



CITY OF
Saint Peter
WHERE HISTORY & PROGRESS MEET

**ANNUAL
FINANCIAL
REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2019

CITY OF SAINT PETER, MINNESOTA

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CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

Annual Financial Report
For the Year Ended
December 31, 2019

Prepared by
Finance Department

Sally Rheaume-Vogel
Director of Finance

Brenda Isley
Accountant

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CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

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NICOLLET COUNTY, MINNESOTA

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INTRODUCTORY SECTION

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June 24, 2020

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, 2019, 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 fairly present 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 (the Hospital) and the Housing and Redevelopment Authority (HRA). These are separate entities and are discretely presented in the basic financial statements. The Economic Development Authority (EDA) 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 (streets and parks), community planning and development, parks and recreation, library, community center, and general administrative services. The City also operates seven enterprise funds: Electric, Water, Wastewater, Environmental Services, Stormwater, Telecommunications Conduit, 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, Minnesota Office of Transit, Oshawa and Traverse Townships, 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 the American Public Power Association for those utilities meeting the highest standards for performance.

The City Council also continues a steady investment of roads and sidewalks with more than \$600,000 reinvested in street improvements annually, and \$150,000 invested in sidewalks and trails over the past four years. Major roadway improvements for 2019 included finishing Broadway from Minnesota Avenue to the Minnesota River, and work on North Third Street from Broadway to Chatham Street. Our downtown continues to have a low vacancy rate and substantial investments to buildings which continue to improve our local economic outlook. Historic downtown Saint Peter continues to thrive. The City continues to work with business owners and Chamber members to encourage and help facilitate upgrades, programs, and enhancements to the downtown storefronts. We have done this through a number of programs including loan programs used by EDA and the City to promote building improvements and handicap accessibility.

A Dunkin Donuts franchise opened in late 2018 in a new strip mall constructed on the south portion of the Highway #169 corridor. The strip mall also houses the relocation of C.C.F. Bank and an AT&T franchise. The construction of a new 60 unit Best Western Plus hotel on the North Highway #169 corridor, was completed and opened in the summer of 2019. The location had been undeveloped and it sits just north of the rebranded Speedway convenience store at the corner of Old Minnesota Avenue and St. Julien Street.

2018 was a banner year for construction in Saint Peter. There were a number of large construction projects initiated in 2018. The total value of construction exceeded \$130M which was an unprecedented amount of building. These projects included the expansion and renovation of Nobel Hall at Gustavus Adolphus College (\$51M), new construction has now been completed and the refurbishing the previous building is underway. River's Edge Hospital (\$30M) saw substantial construction in 2019 and is on track to be completed in mid-2020. Changes to the facility include additional operating rooms; eight more beds; and enhancements to the medical/surgical area, imaging areas, and the emergency room. Surgeons practicing at REHC average more than 90 joint replacement procedures per month. The Hospital continues to be nationally recognized for its high-quality care and has received many national awards. Ongoing expansion of the Regional Treatment Center (\$41M) continued during the 2019 year.

Single-family homes continue to be built and sites are still available within the city, in 2019, 19 new homes were permitted for \$4.7M. The City Council took action in mid-2015 to acquire about 55 acres of land from Saint Peter School District 508 to build its third “workforce housing” subdivision in partnership with Southwest Minnesota Housing Partnership and others. The first phase of Traverse Green Subdivision includes approximately 60 lots. When the subdivision is fully developed, the number of lots will exceed 130. Home and lot sales started in 2017. As of the end of 2019, a total of 18 single-family homes have been constructed.

In 2019, the City Council and Economic Development Authority established the guidelines for the Central Business District / Americans with Disabilities Accessibility Enhancement grant program. The City will provide grants (forgivable loans) to property owners who would wish to improve the accessibility of their property to those with mobility impairments. Application will be accepted until February 28, 2020 and it is expected that a handful of projects could be accomplished each year.

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 has 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 recently completed and we continue to diversify the level of renewables of the agency portfolio. The overhead transmission lines throughout the community were replaced, after the 1998 tornado, with more reliable underground transmission lines to interconnect three City substations in series, providing dual transmission feed to each electric substation. An electric substation on Sunrise Drive, placed in service in May 2012, adds capacity and meets 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. Refurbishing plans for the Front Street substation was completed with the installation of new switchgear. 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.

A significant project to replace all existing street lights and facility lighting with LED bulbs coupled with other energy saving action started in the fall of 2017 and was completed in 2018. Financial benefits for the activity are designed to pay for the capital improvements and provide enhanced sustainable services to the community.

The City is currently planning for public use Electric Vehicle Charging Stations and will have two stations in place in the downtown by summer of 2020.

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. A new water storage reservoir was installed in late summer of 2011 at the Broadway Water Treatment Plant to provide redundancy between City’s upper and lower water distribution systems resulting in increased reliability over the entire system.

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 ultra violet disinfection system was replaced in November 2018 and is on-line. The wastewater treatment plant has room for expansion of tertiary treatment when needed. Debt service for the plant is beginning to diminish with some debt scheduled to retire in 2021.

Recent data suggests 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.

In 2019, the City of Saint Peter was awarded \$598,500 through the Small Cities Development Program to undertake the renovation and improvements to owner occupied, single-family homes in the southern portion of town. The targeted area is generally from Broadway to Jefferson Avenue and South Front Street and Seventh Street. The grant is being administered by our partners at the Minnesota Valley Action Council (MVAC). MVAC staff working to administer the grant anticipate the completion of the renovation in the spring of 2021.

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 a need for 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 the 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 the 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.

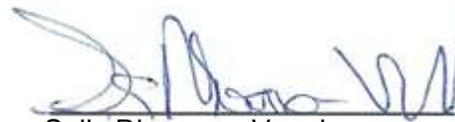
INDEPENDENT AUDIT

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 standards as outlined in the 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



Sally Rheaume-Vogel
Director of Finance

CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

City Council and Other Officials
Year Ended December 31, 2019

CITY COUNCIL

		<u>Term Expires December 31,</u>
Chuck Zieman	Mayor	2019
Stephen Grams	Councilmember	2021
Edward Johnson	Councilmember	2021
John Kvamme	Councilmember	2019
Shanon Nowell	Councilmember	2021
Roger Parras	Councilmember	2019
Jerry Pfeifer	Councilmember	2019

OFFICIALS

Todd Prafke	City Clerk/Administrator	Appointed
Sally Rheame-Vogel	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
Dean Busse	Director of Building and Planning	Appointed
Joseph Schugel	Director of Recreation and Leisure Services	Appointed
James Brandt	City Attorney	Appointed
Jeffery Domras	City Engineer	Appointed

FINANCIAL SECTION

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PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, 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, 2019, 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 River's Edge Hospital and Clinic, whose statements reflect total assets and expenses of \$50,305,906 and \$37,933,454, respectively, as of and for the year ended December 31, 2019. They also include the financial statements of the Housing and Redevelopment Authority, whose statements reflect total assets and expenses of \$1,208,532 and \$389,868, respectively, as of and for the year ended March 31, 2019. 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.

(continued)

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.

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

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position the governmental activities, 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof, and the 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 the basic financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions* for the City's Fire Relief Association during the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 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.

(continued)

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 2018 financial statements, and we expressed a qualified audit opinion on the governmental activities and unmodified audit opinions on the respective financial statements of the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information in our report dated June 25, 2019. In our opinion, the partial comparative information presented herein as of and for the year ended December 31, 2018 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 24, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
June 24, 2020

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CITY OF SAINT PETER

Management's Discussion and Analysis Year Ended December 31, 2019

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, 2019. 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 \$92,083,528 (*net position*). Of this amount, \$3,894,118 (*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 in the current year with the implementation of the Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions* for the City's Fire Relief Association. The implementation of this standard increased beginning net position in the government-wide financial statements by \$251,892.
- The primary government's total net position increased \$857,906 excluding the change in accounting principle.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,337,633. Of this total, \$3,135,072 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 \$3,527,309, or 42.3 percent, of General Fund 2020 budgeted expenditures and transfers out totaling \$8,329,137. The City's fund balance policy has a goal to keep this percentage 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, storm water, telecommunications conduit, 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, storm water, telecommunications conduit, 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 Public Employees Retirement Association, the fire department volunteers, and other post-employment benefits (OPEB). 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 \$92,083,528 at the close of the most recent fiscal year. This is an increase in net position of \$1,109,798 including the change in accounting principle from the prior fiscal year.

Summary of Net Position as of December 31, 2019 and 2018						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 18,101,641	\$ 14,693,423	\$ 7,478,204	\$ 7,682,372	\$ 25,579,845	\$ 22,375,795
Capital assets, net	37,057,610	36,001,838	79,967,239	82,475,977	117,024,849	118,477,815
Total assets	<u>\$ 55,159,251</u>	<u>\$ 50,695,261</u>	<u>\$ 87,445,443</u>	<u>\$ 90,158,349</u>	<u>\$ 142,604,694</u>	<u>\$ 140,853,610</u>
Deferred outflows of resources	<u>\$ 1,561,888</u>	<u>\$ 2,126,722</u>	<u>\$ 147,012</u>	<u>\$ 237,848</u>	<u>\$ 1,708,900</u>	<u>\$ 2,364,570</u>
Liabilities						
Long-term liabilities	\$ 12,478,636	\$ 12,011,526	\$ 26,490,727	\$ 29,707,480	\$ 38,969,363	\$ 41,719,006
Other liabilities	5,834,709	2,402,088	4,978,074	4,997,548	10,812,783	7,399,636
Total liabilities	<u>\$ 18,313,345</u>	<u>\$ 14,413,614</u>	<u>\$ 31,468,801</u>	<u>\$ 34,705,028</u>	<u>\$ 49,782,146</u>	<u>\$ 49,118,642</u>
Deferred inflows of resources	<u>\$ 2,196,200</u>	<u>\$ 2,821,517</u>	<u>\$ 251,720</u>	<u>\$ 304,291</u>	<u>\$ 2,447,920</u>	<u>\$ 3,125,808</u>
Net position						
Net investment in capital assets	\$ 27,693,410	\$ 30,948,238	\$ 51,458,362	\$ 50,898,761	\$ 79,151,772	\$ 81,846,999
Restricted	7,549,336	3,784,059	1,488,302	1,403,223	9,037,638	5,187,282
Unrestricted	968,848	854,555	2,925,270	3,084,894	3,894,118	3,939,449
Total net position	<u>\$ 36,211,594</u>	<u>\$ 35,586,852</u>	<u>\$ 55,871,934</u>	<u>\$ 55,386,878</u>	<u>\$ 92,083,528</u>	<u>\$ 90,973,730</u>

By far, the largest portion of the City's net position (86.0 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 (9.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (4.2 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

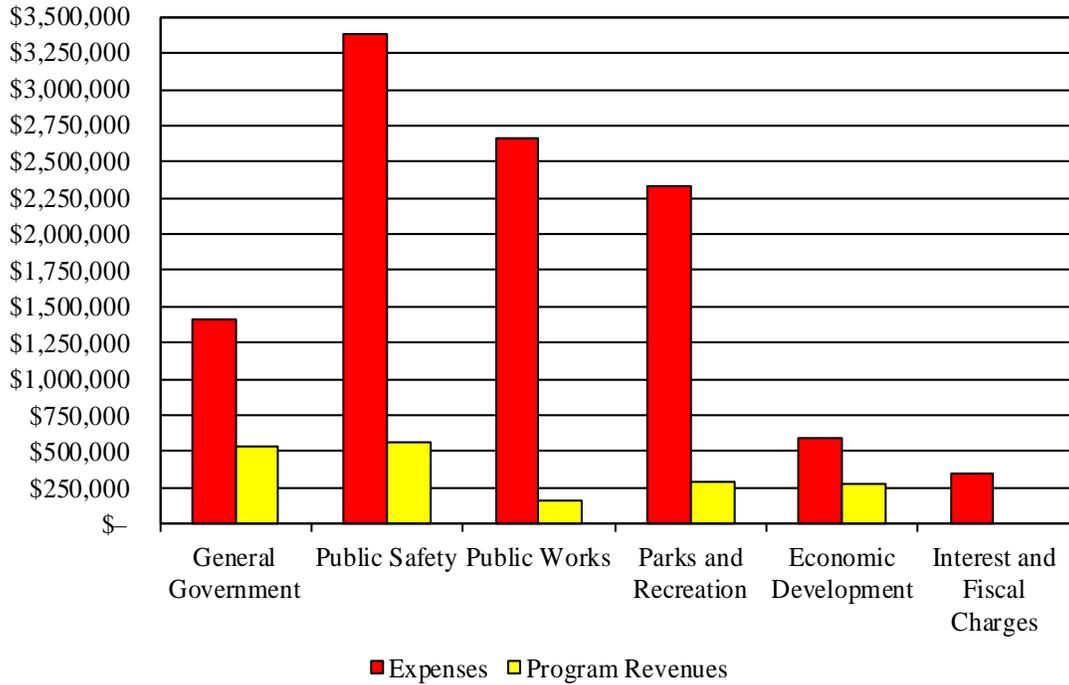
The increase in restricted net position is a result of an increase in net position restricted for debt service which is the result of an increase in fund balances in General Obligation Debt Service Fund and Tax Increment Debt Service Fund as a result of refunding bonds issued in each fund in the current year with refunding payments being scheduled for February 1, 2020.

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

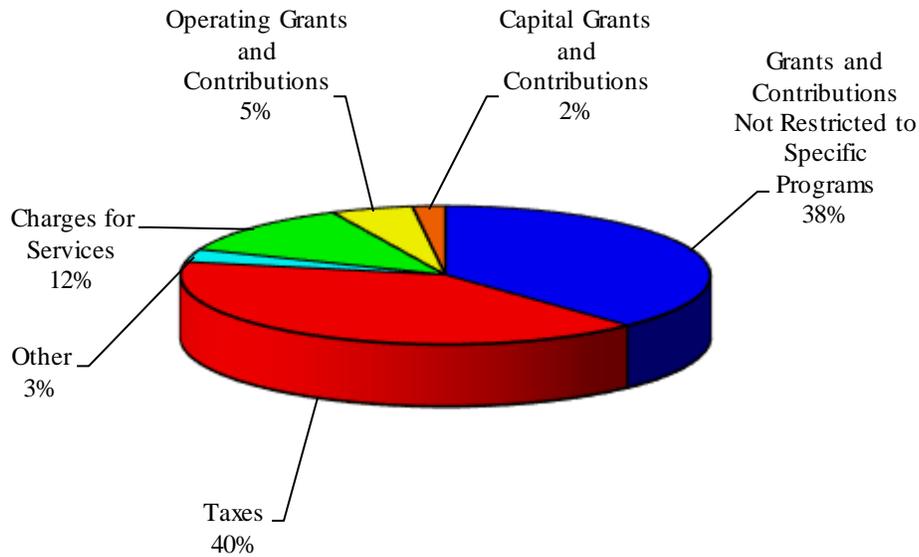
Change in Net Position for the Years Ended December 31, 2019 and 2018						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 1,211,440	\$ 2,265,573	\$ 20,640,861	\$ 21,546,871	\$ 21,852,301	\$ 23,812,444
Operating grants and contributions	454,165	366,689	30,301	11,988	484,466	378,677
Capital grants and contributions	159,632	295,914	-	120,007	159,632	415,921
General revenues						
Taxes	3,861,069	3,675,344	-	-	3,861,069	3,675,344
Grants and contributions not restricted to specific programs	3,673,429	3,476,091	-	-	3,673,429	3,476,091
Other	263,273	125,622	73,300	29,989	336,573	155,611
Total revenues	<u>9,623,008</u>	<u>10,205,233</u>	<u>20,744,462</u>	<u>21,708,855</u>	<u>30,367,470</u>	<u>31,914,088</u>
Expenses						
General government	1,414,674	1,427,649	-	-	1,414,674	1,427,649
Public safety	3,386,211	3,230,842	-	-	3,386,211	3,230,842
Public works	2,655,729	2,344,418	-	-	2,655,729	2,344,418
Parks and recreation	2,327,742	2,176,679	-	-	2,327,742	2,176,679
Economic development	586,506	498,442	-	-	586,506	498,442
Interest and fiscal charges	351,543	274,536	-	-	351,543	274,536
Electric	-	-	10,677,610	10,845,690	10,677,610	10,845,690
Water	-	-	3,162,829	3,131,284	3,162,829	3,131,284
Environmental services	-	-	819,070	822,172	819,070	822,172
Wastewater	-	-	2,946,924	2,823,700	2,946,924	2,823,700
Storm water	-	-	841,827	759,308	841,827	759,308
Telecommunications conduit	-	-	14,265	14,264	14,265	14,264
Long-term care facility	-	-	-	74,148	-	74,148
Medical office building	-	-	324,634	420,059	324,634	420,059
Total expenses	<u>10,722,405</u>	<u>9,952,566</u>	<u>18,787,159</u>	<u>18,890,625</u>	<u>29,509,564</u>	<u>28,843,191</u>
Change in net position before transfers	(1,099,397)	252,667	1,957,303	2,818,230	857,906	3,070,897
Transfers	<u>1,472,247</u>	<u>1,550,142</u>	<u>(1,472,247)</u>	<u>(1,550,142)</u>	<u>-</u>	<u>-</u>
Change in net position	372,850	1,802,809	485,056	1,268,088	857,906	3,070,897
Net position – beginning, as previously reported	35,586,852	33,784,043	55,386,878	54,118,790	90,973,730	87,902,833
Change in accounting principle	251,892	-	-	-	251,892	-
Net position – beginning, as restated	<u>35,838,744</u>	<u>33,784,043</u>	<u>55,386,878</u>	<u>54,118,790</u>	<u>91,225,622</u>	<u>87,902,833</u>
Net position – ending	<u>\$ 36,211,594</u>	<u>\$ 35,586,852</u>	<u>\$ 55,871,934</u>	<u>\$ 55,386,878</u>	<u>\$ 92,083,528</u>	<u>\$ 90,973,730</u>

Governmental Activities – Governmental activities increased the City’s net position by \$624,742, which includes the change in accounting principle.

Expenses and Program Revenues – Governmental Activities

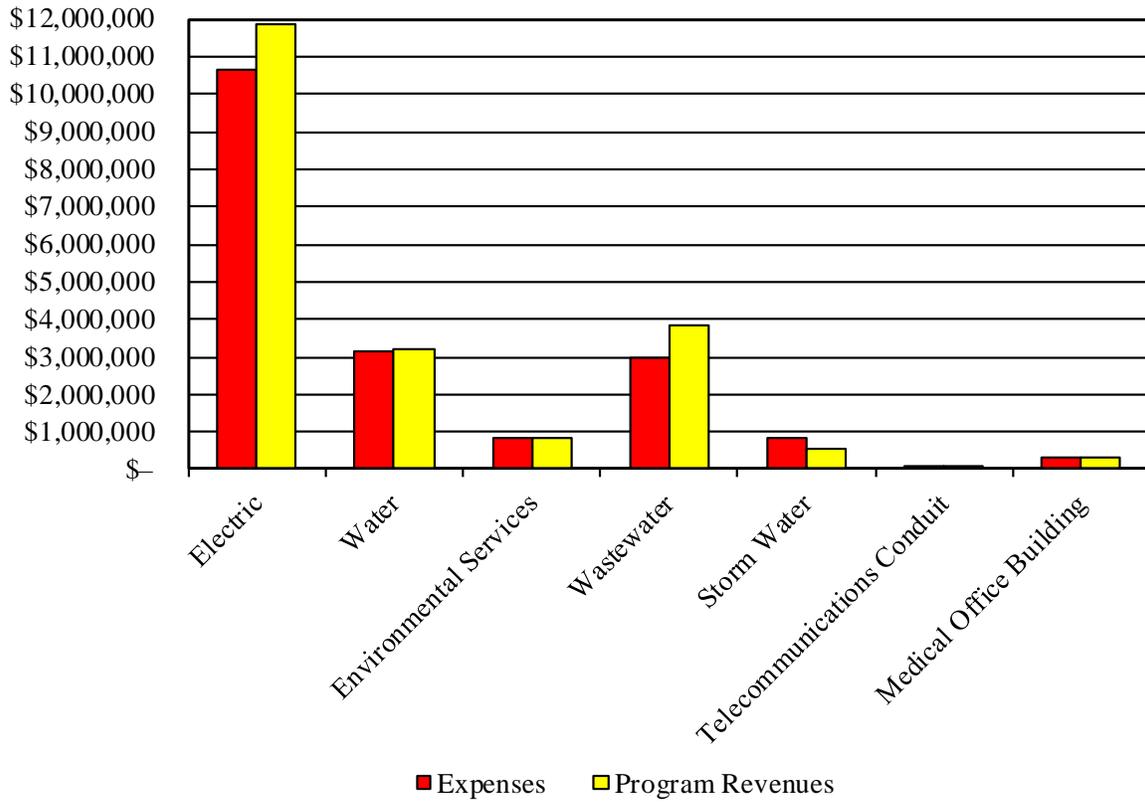


Revenues by Source – Governmental Activities

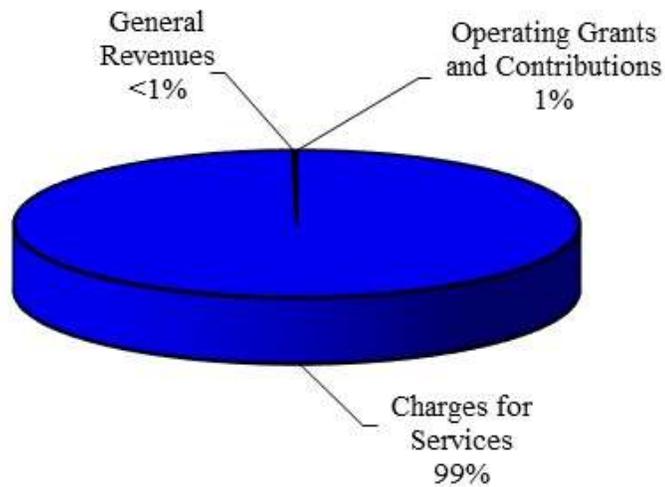


Business-Type Activities – Business-type activities increased the City’s net position by \$485,056. As it shows in the graph, these funds are supported by rates collected from users:

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 \$13,337,633, an increase of \$3,694,427 in comparison with the prior year. Of this total amount, \$3,135,072 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 \$4,305,606, a decrease of \$549,338. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures and transfers out. Total fund balance represents 51.7 percent of total General Fund 2020 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
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 %
2016	\$ 7,138,033	\$ 3,824,821	53.6 %
2017	\$ 7,289,546	\$ 4,103,391	56.3 %
2018	\$ 7,879,349	\$ 4,173,342	53.0 %
2019	\$ 8,141,214	\$ 4,854,944	59.6 %
Budgeted 2020	\$ 8,325,137	\$ 4,305,606	51.7 %

Traverse Green TIF District Capital Projects Fund – This fund decreased fund balance by \$74,481, mainly from transfers out to other funds.

Nonmajor Funds – These funds increased fund balances by \$4,318,246 with the majority of the increase occurring in the debt service funds of the City. This is the result of \$3,495,000 of refunding debt being issued and refunded debt remains outstanding at year end and will be called for redemption on February 1, 2020.

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 were over budget by \$108,581. Property taxes exceeded budgeted amounts by \$58,247. Investment earnings exceeded budgeted amounts by \$56,505 and other taxes exceeded budgeted amounts by \$46,043. Offsetting revenues exceeding budget was other revenue being less than budgeted amounts by \$92,460, mainly from shared cost reimbursements that did not occur in the current year.

Total General Fund expenditures were over budget in 2019 by \$391,853. These amounts were spread across multiple departments including highways and streets (\$90,128), swimming pool (\$25,969), and parks (\$14,587). Capital outlay exceeded budgeted amounts by \$471,635, mainly for the new fire hall project.

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, 2019 amounts to \$117,024,849 (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:

- New fire hall
- Minnesota Square Pavilion

City of Saint Peter’s Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,602,701	\$ 2,249,472	\$ 976,861	\$ 976,861	\$ 3,579,562	\$ 3,226,333
Land improvements	619,157	619,157	–	–	619,157	619,157
Buildings and improvements	17,571,622	17,553,124	47,325,793	47,325,793	64,897,415	64,878,917
Utility plant and infrastructure	25,603,072	25,561,068	71,347,121	69,972,235	96,950,193	95,533,303
Machinery and equipment	8,134,530	7,784,257	11,640,745	11,389,082	19,775,275	19,173,339
Construction in progress	2,191,663	489,651	326,705	1,110,527	2,518,368	1,600,178
Less accumulated depreciation	(19,665,135)	(18,254,891)	(51,649,986)	(48,298,521)	(71,315,121)	(66,553,412)
Total	<u>\$ 37,057,610</u>	<u>\$ 36,001,838</u>	<u>\$ 79,967,239</u>	<u>\$ 82,475,977</u>	<u>\$117,024,849</u>	<u>\$118,477,815</u>

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 debt of \$41,802,568.

City of Saint Peter’s Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 11,790,000	\$ 8,095,000	\$ –	\$ –	\$ 11,790,000	\$ 8,095,000
General obligation equipment certificates	1,314,200	1,233,600	–	–	1,314,200	1,233,600
General obligation notes payable	–	–	15,375,000	17,584,000	15,375,000	17,584,000
Utility revenue bonds	–	–	8,679,000	9,460,000	8,679,000	9,460,000
Medical office building bonds	–	–	2,056,000	2,178,000	2,056,000	2,178,000
Unamortized bond premium (discount)	189,491	–	(51,502)	(56,445)	137,989	(56,445)
Capital leases	–	–	2,450,379	2,551,679	2,450,379	2,551,679
Total	\$ 13,293,691	\$ 9,328,600	\$ 28,508,877	\$ 31,717,234	\$ 41,802,568	\$ 41,045,834

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.

ECONOMIC FACTORS

Shortly after the 2019 fiscal year-end, the worldwide spread of the novel coronavirus (COVID-19) has caused significant volatility in the economy and financial markets. There is significant uncertainty about the breadth and duration of potential business disruptions related to COVID-19, and its economic impact in the U.S. and around the world. At this time, the City is unable to determine what effect this may have on its future financial condition and operations.

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.

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BASIC FINANCIAL STATEMENTS

CITY OF SAINT PETER

Statement of Net Position
as of December 31, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	River's Edge Hospital and Clinic	Housing and Redevelopment Authority
Assets					
Cash and investments	\$ 9,252,431	\$ 4,383,885	\$ 13,636,316	\$ 6,836,583	\$ 340,168
Receivables (net of allowance)					
Accounts	271,655	1,689,568	1,961,223	4,732,205	1,382
Special assessments	2,187,186	37,546	2,224,732	–	–
Notes	1,957,297	–	1,957,297	–	–
Due from other governmental units	213,071	31,320	244,391	–	–
Inventory	510	676,149	676,659	630,455	–
Prepaid items	14,513	3,259	17,772	307,631	7,467
Net pension asset - fire relief	149,873	–	149,873	–	–
Property held for resale	736,828	–	736,828	–	–
Other assets	–	–	–	427,891	–
Restricted assets – temporarily restricted					
Cash and investments for debt service	–	656,477	656,477	–	–
Cash and investments held for refunding bonds	3,318,277	–	3,318,277	–	–
Cash and investments for River's Edge Hospital and Clinic	–	–	–	3,072,252	–
Cash and investments for Housing and Redevelopment Authority	–	–	–	–	22,106
Capital assets					
Land	2,602,701	976,861	3,579,562	28,886	67,938
Land improvements	619,157	–	619,157	1,673,911	–
Buildings and improvements	17,571,622	47,325,793	64,897,415	28,187,122	3,220,387
Utility plant and infrastructure	25,603,072	71,347,121	96,950,193	–	–
Machinery and equipment	8,134,530	11,640,745	19,775,275	11,765,097	288,446
Construction in progress	2,191,663	326,705	2,518,368	7,209,791	30,149
Less accumulated depreciation	(19,665,135)	(51,649,986)	(71,315,121)	(14,565,918)	(2,769,511)
Total capital assets, net of depreciation	<u>37,057,610</u>	<u>79,967,239</u>	<u>117,024,849</u>	<u>34,298,889</u>	<u>837,409</u>
Total assets	55,159,251	87,445,443	142,604,694	50,305,906	1,208,532
Deferred outflows of resources					
Pension plan deferments - PERA	1,367,433	110,756	1,478,189	723,573	–
Pension plan deferments - fire relief	105,256	–	105,256	–	–
OPEB plan deferments	89,199	36,256	125,455	–	–
Total deferred outflows of resources	<u>1,561,888</u>	<u>147,012</u>	<u>1,708,900</u>	<u>723,573</u>	<u>–</u>
Total assets and deferred outflows of resources	\$ 56,721,139	\$ 87,592,455	\$ 144,313,594	\$ 51,029,479	\$ 1,208,532

CITY OF SAINT PETER

Statement of Net Position (continued)
as of December 31, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	River's Edge Hospital and Clinic	Housing and Redevelopment Authority
Liabilities					
Accounts and contracts payable	\$ 366,199	\$ 791,425	\$ 1,157,624	\$ 4,525,580	\$ 15,203
Salaries and withholdings payable	62	–	62	1,076,800	5,920
Accrued interest payable	111,086	221,132	332,218	125,232	–
Customer deposits	11,269	166,594	177,863	–	22,106
Due to other governmental units	152	44,988	45,140	–	9,431
Unearned revenue	29,706	54,974	84,680	–	–
Compensated absences payable					
Due within one year	422,435	443,591	866,026	–	8,235
Due in more than one year	9,089	–	9,089	–	14,711
Net pension liability					
Due in more than one year	3,643,221	1,063,887	4,707,108	7,248,224	–
Total OPEB liability					
Due in more than one year	426,435	173,333	599,768	–	–
Long-term debt					
Due within one year	4,893,800	3,255,370	8,149,170	876,742	–
Due in more than one year	8,399,891	25,253,507	33,653,398	28,766,597	–
Total long-term liabilities	<u>13,293,691</u>	<u>28,508,877</u>	<u>41,802,568</u>	<u>29,643,339</u>	<u>–</u>
Total liabilities	18,313,345	31,468,801	49,782,146	42,619,175	75,606
Deferred inflows of resources					
Pension plan deferments - PERA	2,180,535	210,031	2,390,566	1,441,606	–
OPEB plan deferments	15,665	6,366	22,031	–	–
Deferred amount on refunding	–	35,323	35,323	–	–
Total deferred inflows of resources	<u>2,196,200</u>	<u>251,720</u>	<u>2,447,920</u>	<u>1,441,606</u>	<u>–</u>
Net position					
Net investment in capital assets	27,693,410	51,458,362	79,151,772	1,971,390	837,409
Restricted for					
Debt service	3,863,905	656,477	4,520,382	–	–
Revolving loans	1,907,297	–	1,907,297	–	–
Other purposes	1,778,134	831,825	2,609,959	–	–
Unrestricted	968,848	2,925,270	3,894,118	4,997,308	295,517
Total net position	<u>36,211,594</u>	<u>55,871,934</u>	<u>92,083,528</u>	<u>6,968,698</u>	<u>1,132,926</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 56,721,139</u>	<u>\$ 87,592,455</u>	<u>\$ 144,313,594</u>	<u>\$ 51,029,479</u>	<u>\$ 1,208,532</u>

CITY OF SAINT PETER

Statement of Activities
Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 1,414,674	\$ 396,170	\$ 141,150	\$ -
Public safety	3,386,211	351,710	212,015	-
Public works	2,655,729	1,320	-	158,583
Parks and recreation	2,327,742	188,723	101,000	-
Economic development	586,506	273,517	-	1,049
Interest and fiscal charges	351,543	-	-	-
Total governmental activities	10,722,405	1,211,440	454,165	159,632
Business-type activities				
Electric	10,677,610	11,863,160	3,259	-
Water	3,162,829	3,232,207	4,651	-
Environmental services	819,070	848,917	388	-
Wastewater	2,946,924	3,846,332	1,981	-
Storm water	841,827	540,543	20,022	-
Telecommunications conduit	14,265	2,189	-	-
Medical office building	324,634	307,513	-	-
Total business-type activities	18,787,159	20,640,861	30,301	-
Total primary government	\$ 29,509,564	\$ 21,852,301	\$ 484,466	\$ 159,632
Component units				
River's Edge Hospital and Clinic	\$ 37,933,454	\$ 38,869,272	\$ 260	\$ -
Housing and Redevelopment Authority	389,868	268,409	15,081	-
Total component units	\$ 38,323,322	\$ 39,137,681	\$ 15,341	\$ -

General revenues

Taxes

Grants and contributions not restricted to specific programs

Other general revenues

Investment earnings (charges)

Transfers

Total general revenues and transfers

Change in net position

Net position – beginning, as previously reported

Change in accounting principle

Net position – beginning, as restated

Net position – ending

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
\$ (877,354)	\$ —	\$ (877,354)	\$ —	\$ —
(2,822,486)	—	(2,822,486)	—	—
(2,495,826)	—	(2,495,826)	—	—
(2,038,019)	—	(2,038,019)	—	—
(311,940)	—	(311,940)	—	—
(351,543)	—	(351,543)	—	—
(8,897,168)	—	(8,897,168)	—	—
—	1,188,809	1,188,809	—	—
—	74,029	74,029	—	—
—	30,235	30,235	—	—
—	901,389	901,389	—	—
—	(281,262)	(281,262)	—	—
—	(12,076)	(12,076)	—	—
—	(17,121)	(17,121)	—	—
—	1,884,003	1,884,003	—	—
(8,897,168)	1,884,003	(7,013,165)	—	—
—	—	—	936,078	—
—	—	—	—	(106,378)
—	—	—	936,078	(106,378)
3,861,069	—	3,861,069	—	—
3,673,429	—	3,673,429	—	—
110,978	—	110,978	—	8,665
152,295	73,300	225,595	80,159	724
1,472,247	(1,472,247)	—	—	—
9,270,018	(1,398,947)	7,871,071	80,159	9,389
372,850	485,056	857,906	1,016,237	(96,989)
35,586,852	55,386,878	90,973,730	5,952,461	1,229,915
251,892	—	251,892	—	—
35,838,744	55,386,878	91,225,622	5,952,461	1,229,915
\$ 36,211,594	\$ 55,871,934	\$ 92,083,528	\$ 6,968,698	\$ 1,132,926

CITY OF SAINT PETER

Balance Sheet
 Governmental Funds
 as of December 31, 2019
 (With Partial Comparative Information as of December 31, 2018)

	General	Capital Projects –		Total Governmental Funds	
		Traverse Green TIF District	Nonmajor	2019	2018
Assets					
Cash and investments	\$ 3,902,472	\$ 110,868	\$ 5,239,091	\$ 9,252,431	\$ 8,961,148
Cash and investments held for refunding bonds	–	–	3,318,277	3,318,277	–
Receivables					
Accounts	172,977	–	98,678	271,655	222,112
Delinquent taxes	59,446	–	2,818	62,264	48,454
Special assessments	2,550	1,929,500	255,136	2,187,186	2,429,345
Notes	231,540	–	1,725,757	1,957,297	2,152,380
Due from other funds	385,633	–	–	385,633	485,137
Due from other governmental units	53,395	–	97,412	150,807	196,689
Inventory	510	–	–	510	503
Prepaid items	2,356	–	12,157	14,513	154
Property held for resale	–	347,834	388,994	736,828	682,638
Total assets	\$ 4,810,879	\$ 2,388,202	\$ 11,138,320	\$ 18,337,401	\$ 15,178,560
Liabilities					
Accounts and contracts payable	\$ 181,969	\$ 505	\$ 183,725	\$ 366,199	\$ 388,574
Salaries and withholdings payable	62	–	–	62	4,241
Due to other governmental units	–	–	152	152	193
Due to other funds	–	–	385,633	385,633	485,137
Customer deposits	–	–	11,269	11,269	11,269
Unearned revenue	29,706	–	–	29,706	15,761
Total liabilities	211,737	505	580,779	793,021	905,175
Deferred inflows of resources					
Unavailable revenue – property taxes	59,446	–	2,818	62,264	48,454
Unavailable revenue – special assessments	2,550	1,929,500	255,136	2,187,186	2,429,345
Unavailable revenue – notes receivable	231,540	–	1,725,757	1,957,297	2,152,380
Total deferred inflows of resources	293,536	1,929,500	1,983,711	4,206,747	4,630,179
Fund balances (deficit)					
Nonspendable	2,866	–	12,157	15,023	657
Restricted	269,040	458,197	8,288,907	9,016,144	4,871,898
Committed	–	–	665,003	665,003	714,028
Assigned	506,391	–	–	506,391	559,684
Unassigned	3,527,309	–	(392,237)	3,135,072	3,496,939
Total fund balances (deficit)	4,305,606	458,197	8,573,830	13,337,633	9,643,206
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,810,879	\$ 2,388,202	\$ 11,138,320	\$ 18,337,401	\$ 15,178,560

CITY OF SAINT PETER

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of December 31, 2019

Total fund balances – governmental funds	\$ 13,337,633
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	56,722,745
Less accumulated depreciation	(19,665,135)
Net pension assets are only recorded in the government-wide financial statements as there are no current available financial resources to governmental funds.	
	149,873
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts (if applicable) are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.	
Bonds and certificates payable, net of unamortized premiums	(13,293,691)
Compensated absences payable	(431,524)
Net pension liability	(3,643,221)
Total OPEB liability	(426,435)
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.	
	(111,086)
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	4,206,747
Deferred outflows of resources – pension plan deferments	1,472,689
Deferred outflows of resources – OPEB plan deferments	89,199
Deferred inflows of resources – pension plan deferments	(2,180,535)
Deferred inflows of resources – OPEB plan deferments	(15,665)
Total net position – governmental activities	<u>\$ 36,211,594</u>

CITY OF SAINT PETER

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2019
 (With Partial Comparative Information for the Year Ended December 31, 2018)

	General	Capital Projects –		Total Governmental Funds	
		Traverse Green TIF District	Nonmajor	2019	2018
Revenue					
Taxes					
Property taxes and tax increments	\$ 1,950,872	\$ –	\$ 1,761,134	\$ 3,712,006	\$ 3,539,044
Other taxes	100,293	–	34,960	135,253	128,801
Licenses and permits	151,730	–	–	151,730	823,846
Intergovernmental	3,230,762	–	818,875	4,049,637	3,893,449
Special assessments	–	65,405	16,380	81,785	144,185
Charges for services	422,304	–	–	422,304	857,299
Fines and forfeitures	42,630	–	–	42,630	48,948
Investment earnings (charges)	73,505	1,694	77,096	152,295	(15,129)
Other	168,762	–	949,314	1,118,076	976,392
Total revenue	6,140,858	67,099	3,657,759	9,865,716	10,396,835
Expenditures					
Current					
General government	914,176	–	514,650	1,428,826	1,377,620
Public safety	3,209,627	–	–	3,209,627	3,038,480
Public works	1,438,798	–	–	1,438,798	1,401,593
Parks and recreation	1,542,035	–	348,728	1,890,763	1,831,349
Economic development	184,222	–	50,000	234,222	191,931
Other	126,000	–	224,536	350,536	281,969
Capital outlay	726,356	6,304	2,113,004	2,845,664	1,197,030
Debt service					
Principal	–	–	1,526,400	1,526,400	1,425,400
Interest and fiscal charges	–	–	351,562	351,562	277,423
Total expenditures	8,141,214	6,304	5,128,880	13,276,398	11,022,795
Excess (deficiency) of revenue over expenditures	(2,000,356)	60,795	(1,471,121)	(3,410,682)	(625,960)
Other financing sources (uses)					
Debt issued	–	–	1,807,000	1,807,000	305,000
Refunding debt issued	–	–	3,495,000	3,495,000	–
Premium on debt issued	–	–	191,032	191,032	–
Transfers in	1,451,018	–	604,386	2,055,404	2,799,016
Transfers (out)	–	(135,276)	(308,051)	(443,327)	(1,248,874)
Total other financing sources (uses)	1,451,018	(135,276)	5,789,367	7,105,109	1,855,142
Net change in fund balances	(549,338)	(74,481)	4,318,246	3,694,427	1,229,182
Fund balances					
Beginning of year	4,854,944	532,678	4,255,584	9,643,206	8,414,024
End of year	\$ 4,305,606	\$ 458,197	\$ 8,573,830	\$ 13,337,633	\$ 9,643,206

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, 2019

Total net change in fund balances – governmental funds \$ 3,694,427

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	2,844,569
Depreciation expense	(1,645,375)

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.

(3,592)

Capital assets constructed in the governmental funds then transferred to the enterprise funds are shown in the government-wide financial statements by not in the governmental fund statements.

(139,830)

Net pension asset are included in net position, but are excluded from fund balances because they do not represent financial resources.

(102,019)

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

Bond proceeds	(5,302,000)
Premium on debt issuance	(191,032)

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.

1,526,400

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	57,952
Net pension liability	71,745
Total OPEB liability	(75,465)
Premium amortization	1,541

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.

(1,522)

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	(423,432)
Deferred outflows of resources – pension plan deferments	(633,535)
Deferred outflows of resources – OPEB plan deferments	68,701
Deferred inflows of resources – pension plan deferments	640,982
Deferred inflows of resources – OPEB plan deferments	(15,665)

Change in net position – governmental activities \$ 372,850

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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, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue			
Property taxes	\$ 1,892,625	\$ 1,950,872	\$ 58,247
Other taxes	54,250	100,293	46,043
Licenses and permits	147,245	151,730	4,485
Intergovernmental	3,189,525	3,230,762	41,237
Charges for services	417,410	422,304	4,894
Fines and forfeitures	53,000	42,630	(10,370)
Investment earnings (charges)	17,000	73,505	56,505
Other	261,222	168,762	(92,460)
Total revenue	<u>6,032,277</u>	<u>6,140,858</u>	<u>108,581</u>
Expenditures			
Current			
General government	934,625	914,176	(20,449)
Public safety	3,188,479	3,209,627	21,148
Public works	1,530,612	1,438,798	(91,814)
Parks and recreation	1,563,924	1,542,035	(21,889)
Economic development	184,000	184,222	222
Other	93,000	126,000	33,000
Capital outlay	254,721	726,356	471,635
Total expenditures	<u>7,749,361</u>	<u>8,141,214</u>	<u>391,853</u>
Excess (deficiency) of revenues over expenditures	(1,717,084)	(2,000,356)	(283,272)
Other financing sources (uses)			
Transfers in	1,515,600	1,451,018	(64,582)
Transfers (out)	(200,000)	-	200,000
Total other financing sources (uses)	<u>1,315,600</u>	<u>1,451,018</u>	<u>135,418</u>
Net change in fund balances	<u>\$ (401,484)</u>	<u>(549,338)</u>	<u>\$ (147,854)</u>
Fund balances			
Beginning of year		<u>4,854,944</u>	
End of year		<u>\$ 4,305,606</u>	

CITY OF SAINT PETER

Statement of Net Position
Enterprise Funds
as of December 31, 2019

(With Partial Comparative Information as of December 31, 2018)

	Electric	Water	Environmental Services	Wastewater
Assets				
Current assets				
Cash and investments	\$ 2,161,824	\$ 217,655	\$ 53,050	\$ 1,465,677
Receivables				
Accounts (net of allowance)	990,159	240,779	86,183	328,898
Interest	—	—	—	—
Special assessments	—	15,200	—	22,346
Due from other governmental units	1,719	7,526	—	2,237
Inventory	538,059	125,536	—	12,554
Prepaid items	—	334	—	2,025
Total current assets	<u>3,691,761</u>	<u>607,030</u>	<u>139,233</u>	<u>1,833,737</u>
Noncurrent assets				
Cash and investments – restricted for debt service	656,477	—	—	—
Cash and investments – restricted for capital purposes	—	—	—	—
Capital assets				
Land	34,420	88,835	—	853,606
Building and improvements	3,270,023	14,343,295	—	23,974,943
Utility plant and infrastructure	31,708,930	18,292,132	—	12,803,901
Machinery and equipment	4,538,566	5,083,791	372,130	1,207,572
Construction in progress	4,258	—	—	46,448
Less accumulated depreciation	(18,355,558)	(14,321,104)	(261,396)	(13,881,121)
Total capital assets, net of depreciation	<u>21,200,639</u>	<u>23,486,949</u>	<u>110,734</u>	<u>25,005,349</u>
Total assets	25,548,877	24,093,979	249,967	26,839,086
Deferred outflows of resources				
Pension plan deferments	37,401	22,055	10,045	27,133
OPEB plan deferments	12,257	8,330	3,362	10,024
Total deferred outflows of resources	<u>49,658</u>	<u>30,385</u>	<u>13,407</u>	<u>37,157</u>
Total assets and deferred outflows of resources	<u>\$ 25,598,535</u>	<u>\$ 24,124,364</u>	<u>\$ 263,374</u>	<u>\$ 26,876,243</u>
Liabilities				
Current liabilities				
Accounts and contracts payable	\$ 664,865	\$ 26,439	\$ 43,158	\$ 49,557
Accrued interest payable	21,213	137,569	—	31,470
Customer deposits	166,594	—	—	—
Due to other governmental units	39,552	2,643	2,793	—
Unearned revenue	6,191	—	—	—
Compensated absences payable	174,812	123,057	14,038	75,933
Long-term debt due within one year	574,928	1,303,840	—	1,250,477
Total current liabilities	<u>1,648,155</u>	<u>1,593,548</u>	<u>59,989</u>	<u>1,407,437</u>
Long-term liabilities, less current portion above				
Net pension liability	359,258	211,852	96,490	260,631
Total OPEB liability	58,597	39,825	16,074	47,921
Long-term debt (net of unamortized discount)	6,634,808	12,627,811	—	4,039,888
Total long-term liabilities	<u>7,052,663</u>	<u>12,879,488</u>	<u>112,564</u>	<u>4,348,440</u>
Total liabilities	8,700,818	14,473,036	172,553	5,755,877
Deferred inflows of resources				
Pension plan deferments	70,924	41,824	19,049	51,453
OPEB plan deferments	2,152	1,463	590	1,760
Deferred amount on refunding	35,323	—	—	—
Total deferred inflows of resources	<u>108,399</u>	<u>43,287</u>	<u>19,639</u>	<u>53,213</u>
Net position				
Net investment in capital assets	13,990,903	9,555,298	110,734	19,714,984
Restricted for debt service	656,477	—	—	—
Restricted for capital replacement	—	—	—	831,825
Unrestricted	2,141,938	52,743	(39,552)	520,344
Total net position	<u>16,789,318</u>	<u>9,608,041</u>	<u>71,182</u>	<u>21,067,153</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 25,598,535</u>	<u>\$ 24,124,364</u>	<u>\$ 263,374</u>	<u>\$ 26,876,243</u>

Storm Water	Telecommunications Conduit	Medical Office Building	Totals	
			2019	2018
\$ 383,751	\$ 8,858	\$ 93,070	\$ 4,383,885	\$ 4,430,462
43,352	–	197	1,689,568	1,671,724
–	–	–	–	6,985
–	–	–	37,546	59,504
19,838	–	–	31,320	248
–	–	–	676,149	713,738
900	–	–	3,259	3,216
<u>447,841</u>	<u>8,858</u>	<u>93,267</u>	<u>6,821,727</u>	<u>6,885,877</u>
–	–	–	656,477	656,477
–	–	–	–	140,018
–	–	–	976,861	976,861
–	–	5,737,532	47,325,793	47,325,793
8,114,226	427,932	–	71,347,121	69,972,235
438,686	–	–	11,640,745	11,389,082
275,999	–	–	326,705	1,110,527
(3,370,475)	(273,698)	(1,186,634)	(51,649,986)	(48,298,521)
<u>5,458,436</u>	<u>154,234</u>	<u>4,550,898</u>	<u>79,967,239</u>	<u>82,475,977</u>
5,906,277	163,092	4,644,165	87,445,443	90,158,349
14,122	–	–	110,756	229,516
<u>2,283</u>	<u>–</u>	<u>–</u>	<u>36,256</u>	<u>8,332</u>
<u>16,405</u>	<u>–</u>	<u>–</u>	<u>147,012</u>	<u>237,848</u>
<u>\$ 5,922,682</u>	<u>\$ 163,092</u>	<u>\$ 4,644,165</u>	<u>\$ 87,592,455</u>	<u>\$ 90,396,197</u>
\$ 3,042	\$ –	\$ 4,364	\$ 791,425	\$ 826,059
396	–	30,484	221,132	251,048
–	–	–	166,594	162,674
–	–	–	44,988	44,379
48,783	–	–	54,974	62,363
55,751	–	–	443,591	412,725
21,125	–	105,000	3,255,370	3,238,300
<u>129,097</u>	<u>–</u>	<u>139,848</u>	<u>4,978,074</u>	<u>4,997,548</u>
135,656	–	–	1,063,887	1,085,887
10,916	–	–	173,333	142,659
–	–	1,951,000	25,253,507	28,478,934
<u>146,572</u>	<u>–</u>	<u>1,951,000</u>	<u>26,490,727</u>	<u>29,707,480</u>
275,669	–	2,090,848	31,468,801	34,705,028
26,781	–	–	210,031	265,874
401	–	–	6,366	–
–	–	–	35,323	38,417
<u>27,182</u>	<u>–</u>	<u>–</u>	<u>251,720</u>	<u>304,291</u>
5,437,311	154,234	2,494,898	51,458,362	50,898,761
–	–	–	656,477	656,477
–	–	–	831,825	746,746
182,520	8,858	58,419	2,925,270	3,084,894
<u>5,619,831</u>	<u>163,092</u>	<u>2,553,317</u>	<u>55,871,934</u>	<u>55,386,878</u>
<u>\$ 5,922,682</u>	<u>\$ 163,092</u>	<u>\$ 4,644,165</u>	<u>\$ 87,592,455</u>	<u>\$ 90,396,197</u>

CITY OF SAINT PETER

Statement of Revenue, Expenses, and Changes in Fund Net Position
 Enterprise Funds
 Year Ended December 31, 2019
 (With Partial Comparative Information for the Year Ended December 31, 2018)

	Electric	Water	Environmental Services	Wastewater
Operating revenue				
Charges for services	\$ 10,976,060	\$ 3,152,433	\$ 838,512	\$ 3,790,770
Electric generation	432,000	—	—	—
Other	455,100	79,774	10,405	55,562
Total operating revenue	11,863,160	3,232,207	848,917	3,846,332
Operating expenses				
Personal services	988,139	628,778	261,848	757,328
Repairs and maintenance	219,390	223,444	8,745	123,110
Supplies and materials	124,801	144,369	47,181	176,086
Utilities and bulk energy	7,881,604	596,590	2,945	639,404
Depreciation	1,079,815	1,090,702	9,657	894,027
Professional services	98,270	40,381	472,423	111,914
General and administrative	72,943	45,855	16,249	79,192
Bad debt expense	13,494	333	22	213
Total operating expenses	10,478,456	2,770,452	819,070	2,781,274
Operating income (loss)	1,384,704	461,755	29,847	1,065,058
Other revenue (expense)				
State and federal grants	3,259	4,651	388	1,981
Investment earnings	38,396	6,481	1,275	17,618
Gain on sale of capital assets	—	—	—	—
Interest expense	(199,154)	(392,377)	—	(165,650)
Total other revenue (expense)	(157,499)	(381,245)	1,663	(146,051)
Income (loss) before transfers and contributions	1,227,205	80,510	31,510	919,007
Transfers and contributions				
Capital contributions	51,789	88,041	—	—
Transfers in	—	50,000	—	—
Transfers (out)	(948,700)	(189,003)	—	(494,086)
Total transfers and contributions	(896,911)	(50,962)	—	(494,086)
Change in net position	330,294	29,548	31,510	424,921
Net position				
Beginning of year	16,459,024	9,578,493	39,672	20,642,232
End of year	\$ 16,789,318	\$ 9,608,041	\$ 71,182	\$ 21,067,153

Storm Water	Telecommunications Conduit	Medical Office Building	Totals	
			2019	2018
\$ 533,403	\$ 2,189	\$ -	\$ 19,293,367	\$ 19,536,347
-	-	-	432,000	432,000
7,140	-	307,513	915,494	1,578,524
<u>540,543</u>	<u>2,189</u>	<u>307,513</u>	<u>20,640,861</u>	<u>21,546,871</u>
376,568	-	-	3,012,661	2,869,943
113,479	-	-	688,168	584,318
24,774	-	-	517,211	525,367
325	-	-	9,120,868	9,298,248
295,898	14,265	118,672	3,503,036	3,612,291
11,327	-	130,121	864,436	975,831
18,349	-	-	232,588	197,959
78	-	-	14,140	5,473
<u>840,798</u>	<u>14,265</u>	<u>248,793</u>	<u>17,953,108</u>	<u>18,069,430</u>
(300,255)	(12,076)	58,720	2,687,753	3,477,441
20,022	-	-	30,301	11,988
8,913	34	583	73,300	29,989
-	-	-	-	557,110
(1,029)	-	(75,841)	(834,051)	(1,378,305)
<u>27,906</u>	<u>34</u>	<u>(75,258)</u>	<u>(730,450)</u>	<u>(779,218)</u>
(272,349)	(12,042)	(16,538)	1,957,303	2,698,223
-	-	-	139,830	120,007
-	-	-	50,000	38,388
(30,288)	-	-	(1,662,077)	(1,588,530)
<u>(30,288)</u>	<u>-</u>	<u>-</u>	<u>(1,472,247)</u>	<u>(1,430,135)</u>
(302,637)	(12,042)	(16,538)	485,056	1,268,088
<u>5,922,468</u>	<u>175,134</u>	<u>2,569,855</u>	<u>55,386,878</u>	<u>54,118,790</u>
<u>\$ 5,619,831</u>	<u>\$ 163,092</u>	<u>\$ 2,553,317</u>	<u>\$ 55,871,934</u>	<u>\$ 55,386,878</u>

CITY OF SAINT PETER

Statement of Cash Flows
Enterprise Funds

Year Ended December 31, 2019

(With Partial Comparative Information for the Year Ended December 31, 2018)

	Electric	Water	Environmental Services	Wastewater
Cash flows from operating activities				
Cash received (refunded) from customers	\$ 11,411,315	\$ 3,156,373	\$ 825,040	\$ 3,800,432
Cash payments to suppliers for goods and services	(8,645,059)	(1,295,855)	(620,139)	(1,416,338)
Cash payments to employees for services	(663,165)	(402,028)	(192,168)	(483,216)
Cash received from other sources	455,100	79,774	10,405	55,562
Net cash provided (used) by operating activities	2,558,191	1,538,264	23,138	1,956,440
Cash flows from noncapital financing activities				
Grants received	3,259	4,651	388	1,981
Proceeds from sale of capital assets	-	-	-	-
Transfers in (out)	(948,700)	(139,003)	-	(494,086)
Net cash provided (used) by noncapital financing activities	(945,441)	(134,352)	388	(492,105)
Cash flows from capital and related financing activities				
Purchases of property, plant, and equipment	(119,025)	(171,060)	(90,908)	(336,028)
Proceeds from debt issuance	-	-	-	1,555,000
Principal payments on long-term debt	(557,705)	(1,266,840)	-	(2,800,630)
Interest paid on debt	(200,981)	(405,003)	-	(175,321)
Net cash provided (used) by capital and related financing activities	(877,711)	(1,842,903)	(90,908)	(1,756,979)
Cash flows from investing activities				
Interest received on investments	45,381	6,481	1,275	17,618
Increase (decrease) in cash and cash equivalents	780,420	(432,510)	(66,107)	(275,026)
Cash and cash equivalents				
Beginning of year	2,037,881	650,165	119,157	1,740,703
End of year	\$ 2,818,301	\$ 217,655	\$ 53,050	\$ 1,465,677
Cash and cash equivalents comprised of				
Cash and investments	\$ 2,161,824	\$ 217,655	\$ 53,050	\$ 1,465,677
Cash and investments – restricted for debt service	656,477	-	-	-
Cash and investments – restricted for capital purposes	-	-	-	-
Total	\$ 2,818,301	\$ 217,655	\$ 53,050	\$ 1,465,677

Storm Water	Telecommunications Conduit	Medical Office Building	Totals	
			2019	2018
\$ 513,750	\$ 2,189	\$ (19)	\$ 19,709,080	\$ 19,989,723
(301,849)	–	(128,529)	(12,407,769)	(12,764,453)
(231,446)	–	–	(1,972,023)	(2,024,977)
7,140	–	307,513	915,494	1,578,524
(12,405)	2,189	178,965	6,244,782	6,778,817
20,022	–	–	30,301	11,988
–	–	–	–	8,753,659
(30,288)	–	–	(1,612,077)	(1,550,142)
(10,266)	–	–	(1,581,776)	7,215,505
(137,447)	–	–	(854,468)	(2,277,279)
–	–	–	1,555,000	2,178,000
(21,125)	–	(122,000)	(4,768,300)	(14,450,538)
(1,425)	–	(79,388)	(862,118)	(1,292,242)
(159,997)	–	(201,388)	(4,929,886)	(15,842,059)
8,913	34	583	80,285	29,989
(173,755)	2,223	(21,840)	(186,595)	(1,817,748)
557,506	6,635	114,910	5,226,957	7,192,349
<u>\$ 383,751</u>	<u>\$ 8,858</u>	<u>\$ 93,070</u>	<u>\$ 5,040,362</u>	<u>\$ 5,226,957</u>
\$ 383,751	\$ 8,858	\$ 93,070	\$ 4,383,885	\$ 4,430,462
–	–	–	656,477	656,477
–	–	–	–	140,018
<u>\$ 383,751</u>	<u>\$ 8,858</u>	<u>\$ 93,070</u>	<u>\$ 5,040,362</u>	<u>\$ 5,226,957</u>

CITY OF SAINT PETER

Statement of Cash Flows (continued)

Enterprise Funds

Year Ended December 31, 2019

(With Partial Comparative Information for the Year Ended December 31, 2018)

	Electric	Water	Environmental Services	Wastewater
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 1,384,704	\$ 461,755	\$ 29,847	\$ 1,065,058
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	1,079,815	1,090,702	9,657	894,027
Change in assets and deferred outflows of resources				
Receivables	(5,051)	11,125	(13,494)	11,566
Due from other governmental units	(1,719)	(7,518)	-	(2,117)
Inventory	72,670	(35,514)	-	433
Prepaid items	475	382	-	-
Deferred outflows of resources	33,601	18,316	9,809	20,725
Change in liabilities and deferred inflows of resources				
Accounts and contracts payable	3,690	6,305	3,887	(29,757)
Customer deposits	3,920	-	-	-
Due to other governmental units	727	(356)	238	-
Compensated absences payable	17,258	8,465	1,251	(129)
Total OPEB liability	10,369	7,048	2,845	8,480
Net pension liability	(16,610)	(11,808)	(14,145)	(1,555)
Unearned revenue	(7,389)	-	-	-
Deferred inflows of resources	(18,269)	(10,638)	(6,757)	(10,291)
Net cash provided (used) by operating activities	<u>\$ 2,558,191</u>	<u>\$ 1,538,264</u>	<u>\$ 23,138</u>	<u>\$ 1,956,440</u>
Supplemental schedule of noncash transactions				
Contributed capital	<u>\$ 51,789</u>	<u>\$ 88,041</u>	<u>\$ -</u>	<u>\$ -</u>

Storm Water	Telecommunications Conduit	Medical Office Building	Totals	
			2019	2018
\$ (300,255)	\$ (12,076)	\$ 58,720	\$ 2,687,753	\$ 3,477,441
295,898	14,265	118,672	3,503,036	3,612,291
(13)	—	(19)	4,114	(1,951)
(19,718)	—	—	(31,072)	1,173
—	—	—	37,589	18,491
(900)	—	—	(43)	829
8,385	—	—	90,836	91,222
(20,351)	—	1,592	(34,634)	(394,159)
—	—	—	3,920	261
—	—	—	609	4,499
4,021	—	—	30,866	(2,563)
1,932	—	—	30,674	11,696
22,118	—	—	(22,000)	(98,233)
—	—	—	(7,389)	16,420
(3,522)	—	—	(49,477)	41,400
<u>\$ (12,405)</u>	<u>\$ 2,189</u>	<u>\$ 178,965</u>	<u>\$ 6,244,782</u>	<u>\$ 6,778,817</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 139,830</u>	<u>\$ 120,007</u>

CITY OF SAINT PETER

Statement of Fiduciary Net Position
 Fiduciary Funds
 as of December 31, 2019

	<u>Private-Purpose Trusts</u>	<u>Agency Funds</u>
Assets		
Cash and investments	\$ 162,804	\$ 689,972
Liabilities		
Accounts payable	<u>2,095</u>	<u>\$ 689,972</u>
Net position		
Held in trust for private purposes	<u>\$ 160,709</u>	

CITY OF SAINT PETER

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year Ended December 31, 2019

	<u>Private-Purpose Trusts</u>
Additions	
Donations	\$ 71,307
Investment earnings	<u>40</u>
Total additions	71,347
Deductions	
Trust-related expenses	<u>44,221</u>
Change in net position	27,126
Net position	
Beginning of year	<u>133,583</u>
End of year	<u><u>\$ 160,709</u></u>

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CITY OF SAINT PETER

Notes to Basic Financial Statements
December 31, 2019

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, 2019, 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 Financial Statement Presentation

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. 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.

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.

Traverse Green TIF District Capital Project Fund – This fund accounts for the activities within the Traverse Green TIF District.

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.

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.

Medical Office Building Fund – The Medical Office Building Fund accounts for the lease of the 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, the youth center, the flexible benefit plan, the Gilbertson Recreation Scholarship, the Minnesota Square Veterans Memorial, and the Minnesota River Valley Transit.

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, 2019

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Certain proceeds of governmental activities and 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.

Certain resources set aside for future bond refunding are classified as restricted assets on the Statement of Net Position, because their use is limited by outside agreements. Interest on these investments is allocated to the respective fund.

Cash and investments which are restricted also include the Hospital and the HRA. 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. HRA restrictions include grantor and other external party restrictions.

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.

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

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the City's recurring fair value measurements at year-end.

F. Property Taxes

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 inflows of resources if not considered available to finance current expenditures.

I. Receivables

1. Primary Government

All receivables are shown net of any allowance for uncollectible accounts. The allowance for uncollectible accounts totaled \$8,487 at December 31, 2019 in the enterprise funds. The receivables not expected to be collected within one year include property taxes, special assessments, and notes receivable.

2. 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."

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Property Held for Resale

Property was acquired by the Traverse Greens Spec Homes Special Revenue Fund and Traverse Green TIF District Capital Project Fund for development purposes. Property held for resale is reported as an asset in the government-wide and fund financial statements. These assets are reported at the lower of cost or acquisition value.

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 acquisition 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 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.

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	7–40
Buildings and improvements	30–50	2–40	7–40
Utility plant and infrastructure	50	–	–
Machinery and equipment	5–7	2–25	3–10

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are 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.

P. State-Wide Pension Plans

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.

The PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into the PERA on January 1, 2015.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The City reports deferred outflows of resources related to the deferred charge on refunding reported in the government-wide and proprietary fund Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The City also reports deferred outflows and inflows of resources related to pensions and other post-employment benefits (OPEB) in the government-wide and proprietary fund Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes in proportion, changes of assumptions, differences between projected and actual investment earnings, and 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 and OPEB standards.

Unavailable revenue, arises only under the modified accrual basis of accounting and, therefore, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and notes receivable not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 amounts reported in the financial statements. 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.
- **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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Fund Balance Classifications and Flow Assumptions

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 City Council resolution, the director of finance 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.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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 2019. 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, 2018, 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, 2019, the City implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* for the City’s Fire Relief Association. Certain amounts necessary to fully restate fiscal year 2018 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this statement in the current year resulted in the restatement of net position as of December 31, 2018, increasing it by \$251,892.

NOTE 2 – CASH AND INVESTMENTS

A. Components of Cash and Investments

	Primary Government	Component Units		Total Reporting Entity
		River’s Edge Hospital and Clinic	Housing and Redevelopment Authority	
Deposits	\$ 14,676,855	\$ 9,908,835	\$ 218,201	\$ 24,803,891
Investments	3,785,411	–	144,073	3,929,484
Cash on hand	1,580	–	–	1,580
	<u>\$ 18,463,846</u>	<u>\$ 9,908,835</u>	<u>\$ 362,274</u>	<u>\$ 28,734,955</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.

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.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Primary government	\$ 14,740,348	\$ 14,676,855
Component units		
River’s Edge Hospital and Clinic	10,119,804	9,908,835
Housing and Redevelopment Authority	<u>218,118</u>	<u>218,201</u>
	<u>\$ 25,078,270</u>	<u>\$ 24,803,891</u>

During the year ended December 31, 2019, the HRA deposits were fully collateralized by the Federal Deposit Insurance Corporation. For the City and River’s Edge Hospital and Clinic at December 31, 2019, \$717,579 was not properly collateralized for the City and \$126,502 was not properly collateralized for River’s Edge Hospital and Clinic.

C. Investments

The City and its component units have the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurement Using	No Maturity Date	Interest Risk – Maturity Duration in Years				Total
	Rating	Agency			Less Than 1	1 to 5	6 to 10	More Than 10	
Negotiable certificates of deposit									
Primary government	N/R	N/A	Level 2	–	\$ 1,507,000	\$ 1,643,000	\$ 620,000	\$ –	\$ 3,770,000
Housing and Redevelopment Authority	N/R	N/A	Level 2	–	144,073	–	–	–	144,073
U.S. agency securities									
Primary government	N/R	N/A	Level 2	–	–	–	–	3,204	3,204
Investment pools/mutual funds									
Money market funds									
Primary government	AAA	Moody's	NAV	12,207	–	–	–	–	12,207
Total investments				<u>\$ 12,207</u>	<u>\$ 1,651,073</u>	<u>\$ 1,643,000</u>	<u>\$ 620,000</u>	<u>\$ 3,204</u>	<u>\$ 3,929,484</u>

N/A – Not Applicable
N/R – No Rating
NAV – Valued at Net Asset Value

For the investment pools, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required.

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.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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, 2019, the City’s investment portfolio includes the following percentages of specific issuers:

Negotiable certificates of deposit	
Ally Bank	6.6%
American Express Centurion	6.6%
BOK Financial	6.5%
Barclays Bank	6.6%
BMO Harris	5.9%
Boston Private Bank	6.3%
Capital One Bank	6.5%
Capital One	6.6%
Goldman Sachs	6.1%
JPMorgan Chase	6.0%
Morgan Stanley Bank	6.6%
Sallie Mae Bank	5.9%
State Bank India NY	6.5%
Synchrony Bank	6.3%

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.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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	\$ 13,636,316	\$ 6,836,583	\$ 340,168	\$ 20,813,067
Restricted assets – cash and investments for debt service	656,477	–	–	656,477
Restricted assets – cash and investments held for refunding bonds	3,318,277	–	–	3,318,277
Restricted assets – cash and investments for River’s Edge Hospital and Clinic	–	3,072,252	–	3,072,252
Restricted assets – cash and investments for Housing and Redevelopment Authority	–	–	22,106	22,106
Statement of Fiduciary Net Position – fiduciary funds				
Cash and investments – private-purpose trust funds	162,804	–	–	162,804
Cash and investments – agency funds	689,972	–	–	689,972
Total cash and investments	<u>\$ 18,463,846</u>	<u>\$ 9,908,835</u>	<u>\$ 362,274</u>	<u>\$ 28,734,955</u>

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Due To and Due From Other Funds

Due To Other Funds	Due From Other Funds General Fund
Governmental funds	
Nonmajor Library Special Revenue Fund	\$ 12,844
Nonmajor North Third Redevelopment TIF District Special Revenue Fund	1,051
Nonmajor Parkland Dedication Capital Projects Fund	371,738
Total	<u>\$ 385,633</u>

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

B. Transfers In and Transfers Out

Transfers Out	Transfers In			Total
	Governmental Funds	Enterprise Funds		
	General	Nonmajor	Water	
Governmental funds				
Traverse Green TIF District	\$ –	\$ 135,276	\$ –	\$ 135,276
Nonmajor	24,103	283,948	–	308,051
Proprietary funds				
Electric	808,870	139,830	–	948,700
Water	143,671	45,332	–	189,003
Wastewater	444,086	–	50,000	494,086
Storm Water	30,288	–	–	30,288
Total	<u>\$ 1,451,018</u>	<u>\$ 604,386</u>	<u>\$ 50,000</u>	<u>\$ 2,105,404</u>

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. Primary Government – Governmental Activities

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

	Balance – Beginning of Year	Additions	Deletions	Transfers and Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 2,249,472	\$ 353,229	\$ –	\$ –	\$ 2,602,701
Construction in progress	489,651	1,702,012	–	–	2,191,663
Capital assets, depreciated					
Land improvements	619,157	–	–	–	619,157
Buildings and improvements	17,553,124	18,498	–	–	17,571,622
Utility plant and infrastructure	25,561,068	181,834	–	(139,830)	25,603,072
Machinery and equipment	7,784,257	588,996	(238,723)	–	8,134,530
Total capital assets	54,256,729	2,844,569	(238,723)	(139,830)	56,722,745
Less accumulated depreciation on					
Land improvements	(476,812)	(10,263)	–	–	(487,075)
Buildings and improvements	(6,429,174)	(352,897)	–	–	(6,782,071)
Utility plant and infrastructure	(5,368,421)	(788,118)	–	–	(6,156,539)
Machinery and equipment	(5,980,484)	(494,097)	235,131	–	(6,239,450)
Total accumulated depreciation	(18,254,891)	(1,645,375)	235,131	–	(19,665,135)
Net capital assets	\$ 36,001,838	\$ 1,199,194	\$ (3,592)	\$ (139,830)	\$ 37,057,610

B. Primary Government – 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	1,110,527	121,221	–	(905,043)	326,705
Capital assets, depreciated					
Buildings and improvements	47,325,793	–	–	–	47,325,793
Utility plant and infrastructure	69,972,235	330,013	–	1,044,873	71,347,121
Machinery and equipment	11,389,082	403,234	(151,571)	–	11,640,745
Total capital assets	130,774,498	854,468	(151,571)	139,830	131,617,225
Less accumulated depreciation on					
Buildings and improvements	(14,833,148)	(951,505)	–	–	(15,784,653)
Utility plant and infrastructure	(29,681,017)	(2,021,698)	–	–	(31,702,715)
Machinery and equipment	(3,784,356)	(529,833)	151,571	–	(4,162,618)
Total accumulated depreciation	(48,298,521)	(3,503,036)	151,571	–	(51,649,986)
Net capital assets	\$ 82,475,977	\$ (2,648,568)	\$ –	\$ 139,830	\$ 79,967,239

NOTE 4 – CAPITAL ASSETS (CONTINUED)**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	12,390,079	15,494,340	(20,674,628)	7,209,791
Capital assets, depreciated				
Land improvements	1,673,911	–	–	1,673,911
Buildings and improvements	8,453,194	–	19,733,928	28,187,122
Machinery and equipment	13,482,299	–	(1,717,202)	11,765,097
Total capital assets	<u>36,028,369</u>	<u>15,494,340</u>	<u>(2,657,902)</u>	<u>48,864,807</u>
Less accumulated depreciation on				
Land improvements	(860,382)	(60,172)	–	(920,554)
Buildings and improvements	(3,795,254)	(779,757)	6,478	(4,568,533)
Machinery and equipment	(10,956,491)	(726,448)	2,606,108	(9,076,831)
Total accumulated depreciation	<u>(15,612,127)</u>	<u>(1,566,377)</u>	<u>2,612,586</u>	<u>(14,565,918)</u>
Net capital assets	<u>\$ 20,416,242</u>	<u>\$ 13,927,963</u>	<u>\$ (45,316)</u>	<u>\$ 34,298,889</u>

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
Construction in progress	–	30,149	–	30,149
Capital assets, depreciated				
Buildings and improvements	3,216,010	4,377	–	3,220,387
Machinery and equipment	287,897	549	–	288,446
Total capital assets	<u>3,571,845</u>	<u>35,075</u>	<u>–</u>	<u>3,606,920</u>
Accumulated depreciation	<u>(2,680,041)</u>	<u>(89,470)</u>	<u>–</u>	<u>(2,769,511)</u>
Net capital assets	<u>\$ 891,804</u>	<u>\$ (54,395)</u>	<u>\$ –</u>	<u>\$ 837,409</u>

NOTE 4 – CAPITAL ASSETS (CONTINUED)

E. Depreciation Expense by Function

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

Governmental activities	
General government	\$ 3,111
Public safety	132,976
Public works	1,168,460
Parks and recreation	<u>340,828</u>
Total depreciation expense – governmental activities	<u>\$ 1,645,375</u>
Business-type activities	
Electric	\$ 1,079,815
Water	1,090,702
Environmental services	9,657
Wastewater	894,027
Storm water	295,898
Telecommunications conduit	14,265
Medical office building	<u>118,672</u>
Total depreciation expense – business-type activities	<u>\$ 3,503,036</u>

NOTE 5 – LONG-TERM DEBT

A. Components of Long-Term Debt

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Balance – End of Year</u>
Governmental activities – primary government					
Debt supported primarily by property taxes					
Public Project Revenue Bonds Refunding Bonds, Series 2009A	\$ 2,775,000	4.65%	2009	2020	\$ 35,000
G.O. Equipment Certificates of 2013A	\$ 730,000	0.50–1.50%	2013	2021	190,000
G.O. Equipment Certificates of 2015	\$ 245,000	1.40–2.00%	2015	2020	49,000
G.O. Equipment Certificates of 2016	\$ 365,000	1.00–1.85%	2016	2021	146,000
G.O. Equipment Certificates of 2017	\$ 322,000	1.10–2.50%	2017	2022	193,200
G.O. Equipment Certificates of 2018	\$ 305,000	3.50–4.75%	2018	2023	244,000
G.O. Equipment Certificates of 2019	\$ 457,000	1.75%	2019	2024	457,000
G.O. Tax Abatement Bonds, Series 2019B	\$ 1,350,000	2.00–3.00%	2019	2040	<u>1,350,000</u>
Total debt supported primarily by property taxes					<u>2,664,200</u>
Debt supported primarily by tax increments					
G.O. Tax Increment Bonds, Series 2004A	\$ 2,205,000	2.00–4.00%	2004	2020	205,000
G.O. Tax Increment Bonds, Series 2005A	\$ 330,000	3.00–4.20%	2005	2020	30,000
G.O. Tax Increment Refunding Bonds, Series 2009C	\$ 2,990,000	1.05–4.00%	2009	2022	555,000
G.O. Tax Increment Bonds, Series 2013B	\$ 890,000	1.50–4.25%	2013	2020	720,000
G.O. Tax Increment Bonds, Series 2016A	\$ 2,405,000	0.85–2.90%	2016	2039	2,230,000
G.O. Tax Increment Refunding Bonds, Series 2019E	\$ 700,000	2.00–3.00%	2019	2033	<u>700,000</u>
Total debt supported primarily by tax increments					<u>4,440,000</u>
Revenue					
G.O. Municipal State Aid Bonds, Series 2013C	\$ 4,720,000	2.00–3.15%	2013	2020	3,205,000
G.O. Municipal State Aid Refunding Bonds, Series 2019F	\$ 2,795,000	3.00%	2019	2028	<u>2,795,000</u>
Total revenue debt					<u>6,000,000</u>
Unamortized bond premium					
Total governmental activities long-term debt					<u>189,491</u>
					<u>13,293,691</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	1,426,000
G.O. PFA Sewer Revenue Note, Series 2002	\$ 7,260,850	2.04%	2002	2022	984,000
G.O. PFA Sewer Revenue Note, Series 2004	\$ 2,240,000	3.48%	2004	2022	479,000
G.O. PFA Water Revenue Note, Series 2009 – Wells Project	\$ 1,509,483	2.48%	2009	2028	721,000
G.O. PFA Water Revenue Note, Series 2009 – Treatment Center	\$ 16,731,458	2.75%	2009	2029	11,293,000
G.O. PFA Water Revenue Note, Series 2010	\$ 896,750	1.71%	2010	2029	472,000
G.O. Utility Revenue Bonds, Series 2010B	\$ 870,000	1.20–4.50%	2010	2020	65,000
G.O. Water Revenue Refunding Bonds, Series 2011B	\$ 1,405,000	1.50–3.00%	2011	2026	750,000
G.O. Water Revenue Bonds, Series 2012C	\$ 745,000	0.60–2.25%	2012	2023	290,000
G.O. Electric Revenue Refunding Bonds, Series 2015A	\$ 3,540,000	2.00–3.00%	2015	2027	2,470,000
G.O. Water Revenue Bonds, Series 2017A	\$ 495,000	2.75%	2017	2027	405,000
G.O. Electric Revenue Refunding Bonds, Series 2017D	\$ 3,360,000	2.50%	2017	2031	3,144,000
G.O. Sewer Revenue Refunding Bonds, Series 2019D	\$ 1,555,000	2.00–3.00%	2019	2043	<u>1,555,000</u>
Total utility revenue bonds and notes					<u>24,054,000</u>
Medical office building bond					
Public Project Revenue Refunding Bond, Series 2018A	\$ 2,178,000	3.75%	2018	2034	2,056,000
Capital leases					
Equipment Lease Purchase Agreement 2017	\$ 2,650,000	3.03%	2017	2037	2,450,379
Unamortized bond discount					
Total business-type activities					<u>(51,502)</u>
					<u>28,508,877</u>
Total primary government					41,802,568
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	9,670,000
Healthcare Revenue Note, Series 2018C	\$ 5,000,000	3.67%	2018	2044	4,888,802
Healthcare Bond Anticipation Note, Series 2018B	\$ 24,146,000	3.50%	2018	2055	14,865,152
Special assessments					
Total component unit – River’s Edge Hospital and Clinic	\$ 549,385	–%	2016	2021	<u>219,385</u>
					<u>29,643,339</u>
Total reporting entity					<u>\$ 71,445,907</u>

NOTE 5 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Debt

	Balance – Beginning of the year	Additions	Deletions	Balance – End of Year	Due Within One Year
Primary government					
Governmental activities					
Property tax supported debt	\$ 1,538,600	\$ 1,807,000	\$ 681,400	\$ 2,664,200	\$ 468,800
Tax increment supported debt	4,275,000	700,000	535,000	4,440,000	1,220,000
Revenue supported debt	3,515,000	2,795,000	310,000	6,000,000	3,205,000
Unmortized bond premium	–	191,032	1,541	189,491	–
Total governmental activities	<u>9,328,600</u>	<u>5,493,032</u>	<u>1,527,941</u>	<u>13,293,691</u>	<u>4,893,800</u>
Business-type activities					
Utility revenue bonds and notes	27,044,000	1,555,000	4,545,000	24,054,000	3,046,000
Medical office building bonds	2,178,000	–	122,000	2,056,000	105,000
Capital leases	2,551,679	–	101,300	2,450,379	104,370
Unmortized bond discount	(56,445)	–	(4,943)	(51,502)	–
Total business-type activities	<u>31,717,234</u>	<u>1,555,000</u>	<u>4,763,357</u>	<u>28,508,877</u>	<u>3,255,370</u>
Total government-wide	<u>\$ 41,045,834</u>	<u>\$ 7,048,032</u>	<u>\$ 6,291,298</u>	<u>\$ 41,802,568</u>	<u>\$ 8,149,170</u>
Component units					
River’s Edge Hospital and Clinic					
General obligation bonds	\$ 10,235,000	\$ –	\$ 565,000	\$ 9,670,000	\$ 585,000
Equipment certificates of indebtedness	132,989	–	132,989	–	–
Healthcare revenue note	5,000,000	–	111,198	4,888,802	127,036
Healthcare bond anticipation note	50,000	14,815,152	–	14,865,152	54,706
Special assessments	329,385	–	110,000	219,385	110,000
Total River’s Edge Hospital and Clinic	<u>\$ 15,747,374</u>	<u>\$ 14,815,152</u>	<u>\$ 919,187</u>	<u>\$ 29,643,339</u>	<u>\$ 876,742</u>

C. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt are as follows:

Year Ending December 31,	Governmental Activities					
	Property Tax Supported		Tax Increment Supported		Revenue Supported	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 468,800	\$ 73,428	\$ 1,220,000	\$ 95,300	\$ 3,205,000	\$ 95,821
2021	439,800	55,904	320,000	75,793	315,000	79,125
2022	271,800	47,325	330,000	65,740	335,000	69,375
2023	207,400	40,497	145,000	59,166	345,000	59,175
2024	146,400	34,900	145,000	56,289	345,000	48,825
2025–2029	300,000	146,425	775,000	236,327	1,455,000	88,275
2030–2034	345,000	99,375	825,000	145,484	–	–
2035–2039	395,000	43,875	680,000	49,798	–	–
2040	90,000	1,350	–	–	–	–
Total	<u>\$ 2,664,200</u>	<u>\$ 543,079</u>	<u>\$ 4,440,000</u>	<u>\$ 783,897</u>	<u>\$ 6,000,000</u>	<u>\$ 440,596</u>

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Year Ending December 31,	Business-Type Activities					
	Utility Revenue Bonds and Notes		Medical Office Building Bonds		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 3,046,000	\$ 600,838	\$ 105,000	\$ 75,131	\$ 104,370	\$ 74,246
2021	3,106,000	546,575	109,000	71,119	107,532	71,084
2022	2,447,000	470,384	119,000	66,844	110,790	67,826
2023	2,001,000	406,458	122,000	62,325	114,147	64,469
2024	1,980,000	352,490	121,000	57,769	117,606	61,010
2025–2029	9,834,000	947,984	677,000	216,132	643,690	249,390
2030–2034	925,000	143,363	803,000	77,531	747,300	145,780
2035–2039	375,000	79,725	–	–	504,944	30,904
2040–2043	340,000	20,850	–	–	–	–
Total	\$ 24,054,000	\$ 3,568,667	\$ 2,056,000	\$ 626,851	\$ 2,450,379	\$ 764,709

Year Ending December 31,	River's Edge Hospital and Clinic			
	Bond and Notes Payable		Certificates of Indebtedness and Special Assessments	
	Principal	Interest	Principal	Interest
2020	\$ 766,742	\$ 686,310	\$ 110,000	\$ –
2021	959,762	1,046,602	109,385	–
2022	997,685	1,013,109	–	–
2023	1,031,079	977,665	–	–
2024	1,069,507	940,837	–	–
2025–2029	6,005,927	4,068,897	–	–
2030–2034	5,352,266	2,828,408	–	–
2035–2039	3,148,237	2,076,632	–	–
2040–2044	3,505,394	1,463,026	–	–
2045–2049	2,762,333	923,844	–	–
2050–2054	3,289,781	396,396	–	–
2055	535,241	7,978	–	–
Total	\$ 29,423,954	\$ 16,429,704	\$ 219,385	\$ –

NOTE 5 – LONG-TERM DEBT (CONTINUED)

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 Statutes § 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.
- **Tax Abatement Bonds** – The general obligation tax abatement bonds, issued in accordance with Minnesota Statutes § 469.1813 to finance various improvements, will be repaid primarily with ad valorem tax levies.
- **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.

If the City fails to make payments specified in this agreement or otherwise defaults on the note, the lender may; 1) declare all installments of the note to be immediately due and payable, 2) enter the land to complete the construction of the project and use such sums as may to pay for remaining costs for such completion, and in such event the City shall be responsible for all amounts outstanding on the note together with all additional amounts advanced by the lender to pay for the remaining costs of such completion, or 3) take legal action to force performance under the terms of the agreement.

- **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.
- **Medical Office Building Refunding Bonds** – The Lease Revenue Refunding Bonds, Series 2018A were used to refund the 2018 through 2034 maturities of the City's 2008C Healthcare Revenue notes totaling \$2,175,000.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

- **Sewer Revenue Refunding Bonds of 2019D** – The Sewer Revenue Refunding Bonds, Series 2019D, were used to refund the 2020 through 2043 maturities of the City’s Sewer Revenue Refunding Bonds, Series 2012A, totaling \$1,530,000 on December 24, 2019. As a result of the refunding issue, the City lowered future debt payments by \$179,875 and will achieve an economic gain (the present value of the difference between the old and new debt service) of \$132,478.
- **Tax Increment Refunding Bonds of 2019E** – The Tax Increment Refunding Bonds, Series 2019E, will be used to refund the 2020 through 2033 maturities of the City’s Tax Increment Bonds, Series 2013B, totaling \$675,000 on February 1, 2020. As a result of the refunding issue, the City lowered future debt payments by \$46,794 and will achieve an economic gain (the present value of the difference between the old and new debt service) of \$45,282.
- **Municipal State Aid Refunding Bonds of 2019F** – The Municipal State Aid Refunding Bonds, Series 2019F, will be used to refund the 2020 through 2028 maturities of the City’s Municipal State Aid Bonds, Series 2013C, totaling \$2,890,000 on February 1, 2020. As a result of the refunding issue, the City lowered future debt payments by \$95,772 and will achieve an economic gain (the present value of the difference between the old and new debt service) of \$86,784.
- **River’s Edge Hospital and Clinic** –

General Obligation Bonds – The Hospital issued general obligation bonds to provide funds for acquisition and construction of major capital projects and refinancing outstanding obligations. General obligation bonds are direct obligations and pledge the full faith and credit of the Hospital and the City. General obligation bonds are secured by the revenues and assets of the Hospital. The general obligation bonds will be refinanced when a new construction project is completed with the United States Department of Agriculture Community Facilities Direct Loan.

Healthcare Revenue Note

The Hospital issued the Healthcare Revenue Note, Series 2018C (the Note) to finance an addition and remodeling project. The Note is secured by a mortgage and a pledge of hospital gross revenues. The Hospital will make monthly interest payments until March 2019, when the Note will be due in monthly installments of \$25,645 including interest at 3.672 percent until February 2044. The interest rate resets in 2029 and 2039.

Healthcare Bond Anticipation Note

The Hospital has also issued the \$24,146,000 Healthcare Bond Anticipation Note (BAN), Series 2018B, to finance a construction project. The Hospital has drawn \$14,865,152 on the BAN at December 31, 2019, and can draw an additional \$9,280,848 to complete the construction project. The BAN is secured by a mortgage and a pledge of hospital gross revenues. The Hospital has also obtained a Letter of Conditions from the United States Department of Agriculture (USDA) to provide a Community Facilities Direct Loan of \$33,320,000 (Direct Loan), which will pay off the BAN and the remaining balance on the General Obligation Bonds, once the construction project is completed. The Direct Loan is anticipated to be issued in September 2020 will have a 3.5 percent interest rate, and will be due in monthly installments of \$137,945 over the 35-year term of the loan. Scheduled maturities on the following page reflect the amount borrowed to date amortized over the term of the USDA Direct Loan.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Equipment Certificates of Indebtedness

The Hospital's equipment certificates of indebtedness are with a financial institution and are secured by equipment.

Special Assessments

Special assessments of the Hospital are due to the City.

- **Build America Bonds** – The City authorized the issuance of its \$870,000 G.O. Utility Revenue Bonds, Series 2010B. 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.
- **Capital Leases** – During 2017, the City authorized the issuance of a lease-purchase agreement to finance an energy-saving project throughout the City's various locations. The leased assets are recorded in as utility plant and infrastructure totaling \$2,650,000 with accumulated depreciation totaling \$163,787.

If the City fails to make rental payments specified in this agreement or otherwise defaults on the lease, the lessor may; 1) take possession of the equipment without terminating the lease, holding the City responsible for the difference in the net income derived from such possession and the rent and other payments otherwise due under the agreement, 2) terminate the Escrow Agreement and apply any proceeds in the Escrow Account to the Rental Payment scheduled to be paid, or 3) take legal action to force performance under the terms of the lease.

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	\$ 1,469,778	\$ 735,207	\$ 3,790,770
G.O. PFA Sewer Revenue Note, Series 2002	Improvements	Utility charges	100%	2002–2022	\$ 1,024,433	\$ 341,500	\$ 3,790,770
G.O. PFA Sewer Revenue Note, Series 2004	Improvements	Utility charges	100%	2004–2022	\$ 512,721	\$ 170,854	\$ 3,790,770
G.O. PFA Water Revenue Note, Series 2009 – Wells Project	Improvements	Utility charges	100%	2009–2028	\$ 813,355	\$ 90,658	\$ 3,152,433
G.O. PFA Water Revenue Note, Series 2009 – Treatment Center	Improvements	Utility charges	100%	2009–2029	\$ 13,100,473	\$ 1,274,768	\$ 3,152,433
G.O. PFA Water Revenue Note, Series 2010	Improvements	Utility charges	100%	2010–2029	\$ 517,520	\$ 51,806	\$ 3,152,433
G.O. Utility Revenue Bonds, Series 2010B	Improvements	Utility charges	100%	2010–2020	\$ 66,463	\$ 69,388	\$ 7,476,606
G.O. Water Revenue Refunding Bonds, Series 2011B	Improvements	Utility charges	100%	2011–2026	\$ 827,068	\$ 116,105	\$ 3,152,433
G.O. Water Revenue Bonds, Series 2012C	Improvements	Utility charges	100%	2012–2023	\$ 306,188	\$ 72,313	\$ 3,152,433
G.O. Electric Revenue Bonds, Series 2015A	Improvements	Utility charges	100%	2015–2027	\$ 2,764,150	\$ 343,770	\$ 10,976,060
G.O. Water Revenue Bonds, Series 2017A	Improvements	Utility charges	100%	2017–2027	\$ 451,406	\$ 56,756	\$ 3,152,433
G.O. Electric Revenue Bonds, Series 2017D	Improvements	Utility charges	100%	2017–2031	\$ 3,639,800	\$ 297,300	\$ 10,976,060
G.O. Sewer Revenue Refunding Bonds, Series 2019D	Improvements	Utility charges	100%	2019-2043	\$ 2,129,312	\$ –	\$ 3,790,770

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
Administration	\$ 1,044
City Clerk	\$ 2,424
Legal	\$ 4,688
Police	\$ 15,814
Fire	\$ 13,274
Building and planning	\$ 8,644
Recreation and leisure services	\$ 20,535
Economic development	\$ 222
Insurance	\$ 33,366
Capital outlay	\$ 471,635

B. Deficit Fund Balance

The following table summarizes the deficit fund balances/net position as of December 31, 2019:

Fund	Amount
Nonmajor Library Special Revenue Fund	\$ (19,448)
Nonmajor North Third Redevelopment TIF District Special Revenue Fund	\$ (1,051)
Nonmajor Parkland Dedication Capital Projects Fund	\$ (371,738)

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, 2019, a summary of the City’s governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Traverse Green TIF District	Nonmajor Funds	Total
Nonspendable				
Inventory	\$ 510	\$ –	\$ –	\$ 510
Prepaid items	2,356	–	12,157	14,513
Total nonspendable	<u>2,866</u>	<u>–</u>	<u>12,157</u>	<u>15,023</u>
Restricted				
Capital improvements	–	110,363	1,151,393	1,261,756
Future debt service	–	–	4,164,482	4,164,482
Economic development	–	347,834	–	347,834
Economic revolving loans	231,540	–	2,499,367	2,730,907
Tax increment	–	–	473,665	473,665
Turnout gear	37,500	–	–	37,500
Total restricted	<u>269,040</u>	<u>458,197</u>	<u>8,288,907</u>	<u>9,016,144</u>
Committed				
Public access operations	–	–	331,342	331,342
Fire equipment	–	–	132,392	132,392
Housing activities	–	–	30,043	30,043
Community center operations	–	–	171,226	171,226
Total committed	<u>–</u>	<u>–</u>	<u>665,003</u>	<u>665,003</u>
Assigned				
Insurance	126,820	–	–	126,820
Subsequent year budget deficit	379,571	–	–	379,571
Total assigned	<u>506,391</u>	<u>–</u>	<u>–</u>	<u>506,391</u>
Unassigned	<u>3,527,309</u>	<u>–</u>	<u>(392,237)</u>	<u>3,135,072</u>
Total	<u>\$ 4,305,606</u>	<u>\$ 458,197</u>	<u>\$ 8,573,830</u>	<u>\$ 13,337,633</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 35.0–50.0 percent of the following year’s budgeted expenditures. At December 31, 2019, the unassigned fund balance of the General Fund was 42.3 percent of the subsequent year’s budgeted expenditures.

In the event that the year-end unassigned General Fund balance is less than the 35.0 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

The City reported the following balances for defined benefit pension plans for the City:

Pension Plans	Net Pension Asset	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA – GERF	\$ –	\$ 3,560,532	\$ 370,669	\$ 702,916	\$ 468,215
PERA – PEPFF	–	1,146,576	1,107,520	1,687,650	178,106
Fire Relief	149,873	–	105,256	–	3,237
Total – all pensions	<u>\$ 149,873</u>	<u>\$ 4,707,108</u>	<u>\$ 1,583,445</u>	<u>\$ 2,390,566</u>	<u>\$ 649,558</u>

Plan Description

The City participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) of Minnesota. 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 GERF. The GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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 statutes and can only be modified by the State Legislature. 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 Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated Plan members is 1.2 percent of average salary for each of the first 10 years of service, and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent of average salary for all years 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 age 66.

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

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the post-retirement increase will be equal to 50.0 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. PEPFF Benefits

Benefits for the 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 the 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. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the post-retirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months, but less than 36 months as of the June 30 before the effective date of the increase, will receive a reduced prorated increase.

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 fiscal year 2019. The City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the GERF for the year ended December 31, 2019 were \$348,134. The City's contributions were equal to the required contributions as set by state statutes.

2. PEPFF Contributions

Police and fire member's contribution rates increased from 10.80 percent of pay to 11.30 percent and employer rates increased from 16.20 percent to 16.95 percent on January 1, 2019. The City's contributions to the PEPFF for the year ended December 31, 2019 were \$192,620. The City's contributions were equal to the required contributions as set by state statutes.

The Hospital's contributions to the GERF for the year ended December 31, 2019 were \$695,904. The Hospital's contributions were equal to the required contributions for each year as set by state statutes.

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

D. Pension Costs

1. GERS Pension Costs – City

At December 31, 2019, the City reported a liability of \$3,560,532 for its proportionate share of the GERS's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 through June 30, 2019, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.0644 percent at the end of the measurement period and 0.0660 percent for the beginning of the period.

The City's net pension liability reflected a reduction, due to the state of Minnesota's contribution of \$16 million to the fund in 2019. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The amount recognized by the City as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 3,560,532
State's proportionate share of the net pension liability associated with the City	\$ 110,662

For the year ended December 31, 2019, the City recognized pension expense of \$459,927 for its proportionate share of the GERS's pension expense. In addition, the City recognized an additional \$8,288 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the GERS.

At December 31, 2019, the City reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 98,324	\$ –
Changes in actuarial assumptions	–	280,678
Differences between projected and actual investment earnings	–	372,299
Changes in proportion	96,822	49,939
Contributions paid to the PERA subsequent to the measurement date	<u>175,523</u>	<u>–</u>
Total	<u>\$ 370,669</u>	<u>\$ 702,916</u>

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

Deferred outflows of resources reported \$175,523 related to pensions resulting from city contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2020	\$ (135,748)
2021	(274,922)
2022	(95,322)
2023	(1,778)

2. PEPFF Pension Costs – City

At December 31, 2019, the City reported a liability of \$1,146,576 for its proportionate share of the PEPFF’s net pension liability. The net pension liability was measured as of June 30, 2019 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, 2018 through June 30, 2019, relative to the total employer contributions received from all of the PERA’s participating employers. The City’s proportionate share was 0.1077 percent at the end of the measurement period and 0.1069 percent for the beginning of the period.

For the year ended December 31, 2019, the City recognized pension expense of \$163,567 for its proportionate share of the PEPFF’s pension expense. The City also recognized \$14,539 for the year ended December 31, 2019 as revenue and an offsetting reduction of net pension liability 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 until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

At December 31, 2019, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 48,063	\$ 172,135
Changes in actuarial assumptions	936,458	1,255,972
Difference between projected and actual investment earnings	–	233,891
Changes in proportion	24,207	25,652
Contributions paid to the PERA subsequent to the measurement date	<u>98,792</u>	<u>–</u>
Total	<u>\$ 1,107,520</u>	<u>\$ 1,687,650</u>

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

Deferred outflows of resources reported \$98,792 related to pensions resulting from city contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2020	\$ (77,722)
2021	(159,440)
2022	(446,965)
2023	4,752
2024	453

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

At December 31, 2019, the Hospital reported a liability of \$7,248,224 for its proportionate share of the GERF’s net pension liability. The net pension liability was measured as of June 30, 2019, 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 was based on the Hospital’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of the PERA’s participating employers. The Hospital’s proportionate share was 0.1311 percent at the end of the measurement period and 0.1320 percent for the beginning of the period.

The Hospital’s net pension liability reflected a reduction, due to the state of Minnesota’s contribution of \$16 million to the fund in 2019. The state of Minnesota is considered a nonemployer contributing entity and the state’s contribution meets the definition of a special funding situation. The amount recognized by the Hospital as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the Hospital were as follows:

Hospital’s proportionate share of the net pension liability	\$ 7,248,224
State’s proportionate share of the net pension liability associated with the Hospital	\$ 225,324

For the year ended December 31, 2019, the Hospital recognized pension expense of \$211,508 for its proportionate share of the GERF’s pension expense. In addition, the Hospital recognized an additional \$16,875 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16 million to the GERF.

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

At December 31, 2019, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 202,807	\$ –
Changes in actuarial assumptions	–	576,654
Difference between projected and actual investment earnings	–	770,050
Changes in proportion	176,599	94,902
Contributions paid to the PERA subsequent to the measurement date	<u>344,167</u>	<u>–</u>
Total	<u>\$ 723,573</u>	<u>\$ 1,441,606</u>

Deferred outflows of resources reported \$344,167 related to pensions resulting from hospital contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2020	\$ (281,674)
2021	(633,580)
2022	(158,629)
2023	11,683

E. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active member payroll growth	3.25% per year
Investment rate of return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males and females, as appropriate, with slight adjustments to fit the PERA’s experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the GERF, and 1.00 percent per year for the PEPFF.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF was completed in 2019. The most recent four-year experience study for the PEPFF was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

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

The following changes in actuarial assumptions and plan provisions occurred in 2019:

GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

The State Board of Investment, which manages the investments of the PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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 geometric 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 equity	35.5 %	5.10 %
Private markets	25.0	5.90 %
Fixed income	20.0	0.75 %
International equity	17.5	5.90 %
Cash equivalents	<u>2.0</u>	– %
Total	<u><u>100 %</u></u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the GERF and the PEPFF were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

G. Pension Liability Sensitivity

The following table 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:

	1% Decrease in Discount Rate <u>6.50%</u>	Discount Rate <u>7.50%</u>	1% Increase in Discount Rate <u>8.50%</u>
The City’s proportionate share of the GERF net pension liability	\$ 5,853,322	\$ 3,560,532	\$ 1,667,377
The City’s proportionate share of the PEPFF net pension liability	\$ 2,506,201	\$ 1,146,576	\$ 22,187
The Hospital’s proportionate share of the GERF net pension liability	\$ 11,915,892	\$ 7,248,224	\$ 3,394,304

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; by writing to the PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103; or by calling (651) 296-7460 or (800) 652-9026.

NOTE 9 – DEFINED BENEFIT PENSION PLAN – FIRE 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, 2019, 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	1
Active plan participants	
Vested	27
Nonvested	<u>9</u>
Total	<u><u>37</u></u>

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

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 (the Department) for a period of 20 years or more to his resignation, and who has reached the age of 50 years or more, \$3,000 per year of service in a lump sum. A member who has served in the 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 5 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 \$3,000). 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 \$3,000). This death benefit to members with five years of service shall be 25 percent. This percentage increases 25 percent with every 5 years of additional service so that at 20 years of service, the full amount prescribed is paid.

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. Contributions

Minnesota Statutes, Chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings, and, if necessary, employer contributions as specified in Minnesota Statutes and voluntary city contributions (if applicable). Required employer contributions are calculated annually based on an actuarial valuation using statutory provisions. The state of Minnesota contributed \$73,329 in fire state aid to the plan on behalf of the Department for the year ended December 31, 2019. The City of St. Peter made no contributions to the plan. Furthermore, the firefighters have no obligation to contribute to the plan.

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

D. Pension Costs

At year-end, the City reported a net pension asset of \$149,873 for the plan. The net pension asset was measured as of December 31, 2018. The total pension liability used to calculate the net pension asset in accordance with GASB Statement No. 68 was determined by applying an actuarial formula to specific census data certified by the Department as of January 1, 2019.

For the year ended December 31, 2019, the City recognized pension expense of \$3,237. The City also recognized \$73,184 as revenue for the state of Minnesota’s on-behalf contributions to the Department.

The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance	\$ 1,027,168	\$ 1,279,060	\$ (251,892)
Changes for the year			
Service cost	50,180	–	50,180
Interest on pension liability (asset)	53,542	–	53,542
Contributions (state and local)	–	73,184	(73,184)
Net investment income (loss)	–	(65,098)	65,098
Benefit payments	(207,715)	(207,715)	–
Administrative costs	–	(6,383)	6,383
Total net changes	<u>(103,993)</u>	<u>(206,012)</u>	<u>102,019</u>
Ending balance	<u>\$ 923,175</u>	<u>\$ 1,073,048</u>	<u>\$ (149,873)</u>

At December 31, 2019, the City reported deferred outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources
Investment losses	\$ 105,256

Amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2020	\$ 26,315
2021	26,315
2022	26,315
2023	26,311

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

E. Actuarial Assumptions

The total pension liability at the measurement date was determined using the entry-age normal actuarial cost method and the following actuarial assumptions:

Discount rate	5.50%
Inflation rate	2.50% per year
Investment rate of return	5.50%
20-year municipal bond yield	3.50%
Benefit increase	0.00%

The 5.50 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan’s target investment allocation, along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

The target allocation and best-estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	26.0 %	2.00 %
Fixed income	7.0	3.50 %
Equities	66.0	7.00 %
Other	1.0	6.00 %
Total	100 %	5.50 %

F. Discount Rate

The discount rate used to measure the total pension liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in state statutes. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability (Asset) Sensitivity

The following presents the City’s net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding section, as well as what the City’s net pension liability (asset) would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	1% Decrease in Discount Rate 4.50%	Discount Rate 5.50%	1% Increase in Discount Rate 6.50%
Defined benefit plan	\$ (112,981)	\$ (149,873)	\$ (185,554)

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

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the City of St. Peter, Attention: Finance Department, 227 South Front Street, Saint Peter, Minnesota 56082.

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 IRC 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 employees, 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 year was \$900, which is equal to the contractually required contributions for each year as set by state statutes.

<u>Contribution Amount</u>		<u>Contribution Amount</u>		<u>Required Rate</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	
\$ 900	\$ 900	5%	5%	5%

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The City provides post-employment insurance benefits to certain eligible employees through its OPEB Plan, a single-employer defined benefit plan administered by the City. All post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. No plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

All retirees of the City upon retirement have the option under state law to continue their medical insurance coverage through the City from the time retirement until the employee reaches the age of eligibility for Medicare. For members of all employee groups, the retiree must pay the full premium to continue coverage for the medical and dental insurance. Per state statutes, the City is also required to contribute toward the cost of continued health insurance coverage for officers and firefighters disabled or killed in the line of duty.

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility, whether the premiums are paid by the City or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City’s younger and statistically healthier active employees.

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the City. The City’s current year required pay-as-you-go contributions to finance the benefits described in the previous section totaled \$35,829.

D. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	10
Active plan members	<u>107</u>
Total members	<u><u>117</u></u>

E. Total OPEB Liability of the City

The City’s total OPEB liability of \$599,768 as of year-end was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date.

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.71%
20-year municipal bond yield	3.71%
Inflation rate	2.50%
Healthcare trend rate	6.40%, grading to 4.00% by 2075

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota city employees. The state pension plans base their assumptions on periodic experience studies. Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information, as well as for consistency with the other economic assumptions.

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate of 3.71 percent, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date. The City discount rate used in the prior measurement date was 3.31 percent.

Mortality rates were based on the rates used in the 7/1/2018 PERA General and Police & Fire Employees Retirement Plan valuation.

G. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance – January 1, 2019	\$ 493,629
Changes for the year	
Service cost	44,031
Interest	17,319
Difference between expected and actual experience	(26,204)
Change of assumptions	99,823
Contributions – employer	(28,830)
Total net changes	<u>106,139</u>
Ending balance – December 31, 2019	<u>\$ 599,768</u>

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 3.31 percent to 3.71 percent.
- The healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claim costs were updated to reflect recent experience and new plan offerings.
- Withdrawal, retirement, mortality and salary increases rates were updated to the rates used in the 7/1/18 PERA General and Police & Fire Employee Retirement Plan valuation.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent experience and new plan offerings.
- The inflation rate was changed from 2.75 percent to 2.50 percent based on an updated historical analysis of inflation rates and a forward-looking market expectation.

H. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	2.71%	3.71%	4.71%
Total OPEB liability	\$ 625,624	\$ 599,768	\$ 572,833

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
OPEB healthcare trend	5.40%, grading to 3.00% by 2075	6.40%, grading to 4.00% by 2075	7.40%, grading to 5.00% by 2075
Total OPEB liability	\$ 549,069	\$ 599,768	\$ 657,335

I. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the City recognized OPEB expense of \$67,374. As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual liability	\$ –	\$ 22,031
Changes of assumptions	89,626	–
City’s contribution subsequent to the measurement date	35,829	–
Total	<u>\$ 125,455</u>	<u>\$ 22,031</u>

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Deferred outflows of resources reported \$35,829 related to OPEB contributions subsequent to the measurement date that will be recognized as a reduction of total OPEB liability in the year ending December 31, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>OPEB Expense Amount</u>
2020	\$ 12,971
2021	\$ 12,971
2022	\$ 12,971
2023	\$ 12,971
2024	\$ 12,424
Thereafter	\$ 3,287

NOTE 12 – 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 pretax 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 pretax 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 13 – 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>
2018	\$ –	\$ 64,310	\$ (64,310)	\$ –
2019	\$ –	\$ 76,509	\$ (76,509)	\$ –

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 Hospital Insurance 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 14 – TAX ABATEMENT AGREEMENTS

The City, in order to spur economic development and redevelopment, has entered into private development and redevelopment agreements to encourage a developer to construct, expand, or improve new or existing properties and buildings or clean-up and redevelop blighted areas. The City currently has the following agreements that would be considered tax abatements under GASB Statement No. 77:

<u>Name</u>	<u>Purpose</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>	<u>Outstanding Principal Balance at Year-End</u>	<u>Date of Required Decertification</u>
1-10 Multiple Housing Projects	Housing	\$ 180,660	\$ 484,814	12/31/2028
1-17 Jefferson Avenue	Redevelopment	\$ 1,199	\$ 3,582	12/31/2036
1-19 Park Row Crossing	Redevelopment	\$ 42,748	\$ 555,733	12/01/2040

The City also authorizes the abatement of the City’s share of property taxes on a parcel in the City in an amount not-to-exceed \$290,000. The annual abatement amount shall not exceed the City’s tax rate multiplied by the total net tax capacity of the parcel. The abatement period shall not exceed 10 years, commencing with taxes payable in 2011.

The abatements will be provided to a local business for the purpose of assisting in paying site development costs. In 2019, the tax abatement on this property totaled \$16,392.

NOTE 14 – TAX ABATEMENT AGREEMENTS (CONTINUED)

The City is authorized to create a tax increment financing plan under Minnesota Statutes, Chapter 469.175. The criteria that must be met under the statutes are that, in the opinion of the municipality:

- The proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future;
- The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this item do not apply if the district is a housing district;
- The tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole; and
- The tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

The City has entered into private development agreements regarding certain tax increment properties. The vehicle used for this reimbursement is called a tax increment revenue note.

These notes provide for the payment of principal, equal to the developer's costs, plus interest at a set rate. Payments on the loan will be made at the lesser of the note payment or the actual net tax increment received (or a reduced percentage received in certain cases) during specific years as stated in the agreement. Payments are first applied to accrued interest and then to the principal balance. The note is canceled at the end of the agreement term, whether or not the note has been repaid. Any additional tax increments received in years following the term are retained by the City.

The outstanding principal balances as of December 31, 2019 for these agreements are listed on the previous page. These amounts are not included in long-term debt because the nature of the note is that repayment is required only if sufficient tax increments are received. The City's position is that these are obligations to assign future and uncertain revenue sources and, as such, is not actual debt in substance.

NOTE 15 – 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.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

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 and an annual aggregate limit of \$3 million. The Hospital also has an additional umbrella policy on a claims-made basis for an additional \$2 million. 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 – River's Edge Hospital and Clinic

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.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 Administrative Contractor (MAC). The Hospital’s Medicare Cost Reports have been audited by the MAC through the year ended December 31, 2015. 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, 2016. Clinical services are paid on a fixed fee schedule.
- **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, 2019, of \$189,968.

NOTE 16 – CONDUIT DEBT OBLIGATIONS

The City has issued private activity notes 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. Neither the City nor any political subdivision thereof is obligated in any manner for repayment of the revenue note. Accordingly, the revenue note is not reported as a liability in the accompanying financial statements.

NOTE 16 – CONDUIT DEBT OBLIGATIONS (CONTINUED)

As of December 31, 2019, the outstanding balance due on this revenue note is as follows:

<u>Bond</u>	<u>Description</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Multi-Family Rental Housing Development Revenue Note, Series 2015A	Housing facilities	<u>\$ 1,595,425</u>	<u>\$ 1,514,117</u>

NOTE 17 – MAJOR SUPPLIER

For the year ended December 31, 2019, bulk energy totaling \$7,823,127 was purchased from one supplier.

NOTE 18 – SUBSEQUENT EVENTS

A. Primary Government

Shortly after the fiscal year-end, the spread of novel coronavirus (COVID-19) around the world has caused significant volatility in the U.S. economy and financial markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies. At this time, the City is unable to determine what effect this may have on its future operations.

B. River's Edge Hospital and Clinic

Subsequent to year-end, the Hospital has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Hospital is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. At this time, the Hospital is unable to determine what effect this may have on its future operations.

In April 2020, the Hospital applied for and was granted a \$1,677,630 loan under the Paycheck Protection Program administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The loan accrues interest, but payments are not required to begin for six months to one year after the funding of the loan. The Hospital is eligible for loan forgiveness of up to 100 percent of the loan, upon meeting certain requirements. The Hospital intends to take measures to maximize the loan forgiveness but cannot reasonably determine the portion of the loan that will ultimately be forgiven.

As part of a grant under the Coronavirus Aid, Relief, and Economic Security (CARES) Act the Hospital received \$4,792,899 from the U.S. Department of Health and Human Services in April and May 2020.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAINT PETER

Saint Peter Fire Department Relief Association
 Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios
 December 31, 2019

	<u>December 31,</u>
City fiscal year-end date	<u>2019</u>
Measurement date	<u>2018</u>
Total pension liability	
Service cost	\$ 50,180
Interest on pension liability (asset)	53,542
Benefit payments	<u>(207,715)</u>
Net change in total pension liability	<u>(103,993)</u>
Total pension liability – beginning of year	<u>1,027,168</u>
Total pension liability – end of year	<u>\$ 923,175</u>
Plan fiduciary net position	
Contributions (state and local)	\$ 73,184
Net investment income (loss)	(65,098)
Benefit payments	(207,715)
Administrative costs	<u>(6,383)</u>
Net change in plan fiduciary net position	<u>(206,012)</u>
Plan fiduciary net position – beginning of year	<u>1,279,060</u>
Plan fiduciary net position – end of year	<u>\$ 1,073,048</u>
Net pension liability (asset) – ending	<u>\$ (149,873)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>116.2%</u>

Note: The City implemented GASB Statement No. 68 in fiscal 2019 (using a December 31, 2018 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF SAINT PETER

PERA – General Employees Retirement Fund
 Schedule of City’s and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended December 31, 2019

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	City’s Proportionate Share of the State of Minnesota’s Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the City’s Share of the State of Minnesota’s Share of the Net Pension Liability	City’s Covered Payroll	City’s Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.0627%	\$ 3,249,439	\$ –	\$ 3,249,439	\$ 3,731,772	87.07%	78.20%
12/31/2016	06/30/2016	0.0613%	\$ 4,977,255	\$ 65,004	\$ 5,042,259	\$ 3,806,682	130.75%	68.90%
12/31/2017	06/30/2017	0.0638%	\$ 3,988,854	\$ 51,174	\$ 4,040,028	\$ 4,106,907	97.13%	75.90%
12/31/2018	06/30/2018	0.0660%	\$ 3,661,409	\$ 120,163	\$ 3,781,572	\$ 4,430,964	82.63%	79.50%
12/31/2019	06/30/2019	0.0644%	\$ 3,560,532	\$ 110,662	\$ 3,671,194	\$ 4,547,495	78.30%	80.20%

PERA – General Employees Retirement Fund
 Schedule of City Contributions
 Year Ended December 31, 2019

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 278,571	\$ 278,571	\$ –	\$ 3,714,280	7.50%
12/31/2016	\$ 294,968	\$ 294,968	\$ –	\$ 3,932,900	7.50%
12/31/2017	\$ 323,010	\$ 323,010	\$ –	\$ 4,306,780	7.50%
12/31/2018	\$ 335,840	\$ 335,840	\$ –	\$ 4,477,870	7.50%
12/31/2019	\$ 348,134	\$ 348,134	\$ –	\$ 4,640,979	7.50%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF SAINT PETER

PERA – Public Employees Police and Fire Fund
 Schedule of City’s Proportionate Share of Net Pension Liability
 Year Ended December 31, 2019

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	City’s Covered Payroll	City’s Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.1070%	\$ 1,215,770	\$ 997,706	121.86%	86.60%
12/31/2016	06/30/2016	0.1060%	\$ 4,253,965	\$ 1,018,975	417.47%	63.90%
12/31/2017	06/30/2017	0.1050%	\$ 1,417,625	\$ 1,081,902	131.03%	85.40%
12/31/2018	06/30/2018	0.1069%	\$ 1,139,444	\$ 1,126,467	101.15%	88.80%
12/31/2019	06/30/2019	0.1077%	\$ 1,146,576	\$ 1,136,375	100.90%	89.30%

PERA – Public Employees Police and Fire Fund
 Schedule of City Contributions
 Year Ended December 31, 2019

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 161,928	\$ 161,928	\$ –	\$ 999,555	16.20%
12/31/2016	\$ 170,080	\$ 170,080	\$ –	\$ 1,049,881	16.20%
12/31/2017	\$ 178,183	\$ 178,183	\$ –	\$ 1,099,896	16.20%
12/31/2018	\$ 183,887	\$ 183,887	\$ –	\$ 1,135,106	16.20%
12/31/2019	\$ 192,620	\$ 192,620	\$ –	\$ 1,136,399	16.95%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF SAINT PETER

River's Edge Hospital and Clinic
 Schedule of Employer's Share of Net Pension Liability
 Year Ended December 31, 2019

Pension Plan	Measurement Date	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the Employer's Share of the State of Minnesota's Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERA	06/30/2015	0.1283%	\$ 6,649,172	\$ -	\$ 6,649,172	\$ 7,502,227	88.63%	88.60%
PERA	06/30/2016	0.1251%	\$ 10,157,500	\$ 132,625	\$ 10,290,125	\$ 8,031,280	128.13%	128.10%
PERA	06/30/2017	0.1338%	\$ 8,541,703	\$ 107,394	\$ 8,649,097	\$ 8,525,397	101.45%	75.90%
PERA	06/30/2018	0.1320%	\$ 7,322,818	\$ 240,149	\$ 7,562,967	\$ 8,464,560	89.35%	79.53%
PERA	06/30/2019	0.1311%	\$ 7,248,224	\$ 225,324	\$ 7,473,548	\$ 8,959,733	83.41%	80.23%

River's Edge Hospital and Clinic
 Schedule of Employer's Contributions
 Year Ended December 31, 2019

Pension Plan	Hospital Fiscal Year Ending	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
PERA	12/31/2015	\$ 502,438	\$ 502,438	\$ -	\$ 6,699,173	7.50%
PERA	12/31/2016	\$ 572,992	\$ 572,992	\$ -	\$ 7,639,893	7.50%
PERA	12/31/2017	\$ 621,628	\$ 621,628	\$ -	\$ 8,288,373	7.50%
PERA	12/31/2018	\$ 648,056	\$ 648,056	\$ -	\$ 8,640,747	7.50%
PERA	12/31/2019	\$ 695,904	\$ 695,904	\$ -	\$ 9,278,720	7.50%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF SAINT PETER

Other Post-Employment Benefits Plan
 Schedule of Changes in the City's Total
 OPEB Liability and Related Ratios
 Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 44,031	\$ 37,985
Interest	17,319	18,256
Difference between expected and actual experience	(26,204)	-
Changes of assumptions	99,823	8,196
Employer contributions	<u>(28,830)</u>	<u>(23,970)</u>
Net change in total OPEB liability	106,139	40,467
Total OPEB liability – beginning of year	<u>493,629</u>	<u>453,162</u>
Total OPEB liability – end of year	<u>\$ 599,768</u>	<u>\$ 493,629</u>
Covered payroll	<u>\$ 5,407,454</u>	<u>\$ 5,055,228</u>
Total OPEB liability as a percentage of covered payroll	<u>11.1%</u>	<u>9.8%</u>

Note: The City implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF SAINT PETER

Notes to Required Supplementary Information
December 31, 2019

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

2019 CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

CITY OF SAINT PETER

Notes to Required Supplementary Information (continued)
December 31, 2019

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

CITY OF SAINT PETER

Notes to Required Supplementary Information (continued)
December 31, 2019

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2016 to MP-2017.

2018 CHANGES IN PLAN PROVISIONS

- Post-retirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100.00 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019, and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019, and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

CITY OF SAINT PETER

Notes to Required Supplementary Information (continued)
December 31, 2019

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30.00 percent for vested and nonvested deferred members. The CSA has been changed to 33.00 percent for vested members, and 2.00 percent for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 Fully Generational Table to the RP-2014 Fully Generational Table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 Disabled Mortality Table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years, to 1.00 percent per year through 2064, and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

CITY OF SAINT PETER

Notes to Required Supplementary Information (continued)
December 31, 2019

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND (CONTINUED)

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037, and 2.50 percent per year thereafter, to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2037, and 2.50 percent per year thereafter.

2015 CHANGES IN PLAN PROVISIONS

- The post-retirement benefit increase to be paid after attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

CITY OF SAINT PETER

Notes to Required Supplementary Information (continued)
December 31, 2019

OTHER POST-EMPLOYMENT BENEFITS PLAN

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.31% to 3.71% based on updated 20-year municipal bond rate.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings.
- Withdrawal, retirement, mortality and salary increase rates were updated to the rates used in the 7/1/18 PERA General and Police & Fire Employees Retirement Plan valuation.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and a forward-looking market expectation.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The actuarial cost method was changed from entry-age, level dollar to entry-age, level percent of pay as prescribed by GASB Statement No. 75.
- The discount rate was changed from 3.81 percent to 3.31 percent.

SUPPLEMENTAL INFORMATION

CITY OF SAINT PETER

Combining Balance Sheet
 Nonmajor Governmental Funds
 as of December 31, 2019

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental
Assets				
Cash and investments	\$ 3,207,462	\$ 884,279	\$ 1,147,350	\$ 5,239,091
Cash and investments held for refunding bonds	-	3,318,277	-	3,318,277
Receivables				
Accounts	59,981	-	38,697	98,678
Delinquent taxes	2,818	-	-	2,818
Special assessments	20,767	-	234,369	255,136
Notes	1,725,757	-	-	1,725,757
Due from other governmental units	3,270	8,625	85,517	97,412
Prepaid	-	-	12,157	12,157
Property held for resale	388,994	-	-	388,994
Total assets	\$ 5,409,049	\$ 4,211,181	\$ 1,518,090	\$ 11,138,320
Liabilities				
Accounts and contracts payable	\$ 16,855	\$ 46,699	\$ 120,171	\$ 183,725
Due to other governmental units	152	-	-	152
Due to other funds	13,895	-	371,738	385,633
Customer deposits	11,269	-	-	11,269
Total liabilities	42,171	46,699	491,909	580,779
Deferred inflows of resources				
Unavailable revenue – property taxes	2,818	-	-	2,818
Unavailable revenue – special assessments	20,767	-	234,369	255,136
Unavailable revenue – notes receivable	1,725,757	-	-	1,725,757
Total deferred inflows of resources	1,749,342	-	234,369	1,983,711
Fund balances (deficit)				
Nonspendable	-	-	12,157	12,157
Restricted	2,973,032	4,164,482	1,151,393	8,288,907
Committed	665,003	-	-	665,003
Unassigned	(20,499)	-	(371,738)	(392,237)
Total fund balances (deficit)	3,617,536	4,164,482	791,812	8,573,830
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,409,049	\$ 4,211,181	\$ 1,518,090	\$ 11,138,320

CITY OF SAINT PETER

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2019

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental
Revenue				
Taxes				
Property taxes and tax increments	\$ 943,669	\$ 767,918	\$ 49,547	\$ 1,761,134
Other taxes	34,960	-	-	34,960
Intergovernmental	127,838	402,763	288,274	818,875
Special assessments	5,639	-	10,741	16,380
Investment earnings	49,112	10,462	17,522	77,096
Other	629,430	110,000	209,884	949,314
Total revenue	<u>1,790,648</u>	<u>1,291,143</u>	<u>575,968</u>	<u>3,657,759</u>
Expenditures				
Current				
General government	514,650	-	-	514,650
Parks and recreation	348,728	-	-	348,728
Economic development loans made	50,000	-	-	50,000
Other	224,536	-	-	224,536
Capital outlay	60,875	-	2,052,129	2,113,004
Debt service				
Principal	-	1,526,400	-	1,526,400
Interest and fiscal charges	-	339,917	11,645	351,562
Total expenditures	<u>1,198,789</u>	<u>1,866,317</u>	<u>2,063,774</u>	<u>5,128,880</u>
Excess (deficiency) of revenue over expenditures	591,859	(575,174)	(1,487,806)	(1,471,121)
Other financing sources (uses)				
Debt issued	-	-	1,807,000	1,807,000
Refunding debt issued	-	3,495,000	-	3,495,000
Premium on debt issuance	-	165,222	25,810	191,032
Transfers in	45,332	419,224	139,830	604,386
Transfers (out)	(210,051)	-	(98,000)	(308,051)
Total other financing sources (uses)	<u>(164,719)</u>	<u>4,079,446</u>	<u>1,874,640</u>	<u>5,789,367</u>
Net change in fund balances	427,140	3,504,272	386,834	4,318,246
Fund balances				
Beginning of year	<u>3,190,396</u>	<u>660,210</u>	<u>404,978</u>	<u>4,255,584</u>
End of year	<u>\$ 3,617,536</u>	<u>\$ 4,164,482</u>	<u>\$ 791,812</u>	<u>\$ 8,573,830</u>

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 as of December 31, 2019

	Library	Public Access	Firefighters' Relief	Fire Calls
Assets				
Cash and investments	\$ —	\$ 326,619	\$ 11,247	\$ 118,241
Receivables				
Accounts	—	4,994	—	14,151
Delinquent taxes	—	—	—	—
Special assessments	—	—	—	—
Notes	—	—	—	—
Due from other governmental units	3,258	—	—	—
Property held for resale	—	—	—	—
	<u>3,258</u>	<u>331,613</u>	<u>11,247</u>	<u>132,392</u>
Total assets	\$ 3,258	\$ 331,613	\$ 11,247	\$ 132,392
Liabilities				
Accounts and contracts payable	\$ 9,859	\$ 271	\$ —	\$ —
Due to other governmental units	3	—	—	—
Due to other funds	12,844	—	—	—
Customer deposits	—	—	—	—
Total liabilities	22,706	271	—	—
Deferred inflows of resources				
Unavailable revenue – property taxes	—	—	—	—
Unavailable revenue – special assessments	—	—	—	—
Unavailable revenue – notes receivable	—	—	—	—
Total deferred inflows of resources	—	—	—	—
Fund balances (deficit)				
Restricted	—	—	11,247	—
Committed	—	331,342	—	132,392
Unassigned	(19,448)	—	—	—
Total fund balances (deficit)	(19,448)	331,342	11,247	132,392
	<u>3,258</u>	<u>331,613</u>	<u>11,247</u>	<u>132,392</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,258	\$ 331,613	\$ 11,247	\$ 132,392

<u>Economic Revolving Loan</u>	<u>North Third Redevelopment TIF District</u>	<u>Tornado Disaster Revolving Loan</u>	<u>1999 Economic Revolving Loans</u>	<u>Nicollet Meadows TIF District</u>
\$ 586,409	\$ -	\$ 1,215,674	\$ 150,462	\$ 399,944
-	-	-	-	-
-	1,408	-	-	1,107
-	-	-	-	-
282,803	-	813,869	-	50,000
-	-	-	-	12
-	-	-	-	-
<u>\$ 869,212</u>	<u>\$ 1,408</u>	<u>\$ 2,029,543</u>	<u>\$ 150,462</u>	<u>\$ 451,063</u>
\$ 35	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	1,051	-	-	-
-	-	-	-	-
<u>35</u>	<u>1,051</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,408	-	-	1,107
-	-	-	-	-
282,803	-	813,869	-	50,000
<u>282,803</u>	<u>1,408</u>	<u>813,869</u>	<u>-</u>	<u>51,107</u>
586,374	-	1,215,674	150,462	399,956
-	-	-	-	-
-	(1,051)	-	-	-
<u>586,374</u>	<u>(1,051)</u>	<u>1,215,674</u>	<u>150,462</u>	<u>399,956</u>
<u>\$ 869,212</u>	<u>\$ 1,408</u>	<u>\$ 2,029,543</u>	<u>\$ 150,462</u>	<u>\$ 451,063</u>

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Balance Sheet (continued)
 as of December 31, 2019

	Housing Revolving	Community Center	Washington Terrace TIF District
Assets			
Cash and investments	\$ 30,043	\$ 148,498	\$ 61,773
Receivables			
Accounts	-	40,836	-
Delinquent taxes	-	-	-
Special assessments	-	-	-
Notes	579,085	-	-
Due from other governmental units	-	-	-
Property held for resale	-	-	-
	<u>30,043</u>	<u>148,498</u>	<u>61,773</u>
Total assets	<u>\$ 609,128</u>	<u>\$ 189,334</u>	<u>\$ 61,773</u>
Liabilities			
Accounts and contracts payable	\$ -	\$ 6,690	\$ -
Due to other governmental units	-	149	-
Due to other funds	-	-	-
Customer deposits	-	11,269	-
Total liabilities	<u>-</u>	<u>18,108</u>	<u>-</u>
Deferred inflows of resources			
Unavailable revenue – property taxes	-	-	-
Unavailable revenue – special assessments	-	-	-
Unavailable revenue – notes receivable	579,085	-	-
Total deferred inflows of resources	<u>579,085</u>	<u>-</u>	<u>-</u>
Fund balances (deficit)			
Restricted	-	-	61,773
Committed	30,043	171,226	-
Unassigned	-	-	-
Total fund balances (deficit)	<u>30,043</u>	<u>171,226</u>	<u>61,773</u>
	<u>\$ 609,128</u>	<u>\$ 189,334</u>	<u>\$ 61,773</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 609,128</u>	<u>\$ 189,334</u>	<u>\$ 61,773</u>

Jefferson Avenue TIF District	Park Row Crossing TIF District	Traverse Green Spec Homes	Total
\$ 11,639	\$ 297	\$ 146,616	\$ 3,207,462
-	-	-	59,981
303	-	-	2,818
20,767	-	-	20,767
-	-	-	1,725,757
-	-	-	3,270
-	-	388,994	388,994
<u>\$ 32,709</u>	<u>\$ 297</u>	<u>\$ 535,610</u>	<u>\$ 5,409,049</u>
\$ -	\$ -	\$ -	\$ 16,855
-	-	-	152
-	-	-	13,895
-	-	-	11,269
-	-	-	42,171
303	-	-	2,818
20,767	-	-	20,767
-	-	-	1,725,757
21,070	-	-	1,749,342
11,639	297	535,610	2,973,032
-	-	-	665,003
-	-	-	(20,499)
<u>11,639</u>	<u>297</u>	<u>535,610</u>	<u>3,617,536</u>
<u>\$ 32,709</u>	<u>\$ 297</u>	<u>\$ 535,610</u>	<u>\$ 5,409,049</u>

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2019

	Library	Public Access	Firefighters' Relief	Fire Calls
Revenue				
Property taxes and tax increments	\$ 283,399	\$ -	\$ 5	\$ -
Other taxes	-	34,960	-	-
Intergovernmental	50,216	43	74,674	-
Special assessments	-	-	-	-
Investment earnings	313	3,095	107	1,679
Other				
Loan principal and interest payments	-	-	-	-
Miscellaneous	72,007	2,015	-	17,575
Total revenue	<u>405,935</u>	<u>40,113</u>	<u>74,786</u>	<u>19,254</u>
Expenditures				
Current				
General government	421,788	16,132	74,674	-
Parks and recreation	-	-	-	-
Economic development loans made	-	-	-	-
Other	-	-	-	-
Capital outlay	37,397	-	-	-
Total expenditures	<u>459,185</u>	<u>16,132</u>	<u>74,674</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	(53,250)	23,981	112	19,254
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	(53,250)	23,981	112	19,254
Fund balances (deficit)				
Beginning of year	<u>33,802</u>	<u>307,361</u>	<u>11,135</u>	<u>113,138</u>
End of year	<u>\$ (19,448)</u>	<u>\$ 331,342</u>	<u>\$ 11,247</u>	<u>\$ 132,392</u>

<u>Economic Revolving Loan</u>	<u>North Third Redevelopment TIF District</u>	<u>Tornado Disaster Revolving Loan</u>	<u>1999 Economic Revolving Loans</u>	<u>Nicollet Meadows TIF District</u>
\$ -	\$ 95,934	\$ -	\$ -	\$ 309,875
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,049
5,326	259	29,506	1,472	2,567
175,720	-	97,797	-	-
-	-	937	-	-
<u>181,046</u>	<u>96,193</u>	<u>128,240</u>	<u>1,472</u>	<u>313,491</u>
138	1,918	-	-	-
-	-	-	-	-
25,000	-	25,000	-	-
-	-	109	-	139,810
-	-	-	-	-
<u>25,138</u>	<u>1,918</u>	<u>25,109</u>	<u>-</u>	<u>139,810</u>
155,908	94,275	103,131	1,472	173,681
-	-	-	-	-
-	(95,051)	-	-	-
<u>-</u>	<u>(95,051)</u>	<u>-</u>	<u>-</u>	<u>-</u>
155,908	(776)	103,131	1,472	173,681
430,466	(275)	1,112,543	148,990	226,275
<u>\$ 586,374</u>	<u>\$ (1,051)</u>	<u>\$ 1,215,674</u>	<u>\$ 150,462</u>	<u>\$ 399,956</u>

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued)
 Year Ended December 31, 2019

	Housing Revolving	Community Center	Washington Terrace TIF District
Revenue			
Property taxes and tax increments	\$ -	\$ -	\$ 171,048
Other taxes	-	-	-
Intergovernmental	-	2,905	-
Special assessments	-	-	-
Investment earnings	320	1,812	762
Other			
Loan principal and interest payments	-	-	-
Miscellaneous	-	263,379	-
Total revenue	<u>320</u>	<u>268,096</u>	<u>171,810</u>
Expenditures			
Current			
General government	-	-	-
Parks and recreation	-	348,728	-
Economic development loans made	-	-	-
Other	-	-	-
Capital outlay	-	23,478	-
Total expenditures	<u>-</u>	<u>372,206</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	320	(104,110)	171,810
Other financing sources (uses)			
Transfers in	-	45,332	-
Transfers (out)	-	-	(115,000)
Total other financing sources (uses)	<u>-</u>	<u>45,332</u>	<u>(115,000)</u>
Net change in fund balances	320	(58,778)	56,810
Fund balances			
Beginning of year	<u>29,723</u>	<u>230,004</u>	<u>4,963</u>
End of year	<u>\$ 30,043</u>	<u>\$ 171,226</u>	<u>\$ 61,773</u>

Jefferson Avenue TIF District	Park Row Crossing TIF District	Traverse Green Spec Homes	Total
\$ 38,410	\$ 44,998	\$ -	\$ 943,669
-	-	-	34,960
-	-	-	127,838
4,590	-	-	5,639
151	32	1,711	49,112
-	-	-	273,517
-	-	-	355,913
<u>43,151</u>	<u>45,030</u>	<u>1,711</u>	<u>1,790,648</u>
-	-	-	514,650
-	-	-	348,728
-	-	-	50,000
39,619	44,998	-	224,536
-	-	-	60,875
<u>39,619</u>	<u>44,998</u>	<u>-</u>	<u>1,198,789</u>
3,532	32	1,711	591,859
-	-	-	45,332
-	-	-	(210,051)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,719)</u>
3,532	32	1,711	427,140
8,107	265	533,899	3,190,396
<u>\$ 11,639</u>	<u>\$ 297</u>	<u>\$ 535,610</u>	<u>\$ 3,617,536</u>

CITY OF SAINT PETER

Nonmajor Debt Service Funds
 Combining Balance Sheet
 as of December 31, 2019

	<u>General Obligation</u>	<u>Tax Increment</u>	<u>Special Assessment</u>	<u>Total</u>
Assets				
Cash and investments	\$ 877,470	\$ -	\$ 6,809	\$ 884,279
Cash and investments held for for refunding bonds	2,890,000	428,277	-	3,318,277
Due from other governmental units	<u>8,625</u>	<u>-</u>	<u>-</u>	<u>8,625</u>
Total assets	<u><u>\$ 3,776,095</u></u>	<u><u>\$ 428,277</u></u>	<u><u>\$ 6,809</u></u>	<u><u>\$ 4,211,181</u></u>
Liabilities				
Accounts payable	\$ 27,350	\$ 19,349	\$ -	\$ 46,699
Fund balances				
Restricted	<u>3,748,745</u>	<u>408,928</u>	<u>6,809</u>	<u>4,164,482</u>
Total liabilities and fund balances	<u><u>\$ 3,776,095</u></u>	<u><u>\$ 428,277</u></u>	<u><u>\$ 6,809</u></u>	<u><u>\$ 4,211,181</u></u>

CITY OF SAINT PETER

Nonmajor Debt Service Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2019

	General Obligation	Tax Increment	Special Assessment	Total
Revenue				
Property taxes and tax increments	\$ 684,540	\$ 83,378	\$ -	\$ 767,918
Intergovernmental	402,763	-	-	402,763
Investment earnings	8,677	1,785	-	10,462
Other	-	110,000	-	110,000
Total revenue	<u>1,095,980</u>	<u>195,163</u>	<u>-</u>	<u>1,291,143</u>
Expenditures				
Debt service				
Principal	930,400	596,000	-	1,526,400
Interest	120,009	127,511	-	247,520
Fiscal agent fees	59,402	32,995	-	92,397
Total expenditures	<u>1,109,811</u>	<u>756,506</u>	<u>-</u>	<u>1,866,317</u>
Excess (deficiency) of revenue over expenditures	(13,831)	(561,343)	-	(575,174)
Other financing sources				
Refunding debt issued	2,795,000	700,000	-	3,495,000
Premium on debt issuance	158,549	6,673	-	165,222
Transfers in	-	419,224	-	419,224
Total other financing sources	<u>2,953,549</u>	<u>1,125,897</u>	<u>-</u>	<u>4,079,446</u>
Net change in fund balances	2,939,718	564,554	-	3,504,272
Fund balances (deficit)				
Beginning of year	<u>809,027</u>	<u>(155,626)</u>	<u>6,809</u>	<u>660,210</u>
End of year	<u>\$ 3,748,745</u>	<u>\$ 408,928</u>	<u>\$ 6,809</u>	<u>\$ 4,164,482</u>

CITY OF SAINT PETER

Nonmajor Capital Project Funds
 Combining Balance Sheet
 as of December 31, 2019

	Equipment Certificates	Parkland Dedication	2003 Washington Terrace
Assets			
Cash and investments	\$ 47,257	\$ —	\$ 327,348
Receivables			
Accounts	—	—	—
Special assessments			
Delinquent	—	—	—
Deferred	—	—	—
Due from other governmental units	—	—	—
Prepaid items	12,157	—	—
Total assets	\$ 59,414	\$ —	\$ 327,348
Liabilities			
Accounts and contracts payable	\$ 7,352	\$ —	\$ —
Due to other funds	—	371,738	—
Total liabilities	7,352	371,738	—
Deferred inflows of resources			
Unavailable revenue – special assessments	—	—	—
Fund balances (deficit)			
Nonspendable	12,157	—	—
Restricted	39,905	—	327,348
Unassigned	—	(371,738)	—
Total fund balances (deficit)	52,062	(371,738)	327,348
Total liabilities, deferred inflows of resources, and fund balances	\$ 59,414	\$ —	\$ 327,348

Permanent Improvement	Minnesota Square Pavilion	Total
\$ 430,085	\$ 342,660	\$ 1,147,350
-	38,697	38,697
1,498	-	1,498
232,871	-	232,871
85,517	-	85,517
-	-	12,157
<u>\$ 749,971</u>	<u>\$ 381,357</u>	<u>\$ 1,518,090</u>
\$ -	\$ 112,819	\$ 120,171
-	-	371,738
<u>-</u>	<u>112,819</u>	<u>491,909</u>
234,369	-	234,369
-	-	12,157
515,602	268,538	1,151,393
-	-	(371,738)
<u>515,602</u>	<u>268,538</u>	<u>791,812</u>
<u>\$ 749,971</u>	<u>\$ 381,357</u>	<u>\$ 1,518,090</u>

CITY OF SAINT PETER

Nonmajor Capital Project Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2019

	Equipment Certificates	Parkland Dedication	2003 Washington Terrace
Revenue			
Property taxes	\$ —	\$ —	\$ —
Special assessments	—	—	—
Investment earnings	156	100	8,523
Intergovernmental	—	—	—
Other			
Miscellaneous	72,500	—	36,352
Total revenue	<u>72,656</u>	<u>100</u>	<u>44,875</u>
Expenditures			
Capital outlay			
Construction and related costs	469,209	—	—
Debt service			
Interest and fiscal charges	—	—	—
Total expenditures	<u>469,209</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenue over expenditures	(396,553)	100	44,875
Other financing sources (uses)			
Debt issued	457,000	—	—
Premium on debt issuance	—	—	—
Transfers in	—	—	—
Transfers (out)	—	—	(98,000)
Total other financing sources (uses)	<u>457,000</u>	<u>—</u>	<u>(98,000)</u>
Net change in fund balances	60,447	100	(53,125)
Fund balances (deficits)			
Beginning of year	<u>(8,385)</u>	<u>(371,838)</u>	<u>380,473</u>
End of year	<u>\$ 52,062</u>	<u>\$ (371,738)</u>	<u>\$ 327,348</u>

<u>Permanent Improvement</u>	<u>Minnesota Square Pavilion</u>	<u>Total</u>
\$ 49,547	\$ —	\$ 49,547
10,741	—	10,741
2,596	6,147	17,522
92,274	196,000	288,274
32	101,000	209,884
155,190	303,147	575,968
103,692	1,479,228	2,052,129
—	11,645	11,645
103,692	1,490,873	2,063,774
51,498	(1,187,726)	(1,487,806)
—	1,350,000	1,807,000
—	25,810	25,810
139,830	—	139,830
—	—	(98,000)
139,830	1,375,810	1,874,640
191,328	188,084	386,834
324,274	80,454	404,978
\$ 515,602	\$ 268,538	\$ 791,812

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CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended December 31, 2019
 (With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019		Over (Under) Budget	2018
	Budget	Actual		Actual
Revenue				
Property taxes	\$ 1,892,625	\$ 1,950,872	\$ 58,247	\$ 1,771,568
Other taxes	54,250	100,293	46,043	101,026
Licenses and permits				
Business licenses and permits	26,750	27,405	655	26,170
Nonbusiness licenses and permits	120,495	124,325	3,830	797,676
Total licenses and permits	147,245	151,730	4,485	823,846
Intergovernmental				
Local government aid	3,044,145	3,044,145	–	3,039,687
State and federal grants and aids	145,380	186,617	41,237	188,444
Total intergovernmental	3,189,525	3,230,762	41,237	3,228,131
Charges for services				
General government	57,330	31,528	(25,802)	468,529
Public safety	171,280	150,444	(20,836)	172,465
Highways and streets	14,800	51,609	36,809	37,863
Recreation	174,000	188,723	14,723	178,442
Total charges for services	417,410	422,304	4,894	857,299
Fines and forfeitures	53,000	42,630	(10,370)	48,948
Investment earnings (charges)	17,000	73,505	56,505	(17,663)
Other				
Miscellaneous	261,222	173,369	(87,853)	194,048
Sale of property	–	(4,607)	(4,607)	32,538
Total other	261,222	168,762	(92,460)	226,586
Total revenue	6,032,277	6,140,858	108,581	7,039,741

CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended December 31, 2019
 (With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019		Over (Under) Budget	2018
	Budget	Actual		Actual
Expenditures				
Current				
General government				
Mayor and City Council	61,202	50,785	(10,417)	54,444
Administration	177,588	178,632	1,044	173,188
City clerk	76,064	78,488	2,424	71,530
Elections	26,299	18,215	(8,084)	30,357
Finance	322,202	321,733	(469)	300,010
Legal	147,000	151,688	4,688	159,319
General government building	124,270	114,635	(9,635)	110,959
Total general government	<u>934,625</u>	<u>914,176</u>	<u>(20,449)</u>	<u>899,807</u>
Public safety				
Police	2,447,838	2,463,652	15,814	2,323,194
Fire	393,600	406,874	13,274	368,653
Other				
Building and planning	236,118	244,762	8,644	257,395
Civil defense	8,137	749	(7,388)	293
Community service officer	102,786	93,590	(9,196)	88,945
Total other	<u>347,041</u>	<u>339,101</u>	<u>(7,940)</u>	<u>346,633</u>
Total public safety	3,188,479	3,209,627	21,148	3,038,480
Public works				
Public works administration	108,755	107,069	(1,686)	111,042
Highways and streets				
Streets	1,306,857	1,286,835	(20,022)	1,220,501
Street lighting	115,000	44,894	(70,106)	70,050
Total highways and streets	<u>1,421,857</u>	<u>1,331,729</u>	<u>(90,128)</u>	<u>1,290,551</u>
Total public works	1,530,612	1,438,798	(91,814)	1,401,593

CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended December 31, 2019
 (With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019		Over (Under) Budget	2018
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Parks and recreation				
Senior coordinator	39,215	37,347	(1,868)	41,532
Recreation and leisure services	393,221	413,756	20,535	394,255
Swimming pool	196,307	170,338	(25,969)	186,902
Skating rinks	—	—	—	12,289
Parks	935,181	920,594	(14,587)	844,355
Total parks and recreation	1,563,924	1,542,035	(21,889)	1,479,333
Economic development	184,000	184,222	222	175,928
Other				
Insurance	62,000	95,366	33,366	21,291
Memberships	31,000	30,634	(366)	30,617
Total other	93,000	126,000	33,000	51,908
Capital outlay	254,721	726,356	471,635	213,300
Total expenditures	7,749,361	8,141,214	391,853	7,260,349
Excess (deficiency) of revenue over expenditures	(1,717,084)	(2,000,356)	(283,272)	(220,608)
Other financing sources (uses)				
Transfers in	1,515,600	1,451,018	(64,582)	1,521,210
Transfers (out)	(200,000)	—	200,000	(619,000)
Total other financing sources (uses)	1,315,600	1,451,018	135,418	902,210
Net change in fund balances	\$ (401,484)	(549,338)	\$ (147,854)	681,602
Fund balances				
Beginning of year		4,854,944		4,173,342
End of year		\$ 4,305,606		\$ 4,854,944

CITY OF SAINT PETER

Municipal Electric Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenue		
Charges for services	\$ 10,976,060	\$ 11,146,942
Electric generation	432,000	432,000
Other		
Penalties	61,064	72,045
Miscellaneous	394,036	318,340
Total operating revenue	<u>11,863,160</u>	<u>11,969,327</u>
Operating expenses		
Bulk energy	7,823,127	8,008,885
Power distribution		
Personal services	461,578	387,843
Repairs and maintenance	162,743	128,149
Supplies and materials	29,077	28,832
Utilities	9,758	10,125
Professional services	37,937	30,335
Total power distribution	<u>701,093</u>	<u>585,284</u>
General and administrative		
Personal services	390,879	377,217
Repairs and maintenance	22,501	17,690
Supplies and materials	23,075	23,582
Utilities	8,207	8,326
Professional services	27,006	52,633
General and administrative	55,041	49,386
Total general and administrative	<u>526,709</u>	<u>528,834</u>
Customer accounts		
Personal services	120,150	120,024
Repairs and maintenance	4,153	4,565
Supplies and materials	1,036	1,591
Professional services	3,206	2,632
General and administrative	17,902	13,434
Bad debt expense	13,494	5,240
Total customer accounts	<u>159,941</u>	<u>147,486</u>

CITY OF SAINT PETER

Municipal Electric Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position (continued)
 Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating expenses (continued)		
Power production		
Personal services	15,532	16,594
Repairs and maintenance	29,993	37,963
Supplies and materials	71,613	88,797
Utilities	40,512	41,227
Professional services	30,121	49,275
Total power production	<u>187,771</u>	<u>233,856</u>
Depreciation	<u>1,079,815</u>	<u>1,061,702</u>
Total operating expenses	<u>10,478,456</u>	<u>10,566,047</u>
Operating income	1,384,704	1,403,280
Other revenue (expense)		
State and federal grants	3,259	4,210
Investment earnings (charges)	38,396	(858)
Interest expense	(199,154)	(279,643)
Total other revenue (expense)	<u>(157,499)</u>	<u>(276,291)</u>
Income before transfers	1,227,205	1,126,989
Transfers and contributions		
Capital contributions	51,789	-
Transfers (out)	(948,700)	(927,080)
Total transfers and contributions	<u>(896,911)</u>	<u>(927,080)</u>
Change in net position	330,294	199,909
Net position		
Beginning of year	<u>16,459,024</u>	<u>16,259,115</u>
End of year	<u>\$ 16,789,318</u>	<u>\$ 16,459,024</u>

CITY OF SAINT PETER

Municipal Water Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenue		
Charges for services	\$ 3,152,433	\$ 3,255,439
Other	79,774	74,027
Total operating revenue	<u>3,232,207</u>	<u>3,329,466</u>
Operating expenses		
Source of supply		
Personal services	35,234	43,380
Repairs and maintenance	40,334	23,334
Supplies and materials	1,431	1,329
Utilities	22,829	23,752
Professional services	390	959
General and administrative	11,855	12,317
Total source of supply	<u>112,073</u>	<u>105,071</u>
Purification and treatment		
Personal services	195,368	186,742
Repairs and maintenance	53,631	30,338
Supplies and materials	115,675	124,544
Utilities	513,997	498,345
Professional services	4,363	7,349
General and administrative	8,242	8,569
Total purification and treatment	<u>891,276</u>	<u>855,887</u>
Distribution and storage		
Personal services	281,745	248,540
Repairs and maintenance	118,050	164,418
Supplies and materials	11,565	12,065
Utilities	56,819	65,264
Professional services	19,573	12,063
General and administrative	2,168	2,347
Total distribution and storage	<u>489,920</u>	<u>504,697</u>
General and administrative		
Personal services	90,683	93,641
Repairs and maintenance	8,296	6,366
Supplies and materials	14,707	10,965
Utilities	2,945	2,963
Professional services	13,866	13,925
General and administrative	16,360	13,958
Total general and administrative	<u>146,857</u>	<u>141,818</u>

CITY OF SAINT PETER

Municipal Water Utility Fund

Comparative Schedule of Revenue, Expenses, and Changes in Net Position (continued)
 Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating expenses (continued)		
Customer accounts		
Personal services	25,748	25,840
Repairs and maintenance	3,133	3,325
Supplies and materials	991	1,433
Professional services	2,189	2,132
General and administrative	7,230	6,362
Bad debt expense	333	1
Total customer accounts	<u>39,624</u>	<u>39,093</u>
Depreciation	<u>1,090,702</u>	<u>1,060,411</u>
Total operating expenses	<u>2,770,452</u>	<u>2,706,977</u>
Operating income	461,755	622,489
Other revenue (expense)		
State and federal grants	4,651	2,437
Investment earnings	6,481	5,550
Interest expense	<u>(392,377)</u>	<u>(424,307)</u>
Total other revenue (expense)	<u>(381,245)</u>	<u>(416,320)</u>
Income before transfers and other contributions	80,510	206,169
Transfers and contributions		
Capital contributions	88,041	59,103
Transfers in	50,000	38,388
Transfers (out)	<u>(189,003)</u>	<u>(104,571)</u>
Total transfers and contributions	<u>(50,962)</u>	<u>(7,080)</u>
Change in net position	29,548	199,089
Net position		
Beginning of year	<u>9,578,493</u>	<u>9,379,404</u>
End of year	<u>\$ 9,608,041</u>	<u>\$ 9,578,493</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenue		
Charges for services	\$ 838,512	\$ 756,681
Other	10,405	6,151
Total operating revenue	<u>848,917</u>	<u>762,832</u>
Operating expenses		
Refuse operations		
Personal services	185,724	179,944
Repairs and maintenance	4,030	5,698
Supplies and materials	41,054	40,090
Professional services	461,995	454,968
General and administrative	3,009	11,326
Total refuse operations	<u>695,812</u>	<u>692,026</u>
General and administrative		
Personal services	58,961	69,004
Repairs and maintenance	4,715	3,976
Supplies and materials	5,594	4,030
Utilities	2,945	2,963
Professional services	8,241	7,841
General and administrative	4,651	5,833
Total general and administrative	<u>85,107</u>	<u>93,647</u>
Customer accounts		
Personal services	17,163	17,083
Supplies and materials	533	917
Professional services	2,187	2,126
General and administrative	8,589	8,357
Bad debt expense	22	216
Total customer accounts	<u>28,494</u>	<u>28,699</u>
Depreciation	<u>9,657</u>	<u>7,800</u>
Total operating expenses	<u>819,070</u>	<u>822,172</u>
Operating income (loss)	29,847	(59,340)
Other revenue		
State and federal grants	388	1,167
Investment earnings	1,275	949
Total other revenue	<u>1,663</u>	<u>2,116</u>
Change in net position	31,510	(57,224)
Net position		
Beginning of year	<u>39,672</u>	<u>96,896</u>
End of year	<u>\$ 71,182</u>	<u>\$ 39,672</u>

CITY OF SAINT PETER

Municipal Wastewater Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenue		
Charges for services	\$ 3,790,770	\$ 3,804,031
Other	55,562	64,069
Total operating revenue	<u>3,846,332</u>	<u>3,868,100</u>
Operating expenses		
Biosolids		
Personal services	70,472	54,786
Repairs and maintenance	17,497	690
Supplies and materials	47,520	40,358
Utilities	54,607	55,253
Professional services	2,053	3,936
General and administrative	680	1,350
Total biosolids	<u>192,829</u>	<u>156,373</u>
Collector system		
Personal services	183,417	184,579
Repairs and maintenance	20,180	51,589
Supplies and materials	13,090	14,253
Utilities	45,310	35,941
Professional services	2,191	11,019
General and administrative	1,311	1,350
Total collector system	<u>265,499</u>	<u>298,731</u>
Source/treatment		
Personal services	371,990	376,334
Repairs and maintenance	74,305	55,507
Supplies and materials	96,240	96,504
Utilities	535,926	541,263
Professional services	67,655	67,172
General and administrative	17,484	18,742
Total source/treatment	<u>1,163,600</u>	<u>1,155,522</u>
General and administrative		
Personal services	105,700	96,960
Repairs and maintenance	7,995	6,684
Supplies and materials	18,245	16,774
Utilities	3,561	3,589
Professional services	37,826	12,862
General and administrative	52,157	16,969
Total general and administrative	<u>225,484</u>	<u>153,838</u>

CITY OF SAINT PETER

Municipal Wastewater Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position (continued)
 Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating expenses (continued)		
Customer accounts		
Personal services	25,749	25,838
Repairs and maintenance	3,133	3,325
Supplies and materials	991	1,433
Professional services	2,189	2,132
General and administrative	7,560	6,363
Bad debt expense	213	-
Total customer accounts	<u>39,835</u>	<u>39,091</u>
Depreciation	<u>894,027</u>	<u>825,336</u>
Total operating expenses	<u>2,781,274</u>	<u>2,628,891</u>
Operating income	1,065,058	1,239,209
Other revenue (expense)		
State and federal grants	1,981	3,010
Investment earnings	17,618	22,401
Interest expense	<u>(165,650)</u>	<u>(194,809)</u>
Total other revenue (expense)	<u>(146,051)</u>	<u>(169,398)</u>
Income before transfers and contributions	919,007	1,069,811
Transfers and contributions		
Capital contributions	-	43,093
Transfers (out)	<u>(494,086)</u>	<u>(519,753)</u>
Total transfers and contributions	<u>(494,086)</u>	<u>(476,660)</u>
Change in net position	424,921	593,151
Net position		
Beginning of year	<u>20,642,232</u>	<u>20,049,081</u>
End of year	<u>\$ 21,067,153</u>	<u>\$ 20,642,232</u>

CITY OF SAINT PETER

Storm Water Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenue		
Charges for services	\$ 533,403	\$ 571,065
Other	7,140	11,385
Total operating revenue	<u>540,543</u>	<u>582,450</u>
Operating expenses		
Personal services	376,568	365,594
Repairs and maintenance	113,479	40,701
Supplies and materials	24,774	17,870
Utilities	325	352
Depreciation	295,898	302,577
Professional services	11,327	13,965
General and administrative	18,349	16,265
Bad debt expense	78	16
Total operating expenses	<u>840,798</u>	<u>757,340</u>
Operating income (loss)	(300,255)	(174,890)
Other revenue (expense)		
State and federal grants	20,022	1,164
Investment earnings (charges)	8,913	(986)
Interest expense	(1,029)	(1,968)
Total other revenue (expense)	<u>27,906</u>	<u>(1,790)</u>
Income (loss) before transfers and contributions	(272,349)	(176,680)
Transfers and contributions		
Capital contributions	-	17,811
Transfers (out)	(30,288)	(30,133)
Total transfers and contributions	<u>(30,288)</u>	<u>(12,322)</u>
Change in net position	(302,637)	(189,002)
Net position		
Beginning of year	<u>5,922,468</u>	<u>6,111,470</u>
End of year	<u>\$ 5,619,831</u>	<u>\$ 5,922,468</u>

CITY OF SAINT PETER

Telecommunications Conduit Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenue		
Charges for services	\$ 2,189	\$ 2,189
Operating expenses		
Depreciation	<u>14,265</u>	<u>14,264</u>
Operating income (loss)	(12,076)	(12,075)
Other revenue		
Investment earnings (charges)	<u>34</u>	<u>(34)</u>
Change in net position	(12,042)	(12,109)
Net position		
Beginning of year	<u>175,134</u>	<u>187,243</u>
End of year	<u><u>\$ 163,092</u></u>	<u><u>\$ 175,134</u></u>

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CITY OF SAINT PETER

Medical Office Building Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenue		
Other		
Rental income	\$ 307,513	\$ 307,693
Operating expenses		
Depreciation	118,672	118,673
Professional services	130,121	228,507
Total operating expenses	<u>248,793</u>	<u>347,180</u>
Operating income (loss)	58,720	(39,487)
Other revenue (expense)		
Investment earnings	583	431
Interest expense	(75,841)	(72,879)
Total other revenue (expense)	<u>(75,258)</u>	<u>(72,448)</u>
Changes in net position	(16,538)	(111,935)
Net position		
Beginning of year	<u>2,569,855</u>	<u>2,681,790</u>
End of year	<u>\$ 2,553,317</u>	<u>\$ 2,569,855</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Net Position
 Private-Purpose Trust Funds
 as of December 31, 2019

	<u>Library Trust</u>	<u>Restricted Contributions Trusts</u>	<u>Total Private-Purpose Trusts</u>
Assets			
Cash and investments	\$ 11,006	\$ 151,798	\$ 162,804
Liabilities			
Accounts payable	—	2,095	2,095
Net position			
Held in trust for private purposes	<u>\$ 11,006</u>	<u>\$ 149,703</u>	<u>\$ 160,709</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Changes in Net Position
 Private-Purpose Trust Funds
 Year Ended December 31, 2019

	<u>Library Trust</u>	<u>Restricted Contributions Trusts</u>	<u>Total Private-Purpose Trusts</u>
Additions			
Donations	\$ –	\$ 71,307	\$ 71,307
Investment earnings	30	10	40
Total additions	<u>30</u>	<u>71,317</u>	<u>71,347</u>
Deductions			
Trust-related expenses	<u>514</u>	<u>43,707</u>	<u>44,221</u>
Changes in net position	(484)	27,610	27,126
Net position			
Beginning of year	<u>11,490</u>	<u>122,093</u>	<u>133,583</u>
End of year	<u>\$ 11,006</u>	<u>\$ 149,703</u>	<u>\$ 160,709</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 Agency Funds
 as of December 31, 2019

	<u>DARE Program</u>	<u>Youth Center</u>	<u>Flexible Benefit Plan</u>
Assets			
Cash and investments	<u>\$ 87,047</u>	<u>\$ 3,374</u>	<u>\$ 320,643</u>
Liabilities			
Refunds payable and others	<u>\$ 87,047</u>	<u>\$ 3,374</u>	<u>\$ 320,643</u>

<u>Gilbertson Recreation Scholarship</u>	<u>Minnesota Square Veterans Memorial</u>	<u>Minnesota River Valley Transit</u>	<u>Total Agency Funds</u>
<u>\$ 96,033</u>	<u>\$ 5,000</u>	<u>\$ 177,875</u>	<u>\$ 689,972</u>
<u>\$ 96,033</u>	<u>\$ 5,000</u>	<u>\$ 177,875</u>	<u>\$ 689,972</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Year Ended December 31, 2019

	Balance – January 1, 2019	Additions	Deletions	Balance – December 31, 2019
DARE Program				
Assets				
Cash and investments	\$ 74,389	\$ 14,640	\$ 1,982	\$ 87,047
Liabilities				
Refunds payable and others	\$ 74,389	\$ 14,640	\$ 1,982	\$ 87,047
Youth Center				
Assets				
Cash and investments	\$ 3,374	\$ –	\$ –	\$ 3,374
Liabilities				
Refunds payable and others	\$ 3,374	\$ –	\$ –	\$ 3,374
Flexible Benefit Plan				
Assets				
Cash and investments	\$ 288,592	\$ 32,051	\$ –	\$ 320,643
Liabilities				
Refunds payable and others	\$ 288,592	\$ 32,051	\$ –	\$ 320,643
Gilbertson Recreation Scholarship				
Assets				
Cash and investments	\$ –	\$ 96,033	\$ –	\$ 96,033
Liabilities				
Refunds payable and others	\$ –	\$ 96,033	\$ –	\$ 96,033
Minnesota Square Veterans Memorial				
Assets				
Cash and investments	\$ 5,000	\$ –	\$ –	\$ 5,000
Liabilities				
Refunds payable and others	\$ 5,000	\$ –	\$ –	\$ 5,000
Minnesota River Valley Transit				
Assets				
Cash and investments	\$ 114,722	\$ 991,190	\$ 928,037	\$ 177,875
Liabilities				
Refunds payable and others	\$ 114,722	\$ 991,190	\$ 928,037	\$ 177,875
Total				
Assets				
Cash and investments	\$ 486,077	\$ 1,133,914	\$ 930,019	\$ 689,972
Liabilities				
Refunds payable and others	\$ 486,077	\$ 1,133,914	\$ 930,019	\$ 689,972

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
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
2016	1,540,462	423,760	3,176,714	539,878	49,021	183,160	5,912,995
2017	1,622,592	283,358	3,124,235	505,815	46,623	193,984	5,776,607
2018	1,872,594	823,846	3,228,131	857,299	48,948	208,923	7,039,741
2019	2,051,165	151,730	3,230,762	422,304	42,630	242,267	6,140,858

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>
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
2016	846,187	2,760,271	92,113	1,286,905	1,305,776
2017	898,784	3,010,330	107,826	1,244,801	1,414,024
2018	899,807	3,038,480	111,042	1,290,551	1,479,333
2019	914,176	3,209,627	107,069	1,331,729	1,542,035

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>
\$ 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
161,330	104,555	180,796	6,737,933
179,236	50,310	183,142	7,088,453
175,928	51,908	213,300	7,260,349
184,222	126,000	726,356	8,141,214

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