

City of Black River Falls

Financial Statements and
Supplementary Information

December 31, 2021

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 Audit of the Financial Statements

Opinions

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 (the City), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 as of December 31, 2021 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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's 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 26, 2022 on our consideration of the City's 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's 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's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Eau Claire, Wisconsin
May 26, 2022

City of Black River Falls

Statement of Net Position
December 31, 2021

	<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	\$ 6,208,166	\$ 3,876,177	\$ 10,084,343	\$ -
Receivables (net):				
Taxes	2,701,737	-	2,701,737	26,968
Accounts	161,092	1,358,629	1,519,721	-
Special assessments	11,068	-	11,068	-
Notes	733,175	-	733,175	-
Accrued interest	-	4,983	4,983	-
Other	-	32,015	32,015	-
Due from other governments	56,535	-	56,535	-
Due from component unit	1,619	-	1,619	-
Internal balances	743,635	(743,635)	-	-
Prepaid items and inventories	-	235,715	235,715	-
Other assets	521,554	-	521,554	-
Restricted assets:				
Restricted cash	-	2,101,808	2,101,808	-
Net pension asset	555,978	672,424	1,228,402	-
Capital assets (net of accumulated depreciation):				
Construction in progress	108,025	8,594	116,619	-
Land and land improvements	5,960,644	306,787	6,267,431	-
Other capital assets, net of depreciation	15,841,281	26,373,546	42,214,827	-
Total assets	<u>33,604,509</u>	<u>34,227,043</u>	<u>67,831,552</u>	<u>26,968</u>
Deferred Outflows of Resources				
Deferred charge on refunding	-	80,549	80,549	-
Pension related amounts	940,169	1,087,938	2,028,107	-
Total deferred outflows of resources	<u>940,169</u>	<u>1,168,487</u>	<u>2,108,656</u>	<u>-</u>
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable	182,669	708,462	891,131	-
Accrued liabilities and deposits	63,912	143,510	207,422	-
Other deferred credits	-	14,898	14,898	-
Due to primary government	-	-	-	1,619
Unearned revenues	170,108	-	170,108	-
Noncurrent liabilities:				
Due within one year	705,860	908,253	1,614,113	-
Due in more than one year	2,520,563	12,641,947	15,162,510	-
Total liabilities	<u>3,643,112</u>	<u>14,417,070</u>	<u>18,060,182</u>	<u>1,619</u>
Deferred Inflows of Resources				
Unearned revenues	2,693,982	-	2,693,982	26,968
Pension related amounts	1,272,297	1,429,886	2,702,183	-
Total deferred inflows of resources	<u>3,966,279</u>	<u>1,429,886</u>	<u>5,396,165</u>	<u>26,968</u>

See notes to financial statements

City of Black River Falls

Statement of Net Position

December 31, 2021

	<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	\$ 19,002,687	\$ 14,424,921	\$ 33,427,608	\$ -
Restricted for:				
Future fair park projects	159,735	-	159,735	-
Future library costs	122,496	-	122,496	-
Future TIF project costs	1,114,627	-	1,114,627	-
Pensions	555,978	672,424	1,228,402	-
Future housing loans	846,534	-	846,534	-
Future affordable housing projects	114,070	-	114,070	-
Debt and equipment replacement	-	951,604	951,604	-
Unrestricted	<u>5,019,160</u>	<u>3,499,625</u>	<u>8,518,785</u>	<u>(1,619)</u>
Total net position	<u>\$ 26,935,287</u>	<u>\$ 19,548,574</u>	<u>\$ 46,483,861</u>	<u>\$ (1,619)</u>

See notes to financial statements

City of Black River Falls

Statement of Activities

Year Ended December 31, 2021

<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	\$ 543,074	\$ 74,544	\$ 43,629	\$ -
Public safety	946,397	15,441	350,243	48,684
Public works	1,778,150	27,946	543,297	-
Health and human services	11,766	-	-	-
Culture, education and recreation	1,467,072	119,632	324,479	15,402
Conservation and development	110,401	-	-	-
Interest and fiscal charges	69,632	-	-	-
Total governmental activities	<u>4,926,492</u>	<u>237,563</u>	<u>1,261,648</u>	<u>64,086</u>
Business-type activities:				
Electric Utility	6,114,293	6,931,896	-	32,674
Water Utility	754,170	1,056,045	-	-
Sewer Utility	942,956	960,166	-	-
Ambulance	881,735	816,499	-	-
Total business-type activities	<u>8,693,154</u>	<u>9,764,606</u>	<u>-</u>	<u>32,674</u>
Total primary government	<u>\$ 13,619,646</u>	<u>\$ 10,002,169</u>	<u>\$ 1,261,648</u>	<u>\$ 96,760</u>
Component Unit				
Business Improvement District	<u>\$ 33,465</u>	<u>\$ -</u>	<u>\$ 5,000</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
\$ (424,901)	\$ -	\$ (424,901)	\$ -
(532,029)	-	(532,029)	-
(1,206,907)	-	(1,206,907)	-
(11,766)	-	(11,766)	-
(1,007,559)	-	(1,007,559)	-
(110,401)	-	(110,401)	-
<u>(69,632)</u>	<u>-</u>	<u>(69,632)</u>	<u>-</u>
<u>(3,363,195)</u>	<u>-</u>	<u>(3,363,195)</u>	<u>-</u>
-	850,277	850,277	-
-	301,875	301,875	-
-	17,210	17,210	-
-	<u>(65,236)</u>	<u>(65,236)</u>	<u>-</u>
<u>-</u>	<u>1,104,126</u>	<u>1,104,126</u>	<u>-</u>
<u>(3,363,195)</u>	<u>1,104,126</u>	<u>(2,259,069)</u>	<u>-</u>
-	-	-	(28,465)
1,149,061	-	1,149,061	-
-	-	-	26,846
410,000	-	410,000	-
553,408	-	553,408	-
551,310	-	551,310	-
110,345	-	110,345	-
762,725	-	762,725	-
80,145	75,564	155,709	-
<u>162,982</u>	<u>18,154</u>	<u>181,136</u>	<u>-</u>
<u>3,779,976</u>	<u>93,718</u>	<u>3,873,694</u>	<u>26,846</u>
<u>596,400</u>	<u>(596,400)</u>	<u>-</u>	<u>-</u>
1,013,181	601,444	1,614,625	(1,619)
<u>25,922,106</u>	<u>18,947,130</u>	<u>44,869,236</u>	<u>-</u>
<u>\$ 26,935,287</u>	<u>\$ 19,548,574</u>	<u>\$ 46,483,861</u>	<u>\$ (1,619)</u>

See notes to financial statements

City of Black River Falls

Balance Sheet
 Governmental Funds
 December 31, 2021

	<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	\$ 4,423,906	\$ 165,995	\$ 5,550	\$ 1,041,307
Receivables (net):				
Taxes	1,155,507	430,000	562,336	340,046
Accounts	161,092	-	-	-
Special assessments	-	-	11,068	-
Loans	100,551	-	-	-
Due from other governments	15,979	-	40,556	-
Due from component units	1,619	-	-	-
Due from other funds	816,136	-	-	-
Other assets	-	-	521,554	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 6,674,790</u>	<u>\$ 595,995</u>	<u>\$ 1,141,064</u>	<u>\$ 1,381,353</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 120,223	\$ -	\$ 43,139	\$ -
Accrued liabilities	25,201	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>145,424</u>	<u>-</u>	<u>43,139</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	1,147,752	430,000	562,336	340,046
Unavailable revenues	100,551	-	573,178	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>1,248,303</u>	<u>430,000</u>	<u>1,135,514</u>	<u>340,046</u>
Fund Balances				
Nonspendable	65,572	-	-	-
Restricted	282,231	-	-	1,041,307
Assigned	2,368,940	165,995	-	-
Unassigned (deficit)	2,564,320	-	(37,589)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>5,281,063</u>	<u>165,995</u>	<u>(37,589)</u>	<u>1,041,307</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,674,790</u>	<u>\$ 595,995</u>	<u>\$ 1,141,064</u>	<u>\$ 1,381,353</u>

See notes to financial statements

Nonmajor Governmental Funds	Total
\$ 571,408	\$ 6,208,166
213,848	2,701,737
-	161,092
-	11,068
632,624	733,175
-	56,535
-	1,619
-	816,136
-	521,554
<u>\$ 1,417,880</u>	<u>\$ 11,211,082</u>

\$ 19,307	\$ 182,669
-	25,201
72,501	72,501
170,108	170,108
<u>261,916</u>	<u>450,479</u>

213,848	2,693,982
632,624	1,306,353
<u>846,472</u>	<u>4,000,335</u>

-	65,572
401,300	1,724,838
-	2,534,935
(91,808)	2,434,923
<u>309,492</u>	<u>6,760,268</u>

<u>\$ 1,417,880</u>	<u>\$ 11,211,082</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, 2021

Total Fund Balances, Governmental Funds	\$ 6,760,268
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.	21,909,950
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	555,978
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	940,169
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,272,297)
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	733,175
Other assets held for sale	521,554
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	(3,059,283)
Vested compensated absences	(119,140)
Accrued interest	(38,711)
Landfill post closure costs	(48,000)
Net Position of Governmental Activities	<u>\$ 26,935,287</u>

City of Black River Falls

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>General Capital Projects Fund</u>	<u>TIF #3 Capital Projects Fund</u>
Revenues				
Taxes	\$ 1,257,023	\$ 410,000	\$ 551,310	\$ 348,305
Intergovernmental	1,521,754	-	7,853	4,616
Licenses and permits	70,637	-	-	-
Fines, forfeitures and penalties	15,441	-	-	-
Public charges for services	141,463	-	-	-
Special assessments	2,500	-	-	-
Investment income	79,664	-	-	-
Miscellaneous	575,752	-	48,684	-
	<u>3,664,234</u>	<u>410,000</u>	<u>607,847</u>	<u>352,921</u>
Total revenues				
Expenditures				
Current:				
General government	580,657	-	-	-
Public safety	866,854	-	-	-
Public works	1,090,882	-	-	-
Health and human services	11,766	-	-	-
Culture, recreation and education	1,112,800	-	-	-
Conservation and development	23,075	-	-	25,157
Capital outlay	17,116	-	1,713,974	-
Debt service:				
Principal retirement	-	567,500	-	2,165,000
Interest and fiscal charges	-	7,500	-	101,360
	<u>3,703,150</u>	<u>575,000</u>	<u>1,713,974</u>	<u>2,291,517</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(38,916)</u>	<u>(165,000)</u>	<u>(1,106,127)</u>	<u>(1,938,596)</u>
Other Financing Sources				
Debt issued	-	-	1,360,000	1,990,000
Transfers in	1,264,101	-	13,700	-
Transfers out	(13,700)	-	(667,701)	(50,000)
Sale of property and equipment	4,260	-	115,281	-
	<u>1,254,661</u>	<u>-</u>	<u>821,280</u>	<u>1,940,000</u>
Total other financing sources				
Net change in fund balances	1,215,745	(165,000)	(284,847)	1,404
Fund Balances (Deficit), Beginning	<u>4,065,318</u>	<u>330,995</u>	<u>247,258</u>	<u>1,039,903</u>
Fund Balances (Deficit), Ending	<u>\$ 5,281,063</u>	<u>\$ 165,995</u>	<u>\$ (37,589)</u>	<u>\$ 1,041,307</u>

See notes to financial statements

Nonmajor Governmental Funds		Total	
\$	205,103	\$	2,771,741
	191		1,534,414
	-		70,637
	-		15,441
	-		141,463
	-		2,500
	481		80,145
	<u>46,489</u>		<u>670,925</u>
	<u>252,264</u>		<u>5,287,266</u>
	-		580,657
	-		866,854
	-		1,090,882
	-		11,766
	-		1,112,800
	238,145		286,377
	-		1,731,090
	112,068		2,844,568
	<u>11,162</u>		<u>120,022</u>
	<u>361,375</u>		<u>8,645,016</u>
	<u>(109,111)</u>		<u>(3,357,750)</u>
	-		3,350,000
	50,000		1,327,801
	-		(731,401)
	-		<u>119,541</u>
	<u>50,000</u>		<u>4,065,941</u>
	(59,111)		708,191
	<u>368,603</u>		<u>6,052,077</u>
\$	<u><u>309,492</u></u>	\$	<u><u>6,760,268</u></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, 2021

Net Change in Fund Balances, Total Governmental Funds \$ 708,191

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	1,731,090
Some capital outlay is not capitalized in the government-wide statements	(111,278)
Some functional expenditures were capitalized in the government-wide statements	162,165
Depreciation is reported in the government-wide statements	(1,088,210)

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.

Other assets held for resale	(46,020)
------------------------------	----------

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	(3,350,000)
Principal repaid	2,844,568

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	50,390
Change in landfill post closure liability	4,000
Change in vested compensated absences liability	266
Change in net pension liability and related pension deferred outflows/inflows of resources	145,356

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	28,825
Repayment of principal on loans, notes and other receivables recognized as revenue on fund statements	(65,919)
Write off of loans determined to be uncollectible	(243)

Change in Net Position of Governmental Activities \$ 1,013,181

City of Black River Falls

Statement of Net Position
 Proprietary Funds
 December 31, 2021

	Business-Type Activities - Enterprise Funds				Total
	Electric Utility	Water Utility	Sewer Utility	Ambulance	
Assets					
Current assets:					
Cash and investments	\$ 1,201,488	\$ 1,025,350	\$ -	\$ 1,649,339	\$ 3,876,177
Receivables (net):					
Accounts	766,250	106,830	146,501	339,048	1,358,629
Interest	3,959	1,024	-	-	4,983
Other	32,015	-	-	-	32,015
Due from other funds	7,932	-	-	-	7,932
Prepays items and inventories	212,161	23,554	-	-	235,715
Restricted assets:					
Redemption account	84,066	60,189	115,624	-	259,879
Total current assets	2,307,871	1,216,947	262,125	1,988,387	5,775,330
Noncurrent assets:					
Restricted assets:					
Reserve account	830,166	-	-	-	830,166
Construction account	307,882	159,000	84,604	-	551,486
Replacement account	-	7,247	453,030	-	460,277
Net pension asset	349,581	112,451	56,738	153,654	672,424
Capital assets:					
Construction in progress	8,594	-	-	-	8,594
Plant in service	24,780,264	12,291,792	6,263,510	1,186,078	44,521,644
Less accumulated depreciation	(9,569,657)	(4,456,198)	(3,109,320)	(706,136)	(17,841,311)
Total noncurrent assets	16,706,830	8,114,292	3,748,562	633,596	29,203,280
Total assets	19,014,701	9,331,239	4,010,687	2,621,983	34,978,610
Deferred Outflows of Resources					
Deferred charge on refunding	57,482	23,067	-	-	80,549
Pension related amounts	560,027	155,629	121,088	251,194	1,087,938
Total deferred outflows of resources	617,509	178,696	121,088	251,194	1,168,487

See notes to financial statements

City of Black River Falls

Statement of Net Position
 Proprietary Funds
 December 31, 2021

	Business-Type Activities - Enterprise Funds				Total
	Electric Utility	Water Utility	Sewer Utility	Ambulance	
Liabilities					
Current liabilities:					
Accounts payable	\$ 705,116	\$ -	\$ -	\$ 3,346	\$ 708,462
Deposits	42,569	-	-	-	42,569
Other deferred credits	14,898	-	-	-	14,898
Due to other funds	349,498	178,966	65,768	157,335	751,567
Accrued interest	690	1,854	-	-	2,544
Accrued liabilities	39,637	7,734	8,228	-	55,599
Current portion of general obligation debt	15,095	117,501	-	-	132,596
Current portion of revenue bonds	28,000	-	160,057	-	188,057
Current portion of vested compensated absences	-	-	-	20,057	20,057
Current liabilities payable from restricted assets:					
Current portion of revenue bonds	483,836	83,707	-	-	567,543
Accrued interest	32,998	4,864	4,936	-	42,798
Total current liabilities	<u>1,712,337</u>	<u>394,626</u>	<u>238,989</u>	<u>180,738</u>	<u>2,526,690</u>
Noncurrent liabilities:					
Long-term debt:					
General obligation debt	15,540	228,313	-	-	243,853
Unamortized debt premium	118,922	-	-	-	118,922
Customer advances for construction	11,221	-	-	-	11,221
Revenue bonds	9,321,289	1,592,657	1,231,724	-	12,145,670
Vested compensated absences	59,087	29,903	26,605	6,686	122,281
Total noncurrent liabilities	<u>9,526,059</u>	<u>1,850,873</u>	<u>1,258,329</u>	<u>6,686</u>	<u>12,641,947</u>
Total liabilities	<u>11,238,396</u>	<u>2,245,499</u>	<u>1,497,318</u>	<u>187,424</u>	<u>15,168,637</u>
Deferred Inflows of Resources					
Pension related amounts	<u>777,357</u>	<u>193,001</u>	<u>159,481</u>	<u>300,047</u>	<u>1,429,886</u>
Total deferred inflows of resources	<u>777,357</u>	<u>193,001</u>	<u>159,481</u>	<u>300,047</u>	<u>1,429,886</u>
Net Position					
Net investment in capital assets	6,046,669	6,051,297	1,847,013	479,942	14,424,921
Restricted for:					
Debt and equipment replacement	325,314	62,572	563,718	-	951,604
Pension	349,581	112,451	56,738	153,654	672,424
Unrestricted	894,893	845,115	7,507	1,752,110	3,499,625
Total net position	<u>\$ 7,616,457</u>	<u>\$ 7,071,435</u>	<u>\$ 2,474,976</u>	<u>\$ 2,385,706</u>	<u>\$ 19,548,574</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, 2021

	Business-Type Activities - Enterprise Funds				
	Electric Utility	Water Utility	Sewer Utility	Ambulance	Total
Operating Revenues	\$ 6,931,896	\$ 1,056,045	\$ 960,166	\$ 816,499	\$ 9,764,606
Operating Expenses					
Operation and maintenance	5,146,443	437,907	712,804	795,254	7,092,408
Depreciation	650,480	250,609	199,199	86,481	1,186,769
Amortization	6,000	-	-	-	6,000
Total operating expenses	5,802,923	688,516	912,003	881,735	8,285,177
Operating income (loss)	1,128,973	367,529	48,163	(65,236)	1,479,429
Nonoperating Revenues (Expenses)					
Investment income	45,274	13,898	13,220	3,172	75,564
Interest expense	(335,102)	(40,753)	(30,953)	-	(406,808)
IRS Build America Bond interest subsidy	27,134	-	-	-	27,134
Amortization	4,210	(7,689)	-	-	(3,479)
Miscellaneous revenue	8,408	273	-	9,473	18,154
Miscellaneous expenses	(7,612)	-	-	-	(7,612)
Loss on disposal of capital assets	-	(17,212)	-	-	(17,212)
Total nonoperating revenues (expenses)	(257,688)	(51,483)	(17,733)	12,645	(314,259)
Income (loss) before contributions and transfers	871,285	316,046	30,430	(52,591)	1,165,170
Contributions and Transfers					
Capital contributions	32,674	-	-	-	32,674
Transfers out	(357,490)	(180,422)	(58,488)	-	(596,400)
Total contributions and transfers	(324,816)	(180,422)	(58,488)	-	(563,726)
Change in net position	546,469	135,624	(28,058)	(52,591)	601,444
Net Position, Beginning	7,069,988	6,935,811	2,503,034	2,438,297	18,947,130
Net Position, Ending	\$ 7,616,457	\$ 7,071,435	\$ 2,474,976	\$ 2,385,706	\$ 19,548,574

See notes to financial statements

City of Black River Falls

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds				Total
	Electric Utility	Water Utility	Sewer Utility	Ambulance	
Cash Flows From Operating Activities					
Received from customers	\$ 6,714,336	\$ 1,080,089	\$ 938,112	\$ 887,232	\$ 9,619,769
Cash received from City	60,233	-	-	-	60,233
Paid to suppliers for goods and services	(4,294,278)	(277,597)	(493,216)	(261,654)	(5,326,745)
Paid to employees for services	(706,646)	(202,203)	(212,203)	(509,642)	(1,630,694)
Net cash flows from operating activities	<u>1,773,645</u>	<u>600,289</u>	<u>232,693</u>	<u>115,936</u>	<u>2,722,563</u>
Cash Flows From Investing Activities					
Marketable securities sold	258,866	168,571	-	621,834	1,049,271
Marketable securities purchased	(266,429)	(173,452)	-	(1,151,943)	(1,591,824)
Investment income	45,331	14,208	12,027	3,172	74,738
Net cash flows from investing activities	<u>37,768</u>	<u>9,327</u>	<u>12,027</u>	<u>(526,937)</u>	<u>(467,815)</u>
Cash Flows From Noncapital Financing Activities					
Paid to municipality for tax equivalent	(377,454)	(193,061)	(56,058)	-	(626,573)
Transfers in (out)	(4,240)	-	-	-	(4,240)
Negative cash implicitly financed	(7,932)	-	7,932	-	-
Net cash flows from noncapital financing activities	<u>(389,626)</u>	<u>(193,061)</u>	<u>(48,126)</u>	<u>-</u>	<u>(630,813)</u>
Cash Flows From Capital and Related Financing Activities					
Debt retired	(517,897)	(142,119)	(127,053)	-	(787,069)
Interest paid	(328,161)	(37,391)	(29,205)	-	(394,757)
Capital contributions	36,882	-	-	-	36,882
Acquisition and construction of capital assets	(2,283,349)	(1,350,910)	(769,925)	-	(4,404,184)
Interest rebate received on bonds	27,181	-	-	-	27,181
Net cash flows from capital and related financing activities	<u>(3,065,344)</u>	<u>(1,530,420)</u>	<u>(926,183)</u>	<u>-</u>	<u>(5,521,947)</u>
Net change in cash and cash equivalents	(1,643,557)	(1,113,865)	(729,589)	(411,001)	(3,898,012)
Cash and Cash Equivalents, Beginning	<u>3,301,118</u>	<u>1,809,937</u>	<u>1,211,734</u>	<u>908,397</u>	<u>7,231,186</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,657,561</u>	<u>\$ 696,072</u>	<u>\$ 482,145</u>	<u>\$ 497,396</u>	<u>\$ 3,333,174</u>

See notes to financial statements

City of Black River Falls

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds				Total
	Electric Utility	Water Utility	Sewer Utility	Ambulance	
Reconciliation of Operating Income to Net Cash Flows From Operating Activities					
Operating income	\$ 1,128,973	\$ 367,529	\$ 48,163	\$ (65,236)	\$ 1,479,429
Nonoperating revenue	796	273	-	9,473	10,542
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation and amortization	656,480	250,609	199,199	86,481	1,192,769
Depreciation charged to other accounts	(1,287)	13,037	(13,037)	-	(1,287)
Changes in assets and liabilities:					
Accounts receivable	(167,545)	2,832	(15,062)	61,260	(118,515)
Other receivables	(16,296)	-	-	-	(16,296)
Prepaid items and inventories	(18,758)	9,571	12,891	-	3,704
Accounts payable	255,336	-	-	(21,862)	233,474
Due to other funds	25,661	6,143	3,894	106,820	142,518
Customer deposits	(4,338)	-	-	-	(4,338)
Accrued liabilities	7,156	(1,021)	588	10,488	17,211
Pension related deferrals and liability	(92,533)	(48,684)	(3,943)	(71,488)	(216,648)
Net cash flows from operating activities	<u>\$ 1,773,645</u>	<u>\$ 600,289</u>	<u>\$ 232,693</u>	<u>\$ 115,936</u>	<u>\$ 2,722,563</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds					
Cash and investments	\$ 1,201,488	\$ 1,025,350	\$ -	\$ 1,649,339	\$ 3,876,177
Restricted cash and investments	-	-	-	-	-
Redemption account	84,066	60,189	115,624	-	259,879
Reserve account	830,166	-	-	-	830,166
Replacement account	-	7,247	453,030	-	460,277
Construction account	307,882	159,000	84,604	-	551,486
Total cash and investments	2,423,602	1,251,786	653,258	1,649,339	5,977,985
Less noncash equivalents	<u>(766,041)</u>	<u>(555,714)</u>	<u>(171,113)</u>	<u>(1,151,943)</u>	<u>(2,644,811)</u>
Cash and cash equivalents	<u>\$ 1,657,561</u>	<u>\$ 696,072</u>	<u>\$ 482,145</u>	<u>\$ 497,396</u>	<u>\$ 3,333,174</u>
Noncash Capital and Related Financing Activities					
Capital assets acquired through accounts payable	<u>\$ 111,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

See notes to financial statements

City of Black River Falls

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2021

	Custodial Funds
Assets	
Cash and investments	\$ 1,304,557
Taxes receivable	<u>2,517,783</u>
Total assets	<u>3,822,340</u>
Liabilities	
Due to other taxing units	<u>3,822,340</u>
Total liabilities	<u>3,822,340</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, 2021

	Custodial Funds
Additions	
Property taxes collected for other governments	\$ 2,580,282
License and registration fees collected for other governments	<u>126,345</u>
Total additions	<u>2,706,627</u>
Deductions	
Property taxes distributed to other governments	2,580,282
License and registration fees distributed to other governments	<u>126,345</u>
Total deductions	<u>2,706,627</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, 2021

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City of Black River Falls

Notes to Financial Statements
December 31, 2021

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, 2021. 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% of the corresponding total for all funds of that category or type and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

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

The City reports the following major governmental funds:

General Fund

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.

City of Black River Falls

Notes to Financial Statements
December 31, 2021

Debt Service Funds

Debt Service Fund is 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 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
ARPA 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
TIF #8

City of Black River Falls

Notes to Financial Statements
December 31, 2021

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.

City of Black River Falls

Notes to Financial Statements
December 31, 2021

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.

City of Black River Falls

Notes to Financial Statements
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- 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. Fair values are based on methods and inputs as outlined in Note 3. 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, 2021, 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, 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property taxes in full	January 31, 2022
Tax sale, 2021 delinquent real estate taxes	October 2024

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.

City of Black River Falls

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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 \$56,763.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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, 2021, the City has not retroactively reported any infrastructure.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead and an allowance for the cost of funds used during construction when significant. 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

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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, 2021, 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.

City of Black River Falls

Notes to Financial Statements
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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

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

Basis for Existing Rates

Current electric rates were approved by the Public Service Commission of Wisconsin and placed into effect by the utility on January 1, 2021.

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 and placed into effect on July 1, 2021.

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

New ALS and BLS rates were approved by the City Council on January 19, 2022.

Other Assets

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

City of Black River Falls

Notes to Financial Statements
December 31, 2021

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 Budget

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund	\$ 3,169,438	\$ 3,355,163	\$ 185,725
Debt Service	410,000	575,000	165,000
General Capital Projects	551,310	2,381,675	1,830,365

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, 2021, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>
TIF #5	\$ 10,602
TIF #7	17,097
TIF #8	64,109

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.

City of Black River Falls

Notes to Financial Statements
December 31, 2021

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.

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	\$ 11,098,415	\$ 11,246,675	Custodial credit
Money market mutual funds	158,000	158,000	N/A
LGIP	89,107	89,107	Credit
Negotiable certificates of deposit	927,999	927,999	Credit, custodial credit, concentration of credit, interest rate
State and local bonds	1,216,787	1,216,787	Credit, custodial credit, concentration of credit, interest rate
Petty cash	<u>400</u>	<u>-</u>	N/A
Total deposits and investments	<u>\$ 13,490,708</u>	<u>\$ 13,638,568</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 10,084,343		
Restricted cash and investments	2,101,808		
Per statement of fiduciary net position:			
Custodial funds	<u>1,304,557</u>		
Total deposits and investments	<u>\$ 13,490,708</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.

City of Black River Falls

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The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government). SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$250,000 may be in cash. \$500,000 of the City's investments are covered by SIPC. Additionally, through Lloyds of London, accounts have additional securities coverage of \$149.5 million per customer, subject to a \$500 million aggregate firm limit.

The City maintains collateral agreements with its banks. At December 31, 2021, the banks had pledged various government securities in the amount of \$7,876,718 to secure the City's deposit and \$2,664,066 to secure the utilities' deposits.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- Quoted prices for similar assets in active markets

Investment Type	December 31, 2021			
	Level 1	Level 2	Level 3	Total
State and local bonds	\$ -	\$ 1,216,787	\$ -	\$ 1,216,787
Negotiable certificates of deposit	-	927,999	-	927,999
Total	<u>\$ -</u>	<u>\$ 2,144,786</u>	<u>\$ -</u>	<u>\$ 2,144,786</u>

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, 2021, \$625,833 of the City's total bank balances were uninsured and uncollateralized.

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.

City of Black River Falls

Notes to Financial Statements
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As of December 31, 2021, the City's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Negotiable certificates of deposit	Not rated	Not rated
State and local bonds	AAA, AA+, AA	Aa1, A1, Aa2, A2 Aaa
LGIP	Not rated	Not rated

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2021, the city's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Goldman Sachs Bank USA	Negotiable certificate of deposit	10.37 %
New York St Mtg Agy Homeowner Mtg Rev	State and local bond	5.61
Minnesota St Office of Higher Ed Rev	State and local bond	5.18
Discover Bank	Negotiable certificate of deposit	6.81
Fitzgerald Mich Pub Sch Distr	State and local bond	6.66
Sulphur Springs Calif Un Sch Dist Spl Tax	State and local bond	6.90
Connecticut St Hsg Fin Auth Hsg Mtg Fin	State and local bond	5.34

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2021, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)	
		Less than 1	1 - 5
State and local bonds	\$ 1,216,787	\$ -	\$ 1,216,787
Negotiable certificates of deposit	927,999	-	927,999
Total	<u>\$ 2,144,786</u>	<u>\$ -</u>	<u>\$ 2,144,786</u>

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 \$74,195 in the general fund, \$51,624 in the general capital projects fund and \$629,896 in nonmajor governmental funds.

City of Black River Falls

Notes to Financial Statements
December 31, 2021

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 \$ (11,287)

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	\$ 2,693,982	\$ -
Special assessments, taxes receivable and due from other governments not yet due	-	51,624
Other assets held for sale	-	521,554
Loans receivable	-	733,175
Grant funds received in advance of incurring allowable expenditures	<u>170,108</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 2,864,090</u>	<u>\$ 1,306,353</u>
Unearned revenue included in liabilities	\$ 170,108	
Unearned revenue included in deferred inflows	<u>2,693,982</u>	
Total unearned revenue for governmental funds	<u>\$ 2,864,090</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.

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.

City of Black River Falls

Notes to Financial Statements
December 31, 2021

Following is a list of restricted assets at December 31, 2021:

Restricted assets:	
Redemption account	\$ 259,879
Reserve account	830,166
Replacement account	460,277
Construction account	551,486
Net pension asset	<u>1,228,402</u>
Total restricted assets	<u>\$ 3,330,210</u>

Capital Assets

Capital asset activity for the year ended December 31, 2021, 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	\$ 5,960,644	\$ -	\$ -	\$ 5,960,644
Construction in progress	<u>24,959</u>	<u>1,551,749</u>	<u>1,468,683</u>	<u>108,025</u>
Total capital assets not being depreciated	<u>5,985,603</u>	<u>1,551,749</u>	<u>1,468,683</u>	<u>6,068,669</u>
Capital assets being depreciated:				
Land improvements	1,070,449	114,058	-	1,184,507
Buildings	11,204,463	-	-	11,204,463
Machinery and equipment	5,381,689	83,761	126,568	5,338,882
Roads	9,072,475	932,511	-	10,004,986
Curb and gutter	145,157	135,386	-	280,543
Storm sewer	478,605	337,083	-	815,688
Sanitary sewer	1,014,583	96,112	-	1,110,695
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>29,051,628</u>	<u>1,698,911</u>	<u>126,568</u>	<u>30,623,971</u>
Total capital assets	<u>35,037,231</u>	<u>3,250,660</u>	<u>1,595,251</u>	<u>36,692,640</u>
Less accumulated depreciation for:				
Land improvements	(454,405)	(50,946)	-	(505,351)
Buildings	(5,785,280)	(292,609)	-	(6,077,889)
Machinery and equipment	(3,772,287)	(238,883)	126,568	(3,884,602)
Roads	(2,908,301)	(418,199)	-	(3,326,500)
Curb and gutter	(62,166)	(9,298)	-	(71,464)
Storm sewer	(222,362)	(26,992)	-	(249,354)
Sanitary sewer	(491,594)	(36,716)	-	(528,310)
Street lighting	(25,773)	(2,207)	-	(27,980)
Bridges	<u>(98,880)</u>	<u>(12,360)</u>	<u>-</u>	<u>(111,240)</u>
Total accumulated depreciation	<u>(13,821,048)</u>	<u>(1,088,210)</u>	<u>126,568</u>	<u>(14,782,690)</u>
Net capital assets being depreciated	<u>15,230,580</u>	<u>610,701</u>	<u>-</u>	<u>15,841,281</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 21,216,183</u>	<u>\$ 2,162,450</u>	<u>\$ 1,468,683</u>	<u>\$ 21,909,950</u>

City of Black River Falls

Notes to Financial Statements
December 31, 2021

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 16,080
Public safety	56,764
Public works	649,094
Culture, recreation and education	<u>366,272</u>

Total governmental activities depreciation expense	<u>\$ 1,088,210</u>
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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	\$ 54,008	\$ -	\$ 125,265
Construction in progress	<u>260,707</u>	<u>4,054,087</u>	<u>4,306,200</u>	<u>8,594</u>
Total capital assets not being depreciated/amortized	<u>331,964</u>	<u>4,108,095</u>	<u>4,306,200</u>	<u>133,859</u>
Capital assets being depreciated/amortized:				
Intangible	244,513	-	-	244,513
Hydraulic production	12,905,499	1,875	1,537	12,905,837
Other production	198,820	-	-	198,820
Transmission	361,280	-	-	361,280
Distribution	7,519,916	270,319	31,292	7,758,943
Administrative and general assets	<u>826,440</u>	<u>2,372,372</u>	<u>13,206</u>	<u>3,185,606</u>
Total capital assets being depreciated/amortized	<u>22,056,468</u>	<u>2,644,566</u>	<u>46,035</u>	<u>24,654,999</u>
Total capital assets	<u>22,388,432</u>	<u>6,752,661</u>	<u>4,352,235</u>	<u>24,788,858</u>
Less accumulated depreciation/amortization for:				
Intangible	(136,524)	(5,996)	-	(142,520)
Hydraulic production	(3,294,499)	(285,276)	1,537	(3,578,238)
Other production	(198,818)	(2)	-	(198,820)
Transmission	(307,804)	(11,371)	-	(319,175)
Distribution	(4,376,741)	(269,343)	60,540	(4,585,544)
General	<u>(673,128)</u>	<u>(85,438)</u>	<u>13,206</u>	<u>(745,360)</u>
Total accumulated depreciation/amortization	<u>(8,987,514)</u>	<u>(657,426)</u>	<u>75,283</u>	<u>(9,569,657)</u>
Net capital assets being depreciated/amortized	<u>13,068,954</u>	<u>1,987,140</u>	<u>(29,248)</u>	<u>15,085,342</u>
Net electric capital assets	<u>\$ 13,400,918</u>	<u>\$ 6,095,235</u>	<u>\$ 4,276,952</u>	<u>\$ 15,219,201</u>

City of Black River Falls

Notes to Financial Statements
December 31, 2021

	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated:				
Land and land rights	\$ 94,478	\$ -	\$ -	\$ 94,478
Construction in progress	13,419	35,037	48,456	-
Total capital assets not being depreciated	<u>107,897</u>	<u>35,037</u>	<u>48,456</u>	<u>94,478</u>
Capital assets being depreciated:				
Source of supply	621,431	-	-	621,431
Pumping	1,810,497	-	-	1,810,497
Treatment	259,548	2,122	-	261,670
Transmission and distribution	7,822,811	185,808	81,361	7,927,258
General	407,223	1,169,816	581	1,576,458
Total capital assets being depreciated	<u>10,921,510</u>	<u>1,357,746</u>	<u>81,942</u>	<u>12,197,314</u>
Total capital assets	<u>11,029,407</u>	<u>1,392,783</u>	<u>130,398</u>	<u>12,291,792</u>
Less accumulated depreciation for				
Source of supply	(372,186)	(17,758)	-	(389,944)
Pumping	(1,085,619)	(62,400)	-	(1,148,019)
Treatment	(81,944)	(8,419)	-	(90,363)
Transmission and distribution	(2,364,837)	(150,544)	70,732	(2,444,649)
General	(359,279)	(24,525)	581	(383,223)
Total accumulated depreciation	<u>(4,263,865)</u>	<u>(263,646)</u>	<u>71,313</u>	<u>(4,456,198)</u>
Net capital assets being depreciated	<u>6,657,645</u>	<u>1,094,100</u>	<u>10,629</u>	<u>7,741,116</u>
Net water capital assets	<u>\$ 6,765,542</u>	<u>\$ 1,129,137</u>	<u>\$ 59,085</u>	<u>\$ 7,835,594</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	145,530	42,200	5,245,681
General	208,992	624,895	330	833,557
Total capital assets being depreciated	<u>5,448,571</u>	<u>770,425</u>	<u>42,530</u>	<u>6,176,466</u>
Total capital assets	<u>5,535,615</u>	<u>770,425</u>	<u>42,530</u>	<u>6,263,510</u>
Less accumulated depreciation for:				
Sewer plant	(2,965,188)	(187,162)	43,030	(3,109,320)
Total accumulated depreciation	<u>(2,965,188)</u>	<u>(187,162)</u>	<u>43,030</u>	<u>(3,109,320)</u>
Net capital assets being depreciated	<u>2,483,383</u>	<u>583,263</u>	<u>(500)</u>	<u>3,067,146</u>
Net sewer capital assets	<u>\$ 2,570,427</u>	<u>\$ 583,263</u>	<u>\$ (500)</u>	<u>\$ 3,154,190</u>

City of Black River Falls

Notes to Financial Statements
December 31, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Ambulance				
Capital assets being depreciated:				
Machinery and equipment	<u>\$ 1,186,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,186,078</u>
Total capital assets being depreciated	<u>1,186,078</u>	<u>-</u>	<u>-</u>	<u>1,186,078</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>(619,655)</u>	<u>(86,481)</u>	<u>-</u>	<u>(706,136)</u>
Total accumulated depreciation	<u>(619,655)</u>	<u>(86,481)</u>	<u>-</u>	<u>(706,136)</u>
Net capital assets being depreciated	<u>566,423</u>	<u>(86,481)</u>	<u>-</u>	<u>479,942</u>
Net ambulance capital assets	<u>\$ 566,423</u>	<u>\$ (86,481)</u>	<u>\$ -</u>	<u>\$ 479,942</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 23,303,310</u>	<u>\$ 7,721,154</u>	<u>\$ 4,335,537</u>	<u>\$ 26,688,927</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities

Electric	\$ 650,480
Water	250,609
Sewer	199,199
Ambulance	<u>86,481</u>
Total business-type activities depreciation expense	<u>\$ 1,186,769</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 Falls

Notes to Financial Statements
December 31, 2021

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	\$ 349,498	\$ -
General Fund	Water Utility	178,966	-
General Fund	Sewer Utility	57,836	-
General Fund	Ambulance	157,335	-
General Fund	TIF #5	10,602	10,602
General Fund	TIF #7	17,097	10,168
General Fund	TIF #8	44,802	44,802
Electric Utility	Sewer Utility	<u>7,932</u>	-
Total, fund financial statements		824,068	
Less fund eliminations		<u>(80,433)</u>	
Total internal balances, government-wide statement of net position		<u>\$ 743,635</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	353,250	Property tax equivalent
General Fund	Water Utility	180,422	Property tax equivalent
			Assist City with cost of maintenance of collection system
General Fund	Sewer Utility	58,488	
General Capital Projects Fund	General Fund	13,700	Transfer funds for capital projects
General Fund	General Capital Projects Fund	115,281	Transfer of proceeds from property sales
General Fund	General Capital Projects Fund	552,420	Transfer capital budget surplus
TIF #6	TIF #3	<u>50,000</u>	TIF district increment sharing
Total, fund financial statements		1,327,801	
Less fund eliminations		<u>(731,401)</u>	
Total transfers, government-wide statement of activities		<u>\$ 596,400</u>	

City of Black River Falls

Notes to Financial Statements
December 31, 2021

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, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt from direct borrowings and direct placements	\$ 2,553,851	\$ 3,350,000	\$ 2,844,568	\$ 3,059,283	\$ 612,505
Total bonds and notes payable	<u>2,553,851</u>	<u>3,350,000</u>	<u>2,844,568</u>	<u>3,059,283</u>	<u>612,505</u>
Other liabilities:					
Vested compensated absences	119,406	128,428	128,694	119,140	89,355
Landfill post-closure liability	52,000	-	4,000	48,000	4,000
Total other liabilities	<u>171,406</u>	<u>128,428</u>	<u>132,694</u>	<u>167,140</u>	<u>93,355</u>
Total governmental activities long-term liabilities	<u>\$ 2,725,257</u>	<u>\$ 3,478,428</u>	<u>\$ 2,977,262</u>	<u>\$ 3,226,423</u>	<u>\$ 705,860</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 380,000	\$ -	\$ 90,000	\$ 290,000	\$ 90,000
General obligation notes from direct borrowings and direct placements	127,811	-	41,362	86,449	42,596
Revenue bonds	6,015,000	-	380,000	5,635,000	385,000
Revenue debt from direct borrowings and direct placements	7,541,977	-	275,707	7,266,270	370,600
(Discounts)/Premiums	129,519	-	10,597	118,922	-
Total bonds and notes payable	<u>14,194,307</u>	<u>-</u>	<u>797,666</u>	<u>13,396,641</u>	<u>888,196</u>
Other liabilities:					
Vested compensated absences	131,487	33,885	23,034	142,338	20,057
Customer advances for construction	7,013	4,208	-	11,221	-
Total other liabilities	<u>138,500</u>	<u>38,093</u>	<u>23,034</u>	<u>153,559</u>	<u>20,057</u>
Total business-type activities long-term liabilities	<u>\$ 14,332,807</u>	<u>\$ 38,093</u>	<u>\$ 820,700</u>	<u>\$ 13,550,200</u>	<u>\$ 908,253</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2021, was \$13,710,660. Total general obligation debt outstanding at year end was \$3,435,732.

City of Black River Falls

Notes to Financial Statements
December 31, 2021

General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the City. Debt 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>					Balance
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2021</u>
Promissory Note	Sep-18	Oct-23	3.67%	\$ 359,000	\$ 152,020 *
Bank Loan	Sept-20	Sept-24	1.65%	165,000	124,763 *
Promissory Note	Mar-21	Mar-29	1.73%	1,990,000	1,990,000 *
Bank Loan	Aug-21	Aug-26	1.65%	1,360,000	<u>792,500 *</u>
Total governmental activities, general obligation debt					<u>\$ 3,059,283</u>

<u>Business-Type Activities</u>					Balance
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2021</u>
Refunding Bonds	Jun-13	Dec-24	0.5-2.6%	\$ 995,000	\$ 290,000
Refunding Note	Feb-18	Feb-23	2.94%	73,000	30,635 *
Refunding Note	Feb-18	Feb-23	2.94%	133,000	<u>55,814 *</u>
Total business-type activities, general obligation debt					<u>\$ 376,449</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>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 90,000	\$ 7,170
2023	100,000	5,100
2024	<u>100,000</u>	<u>2,600</u>
Total	<u>\$ 290,000</u>	<u>\$ 14,870</u>

<u>Years</u>	<u>Governmental Activities</u> <u>General Obligation Debt from</u> <u>Direct Borrowings and Direct</u> <u>Placements</u>		<u>Business-Type Activities</u> <u>General Obligation Debt From</u> <u>Direct Borrowings And Direct</u> <u>Placements</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 612,505	\$ 64,481	\$ 42,596	\$ 2,577
2023	624,393	52,807	43,853	1,312
2024	547,385	40,687	-	-
2025	247,000	21,994	-	-
2026	250,000	17,733	-	-
2027-2029	<u>778,000</u>	<u>26,996</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,059,283</u>	<u>\$ 224,698</u>	<u>\$ 86,449</u>	<u>\$ 3,889</u>

City of Black River Falls

Notes to Financial Statements
December 31, 2021

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 2021 was \$829,190. Total customer net revenues as defined for 2021 were \$1,857,861. Annual principal and interest payments are expected to require 28 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 2021 was \$51,194. Total customer net revenues as defined for 2021 were \$632,036. Annual principal and interest payments are expected to require 16 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 2021 was \$156,259. Total customer net revenues as defined for 2021 were \$260,582. Annual principal and interest payments are expected to require 32 percent of net revenues on average.

Revenue debt payable at December 31, 2021, consists of the following:

Business-Type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2021</u>
Electric Utility					
Revenue Bond	Dec-10	Jun-47	3.75%	\$ 5,000,000	\$ 4,002,125 *
Revenue Bond	May-14	Dec-30	2.00-5.00%	5,045,000	3,015,000
Revenue Bond	Jan-18	Jan-28	0.00%	280,000	196,000 *
Revenue Bond	Dec-20	Dec-45	2.00-2.35%	2,705,000	<u>2,620,000</u>
				Total Electric Utility	<u>9,833,125</u>
Water Utility					
Revenue Bond	Dec-14	May-34	1.16%	506,560	358,364 *
Revenue Bond	Dec-20	May-40	1.90%	1,318,000	<u>1,318,000</u> *
				Total Water Utility	<u>1,676,364</u>
Sewer Utility					
Revenue Bond	Oct-06	May-26	2.37%	2,299,337	681,781 *
Revenue Bond	Dec-20	May-40	1.90%	710,000	<u>710,000</u> *
				Total Sewer Utility	<u>1,391,781</u>
				Total business-type activities, revenue debt	<u>\$ 12,901,270</u>

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

City of Black River Falls

Notes to Financial Statements
December 31, 2021

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-Type Activities Revenue Debt	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 385,000	\$ 165,378
2023	390,000	154,678
2024	405,000	143,828
2025	415,000	132,578
2026	430,000	120,541
2027-2031	1,925,000	377,138
2032-2036	545,000	160,811
2037-2041	605,000	102,537
2042-2045	535,000	31,711
Total	<u>\$ 5,635,000</u>	<u>\$ 1,389,200</u>

<u>Years</u>	Business-Type Activities Revenue Debt from Direct Borrowings and Direct Placements	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 370,600	\$ 205,437
2023	378,714	196,604
2024	392,047	187,485
2025	401,603	178,063
2026	410,392	168,382
2027-2031	1,344,161	731,729
2032-2036	1,426,382	542,182
2037-2041	1,418,645	328,243
2042-2046	1,120,625	119,375
2047	3,101	59
Total	<u>\$ 7,266,270</u>	<u>\$ 2,657,559</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 General Obligation debt from direct borrowings and/or direct placements related to governmental activities with balances totaling \$1,069,283, 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.

City of Black River Falls

Notes to Financial Statements
December 31, 2021

The utilities' outstanding debt from direct borrowings and/or direct placements of \$4,002,125, 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 \$1,040,145, 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 \$196,000, 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 \$86,449, contain several conditions under which outstanding amounts may mature and become immediately payable, including if the lender deems itself insecure.

Current Refunding

On March 3, 2021, the City issued a \$1,990,000 general obligation promissory note with an interest rate of 1.73 percent to refund a \$955,000 outstanding State Trust Fund Loan with an interest rate of 3.25 percent and a \$1,210,000 outstanding State Trust Fund Loan with an interest rate of 4.25 percent. The net proceeds along with existing funds of the City were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$2,622,854 from 2021 through 2029. The cash flow requirements on the new loan are \$2,147,336 from 2022 through 2029. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$169,050.

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 \$48,000 reported as landfill closure and postclosure care liability at December 31, 2021, 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
December 31, 2021

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2021, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 5,960,644
Construction in progress	108,025
Other capital assets, net of accumulated depreciation	15,841,281
Less long-term debt outstanding	(3,059,283)
Plus noncapital debt proceeds	<u>152,020</u>

Total net investment in capital assets \$ 19,002,687

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2021, 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:						
Noncurrent interfunds	\$ 65,572	\$ -	\$ -	\$ -	\$ -	\$ 65,572
Subtotal	<u>65,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,572</u>
Restricted for:						
Fair park	159,735	-	-	-	-	159,735
Library	122,496	-	-	-	-	122,496
TIF project costs	-	-	-	1,041,307	73,320	1,114,627
Loans	-	-	-	-	213,910	213,910
Affordable housing	-	-	-	-	114,070	114,070
Subtotal	<u>282,231</u>	<u>-</u>	<u>-</u>	<u>1,041,307</u>	<u>401,300</u>	<u>1,724,838</u>
Assigned to:						
Superfund	595,936	-	-	-	-	595,936
Economic development	600,270	-	-	-	-	600,270
Fair Park projects	240,090	-	-	-	-	240,090
Lunda Community Park	15,552	-	-	-	-	15,552
Licence plates	53,316	-	-	-	-	53,316
Taxi services	149,591	-	-	-	-	149,591
Fire Department	714,185	-	-	-	-	714,185
Debt service	-	165,995	-	-	-	165,995
Subtotal	<u>2,368,940</u>	<u>165,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,534,935</u>
Unassigned (deficit):	<u>2,564,320</u>	<u>-</u>	<u>(37,589)</u>	<u>-</u>	<u>(91,808)</u>	<u>2,434,923</u>
Total fund balances (deficit)	<u><u>\$ 5,281,063</u></u>	<u><u>\$ 165,995</u></u>	<u><u>\$ (37,589)</u></u>	<u><u>\$ 1,041,307</u></u>	<u><u>\$ 309,492</u></u>	<u><u>\$ 6,760,268</u></u>

City of Black River Falls

Notes to Financial Statements
December 31, 2021

Business-Type Activities

Net investment in capital assets:	
Land	\$ 306,787
Construction in progress	8,594
Other capital assets, net of accumulated depreciation/amortization	26,373,546
Less long-term debt outstanding	(13,221,905)
Add unamortized debt discount (premium)	(118,922)
Add deferred charge on refunding	80,549
Add unspent proceeds	1,107,406
Less capital retainages payable	<u>(111,134)</u>
Total net investment in capital assets	<u>\$ 14,424,921</u>

Component Unit

Business Improvement District of the City of Black River Falls

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

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

a. Basis of Accounting/Measurement Focus

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

b. Receivables

As of December 31, 2021, the BID had unearned revenues of \$26,968 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, expected to work at least 1,200 hours a year (880 hours for 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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

City of Black River Falls

Notes to Financial Statements
December 31, 2021

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>
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)
2020	1.7	21.0

City of Black River Falls

Notes to Financial Statements
December 31, 2021

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 \$212,827 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (executives and elected officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.65 %
Protective without Social Security	6.75 %	16.25 %

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

At December 31, 2021, the City reported an asset of \$1,228,402 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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, 2020, the City's proportion was 0.01967604%, which was an increase of 0.00037890% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension expense of \$(151,042).

At December 31, 2021, 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	\$ 1,777,874	\$ 382,951
Changes in assumptions	27,862	-
Net differences between projected and actual earnings on pension plan investments	-	2,306,226
Changes in proportion and differences between employer contributions and proportionate share of contributions	61	13,006
Employer contributions subsequent to the measurement date	<u>222,310</u>	<u>-</u>
Total	<u>\$ 2,028,107</u>	<u>\$ 2,702,183</u>

City of Black River Falls

Notes to Financial Statements
December 31, 2021

\$222,310 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Years Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2022	\$ (232,789)
2023	(65,195)
2024	(420,125)
2025	(178,277)

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
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% 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, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

City of Black River Falls

Notes to Financial Statements
December 31, 2021

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	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51%	7.2%	4.7%
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.3
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class			
U.S, Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%.

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% 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% and a municipal bond rate of 2.00%. (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, 2020. 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% expected rate of return implies that a dividend of approximately 1.9% 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 investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Black River Falls

Notes to Financial Statements
December 31, 2021

Sensitivity of the City's Proportionate Share of the Net Pension Liability (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%, 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%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
City's proportionate share of the net pension liability (asset)	\$ 1,169,268	\$ (1,228,402)	\$ (2,989,474)

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, 2021, 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 2021 were \$0. Claims incurred and paid during 2021 were \$73,670.

The utilities are also self-insured for unemployment compensation obligations as permitted under Wisconsin Statutes. Annual expenditures by the utilities for claims during 2021 were not significant. The utilities are self-insured for boiler and machinery insurance as well.

City of Black River Falls

Notes to Financial Statements
December 31, 2021

Commitments and Contingencies

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

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

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

Long-Term Contracts, WPPI Energy

The electric utility is one of 51 WPPI Energy member municipalities located throughout the States of Wisconsin, 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% 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 \$291 million as of December 31, 2021.

Joint Ventures

Black River Falls Rural Fire Department

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

City of Black River Falls

Notes to Financial Statements
December 31, 2021

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 \$12,546 in 2021.

Financial information of the Department as of December 31, 2021 is available directly from the Department's office.

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 2021.

Summary financial information of the airport as of December 31, 2021 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 April 19, 2022, the City Council approved the purchase of a fire truck at a cost of \$1,513,814 with the delivery of the truck expected in 2024.

On May 18, 2022, the City Council approved a construction contract for the Riverview Drive utility extension project at a cost of \$2,046,699.

Economic Dependency

Sewer Utility

The sewer utility has one significant customer who was responsible for 28% of operating revenues in 2021.

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*
- Statement No. 99, *Omnibus 2022*

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, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 1,023,136	\$ 957,119	\$ (66,017)
Intergovernmental	1,280,611	1,342,276	61,665
Licenses and permits	10,000	70,637	60,637
Fines, forfeitures and penalties	15,500	15,441	(59)
Public charges for services	6,000	12,771	6,771
Special assessments	-	2,500	2,500
Investment income	12,000	50,321	38,321
Miscellaneous	206,491	130,862	(75,629)
	<u>2,553,738</u>	<u>2,581,927</u>	<u>28,189</u>
Total revenues			
Expenditures			
Current:			
General government	624,760	580,657	44,103
Public safety	1,001,207	753,684	247,523
Public works	970,184	921,704	48,480
Health and human services	10,500	11,766	(1,266)
Culture, recreation and education	550,387	588,359	(37,972)
Capital outlay	12,400	17,116	(4,716)
	<u>3,169,438</u>	<u>2,873,286</u>	<u>296,152</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(615,700)</u>	<u>(291,359)</u>	<u>324,341</u>
Other Financing Sources (Uses)			
Transfers in	614,200	1,264,101	649,901
Transfers out	-	(481,877)	(481,877)
Sale of property and equipment	-	4,260	4,260
	<u>614,200</u>	<u>786,484</u>	<u>172,284</u>
Total other financing sources (uses)			
Net change in fund balance - budgetary basis	<u><u>\$ (1,500)</u></u>	495,125	<u><u>\$ 493,625</u></u>
Prospective Differences			
Fire Department fund change in fund balance		714,185	
Economic Development fund change in fund balance		27,152	
Aquatic Center fund change in fund balance		689	
Jackson County Fair fund change in fund balance		22,980	
Jackson County New Arena fund change in fund balance		18,352	
Lunda Community Park fund change in fund balance		(129,949)	
Field of Honor fund change in fund balance		269	
Fair Park Renovation fund change in fund balance		403	
Jackson County Fair Park Maintenance fund change in fund balance		1,385	
License Plate fund change in fund balance		14,855	
Taxi Service fund change in fund balance		50,299	
		<u>50,299</u>	
Net change in fund balance, GAAP basis		<u><u>\$ 1,215,745</u></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, 2021

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Asset (Liability)	City's Proportionate Share of the Net Pension Asset (Liability)	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/20	0.01967604%	\$ 1,228,402	\$ 2,733,369	44.94%	105.26%
12/31/19	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, 2021

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
12/30/21	\$ 222,310	\$ 222,310	\$ -	\$ 2,781,813	7.99%
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 notes to required supplementary information

City of Black River Falls

Notes to Required Supplementary Information
Year Ended December 31, 2021

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, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Taxes			
General property tax for local purposes	\$ 1,014,061	\$ 927,346	\$ (86,715)
Mobile home taxes	7,500	4,747	(2,753)
Public accommodation taxes	1,500	12,069	10,569
Payments in lieu of taxes	75	12,957	12,882
	<u>1,023,136</u>	<u>957,119</u>	<u>(66,017)</u>
Total taxes			
	<u>1,023,136</u>	<u>957,119</u>	<u>(66,017)</u>
Special Assessments			
Other	-	2,500	2,500
	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Total special assessments			
	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Intergovernmental			
Shared revenues	739,000	743,437	4,437
Fire insurance tax from state	10,000	11,377	1,377
State aid, general government	5,000	9,802	4,802
State aid, law enforcement training	-	12,079	12,079
State aid, general transportation aids	315,000	318,846	3,846
State aid, connecting streets	40,000	40,550	550
State aid, culture, recreation and education	-	3,794	3,794
State aid, municipal services	5,800	5,827	27
In lieu of taxes on federal forest land	1,300	26	(1,274)
Other state payments	-	6,602	6,602
County aid, libraries	154,511	164,936	10,425
Other local government	10,000	25,000	15,000
	<u>1,280,611</u>	<u>1,342,276</u>	<u>61,665</u>
Total intergovernmental			
	<u>1,280,611</u>	<u>1,342,276</u>	<u>61,665</u>
Licenses and Permits			
Liquor and malt beverage licenses	7,000	8,637	1,637
Operators' license	2,000	3,363	1,363
Cigarette licenses	1,000	1,333	333
Building permits	-	50,645	50,645
Other regulatory permits and fees	-	6,659	6,659
	<u>10,000</u>	<u>70,637</u>	<u>60,637</u>
Total licenses and permits			
	<u>10,000</u>	<u>70,637</u>	<u>60,637</u>
Fines, Forfeitures and penalties			
Law and ordinance violations	500	1,125	625
Traffic reports	15,000	14,316	(684)
	<u>15,500</u>	<u>15,441</u>	<u>(59)</u>
Total Fines, Forfeitures and Penalties			
	<u>15,500</u>	<u>15,441</u>	<u>(59)</u>
Public Charges for Services			
Parks	-	3,119	3,119
Street related facilities	-	3,345	3,345
Library	6,000	6,100	100
Other public charges for services	-	207	207
	<u>6,000</u>	<u>12,771</u>	<u>6,771</u>
Total public charges for services			
	<u>6,000</u>	<u>12,771</u>	<u>6,771</u>

City of Black River Falls

Detailed Schedule of Revenues - Budget and Actual -
General Fund (Non-GAAP)
Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Investment Income			
Interest income	\$ 12,000	\$ 48,606	\$ 36,606
Interest on special assessments	-	1,715	1,715
Total investment income	<u>12,000</u>	<u>50,321</u>	<u>38,321</u>
Miscellaneous			
Rent	-	3,000	3,000
Insurance recoveries, police	-	3,196	3,196
Insurance recoveries, highway	-	4,423	4,423
Insurance recoveries, other	-	3,010	3,010
Donations	158,991	48,168	(110,823)
Miscellaneous	<u>47,500</u>	<u>69,065</u>	<u>21,565</u>
Total miscellaneous	<u>206,491</u>	<u>130,862</u>	<u>(75,629)</u>
Total revenues	<u>\$ 2,553,738</u>	<u>\$ 2,581,927</u>	<u>\$ 28,189</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, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
General Government			
Council	\$ 22,800	\$ 25,241	\$ (2,441)
Legal counseling	40,000	36,000	4,000
Mayor	9,045	8,289	756
Administrator	108,865	108,743	122
Elections	10,000	4,008	5,992
Finance	150,030	150,861	(831)
Assessor/building inspector	17,650	14,374	3,276
Independent auditing	43,000	42,732	268
Municipal building	30,385	24,695	5,690
Property and liability insurance	50,000	41,296	8,704
Workers' compensation	55,000	22,747	32,253
Automobile fleet insurance	17,500	10,671	6,829
Other general government	28,500	35,262	(6,762)
Employee benefits	41,985	50,655	(8,670)
License publication fees	-	283	(283)
Training and safety	-	4,800	(4,800)
	<u>624,760</u>	<u>580,657</u>	<u>44,103</u>
Total general government			
Public Safety			
Police	734,443	642,423	92,020
Fire protection	266,764	66,720	200,044
Building inspection	-	44,541	(44,541)
	<u>1,001,207</u>	<u>753,684</u>	<u>247,523</u>
Total public safety			
Public Works			
Administration	90,168	89,740	428
Street machine repair	67,167	67,633	(466)
Highway and street maintenance and construction	93,075	91,325	1,750
Curb and gutter	33,225	26,283	6,942
Tree and brush control	42,170	82,947	(40,777)
Street signs	8,845	8,205	640
Street cleaning	11,695	13,138	(1,443)
Snow and ice control	106,365	62,670	43,695
Street lighting	85,000	66,032	18,968
Storm sewer	13,235	12,611	624
Airport	12,500	12,152	348
Levee certification and maintenance	1,200	-	1,200
Refuse and garbage collection	51,890	42,848	9,042
Landfill	37,500	44,095	(6,595)
Recycling	26,805	19,199	7,606
Sanitary sewers	44,045	57,078	(13,033)
Garage and machine shed	75,000	70,118	4,882
Landfill abandonment	3,500	3,399	101
Insurance	142,698	144,044	(1,346)
Sidewalks	24,101	8,187	15,914
	<u>970,184</u>	<u>921,704</u>	<u>48,480</u>
Total public works			

City of Black River Falls

Detailed Schedule of Expenditures and Other Financing Uses - Budget and Actual -
 General Fund (Non-GAAP)
 Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Health and Human Services			
Rodent control	\$ 500	\$ 358	\$ 142
Animal control	<u>10,000</u>	<u>11,408</u>	<u>(1,408)</u>
Total health and human services	<u>10,500</u>	<u>11,766</u>	<u>(1,266)</u>
Culture, Recreation and Education			
Library	327,972	326,502	1,470
Parks	122,262	126,116	(3,854)
Recreation programs	1,500	5,242	(3,742)
Recreation administration	97,153	117,883	(20,730)
Golf courses	-	12,000	(12,000)
Skating rink	<u>1,500</u>	<u>616</u>	<u>884</u>
Total culture, recreation and education	<u>550,387</u>	<u>588,359</u>	<u>(37,972)</u>
Capital Outlay			
Library	6,400	7,359	(959)
Street lighting	2,500	5,710	(3,210)
Storm sewer	3,500	3,467	33
Parks and playgrounds	<u>-</u>	<u>580</u>	<u>(580)</u>
Total capital outlay	<u>12,400</u>	<u>17,116</u>	<u>(4,716)</u>
Total expenditures	<u>\$ 3,169,438</u>	<u>\$ 2,873,286</u>	<u>\$ 296,152</u>

City of Black River Falls

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2021

	Special Revenue			Capital Projects	
	Revolving Housing	Affordable Housing	ARPA Fund	TIF #4	TIF #5
Assets					
Cash and investments	\$ 213,910	\$ 114,070	\$ 170,108	\$ 61,002	\$ -
Receivables (net):					
Taxes	-	-	-	171,343	-
Loans	632,624	-	-	-	-
Total assets	<u>\$ 846,534</u>	<u>\$ 114,070</u>	<u>\$ 170,108</u>	<u>\$ 232,345</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	10,602
Unearned revenues	-	-	170,108	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>170,108</u>	<u>-</u>	<u>10,602</u>
Deferred Inflows of Resources					
Unearned revenues	-	-	-	171,343	-
Unavailable revenues	632,624	-	-	-	-
Total deferred inflows of resources	<u>632,624</u>	<u>-</u>	<u>-</u>	<u>171,343</u>	<u>-</u>
Fund Balances					
Restricted	213,910	114,070	-	61,002	-
Unassigned (deficit)	-	-	-	-	(10,602)
Total fund balances	<u>213,910</u>	<u>114,070</u>	<u>-</u>	<u>61,002</u>	<u>(10,602)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 846,534</u>	<u>\$ 114,070</u>	<u>\$ 170,108</u>	<u>\$ 232,345</u>	<u>\$ -</u>

Capital Projects			Total Nonmajor Governmental Funds
TIF #6	TIF #7	TIF #8	
\$ 12,318	\$ -	\$ -	\$ 571,408
35,576	6,929	-	213,848
<u>-</u>	<u>-</u>	<u>-</u>	<u>632,624</u>
<u>\$ 47,894</u>	<u>\$ 6,929</u>	<u>\$ -</u>	<u>\$ 1,417,880</u>
\$ -	\$ -	\$ 19,307	\$ 19,307
-	17,097	44,802	72,501
<u>-</u>	<u>-</u>	<u>-</u>	<u>170,108</u>
<u>-</u>	<u>17,097</u>	<u>64,109</u>	<u>261,916</u>
35,576	6,929	-	213,848
<u>-</u>	<u>-</u>	<u>-</u>	<u>632,624</u>
<u>35,576</u>	<u>6,929</u>	<u>-</u>	<u>846,472</u>
12,318	-	-	401,300
<u>-</u>	<u>(17,097)</u>	<u>(64,109)</u>	<u>(91,808)</u>
<u>12,318</u>	<u>(17,097)</u>	<u>(64,109)</u>	<u>309,492</u>
<u>\$ 47,894</u>	<u>\$ 6,929</u>	<u>\$ -</u>	<u>\$ 1,417,880</u>

City of Black River Falls

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2021

	Special Revenue			Capital Projects	
	Revolving Housing	Affordable Housing Fund	ARPA Fund	TIF #4	TIF #5
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 174,590	\$ -
Intergovernmental	-	-	-	191	-
Investment income	481	-	-	-	-
Miscellaneous	35,259	-	11,230	-	-
Total revenues	35,740	-	11,230	174,781	-
Expenditures					
Current:					
Conservation and development	17,865	-	11,230	150	150
Debt service:					
Principal retirement	-	-	-	112,068	-
Interest and fiscal charges	-	-	-	11,162	-
Total expenditures	17,865	-	11,230	123,380	150
Excess (deficiency) of revenues over expenditures	17,875	-	-	51,401	(150)
Other Financing Sources					
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Net change in fund balances	17,875	-	-	51,401	(150)
Fund Balances (Deficit), Beginning	196,035	114,070	-	9,601	(10,452)
Fund Balances (Deficit), Ending	\$ 213,910	\$ 114,070	\$ -	\$ 61,002	\$ (10,602)

<u>Capital Projects</u>			<u>Total Nonmajor Governmental Funds</u>
<u>TIF #6</u>	<u>TIF #7</u>	<u>TIF #8</u>	
\$ 27,857	\$ 2,656	\$ -	\$ 205,103
-	-	-	191
-	-	-	481
-	-	-	46,489
<u>27,857</u>	<u>2,656</u>	<u>-</u>	<u>252,264</u>
144,491	150	64,109	238,145
-	-	-	112,068
-	-	-	11,162
<u>144,491</u>	<u>150</u>	<u>64,109</u>	<u>361,375</u>
<u>(116,634)</u>	<u>2,506</u>	<u>(64,109)</u>	<u>(109,111)</u>
<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
(66,634)	2,506	(64,109)	(59,111)
<u>78,952</u>	<u>(19,603)</u>	<u>-</u>	<u>368,603</u>
<u>\$ 12,318</u>	<u>\$ (17,097)</u>	<u>\$ (64,109)</u>	<u>\$ 309,492</u>

City of Black River Falls

Combining Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	<u>Custodial Funds</u>		<u>Total</u>
	<u>Tax Collection Fund</u>	<u>License & Registration Collection Fund</u>	
Assets			
Cash and investments	\$ 1,304,557	\$ -	\$ 1,304,557
Taxes receivable	<u>2,517,783</u>	<u>-</u>	<u>2,517,783</u>
Total assets	<u>3,822,340</u>	<u>-</u>	<u>3,822,340</u>
Liabilities			
Due to other taxing units	<u>3,822,340</u>	<u>-</u>	<u>3,822,340</u>
Total liabilities	<u>3,822,340</u>	<u>-</u>	<u>3,822,340</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, 2021

	<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	\$ 2,580,282	\$ -	\$ 2,580,282
License and registration fees collected for other governments	-	126,345	126,345
Total additions	<u>2,580,282</u>	<u>126,345</u>	<u>2,706,627</u>
Deductions			
Property taxes distributed to other governments	2,580,282	-	2,580,282
License and registration fees distributed to other governments	-	126,345	126,345
Total deductions	<u>2,580,282</u>	<u>126,345</u>	<u>2,706,627</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

December 31, 2021

	<u>General Fund</u>	<u>Fire Department</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	\$ 2,556,239	\$ 682,251	\$ 600,270	\$ (23,753)	\$ 91,643	\$ 74,442	\$ 11,990
Receivables (net)							
Taxes	901,627	108,880	-	60,000	-	-	45,000
Accounts	66,373	58,745	-	-	8,417	23,520	4,037
Loans	-	-	100,551	-	-	-	-
Due from other governments	15,979	-	-	-	-	-	-
Due from component units	1,619	-	-	-	-	-	-
Due from other funds	801,304	14,832	-	-	-	-	-
	<u>801,304</u>	<u>14,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,343,141</u>	<u>\$ 864,708</u>	<u>\$ 700,821</u>	<u>\$ 36,247</u>	<u>\$ 100,060</u>	<u>\$ 97,962</u>	<u>\$ 61,027</u>
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 50,847	\$ 41,643	\$ -	\$ 596	\$ 2,326	\$ 10,702	\$ 475
Accrued liabilities	25,201	-	-	-	-	-	-
	<u>76,048</u>	<u>41,643</u>	<u>-</u>	<u>596</u>	<u>2,326</u>	<u>10,702</u>	<u>475</u>
Total liabilities	<u>76,048</u>	<u>41,643</u>	<u>-</u>	<u>596</u>	<u>2,326</u>	<u>10,702</u>	<u>475</u>
Deferred Inflows of Resources							
Unearned revenues	893,872	108,880	-	60,000	-	-	45,000
Unavailable revenues	-	-	100,551	-	-	-	-
	<u>893,872</u>	<u>108,880</u>	<u>100,551</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
Total deferred inflows of resources	<u>893,872</u>	<u>108,880</u>	<u>100,551</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
Fund Balances (Deficit)							
Nonspendable	65,572	-	-	-	-	-	-
Restricted	122,496	-	-	-	-	-	-
Assigned	595,936	714,185	600,270	-	97,734	87,260	15,552
Unassigned (deficit)	2,589,217	-	-	(24,349)	-	-	-
	<u>3,373,221</u>	<u>714,185</u>	<u>600,270</u>	<u>(24,349)</u>	<u>97,734</u>	<u>87,260</u>	<u>15,552</u>
Total fund balances (deficit)	<u>3,373,221</u>	<u>714,185</u>	<u>600,270</u>	<u>(24,349)</u>	<u>97,734</u>	<u>87,260</u>	<u>15,552</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,343,141</u>	<u>\$ 864,708</u>	<u>\$ 700,821</u>	<u>\$ 36,247</u>	<u>\$ 100,060</u>	<u>\$ 97,962</u>	<u>\$ 61,027</u>

City of Black River Falls

Combining Balance Sheet - General Fund

December 31, 2021

	<u>Field of Honor</u>	<u>Fair Park Renovation</u>	<u>Jackson County Fair Park Maintenance</u>	<u>License Plate</u>	<u>Taxi Service</u>	<u>Total Combined General Fund</u>
Assets						
Cash and investments	\$ (523)	\$ 159,735	\$ 55,096	\$ 53,374	\$ 163,142	\$ 4,423,906
Receivables (net)						
Taxes	-	-	-	-	40,000	1,155,507
Accounts	-	-	-	-	-	161,092
Loans	-	-	-	-	-	100,551
Due from other governments	-	-	-	-	-	15,979
Due from other organizations	-	-	-	-	-	1,619
Due from other funds	-	-	-	-	-	816,136
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>816,136</u>
Total assets	<u>\$ (523)</u>	<u>\$ 159,735</u>	<u>\$ 55,096</u>	<u>\$ 53,374</u>	<u>\$ 203,142</u>	<u>\$ 6,674,790</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 25	\$ -	\$ -	\$ 58	\$ 13,551	\$ 120,223
Accrued liabilities	-	-	-	-	-	25,201
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,201</u>
Total liabilities	<u>25</u>	<u>-</u>	<u>-</u>	<u>58</u>	<u>13,551</u>	<u>145,424</u>
Deferred Inflows of Resources						
Unearned revenues	-	-	-	-	40,000	1,147,752
Unavailable revenues	-	-	-	-	-	100,551
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,551</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>1,248,303</u>
Fund Balances (Deficit)						
Nonspendable	-	-	-	-	-	65,572
Restricted	-	159,735	-	-	-	282,231
Assigned	-	-	55,096	53,316	149,591	2,368,940
Unassigned (deficit)	(548)	-	-	-	-	2,564,320
	<u>(548)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,564,320</u>
Total fund balances (deficit)	<u>(548)</u>	<u>159,735</u>	<u>55,096</u>	<u>53,316</u>	<u>149,591</u>	<u>5,281,063</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ (523)</u>	<u>\$ 159,735</u>	<u>\$ 55,096</u>	<u>\$ 53,374</u>	<u>\$ 203,142</u>	<u>\$ 6,674,790</u>

City of Black River Falls

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - General Fund
Year Ended December 31, 2021

	General Fund	Fire Department	Economic Development	Aquatic Center	Jackson County Fair	Jackson County New Arena	Lunda Community Park
Revenues							
Taxes	\$ 957,119	\$ 86,715	\$ -	\$ 60,000	\$ 29,321	\$ 29,321	\$ 59,547
Intergovernmental	1,342,276	-	-	-	-	-	-
Licenses and permits	70,637	-	-	-	-	-	-
Fines, forfeitures and penalties	15,441	-	-	-	-	-	-
Public charges for services	12,771	-	-	32,388	62,100	2,402	13,316
Special assessments	2,500	-	-	-	-	-	-
Investment income	50,321	93	19,568	-	-	-	9,630
Miscellaneous	130,862	323,081	30,659	100	-	64,590	19,265
	<u>2,581,927</u>	<u>409,889</u>	<u>50,227</u>	<u>92,488</u>	<u>91,421</u>	<u>96,313</u>	<u>101,758</u>
Total revenues							
Expenditures							
Current:							
General government	580,657	-	-	-	-	-	-
Public safety	753,684	109,487	-	-	-	-	-
Public works	921,704	-	-	-	-	-	-
Health and human services	11,766	-	-	-	-	-	-
Culture, recreation and education	588,359	-	-	91,799	53,441	77,961	286,101
Conservation and development	-	-	23,075	-	-	-	-
Capital outlay	17,116	-	-	-	-	-	-
	<u>2,873,286</u>	<u>109,487</u>	<u>23,075</u>	<u>91,799</u>	<u>53,441</u>	<u>77,961</u>	<u>286,101</u>
Total expenditures							
Excess (deficiency) of revenues over expenditures	<u>(291,359)</u>	<u>300,402</u>	<u>27,152</u>	<u>689</u>	<u>37,980</u>	<u>18,352</u>	<u>(184,343)</u>
Other Financing Sources (Uses)							
Transfers in	1,264,101	421,933	-	-	-	-	54,394
Transfers out	(481,877)	(8,150)	-	-	(15,000)	-	-
Proceeds from sale of capital assets	4,260	-	-	-	-	-	-
	<u>786,484</u>	<u>413,783</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>54,394</u>
Total other financing sources (uses)							
Net change in fund balance	495,125	714,185	27,152	689	22,980	18,352	(129,949)
Fund Balances (Deficit), Beginning	<u>2,878,096</u>	<u>-</u>	<u>573,118</u>	<u>(25,038)</u>	<u>74,754</u>	<u>68,908</u>	<u>145,501</u>
Fund Balances (Deficit), Ending	<u>\$ 3,373,221</u>	<u>\$ 714,185</u>	<u>\$ 600,270</u>	<u>\$ (24,349)</u>	<u>\$ 97,734</u>	<u>\$ 87,260</u>	<u>\$ 15,552</u>

City of Black River Falls

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - General Fund
Year Ended December 31, 2021

	Field of Honor	Fair Park Renovation	Jackson County Fair Park Maintenance	License Plate	Taxi Service	Eliminations	Total Combined General Fund
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ -	\$ 1,257,023
Intergovernmental	-	-	-	-	179,478	-	1,521,754
Licenses and permits	-	-	-	-	-	-	70,637
Fines, forfeitures and penalties	-	-	-	-	-	-	15,441
Public charges for services	-	-	-	18,486	-	-	141,463
Special assessments	-	-	-	-	-	-	2,500
Investment income	-	-	-	52	-	-	79,664
Miscellaneous	1,793	403	-	-	4,999	-	575,752
Total revenues	1,793	403	-	18,538	219,477	-	3,664,234
Expenditures							
Current:							
General government	-	-	-	-	-	-	580,657
Public safety	-	-	-	3,683	-	-	866,854
Public works	-	-	-	-	169,178	-	1,090,882
Health and human services	-	-	-	-	-	-	11,766
Culture, recreation and education	1,524	-	13,615	-	-	-	1,112,800
Conservation and development	-	-	-	-	-	-	23,075
Capital outlay	-	-	-	-	-	-	17,116
Total expenditures	1,524	-	13,615	3,683	169,178	-	3,703,150
Excess (deficiency) of revenues over expenditures	269	403	(13,615)	14,855	50,299	-	(38,916)
Other Financing Sources (Uses)							
Transfers in	-	-	15,000	-	-	(491,327)	1,264,101
Transfers out	-	-	-	-	-	491,327	(13,700)
Proceeds from sale of capital assets	-	-	-	-	-	-	4,260
Total other financing sources (uses)	-	-	15,000	-	-	-	1,254,661
Net change in fund balance	269	403	1,385	14,855	50,299	-	1,215,745
Fund Balances (Deficit), Beginning	(817)	159,332	53,711	38,461	99,292	-	4,065,318
Fund Balances (Deficit), Ending	\$ (548)	\$ 159,735	\$ 55,096	\$ 53,316	\$ 149,591	\$ -	\$ 5,281,063

City of Black River Falls

Required Utility Bond Disclosures

Year Ended December 31, 2021

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	2,231
Commercial	542
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 the 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 (the City), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 26, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's 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 2021-001 and 2021-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

Baker Tilly US, LLP

Eau Claire, Wisconsin
May 26, 2022

City of Black River Falls

Schedule of Findings and Responses
Year Ended December 31, 2021

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

Finding 2021-001: 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 2021-002: 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.

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.

City of Black River Falls

Schedule of Findings and Responses

Year Ended December 31, 2021

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.