

# CITY OF SAINT PETER

## AUDIT REPORT

YEAR ENDED DECEMBER 31, 2015

**James H. Eichten, CPA**





## AUDITOR'S ROLE

- **Opinion on Financial Statements**
  - Financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America
- **Testing of Internal Controls and Compliance**
  - Internal Controls over Financial Reporting
  - Internal Controls over Compliance with Laws and Regulations related to Financial Reporting



## AUDITOR'S ROLE (CONT.)

- **Minnesota Legal Compliance Testing**
- **Single Audit of Federal Awards**
  - **Not Required for 2015**



# AUDIT RESULTS

- **Financial Statement Opinion**
  - **Unmodified (Clean) Opinion on Most Opinion Units**
  - **Modified Opinion on St. Peter Fire Relief Association Not Adopting GASB Statement #68 on Pensions**
  - **Emphasis of Matter on City Implementing GASB Statement #68 on PERA Pension Plan**
  
- **Findings – Internal Controls**
  - **Segregation of Duties**
  
- **Findings – Minnesota Legal Compliance**
  - **Payment of Obligations within 35 Days**



# MANAGEMENT REPORT

## ■ **Audit Summary**

- **Auditor's Responsibility For Component Units**
- **Planned Scope and Timing of Audit**
- **Audit Opinions and Findings**
- **Uncorrected Misstatements**
- **Accounting Estimates**
- **No Difficulties in Performing the Audit**



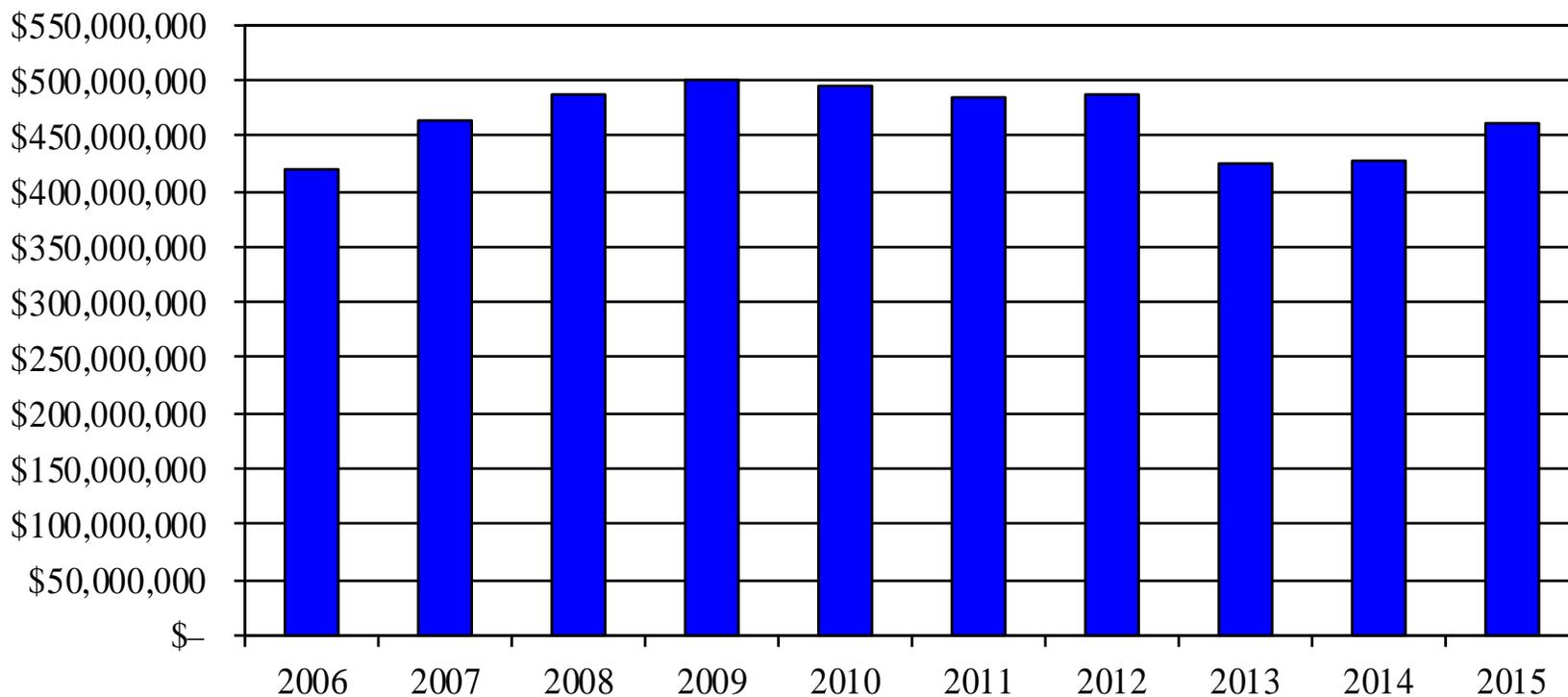
## MANAGEMENT REPORT (CONT.)

- **Audit Summary**
- **Property Taxes**



# MANAGEMENT REPORT (CONT.)

Taxable Market Value





# MANAGEMENT REPORT (CONT.)

## Tax Rates

Rates expressed as a percentage of net tax capacity

	<u>All Cities State-Wide</u>		<u>City of Saint Peter</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
<b>Average tax rate</b>				
City	48.8	46.9	<b>51.1</b>	<b>46.8</b>
County	47.6	44.7	<b>51.2</b>	<b>49.4</b>
School	28.9	27.1	<b>17.2</b>	<b>17.0</b>
Special taxing	<u>7.3</u>	<u>6.9</u>	<u><b>0.5</b></u>	<u><b>0.5</b></u>
Total	<u><u>132.6</u></u>	<u><u>125.6</u></u>	<u><u><b>120.0</b></u></u>	<u><u><b>113.7</b></u></u>



## MANAGEMENT REPORT (CONT.)

- **Audit Summary**
- **Property Taxes**
- **Governmental Funds Overview**



# MANAGEMENT REPORT (CONT.)

## Governmental Funds Revenue per Capita With State-Wide Averages by Population Class

Year	State-Wide			City of Saint Peter		
	December 31, 2014			2013	2014	2015
Population	2,500–10,000	10,000–20,000	20,000–100,000	11,445	11,758	11,758
Property taxes	\$ 427	\$ 396	\$ 427	\$ 197	\$ 198	\$ 186
Tax increments	26	37	46	59	58	59
Franchise and other taxes	32	42	37	11	12	12
Special assessments	59	51	64	9	43	3
Licenses and permits	28	27	41	17	27	21
Intergovernmental revenues	298	264	166	334	437	325
Charges for services	105	82	90	35	40	40
Other	66	72	65	96	84	92
<b>Total revenue</b>	<b>\$ 1,041</b>	<b>\$ 971</b>	<b>\$ 936</b>	<b>\$ 757</b>	<b>\$ 898</b>	<b>\$ 737</b>



# MANAGEMENT REPORT (CONT.)

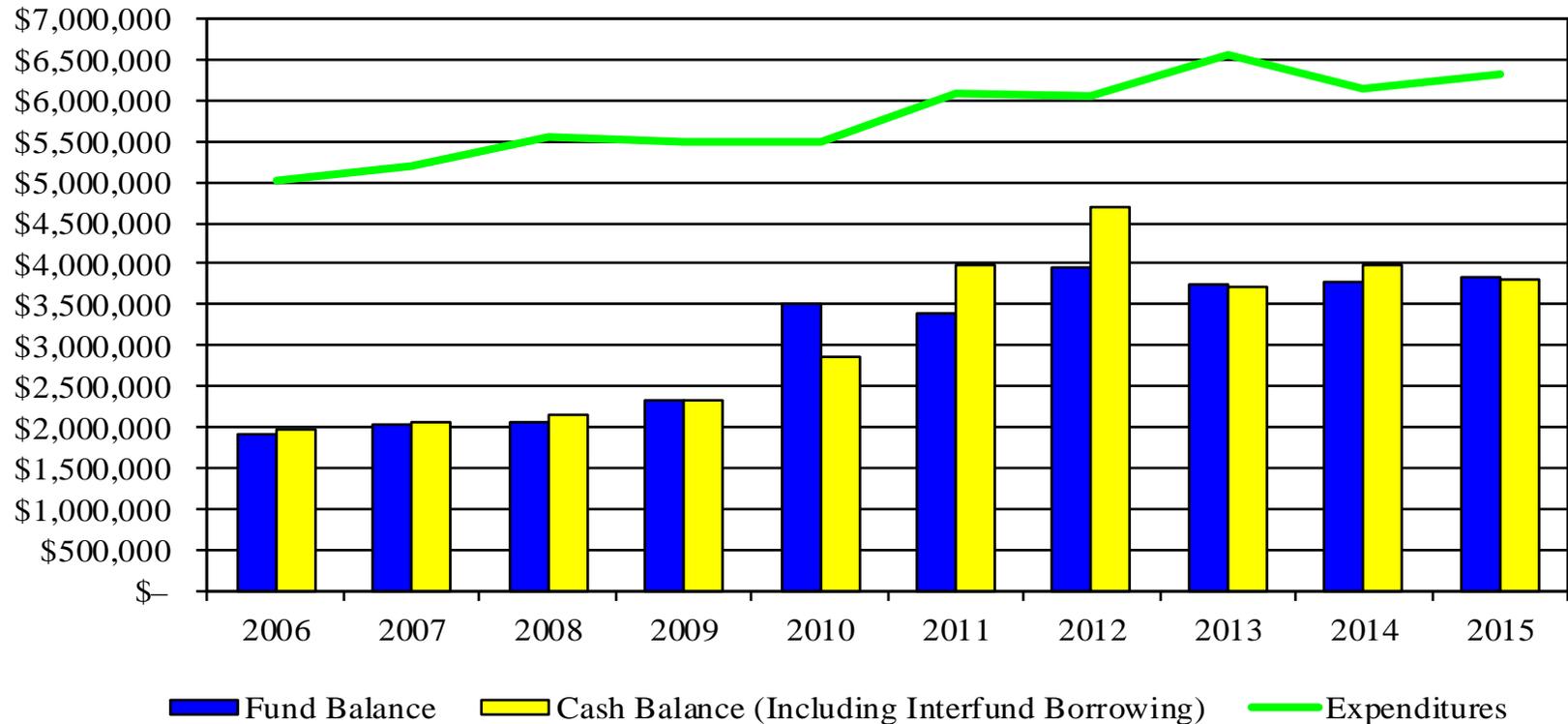
## Governmental Funds Expenditures per Capita With State-Wide Averages by Population Class

Year Population	State-Wide			City of Saint Peter		
	December 31, 2014			2013	2014	2015
	2,500–10,000	10,000–20,000	20,000–100,000	11,445	11,758	11,758
<b>Current</b>						
General government	\$ 131	\$ 104	\$ 87	\$ 102	\$ 101	\$ 111
Public safety	248	237	254	218	222	223
Street maintenance and lighting	121	119	114	110	106	109
Parks and recreation	86	101	92	132	132	135
All other	69	89	98	66	63	107
	<u>\$ 655</u>	<u>\$ 650</u>	<u>\$ 645</u>	<u>\$ 628</u>	<u>\$ 624</u>	<u>\$ 685</u>
Capital outlay and construction	<u>\$ 357</u>	<u>\$ 278</u>	<u>\$ 276</u>	<u>\$ 411</u>	<u>\$ 420</u>	<u>\$ 51</u>
<b>Debt service</b>						
Principal	\$ 180	\$ 163	\$ 115	\$ 122	\$ 87	\$ 117
Interest and fiscal	54	40	34	24	29	28
	<u>\$ 234</u>	<u>\$ 203</u>	<u>\$ 149</u>	<u>\$ 146</u>	<u>\$ 116</u>	<u>\$ 145</u>



# MANAGEMENT REPORT (CONT.)

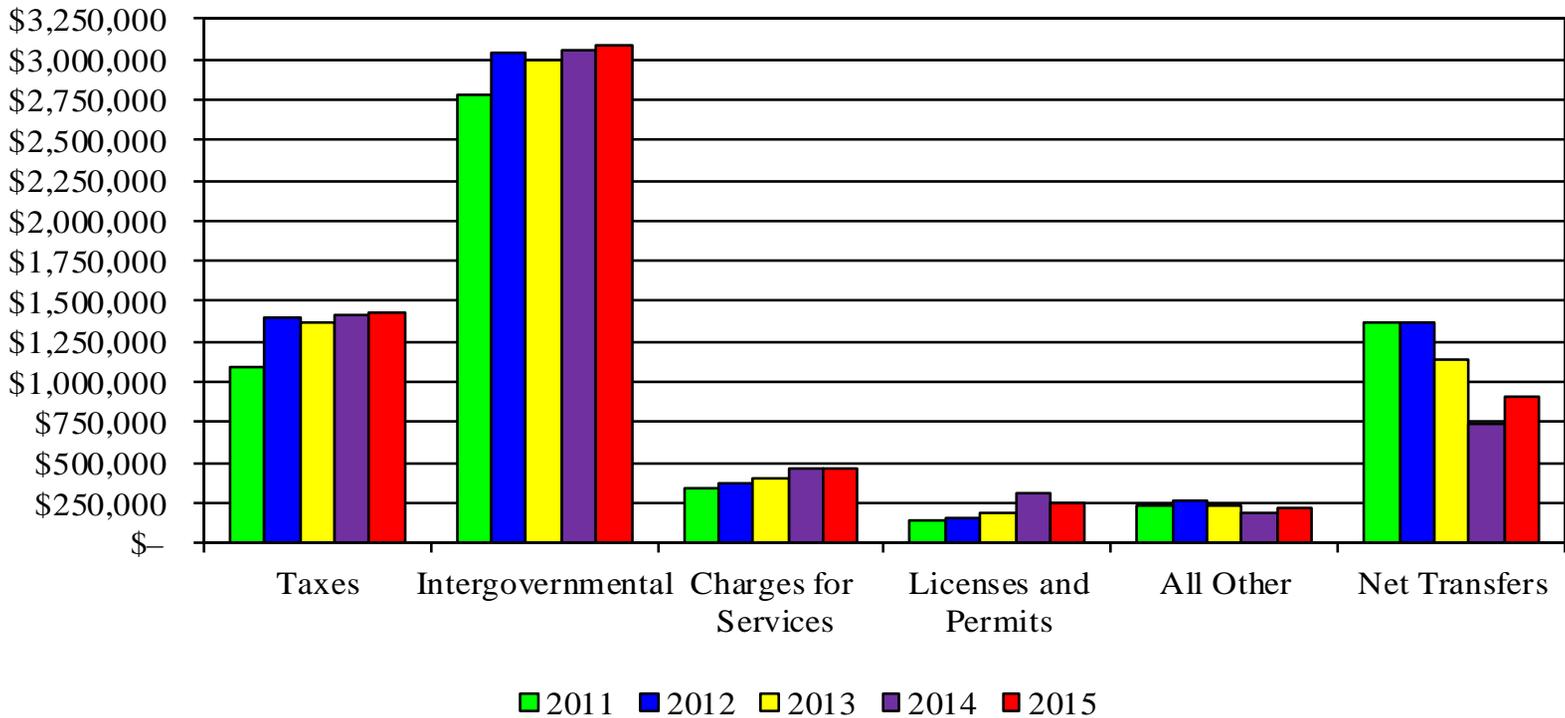
General Fund Financial Position  
Year Ended December 31,





# MANAGEMENT REPORT (CONT.)

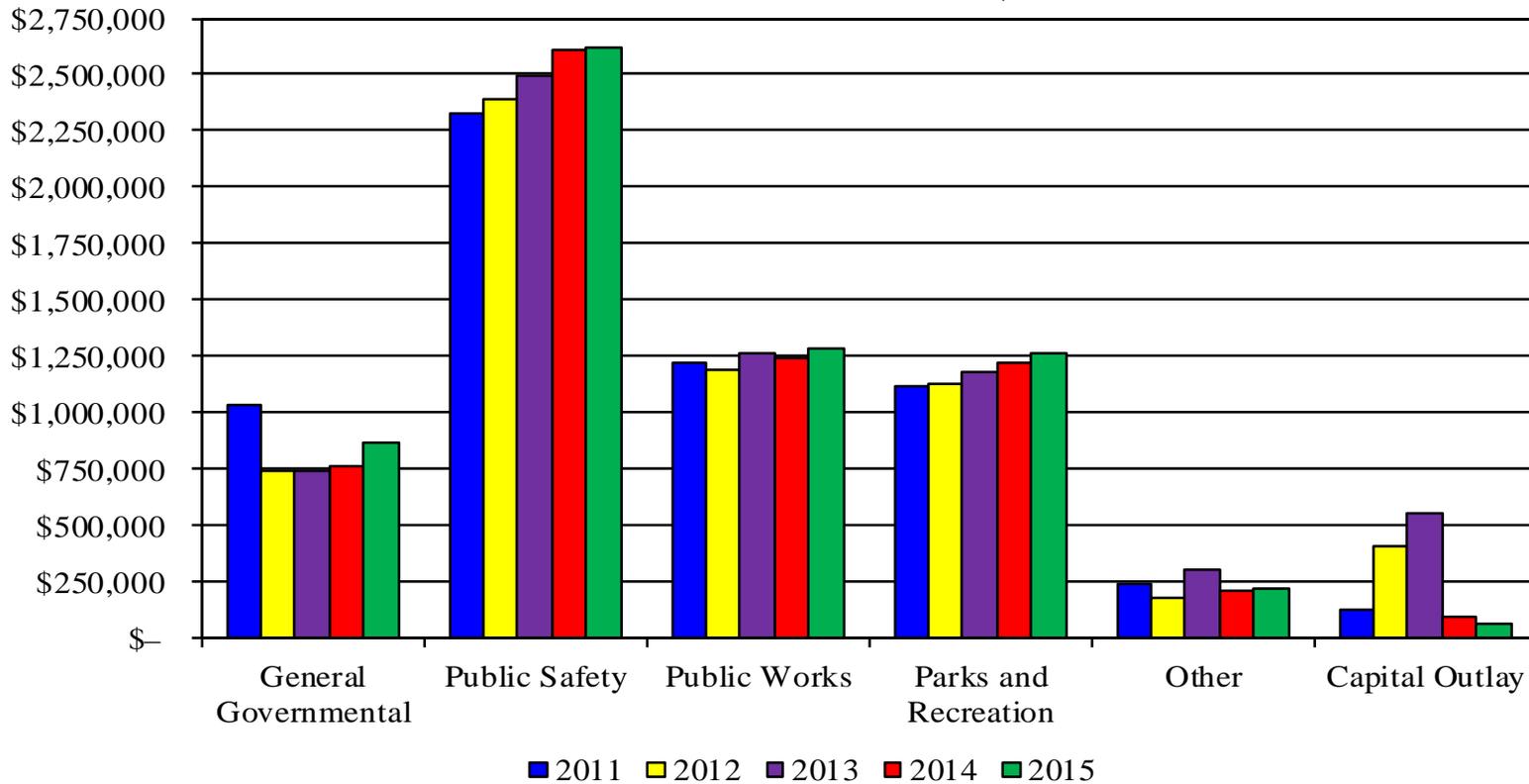
General Fund Revenue by Source  
Year Ended December 31,





# MANAGEMENT REPORT (CONT.)

General Fund Expenditures by Function  
Year Ended December 31,





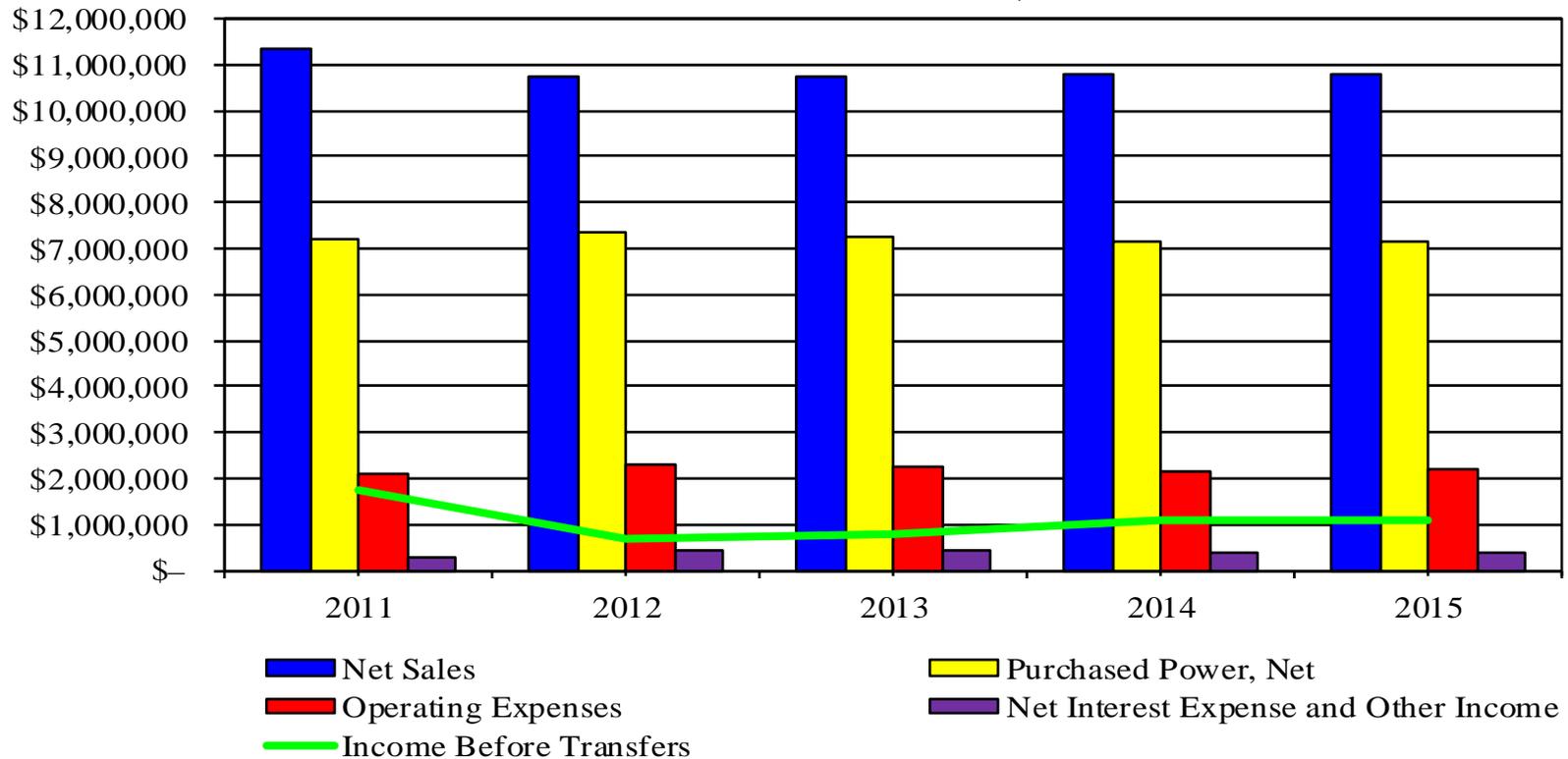
## MANAGEMENT REPORT (CONT.)

- **Audit Summary**
- **Property Taxes**
- **Governmental Funds Overview**
- **Enterprise Funds Overview**



# MANAGEMENT REPORT (CONT.)

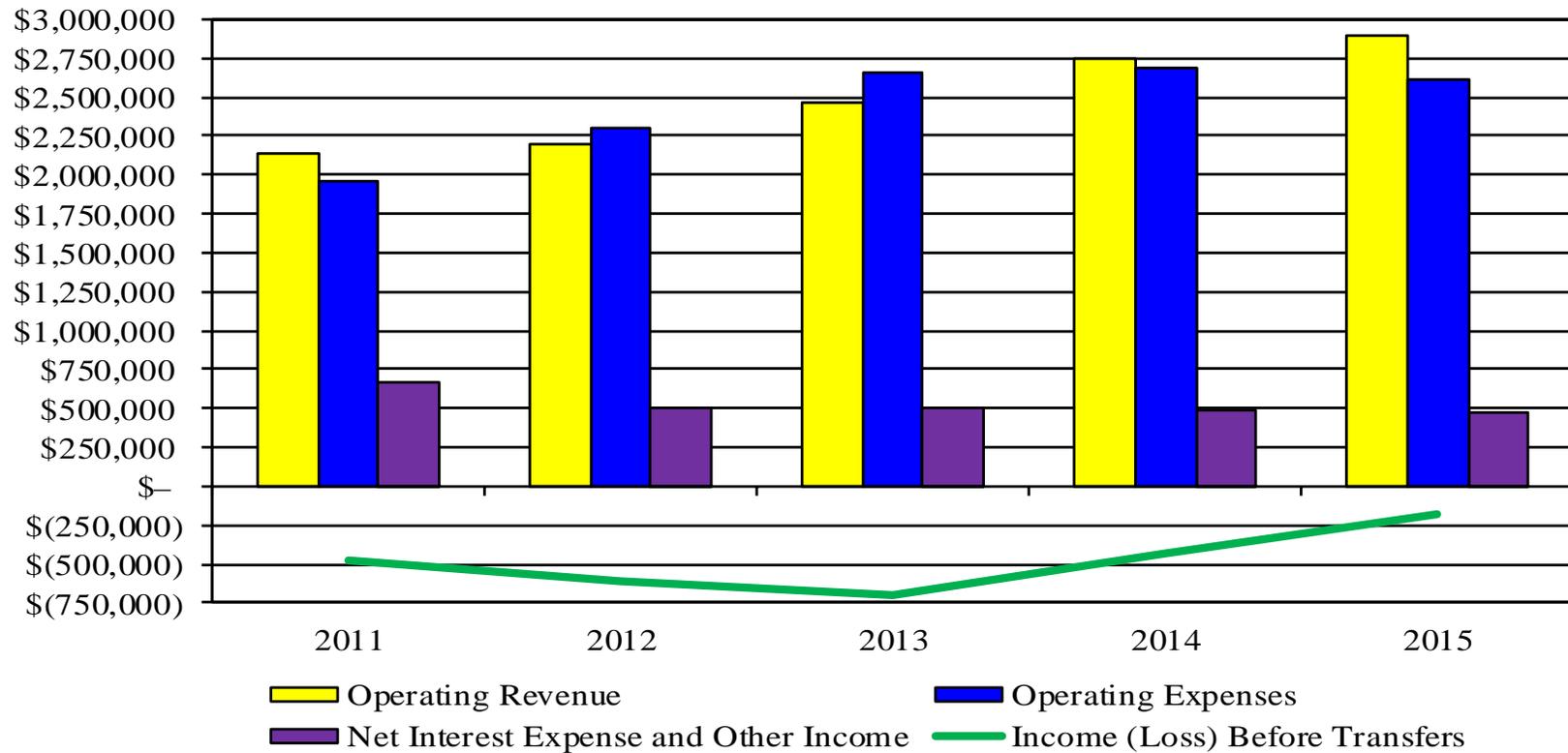
Electric Fund Operation  
Year Ended December 31,





# MANAGEMENT REPORT (CONT.)

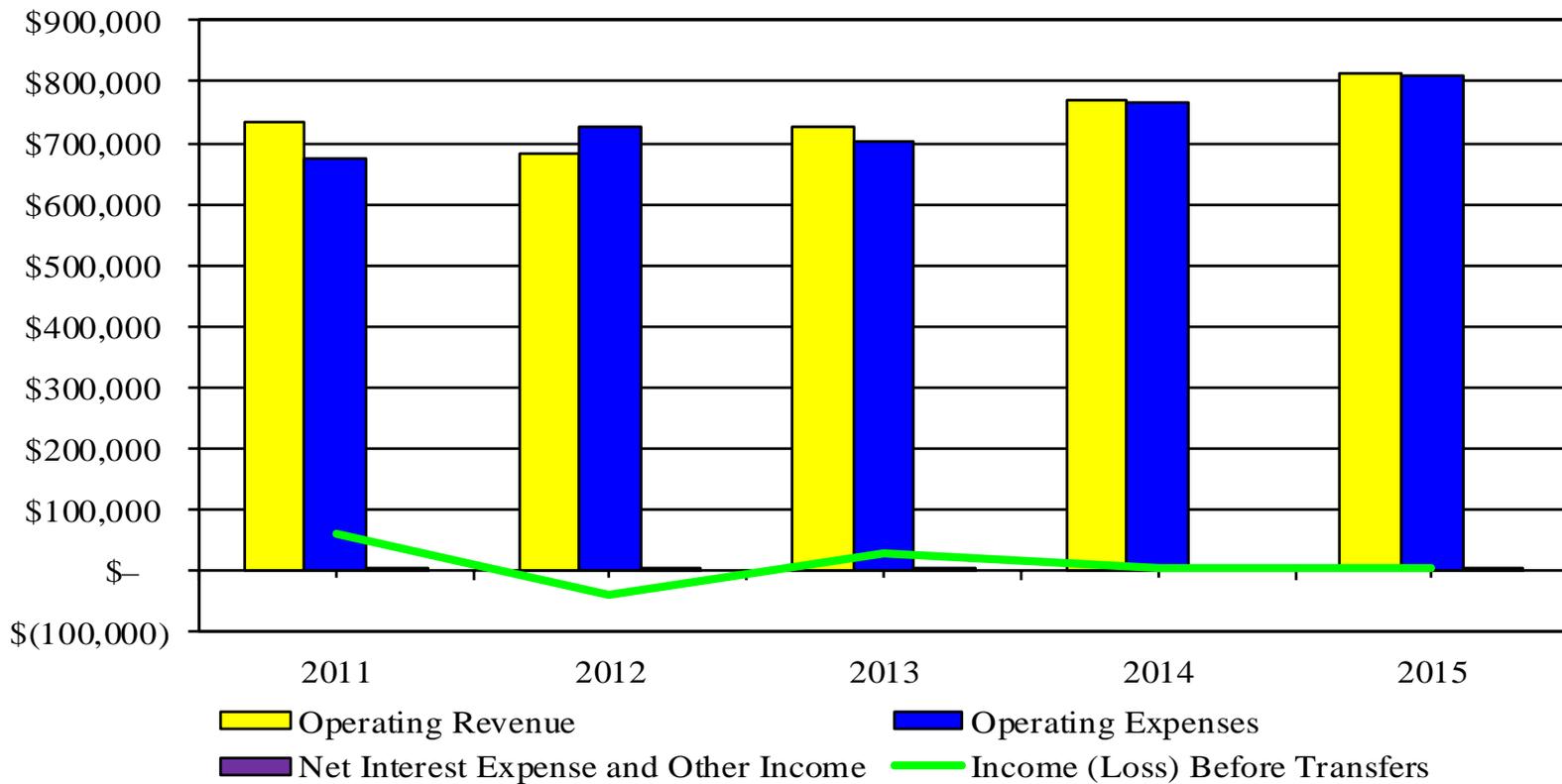
Water Fund Operation  
Year Ended December 31,





# MANAGEMENT REPORT (CONT.)

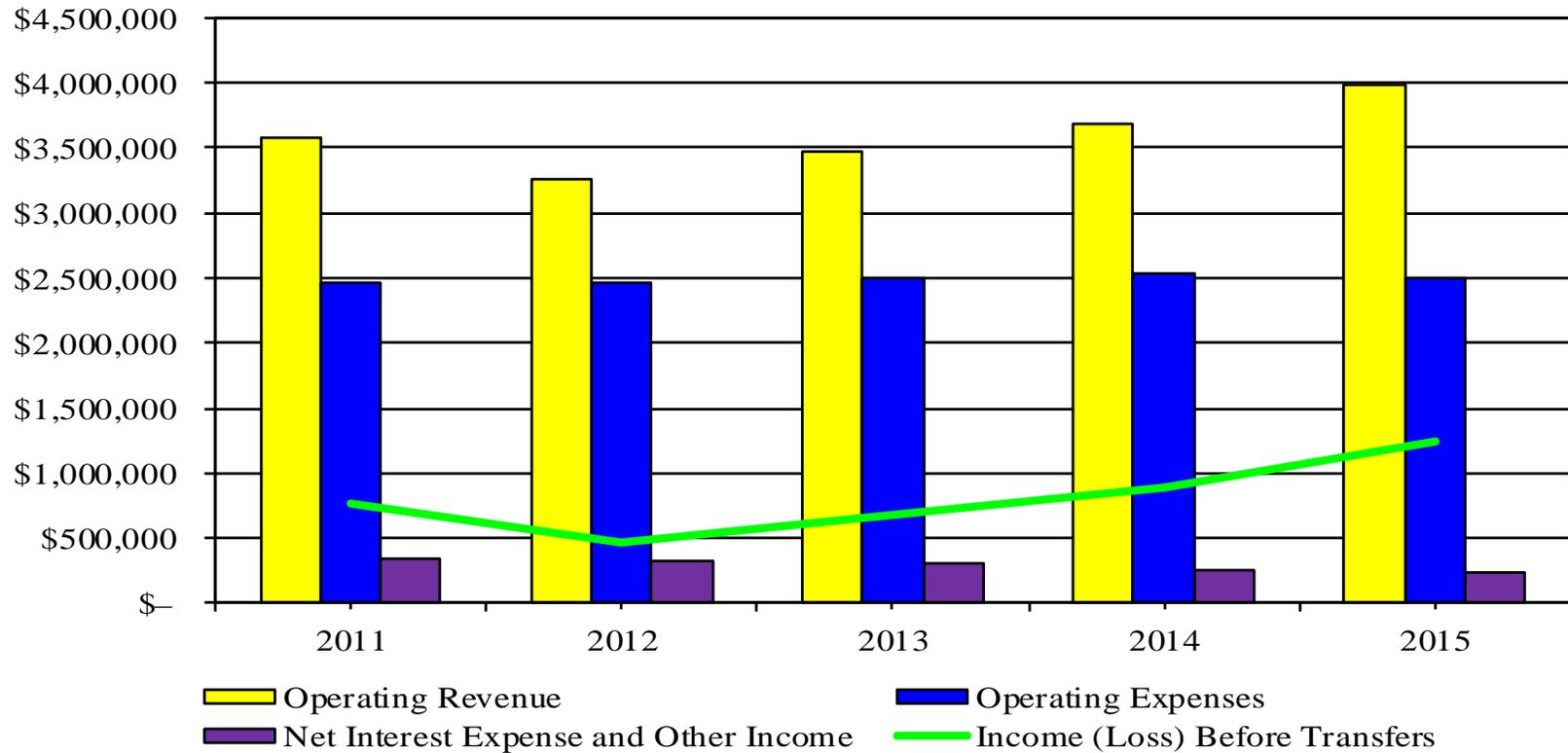
Environmental Services Fund  
Year Ended December 31,





# MANAGEMENT REPORT (CONT.)

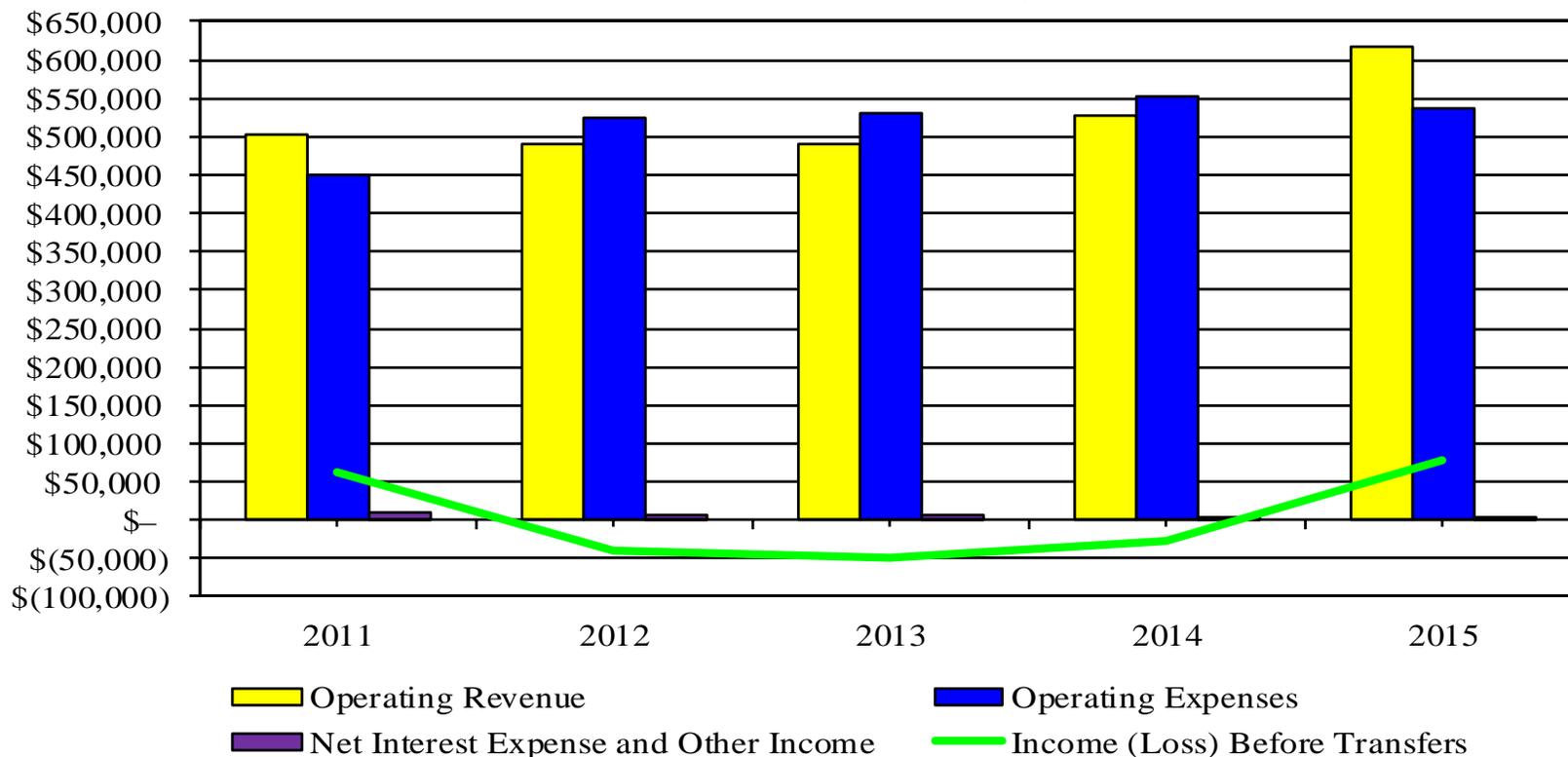
Wastewater Fund  
Year Ended December 31,





# MANAGEMENT REPORT (CONT.)

Storm Water Fund  
Year Ended December 31,





# MANAGEMENT REPORT (CONT.)

Outstanding Debt per Capita  
Governmental Activities  
With State-Wide Comparable Information

Bond Type	State-Wide as of December 31,		City of Saint Peter as of December 31,		
	2013	2014	2013	2014	2015
General obligation	\$ 460	\$ 476	\$ 246	\$ 401	\$ 203
Tax increment	100	95	392	332	285
Special assessment	497	483	–	–	–
G.O. revenue	374	373	412	227	376
Revenue	264	230	–	–	–
Other	10	8	–	–	–
Governmental activities total	<u>\$ 1,705</u>	<u>\$ 1,665</u>	<u>\$ 1,050</u>	<u>\$ 960</u>	<u>\$ 864</u>



# MANAGEMENT REPORT (CONT.)

Outstanding Debt per Capita  
Enterprise Funds  
With State-Wide Comparable Information

Fund	State-Wide as of December 31,		City of Saint Peter as of December 31,		
	2013	2014	2013	2014	2015
Electric	\$ 435	\$ 439	\$ 844	\$ 746	\$ 693
Water	216	179	1,669	1,571	1,478
Wastewater	220	196	1,015	889	798
Storm water	29	19	24	12	12
 Total enterprise funds	 <u>\$ 900</u>	 <u>\$ 833</u>	 <u>\$ 3,552</u>	 <u>\$ 3,218</u>	 <u>\$ 2,981</u>
 Government-wide totals	 <u>\$ 2,605</u>	 <u>\$ 2,498</u>	 <u>\$ 4,602</u>	 <u>\$ 4,178</u>	 <u>\$ 3,845</u>



# MANAGEMENT REPORT

- **Audit Summary**
- **Property Taxes**
- **Governmental Funds Overview**
- **Enterprise Fund Overview**
- **Accounting and Auditing Updates**



## MANAGEMENT REPORT (CONT.)

- **GASB Statement #68**
  - **Accounting and Financial Reporting for Pensions**
- **Federal Grant Requirements**



# MANAGEMENT REPORT (CONT.)

	2014	2015		Net Difference
	Net Difference	Expenses	Program Revenues	
Net (expense) revenue				
Governmental activities				
General government	\$ (664,840)	\$ 1,349,962	\$ 581,009	\$ (768,953)
Public safety	(1,965,236)	2,933,522	719,153	(2,214,369)
Public works	(614,302)	2,241,461	259,213	(1,982,248)
Parks and recreation	(1,703,804)	1,921,523	202,394	(1,719,129)
Economic development	(887,037)	1,258,913	546,684	(712,229)
Interest on long-term debt	(365,185)	316,573	–	(316,573)
Business-type activities				
Electric	1,229,630	9,721,230	10,778,413	1,057,183
Water	(439,308)	3,085,580	2,903,691	(181,889)
Environmental services	6,040	810,888	815,989	5,101
Wastewater	891,742	2,738,693	3,979,313	1,240,620
Transit	128,593	337,148	349,065	11,917
Storm water	(30,464)	542,222	615,716	73,494
Telecommunications conduit	129,807	14,264	142,669	128,405
Long-term care facility	6,869	766,926	801,544	34,618
Medical office building	(82,680)	388,262	310,107	(78,155)
	(4,360,175)	<u>\$ 28,427,167</u>	<u>\$ 23,004,960</u>	(5,422,207)
General revenues				
Taxes	3,111,353			3,015,476
Unrestricted grants and contributions	3,279,707			3,368,538
Investment earnings	117,387			95,959
Other revenues	87,100			51,352
Gain on sale of assets	644,289			113,426
Total general revenues	<u>7,239,836</u>			<u>6,644,751</u>
Change in net position	2,879,661			1,222,544
Net position – beginning, as previously reported	83,120,774			86,000,435
Change in accounting principle	–			(4,186,214)
Net position – beginning, restated	<u>83,120,774</u>			<u>81,814,221</u>
Net position – ending	<u>\$ 86,000,435</u>			<u>\$ 83,036,765</u>



## SUMMARY

- **Clean Opinion on Basic Financial Statements with One Qualification**
- **Qualification Related to the Fire Relief Association Not Implementing GASB Statement #68 on Pensions**
- **One Finding on MN Legal Compliance**
- **Financial Results Indicate Adherence to Budget**
- **Administration Continues Ongoing Assessment of Financial Projections, Debt Management, and Financial Results including Tax increment Districts and Enterprise Funds**