



CITY OF
Saint Peter
WHERE HISTORY & PROGRESS MEET

**ANNUAL
FINANCIAL
REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2015

CITY OF SAINT PETER, MINNESOTA

CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

Annual Financial Report
For the Year Ended
December 31, 2015

Prepared by
Finance Department

Paula O'Connell
Director of Finance

Brenda Isley
Accountant

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CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

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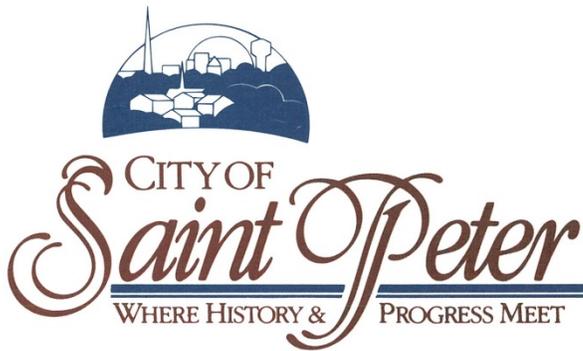
CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

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INTRODUCTORY SECTION

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June 22, 2016

To the Honorable Mayor, Members of the City Council,
and Citizens of the City of Saint Peter, Minnesota

The annual financial report of the City of Saint Peter, Minnesota (the City) for the fiscal year ended December 31, 2015, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate, in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The report is presented in three sections: introductory, financial, and other information. The introductory section includes this letter of transmittal and a list of principal officials. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and the combining and individual fund statements and schedules. The other information section includes supplemental schedules of statistical data.

The preparation of the report is a requirement of state law. The organization, form, and contents of this report were prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board, the Government Finance Officers Association of the United States and Canada, the American Institute of Certified Public Accountants, and the Minnesota State Auditor's Office.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

THE REPORTING ENTITY AND ITS SERVICES

In addition to the functions over which the City Council exerts direct financial control, the report includes all agencies and entities for which the City is considered to be financially accountable. These agencies and entities are considered component units of the City and include the River's Edge Hospital and Clinic and the Housing and Redevelopment Authority (HRA). These are separate entities and are discretely presented in the basic financial statements. The Economic Development Authority is also considered a component unit of the City. This entity's activities have been blended with that of the City.

The City provides its residents and businesses with a full range of municipal services, including public safety (police and fire), public works, community planning and development, parks and recreation, library, community center, and general administrative services. The City also operates nine enterprise funds: Electric, Water, Wastewater, Environmental Services, Storm Water, Telecommunications Conduit, Heartland Transit, Long-Term Care Facility, and the Medical Office Building Funds.

RECENT DEVELOPMENTS AND ECONOMIC OUTLOOK

The City continues to pursue, and is dedicated to, improvement and enhancement of city services and facilities. The City Council and staff have developed cooperative relationships with other entities such as Nicollet County; the Minnesota Department of Transportation (MnDOT); Independent School District No. 508, Saint Peter School District (the District); and Gustavus Adolphus College to find ways to enhance the quality of life in the City. These cooperative ventures have resulted in new public buildings, housing, infrastructure, businesses, and recreational facilities, which all serve to improve the high quality of life available in the City.

The City Council continues to make appropriate capital investments in infrastructure, including enhancements to substations and replacement of electric distribution systems that were originally installed in the 1970s. These changes have allowed us to receive RP3 designation from American Public Power for those utilities meeting the highest standards for performance. The City Council also continues its investment of roads and sidewalks with more than \$500,000 being reinvested each year toward maintenance.

The City's water utility upgraded the existing water treatment plant located on St. Julien Street and installed a new plant and wells on Broadway Avenue, which began operation in 2011. The facilities utilize the latest reverse osmosis membrane filtration technology to provide one of the upper Midwest's best water qualities. The plants are designed to meet all current primary and secondary drinking water standards and to provide a safe and reliable drinking water supply to the residents of the City now and into the foreseeable future. The wells and treatment plants will meet the water demand and growth needs through 2031 and are designed for expansion when necessary. An additional water storage reservoir at the new Broadway facility provides redundancy between the City's upper and lower water distribution systems, which increases the reliability of the entire system.

Our downtown continues to have a very low vacancy rate and substantial improvement to buildings which continue to improve our local economic outlook. Historic downtown Saint Peter continues to thrive. The 2009 improvements to Minnesota Avenue (State Trunk Highway [TH] 169) have enhanced the appearance of the retail district while improving pedestrian and vehicular circulation. The year 2015 produced continued activity within the retail commercial sector with grand openings for several new businesses, including 4 the Team, Generations Boutique, and the Refinery. The City continues to work with business owners and Chamber members to encourage and help facilitate upgrades, programs, and enhancements to the downtown storefronts. The City recently has made changes to its revolving loan program that is intended to help maintain historic buildings and promote accessibility in downtown.

In November 2013, Shopko opened a new 30,000 square foot retail store in the north commercial district in proximity to Hallett's Pond. An additional nine acres of land is being marketed by the developer for commercial growth. Additional street improvements continue in this area between Union Street and Ritt Street on Old Minnesota Avenue. Other businesses that have started operation in the northern part of the City include El Agave Mexican Restaurant, Lake Washington Marine, and a significant investment by Spring Touch (a lawn care company) in a building on Ritt Street.

The City's transportation master plan identified the need for a cross-town collector street, Washington Avenue, for better local traffic flow throughout the community. TH 169, also called Minnesota Avenue, provides for traffic accessing the community or passing through. Two projects were necessary to complete the Washington Avenue cross-town connector. The project to connect South Washington Avenue to TH 169 at the south end of the community was opened for use in 2012. The Washington Avenue Link Project to connect North Washington Avenue at Dodd Road to North Washington Avenue at Davis Street started construction in late 2013 and was open for use in 2014.

Improvements on TH 169 from the Union Street intersection to the Dodd Avenue intersection have been completed. The goals of the project were: 1) highway improvements to minimize traffic interruption due to flooding; 2) to improve safe access from the City to the highway with high traffic volumes; and 3) to improve access to and from the highway for local businesses.

At this time in 2016, there are three governmental construction projects totaling more than \$123,000,000 in costs either planned for later this year, already occupied, or under construction. These projects include the new Nicollet County Health and Human Services building, the new Saint Peter High School, and an expansion of the Regional Treatment Center. Nicollet County demolished the former Saint Peter Cinema 5 Theater and a 50,000 square foot Health and Human Services building opened in late 2015.

Drummer Construction has completed the development in Orchard Ridge 2nd Addition with the construction of 36 apartment units.

Southwest Minnesota Housing Partnership has completed a 40-apartment unit called Park Row Crossing on the former Saint Peter Community Hospital site. Two buildings, each holding 20 apartment units, were occupied beginning in late 2014. This was the third multi-family construction project undertaken by Southwest Minnesota Housing Partnership in the City since 2000. Rental housing continues to be at a premium and our most recent housing study indicates high demand with a vacancy rate of less than 1 percent.

In late 2013, the City acquired possession of the Welco West Subdivision from Nicollet County through tax forfeiture. The City subsequently negotiated the sale of the defunct development to Mike and Julie Drummer. The new owners have committed to the construction of 12 attached townhouse units, 32 single family homes, and a 40-unit market rate apartment complex that is tentatively scheduled to start construction mid-summer 2016.

Single family homes continue to be built as sites are still available within the City. The City Council took action in mid-2015 to acquire about 55 acres of land from the District to build its third "workforce housing" subdivision in partnership with Southwest Minnesota Housing Partnership and others. This new subdivision started infrastructure construction in April 2016, and is planned to replicate the processes used in the City's previous successful subdivisions, Nicollet Meadows and Washington Terrace. This new subdivision is named Traverse Green and the first phase will include approximately 60 lots with total lots developed by the City to exceed 130. Additional space is provided for private development of lots that would be appropriate for homes with values of higher than \$240,000.

Tax capacity values, building permits, and population have continued a steady incline and represent the continued realization of an overall plan for development and quality of life that have been developed in cooperation with many other organizations and groups within the City.

In cooperation with the City's electric power supplier, Southern Minnesota Municipal Power Agency (SMMPA), a transmission/substation project for the electric utility was completed in the spring of 2013. The overhead transmission lines through the community were replaced with more reliable underground transmission lines to interconnect three city substations in series, providing dual service to each electric substation. A new electric substation was constructed on Sunrise Drive and placed in service in May 2012 to add capacity and meet the City's demand and electric growth needs through 2030. Breakers were added to each substation to intercept transmission line faults to further improve the reliability of the electric service to the community. The City now has four substation transformers to provide redundancy to ensure the electric system can meet the City's electrical needs in the event of a failure of any one substation transformer. The City's electric distribution system is "looped" to minimize any electrical outage related to failure of any given section of electric distribution line.

The wastewater treatment plant, constructed in 2004, continues to operate efficiently to meet the increasingly stringent requirements of the Minnesota Pollution Control Agency for discharge of wastewater effluent to the Minnesota River. The wastewater treatment plant has room for expansion and is designed to meet expected flow increases through the year 2024.

Recent data suggests that population growth will continue to out-pace much of greater Minnesota, which is aided by business growth in the City, our inclusion with the Mankato Metropolitan Statistical Area, and our proximity to the Twin Cities Metropolitan Area. Very low unemployment numbers, improved housing starts, sales tax, and lodging tax growth all point towards a positive economic outlook.

FINANCIAL INFORMATION AND INTERNAL CONTROLS

The City's staff is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the presentation of financial statements in accordance with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

The accounting for all activities of the City is divided into various funds as required by state statutes, debt agreements, and good accounting practices. Financial statements are presented on the accrual or modified accrual basis as appropriate. All funds are in conformity with accounting principles generally accepted in the United States of America as applicable to governmental entities.

Accounting and bookkeeping functions for all city activities are centralized under the finance department. Responsibility for development and maintenance of financial records, maintenance of internal controls, and preparation of financial reports is delegated to this department. Utility services continue to stretch out across our community, which brings additional customer service as well as the need for new technology. Internal controls and segregation of duties are reviewed daily to improve our operations.

As a recipient of federal and state financial assistance, the City is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by city staff, and an annual audit using prescribed parameters.

BUDGETING CONTROLS

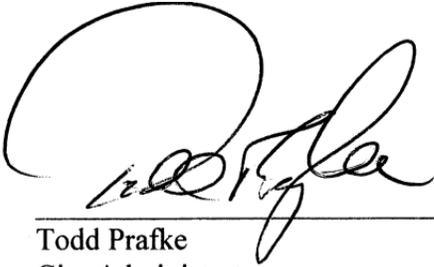
In addition to internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level within the General Fund.

As demonstrated by the financial statements and schedules included in the financial section of this report, the City continues to set realistic goals and has demonstrated the ability to meet these goals through sound financial management.

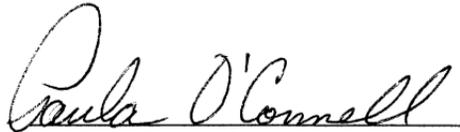
INDEPENDENT AUDIT

Minnesota Statutes require an annual audit by independent certified public accountants. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related U.S. Office of Management and Budget Uniform Guidance, if applicable. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the City's compliance with laws and regulations and internal controls are included in a separate document.

Respectfully submitted,



Todd Prafke
City Administrator



Paula O'Connell
Director of Finance

CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

City Council and Other Officials
Year Ended December 31, 2015

CITY COUNCIL

		<u>Term Expires December 31,</u>
Timothy Strand	Mayor	2015
Jeff Brand	Councilmember	2015
Susan Carlin	Councilmember	2017
Stephen Grams	Councilmember	2017
John Kvamme	Councilmember	2015
Roger Parras	Councilmember	2017
Chuck Zieman	Councilmember	2015

OFFICIALS

Todd Prafke	City Clerk/Administrator	Appointed
Paula O'Connell	Director of Finance/Treasurer	Appointed
Russ Wille	Director of Community Development	Appointed
Peter Moulton	Director of Public Works	Appointed
Matthew Peters	Chief of Police	Appointed
Jane Timmerman	Director of Recreation and Leisure Services	Appointed
Dean Busse	Director of Building and Planning	Appointed
James Brandt	City Attorney	Appointed

FINANCIAL SECTION

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PRINCIPALS

Thomas M. Montague, CPA
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Saint Peter, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saint Peter, Minnesota (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component units' financial statements. These include the financial statements of the Hospital, whose statements reflect total assets and expenses of \$22,445,667 and \$26,331,968, respectively, as of and for the year ended December 31, 2015. They also include the financial statements of the Housing and Redevelopment Authority (HRA), whose statements reflect total assets and expenses of \$1,290,287 and \$380,929, respectively, as of and for the year ended March 31, 2015. Those statements were audited by other auditors whose reports have been furnished to us. Our opinion on the basic financial statements, insofar as it relates to the amounts included for these organizations as component units of the City, is based solely on the reports of the other auditors. 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 auditor's 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 relevant to the City's 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's 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.

(continued)

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

SUMMARY OF OPINIONS

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental activities	Qualified
Business-type activities	Unmodified
Discretely presented component units	Unmodified
General Fund	Unmodified
Capital Projects – Permanent Improvement Fund	Unmodified
Each major enterprise fund	Unmodified
Aggregate remaining fund information	Unmodified

BASIS FOR QUALIFIED OPINION ON GOVERNMENTAL ACTIVITIES

Management has not adopted the standards for pension plans within Governmental Accounting Standards Board (GASB) Statement No. 68 related to the Saint Peter Fire Relief Association Pension Plan. Accounting principles generally accepted in the United States of America require the reporting of a net pension liability related to the plan, which would change the liabilities, net position, and expenses of the governmental activities of the City. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities has not been determined.

QUALIFIED OPINION

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of the governmental activities of the City as of December 31, 2015, and the changes in the financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

UNMODIFIED OPINIONS

In our opinion, based on our audit and the report of other auditors, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As described in Note 1 of the notes to basic financial statements, the City has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, during the year ended December 31, 2015. Our opinion is not modified with respect to this matter.

(continued)

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information (RSI), 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 GASB, 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 and other auditors have applied certain limited procedures to the RSI 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the supplemental information, and the other information section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplemental 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. Such 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and other information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior Year Comparative Information

We have previously audited the City's 2014 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information in our report dated June 16, 2015. In our opinion, the partial comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P. A.
Minneapolis, Minnesota
June 22, 2016

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CITY OF SAINT PETER

Management's Discussion and Analysis Year Ended December 31, 2015

As management of the City of Saint Peter, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the additional information we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the primary government exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$83,036,765 (*net position*). Of this amount, \$4,261,496 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City recorded a change in accounting principle related to the implementation of new Governmental Accounting Standards Board (GASB) Statement No. 68 reporting employee participation in certain pension plans. The change reduced beginning net position in the government-wide financial statements by \$4,186,214, of which \$3,225,793 was attributable to governmental activities and \$960,421 was attributable to business-type activities.
- The primary government's total net position increased \$1,222,544, not including the change in accounting principle previously discussed.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,020,079, an increase of \$163,236 in comparison with the prior year. Of this total, \$3,292,446 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$3,492,085, or 50.6 percent, of General Fund 2016 budgeted expenditures. This is lower than the percentage reported at December 31, 2014 of 52.2 percent. The City's fund balance policy has a goal to keep this percent in the range of 35–50 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused, vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, and economic development. The business-type activities of the City include electric, water, environmental services, wastewater, transit, storm water, telecommunications conduit, the long-term care facility, and the medical office building.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate River's Edge Hospital and Clinic and the legally separate Housing and Redevelopment Authority, for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Additional financial information for these entities can be found in the separately issued financial statements of these entities. The Economic Development Authority, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenue, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains numerous individual governmental funds within its financial report. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenue, Expenditures, and Changes in Fund Balances for the General Fund and funds designated as major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts annual appropriated budgets for its General Fund and special revenue funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds – The City maintains one type of proprietary fund; enterprise funds. These enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, environmental services, wastewater, Heartland Transit, storm water, telecommunications conduit, long-term care facility, and medical office building operations.

Proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds, all of which are considered to be major funds of the City.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Basic Financial Statements – The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to the PERA and the fire department volunteers. Additional information on nonmajor funds can be found in the combining and individual fund statements and schedules section.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$83,036,765 at the close of the most recent fiscal year. This is a decrease in net position of \$2,963,670 from the prior fiscal year, mainly due to the change in accounting principle previously discussed.

Summary of Net Position as of December 31, 2015 and 2014						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 12,992,929	\$ 13,098,692	\$ 7,791,194	\$ 8,504,478	\$ 20,784,123	\$ 21,603,170
Capital assets	32,287,502	33,919,195	94,168,597	95,041,250	126,456,099	128,960,445
Total assets	\$ 45,280,431	\$ 47,017,887	\$ 101,959,791	\$ 103,545,728	\$ 147,240,222	\$ 150,563,615
Deferred outflows of resources	\$ 606,110	\$ -	\$ 138,911	\$ -	\$ 745,021	\$ -
Liabilities						
Long-term liabilities	\$ 14,071,811	\$ 11,679,595	\$ 48,634,659	\$ 50,708,668	\$ 62,706,470	\$ 62,388,263
Other liabilities	287,141	693,891	1,369,971	1,481,026	1,657,112	2,174,917
Total liabilities	\$ 14,358,952	\$ 12,373,486	\$ 50,004,630	\$ 52,189,694	\$ 64,363,582	\$ 64,563,180
Deferred inflows of resources	\$ 467,487	\$ -	\$ 117,409	\$ -	\$ 584,896	\$ -
Net position						
Net investment in capital assets	\$ 22,242,676	\$ 22,738,954	\$ 47,205,913	\$ 44,999,081	\$ 69,448,589	\$ 67,738,035
Restricted	7,581,011	7,380,664	1,745,669	1,702,183	9,326,680	9,082,847
Unrestricted	1,236,415	4,524,783	3,025,081	4,654,770	4,261,496	9,179,553
Total net position	\$ 31,060,102	\$ 34,644,401	\$ 51,976,663	\$ 51,356,034	\$ 83,036,765	\$ 86,000,435

By far, the largest portion of the City's net position (83.6 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (11.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (5.2 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

The increases in deferred outflows/inflows of resources is related to the implementation of GASB Statement No. 68, as previously discussed.

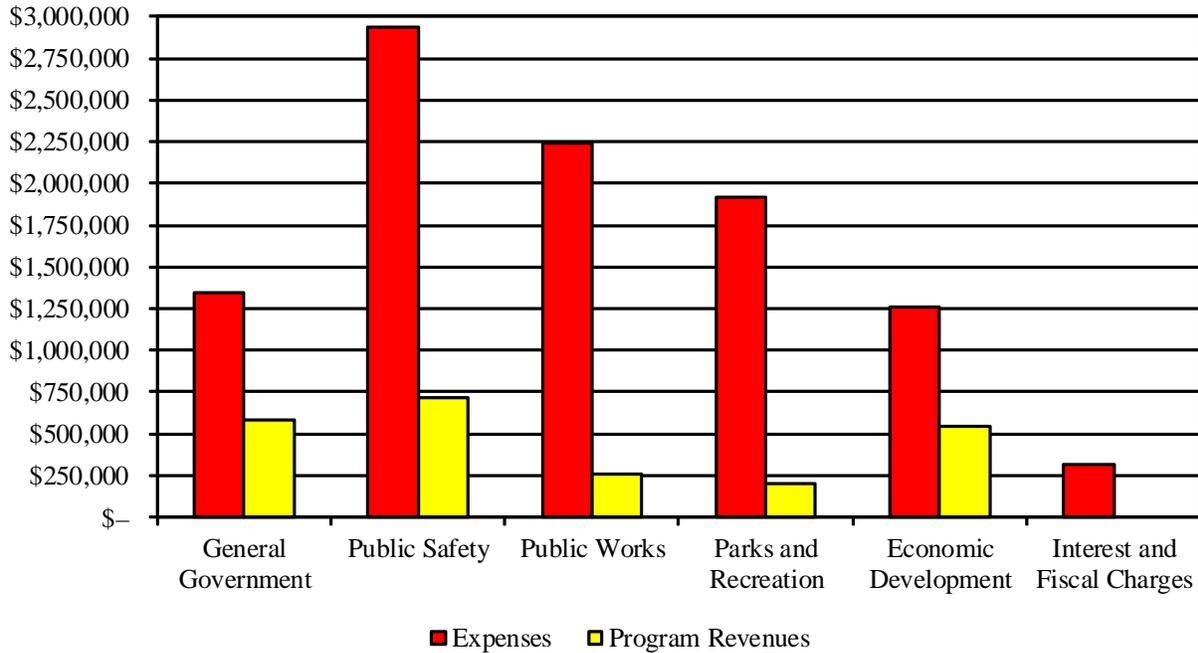
The following table presents the changes in net position for the primary government:

Change in Net Position for the Years Ended December 31, 2015 and 2014						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 1,594,180	\$ 1,542,578	\$ 20,444,081	\$ 19,839,128	\$ 22,038,261	\$ 21,381,706
Operating grants and contributions	323,933	299,648	252,426	366,719	576,359	666,367
Capital grants and contributions	390,340	1,534,598	-	177,158	390,340	1,711,756
General revenues						
Taxes	3,015,476	3,111,353	-	-	3,015,476	3,111,353
Grants and contributions not restricted to specific programs	3,368,538	3,279,707	-	-	3,368,538	3,279,707
Gain on sale of asset	113,426	644,289	-	-	113,426	644,289
Other	105,726	168,871	41,585	35,616	147,311	204,487
Total revenues	<u>8,911,619</u>	<u>10,581,044</u>	<u>20,738,092</u>	<u>20,418,621</u>	<u>29,649,711</u>	<u>30,999,665</u>
Expenses						
General government	1,349,962	1,218,160	-	-	1,349,962	1,218,160
Public safety	2,933,522	2,783,733	-	-	2,933,522	2,783,733
Public works	2,241,461	2,124,676	-	-	2,241,461	2,124,676
Parks and recreation	1,921,523	1,878,985	-	-	1,921,523	1,878,985
Economic development	1,258,913	1,206,489	-	-	1,258,913	1,206,489
Interest and fiscal charges	316,573	365,185	-	-	316,573	365,185
Electric	-	-	9,721,230	9,721,539	9,721,230	9,721,539
Water	-	-	3,085,580	3,185,809	3,085,580	3,185,809
Environmental services	-	-	810,888	764,224	810,888	764,224
Wastewater	-	-	2,738,693	2,802,964	2,738,693	2,802,964
Transit	-	-	337,148	323,696	337,148	323,696
Storm water	-	-	542,222	557,035	542,222	557,035
Telecommunications conduit	-	-	14,264	14,264	14,264	14,264
Long-term care facility	-	-	766,926	778,850	766,926	778,850
Medical office building	-	-	388,262	394,395	388,262	394,395
Total expenses	<u>10,021,954</u>	<u>9,577,228</u>	<u>18,405,213</u>	<u>18,542,776</u>	<u>28,427,167</u>	<u>28,120,004</u>
Change in net position before transfers	(1,110,335)	1,003,816	2,332,879	1,875,845	1,222,544	2,879,661
Transfers	751,829	1,447,272	(751,829)	(1,447,272)	-	-
Change in net position	(358,506)	2,451,088	1,581,050	428,573	1,222,544	2,879,661
Net position – beginning, as previously reported	34,644,401	32,193,313	51,356,034	50,927,461	86,000,435	83,120,774
Change in accounting principle	(3,225,793)	-	(960,421)	-	(4,186,214)	-
Net position – beginning, restated	<u>31,418,608</u>	<u>32,193,313</u>	<u>50,395,613</u>	<u>50,927,461</u>	<u>81,814,221</u>	<u>83,120,774</u>
Net position – ending	<u>\$ 31,060,102</u>	<u>\$ 34,644,401</u>	<u>\$ 51,976,663</u>	<u>\$ 51,356,034</u>	<u>\$ 83,036,765</u>	<u>\$ 86,000,435</u>

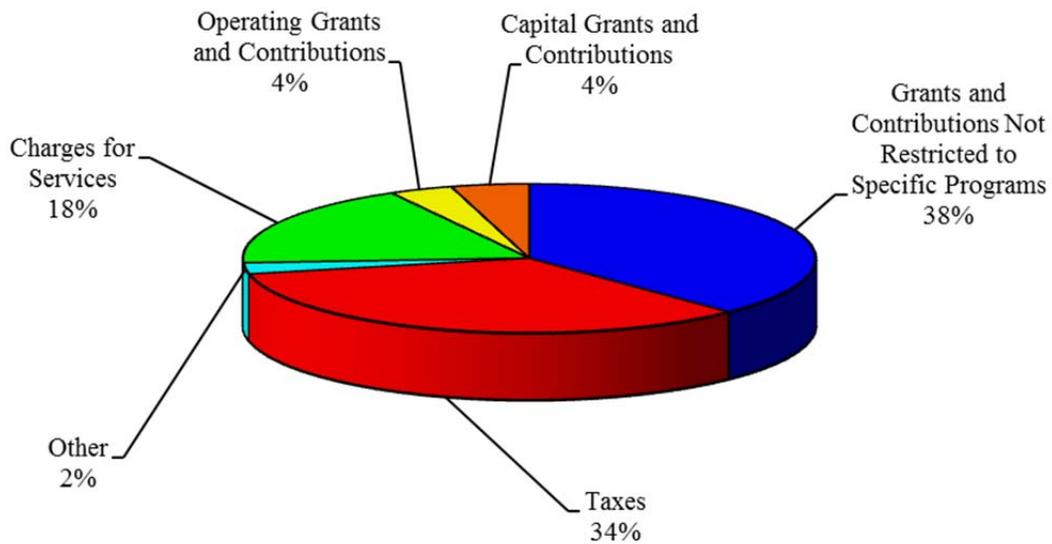
Total revenues were lower in fiscal 2015 as capital grants for the Washington Avenue Street Project were less than prior years.

Governmental Activities – Governmental activities decreased the City’s net position (excluding the change in accounting principle) by \$358,506. Elements of this change are seen in the graph below:

Expenses and Program Revenues – Governmental Activities



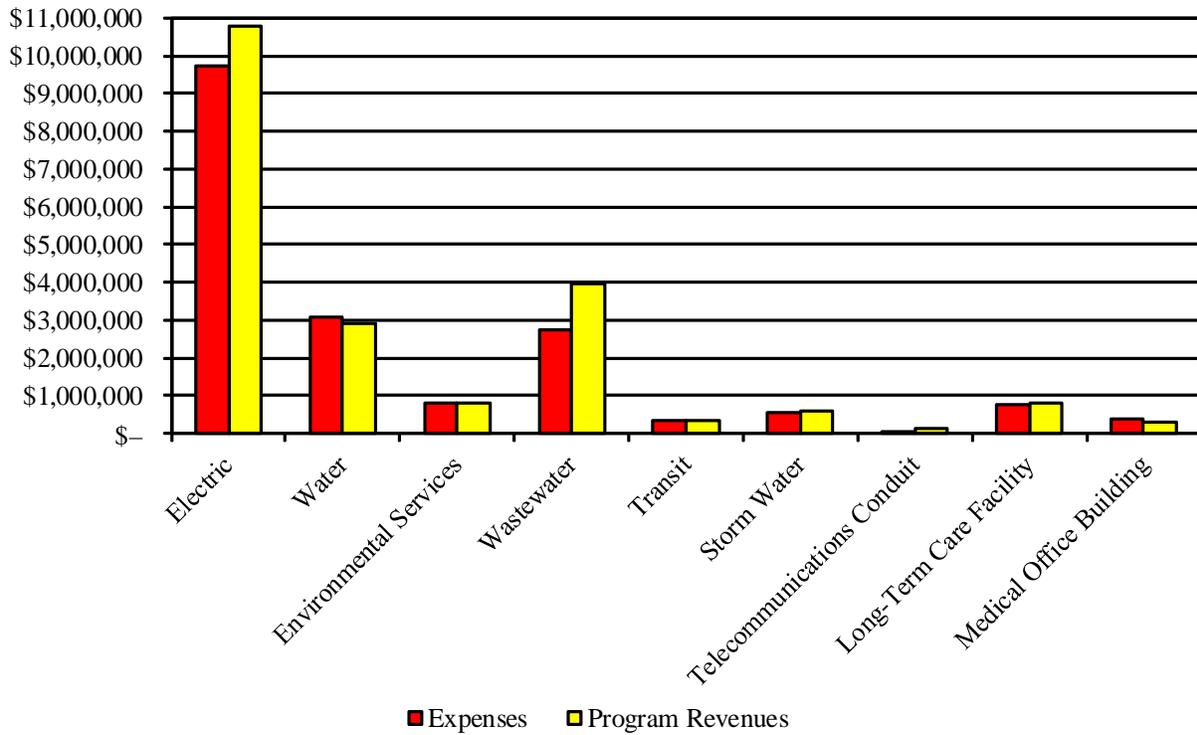
Revenues by Source – Governmental Activities



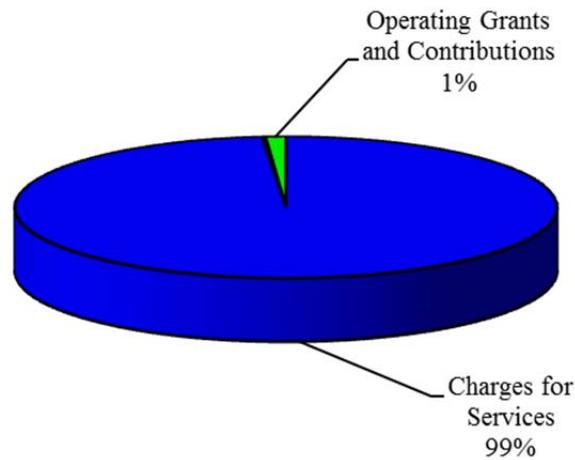
It is important to note these revenues exclude transfers received from other funds.

Business-Type Activities – Business-type activities increased the City’s net position (excluding the change in accounting principle) by \$1,581,050. As it shows in the graphs, these funds are supported by rates collected from users.

Expenses and Program Revenues – Business-Type Activities



Revenues by Source – Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,020,079, an increase of \$163,236 in comparison with the prior year. Of this total amount, \$3,292,446 constitutes unassigned fund balance, which is available for spending at the government's discretion.

General Fund – The General Fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the General Fund was \$3,824,821, an increase of \$49,226. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures and transfers out. Fund balance represents 52.4 percent of total General Fund 2016 budgeted expenditures and transfers out. Because the City receives property tax settlements and local government aid in two large disbursements each year, the City depends on this fund balance to provide cash flow for its daily operations throughout the year.

The following table shows the General Fund expenditures and transfers out or budgeted expenditures and transfers out, and beginning fund balances over the past nine years and the upcoming year:

Year	General Fund Expenditures and Transfers Out	General Fund – Fund Balance at Beginning of Year	Fund Balance as a Percentage of Expenditures and Transfers Out
2007	\$ 5,185,418	\$ 1,920,192	37.0 %
2008	5,546,334	2,045,164	36.9
2009	5,485,688	2,050,652	37.4
2010	5,394,036	2,325,697	43.1
2011	6,119,576	3,519,518	57.5
2012	6,099,427	3,397,334	55.7
2013	6,819,666	3,963,763	58.1
2014	6,902,596	3,746,297	54.3
2015	6,763,124	3,775,595	55.8
Budgeted 2016	7,303,334	3,824,821	52.4

Capital Projects – Permanent Improvement Fund – This fund increased its fund balance by \$92,599, mainly related to the completion of the Washington Avenue Street Improvement Project.

Nonmajor Funds – These funds increased fund balances by \$21,411.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City did not amend the original budget during the year.

Total General Fund revenues exceeded budget by \$174,169. This variance was mainly from permits and fees related to construction of the new high school and other miscellaneous grants received.

Total General Fund expenditures were under budget in 2015 by \$315,401, with the majority of the variance in public works due to lower than expected street projects in the current year.

Transfers out for the year ended December 31, 2015 were over budget by \$447,500. Most of this was due to a transfer out in the amount of \$450,000 to the Parkland Dedication Capital Project Fund in fiscal 2015 that was not budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2015 amounts to \$126,456,099 (net of accumulated depreciation). This investment in capital assets includes: land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and trails.

Major capital asset events during the current fiscal year included the following:

- Completion of Washington Avenue
- Traverse Road water and sewer installation
- Gardner Road water installation

City of Saint Peter’s Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,255,287	\$ 2,255,287	\$ 976,861	\$ 976,861	\$ 3,232,148	\$ 3,232,148
Land improvements	619,157	619,157	–	–	619,157	619,157
Buildings and improvements	17,121,072	17,115,332	58,130,568	58,065,480	75,251,640	75,180,812
Utility plant and infrastructure	19,364,436	14,170,382	63,794,804	61,927,858	83,159,240	76,098,240
Machinery and equipment	6,709,962	6,425,461	11,604,340	10,952,123	18,314,302	17,377,584
Construction in progress	492,635	6,303,790	718,676	887,158	1,211,311	7,190,948
Less accumulated depreciation	(14,275,047)	(12,970,214)	(41,056,652)	(37,768,230)	(55,331,699)	(50,738,444)
Total	\$ 32,287,502	\$ 33,919,195	\$ 94,168,597	\$ 95,041,250	\$126,456,099	\$128,960,445

Additional details of capital asset activity for the year can be found in the notes to basic financial statements.

Long-Term Debt – At the end of the current fiscal year, the City had total long-term liabilities of \$62,706,470.

City of Saint Peter’s Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 8,805,000	\$ 9,864,207	\$ –	\$ –	\$ 8,805,000	\$ 9,864,207
General obligation equipment certificates	1,340,960	1,397,320	–	–	1,340,960	1,397,320
General obligation notes payable	–	–	23,207,001	24,994,001	23,207,001	24,994,001
Notes payable	14,613	23,855	–	–	14,613	23,855
Utility revenue bonds	–	–	11,845,000	12,835,000	11,845,000	12,835,000
Long-term care facility revenue bonds and notes	–	–	12,198,180	12,535,262	12,198,180	12,535,262
Compensated absences	453,355	394,213	377,152	344,405	830,507	738,618
Net pension liability	3,457,883	–	1,007,326	–	4,465,209	–
Total	<u>\$ 14,071,811</u>	<u>\$ 11,679,595</u>	<u>\$ 48,634,659</u>	<u>\$ 50,708,668</u>	<u>\$ 62,706,470</u>	<u>\$ 62,388,263</u>

Under current state statutes, the City’s general obligation bonded debt issuances are subject to a legal limitation based on 3 percent of total market value of real and personal property. As of December 31, 2015, the total market value was \$513,540,900, producing an allowable debt of \$15,406,227. The City’s net debt for general obligation bonds as of December 31, 2015 is \$591,051, which is 3.8 percent of the total allowable debt. The net debt per capita for general obligation bonds equaled \$50 in 2015.

Additional details of the City’s long-term debt activity for the year can be found in the notes to basic financial statements.

Discretely Presented Component Units – Please refer to separately issued financial statements of the component units for the management’s discussion and analysis of those entities’ financial activities.

REQUESTS FOR INFORMATION

This annual financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Saint Peter, Director of Finance, 227 South Front Street, Municipal Building, Saint Peter, Minnesota 56082.

BASIC FINANCIAL STATEMENTS

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CITY OF SAINT PETER

Statement of Net Position
as of December 31, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	River's Edge Hospital and Clinic	Housing and Redevelopment Authority
Assets					
Cash and investments	\$ 9,969,761	\$ 3,687,221	\$ 13,656,982	\$ 4,435,632	\$ 577,624
Receivables (net of allowance)					
Accounts	197,967	1,560,495	1,758,462	4,488,937	2,638
Interest	–	18,313	18,313	–	–
Special assessments	296,601	176,446	473,047	–	–
Notes	2,441,348	14,615	2,455,963	–	–
Due from other governmental units	83,753	70,559	154,312	–	–
Unamortized bond discount	–	287,497	287,497	–	–
Inventory	2,085	805,829	807,914	617,417	–
Prepaid items	1,414	1,991	3,405	144,062	8,590
Other assets	–	–	–	551,525	–
Restricted assets – temporarily restricted					
Cash and investments for debt service	–	1,168,228	1,168,228	–	–
Cash and investments for River's Edge Hospital and Clinic	–	–	–	3,890,702	–
Capital assets					
Land	2,255,287	976,861	3,232,148	28,886	67,938
Land improvements	619,157	–	619,157	1,179,654	–
Buildings and improvements	17,121,072	58,130,568	75,251,640	7,255,742	2,785,745
Utility plant and infrastructure	19,364,436	63,794,804	83,159,240	–	–
Machinery and equipment	6,709,962	11,604,340	18,314,302	14,487,604	292,028
Construction in progress	492,635	718,676	1,211,311	68,682	–
Less accumulated depreciation	(14,275,047)	(41,056,652)	(55,331,699)	(14,703,176)	(2,444,276)
Total capital assets, net of depreciation	<u>32,287,502</u>	<u>94,168,597</u>	<u>126,456,099</u>	<u>8,317,392</u>	<u>701,435</u>
Total assets	45,280,431	101,959,791	147,240,222	22,445,667	1,290,287
Deferred outflows of resources					
Pension plan deferments	<u>606,110</u>	<u>138,911</u>	<u>745,021</u>	<u>1,359,382</u>	<u>–</u>
Total assets and deferred outflows of resources	\$ 45,886,541	\$ 102,098,702	\$ 147,985,243	\$ 23,805,049	\$ 1,290,287
Liabilities					
Accounts and contracts payable	\$ 106,936	\$ 782,202	\$ 889,138	\$ 1,055,733	\$ 10,319
Salaries and withholdings payable	6,598	–	6,598	1,110,175	6,155
Accrued interest payable	112,387	394,860	507,247	147,077	–
Customer deposits	58,022	120,900	178,922	–	24,031
Due to other governmental units	–	30,292	30,292	–	9,150
Unearned revenue	3,198	41,717	44,915	–	1,360
Long-term liabilities					
Due within one year	1,778,792	3,450,461	5,229,253	657,989	–
Due in more than one year	12,293,019	45,184,198	57,477,217	18,368,140	–
Total long-term liabilities	<u>14,071,811</u>	<u>48,634,659</u>	<u>62,706,470</u>	<u>19,026,129</u>	<u>–</u>
Total liabilities	14,358,952	50,004,630	64,363,582	21,339,114	51,015
Deferred inflows of resources					
Pension plan deferments	<u>467,487</u>	<u>117,409</u>	<u>584,896</u>	<u>1,592,377</u>	<u>–</u>
Net position					
Net investment in capital assets	22,242,676	47,205,913	69,448,589	(4,059,565)	701,435
Restricted for					
Debt service	648,478	1,168,228	1,816,706	–	–
Revolving loans	3,317,821	–	3,317,821	–	–
Capital replacement	3,614,712	577,441	4,192,153	–	–
Unrestricted	1,236,415	3,025,081	4,261,496	4,933,123	537,837
Total net position	<u>31,060,102</u>	<u>51,976,663</u>	<u>83,036,765</u>	<u>873,558</u>	<u>1,239,272</u>
Total liabilities, deferred inflows of resources, and net position	\$ 45,886,541	\$ 102,098,702	\$ 147,985,243	\$ 23,805,049	\$ 1,290,287

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Activities
Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 1,349,962	\$ 459,621	\$ 121,388	\$ -
Public safety	2,933,522	528,608	190,545	-
Public works	2,241,461	3,740	-	255,473
Parks and recreation	1,921,523	190,394	12,000	-
Economic development	1,258,913	411,817	-	134,867
Interest and fiscal charges	316,573	-	-	-
Total governmental activities	<u>\$ 10,021,954</u>	<u>\$ 1,594,180</u>	<u>\$ 323,933</u>	<u>\$ 390,340</u>
Business-type activities				
Electric	\$ 9,721,230	\$ 10,777,005	\$ 1,408	\$ -
Water	3,085,580	2,902,935	756	-
Environmental services	810,888	815,663	326	-
Wastewater	2,738,693	3,978,265	1,048	-
Transit	337,148	100,220	248,845	-
Storm water	542,222	615,673	43	-
Telecommunications conduit	14,264	142,669	-	-
Long-term care facility	766,926	801,544	-	-
Medical office building	388,262	310,107	-	-
Total business-type activities	<u>18,405,213</u>	<u>20,444,081</u>	<u>252,426</u>	<u>-</u>
Total primary government	<u>\$ 28,427,167</u>	<u>\$ 22,038,261</u>	<u>\$ 576,359</u>	<u>\$ 390,340</u>
Component units				
River's Edge Hospital and Clinic	\$ 26,331,968	\$ 26,986,989	\$ 80,830	\$ -
Housing and Redevelopment Authority	380,929	259,518	43,211	91,570
Total component units	<u>\$ 26,712,897</u>	<u>\$ 27,246,507</u>	<u>\$ 124,041</u>	<u>\$ 91,570</u>

General revenues

Taxes

Grants and contributions not restricted to specific programs

Other general revenues

Investment earnings

Gain on sale of assets

Transfers

Total general revenues and transfers

Change in net position

Net position – beginning, as previously reported

Change in accounting principle

Net position – beginning, restated

Net position – ending

See notes to basic financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	River's Edge Hospital and Clinic	Housing and Redevelopment Authority
\$ (768,953)	\$ -	\$ (768,953)	\$ -	\$ -
(2,214,369)	-	(2,214,369)	-	-
(1,982,248)	-	(1,982,248)	-	-
(1,719,129)	-	(1,719,129)	-	-
(712,229)	-	(712,229)	-	-
(316,573)	-	(316,573)	-	-
(7,713,501)	-	(7,713,501)	-	-
-	1,057,183	1,057,183	-	-
-	(181,889)	(181,889)	-	-
-	5,101	5,101	-	-
-	1,240,620	1,240,620	-	-
-	11,917	11,917	-	-
-	73,494	73,494	-	-
-	128,405	128,405	-	-
-	34,618	34,618	-	-
-	(78,155)	(78,155)	-	-
-	2,291,294	2,291,294	-	-
(7,713,501)	2,291,294	(5,422,207)	-	-
-	-	-	735,851	-
-	-	-	-	13,370
-	-	-	735,851	13,370
3,015,476	-	3,015,476	-	-
3,368,538	-	3,368,538	-	-
51,352	-	51,352	2,251	8,663
54,374	41,585	95,959	38,027	459
113,426	-	113,426	-	-
751,829	(751,829)	-	-	-
7,354,995	(710,244)	6,644,751	40,278	9,122
(358,506)	1,581,050	1,222,544	776,129	22,492
34,644,401	51,356,034	86,000,435	6,831,686	1,216,780
(3,225,793)	(960,421)	(4,186,214)	(6,734,257)	-
31,418,608	50,395,613	81,814,221	97,429	1,216,780
<u>\$ 31,060,102</u>	<u>\$ 51,976,663</u>	<u>\$ 83,036,765</u>	<u>\$ 873,558</u>	<u>\$ 1,239,272</u>

CITY OF SAINT PETER

Balance Sheet

Governmental Funds

as of December 31, 2015

(With Partial Comparative Information as of December 31, 2014)

	General	Capital Projects –		Total Governmental Funds	
		Improvement	Nonmajor	2015	2014
Assets					
Cash and investments	\$ 3,594,315	\$ 1,434,459	\$ 4,940,987	\$ 9,969,761	\$ 8,738,609
Receivables					
Accounts	103,556	–	94,411	197,967	140,326
Delinquent taxes	60,147	–	–	60,147	60,079
Delinquent special assessments	153	–	187	340	1,646
Deferred special assessments	8,056	249,509	38,696	296,261	303,819
Notes	231,540	–	2,209,808	2,441,348	2,309,484
Due from other funds	200,513	–	–	200,513	201,416
Due from other governmental units	20,320	607	2,679	23,606	396,220
Inventory	2,085	–	–	2,085	2,894
Prepaid items	1,414	–	–	1,414	1,048
Assets held for resale	–	–	–	–	1,144,567
Total assets	\$ 4,222,099	\$ 1,684,575	\$ 7,286,768	\$ 13,193,442	\$ 13,300,108
Liabilities					
Accounts and contracts payable	\$ 87,586	\$ 2,100	\$ 17,250	\$ 106,936	\$ 307,679
Salaries and withholdings payable	6,598	–	–	6,598	13,628
Due to other funds	–	–	200,513	200,513	201,416
Customer deposits	–	–	58,022	58,022	58,022
Unearned revenue	3,198	–	–	3,198	187,492
Total liabilities	97,382	2,100	275,785	375,267	768,237
Deferred inflows of resources					
Unavailable revenue – property taxes	60,147	–	–	60,147	60,079
Unavailable revenue – special assessments	8,209	249,508	38,884	296,601	305,464
Unavailable revenue – notes receivable	231,540	–	2,209,808	2,441,348	2,309,485
Total deferred inflows of resources	299,896	249,508	2,248,692	2,798,096	2,675,028
Fund balances (deficit)					
Nonspendable	3,499	–	–	3,499	3,942
Restricted	7,500	1,432,967	3,870,478	5,310,945	5,236,855
Committed	–	–	1,091,452	1,091,452	1,041,022
Assigned	321,737	–	–	321,737	336,979
Unassigned	3,492,085	–	(199,639)	3,292,446	3,238,045
Total fund balances	3,824,821	1,432,967	4,762,291	10,020,079	9,856,843
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,222,099	\$ 1,684,575	\$ 7,286,768	\$ 13,193,442	\$ 13,300,108

See notes to basic financial statements

CITY OF SAINT PETER

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of December 31, 2015

Total fund balances – governmental funds	\$ 10,020,079
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	46,562,549
Less accumulated depreciation	(14,275,047)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.	
Bonds and notes payable	(10,160,573)
Compensated absences	(453,355)
Net pension liability	(3,457,883)
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	(112,387)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.	
Unavailable revenue	2,798,096
Deferred outflows – pension plans	606,110
Deferred inflows – pension plans	(467,487)
Total net position – governmental activities	<u>\$ 31,060,102</u>

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds

Year Ended December 31, 2015

(With Partial Comparative Information for the Year Ended December 31, 2014)

	General	Capital	Nonmajor	Total Governmental Funds	
		Projects – Permanent Improvement		Funds	2015
Revenue					
Taxes					
Property taxes and tax increments	\$ 1,345,824	\$ –	\$ 1,532,597	\$ 2,878,421	\$ 3,006,128
Other taxes	89,115	–	47,872	136,987	135,225
Licenses and permits	244,557	–	–	244,557	316,846
Intergovernmental	3,088,098	200,398	530,021	3,818,517	5,140,080
Special assessments	–	23,291	6,905	30,196	504,197
Charges for services	469,790	–	–	469,790	467,977
Fines and forfeitures	56,279	–	–	56,279	67,015
Investment earnings	20,308	9,755	24,311	54,374	51,484
Other	135,981	11,252	829,141	976,374	864,048
Total revenue	<u>5,449,952</u>	<u>244,696</u>	<u>2,970,847</u>	<u>8,665,495</u>	<u>10,553,000</u>
Expenditures					
Current					
General government	865,083	–	445,034	1,310,117	1,190,033
Public safety	2,619,901	–	–	2,619,901	2,611,444
Public works	1,284,150	–	–	1,284,150	1,246,956
Parks and recreation	1,258,730	–	333,895	1,592,625	1,554,242
Economic development	156,326	–	507,000	663,326	379,310
Other	65,254	–	529,514	594,768	359,179
Capital outlay	63,680	152,097	383,405	599,182	4,944,017
Debt service					
Principal	–	–	1,369,809	1,369,809	1,027,789
Interest and fiscal charges	–	–	331,256	331,256	341,246
Total expenditures	<u>6,313,124</u>	<u>152,097</u>	<u>3,899,913</u>	<u>10,365,134</u>	<u>13,654,216</u>
Excess (deficiency) of revenue over expenditures	(863,172)	92,599	(929,066)	(1,699,639)	(3,101,216)
Other financing sources (uses)					
Debt issued	–	–	245,000	245,000	345,000
Proceeds from sale of assets	–	–	121,403	121,403	677,065
Transfers in	1,362,398	–	1,143,378	2,505,776	2,835,937
Transfers (out)	(450,000)	–	(559,304)	(1,009,304)	(1,811,376)
Total other financing sources (uses)	<u>912,398</u>	<u>–</u>	<u>950,477</u>	<u>1,862,875</u>	<u>2,046,626</u>
Net change in fund balances	49,226	92,599	21,411	163,236	(1,054,590)
Fund balances					
Beginning of year	<u>3,775,595</u>	<u>1,340,368</u>	<u>4,740,880</u>	<u>9,856,843</u>	<u>10,911,433</u>
End of year	<u>\$ 3,824,821</u>	<u>\$ 1,432,967</u>	<u>\$ 4,762,291</u>	<u>\$ 10,020,079</u>	<u>\$ 9,856,843</u>

See notes to basic financial statements

CITY OF SAINT PETER

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended December 31, 2015

Total net change in fund balances – governmental funds \$ 163,236

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	516,381
Depreciation expense	(1,376,460)

A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sales proceeds are included in the change in fund balance.

(26,971)

Transfers of capital assets from governmental activities to enterprise funds are not reflected in the fund based financial statements but are reflected as transfers in the government-wide financial statements.

(744,643)

The amount of bond proceeds is reported in the governmental funds as a source of financing. Bond proceeds are not revenues in the Statement of Activities, but rather constitute long-term liabilities.

(245,000)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

1,369,809

Certain expenses are included in the change in net position, but do not require the use of current financial resources and are not reported as expenditures in governmental funds until actually due.

Compensated absences	(59,142)
Net pension liability	(61,442)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

14,683

The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.

Unavailable revenue	123,068
Deferred outflows – pension plans	435,462
Deferred inflows – pension plans	(467,487)

Change in net position – governmental activities \$ (358,506)

See notes to basic financial statements

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CITY OF SAINT PETER

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue			
Property taxes	\$ 1,308,614	\$ 1,345,824	\$ 37,210
Other taxes	76,600	89,115	12,515
Licenses and permits	280,140	244,557	(35,583)
Intergovernmental	3,070,681	3,088,098	17,417
Charges for services	418,996	469,790	50,794
Fines and forfeitures	79,000	56,279	(22,721)
Investment earnings	17,000	20,308	3,308
Other	24,752	135,981	111,229
Total revenue	<u>5,275,783</u>	<u>5,449,952</u>	<u>174,169</u>
Expenditures			
Current			
General government	822,752	865,083	42,331
Public safety	2,747,657	2,619,901	(127,756)
Public works	1,455,384	1,284,150	(171,234)
Parks and recreation	1,307,414	1,258,730	(48,684)
Economic development	159,390	156,326	(3,064)
Other	82,625	65,254	(17,371)
Capital outlay	53,303	63,680	10,377
Total expenditures	<u>6,628,525</u>	<u>6,313,124</u>	<u>(315,401)</u>
Excess (deficiency) of revenues over expenditures	(1,352,742)	(863,172)	489,570
Other financing sources (uses)			
Transfers in	1,290,000	1,362,398	72,398
Transfers (out)	(2,500)	(450,000)	(447,500)
Total other financing sources (uses)	<u>1,287,500</u>	<u>912,398</u>	<u>(375,102)</u>
Net change in fund balances	<u>\$ (65,242)</u>	49,226	<u>\$ 114,468</u>
Fund balances			
Beginning of year		<u>3,775,595</u>	
End of year		<u>\$ 3,824,821</u>	

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Net Position
Enterprise Funds
as of December 31, 2015

(With Partial Comparative Information as of December 31, 2014)

	Electric	Water	Environmental Services	Wastewater
Assets				
Current assets				
Cash and investments	\$ 1,558,476	\$ 551,777	\$ 240,676	\$ 765,921
Receivables				
Accounts (net of allowance)	835,447	234,127	75,186	326,650
Interest	18,313	-	-	-
Special assessments	-	45,438	11,479	116,087
Notes	14,615	-	-	-
Due from other funds	41,641	-	-	-
Due from other governmental units	110	-	327	2,800
Inventory	720,837	74,197	-	10,795
Prepaid items	1,386	-	155	-
Total current assets	<u>3,190,825</u>	<u>905,539</u>	<u>327,823</u>	<u>1,222,253</u>
Noncurrent assets				
Cash and investments – restricted	1,061,428	-	-	-
Capital assets				
Land	34,420	88,835	-	853,606
Building and improvements	3,245,141	14,352,856	-	23,958,694
Utility plant and infrastructure	28,289,292	16,286,541	-	11,415,562
Machinery and equipment	4,604,697	5,009,230	284,546	1,124,480
Construction in progress	-	312,662	-	132,532
Less accumulated depreciation	<u>(14,359,410)</u>	<u>(10,337,720)</u>	<u>(249,801)</u>	<u>(10,786,396)</u>
Total capital assets (net of accumulated depreciation)	21,814,140	25,712,404	34,745	26,698,478
Unamortized bond discount	55,908	16,147	-	29,981
Total noncurrent assets	<u>22,931,476</u>	<u>25,728,551</u>	<u>34,745</u>	<u>26,728,459</u>
Total assets	26,122,301	26,634,090	362,568	27,950,712
Deferred outflows of resources				
Pension plan deferments	44,810	26,886	13,443	31,367
Total assets and deferred outflows of resources	<u>\$ 26,167,111</u>	<u>\$ 26,660,976</u>	<u>\$ 376,011</u>	<u>\$ 27,982,079</u>
Liabilities				
Current liabilities				
Accounts and contracts payable	\$ 633,930	\$ 46,409	\$ 40,271	\$ 36,236
Salaries and withholdings payable	-	-	-	-
Accrued interest payable	106,607	173,672	-	64,949
Customer deposits	120,900	-	-	-
Due to other governmental units	26,901	877	2,514	-
Unearned revenue	2,142	-	-	-
Due to other funds	-	-	-	-
Long-term liabilities due within one year	878,706	970,535	17,081	1,189,147
Total current liabilities	<u>1,769,186</u>	<u>1,191,493</u>	<u>59,866</u>	<u>1,290,332</u>
Long-term liabilities, less current portion above	<u>7,747,541</u>	<u>16,881,878</u>	<u>110,500</u>	<u>8,333,686</u>
Total liabilities	9,516,727	18,073,371	170,366	9,624,018
Deferred inflows of resources				
Pension plan deferments	37,874	22,724	11,362	26,512
Net position (deficit)				
Net investment in capital assets	13,725,048	8,163,390	34,745	17,487,370
Restricted for debt service	1,061,428	-	-	-
Restricted for capital replacement	-	-	-	577,441
Unrestricted	1,826,034	401,491	159,538	266,738
Total net position (deficit)	<u>16,612,510</u>	<u>8,564,881</u>	<u>194,283</u>	<u>18,331,549</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 26,167,111</u>	<u>\$ 26,660,976</u>	<u>\$ 376,011</u>	<u>\$ 27,982,079</u>

See notes to basic financial statements

Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
					2015	2014
\$ -	\$ 429,455	\$ -	\$ 11,164	\$ 129,752	\$ 3,687,221	\$ 3,928,148
12,280	41,730	35,075	-	-	1,560,495	1,617,211
-	-	-	-	-	18,313	15,456
-	3,442	-	-	-	176,446	281,732
-	-	-	-	-	14,615	23,856
-	-	-	-	-	41,641	150,445
66,878	444	-	-	-	70,559	136,628
-	-	-	-	-	805,829	1,010,240
-	450	-	-	-	1,991	885
<u>79,158</u>	<u>475,521</u>	<u>35,075</u>	<u>11,164</u>	<u>129,752</u>	<u>6,377,110</u>	<u>7,164,601</u>
-	-	-	106,800	-	1,168,228	1,168,228
-	-	-	-	-	976,861	976,861
-	-	-	10,836,345	5,737,532	58,130,568	58,065,480
-	7,375,477	427,932	-	-	63,794,804	61,927,858
295,434	285,953	-	-	-	11,604,340	10,952,123
-	273,482	-	-	-	718,676	887,158
<u>(185,287)</u>	<u>(2,234,244)</u>	<u>(216,640)</u>	<u>(1,975,211)</u>	<u>(711,943)</u>	<u>(41,056,652)</u>	<u>(37,768,230)</u>
110,147	5,700,668	211,292	8,861,134	5,025,589	94,168,597	95,041,250
-	(1)	-	170,416	15,046	287,497	322,094
<u>110,147</u>	<u>5,700,667</u>	<u>211,292</u>	<u>9,138,350</u>	<u>5,040,635</u>	<u>95,624,322</u>	<u>96,531,572</u>
189,305	6,176,188	246,367	9,149,514	5,170,387	102,001,432	103,696,173
8,962	13,443	-	-	-	138,911	-
<u>\$ 198,267</u>	<u>\$ 6,189,631</u>	<u>\$ 246,367</u>	<u>\$ 9,149,514</u>	<u>\$ 5,170,387</u>	<u>\$ 102,140,343</u>	<u>\$ 103,696,173</u>
\$ 11,982	\$ 8,597	\$ -	\$ -	\$ 4,777	\$ 782,202	\$ 862,814
-	-	-	-	-	-	(770)
-	1,792	-	3,800	44,040	394,860	424,827
-	-	-	-	-	120,900	119,200
-	-	-	-	-	30,292	33,149
-	39,575	-	-	-	41,717	41,806
10,878	-	30,763	-	-	41,641	150,445
2,797	41,778	-	275,418	75,000	3,450,461	3,383,687
25,657	91,742	30,763	279,218	123,817	4,862,073	5,015,158
<u>67,120</u>	<u>195,709</u>	<u>-</u>	<u>9,592,763</u>	<u>2,255,000</u>	<u>45,184,198</u>	<u>47,324,981</u>
92,777	287,451	30,763	9,871,981	2,378,817	50,046,271	52,340,139
7,575	11,362	-	-	-	117,409	-
110,147	5,599,917	211,292	(836,631)	2,710,635	47,205,913	44,999,081
-	-	-	106,800	-	1,168,228	1,168,228
-	-	-	-	-	577,441	533,955
<u>(12,232)</u>	<u>290,901</u>	<u>4,312</u>	<u>7,364</u>	<u>80,935</u>	<u>3,025,081</u>	<u>4,654,770</u>
97,915	5,890,818	215,604	(722,467)	2,791,570	51,976,663	51,356,034
<u>\$ 198,267</u>	<u>\$ 6,189,631</u>	<u>\$ 246,367</u>	<u>\$ 9,149,514</u>	<u>\$ 5,170,387</u>	<u>\$ 102,140,343</u>	<u>\$ 103,696,173</u>

CITY OF SAINT PETER

Statement of Revenue, Expenses, and Changes in Fund Net Position
 Enterprise Funds
 Year Ended December 31, 2015
 (With Partial Comparative Information for the Year Ended December 31, 2014)

	Electric	Water	Environmental Services	Wastewater
Operating revenue				
Charges for services	\$ 10,086,461	\$ 2,836,945	\$ 810,989	\$ 3,822,270
Electric generation	432,000	-	-	-
Other	258,544	65,990	4,674	155,995
Total operating revenue	<u>10,777,005</u>	<u>2,902,935</u>	<u>815,663</u>	<u>3,978,265</u>
Operating expenses				
Personal services	771,008	513,987	256,349	590,959
Repairs and maintenance	68,118	189,649	20,006	120,554
Supplies and materials	104,751	137,916	41,001	164,996
Utilities and bulk energy	7,191,036	543,639	8,308	621,421
Depreciation	972,001	1,134,077	34,699	832,340
Professional services	132,561	41,814	427,792	107,216
General and administrative	69,067	45,599	22,524	54,679
Bad debt expense	8,206	187	209	258
Total operating expenses	<u>9,316,748</u>	<u>2,606,868</u>	<u>810,888</u>	<u>2,492,423</u>
Operating income (loss)	1,460,257	296,067	4,775	1,485,842
Other revenue (expense)				
State and federal grants	1,408	756	326	1,048
Investment earnings	22,745	7,246	1,429	5,123
Interest expense	(404,482)	(478,712)	-	(246,270)
Total other revenue (expense)	<u>(380,329)</u>	<u>(470,710)</u>	<u>1,755</u>	<u>(240,099)</u>
Income (loss) before transfers and contributions	1,079,928	(174,643)	6,530	1,245,743
Transfers and contributions				
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(841,913)	(252,129)	-	(233,893)
Total transfers and contributions	<u>(841,913)</u>	<u>(252,129)</u>	<u>-</u>	<u>(233,893)</u>
Change in net position	238,015	(426,772)	6,530	1,011,850
Net position (deficit)				
Beginning, as previously reported	16,684,308	9,177,541	280,697	17,536,568
Change in accounting principle	(309,813)	(185,888)	(92,944)	(216,869)
Beginning, as restated	<u>16,374,495</u>	<u>8,991,653</u>	<u>187,753</u>	<u>17,319,699</u>
End of year	<u>\$ 16,612,510</u>	<u>\$ 8,564,881</u>	<u>\$ 194,283</u>	<u>\$ 18,331,549</u>

See notes to basic financial statements

Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
					2015	2014
\$ 98,439	\$ 575,751	\$ 142,669	\$ –	\$ –	\$ 18,373,524	\$ 17,861,688
–	–	–	–	–	432,000	432,000
1,781	39,922	–	801,544	310,107	1,638,557	1,545,440
<u>100,220</u>	<u>615,673</u>	<u>142,669</u>	<u>801,544</u>	<u>310,107</u>	<u>20,444,081</u>	<u>19,839,128</u>
253,121	238,399	–	–	–	2,623,823	2,519,122
12,732	10,864	–	–	–	421,923	545,510
28,943	14,131	–	–	–	491,738	613,927
–	726	–	–	–	8,365,130	8,414,357
28,863	232,668	14,264	221,528	118,673	3,589,113	3,578,843
1,454	20,315	–	–	136,000	867,152	762,587
12,035	20,662	–	4,720	–	229,286	226,709
–	52	–	–	–	8,912	7,890
<u>337,148</u>	<u>537,817</u>	<u>14,264</u>	<u>226,248</u>	<u>254,673</u>	<u>16,597,077</u>	<u>16,668,945</u>
(236,928)	77,856	128,405	575,296	55,434	3,847,004	3,170,183
248,845	43	–	–	–	252,426	366,719
37	3,203	135	918	749	41,585	35,616
–	(4,405)	–	(540,678)	(133,589)	(1,808,136)	(1,873,831)
<u>248,882</u>	<u>(1,159)</u>	<u>135</u>	<u>(539,760)</u>	<u>(132,840)</u>	<u>(1,514,125)</u>	<u>(1,471,496)</u>
11,954	76,697	128,540	35,536	(77,406)	2,332,879	1,698,687
–	744,643	–	–	–	744,643	177,158
–	–	–	–	–	–	625,221
–	(25,868)	(142,669)	–	–	(1,496,472)	(2,072,493)
<u>–</u>	<u>718,775</u>	<u>(142,669)</u>	<u>–</u>	<u>–</u>	<u>(751,829)</u>	<u>(1,270,114)</u>
11,954	795,472	(14,129)	35,536	(77,406)	1,581,050	428,573
147,924	5,188,290	229,733	(758,003)	2,868,976	51,356,034	50,927,461
(61,963)	(92,944)	–	–	–	(960,421)	–
<u>85,961</u>	<u>5,095,346</u>	<u>229,733</u>	<u>(758,003)</u>	<u>2,868,976</u>	<u>50,395,613</u>	<u>50,927,461</u>
<u>\$ 97,915</u>	<u>\$ 5,890,818</u>	<u>\$ 215,604</u>	<u>\$ (722,467)</u>	<u>\$ 2,791,570</u>	<u>\$ 51,976,663</u>	<u>\$ 51,356,034</u>

CITY OF SAINT PETER

Statement of Cash Flows
 Enterprise Funds
 Year Ended December 31, 2015
 (With Partial Comparative Information for the Year Ended December 31, 2014)

	Electric	Water	Environmental Services	Wastewater
Cash flows from operating activities				
Cash received from customers	\$ 10,587,394	\$ 2,873,429	\$ 821,209	\$ 3,874,022
Cash payments to suppliers for goods and services	(7,528,617)	(1,078,020)	(599,677)	(1,339,144)
Cash payments to employees for services	(584,293)	(346,959)	(173,732)	(405,418)
Cash received from other sources	258,544	65,990	4,674	155,995
Net cash provided (used) by operating activities	2,733,028	1,514,440	52,474	2,285,455
Cash flows from noncapital financing activities				
Cash received (paid) to other funds	108,804	–	–	–
Cash received on notes receivable	9,241	–	–	–
Grants received	1,408	756	326	1,048
Transfers in (out)	(841,913)	(252,129)	–	(233,893)
Net cash provided (used) by noncapital financing activities	(722,460)	(251,373)	326	(232,845)
Cash flows from capital and related financing activities				
Purchases of property, plant, and equipment	(850,066)	(347,192)	(5,749)	(464,457)
Proceeds from issuance of revenue refunding bonds	3,540,000	–	–	–
Principal payments of long-term debt	(4,165,000)	(905,000)	–	(1,206,375)
Interest paid on debt	(401,501)	(484,566)	–	(254,832)
Net cash provided (used) by capital and related financing activities	(1,876,567)	(1,736,758)	(5,749)	(1,925,664)
Cash flows from investing activities				
Interest received on investments	19,888	7,246	1,429	5,123
Increase (decrease) in cash and cash equivalents	153,889	(466,445)	48,480	132,069
Cash and cash equivalents				
Beginning of year	2,466,015	1,018,222	192,196	633,852
End of year	\$ 2,619,904	\$ 551,777	\$ 240,676	\$ 765,921
Cash and cash equivalents comprised of				
Cash and investments	\$ 1,558,476	\$ 551,777	\$ 240,676	\$ 765,921
Cash and investments – restricted	1,061,428	–	–	–
Total	\$ 2,619,904	\$ 551,777	\$ 240,676	\$ 765,921

See notes to basic financial statements

Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
					2015	2014
\$ 165,098	\$ 580,025	\$ 142,941	\$ -	\$ -	\$19,044,118	\$18,167,062
(121,605)	(135,380)	-	(12,319)	(136,943)	(10,951,705)	(11,280,380)
(185,759)	(190,253)	-	-	-	(1,886,414)	(1,923,720)
1,781	39,922	-	801,544	310,107	1,638,557	1,545,440
(140,485)	294,314	142,941	789,225	173,164	7,844,556	6,508,402
(108,397)	-	(407)	-	-	-	-
-	-	-	-	-	9,241	9,154
248,845	43	-	-	-	252,426	258,617
-	(25,868)	(142,669)	-	-	(1,496,472)	(1,024,562)
140,448	(25,825)	(143,076)	-	-	(1,234,805)	(756,791)
-	(304,354)	-	-	-	(1,971,818)	(1,210,701)
-	-	-	-	-	3,540,000	-
-	(40,625)	-	(262,082)	(75,000)	(6,654,082)	(2,865,674)
-	(4,929)	-	(523,637)	(134,041)	(1,803,506)	(1,875,834)
-	(349,908)	-	(785,719)	(209,041)	(6,889,406)	(5,952,209)
37	3,203	135	918	749	38,728	32,760
-	(78,216)	-	4,424	(35,128)	(240,927)	(167,838)
-	507,671	-	113,540	164,880	5,096,376	5,264,214
<u>\$ -</u>	<u>\$ 429,455</u>	<u>\$ -</u>	<u>\$ 117,964</u>	<u>\$ 129,752</u>	<u>\$ 4,855,449</u>	<u>\$ 5,096,376</u>
\$ -	\$ 429,455	\$ -	\$ 11,164	\$ 129,752	\$ 3,687,221	\$ 3,928,148
-	-	-	106,800	-	1,168,228	1,168,228
<u>\$ -</u>	<u>\$ 429,455</u>	<u>\$ -</u>	<u>\$ 117,964</u>	<u>\$ 129,752</u>	<u>\$ 4,855,449</u>	<u>\$ 5,096,376</u>

(continued)

CITY OF SAINT PETER

Statement of Cash Flows (continued)

Enterprise Funds

Year Ended December 31, 2015

(With Partial Comparative Information for the Year Ended December 31, 2014)

	Electric	Water	Environmental Services	Wastewater
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 1,460,257	\$ 296,067	\$ 4,775	\$ 1,485,842
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	972,001	1,134,077	34,699	832,340
Change in assets and deferred outflows of resources				
Receivables	59,116	36,297	8,588	53,140
Due from other governmental units	-	-	1,423	(1,646)
Inventory	199,361	4,241	-	809
Prepaid items	(501)	-	(155)	-
Deferred outflows of resources	(31,435)	(18,861)	(9,431)	(22,004)
Change in liabilities and deferred inflows of resources				
Accounts and contracts payable	6,942	31,235	(4,973)	(96,314)
Salaries and withholdings payable	-	770	-	-
Customer deposits	1,700	-	-	-
Due to other governmental units	(2,421)	(377)	(3)	(56)
Compensated absences payable	28,467	7,214	5,662	5,603
Net pension liability	1,756	1,053	527	1,229
Unearned revenue	(89)	-	-	-
Deferred inflows of resources	37,874	22,724	11,362	26,512
Net cash provided (used) by operating activities	<u>\$ 2,733,028</u>	<u>\$ 1,514,440</u>	<u>\$ 52,474</u>	<u>\$ 2,285,455</u>
Supplemental schedule of noncash transactions				
Contributed capital	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital assets transferred to governmental activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital assets transferred from governmental activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Long-term debt transferred from governmental activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to basic financial statements

Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
					2015	2014
\$ (236,928)	\$ 77,856	\$ 128,405	\$ 575,296	\$ 55,434	\$ 3,847,004	\$ 3,170,183
28,863	232,668	14,264	221,528	118,673	3,589,113	3,578,843
424	4,165	272	–	–	162,002	(127,044)
66,235	57	–	–	–	66,069	(117,800)
–	–	–	–	–	204,411	(140,913)
–	(450)	–	–	–	(1,106)	93
(6,287)	(9,430)	–	–	–	(97,448)	–
(491)	(8,469)	–	(7,599)	(943)	(80,612)	54,681
–	–	–	–	–	770	(10,482)
–	–	–	–	–	1,700	4,300
–	–	–	–	–	(2,857)	108,800
(227)	(13,972)	–	–	–	32,747	(10,185)
351	527	–	–	–	5,443	–
–	–	–	–	–	(89)	(2,074)
7,575	11,362	–	–	–	117,409	–
<u>\$ (140,485)</u>	<u>\$ 294,314</u>	<u>\$ 142,941</u>	<u>\$ 789,225</u>	<u>\$ 173,164</u>	<u>\$ 7,844,556</u>	<u>\$ 6,508,402</u>
<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 177,158</u>
<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 377,905</u>
<u>\$ –</u>	<u>\$ 744,643</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 744,643</u>	<u>\$ –</u>
<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 44,805</u>

CITY OF SAINT PETER

Fiduciary Funds
 Statement of Fiduciary Net Position
 as of December 31, 2015

	<u>Private-Purpose Trusts</u>	<u>Agency Funds</u>
Assets		
Cash and investments	\$ 137,582	\$ 267,927
Accounts receivable	2,956	-
	<u>140,538</u>	<u>267,927</u>
Total assets		<u>\$ 267,927</u>
Liabilities		
Accounts payable	1,198	\$ 267,927
	<u>1,198</u>	<u>267,927</u>
Net position		
Held in trust for private purposes	<u>\$ 139,340</u>	

See notes to basic financial statements

CITY OF SAINT PETER

Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 Year Ended December 31, 2015

	<u>Private-Purpose Trusts</u>
Additions	
Donations	\$ 80,619
Investment earnings	<u>39</u>
Total additions	80,658
Deductions	
Trust-related expenses	<u>65,513</u>
Change in net position	15,145
Net position	
Beginning of year	<u>124,195</u>
End of year	<u><u>\$ 139,340</u></u>

See notes to basic financial statements

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CITY OF SAINT PETER

Notes to Basic Financial Statements
December 31, 2015

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Saint Peter, Minnesota (the City) operates under “the Standard Plan” form of government as defined in Minnesota Statutes. Under this plan, the City Council, composed of an elected mayor and six elected trustees or councilmembers, exercises legislative authority and determines all matters of policy.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies:

B. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the City (the primary government) and its component units. Component units are legally separate entities for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit’s board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. As a result of applying these criteria, certain organizations have been included in the report as follows:

- 1. River’s Edge Hospital and Clinic (the Hospital)** – The Hospital is a component unit, proprietary fund type, of the City. The Hospital was formed to own, maintain, and operate healthcare and related facilities, and to furnish medical and surgical care to the sick, infirmed, aged, or injured. The Hospital is exempt from federal and state income taxes on related income. The Hospital is governed by the Hospital Commission (the Commission), which is appointed by the City Council. The Commission exercises governing oversight responsibility for the Hospital, which includes such duties as budget review, care of the patients, and management of the facilities as set forth by the ordinance of the City.

The financial statements of the Hospital also include the financial activities of the Community Hospital Foundation (the Foundation). The Foundation is a corporation organized to support the purposes of the Hospital. The Foundation is governed by a Board of Directors, which has all of the powers necessary and convenient to provide operation and administration of the Foundation as the Board of Directors determines to be necessary and expedient.

- 2. Housing and Redevelopment Authority (HRA)** – The HRA of the City is a component unit, proprietary fund type, of the City. The HRA operates for the purpose of providing housing and redevelopment services to the Saint Peter area. The governing body consists of a five-member Board of Commissioners appointed by the City Council. Information included for the HRA is as of March 31, 2015 and for the year then ended.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 3. Economic Development Authority (EDA)** – The EDA’s activities are approved by the City and its governing body is part City Council members and part appointed by the City Council members. Therefore, the EDA is included as a component unit of the City. The EDA’s financial data has been blended with that of the City (i.e., reported as though its funds were funds of the City).

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all of the financial activities of the City, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support.

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. 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; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied while special assessments are recognized when certified. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City’s enterprise funds and other functions are not eliminated, as that would distort the direct costs and program revenues reported in those functions. The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Measurement Focus, Basis of Accounting, and Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type, pension (or other benefit), trust, and agency. Since, by definition, fiduciary fund assets are held for the benefit of a third party and cannot be used for activities or obligations of the City, these funds are excluded from the government-wide financial statements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “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 collected within 60 days after year-end. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Major revenue that is susceptible to accrual includes property taxes, intergovernmental revenue, charges for services, and interest earned on investments. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Revenue that is not susceptible to accrual includes licenses and permits, fees, and miscellaneous revenue. Such revenue is recorded only when received because it is not measurable until collected. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, compensated absences, and net pension liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds.

The private-purpose trust funds are reported using the economic resources measurement focus. All fiduciary funds use the accrual basis of accounting as described earlier in these notes.

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. 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 City’s enterprise funds are charges to customers for sales and services. The operating expenses for the enterprise 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.

Description of Funds

The City reports the following major governmental funds:

General Fund – The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects – Permanent Improvement Fund – The Capital Projects – Permanent Improvement Fund accounts for the resources accumulated and payments made for the City’s improvement projects.

The City reports the following major proprietary funds:

Electric Fund – The Electric Fund accounts for the activities of the City’s electric distribution operations.

Water Fund – The Water Fund accounts for the activities of the City’s water distribution operations.

Environmental Services Fund – The Environmental Services Fund accounts for the activities of the City’s solid waste collection operations.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Wastewater Fund – The Wastewater Fund accounts for the activities of the City’s wastewater processing operations.

Heartland Transit Fund – The Heartland Transit Fund accounts for the activities of the City’s transportation activities.

Storm Water Fund – The Storm Water Fund accounts for the activities of the City’s surface storm water operations.

Telecommunications Conduit Fund – The Telecommunications Conduit Fund accounts for rental income and expenses of the City’s underground conduit lines.

Long-Term Care Facility Fund – The Long-Term Care Facility Fund accounts for the construction of the new long-term care facility, which is being leased out and operated by a separate nonprofit corporation, and the related lease income and debt service expenses.

Medical Office Building Fund – The Medical Office Building Fund accounts for the construction of the new medical office building, which is being leased out and operated by a separate entity, and the related lease income and debt service expenses.

Additionally, the City reports the following funds as fiduciary fund types:

Private-Purpose Trust Funds – The private-purpose trust funds are used to administer resources received and held by the City in a trustee capacity. These funds include the library trust and restricted contributions trust activities.

Agency Funds – Agency funds are used to account for assets held by the City in the capacity of agent. The activity in these funds includes the DARE program, youth center, and the flexible benefit plan.

Component Units

The component unit columns in the basic financial statements include the financial data of the City’s component units. They are discretely presented in separate columns to emphasize that they are separate entities from the City.

The information in the component unit columns on the City’s basic financial statements reflects combined information for the following:

<u>Component Unit</u>	<u>Combined Information</u>
River’s Edge Hospital and Clinic	Operating (enterprise) and donor-restricted funds (fiduciary)
Housing and Redevelopment Authority	Operating (enterprise) as of March 31, 2015

Complete financial statements of the individual component units can be obtained at their respective administrative offices or from the City’s finance department at City Hall.

E. Cash and Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certain proceeds of enterprise fund revenue debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets in the basic financial statements because their use is limited by applicable bond covenants. Interest revenue on these assets are allocated directly to the fund which holds the asset.

Cash and investments which are restricted also include the Hospital. Assets limited as to use include assets designated by the Hospital for future capital acquisitions, debt redemption, self-funded insurance, and other uses over which the Hospital retains control and may, at its discretion, subsequently use for other purposes.

Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptances, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are reported at amortized cost. Other investments are reported at fair value.

F. Recognition of Property Tax Revenue

A property tax levy is approved by City Council resolution prior to December 31 of each year and is certified to the County Auditor for collection. Property taxes attach an enforceable lien on taxable property within the City on January 1. Property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. The City receives tax settlements from the county at various times throughout the year.

Property taxes are recognized as revenue in the year levied in the government-wide financial statements and proprietary fund financial statements. In the governmental fund financial statements, taxes are recognized as revenue when received in cash or within 60 days after year-end. Taxes which remain unpaid on December 31 are classified as delinquent taxes receivable, and are offset by a deferred inflow of resources in the governmental fund financial statements. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material.

G. Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the county. The corresponding revenue from the delinquent (unremitted) and deferred (certified but not yet levied) special assessments receivable are deferred in the governmental fund financial statements until the year in which they become available (collected within 60 days of year-end). In the government-wide and proprietary fund financial statements they are recorded as receivable and revenue upon certification to the county.

H. Notes Receivable

Notes receivable consist primarily of loans made by the City to area businesses for development or redevelopment purposes. The terms and interest rates of the individual loans vary. The loans receivable in the governmental funds are offset by deferred inflow of resources if not considered available to finance current expenditures.

I. Receivables

a. Primary Government

All receivables are shown net of any allowance for uncollectibles. The allowance for uncollectibles totaled \$8,487 at December 31, 2015 in the enterprise funds. The receivables not expected to be collected within one year include property taxes, special assessments, and notes receivable.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. River’s Edge Hospital and Clinic

Patient receivables are uncollateralized customer and third-party payor obligations. The Hospital does not charge interest on unpaid balances. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management’s estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

J. Interfund Receivables and Payables

All outstanding balances between funds that are not lending or borrowing arrangements are reported as “due to or from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

K. Inventories and Prepaid Items

Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method. In the governmental funds, inventories are recorded using the consumption method.

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. Prepaid items are reported using the consumption method and recorded as expenses/expenditures at the time of consumption.

L. Assets Held for Resale

Assets held for resale are recorded in the governmental funds which purchased them at the lower of cost or market.

M. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide and proprietary fund financial statements, but are not reported in the governmental fund financial statements. Interest costs incurred on the construction of fixed assets are not capitalized. Interest costs incurred on borrowed funds of the Hospital during the period of construction of capital assets are capitalized as components of the cost of acquiring those assets. Capital assets are depreciated using the straight-line method over their estimated useful lives. Capital assets not being depreciated include land and construction in progress. The City has chosen to report governmental fund infrastructure beginning with capital assets acquired after 1980.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The estimated useful lives in years are as follows:

	Primary Government	Component Unit	
	Governmental and Business-Type Activities	River’s Edge Hospital and Clinic	Housing and Redevelopment Authority
Land improvements	30–50	8–25	3–40
Building and improvements	30–50	2–40	3–40
Utility plant and infrastructure	50	–	–
Machinery and equipment	5–7	2–25	3–40

N. Compensated Absences

It is the City’s policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. In the government-wide and proprietary fund financial statements, sick leave is expensed as used or when it becomes likely it will be paid as termination pay and vacation is expensed when incurred. 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. Compensated absences are paid by the fund for which the employee was employed, including the General Fund and various enterprise funds.

Paid vacation and sick leave is granted to all permanent, full-time employees of the City. Vacation benefits vary with the length of service of the employee. Sick leave can be accumulated up to 130 working days.

An employee of the City with more than six months of service who leaves the City in good standing is paid for all unused and accrued vacation time. An employee who leaves the City may also receive pay for a percentage of accumulated sick days up to 60 percent.

Severance pay for all full-time employees of the police department who are members of the Minnesota Law Enforcement Union Local No. 320 is paid in accordance with the terms of their contract.

O. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the governmental fund financial statements, long-term debt and other long-term obligations are not reported as liabilities. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances, if material, are reported as other financing sources or uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from the PERA's fiduciary net position have been determined on the same basis as they are reported by the PERA, except that the PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred outflows of resources related to pensions reported in the government-wide and enterprise funds Statement of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, difference between projected and actual earnings on pension plan investments, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two types of items which qualify for reporting in this category.

The first item, *unavailable revenue*, arises only under a modified accrual basis of accounting and, therefore, is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and economic development notes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The second item, *deferred inflows of resources* related to pensions, is reported in the government-wide and enterprise funds Statement of Net Position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, and difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under pension standards.

R. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

S. Net Position Classifications and Flow Assumptions

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, liabilities, and deferred inflows/outflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or enabling legislation.
- **Unrestricted Net Position** – All remaining net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

T. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in the classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to council resolution, the Finance Director and/or the City Administrator is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to first use restricted resources, then use unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, it is the City’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

U. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is legally enacted through passage of a resolution.
- The City Council must authorize transfers of budgeted amounts between departments within the General Fund.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- Budgetary control is maintained at the department level within the General Fund. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the city administrator or between departments by the City Council. Therefore, there is a constant review process and expenditures are not approved until it has been determined that adequate funds were appropriated, the expenditure is still necessary, and funds are available.
- Budgeted expenditure appropriations lapse at year-end.

V. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity from the time of purchase by the City of three months or less to be cash equivalents. The proprietary funds' portion in the government-wide cash and investment management pool is considered to be cash equivalent.

W. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverages. The LMCIT operates as a common risk management and insurance program for a large number of member cities. The City pays an annual premium to the LMCIT for insurance coverage. The LMCIT agreement provides that the LMCIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits for each insured event. The City also carries commercial insurance for certain other risks of loss, including employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage during 2015. The City participates in a self-insured dental insurance plan as described later in these footnotes.

The Hospital is exposed to various risks of loss from torts: theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice, employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The Hospital is self-insured for employee dental as discussed later in these footnotes.

X. Prior Period Comparative Financial Information/Reclassifications

The basic financial statements include certain prior year partial comparative information in total but not at the level of detail required for presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2014, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Y. Change in Accounting Principle

During the year ended December 31, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. These statements included major changes in how employers account for pension benefit expenses and liabilities. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting (government-wide and proprietary funds), an employer is required to recognize a liability for its share of the net pension liability provided through the pension plan. An employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources for its share related to pensions. This standard required retroactive implementation, which resulted in the restatement of net position as of December 31, 2014. The details of the restatement are as follows:

	Governmental Activities	Business-Type Activities	River’s Edge Hospital and Clinic	Housing and Redevelopment Authority
Net position – December 31, 2014 (as reported)	\$ 34,644,401	\$ 51,356,034	\$ 6,831,686	\$ 1,216,780
Deferred outflows/inflows related to pensions	170,648	41,463	(669,786)	–
Net pension liability	<u>(3,396,441)</u>	<u>(1,001,884)</u>	<u>(6,064,471)</u>	<u>–</u>
Net position – December 31, 2014 (as restated)	<u>\$ 31,418,608</u>	<u>\$ 50,395,613</u>	<u>\$ 97,429</u>	<u>\$ 1,216,780</u>

NOTE 2 – CASH AND INVESTMENTS

A. Components of Cash and Investments

	Component Units			
Primary Government	River’s Edge Hospital and Clinic	Housing and Redevelopment Authority	Total Reporting Entity	
Deposits	\$ 11,097,630	\$ 8,326,334	\$ 409,341	\$ 19,833,305
Investments	4,131,709	–	168,283	4,299,992
Cash on hand	1,380	–	–	1,380
	<u>\$ 15,230,719</u>	<u>\$ 8,326,334</u>	<u>\$ 577,624</u>	<u>\$ 24,134,677</u>

B. Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposit.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The City’s investment policy does not have any additional deposit policies addressing custodial credit risk.

Deposits, consisting of checking and savings accounts and certificates of deposit, are as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Primary government	\$ 11,915,384	\$ 11,097,630
Component units		
River’s Edge Hospital and Clinic	8,403,850	8,326,334
Housing and Redevelopment Authority	407,991	409,341
	<u>\$ 20,727,225</u>	<u>\$ 19,833,305</u>

During the year ended December 31, 2015, all deposits were fully collateralized by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the City or each component unit’s agent in their name.

C. Investments

The City has the following investments at year-end:

Investment Type	Credit Risk		Interest Risk – Maturity Duration in Years				Total
	Rating	Agency	No Maturity Date	1 to 5	5 to 10	More Than 10	
U.S. government agency securities							
Primary government	AA	S&P	\$ –	\$ –	\$ –	\$ 10,001	\$ 10,001
Negotiable certificates of deposit							
Primary government	N/R	N/A	24,655	3,182,012	618,389	143,513	3,968,569
Investment pools/mutual funds							
Money market funds							
Primary government	AAA	S&P	153,139	–	–	–	153,139
Housing and Redevelopment Authority	N/V	N/V	168,283	–	–	–	168,283
Total investments			<u>\$ 346,077</u>	<u>\$ 3,182,012</u>	<u>\$ 618,389</u>	<u>\$ 153,514</u>	<u>\$ 4,299,992</u>

N/A – Not Applicable

N/R – No Rating

N/V – Not Available

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy does not further address this risk, but the City typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The City’s investment policy does not further address credit risk.

Concentration Risk – This is the risk associated with investing a significant portion of the City’s investment (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City’s investment policy does not limit the concentration of investments. At December 31, 2015, the City’s investment portfolio includes the following percentages of specific issuers:

Negotiable certificates of deposit	
Centurian Bank	6.0%
Bank of Baroda	6.0%
Bank of Tulsa	5.8%
GE Capital	6.1%
First Bank of Santurce	5.8%
Stockman Bank	5.5%
Boston Private Bank and Trust	5.8%
HSBC Bank	5.7%
Discover Bank	6.1%
CIT Bank	6.0%
Goldman Sachs Bank	6.1%
Medallion Bank	5.8%
Capital One Bank	5.8%
Synchrony Bank	5.8%

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City’s investment policy does not limit the duration of investments.

Deposits, investments, and cash on hand are reported on the City’s financial statements as follows:

	Primary Government	Component Units		Total Reporting Entity
		River’s Edge Hospital and Clinic	Housing and Redevelopment Authority	
Statement of Net Position – government-wide				
Cash and investments	\$ 13,656,982	\$ 4,435,632	\$ 577,624	\$ 18,670,238
Restricted assets – cash and investments for debt service	1,168,228	–	–	1,168,228
Restricted assets – cash and investments for River’s Edge Hospital and Clinic	–	3,890,702	–	3,890,702
Statement of Fiduciary Net Position – fiduciary funds				
Cash and investments – private-purpose trust funds	137,582	–	–	137,582
Cash and investments – agency funds	267,927	–	–	267,927
Total cash and investments	<u>\$ 15,230,719</u>	<u>\$ 8,326,334</u>	<u>\$ 577,624</u>	<u>\$ 24,134,677</u>

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Due To and Due From Other Funds

Due To Other Funds	Due From Other Funds		Total
	Governmental Fund General Fund	Proprietary Fund Electric Fund	
Governmental funds			
Nonmajor Special Revenue Fund North Third Street Redevelopment TIF District	\$ 980	\$ –	\$ 980
Nonmajor Tax Increment Debt Service Fund	196,240	–	196,240
Nonmajor Capital Projects Fund Traverse Greens TIF District	3,293	–	3,293
Proprietary funds			
Heartland Transit Enterprise Fund	–	10,878	10,878
Telecommunications Conduit Enterprise Fund	–	30,763	30,763
Total	<u>\$ 200,513</u>	<u>\$ 41,641</u>	<u>\$ 242,154</u>

Due to and due from other funds are used to cover temporary cash balance deficits.

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

B. Transfers In and Transfers Out

Transfers Out	Transfers In		
	Governmental Fund		Total
	General	Nonmajor	
Governmental funds			
General	\$ –	\$ 450,000	\$ 450,000
Nonmajor	63,159	496,145	559,304
Proprietary funds			
Electric	795,726	46,187	841,913
Water	247,685	4,444	252,129
Wastewater	229,960	3,933	233,893
Storm Water	25,868	–	25,868
Telecommunications Conduit	–	142,669	142,669
Total	\$ 1,362,398	\$ 1,143,378	\$ 2,505,776

Transfers are made in accordance with budget appropriations or as approved by the City Council for special funding of city activities.

NOTE 4 – CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance – Beginning of Year	Additions	Deletions	Transfers and Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 2,255,287	\$ –	\$ –	\$ –	\$ 2,255,287
Construction in progress	6,303,790	188,060	–	(5,999,215)	492,635
Capital assets, depreciated					
Land improvements	619,157	–	–	–	619,157
Buildings and improvements	17,115,332	5,740	–	–	17,121,072
Utility plant and infrastructure	14,170,382	–	–	5,194,054	19,364,436
Machinery and equipment	6,425,461	322,581	(98,598)	60,518	6,709,962
Total capital assets	46,889,409	516,381	(98,598)	(744,643)	46,562,549
Less accumulated depreciation on					
Land improvements	(434,979)	(10,858)	–	–	(445,837)
Buildings and improvements	(5,038,275)	(342,221)	–	–	(5,380,496)
Utility plant and infrastructure	(2,736,636)	(579,852)	–	–	(3,316,488)
Machinery and equipment	(4,760,324)	(443,529)	71,627	–	(5,132,226)
Total accumulated depreciation	(12,970,214)	(1,376,460)	71,627	–	(14,275,047)
Net capital assets	\$ 33,919,195	\$ (860,079)	\$ (26,971)	\$ (744,643)	\$ 32,287,502

NOTE 4 – CAPITAL ASSETS (CONTINUED)

B. Business-Type Activities

	Balance – Beginning of Year	Additions	Deletions	Transfers and Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 976,861	\$ –	\$ –	\$ –	\$ 976,861
Construction in progress	887,158	648,061	–	(816,543)	718,676
Capital assets, depreciated					
Buildings and improvements	58,065,480	65,088	–	–	58,130,568
Utility plant and infrastructure	61,927,858	803,317	–	1,063,629	63,794,804
Machinery and equipment	10,952,123	455,351	(300,691)	497,557	11,604,340
Total capital assets	132,809,480	1,971,817	(300,691)	744,643	135,225,249
Less accumulated depreciation on					
Buildings and improvements	(10,126,788)	(1,176,934)	–	–	(11,303,722)
Utility plant and infrastructure	(22,346,993)	(1,882,506)	–	–	(24,229,499)
Machinery and equipment	(5,294,449)	(529,673)	300,691	–	(5,523,431)
Total accumulated depreciation	(37,768,230)	(3,589,113)	300,691	–	(41,056,652)
Net capital assets	\$ 95,041,250	\$ (1,617,296)	\$ –	\$ 744,643	\$ 94,168,597

C. Component Unit – River’s Edge Hospital and Clinic

	Balance – Beginning of Year	Transfers/ Additions	Retirements/ Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 28,886	\$ –	\$ –	\$ 28,886
Construction in progress	1,641	67,041	–	68,682
Capital assets, depreciated				
Land improvements	1,156,850	22,804	–	1,179,654
Buildings and improvements	7,255,742	–	–	7,255,742
Machinery and equipment	14,365,447	152,444	(30,287)	14,487,604
Total capital assets	22,808,566	242,289	(30,287)	23,020,568
Less accumulated depreciation on				
Land improvements	(696,612)	(44,108)	–	(740,720)
Buildings and improvements	(2,962,259)	(248,543)	–	(3,210,802)
Machinery and equipment	(9,615,078)	(1,155,428)	18,852	(10,751,654)
Total accumulated depreciation	(13,273,949)	(1,448,079)	18,852	(14,703,176)
Net capital assets	\$ 9,534,617	\$ (1,205,790)	\$ (11,435)	\$ 8,317,392

NOTE 4 – CAPITAL ASSETS (CONTINUED)

D. Component Unit – Housing and Redevelopment Authority

	Balance – Beginning of Year	Additions	Adjustments/ Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 67,938	\$ –	\$ –	\$ 67,938
Capital assets, depreciated				
Buildings and improvements	2,690,934	94,810	1	2,785,745
Machinery and equipment	291,362	1,764	(1,098)	292,028
Total capital assets	<u>3,050,234</u>	<u>96,574</u>	<u>(1,097)</u>	<u>3,145,711</u>
Accumulated depreciation	<u>(2,341,271)</u>	<u>(104,104)</u>	<u>1,099</u>	<u>(2,444,276)</u>
Net capital assets	<u>\$ 708,963</u>	<u>\$ (7,530)</u>	<u>\$ 2</u>	<u>\$ 701,435</u>

E. Depreciation Expense by Function

Depreciation expense was charged to the various functions/programs as follows:

Governmental activities	
General government	\$ 9,372
Public safety	193,389
Public works	854,888
Parks and recreation	<u>318,811</u>
Total depreciation expense – governmental activities	<u>\$ 1,376,460</u>
Business-type activities	
Electric	\$ 972,001
Water	1,134,077
Environmental services	34,699
Wastewater	832,340
Heartland Transit	28,863
Storm water	232,668
Telecommunications conduit	14,264
Long-term care facility	221,528
Medical office building	<u>118,673</u>
Total depreciation expense – business-type activities	<u>\$ 3,589,113</u>

NOTE 5 – LONG-TERM DEBT

A. Components of Long-Term Debt

	Original Issue	Interest Rate	Issue Date	Final Maturity Date	Balance – End of Year
Governmental activities – primary government					
Debt supported primarily by property taxes					
G.O. Equipment Certificates of 2008A	\$ 365,000	3.23–3.92%	2008	2018	\$ 140,000
G.O. Equipment Certificates of 2011	\$ 94,800	3.00–3.40%	2011	2016	18,960
G.O. Equipment Certificates of 2012	\$ 240,000	1.95–2.90%	2012	2017	96,000
G.O. Equipment Certificates of 2013A	\$ 730,000	0.50–1.50%	2013	2021	565,000
G.O. Equipment Certificates of 2014	\$ 345,000	1.30–1.90%	2014	2019	276,000
G.O. Equipment Certificates of 2015	\$ 245,000	1.40–2.00%	2015	2020	245,000
Public Project Revenue Bonds Refunding Bonds, Series 2009A	\$ 2,775,000	4.65%	2009	2020	1,045,000
Total debt supported primarily by property taxes					<u>2,385,960</u>
Debt supported primarily by tax increments					
Notes payable – Nicollet Plaza	\$ 194,065	7.75%	1999	2015	14,613
G.O. Tax Increment Bonds, Series 2004A	\$ 2,205,000	2.00–4.00%	2004	2020	955,000
G.O. Tax Increment Bonds, Series 2005A	\$ 330,000	3.00–4.20%	2005	2020	135,000
G.O. Tax Increment Refunding Bonds, Series 2009C	\$ 2,990,000	1.05–4.00%	2009	2022	1,360,000
G.O. Tax Increment Bonds, Series 2013B	\$ 890,000	1.50–4.25%	2013	2033	890,000
Total debt supported primarily by tax increments					<u>3,354,613</u>
Revenue					
G.O. Municipal State Aid Bonds 2013C	\$ 4,720,000	2.00–3.15%	2013	2028	4,420,000
Compensated absences					
Net pension liability					
Total governmental activities					<u>14,071,811</u>
Business-type activities – primary government					
Utility revenue bonds and notes					
G.O. PFA Sewer Revenue Note, Series 2001	\$ 11,733,250	2.04%	2001	2021	4,112,000
G.O. PFA Sewer Revenue Note, Series 2002	\$ 7,260,850	2.04%	2002	2022	2,207,000
G.O. Electric Revenue Bonds, Series 2004D	\$ 1,555,000	2.25–4.10%	2004	2016	170,000
G.O. PFA Sewer Revenue Note, Series 2004	\$ 2,240,000	3.48%	2004	2022	1,045,000
Electric Revenue Refunding Bonds, Series 2006C	\$ 1,620,000	4.00%	2006	2018	525,000
G.O. PFA Water Revenue Note, Series 2009 – Wells Project	\$ 1,509,483	2.48%	2009	2028	995,001
G.O. PFA Water Revenue Note, Series 2009 – Treatment Center	\$ 16,731,458	2.75%	2009	2029	14,208,000
G.O. PFA Water Revenue Note, Series 2010	\$ 896,750	1.71%	2010	2029	640,000
G.O. Utility Revenue Bonds, Series 2010B	\$ 870,000	1.20–4.50%	2010	2020	310,000
Electric Revenue Bonds, Series 2010C	\$ 4,435,000	2.00–6.25%	2010	2031	3,910,000
G.O. Water Revenue Refunding Bonds, Series 2011B	\$ 1,405,000	1.50–3.00%	2011	2026	1,130,000
G.O. Sewer Revenue Refunding Bonds, Series 2012A	\$ 1,890,000	1.00–3.70%	2012	2043	1,710,000
G.O. Water Revenue Bonds, Series 2012C	\$ 745,000	0.60–2.25%	2012	2023	550,000
G.O. Electric Revenue Refunding Bonds, Series 2015A	\$ 3,540,000	2.00–3.00%	2015	2027	3,540,000
					<u>35,052,001</u>
Long-term care facility bonds and notes					
Tax Exempt Loan Participation Note, Series 2005C	\$ 6,000,000	4.88%	2005	2035	5,034,620
Subordinate Nursing Home Revenue Bonds, Series 2005D	\$ 1,140,000	8.00%	2005	2022	1,140,000
Tax Exempt Loan Participation Note, Series 2006A	\$ 4,400,000	5.00%	2006	2035	3,693,560
					<u>9,868,180</u>
Medical office building notes					
Healthcare Revenue Note, Series 2008A	\$ 2,675,000	4.12–6.12%	2008	2034	2,330,000
Compensated absences					
Net pension liability					
Total business-type activities					<u>48,634,659</u>
Total primary government					<u>62,706,470</u>
Component unit – River’s Edge Hospital and Clinic					
General obligation bonds					
G.O. Hospital Refunding Bond, Series 2010A	\$ 14,290,000	2.00–4.30%	2010	2032	11,845,000
Equipment Certificates of Indebtedness of 2014	\$ 678,697	1.30–1.90%	2014	2019	531,957
					<u>12,376,957</u>
Net pension liability					
Total component unit – River’s Edge Hospital and Clinic					<u>6,649,172</u>
Total reporting entity					<u>\$ 81,732,599</u>

NOTE 5 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Debt

	Balance – Beginning of Year	Change in Accounting Principle (1)	Additions	Deletions	Balance – End of Year	Due Within One Year
Primary government						
Governmental activities						
Property tax supported	\$ 2,667,320	\$ –	\$ 245,000	\$ 526,360	\$ 2,385,960	\$ 554,960
Tax increment supported	3,898,062	–	–	543,449	3,354,613	569,613
Revenue supported	4,720,000	–	–	300,000	4,420,000	300,000
Compensated absences payable	394,213	–	354,219	295,077	453,355	354,219
Net pension liability	–	3,396,441	1,010,038	948,596	3,457,883	–
Total governmental activities	11,679,595	3,396,441	1,609,257	2,613,482	14,071,811	1,778,792
Business-type activities						
Utility revenue bonds and notes	37,829,001	–	3,540,000	6,317,000	35,052,001	2,886,000
Long-term care facility bonds and notes	10,130,262	–	–	262,082	9,868,180	275,040
Medical office building notes	2,405,000	–	–	75,000	2,330,000	75,000
Compensated absences payable	344,405	–	214,043	181,296	377,152	214,421
Net pension liability	–	1,001,884	246,561	241,119	1,007,326	–
Total business-type activities	50,708,668	1,001,884	4,000,604	7,076,497	48,634,659	3,450,461
Total government-wide	\$ 62,388,263	\$ 4,398,325	\$ 5,609,861	\$ 9,689,979	\$ 62,706,470	\$ 5,229,253
Component unit						
River’s Edge Hospital and Clinic						
General obligation bonds	\$ 12,360,000	\$ –	\$ –	\$ 515,000	\$ 11,845,000	\$ 525,000
Equipment certificates of indebtedness	678,697	–	–	146,740	531,957	132,989
Net pension liability	–	6,064,471	650,348	65,647	6,649,172	–
Total component unit	\$ 13,038,697	\$ 6,064,471	\$ 650,348	\$ 727,387	\$ 19,026,129	\$ 657,989

(1) Adjustment for change in accounting principle to implement GASB Statement No. 68 described earlier in these notes.

C. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, excluding compensated absences and net pension liability, are as follows:

Year Ending December 31,	Governmental Activities					
	Property Tax Supported		Tax Increment Supported		Revenue Supported	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 554,960	\$ 71,332	\$ 569,613	\$ 110,448	\$ 300,000	\$ 109,063
2017	551,000	54,297	405,000	94,861	300,000	103,063
2018	523,000	36,908	425,000	80,654	305,000	97,013
2019	483,000	20,753	445,000	64,988	310,000	90,863
2020	179,000	4,745	455,000	48,124	315,000	84,613
2021–2025	95,000	713	615,000	121,839	1,725,000	302,082
2026–2030	–	–	260,000	64,350	1,165,000	54,675
2031–2035	–	–	180,000	11,475	–	–
Total	\$ 2,385,960	\$ 188,748	\$ 3,354,613	\$ 596,739	\$ 4,420,000	\$ 841,372

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Year Ending December 31,	Business-Type Activities					
	Utility Revenue Bonds and Notes		Long-Term Care Facility Bonds and Notes		Medical Office Building Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 2,886,000	\$ 1,008,878	\$ 275,040	\$ 510,679	\$ 75,000	\$ 130,202
2017	2,764,000	937,463	288,752	496,967	80,000	126,234
2018	2,828,000	866,663	303,147	482,571	85,000	122,010
2019	2,954,000	796,304	318,261	467,458	85,000	117,658
2020	3,031,000	719,932	1,474,127	451,592	90,000	113,178
2021–2025	11,258,000	2,507,746	1,937,743	1,534,852	535,000	486,962
2026–2030	8,066,000	943,985	2,471,387	1,001,207	680,000	321,045
2031–2035	665,000	169,123	2,799,723	324,144	700,000	88,740
2036–2040	410,000	88,488	–	–	–	–
2041–2045	190,001	11,400	–	–	–	–
Total	<u>\$ 35,052,001</u>	<u>\$ 8,049,982</u>	<u>\$ 9,868,180</u>	<u>\$ 5,269,470</u>	<u>\$ 2,330,000</u>	<u>\$ 1,506,029</u>

Year Ending December 31,	River's Edge Hospital and Clinic			
	General Obligation Bonds		Certificates of Indebtedness	
	Principal	Interest	Principal	Interest
2016	\$ 525,000	\$ 436,775	\$ 132,989	\$ 8,910
2017	535,000	424,438	132,989	6,982
2018	550,000	409,993	132,989	4,854
2019	565,000	393,493	132,990	2,527
2020	585,000	375,695	–	–
2021–2025	3,260,000	1,561,745	–	–
2026–2030	3,970,000	895,203	–	–
2031–2032	1,855,000	120,163	–	–
Total	<u>\$ 11,845,000</u>	<u>\$ 4,617,505</u>	<u>\$ 531,957</u>	<u>\$ 23,273</u>

D. Descriptions of Long-Term Debt

- **General Obligation and Public Project Bonds** – These bonds were issued for improvements, projects, or to refund previous general obligation or public project bonds which benefit the City as a whole and, therefore, could be repaid from ad valorem levies. All general obligation debt is backed by the full faith and credit of the City.
- **Equipment Certificates** – The City has outstanding a series of equipment certificates, issued in accordance with Minnesota Statute § 412.301, to finance the purchase of equipment. These certificates will be repaid primarily by ad valorem tax levies and enterprise fund revenues.
- **Tax Increment Bonds** – The City has established tax increment financing districts and has issued general obligation tax increment bonds in accordance with Minnesota Statutes, Chapters 462.585 and 273.77. It is anticipated that the ad valorem taxes, derived from the captured assessed value of property in the tax increment financing districts, will provide substantially all funds necessary to retire the bond principal and interest. In addition, future tax levies may be placed on the tax rolls annually as scheduled for supplementary financing.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

- **Notes Payable** – These notes were issued to assist in the financing of tax increment financing districts in the City. It is anticipated that the ad valorem taxes derived from the captured assessed value of these properties in the tax increment financing districts will provide all the funds necessary to retire these notes.
- **Municipal State Aid Bonds** – These bonds are payable primarily from Municipal State Aids related to the improvements funded by this revenue source. Any deficiencies in revenue to fund these issues will be provided from general property taxes.
- **Utility Revenue Bonds and Notes** – These general obligation bonds and revenue notes were issued for improvements or projects that directly benefited a specific enterprise fund. These debt issues will be repaid from revenue sources of the fund that the debt issue directly benefited.
- **Electric Revenue Refunding Bonds of 2015A** – The Electric Revenue Refunding Bonds, Series 2015A were used to refund the 2016 through 2027 maturities of the City’s Electric Revenue Refunding Bonds, Series 2006B, totaling \$3,445,000, on their July 1, 2015 call date. This “crossover refunding” reduced the City’s total future debt service payments by \$259,487 and will result in a present value savings of \$223,764.
- **Long-Term Care Facility Bonds and Notes** – The City authorized the issuance of its \$4,400,000 Tax Exempt Loan Participation Note, Series 2006A. The City also authorized the issuance of its \$6,000,000 Tax Exempt Loan Participation Note, Series 2005C, and \$1,140,000 of Subordinate Nursing Home Revenue Bonds, Series 2005D. These funds were used to construct and equip a Long-Term Care Center Facility Project (the Project). The Project is being leased to and operated by a separate nonprofit corporation pursuant to a lease and operating agreement between the City and the nonprofit corporation. The lease agreement requires the nonprofit corporation to make payments in amounts sufficient to pay principal and interest on the Project’s bonds and notes when due. The City has pledged the payments it receives in the lease agreement to the payment of principal and interest on the Project’s bonds and notes.
- **Medical Office Building Notes** – During 2008, the City authorized the issuance of its \$2,675,000 Healthcare Revenue Note, Series 2008A. These notes were issued to finance a portion of the costs of a new clinic building to be located on the Hospital’s campus. The City has pledged the payments it receives in the lease agreement to the payment of principal and interest on these notes.
- **Build America Bonds** – During 2010, the City authorized the issuance of its \$870,000 G.O. Utility Revenue and Tax Increment Bonds, Series 2010B, and \$4,435,000 Electric Revenue Bonds, Series 2010C. These bonds are “Qualified Build America Bonds – Direct Pay” under the authorization of the American Recovery and Reinvestment Act of 2009. This designation provides for a federal subsidy credit to be paid to the City. The credit will be received semiannually to coincide with the debt service payment schedule.
- **Compensated Absences** – Long-term liabilities for personal time off, vacation, compensation time, and sick leave will be paid by the General Fund and enterprise funds.
- **Net Pension Liability – PERA** – The details of this liability are disclosed elsewhere in these notes. Such benefits are financed by the General Fund and enterprise funds.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

E. Revenue Pledged

Future revenue pledged for the payment of long-term debt is as follows:

Bond Issue	Use of Proceeds	Type	Revenue Pledged			Current Year	
			Percent of Total Debt Service	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
G.O. PFA Sewer Revenue Note, Series 2001	Improvements	Utility charges	100%	2001–2021	\$ 4,410,513	\$ 800,238	\$ 3,822,270
G.O. PFA Sewer Revenue Note, Series 2002	Improvements	Utility charges	100%	2002–2022	\$ 2,390,743	\$ 376,648	\$ 3,822,270
G.O. Electric Revenue Bonds, Series 2004D	Improvements	Utility charges	100%	2004–2016	\$ 173,485	\$ 183,754	\$ 10,086,461
G.O. PFA Sewer Revenue Note, Series 2004	Improvements	Utility charges	100%	2004–2022	\$ 1,195,510	\$ 198,811	\$ 3,822,270
Electric Revenue Refunding Bonds, Series 2006C	Improvements	Utility charges	100%	2006–2018	\$ 556,900	\$ 204,191	\$ 10,086,461
G.O. PFA Water Revenue Note, Series 2009 – Wells Project	Improvements	Utility charges	100%	2009–2028	\$ 1,176,137	\$ 108,709	\$ 2,836,945
G.O. PFA Water Revenue Note, Series 2009 – Treatment Center	Improvements	Utility charges	100%	2009–2029	\$ 17,467,935	\$ 1,319,238	\$ 2,836,945
G.O. PFA Water Revenue Note, Series 2010	Improvements	Utility charges	100%	2010–2029	\$ 725,036	\$ 59,786	\$ 2,836,945
G.O. Utility Revenue Bonds, Series 2010B	Improvements	Utility charges	100%	2010–2020	\$ 340,920	\$ 151,896	\$ 2,633,147
Electric Revenue Bonds, Series 2010C	Improvements	Utility charges	100%	2010–2031	\$ 5,904,696	\$ 568,897	\$ 10,086,461
G.O. Water Revenue Refunding Bonds, Series 2011B	Improvements	Utility charges	100%	2011–2026	\$ 1,301,344	\$ 144,816	\$ 2,836,945
G.O. Sewer Revenue Refunding Bonds, Series 2012A	Improvements	Utility charges	100%	2012–2043	\$ 2,713,535	\$ 137,908	\$ 3,822,270
G.O. Water Revenue Bonds, Series 2012C	Improvements	Utility charges	100%	2012–2023	\$ 600,248	\$ 83,335	\$ 2,836,945
G.O. Electric Revenue Bonds, Series 2015A	Improvements	Utility charges	100%	2015–2027	\$ 4,141,430	\$ –	\$ 10,086,461

NOTE 6 – INDIVIDUAL FUND DISCLOSURES

A. Budgeted vs. Actual Expenditures

In the General Fund, total actual expenditures exceeded budgeted expenditures in the following departments:

Department	Excess of Actual Over Budget
Mayor and City Council	\$ 1,778
Administration	\$ 20,696
Elections	\$ 5,001
General government building	\$ 56,866
Recreation and leisure services	\$ 9,259
Skating rinks	\$ 3,918
Memberships	\$ 492

B. Deficit Fund Balance

The following table summarizes the deficit fund balances/net position as of December 31, 2015:

Fund	Amount
Long-Term Care Facility Enterprise Fund	\$ (722,467)
Nonmajor Tax Increment Debt Service Fund	\$ (196,241)
Nonmajor Capital Projects Fund Traverse Greens TIF District	\$ (3,398)

The City intends to fund these deficits through future tax increments, special assessment revenues, loan principal receipts, bond proceeds, utility charges, transfers from other funds, and various other sources.

NOTE 7 – FUND BALANCES

A. Classifications

At December 31, 2015, a summary of the City’s governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Permanent Improvement Fund	Nonmajor Funds	Total
Nonspendable				
Inventory	\$ 2,085	\$ –	\$ –	\$ 2,085
Prepaid items	1,414	–	–	1,414
Total nonspendable	<u>3,499</u>	<u>–</u>	<u>–</u>	<u>3,499</u>
Restricted				
Capital improvements	–	1,432,967	1,689,790	3,122,757
Future debt service	–	–	756,593	756,593
Fire relief	–	–	10,874	10,874
Economic revolving loans	–	–	1,405,718	1,405,718
Tax increment	–	–	7,503	7,503
Turnout gear	7,500	–	–	7,500
Total restricted	<u>7,500</u>	<u>1,432,967</u>	<u>3,870,478</u>	<u>5,310,945</u>
Committed				
Library operation	–	–	263,109	263,109
Public access operations	–	–	252,858	252,858
Fire equipment	–	–	61,434	61,434
Façade renovation loans	–	–	66,254	66,254
Housing activities	–	–	25,465	25,465
Community center operations	–	–	422,332	422,332
Total committed	<u>–</u>	<u>–</u>	<u>1,091,452</u>	<u>1,091,452</u>
Assigned				
Insurance	321,737	–	–	321,737
Unassigned				
	<u>3,492,085</u>	<u>–</u>	<u>(199,639)</u>	<u>3,292,446</u>
Total	<u>\$ 3,824,821</u>	<u>\$ 1,432,967</u>	<u>\$ 4,762,291</u>	<u>\$ 10,020,079</u>

B. Unrestricted Fund Balance Policy

The City Council has formally adopted a fund balance policy regarding the fund balance for the General Fund. The policy establishes that the City will strive to maintain an unassigned fund balance in the General Fund in the range of 35 to 50 percent of the following year’s budgeted expenditures. At December 31, 2015, the unassigned fund balance of the General Fund was 50.6 percent of the subsequent year’s budgeted expenditures.

In the event that the year-end unassigned General Fund balance is less than the 35 percent level, the City shall plan to adjust budget resources in the subsequent fiscal years to bring the fund balance into compliance with the adopted fund balance policy.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Description

The City participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA. The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. The PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

2. Public Employees Police and Fire Fund (PEPFF)

The Public Employees Police and Fire Fund (PEPFF), originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to the PERA.

B. Benefits Provided

The PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the State Legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

2. PEPFF Benefits

Benefits for PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after 10 years of credited service. Benefits for PEPFF members first hired after June 30, 2014 vest on a prorated basis from 50 percent after 10 years up to 100 percent after 20 years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For PEPFF members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

C. Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERF Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in calendar year 2015. The City was required to contribute 7.50 percent for Coordinated Plan members in calendar year 2015. The City's contributions to the GERF for the year ended December 31, 2015 were \$278,571. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.80 percent of their annual covered salary in calendar year 2015. The City was required to contribute 16.20 percent of pay for PEPFF members in calendar year 2015. The City's regular contributions to the PEPFF for the year ended December 31, 2015 were \$161,928. The City's contributions were equal to the required contributions as set by state statute.

The Hospital's contributions to the GERF for the year ended December 31, 2015 were \$502,438. The Hospital's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. GERF Pension Costs – City

At December 31, 2015, the City reported a liability of \$3,249,439 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2014 through June 30, 2015, relative to the total employer contributions received from all of the PERA's participating employers. At June 30, 2015, the City's proportionate share was 0.0627 percent, which was a decrease of 0.0061 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$360,524 for its proportionate share of the GERF's pension expense.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At December 31, 2015, the City reported its proportionate share of the GERF’s 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 economic experience	\$ –	\$ 163,827
Differences between projected and actual investment earnings	307,612	–
Changes in proportion	–	214,911
Contributions paid to the PERA subsequent to the measurement date	<u>140,486</u>	<u>–</u>
Total	<u>\$ 448,098</u>	<u>\$ 378,738</u>

Deferred outflows of resources related to pensions of \$140,486 resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2016	\$ (49,344)
2017	\$ (49,344)
2018	\$ (49,344)
2019	\$ 76,906

2. PEPFF Pension Costs – City

At December 31, 2015, the City reported a liability of \$1,215,770 for its proportionate share of the PEPFF’s net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2014 through June 30, 2015, relative to the total employer contributions received from all of the PERA’s participating employers. At June 30, 2015, the City’s proportion was 0.107 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$208,179 for its proportionate share of the PEPFF’s pension expense. The City also recognized \$9,630 for the year ended December 31, 2015, as revenue for its proportionate share of the state of Minnesota’s on-behalf contributions to the PEPFF. Legislation passed in 2013 required the state of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At December 31, 2015, the City reported its proportionate share of the PEPFF’s 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 economic experience	\$ –	\$ 197,158
Differences between projected and actual investment earnings	211,828	–
Changes in proportion	–	9,000
Contributions paid to the PERA subsequent to the measurement date	<u>85,095</u>	<u>–</u>
Total	<u>\$ 296,923</u>	<u>\$ 206,158</u>

Deferred outflows of resources related to pensions of \$85,095 resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2016	\$ 11,725
2017	\$ 11,725
2018	\$ 11,725
2019	\$ 11,725
2020	\$ (41,230)

3. Pension Costs – River’s Edge Hospital and Clinic

At December 31, 2015, the Hospital reported a liability of \$6,649,172 for its proportionate share of the GERF’s net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Hospital’s proportion of the net pension liability at June 30, 2015 was based on the Hospital’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2014 through June 30, 2015, relative to the total employer contributions received from all of the PERA’s participating employers. At June 30, 2015, the Hospital’s proportion was 0.1283 percent.

For the year ended December 31, 2015, the Hospital recognized pension expense of \$650,348 for its proportionate share of the GERF’s pension expense.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At December 31, 2015, the Hospital reported its proportionate share of the GERF’s 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 projected and actual investment earnings	\$ 629,446	\$ 1,228,961
Changes in actuarial assumptions	416,669	–
Differences between expected and actual economic experience	62,047	335,231
Net pension liability change in proportion	–	28,185
Contributions paid to the GERF subsequent to the measurement date	<u>251,220</u>	<u>–</u>
Total	<u>\$ 1,359,382</u>	<u>\$ 1,592,377</u>

Deferred outflows of resources related to pensions of \$251,220 resulting from hospital contributions to the GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2016	\$ (134,073)
2017	\$ (134,073)
2018	\$ (373,431)
2019	\$ 157,362

E. Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Active member payroll growth	3.50% per year
Investment rate of return	7.90%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1 percent effective every January 1st until 2034, then 2.5 percent for the GERF and the PEPFF.

Actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004 through June 30, 2008, with an update of economic assumptions in 2014. The experience study for the PEPFF was for the period July 1, 2004 through June 30, 2009.

There were no changes in actuarial assumptions in 2015.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The long-term expected rate of return on pension plan investments is 7.9 percent. The State Board of Investment, which manages the investments of the PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Cash	2%	0.50%

F. Discount Rate

The discount rate used to measure the total pension liability was 7.9 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in the statute. Based on that assumption, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

G. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate (6.9%)</u>	<u>Discount Rate (7.9%)</u>	<u>1% Increase in Discount Rate (8.9%)</u>
The City's proportionate share of the GERF net pension liability	\$ 5,109,274	\$ 3,249,439	\$ 1,713,502
The City's proportionate share of the PEPFF net pension liability	\$ 2,369,549	\$ 1,215,770	\$ 262,548
The Hospital's proportionate share of the GERF net pension liability	\$ 10,454,862	\$ 6,649,172	\$ 3,506,257

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the PERA website at www.mnpera.org.

NOTE 9 – DEFINED BENEFIT PLAN – FIRE DEPARTMENT RELIEF ASSOCIATION

A. Plan Description

Members of the City’s volunteer fire department are members of the Saint Peter Fire Department Relief Association (the Association). The Association is a single-employer defined benefit plan and operates under the provisions of Minnesota Statutes § 69 and § 424A, as amended. It is governed by a Board of Trustees consisting of six officers and trustees elected by the members of the Association for terms of three years. The mayor, city treasurer, and fire chief are ex-officio members of the Board of Trustees.

As of December 31, 2014, the membership of the Association was as follows:

Retirees and beneficiaries currently receiving benefits and retired firefighters entitled to benefits, but not receiving them yet	4
Active plan participants	
Vested	24
Non-vested	9
	<hr/>
Total	37
	<hr/> <hr/>

B. Pension Benefits

Retirement Benefits – According to the bylaws of the Association and pursuant to Minnesota Statutes § 424A.02, Subds. 2 and 4, the Association pays to each member who has served as an active firefighter in the Saint Peter Fire Department for a period of 20 years or more to his resignation, and who has reached the age of 50 years or more, \$2,400 per year of service in a lump sum. A member who has served in the Saint Peter Fire Department for at least 20 years, but has not reached the age of 50 years, may retire and be placed on the deferred pension roll until the member reaches the age of 50. Members who retire with less than 20 years of service but have reached the age of 50 and have completed at least 5 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member’s service pension for the completed years of service times the applicable nonforfeitable percentage of pension. The reduced pension percentage available to members with five years of service shall be equal to 40 percent. This percentage increases 4 percent per year so that at 20 years of service the full amount prescribed is paid.

Sick and Disability Benefits – If a member of the Association becomes permanently disabled with a service-related disability, the Association shall pay to such member an amount equal to the full years of active service multiplied by the yearly lump sum determined at the withdrawal of active service (currently \$2,400). The member shall be eligible to receive the disability benefit immediately upon approval of the Board of Trustees.

Death Benefits – Upon the death of any active member, not in the line of duty, the Association shall pay to the surviving spouse and, if there is no surviving spouse, to the surviving child or children, if any, a death benefit based on the number of years of completed service. Active members who have completed less than five years of service shall receive a fixed amount of \$2,000. Active members who have completed more than five years of service are entitled to receive a death benefit calculated by multiplying the member’s completed years of service times the vested percentage of the yearly lump sum (currently \$2,400). This death benefit to members with five years of service shall be 25 percent. This percentage increases 25 percent with every five years of additional service so that at 20 years of service, the full amount prescribed is paid.

**NOTE 9 – DEFINED BENEFIT PLAN – FIRE DEPARTMENT RELIEF ASSOCIATION
(CONTINUED)**

Upon the death of an active member while in performance of official duties as a member, the Association shall pay a survivor benefit equal to the amount per year of service for each year that the member served as an active firefighter without regard to minimum or partial vesting requirements, but in no case less than five times the pension amount per year of service in effect on the date of death.

C. Funding Policy

The Association’s funding policy provided for contributions from the state and the City in amounts sufficient to accumulate sufficient assets to pay benefits when due. The annual contribution is the sum of the normal cost, the state contribution payment, and the provision for administrative expenses.

The Association is comprised of volunteers; therefore, there are no payroll expenditures or covered payroll percentage calculations.

Required contributions of \$71,902 (which includes both city and state aid contributions) were made by the state in accordance with Minnesota Statute requirements for the year ended December 31, 2015. This includes a city required contribution of \$0, state aid of \$68,622, and supplemental benefit of \$3,280. There was also a voluntary contribution of \$0 from the City.

D. Funding Status and Progress

The amount of the total accrued pension liability is based on a standardized measurement established by the state of Minnesota. This standardized measurement is based on Minnesota Statute § 69.772. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of service years performed by the members of the Association. A standardized measure of the accrued pension liability was adopted by the state of Minnesota to enable the readers of relief association financial statements to (a) assess the relief association’s funding status on a going concern basis, (b) assess progress being made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among relief associations.

Because the standardized measure is used only for disclosure purposes by the Association, the measurement is independent of the actuarial computation made to determine contributions to the Association.

E. Three-Year Trend Information

Fiscal Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 68,275	100%	\$ –
2014	\$ 76,596	100%	\$ –
2015	\$ 71,902	100%	\$ –

NOTE 10 – DEFINED CONTRIBUTION PLAN

Councilmembers of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employee contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, the PERA receives 2 percent of employer contributions and twenty-five hundredths of 1 percent (0.0025) of the assets in each member's account annually.

The City's contributions to the PEDCP for the years ended December 31, 2015, 2014, and 2013 were \$882, \$888, and \$882, respectively, which were equal to the contractually required contributions for each year as set by state statutes.

NOTE 11 – FLEXIBLE BENEFIT PLAN

The City offers three types of flexible spending accounts: medical premiums, medical expenses, and dependent care expenses. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the Flexible Benefit Plan (the Plan) for healthcare and dependent care benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the Plan during the year. At December 31, the City is contingently liable for claims against the total amount of participants' annual contributions to the Plan, whether or not such contributions have been made.

Assets of the Plan are held in the City's payroll checking account. Amounts withheld to pay for employee medical insurance premiums are administered and paid out directly by the City's finance department. Medical expense and dependent care expense accounts are administered by a benefit consulting firm. Claims are made directly to the administrator by participants of the Plan. The administrator then reimburses the participants and bills the City for these reimbursements.

All property of the Plan and income attributable to that property is solely the property of the City subject to the claims of the City's general creditors. Participants' rights under the Plan are equal to those of general creditors of the City in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 12 – SELF-INSURANCE

The City participates in a self-funded dental insurance plan (the City Insurance Plan). The City Insurance Plan is administered by an insurance company which determines the current funding requirements of participants under the terms of the City Insurance Plan and the liability for claims and assessments that would be payable at any given point in time. In connection therewith, the City had the following changes in the balances of claims liabilities. These changes represent the sum of actual claims paid resulting from incidents that occurred during the year.

<u>December 31,</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2014	\$ –	\$ 78,885	\$ (78,885)	\$ –
2015	\$ –	\$ 77,672	\$ (77,672)	\$ –

The Hospital participates in a self-funded dental insurance plan (the Hospital Insurance Plan). The Hospital Insurance Plan is administered by an insurance company which determines the current funding requirements of participants under the terms of the Plan and the liability for claims and assessments that would be payable at any given point in time. In connection therewith, the Hospital charged to operations a provision that represents the sum of actual claims paid and the actuarially determined estimates of liability relating to claims, both asserted and unasserted, resulting from incidents that occurred during those years for the Hospital Insurance Plan.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. Power Sales Contract

Saint Peter Municipal Utilities (the Company) is a member of the Southern Minnesota Municipal Power Agency (SMMPA). Under the terms of the power sales contract, the Company and other members are committed to purchase 100 percent of their power requirements from SMMPA through 2050. The rates paid are subject to periodic review.

B. Federal Revenue

Amounts received or receivable from federal agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

C. Litigation – Primary Government

The City had the usual and customary type of miscellaneous claims pending at year-end, mostly of a minor nature and usually all covered by insurance carried for that purpose. However, the outcome of these cases is unknown. It is not determinable at this time whether unfavorable settlements of the claims will exceed insurance coverage. City management believes that the City will not incur any material monetary loss relating to the cases. No loss has been recorded on the City's financial statements relating to these claims.

NOTE 13 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

D. Malpractice Claims – River’s Edge Hospital and Clinic

The Hospital has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim, an annual aggregate limit of \$1 million per claim, and an annual aggregate limit of \$3 million. The Hospital also has an additional \$2 million umbrella policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured.

E. Litigation – Hospital

The Hospital is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of litigations, claims, and disputes in process will not be material to the financial position of the Hospital.

The healthcare industry is subject to laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties as well as significant repayments of previously billed and collected revenues for patient services.

F. Government Regulations – River’s Edge Hospital and Clinic

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- **Medicare** – The Hospital is licensed as a Critical Access Hospital. The Hospital is reimbursed for most inpatient and outpatient services under a cost reimbursement methodology with final settlement determined after submission of annual cost reports by the Hospital subject to audits thereof by the Medicare Audit Contractor (MAC). The Hospital’s Medicare cost reports have been audited by the MAC through the year ended December 31, 2013. Clinical services are paid on a fixed fee schedule.
- **Medicaid** – Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services related to Medicaid beneficiaries are paid based on the lower of customary charges, allowable cost as determined through the Hospital’s Medicare Cost Reports, or rates as established by the Medicaid program. The Hospital is reimbursed at a tentative rate with final settlement determined by the program based on the Hospital’s final Medicare Cost Report. The Hospital’s Medicaid Cost Reports have been audited by the Medicaid fiscal intermediary through the year ended December 31, 2010. Clinical services are paid on a fixed fee schedule.

NOTE 13 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

- **Blue Cross** – Inpatient services rendered to Blue Cross subscribers are paid at prospectively determined rates per discharge. Outpatient services are reimbursed at outpatient payment fee screens or at charges less a prospectively determined discount. The prospectively determined discount is not subject to a retroactive adjustment. Clinical services are paid on a fixed fee schedule.
- **Other** – The Hospital has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

G. Contract Commitments – Primary Government

The City has contract commitments for uncompleted construction projects as of December 31, 2015 of approximately \$130,000.

NOTE 14 – CONDUIT DEBT OBLIGATIONS

The City has issued private activity bonds to provide financial assistance to nonprofit corporations for the construction and equipping of facilities deemed to be in the public interest. The notes are secured by the property financed and are payable solely from payments received on the underlying revenue note. Upon repayment of the Commercial Development Revenue Note of 1998, the ownership of the acquired facilities transfers to the nonprofit corporation served by the revenue note issuance. Neither the City nor any political subdivision thereof is obligated in any manner for repayment of the revenue note. Accordingly, the revenue notes are not reported as liabilities in the accompanying financial statements.

As of December 31, 2015, the outstanding balance due on these revenue notes are as follows:

Bond	Description	Amount Issued	Outstanding
Commercial Development Revenue Note of 1998	Office facilities	\$ 2,900,000	\$ 937,744
Tax Exempt Loan Participation Note, Series 2010A	Housing facilities	\$ 5,500,000	5,184,893
Multifamily Rental Housing Development Revenue Note, Series 2015A	Housing facilities	\$ 1,595,425	1,595,425
Multifamily Rental Housing Development Revenue Note, Series 2015B	Housing facilities	\$ 225,000	225,000
			<u>\$ 7,943,062</u>

NOTE 15 – MAJOR SUPPLIER

For the year ended December 31, 2015, bulk energy totaling \$7,136,405 was purchased from one supplier.

NOTE 16 – SUBSEQUENT EVENTS

In May 2016, the City issued \$365,000 of Equipment Certificates of Indebtedness. The certificates bear interest rates ranging from 1.25 to 1.85 percent and have a final maturity date of June 1, 2021.

In June 2016, the City issued \$2,405,000 of General Obligation Tax Increment Financing Bonds, Series 2016A. The bonds will be used to finance the development costs associated with the Traverse Green Subdivision. The bonds bear an average interest rate of 2.52 percent and have a final maturity date of February 1, 2039.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAINT PETER

Required Supplementary Information

Saint Peter Fire Department Relief Association
Schedule of Funding Progress and Schedule of Contributions

A. Schedule of Funding Progress

Actuarial Valuation Date – December 31,	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Assets in Excess of (Unfunded) Accrued Liability	Benefit per Year of Service
2009	\$ 704,627	\$ 893,805	78.8 %	\$ (189,178)	\$ 2,400
2010	697,111	838,290	83.2	(141,179)	2,400
2011	753,629	909,928	82.8	(156,299)	2,400
2012	868,404	975,226	89.0	(106,822)	2,400
2013	1,061,264	1,042,986	101.8	18,278	2,400
2014	996,074	943,707	105.5	52,367	2,400

B. Schedule of Contributions

Year	Annual Required Contribution	Percent Contributed
2010	\$ 65,461	100.0 %
2011	70,108	100.0
2012	52,522	100.0
2013	68,275	100.0
2014	76,596	100.0
2015	71,902	100.0

C. Notes to Required Supplementary Information

Valuation date	12/31/2014
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	
Normal cost	20 Years
Prior service cost	5 Years
Asset valuation method	Market
Actuarial assumptions	
Investment rate of return	5.0%
Projected salary increases	N/A
Inflation rate	N/A
Cost-of-living adjustments	None

Note 1: This information was calculated in compliance with Minnesota Statutes. This information is not reported using the standards of GASB Statement No. 68.

Note 2: Data for 2015 was not readily available.

N/A – Not Available

CITY OF SAINT PETER

Schedule of City's Proportionate Share of Net Pension Liability
 PERA – Public Employees General Employees Retirement Fund
 Year Ended December 31, 2015

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	City's Covered Payroll (b)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	6/30/2015	0.0627%	\$ 3,249,439	\$ 3,731,772	87.07%	78.20%

Schedule of Employer Contributions
 PERA – Public Employees General Employees Retirement Fund
 Year Ended December 31, 2015

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
12/31/2015	6/30/2015	\$ 278,571	\$ 278,571	\$ -	\$ 3,714,280	7.50%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This information is not available for previous fiscal years.

CITY OF SAINT PETER

Schedule of City's Proportionate Share of Net Pension Liability
 PERA – Public Employees Police and Fire Fund
 Year Ended December 31, 2015

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	City's Covered Payroll (b)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	6/30/2015	0.107%	\$ 1,215,770	\$ 997,706	121.86%	86.60%

Schedule of Employer Contributions
 PERA – Public Employees Police and Fire Fund
 Year Ended December 31, 2015

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
12/31/2015	6/30/2015	\$ 161,928	\$ 161,928	\$ –	\$ 999,555	16.20%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This information is not available for previous fiscal years.

CITY OF SAINT PETER

Schedule of Employer's Share of Net Pension Liability
 River's Edge Hospital and Clinic
 Year Ended December 31, 2015

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Share of the Net Pension Liability (Amount) (Asset) (a)	Employer's Covered-Employee Payroll (b)	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)
PERA	6/30/2015	0.1283%	\$ 6,649,172	\$ 7,502,227	88.60%

Schedule of Employer's Contributions
 River's Edge Hospital and Clinic
 Year Ended December 31, 2015

Pension Plan	Hospital Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
PERA	12/31/2015	\$ 502,438	\$ 502,438	\$ -	\$ 7,875,036	6.40%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This information is not available for previous fiscal years.

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SUPPLEMENTAL INFORMATION

CITY OF SAINT PETER

Combining Balance Sheet
 Nonmajor Governmental Funds
 as of December 31, 2015

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental
Assets				
Cash and investments	\$ 2,494,350	\$ 756,582	\$ 1,690,055	\$ 4,940,987
Receivables				
Accounts	94,411	-	-	94,411
Delinquent special assessments	-	187	-	187
Deferred special assessments	34,612	4,084	-	38,696
Notes	1,967,361	-	242,447	2,209,808
Due from other governmental units	2,668	11	-	2,679
	<u>4,593,402</u>	<u>760,864</u>	<u>1,932,502</u>	<u>7,286,768</u>
Total assets	<u>\$ 4,593,402</u>	<u>\$ 760,864</u>	<u>\$ 1,932,502</u>	<u>\$ 7,286,768</u>
Liabilities				
Accounts and contracts payable	\$ 16,880	\$ -	\$ 370	\$ 17,250
Due to other funds	980	196,240	3,293	200,513
Customer deposits	58,022	-	-	58,022
Total liabilities	<u>75,882</u>	<u>196,240</u>	<u>3,663</u>	<u>275,785</u>
Deferred inflows of resources				
Unavailable revenue – special assessments	34,612	4,272	-	38,884
Unavailable revenue – notes receivable	1,967,361	-	242,447	2,209,808
Total deferred inflows of resources	<u>2,001,973</u>	<u>4,272</u>	<u>242,447</u>	<u>2,248,692</u>
Fund balances (deficit)				
Restricted	1,424,095	756,593	1,689,790	3,870,478
Committed	1,091,452	-	-	1,091,452
Unassigned	-	(196,241)	(3,398)	(199,639)
Total fund balances	<u>2,515,547</u>	<u>560,352</u>	<u>1,686,392</u>	<u>4,762,291</u>
	<u>\$ 4,593,402</u>	<u>\$ 760,864</u>	<u>\$ 1,932,502</u>	<u>\$ 7,286,768</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,593,402</u>	<u>\$ 760,864</u>	<u>\$ 1,932,502</u>	<u>\$ 7,286,768</u>

CITY OF SAINT PETER

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2015

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental
Revenue				
Taxes				
Property taxes and tax increments	\$ 740,280	\$ 792,317	\$ –	\$ 1,532,597
Other taxes	47,872	–	–	47,872
Intergovernmental	117,958	412,063	–	530,021
Special assessments	5,235	1,670	–	6,905
Investment earnings	13,826	2,281	8,204	24,311
Other	720,457	51,362	57,322	829,141
Total revenue	<u>1,645,628</u>	<u>1,259,693</u>	<u>65,526</u>	<u>2,970,847</u>
Expenditures				
Current				
General government	445,034	–	–	445,034
Parks and recreation	333,895	–	–	333,895
Economic development loans made	507,000	–	–	507,000
Other	469,670	59,844	–	529,514
Capital outlay	62,373	–	321,032	383,405
Debt service				
Principal	9,241	1,360,568	–	1,369,809
Interest and fiscal charges	1,849	329,407	–	331,256
Total expenditures	<u>1,829,062</u>	<u>1,749,819</u>	<u>321,032</u>	<u>3,899,913</u>
Excess (deficiency) of revenue over expenditures	(183,434)	(490,126)	(255,506)	(929,066)
Other financing sources (uses)				
Debt issued	–	–	245,000	245,000
Proceeds from sale of assets	–	106,603	14,800	121,403
Transfers in	250,338	443,040	450,000	1,143,378
Transfers (out)	(393,607)	(5,697)	(160,000)	(559,304)
Total other financing sources (uses)	<u>(143,269)</u>	<u>543,946</u>	<u>549,800</u>	<u>950,477</u>
Net change in fund balances	(326,703)	53,820	294,294	21,411
Fund balances				
Beginning of year	<u>2,842,250</u>	<u>506,532</u>	<u>1,392,098</u>	<u>4,740,880</u>
End of year	<u>\$ 2,515,547</u>	<u>\$ 560,352</u>	<u>\$ 1,686,392</u>	<u>\$ 4,762,291</u>

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 as of December 31, 2015

	Library	Public Access	Firefighters' Relief	Fire Calls
Assets				
Cash and investments	\$ 269,623	\$ 233,496	\$ 10,874	\$ 54,684
Receivables				
Accounts	6,105	19,531	-	6,750
Deferred special assessments	-	-	-	-
Notes	-	-	-	-
Due from other governmental units	-	-	-	-
	<u>275,728</u>	<u>253,027</u>	<u>10,874</u>	<u>61,434</u>
Total assets	\$ 275,728	\$ 253,027	\$ 10,874	\$ 61,434
Liabilities				
Accounts and contracts payable	\$ 12,619	\$ 169	\$ -	\$ -
Due to other funds	-	-	-	-
Customer deposits	-	-	-	-
Total liabilities	12,619	169	-	-
Deferred inflows of resources				
Unavailable revenue – special assessments	-	-	-	-
Unavailable revenue – notes receivable	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Restricted	-	-	10,874	-
Committed	263,109	252,858	-	61,434
Total fund balances	263,109	252,858	10,874	61,434
	<u>275,728</u>	<u>253,027</u>	<u>10,874</u>	<u>61,434</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ 275,728	\$ 253,027	\$ 10,874	\$ 61,434

<u>Economic Revolving Loan</u>	<u>North Third Redevelopment TIF District</u>	<u>Nicollet Hotel TIF District</u>	<u>Nicollet Plaza TIF District</u>	<u>Tornado Disaster Revolving Loan</u>	<u>1999 Economic Revolving Loans</u>
\$ 299,797	\$ -	\$ 586	\$ 24	\$ 1,030,008	\$ 75,942
-	-	-	-	-	-
-	-	-	-	-	-
468,664	-	-	-	1,351,898	91,541
-	1,451	-	-	-	-
<u>\$ 768,461</u>	<u>\$ 1,451</u>	<u>\$ 586</u>	<u>\$ 24</u>	<u>\$ 2,381,906</u>	<u>\$ 167,483</u>
\$ 29	\$ -	\$ -	\$ -	\$ -	\$ -
-	980	-	-	-	-
-	-	-	-	-	-
29	980	-	-	-	-
-	-	-	-	-	-
468,664	-	-	-	1,351,898	91,541
468,664	-	-	-	1,351,898	91,541
299,768	471	586	24	1,030,008	75,942
-	-	-	-	-	-
<u>299,768</u>	<u>471</u>	<u>586</u>	<u>24</u>	<u>1,030,008</u>	<u>75,942</u>
<u>\$ 768,461</u>	<u>\$ 1,451</u>	<u>\$ 586</u>	<u>\$ 24</u>	<u>\$ 2,381,906</u>	<u>\$ 167,483</u>

(continued)

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Balance Sheet (continued)
 as of December 31, 2015

	Façade Renovation	Vista View Volmary TIF District	Nicollet Meadows TIF District	INH Properties TIF District
Assets				
Cash and investments	\$ 66,254	\$ -	\$ 1,213	\$ -
Receivables				
Accounts	-	-	-	-
Deferred special assessments	-	-	-	-
Notes	5,258	-	50,000	-
Due from other governmental units	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 71,512</u>	<u>\$ -</u>	<u>\$ 51,213</u>	<u>\$ -</u>
Liabilities				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Customer deposits	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources				
Unavailable revenue – special assessments	-	-	-	-
Unavailable revenue – notes receivable	5,258	-	50,000	-
Total deferred inflows of resources	<u>5,258</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Fund balances				
Restricted	-	-	1,213	-
Committed	66,254	-	-	-
Total fund balances	<u>66,254</u>	<u>-</u>	<u>1,213</u>	<u>-</u>
	<u>\$ 71,512</u>	<u>\$ -</u>	<u>\$ 51,213</u>	<u>\$ -</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 71,512</u>	<u>\$ -</u>	<u>\$ 51,213</u>	<u>\$ -</u>

<u>Housing Revolving</u>	<u>Community Center</u>	<u>Washington Terrace TIF District</u>	<u>Jefferson Avenue TIF District</u>	<u>Park Row Crossing TIF District</u>	<u>Total</u>
\$ 75,465	\$ 372,392	\$ 3,853	\$ 138	\$ 1	\$ 2,494,350
-	62,025	-	-	-	94,411
-	-	-	34,612	-	34,612
-	-	-	-	-	1,967,361
-	-	1,217	-	-	2,668
<u>\$ 75,465</u>	<u>\$ 434,417</u>	<u>\$ 5,070</u>	<u>\$ 34,750</u>	<u>\$ 1</u>	<u>\$ 4,593,402</u>
\$ -	\$ 4,063	\$ -	\$ -	\$ -	\$ 16,880
-	-	-	-	-	980
50,000	8,022	-	-	-	58,022
50,000	12,085	-	-	-	75,882
-	-	-	34,612	-	34,612
-	-	-	-	-	1,967,361
-	-	-	34,612	-	2,001,973
-	-	5,070	138	1	1,424,095
25,465	422,332	-	-	-	1,091,452
<u>25,465</u>	<u>422,332</u>	<u>5,070</u>	<u>138</u>	<u>1</u>	<u>2,515,547</u>
<u>\$ 75,465</u>	<u>\$ 434,417</u>	<u>\$ 5,070</u>	<u>\$ 34,750</u>	<u>\$ 1</u>	<u>\$ 4,593,402</u>

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2015

	Library	Public Access	Firefighters' Relief	Fire Calls
Revenue				
Property taxes and tax increments	\$ 220,133	\$ -	\$ 8,000	\$ -
Other taxes	-	47,872	-	-
Intergovernmental	45,838	87	71,902	-
Special assessments	-	-	-	-
Investment earnings	1,838	1,446	-	325
Other				
Loan principal and interest payments	-	-	-	-
Miscellaneous	73,991	2,076	-	9,550
Total revenue	<u>341,800</u>	<u>51,481</u>	<u>79,902</u>	<u>9,875</u>
Expenditures				
Current				
General government	347,850	21,765	71,902	-
Parks and recreation	-	-	-	-
Economic development loans made	-	-	-	-
Other	-	-	-	-
Capital outlay	40,916	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>388,766</u>	<u>21,765</u>	<u>71,902</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	(46,966)	29,716	8,000	9,875
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(46,966)	29,716	8,000	9,875
Fund balances				
Beginning of year	<u>310,075</u>	<u>223,142</u>	<u>2,874</u>	<u>51,559</u>
End of year	<u>\$ 263,109</u>	<u>\$ 252,858</u>	<u>\$ 10,874</u>	<u>\$ 61,434</u>

Economic Revolving Loan	North Third Redevelopment TIF District	Nicollet Hotel TIF District	Nicollet Plaza TIF District	Tornado Disaster Revolving Loan	1999 Economic Revolving Loans
\$ -	\$ 80,006	\$ 10,335	\$ 12,323	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,565	131	-	-	4,504	444
137,227	-	-	-	261,678	9,819
237	-	-	-	13,005	-
<u>139,029</u>	<u>80,137</u>	<u>10,335</u>	<u>12,323</u>	<u>279,187</u>	<u>10,263</u>
712	1,573	-	1,232	-	-
-	-	-	-	-	-
7,000	-	-	-	500,000	-
-	-	10,335	-	308,666	-
-	-	-	-	-	-
-	-	-	9,241	-	-
-	-	-	1,849	-	-
<u>7,712</u>	<u>1,573</u>	<u>10,335</u>	<u>12,322</u>	<u>808,666</u>	<u>-</u>
131,317	78,564	-	1	(529,479)	10,263
-	-	-	-	-	-
-	(78,093)	-	-	-	-
-	(78,093)	-	-	-	-
131,317	471	-	1	(529,479)	10,263
168,451	-	586	23	1,559,487	65,679
<u>\$ 299,768</u>	<u>\$ 471</u>	<u>\$ 586</u>	<u>\$ 24</u>	<u>\$ 1,030,008</u>	<u>\$ 75,942</u>

(continued)

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued)
 Year Ended December 31, 2015

	Façade Renovation	Vista View Volmary TIF District	Nicollet Meadows TIF District	INH Properties TIF District
Revenue				
Property taxes and tax increments	\$ -	\$ 18,566	\$ 214,138	\$ 27,461
Other taxes	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	403	-	290	49
Other				
Loan principal and interest payments	3,023	-	-	-
Miscellaneous	7	-	-	-
Total revenue	<u>3,433</u>	<u>18,566</u>	<u>214,428</u>	<u>27,510</u>
Expenditures				
Current				
General government	-	-	-	-
Parks and recreation	-	-	-	-
Economic development loans made	-	-	-	-
Other	-	-	104,562	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>104,562</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	3,433	18,566	109,866	27,510
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	(18,566)	(110,000)	(28,842)
Total other financing sources (uses)	<u>-</u>	<u>(18,566)</u>	<u>(110,000)</u>	<u>(28,842)</u>
Net change in fund balances	3,433	-	(134)	(1,332)
Fund balances				
Beginning of year	<u>62,821</u>	<u>-</u>	<u>1,347</u>	<u>1,332</u>
End of year	<u>\$ 66,254</u>	<u>\$ -</u>	<u>\$ 1,213</u>	<u>\$ -</u>

<u>Housing Revolving</u>	<u>Community Center</u>	<u>Washington Terrace TIF District</u>	<u>Jefferson Avenue TIF District</u>	<u>Park Row Crossing TIF District</u>	<u>Total</u>
\$ -	\$ -	\$ 108,861	\$ 29,381	\$ 11,076	\$ 740,280
-	-	-	-	-	47,872
-	131	-	-	-	117,958
-	-	-	5,235	-	5,235
469	1,957	185	220	-	13,826
-	-	-	-	-	411,747
-	209,844	-	-	-	308,710
<u>469</u>	<u>211,932</u>	<u>109,046</u>	<u>34,836</u>	<u>11,076</u>	<u>1,645,628</u>
-	-	-	-	-	445,034
-	333,895	-	-	-	333,895
-	-	-	-	-	507,000
-	-	-	35,033	11,074	469,670
-	21,457	-	-	-	62,373
-	-	-	-	-	9,241
-	-	-	-	-	1,849
<u>-</u>	<u>355,352</u>	<u>-</u>	<u>35,033</u>	<u>11,074</u>	<u>1,829,062</u>
469	(143,420)	109,046	(197)	2	(183,434)
-	197,233	-	-	53,105	250,338
-	-	(105,000)	-	(53,106)	(393,607)
<u>-</u>	<u>197,233</u>	<u>(105,000)</u>	<u>-</u>	<u>(1)</u>	<u>(143,269)</u>
469	53,813	4,046	(197)	1	(326,703)
<u>24,996</u>	<u>368,519</u>	<u>1,024</u>	<u>335</u>	<u>-</u>	<u>2,842,250</u>
<u>\$ 25,465</u>	<u>\$ 422,332</u>	<u>\$ 5,070</u>	<u>\$ 138</u>	<u>\$ 1</u>	<u>\$ 2,515,547</u>

CITY OF SAINT PETER

Nonmajor Debt Service Funds
 Combining Balance Sheet
 as of December 31, 2015

	General Obligation	Tax Increment	Special Assessment	Total
Assets				
Cash and investments	\$ 749,909	\$ -	\$ 6,673	\$ 756,582
Receivables				
Delinquent special assessments	-	187	-	187
Deferred special assessments	-	3,964	120	4,084
Due from other governmental units	-	-	11	11
	<u>749,909</u>	<u>-</u>	<u>6,804</u>	<u>756,582</u>
Total assets	<u>\$ 749,909</u>	<u>\$ 4,151</u>	<u>\$ 6,804</u>	<u>\$ 760,864</u>
Liabilities				
Due to other funds	\$ -	\$ 196,240	\$ -	\$ 196,240
Deferred inflows of resources				
Unavailable revenue – special assessments	-	4,152	120	4,272
Fund balances (deficit)				
Restricted	749,909	-	6,684	756,593
Unassigned	-	(196,241)	-	(196,241)
Total fund balances (deficit)	<u>749,909</u>	<u>(196,241)</u>	<u>6,684</u>	<u>560,352</u>
	<u>\$ 749,909</u>	<u>\$ 4,151</u>	<u>\$ 6,804</u>	<u>\$ 760,864</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 749,909</u>	<u>\$ 4,151</u>	<u>\$ 6,804</u>	<u>\$ 760,864</u>

CITY OF SAINT PETER

Nonmajor Debt Service Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2015

	General Obligation	Tax Increment	Special Assessment	Total
Revenue				
Property taxes and tax increments	\$ 613,606	\$ 178,711	\$ -	\$ 792,317
Intergovernmental	412,063	-	-	412,063
Special assessments	-	1,494	176	1,670
Investment earnings	2,134	147	-	2,281
Other	51,362	-	-	51,362
Total revenue	<u>1,079,165</u>	<u>180,352</u>	<u>176</u>	<u>1,259,693</u>
Expenditures				
Current				
Excess tax increment payment	-	59,844	-	59,844
Debt service				
Principal	826,360	534,208	-	1,360,568
Interest	198,648	127,902	-	326,550
Fiscal agent fees	991	1,866	-	2,857
Total expenditures	<u>1,025,999</u>	<u>723,820</u>	<u>-</u>	<u>1,749,819</u>
Excess (deficiency) of revenue over expenditures	53,166	(543,468)	176	(490,126)
Other financing sources (uses)				
Proceeds from sale of assets	-	106,603	-	106,603
Transfers in	-	443,040	-	443,040
Transfers (out)	-	(5,697)	-	(5,697)
Total other financing sources (uses)	<u>-</u>	<u>543,946</u>	<u>-</u>	<u>543,946</u>
Net change in fund balances	53,166	478	176	53,820
Fund balances (deficit)				
Beginning of year	<u>696,743</u>	<u>(196,719)</u>	<u>6,508</u>	<u>506,532</u>
End of year	<u>\$ 749,909</u>	<u>\$ (196,241)</u>	<u>\$ 6,684</u>	<u>\$ 560,352</u>

CITY OF SAINT PETER

Nonmajor Capital Project Funds
 Combining Balance Sheet
 as of December 31, 2015

	<u>Parkland Dedication</u>	<u>2000 Housing Project</u>	<u>Equipment Certificates</u>
Assets			
Cash and investments	\$ 927,825	\$ 179,704	\$ 63,690
Receivables			
Notes	—	242,447	—
	<u>—</u>	<u>242,447</u>	<u>—</u>
Total assets	<u>\$ 927,825</u>	<u>\$ 422,151</u>	<u>\$ 63,690</u>
Liabilities			
Accounts and contracts payable	\$ 265	\$ —	\$ —
Due to other funds	—	—	—
Total liabilities	<u>265</u>	<u>—</u>	<u>—</u>
Deferred inflows of resources			
Unavailable revenue – notes receivable	—	242,447	—
Fund balances (deficit)			
Restricted	927,560	179,704	63,690
Unassigned	—	—	—
Total fund balances (deficit)	<u>927,560</u>	<u>179,704</u>	<u>63,690</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 927,825</u>	<u>\$ 422,151</u>	<u>\$ 63,690</u>

2003 Washington Terrace	Traverse Greens TIF District	Total
\$ 518,836	\$ -	\$ 1,690,055
<u>-</u>	<u>-</u>	<u>242,447</u>
<u>\$ 518,836</u>	<u>\$ -</u>	<u>\$ 1,932,502</u>
\$ -	\$ 105	\$ 370
<u>-</u>	<u>3,293</u>	<u>3,293</u>
<u>-</u>	<u>3,398</u>	<u>3,663</u>
-	-	242,447
518,836	-	1,689,790
<u>-</u>	<u>(3,398)</u>	<u>(3,398)</u>
<u>518,836</u>	<u>(3,398)</u>	<u>1,686,392</u>
<u>\$ 518,836</u>	<u>\$ -</u>	<u>\$ 1,932,502</u>

CITY OF SAINT PETER

Nonmajor Capital Project Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2015

	<u>Parkland Dedication</u>	<u>2000 Housing Project</u>	<u>Equipment Certificates</u>
Revenue			
Investment earnings	\$ 3,010	\$ 1,389	\$ 363
Other			
Miscellaneous	22,500	1,510	-
Total revenue	<u>25,510</u>	<u>2,899</u>	<u>363</u>
Expenditures			
Capital outlay			
Construction and related costs	<u>38,621</u>	<u>-</u>	<u>279,013</u>
Excess (deficiency) of revenue over expenditures	(13,111)	2,899	(278,650)
Other financing sources (uses)			
Debt issued	-	-	245,000
Proceeds from sale of assets	9,800	-	5,000
Transfers in	450,000	-	-
Transfers (out)	-	(55,000)	-
Total other financing sources (uses)	<u>459,800</u>	<u>(55,000)</u>	<u>250,000</u>
Net change in fund balances	446,689	(52,101)	(28,650)
Fund balances (deficit)			
Beginning of year	<u>480,871</u>	<u>231,805</u>	<u>92,340</u>
End of year	<u><u>\$ 927,560</u></u>	<u><u>\$ 179,704</u></u>	<u><u>\$ 63,690</u></u>

2003 Washington Terrace	Traverse Greens TIF District	Total
\$ 3,442	\$ -	\$ 8,204
<u>33,312</u>	<u>-</u>	<u>57,322</u>
36,754	-	65,526
<u>-</u>	<u>3,398</u>	<u>321,032</u>
36,754	(3,398)	(255,506)
-	-	245,000
-	-	14,800
-	-	450,000
<u>(105,000)</u>	<u>-</u>	<u>(160,000)</u>
<u>(105,000)</u>	<u>-</u>	<u>549,800</u>
(68,246)	(3,398)	294,294
<u>587,082</u>	<u>-</u>	<u>1,392,098</u>
<u>\$ 518,836</u>	<u>\$ (3,398)</u>	<u>\$ 1,686,392</u>

CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended December 31, 2015
 (With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015		Over (Under) Budget	2014
	Budget	Actual		Actual
Revenue				
Property taxes	\$ 1,308,614	\$ 1,345,824	\$ 37,210	\$ 1,333,157
Other taxes	76,600	89,115	12,515	87,652
Licenses and permits				
Business licenses and permits	22,220	23,702	1,482	25,460
Non-business licenses and permits	257,920	220,855	(37,065)	291,386
Total licenses and permits	280,140	244,557	(35,583)	316,846
Intergovernmental				
Local government aid	2,945,981	2,945,981	–	2,908,508
State and federal grants and aids	124,700	142,117	17,417	145,906
Total intergovernmental	3,070,681	3,088,098	17,417	3,054,414
Charges for services				
General government	111,196	116,540	5,344	141,059
Public safety	123,500	141,386	17,886	138,727
Highways and streets	14,800	21,470	6,670	21,010
Recreation	169,500	190,394	20,894	167,181
Total charges for services	418,996	469,790	50,794	467,977
Fines and forfeitures	79,000	56,279	(22,721)	67,015
Investment earnings	17,000	20,308	3,308	19,152
Other				
Miscellaneous	24,752	128,863	104,111	89,095
Sale of property	–	7,118	7,118	5,934
Total other	24,752	135,981	111,229	95,029
Total revenue	5,275,783	5,449,952	174,169	5,441,242

(continued)

CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended December 31, 2015
 (With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015		Over (Under) Budget	2014
	Budget	Actual		Actual
Expenditures				
Current				
General government				
Mayor and City Council	41,480	43,258	1,778	38,179
Administration	176,237	196,933	20,696	178,492
City clerk	67,011	62,752	(4,259)	62,088
Elections	21,590	26,591	5,001	14,133
Finance	266,052	238,420	(27,632)	233,814
Legal	141,000	130,881	(10,119)	140,407
General government building	109,382	166,248	56,866	97,653
Total general government	822,752	865,083	42,331	764,766
Public safety				
Police	2,107,043	2,026,081	(80,962)	2,046,301
Fire	339,164	308,733	(30,431)	292,303
Other				
Building and planning	208,034	203,831	(4,203)	191,527
Civil defense	7,770	1,040	(6,730)	1,018
Community service officer	85,646	80,216	(5,430)	80,295
Total other	301,450	285,087	(16,363)	272,840
Total public safety	2,747,657	2,619,901	(127,756)	2,611,444
Public works				
Public works administration	88,257	85,596	(2,661)	89,946
Highways and streets				
Streets	1,237,127	1,094,329	(142,798)	1,069,898
Street lighting	130,000	104,225	(25,775)	87,112
Total highways and streets	1,367,127	1,198,554	(168,573)	1,157,010
Total public works	1,455,384	1,284,150	(171,234)	1,246,956

(continued)

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CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended December 31, 2015
 (With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015		Over (Under) Budget	2014
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Parks and recreation				
Senior coordinator	35,425	31,108	(4,317)	33,578
Recreation and leisure services	384,344	393,603	9,259	347,915
Swimming pool	175,367	157,332	(18,035)	173,232
Skating rinks	12,530	16,448	3,918	16,232
Parks	699,748	660,239	(39,509)	651,377
Total parks and recreation	<u>1,307,414</u>	<u>1,258,730</u>	<u>(48,684)</u>	<u>1,222,334</u>
Economic development	159,390	156,326	(3,064)	150,815
Other				
Insurance	54,225	36,362	(17,863)	30,803
Memberships	28,400	28,892	492	27,364
Total other	<u>82,625</u>	<u>65,254</u>	<u>(17,371)</u>	<u>58,167</u>
Capital outlay	<u>53,303</u>	<u>63,680</u>	<u>10,377</u>	<u>94,985</u>
Total expenditures	<u>6,628,525</u>	<u>6,313,124</u>	<u>(315,401)</u>	<u>6,149,467</u>
Excess (deficiency) of revenue over expenditures	(1,352,742)	(863,172)	489,570	(708,225)
Other financing sources (uses)				
Transfers in	1,290,000	1,362,398	72,398	1,490,652
Transfers (out)	<u>(2,500)</u>	<u>(450,000)</u>	<u>(447,500)</u>	<u>(753,129)</u>
Total other financing sources (uses)	<u>1,287,500</u>	<u>912,398</u>	<u>(375,102)</u>	<u>737,523</u>
Net change in fund balances	<u>\$ (65,242)</u>	49,226	<u>\$ 114,468</u>	29,298
Fund balances				
Beginning of year		<u>3,775,595</u>		<u>3,746,297</u>
End of year		<u>\$ 3,824,821</u>		<u>\$ 3,775,595</u>

CITY OF SAINT PETER

Municipal Electric Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenue		
Charges for services	\$ 10,086,461	\$ 10,042,152
Electric generation	432,000	432,000
Other		
Penalties	70,698	64,893
Miscellaneous	187,846	237,716
Total operating revenue	<u>10,777,005</u>	<u>10,776,761</u>
Operating expenses		
Bulk energy	7,136,405	7,163,849
Power distribution		
Personal services	348,173	340,092
Repairs and maintenance	24,752	44,124
Supplies and materials	35,985	30,620
Utilities	9,534	11,442
Professional services	41,387	17,807
General and administrative	-	3,275
Total power distribution	<u>459,831</u>	<u>447,360</u>
General and administrative		
Personal services	314,108	275,071
Repairs and maintenance	7,680	16,000
Supplies and materials	25,279	19,890
Utilities	8,089	9,533
Professional services	64,349	17,734
General and administrative	56,045	55,891
Total general and administrative	<u>475,550</u>	<u>394,119</u>
Customer accounts		
Personal services	98,105	100,182
Repairs and maintenance	3,748	3,432
Supplies and materials	1,478	1,315
Professional services	3,699	2,945
General and administrative	13,022	14,844
Bad debt expense (recovery)	8,206	7,859
Total customer accounts	<u>128,258</u>	<u>130,577</u>

(continued)

CITY OF SAINT PETER

Municipal Electric Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position (continued)
 Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating expenses (continued)		
Power production		
Personal services	10,622	31,991
Repairs and maintenance	31,938	52,483
Supplies and materials	42,009	91,194
Utilities	37,008	40,522
Professional services	23,126	33,048
Total power production	<u>144,703</u>	<u>249,238</u>
Depreciation	<u>972,001</u>	<u>918,844</u>
Total operating expenses	<u>9,316,748</u>	<u>9,303,987</u>
Operating income	1,460,257	1,472,774
Other revenue (expense)		
State and federal grants	1,408	1,408
Investment earnings	22,745	19,509
Interest expense	(404,482)	(417,552)
Total other revenue (expense)	<u>(380,329)</u>	<u>(396,635)</u>
Income before transfers	1,079,928	1,076,139
Transfers and contributions		
Capital contributions from governmental funds	-	173,000
Transfers (out)	(841,913)	(924,082)
Total transfers and contributions	<u>(841,913)</u>	<u>(751,082)</u>
Change in net position	238,015	325,057
Net position		
Beginning of year, as previously reported	16,684,308	16,359,251
Change in accounting principle	(309,813)	-
Beginning of year, as restated	<u>16,374,495</u>	<u>16,359,251</u>
End of year	<u>\$ 16,612,510</u>	<u>\$ 16,684,308</u>

CITY OF SAINT PETER

Municipal Water Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenue		
Charges for services	\$ 2,836,945	\$ 2,675,917
Other	65,990	69,828
Total operating revenue	<u>2,902,935</u>	<u>2,745,745</u>
Operating expenses		
Source of supply		
Personal services	30,386	32,152
Repairs and maintenance	17,790	8,931
Supplies and materials	821	1,366
Utilities	21,696	22,718
Professional services	173	-
General and administrative	13,276	14,370
Total source of supply	<u>84,142</u>	<u>79,537</u>
Purification and treatment		
Personal services	173,983	150,998
Repairs and maintenance	68,018	42,758
Supplies and materials	111,069	142,569
Utilities	462,814	494,607
Professional services	16,735	7,604
General and administrative	8,669	7,005
Total purification and treatment	<u>841,288</u>	<u>845,541</u>
Distribution and storage		
Personal services	212,955	228,758
Repairs and maintenance	98,942	114,122
Supplies and materials	12,322	18,150
Utilities	56,178	56,275
Professional services	5,672	4,311
General and administrative	3,674	2,487
Total distribution and storage	<u>389,743</u>	<u>424,103</u>
General and administrative		
Personal services	75,378	65,425
Repairs and maintenance	2,056	6,091
Supplies and materials	12,211	10,810
Utilities	2,951	3,528
Professional services	16,864	11,936
General and administrative	14,071	13,029
Total general and administrative	<u>123,531</u>	<u>110,819</u>

(continued)

CITY OF SAINT PETER

Municipal Water Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position (continued)
 Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating expenses (continued)		
Customer accounts		
Personal services	21,285	21,803
Repairs and maintenance	2,843	2,516
Supplies and materials	1,493	1,289
Professional services	2,370	2,333
General and administrative	5,909	5,918
Bad debt expense	187	2
Total customer accounts	<u>34,087</u>	<u>33,861</u>
Depreciation	<u>1,134,077</u>	<u>1,199,708</u>
Total operating expenses	<u>2,606,868</u>	<u>2,693,569</u>
Operating income	296,067	52,176
Other revenue (expense)		
State and federal grants	756	756
Investment earnings	7,246	4,429
Interest expense	(478,712)	(492,240)
Total other revenue (expense)	<u>(470,710)</u>	<u>(487,055)</u>
Income (loss) before transfers	(174,643)	(434,879)
Transfers		
Transfers in	-	625,221
Transfers (out)	(252,129)	(459,090)
Total transfers	<u>(252,129)</u>	<u>166,131</u>
Change in net position	(426,772)	(268,748)
Net position		
Beginning of year, as previously reported	9,177,541	9,446,289
Change in accounting principle	(185,888)	-
Beginning of year, as restated	<u>8,991,653</u>	<u>9,446,289</u>
End of year	<u>\$ 8,564,881</u>	<u>\$ 9,177,541</u>

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CITY OF SAINT PETER

Environmental Services Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenue		
Charges for services	\$ 810,989	\$ 766,442
Other	4,674	3,496
Total operating revenue	<u>815,663</u>	<u>769,938</u>
Operating expenses		
Refuse operations		
Personal services	184,165	143,811
Repairs and maintenance	18,150	8,763
Supplies and materials	34,045	36,324
Professional services	419,481	403,418
General and administrative	9,297	7,614
Total refuse operations	<u>665,138</u>	<u>599,930</u>
General and administrative		
Personal services	58,350	52,624
Repairs and maintenance	1,856	4,516
Supplies and materials	5,967	6,485
Utilities	8,308	7,482
Professional services	6,140	6,623
General and administrative	5,513	4,563
Total general and administrative	<u>86,134</u>	<u>82,293</u>
Customer accounts		
Personal services	13,834	14,280
Supplies and materials	989	654
Professional services	2,171	2,333
General and administrative	7,714	7,381
Bad debt expense	209	15
Total customer accounts	<u>24,917</u>	<u>24,663</u>
Depreciation	<u>34,699</u>	<u>57,338</u>
Total operating expenses	<u>810,888</u>	<u>764,224</u>
Operating income	4,775	5,714
Other revenue		
State and federal grants	326	326
Investment earnings	1,429	1,361
Total other revenue	<u>1,755</u>	<u>1,687</u>
Change in net position	6,530	7,401
Net position		
Beginning of year, as previously reported	280,697	273,296
Change in accounting principle	(92,944)	-
Beginning of year, as restated	<u>187,753</u>	<u>273,296</u>
End of year	<u>\$ 194,283</u>	<u>\$ 280,697</u>

CITY OF SAINT PETER

Municipal Wastewater Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenue		
Charges for services	\$ 3,822,270	\$ 3,638,127
Other	155,995	51,373
Total operating revenue	<u>3,978,265</u>	<u>3,689,500</u>
Operating expenses		
Biosolids		
Personal services	42,433	42,403
Repairs and maintenance	4,496	70,135
Supplies and materials	42,819	64,685
Utilities	54,822	50,473
Professional services	2,554	692
General and administrative	1,970	1,493
Total biosolids	<u>149,094</u>	<u>229,881</u>
Collector system		
Personal services	117,863	120,829
Repairs and maintenance	35,840	34,708
Supplies and materials	6,662	18,090
Utilities	32,474	33,061
Professional services	1,669	6,180
General and administrative	1,866	2,570
Total collector system	<u>196,374</u>	<u>215,438</u>
Source/treatment		
Personal services	337,616	317,518
Repairs and maintenance	73,582	88,381
Supplies and materials	100,351	96,681
Utilities	530,597	513,324
Professional services	86,105	62,642
General and administrative	23,781	24,143
Total source/treatment	<u>1,152,032</u>	<u>1,102,689</u>
General and administrative		
Personal services	71,761	69,081
Repairs and maintenance	3,793	6,571
Supplies and materials	13,748	12,369
Utilities	3,528	4,144
Professional services	14,518	11,850
General and administrative	21,175	26,379
Total general and administrative	<u>128,523</u>	<u>130,394</u>

(continued)

CITY OF SAINT PETER

Municipal Wastewater Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position (continued)
 Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating expenses (continued)		
Customer accounts		
Personal services	21,286	21,576
Repairs and maintenance	2,843	2,515
Supplies and materials	1,416	1,265
Professional services	2,370	2,333
General and administrative	5,887	5,889
Bad debt expense	258	1
Total customer accounts	<u>34,060</u>	<u>33,579</u>
Depreciation	<u>832,340</u>	<u>824,229</u>
Total operating expenses	<u>2,492,423</u>	<u>2,536,210</u>
Operating income	1,485,842	1,153,290
Other revenue (expense)		
State and federal grants	1,048	1,048
Investment earnings	5,123	5,180
Interest expense	(246,270)	(266,754)
Total other revenue (expense)	<u>(240,099)</u>	<u>(260,526)</u>
Income before transfers and contributions	1,245,743	892,764
Transfers and contributions		
Capital contribution	-	4,158
Transfers (out)	(233,893)	(496,594)
Total transfers and contributions	<u>(233,893)</u>	<u>(492,436)</u>
Change in net position	1,011,850	400,328
Net position		
Beginning of year, as previously reported	17,536,568	17,136,240
Change in accounting principle	(216,869)	-
Beginning of year, as restated	<u>17,319,699</u>	<u>17,136,240</u>
End of year	<u>\$ 18,331,549</u>	<u>\$ 17,536,568</u>

CITY OF SAINT PETER

Heartland Transit Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenue		
Charges for services	\$ 98,439	\$ 87,963
Other	1,781	1,188
Total operating revenue	<u>100,220</u>	<u>89,151</u>
Operating expenses		
Personal services	253,121	244,681
Repairs and maintenance	12,732	11,336
Supplies and materials	28,943	40,692
Depreciation	28,863	16,324
Professional services	1,454	1,369
General and administrative	12,035	9,294
Total operating expenses	<u>337,148</u>	<u>323,696</u>
Operating loss	(236,928)	(234,545)
Other revenue		
State and federal grants	248,845	363,138
Investment earnings	37	155
Total other revenue	<u>248,882</u>	<u>363,293</u>
Change in net position	11,954	128,748
Net position		
Beginning of year, as previously reported	147,924	19,176
Change in accounting principle	(61,963)	-
Beginning of year, as restated	<u>85,961</u>	<u>19,176</u>
End of year	<u>\$ 97,915</u>	<u>\$ 147,924</u>

CITY OF SAINT PETER

Storm Water Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenue		
Charges for services	\$ 575,751	\$ 507,016
Other	39,922	19,512
Total operating revenue	<u>615,673</u>	<u>526,528</u>
Operating expenses		
Personal services	238,399	245,847
Repairs and maintenance	10,864	28,128
Supplies and materials	14,131	19,479
Utilities	726	3,399
Depreciation	232,668	207,935
Professional services	20,315	30,026
General and administrative	20,662	16,452
Bad debt expense	52	13
Total operating expenses	<u>537,817</u>	<u>551,279</u>
Operating income (loss)	77,856	(24,751)
Other revenue (expense)		
State and federal grants	43	43
Investment earnings	3,203	2,883
Interest expense	(4,405)	(5,756)
Total other revenue (expense)	<u>(1,159)</u>	<u>(2,830)</u>
Income (loss) before transfers and contributions	76,697	(27,581)
Transfers and contributions		
Capital contribution	744,643	-
Transfers (out)	(25,868)	(48,656)
Total transfers and contributions	<u>718,775</u>	<u>(48,656)</u>
Change in net position	795,472	(76,237)
Net position		
Beginning of year, as previously reported	5,188,290	5,264,527
Change in accounting principle	(92,944)	-
Beginning of year, as restated	<u>5,095,346</u>	<u>5,264,527</u>
End of year	<u>\$ 5,890,818</u>	<u>\$ 5,188,290</u>

CITY OF SAINT PETER

Telecommunications Conduit Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenue		
Charges for services	\$ 142,669	\$ 144,071
Operating expenses		
Depreciation	<u>14,264</u>	<u>14,264</u>
Operating income	128,405	129,807
Other revenue		
Investment earnings	<u>135</u>	<u>381</u>
Income before transfers	128,540	130,188
Transfers		
Transfers out	<u>(142,669)</u>	<u>(144,071)</u>
Change in net position	(14,129)	(13,883)
Net position		
Beginning of year	<u>229,733</u>	<u>243,616</u>
End of year	<u><u>\$ 215,604</u></u>	<u><u>\$ 229,733</u></u>

CITY OF SAINT PETER

Long-Term Care Facility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenue		
Other		
Rental income	\$ 801,544	\$ 785,719
Operating expenses		
Depreciation	221,528	221,528
General and administrative	4,720	4,112
Total operating expenses	<u>226,248</u>	<u>225,640</u>
Operating income	575,296	560,079
Other revenue (expense)		
Investment earnings	918	791
Interest expense	<u>(540,678)</u>	<u>(553,210)</u>
Total other revenue (expense)	<u>(539,760)</u>	<u>(552,419)</u>
Change in net position	35,536	7,660
Net position (deficit)		
Beginning of year	<u>(758,003)</u>	<u>(765,663)</u>
End of year	<u>\$ (722,467)</u>	<u>\$ (758,003)</u>

CITY OF SAINT PETER

Medical Office Building Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenue		
Other		
Rental income	\$ 310,107	\$ 311,715
Operating expenses		
Depreciation	118,673	118,673
Professional services	136,000	137,403
Total operating expenses	<u>254,673</u>	<u>256,076</u>
Operating income	55,434	55,639
Other revenue (expense)		
Investment earnings	749	927
Interest expense	(133,589)	(138,319)
Total other revenue (expense)	<u>(132,840)</u>	<u>(137,392)</u>
Changes in net position	(77,406)	(81,753)
Net position		
Beginning of year	<u>2,868,976</u>	<u>2,950,729</u>
End of year	<u>\$ 2,791,570</u>	<u>\$ 2,868,976</u>

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CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Net Position
 Private-Purpose Trust Funds
 as of December 31, 2015

	<u>Library Trust</u>	<u>Restricted Contributions Trusts</u>	<u>Total Private-Purpose Trusts</u>
Assets			
Cash and investments	\$ 12,182	\$ 125,400	\$ 137,582
Accounts receivable	-	2,956	2,956
	<hr/>	<hr/>	<hr/>
Total assets	12,182	128,356	140,538
Liabilities			
Accounts payable	-	1,198	1,198
	<hr/>	<hr/>	<hr/>
Net position			
Held in trust for private purposes	<u>\$ 12,182</u>	<u>\$ 127,158</u>	<u>\$ 139,340</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Changes in Net Position
 Private-Purpose Trust Funds
 Year Ended December 31, 2015

	<u>Library Trust</u>	<u>Restricted Contributions Trusts</u>	<u>Total Private-Purpose Trusts</u>
Additions			
Donations	\$ –	\$ 80,619	\$ 80,619
Investment earnings	29	10	39
Total additions	<u>29</u>	<u>80,629</u>	<u>80,658</u>
Deductions			
Trust-related expenses	<u>291</u>	<u>65,222</u>	<u>65,513</u>
Changes in net position	(262)	15,407	15,145
Net position			
Beginning of year	<u>12,444</u>	<u>111,751</u>	<u>124,195</u>
End of year	<u>\$ 12,182</u>	<u>\$ 127,158</u>	<u>\$ 139,340</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 Agency Funds
 as of December 31, 2015

	<u>DARE Program</u>	<u>Youth Center</u>	<u>Flexible Benefit Plan</u>	<u>Total Agency Funds</u>
Assets				
Cash and investments	<u>\$ 55,836</u>	<u>\$ (5,087)</u>	<u>\$ 217,178</u>	<u>\$ 267,927</u>
Liabilities				
Refunds payable and others	<u>\$ 55,836</u>	<u>\$ (5,087)</u>	<u>\$ 217,178</u>	<u>\$ 267,927</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Year Ended December 31, 2015

	Balance – January 1, 2015	Additions	Deletions	Balance – December 31, 2015
DARE Program				
Assets				
Cash and investments	\$ 47,729	\$ 8,107	\$ –	\$ 55,836
Liabilities				
Refunds payable and others	\$ 47,729	\$ 8,107	\$ –	\$ 55,836
Youth Center				
Assets				
Cash and investments	\$ (4,554)	\$ 5,195	\$ 5,728	\$ (5,087)
Liabilities				
Refunds payable and others	\$ (4,554)	\$ 5,195	\$ 5,728	\$ (5,087)
Flexible Benefit Plan				
Assets				
Cash and investments	\$ 219,707	\$ –	\$ 2,529	\$ 217,178
Liabilities				
Refunds payable and others	\$ 219,707	\$ –	\$ 2,529	\$ 217,178
Total				
Assets				
Cash and investments	\$ 262,882	\$ 13,302	\$ 8,257	\$ 267,927
Liabilities				
Refunds payable and others	\$ 262,882	\$ 13,302	\$ 8,257	\$ 267,927

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OTHER INFORMATION SECTION

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CITY OF SAINT PETER

General Fund Revenue by Source
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Intergovernmental Revenue	Charges for Services	Fines and Forfeits	Other	Total
2006	\$ 1,010,419	\$ 156,851	\$ 2,247,918	\$ 353,191	\$ 120,316	\$ 119,317	\$ 4,008,012
2007	1,112,765	124,976	2,345,807	336,863	103,497	128,583	4,152,491
2008	1,255,059	202,839	2,350,643	355,319	94,737	154,279	4,412,876
2009	973,097	161,525	2,854,397	370,389	81,235	154,485	4,595,128
2010	1,139,902	308,040	2,739,305	395,299	80,067	150,453	4,813,066
2011	1,098,290	149,243	2,776,464	334,542	81,530	148,450	4,588,519
2012	1,403,809	163,510	3,042,060	365,805	91,342	180,570	5,247,096
2013	1,364,783	191,505	2,996,269	398,820	75,969	154,840	5,182,186
2014	1,420,809	316,846	3,054,414	467,977	67,015	114,181	5,441,242
2015	1,434,939	244,557	3,088,098	469,790	56,279	156,289	5,449,952

Note: The City implemented GASB Statement No. 54 in fiscal 2011. This caused certain activities to be moved into the General Fund that were previously reported in special revenue funds.

CITY OF SAINT PETER

General Fund Expenditures by Function
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works Administration</u>	<u>Highways and Streets</u>	<u>Parks and Recreation</u>
2006	\$ 644,002	\$ 2,007,046	\$ 127,602	\$ 987,666	\$ 1,034,054
2007	656,627	2,012,285	103,630	1,073,792	1,106,729
2008	714,427	2,191,529	129,067	1,149,781	1,098,340
2009	716,347	2,255,294	112,329	993,088	1,122,809
2010	698,706	2,298,125	114,866	994,109	1,076,478
2011	1,038,668	2,331,147	93,470	1,127,105	1,115,507
2012	741,273	2,394,611	80,956	1,106,183	1,132,686
2013	741,971	2,496,385	79,340	1,180,428	1,183,925
2014	764,766	2,611,444	89,946	1,157,010	1,222,334
2015	865,083	2,619,901	85,596	1,198,554	1,258,730

Note: The City implemented GASB Statement No. 54 in fiscal 2011. This caused certain activities to be moved into the General Fund that were previously reported in special revenue funds.

<u>Economic Development</u>	<u>Other</u>	<u>Capital Outlay</u>	<u>Total</u>
\$ 92,831	\$ 54,185	\$ 65,886	\$ 5,013,272
95,267	68,689	66,241	5,183,260
135,828	59,474	66,318	5,544,764
123,614	76,498	85,709	5,485,688
97,342	60,159	7,062	5,346,847
118,043	126,015	122,865	6,072,820
139,335	43,769	409,753	6,048,566
186,822	120,213	557,274	6,546,358
150,815	58,167	94,985	6,149,467
156,326	65,254	63,680	6,313,124

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