black River Falls

Statement of Net Position
December 31, 2020

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Component Unit Business Improvement District</u>
Assets and Deferred Outflows of Resources				
Assets				
Cash and investments	\$ 5,392,153	\$ 3,709,369	\$ 9,101,522	\$ -
Receivables (net):				
Taxes	2,722,809	-	2,722,809	27,219
Accounts	87,886	1,240,114	1,328,000	-
Special assessments	11,068	-	11,068	-
Notes	770,513	-	770,513	-
Accrued interest	-	5,397	5,397	-
Other	-	15,719	15,719	-
Due from other governments	85,564	-	85,564	-
Internal balances	635,530	(635,530)	-	-
Prepaid items and inventories	-	239,419	239,419	-
Other assets	567,574	78,993	646,567	-
Restricted assets:				
Restricted cash	-	5,622,882	5,622,882	-
Net pension asset	306,810	339,852	646,662	-
Capital assets (net of accumulated depreciation):				
Construction in progress	24,959	274,126	299,085	-
Land and land improvements	5,960,644	252,779	6,213,423	-
Other capital assets, net of depreciation	15,230,580	22,776,405	38,006,985	-
Total assets	<u>31,796,090</u>	<u>33,919,525</u>	<u>65,715,615</u>	<u>27,219</u>
Deferred Outflows of Resources				
Deferred charge on refunding	-	94,625	94,625	-
Pension related amounts	701,273	789,376	1,490,649	-
Total deferred outflows of resources	<u>701,273</u>	<u>884,001</u>	<u>1,585,274</u>	<u>-</u>
Liabilities, Deferred inflows of Resources and Net Position				
Liabilities				
Accounts payable	142,068	363,854	505,922	-
Accrued liabilities and deposits	108,447	132,777	241,224	-
Other deferred debits	-	11,558	11,558	-
Noncurrent liabilities:				
Due within one year	393,515	799,252	1,192,767	-
Due in more than one year	2,331,742	13,533,555	15,865,297	-
Total liabilities	<u>2,975,772</u>	<u>14,840,996</u>	<u>17,816,768</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	2,669,896	-	2,669,896	27,219
Pension related amounts	929,589	1,015,400	1,944,989	-
Total deferred inflows of resources	<u>3,599,485</u>	<u>1,015,400</u>	<u>4,614,885</u>	<u>27,219</u>

See notes to financial statements

City of Black River Falls

Statement of Net Position
December 31, 2020

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Component Unit Business Improvement District</u>
Liabilities, Deferred inflows of Resources and Net Position				
Net Position				
Net investment in capital assets	\$ 18,886,183	\$ 14,057,012	\$ 32,943,195	\$ -
Restricted for:				
Future fair park projects	159,332	-	159,332	-
Future library costs	121,382	-	121,382	-
Future TIF project costs	1,128,456	-	1,128,456	-
Pensions	306,810	339,852	646,662	-
Future housing loans	853,336	-	853,336	-
Future affordable housing projects	114,070	-	114,070	-
Debt and equipment replacement	-	822,698	822,698	-
Unrestricted	<u>4,352,537</u>	<u>3,727,568</u>	<u>8,080,105</u>	<u>-</u>
 Total net position	 <u>\$ 25,922,106</u>	 <u>\$ 18,947,130</u>	 <u>\$ 44,869,236</u>	 <u>\$ -</u>

City of Black River Falls

Statement of Activities

Year Ended December 31, 2020

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental activities:				
General government	\$ 713,895	\$ 45,597	\$ 56,898	\$ -
Public safety	857,762	12,742	22,285	-
Public works	1,770,475	16,111	532,223	46,811
Health and human services	10,426	-	-	-
Culture, education and recreation	1,232,447	41,764	326,558	14,033
Conservation and development	99,953	-	-	-
Interest and fiscal charges	102,509	-	-	-
Total governmental activities	<u>4,787,467</u>	<u>116,214</u>	<u>937,964</u>	<u>60,844</u>
Business-type activities:				
Electric Utility	5,971,503	6,122,553	-	121,823
Water Utility	786,988	1,039,042	-	-
Sewer Utility	909,598	897,713	-	-
Ambulance	910,658	961,287	-	-
Total business-type activities	<u>8,578,747</u>	<u>9,020,595</u>	<u>-</u>	<u>121,823</u>
Total primary government	<u>\$ 13,366,214</u>	<u>\$ 9,136,809</u>	<u>\$ 937,964</u>	<u>\$ 182,667</u>
Component Unit				
Business Improvement District	<u>\$ 30,867</u>	<u>\$ -</u>	<u>\$ 3,648</u>	<u>\$ -</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for BID

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Property taxes, levied for capital assets

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Total general revenues

Transfers

Change in net position

Net Position, Beginning

Net Position, Ending

See notes to financial statements

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Business Improvement District
\$ (611,400)	\$ -	\$ (611,400)	\$ -
(822,735)	-	(822,735)	-
(1,175,330)	-	(1,175,330)	-
(10,426)	-	(10,426)	-
(850,092)	-	(850,092)	-
(99,953)	-	(99,953)	-
<u>(102,509)</u>	<u>-</u>	<u>(102,509)</u>	<u>-</u>
<u>(3,672,445)</u>	<u>-</u>	<u>(3,672,445)</u>	<u>-</u>
-	272,873	272,873	-
-	252,054	252,054	-
-	(11,885)	(11,885)	-
-	50,629	50,629	-
<u>-</u>	<u>563,671</u>	<u>563,671</u>	<u>-</u>
<u>(3,672,445)</u>	<u>563,671</u>	<u>(3,108,774)</u>	<u>-</u>
-	-	-	(27,219)
1,140,610	-	1,140,610	-
-	-	-	27,219
400,000	-	400,000	-
529,277	-	529,277	-
540,500	-	540,500	-
72,696	-	72,696	-
822,400	-	822,400	-
42,537	44,351	86,888	-
28,178	15,071	43,249	-
<u>3,576,198</u>	<u>59,422</u>	<u>3,635,620</u>	<u>27,219</u>
<u>630,813</u>	<u>(630,813)</u>	<u>-</u>	<u>-</u>
534,566	(7,720)	526,846	-
<u>25,387,540</u>	<u>18,954,850</u>	<u>44,342,390</u>	<u>-</u>
<u>\$ 25,922,106</u>	<u>\$ 18,947,130</u>	<u>\$ 44,869,236</u>	<u>\$ -</u>

See notes to financial statements

City of Black River Falls

Balance Sheet
 Governmental Funds
 December 31, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>General Capital Projects Fund</u>	<u>TIF #3 Capital Projects Fund</u>
Assets				
Cash and investments	\$ 3,349,300	\$ 330,995	\$ 267,509	\$ 1,045,691
Receivables (net):				
Taxes	1,205,435	410,000	551,310	348,305
Accounts	87,886	-	-	-
Special assessments	-	-	11,068	-
Loans	113,212	-	-	-
Due from other governments	45,008	-	40,556	-
Due from other funds	665,585	-	-	-
Other assets	-	-	567,574	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 5,466,426</u>	<u>\$ 740,995</u>	<u>\$ 1,438,017</u>	<u>\$ 1,393,996</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 116,029	\$ -	\$ 20,251	\$ 5,788
Accrued liabilities	19,346	-	-	-
Due to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>135,375</u>	<u>-</u>	<u>20,251</u>	<u>5,788</u>
Deferred Inflows of Resources				
Unearned revenues	1,152,522	410,000	551,310	348,305
Unavailable revenues	113,211	-	619,198	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>1,265,733</u>	<u>410,000</u>	<u>1,170,508</u>	<u>348,305</u>
Fund Balances				
Nonspendable	24,743	-	-	-
Restricted	280,714	14,515	-	1,039,903
Assigned	1,638,071	316,480	247,258	-
Unassigned (deficit)	2,121,790	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>4,065,318</u>	<u>330,995</u>	<u>247,258</u>	<u>1,039,903</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,466,426</u>	<u>\$ 740,995</u>	<u>\$ 1,438,017</u>	<u>\$ 1,393,996</u>

See notes to financial statements

Nonmajor Governmental Funds	Total
\$ 398,658	\$ 5,392,153
207,759	2,722,809
-	87,886
-	11,068
657,301	770,513
-	85,564
-	665,585
-	567,574
<u>\$ 1,263,718</u>	<u>\$ 10,303,152</u>

\$ -	\$ 142,068
-	19,346
30,055	30,055

30,055	191,469
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207,759	2,669,896
657,301	1,389,710

865,060	4,059,606
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-	24,743
398,658	1,733,790
-	2,201,809
(30,055)	2,091,735

368,603	6,052,077
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<u>\$ 1,263,718</u>	<u>\$ 10,303,152</u>
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City of Black River Falls

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2020

Total Fund Balances, Governmental Funds	\$ 6,052,077
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. See Note 3.	21,216,183
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	306,810
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	701,273
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(929,589)
Special assessments, loans and some other assets 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:	
Notes receivable	770,512
Other assets held for sale	567,574
Special assessments	51,624
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(2,553,851)
Vested compensated absences	(119,406)
Accrued interest	(89,101)
Landfill post closure costs	<u>(52,000)</u>
Net Position of Governmental Activities	<u>\$ 25,922,106</u>

See notes to financial statements

City of Black River Falls

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>General Capital Projects Fund</u>	<u>TIF #3 Capital Projects Fund</u>
Revenues				
Taxes	\$ 1,213,306	\$ 400,000	\$ 540,500	\$ 348,446
Intergovernmental	1,530,505	-	11,256	9,966
Licenses and permits	24,609	-	-	-
Fines, forfeitures and penalties	12,742	-	-	-
Public charges for services	53,959	-	-	-
Special assessments	457	-	-	-
Investment income	39,019	3,270	-	-
Miscellaneous	285,300	-	16,525	-
	<u>3,159,897</u>	<u>403,270</u>	<u>568,281</u>	<u>358,412</u>
Total revenues				
Expenditures				
Current:				
General government	691,961	-	-	-
Public safety	748,839	-	-	-
Public works	1,103,859	-	-	-
Health and human services	10,426	-	-	-
Culture, recreation and education	856,359	-	-	-
Conservation and development	120,654	-	-	916,755
Capital Outlay	6,754	-	438,311	-
Debt Service:				
Principal retirement	-	720,460	-	-
Interest and fiscal charges	-	20,689	-	-
	<u>3,538,852</u>	<u>741,149</u>	<u>438,311</u>	<u>916,755</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(378,955)</u>	<u>(337,879)</u>	<u>129,970</u>	<u>(558,343)</u>
Other Financing Sources				
Debt issued	-	-	-	-
Transfers in	638,243	-	168,732	-
Transfers out	(168,732)	-	(7,430)	-
Sale of property and equipment	1,280	-	-	-
	<u>470,791</u>	<u>-</u>	<u>161,302</u>	<u>-</u>
Total other financing sources				
Net change in fund balances	91,836	(337,879)	291,272	(558,343)
Fund Balances (Deficit), Beginning	<u>3,973,482</u>	<u>668,874</u>	<u>(44,014)</u>	<u>1,598,246</u>
Fund Balances, Ending	<u>\$ 4,065,318</u>	<u>\$ 330,995</u>	<u>\$ 247,258</u>	<u>\$ 1,039,903</u>

See notes to financial statements

Nonmajor Governmental Funds	Total
\$ 180,831	\$ 2,683,083
3,767	1,555,494
-	24,609
-	12,742
-	53,959
-	457
248	42,537
<u>89,325</u>	<u>391,150</u>
<u>274,171</u>	<u>4,764,031</u>
-	691,961
-	748,839
-	1,103,859
-	10,426
-	856,359
183,358	1,220,767
-	445,065
129,635	850,095
<u>12,124</u>	<u>32,813</u>
<u>325,117</u>	<u>5,960,184</u>
<u>(50,946)</u>	<u>(1,196,153)</u>
165,000	165,000
-	806,975
-	(176,162)
<u>-</u>	<u>1,280</u>
<u>165,000</u>	<u>797,093</u>
114,054	(399,060)
<u>254,549</u>	<u>6,451,137</u>
<u>\$ 368,603</u>	<u>\$ 6,052,077</u>

See 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
Year Ended December 31, 2020

Net Change in Fund Balances, Total Governmental Funds \$ (399,060)

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is capitalized in the government-wide statements	445,065
Some capital outlay is not capitalized in the government-wide statements	(72,595)
Some functional expenditures were capitalized in the government-wide statements	1,005,506
Depreciation is reported in the government-wide statements	(1,024,534)

Contributed capital assets are reported as revenues in the government-wide financial statements.	26,700
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Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	
Special assessments	(7,670)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(165,000)
Principal repaid	850,092

Governmental funds report debt premiums and discounts as other financing sources (uses) or financing sources or uses. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	
Change in accrued interest payable	(69,693)
Change in landfill post closure liability	4,000
Change in vested compensated absences liability	(21,467)
Change in net pension liability and related pension deferred outflows/inflows of resources	(44,268)

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.	
New loans and other receivables recognized as expenditures on fund statements	117,757
Repayment of principal on loans, notes, and other receivables recognized as revenue on fund statements	(93,121)
Write off of loans determined to be uncollectible	(17,146)

Change in Net Position of Governmental Activities \$ 534,566

City of Black River Falls

Statement of Net Position
 Proprietary Funds
 December 31, 2020

	Business-Type Activities - Enterprise Funds				Total
	Electric Utility	Water Utility	Sewer Utility	Ambulance	
Assets					
Current assets:					
Cash and investments	\$ 820,628	\$ 1,107,315	\$ 251,195	\$ 1,530,231	\$ 3,709,369
Receivables (net):					
Accounts	598,705	109,662	131,439	400,308	1,240,114
Interest	4,063	1,334	-	-	5,397
Other	15,719	-	-	-	15,719
Prepays items and inventories	193,403	33,125	12,891	-	239,419
Restricted assets:					
Redemption account	88,130	29,631	83,262	-	201,023
Total current assets	<u>1,720,648</u>	<u>1,281,067</u>	<u>478,787</u>	<u>1,930,539</u>	<u>5,411,041</u>
Noncurrent assets:					
Restricted assets:					
Reserve account	798,689	-	-	-	798,689
Construction account	2,352,149	1,217,790	645,006	-	4,214,945
Replacement account	-	6,034	402,191	-	408,225
Net pension asset	188,795	42,988	42,230	65,839	339,852
Capital assets:					
Construction in progress	260,707	13,419	-	-	274,126
Plant in service	22,127,725	11,015,988	5,535,615	1,186,078	39,865,406
Less Accumulated depreciation	(8,987,514)	(4,263,865)	(2,965,188)	(619,655)	(16,836,222)
Other assets:					
Property held for future use	78,993	-	-	-	78,993
Total noncurrent assets	<u>16,819,544</u>	<u>8,032,354</u>	<u>3,659,854</u>	<u>632,262</u>	<u>29,144,014</u>
Total assets	<u>18,540,192</u>	<u>9,313,421</u>	<u>4,138,641</u>	<u>2,562,801</u>	<u>34,555,055</u>
Deferred Outflows of Resources					
Deferred charge on refunding	63,869	30,756	-	-	94,625
Pension related amounts	412,797	107,092	96,679	172,808	789,376
Total deferred outflows of resources	<u>476,666</u>	<u>137,848</u>	<u>96,679</u>	<u>172,808</u>	<u>884,001</u>

See notes to financial statements

	Business-Type Activities - Enterprise Funds				
	Electric Utility	Water Utility	Sewer Utility	Ambulance	Total
Liabilities					
Current liabilities:					
Accounts payable	\$ 338,646	\$ -	\$ -	\$ 25,208	\$ 363,854
Deposits	46,907	-	-	-	46,907
Other deferred credits	11,558	-	-	-	11,558
Due to other funds	348,041	185,462	51,512	50,515	635,530
Accrued interest	1,355	2,617	-	-	3,972
Accrued liabilities	36,527	8,018	8,034	-	52,579
Current portion of general obligation debt	14,658	116,705	-	-	131,363
Current portion of revenue bonds	28,000	-	127,053	-	155,053
Current portion of vested compensated absences	-	-	-	12,191	12,191
Current Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	475,231	25,414	-	-	500,645
Accrued interest	25,392	739	3,188	-	29,319
Total current liabilities	<u>1,326,315</u>	<u>338,955</u>	<u>189,787</u>	<u>87,914</u>	<u>1,942,971</u>
Noncurrent liabilities:					
Long-term debt:					
General obligation debt	30,634	345,814	-	-	376,448
Unamortized debt premium	129,519	-	-	-	129,519
Customer advances for construction	7,013	-	-	-	7,013
Revenue bonds	9,833,134	1,676,364	1,391,781	-	12,901,279
Vested compensated absences	58,381	30,640	26,211	4,064	119,296
Total noncurrent liabilities	<u>10,058,681</u>	<u>2,052,818</u>	<u>1,417,992</u>	<u>4,064</u>	<u>13,533,555</u>
Total liabilities	<u>11,384,996</u>	<u>2,391,773</u>	<u>1,607,779</u>	<u>91,978</u>	<u>15,476,526</u>
Deferred Inflows of Resources					
Pension related amounts	561,874	123,685	124,507	205,334	1,015,400
Total deferred inflows of resources	<u>561,874</u>	<u>123,685</u>	<u>124,507</u>	<u>205,334</u>	<u>1,015,400</u>
Net Position					
Net investment in capital assets	5,861,680	5,932,310	1,696,599	566,423	14,057,012
Restricted for:					
Debt and equipment replacement	305,507	34,926	482,265	-	822,698
Pension	188,795	42,988	42,230	65,839	339,852
Unrestricted	714,006	925,587	281,940	1,806,035	3,727,568
Total net position	<u>\$ 7,069,988</u>	<u>\$ 6,935,811</u>	<u>\$ 2,503,034</u>	<u>\$ 2,438,297</u>	<u>\$ 18,947,130</u>

See notes to financial statements

City of Black River Falls

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				
	Electric Utility	Water Utility	Sewer Utility	Ambulance	Total
Operating Revenues	\$ 6,122,553	\$ 1,039,042	\$ 897,713	\$ 961,287	\$ 9,020,595
Operating Expenses					
Operation and maintenance	5,011,604	479,059	674,921	813,204	6,978,788
Depreciation	597,790	236,376	185,820	94,864	1,114,850
Amortization	6,000	-	-	-	6,000
Total operating expenses	5,615,394	715,435	860,741	908,068	8,099,638
Operating income (loss)	507,159	323,607	36,972	53,219	920,957
Nonoperating Revenues (Expenses)					
Investment income	12,537	6,985	3,957	20,872	44,351
Interest expense	(387,772)	(49,739)	(48,857)	-	(486,368)
IRS Build America Bond interest subsidy	31,893	-	-	-	31,893
Amortization	2,639	(7,689)	-	-	(5,050)
Miscellaneous revenue	3,650	22	-	11,399	15,071
Miscellaneous expenses	(2,869)	-	-	-	(2,869)
Loss on disposal of capital assets	-	(14,125)	-	(2,590)	(16,715)
Miscellaneous expense	(339,922)	(64,546)	(44,900)	29,681	(419,687)
Income (loss) before contributions and transfers	167,237	259,061	(7,928)	82,900	501,270
Contributions and Transfers					
Capital contributions	121,823	-	-	-	121,823
Transfers out	(381,694)	(193,061)	(56,058)	-	(630,813)
Total contributions and transfers	(259,871)	(193,061)	(56,058)	-	(508,990)
Change in net position	(92,634)	66,000	(63,986)	82,900	(7,720)
Net Position, Beginning	7,162,622	6,869,811	2,567,020	2,355,397	18,954,850
Net Position, Ending	\$ 7,069,988	\$ 6,935,811	\$ 2,503,034	\$ 2,438,297	\$ 18,947,130

See notes to financial statements

City of Black River Falls

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				
	Electric Utility	Water Utility	Sewer Utility	Ambulance	Total
Cash Flows From Operating Activities					
Received from customers	\$ 6,026,534	\$ 1,020,879	\$ 877,615	\$ 962,233	\$ 8,887,261
Cash received from City	56,924	-	-	-	56,924
Paid to suppliers for goods and services	(4,178,619)	(245,637)	(444,638)	(277,491)	(5,146,385)
Paid to employees for services	(749,678)	(207,601)	(210,888)	(530,457)	(1,698,624)
Net cash flows from operating activities	<u>1,155,161</u>	<u>567,641</u>	<u>222,089</u>	<u>154,285</u>	<u>2,099,176</u>
Cash Flows From Investing Activities					
Marketable securities sold	34,273	707,151	167,304	400,000	1,308,728
Marketable securities purchased	(243,707)	(511,901)	(169,920)	3,691	(921,837)
Investment income	12,544	7,610	3,957	20,872	44,983
Net cash flows from investing activities	<u>(196,890)</u>	<u>202,860</u>	<u>1,341</u>	<u>424,563</u>	<u>431,874</u>
Cash Flows From Noncapital Financing Activities					
Paid to municipality for tax equivalent	(382,894)	(189,102)	(59,345)	-	(631,341)
Transfers in (out)	(4,240)	-	-	-	(4,240)
Advances repaid	(67,080)	(21,993)	(20,894)	-	(109,967)
Interest paid on advances	(1,994)	(654)	(571)	-	(3,219)
Net cash flows from noncapital financing activities	<u>(456,208)</u>	<u>(211,749)</u>	<u>(80,810)</u>	<u>-</u>	<u>(748,767)</u>
Cash Flows From Capital and Related Financing Activities					
Debt retired	(469,000)	(146,055)	(124,117)	-	(739,172)
Interest paid	(396,288)	(50,514)	(49,396)	-	(496,198)
Proceeds from debt issue	2,705,000	1,318,000	710,000	-	4,733,000
Capital contributions	528,327	-	-	-	528,327
Acquisition and construction of capital assets	(515,301)	(154,188)	(5,876)	(72,612)	(747,977)
Interest rebate received on bonds	31,953	-	-	-	31,953
Premium on debt issued	39,256	-	-	-	39,256
Payments on line of credit	(313,400)	-	-	-	(313,400)
Net cash flows from capital and related financing activities	<u>1,610,547</u>	<u>967,243</u>	<u>530,611</u>	<u>(72,612)</u>	<u>3,035,789</u>
Net change in cash and cash equivalents	2,112,610	1,525,995	673,231	506,236	4,818,072
Cash and Cash Equivalents, Beginning	<u>1,188,508</u>	<u>283,942</u>	<u>538,503</u>	<u>402,161</u>	<u>2,413,114</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,301,118</u>	<u>\$ 1,809,937</u>	<u>\$ 1,211,734</u>	<u>\$ 908,397</u>	<u>\$ 7,231,186</u>

See notes to financial statements

	Business-Type Activities - Enterprise Funds				
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Ambulance</u>	<u>Total</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities					
Operating income	\$ 507,159	\$ 323,607	\$ 36,972	\$ 53,219	\$ 920,957
Nonoperating revenue	781	22	-	11,399	12,202
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation and amortization	603,790	236,376	185,820	94,864	1,120,850
Depreciation charged to other accounts	(1,232)	11,212	(11,212)	-	(1,232)
Changes in assets and liabilities:					
Accounts receivable	(20,601)	(21,682)	(3,322)	(10,453)	(56,058)
Other receivables	(3,974)	-	-	-	(3,974)
Inventories	46,003	8,627	-	-	54,630
Accounts payable	15,363	-	-	15,841	31,204
Due to other funds	(15,929)	(5,956)	(3,413)	7,540	(17,758)
Customer deposits	5,023	-	-	-	5,023
Accrued liabilities	-	19,699	15,428	(60)	35,067
Prepayments	1,252	(513)	(3,483)	-	(2,744)
Pension related deferrals and liability	9,002	(3,751)	5,299	(18,065)	(7,515)
Other current liabilities	8,524	-	-	-	8,524
Net cash flows from operating activities	<u>\$ 1,155,161</u>	<u>\$ 567,641</u>	<u>\$ 222,089</u>	<u>\$ 154,285</u>	<u>\$ 2,099,176</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds					
Cash and investments	\$ 820,628	\$ 1,107,315	\$ 251,195	\$ 1,530,231	\$ 3,709,369
Restricted cash and investments	-	-	-	-	-
Redemption account	88,130	29,631	83,262	-	201,023
Reserve account	798,689	-	-	-	798,689
Replacement account	-	6,034	402,191	-	408,225
Construction account	2,352,149	1,217,790	645,006	-	4,214,945
Total cash and investments	4,059,596	2,360,770	1,381,654	1,530,231	9,332,251
Less noncash equivalents	<u>(758,478)</u>	<u>(550,833)</u>	<u>(169,920)</u>	<u>(621,834)</u>	<u>(2,101,065)</u>
Cash and cash equivalents	<u>\$ 3,301,118</u>	<u>\$ 1,809,937</u>	<u>\$ 1,211,734</u>	<u>\$ 908,397</u>	<u>\$ 7,231,186</u>

See notes to financial statements

City of Black River Falls

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2020

	Custodial Funds
Assets	
Cash and investments	\$ 1,267,823
Taxes receivable	<u>2,758,724</u>
Total assets	<u>4,026,547</u>
Liabilities	
Due to other taxing units	<u>4,026,547</u>
Total liabilities	<u>4,026,547</u>
Net Position	
Total net position	<u><u>\$ -</u></u>

See notes to financial statements

City of Black River Falls

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2020

	<u>Custodial Funds</u>
Additions	
Contributions:	
Property taxes collected for other governments	\$ 2,410,932
License and registration fees collected for other governments	<u>134,553</u>
Total contributions	<u>2,545,485</u>
Total additions	<u>2,545,485</u>
Deductions	
Property taxes distributed to other governments	2,410,932
License and registration fees distributed to other governments	<u>134,553</u>
Total deductions	<u>2,545,485</u>
Change in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

See notes to financial statements

City of Black River Falls

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December 31, 2020

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1. Summary of Significant Accounting Policies

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

Reporting Entity

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

Component units are reported using one of three methods, discrete presentation, blended or fiduciary. 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.

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 3. 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, 2020. The BID does not issue separate financial statements.

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.

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 percent 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 percent test is at least 5 percent 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

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 Funds

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.

Capital Projects Funds

General Capital Projects Fund is 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.

Tax Incremental District (TID) No. 3 Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

Enterprise Funds

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

Ambulance Fund accounts for operations of the city's ambulance service

The City reports the following nonmajor governmental funds:

Special Revenue Funds

Special Revenue Funds are 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
Affordable Housing Fund

Capital Projects Funds

Capital Projects Funds are 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 #4
TIF #5
TIF #6
TIF #7

In addition, the City reports the following fund type:

Custodial Funds

Custodial Funds are used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Collection Fund
License & Registration Collection Fund

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.

Proprietary and Fiduciary Funds

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- 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 adopted an investment policy. That policy follows the state statute for allowable investments, but also considers commercial paper (rated in the highest tier by a nationally recognized rating agency) and securities having any of the three highest rating categories (rated by any rating agency) as allowable investments.

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, 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 3. for further information.

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 fiduciary net position.

Property tax calendar - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale - 2020 delinquent real estate taxes	October 2023

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 government-wide financial statements as internal balances.

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. The amount recorded as housing rehabilitation loans receivable has been reduced by an allowance for uncollectible accounts of \$75,532.

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.

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.

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.

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 \$25,000 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, 2020, the City has not retroactively reported any infrastructure.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

City of Black River Falls

Notes to Financial Statements

Year Ended December 31, 2020

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	15-30	Years
Buildings	30-50	Years
Machinery and Equipment	3-20	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.

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.

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, 2020, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

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, accrued compensated absences, and landfill post-closure liability.

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.

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.

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

Year Ended December 31, 2020

- 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 3. for further information.

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.

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 December 26, 2019.

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

Current ambulance rates became effective as follows:

<u>Rate</u>	<u>Date Adopted</u>
BLS Base Rate	December 19, 2018
ALS Base Rate	December 19, 2018
BLS Mileage Rate	May 18, 2016
ALS Mileage Rate	May 18, 2016

Other Assets

The balance in the General Capital Projects fund represents the value of land in the Lallalalooza development that the City has listed for sale. The City received the property in a settlement of unpaid special assessments.

The balance in the electric utility represents \$78,993 for land purchased as the site for a future utility office building.

City of Black River Falls

Notes to Financial Statements
Year Ended December 31, 2020

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 net collections and expenditures/remittances associated with the program are recorded as a current liability on the statement of net position.

2. Stewardship, Compliance and Accountability

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.

Excess Expenditures and Other Financing Uses Over Appropriations

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund	\$ 2,982,332	\$ 3,114,659	\$ 132,327
Debt Service	400,000	741,149	341,149

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.

Deficit Balances

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

As of December 31, 2020, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TIF #5	\$ 10,452	Expenditures in excess of revenues
TIF #7	19,603	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.

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
 Year Ended December 31, 2020

3. Detailed Notes on All Funds**Deposits and Investments**

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

	<u>Carrying Value</u>	<u>Bank and Investment Balances</u>	<u>Associated Risks</u>
Deposits	\$ 11,689,780	\$ 11,897,714	Custodial credit
Money market mutual funds	4,213,000	4,213,000	N/A
LGIP	89,047	89,056	Credit
Petty cash	400	-	N/A
	<u>\$ 15,992,227</u>	<u>\$ 16,199,770</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 9,101,522		
Restricted cash and investments	5,622,882		
Per statement of fiduciary net position			
Custodial funds	<u>1,267,823</u>		
	<u>\$ 15,992,227</u>		

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

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

The City maintains collateral agreements with its banks. At December 31, 2020, the banks had pledged various government securities in the amount of \$6,816,256 to secure the City's deposits and \$3,572,879 to secure the utilities' deposits.

Custodial Credit Risk**Deposits**

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

As of December 31, 2020, \$1,510,686 of the City's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 1,510,686</u>
Total	<u>\$ 1,510,686</u>

City of Black River Falls

Notes to Financial Statements
Year Ended December 31, 2020

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 1. for further information on deposit and investment policies.

Receivables

All of the receivables on the balance sheet are expected to be collected within one year except for \$91,128 in the general fund, \$51,624 in the general capital projects fund and \$628,546 in nonmajor governmental funds.

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>219,036</u>
Total uncollectibles of the current fiscal year	\$	<u><u>219,036</u></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:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 2,669,896	\$ -
Special assessments, taxes receivable, and due from other governments not yet due	-	51,624
Other assets held for sale	-	567,574
Loans receivable	-	<u>770,512</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 2,669,896</u>	<u>\$ 1,389,710</u>

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.

City of Black River Falls

Notes to Financial Statements
Year Ended December 31, 2020

Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.

Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

Equipment Replacement Account

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

Net Pension Asset

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

Following is a list of restricted assets at December 31, 2020:

Restricted assets:	
Redemption account	\$ 201,023
Reserve account	798,689
Replacement account	408,225
Construction account	4,214,945
Net pension asset	<u>646,662</u>
Total restricted assets	<u>\$ 6,269,544</u>

City of Black River FallsNotes to Financial Statements
Year Ended December 31, 2020**Capital Assets**

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land and land improvements	\$ 5,908,492	\$ 52,152	\$ -	\$ 5,960,644
Construction in progress	<u>2,012,266</u>	<u>17,564</u>	<u>2,004,871</u>	<u>24,959</u>
Total capital assets not being depreciated	<u>7,920,758</u>	<u>69,716</u>	<u>2,004,871</u>	<u>5,985,603</u>
Capital assets being depreciated:				
Land improvements	1,070,449	-	-	1,070,449
Buildings	11,182,229	22,234	-	11,204,463
Machinery and equipment	5,392,117	135,264	145,692	5,381,689
Roads	5,865,775	3,206,700	-	9,072,475
Curb and gutter	145,157	-	-	145,157
Storm sewer	478,605	-	-	478,605
Sanitary sewer	1,014,583	-	-	1,014,583
Street lighting	66,219	-	-	66,219
Bridges	<u>617,988</u>	<u>-</u>	<u>-</u>	<u>617,988</u>
Total capital assets being depreciated	<u>25,833,122</u>	<u>3,364,198</u>	<u>145,692</u>	<u>29,051,628</u>
Total capital assets	<u>33,753,880</u>	<u>3,433,914</u>	<u>2,150,563</u>	<u>35,037,231</u>
Less accumulated depreciation for:				
Land improvements	(408,000)	(46,405)	-	(454,405)
Buildings	(5,482,585)	(302,695)	-	(5,785,280)
Machinery and equipment	(3,667,993)	(225,619)	121,325	(3,772,287)
Roads	(2,527,106)	(381,195)	-	(2,908,301)
Curb and gutter	(57,381)	(4,785)	-	(62,166)
Storm sewer	(206,606)	(15,756)	-	(222,362)
Sanitary sewer	(458,082)	(33,512)	-	(491,594)
Street lighting	(23,566)	(2,207)	-	(25,773)
Bridges	<u>(86,520)</u>	<u>(12,360)</u>	<u>-</u>	<u>(98,880)</u>
Total accumulated depreciation	<u>(12,917,839)</u>	<u>(1,024,534)</u>	<u>121,325</u>	<u>(13,821,048)</u>
Net capital assets being depreciated	<u>12,915,283</u>	<u>2,339,664</u>	<u>24,367</u>	<u>15,230,580</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 20,836,041</u>	<u>\$ 2,409,380</u>	<u>\$ 2,029,238</u>	<u>\$ 21,216,183</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 16,081
Public safety	50,482
Public works	589,042
Culture, recreation and education	<u>368,929</u>

Total governmental activities depreciation / amortization expense \$ 1,024,534

City of Black River FallsNotes to Financial Statements
Year Ended December 31, 2020**Business-Type Activities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Electric				
Capital assets not being depreciated / amortized:				
Land and land rights	\$ 71,257	\$ -	\$ -	\$ 71,257
Construction in progress	117,760	670,906	527,959	260,707
Total capital assets not being depreciated/amortized	189,017	670,906	527,959	331,964
Capital assets being depreciated/amortized:				
Intangible	244,513	-	-	244,513
Hydraulic production	12,905,499	-	-	12,905,499
Other production	198,820	-	-	198,820
Transmission	361,280	-	-	361,280
Distribution	7,242,294	330,127	52,505	7,519,916
Administrative and general assets	823,575	2,865	-	826,440
Total capital assets being depreciated/amortized	21,775,981	332,992	52,505	22,056,468
Total capital assets	21,964,998	1,003,898	580,464	22,388,432
Less accumulated depreciation/amortization for:				
Intangible	(130,524)	(6,000)	-	(136,524)
Hydraulic production	(3,009,235)	(285,264)	-	(3,294,499)
Other production	(198,818)	-	-	(198,818)
Transmission	(296,435)	(11,369)	-	(307,804)
Distribution	(4,231,958)	(257,652)	112,869	(4,376,741)
Administrative and general assets	(630,859)	(42,269)	-	(673,128)
Total accumulated depreciation/amortization	(8,497,829)	(602,554)	112,869	(8,987,514)
Net capital assets being depreciated/amortized	13,278,152	(269,562)	(60,364)	13,068,954
Net electric capital assets	<u>\$ 13,467,169</u>	<u>\$ 401,344</u>	<u>\$ 467,595</u>	<u>\$ 13,400,918</u>

City of Black River Falls

 Notes to Financial Statements
 Year Ended December 31, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Water				
Capital assets not being depreciated:				
Land and land rights	\$ 94,478	\$ -	\$ -	\$ 94,478
Construction in progress	26,838	26,668	40,087	13,419
Total capital assets not being depreciated	<u>121,316</u>	<u>26,668</u>	<u>40,087</u>	<u>107,897</u>
Capital assets being depreciated:				
Source of supply	621,431	-	-	621,431
Pumping	1,810,497	-	-	1,810,497
Treatment	271,161	6,372	17,985	259,548
Transmission and distribution	7,740,144	147,651	64,984	7,822,811
General	404,296	2,927	-	407,223
Total capital assets being depreciated	<u>10,847,529</u>	<u>156,950</u>	<u>82,969</u>	<u>10,921,510</u>
Total capital assets	<u>10,968,845</u>	<u>183,618</u>	<u>123,056</u>	<u>11,029,407</u>
Less accumulated depreciation for				
Source of supply	(354,427)	(17,759)	-	(372,186)
Pumping	(1,023,218)	(62,401)	-	(1,085,619)
Treatment	(91,200)	(8,729)	17,985	(81,944)
Transmission and distribution	(2,279,930)	(160,551)	75,644	(2,364,837)
General	(347,003)	(12,276)	-	(359,279)
Total accumulated depreciation	<u>(4,095,778)</u>	<u>(261,716)</u>	<u>93,629</u>	<u>(4,263,865)</u>
Net capital assets being depreciated	<u>6,751,751</u>	<u>(104,766)</u>	<u>(10,660)</u>	<u>6,657,645</u>
Net water capital assets	<u>\$ 6,873,067</u>	<u>\$ (78,098)</u>	<u>\$ 29,427</u>	<u>\$ 6,765,542</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewer				
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	5,142,351	-	-	5,142,351
General	203,116	5,876	-	208,992
Total capital assets being depreciated	<u>5,442,695</u>	<u>5,876</u>	<u>-</u>	<u>5,448,571</u>
Total capital assets	<u>5,529,739</u>	<u>5,876</u>	<u>-</u>	<u>5,535,615</u>
Less accumulated depreciation for:				
Sewer plant	(2,790,580)	(174,608)	-	(2,965,188)
Total accumulated depreciation	<u>(2,790,580)</u>	<u>(174,608)</u>	<u>-</u>	<u>(2,965,188)</u>
Net capital assets being depreciated	<u>2,652,115</u>	<u>(168,732)</u>	<u>-</u>	<u>2,483,383</u>
Net sewer capital assets	<u>\$ 2,739,159</u>	<u>\$ (168,732)</u>	<u>\$ -</u>	<u>\$ 2,570,427</u>

City of Black River FallsNotes to Financial Statements
Year Ended December 31, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Ambulance				
Capital assets being depreciated:				
Machinery and equipment	\$ 1,130,365	\$ 72,612	\$ 16,899	\$ 1,186,078
Total capital assets being depreciated	<u>1,130,365</u>	<u>72,612</u>	<u>16,899</u>	<u>1,186,078</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>(539,100)</u>	<u>(94,864)</u>	<u>14,309</u>	<u>(619,655)</u>
Total accumulated depreciation	<u>(539,100)</u>	<u>(94,864)</u>	<u>14,309</u>	<u>(619,655)</u>
Net capital assets being depreciated	<u>591,265</u>	<u>(22,252)</u>	<u>2,590</u>	<u>566,423</u>
Net ambulance capital assets	<u>\$ 591,265</u>	<u>\$ (22,252)</u>	<u>\$ 2,590</u>	<u>\$ 566,423</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 24,301,519</u>	<u>\$ 174,531</u>	<u>\$ 499,612</u>	<u>\$ 23,976,438</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities

Electric	\$ 597,790
Water	236,376
Sewer	185,820
Ambulance	<u>94,864</u>
Total business-type activities depreciation/amortization expense	<u>\$ 1,114,850</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.

City of Black River FallsNotes to Financial Statements
Year Ended December 31, 2020**Interfund Receivables/Payables 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	Electric Utility	\$ 348,041	\$ -
General Fund	Water Utility	185,462	-
General Fund	Sewer Utility	51,512	-
General Fund	Ambulance	50,515	-
General Fund	TIF #5	10,452	7,796
General Fund	TIF #7	19,603	16,947
Total - Fund Financial Statements		665,585	
Less fund eliminations		<u>(30,055)</u>	
Total internal balances, government-wide statement of net position		<u>\$ 635,530</u>	

The payables from the electric and water utilities to the general fund are for payments in lieu of taxes. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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	377,454	Property tax equivalent
General Fund	Water Utility	193,061	Property tax equivalent
General Fund	Sewer Utility	56,058	Assist City with cost of maintenance of collection system
General Capital Projects Fund	General Fund	168,732	Transfer funds for various capital projects
General Fund	General Capital Projects Fund	<u>7,430</u>	Fire department capital surplus
Total - Fund Financial Statements		806,975	
Less fund eliminations		<u>(176,162)</u>	
Total transfers, government-wide statement of activities		<u>\$ 630,813</u>	

City of Black River Falls

Notes to Financial Statements
Year Ended December 31, 2020

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.

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt from direct borrowings and direct placements	\$ 3,238,943	\$ 165,000	\$ 850,092	\$ 2,553,851	\$ 299,960
Subtotal	<u>3,238,943</u>	<u>165,000</u>	<u>850,092</u>	<u>2,553,851</u>	<u>299,960</u>
Other liabilities:					
Vested compensated absences	97,939	129,389	107,922	119,406	89,555
Landfill post-closure liability	56,000	-	4,000	52,000	4,000
Net pension liability	314,711	-	314,711	-	-
Total other liabilities	<u>468,650</u>	<u>129,389</u>	<u>426,633</u>	<u>171,406</u>	<u>93,555</u>
Total governmental activities long-term liabilities	<u>\$ 3,707,593</u>	<u>\$ 294,389</u>	<u>\$ 1,276,725</u>	<u>\$ 2,725,257</u>	<u>\$ 393,515</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 475,000	\$ -	\$ 95,000	\$ 380,000	\$ 90,000
General obligation debt from direct borrowings and direct placements	167,977	-	40,166	127,811	41,363
Revenue bonds	3,595,000	2,705,000	285,000	6,015,000	380,000
Revenue debt from direct borrowings and direct placements	5,832,983	2,028,000	319,006	7,541,977	275,698
Line of credit	313,400	-	313,400	-	-
(Discounts)/Premiums	99,289	39,256	9,026	129,519	-
Subtotal	<u>10,483,649</u>	<u>4,772,256</u>	<u>1,061,598</u>	<u>14,194,307</u>	<u>787,061</u>
Other liabilities:					
Vested compensated absences	96,961	53,104	18,578	131,487	12,191
Customer advances for construction	-	7,013	-	7,013	-
Net pension liability	395,441	-	395,441	-	-
Total other liabilities	<u>492,402</u>	<u>60,117</u>	<u>414,019</u>	<u>138,500</u>	<u>12,191</u>
Total business-type activities long-term liabilities	<u>\$ 10,976,051</u>	<u>\$ 4,832,373</u>	<u>\$ 1,475,617</u>	<u>\$ 14,332,807</u>	<u>\$ 799,252</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5 percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2020, was \$13,260,680. Total general obligation debt outstanding at year end was \$3,061,662.

City of Black River Falls

Notes to Financial Statements
Year Ended December 31, 2020

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.

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2020</u>
General Obligation Debt					
Promissory Note	Sep-18	Oct-23	3.67%	\$ 359,000	223,851*
State Trust Fund Loan	Dec-19	Mar-29	3.25%	955,000	955,000*
State Trust Fund Loan	Dec-19	Mar-29	4.25%	1,210,000	1,210,000*
Bank Loan	Sept -20	Sept - 24	1.65%	165,000	165,000*
Total governmental activities, general obligation debt					<u>\$ 2,553,851</u>

<u>Business-Type Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2020</u>
General Obligation Debt					
Refunding Bonds	Jun-13	Dec-24	0.5-2.6%	\$ 995,000	\$ 380,000
Refunding Note	Feb-18	Feb-23	2.94%	73,000	45,292*
Refunding Note	Feb-18	Feb-23	2.94%	133,000	82,519*
Total business-type activities, general obligation debt					<u>\$ 507,811</u>

* The debt noted is directly placed with a third party.

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 90,000	\$ 9,150
2022	90,000	7,170
2023	100,000	5,100
2024	100,000	2,600
Total	<u>\$ 380,000</u>	<u>\$ 24,020</u>

<u>Years</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 299,960	\$ 114,698	\$ 41,363	\$ 3,810
2022	331,591	83,069	42,596	2,577
2023	343,231	71,398	43,852	1,307
2024	274,960	59,459	-	-
2025	241,697	49,732	-	-
2026-2030	1,062,412	103,299	-	-
Total	<u>\$ 2,553,851</u>	<u>\$ 481,655</u>	<u>\$ 127,811</u>	<u>\$ 7,694</u>

City of Black River FallsNotes to Financial Statements
Year Ended December 31, 2020**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 2020 was \$735,754. Total customer net revenues as defined for 2020 were \$1,155,379. Annual principal and interest payments are expected to require 46 percent 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 2020 was \$29,702. Total customer net revenues as defined for 2020 were \$566,968. Annual principal and interest payments are expected to require 18 percent 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 2020 was \$144,714. Total customer net revenues as defined for 2020 were \$226,749. Annual principal and interest payments are expected to require 38 percent of net revenues on average.

Revenue debt payable at December 31, 2020, consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2020</u>
<u>Electric Utility</u>					
Revenue Bond	Dec-10	Jun-47	3.75%	\$ 5,000,000	\$ 4,097,365 *
Revenue Bond	May-14	Dec-30	2.00-5.00%	5,045,000	3,310,000
Revenue Bond	Jan-18	Jan-28	0.00%	280,000	224,000 *
Revenue Bond	Dec-20	Dec-45	2.00-2.35%	2,705,000	<u>2,705,000</u>
				Total Electric Utility	<u>\$ 10,336,365</u>
<u>Water Utility</u>					
Revenue Bond	Dec-14	May-34	1.16%	\$ 506,560	\$ 383,778 *
Revenue Bond	Dec-20	May-40	1.90%	1,318,000	<u>1,318,000</u> *
				Total Water Utility	<u>\$ 1,701,778</u>
<u>Sewer Utility</u>					
Revenue Bond	Oct-06	May-26	2.37%	\$ 2,299,337	\$ 808,834 *
Revenue Bond	Dec-20	May-40	1.90%	710,000	<u>710,000</u> *
				Total Sewer Utility	<u>1,518,834</u>
				Total business-type activities, revenue debt	<u><u>\$ 13,556,977</u></u>

* The debt noted is directly placed with a third party.

City of Black River Falls

Notes to Financial Statements

Year Ended December 31, 2020

Debt service requirements to maturity are as follows:

Years	Business-Type Activities Revenue Debt	
	Principal	Interest
2021	\$ 380,000	\$ 173,190
2022	385,000	165,378
2023	390,000	154,678
2024	405,000	143,828
2025	415,000	132,578
2026-2030	2,255,000	459,256
2031-2035	530,000	171,415
2036-2040	595,000	115,109
2041-2045	660,000	46,969
Total	<u>\$ 6,015,000</u>	<u>\$ 1,562,401</u>

Years	Business-Type Activities Revenue Debt from Direct Borrowings and Direct Placements	
	Principal	Interest
2021	\$ 275,698	\$ 207,754
2022	370,600	205,437
2023	378,714	196,604
2024	392,047	187,485
2025	401,603	178,063
2026-2030	1,483,966	768,002
2031-2035	1,414,701	582,185
2036-2040	1,500,703	372,559
2041-2045	1,079,755	160,245
2045-2047	244,190	6,979
Total	<u>\$ 7,541,977</u>	<u>\$ 2,865,313</u>

Other Debt Information

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

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

The City's outstanding General Obligation State Trust Fund Loans from direct borrowings and/or direct placements related to governmental activities with balances totaling \$2,165,000, contain provisions that any payments not made by March 30th are delinquent and subject to a penalty of one percent per month. In addition, the Department of Administration shall collect the amount due, including any penalty, by deducting that amount from any state payments due to the City.

The City's remaining General Obligation debt from direct borrowings and/or direct placements related to governmental activities with balances totaling \$388,851, contain provisions that if the City fails to pay any amount due, then the unpaid balance shall, at the option of the lender, without notice, mature and become immediately payable.

The utilities' outstanding debt from direct borrowings and/or direct placements of \$4,097,365, contain a provision that in the event the utilities fail to make a payment when due or fail to comply with any other provisions of the agreement, the lender, at its option, may declare the entire loan balance outstanding immediately due and payable, incur and pay expenses necessary to cure the cause of default (payable from the source of funds pledged to pay the bonds or any other legally permissible source), and/or take possession of the facility.

The utilities' outstanding debt from direct borrowings and/or direct placements of \$1,192,612, contain a provision that in the event the utilities fail to make a payment when due or fail to comply with any other provisions of the financial assistance agreement, the lender may pursue remedies including, but not limited to, deducting amounts from any state payments due to the municipality, declaring the entire balance of the loan immediately due and payable, increasing the interest rate to the market interest rate, and/or appointing a receiver for the benefit of the lender.

The utilities' outstanding debt from direct borrowings and/or direct placements of \$224,000 contain a provision that upon an event of default, all principal outstanding may become immediately due and payable, except that amounts due shall be limited to income and revenues of the system and shall be subject to prior pledges of income and revenues.

The utilities' outstanding debt from direct borrowings and/or direct placements of \$127,811 contain several conditions under which outstanding amounts may mature and become immediately payable, including if the lender deems itself insecure.

Other Debt

On October 16, 2016, the City, on behalf of the utilities, established a line of credit of \$1,000,000 to finance electric utility repairs. The utilities did not make any new draws in 2020 but did repay the outstanding principal balance of \$313,400. The line of credit, with an interest rate of 2.15%, originally expired on October 16, 2020. The line of credit was renewed during 2020 at the same interest rate and expired on April 16, 2021.

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 \$52,000 reported as landfill closure and postclosure care liability at December 31, 2020, represents the total amount needed by the City for postclosure 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
Year Ended December 31, 2020

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2020, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 5,960,644
Construction in progress	24,959
Other capital assets, net of accumulated depreciation	15,230,580
Less long-term debt outstanding	(2,553,851)
Plus noncapital debt proceeds	<u>223,851</u>

Total net investment in capital assets \$ 18,886,183

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2020, include the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>General Capital Projects Fund</u>	<u>TIF #3</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Balances						
Nonspendable:						
Non-current interfunds	\$ 24,743	\$ -	\$ -	\$ -	\$ -	\$ 24,743
Subtotal	<u>24,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,743</u>
Restricted for:						
Fair park	159,332	-	-	-	-	159,332
Library	121,382	-	-	-	-	121,382
TIF project costs	-	-	-	1,039,903	88,553	1,128,456
Debt service	-	14,515	-	-	-	14,515
Loans	-	-	-	-	196,035	196,035
Affordable housing	-	-	-	-	114,070	114,070
Subtotal	<u>280,714</u>	<u>14,515</u>	<u>-</u>	<u>1,039,903</u>	<u>398,658</u>	<u>1,733,790</u>
Assigned to:						
Superfund	584,326	-	-	-	-	584,326
Economic development	573,118	-	-	-	-	573,118
Fair Park projects	197,373	-	-	-	-	197,373
Lunda Community Park	145,501	-	-	-	-	145,501
License plates	38,461	-	-	-	-	38,461
Taxi services	99,292	-	-	-	-	99,292
Debt service	-	316,480	-	-	-	316,480
Capital projects	-	-	247,258	-	-	247,258
Subtotal	<u>1,638,071</u>	<u>316,480</u>	<u>247,258</u>	<u>-</u>	<u>-</u>	<u>2,201,809</u>
Unassigned (deficit):	<u>2,121,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,055)</u>	<u>2,091,735</u>
Total fund balances	<u>\$ 4,065,318</u>	<u>\$ 330,995</u>	<u>\$ 247,258</u>	<u>\$ 1,039,903</u>	<u>\$ 368,603</u>	<u>\$ 6,052,077</u>

City of Black River Falls

Notes to Financial Statements
Year Ended December 31, 2020

Business-Type Activities

Net investment in capital assets:	
Land	\$ 252,779
Construction in progress	274,126
Other capital assets, net of accumulated depreciation/amortization	22,776,405
Less Long-term debt outstanding	(13,982,269)
Add: Unamortized debt discount (premium)	(129,519)
Add: Deferred charge on refunding	94,625
Add: Unspent proceeds	<u>4,770,865</u>
Total net investment in capital assets	<u>\$ 14,057,012</u>

Component Unit

BID 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, 2020, the BID had unearned revenues of \$30,867 related to property taxes receivable for the subsequent year.

4. Other Information

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 1,200 hours a year (880 hours teachers and school district educational support employees) 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, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

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>
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

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, including Teachers, 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 \$208,179 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.55 %	6.55 %
Protective with Social Security	6.55 %	10.55 %
Protective without Social Security	6.55 %	14.95 %

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

At December 31, 2020, the City reported an asset of \$646,662 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.02005494 percent, which was an increase of 0.00009386 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$247,550.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,227,513	\$ 614,288
Changes in assumptions	50,392	-
Net differences between projected and actual earnings on pension plan investments	-	1,322,009
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,783	8,692
Employer contributions subsequent to the measurement date	<u>210,961</u>	<u>-</u>
Total	<u>\$ 1,490,649</u>	<u>\$ 1,944,989</u>

City of Black River FallsNotes to Financial Statements
Year Ended December 31, 2020

\$210,961 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, 2021. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2021	\$ (197,303)
2022	(149,257)
2023	21,523
2024	(340,264)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*:	1.9%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9 percent 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

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 geometric real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49 %	8.0 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

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

Single Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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 Asset to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension asset (liability)	<u>\$ (1,665,272)</u>	<u>\$ 646,662</u>	<u>\$ 2,375,100</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2020, the City reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

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.

Public Entity Risk Pool

Self Insurance

The utilities are partially self-insured for health insurance claims. The utilities purchase a commercial health insurance policy with a \$3,000 deductible for single and \$6,000 deductible for family coverage. Employees are responsible for 12% of the premiums. The amount is taken as a payroll deduction. Single plan deductions are \$50.13 per pay period for an annual maximum of \$1,303.37. Family plans have a \$114.19 per pay period deduction with an annual maximum deduction of \$2,968.82. 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 2020 were \$0. Claims incurred and paid during 2020 were \$64,958.

The utilities are also self-insured for unemployment compensation obligations as permitted under Wisconsin Statutes. Annual expenditures by the utilities for claims during 2020 were not significant. The utilities are self-insured for boiler and machinery insurance as well.

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability band 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.

The City has active construction projects as of December 31, 2020. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Long-Term Contracts, WPPI Energy

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

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

Fifty members, representing approximately 99.8 percent of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining member has a long-term contract through December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$305 million as of December 31, 2020.

Joint Ventures

Black River Falls Rural Fire Department

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

The governing body is made up of citizens from each community. Local representatives are appointed by the Mayor of the City of Black River Falls and the Chairperson of each township. The governing body has authority to adopt its own budget and control the financial affairs of the department. The City is obligated by the joint venture agreement to remit an amount annually to the department. The City made a payment to the department of \$11,394 in 2020.

Financial information of the department was not available as of December 31, 2020..

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 2020.

Summary financial information of the airport as of December 31, 2020 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.

Subsequent Events

On March 3, 2021, the City issued \$1,990,000 of general obligation promissory notes for the purpose of redeeming the 2022 through 2029 maturities of the \$955,000 State Trust Fund Loan, Series 2019A and \$1,210,000 State Trust Fund Loan, Series 2019B. Payments of principal and interest at 1.725% are payable 2022 through 2029. The City also utilized \$291,428 of funds from the debt service fund for this refunding transaction.

The federal government passed the American Rescue Plan Act on March 11, 2021 to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. The City's estimated award is \$340,000, which will be used to combat the negative effects of the public health emergency in the local economy. The City will receive 50% of the funds in 2021, with the remaining expected a year later. The funds must be committed by December 31, 2024, with a deadline to expend funds of December 31, 2026.

Economic Dependency

Sewer Utility

The sewer utility has one significant customer who was responsible for 26 percent of operating revenues in 2020.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

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)
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 1,025,685	\$ 1,043,837	\$ 18,152
Intergovernmental	1,228,698	1,337,144	108,446
Licenses and permits	9,500	24,609	15,109
Fines, forfeitures and penalties	18,250	12,742	(5,508)
Public charges for services	8,500	12,436	3,936
Special assessments	-	457	457
Investment income	14,000	27,553	13,553
Miscellaneous	59,500	221,398	161,898
	<u>2,364,133</u>	<u>2,680,176</u>	<u>316,043</u>
Total revenues			
Expenditures			
Current			
General government	630,205	691,961	(61,756)
Public safety	847,277	745,984	101,293
Public works	950,237	904,649	45,588
Health and human services	10,500	10,426	74
Culture, recreation and education	539,613	586,153	(46,540)
Capital Outlay	4,500	6,754	(2,254)
	<u>2,982,332</u>	<u>2,945,927</u>	<u>36,405</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(618,199)</u>	<u>(265,751)</u>	<u>352,448</u>
Other Financing Sources (Uses)			
Transfers in	614,200	638,243	24,043
Transfers out	-	(168,732)	(168,732)
Sale of property and equipment	-	1,280	1,280
	<u>614,200</u>	<u>470,791</u>	<u>(143,409)</u>
Total other financing sources (uses)			
Net change in fund balance - budgetary basis	<u>\$ (3,999)</u>	205,040	<u>\$ 200,258</u>
Prospective Differences			
Economic Development fund and change in fund balance		\$ (105,424)	
Aquatic Center fund change in fund balance		22,153	
Jackson County Fair fund change in fund balance		(2,572)	
Jackson County New Arena fund change in fund balance		(18,732)	
Lunda Community Park fund change in fund balance		(48,605)	
Field of Honor fund change in fund balance		2,171	
Fair Park Renovation fund change in fund balance		242	
Jackson County Fair Park Maintenance fund change in fund balance		3,364	
License Plate fund change in fund balance		2,973	
Taxi Service fund change in fund balance		31,226	
		<u>91,836</u>	
Net change in fund balance, GAAP basis		<u>\$ 91,836</u>	

See 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)

Year Ended December 31, 2020

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
12/30/19	0.02005494%	\$ 646,662	\$ 2,789,420	23.18%	102.96%
12/31/18	0.01996108%	(710,152)	2,745,533	25.87%	96.45%
12/31/17	0.01929270%	572,823	2,603,541	22.00%	102.93%
12/31/16	0.01841270%	(151,765)	2,535,421	5.99%	99.12%
12/31/15	0.01827242%	(296,923)	2,375,291	12.50%	98.20%
12/31/14	0.01868455%	458,944	2,333,340	19.67%	102.74%

Schedule of Employer Contributions
Wisconsin Retirement System (WRS)
Year Ended December 31, 2020

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
12/30/20	\$ 210,962	\$ 210,962	\$ -	\$ 2,717,359	7.76%
12/31/19	210,796	210,796	-	2,843,576	7.41%
12/31/18	200,790	200,790	-	2,638,058	7.61%
12/31/17	194,642	194,642	-	2,539,137	7.67%
12/31/16	186,397	186,397	-	2,535,421	7.35%
12/31/15	177,400	177,400	-	2,401,183	7.39%

See independent auditors' report and notes to required supplementary information

City of Black River Falls

Notes to Required Supplementary Information
Year Ended December 31, 2020

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 1.

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. No significant change in assumptions were noted from the prior year.

SUPPLEMENTARY INFORMATION

City of Black River Falls

Detailed Schedule of Revenues - Budget and Actual -
 General Fund (Non-GAAP)
 Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Taxes			
General property tax for local purposes	\$ 1,014,610	\$ 1,014,610	\$ -
Mobile home taxes	7,500	7,048	(452)
Public accommodation taxes	3,500	9,222	5,722
Payments in lieu of taxes	75	12,957	12,882
	<u>1,025,685</u>	<u>1,043,837</u>	<u>18,152</u>
Special Assessments			
Other	-	457	457
	<u>-</u>	<u>457</u>	<u>457</u>
Intergovernmental			
Shared revenues	735,000	741,585	6,585
Federal grants	-	59,150	59,150
Fire insurance tax from state	9,500	10,827	1,327
State aid - general government	5,000	7,379	2,379
State aid - law enforcement training	-	9,535	9,535
State aid - general transportation aids	275,000	277,257	2,257
State aid - connecting streets	40,000	40,375	375
State aid - culture, recreation and education	-	11,000	11,000
State aid - municipal services	6,500	6,209	(291)
In lieu of taxes on federal forest land	1,300	1,330	30
Other state payments	-	6,602	6,602
County aid - libraries	146,398	145,895	(503)
Other local government	10,000	20,000	10,000
	<u>1,228,698</u>	<u>1,337,144</u>	<u>108,446</u>
Licenses and Permits			
Liquor and malt beverage licenses	7,000	940	(6,060)
Operators' license	1,750	2,900	1,150
Cigarette licenses	750	1,200	450
Building permits	-	14,947	14,947
Other regulatory permits and fees	-	4,622	4,622
	<u>9,500</u>	<u>24,609</u>	<u>15,109</u>
Fines, Forfeitures and penalties			
Law and ordinance violations	750	718	(32)
Traffic reports	17,500	12,024	(5,476)
	<u>18,250</u>	<u>12,742</u>	<u>(5,508)</u>
Public Charges for Services			
Parks	2,500	1,371	(1,129)
Street related facilities	-	6,399	6,399
Library	6,000	4,351	(1,649)
Other public charges for services	-	315	315
	<u>8,500</u>	<u>12,436</u>	<u>3,936</u>

City of Black River Falls

Detailed Schedule of Revenues - Budget and Actual -
General Fund (Non-GAAP)
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Investment Income			
Interest income	\$ 14,000	\$ 27,360	\$ 13,360
Interest on special assessments	<u>-</u>	<u>193</u>	<u>193</u>
Total investment income	<u>14,000</u>	<u>27,553</u>	<u>13,553</u>
Miscellaneous			
Rent	-	23,310	23,310
Insurance recoveries - highway	-	21,230	21,230
Donations	12,000	90,497	78,497
Miscellaneous	<u>47,500</u>	<u>86,361</u>	<u>38,861</u>
Total miscellaneous	<u>59,500</u>	<u>221,398</u>	<u>161,898</u>
Total revenues	<u>\$ 2,364,133</u>	<u>\$ 2,680,176</u>	<u>\$ 316,043</u>

City of Black River Falls

Detailed Schedule of Expenditures and Other Financing Uses - Budget and Actual -
 General Fund (Non-GAAP)
 Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
General Government			
Council	\$ 25,850	\$ 25,501	\$ 349
Legal counseling	48,000	36,582	11,418
Mayor	9,045	9,796	(751)
Administrator	107,435	107,038	397
Elections	10,000	20,496	(10,496)
Finance	147,930	145,032	2,898
Assessor/building inspector	20,200	14,617	5,583
Independent auditing	42,500	42,620	(120)
Municipal building	32,940	35,138	(2,198)
Property and liability insurance	49,500	66,233	(16,733)
Workers' compensation	55,000	44,632	10,368
Automobile fleet insurance	16,500	15,474	1,026
Other general government	23,750	80,428	(56,678)
Employee benefits	41,555	48,178	(6,623)
License publication fees	-	196	(196)
	<u>630,205</u>	<u>691,961</u>	<u>(61,756)</u>
Public Safety			
Police	731,585	594,191	137,394
Fire protection	115,692	109,797	5,895
Building inspection	-	14,003	(14,003)
Other public safety	-	27,993	(27,993)
	<u>847,277</u>	<u>745,984</u>	<u>101,293</u>
Public Works			
Administration	88,317	88,931	(614)
Street machine repair	62,190	77,899	(15,709)
Highway and street maintenance and construction	89,305	108,962	(19,657)
Curb and gutter	31,970	30,484	1,486
Tree and brush control	41,765	54,903	(13,138)
Street signs	8,780	6,143	2,637
Street cleaning	11,590	9,537	2,053
Snow and ice control	105,685	84,280	21,405
Street lighting	89,000	66,856	22,144
Storm sewer	11,635	17,069	(5,434)
Airport	12,500	12,500	-
Levee certification and maintenance	1,200	-	1,200
Refuse and garbage collection	51,385	40,882	10,503
Landfill	35,000	37,550	(2,550)
Recycling	26,545	20,555	5,990
Sanitary sewers	43,755	40,362	3,393
Garage and machine shed	75,000	62,955	12,045
Landfill abandonment	4,750	3,300	1,450
Insurance	136,930	137,670	(740)
Sidewalks	22,935	3,811	19,124
	<u>950,237</u>	<u>904,649</u>	<u>45,588</u>

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Health and Human Services			
Rodent control	\$ 500	\$ 427	\$ 73
Animal control	<u>10,000</u>	<u>9,999</u>	<u>1</u>
Total health and human services	<u>10,500</u>	<u>10,426</u>	<u>74</u>
Culture, Recreation and Education			
Library	324,713	315,771	8,942
Parks	118,335	118,667	(332)
Recreation programs	1,500	5,653	(4,153)
Recreation administration	93,065	89,694	3,371
Golf courses	-	55,965	(55,965)
Skating rink	<u>2,000</u>	<u>403</u>	<u>1,597</u>
Total culture, recreation and education	<u>539,613</u>	<u>586,153</u>	<u>(46,540)</u>
Capital Outlay			
Street lighting	2,500	1,455	1,045
Storm sewer	2,000	4,394	(2,394)
Parks and playgrounds	<u>-</u>	<u>905</u>	<u>(905)</u>
Total capital outlay	<u>4,500</u>	<u>6,754</u>	<u>(2,254)</u>
Total expenditures	<u>\$ 2,982,332</u>	<u>\$ 2,945,927</u>	<u>\$ 36,405</u>

City of Black River Falls

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2020

	Special Revenue		Capital Projects		
	Revolving Housing	Affordable Housing	TIF #4	TIF #5	TIF #6
Assets					
Cash and investments	\$ 196,035	\$ 114,070	\$ 9,601	\$ -	\$ 78,952
Receivables (net):					
Taxes	-	-	174,590	2,656	27,857
Loans	<u>657,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 853,336</u>	<u>\$ 114,070</u>	<u>\$ 184,191</u>	<u>\$ 2,656</u>	<u>\$ 106,809</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Due to other funds	\$ -	\$ -	\$ -	\$ 10,452	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,452</u>	<u>-</u>
Deferred Inflows of Resources					
Unearned revenues	-	-	174,590	2,656	27,857
Unavailable revenues	<u>657,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>657,301</u>	<u>-</u>	<u>174,590</u>	<u>2,656</u>	<u>27,857</u>
Fund Balances					
Restricted	196,035	114,070	9,601	-	78,952
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,452)</u>	<u>-</u>
Total fund balances	<u>196,035</u>	<u>114,070</u>	<u>9,601</u>	<u>(10,452)</u>	<u>78,952</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 853,336</u>	<u>\$ 114,070</u>	<u>\$ 184,191</u>	<u>\$ 2,656</u>	<u>\$ 106,809</u>

<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
<u>TIF #7</u>		
\$	-	\$ 398,658
	2,656	207,759
	<u>-</u>	<u>657,301</u>
<u>\$</u>	<u>2,656</u>	<u>\$ 1,263,718</u>

<u>\$</u>	<u>19,603</u>	<u>\$</u>	<u>30,055</u>
	<u>19,603</u>		<u>30,055</u>

	2,656	207,759
	<u>-</u>	<u>657,301</u>

	<u>2,656</u>	<u>865,060</u>
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	-	398,658
	<u>(19,603)</u>	<u>(30,055)</u>

	<u>(19,603)</u>	<u>368,603</u>
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<u>\$</u>	<u>2,656</u>	<u>\$</u>	<u>1,263,718</u>
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City of Black River Falls

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2020

	Special Revenue		Capital Projects		
	Revolving Housing	Affordable Housing Fund	TIF #4	TIF #5	TIF #6
Revenues					
Taxes	\$ -	\$ -	\$ 168,179	\$ -	\$ 12,652
Intergovernmental	-	-	3,767	-	-
Investment income	248	-	-	-	-
Miscellaneous	89,325	-	-	-	-
Total revenues	89,573	-	171,946	-	12,652
Expenditures					
Current:					
Conservation and development	7,508	-	170,400	150	5,150
Debt service:					
Principal retirement	-	-	129,635	-	-
Interest and fiscal charges	-	-	12,124	-	-
Total expenditures	7,508	-	312,159	150	5,150
Excess (deficiency) of revenues over expenditures	82,065	-	(140,213)	(150)	7,502
Other Financing Sources					
Debt issued	-	-	165,000	-	-
Total other financing sources	-	-	165,000	-	-
Net change in fund balances	82,065	-	24,787	(150)	7,502
Fund Balances (Deficit), Beginning	113,970	114,070	(15,186)	(10,302)	71,450
Fund Balances (Deficit), Ending	\$ 196,035	\$ 114,070	\$ 9,601	\$ (10,452)	\$ 78,952

<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>TIF #7</u>	
\$ -	\$ 180,831
-	3,767
-	248
<u>-</u>	<u>89,325</u>
<u>-</u>	<u>274,171</u>
150	183,358
-	129,635
<u>-</u>	<u>12,124</u>
<u>150</u>	<u>325,117</u>
<u>(150)</u>	<u>(50,946)</u>
<u>-</u>	<u>165,000</u>
<u>-</u>	<u>165,000</u>
(150)	114,054
<u>(19,453)</u>	<u>254,549</u>
<u>\$ (19,603)</u>	<u>\$ 368,603</u>

City of Black River Falls

Combining Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

	<u>Custodial Funds</u>		
	<u>Tax Collection</u>	<u>License &</u>	
	<u>Fund</u>	<u>Registration</u>	
		<u>Collection</u>	<u>Total</u>
		<u>Fund</u>	
Assets			
Cash and investments	\$ 1,267,823	\$ -	\$ 1,267,823
Taxes receivable	2,758,724	-	2,758,724
Total assets	<u>4,026,547</u>	<u>-</u>	<u>4,026,547</u>
Liabilities			
Due to other taxing units	<u>4,026,547</u>	<u>-</u>	<u>4,026,547</u>
Total liabilities	<u>4,026,547</u>	<u>-</u>	<u>4,026,547</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Black River Falls

Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year Ended December 31, 2020

	<u>Custodial Funds</u>		<u>Total</u>
	<u>Tax Collection Fund</u>	<u>License & Registration Collection Fund</u>	
Additions			
Property taxes collected for other governments	\$ 2,410,932	\$ -	\$ 2,410,932
License and registration fees collected for other governments	-	134,553	134,553
Total additions	<u>2,410,932</u>	<u>134,553</u>	<u>2,545,485</u>
Deductions			
Property taxes distributed to other governments	2,410,932	-	2,410,932
License and registration fees distributed to other governments	-	134,553	134,553
Total deductions	<u>2,410,932</u>	<u>134,553</u>	<u>2,545,485</u>
Change in net position	-	-	-
Net Position, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Net Position, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Black River Falls

Combining Balance Sheet - General Fund
Year Ended December 31, 2020

	<u>General Fund</u>	<u>Economic Development</u>	<u>Aquatic Center</u>	<u>Jackson County Fair</u>	<u>Jackson County New Arena</u>	<u>Lunda Community Park</u>
Assets						
Cash and investments	\$ 2,195,254	\$ 573,117	\$ (24,685)	\$ 74,160	\$ 51,493	\$ 148,875
Receivables (net)						
Taxes	1,070,435	-	60,000	-	-	40,000
Accounts	55,011	-	-	4,894	25,254	2,727
Special assessments	-	-	-	-	-	-
Loans	-	113,212	-	-	-	-
Due from other governments	9,850	-	-	-	-	-
Due from other organizations	-	-	-	-	-	-
Due from other funds	665,585	-	-	-	-	-
	<u>665,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 3,996,135</u>	<u>\$ 686,329</u>	<u>\$ 35,315</u>	<u>\$ 79,054</u>	<u>\$ 76,747</u>	<u>\$ 191,602</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 81,171	\$ -	\$ 353	\$ 4,300	\$ 7,839	\$ 6,101
Accrued liabilities	19,346	-	-	-	-	-
Total Liabilities	<u>100,517</u>	<u>-</u>	<u>353</u>	<u>4,300</u>	<u>7,839</u>	<u>6,101</u>
Deferred Inflows of Resources						
Unearned revenues	1,017,522	-	60,000	-	-	40,000
Unavailable revenues	-	113,211	-	-	-	-
	<u>-</u>	<u>113,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>1,017,522</u>	<u>113,211</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Fund Balances (Deficit)						
Nonspendable	24,743	-	-	-	-	-
Restricted	121,382	-	-	-	-	-
Assigned	584,326	573,118	-	74,754	68,908	145,501
Unassigned (deficit)	2,147,645	-	(25,038)	-	-	-
	<u>2,147,645</u>	<u>-</u>	<u>(25,038)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>2,878,096</u>	<u>573,118</u>	<u>(25,038)</u>	<u>74,754</u>	<u>68,908</u>	<u>145,501</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,996,135</u>	<u>\$ 686,329</u>	<u>\$ 35,315</u>	<u>\$ 79,054</u>	<u>\$ 76,747</u>	<u>\$ 191,602</u>

City of Black River Falls

Combining Balance Sheet - General Fund
Year Ended December 31, 2020

	Field of Honor	Fair Park Renovation	Jackson County Fair Park Maintenance	License Plate	Taxi Service	Total Combined General Fund
Assets						
Cash and investments	\$ (793)	\$ 159,332	\$ 53,711	\$ 39,044	\$ 79,792	\$ 3,349,300
Receivables (net)						
Taxes	-	-	-	-	35,000	1,205,435
Accounts	-	-	-	-	-	87,886
Special assessments	-	-	-	-	-	-
Loans	-	-	-	-	-	113,212
Due from other governments	-	-	-	-	35,158	45,008
Due from other organizations	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	665,585
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>665,585</u>
Total assets	<u>\$ (793)</u>	<u>\$ 159,332</u>	<u>\$ 53,711</u>	<u>\$ 39,044</u>	<u>\$ 149,950</u>	<u>\$ 5,466,426</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 24	\$ -	\$ -	\$ 583	\$ 15,658	\$ 116,029
Accrued liabilities	-	-	-	-	-	19,346
Total Liabilities	<u>24</u>	<u>-</u>	<u>-</u>	<u>583</u>	<u>15,658</u>	<u>135,375</u>
Deferred Inflows of Resources						
Unearned revenues	-	-	-	-	35,000	1,152,522
Unavailable revenues	-	-	-	-	-	113,211
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>1,265,733</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>1,265,733</u>
Fund Balances (Deficit)						
Nonspendable	-	-	-	-	-	24,743
Restricted	-	159,332	-	-	-	280,714
Assigned	-	-	53,711	38,461	99,292	1,638,071
Unassigned (deficit)	(817)	-	-	-	-	2,121,790
	<u>(817)</u>	<u>159,332</u>	<u>53,711</u>	<u>38,461</u>	<u>99,292</u>	<u>4,065,318</u>
Total fund balances (deficit)	<u>(817)</u>	<u>159,332</u>	<u>53,711</u>	<u>38,461</u>	<u>99,292</u>	<u>4,065,318</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ (793)</u>	<u>\$ 159,332</u>	<u>\$ 53,711</u>	<u>\$ 39,044</u>	<u>\$ 149,950</u>	<u>\$ 5,466,426</u>

City of Black River Falls

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - General Fund
Year Ended December 31, 2020

	General Fund	Economic Development	Aquatic Center	Jackson County Fair	Jackson County New Arena	Lunda Community Park
Revenues						
Taxes	\$ 1,043,837	\$ -	\$ 55,500	\$ 16,301	\$ 16,301	\$ 46,367
Intergovernmental	1,337,144	-	-	-	-	-
Licenses and permits	24,609	-	-	-	-	-
Fines, forfeitures and penalties	12,742	-	-	-	-	-
Public charges for services	12,436	-	-	32,165	315	3,247
Special assessments	457	-	-	-	-	-
Investment income	27,553	11,434	-	-	-	-
Miscellaneous	221,398	3,796	100	-	45,031	8,920
Total revenues	<u>2,680,176</u>	<u>15,230</u>	<u>55,600</u>	<u>48,466</u>	<u>61,647</u>	<u>58,534</u>
Expenditures						
Current						
General government	691,961	-	-	-	-	-
Public safety	745,984	-	-	-	-	-
Public works	904,649	-	-	-	-	-
Health and human services	10,426	-	-	-	-	-
Culture, recreation and education	586,153	-	33,447	36,038	80,379	107,139
Conservation and development	-	120,654	-	-	-	-
Capital Outlay	6,754	-	-	-	-	-
Total expenditures	<u>2,945,927</u>	<u>120,654</u>	<u>33,447</u>	<u>36,038</u>	<u>80,379</u>	<u>107,139</u>
Excess (deficiency) of revenues over expenditures	<u>(265,751)</u>	<u>(105,424)</u>	<u>22,153</u>	<u>12,428</u>	<u>(18,732)</u>	<u>(48,605)</u>
Other Financing Sources (Uses)						
Transfers in	638,243	-	-	-	-	-
Transfers out	(168,732)	-	-	(15,000)	-	-
Proceeds from sale of capital assets	1,280	-	-	-	-	-
Total other financing sources (uses)	<u>470,791</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	205,040	(105,424)	22,153	(2,572)	(18,732)	(48,605)
Fund Balances (Deficit), Beginning	<u>2,673,056</u>	<u>678,542</u>	<u>(47,191)</u>	<u>77,326</u>	<u>87,640</u>	<u>194,106</u>
Fund Balances (Deficit), Ending	<u>\$ 2,878,096</u>	<u>\$ 573,118</u>	<u>\$ (25,038)</u>	<u>\$ 74,754</u>	<u>\$ 68,908</u>	<u>\$ 145,501</u>

City of Black River Falls

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - General Fund
Year Ended December 31, 2020

	Field of Honor	Fair Park Renovation	Jackson County Fair Park Maintenance	License Plate	Taxi Service	Eliminations	Total Combined General Fund
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ -	\$ 1,213,306
Intergovernmental	-	-	-	-	193,361	-	1,530,505
Licenses and permits	-	-	-	-	-	-	24,609
Fines, forfeitures and penalties	-	-	-	-	-	-	12,742
Public charges for services	-	-	-	5,796	-	-	53,959
Special assessments	-	-	-	-	-	-	457
Investment income	-	-	-	32	-	-	39,019
Miscellaneous	3,738	242	-	-	2,075	-	285,300
Total revenues	3,738	242	-	5,828	230,436	-	3,159,897
Expenditures							
Current							
General government	-	-	-	-	-	-	691,961
Public safety	-	-	-	2,855	-	-	748,839
Public works	-	-	-	-	199,210	-	1,103,859
Health and human services	-	-	-	-	-	-	10,426
Culture, recreation and education	1,567	-	11,636	-	-	-	856,359
Conservation and development	-	-	-	-	-	-	120,654
Capital Outlay	-	-	-	-	-	-	6,754
Total expenditures	1,567	-	11,636	2,855	199,210	-	3,538,852
Excess (deficiency) of revenues over expenditures	2,171	242	(11,636)	2,973	31,226	-	(378,955)
Other Financing Sources (Uses)							
Transfers in	-	-	15,000	-	-	(15,000)	638,243
Transfers out	-	-	-	-	-	15,000	(168,732)
Proceeds from sale of capital assets	-	-	-	-	-	-	1,280
Total other financing sources (uses)	-	-	15,000	-	-	-	470,791
Net change in fund balance	2,171	242	3,364	2,973	31,226	-	91,836
Fund Balances (Deficit), Beginning	(2,988)	159,090	50,347	35,488	68,066	-	3,973,482
Fund Balances (Deficit), Ending	\$ (817)	\$ 159,332	\$ 53,711	\$ 38,461	\$ 99,292	\$ -	\$ 4,065,318

City of Black River Falls

Required Utility Bond Disclosures

Year Ended December 31, 2020

Insurance Coverage

<u>Description</u>	<u>Amount of Coverage</u>	<u>Coverage Dates</u>	<u>Name of Insurer</u>
Property	\$ 23,161,300	11/1/20 - 12/31/21	EMC Insurance
Personal Property	13,160,684	11/1/20 - 12/31/21	EMC Insurance
Property in the Open	12,600,336	11/1/20 - 12/31/21	EMC Insurance
Flood (At Specific Locations)	1,000,000	11/1/20 - 12/31/21	EMC Insurance
Hydro-Electric Plant	7,628,949	11/1/20 - 12/31/21	EMC Insurance
Contractor's Equipment	2,120,804	11/1/20 - 12/31/21	EMC Insurance
Equipment Breakdown	100,000,000	11/1/20 - 12/31/21	Hartford Steam Boiler & Insurance Company
Auto Liability	3,000,000	11/1/20 - 12/31/21	League of Wisconsin Municipalities Mutual
Workers Compensation / Employer Liability	2,000,000	11/1/20 - 12/31/21	United Heartland
Liability	3,000,000	11/1/20 - 12/31/21	League of Wisconsin Municipalities Mutual

Number of Connections

<u>User Classification</u>	<u>Electric</u>
Residential	2,219
Commercial	552
Public Authority	14
Standby	-

OTHER REPORTS

**Independent Auditors' 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***

To the City Council of
City of Black River Falls

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, 2020, and the related notes to financial statements, and have issued our report thereon dated May 27, 2021.

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 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

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

Management's 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.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Eau Claire, Wisconsin
May 27, 2021

City of Black River Falls

Schedule of Findings and Responses
Year Ended December 31, 2020

Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

Finding 2020-001: 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 of Black River Falls' (City) 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 2020-002: 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
Year Ended December 31, 2020

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.