

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 13, 2020

In the opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference for purposes of federal alternative minimum tax imposed on individuals. See "Tax Exemption" herein for a more detailed discussion. The interest on the Bonds is not exempt from present Wisconsin income and franchise tax.

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

New Issue

AGM Insured Ratings: S&P Global Ratings "AA/Stable Outlook"

CITY OF BLACK RIVER FALLS, WISCONSIN (Jackson County)

\$2,690,000* ELECTRIC SYSTEM REVENUE BONDS, SERIES 2020A

PURPOSE/AUTHORITY/SECURITY: The \$2,690,000* Electric System Revenue Bonds, Series 2020A (the "Bonds") of the City of Black River Falls, Wisconsin (the "City") are being issued pursuant to Section 66.0621, Wisconsin Statutes, to provide funds for the public purpose of financing improvements and extensions to the City's Electric System (the "Electric System"). The Bonds are not general obligations of the City but are payable only from and secured by a pledge of income and revenue to be derived from the operation of the Electric System. The Bonds are being issued on a parity with respect to such income and revenues with the City's outstanding Taxable Electric System Revenue Bonds, Series 2010B (BAB), dated November 3, 2010 and Electric System Revenue Refunding Bonds, Series 2014, dated May 20, 2014. The Bonds are senior with respect to such income and revenues to the Electric System Revenue Bonds, Series 2018, dated January 15, 2018. Delivery is subject to receipt of an approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

DATE OF BONDS: December 9, 2020

DATE OF DELIVERY: December 9, 2020

SERIAL MATURITIES: December 1 as follows:



Year	Amount	Interest Rate	Yield	CUSIP Base	Year	Amount	Interest Rate	Yield	CUSIP Base
2021	\$85,000				2034	\$110,000			
2022	85,000				2035	110,000			
2023	85,000				2036	115,000			
2024	90,000				2037	115,000			
2025	90,000				2038	115,000			
2026	95,000				2039	120,000			
2027	95,000				2040	120,000			
2028	95,000				2041	125,000			
2029	100,000				2042	130,000			
2030	100,000				2043	130,000			
2031	100,000				2044	135,000			
2032	105,000				2045	135,000			
2033	105,000								

OPTIONAL REDEMPTION: Bonds maturing December 1, 2031 and thereafter are subject to call for prior redemption on December 1, 2030 and any date thereafter, at par.

INTEREST: June 1, 2021 and semiannually thereafter.

PAYING AGENT: Bond Trust Services Corporation, Roseville, Minnesota

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein.

The Bonds are offered, subject to prior sale, when, as and if accepted by the Underwriter named below and subject to an opinion as to the validity and tax exemption by Fryberger, Buchanan, Smith & Frederick, P.A., of Duluth, Minnesota, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by Chapman and Cutler LLP, Chicago, Illinois. It is expected that delivery of the Bonds will be made on or about December 9, 2020 against payment therefor. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends, but is not obligated, to effect secondary market trading in the Bonds. For information with respect to the Underwriter, see "Underwriting" herein.

BERNARDI SECURITIES
MUNICIPAL BOND SPECIALISTS

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

REPRESENTATIONS

ASSURED GUARANTY MUNICIPAL CORP. (“AGM”) MAKES NO REPRESENTATION REGARDING THE BONDS OR THE ADVISABILITY OF INVESTING IN THE BONDS. IN ADDITION, AGM HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS FINAL OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING AGM, SUPPLIED BY AGM AND PRESENTED IN “APPENDIX E -- BOND INSURANCE AND SPECIMEN BOND INSURANCE POLICY”.

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

Unless otherwise indicated, the City is the source of all tables and statistical and financial information contained in this Official Statement. The information contained in this Official Statement concerning the Insurer and the Bond Insurance Policy has been obtained from the Insurer. The information contained in this Official Statement concerning DTC has been obtained from DTC. The other information set forth herein has been furnished by the City or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this Official Statement.

This Official Statement should be considered in its entirety and no one factor considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Any statements made in this Official Statement, including the Exhibits and Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward looking statements and information that are based on the City's beliefs as well as assumptions made by and information currently available to the City. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CITY OF BLACK RIVER FALLS COMMON COUNCIL

		<u>Term Expires</u>
Jay Eddy	Mayor	April 2022
Desiree Gearing-Lancaster	Council President	April 2021
Gary Ammann	Aldersperson	April 2021
Travis Brown	Aldersperson	April 2022
John Busse	Aldersperson	April 2022
Pete Olson	Aldersperson	April 2021
Erin Rave	Aldersperson	April 2022
Michael Rave	Aldersperson	April 2021
John Ross	Aldersperson	April 2022

ADMINISTRATION

Brad Chown, City Administrator

PROFESSIONAL SERVICES

Radcliffe Law Firm, City Attorney, Black River Falls, Wisconsin

Fryberger, Buchanan, Smith & Frederick, P.A., Bond Counsel, Duluth, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other offices located in Waukesha, Wisconsin and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Black River Falls, Wisconsin (the "City") and the issuance of its \$2,690,000* Electric System Revenue Bonds, Series 2020A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds included in the resolution authorizing the issuance and sale of the Bonds adopted by the Common Council (the "Council") on October 21, 2020 and the Certificate Approving Bond Sale of Electric System Revenue Bonds, Series 2020A (together the "Bond Resolution").

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of December 9, 2020. The Bonds will mature on December 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on December 1 and June 1 of each year, commencing June 1, 2021, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB").

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after December 1, 2031 shall be subject to optional redemption prior to maturity on December 1, 2030 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each

participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 66.0621, Wisconsin Statutes, to provide funds for the public purpose of financing improvements and extensions (the "Project") to the City's Electric System (the "Electric System"). The Project consists of financing a new municipal utility building, consisting of an approximately 22,420 square foot building containing offices, garages and warehouse space and related site improvements and parking area. The total cost of the Project is approximately \$4,437,300. The Bonds are being issued to finance the portion of the Project allocated to use by the Electric System as determined by the Council and the Black River Falls Municipal Utility Commission (the "Utility Commission"). The portion of the cost of the Project allocated to the Electric System is approximately 55.8%. The remainder of the costs of the Project, which are allocated to the City's water utility (28.9%) and sewer utility (15.3%) will be funded with separate borrowings payable from the revenues of such utilities (together, the "Additional Project Borrowings"). The City expects that the Project will be completed in December 2021.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$2,690,000	
Reoffering Premium	<u>53,924</u>	
Total Sources		\$2,743,924
Uses		
Total Underwriter's Discount	\$30,666	
Costs of Issuance	86,275	
Deposit to Debt Service Reserve Fund	142,788	
Deposit to Project Construction Fund	2,483,100	
Rounding Amount	<u>1,095</u>	
Total Uses		\$2,743,924

*Preliminary, subject to change.

SECURITY

This section is a summary of security provisions. A detailed explanation of the security provisions is contained in the Bond Resolution, which is available upon request from Ehlers.

Source of Payment: THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY BUT ARE payable only from and secured by a pledge of income and revenue to be derived from the operation of the Electric System (the "Revenues"). The City pledged in the Bond Resolution, that after the monthly allocation Revenues of the Electric System for the reasonable and proper operation and maintenance of the Electric System, it will then deposit monthly Revenues of the Electric System equal to one-sixth of the interest on the next interest payment date and one-twelfth

of the principal due on the next principal payment date for the Bonds, the City's outstanding Taxable Electric System Revenue Bond (Build America Bonds -Direct Pay), Series 2010B, dated December 28, 2010 (the "RD Loan"), and the City's outstanding Electric System Revenue Refunding Bonds, Series 2014, dated May 20, 2014 (the "2014 Bonds"), and any other parity bonds; and then will next deposit such amount, if any, to meet the deposit requirements for the Reserve Requirements (as defined herein) for the Bonds, the RD Loan, the 2014 Bonds and any parity bonds. The amount of such deposit for payment of the principal and interest on the Bonds shall be set aside in the Series 2020 Bonds Debt Service Account within the Special Redemption Fund (as defined herein). The amount so set aside shall be immediately deposited into a separate bank account for debt service payments on the Bonds and is irrevocably pledged to the payment of principal and interest on the Bonds.

Separate accounts within the Special Redemption Fund and subaccounts within the Reserve Account (as hereinafter defined) will be established for the Bonds, the RD Loan, the 2014 Bonds, and any other Parity Bonds (as hereinafter defined). The separate debt service account and subaccount within the Reserve Account will be pledged solely to the applicable obligation for which it was created. Separate bank accounts will be created for each of the debt service accounts created for the Bonds, the 2014 Bonds and each Parity Bond issue, and such bank accounts will be pledged solely to the applicable operation. The City is not required to maintain separate bank accounts for each subaccount of the Reserve Account.

In the event adequate Revenues are not available to meet the monthly deposits to the debt service account in the Special Redemption Fund for the Bonds, the RD Loan, the 2014 Bonds, and any Parity Bonds, the available Revenues will be apportioned to such debt service accounts based on the respective current monthly installments of principal and interest due.

After funding the debt service accounts, in the event adequate Revenues are not available to make the periodic deposits to the subaccounts of the Reserve Account for the Bonds, the RD Loan, the 2014 Bonds and any Parity Bonds, the available Revenues will be apportioned to such subaccounts based on the respective current installments due to such subaccounts.

No mortgage lien will be granted on the Electric System which would give priority over the Bonds, the RD Loan or the 2014 Bonds.

Income and Revenue Funds: The Revenues will be set aside into the City's Electric Utility Enterprise Fund which is divided into the following separate and special funds and accounts, which funds and accounts have been created and are hereby continued, or are hereby created, to be used and applied as follows:

(a) First, Revenues in amounts sufficient to provide payment for the reasonable and proper operation and maintenance of the Electric System through the payment of Operation and Maintenance Expenses will be set aside into the Operation and Maintenance Fund (the "Operation and Maintenance Fund"). "Operation and Maintenance Expenses" means the reasonable and necessary costs of operating, maintaining, administering and repairing the Electric System, including salaries, wages, costs of materials and supplies, insurance, audits, the wholesale purchase of electrical power and obligations under the the Long Term Power Supply Contract for Participating Members (the "Power Supply Contract") between the City and WPPI Energy ("WPPI"), and all payments required by Credit Obligations to the extent provided in the Bond Resolution, but excluding depreciation, debt service, tax equivalents and capital expenditures. "Credit Obligations" means any obligation of the City under a contract, lease, installment sales agreement or other instrument, including but not limited to any contract entered into with a municipal electric company pursuant to Section 66.0825(8) of the Wisconsin Statutes, to make payments for property, services or commodities for the benefit or use of the Electric System whether or not the same are made available, furnished or received, or any other obligation of the City, under which the City lends credit to or guarantees debts, claims or other obligations of any other person or entity for the purpose of obtaining property, services or commodities for the Electric System or for the purpose of financing the initial costs of any project of any other person or entity from which property, services or commodities are intended to be obtained for the benefit or use of the Electric System, but only to the extent such obligation requires payment directly or indirectly from a designated fund or account provided for under the Bond Resolution.

(b) Second, Revenues in amounts sufficient to pay the principal of and the interest due on the Bonds, the RD Loan, the 2014 Bonds and any Parity Bonds when due will be set aside into the Electric System Revenue Bond and Interest Special Redemption Fund (the "Special Redemption Fund"). The amounts so set aside will be credited to the debt service accounts for the Bonds, the RD Loan, the 2014 Bonds and any Parity Bonds and immediately be deposited in the separate bank account for debt service payments on each of the Bonds, the RD Loan, the 2014 Bonds and any Parity Bonds.

In the event adequate Revenues are not available to meet the monthly deposits to the debt service accounts in the Special Redemption Fund for the Bonds, the RD Loan, the 2014 Bonds and any Parity Bonds, the available Revenues will be apportioned to such debt service accounts based on the respective current monthly installments of principal and interest due.

The amounts deposited in the separate debt service account and the separate bank account for the Bonds are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds.

(c) Third, Revenues in amounts to the Reserve Account deposit requirements for each of the Bonds, the RD Loan, the 2014 Bonds and any Parity Bonds shall be set aside in the separate subaccount in the Reserve Account for the Bonds, the RD Loan, the 2014 Bonds and any Parity Bonds.

In the event adequate Revenues are not available to make the periodic deposit to the subaccounts in the Reserve Account for the Bonds, the RD Loan, the 2014 Bonds and Parity Bonds, if any, the available Revenues, after funding the debt service accounts as described in paragraph (b) above, will be apportioned to such subaccounts based on the respective current installment due to such subaccounts.

The amounts deposited in the separate subaccount in the Reserve Account for the Bonds are irrevocably pledged to the payment of the principal of and interest on the Bonds.

(d) Fourth, Revenues in an amount determined by the City and reflected in the annual budget of the Electric System will be set aside into the Depreciation Fund (the "Depreciation Fund"). Revenues will be deposited in the Depreciation Fund in accordance with the annual budget no less frequently than on a semiannual basis on June 1 and December 1 of each year.

(e) Fifth, to the Surplus Fund.

Money in the Operation and Maintenance Fund will be used to pay Operation and Maintenance Expenses as the same come due; money not immediately required for Operation and Maintenance Expenses will be used to accumulate a reserve in the Operation and Maintenance Fund equal to estimated Operation and Maintenance Expenses for one month. Any money then available and remaining in the Operation and Maintenance Fund may be transferred to the Surplus Fund.

Money in the Depreciation Fund are available and will be used, whenever necessary, to restore any deficiency in the Special Redemption Fund and for the maintenance of the Reserve Account therein, and as provided in the Bond Resolution. Money in the Depreciation Fund may be expended for repairs, replacements, new construction, extensions or additions to the System.

The Council declares in the Bond Resolution that it is its express intent and determination that the amount of Revenues to be set aside and paid into the Special Redemption Fund (including the Reserve Account) will in any event be sufficient to pay principal of and interest on the Bonds, the RD Loan, the 2014 Bonds and any Parity Bonds, when due, and to meet Reserve Requirements of the Bonds, the RD Loan, the 2014 Bonds and any Parity Bonds, and the Clerk-Treasurer will for each Fiscal Year and out of the Revenues deposit at least sufficient amounts in said funds for such purposes. "Reserve Requirement" means an amount equal to the least of (a) 10% of the proceeds of the applicable obligations, (b) maximum annual debt service on the applicable obligations in any Bond Year (c) 125%

of average annual debt service on the applicable obligations of the City or (d) such lesser amount provided for in the bond resolution for the Bonds, the RD Loan, the 2014 Bonds or any Parity Bonds.

The Revenues so set aside for payment of the principal of and interest on the Bonds, the RD Loan, the 2014 Bonds and any Parity Bonds and to meet the deposit requirements for such Reserve Requirements will be set apart and shall be paid into the Special Redemption Fund not later than the 10th day of each month. The amounts to be deposited for the Bonds each month shall equal one-sixth of the interest due on the Bonds on the next Interest Payment Date plus one-twelfth of the principal due on the Bonds on the next Principal Payment Date plus such amount, if any, to meet the deposit requirements for the Reserve Requirement for the Bonds.

Funds in each subaccount of the Reserve Account in excess of the Reserve Requirement will be transferred to the debt service account for such obligation.

Money in the Surplus Fund will first be used when necessary to meet requirements of the Operation and Maintenance Fund including the one month reserve, the Special Redemption Fund including the Reserve Account, and the Depreciation Fund. Any money then remaining in the Surplus Fund at the end of any Fiscal Year may be used only to pay the 2018 Bond and other subordinated obligations or as permitted and in the order specified in Section 66.0811(2), Wisconsin Statutes.

Rate Covenant: The City covenants to establish, charge and collect such lawfully established rates and charges for the services provided by the Electric System so that annual Net Revenues (i.e. the Revenue less Operations and Maintenance Expenses (as hereinafter defined)) shall not be less than 125% of the annual amount of principal and interest coming due on the Bonds, the RD Loan, the 2014 Bonds, and any Parity Bonds, and so that the Net Revenues the Electric System agreed to be set aside in the Bond Resolution to provide for the payment of the Bonds, the RD Loan, the 2014 Bonds, and any Parity Bonds (as hereinafter defined) and the interest thereon as the same becomes due and payable, and to provide for the deposits to the Reserve Account to meet the Reserve Requirements.

Additional Bonds Test: No bonds or obligations payable out of the income and revenues of the Electric System may be issued in such manner as to enjoy priority over the Bonds, the RD Loan, and the 2014 Bonds. Additional obligations may be issued if their lien and pledge is junior and subordinate to that of the Bonds, the RD Loan, and the 2014 Bonds. Additional obligations may be issued on a parity, as to the pledge and lien, with the Bonds, the RD Loan, and the 2014 Bonds ("Parity Bonds") only under the following circumstances:

(a) Additional Parity Bonds may be issued for the purpose of completing the construction of the Project, and in the amount not to exceed 25% of the face amount of the Bonds, certified by an independent engineer to be necessary for such purpose; or

(b) Additional Parity Bonds may also be issued if all of the following conditions are met:

(1) The Net Revenues of the Electric System for the fiscal year immediately preceding the issuance of such additional Parity Bonds must have been equal to at least 1.25 times the highest combined annual interest and principal requirements on all bonds outstanding payable from the income and revenues of the Electric System, and on the bonds then to be issued. Should an increase in permanent rates and charges, including those made to the City, be properly ordered and made effective during the fiscal year immediately prior to the issuance of such additional bonds or during that part of the fiscal year of issuance prior to such issuance, then income and revenues of the Electric System for purposes of such computation shall include such additional revenues as an independent certified accountant, consulting professional engineer, or the Wisconsin Public Service Commission may certify would have accrued during said fiscal year had the new rates been in effect during that entire immediately prior fiscal year.

(2) The funds and accounts and pledges required by and consistent with the Bond Resolution are included in the bond resolution for the additional Parity Bonds.

- (3) The payments required to be made into the funds enumerated in the Bond Resolution (including the Reserve Account, if required, but not the Surplus Fund), must have been made in full.
- (4) The additional Parity Bonds must have principal maturing on December 1 (or June 1 and December 1) of each year and interest falling due on June 1 and December 1 of each year.
- (5) The proceeds of the additional Parity Bonds must be used only for the purpose of providing extensions or improvements to the System, or to refund obligations issued for such purposes.
- (6) The conditions of Section 6.05 of the 2010B Bond Resolution are satisfied, if the RD Loan is outstanding.

Service to City: The reasonable cost and value of any service rendered to the City by the Electric System, including reasonable health protection charges, shall be charged against the City and shall be paid by it in monthly installments as the service accrues, out of the current revenues of the City collected or in the process of collection, exclusive of the income and revenues derived from the Electric System. The City has found that the amount of such reasonable cost and value shall be equal to such amount as may be necessary from year to year to pay the balance of an amount which, together with income and revenues of the Electric System, will produce Net Revenues equivalent to not less than 1.25 times the total amount of principal and interest due in any fiscal year on the Bonds, the RD Loan, the 2014 Bonds, and any parity bonds (whether the principal is due at maturity or mandatory redemption). Such payment shall be subject to (a) approval of the Wisconsin Public Service Commission, or successors to its functions, if necessary, (b) annual appropriations therefor by the Common Council, and (c) applicable levy limitations, if any; but neither the Bond Resolution nor such payment shall be construed as constituting an obligation of the City to make any such appropriation over and above the reasonable cost and value of services rendered to the City and its inhabitants or to make any subsequent payment over and above such reasonable cost and value.

Bond Reserve Account: The City has created and maintains a separate account in the Special Redemption Fund designated as the Reserve Account. The City shall maintain a separate subaccount in the Reserve Account for each of the Bonds, the RD Loan, the 2014 Bonds, and any Parity Bonds. The amounts on deposit in each subaccount are to be pledged solely for payment of principal of and interest on the applicable obligations. The City created in the Bond Resolution the Series 2020A Bonds Reserve Subaccount for the Bonds.

Upon issuance of the Bonds, proceeds of the Bonds in the amount of (current estimate \$195,588) shall be credited to the Series 2020 Bonds Reserve Subaccount, which is the initial Reserve Requirement for the Bonds. The calculation of the Reserve Requirement for the Bonds shall be in conformance with Section 148(d)(1) of the Internal Revenue Code of 1986, as amended (the "Code").

The Series 2020 Bonds Reserve Subaccount shall be used to pay principal or interest on the Bonds (but not on the RD Loan, the 2014 Bonds, or any parity bonds) when the Series 2020 Bonds Debt Service Account shall be insufficient for that purpose. Disbursement from the 2020 Bonds Reserve Subaccount may be made only for payments due on the Bonds. Any time funds are disbursed from the Series 2020 Bonds Reserve Subaccount and less than the Reserve Requirement for the Bonds remains in the Series 2020 Bonds Reserve Subaccount, the City agrees to make deposits to replenish the Series 2020 Bonds Reserve Subaccount to the Reserve Requirement for the Bonds. Such deposits shall be made over the next succeeding 12 months.

The City has created and maintains a separate subaccount within the Reserve Account which is pledged solely for the RD Loan. Such subaccount shall be funded from Revenues as provided for in the 2010B Bond Resolution authorizing the RD Loan.

In the event the City issues any Parity Bonds, it may establish a separate subaccount within the Reserve Account for such Parity Bonds, shall fund such subaccount as provided by the bond resolution and shall pledge such subaccount to the applicable Parity Bonds. The subaccounts described in the paragraphs above shall not be pledged to any Parity Bonds.

In the event no reserve fund is required to sell any additional Parity Bonds, no additional funds need be deposited in the Reserve Account; provided, however, there shall not be a pledge from the Reserve Account to pay the principal of and interest on such series of additional Parity Bonds.

Additional Covenants: In the Bond Resolution, the City covenants and agrees with the holders of the Bonds, the RD Loan and the 2014 Bonds as follows:

- (a) The City will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Wisconsin, including the making and collecting of reasonable and sufficient rates lawfully established for services rendered by the System, and the City will segregate the Revenues of the Electric System and apply them to the respective funds hereinabove created;
- (b) The City will not sell, lease, or in any manner dispose of the Electric System, including any part thereof or any additions or extensions that may be made a part thereof, except that the City has the right to sell, lease or otherwise dispose of any property of the Electric System found by the City to be neither necessary nor useful in the operation of the Electric System, provided the proceeds received from such sale, lease or disposal shall be paid into the Special Redemption Fund to the extent of any deficiencies in the required funding thereof or applied to the acquisition or construction of capital facilities for use in the normal operation of the Electric System;
- (c) The City will complete the Project;
- (d) The City will pay or cause to be paid all lawful taxes, assessments, governmental charges, and claims for labor, materials or supplies which if unpaid could become a lien upon the Electric System or the Revenues or could impair the security of the Bonds, the RD Loan or the 2014 Bonds;
- (e) The City will maintain in reasonably good condition and operate the Electric System;
- (f) The City will prepare a budget not less than sixty days prior to the end of each Fiscal Year and, in the event such budget indicates that Net Revenues for each Fiscal Year will not exceed the Annual Debt Service Requirement for each corresponding Fiscal Year by the proportion stated hereunder, will take any and all steps permitted by law to increase rates so that the aforementioned proportion of Net Revenues to the Annual Debt Service Requirement shall be accomplished as promptly as possible. "Annual Debt Service Requirement" means the total amount of principal and interest due in any Fiscal Year on the Bonds, the RD Loan, the 2014 Bonds and any Parity Bonds (whether the principal is due by maturity or mandatory redemption);
- (g) The City will keep proper books and accounts relative to the Electric System separate from all other records of the City and will cause such books and accounts to be audited annually by a recognized independent firm of certified public accountants including a balance sheet and a profit and loss statement of the Electric System as certified by such accountants in the manner set forth in the Bond Resolution;
- (h) So long as any of the Bonds are outstanding the City will carry for the benefit of the registered owners of the Bonds: (a) adequate fire, lightning, vandalism, riot, strike, explosion, civil commotion, malicious damage, tornado and windstorm insurances on all portions of the System which are subject to loss through such casualties; (b) adequate insurance against loss of use and occupancy resulting from such casualties; (c) adequate public liability insurance; and (d) insurance of the kinds and in the amounts normally carried by private companies engaged in the operation of similar systems. All money received for loss of use and occupancy shall be considered income of the System payable into the separate funds described above. All money received for losses under any of such casualty policies, except those specified in (b) above, will be used in repairing the damage or in replacing the property destroyed provided that if the Council will find it is inadvisable to repair such damage or replace such property and that the operation of the Electric System has not been impaired thereby, such money, including proceeds from insurance under (b) above, will be deposited in the Special Redemption Fund to the extent of any deficiencies therein.

Defeasance: When all of the Bonds, the RD Loan, the 2014 Bonds and all of the additional Parity Bonds have been discharged, all pledges, covenants and other rights granted by the Bond Resolution to the holders thereof shall cease. The City may discharge its obligations with respect to the Bonds or any series of additional Parity Bonds which are due on any date by depositing with a duly qualified fiscal agent on or before that date a sum sufficient for the payment thereof in full; or, if any such bond should not be paid when due, it may nevertheless be discharged by depositing with a fiscal agent a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds or additional Parity Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with a fiscal agent on or before that date an amount equal to the principal, interest and redemption premium, if any, which are then due, provided that notice of such redemption has been duly given as provided herein. The City may also at any time discharge its obligations with respect to any of the Bonds or the additional Parity Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow or trust, with a bank qualified by law as an escrow agent for this purpose, cash or securities issued or guaranteed as to principal and interest by the federal government which are authorized by law to be so deposited, bearing interest payable at such time and at such rates and maturing or callable at the holder's option on such dates as shall be required to pay all principal, interest and redemption premiums to become due thereon to maturity or earlier designated redemption date.

Amendment to Resolution: After the issuance of the Bonds, no change or alteration of any kind in the provisions of the Bond Resolution may be made until all of the Bonds have been paid in full as to both principal and interest, or discharged, except:

A. The City may, from time to time, amend the Bond Resolution without the consent of any of the owners of the Bonds, but only to cure any ambiguity, administrative conflict, formal defect, or omission or procedural inconsistency of the Bond Resolution; and

B. The Bond Resolution may be amended, in any respect, with the written consent of (i) the owner of the RD Loan, if the RD Loan is then outstanding; and (ii) the owners of not less than two-thirds of the principal amount of the 2014 Bonds and the Bonds then outstanding, exclusive of 2014 Bonds and the Bonds held by the City; provided, however, that no amendment will permit any change in the pledge of Revenues derived from the System, or in the maturity of any Bond, or a reduction in the rate of interest on any Bond, or in the amount of the principal obligation thereof, or in the amount of the redemption premium payable in the case of redemption thereof, or change the terms upon which the Bonds may be redeemed or make any other modification in the terms of the payment of such principal or interest without the written consent of the owner of each such Bond to which the change is applicable.

ELECTRIC SYSTEM REVENUE DEBT OUTSTANDING

All outstanding Electric System Revenue debt of the City is listed on the following page. The revenues for 2020 and beyond are a forecast and, because events and circumstances frequently do not occur as expected and because those differences may be material, the projection cannot be assured.

HISTORIC ELECTRIC SYSTEM DEBT SERVICE COVERAGES

The exhibit on the Page 11 presents the three-year historic and projected debt service coverages of the Electric System.

**City of Black River Falls, Wisconsin
Schedule of Bonded Indebtedness
Senior Revenue Debt Secured by Electric Revenues
(As of 12/09/2020)**

Dated Amount	Taxable Electric System Revenue Bonds Series 2010B		Electric System Revenue Refunding Bonds Series 2014		Electric System Revenue Bonds Series 2020A		Principal (3)	Total Interest (3)	Total P & I (3)	Outstanding (3)	% Paid (3)	Calendar Year Ending	Coverage for Senior Debt (3)
	11/03/2010 \$5,000,000	Interest	05/20/2014 \$5,045,000	Interest	12/9/2020 \$2,690,000 (1)	Estimated Interest							
Maturity	06/01 & 12/01	Principal	Interest	Principal	Interest	Principal	Total Principal (3)	Total Interest (3)	Total P & I (3)	Outstanding (3)	% Paid (3)		
2021	82,172	165,828	295,000	117,630	85,000	55,232	462,172	338,690	800,862	9,980,429	4.43%	2021	1.52
2022	85,282	162,718	300,000	110,255	85,000	54,788	470,282	327,760	798,043	9,510,147	8.93%	2022	1.52
2023	88,510	159,490	305,000	101,255	85,000	53,088	478,510	313,832	792,343	9,031,637	13.51%	2023	1.53
2024	91,422	156,578	315,000	92,105	90,000	51,388	496,422	300,070	796,493	8,535,214	18.27%	2024	1.52
2025	95,321	152,679	325,000	82,655	90,000	49,388	510,321	284,921	795,243	8,024,893	23.15%	2025	1.53
2026	98,329	149,071	335,000	72,418	95,000	47,788	528,929	269,276	798,205	7,495,964	28.22%	2026	1.52
2027	102,674	145,326	345,000	61,363	95,000	45,888	542,674	252,576	795,250	6,953,290	33.41%	2027	1.53
2028	106,163	141,837	360,000	49,460	95,000	43,988	561,163	235,285	796,448	6,392,127	38.79%	2028	1.52
2029	110,579	137,421	370,000	36,500	100,000	42,088	580,579	216,009	796,587	5,811,549	44.35%	2029	1.52
2030	114,764	133,236	370,000	18,000	100,000	40,088	574,764	191,323	766,088	5,236,785	49.85%	2030	1.58
2031	119,108	128,892	360,000		100,000	38,088	219,108	166,979	386,088	5,017,676	51.95%	2031	3.14
2032	123,266	124,734			105,000	36,088	228,266	160,821	389,088	4,789,410	54.14%	2032	3.12
2033	128,282	119,718			105,000	33,988	233,282	153,705	386,988	4,556,128	56.37%	2033	3.14
2034	133,138	114,862			110,000	31,888	243,138	146,749	389,888	4,312,990	58.70%	2034	3.11
2035	138,178	109,822			110,000	29,688	248,178	139,510	387,688	4,064,812	61.07%	2035	3.13
2036	143,112	104,888			115,000	27,488	258,112	132,375	390,488	3,806,700	63.55%	2036	3.11
2037	148,825	99,175			115,000	25,188	263,825	124,363	388,188	3,542,875	66.07%	2037	3.13
2038	154,458	93,542			115,000	22,773	269,458	116,314	385,773	3,273,417	68.65%	2038	3.15
2039	160,505	87,695			120,000	20,358	280,305	108,053	388,358	2,993,113	71.34%	2039	3.12
2040	166,140	81,860			120,000	17,938	286,140	99,697	385,837	2,706,972	74.08%	2040	3.14
2041	172,661	75,339			125,000	15,138	297,661	90,476	388,138	2,409,311	76.93%	2041	3.13
2042	179,197	68,804			130,000	12,325	309,197	81,129	390,325	2,100,115	79.89%	2042	3.11
2043	185,979	62,021			130,000	9,400	315,979	71,421	387,400	1,784,135	82.91%	2043	3.13
2044	192,860	55,140			135,000	6,345	327,860	61,485	389,345	1,456,275	86.05%	2044	3.12
2045	200,319	47,681			135,000	3,173	335,319	50,853	386,173	1,120,956	89.27%	2045	3.14
2046	207,901	40,099					207,901	40,099	248,000	913,055	91.26%	2046	4.89
2047	215,771	32,229					215,771	32,229	248,000	697,284	93.32%	2047	4.89
2048	223,865	24,135					223,865	24,135	248,000	473,419	95.47%	2048	4.89
2049	232,412	15,588					232,412	15,588	248,000	241,007	97.69%	2049	4.89
2050	241,007	6,791					241,007	6,791	247,798	0	100.00%	2050	4.90
	4,442,601	2,997,197	3,310,000	741,640	2,690,000	813,680	10,442,601	4,552,516	14,995,118				

2019	Net Revenue Available for Debt Service (2)	1,213,414.00
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(1) Preliminary, subject to change.
(2) The debt service coverage ratios included on this page are calculated using 2019 Net Revenues. No guarantee can be given that the Net Revenues in future years will be the same as the Net Revenues in 2019 and future Net Revenues may be materially different.
(3) Senior debt consists of the Taxable Electric System Revenue Refunding Bonds, Series 2010B, dated November 3, 2010, the Electric System Revenue Refunding Bonds, Series 2014, dated May 20, 2014, and the Electric System Revenue Bonds Series 2020A, dated December 9, 2020.

City of Black River Falls, Wisconsin
Schedule of Bonded Indebtedness
Junior Revenue Debt Secured by Electric Revenues
(As of 12/09/2020)

Electric System Revenue Bonds Series 2018 (1)										2019 Net Revenue Available for Debt Service (2)	
Dated Amount	Maturity	01/15/2018 \$280,000		01/15							1,213,414.00
		Principal	Interest	Total Principal (3)	Total Interest (3)	Total P & I (3)	Principal Outstanding (3)	% Paid (3)	Calendar Year Ending	Total Debt Service Coverage (3)	
2021		28,000	0	490,172	338,690	828,862	10,176,429	4.60%	2021	1.46	
2022		28,000	0	498,282	327,760	826,043	9,678,147	9.27%	2022	1.47	
2023		28,000	0	506,510	313,832	820,343	9,171,637	14.02%	2023	1.48	
2024		28,000	0	524,422	300,070	824,493	8,647,214	18.93%	2024	1.47	
2025		28,000	0	538,321	284,921	823,243	8,108,893	23.98%	2025	1.47	
2026		28,000	0	556,929	269,276	826,205	7,551,964	29.20%	2026	1.47	
2027		28,000	0	570,674	252,576	823,250	6,981,290	34.55%	2027	1.47	
2028		28,000	0	589,163	235,285	824,448	6,392,127	40.07%	2028	1.47	
2029				580,579	216,009	796,587	5,811,549	45.52%	2029	1.52	
2030				574,764	191,323	766,088	5,236,785	50.90%	2030	1.58	
2031				219,108	166,979	386,088	5,017,676	52.96%	2031	3.14	
2032				228,266	160,821	389,088	4,789,410	55.10%	2032	3.12	
2033				233,282	153,705	386,988	4,556,128	57.29%	2033	3.14	
2034				243,138	146,749	389,888	4,312,990	59.57%	2034	3.11	
2035				248,178	139,510	387,688	4,064,812	61.89%	2035	3.13	
2036				258,112	132,375	390,488	3,806,700	64.31%	2036	3.11	
2037				263,825	124,363	388,188	3,542,875	66.79%	2037	3.13	
2038				269,458	116,314	385,773	3,273,417	69.31%	2038	3.15	
2039				280,305	108,053	388,358	2,993,113	71.94%	2039	3.12	
2040				286,140	99,697	385,837	2,706,972	74.62%	2040	3.14	
2041				297,661	90,476	388,138	2,409,311	77.41%	2041	3.13	
2042				309,197	81,129	390,325	2,100,115	80.31%	2042	3.11	
2043				315,979	71,421	387,400	1,784,135	83.27%	2043	3.12	
2044				327,860	61,485	389,345	1,456,275	86.35%	2044	3.13	
2045				335,319	50,853	386,173	1,120,956	89.49%	2045	3.14	
2046				207,901	40,099	248,000	913,055	91.44%	2046	4.89	
2047				215,771	32,229	248,000	697,284	93.46%	2047	4.89	
2048				223,865	24,135	248,000	473,419	95.56%	2048	4.89	
2049				232,412	15,588	248,000	241,007	97.74%	2049	4.89	
2050				241,007	6,791	247,798	0	100.00%	2050	4.90	
		224,000	0	10,666,601	4,552,516	15,219,118					

(1) The 2018 Bonds are subject to an acceleration clause listed in the Section 4 of the WPPI Loan Agreement that calls for immediate repayment in the event of default. If the clause is enacted the 2018 Bonds would still be junior to the debt that is already outstanding.

(2) The debt service coverage ratios included on this page are calculated using 2019 Net Revenues. No guarantee can be given that the Net Revenues in future years will be the same as the Net Revenues in 2019 and future Net Revenues may be materially different.

(3) Totals include senior debt and also include the Electric System Revenue Bonds, Series 2018 dated January 15, 2018 which is junior to all senior debt.

Historical Electric System Revenues & Expenses

City of Black River Falls, WI Electric Utility Enterprise Fund

Summary Enterprise Fund Financial Operating Data with Historical Debt Service Coverage

Periods ending Dec. 31 in the years:	Audited 2017	Audited 2018	Audited 2019
Operating Revenues			
Sales of Electricity / Charges for Services	\$ 6,859,045	\$ 6,897,447	\$ 6,437,009
Other Operating Revenues	-	-	54,985
Total Operating Revenues	6,859,045	6,897,447	6,491,994
Operating Expenses			
Operation and Maintenance	5,645,591	5,606,239	5,330,142
Depreciation	550,504	574,687	586,415
Amortization	6,000	6,000	6,000
Total Operating Expenses	6,202,095	6,186,926	5,922,557
Operating Income	656,950	710,521	569,437
Non-operating Revenues (Expenses)			
Interest and Investment Revenue	14,284	16,765	16,990
Interest Expense	(312,741)	(308,070)	(302,020)
IRS Build America Bond interest subsidy	34,528	32,571	31,329
Operating grants	58,790	-	-
Amortization of debt discount and expense	2,639	2,640	2,639
Miscellaneous Non-Operating Revenue	2,338	2,908	9,243
Net Income (Loss) before contributions and transfers	456,788	457,335	327,618
Plus: Depreciation	550,504	574,687	586,415
Interest Expense	312,741	308,070	302,020
Amortization of debt discount and expense	(2,639)	(2,640)	(2,639)
Net Revenues Available for Debt Service	\$ 1,317,394	\$ 1,337,452	\$ 1,213,414

Senior Lien Revenue Bond Debt Service**			
\$5,000,000 Taxable Electric System Rev. Bonds, Series 2010B (BAB)	248,000	248,000	248,000
\$5,045,000 Electric System Revenue Refunding Bonds, Series 2014	407,555	412,255	411,755
Total Senior Lien Revenue Bond Debt Service	655,555	660,255	659,755
Senior Lien Revenue Bond Debt Service Coverage	2.01	2.03	1.84
Total Junior Lien Revenue Bond Debt Service			
\$500,000 Electric Revenue Bonds of 2010	50,000	50,000	50,000
\$280,000 Electric Revenue Bonds of 2018	-	-	28,000
Total Revenue Bond Debt Service	705,555	710,255	737,755
Total Revenue Bond Debt Service Coverage	1.87	1.88	1.64
Tax Equivalent	(366,250)	(367,900)	(371,283)
Net Revenues Available for Debt Service (After Tax Equivalent)	\$ 951,144	\$ 969,552	\$ 842,131
Total Revenue Bond Debt Service Coverage (Net of Tax Equivalent)	1.35	1.37	1.14

Notes:

**Gross debt service; not reduced by BAB subsidy

DESCRIPTION OF ELECTRIC SYSTEM

The Electric System is a separate enterprise fund of the City. It operates under service rules established by the Wisconsin Public Service Commission which regulates the rates charged. The City owns and operates the Electric System consisting of a gated spillway, a low-flow hydro generator, four substations and a distribution plant for its service area which includes the City and the Townships of Adams, Albion, and Brockway. The Electric System, established in 1904, is governed by the Utility Commission which consists of five members appointed by the Mayor, subject to approval of the Common Council. The Utility Commission is the policy making body of the Electric System, overseeing all projects and programs, reviewing and approving the budget, and determining Electric System projects. The Electric System operations are directed by the General Manager. The Utility Commission also oversees the City's Water System and Sewer System.

The City purchases most of its power and energy requirements from WPPI Energy under a contract that expires in 2055. The contract does not provide for early termination by either party. The City purchases approximately 89% of its electricity requirements pursuant to this contract, and generates the remaining 11%. The Electric System's physical plant consists of a hydroelectric plant, a hydroelectric dam, three generating turbines and three substations.

History of Electric Sales (excluding sales for resale)

Year	Number of Customers	Total kWh (000's)	Total Billings
2015	2,735	56,292	\$6,844,106
2016	2,740	58,582	6,869,140
2017	2,749	56,736	6,804,987
2018	2,750	59,067	6,842,366
2019	2,786	57,230	6,437,010 ¹

History of Electric Meter Connections by Customer Type

Year	Residential	Commercial/ Industrial	Public Authority	Total
2015	2,189	533	13	2,735
2016	2,206	522	12	2,740
2017	2,215	521	13	2,749
2018	2,218	520	12	2,750
2019	2,224	549	13	2,786

History of Electric Billings by Customer Type

Year	Residential	Commercial/ Industrial	Public Authority	Total
2015	\$2,315,052	\$4,431,880	\$97,174	\$6,844,106
2016	2,403,222	4,378,476	87,442	6,869,140
2017	2,350,226	4,363,478	91,283	6,804,987
2018	2,461,921	4,295,217	85,228	6,842,366
2019	2,361,652	3,998,824	76,534	6,437,010 ¹

¹ Decrease in billings was due to mild temperatures in summer and winter, reducing revenue from heating and cooling.

History of Electricity Produced, Purchased and Cost

Year	kWh Produced (000's)	kWh Purchased (000's)	Cost of kWh Purchased
2015	6,177	54,049	\$4,520,174
2016	6,627	54,618	4,423,983
2017	6,352	53,827	4,341,789
2018	4,898	57,448	4,301,638
2019	6,737	53,526	3,964,576

2019 Larger Electric Customers

Total 2019 kWh Sold: 57,230,000

Total 2019 Billings: \$6,437,010

Customer	kWh Sold	Billings	% of Total Billings
D & S Manufacturing	2,090,552	\$230,032	5.36%
BR Memorial Hospital	1,812,585	172,536	4.02%
Wal-Mart	1,685,109	166,349	3.88%
Hansen's IGA	913,074	87,992	2.05%
Flying J	590,099	55,099	1.28%
Pine View Nursing	488,103	48,010	1.12%
Lunda Community Center	449,960	47,247	1.10%
Kwik Trip	427,776	40,429	0.94%
School District - Middle School	318,170	38,904	0.91%
WWTP	370,885	34,394	0.80%

Electric Rates and Charges

Electric rates are subject to approval by the Wisconsin Public Service Commission. The following Electric rates and charges were approved June 24, 2016 and became effective June 28, 2016. Billings for all customers are rendered monthly. A charge of no more than 1% per month will be added to bills not paid within 20 days from date of issuance. A late payment charge shall be applied to the total unpaid balance for the utility service, including unpaid payment charges. This charge is applicable to all customers.

Monthly Charge	Residential (a)	General Service (b)	Small Power (c)	Large Power (d)
Customer Charge	-	-	\$50.00	\$150.00
Single Phase	\$12.00	\$12.00	-	-
Three Phase	\$20.00	\$20.00	-	-
Customer Demand Charge per kW of Max. Demand	-	-	\$1.50	\$2.00
Demand Charge per kW of billed demand	-	-	\$8.50	\$10.50
Energy Charge per kWh	\$0.11790 OR	\$0.12700 OR	\$0.08590 OR	- OR
Time of Day Service				
Energy Charge per kWh-on-peak**	\$0.1913	\$0.1995	\$0.1072	\$0.0978
Energy Charge per kWh-off-peak	\$0.0728	\$0.0810	\$0.0672	\$0.0640

**Residential & General Service on-peak is from 7am to 7pm or 8am to 8pm or 9am to 9pm Mon-Fri, except holidays. All new customers are 8am to 8 pm.

**Small & Large Power Service on-peak is from 8am to 8pm Monday through Friday, excluding holidays.

The Wisconsin Public Service Commission has approved a change to the rates charged by the System. Effective January 1, 2021, the rates charged by the System will be as follows:

Monthly Charge	Residential (a)	General Service (b)	Small Power (c)	Large Power (d)
Customer Charge	-	-	\$50.00	\$175.00
Single Phase	\$14.00	\$16.00	-	-
Three Phase	\$22.00	\$24.00	-	-
Customer Demand Charge per kW of Max. Demand	-	-	\$1.50	\$2.00
Demand Charge per kW of billed demand	-	-	\$9.25	\$10.75
Energy Charge per kWh	\$0.11950 OR	\$0.12500 OR	\$0.08150 OR	- OR
Time of Day Service				
Energy Charge per kWh-on-peak**	\$0.1970	\$0.2000	\$0.1015	\$0.0940
Energy Charge per kWh-off-peak	\$0.0720	\$0.0750	\$0.0585	\$0.0540

**Residential & General Service on-peak is from 7am to 7pm or 8am to 8pm or 9am to 9pm Mon-Fri, except holidays. All new customers are 8am to 8 pm.

**Small & Large Power Service on-peak is from 8am to 8pm Monday through Friday, excluding holidays.

PCAC (Purchase Power Cost Adjustment Clause): All metered rates are subject to a positive or negative power cost adjustment charge equivalent to the amount by which the current cost of power (per kilowatt-hour of sales) is greater or lesser than the base cost of power purchased and produced (per kilowatt-hour of sales). The current cost per kilowatt-hour of energy billed is equal to the adjusted cost of power purchased for the most recent month divided by the kilowatt-hours of energy sold. The monthly adjustment is equal to the current cost less the base cost.

Due to the spread of COVID-19, on March 22, 2020, Governor Tony Evers issued emergency order #11, temporarily suspending certain provisions of the Wisconsin Administrative Code relating to service rules for electric, natural gas and water public utilities. The PSC accordingly issued an order stating that electric public utilities may not disconnect or refuse service to customers, shall offer customers a deferred payment agreement if the customer is unable to pay a bill in full, and may not assess any fee or charge for late payment during the period of the order. The order is in effect until further order of the PSC. Such order may materially negatively impact the revenues of the Electric System, and the City cannot predict the extent of the impact. See "RISK FACTORS - Impact of the Spread of COVID-19."

RATING

S&P Global Ratings (“S&P”) is expected to assign a municipal rating of “AA/Stable Outlook” to the Bonds on the understanding that a municipal bond insurance policy guaranteeing the scheduled payment of principal and interest due with respect to the Bonds will be issued by AGM upon the issuance of the Bonds.

Such ratings reflect only the views of such organization and explanations of the significance of such ratings may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such ratings are not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the ratings assigned by the rating agencies should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such ratings or to oppose any such revision or withdrawal.

None of the outstanding indebtedness of the City currently rated, and the City has not requested an underlying rating on the Bonds. An underlying rating for the Bonds may not be requested without contacting Ehlers and receiving the permission of the City.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Fryberger, Buchanan, Smith & Frederick, P.A., Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding special obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Preliminary Official Statement or participated in its preparation (except with respect to the sections entitled "SECURITY FOR THE BONDS" and "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

TAX EXEMPTION

The following discussion is not intended to be an exhaustive discussion of collateral tax consequences arising from ownership or disposition of the Bonds or receipt of interest on the Bonds. Prospective purchasers should consult their tax advisors with respect to collateral tax consequences, including without limitation, the determination of gain or loss on the sale of a bond, the calculation of alternative minimum tax liability; the inclusion of Social Security or other retirement payments in taxable income, the disallowance of deductions for certain expenses attributable to the Bonds, and applicable state and local tax rules.

In the opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, as Bond Counsel, based on present federal laws, regulations, rulings and decisions, and on certifications to be furnished at closing, and assuming compliance by the City with certain tax covenants, that interest to be paid on the Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of the federal alternative minimum tax on individuals.

Certain provisions of the Code, however, impose continuing requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be and remain excludable from federal gross income. These requirements include, but are not limited to, provisions regarding the use of bond proceeds and the facilities financed or refinanced with such proceeds; restrictions on the investment of bond proceeds and other amounts; and provisions requiring that certain investment earnings be rebated periodically to the federal government. Noncompliance with such requirements of the Code may cause interest on the Bonds to be includable in federal gross income retroactively to their date of issue. Compliance with the City's tax covenants will satisfy the current requirements of the Code with respect to exclusion of interest on the Bonds from federal gross income. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the same becomes includable in federal gross income.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax exempt status of interest on the Bonds or the tax consequences of ownership of the Bonds. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

The interest on the Bonds is not exempt from present Wisconsin income or franchise tax.

Proposed Federal Legislation

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal if enacted could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds. Prospective purchasers of Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending litigation or proposed federal tax legislation.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2019, have been audited by Baker Tilly Virchow Krause, LLP, Eau Claire, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

System Revenues: Should rates set be inadequate to cover expenses, an unusual number of delinquencies occur, or a major breakdown or other disaster cause the System to be inoperable, a shortfall of revenues could result in a delay of debt payments. Furthermore, any increase in rates is subject to the approval of the Wisconsin Public Service Commission, which could impact the timing of an increase in rates determined to be necessary by the City.

System Operation and Maintenance Expenses and System Rates: The operation and maintenance expenses of the System may increase in the coming years. Actual operation and maintenance expenses may be greater or less than projected. Factors such as changes in technology, regulatory standards, increased costs of material, energy, labor and administration can substantially affect System expenses. Although the City has covenanted to prescribe, revise and collect rates and charges in amounts sufficient to pay debt service on the Bonds and other System obligations, there can be no assurance that such amounts will be collected, or that such rate increases will be approved by the Wisconsin Public Service Commission. Increases in System rates could result in a decrease in demand for System usage.

Security of the System: Damage to the System resulting from natural disasters, vandalism, sabotage, or acts of terrorism or cyber terrorism may adversely impact the operations and finances of the System. There can be no assurance that the City's security, emergency preparedness and response plans will be adequate to prevent or mitigate such damage, or that the costs of maintaining such security measures will not be greater than currently anticipated. The City has obtained appropriate insurance coverage, which may be used by the City, if other funds are not readily available and sufficient, to pay extraordinary and unexpected repair or replacement expenses of the System or liability claims related to the System.

Larger Users: Should larger users increase or decrease usage of the service of the System currently provided, the revenues of the System will be affected proportionately.

Interest Rates: In the future, interest rates for this type of obligation may rise generally, possibly resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Bonds may fall for purposes of resale. Noncompliance by the City with the covenants in the Bond Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Bonds in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Depository Risk: Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

Rates: State or federal action to create oversight on rate setting by municipal utilities could affect the ability of the Electric System to produce future revenues. No such regulations are currently proposed or anticipated.

Electric Utility Industry: The electric utility industry is constantly changing in the face of market forces and regulatory actions. Changes in the electric utility industry may impact the financial condition of the Electric System. Such changes include, but are not limited to, (a) the effects of competition from other suppliers of electricity, (b) the effects of compliance with rapidly changing environmental, safety, licensing, and regulatory requirements, (c) the changes resulting from conservation and demand side management programs on the timing and use of electric energy, and (d) the challenges to the System's ability to issue tax exempt obligations. Any of these factors could have an impact on the financial condition of the System.

Impact of the Spread of COVID-19: In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and President Trump declaring a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the City and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the City, including the duration of the outbreak and measures taken to address the outbreak.

On March 12, 2020, Wisconsin Governor Tony Evers declared a public health emergency in the state in response to the growing threat of COVID-19. That declaration included direction to the state Department of Health Services to use any and all required resources to respond to and contain the outbreak. Governor Evers followed that up with a "safer at home" order (the "Order") on March 24, 2020, closing nonessential businesses, banning gatherings of any size and imposing strict travel restrictions through April 24, 2020. On April 16, 2020, the Order was extended from April 24, 2020 through May 26, 2020. Schools remained closed for the duration of the 2019-2020 school year, but certain non-essential businesses were allowed to open operations on a limited basis during this time, including curbside pickup, delivery, mailings and minimum basic operations.

Also on April 16, 2020, President Trump outlined "Guidelines for Opening Up America Again," a three-phased approach to restarting the economy based on public health experts' advice. The guidelines start with a set of criteria that should be met before starting phases one to three. The criteria include a downward trajectory of people with flu-like and COVID-19-like symptoms for 14 days; a downward trajectory of documented cases for 14 days or a downward trajectory of positive tests as a percentage of total tests over a 14-day period; and hospitals with the ability to treat all patients without crisis care and a robust testing program for at-risk healthcare workers.

On April 20, 2020, Governor Evers announced Wisconsin's three-phased approach to reopening the State's economy, based on President Trump's guidelines, including similar criteria to be met before phase one can begin. On April 21, 2020, Republican legislators in the State filed a lawsuit challenging the legality of the Order. On May 13, 2020, the Wisconsin Supreme Court ruled that the State's Order is unlawful, invalid and unenforceable because the emergency rulemaking procedures under Section 227.24 of the Wisconsin Statutes and procedures established by the Wisconsin Legislature for rulemaking if criminal penalties were to follow were not followed in connection with the order. The Supreme Court's decision does not invalidate any local health officials' orders or prevent future local health officials' orders related to the COVID-19 pandemic.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which will distribute \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and October 31, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The City's allocation is \$58,446. These funds will be disbursed up to the amount of the allocation after eligible expenditures are reported through the State's cost tracker application.

On July 30, 2020, Governor Evers issued Executive Order #82, declaring a public health emergency in Wisconsin to combat the spread of COVID-19. In conjunction with Executive Order #82, Governor Evers issued Emergency Order #1, requiring most people to wear face coverings when indoors, with certain exemptions in accordance with CDC guidelines. On September 22, 2020, Emergency Order #1 was extended through November 21, 2020.

On October 6, 2020, Emergency Order #3 was issued, which limits public gatherings to no more than 25% of the total occupancy limits for the room or building (or no more than 10 people for indoor spaces without occupancy limits), with certain exceptions. Emergency Order #3 expired November 6, 2020.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

The City cannot predict the effect the spread of COVID-19 or the various governmental or private actions in reaction thereto will have on its finances or operations, including the operations and finances of the System. If there is a negative impact on the receipt of the Net Revenues, the City may have difficulty paying debt service on the Bonds.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

The economic impact of COVID-19 may impact assessed and equalized valuations of property in the State, including in the City. The City cannot predict the extent of any such changes, but a material decrease in the equalized valuations of property in the City may materially adversely affect the financial condition of the City (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

CURRENT PROPERTY VALUATIONS

2020 Equalized Value	\$265,213,600
2020 Equalized Value Reduced by Tax Increment Valuation	\$243,186,300
2020 Assessed Value	\$231,874,300

2020 EQUALIZED VALUE BY CLASSIFICATION

	2020 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 146,964,200	55.414%
Commercial	94,249,300	35.537%
Manufacturing	15,476,800	5.836%
Agricultural	4,800	0.002%
Undeveloped	20,900	0.008%
Forest	449,800	0.170%
Personal Property	8,047,800	3.034%
Total	<u>\$ 265,213,600</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2016	\$245,062,850	\$242,574,200	1.83%
2017	240,325,600	248,755,300	2.55%
2018	230,794,900	238,618,100	-4.08%
2019	233,404,400	252,519,900	5.83%
2020	231,874,300	265,213,600	5.03%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

¹Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2019 Equalized Value¹	Percent of City's Total Equalized Value
Walmart Real Estate	Commercial	\$ 11,135,195	4.41%
Gross Brothers Enterprises	Commercial	5,615,878	2.22%
D&S Manufacturing	Industrial	4,741,539	1.88%
Pilot Travel Center	Commercial	4,625,558	1.83%
Pine View Holdings	Nursing Home / Rehab	4,498,464	1.78%
Spaulding Place Cooperative	Housing	4,082,009	1.62%
Black River Housing	Housing	3,305,203	1.31%
Krohn Clinic	Healthcare	3,279,201	1.30%
KT Real Estate Holdings	Commercial	3,194,508	1.27%
Land O Lakes Farmland Feed	Industrial	3,134,306	1.24%
Total		\$ 47,611,861	18.85%

City's Total 2019 Equalized Value²

\$252,519,900

Source: The City.

¹Calculated by dividing the 2019 Assessed Values by the 2019 Aggregate Ratio of assessment for the City.

²Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt	<u>\$ 2,257,411</u>
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Revenue Debt (see schedules following)

Total revenue debt secured by electric revenues (includes the Bonds)(see page 9)*	<u>\$10,666,601</u>
Total revenue debt secured by sewer revenues	<u>\$808,834</u>
Total revenue debt secured by water revenues	<u>\$383,778</u>
Total revenue debt secured by tax increment revenues	<u>\$1,210,000</u>

*Preliminary, subject to change.

¹Outstanding debt is as of the dated date of the Bonds.

**City of Black River Falls, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 12/09/2020)**

Refunding Bonds Series 2013A			Promissory Note Series 2016			Promissory Note Series 2018C			Promissory Note Series 2018D			Promissory Note Series 2018E		
Dated Amount			12/01/2016			01/19/2018			02/15/2018			02/15/2018		
	06/26/2013	\$995,000	\$260,000	\$308,000	\$73,000	\$133,000								
Maturity	12/01		12/01	01/19	04/16	04/16								
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	90,000	9,150	118,000	1,639	77,970	4,193	14,658	1,350	26,705	2,460				
2022	90,000	7,170			80,046	2,118	15,095	913	27,501	1,664				
2023	100,000	5,100					15,545	463	28,321	844				
2024	100,000	2,600												
2025														
2026														
2027														
2028														
2029														
	380,000	24,020	118,000	1,639	158,016	6,311	45,297	2,727	82,527	4,968				

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City of Black River Falls, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 12/09/2020)

Dated Amount	Maturity	Promissory Note Series 2018F		Promissory Note Series 2018G		State Trust Fund Loan Series 2019A		Promissory Note Series 2020		Total P & I	Total Interest	Total Principal	Principal Outstanding	% Paid	Calendar Year Ending
		05/02/2018 \$210,000	05/02	09/17/2018 \$359,000	10/17	12/03/2019 \$955,000	03/15	09/15/2020 \$165,000	09/15						
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest						
2021		41,966	3,866	71,921	8,319	85,404	39,796	40,230	2,760	640,387	73,534	566,854	1,690,557	25.11%	2021
2022		43,217	2,615	74,594	5,647	96,938	28,262	40,903	2,087	518,769	50,476	468,293	1,222,264	45.86%	2022
2023		44,506	1,327	77,366	2,875	100,088	25,111	41,587	1,403	444,537	37,124	407,413	814,851	63.90%	2023
2024						103,281	21,918	42,281	709	270,790	25,228	245,562	569,289	74.78%	2024
2025						106,698	18,502			125,200	18,502	106,698	462,591	79.51%	2025
2026						110,165	15,034			125,200	15,034	110,165	352,426	84.39%	2026
2027						113,746	11,454			125,200	11,454	113,746	238,680	89.43%	2027
2028						117,421	7,778			125,200	7,778	117,421	121,259	94.63%	2028
2029						121,259	3,941			125,200	3,941	121,259	0	100.00%	2029
		129,689	7,807	223,881	16,841	955,000	171,797	165,000	6,960	2,500,481	243,070	2,257,411			

**City of Black River Falls, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewer Revenues
(As of 12/09/2020)**

**Sewer System Revenue Bonds
(CWFL) 1)
Series 2006**

Dated Amount	10/25/2006 \$2,299,337								
Maturity	05/01								
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending	
2021	127,053	17,627	127,053	17,627	144,679	681,781	15.71%	2021	
2022	130,057	14,586	130,057	14,586	144,644	551,724	31.79%	2022	
2023	133,133	11,474	133,133	11,474	144,607	418,591	48.25%	2023	
2024	136,282	8,288	136,282	8,288	144,570	282,309	65.10%	2024	
2025	139,505	5,027	139,505	5,027	144,532	142,804	82.34%	2025	
2026	142,804	1,689	142,804	1,689	144,493	0	100.00%	2026	
	808,834	58,690	808,834	58,690	867,524				

**City of Black River Falls, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Water Revenues
(As of 12/09/2020)**

**Water System Revenue Bonds
(SDWFL) 1)
Series 2014**

Dated Amount	12/10/2014 \$506,560	Maturity	05/01								
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending			
2021	25,414	4,286	25,414	4,286	29,700	358,364	6.62%	2021			
2022	25,707	3,991	25,707	3,991	29,698	332,657	13.32%	2022			
2023	26,004	3,692	26,004	3,692	29,696	306,653	20.10%	2023			
2024	26,305	3,390	26,305	3,390	29,694	280,348	26.95%	2024			
2025	26,608	3,084	26,608	3,084	29,693	253,740	33.88%	2025			
2026	26,916	2,775	26,916	2,775	29,691	226,824	40.90%	2026			
2027	27,227	2,463	27,227	2,463	29,689	199,597	47.99%	2027			
2028	27,541	2,146	27,541	2,146	29,687	172,056	55.17%	2028			
2029	27,859	1,826	27,859	1,826	29,686	144,197	62.43%	2029			
2030	28,181	1,503	28,181	1,503	29,684	116,016	69.77%	2030			
2031	28,506	1,175	28,506	1,175	29,682	87,510	77.20%	2031			
2032	28,836	844	28,836	844	29,680	58,674	84.71%	2032			
2033	29,169	509	29,169	509	29,678	29,506	92.31%	2033			
2034	29,506	170	29,506	170	29,676	0	100.00%	2034			
	383,778	31,855	383,778	31,855	415,633						

**State Trust Fund Loan
Series 2019B**

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DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$ 265,213,600
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 13,260,680
Less: General Obligation Debt	<u>(2,257,411)</u>
Unused Debt Limit	<u><u>\$ 11,003,269</u></u>

OVERLAPPING DEBT¹

Taxing District	2020 Equalized Value ²	% In City	Total G.O. Debt ³	City's Proportionate Share
Jackson County	\$ 1,771,125,400	14.97%	\$ 5,200,000	\$ 778,664
Black River Falls School District	997,006,057	26.60%	18,060,000	4,804,141
Western Technical College District	23,278,611,234	1.14%	104,590,000	<u>1,191,594</u>
City's Share of Total Overlapping Debt				<u><u>\$ 6,774,398</u></u>

¹Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

²Includes tax increment valuation.

³Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$265,213,600	Debt/ Per Capita 3,573¹
Total General Obligation Debt	\$ 2,257,411	0.85%	\$ 631.80
City's Share of Total Overlapping Debt	<u>6,774,398</u>	<u>2.55%</u>	<u>1,896.00</u>
Total	\$ 9,031,809	3.41%	\$ 2,527.79

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City is in the process of issuing \$790,000* Sewer System Revenue Bonds and \$1,450,000* Water System Revenue Bonds to provide funds for portions of the Municipal Utility Building. Aside from the preceding the City has no current plans for additional financing in the next 12 months.

*Preliminary, subject to change.

¹Estimated 2020 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2015/16	\$1,885,822	100%	\$8.65
2016/17	1,960,760	100%	8.80
2017/18	2,024,395	100%	8.88
2018/19	2,008,710	100%	9.24
2019/20	2,081,110	100%	8.98

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. On April 15, 2020, Governor Tony Evers signed into law 2020 Wisconsin Act 185, which provides that for property taxes payable in 2020, a taxation district may, after making a general or case-by-case finding of hardship, choose to waive interest or penalties on property tax installment payments paid after April 1, 2020 but on or before October 1, 2020. In order to take such action, the county board of supervisors must first adopt a resolution authorizing such waiver and determining criteria for determining hardship and the taxation district must subsequently adopt a similar resolution. In the case of a county adopting such a resolution, the county shall proportionally settle with the taxation districts any taxes, interest and penalties collected on or before July 31, 2020 on August 20, 2020, and settle the remaining unpaid taxes, interest, and penalties on

September 20, 2020. The County and the City have not yet adopted such resolutions. The City cannot predict whether and how much payment of property taxes will be impacted by COVID-19 this year or in future years. Any delays or reduction in the receipt of property taxes may materially adversely impact the City's finances and payment of debt obligations, payable therefrom.

PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

Year Levied/ Year Collected	Schools¹	County	Local	Other²	Total
2015/16	\$11.03	\$6.53	\$8.65	\$0.19	\$26.40
2016/17	11.02	6.43	8.80	0.19	26.44
2017/18	10.98	6.38	8.88	0.18	26.42
2018/19	10.47	6.28	9.24	0.00	25.99
2019/20	10.43	6.20	8.98	0.00	25.61

Source: Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and

¹The Schools tax rate reflects the composite rate of all local school districts and technical college district.

²Includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties, in turn, apportion the tax to the tax districts within their borders on the basis of full value. It also includes taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included. State property taxes were eliminated in the State's 2017 - 2019 budget act.

by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

THE ISSUER

CITY GOVERNMENT

The City was incorporated in 1883 and is governed by a Mayor and an eight-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to two-year terms. The appointed City Administrator is responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 25 full-time, 51 part-time, and 24 seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2017 ("Fiscal Year 2017"), the fiscal year ended December 31, 2018 ("Fiscal Year 2018") and the fiscal year ended December 31, 2019 ("Fiscal Year 2019"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$201,470, \$209,758 and \$210,796 respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2016.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2018, the total pension liability of the WRS was calculated as \$100.3 billion and the fiduciary net position of the WRS was calculated as \$96.7 billion, resulting in a net pension liability of \$3.6 billion. The spread of COVID-19 has significantly impacted investment markets, which may impact the funded status of the WRS and future contribution requirements as a result (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2019, the City reported a liability of \$710,152 for its proportionate share of the net pension asset of the WRS. The net pension liability was measured as of December 31, 2018 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.01996108% of the aggregate WRS net pension liability as of December 31, 2018.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Black River Falls Professional Police Association	December 31, 2021
Teamsters	December 31, 2020

OTHER POST EMPLOYMENT BENEFITS

The City does not provide any other post employment benefits.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.

FUNDS ON HAND (as of September 30, 2020)

Fund	Total Cash and Investments
General	\$ 979,673
Special Revenue - TIF Districts	1,651,012
Debt Service	605,532
Capital Projects	217,428
Enterprise Funds - EMS	1,500,184
Total Funds on Hand	<u>\$ 4,953,829</u>

ENTERPRISE FUNDS

Revenues available for debt service for the City's enterprise funds have been as follows as of December 31 each year:

	2017	2018	2019
Water			
Total Operating Revenues	\$ 1,008,811	\$ 1,037,099	\$ 1,006,653
Less: Operating Expenses	<u>(1,069,493)</u>	<u>(730,124)</u>	<u>(779,476)</u>
Operating Income	\$ (60,682)	\$ 306,975	\$ 227,177
Plus: Depreciation	234,520	232,671	232,664
Interest Income	<u>9,318</u>	<u>8,311</u>	<u>8,410</u>
Revenues Available for Debt Service	<u><u>\$ 183,156</u></u>	<u><u>\$ 547,957</u></u>	<u><u>\$ 468,251</u></u>
Sewer			
Total Operating Revenues	\$ 977,333	\$ 1,016,363	\$ 964,792
Less: Operating Expenses	<u>(786,707)</u>	<u>(907,353)</u>	<u>(945,066)</u>
Operating Income	\$ 190,626	\$ 109,010	\$ 19,726
Plus: Depreciation	183,116	182,914	185,889
Interest Income	<u>3,166</u>	<u>3,677</u>	<u>5,036</u>
Revenues Available for Debt Service	<u><u>\$ 376,908</u></u>	<u><u>\$ 295,601</u></u>	<u><u>\$ 210,651</u></u>
Electric			
Total Operating Revenues	\$ 6,859,045	\$ 6,897,447	\$ 6,491,994
Less: Operating Expenses	<u>(6,202,095)</u>	<u>(6,186,926)</u>	<u>(5,922,557)</u>
Operating Income	\$ 656,950	\$ 710,521	\$ 569,437
Plus: Depreciation	550,504	574,687	586,415
Interest Income	<u>14,284</u>	<u>16,765</u>	<u>16,990</u>
Revenues Available for Debt Service	<u><u>\$ 1,221,738</u></u>	<u><u>\$ 1,301,973</u></u>	<u><u>\$ 1,172,842</u></u>
Ambulance			
Total Operating Revenues	\$ 898,763	\$ 991,126	\$ 1,011,376
Less: Operating Expenses	<u>(873,337)</u>	<u>(902,748)</u>	<u>(1,018,982)</u>
Operating Income	\$ 25,426	\$ 88,378	\$ (7,606)
Plus: Depreciation	84,787	98,034	100,068
Interest Income	<u>7,605</u>	<u>11,095</u>	<u>28,468</u>
Revenues Available for Debt Service	<u><u>\$ 117,818</u></u>	<u><u>\$ 197,507</u></u>	<u><u>\$ 120,930</u></u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete audited financial statements are available upon request. See Appendix A for the City's 2019 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2016 Audited	2017 Audited	2018 Audited	2019 Audited	2020 Adopted Budget ¹
Revenues					
Taxes	\$ 1,529,184	\$ 1,613,497	\$ 1,653,492	\$ 1,467,837	\$ 2,081,110
Intergovernmental	1,347,980	1,391,678	1,284,078	1,410,521	1,759,325
Licenses and permits	25,954	39,077	45,106	28,542	9,500
Fines, forfeitures and penalties	24,428	18,337	17,720	21,753	17,500
Public charges for services	213,561	180,417	142,783	165,185	0
Intergovernmental charges for services	0	2,500	0	0	6,500
Special assessments	5,058	132	505	3,086	0
Investment income	18,254	31,132	26,257	24,836	14,000
Miscellaneous general revenues	434,784	495,980	314,156	348,151	0
Total Revenues	<u>\$ 3,599,203</u>	<u>\$ 3,772,750</u>	<u>\$ 3,484,097</u>	<u>\$ 3,469,911</u>	<u>\$ 3,887,935</u>
Expenditures					
Current:					
General government	\$ 537,302	\$ 520,594	\$ 568,572	\$ 673,699	\$ 1,027,915
Public safety	1,068,459	1,042,499	1,063,203	976,405	850,778
Public works	1,061,430	1,048,678	1,077,933	1,130,854	855,342
Health and social services	5,147	5,226	6,813	38,127	0
Culture, recreation and education	1,054,839	1,040,900	948,499	1,032,433	213,400
Conservation and development	7,500	3,550	3,500	3,500	0
Capital outlay	376,924	133,212	191,438	3,057	540,500
Debt service	0	0	0	0	400,000
Total Expenditures	<u>\$ 4,111,601</u>	<u>\$ 3,794,659</u>	<u>\$ 3,859,958</u>	<u>\$ 3,858,075</u>	<u>\$ 3,887,935</u>
Excess of revenues over (under) expenditures	\$ (512,398)	\$ (21,909)	\$ (375,861)	\$ (388,164)	\$ 0
Other Financing Sources (Uses)					
Transfers in	621,533	621,823	625,412	830,225	
Transfers out	(1,000)	0	0	(5,484)	
Sale of property and equipment	0	0	25,923	16,727	
Debt issued	0	0	210,000	0	
Total Other Financing Sources (Uses)	<u>\$ 620,533</u>	<u>\$ 621,823</u>	<u>\$ 861,335</u>	<u>\$ 841,468</u>	
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 108,135	\$ 599,914	\$ 485,474	\$ 453,304	
General Fund Balance January 1	1,806,655	2,434,790 ²	3,034,704	3,520,178	
General Fund Balance December 31	<u>\$ 1,914,790</u>	<u>\$ 3,034,704</u>	<u>\$ 3,520,178</u>	<u>\$ 3,973,482</u>	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	17,652	37,644	28,877	29,741	
Restricted	261,582	285,251	279,491	289,348	
Assigned	1,396,423	1,592,772	1,700,446	1,731,272	
Unassigned	239,133	1,119,037	1,511,364	1,923,121	
Total	<u>\$ 1,914,790</u>	<u>\$ 3,034,704</u>	<u>\$ 3,520,178</u>	<u>\$ 3,973,482</u>	

¹The 2020 budget was adopted on November 20, 2019.

²Restated General Fund Balance: \$3,973,482.

GENERAL INFORMATION

LOCATION

The City of Black River Falls, with a 2010 U.S. Census population of 3,573 and a current estimated population of 3,512, comprises an area of 1,699 acres and is located approximately 130 miles southeast of the Minneapolis-St. Paul metropolitan area.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Ho-Chunk Nation	Tribal government and various businesses	1,526 ²
Millis Transfer, Inc.	Dry-van truckload carrier	350
Walmart	Retail	335
School District of Black River Falls	Elementary and secondary education	304
Jackson Correctional Institution	Correctional facility	289
Black River Memorial Hospital	Hospital	274
Leeson Electric Corp (Regal-Beloit)	Electric motor manufacturing	260
Jackson County	County government and services	230
Nelson Global Products, Inc.	Mufflers and silencers manufacturer	170
D & S Manufacturing	Machine tool manufacturer	170

Source: *ReferenceUSA, written and telephone survey (October 2020), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

¹This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "RISK FACTORS - Impact of the Spread of COVID-19").

²Enterprises owned and operated by the Ho-Chunk Nation include Ho-Chunk Gaming, Crockett's Resort and RV Park, Ho-Chunk Distribution Center, Ho-Chunk Cinemas, 5 Whitetail Crossing Convenience & Gas Stations, NiSini Bottled water, Da-xu Organic Coffee, Whirling Thunder Ranch, House of Wellness Fitness & Aquatic Center, and Ho-Chunk Sports and Expo Center.

BUILDING PERMITS

	2016	2017	2018	2019	2020 ¹
<u>New Single Family Homes</u>					
No. of building permits	1	2	1	1	2
Valuation	\$503	\$1,223	\$1,018	\$398	\$1,339
<u>New Multiple Family Buildings</u>					
No. of building permits	0	0	0	0	0
Valuation	\$0	\$0	\$0	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	3	4	1	4	1
Valuation	\$1,138	\$13,181	\$2,421	\$2,729	\$944
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	70	84	75	74	63
Valuation	\$17,053	\$27,648	\$31,309	\$14,983	\$13,999

Source: The City.

¹As of October 2, 2020.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census	3,618
2010 U.S. Census	3,622
2019 Estimated Population	3,573
Percent of Change 2000 - 2010	0.11%

Income and Age Statistics

	The City	Jackson County	State of Wisconsin	United States
2018 per capita income	\$24,775	\$26,037	\$32,018	\$32,621
2018 median household income	\$42,967	\$52,984	\$59,209	\$60,293
2018 median family income	\$69,266	\$67,132	\$75,313	\$73,965
2018 median gross rent	\$657	\$668	\$837	\$1,023
2018 median value owner occupied units	\$111,800	\$133,200	\$173,600	\$204,900
2018 median age	39.7 yrs.	41.6 yrs.	39.3 yrs.	37.9 yrs.
		State of Wisconsin	United States	
City % of 2018 per capita income		77.38%	75.95%	
City % of 2018 median family income		91.97%	93.65%	

Housing Statistics

	<u>The City</u>		
	2010	2018	Percent of Change
All Housing Units	1,911	1,704	-10.83%

Source: 2000 and 2010 Census of Population and Housing, and 2018 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Jackson County	Jackson County	State of Wisconsin
2016	9,891	4.4%	4.0%
2017	10,080	3.4%	3.3%
2018	10,237	3.1%	3.0%
2019	9,876	3.9%	3.3%
2020, August ¹	9,399	8.9%	6.1%

Source: Wisconsin Department of Workforce Development.

¹Preliminary.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

CITY OF BLACK RIVER FALLS

Black River Falls, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

CITY OF BLACK RIVER FALLS

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CITY OF BLACK RIVER FALLS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Black River Falls, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Black River Falls' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Black River Falls, Wisconsin, as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Black River Falls adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2020 on our consideration of the City of Black River Falls' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Black River Falls' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Black River Falls' internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Eau Claire, Wisconsin
May 26, 2020

CITY OF BLACK RIVER FALLS

STATEMENT OF NET POSITION As of December 31, 2019

	Primary Government			Component
	Governmental Activities	Business-type Activities	Totals	Unit Business Improvement District
ASSETS				
Cash and investments	\$ 5,855,805	\$ 3,714,928	\$ 9,570,733	\$ -
Receivables (net)				
Taxes	2,630,339	-	2,630,339	26,330
Accounts	81,699	1,184,056	1,265,755	-
Special assessments	11,068	-	11,068	-
Notes	763,022	-	763,022	-
Accrued interest	-	6,088	6,088	-
Other	-	11,745	11,745	-
Due from other governments	64,879	399,491	464,370	-
Internal balances	768,023	(768,023)	-	-
Prepaid items and inventories	-	291,305	291,305	-
Other assets	575,244	100,000	675,244	-
Restricted assets				
Restricted cash	-	1,186,142	1,186,142	-
Capital Assets (net of accumulated depreciation)				
Construction in progress	2,012,266	144,598	2,156,864	-
Land and land improvements	5,908,492	252,779	6,161,271	-
Other capital assets, net of depreciation	12,915,283	23,273,283	36,188,566	-
Total Assets	<u>31,586,120</u>	<u>29,796,392</u>	<u>61,382,512</u>	<u>26,330</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	108,702	108,702	-
Pension related amounts	890,234	1,037,442	1,927,676	-
Total Deferred Outflows of Resources	<u>890,234</u>	<u>1,146,144</u>	<u>2,036,378</u>	<u>-</u>
LIABILITIES				
Accounts payable	264,462	332,651	597,113	-
Accrued liabilities and deposits	47,351	132,504	179,855	-
Other deferred credits	-	10,792	10,792	-
Noncurrent Liabilities				
Due within one year	400,355	751,388	1,151,743	-
Due in more than one year	3,307,238	10,224,663	13,531,901	-
Total Liabilities	<u>4,019,406</u>	<u>11,451,998</u>	<u>15,471,404</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	2,616,647	-	2,616,647	26,330
Pension related amounts	452,761	535,688	988,449	-
Total Deferred Inflows of Resources	<u>3,069,408</u>	<u>535,688</u>	<u>3,605,096</u>	<u>26,330</u>
NET POSITION				
Net investment in capital assets	18,110,228	13,816,794	31,927,022	-
Restricted for				
Future fair park projects	159,090	-	159,090	-
Future library costs	130,258	-	130,258	-
Future TIF project costs	1,669,696	-	1,669,696	-
General debt service	332,986	-	332,986	-
Future housing loans	876,992	-	876,992	-
Future affordable housing projects	114,070	-	114,070	-
Debt and equipment replacement	-	744,884	744,884	-
Unrestricted	<u>3,994,220</u>	<u>4,393,172</u>	<u>8,387,392</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 25,387,540</u>	<u>\$ 18,954,850</u>	<u>\$ 44,342,390</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,066,797	\$ 28,616	\$ 49,218	\$ -
Public safety	1,060,066	21,753	53,880	-
Public works	1,597,883	26,212	488,138	-
Health and human services	38,127	-	-	-
Culture, education and recreation	1,430,955	142,035	317,770	55,021
Conservation and development	92,472	-	-	-
Interest and fiscal charges	36,651	-	-	-
Total Governmental Activities	<u>5,322,951</u>	<u>218,616</u>	<u>909,006</u>	<u>55,021</u>
Business-type Activities				
Electric Utility	6,274,482	6,491,994	-	15,514
Water Utility	838,728	1,006,653	-	3,225
Sewer Utility	968,811	964,792	-	-
Ambulance	1,018,982	1,011,376	-	-
Total Business-type Activities	<u>9,101,003</u>	<u>9,474,815</u>	<u>-</u>	<u>18,739</u>
Total Primary Government	<u>\$ 14,423,954</u>	<u>\$ 9,693,431</u>	<u>\$ 909,006</u>	<u>\$ 73,760</u>
Component Unit				
Business Improvement District	<u>\$ 29,830</u>	<u>\$ -</u>	<u>\$ 3,500</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 of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Business Improvement District
\$ (988,963)	\$ -	\$ (988,963)	\$ -
(984,433)	-	(984,433)	-
(1,083,533)	-	(1,083,533)	-
(38,127)	-	(38,127)	-
(916,129)	-	(916,129)	-
(92,472)	-	(92,472)	-
(36,651)	-	(36,651)	-
<u>(4,140,308)</u>	<u>-</u>	<u>(4,140,308)</u>	<u>-</u>
-	233,026	233,026	-
-	171,150	171,150	-
-	(4,019)	(4,019)	-
-	(7,606)	(7,606)	-
<u>-</u>	<u>392,551</u>	<u>392,551</u>	<u>-</u>
<u>(4,140,308)</u>	<u>392,551</u>	<u>(3,747,757)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,330)</u>
1,383,260	-	1,383,260	-
-	-	-	26,330
350,700	-	350,700	-
549,272	-	549,272	-
274,750	-	274,750	-
88,293	-	88,293	-
765,864	-	765,864	-
29,064	58,904	87,968	-
51,586	25,002	76,588	-
<u>3,492,789</u>	<u>83,906</u>	<u>3,576,695</u>	<u>26,330</u>
<u>366,448</u>	<u>(366,448)</u>	<u>-</u>	<u>-</u>
(281,071)	110,009	(171,062)	-
<u>25,668,611</u>	<u>18,844,841</u>	<u>44,513,452</u>	<u>-</u>
<u>\$ 25,387,540</u>	<u>\$ 18,954,850</u>	<u>\$ 44,342,390</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2019

	General Fund	Debt Service Fund	General Capital Projects Fund
ASSETS			
Cash and investments	\$ 3,265,889	\$ 558,907	\$ -
Receivables (net)			
Taxes	1,160,562	400,000	540,500
Accounts	81,699	-	-
Special assessments	-	-	11,068
Loans	-	-	-
Due from other governments	24,323	-	40,556
Due from other funds	745,689	-	-
Advances to other funds	-	109,967	-
Other assets	-	-	575,244
TOTAL ASSETS	<u>\$ 5,278,162</u>	<u>\$ 1,068,874</u>	<u>\$ 1,167,368</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 129,867	\$ -	\$ -
Accrued liabilities	27,943	-	-
Due to other funds	-	-	44,014
Total Liabilities	<u>157,810</u>	<u>-</u>	<u>44,014</u>
Deferred Inflows of Resources			
Unearned revenues	1,146,870	400,000	540,500
Unavailable revenues	-	-	626,868
Total Deferred Inflows of Resources	<u>1,146,870</u>	<u>400,000</u>	<u>1,167,368</u>
Fund Balances (Deficit)			
Nonspendable	29,741	-	-
Restricted	289,348	352,394	-
Assigned	1,731,272	316,480	-
Unassigned (deficit)	1,923,121	-	(44,014)
Total Fund Balances (Deficit)	<u>3,973,482</u>	<u>668,874</u>	<u>(44,014)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,278,162</u>	<u>\$ 1,068,874</u>	<u>\$ 1,167,368</u>

See accompanying notes to financial statements.

<u>TIF #3 Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 1,731,519	\$ 299,490	\$ 5,855,805
348,446	180,831	2,630,339
-	-	81,699
-	-	11,068
-	763,022	763,022
-	-	64,879
-	-	745,689
-	-	109,967
-	-	575,244
<u>\$ 2,079,965</u>	<u>\$ 1,243,343</u>	<u>\$ 10,837,712</u>

\$ 133,273	\$ 1,322	\$ 264,462
-	-	27,943
-	43,619	87,633
<u>133,273</u>	<u>44,941</u>	<u>380,038</u>

348,446	180,831	2,616,647
-	763,022	1,389,890
<u>348,446</u>	<u>943,853</u>	<u>4,006,537</u>

-	-	29,741
1,598,246	299,490	2,539,478
-	-	2,047,752
-	(44,941)	1,834,166
<u>1,598,246</u>	<u>254,549</u>	<u>6,451,137</u>

<u>\$ 2,079,965</u>	<u>\$ 1,243,343</u>	<u>\$ 10,837,712</u>
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See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2019

Total Fund Balances - Governmental Funds	\$ 6,451,137
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 III.D.	20,836,041
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	890,234
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(452,761)
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:	
Special assessments, taxes receivable, and due from other governments not yet due	51,624
Housing loans	763,022
Other assets held for sale	575,244
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	(3,238,943)
Vested compensated absences	(97,939)
Accrued interest	(19,408)
Landfill post closure costs	(56,000)
Net pension liability	<u>(314,711)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 25,387,540</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

	General Fund	Debt Service Fund	General Capital Projects Fund
REVENUES			
Taxes	\$ 1,467,837	\$ 350,700	\$ 274,750
Intergovernmental	1,410,521	-	-
Licenses and permits	28,542	-	-
Fines, forfeitures and penalties	21,753	-	-
Public charges for services	165,185	-	-
Special assessments	3,086	-	-
Investment income	24,836	4,039	-
Miscellaneous	348,151	-	7,500
Total Revenues	<u>3,469,911</u>	<u>354,739</u>	<u>282,250</u>
EXPENDITURES			
Current			
General government	673,699	-	-
Public safety	976,405	-	-
Public works	1,130,854	-	-
Health and human services	38,127	-	-
Culture, recreation and education	1,032,433	-	-
Conservation and development	3,500	-	-
Capital Outlay	3,057	-	312,676
Debt Service			
Principal retirement	-	358,961	-
Interest and fiscal charges	-	27,070	-
Total Expenditures	<u>3,858,075</u>	<u>386,031</u>	<u>312,676</u>
Excess (deficiency) of revenues over expenditures	<u>(388,164)</u>	<u>(31,292)</u>	<u>(30,426)</u>
OTHER FINANCING SOURCES (USES)			
Debt issued	-	-	-
Transfers in	830,225	-	5,484
Transfers out	(5,484)	-	-
Sale of property and equipment	16,727	-	-
Total Other Financing Sources (Uses)	<u>841,468</u>	<u>-</u>	<u>5,484</u>
Net Change in Fund Balances	453,304	(31,292)	(24,942)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>3,520,178</u>	<u>700,166</u>	<u>(19,072)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 3,973,482</u>	<u>\$ 668,874</u>	<u>\$ (44,014)</u>

See accompanying notes to financial statements.

<u>TIF #3 Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 338,121	\$ 211,151	\$ 2,642,559
17,111	8,555	1,436,187
-	-	28,542
-	-	21,753
-	-	165,185
-	-	3,086
-	189	29,064
-	13,489	369,140
<u>355,232</u>	<u>233,384</u>	<u>4,695,516</u>
-	381,564	1,055,263
-	-	976,405
-	-	1,130,854
-	-	38,127
-	-	1,032,433
2,237,272	56,427	2,297,199
-	-	315,733
-	124,922	483,883
-	16,851	43,921
<u>2,237,272</u>	<u>579,764</u>	<u>7,373,818</u>
<u>(1,882,040)</u>	<u>(346,380)</u>	<u>(2,678,302)</u>
2,165,000	-	2,165,000
-	114,070	949,779
-	(308,714)	(314,198)
-	-	16,727
<u>2,165,000</u>	<u>(194,644)</u>	<u>2,817,308</u>
282,960	(541,024)	139,006
<u>1,315,286</u>	<u>795,573</u>	<u>6,312,131</u>
<u>\$ 1,598,246</u>	<u>\$ 254,549</u>	<u>\$ 6,451,137</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds	\$	139,006
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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	315,733
Some capital outlay is not capitalized in the government-wide statements	(7,650)
Some functional expenditures were capitalized in the government-wide statements	1,991,433
Net book value of assets retired	(4,673)
Depreciation is reported in the government-wide statements	(890,336)

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	(2,165,000)
Principal repaid	483,883

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.

Change in accrued interest payable	7,270
Change in landfill post closure liability	4,000
Change in the vested compensated absences liability	(10,182)
Change in net pension liability and related pension deferred outflows/inflows of resources	(117,535)

Governmental funds report repayments of loans, notes, and other receivables as revenue and issuance of new loans, notes, and other receivables as expenditures. However, in the statement of activities, these amounts decrease or increase receivables.

New loans and other receivables recognized as expenditures on fund statements	13,508
Repayment of principal on loans, notes, and other receivables recognized as revenue on fund statements	(40,528)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	(281,071)
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See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2019

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Ambulance	
ASSETS					
Current Assets					
Cash and investments	\$ 1,024,637	\$ 1,007,690	\$ 254,915	\$ 1,427,686	\$ 3,714,928
Receivables (net)					
Accounts	578,104	87,980	128,117	389,855	1,184,056
Interest	4,130	1,958	-	-	6,088
Other	11,745	-	-	-	11,745
Due from other governments	399,491	-	-	-	399,491
Prepays items and inventories	240,658	41,239	9,408	-	291,305
Restricted Assets					
Redemption account	89,388	17,513	86,178	-	193,079
Total Current Assets	<u>2,348,153</u>	<u>1,156,380</u>	<u>478,618</u>	<u>1,817,541</u>	<u>5,800,692</u>
Noncurrent Assets					
Restricted Assets					
Reserve account	623,527	-	-	-	623,527
Replacement account	-	4,822	364,714	-	369,536
Capital Assets					
Construction in progress	117,760	26,838	-	-	144,598
Land and land improvements	71,257	94,478	87,044	-	252,779
Plant in service	21,775,981	10,847,529	5,442,695	1,130,365	39,196,570
Less: Accumulated depreciation	(8,497,829)	(4,095,778)	(2,790,580)	(539,100)	(15,923,287)
Other Assets					
Property held for future use	100,000	-	-	-	100,000
Total Noncurrent Assets	<u>14,190,696</u>	<u>6,877,889</u>	<u>3,103,873</u>	<u>591,265</u>	<u>24,763,723</u>
Total Assets	<u>16,538,849</u>	<u>8,034,269</u>	<u>3,582,491</u>	<u>2,408,806</u>	<u>30,564,415</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	70,256	38,446	-	-	108,702
Pension related amounts	528,519	143,450	137,654	227,819	1,037,442
Total Deferred Outflows of Resources	<u>598,775</u>	<u>181,896</u>	<u>137,654</u>	<u>227,819</u>	<u>1,146,144</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds					
	Electric Utility	Water Utility	Sewer Utility	Ambulance	Totals	
LIABILITIES						
Current Liabilities						
Accounts payable	\$ 323,284	\$ -	\$ -	\$ 9,367	\$ 332,651	
Deposits	41,884	-	-	-	41,884	
Other deferred credits	10,792	-	-	-	10,792	
Due to other funds	369,410	187,459	58,212	42,975	658,056	
Accrued interest	13,714	3,998	-	-	17,712	
Accrued liabilities	32,452	5,985	5,843	-	44,280	
Current portion of general obligation debt	14,229	120,924	-	-	135,153	
Current portion of revenue bonds	78,000	-	-	-	78,000	
Current portion of advances	16,040	5,259	4,996	-	26,295	
Current portion of vested compensated absences	-	-	-	12,236	12,236	
Current Liabilities Payable from Restricted Assets						
Current portion of revenue bonds	376,758	25,124	124,117	-	525,999	
Accrued interest	23,543	787	4,298	-	28,628	
Total Current Liabilities	<u>1,300,106</u>	<u>349,536</u>	<u>197,466</u>	<u>64,578</u>	<u>1,911,686</u>	
Noncurrent Liabilities						
Line of credit	313,400	-	-	-	313,400	
General obligation debt	45,297	462,527	-	-	507,824	
Unamortized debt premium	99,289	-	-	-	99,289	
Revenue bonds	7,631,373	383,777	808,834	-	8,823,984	
Advance from municipality	51,040	16,734	15,898	-	83,672	
Vested compensated absences	54,698	12,974	12,974	4,079	84,725	
Net pension liability	210,616	48,114	47,510	89,201	395,441	
Total Noncurrent Liabilities	<u>8,405,713</u>	<u>924,126</u>	<u>885,216</u>	<u>93,280</u>	<u>10,308,335</u>	
Total Liabilities	<u>9,705,819</u>	<u>1,273,662</u>	<u>1,082,682</u>	<u>157,858</u>	<u>12,220,021</u>	
DEFERRED INFLOWS OF RESOURCES						
Pension related amounts	<u>269,183</u>	<u>72,692</u>	<u>70,443</u>	<u>123,370</u>	<u>535,688</u>	
NET POSITION						
Net investment in capital assets	5,391,709	6,027,612	1,806,208	591,265	13,816,794	
Restricted for						
Debt and equipment replacement	276,742	21,548	446,594	-	744,884	
Unrestricted	<u>1,494,171</u>	<u>820,651</u>	<u>314,218</u>	<u>1,764,132</u>	<u>4,393,172</u>	
TOTAL NET POSITION	<u>\$ 7,162,622</u>	<u>\$ 6,869,811</u>	<u>\$ 2,567,020</u>	<u>\$ 2,355,397</u>	<u>\$ 18,954,850</u>	

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Ambulance	
OPERATING REVENUES	<u>\$ 6,491,994</u>	<u>\$ 1,006,653</u>	<u>\$ 964,792</u>	<u>\$ 1,011,376</u>	<u>\$ 9,474,815</u>
OPERATING EXPENSES					
Operation and maintenance	5,330,142	546,812	759,177	918,914	7,555,045
Depreciation	586,415	232,664	185,889	100,068	1,105,036
Amortization	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Total Operating Expenses	<u>5,922,557</u>	<u>779,476</u>	<u>945,066</u>	<u>1,018,982</u>	<u>8,666,081</u>
Operating Income (Loss)	<u>569,437</u>	<u>227,177</u>	<u>19,726</u>	<u>(7,606)</u>	<u>808,734</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	16,990	8,410	5,036	28,468	58,904
Interest expense	(302,020)	(21,379)	(23,745)	-	(347,144)
IRS Build America Bond interest subsidy	31,329	-	-	-	31,329
Amortization	2,639	(7,689)	-	-	(5,050)
Miscellaneous revenue	19,877	710	-	4,415	25,002
Miscellaneous expense	(10,634)	-	-	-	(10,634)
Loss on disposal of capital assets	<u>(73,239)</u>	<u>(30,184)</u>	<u>-</u>	<u>-</u>	<u>(103,423)</u>
Total Nonoperating Revenues (Expenses)	<u>(315,058)</u>	<u>(50,132)</u>	<u>(18,709)</u>	<u>32,883</u>	<u>(351,016)</u>
Income Before Contributions and Transfers	<u>254,379</u>	<u>177,045</u>	<u>1,017</u>	<u>25,277</u>	<u>457,718</u>
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	15,514	272,358	-	-	287,872
Transfers out	<u>(387,134)</u>	<u>(189,102)</u>	<u>(59,345)</u>	<u>-</u>	<u>(635,581)</u>
Total Contributions and Transfers	<u>(371,620)</u>	<u>83,256</u>	<u>(59,345)</u>	<u>-</u>	<u>(347,709)</u>
Change in Net Position	<u>(117,241)</u>	<u>260,301</u>	<u>(58,328)</u>	<u>25,277</u>	<u>110,009</u>
NET POSITION - Beginning of Year	<u>7,279,863</u>	<u>6,609,510</u>	<u>2,625,348</u>	<u>2,330,120</u>	<u>18,844,841</u>
NET POSITION - END OF YEAR	<u>\$ 7,162,622</u>	<u>\$ 6,869,811</u>	<u>\$ 2,567,020</u>	<u>\$ 2,355,397</u>	<u>\$ 18,954,850</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Ambulance	
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 6,495,220	\$ 736,855	\$ 972,482	\$ 1,001,269	\$ 9,205,826
Cash received from city	76,533	286,931	-	-	363,464
Paid to suppliers for goods and services	(4,544,260)	(339,054)	(546,950)	(275,957)	(5,706,221)
Paid to employees for services	(755,199)	(195,670)	(194,181)	(603,607)	(1,748,657)
Net Cash Flows From Operating Activities	<u>1,272,294</u>	<u>489,062</u>	<u>231,351</u>	<u>121,705</u>	<u>2,114,412</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Marketable securities sold	194,620	102,945	-	200,000	497,565
Marketable securities purchased	(201,497)	(110,445)	-	(225,525)	(537,467)
Investment income	<u>17,995</u>	<u>8,391</u>	<u>2,469</u>	<u>28,468</u>	<u>57,323</u>
Net Cash Flows From Investing Activities	<u>11,118</u>	<u>891</u>	<u>2,469</u>	<u>2,943</u>	<u>17,421</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Paid to municipality for tax equivalent	(371,283)	(188,025)	-	-	(559,308)
Transfers in (out)	(4,240)	-	(61,864)	-	(66,104)
Advances repaid	(15,575)	(5,107)	(4,851)	-	(25,533)
Interest paid on advances	<u>(2,464)</u>	<u>(808)</u>	<u>(767)</u>	<u>-</u>	<u>(4,039)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(393,562)</u>	<u>(193,940)</u>	<u>(67,482)</u>	<u>-</u>	<u>(654,984)</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Ambulance	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	\$ (459,893)	\$ (139,386)	\$ (170,180)	\$ -	\$ (769,459)
Interest paid	(294,815)	(21,877)	(24,079)	-	(340,771)
Capital contributions	13,742	-	-	-	13,742
Acquisition and construction of capital assets	(264,069)	(326,485)	(33,660)	(20,329)	(644,543)
Interest rebate received on bonds	<u>31,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,359</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(973,676)</u>	<u>(487,748)</u>	<u>(227,919)</u>	<u>(20,329)</u>	<u>(1,709,672)</u>
 Net Change in Cash and Cash Equivalents	 (83,826)	 (191,735)	 (61,581)	 104,319	 (232,823)
 CASH AND CASH EQUIVALENTS - Beginning of Year	 <u>1,272,334</u>	 <u>475,677</u>	 <u>600,084</u>	 <u>297,842</u>	 <u>2,645,937</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 1,188,508</u>	 <u>\$ 283,942</u>	 <u>\$ 538,503</u>	 <u>\$ 402,161</u>	 <u>\$ 2,413,114</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Totals
	Electric Utility	Water Utility	Sewer Utility	Ambulance	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 569,437	\$ 227,177	\$ 19,726	\$ (7,606)	\$ 808,734
Nonoperating revenue (expense)	9,243	710	-	4,415	14,368
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation and amortization	592,415	232,664	185,889	100,068	1,111,036
Depreciation charged to other accounts	(1,192)	9,807	(9,807)	-	(1,192)
Changes in assets, deferred outflows, liabilities and deferred inflows					
Accounts receivable	61,687	5,180	16,116	(14,522)	68,461
Other receivables	(326)	-	-	-	(326)
Inventories	(30,786)	(3,676)	-	-	(34,462)
Accounts payable	(9,598)	-	1,381	5,112	(3,105)
Due to other funds	(2,385)	1,436	-	49	(900)
Customer deposits	11,540	-	-	-	11,540
Accrued liabilities	5,265	906	1,859	(5,885)	2,145
Prepayments	(1,738)	(2,708)	(2,092)	-	(6,538)
Pension related deferrals and liability	68,732	17,566	18,279	40,074	144,651
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,272,294</u>	<u>\$ 489,062</u>	<u>\$ 231,351</u>	<u>\$ 121,705</u>	<u>\$ 2,114,412</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Ambulance</u>	<u>Totals</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Cash and investments - statement of net position	\$ 1,024,637	\$ 1,007,690	\$ 254,915	\$ 1,427,686	\$ 3,714,928
Redemption account	89,388	17,513	86,178	-	193,079
Reserve account	623,527	-	-	-	623,527
Replacement account	<u>-</u>	<u>4,822</u>	<u>364,714</u>	<u>-</u>	<u>369,536</u>
Total Cash and Investments	1,737,552	1,030,025	705,807	1,427,686	4,901,070
Less: Noncash equivalents	<u>(549,044)</u>	<u>(746,083)</u>	<u>(167,304)</u>	<u>(1,025,525)</u>	<u>(2,487,956)</u>
CASH AND CASH EQUIVALENTS	<u><u>\$ 1,188,508</u></u>	<u><u>\$ 283,942</u></u>	<u><u>\$ 538,503</u></u>	<u><u>\$ 402,161</u></u>	<u><u>\$ 2,413,114</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Municipality-financed additions to utility plant	<u><u>\$ -</u></u>	<u><u>\$ 269,133</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	
Customer-financed additions to utility plant	<u><u>\$ -</u></u>	<u><u>\$ 3,225</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2019

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	\$ 1,395,159
Taxes receivable	<u>2,488,154</u>
Total Assets	<u>3,883,313</u>
LIABILITIES	
Due to other taxing units	<u>3,883,313</u>
Total Liabilities	<u>3,883,313</u>
TOTAL NET POSITION	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2019

	Custodial Funds
ADDITIONS	
Property taxes collected for other governments	\$ 2,244,661
License and registration fees collected for other governments	129,056
Total Additions	<u>2,373,717</u>
DEDUCTIONS	
Property taxes distributed to other governments	2,244,661
License and registration fees distributed to other governments	129,056
Total Deductions	<u>2,373,717</u>
Change in Fiduciary Net Position	-
NET POSITION - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CITY OF BLACK RIVER FALLS

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CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Black River Falls, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the city. The reporting entity for the city consists of the primary government and its component 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.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Business Improvement District of the City of Black River Falls

The government-wide financial statements include the Business Improvement District of the City of Black River Falls ("BID") as a component unit. The BID is a legally separate organization. The board of the BID is appointed by the mayor and approved by the City Council of the City of Black River Falls. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the BID, and also create a potential financial benefit to or burden on the city. See Note III.I. 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, 2019. The BID does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

In June 2018, the GASB issued statement No. 89 - *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This standard was implemented January 1, 2019.

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.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

Government-Wide Financial Statements (cont.)

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:

- 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
- 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.
- In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

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

The city reports the following major governmental funds:

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

The city reports the following major governmental funds: (cont.)

General Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities.
Tax Incremental District (TID) No. 3 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

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 - accounts for operations of the city's ambulance service

The city reports the following nonmajor governmental funds:

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

Revolving Housing Fund
Affordable Housing Fund

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

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

In addition, the city reports the following fund type:

Custodial Funds - 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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

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.

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

1. Deposits and Investments

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

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

- Time deposits in any credit union, bank, savings bank or trust company.
- 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.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

1. Deposits and Investments (cont.)

- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

The city has adopted an investment policy. That policy follows the state statute for allowable investments, but also considers commercial paper (rated in the highest tier by a nationally recognized rating agency) and securities having any of the three highest rating categories (rated by any rating agency) as allowable investments.

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January¹. 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 - 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale - 2019 delinquent real estate taxes	October 2022

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

2. Receivables (cont.)

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.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The city has received grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The city records a loan receivable when the loan has been made and funds have been disbursed.

It is the city's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year-end are presented as restricted fund balance in the fund financial statements.

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on lower of cost or market utilizing the average cost method, and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets, \$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, 2019, the city has not retroactively reported any infrastructure.

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

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

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

5. Capital Assets (cont.)

Fund Financial Statements

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

6. Deferred Outflows of Resources

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

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

7. Compensated Absences

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

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

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, 2019, are determined on the basis of current salary rates and include salary related payments.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

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

8. 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, landfill post-closure liability, and net pension liability.

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year-end is shown as an increase or decrease in the liability section of the statement of net position.

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

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

- 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.
- 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.
- 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.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

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

10. Equity Classifications (cont.)

Fund Statements

Governmental fund balances are displayed as follows:

- 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.
- 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.
- 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.
- 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.
- Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

See Note III. H, for further information.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

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

11. Pension

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

12. Basis for Existing Rates

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

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

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

Current ambulance rates became effective as follows:

Rate	Date Adopted
BLS Base Rate	December 18, 2018
ALS Base Rate	December 18, 2018
BLS Mileage Rate	May 18, 2016
ALS Mileage Rate	May 18, 2016

13. Other Assets

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

The balance in the electric utility represents \$100,000 for land purchased as the site for a future utility office building.

14. Other Deferred Credits

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

CITY OF BLACK RIVER FALLS
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund	\$ 3,302,337	\$ 3,858,075	\$ 555,738
Debt Service	350,700	386,031	35,331
General Capital Projects	274,750	312,676	37,926

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

C. DEFICIT BALANCES

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

As of December 31, 2019, the following individual funds held a deficit balance:

Fund	Amount	Reason
General Capital Projects	\$ 44,014	Expenditures in excess of revenues
TIF #4	15,186	Expenditures in excess of revenues
TIF #5	10,302	Expenditures in excess of revenues
TIF #7	19,453	Expenditures in excess of revenues

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

The general capital projects fund deficit is anticipated to be funded with general tax revenues and sales of land in the Lallalapooza development.

CITY OF BLACK RIVER FALLS
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 12,063,016	\$ 12,162,245	Custodial credit
LGIP	88,618	88,618	Credit
Petty cash	400	-	N/A
Total Deposits and Investments	\$ 12,152,034	\$ 12,250,863	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 9,570,733		
Restricted cash and investments	1,186,142		
Per statement of fiduciary net position			
Custodial Funds	1,395,159		
Total Deposits and Investments	\$ 12,152,034		

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.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

The city maintains collateral agreements with its banks. At December 31, 2019, the banks had pledged various government securities in the amount of \$6,635,179 to secure the city's deposits and \$3,088,192 to secure the utilities' deposits.

Custodial Credit Risk

Deposits

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

As of December 31, 2019, \$1,239,655 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,239,655
Total	\$ 1,239,655

Investments

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

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

Credit Risk

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

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

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$51,624 in the general capital projects fund and \$757,628 in nonmajor governmental funds.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

B. RECEIVABLES (cont.)

Receivables in the nonmajor governmental funds are shown net of a \$75,532 allowance for uncollectibles. Receivables in the ambulance fund are shown net of a \$384,861 allowance for uncollectibles.

Revenues of the ambulance fund are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to revenues of the current period	\$ 96,926
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Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 2,616,647	\$ -
Special assessments, taxes receivable, and due from other governments not yet due	-	51,624
Other assets held for sale	-	575,244
Housing loans	-	763,022
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 2,616,647	\$ 1,389,890

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2019:

Restricted Assets	
Redemption account	\$ 193,079
Reserve account	623,527
Replacement account	369,538
Total Restricted Assets	<u>1,186,142</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land and land improvements	\$ 5,910,298	\$ -	\$ 1,806	\$ 5,908,492
Construction in progress	88,373	1,923,893	-	2,012,266
Total Capital Assets Not Being Depreciated	<u>5,998,671</u>	<u>1,923,893</u>	<u>1,806</u>	<u>7,920,758</u>
Capital assets being depreciated				
Land improvements	1,070,449	-	-	1,070,449
Buildings	11,156,329	25,900	-	11,182,229
Machinery and equipment	5,287,510	243,099	138,492	5,392,117
Roads	5,759,151	106,624	-	5,865,775
Curb and gutter	145,157	-	-	145,157
Storm sewer	478,605	-	-	478,605
Sanitary sewer	1,014,583	-	-	1,014,583
Street lighting	66,219	-	-	66,219
Bridges	617,988	-	-	617,988
Total Capital Assets Being Depreciated	<u>25,595,991</u>	<u>375,623</u>	<u>138,492</u>	<u>25,833,122</u>
Total Capital Assets	<u>31,594,662</u>	<u>2,299,516</u>	<u>140,298</u>	<u>33,753,890</u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

Governmental Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Less: Accumulated depreciation for				
Land improvements	\$ (361,595)	\$ (46,405)	\$ -	\$ (408,000)
Buildings	(5,179,890)	(302,685)	-	(5,482,585)
Machinery and equipment	(3,582,911)	(220,707)	135,625	(3,667,993)
Roads	(2,275,198)	(251,908)	-	(2,527,106)
Curb and gutter	(52,596)	(4,785)	-	(57,381)
Storm sewer	(190,850)	(15,756)	-	(206,606)
Sanitary sewer	(424,569)	(33,513)	-	(458,082)
Street lighting	(21,359)	(2,207)	-	(23,566)
Bridges	(74,160)	(12,360)	-	(86,520)
Total Accumulated Depreciation	<u>(12,163,128)</u>	<u>(890,335)</u>	<u>135,625</u>	<u>(12,917,839)</u>
Net Capital Assets Being Depreciated	<u>13,432,863</u>	<u>(514,713)</u>	<u>2,867</u>	<u>12,915,283</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 19,431,634</u>	<u>\$ 1,409,180</u>	<u>\$ 4,673</u>	<u>\$ 20,835,041</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 13,631
Public safety	48,439
Public works	458,590
Culture, recreation and education	369,676
Total Governmental Activities Depreciation Expense	<u>\$ 890,336</u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Electric				
Capital assets not being depreciated				
Land and land rights	\$ 71,257	\$ -	\$ -	\$ 71,257
Construction in progress	181,353	461,789	525,382	117,760
Total Capital Assets Not Being Depreciated	252,610	461,789	525,382	189,017
Capital assets being depreciated/amortized				
Intangible	244,513	-	-	244,513
Hydraulic production	12,901,914	36,409	32,824	12,905,499
Other production	198,820	-	-	198,820
Transmission	361,280	-	-	361,280
Distribution	7,005,698	301,488	64,892	7,242,294
Administrative and general assets	881,308	1,477	59,210	823,575
Total Capital Assets Being Depreciated/Amortized	21,593,533	339,374	156,926	21,775,981
Total Capital Assets	21,846,143	801,163	682,308	21,964,998
Less: Accumulated depreciation/amortization for				
Intangible	(124,524)	(6,000)	-	(130,524)
Hydraulic production	(2,763,183)	(285,233)	39,181	(3,009,235)
Other production	(198,816)	-	-	(198,816)
Transmission	(289,494)	(6,941)	-	(296,435)
Distribution	(4,089,860)	(247,380)	105,292	(4,231,948)
Administrative and general assets	(644,408)	(45,861)	39,210	(650,859)
Total Accumulated Depreciation/Amortization	(8,110,287)	(591,225)	203,683	(8,497,829)
Net Capital Assets Being Depreciated/Amortized	13,483,246	(251,851)	(46,757)	13,278,162
Net Electric Capital Assets	\$ 13,735,856	\$ 209,938	\$ 478,625	\$ 13,467,169

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated				
Land and land rights	\$ 94,478	\$ -	\$ -	\$ 94,478
Construction in progress	63,289	378,778	415,229	26,838
Total Capital Assets Not Being Depreciated	157,767	378,778	415,229	121,316
Capital assets being depreciated				
Source of supply	594,473	49,015	22,057	621,431
Pumping	1,807,927	5,244	2,674	1,810,497
Treatment	270,581	1,184	804	271,161
Transmission and distribution	7,310,129	555,712	125,697	7,740,144
General	424,752	11,928	32,384	404,295
Total Capital Assets Being Depreciated	10,407,862	623,083	183,416	10,847,529
Total Capital Assets	10,565,629	1,001,861	598,645	10,968,845
Less: Accumulated depreciation for				
Source of supply	(359,117)	(17,367)	22,057	(354,427)
Pumping	(963,287)	(62,605)	2,674	(1,023,218)
Treatment	(82,858)	(8,946)	804	(91,200)
Transmission and distribution	(2,247,724)	(140,192)	107,986	(2,279,930)
General	(365,764)	(13,623)	32,384	(347,003)
Total Accumulated Depreciation	(4,018,750)	(242,733)	165,705	(4,095,778)
Net Capital Assets Being Depreciated	6,389,112	380,350	17,711	6,751,751
Net Water Capital Assets	\$ 6,546,879	\$ 759,128	\$ 432,940	\$ 6,873,067

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
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	5,133,777	29,406	20,852	5,142,351
General	221,666	4,253	22,803	203,116
Total Capital Assets Being Depreciated	<u>5,452,671</u>	<u>33,659</u>	<u>43,635</u>	<u>5,442,695</u>
Total Capital Assets	<u>5,539,715</u>	<u>33,659</u>	<u>43,635</u>	<u>5,529,739</u>
Less: Accumulated depreciation for Sewer plant	<u>(2,658,134)</u>	<u>(176,081)</u>	<u>43,635</u>	<u>(2,790,580)</u>
Net Capital Assets Being Depreciated	<u>2,794,537</u>	<u>(142,422)</u>	<u>-</u>	<u>2,652,115</u>
Net Sewer Capital Assets	<u>\$ 2,881,581</u>	<u>\$ (142,422)</u>	<u>\$ -</u>	<u>\$ 2,739,159</u>
Ambulance				
Capital assets being depreciated				
Machinery and equipment	1,130,365			1,130,365
Less: Accumulated depreciation for Machinery and equipment	<u>(439,032)</u>	<u>(100,068)</u>	<u>-</u>	<u>(539,100)</u>
Net Ambulance Capital Assets	<u>\$ 691,333</u>	<u>\$ (100,068)</u>	<u>\$ -</u>	<u>\$ 591,265</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 23,855,649</u>	<u>\$ 726,576</u>	<u>\$ 911,565</u>	<u>\$ 23,670,660</u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Electric	\$ 586,415
Water	232,664
Sewer	185,889
Ambulance	100,068
Total Business-type Activities Depreciation/Amortization Expense	<u>\$ 1,105,036</u>

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

	Receivable Fund	Payable Fund	Amount Due Within One Year
General Fund		General Capital Projects	\$ 44,014
General Fund		Electric Utility	369,410
General Fund		Water Utility	187,459
General Fund		Sewer Utility	58,212
General Fund		Ambulance	42,975
General Fund		TIF #4	13,878
General Fund		TIF #5	10,302
General Fund		TIF #7	19,439
Total - Fund Financial Statements			745,689
Less: Fund eliminations			(87,633)
Add: Interfund advances			109,967
Total Internal Balances - Government-Wide Statement of Net Position			<u>\$ 768,023</u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

Interfund Receivables/Payables (cont.)

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

Advances

The debt service fund is advancing funds to the electric, water, and sewer utilities. The amount advanced is determined by the amount of unfunded pension costs. The interest rate being charged on this advance is 2.94%.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Debt Service Fund	Electric Utility	\$ 67,080	\$ 51,040
Debt Service Fund	Water Utility	21,993	16,734
Debt Service Fund	Sewer Utility	20,894	15,898
Total		\$ 109,967	

Years	Principal	Interest
2020	\$ 26,285	\$ 3,278
2021	27,071	2,501
2022	27,865	1,887
2023	28,716	856
Totals	\$ 109,967	\$ 8,322

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Electric Utility	\$ 4,240	Return on city's investment
General Fund	Electric Utility	382,894	Property tax equivalent
General Fund	Water Utility	189,102	Property tax equivalent
General Fund	Sewer Utility	59,345	Assist city with cost of maintenance of collection system
General Fund	TIF #1	194,644	Refund of TIF increment to overlying taxing district
General Capital Projects Fund	General Fund	5,484	Purchase of playground equipment
Affordable Housing Fund	TIF #1	114,070	TIF increment collected to fund affordable housing projects
Total - Fund Financial Statements		949,779	
Less: Fund eliminations		(314,198)	
Less: Government-wide transfer of capital assets		(269,133)	
Total Transfers - Government-Wide Statement of Activities		\$ 366,448	

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, 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	\$ 1,557,826	\$ 2,165,000	\$ 483,883	\$ 3,238,943	\$ 322,801
Sub-totals	1,557,826	2,165,000	483,883	3,238,943	322,801
Other Liabilities					
Vested compensated absences	87,757	142,912	132,730	97,939	73,454
Landfill post-closure liability	60,000	-	4,000	56,000	4,000
Net pension liability	-	314,711	-	314,711	-
Total Other Liabilities	147,757	457,623	136,730	468,650	77,454
Total Governmental Activities Long-Term Liabilities	\$ 1,705,583	\$ 2,622,623	\$ 620,613	\$ 3,707,593	\$ 400,355
Business-type Activities					
Bonds and Notes Payable					
General obligation debt from direct borrowings and direct placements	\$ 565,000	\$ -	\$ 90,000	\$ 475,000	\$ 95,000
Revenue debt from direct borrowings and direct placements	254,830	-	86,853	167,977	40,153
Line of credit (Discounts)/Premiums	3,875,000	-	280,000	3,595,000	285,000
Sub-totals	6,145,489	-	312,506	5,832,983	318,989
Other Liabilities	313,400	-	-	313,400	-
Vested compensated absences	108,315	-	9,026	99,289	-
Construction advances for construction	11,262,134	-	778,485	10,483,649	739,152
Total Other Liabilities	12,683,849	-	-	12,683,849	-
Total Business-type Activities Long-Term Liabilities	\$ 11,365,715	\$ 1,892,630	\$ 2,282,584	\$ 10,975,061	\$ 751,386

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, 2019, was \$12,625,995. Total general obligation debt outstanding at year-end was \$3,881,920.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

Governmental Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
General Obligation Debt					
Promissory Note	May-15	May-20	2.00%	\$ 290,000	60,287*
Promissory Note	Oct-17	Dec-21	1.37%	260,000	142,000*
Promissory Note	Jan-18	Jan-23	2.94%	271,000	219,933*
Promissory Note	Jan-22	Jan-22	2.61%	308,000	233,965*
Promissory Note	May-18	May-23	2.94%	210,000	124,562*
Promissory Note	Sep-18	Oct-23	3.67%	359,000	293,196*
State Trust Fund Loan	Dec-19	Mar-29	3.25%	955,000	955,000*
State Trust Fund Loan	Dec-19	Mar-29	4.25%	1,210,000	1,210,000*
Total Governmental Activities - General Obligation Debt					\$ 3,238,943
Business-type Activities					
General Obligation Debt					
Refunding Bonds	Jun-13	Dec-24	0.5-2.6%	\$ 995,000	\$ 475,000
Refunding Note	Feb-18	Feb-23	2.94%	73,000	59,526*
Refunding Note	Feb-18	Feb-23	2.94%	133,000	108,451*
Total Business-type Activities - General Obligation Debt					\$ 642,977

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities	
	Principal	Interest
2020	\$ 95,000	\$ 10,955
2021	90,000	9,150
2022	90,000	7,170
2023	100,000	5,100
2024	100,000	2,600
Totals	\$ 475,000	\$ 34,975

Years	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 322,901	\$ 31,979	\$ 40,153	\$ 5,021
2021	551,808	126,638	41,363	3,810
2022	468,340	89,111	42,596	2,577
2023	359,107	71,707	43,865	1,307
2024	232,680	58,749	-	-
2025-2029	1,304,107	153,031	-	-
Totals	\$ 3,238,943	\$ 531,215	\$ 167,977	\$ 12,715

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 2019 was \$737,755. Total customer net revenues as defined for 2019 were \$1,210,171. Annual principal and interest payments are expected to require 34% of net revenues on average.

The water utility revenues net of specified operating expenses are pledged as security of the water revenue bonds until the bonds are defeased. Principal and interest paid for 2019 was \$29,703. Total customer net revenues as defined for 2019 were \$468,251. Annual principal and interest payments are expected to require 6% of net revenues on average.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

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 2019 was \$144,748. Total customer net revenues as defined for 2019 were \$210,651. Annual principal and interest payments are expected to require 69% of net revenues on average.

Revenue debt payable at December 31, 2019, consists of the following:

Business-type Activities Revenue Debt

Electric Utility	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
Revenue Bond	Dec-10	Jun-47	3.75%	\$ 5,000,000	4,189,131*
Revenue Bond	Dec-10	Jan-20	0.00%	500,000	50,000*
Revenue Bond	May-14	Dec-30	2.0-5.0%	5,045,000	3,595,000
Revenue Bond	Jan-18	Jan-28	0.00%	280,000	252,000*
Total Electric Utility					8,086,131
Water Utility					
Revenue Bond	Dec-14	May-34	1.16%	\$ 506,560	408,901*
Sewer Utility					
Revenue Bond	Oct-06	May-26	2.37%	2,299,337	932,951*
Total Business-type Activities - Revenue Debt					\$ 9,427,983

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2020	\$ 285,000	\$ 124,755
2021	295,000	117,630
2022	300,000	110,255
2023	305,000	101,255
2024	315,000	92,105
2025-2029	1,735,000	302,386
2030	350,000	18,000
Totals	\$ 3,595,000	\$ 865,395

Years	Business-type Activities Revenue Debt from Direct Borrowings and Direct Placements	
	Principal	Interest
2020	\$ 318,999	\$ 181,417
2021	275,698	174,682
2022	282,600	167,741
2023	289,714	160,589
2024	297,047	153,218
2025-2029	1,126,343	663,127
2030-2034	861,722	526,675
2035-2039	863,999	376,001
2040-2044	1,040,375	199,625
2045-2047	476,486	22,681
Totals	\$ 5,832,983	\$ 2,625,766

Other Debt Information

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information (cont.)

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

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

The city's remaining General Obligation debt from direct borrowings and/or direct placements related to governmental activities with balances totaling \$1,073,943, contain provisions that if the city fails to pay any amount due, then the unpaid balance shall, at the option of the lender, without notice, mature and become immediately payable.

The utilities' outstanding debt from direct borrowings and/or direct placements of \$4,189,131, 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 \$1,341,852, 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 \$302,000 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 \$167,977 contain several conditions under which outstanding amounts may mature and become immediately payable, including if the lender deems itself insecure.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt

On October 16, 2016, the city, on behalf of the utilities, established a line of credit of \$1,000,000 to finance electric utility repairs. During 2019, the utilities did not make any draws or repayments on the line of credit. As a result, the 2018 balance of \$313,400 is still outstanding at the end of the year. The current line of credit expires on October 16, 2020 and bears an interest rate of 2.15%. The maximum amount that can be drawn in the future is \$430,659. The credit agreement contains a provision that upon an event of default, the total unpaid balance may become immediately due and payable and the lender's obligation to make loans under the agreement shall terminate.

G. 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 \$56,000 reported as landfill closure and postclosure care liability at December 31, 2019, 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.

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2019, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 5,908,492
Construction in progress	2,012,266
Other capital assets, net of accumulated depreciation	12,915,283
Less: Long-term debt outstanding	(3,238,943)
Plus: Noncapital debt proceeds	513,130
Total Net Investment in Capital Assets	<u>\$ 18,110,228</u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2019, include the following:

	General Fund	Debt Service Fund	General Capital Projects Fund	TIF #3	Nonmajor Funds	Totals
Fund Balances						
Nonspendable:						
Non-current interfunds	\$ 29,741	\$ -	\$ -	\$ -	\$ -	\$ 29,741
Restricted for:						
Fair park	159,090	-	-	-	-	159,090
Library	130,258	-	-	-	-	130,258
TIF project costs	-	-	-	1,598,246	71,450	1,669,696
Debt service	-	352,394	-	-	-	352,394
Loans	-	-	-	-	113,970	113,970
Affordable housing	-	-	-	-	114,070	114,070
Assigned to:						
Superfund	539,757	-	-	-	-	539,757
Economic development	678,542	-	-	-	-	678,542
Fair Park projects	215,313	-	-	-	-	215,313
Lunda Community Park	194,106	-	-	-	-	194,106
License plates	35,488	-	-	-	-	35,488
Taxi services	68,066	-	-	-	-	68,066
Debt service	-	316,480	-	-	-	316,480
Unassigned (deficit):	1,923,121	-	(44,014)	-	(44,941)	1,834,166
Total Fund Balances (Deficit)	\$ 3,973,482	\$ 668,874	\$ (44,014)	\$ 1,598,246	\$ 254,549	\$ 6,451,137

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 252,779
Construction in progress	144,598
Other capital assets, net of accumulated depreciation	23,273,283
Less: Capital-related long-term debt outstanding	(10,275,909)
Add: Unamortized debt discount (premium)	(99,289)
Add: Deferred charge on refunding	108,702
Add: Unspent proceeds	412,630
Total Net Investment in Capital Assets	<u>\$ 13,816,794</u>

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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

I. 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, 2019, the BID had unearned revenues of \$26,330 related to property taxes receivable for the subsequent year.

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 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 Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

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.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Final average earnings is the average of the participant's three highest annual earnings periods. 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:

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and 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 \$209,758 in contributions from the city.

Contribution rates for the plan year reported as of December 31, 2019 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the city reported a liability of \$710,152 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the city's proportion was 0.01996108%, which was an increase of 0.00066838% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2019, the city recognized pension expense of \$462,975.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 553,101	\$ 977,684
Changes in assumptions	119,705	-
Net differences between projected and actual earnings on pension plan investments	1,037,129	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,945	10,765
Employer contributions subsequent to the measurement date	210,796	-
Totals	\$ 1,927,676	\$ 988,449

\$210,796 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 266,809
2021	65,335
2022	113,149
2023	283,138

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
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. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
Variable Fund Asset Class			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%
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. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 3.71%. 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension liability (asset)	\$2,822,221	\$710,152	\$860,334

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

At December 31, 2019, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

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 \$50.24 per pay period for an annual maximum of \$1,306.24. Family plans have a \$114.43 per pay period deduction with an annual maximum deduction of \$2,875.18. 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 2019 were \$0. Claims incurred and paid during 2019 were \$72,554.

The utilities are also self-insured for unemployment compensation obligations as permitted under Wisconsin Statutes. Annual expenditures by the utilities for claims during 2019 were immaterial. The utilities are self-insured for boiler and machinery insurance as well.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

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

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

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

Long-Term Contracts - WPPI Energy

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

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.

Forty-nine members, representing approximately 98% of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining two members have long-term contracts 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 \$324 million as of December 31, 2019.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Other

The city owns land which was previously used for the disposal of municipal solid waste. The Wisconsin Department of Natural Resources (DNR) contends the former solid waste sites caused groundwater pollution. The city is of the opinion that the current monitoring plan approved by the DNR will preclude any forfeitures, damages, or other expenses being imposed on the city by the DNR. At this point it is doubtful any insurance coverage exists for any potential losses incurred by the city. See Note III.G. for additional information concerning the monitoring plan.

D. JOINT VENTURES

Black River Falls Rural Fire Department

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

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 \$8,440 in 2019.

Summary financial information of the department was not available as of December 31, 2019.

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

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

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 2019.

Summary financial information of the airport as of December 31, 2019 is available from the City Clerk's office at 101 S. 2nd Street, Black River Falls, WI 54615.

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

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

E. SUBSEQUENT EVENT

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including areas impacting the city. The city's evaluation of the effects of these events is ongoing; however, based on current information, it is believed this situation could result in potential decreases in the following city revenue sources: building permits, recreation program fees, aquatic center fees, and motel taxes, among others.

The extent of the impact of COVID-19 on the city's operational and financial performance will depend on future developments, including the duration and spread of the outbreak, and related governmental or other regulatory actions.

F. ECONOMIC DEPENDENCY

Water Utility

The water utility has one significant customer who was responsible for 29% of operating revenues in 2019.

Sewer Utility

The sewer utility has one significant customer who was responsible for 27% of operating revenues in 2019.

CITY OF BLACK RIVER FALLS

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

G. 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*

When they become effective, application of these standards may restate portions of these financial statements. The statements listed above had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BLACK RIVER FALLS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (NON-GAAP) For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,288,335	\$ 1,304,357	\$ 16,022
Intergovernmental	1,202,902	1,241,535	38,633
Licenses and permits	8,000	28,542	20,542
Fines, forfeitures and penalties	20,400	21,753	1,353
Public charges for services	6,000	20,333	14,333
Special assessments	-	3,086	3,086
Investment income	10,000	19,568	9,568
Miscellaneous	62,500	208,215	145,715
Total Revenues	2,598,137	2,847,389	249,252
EXPENDITURES			
Current			
General government	592,880	673,699	(80,819)
Public safety	1,117,920	968,131	149,789
Public works	934,947	941,825	(6,878)
Health and human services	8,000	38,127	(30,127)
Culture, recreation and education	536,090	607,336	(71,246)
Capital Outlay	4,000	3,057	943
Total Expenditures	3,193,837	3,232,175	(38,338)
Excess (deficiency) of revenues over (under) expenditures	(595,700)	(384,786)	210,914
OTHER FINANCING SOURCES (USES)			
Transfers in	589,200	830,225	241,025
Transfers out	-	(5,484)	(5,484)
Sale of property and equipment	-	16,727	16,727
Total Other Financing Sources (Uses)	589,200	841,468	252,268
CHANGE IN FUND BALANCE - BUDGETARY BASIS	<u>\$ (6,500)</u>	<u>456,682</u>	<u>\$ 463,182</u>
Prospective differences:			
Economic Development fund change in fund balance		28,772	
Aquatic Center fund change in fund balance		(10,300)	
Jackson County Fair fund change in fund balance		(37,144)	
Jackson County New Arena fund change in fund balance		(15,755)	
Lunda Community Park fund change in fund balance		8,911	
Field of Honor fund change in fund balance		1,074	
Fair Park Renovation fund change in fund balance		254	
Jackson County Fair Park Maintenance fund change in fund balance		803	
License Plate fund change in fund balance		5,050	
Taxi Service fund change in fund balance		14,957	
NET CHANGE IN FUND BALANCE - GAAP BASIS		<u>\$ 453,304</u>	

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

CITY OF BLACK RIVER FALLS

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) WISCONSIN RETIREMENT SYSTEM (WRS) For the Year Ended December 31, 2019

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
12/31/18	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%	(286,923)	2,375,291	12.50%	98.20%
12/31/14	0.01868465%	458,944	2,333,340	19.67%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM (WRS) For the Year Ended December 31, 2019

City Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/19	\$ 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	-	2,535,137	7.67%
12/31/16	186,397	186,397	-	2,535,421	7.35%
12/31/15	177,400	177,400	-	2,401,183	7.39%

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

CITY OF BLACK RIVER FALLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2019

BUDGETARY INFORMATION

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

The budgeted amounts presented include any amendments made. The city may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

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

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

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. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

See independent auditors' report.

CITY OF BLACK RIVER FALLS

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
GENERAL FUND (NON-GAAP)
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget
TAXES			
General property tax for local purposes	\$ 1,278,260	\$ 1,278,260	\$ -
Mobile home taxes	7,000	4,073	(2,927)
Public accommodation taxes	3,000	9,067	6,067
Payments in lieu of taxes	75	12,957	12,882
Total Taxes	1,288,335	1,304,357	16,022
SPECIAL ASSESSMENTS			
Other	-	3,086	3,086
INTERGOVERNMENTAL			
Shared revenues	730,200	732,266	2,066
Fire insurance tax from state	8,500	10,667	2,167
State aid - law enforcement training	-	25,337	25,337
State aid - general transportation aids	240,000	241,093	1,093
State aid - connecting streets	40,000	40,475	475
State aid - municipal services	6,500	6,361	(139)
In lieu of taxes on federal forest land	300	1,330	1,030
Other state payments	-	6,602	6,602
County aid - libraries	147,402	147,404	2
Other local government	30,000	30,000	-
Total Intergovernmental	1,202,902	1,241,535	38,633
LICENSES AND PERMITS			
Liquor and malt beverage licenses	6,000	7,796	1,796
Operators' license	1,500	3,879	2,379
Cigarette licenses	500	1,300	800
Building permits	-	14,984	14,984
Other regulatory permits and fees	-	583	583
Total Licenses and Permits	8,000	28,542	20,542
FINES, FORFEITURES AND PENALTIES			
Law and ordinance violations	400	1,676	1,276
Traffic reports	20,000	20,077	77
Total Fines, Forfeitures and Penalties	20,400	21,753	1,353
PUBLIC CHARGES FOR SERVICES			
Parks	500	2,232	1,732
Street related facilities	-	9,836	9,836
Library	5,500	8,069	2,569
Other public charges for services	-	196	196
Total Public Charges for Services	6,000	20,333	14,333

CITY OF BLACK RIVER FALLS

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
GENERAL FUND (NON-GAAP)
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget
INVESTMENT INCOME			
Interest income	\$ 10,000	\$ 18,346	\$ 8,346
Interest on special assessments	-	1,222	1,222
Total Investment Income	10,000	19,568	9,568
MISCELLANEOUS			
Rent	-	12,857	12,857
Insurance recoveries - highway	-	37,584	37,584
Donations	10,000	97,553	87,553
Miscellaneous	52,500	60,221	7,721
Total Miscellaneous	62,500	208,215	145,715
TOTAL REVENUES	<u>\$ 2,598,137</u>	<u>\$ 2,847,389</u>	<u>\$ 249,252</u>

CITY OF BLACK RIVER FALLS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND (NON-GAAP)
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT			
Council	\$ 24,380	\$ 19,607	\$ 4,773
Legal counseling	43,750	58,014	(14,264)
Mayor	9,045	9,043	2
Administrator	105,160	104,792	368
Elections	10,000	3,602	6,398
Finance	140,665	143,993	(3,328)
Assessor/building inspector	15,200	14,035	1,165
Independent auditing	42,500	40,080	2,420
Municipal building	27,825	63,547	(35,722)
Property and liability insurance	45,000	50,636	(5,636)
Workers' compensation	50,000	35,685	14,315
Automobile fleet insurance	15,000	18,053	(3,053)
Other general government	23,500	32,822	(9,322)
Employee benefits	40,855	39,014	1,841
License publication fees	-	183	(183)
Illegal taxes and refunds	-	40,583	(40,583)
Total General Government	<u>592,880</u>	<u>673,699</u>	<u>(80,819)</u>
PUBLIC SAFETY			
Police	707,745	566,681	141,064
Fire protection	115,175	101,062	14,113
Hydrant rental	295,000	286,931	8,069
Building inspection	-	13,457	(13,457)
Total Public Safety	<u>1,117,920</u>	<u>968,131</u>	<u>149,789</u>
PUBLIC WORKS			
Administration	85,983	94,352	(8,369)
Street machine repair	59,905	65,532	(5,627)
Highway and street maintenance and construction	88,050	100,631	(12,781)
Curb and gutter	31,555	29,524	2,031
Tree and brush control	41,105	53,685	(12,580)
Street signs	8,675	8,575	100
Street cleaning	11,425	8,406	3,019
Snow and ice control	103,565	122,379	(18,814)
Street lighting	89,000	109,221	(20,221)
Storm sewer	10,975	12,683	(1,708)
Airport	12,500	12,500	-
Levee certification and maintenance	1,200	-	1,200
Refuse and garbage collection	50,650	38,092	12,558
Landfill	35,000	36,574	(1,574)
Recycling	26,060	18,682	7,378
Sanitary sewers	43,285	18,816	24,469
Garage and machine shed	74,000	78,747	(4,747)
Landfill abandonment	4,700	4,559	141
Insurance	134,664	123,901	10,763
Sidewalks	22,850	47,668	(24,818)
Total Public Works	<u>934,947</u>	<u>941,826</u>	<u>(6,878)</u>

CITY OF BLACK RIVER FALLS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND (NON-GAAP)
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget
HEALTH AND HUMAN SERVICES			
Rodent control	\$ 500	\$ 402	\$ 98
Animal control	7,500	37,725	(30,225)
Total Health and Human Services	<u>8,000</u>	<u>38,127</u>	<u>(30,127)</u>
CULTURE, RECREATION, AND EDUCATION			
Library	320,864	347,317	(26,453)
Parks	120,940	147,849	(26,909)
Recreation programs	2,100	20,909	(18,809)
Recreation administration	90,186	90,328	(142)
Skating rink	2,000	933	1,067
Total Culture, Recreation and Education	<u>536,090</u>	<u>607,336</u>	<u>(71,246)</u>
CAPITAL OUTLAY			
Highway equipment	-	41	(41)
Street lighting	2,500	-	2,500
Storm sewer	1,500	3,016	(1,516)
Total Capital Outlay	<u>4,000</u>	<u>3,057</u>	<u>943</u>
TOTAL EXPENDITURES	<u>\$ 3,193,837</u>	<u>\$ 3,232,175</u>	<u>\$ (38,338)</u>

CITY OF BLACK RIVER FALLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

	Special Revenue		Capital Projects	
	Revolving Housing	Affordable Housing	TIF #1	
ASSETS				
Cash and investments	\$ 113,970	\$ 114,070	\$ -	
Receivables (net)	-	-	-	
Taxes	763,022	-	-	
Loans	-	-	-	
TOTAL ASSETS	\$ 876,992	\$ 114,070	\$ -	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	
Due to other funds	-	-	-	
Total Liabilities	-	-	-	
Deferred Inflows of Resources				
Unearned revenues	-	-	-	
Unavailable revenues	763,022	-	-	
Total Deferred Inflows of Resources	763,022	-	-	
Fund Balances (Deficit)				
Restricted	113,970	114,070	-	
Unassigned (deficit)	-	-	-	
Total Fund Balances (Deficit)	113,970	114,070	-	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 876,992	\$ 114,070	\$ -	

	Capital Projects					Total Nonmajor Governmental Funds
	TIF #4	TIF #5	TIF #6	TIF #7		
ASSETS						
Cash and investments	\$ -	\$ -	\$ 71,450	\$ -	\$ -	\$ 299,490
Receivables (net)	168,179	-	12,652	-	-	180,831
Taxes	-	-	-	-	-	763,022
Loans	-	-	-	-	-	-
TOTAL ASSETS	\$ 168,179	\$ -	\$ 84,102	\$ -	\$ -	\$ 1,243,343
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 1,308	\$ -	\$ -	\$ 14	\$ -	\$ 1,322
Due to other funds	13,878	10,302	-	19,439	-	43,619
Total Liabilities	15,186	10,302	-	19,453	-	44,941
Deferred Inflows of Resources						
Unearned revenues	168,179	-	12,652	-	-	180,831
Unavailable revenues	-	-	-	-	-	763,022
Total Deferred Inflows of Resources	168,179	-	12,652	-	-	943,853
Fund Balances (Deficit)						
Restricted	-	-	71,450	-	-	299,490
Unassigned (deficit)	(15,186)	(10,302)	-	(19,453)	-	(44,941)
Total Fund Balances (Deficit)	(15,186)	(10,302)	71,450	(19,453)	-	254,549
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 168,179	\$ -	\$ 84,102	\$ -	\$ -	\$ 1,243,343

CITY OF BLACK RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

	Special Revenue		Capital Projects		Capital Projects					Total Nonmajor Governmental Funds
	Revolving Housing	Affordable Housing	TIF #1		TIF #4	TIF #5	TIF #6	TIF #7		
REVENUES										
Taxes	\$ -	\$ -	\$ 114,070		\$ 97,039	\$ 42	\$ -	\$ -	\$ -	\$ 211,151
Intergovernmental	-	-	4,529		3,970	56	-	-	-	8,555
Investment income	189	-	-		-	-	-	-	-	189
Miscellaneous	13,489	-	-		-	-	-	-	-	13,489
Total Revenues	13,678	-	118,599		101,009	98	-	-	-	233,384
EXPENDITURES										
Current										
General government	-	-	381,564		12,545	151	-	-	-	381,564
Conservation and development	21,548	-	10,000		-	-	11,400	783	-	56,427
Debt Service	-	-	-		124,922	-	-	-	-	124,922
Principal retirement	-	-	-		16,851	-	-	-	-	16,851
Interest and fiscal charges	-	-	-		154,318	151	11,400	783	-	579,764
Total Expenditures	21,548	-	391,564		(53,309)	(53)	(11,400)	(783)	-	(346,380)
Excess (deficiency) of revenues over expenditures	(7,870)	-	(272,965)		-	-	-	-	-	114,070
OTHER FINANCING SOURCES (USES)										
Transfers in	-	114,070	-		-	-	-	-	-	(308,714)
Transfers out	-	-	(308,714)		-	-	-	-	-	(184,644)
Total Other Financing Sources (Uses)	-	114,070	(308,714)		-	-	-	-	-	(541,024)
Net Change in Fund Balances	(7,870)	114,070	(581,679)		(53,309)	(53)	(11,400)	(783)		(541,024)
FUND BALANCES (DEFICIT) - Beginning of Year	121,840	-	581,679		38,123	(10,249)	82,850	(18,670)		795,573
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 113,970</u>	<u>\$ 114,070</u>	<u>\$ -</u>		<u>\$ (15,186)</u>	<u>\$ (10,302)</u>	<u>\$ 71,450</u>	<u>\$ (19,453)</u>		<u>\$ 254,549</u>

CITY OF BLACK RIVER FALLS

COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2019

	Custodial Funds			
	Tax Collection Fund	License & Registration Collection Fund	Total	
ASSETS				
Cash and investments	\$ 1,395,159	\$ -	\$ 1,395,159	
Taxes receivable	2,488,154	-	2,488,154	
Total Assets	3,883,313	-	3,883,313	
LIABILITIES				
Due to other taxing units	3,883,313	-	3,883,313	
Total Liabilities	3,883,313	-	3,883,313	
TOTAL NET POSITION	\$ -	\$ -	\$ -	

CITY OF BLACK RIVER FALLS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2019

	Custodial Funds			
	Tax Collection Fund	License & Registration Collection Fund	Total	
ADDITIONS				
Property taxes collected for other governments	\$ 2,244,661	\$ -	\$ 2,244,661	
License and registration fees collected for other governments	-	129,056	129,056	
Total Additions	2,244,661	129,056	2,373,717	
DEDUCTIONS				
Property taxes distributed to other governments	2,244,661	-	2,244,661	
License and registration fees distributed to other governments	-	129,056	129,056	
Total Deductions	2,244,661	129,056	2,373,717	
Change in Net Position	-	-	-	
NET POSITION - Beginning of Year	-	-	-	
NET POSITION - END OF YEAR	\$ -	\$ -	\$ -	

CITY OF BLACK RIVER FALLS

COMBINING BALANCE SHEET - GENERAL FUND As of December 31, 2019

	General Fund	Economic Development	Aquatic Center	Jackson County Fair	Jackson County New Arena	Lunda Community Park
ASSETS						
Cash and investments	\$ 1,986,525	\$ 678,542	\$ (45,304)	\$ 74,704	\$ 75,543	\$ 191,509
Receivables (net)						
Taxes	1,034,562	-	55,500	-	-	35,500
Accounts	52,894	-	-	4,578	21,175	3,052
Due from other governments	7,239	-	-	-	-	-
Due from other funds	745,689	-	-	-	-	-
TOTAL ASSETS	\$ 3,826,909	\$ 678,542	\$ 10,196	\$ 79,282	\$ 96,718	\$ 230,061
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 105,040	\$ -	\$ 1,887	\$ 1,956	\$ 9,078	\$ 455
Accrued liabilities	27,943	-	-	-	-	-
Total Liabilities	132,983	-	1,887	1,956	9,078	455
Deferred Inflows of Resources						
Unearned revenues	1,020,870	-	55,500	-	-	35,500
Fund Balances (Deficit)						
Nonspendable	29,741	-	-	-	-	-
Restricted	130,258	-	-	-	-	-
Assigned	539,757	678,542	-	77,326	87,640	194,106
Unassigned (deficit)	1,973,300	-	(47,191)	-	-	-
Total Fund Balances (Deficit)	2,673,056	678,542	(47,191)	77,326	87,640	194,106
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,826,909	\$ 678,542	\$ 10,196	\$ 79,282	\$ 96,718	\$ 230,061

CITY OF BLACK RIVER FALLS

COMBINING BALANCE SHEET - GENERAL FUND As of December 31, 2019

	Field of Honor	Fair Park Renovation	Jackson County Fair Park Maintenance	License Plate	Taxi Service	Total Combined General Fund
ASSETS						
Cash and investments	\$ (2,967)	\$ 159,090	\$ 50,347	\$ 35,534	\$ 62,366	\$ 3,265,889
Receivables (net)						
Taxes	-	-	-	-	35,000	1,160,562
Accounts	-	-	-	-	-	81,699
Due from other governments	-	-	-	-	17,084	24,323
Due from other funds	-	-	-	-	-	745,689
TOTAL ASSETS	\$ (2,967)	\$ 159,090	\$ 50,347	\$ 35,534	\$ 114,450	\$ 5,278,162
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 21	\$ -	\$ -	46	\$ 11,384	\$ 129,867
Accrued liabilities	-	-	-	-	-	27,943
Total Liabilities	21	-	-	46	11,384	157,810
Deferred Inflows of Resources						
Unearned revenues	-	-	-	-	35,000	1,146,870
Fund Balances (Deficit)						
Nonspendable	-	-	-	-	-	29,741
Restricted	-	159,090	-	-	-	289,348
Assigned	-	-	50,347	35,488	68,066	1,731,272
Unassigned (deficit)	(2,988)	-	-	-	-	1,923,121
Total Fund Balances (Deficit)	(2,988)	159,090	50,347	35,488	68,066	3,973,482
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ (2,967)	\$ 159,090	\$ 50,347	\$ 35,534	\$ 114,450	\$ 5,278,162

CITY OF BLACK RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND For the Year Ended December 31, 2019

	General Fund	Economic Development	Aquatic Center	Jackson County Fair	Jackson County New Arena	Lunda Community Park
REVENUES						
Taxes	\$ 1,304,357	\$ -	\$ 45,000	\$ 21,930	\$ 21,930	\$ 39,620
Intergovernmental	1,241,535	-	-	-	-	-
Licenses and permits	28,542	-	-	-	-	-
Fines, forfeitures and penalties	21,753	-	-	-	-	-
Public charges for services	20,333	-	43,002	65,496	12,106	10,958
Special assessments	3,086	-	-	-	-	-
Investment income	19,568	5,234	-	-	-	-
Miscellaneous	208,215	27,038	-	5,000	76,328	27,254
Total Revenues	2,847,389	32,272	88,002	92,426	110,364	77,832
EXPENDITURES						
Current						
General government	673,699	-	-	-	-	-
Public safety	968,131	-	-	-	-	-
Public works	941,825	-	-	-	-	-
Health and human services	38,127	-	-	-	-	-
Culture, recreation and education	607,336	-	98,302	114,570	126,119	68,921
Conservation and development	-	3,500	-	-	-	-
Capital Outlay	3,057	-	-	-	-	-
Total Expenditures	3,232,175	3,500	98,302	114,570	126,119	68,921
Excess (deficiency) of revenues over expenditures	(384,786)	28,772	(10,300)	(22,144)	(15,755)	8,911
OTHER FINANCING SOURCES (USES)						
Transfers in	830,225	-	-	-	-	-
Transfers out	(5,484)	-	-	(15,000)	-	-
Proceeds from sale of capital assets	16,727	-	-	-	-	-
Total Other Financing Sources (Uses)	841,468	-	-	(15,000)	-	-
Net change in fund balance	456,682	28,772	(10,300)	(37,144)	(15,755)	8,911
FUND BALANCES (DEFICIT) - Beginning of Year	2,216,374	649,770	(36,891)	114,470	103,395	185,195
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 2,673,056	\$ 678,542	\$ (47,191)	\$ 77,326	\$ 87,640	\$ 194,106

CITY OF BLACK RIVER FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND For the Year Ended December 31, 2019

	Field of Honor	Fair Park Renovation	Jackson County Fair Park Maintenance	License Plate	Taxi Service	Eliminations	Total Combined General Fund
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ -	\$ 1,467,837
Intergovernmental	-	-	-	-	168,986	-	1,410,521
Licenses and permits	-	-	-	-	-	-	28,542
Fines, forfeitures and penalties	-	-	-	-	-	-	21,753
Public charges for services	-	-	-	13,290	-	-	165,185
Special assessments	-	-	-	-	-	-	3,086
Investment income	-	-	-	34	-	-	24,836
Miscellaneous	4,062	254	-	-	-	-	348,151
Total Revenues	4,062	254	-	13,324	203,986	-	3,469,911
EXPENDITURES							
Current							
General government	-	-	-	-	-	-	673,699
Public safety	-	-	-	8,274	-	-	976,405
Public works	-	-	-	-	189,029	-	1,130,854
Health and human services	-	-	-	-	-	-	38,127
Culture, recreation and education	2,988	-	14,197	-	-	-	1,032,433
Conservation and development	-	-	-	-	-	-	3,500
Capital Outlay	-	-	-	-	-	-	3,057
Total Expenditures	2,988	-	14,197	8,274	189,029	-	3,858,075
Excess (deficiency) of revenues over expenditures	1,074	254	(14,197)	5,050	14,957	-	(388,164)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	15,000	-	-	(15,000)	830,225
Transfers out	-	-	-	-	-	15,000	(5,484)
Proceeds from sale of capital assets	-	-	-	-	-	-	16,727
Total Other Financing Sources (Uses)	-	-	15,000	-	-	-	841,468
Net change in fund balance	1,074	254	803	5,050	14,957	-	453,304
FUND BALANCES (DEFICIT) - Beginning of Year	(4,062)	158,836	49,544	30,438	53,109	-	3,520,178
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (2,988)	\$ 159,090	\$ 50,347	\$ 35,488	\$ 68,066	\$ -	\$ 3,973,482

CITY OF BLACK RIVER FALLS

REQUIRED UTILITY BOND DISCLOSURES
For the Year Ended December 31, 2019

INSURANCE COVERAGE			
Description	Amount of Coverage	Coverage Dates	Name of Insurer
Property	\$ 23,161,300	11/1/19 - 11/1/20	EMC Insurance
Personal Property	13,160,684	11/1/19 - 11/1/20	EMC Insurance
Property in the Open	12,600,336	11/1/19 - 11/1/20	EMC Insurance
Flood (At Specific Locations)	1,000,000	11/1/19 - 11/1/20	EMC Insurance
Hydro-Electric Plant	7,628,949	11/1/19 - 11/1/20	EMC Insurance
Contractor's Equipment	2,120,804	11/1/19 - 11/1/20	EMC Insurance
Equipment Breakdown	100,000,000	11/1/19 - 11/1/20	Hartford Steam Boiler & Insurance Company
Auto Liability	3,000,000	11/1/19 - 11/1/20	League of Wisconsin Municipalities Mutual
Workers Compensation / Employer Liability	2,000,000	11/1/19 - 11/1/20	United Heartland
Liability	3,000,000	11/1/19 - 11/1/20	League of Wisconsin Municipalities Mutual

NUMBER OF CONNECTIONS

User Classification	Electric
Residential	2,224
Commercial	549
Public Authority	13
Standby	-

OTHER REPORTS



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

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Black River Falls, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to financial statements, and have issued our report thereon dated May 26, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 that we consider to be material weaknesses.

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Compliance and Other Matters

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

Management's Response to Findings

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

Purpose of this Report

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

Baker Tilly Vinchow Krauss, LLP

Eau Claire, Wisconsin
May 26, 2020

CITY OF BLACK RIVER FALLS

SCHEDULE OF FINDINGS AND RESPONSES For the Year Ended December 31, 2019

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

FINDING 2019-001: INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

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

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

FINDING 2019-002: INTERNAL CONTROL ENVIRONMENT

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

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

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

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

CITY OF BLACK RIVER FALLS

SCHEDULE OF FINDINGS AND RESPONSES For the Year Ended December 31, 2019

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

FINDING 2019-002: INTERNAL CONTROL ENVIRONMENT (cont.)

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

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

FORM OF LEGAL OPINION

(See following pages.)

FRYBERGER

— LAW FIRM —

§ _____
ELECTRIC SYSTEM REVENUE BONDS, SERIES 2020A
CITY OF BLACK RIVER FALLS, WISCONSIN

We have acted as Bond Counsel in connection with the authorization, issuance and delivery by the City of Black River Falls, Jackson County, Wisconsin (the “Issuer”), of its § _____ Electric System Revenue Bonds, Series 2020A, dated December 9, 2020, as the date of original issue (the “Bonds”). The Bonds are issued pursuant to Wisconsin Statutes, Chapter 66 and Section 66.0621.

For purposes of this opinion, we have examined the law and certified copies of certain proceedings taken, and certain affidavits and certificates furnished by the Issuer in the authorization, sale and issuance of the Bonds. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials furnished to us without undertaking to verify such facts by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based upon such examination, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals, and assuming the genuineness of the signatures thereon and the accuracy of the facts and representations stated therein, and on the basis of laws, regulations, rulings and decisions in effect on the date hereof, but excluding any legislation which may have a retroactive effective date prior to the date hereof, it is our opinion that:

1. The Bonds are valid and binding special limited obligations of the Issuer enforceable in accordance with their terms.

2. The Bonds are payable solely from and secured by a pledge of income and revenues to be derived from the Issuer’s municipal electric utility (the “System”), with a portion of the income and revenues of the System in an amount sufficient to pay the principal of and interest on the Bonds having been pledged to the Series 2020A Bonds Debt Service Account and the Series 2020A Bonds Reserve Subaccount within the Electric System Revenue Bond and Interest Special Redemption Fund (the “Special Redemption Fund”) in the Issuer’s Electric Utility Enterprise Fund established or continued by the Issuer’s authorizing resolution adopted October 21, 2020 (the “Resolution”), for the payment of the Bonds. The Bonds are further secured by covenants and agreements contained in the Resolution,

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Cloquet, MN 55720
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DULUTH
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Duluth, MN 55802
p: (218) 722-0861

SUPERIOR
1409 Hammond Ave., Suite 330
Superior, WI 54880
p: (715)392-7405

ST. PAUL
380 St. Peter Street, Suite 710
St. Paul, MN 55102
p: (651)221-1044

including a covenant that the Issuer will lawfully impose and collect reasonable rates and charges for all services provided by the System in amounts to pay all costs of operation and maintenance of the System, to fund certain reserve accounts and to produce net revenues required for the Special Redemption Fund.

3. The Bonds, as of their date of issuance, bear interest which is not includable in gross income of the recipient for federal income tax purposes. Interest on the Bonds is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on individuals.

4. The Bonds are “qualified tax-exempt obligations” under and within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

We express no opinion regarding tax consequences arising with respect to the Bonds, other than as set forth in paragraphs 3 and 4 above.

For the purpose of rendering the opinion set forth in paragraphs 3 and 4 above, we have assumed compliance by the Issuer with requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in federal gross income retroactive to the date of issuance of the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Dated: December 9, 2020

Respectfully submitted,

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages.)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Black River Falls, Jackson County, Wisconsin (the “Issuer”) in connection with the issuance of the Electric System Revenue Bonds, Series 2020A, dated December 9, 2020 (the “Obligations”). The Obligations are being issued pursuant to a Resolution of the Issuer dated October 21, 2020 and the award of sale of the Obligations by _____ and _____ of the Issuer as evidenced by the Certificate Approving Bonds Sale of Electric System Revenue Bonds, Series 2020A on November ____, 2020 (the “Resolution”). The Issuer covenants and agrees as follows:

Section 1. (a) Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the Rule (defined below). References in this Disclosure Certificate to holders of the Obligations shall include the beneficial owners of the Obligations. This Disclosure Certificate constitutes the written understanding under the Rule.

(b) Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access (“EMMA”) System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means the Issuer’s annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

“Code” means the Internal Revenue Code of 1986, as amended.

“Dissemination Agent” means such person from time to time designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” means, with respect to the Issuer a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of one of the foregoing. The term “Financial Obligation” shall not include municipal securities as to

which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with this rule.

“IRS” means the Internal Revenue Service of the Department of the Treasury.

“Listed Events” means any of the events listed in Sections 5(a) and 5(b) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, whose current address is 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Official Statement” means the Preliminary Official Statement, dated November ___, 2020, delivered in connection with the original issuance and sale of the Obligations, together with the final Official Statement and any amendments thereto or supplements thereof.

“Participating Underwriter” means any of the original underwriter(s) of the Obligations required to comply with the Rule in connection with offering of the Obligations.

“Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time. Reference is also made to SEC Release No. 34-83885 (File No. S7-01-17) for additional information relating to the Issuer’s compliance with this Certificate.

“SEC” means the Securities and Exchange Commission or any successor to its functions governing state and municipal securities.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 12 months after the end of the fiscal year (presently December 31), commencing with the fiscal year ended December 31, 2020, provide to the MSRB, filed in accordance with Section 1(b) of this Disclosure Certificate, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date; provided, however, unaudited financial information will be provided and the Audited Financial Statements will be submitted to the MSRB when and if available. The Issuer may provide the Annual Report by specific reference to documents previously provided to the MSRB or filed with the SEC; provided, however, that if the document so referenced is a final official statement within the meaning of the Rule, such final official statement must be available from the MSRB.

(b) Not later than 15 days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer is not the Dissemination Agent).

(c) If the Issuer is unable or fails to provide an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of such fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

- (a) Historic Electric System Revenues and Expenses
- (b) Electric System Debt Service Coverage
- (c) Description of Electric System
- (d) Current Property Valuations
- (e) Direct Debt
- (f) Other Debt
- (g) Tax Levies & Collections
- (h) Population Trend
- (i) Employment/Unemployment Data

Section 5. Reporting of Significant Events.

(a) The Issuer shall give, or cause to be given notice of the occurrence of any of the following events with respect to the Obligations, in a timely manner not in excess of 10 business days after the occurrence of the event:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, if any, or their failure to perform;

(5) adverse tax opinions or the issuance by the IRS of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);

(6) tender offers;

(7) defeasances;

(8) rating changes;

(9) bankruptcy, insolvency, receivership or similar event of the Issuer;
or

(10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Obligations, *if material*, in a timely manner not in excess of 10 business days after the occurrence of the event:

(1) non-payment related defaults;

(2) unless described in (a)(5) above, other notices or determinations by the IRS with respect to the tax-exempt status of the Obligations, or other events affecting the tax-exempt status of the Obligations;

(3) modifications to rights of holders of the Obligations;

(4) bond calls;

(5) release, substitution or sale of property securing repayment of the Obligations;

(6) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(7) appointment of a successor or additional trustee or the change of name of a trustee; or

(8) incurrence of a Financial Obligation or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders.

(c) For the purposes of the event identified in subsection (a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under subsection (b), the Issuer shall as soon as possible determine if such event would constitute material information for holders of Obligations.

(e) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertaking herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have

no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Obligations may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Obligations.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Obligations, and shall create no rights in any other person or entity.

Section 13. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Certificate if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated as of December 9, 2020.

CITY OF BLACK RIVER FALLS,
WISCONSIN

By _____
Mayor

By _____
Clerk-Treasurer

BOND INSURANCE AND SPECIMEN BOND INSURANCE POLICY

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 29, 2020, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 16, 2020, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM

At September 30, 2020:

- The policyholders' surplus of AGM was approximately \$2,671 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,042 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,111 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty (Europe) plc ("AGE UK") and Assured Guaranty (Europe) SA ("AGE SA"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE UK and AGE SA were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020 (filed by AGL with the SEC on August 7, 2020); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 (filed by AGL with the SEC on November 6, 2020).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will

be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)