



City of  
**St. Francis**  
Minnesota



**Comprehensive Annual  
Financial Report**  
for the year ended December 31, 2016

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**CITY OF ST. FRANCIS, MINNESOTA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2016

JOE KOHLMAN - CITY ADMINISTRATOR  
DARCY MULVIHILL - FINANCE DIRECTOR

**PREPARED BY THE**  
**DEPARTMENT OF FINANCE**

Member of the Government Finance Officers' Association  
of the United States and Canada

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**INTRODUCTORY SECTION**

CITY OF ST. FRANCIS  
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2016



23340 Cree Street NW  
St. Francis, Minnesota 55070  
763-753-2630  
FAX 763-753-9881

May 25, 2017

To the Honorable Mayor, Members of the City Council, and Citizens of the City of St. Francis:

The comprehensive annual finance report (CAFR) of the City of St. Francis (the City) for the fiscal year ended December 31, 2016, is hereby submitted. Minnesota Statutes and the City Charter require the preparation of audited financial statements by the state auditor or a certified public accountant within 180 days after the close of the fiscal year. The accompanying financial statements have been audited by the firm of Abdo, Eick & Meyers, LLP, independent certified public accountants.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statement in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free of material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Abdo, Eick & Meyers, LLP have issued an unqualified (clean) opinion on the City of St. Francis's financial statements for the year ended December 31, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.



## ***Profile of the City***

St. Francis was originally known as the “Village of Otona” and was established in 1855 along the Rum River with a dam, grist, and a saw mill. The town was formally established as St. Francis in 1857. The Post Office was the first commercial building constructed in 1866, and in that year the Creamery Association was also built. Two other buildings were constructed during this period and still exist today: the Rum River Inn and the H.G. Leathers House. Both of these buildings are also listed on the National Register of Historic Places.

During the late 1960’s, St. Francis began to attract more residents and over the next few decades grew significantly. The community was incorporated in 1974, and with the assistance of a loan from the U.S. Department of Agriculture – Farmer’s Home Administration, the City constructed and began operating a municipal sewer and water system. These systems attracted quality development into the area. By 1980, the population had grown from 897 to 1,184 and by 1990, the population had grown 117% to reach a total of 2,538 residents. Growth continued through the 1990s and has been particularly dramatic in the past years. Today, the population is approximately 7,277. Its small town character, its schools and accessible location has attracted and continues to attract new residents, particularly young families.

St. Francis is a home rule charter city. Minnesota has two basic types of cities – home rule and statutory – which influence cities’ organization and powers. The difference is the type of enabling legislation from which the municipality gains its authority. Home rule charter cities obtain their powers from a locally enacted home rule charter which is essentially a city constitution. Statutory cities get their power from Chapter 412 of Minnesota Statutes. Home rule charter cities can exercise any powers in their locally adopted charters as long as there’s no conflict with state law. Conversely, charter provisions can specifically restrict the powers of a city.

St. Francis operates under the Council/Administrator form of government. An elected City Council sets the policy and overall direction for St. Francis. Then city staff, under the direction of a city administrator, carries out council decisions and provides day-to-day city services. The city administrator is accountable to the City Council.

The City Council consists of a Mayor and four Council Members elected at-large. City elections are held in even numbered years, with the Mayor serving a two-year term and all Council Members serving four-year terms.

The City of St. Francis provides a full range of services. The general governmental functions include police and fire protection, street maintenance, engineering, planning and zoning, parks and recreation, economic and community development and general legislative and administrative services. The City also operates as enterprise funds the following services: water, sewer and a municipal liquor store.

One of the most important activities undertaken each year by the City is the budget process. The quality of decisions made in the budget process conveys the City's long-range plans and policies for current and future services and programs. The budget is a financial, planning, and policy document which reflects the allocation of limited revenue among competing uses and serves as a guide for the various departments in implementing their goals and objectives.

Department heads receive preliminary budget guidance from the City Administrator, with direction from the Mayor and Council. Each department is responsible for submitting the proposed budgets for their respective programs in June. The City Administrator and Finance Director meet individually with each department head to discuss the department's budget submittal, and changes are made, either increases or decreases, to accommodate the overall budget picture. Following the individual meetings, budget workshops are held with the City Council. The submittal of the Proposed Budget is followed by a series of public presentations to the City Council that are designed to give the Council and citizens an overview of the Budget, and to prepare the Council in making informed budget decisions. The final document is adopted in December following the required public hearings.

### ***Local Economy***

The City of St. Francis is located in the northernmost section of Anoka County, 12 miles north of Anoka and approximately 30 miles northwest of Minneapolis. The community can be accessed in a north southerly direction by State Trunk Highway 47 and County Road 24 in an east westerly direction. The City occupies approximately 24 square miles, has an estimated population of 7,277 and approximately 2,543 households.

St. Francis is served by Independent School District #15. They serve the communities of St. Francis, East Bethel, Bethel, Oak Grove, Andover, Athens, Nowthen and Stanford. The school district offices as well as the bus garage and several of the school buildings are located within the City limits.

Anoka County has an annual average unemployment rate for 2015 of 3.4%. This compares with unemployment rates of 3.7% for the State of Minnesota and 5.0% for the United States. During the past years, the unemployment rate rose from an initial low of 5.8% (2002) to a decade high of 9.6% (2010). The rate has remained stable over the first few months of 2016.

The majority of the tax base in St. Francis is residential property. The City has designated sites through its comprehensive plan and recently purchased property on the main highway through the City for development of commercial and industrial sites. The Council continues to discuss water and sewer growth areas north along State Trunk Highway 47.

During the past ten years, the government's expenses related to capital outlay and general government have increased not only in amount, but also as a percentage of total expenses. In the case of capital outlay, the increase reflects the construction of a new public works/police building.

During this same ten-year period, revenues generated by taxes and special assessments have increased the most not only in amount, but also as a percentage of total revenues. The revenue generated by taxes and assessments has risen from \$1,493,921 in 2003 to \$3,447,724 in 2015. Its percentage of total revenue in 2003 was 29% and in 2015 rose to 54%.

### ***Long-term Financial Planning***

Unreserved fund balance in the general fund (70% of total general fund expenditures) meets the state auditor recommended guidelines of 35%-50%. The goal of the City Council is to establish an unreserved fund balance in the General Fund that is equivalent to forty percent (40%) of general fund expenditures. The 2017 budget reflects current policy and is keeping the fund balance to 77.7% of expenditures.

Annually the City of St. Francis prepares a five year capital improvement plan in an attempt to anticipate major capital expenditures in advance of the year in which they are budgeted. The purpose of the CIP is to a) identify capital expenditures which are anticipated to be requested over a five-year period; b) determine a source of funding for the requests; and c) provide an opportunity for long term planning.

### ***Relevant Financial Policies***

The City has established a comprehensive set of financial policies for use as a guideline during the budget process. One of the policies deals with unpredictable revenues. The City uses a conservation approach in making ongoing revenue assumptions by utilizing growth patterns and knowledge of the developing areas. The City shall budget unpredictable revenues lower than the revenue assumption or anticipated collection. Because of this policy and the slowdown in the housing construction market, no revenue is budgeted for water and sewer access charges which are incurred with new development.

### ***Major Initiatives for the Year***

Major projects during 2016 included:

The continuing construction on a \$24,000,000 Wastewater Treatment Plant.

The County/City Bridge Street Corridor Project started. This project replaces two intersections with roundabouts and improve traffic flow. The city will also be replacing sewer lines along this road construction work. This project has qualified for partial federal funding.

Building permits for the year included 38 new homes and 280 addition/alteration building permits for the year at a value of \$10,733,957.

The City continued to conduct its annual spring cleanup days in the spring.

The City held its annual Pioneer Days celebration in June.

### ***Major Initiatives for the Future***

The City created the St. Francis Economic Development Authority in 2011. Utilizing the power of this Authority will give the city another tool to encourage economic growth. A community development director was hired in 2015.

The City will be marketing the old City public works facility for redevelopment. This is a prime property along the Rum River on Bridge Street and should be attractive to a nice development.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Francis for its comprehensive annual financial report for the year ended December 31, 2015. This was the 5<sup>th</sup> year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the program's requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility.

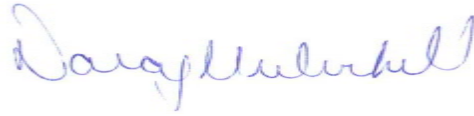
The City received the GFOA Award for the Distinguished Budget Presentation for the City budget for the fiscal year beginning January 1, 2016. It was the 7<sup>th</sup> consecutive year the City has received the award for the document.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire finance staff and cooperation of all city departments. We wish to express our appreciation to all city staff for their dedicated service and high level of professionalism. Credit also must be given to the Mayor and City Council Members for their continued support for maintaining the highest standards of professionalism in the management of the finances of the City of St. Francis.

Respectfully submitted,

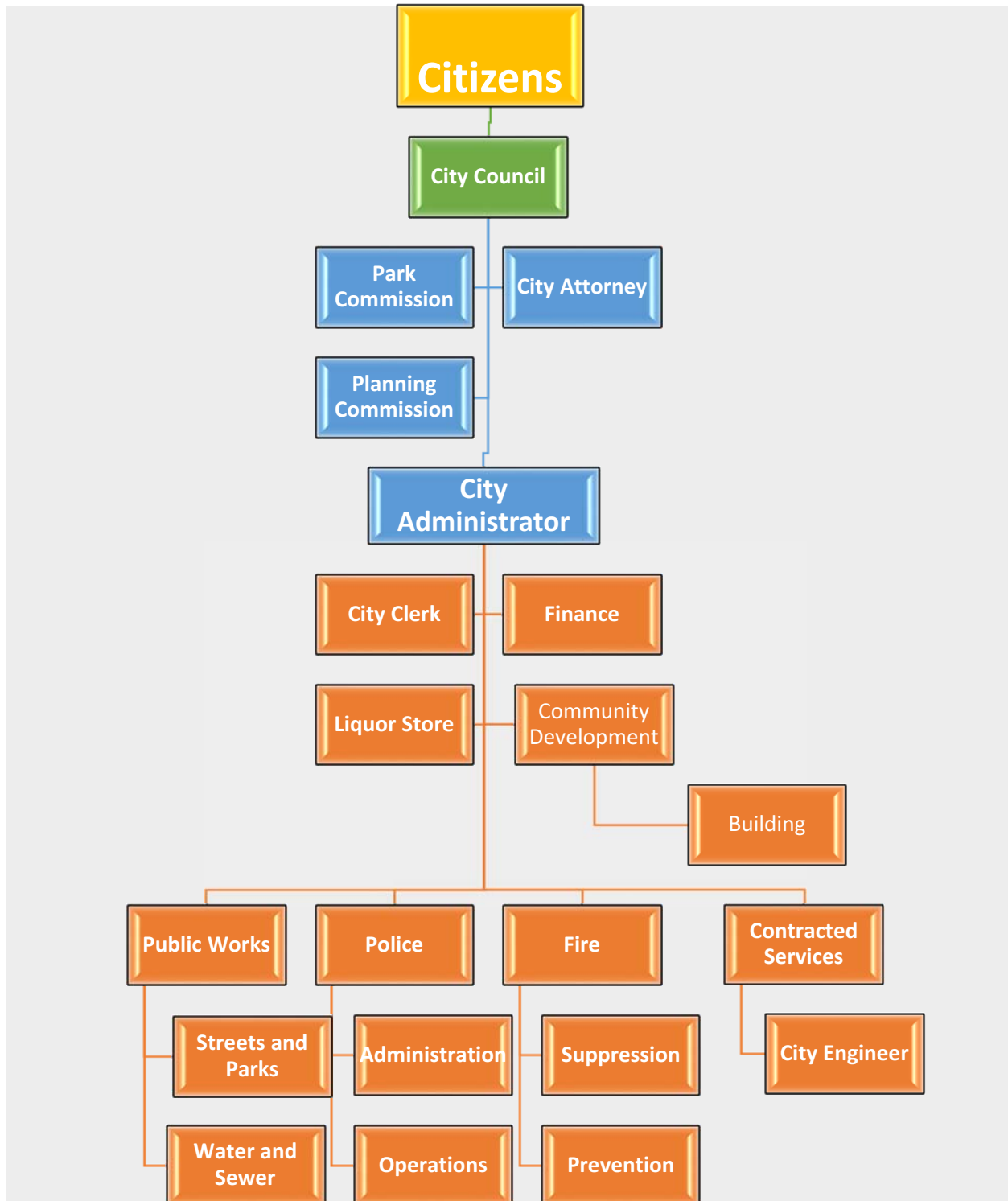


Joe Kohlmann  
City Administrator



Darcy Mulvihill  
Finance Director

# ORGANIZATIONAL CHART



CITY OF ST. FRANCIS, MINNESOTA  
ELECTED AND APPOINTED OFFICIALS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**ELECTED**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steve Kane	Mayor	12/31/2016
Tim Brown	Council Member	12/31/2016
Richard Skordahl	Council Member	12/31/2018
Richard Orpen	Council Member	12/31/2016
Chris McClish	Council Member	12/31/2018

**APPOINTED**

<u>Name</u>	<u>Title</u>
Joe Kohlmann	City Administrator
Barbara Held	City Clerk
Darcy Mulvihill	Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of St. Francis  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

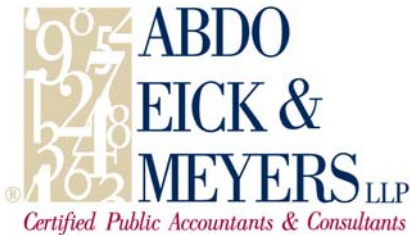


**FINANCIAL SECTION**

**CITY OF ST. FRANCIS  
ST. FRANCIS, MINNESOTA**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of St. Francis, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of St. Francis, Minnesota (the City), as of and for the year ended December 31, 2016, 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 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 of material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2016, 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.

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## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 19 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios starting on page 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

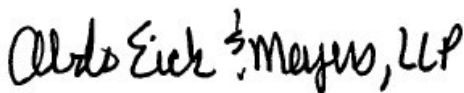
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section, and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the schedules are the responsibility of management and were derived from and relate 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 combining and individual fund financial statements and the schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section 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.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.



ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
May 25, 2017

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## **Management's Discussion and Analysis**

As management of the City of St. Francis, 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, 2016.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$29,219,115 (net position). Of this amount, \$8,327,484 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$5,253,881. Of the total, governmental activities increased \$854,676 and business-type activities increased \$4,399,205. The main reason for the increase was is capital grant proceeds received in the Sewer fund during the year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,762,252, an increase of \$1,424,035 in comparison with the prior year. Approximately 52 percent of this total amount, \$3,003,714 is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$3,325,693, or 93 percent of total 2016 General fund expenditures.
- The City's total debt increased \$9,498,778 during the current fiscal year. Bonds were issued during the year for the wastewater treatment facility accounting for the majority of the increase. Pension liability was also increased long-term liabilities by \$3,357,757. Pension liability relates to public employee retirement and is not expected to impact future expenditures.

## 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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements. Internal service funds statements are also included, reflecting balances prior to their elimination from the government-wide financial statements, to avoid "doubling-up" effect within the governmental and business-type activities columns of said statements.

**Figure 1**  
**Required Components of the**  
**City's Annual Financial Report**

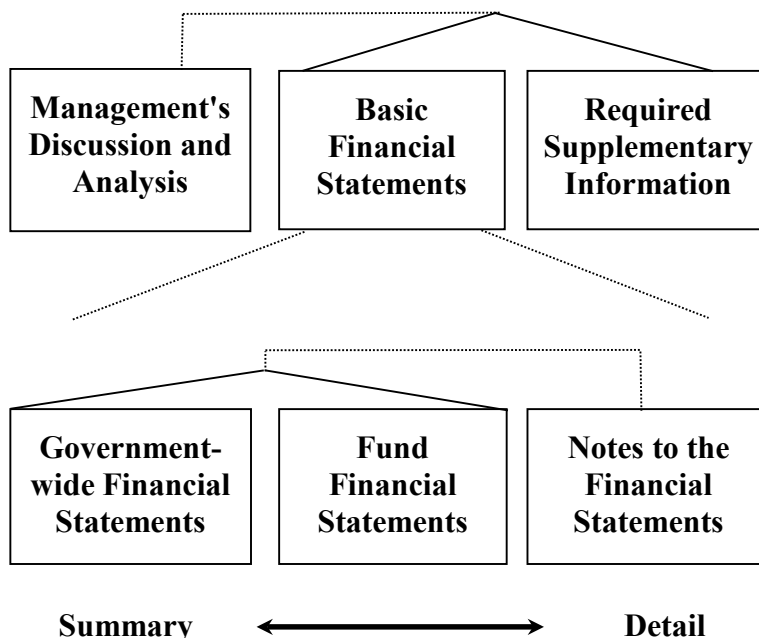




Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure 2**  
**Major features of the Government-wide and Fund Financial Statements**

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statements of Net Position</li> <li>• Statements of Revenues, Expenses and Changes in Fund Net Position</li> <li>• Statements of Cash Flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**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 the two 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 City’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 revenue (*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 (streets and highways), culture and recreation, community development, miscellaneous and interest on long-term debt. The business-type activities of the City include water, sewer, and a municipal liquor store.

The government-wide financial statements start on page 33 of this report.

**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 government, 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 *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 by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Pederson Drive and Debt Service funds, which are considered to be major funds. Data from the other eleven 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 or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 38 of this report.

**Proprietary funds.** *Proprietary funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and liquor store operations.

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

The basic proprietary fund financial statements start on page 44 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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.

The basic fiduciary fund financial statements can be found on page 50 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 51 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds is presented following the notes to the financial statements. Combining and individual fund statements and schedules start on page 86 of this report.

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 its employees. Required supplementary information can be found starting on page 82 of this report.

## 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 exceeded liabilities and deferred inflows by \$29,219,115 at the close of the most recent fiscal year.

The largest portion of the City's net position (68 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are 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 investment 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.

### City of St. Francis's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 6,859,170	\$ 6,240,507	\$ 618,663	\$ 12,690,675	\$ 17,082,703	\$ (4,392,028)
Capital assets	15,012,828	14,805,282	207,546	43,918,755	29,125,524	14,793,231
<b>Total assets</b>	<b>21,871,998</b>	<b>21,045,789</b>	<b>826,209</b>	<b>56,609,430</b>	<b>46,208,227</b>	<b>10,401,203</b>
<b>Deferred outflows of resources</b>						
Deferred pension resources	3,139,320	432,879	2,706,441	245,681	40,523	205,158
<b>Liabilities</b>						
Noncurrent liabilities outstanding	13,719,297	10,860,940	2,858,357	37,268,558	30,628,137	6,640,421
Other liabilities	343,491	613,171	(269,680)	725,841	1,153,201	(427,360)
<b>Total liabilities</b>	<b>14,062,788</b>	<b>11,474,111</b>	<b>2,588,677</b>	<b>37,994,399</b>	<b>31,781,338</b>	<b>6,213,061</b>
<b>Deferred inflows of resources</b>						
Deferred pension resources	538,572	449,275	89,297	51,555	57,460	(5,905)
<b>Net position</b>						
Net investment in capital assets	6,861,667	6,344,949	516,718	13,019,826	9,103,334	3,916,492
Restricted	1,010,138	940,821	69,317	-	-	-
Unrestricted	2,538,153	2,269,512	268,641	5,789,331	5,306,618	482,713
<b>Total net position</b>	<b>\$ 10,409,958</b>	<b>\$ 9,555,282</b>	<b>\$ 854,676</b>	<b>\$ 18,809,157</b>	<b>\$ 14,409,952</b>	<b>\$ 4,399,205</b>

An additional portion of the City's net position, \$1,010,138, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$8,327,484, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, for the City as a whole.

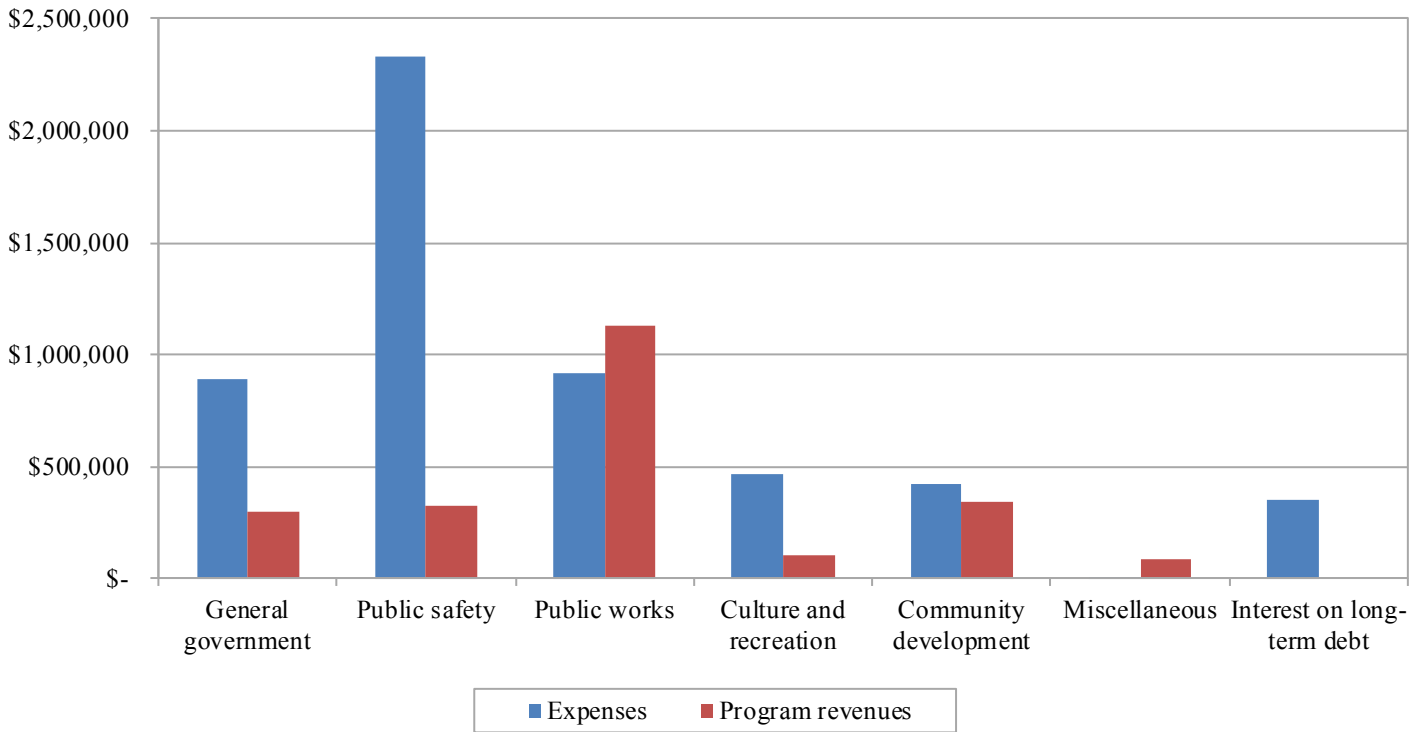
**Governmental activities.** Governmental activities increased the City's net position by **Error! Not a valid link.**\$854,676. Key elements of the changes are as follows:

### City of St. Francis's Changes in Net Position

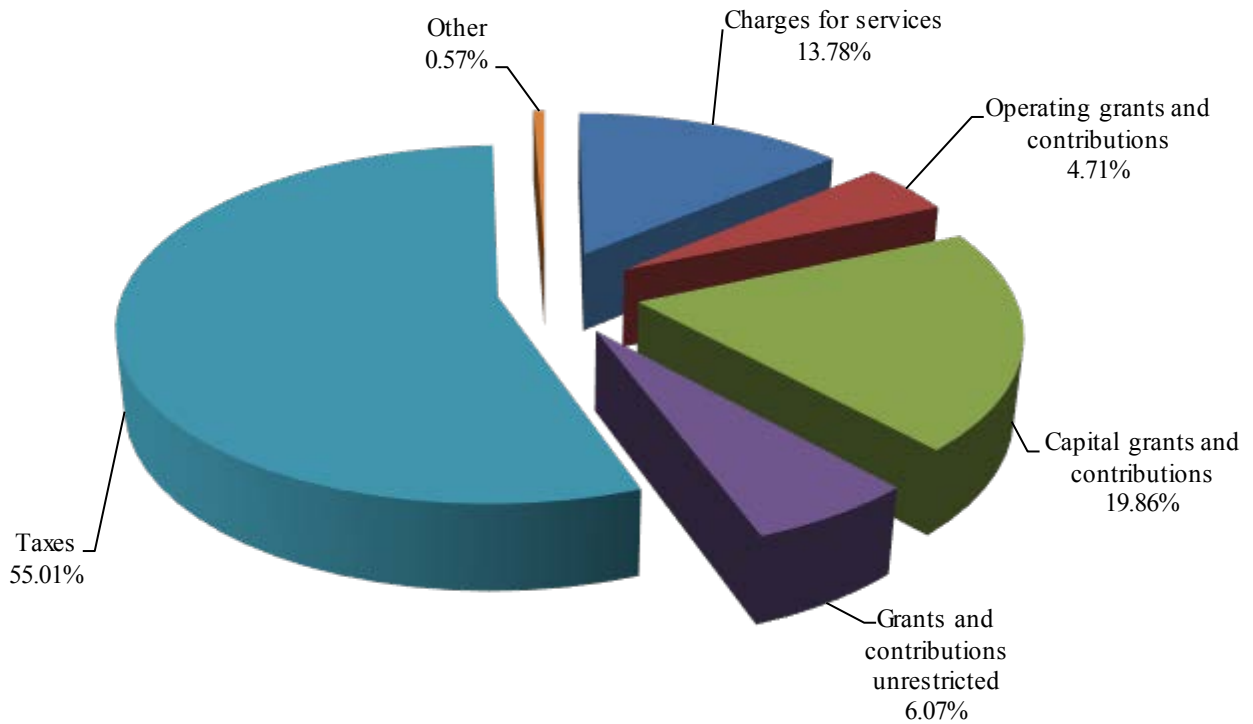
	Governmental Activities			Business-type Activities		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 822,723	\$ 795,834	\$ 26,889	\$ 5,054,023	\$ 4,350,207	\$ 703,816
Operating grants and contributions	280,996	175,915	105,081	3,800	-	3,800
Capital grants and contributions	1,186,137	242,557	943,580	3,849,842	186,264	3,663,578
General revenues						
Taxes						
Property taxes	3,277,360	3,175,224	102,136	-	-	-
Tax increment	7,512	14,393	(6,881)	-	-	-
Grants and contributions not restricted to specific programs	362,359	353,353	9,006	-	-	-
Unrestricted investment earnings	33,960	21,200	12,760	82,101	40,832	41,269
Gain on sale of capital assets	-	963	(963)	-	-	-
<b>Total revenues</b>	<b>5,971,047</b>	<b>4,779,439</b>	<b>1,191,608</b>	<b>8,989,766</b>	<b>4,577,303</b>	<b>4,412,463</b>
Expenses						
General government	888,099	789,269	98,830	-	-	-
Public safety	2,334,480	2,207,108	127,372	-	-	-
Public works	919,720	839,512	80,208	-	-	-
Culture and recreation	468,326	118,667	349,659	-	-	-
Community development	427,300	324,235	103,065	-	-	-
Miscellaneous	6,153	21,335	(15,182)	-	-	-
Interest on long-term debt	357,173	359,316	(2,143)	-	-	-
Water	-	-	-	1,057,465	1,167,893	(110,428)
Sewer	-	-	-	1,184,441	1,049,262	135,179
Storm water	-	-	-	55,385	-	55,385
Liquor store	-	-	-	2,008,390	1,986,813	21,577
<b>Total expenses</b>	<b>5,401,251</b>	<b>4,659,442</b>	<b>741,809</b>	<b>4,305,681</b>	<b>4,203,968</b>	<b>101,713</b>
Increase in net position before transfers and contributions	569,796	119,997	449,799	4,684,085	373,335	4,310,750
Capital contributions from other funds	-	(323,039)	323,039	-	323,039	(323,039)
Transfers (net)	284,880	264,880	20,000	(284,880)	(264,880)	(20,000)
Change in net position	854,676	61,838	792,838	4,399,205	431,494	3,967,711
Net position, January 1	9,555,282	9,493,444	61,838	14,409,952	13,978,458	431,494
Net position, December 31	<u>\$ 10,409,958</u>	<u>\$ 9,555,282</u>	<u>\$ 854,676</u>	<u>\$ 18,809,157</u>	<u>\$ 14,409,952</u>	<u>\$ 4,399,205</u>

The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

### Expenses and Program Revenue - Governmental Activities

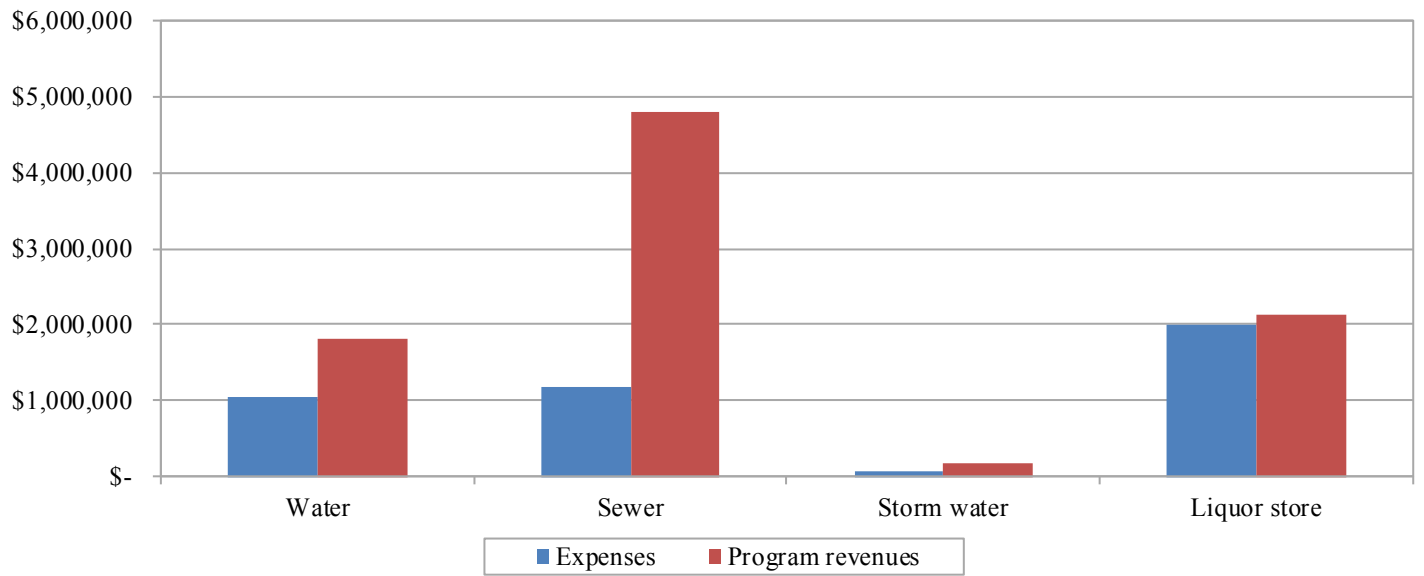


### Revenue by Source - Governmental Activities

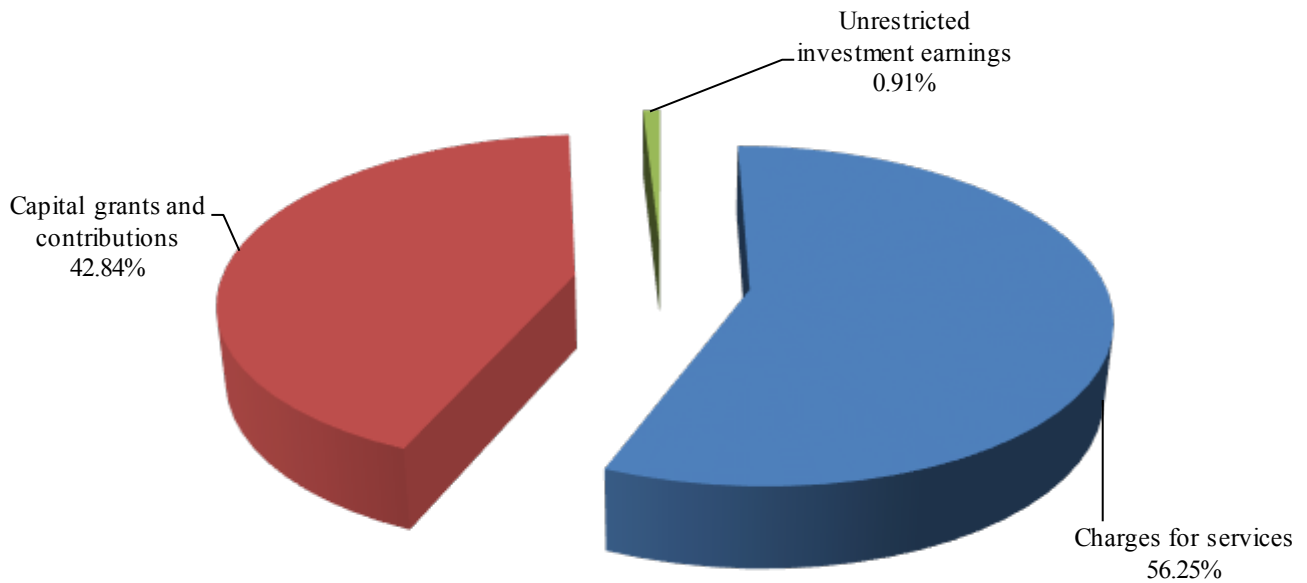


**Business-type activities.** Business-type activities increased the City's net position by \$4,399,205.

### Expenses and Program Revenues - Business-type Activities



### Revenue 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, *unassigned 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 \$5,762,252. Approximately 52 percent of this total amount, \$3,003,714, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The City also has nonspendable balance of \$40,816, restricted balance of \$1,559,175, committed \$99,079 and assigned balance of \$1,158,547.

Major Fund	Fund Balances December 31,		Increase (Decrease)
	2015	2016	
<b>General</b>	\$ 2,764,284	\$ 3,366,509	\$ 602,225
The fund balance of the General fund increased \$602,225. The primary reason for the increase was the result of multiple departments under budget and total revenues over budget \$184,184.			
<b>Debt Service Funds</b>	\$ 1,215,465	\$ 1,213,569	\$ (1,896)
The Debt Service funds has a total fund balance of \$1,213,569, all of which is restricted for debt service. The fund balance decreased \$1,896 during the current year mainly due to regularly scheduled debt service principal and interest payments exceeding tax levy and assessment collections.			
<b>Pederson Drive</b>	\$ (33,503)	\$ (32,309)	\$ 1,194
The fund balance of the Pederson Drive fund increased \$1,194. The primary reason for the increase was the result of special assessment and other revenue greater than project costs.			

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$5,789,331. The change in net position for the funds was an increase of \$4,399,205. Other 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's General fund budget was not amended during the year. The budget called for a balanced budget. Actual net change to the General fund balance was an increase of \$602,225. Actual revenues were \$184,184 over budget due to a positive budget variance in all categories except fines and forfeitures. The largest variance was in property taxes in the amount of \$51,641. Expenditures in total were under budget by \$418,041. The largest positive expenditure variances were in public works and public safety of \$201,722 and \$217,222, respectively.

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business type activities as of December 31, 2016, amounts to \$58,931,583 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- Expenses for the Wastewater Treatment facility
- Expenses for Bridge Street improvements and Pederson Drive
- Acquisition of a new squad car and utility vehicle
- Acquisition of a 2016 Bobcat
- Acquisition of a 2017 Dodge Ram
- City Hall doors
- Liquor store lights

Additional information on the City's capital assets can be found in Note 3B starting on page 63 of this report.

### City of St. Francis's Capital Assets (net of depreciation)

	Governmental Activities			Business-type Activities		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
Land	\$ 1,427,736	\$ 1,427,736	\$ -	\$ 2,359,187	\$ 2,359,187	\$ -
Construction in progress	-	33,503	(33,503)	24,293,956	8,829,191	15,464,765
Land improvements	69,720	78,459	(8,739)	-	-	-
Buildings	7,686,323	7,890,860	(204,537)	11,471,835	11,847,328	(375,493)
Infrastructure	4,894,813	4,316,264	578,549	5,700,732	5,955,123	(254,391)
Machinery and equipment	934,236	1,058,460	(124,224)	93,045	134,695	(41,650)
<b>Total</b>	<b>\$ 15,012,828</b>	<b>\$ 14,805,282</b>	<b>\$ 207,546</b>	<b>\$ 43,918,755</b>	<b>\$ 29,125,524</b>	<b>\$ 14,793,231</b>

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$45,456,544. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

### City of St. Francis's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
General obligation revenue bonds	\$ 8,745,000	\$ 9,055,000	\$ (310,000)	\$ 36,711,544	\$ 30,268,000	\$ 6,443,544
Pension liability	4,794,717	1,628,435	3,166,282	515,513	324,038	191,475
Compensated absences payable	179,580	177,505	2,075	41,501	36,099	5,402
<b>Total</b>	<b>\$ 13,719,297</b>	<b>\$ 10,860,940</b>	<b>\$ 2,858,357</b>	<b>\$ 37,268,558</b>	<b>\$ 30,628,137</b>	<b>\$ 6,640,421</b>

The City's total debt increased \$9,498,778 during the current fiscal year. Bonds were issued during the year for the wastewater treatment facility accounting for the majority of the increase. Pension liability was also increased long-term liabilities by \$3,357,757. Pension liability relates to public employee retirement and is not expected to impact future expenditures.

Minnesota statutes limit the amount of net general obligation debt a City may issue to three percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The City currently has no outstanding general obligation debt payable solely from ad valorem taxes.

Additional information on the City's long-term debt can be found in Note 3E starting on page 66 of this report.



## **Economic Factors and Next Year's Budgets and Rates**

The City is anticipating building activity to increase again as there were 38 new home permits pulled in 2016 and 28 new home permits pulled in 2015.

Construction on a new Wastewater Treatment Plan began in 2015 with completion expected in 2017. Cost is estimated at \$24,000,000. The City received a low interest loan for this construction from the Minnesota Public Facility Authority. The city is anticipating a grant of \$5.9 million from the State of Minnesota to help reduce the loan amount on this project. User fees were adjusted in 2015 and 2016 to pay for the debt service on this construction.

Work began in 2016 on the County/City Bridge Street Project. This project installed two roundabout intersections within the City along with replacing wastewater lines within the project area. This project will be finalized in 2017.

The City's Adopted 2017 Budget includes a property tax levy of \$3,244,573 or 0 percent increase over the 2016 Levy.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of St. Francis, 23340 Cree Street NW, St. Francis, Minnesota 55070.

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CITY OF ST. FRANCIS  
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2016

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CITY OF ST. FRANCIS, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and temporary investments	\$ 5,002,805	\$ 9,338,323	\$ 14,341,128
Cash held with fiscal agent	530,138	2,039,069	2,569,207
Restricted cash	551,795	-	551,795
Receivables			
Accrued interest	7,947	9,730	17,677
Delinquent taxes	63,849	-	63,849
Accounts, net of allowance for uncollectibles	6,120	454,501	460,621
Special assessments	565,455	241,977	807,432
Due from other governments	109,412	53,988	163,400
Internal balances	(289,670)	289,670	-
Inventories	40,816	263,417	304,233
Pension asset	270,503	-	270,503
Capital assets			
Land and construction in progress	1,427,736	26,653,144	28,080,880
Depreciable assets (net of accumulated depreciation)	<u>13,585,092</u>	<u>17,265,611</u>	<u>30,850,703</u>
<b>TOTAL ASSETS</b>	<u>21,871,998</u>	<u>56,609,430</u>	<u>78,481,428</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension resources	<u>3,139,320</u>	<u>245,681</u>	<u>3,385,001</u>
<b>LIABILITIES</b>			
Accounts payable	102,383	200,710	303,093
Contracts payable	37,634	297,637	335,271
Accrued salaries payable	54,573	10,187	64,760
Due to other governments	1,171	19,387	20,558
Accrued interest payable	146,380	197,070	343,450
Deposits payable	1,350	850	2,200
Noncurrent liabilities			
Due within one year	990,558	1,096,691	2,087,249
Due in more than one year	<u>12,728,739</u>	<u>36,171,867</u>	<u>48,900,606</u>
<b>TOTAL LIABILITIES</b>	<u>14,062,788</u>	<u>37,994,399</u>	<u>52,057,187</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension resources	<u>538,572</u>	<u>51,555</u>	<u>590,127</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,861,667	13,019,826	19,881,493
Restricted for			
Debt service	698,371	-	698,371
Park improvements	139,539	-	139,539
Police expenses	23,373	-	23,373
Economic development projects	99,079	-	99,079
Capital purchases	49,776	-	49,776
Unrestricted	<u>2,538,153</u>	<u>5,789,331</u>	<u>8,327,484</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 10,409,958</u></u>	<u><u>\$ 18,809,157</u></u>	<u><u>\$ 29,219,115</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ST. FRANCIS, MINNESOTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities</b>				
General government	\$ 888,099	\$ 298,140	\$ -	\$ -
Public safety	2,334,480	184,994	140,347	-
Public works	919,720	2,868	41,399	1,086,137
Culture and recreation	468,326	3,030	445	100,000
Community development	427,300	243,640	98,805	-
Miscellaneous	6,153	90,051	-	-
Interest on long-term debt	357,173	-	-	-
Total governmental activities	<u>5,401,251</u>	<u>822,723</u>	<u>280,996</u>	<u>1,186,137</u>
<b>Business-type activities</b>				
Water	1,057,465	1,390,364	-	411,050
Sewer	1,184,441	1,361,064	-	3,438,792
Storm water	55,385	169,020	3,800	-
Liquor store	2,008,390	2,133,575	-	-
Total business-type activities	<u>4,305,681</u>	<u>5,054,023</u>	<u>3,800</u>	<u>3,849,842</u>
Total	<u>\$ 9,706,932</u>	<u>\$ 5,876,746</u>	<u>\$ 284,796</u>	<u>\$ 5,035,979</u>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

State grants and contributions not restricted to specific programs

Unrestricted investment earnings

Transfers

Total general revenues and transfers

Change in net position

Net position, January 1

Net position, December 31

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenues and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (589,959)	\$ -	\$ (589,959)
(2,009,139)	-	(2,009,139)
210,684	-	210,684
(364,851)	-	(364,851)
(84,855)	-	(84,855)
83,898	-	83,898
(357,173)	-	(357,173)
<u>(3,111,395)</u>	<u>-</u>	<u>(3,111,395)</u>
-	743,949	743,949
-	3,615,415	3,615,415
-	117,435	117,435
-	125,185	125,185
<u>-</u>	<u>4,601,984</u>	<u>4,601,984</u>
<u>(3,111,395)</u>	<u>4,601,984</u>	<u>1,490,589</u>
3,235,874	-	3,235,874
41,486	-	41,486
7,512	-	7,512
362,359	-	362,359
33,960	82,101	116,061
284,880	(284,880)	-
<u>3,966,071</u>	<u>(202,779)</u>	<u>3,763,292</u>
854,676	4,399,205	5,253,881
<u>9,555,282</u>	<u>14,409,952</u>	<u>23,965,234</u>
<u>\$ 10,409,958</u>	<u>\$ 18,809,157</u>	<u>\$ 29,219,115</u>

The notes to the financial statements are an integral part of this statement.

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**FUND FINANCIAL STATEMENTS**

CITY OF ST. FRANCIS  
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2016

CITY OF ST. FRANCIS, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

	101 General	300's Debt Service	417 Pederson Drive	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and temporary investments	\$ 3,344,033	\$ 128,523	\$ 3,874	\$ 1,526,375	\$ 5,002,805
Cash held with fiscal agent	-	530,138	-	-	530,138
Restricted cash	-	551,795	-	-	551,795
Receivables					
Accrued interest	4,727	954	-	2,266	7,947
Delinquent taxes	63,149	700	-	-	63,849
Accounts	3,840	-	-	2,280	6,120
Special assessments	3,325	190,482	-	371,648	565,455
Due from other governments	107,086	2,159	-	167	109,412
Inventories	40,816	-	-	-	40,816
<b>TOTAL ASSETS</b>	<b><u>\$ 3,566,976</u></b>	<b><u>\$ 1,404,751</u></b>	<b><u>\$ 3,874</u></b>	<b><u>\$ 1,902,736</u></b>	<b><u>\$ 6,878,337</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ 76,899	\$ -	\$ 2,070	\$ 23,414	\$ 102,383
Contracts payable	-	-	34,113	3,521	37,634
Accrued salaries payable	54,573	-	-	-	54,573
Due to other governments	1,171	-	-	-	1,171
Deposits payable	1,350	-	-	-	1,350
Due to other funds	-	-	-	289,670	289,670
<b>TOTAL LIABILITIES</b>	<b><u>133,993</u></b>	<b><u>-</u></b>	<b><u>36,183</u></b>	<b><u>316,605</u></b>	<b><u>486,781</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - taxes	63,149	700	-	-	63,849
Unavailable revenues - special assessments	3,325	190,482	-	371,648	565,455
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>66,474</u></b>	<b><u>191,182</u></b>	<b><u>-</u></b>	<b><u>371,648</u></b>	<b><u>629,304</u></b>
<b>FUND BALANCES</b>					
Nonspendable	40,816	-	-	-	40,816
Restricted	-	1,213,569	-	345,606	1,559,175
Assigned	-	-	-	1,158,547	1,158,547
Unassigned	3,325,693	-	(32,309)	(289,670)	3,003,714
<b>TOTAL FUND BALANCES</b>	<b><u>3,366,509</u></b>	<b><u>1,213,569</u></b>	<b><u>(32,309)</u></b>	<b><u>1,214,483</u></b>	<b><u>5,762,252</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 3,566,976</u></b>	<b><u>\$ 1,404,751</u></b>	<b><u>\$ 3,874</u></b>	<b><u>\$ 1,902,736</u></b>	<b><u>\$ 6,878,337</u></b>

The notes to the financial statements are an integral part of this statement.

CITY OF ST. FRANCIS, MINNESOTA  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

Amounts reported for the governmental activities in the statement of net position are different because

Total fund balances - governmental	\$ 5,762,252
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	20,185,784
Less: accumulated depreciation	(5,172,956)
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	
	270,503
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Bond principal payable	(8,745,000)
Compensated absences payable	(179,580)
Pension liability	(4,794,717)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pensions resources	3,139,320
Deferred inflows of pension resources	(538,572)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes receivable	63,849
Special assessments receivable	565,455
Governmental funds do not report a liability for accrued interest until due and payable.	
	(146,380)
Total net position - governmental activities	\$ 10,409,958

The notes to the financial statements are an integral part of this statement.

CITY OF ST. FRANCIS, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	101 General	300's Debt Service	417 Pederson Drive	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 3,006,641	\$ 41,486	\$ -	\$ 230,662	\$ 3,278,789
Licenses and permits	145,980	-	-	-	145,980
Intergovernmental	622,652	-	-	118,746	741,398
Charges for services	457,765	-	-	136,092	593,857
Fines and forfeitures	30,836	-	-	-	30,836
Special assessments	-	52,856	765,921	465,384	1,284,161
Interest on investments	16,913	6,876	-	10,171	33,960
Miscellaneous	179,740	-	2,679	103,048	285,467
<b>TOTAL REVENUES</b>	<b>4,460,527</b>	<b>101,218</b>	<b>768,600</b>	<b>1,064,103</b>	<b>6,394,448</b>
<b>EXPENDITURES</b>					
Current					
General government	774,871	-	-	-	774,871
Public safety	1,618,116	-	-	31,630	1,649,746
Public works	491,108	-	-	-	491,108
Culture and recreation	295,925	-	-	-	295,925
Community development	368,373	-	-	28,864	397,237
Miscellaneous	6,153	-	-	-	6,153
Capital outlay					
General government	1,637	-	-	25,646	27,283
Public safety	2,119	-	-	63,972	66,091
Public works	-	-	767,406	38,245	805,651
Culture and recreation	-	-	-	73,234	73,234
Debt service					
Principal	-	310,000	-	-	310,000
Interest and other charges	-	357,994	-	-	357,994
<b>TOTAL EXPENDITURES</b>	<b>3,558,302</b>	<b>667,994</b>	<b>767,406</b>	<b>261,591</b>	<b>5,255,293</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>902,225</b>	<b>(566,776)</b>	<b>1,194</b>	<b>802,512</b>	<b>1,139,155</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	60,000	564,880	-	20,000	644,880
Transfers out	(360,000)	-	-	-	(360,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(300,000)</b>	<b>564,880</b>	<b>-</b>	<b>20,000</b>	<b>284,880</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>602,225</b>	<b>(1,896)</b>	<b>1,194</b>	<b>822,512</b>	<b>1,424,035</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>2,764,284</b>	<b>1,215,465</b>	<b>(33,503)</b>	<b>391,971</b>	<b>4,338,217</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 3,366,509</b>	<b>\$ 1,213,569</b>	<b>\$ (32,309)</b>	<b>\$ 1,214,483</b>	<b>\$ 5,762,252</b>

The notes to the financial statements are an integral part of this statement.

CITY OF ST. FRANCIS, MINNESOTA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

Amounts reported for governmental activities in the statement of activities are different because

Total net change in fund balances - governmental funds	\$ 1,424,035
<p>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.</p>	
Capital outlays	909,837
Depreciation expense	(670,903)
<p>A gain or loss on the disposal of capital assets, including the difference between carrying value and any related sales proceeds, is included in net position. However, only the sales proceeds are included in the change in the change in fund balance.</p>	
	(31,388)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal repayments	310,000
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund 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.</p>	
	821
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(662,250)
Pension revenue	7,830
<p>Certain revenues are recognized as soon as it is earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Special assessments	(437,314)
Property taxes	6,083
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(2,075)
Change in net position - governmental activities	\$ 854,676

The notes to the financial statements are an integral part of this statement.

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CITY OF ST. FRANCIS, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,955,000	\$ 2,955,000	\$ 3,006,641	\$ 51,641
Licenses and permits	125,610	125,610	145,980	20,370
Intergovernmental	597,643	597,643	622,652	25,009
Charges for services	412,205	412,205	457,765	45,560
Fines and forfeitures	36,700	36,700	30,836	(5,864)
Interest on investments	14,700	14,700	16,913	2,213
Miscellaneous	134,485	134,485	179,740	45,255
<b>TOTAL REVENUES</b>	<b>4,276,343</b>	<b>4,276,343</b>	<b>4,460,527</b>	<b>184,184</b>
<b>EXPENDITURES</b>				
Current				
General government	813,445	813,445	774,871	38,574
Public safety	1,835,338	1,835,338	1,618,116	217,222
Public works	692,830	692,830	491,108	201,722
Culture and recreation	302,630	302,630	295,925	6,705
Community development	324,000	324,000	368,373	(44,373)
Miscellaneous	6,100	6,100	6,153	(53)
Capital outlay				
General government	2,000	2,000	1,637	363
Public safety	-	-	2,119	(2,119)
<b>TOTAL EXPENDITURES</b>	<b>3,976,343</b>	<b>3,976,343</b>	<b>3,558,302</b>	<b>418,041</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>300,000</b>	<b>300,000</b>	<b>902,225</b>	<b>602,225</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	60,000	60,000	60,000	-
Transfers out	(360,000)	(360,000)	(360,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(300,000)</b>	<b>(300,000)</b>	<b>(300,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>602,225</b>	<b>602,225</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>2,764,284</b>	<b>2,764,284</b>	<b>2,764,284</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 2,764,284</b>	<b>\$ 2,764,284</b>	<b>\$ 3,366,509</b>	<b>\$ 602,225</b>

The notes to the financial statements are an integral part of this statement.

CITY OF ST. FRANCIS, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and temporary investments	\$ 2,318,505	\$ 5,192,721	\$ 1,745,175	\$ 81,922	\$ 9,338,323
Cash held with fiscal agent	917,582	1,121,487	-	-	2,039,069
Receivables					
Accrued interest	3,602	3,575	2,495	58	9,730
Accounts, net of allowance for uncollectibles	237,473	191,008	26,020	-	454,501
Special assessments	52,740	49,109	-	41,778	143,627
Due from other governments	53,146	842	-	-	53,988
Due from other funds	289,670	-	-	-	289,670
Inventory	-	-	263,417	-	263,417
<b>TOTAL CURRENT ASSETS</b>	<b>3,872,718</b>	<b>6,558,742</b>	<b>2,037,107</b>	<b>123,758</b>	<b>12,592,325</b>
<b>NONCURRENT ASSETS</b>					
Special assessments	16,433	81,917	-	-	98,350
Capital assets					
Land	18,115	2,337,838	3,234	-	2,359,187
Construction in progress	-	24,293,957	-	-	24,293,957
Buildings	8,994,235	7,256,415	621,517	-	16,872,167
Machinery and equipment	151,111	159,267	180,474	-	490,852
Infrastructure	5,118,547	3,192,605	-	-	8,311,152
Less accumulated depreciation	(3,547,568)	(4,331,676)	(529,316)	-	(8,408,560)
<b>NET CAPITAL ASSETS</b>	<b>10,734,440</b>	<b>32,908,406</b>	<b>275,909</b>	<b>-</b>	<b>43,918,755</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>10,750,873</b>	<b>32,990,323</b>	<b>275,909</b>	<b>-</b>	<b>44,017,105</b>
<b>TOTAL ASSETS</b>	<b>14,623,591</b>	<b>39,549,065</b>	<b>2,313,016</b>	<b>123,758</b>	<b>56,609,430</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension resources	71,223	66,720	107,738	-	245,681

The notes to the financial statements are an integral part of this statement.



CITY OF ST. FRANCIS, MINNESOTA  
STATEMENT OF NET POSITION - CONTINUED  
PROPRIETARY FUNDS  
DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm	
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 11,850	\$ 79,113	\$ 103,879	\$ 5,868	\$ 200,710
Contracts payable	1,000	296,637	-	-	297,637
Accrued salaries payable	2,751	2,734	4,702	-	10,187
Due to other governments	478	-	18,909	-	19,387
Accrued interest payable	96,655	100,415	-	-	197,070
Unearned revenue	850	-	-	-	850
Compensated absences payable - current	6,928	6,928	10,835	-	24,691
Bonds payable - current	592,250	479,750	-	-	1,072,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>712,762</u>	<u>965,577</u>	<u>138,325</u>	<u>5,868</u>	<u>1,822,532</u>
<b>NONCURRENT LIABILITIES</b>					
Compensated absences payable	4,179	4,179	8,452	-	16,810
Pension liability	149,552	140,043	225,918	-	515,513
Bonds payable	8,209,000	27,430,544	-	-	35,639,544
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>8,362,731</u>	<u>27,574,766</u>	<u>234,370</u>	<u>-</u>	<u>36,171,867</u>
<b>TOTAL LIABILITIES</b>	<u>9,075,493</u>	<u>28,540,343</u>	<u>372,695</u>	<u>5,868</u>	<u>37,994,399</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred pension resources	14,967	14,011	22,577	-	51,555
<b>NET POSITION</b>					
Net investment in capital assets	3,148,842	9,595,075	275,909	-	13,019,826
Unrestricted	2,455,512	1,466,356	1,749,573	117,890	5,789,331
<b>TOTAL NET POSITION</b>	<u>\$ 5,604,354</u>	<u>\$ 11,061,431</u>	<u>\$ 2,025,482</u>	<u>\$ 117,890</u>	<u>\$ 18,809,157</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF ST. FRANCIS, MINNESOTA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm	
OPERATING REVENUES					
Sales	\$ -	\$ -	\$ 2,131,490	\$ -	\$ 2,131,490
Cost of sales	-	-	(1,581,494)	-	(1,581,494)
GROSS PROFIT	-	-	549,996	-	549,996
Charges for services	1,385,958	1,335,914	-	169,020	2,890,892
TOTAL OPERATING REVENUES	1,385,958	1,335,914	549,996	169,020	3,440,888
OPERATING EXPENSES					
Personal services	159,632	149,717	227,838	-	537,187
Supplies	71,681	20,237	5,896	-	97,814
Professional services	95,579	86,388	102,248	55,385	339,600
Communications	6,728	3,128	4,428	-	14,284
Insurance	13,892	12,396	14,422	-	40,710
Utilities	79,775	112,494	16,963	-	209,232
Repairs and maintenance	51,690	100,593	7,005	-	159,288
Depreciation	326,311	323,363	34,716	-	684,390
Other	13,473	14,876	13,380	-	41,729
TOTAL OPERATING EXPENSES	818,761	823,192	426,896	55,385	2,124,234
OPERATING INCOME	567,197	512,722	123,100	113,635	1,316,654
NONOPERATING REVENUES (EXPENSES)					
Interest income	30,513	39,227	11,906	455	82,101
Miscellaneous	4,406	25,150	2,085	3,800	35,441
Bond issuance costs	(2,863)	(44,410)	-	-	(47,273)
Interest expense	(235,841)	(316,839)	-	-	(552,680)
TOTAL NONOPERATING REVENUES (EXPENSES)	(203,785)	(296,872)	13,991	4,255	(482,411)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	363,412	215,850	137,091	117,890	834,243
TRANSFERS AND CONTRIBUTIONS					
Capital grants	-	3,310,272	-	-	3,310,272
Capital contributions - connection fees	411,050	128,520	-	-	539,570
Transfers out	(111,080)	(113,800)	(60,000)	-	(284,880)
TOTAL TRANSFERS AND CONTRIBUTIONS	299,970	3,324,992	(60,000)	-	3,564,962
CHANGE IN NET POSITION	663,382	3,540,842	77,091	117,890	4,399,205
NET POSITION, JANUARY 1	4,940,972	7,520,589	1,948,391	-	14,409,952
NET POSITION, DECEMBER 31	<u>\$ 5,604,354</u>	<u>\$ 11,061,431</u>	<u>\$ 2,025,482</u>	<u>\$ 117,890</u>	<u>\$ 18,809,157</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ST. FRANCIS, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 1,289,140	\$ 1,293,299	\$ 2,129,144	\$ 131,042	\$ 4,842,625
Payments to suppliers	(336,439)	(373,554)	(1,718,073)	(49,517)	(2,477,583)
Payments to employees	(160,929)	(151,745)	(235,105)	-	(547,779)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>791,772</u>	<u>768,000</u>	<u>175,966</u>	<u>81,525</u>	<u>1,817,263</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Decrease in due from other funds	363,335	-	-	-	363,335
Transfers to other funds	(111,080)	(113,800)	(60,000)	-	(284,880)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>252,255</u>	<u>(113,800)</u>	<u>(60,000)</u>	<u>-</u>	<u>78,455</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>					
Connection fees received	411,050	128,520	-	-	539,570
Capital grants received	-	3,310,272	-	-	3,310,272
Acquisition of capital assets	-	(15,939,137)	(12,856)	-	(15,951,993)
Withdrawals from refunding bond escrow agent	17,507	21,398	-	-	38,905
Payment made to refunding bond escrow agent	(11,482)	(14,033)	-	-	(25,515)
Proceeds from bonds issued, net	240,000	23,500,544	-	-	23,740,544
Issuance costs paid	(2,863)	(44,410)	-	-	(47,273)
Interest paid on bonds	(243,005)	(296,669)	-	-	(539,674)
Principal paid on bonds	(639,750)	(16,657,250)	-	-	(17,297,000)
<b>NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES</b>	<u>(228,543)</u>	<u>(5,990,765)</u>	<u>(12,856)</u>	<u>-</u>	<u>(6,232,164)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received on investments	26,629	38,731	11,515	397	77,272
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	842,113	(5,297,834)	114,625	81,922	(4,259,174)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>1,476,392</u>	<u>10,490,555</u>	<u>1,630,550</u>	<u>-</u>	<u>13,597,497</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 2,318,505</u>	<u>\$ 5,192,721</u>	<u>\$ 1,745,175</u>	<u>\$ 81,922</u>	<u>\$ 9,338,323</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ST. FRANCIS, MINNESOTA  
STATEMENT OF CASH FLOWS - CONTINUED  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm	
RECONCILIATION OF OPERATING INCOME					
TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income	\$ 567,197	\$ 512,722	\$ 123,100	\$ 113,635	\$ 1,316,654
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	326,311	323,363	34,716	-	684,390
Other income related to operations	4,406	25,150	2,085	3,800	35,441
(Increase) decrease in assets and deferred outflows of resources					
Receivables					
Accounts	(75,399)	(52,450)	(4,431)	-	(132,280)
Special assessments	(20,931)	(17,187)	-	(41,778)	(79,896)
Due from other governments	(5,744)	1,872	-	-	(3,872)
Inventories	-	-	(22,992)	-	(22,992)
Pension resources	(59,674)	(55,795)	(89,689)	-	(205,158)
Increase (decrease) in liabilities and deferred inflows of resources					
Accounts payable	(3,648)	(23,442)	50,929	5,868	29,707
Due to other governments	27	-	(174)	-	(147)
Accrued salaries payable	991	974	1,629	-	3,594
Pension liability	57,204	52,684	81,587	-	191,475
Unearned revenue	850	-	-	-	850
Compensated absences payable	1,590	1,590	2,222	-	5,402
Pension resources	(1,408)	(1,481)	(3,016)	-	(5,905)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 791,772</u></b>	<b><u>\$ 768,000</u></b>	<b><u>\$ 175,966</u></b>	<b><u>\$ 81,525</u></b>	<b><u>\$ 1,817,263</u></b>
NONCASH CAPITAL FINANCING AND INVESTING ACTIVITIES					
Decrease in market value of investments	\$ (3,012)	\$ (3,682)	\$ -	\$ -	\$ (6,694)
Capital assets acquired on account	<u>\$ -</u>	<u>\$ 296,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,637</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ST. FRANCIS, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2016

	Agency
	<b>853</b>
	Escrow
<b>ASSETS</b>	
Cash and temporary investments	\$ 193,076
Special assessments receivable	280
<b>TOTAL ASSETS</b>	<b>\$ 193,356</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 6,312
Deposits payable	187,044
<b>TOTAL LIABILITIES</b>	<b>\$ 193,356</b>

The notes to the financial statements are an integral part of this statement.

CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting entity**

The City of St. Francis, Minnesota (the City) operates under its own "Home Rule Charter." Under this Charter, the government of the City is governed by the City Council composed of an elected Mayor and four elected City Council Members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the City. The City has the following component unit:

***Blended component unit***

The Economic Development Authority (EDA) of the City was created pursuant to Minnesota statutes 469.090 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. The five member Board consists of two City Council members and three other City Council approved members.

A component unit is a legally separate entity, so there is a basic assumption it should be presented separately (discretely) from the primary government. However, a blended component unit functions as an integral part of the primary government and is presented as though it were a fund of the primary government. The EDA may not exercise any of its authorized powers without prior approval of the City Council. The EDA meets the requirements for a blended component unit because the primary government has operational responsibility and its total debt outstanding is expected to be repaid entirely with the resources of the primary government. Therefore, it is presented as a governmental fund in the financial statements of the City. Separate financial statements are not issued for this component unit.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. *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 fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds financial statements. 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 year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

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



CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The City reports the following major governmental funds:

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.

The *Debt Service fund* accounts for the accumulation of resources and payment of bond principal and interest from governmental resources when the City is obligated in some manner for the payment.

The *Pederson Drive accounts* for the accumulation of resources to finance the Pederson Drive street improvement project.

The City reports the following major proprietary funds:

The *Water fund* accounts for costs associated with the City's water system and insure that user charges are sufficient to pay for those costs.

The *Sewer fund* accounts for the costs associated with the City's sewer system and insure that user charges are sufficient to pay for those costs.

The *Liquor Store fund* accounts for the costs associated with the City's liquor operations.

Additionally, the City reports the following fund types:

*Fiduciary fund* accounts for assets held by the City in a trustee capacity or as an agent on behalf of others.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

This fund is used to account for developer deposits and funds held on the behalf of others. The developer deposits are used to pay for specific expenses related to development and planning. Once the development is complete, any remaining funds are returned to the original depositor.

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

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 enterprise funds are charges to customers for sales and services. Operating expenses for 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.

CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position/fund balance**

*Deposits and investments*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statement of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase 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, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of December 31, 2016:

- US government securities of \$2,738,558 and state and local government securities of \$354,475 are valued using quoted market prices (Level 1 inputs)
- Corporate bonds of \$4,369,452 are valued using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market fund and broker money market investment pools operate in accordance with appropriate State laws and regulations. The 4M fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC under rule 2a7. The reported value of the pool is the same as the fair value of the pool share. Financial statements of the 4M fund can be obtained by contracting RBC Global Asset Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

***Property taxes***

The City Council annually adopts a tax levy in December and certifies it to the County for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Auditor and tax settlements are made to the City during January, July and December each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the fund financial statements.

***Accounts receivable***

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2016. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established for utility receivables.

***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. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

***Interfund receivables and payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/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."

***Inventories***

The inventories are stated at average cost, which approximates market using the first-in, first-out (FIFO) method.

CITY OF ST. FRANCIS, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2016

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Capital assets***

Capital assets, which include property, plant, equipment and infrastructure assets, (e.g., 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 City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Live in Years
Land improvements	15
Buildings and improvements	15 to 40
Infrastructure	20 to 50
Machinery and equipment	3 to 20

***Deferred outflows of resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

***Compensated absences***

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation, which is paid to the employee upon separation. A portion of unused sick leave may also be paid upon separation from City service. 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. The General fund is typically used to liquidate the governmental compensated absences liability.

CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Postemployment benefits other than pensions***

In August 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the City's fiscal year 2009. Statement No. 45 requires accrual-based measurement, recognition and disclosure of other postemployment benefits (OPEB) expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability, net of any plan assets. The City has no plans that would result in an OPEB liability and, therefore, the City anticipates it will not incur any future explicit or implicit OPEB costs for its employees and, therefore, no liability will be recorded.

***Long-term obligations***

In the government-wide financial statements, and proprietary fund types in the 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. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that 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.

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by the St. Francis Fire Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value.

***Deferred inflows of resources***

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Fund balance***

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

*Nonspendable* - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

*Restricted* - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

*Assigned* - Amounts constrained for specific purposes that are internally imposed. Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Assigned amounts represent intended uses established by the City Council itself or by the Finance Director to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Finance Director.

*Unassigned* - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 45 percent of budgeted operating expenditures for cash-flow timing needs.

***Net position***

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

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consist of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

***Restricted assets***

Certain resources set aside for the repayment of revenue bonds are classified as restricted assets because its use is limited by applicable bond resolutions. In accordance with these resolutions, reserve accounts have been established for the retirement of outstanding debt.

CITY OF ST. FRANCIS, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2016

**Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund, special revenue funds, Debt Service funds, Park Improvements, Capital Projects fund, Creekview Estate Street and Utility Improvement, and Ivywood and 230<sup>th</sup> Lane fund. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In August of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30<sup>th</sup>, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City's department heads, with the approval of the City Administrator, may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is at the department level

**B. Excess of expenditures over appropriations**

For the year ended December 31, 2016 expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Park Improvements	\$ -	\$ 73,234	\$ 73,234
Creekview Estates	-	54	54
Ivywood and 230th Lane	-	67	67
Go Bonds 2007A	101,783	111,950	10,167
Go Bonds 2015A	4,650	4,776	126
EDA Lease Revenue	550,110	551,268	1,158

The excess expenditures were funded by revenues in excess of expectations, available fund balance and/or future revenue sources.

**C. Deficit fund equity**

The following funds had deficits at December 31, 2016:

Fund	Amount
Major governmental	
Pederson Drive	\$ 32,309
Nonmajor governmental	
Aztec Street Improvement	202,858
Creekview Estate Street and Utility Improvement	38,348
Ivywood and 230th Lane	48,464

The deficits will be eliminated with future special assessments, tax levies and/or transfers.

CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 3: DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

*Deposits*

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a 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 selection should be approved by the government entity.

At year end, the City's carrying amount of deposits was \$651,098 and the bank balance was \$632,876. The bank balance was partially covered by federal depository insurance while the remaining balance was covered by collateral held by the City's agent in the City's name.



CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

***Cash and investments summary***

A reconciliation of cash and temporary investments as shown on the financial statements for the City follows:

Carrying amount of deposits	\$ 651,098
Investments	<u>17,004,108</u>
Total	<u><u>\$ 17,655,206</u></u>
As reported on the financial statements	
Statement of net position	
Cash and temporary investments	\$ 14,341,128
Cash with fiscal agent	2,569,207
Restricted cash	551,795
Fiduciary statement of net position	<u>193,076</u>
Total	<u><u>\$ 17,655,206</u></u>

***Investments***

As of December 31, 2016, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Credit Quality/ Rating (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled investments at amortized costs						
Minnesota Municipal Money Market	N/A	less than 6 months	\$ 9,322,935			
Broker Money Market	N/A	less than 6 months	218,688			
Non-pooled investments at fair value						
Negotiable Certificates of Deposits	N/A	less than 6 months	2,115,241	\$ -	\$ 2,115,241	\$ -
Negotiable Certificates of Deposits	N/A	6 months to 1 year	334,087	-	334,087	-
Negotiable Certificates of Deposits	N/A	1 to 3 years	978,699	-	978,699	-
Negotiable Certificates of Deposits	N/A	more than 3 years	941,425	-	941,425	-
State and Local Government Securities	AA+	less than 6 months	15,050	15,050	-	-
State and Local Government Securities	AA2	1 to 3 years	214,529	214,529	-	-
State and Local Government Securities	A+	more than 3 years	103,693	103,693	-	-
State and Local Government Securities	A1	more than 3 years	21,203	21,203	-	-
U.S. Government Securities	AAA	more than 3 years	2,569,207	2,569,207	-	-
U.S. Government Securities	AA+	more than 3 years	169,351	169,351	-	-
Total investments			<u>\$ 17,004,108</u>	<u>\$ 3,093,033</u>	<u>\$ 4,369,452</u>	<u>\$ -</u>

- (1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.  
(2) Interest rate risk is disclosed using the segmented time distribution method.  
N/A Indicates not applicable or available.

CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

The investments of the City are subject to the following risks:

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 54 of the notes. In accordance with its investment policy, the City will minimize credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business, and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk.
- *Concentration of Credit risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with its investment policy, the investment portfolio should be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific issuer, maturity or class of securities. Extended maturities may be utilized to take advantage of higher yields; however, no more than 10 percent of the total investments should extend beyond five (5) years and in no circumstance should any extend beyond 10 years.
- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio.

CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**B. Capital assets**

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 1,427,736	\$ -	\$ -	\$ 1,427,736
Construction in progress	33,503	767,406	(800,909)	-
 Total capital assets not being depreciated	 1,461,239	 767,406	 (800,909)	 1,427,736
Capital assets, being depreciated				
Land improvements	174,771	-	-	174,771
Buildings	8,840,170	22,136	-	8,862,306
Infrastructure	5,507,902	800,909	-	6,308,811
Machinery and equipment	3,354,956	120,295	(63,091)	3,412,160
 Total capital assets being depreciated	 17,877,799	 943,340	 (63,091)	 18,758,048
Less accumulated depreciation for				
Land improvements	(96,312)	(8,739)	-	(105,051)
Buildings	(949,310)	(226,673)	-	(1,175,983)
Infrastructure	(1,191,638)	(222,360)	-	(1,413,998)
Machinery and equipment	(2,296,496)	(213,131)	31,703	(2,477,924)
 Total accumulated depreciation	 (4,533,756)	 (670,903)	 31,703	 (5,172,956)
 Total capital assets being depreciated, net	 13,344,043	 272,437	 (31,388)	 13,585,092
 Governmental activities capital assets, net	 \$ 14,805,282	 \$ 1,039,843	 \$ (832,297)	 \$ 15,012,828

CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 2,359,187	\$ -	\$ -	\$ 2,359,187
Construction in progress	8,829,191	15,464,765	-	24,293,956
	<u>11,188,378</u>	<u>15,464,765</u>	<u>-</u>	<u>26,653,143</u>
Total capital assets not being depreciated				
Capital assets being depreciated				
Buildings	16,859,310	12,856	-	16,872,166
Infrastructure	8,311,152	-	-	8,311,152
Machinery and equipment	499,474	-	-	499,474
	<u>25,669,936</u>	<u>12,856</u>	<u>-</u>	<u>25,682,792</u>
Total capital assets being depreciated				
Less accumulated depreciation for				
Buildings	(5,011,982)	(388,349)	-	(5,400,331)
Infrastructure	(2,343,220)	(267,200)	-	(2,610,420)
Machinery and equipment	(377,588)	(28,841)	-	(406,429)
	<u>(7,732,790)</u>	<u>(684,390)</u>	<u>-</u>	<u>(8,417,180)</u>
Total accumulated depreciation				
Total capital assets being depreciated, net				
	<u>17,937,146</u>	<u>(671,534)</u>	<u>-</u>	<u>17,265,612</u>
Business-type activities capital assets, net				
	<u>\$ 29,125,524</u>	<u>\$ 14,793,231</u>	<u>\$ -</u>	<u>\$ 43,918,755</u>

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

<b>Governmental activities</b>		
General government		\$ 27,569
Public safety		186,727
Community development		2,482
Public works		351,898
Culture and recreation		102,227
		<u>670,903</u>
Total depreciation expense - governmental activities		<u>\$ 670,903</u>
<b>Business-type activities</b>		
Water		\$ 326,311
Sewer		323,363
Liquor store		34,716
		<u>684,390</u>
Total depreciation expense - business-type activities		<u>\$ 684,390</u>

CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**C. Construction commitments**

The City had the following outstanding construction commitment at December 31, 2016:

<u>Project</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
Wastewater Treatment Plant	\$ 19,803,172	\$ 2,029,128

**D. Interfund receivables, payables and transfers**

The composition of interfund balances as of December 31, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
Water	Nonmajor governmental funds	To provide cash flows	<u>\$ 289,670</u>

The City made transfers during the fiscal year 2016 as shown and described below:

<u>Fund</u>	<u>Transfer in</u>			<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	
Transfer out				
General	\$ -	\$ 360,000	\$ -	\$ 360,000
Water	-	101,080	10,000	111,080
Sewer	-	103,800	10,000	113,800
Liquor Store	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
Total	<u>\$ 60,000</u>	<u>\$ 564,880</u>	<u>\$ 20,000</u>	<u>\$ 644,880</u>

The City made the following unbudgeted transfers during 2016:

- The General fund transferred \$360,000 to the EDA Lease Revenue Bond fund (Debt Service) for future debt service payments.
- The Water and Sewer funds transferred \$101,080 and \$103,800, respectively, to the Debt Service fund for debt service payments.
- The Liquor fund transferred \$60,000 to the General fund for its annual contribution to Pioneer days and for the reimbursement of EDA expenditures.
- The Water and Sewer funds each transferred \$10,000, to the Nonmajor Governmental fund for capital projects.

CITY OF ST. FRANCIS, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
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**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**E. Long-term debt**

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for proprietary activities. These bonds are reported in the proprietary funds as they are expected to be repaid from proprietary fund revenues. In addition, bonds have been issued to refund general obligation bonds.

General obligation improvement bonds

The following bond was issued to finance various improvement projects throughout the City. It will be retired through a combination of transfers from enterprise funds, generated through utility revenues, future tax levies and special assessments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement and Utility Revenue Bonds, Series 2007A	\$ 1,110,000	4.000 - 4.375 %	12/13/07	02/01/17	\$ 605,000
G.O. Crossover Refunding Refunding Bonds Series 2013A	560,000	1.000 - 2.000	03/27/13	02/01/23	560,000
G.O. Improvement Bonds Series 2015A	265,000	2.000 - 3.000	10/26/15	02/01/26	<u>265,000</u>
Total General Obligation Bonds					<u>\$ 1,430,000</u>

Annual debt service requirements to maturity for general obligation improvement bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2017	\$ 630,000	\$ 27,504	\$ 657,504
2018	115,000	13,912	128,912
2019	115,000	12,400	127,400
2020	120,000	10,625	130,625
2021	120,000	8,581	128,581
2022-2026	<u>330,000</u>	<u>14,250</u>	<u>344,250</u>
Total	<u>\$ 1,430,000</u>	<u>\$ 87,272</u>	<u>\$ 1,517,272</u>

CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

General obligation revenue bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be retired from net revenues of the enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement and Utility Revenue Bonds, Series 2007	\$ 3,115,000	4.000 - 4.375 %	12/13/07	02/01/28	\$ 2,175,000
MPFA - Water Revenue Bonds Series 2008	9,013,468	2.563	12/18/07	08/20/27	6,606,000
G.O. Sewer Revenue Bonds, Series 2010A	1,600,000	2.000 - 3.500	09/20/10	02/01/31	1,330,000
G.O. Crossover Refunding Refunding Bonds Series 2013A	560,000	1.000 - 2.300	03/27/13	02/01/23	2,170,000
G.O. Bonds Series 2015A	690,000	2.000 - 3.100	11/01/15	02/01/31	690,000
G.O. Revenue Bonds Series 2016A	1,930,000	1.000	06/30/16	02/01/37	1,930,000
G.O. Sewer Revenue Bonds Series 2016B	16,010,544	1.000	10/20/16	08/20/46	16,010,544
G.O. Sewer Revenue Bonds, Series 2016C	5,800,000	1.000	11/09/16	11/01/18	<u>5,800,000</u>
Total G.O. Revenue Bonds					<u><u>\$36,711,544</u></u>

Annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2017	\$ 1,072,000	\$ 663,494	\$ 1,735,494
2018	7,156,000	714,141	7,870,141
2019	1,635,000	569,034	2,204,034
2020	1,667,000	536,255	2,203,255
2021	1,725,000	501,921	2,226,921
2022-2026	9,359,000	2,056,401	11,415,401
2027-2031	6,391,000	1,010,882	7,401,882
2032-2036	4,442,000	634,676	5,076,676
2037-2041	3,264,544	317,117	3,581,661
Total	<u>\$ 36,711,544</u>	<u>\$ 7,003,921</u>	<u>\$ 43,715,465</u>

CITY OF ST. FRANCIS, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
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**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water	Sewer
Net operating revenues	#####	\$ 964,605
Principal and interest	865,025	715,632
Percentage of revenues	66 %	74 %

Lease revenue bonds

The EDA has issued lease revenue bonds for financing building projects in accordance with Minnesota statutes. The agreements are supported by capital leases between the EDA and the City. The bonds will be paid back with future City property tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Public Project					
Lease Revenue Bonds	\$ 8,200,000	1.0-5.0 %	01/01/12	02/01/37	\$ 7,315,000

Annual debt service requirements to maturity for lease revenue bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2017	\$ 240,000	\$ 308,045	\$ 548,045
2018	245,000	301,980	546,980
2019	250,000	295,295	545,295
2020	260,000	287,895	547,895
2021	265,000	279,755	544,755
2022-2026	1,475,000	1,249,318	2,724,318
2027-2031	1,790,000	910,994	2,700,994
2032-2036	2,265,000	424,563	2,689,563
2037	525,000	13,125	538,125
Total	\$ 7,315,000	\$ 4,070,970	\$ 11,385,970



CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

Changes in long-term liabilities

Noncurrent liability activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds payable					
General obligation bonds	\$ 1,505,000	\$ -	\$ (75,000)	\$ 1,430,000	\$ 630,000
Lease revenue bonds	7,550,000	-	(235,000)	7,315,000	240,000
Compensated absences payable	177,505	108,148	(106,073)	179,580	120,558
Pension liability					
GERF	639,911	729,457	(66,112)	1,303,256	-
PEPFF	988,524	2,646,544	(143,607)	3,491,461	-
	<u>\$ 10,860,940</u>	<u>\$ 3,484,149</u>	<u>\$ (625,792)</u>	<u>\$ 13,719,297</u>	<u>\$ 990,558</u>
Governmental activity long-term liabilities					
<b>Business-type activities</b>					
Bonds payable					
General obligation revenue bonds	\$ 30,268,000	\$ 23,740,544	\$(17,297,000)	\$ 36,711,544	\$ 1,072,000
Compensated absences payable	36,099	28,691	(23,289)	41,501	24,691
Pension liability					
GERF	324,038	352,206	(160,731)	515,513	-
	<u>\$ 30,628,137</u>	<u>\$ 24,121,441</u>	<u>\$ (17,481,020)</u>	<u>\$ 37,268,558</u>	<u>\$ 1,096,691</u>
Business-type activity long-term liabilities					

CITY OF ST. FRANCIS, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
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**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**F. Fund balance classification**

At December 31, 2016, a summary of the governmental fund balance classifications are as follows:

	General	Debt Service	Other Governmental Funds	Total
Nonspendable				
Inventories	\$ 40,816	\$ -	\$ -	\$ 40,816
Restricted for				
Debt service	\$ -	\$ 1,213,569	\$ -	\$ 1,213,569
Police expenditures	-	-	23,373	23,373
Economic development projects	-	-	99,079	99,079
Park improvements	-	-	139,539	139,539
Capital purchases	-	-	49,776	49,776
Capital projects	-	-	33,839	33,839
Total restricted	\$ -	\$ 1,213,569	\$ 345,606	\$ 1,559,175
Assigned to				
Capital projects	\$ -	\$ -	\$ 1,158,547	\$ 1,158,547

**Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE**

**A. Plan description**

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

General Employees Retirement Fund (GERF)

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

Public Employees Police and Fire Fund (PEPFF)

The 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 a local relief association that elected to merge with and transfer assets and administration to PERA.

CITY OF ST. FRANCIS, MINNESOTA  
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**Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED**

**B. Benefits provided**

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

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

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

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

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 ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service.

For PEPFF members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**C. Contributions**

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

GERF contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2016. The City was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2016. The City's contributions to the GERF for the years ending December 31, 2016, 2015 and 2014 were \$107,200, \$93,328, and \$76,631, respectively.

PEPFF contributions

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2016. The City was required to contribute 16.20 percent of pay for PEPFF members in calendar year 2016. The City's contributions to the PEPFF for the years ending December 31, 2016, 2015 and 2014 were \$127,740, \$137,113, and \$116,369, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

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**Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED**

**D. Pension costs**

GERF pension costs

At December 31, 2016, the City reported a liability of \$1,818,769 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2016. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$23,762. The net pension liability was measured as of June 30, 2016, 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 PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportion was 0.0224 percent which was an increase of .0038 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$91,659 for its proportionate share of GERF's pension expense. In addition, the City recognized an additional \$7,085 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the GERF.

At December 31, 2016, the City reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,903	\$ 165,244
Changes in actuarial assumptions	394,093	-
Net difference between projected and actual earnings on plan investments	219,722	
Changes in proportion	157,729	24,346
Contributions to GERF subsequent to the measurement date	54,309	-
Total	\$ 831,756	\$ 189,590

Deferred outflows of resources totaling \$54,309 related to pensions resulting from the City's contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2017	\$ 165,458
2018	130,973
2019	225,729
2020	65,697

CITY OF ST. FRANCIS, MINNESOTA  
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**Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED**

PEPFF pension costs

At December 31, 2016, the City reported a liability of \$3,491,461 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2016, 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 PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportionate share was 0.087 percent which is unchanged from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$105,116 for its proportionate share of PEPFF's pension expense. The City also recognized \$641,326 for the year ended December 31, 2016 as pension expense (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the plan. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2016, the City reported its proportionate share of PEPFF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 743	\$ 400,537
Changes in actuarial assumptions	2,062,465	-
Net difference between projected and actual earnings on plan investments	301,000	
Changes in proportion	44,717	-
Contributions to PEPFF subsequent to the measurement date	61,252	-
Total	\$ 2,470,177	\$ 400,537

Deferred outflows of resources totaling \$61,252 related to pensions resulting from the City's contributions to PEPFF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to PEPFF pensions will be recognized in pension expense as follows:

2017	\$ 384,253
2018	384,253
2019	500,166
2020	409,873
2021	329,843

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NOTES TO THE FINANCIAL STATEMENTS  
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**Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED**

**E. Actuarial assumptions**

The total pension liability in the June 30, 2015 actuarial valuation was determined using 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 were based on RP-2014 tables for the GERF and RP-2000 tables for the PEPFF for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1 percent per year for all future years for the GERF and PEPFF.

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF was completed in 2015. The experience study for PEPFF was for the period July 1, 2004 through June 30, 2009.

The following changes in actuarial assumptions occurred in 2016:

GERF

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years.
- The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent.
- Other assumptions were changed pursuant to the experience study dated 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.

PEPFF

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years.
- The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 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.

CITY OF ST. FRANCIS, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2016

**Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED**

The State Board of Investment, which manages the investments of 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 stocks	45.00 %	5.50 %
International stocks	15.00	6.00
Bonds	18.00	1.45
Alternative assets	20.00	6.40
Cash	<u>2.00</u>	0.50
Total	<u><u>100.00 %</u></u>	

**F. Discount rate**

The discount rate used to measure the total pension liability was 7.50 percent, a reduction from the 7.90 percent used in 2015. 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 position of the GERP was 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.

In the PEPFF, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056. Beginning in fiscal year ended June 30, 2057 for the PEPFF, when projected benefit payments exceed the funds' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85 percent based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60 percent for the PEPFF was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50 percent applied to all years of projected benefits through the point of asset depletion and 2.85 percent after.

CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED**

**G. Pension liability sensitivity**

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

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
GERF	\$ 2,583,191	\$ 1,818,769	\$ 1,189,093
	1 Percent Decrease (4.60%)	Current (5.60%)	1 Percent Increase (6.60%)
PEPFF	\$ 4,887,583	\$ 3,491,461	\$ 2,350,724

**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 Internet at [www.mnpera.org](http://www.mnpera.org).

**Note 5: DEFINED BENEFIT PENSION PLAN - FIRE RELIEF ASSOCIATION**

**A. Plan description**

All members of the St. Francis Fire Department (the Department) are covered by a defined benefit plan administered by the St. Francis Fire Relief Association (the Association). As of December 31, 2015, the plan covered 18 active firefighters and 6 vested terminated firefighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

**B. Benefits provided**

A fire fighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 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 non-forfeitable percentage of pension.

**C. Contribution**

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). The State of Minnesota contributed \$37,251 in fire state aid to the plan on behalf of the St. Francis Fire Department for the year ended December 31, 2015, which was recorded as a revenue. The City's statutorily-required contributions to the plan for the year ended December 31, 2016 were \$35,592. The City's contributions were equal to the required contributions as set by state statute.



CITY OF ST. FRANCIS, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2016

**Note 5: DEFINED BENEFIT PENSION PLAN - FIRE RELIEF ASSOCIATION - CONTINUED**

**D. Pension costs**

At December 31, 2016, the City reported a net pension asset of \$270,503 for the plan. The net pension asset was measured as of December 31, 2015. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by Hildi, Inc. applying an actuarial formula to specific census data certified by the Department as of December 31, 2015.

For the year ended December 31, 2016, the Fire Department recognized pension expense of \$37,231.

December 31, 2016, the City reported deferred inflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 47,476
Contributions to plan subsequent to the measurement date	35,592
Total	\$ 83,068

Deferred outflows of resources totaling \$35,592 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

2016	\$ 11,955
2017	11,955
2018	11,951
2019	11,615

**E. Actuarial assumptions**

The total pension liability at December 31, 2015 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at 100 percent at age 50	
Salary increases	2.50% per year
Investment rate of return	6.25%
20 year municipal bond yield	3.50%

There were no changes in actuarial assumptions in 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

CITY OF ST. FRANCIS, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2016

**Note 5: DEFINED BENEFIT PENSION PLAN - FIRE RELIEF ASSOCIATION - CONTINUED**

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>
Equities	62.00 %	7.50 %
Fixed income	25.00	5.00
Cash	11.00	2.00
Other	<u>2.00</u>	6.00
Total	<u><u>100.00 %</u></u>	

**F. Discount rate**

The discount rate used to measure the total pension liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. 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 asset for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension asset would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	<u>1 Percent Decrease (5.25%)</u>	<u>Current (6.25%)</u>	<u>1 Percent Increase (7.25%)</u>
Defined benefit plan	\$ (257,847)	\$ (270,503)	\$ (282,613)

**H. Pension plan fiduciary net position**

The Association issues a publicly available financial report. The report may be obtained by writing to the St. Francis Fire Department Relief Association, 3740 Bridge Street NW, St. Francis MN, 55070.

CITY OF ST. FRANCIS, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 6: OTHER INFORMATION**

**A. Legal debt margin**

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of 3 percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increment. The City has no debt subject to the limit.

**B. 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; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

**C. Tax increment financing districts**

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

The City has entered into "pay as you go" Tax Increment Financing notes within its TIF districts. These notes are payable only to the extent of the increment received. As a result they are a commitment within the district but they have not met the criteria to be reported as a liability on the statement of net position.

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**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF ST. FRANCIS  
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2016

CITY OF ST. FRANCIS, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2016

**Schedule of employer's share of PERA net pension liability - General Employee Retirement Fund**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/16	0.0224 %	\$ 1,818,769	\$ 23,762	\$ 1,842,531	\$ 1,392,886	132.3 %	68.9 %
6/30/15	0.0186	963,949	-	963,949	1,095,456	88.0	78.2

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

**Schedule of employer's PERA contributions - General Employee Retirement Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/16	\$ 107,200	\$ 107,200	\$ -	\$ 1,429,333	7.5 %
12/31/15	93,328	93,328	-	1,244,373	7.5

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

CITY OF ST. FRANCIS, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2016

**Schedule of employer's share of PERA net pension liability - Public Employee Police and Fire Fund**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/16	0.0870 %	\$ 3,491,461	\$ -	\$ 3,491,461	\$ 838,998	416.1 %	63.9 %
06/30/15	0.0870	988,524	-	988,524	796,699	124.1	86.6

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

**Schedule of employer's PERA contributions - Public Employees Police and Fire Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/16	\$ 127,740	\$ 127,740	\$ -	\$ 788,519	16.2 %
12/31/15	137,113	137,113	-	846,377	16.2

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

CITY OF ST. FRANCIS, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2016

**Schedule of changes in the Fire Relief Association's net pension liability (asset) and related ratios**

	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
<b>Total pension liability</b>		
Service cost	\$ 16,867	\$ 16,456
Interest	14,927	18,114
Plan changes	85,421	-
Benefit payments, including refunds of employee contributions	<u>(17,815)</u>	<u>(115,925)</u>
<b>Net change in total pension liability</b>	99,400	(81,355)
<b>Total pension liability - January 1</b>	<u>247,732</u>	<u>329,087</u>
<b>Total pension liability - December 31 (a)</b>	<u><u>\$ 347,132</u></u>	<u><u>\$ 247,732</u></u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 36,251	\$ 35,927
Net investment income	(18,720)	37,617
Benefit payments, including refunds of employee contributions	(17,815)	(115,925)
Administrative expense	<u>(5,600)</u>	<u>(5,584)</u>
<b>Net change in plan fiduciary net position</b>	(5,884)	(47,965)
<b>Plan fiduciary net position - January 1</b>	<u>623,519</u>	<u>671,484</u>
<b>Plan fiduciary net position - December 31 (b)</b>	<u><u>\$ 617,635</u></u>	<u><u>\$ 623,519</u></u>
<b>Fire Relief's net pension liability (asset) - December 31 (a-b)</b>	<u><u>\$ (270,503)</u></u>	<u><u>\$ (375,787)</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability (b/a)</b>	177.93%	251.69%
<b>Covered-employee payroll</b>	N/A	N/A
<b>Fire Relief's net pension liability (asset) as a percentage of covered-employee payroll</b>	N/A	N/A

**Schedule of employer's Fire Relief Association contributions**

Year Ending	Required Supplementary Information		
	Statutorily Determined Contribution	Actual Contributions Paid	Contribution Deficiency (Excess)
	(a)	(b)	(a-b)
12/31/16	\$ 35,592	\$ 35,592	\$ -
12/31/15	37,251	37,251	-



**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

CITY OF ST. FRANCIS  
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2016

CITY OF ST. FRANCIS, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2016

	Special Revenue	Capital Projects	Total
<b>ASSETS</b>			
Cash and temporary investments	\$ 122,311	\$ 1,404,064	\$ 1,526,375
Receivables			
Accrued interest	141	2,125	2,266
Accounts	-	2,280	2,280
Special assessments	-	371,648	371,648
Due from other governments	-	167	167
	<u>122,452</u>	<u>1,780,284</u>	<u>1,902,736</u>
<b>TOTAL ASSETS</b>	<u>\$ 122,452</u>	<u>\$ 1,780,284</u>	<u>\$ 1,902,736</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 23,414	\$ 23,414
Contracts payable	-	3,521	3,521
Due to other funds	-	289,670	289,670
	<u>-</u>	<u>316,605</u>	<u>316,605</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>316,605</u>	<u>316,605</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - special assessments	-	371,648	371,648
	<u>-</u>	<u>371,648</u>	<u>371,648</u>
<b>FUND BALANCES</b>			
Restricted	122,452	223,154	345,606
Assigned	-	1,158,547	1,158,547
Unassigned	-	(289,670)	(289,670)
	<u>122,452</u>	<u>1,092,031</u>	<u>1,214,483</u>
<b>TOTAL FUND BALANCES</b>	<u>122,452</u>	<u>1,092,031</u>	<u>1,214,483</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 122,452</u>	<u>\$ 1,780,284</u>	<u>\$ 1,902,736</u>

CITY OF ST. FRANCIS, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue	Capital Projects	Total
REVENUES			
Taxes	\$ 7,512	\$ 223,150	\$ 230,662
Intergovernmental	-	118,746	118,746
Charges for services	19,897	116,195	136,092
Special assessments	-	465,384	465,384
Interest on investments	367	9,804	10,171
Miscellaneous	99,403	3,645	103,048
TOTAL REVENUES	127,179	936,924	1,064,103
EXPENDITURES			
Current			
Public safety	31,630	-	31,630
Community development	28,864	-	28,864
Capital outlay			
General government	-	25,646	25,646
Public safety	-	63,972	63,972
Public works	-	38,245	38,245
Culture and recreation	-	73,234	73,234
TOTAL EXPENDITURES	60,494	201,097	261,591
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	66,685	735,827	802,512
OTHER FINANCING SOURCES			
Transfers in	-	20,000	20,000
NET CHANGE IN FUND BALANCES	66,685	755,827	822,512
FUND BALANCES, JANUARY 1	55,767	336,204	391,971
FUND BALANCES, DECEMBER 31	\$ 122,452	\$ 1,092,031	\$ 1,214,483

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## NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenue derived from specific taxes or other earmarked revenue sources. They are usually required by Minnesota statute or local ordinances to finance particular functions or other activities of government.

**Police Forfeiture** - proceeds from the sale of forfeited vehicles which is legally restricted for the purchase of police equipment.

**EDA** - activity associated with the Economic Development Authority to encourage, attract, promote and develop economically sound industry and commerce within the City to both encourage job development and for the prevention of unemployment in the City.

**Turtle Ridge TIF** - activity associated with the City's only Tax Increment Financing District established for the Turtle Ridge Townhome project.

CITY OF ST. FRANCIS, MINNESOTA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2016

	<b>208</b> Police Forfeiture	<b>240</b> EDA	<b>250</b> Turtle Ridge TIF	Total
<b>ASSETS</b>				
Cash and temporary investments	\$ 23,373	\$ 98,938	\$ -	\$ 122,311
Accrued interest receivable	-	141	-	141
<b>TOTAL ASSETS</b>	<b><u>\$ 23,373</u></b>	<b><u>\$ 99,079</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 122,452</u></b>
<b>FUND BALANCES</b>				
Restricted for				
Police expenditures	\$ 23,373	\$ -	\$ -	\$ 23,373
Economic development projects	-	99,079	-	99,079
<b>TOTAL FUND BALANCES</b>	<b><u>\$ 23,373</u></b>	<b><u>\$ 99,079</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 122,452</u></b>

CITY OF ST. FRANCIS, MINNESOTA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<b>208</b> Police Forfeiture	<b>240</b> EDA	<b>250</b> Turtle Ridge TIF	Total
REVENUES				
Tax increments	\$ -	\$ -	\$ 7,512	\$ 7,512
Charges for services	19,897	-	-	19,897
Interest on investments	-	274	93	367
Miscellaneous	598	98,805	-	99,403
<b>TOTAL REVENUES</b>	<b>20,495</b>	<b>99,079</b>	<b>7,605</b>	<b>127,179</b>
EXPENDITURES				
Current				
Public safety	31,630	-	-	31,630
Community development	-	-	28,864	28,864
<b>TOTAL EXPENDITURES</b>	<b>31,630</b>	<b>-</b>	<b>28,864</b>	<b>60,494</b>
NET CHANGE IN FUND BALANCES	(11,135)	99,079	(21,259)	66,685
FUND BALANCES, JANUARY 1	34,508	-	21,259	55,767
FUND BALANCES, DECEMBER 31	<u>\$ 23,373</u>	<u>\$ 99,079</u>	<u>\$ -</u>	<u>\$ 122,452</u>

CITY OF ST. FRANCIS, MINNESOTA  
POLICE FORFEITURE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(With comparative actual amounts for the year ended December 31, 2015)

	2016				2015
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Charges for services	\$ -	\$ -	\$ 19,897	\$ 19,897	\$ 10,521
Miscellaneous	-	-	598	598	269
TOTAL REVENUES	-	-	20,495	20,495	10,790
EXPENDITURES					
Current					
Public safety	37,783	37,783	31,630	6,153	6,473
NET CHANGE IN FUND BALANCES	(37,783)	(37,783)	(11,135)	26,648	4,317
FUND BALANCES, JANUARY 1	34,508	34,508	34,508	-	30,191
FUND BALANCES, DECEMBER 31	\$ (3,275)	\$ (3,275)	\$ 23,373	\$ 26,648	\$ 34,508



CITY OF ST. FRANCIS, MINNESOTA  
TAX INCREMENT TURTLE RIDGE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(With comparative actual amounts for the year ended December 31, 2015)

	2016				2015
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Tax increments	\$ -	\$ -	\$ 7,512	\$ 7,512	\$ 14,393
Interest on investments	-	-	93	93	159
 TOTAL REVENUES	 -	 -	 7,605	 7,605	 14,552
EXPENDITURES					
Current					
Community development	37,783	37,783	28,864	8,919	13,495
NET CHANGE IN FUND BALANCES	(37,783)	(37,783)	(21,259)	16,524	1,057
FUND BALANCES, JANUARY 1	21,259	21,259	21,259	-	20,202
FUND BALANCES, DECEMBER 31	\$ (16,524)	\$ (16,524)	\$ -	\$ 16,524	\$ 21,259

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## NONMAJOR CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by enterprise funds.

**Charitable Gambling** - accounts for accumulation of resources to finance future police and fire capital expenditures.

**Park Improvements** - for the development of new City parks and improvement of existing parks. Revenue is primarily from park development fees.

**Capital Projects** - accounts for financial resources for the future purchases of capital outlay.

**Aztec Street Improvements** - accounts for the accumulation of resources to finance the Aztec street improvement project.

**Kerry Street and 232<sup>nd</sup>** - accounts for the accumulation of resources to finance the Kerry street improvement project.

**Rum River Bluffs Development** - accounts for financial resources used to finance the Rum River Bluff's Development.

**Creekview Estate Street and Utility Improvement** - accounts for the accumulation of resources to finance the 2006 street reconstruction project.

**Ivywood and 230<sup>th</sup> Lane** - accounts for financial resources used to finance a future street reconstruction project.

CITY OF ST. FRANCIS, MINNESOTA  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2016

	<b>210</b>	<b>225</b>	<b>402</b>	<b>415</b>
	<u>Charitable Gambling</u>	<u>Park Improvements</u>	<u>Capital Projects</u>	<u>Aztec Street Improvements</u>
<b>ASSETS</b>				
Cash and temporary investments	\$ 47,429	\$ 157,838	\$ 1,040,387	\$ -
Receivables				
Accrued interest	67	222	1,836	-
Accounts	2,280	-	-	-
Special assessments	-	-	-	240,278
Due from other governments	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 49,776</u>	<u>\$ 158,060</u>	<u>\$ 1,042,223</u>	<u>\$ 240,278</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 15,000	\$ 8,414	\$ -
Contracts payable	-	3,521	-	-
Due to other funds	-	-	-	202,858
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>-</u>	<u>18,521</u>	<u>8,414</u>	<u>202,858</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - special assessments	-	-	-	240,278
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>FUND BALANCES</b>				
Restricted for				
Park improvements	-	139,539	-	-
Capital purchases	49,776	-	-	-
Capital projects	-	-	-	-
Assigned for				
Capital projects	-	-	1,033,809	-
Unassigned	-	-	-	(202,858)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND BALANCES	<u>49,776</u>	<u>139,539</u>	<u>1,033,809</u>	<u>(202,858)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 49,776</u>	<u>\$ 158,060</u>	<u>\$ 1,042,223</u>	<u>\$ 240,278</u>

<b>416</b>	<b>420</b>	<b>505</b>	<b>507</b>	
Kerry Street and 232nd	Rum River Bluffs Development	Creekview Estate Street and Utility Improvement	Ivywood and 230th Lane	Total
\$ 33,839	\$ 124,571	\$ -	\$ -	\$ 1,404,064
-	-	-	-	2,125
-	-	-	-	2,280
-	-	57,349	74,021	371,648
-	167	-	-	167
<u>\$ 33,839</u>	<u>\$ 124,738</u>	<u>\$ 57,349</u>	<u>\$ 74,021</u>	<u>\$ 1,780,284</u>
\$ -	\$ -	\$ -	\$ -	\$ 23,414
-	-	-	-	3,521
-	-	38,348	48,464	289,670
-	-	38,348	48,464	316,605
-	-	57,349	74,021	371,648
-	-	-	-	139,539
-	-	-	-	49,776
33,839	-	-	-	33,839
-	124,738	-	-	1,158,547
-	-	(38,348)	(48,464)	(289,670)
<u>33,839</u>	<u>124,738</u>	<u>(38,348)</u>	<u>(48,464)</u>	<u>1,092,031</u>
<u>\$ 33,839</u>	<u>\$ 124,738</u>	<u>\$ 57,349</u>	<u>\$ 74,021</u>	<u>\$ 1,780,284</u>

CITY OF ST. FRANCIS, MINNESOTA  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	210	225	402	415
	<u>Charitable Gambling</u>	<u>Park Improvements</u>	<u>Capital Projects</u>	<u>Aztec Street Improvements</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ 223,150	\$ -
Intergovernmental	-	-	118,746	-
Charges for services	14,760	101,435	-	-
Special assessments	-	-	-	24,815
Interest on investments	299	1,055	8,450	-
Miscellaneous	-	445	3,200	-
	<u>15,059</u>	<u>102,935</u>	<u>353,546</u>	<u>24,815</u>
TOTAL REVENUES				
EXPENDITURES				
Capital outlay				
General government	-	-	25,646	-
Public safety	-	-	63,972	-
Public works	-	-	37,188	39
Culture and recreation	-	73,234	-	-
	<u>-</u>	<u>73,234</u>	<u>126,806</u>	<u>39</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,059	29,701	226,740	24,776
OTHER FINANCING SOURCES				
Transfers in	-	-	20,000	-
NET CHANGE IN FUND BALANCES	15,059	29,701	246,740	24,776
FUND BALANCES, JANUARY 1	<u>34,717</u>	<u>109,838</u>	<u>787,069</u>	<u>(227,634)</u>
FUND BALANCES, DECEMBER 31	<u>\$ 49,776</u>	<u>\$ 139,539</u>	<u>\$ 1,033,809</u>	<u>\$ (202,858)</u>

<b>416</b>	<b>420</b>	<b>505</b>	<b>507</b>	
Kerry Street and 232nd	Rum River Bluffs Development	Creekview Estate Street and Utility Improvement	Ivywood and 230th Lane	Total
\$ -	\$ -	\$ -	\$ -	\$ 223,150
-	-	-	-	118,746
-	-	-	-	116,195
-	411,591	14,357	14,621	465,384
-	-	-	-	9,804
-	-	-	-	3,645
-	411,591	14,357	14,621	936,924
-	-	-	-	25,646
-	-	-	-	63,972
828	69	54	67	38,245
-	-	-	-	73,234
828	69	54	67	201,097
(828)	411,522	14,303	14,554	735,827
-	-	-	-	20,000
(828)	411,522	14,303	14,554	755,827
34,667	(286,784)	(52,651)	(63,018)	336,204
<u>\$ 33,839</u>	<u>\$ 124,738</u>	<u>\$ (38,348)</u>	<u>\$ (48,464)</u>	<u>\$ 1,092,031</u>

CITY OF ST. FRANCIS, MINNESOTA  
 CHARITABLE GAMBLING FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2016  
 (With comparative actual amounts for the year ended December 31, 2015)

	2016				2015
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Charges for services	\$ 11,000	\$ 11,000	\$ 14,760	\$ 3,760	\$ 14,719
Investment earnings	-	-	299	299	263
<b>TOTAL REVENUES</b>	<b>11,000</b>	<b>11,000</b>	<b>15,059</b>	<b>4,059</b>	<b>14,982</b>
EXPENDITURES					
Capital outlay					
Public safety	-	-	-	-	9,439
<b>NET CHANGE IN FUND BALANCES</b>	<b>11,000</b>	<b>11,000</b>	<b>15,059</b>	<b>4,059</b>	<b>5,543</b>
FUND BALANCES, JANUARY 1	34,717	34,717	34,717	-	29,174
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 45,717</b>	<b>\$ 45,717</b>	<b>\$ 49,776</b>	<b>\$ 4,059</b>	<b>\$ 34,717</b>



CITY OF ST. FRANCIS, MINNESOTA  
 PARK IMPROVEMENTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2016  
 (With comparative actual amounts for the year ended December 31, 2015)

	2016				2015
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Charges for services	\$ 1,000	\$ 1,000	\$ 101,435	\$ 100,435	\$ 13,675
Interest on investments	1,000	1,000	1,055	55	1,227
Miscellaneous	500	500	445	(55)	34,920
TOTAL REVENUES	2,500	2,500	102,935	100,435	49,822
EXPENDITURES					
Capital outlay					
Culture and recreation	-	-	73,234	(73,234)	112,323
NET CHANGE IN FUND BALANCES	2,500	2,500	29,701	27,201	(62,501)
FUND BALANCES, JANUARY 1	109,838	109,838	109,838	-	172,339
FUND BALANCES, DECEMBER 31	\$ 112,338	\$ 112,338	\$ 139,539	\$ 27,201	\$ 109,838

CITY OF ST. FRANCIS, MINNESOTA  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	2016				2015
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Property tax	\$ 180,000	\$ 180,000	\$ 223,150	\$ 43,150	\$ -
Intergovernmental		-	118,746	118,746	-
Interest on investments	3,000	3,000	8,450	5,450	4,409
Miscellaneous	-	-	3,200	3,200	-
TOTAL REVENUES	<u>183,000</u>	<u>183,000</u>	<u>353,546</u>	<u>170,546</u>	<u>4,409</u>
EXPENDITURES					
Capital outlay					
General government	8,000	8,000	25,646	(17,646)	-
Public safety	83,650	83,650	63,972	19,678	383,892
Public works	-	251,000	37,188	213,812	3,386
TOTAL EXPENDITURES	<u>91,650</u>	<u>342,650</u>	<u>126,806</u>	<u>215,844</u>	<u>387,278</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	91,350	(159,650)	226,740	386,390	(382,869)
OTHER FINANCING SOURCES					
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>906,724</u>
NET CHANGE IN FUND BALANCES	111,350	(139,650)	246,740	386,390	523,855
FUND BALANCES, JANUARY 1	<u>787,069</u>	<u>787,069</u>	<u>787,069</u>	<u>-</u>	<u>263,214</u>
FUND BALANCES, DECEMBER 31	<u>\$ 898,419</u>	<u>\$ 647,419</u>	<u>\$ 1,033,809</u>	<u>\$ 386,390</u>	<u>\$ 787,069</u>

CITY OF ST. FRANCIS, MINNESOTA  
CREEKVIEW ESTATES FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(With comparative actual amounts for the year ended December 31, 2015)

	2016				2015
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Special assessments	\$ 13,000	\$ 13,000	\$ 14,357	\$ 1,357	\$ 19,929
EXPENDITURES					
Capital outlay					
Public works	-	-	54	(54)	61
NET CHANGE IN FUND BALANCES	13,000	13,000	14,303	1,303	19,868
FUND BALANCES, JANUARY 1	(52,651)	(52,651)	(52,651)	-	(72,519)
FUND BALANCES, DECEMBER 31	<u>\$ (39,651)</u>	<u>\$ (39,651)</u>	<u>\$ (38,348)</u>	<u>\$ 1,303</u>	<u>\$ (52,651)</u>

CITY OF ST. FRANCIS, MINNESOTA  
 IVYWOOD AND 230TH LANE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2016  
 (With comparative actual amounts for the year ended December 31, 2015)

	2016				2015
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental	\$ 10,700	\$ 10,700	\$ 14,621	\$ 3,921	\$ 15,634
EXPENDITURES					
Capital outlay					
Public works	-	-	67	(67)	80
NET CHANGE IN FUND BALANCES	10,700	10,700	14,554	3,854	15,554
FUND BALANCES, JANUARY 1	(63,018)	(63,018)	(63,018)	-	(78,572)
FUND BALANCES, DECEMBER 31	<u>\$ (52,318)</u>	<u>\$ (52,318)</u>	<u>\$ (48,464)</u>	<u>\$ 3,854</u>	<u>\$ (63,018)</u>

CITY OF ST. FRANCIS, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CONTINUED ON THE FOLLOWING PAGES  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(With comparative actual amounts for the year ended December 31, 2015)

	2016			Variance with Final Budget	2015
	Budget Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
REVENUES					
Property taxes	\$ 2,955,000	\$ 2,955,000	\$ 3,006,641	\$ 51,641	\$ 3,149,389
Licenses and permits					
Business	23,615	23,615	22,685	(930)	23,795
Nonbusiness	101,995	101,995	123,295	21,300	103,067
Total	125,610	125,610	145,980	20,370	126,862
Intergovernmental					
State					
Local government aid	356,255	356,255	356,255	-	347,348
Property tax credits	-	-	4,133	4,133	4,034
Police and fire aid	122,417	122,417	139,749	17,332	135,156
Municipal State Aid	117,000	117,000	120,544	3,544	122,855
Other	1,971	1,971	1,971	-	1,971
Total	597,643	597,643	622,652	25,009	611,364
Charges for services					
General government	263,225	263,225	299,786	36,561	298,102
Public safety	130,550	130,550	134,261	3,711	131,028
Public works	3,430	3,430	2,868	(562)	3,689
Community development	15,000	15,000	20,850	5,850	14,756
Total	412,205	412,205	457,765	45,560	447,575
Fines and forfeitures	36,700	36,700	30,836	(5,864)	39,909
Interest on investments	14,700	14,700	16,913	2,213	14,282
Miscellaneous					
Rents and leases	78,985	78,985	87,610	8,625	87,790
Recycling and landfill abatement	35,000	35,000	41,399	6,399	39,341
Donations and other	20,500	20,500	50,731	30,231	33,512
Total	134,485	134,485	179,740	45,255	160,643
TOTAL REVENUES	4,276,343	4,276,343	4,460,527	184,184	4,550,024

CITY OF ST. FRANCIS, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(With comparative actual amounts for the year ended December 31, 2015)

	2016				2015
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
<b>EXPENDITURES</b>					
Current expenditures					
General government					
Mayor and City Council					
Personal services	\$ 29,200	\$ 29,200	\$ 28,108	\$ 1,092	\$ 26,923
Other services and charges	9,850	9,850	7,409	2,441	4,397
Total	39,050	39,050	35,517	3,533	31,320
City administration					
Personal services	372,825	372,825	363,170	9,655	260,817
Supplies	11,000	11,000	7,517	3,483	7,372
Other services and charges	42,950	42,950	44,924	(1,974)	39,495
Total	426,775	426,775	415,611	11,164	307,684
Elections					
Personal services	5,050	5,050	3,704	1,346	16
Supplies	1,100	1,100	254	846	-
Other services and charges	1,370	1,370	1,859	(489)	138
Total	7,520	7,520	5,817	1,703	154
Financial administration					
Personal services	127,300	127,300	126,482	818	122,296
Supplies	1,100	1,100	391	709	345
Other services and charges	2,600	2,600	2,582	18	2,397
Total	131,000	131,000	129,455	1,545	125,038
Assessor					
Other services and charges	41,000	41,000	39,837	1,163	39,611
Legal and accounting					
Other services and charges	148,600	148,600	132,633	15,967	212,602
Municipal building					
Supplies	1,000	1,000	1,490	(490)	702
Other services and charges	14,300	14,300	11,472	2,828	10,143
Rent for offices	4,200	4,200	3,039	1,161	4,038
Total	19,500	19,500	16,001	3,499	14,883
Total general government	813,445	813,445	774,871	38,574	731,292

CITY OF ST. FRANCIS, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(With comparative actual amounts for the year ended December 31, 2015)

	2016				2015
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current expenditures - continued					
Public safety					
Police					
Personal services	\$ 1,300,250	\$ 1,300,250	\$ 1,219,170	\$ 81,080	\$ 1,211,260
Supplies	105,800	105,800	64,893	40,907	83,467
Other services and charges	169,350	169,350	118,595	50,755	109,537
Total	1,575,400	1,575,400	1,402,658	172,742	1,404,264
Fire					
Personal services	158,338	158,338	129,406	28,932	136,519
Supplies	39,500	39,500	32,795	6,705	51,466
Other services and charges	57,900	57,900	49,054	8,846	68,046
Total	255,738	255,738	211,255	44,483	256,031
Animal control					
Other services and charges	4,200	4,200	4,203	(3)	4,203
Total public safety	1,835,338	1,835,338	1,618,116	217,222	1,664,498
Public works					
Streets and highways					
Personal services	227,410	227,410	218,918	8,492	193,899
Supplies	60,900	60,900	30,894	30,006	38,072
Other services and charges	353,050	353,050	195,236	157,814	256,066
Total	641,360	641,360	445,048	196,312	488,037
Recycling					
Personal services	29,570	29,570	21,871	7,699	21,806
Supplies	3,150	3,150	3,132	18	2,504
Other services and charges	18,750	18,750	21,057	(2,307)	13,387
Total	51,470	51,470	46,060	5,410	37,697
Total public works	692,830	692,830	491,108	201,722	525,734

CITY OF ST. FRANCIS, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(With comparative actual amounts for the year ended December 31, 2015)

	2016				2015
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
<b>EXPENDITURES - CONTINUED</b>					
Current expenditures - continued					
Culture and recreation					
Parks and recreation					
Personal services	\$ 134,660	\$ 134,660	\$ 166,831	\$ (32,171)	\$ 151,525
Supplies	50,600	50,600	29,254	21,346	34,409
Other services and charges	102,370	102,370	83,520	18,850	93,294
<b>Total</b>	<b>287,630</b>	<b>287,630</b>	<b>279,605</b>	<b>8,025</b>	<b>279,228</b>
Pioneer days					
Other services and charges	15,000	15,000	16,320	(1,320)	12,249
<b>Total culture and recreation</b>	<b>302,630</b>	<b>302,630</b>	<b>295,925</b>	<b>6,705</b>	<b>291,477</b>
Community development					
Planning and zoning					
Personal services	107,900	107,900	108,407	(507)	10,820
Supplies	400	400	2,326	(1,926)	39
Other services and charges	35,300	35,300	89,283	(53,983)	115,108
<b>Total</b>	<b>143,600</b>	<b>143,600</b>	<b>200,016</b>	<b>(56,416)</b>	<b>125,967</b>
Building inspection					
Personal services	168,100	168,100	157,309	10,791	170,178
Supplies	6,000	6,000	5,212	788	7,305
Other services and charges	6,300	6,300	5,836	464	6,397
<b>Total</b>	<b>180,400</b>	<b>180,400</b>	<b>168,357</b>	<b>12,043</b>	<b>183,880</b>
<b>Total community development</b>	<b>324,000</b>	<b>324,000</b>	<b>368,373</b>	<b>(44,373)</b>	<b>309,847</b>
Unallocated					
Miscellaneous					
Other services and charges	6,100	6,100	6,153	(53)	21,335
<b>Total current expenditures</b>	<b>3,974,343</b>	<b>3,974,343</b>	<b>3,554,546</b>	<b>419,797</b>	<b>3,544,183</b>
Capital outlay					
General government	2,000	2,000	1,637	363	10,781
Public safety	-	-	2,119	(2,119)	86,127
Culture and recreation	-	-	-	-	52,820
<b>Total capital outlay</b>	<b>2,000</b>	<b>2,000</b>	<b>3,756</b>	<b>(1,756)</b>	<b>149,728</b>



CITY OF ST. FRANCIS, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(With comparative actual amounts for the year ended December 31, 2015)

	2016				2015
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Debt service					
Principal	\$ -	\$ -	\$ -	\$ -	\$ 16,022
Interest and other charges	-	-	-	-	539
Total debt service	-	-	-	-	16,561
TOTAL EXPENDITURES	3,976,343	3,976,343	3,558,302	418,041	3,710,472
EXCESS OF REVENUES OVER EXPENDITURES	300,000	300,000	902,225	602,225	839,552
OTHER FINANCING SOURCES (USES)					
Transfers in	60,000	60,000	60,000	-	60,000
Sale of capital assets	-	-	-	-	33,375
Transfers out	(360,000)	(360,000)	(360,000)	-	(757,700)
TOTAL OTHER FINANCING SOURCES (USES)	(300,000)	(300,000)	(300,000)	-	(664,325)
NET CHANGE IN FUND BALANCES	-	-	602,225	602,225	175,227
FUND BALANCES, JANUARY 1	2,764,284	2,764,284	2,764,284	-	2,589,057
FUND BALANCES, DECEMBER 31	<u>\$ 2,764,284</u>	<u>\$ 2,764,284</u>	<u>\$ 3,366,509</u>	<u>\$ 602,225</u>	<u>\$ 2,764,284</u>

CITY OF ST. FRANCIS, MINNESOTA  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2016

	<b>311</b> G.O. Bonds 2013A	<b>327</b> G.O. Bonds 2015A	<b>330</b> EDA Lease Revenue Bond	Total
<b>ASSETS</b>				
Cash and temporary investments	\$ 81,003	\$ 42,616	\$ 4,904	\$ 128,523
Cash held with fiscal agent	530,138	-	-	530,138
Restricted cash	-	-	551,795	551,795
Receivables				
Accrued interest	118	58	778	954
Delinquent taxes	350	350	-	700
Special assessments	121,935	68,547	-	190,482
Due from other governments	1,776	383	-	2,159
<b>TOTAL ASSETS</b>	<u>\$ 735,320</u>	<u>\$ 111,954</u>	<u>\$ 557,477</u>	<u>\$ 1,404,751</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - taxes	\$ 350	\$ 350	\$ -	\$ 700
Unavailable revenues - special assessments	121,935	68,547	-	190,482
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	122,285	68,897	-	191,182
<b>FUND BALANCES</b>				
Restricted for debt service	613,035	43,057	557,477	1,213,569
<b>TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 735,320</u>	<u>\$ 111,954</u>	<u>\$ 557,477</u>	<u>\$ 1,404,751</u>

CITY OF ST. FRANCIS, MINNESOTA  
DEBT SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<b>311</b> G.O. Bonds 2013A	<b>327</b> G.O. Bonds 2015A	<b>330</b> EDA Lease Revenue Bond	Total
REVENUES				
Taxes	\$ 21,243	\$ 20,243	\$ -	\$ 41,486
Special assessments	28,287	24,569	-	52,856
Interest on investments	8,584	151	(1,859)	6,876
TOTAL REVENUES	<u>58,114</u>	<u>44,963</u>	<u>(1,859)</u>	<u>101,218</u>
EXPENDITURES				
Debt service				
Principal	75,000	-	235,000	310,000
Interest and other charges	36,950	4,776	316,268	357,994
TOTAL EXPENDITURES	<u>111,950</u>	<u>4,776</u>	<u>551,268</u>	<u>667,994</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(53,836)	40,187	(553,127)	(566,776)
OTHER FINANCING SOURCES				
Transfers in	39,880	-	525,000	564,880
NET CHANGE IN FUND BALANCES	(13,956)	40,187	(28,127)	(1,896)
FUND BALANCES, JANUARY 1	<u>626,991</u>	<u>2,870</u>	<u>585,604</u>	<u>1,215,465</u>
FUND BALANCES, DECEMBER 31	<u>\$ 613,035</u>	<u>\$ 43,057</u>	<u>\$ 557,477</u>	<u>\$ 1,213,569</u>

CITY OF ST. FRANCIS, MINNESOTA  
DEBT SERVICE FUND G.O. BONDS 2013A  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(With comparative actual amounts for the year ended December 31, 2015)

	2016				2015
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Property taxes	\$ 20,900	\$ 20,900	\$ 21,243	\$ 343	\$ 20,819
Special assessments	20,000	20,000	28,287	8,287	19,470
Investment earnings	300	300	8,584	8,284	758
<b>TOTAL REVENUES</b>	<b>41,200</b>	<b>41,200</b>	<b>58,114</b>	<b>16,914</b>	<b>41,047</b>
EXPENDITURES					
Debt service					
Principal	75,000	75,000	75,000	-	70,000
Interest and other charges	26,783	26,783	36,950	(10,167)	38,736
<b>TOTAL EXPENDITURES</b>	<b>101,783</b>	<b>101,783</b>	<b>111,950</b>	<b>(10,167)</b>	<b>108,736</b>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(60,583)	(60,583)	(53,836)	6,747	(67,689)
OTHER FINANCING SOURCES					
Transfers in	39,880	39,880	39,880	-	39,880
<b>NET CHANGE IN FUND BALANCES</b>	<b>(20,703)</b>	<b>(20,703)</b>	<b>(13,956)</b>	<b>6,747</b>	<b>(27,809)</b>
FUND BALANCES, JANUARY 1	626,991	626,991	626,991	-	654,800
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 606,288</b>	<b>\$ 606,288</b>	<b>\$ 613,035</b>	<b>\$ 6,747</b>	<b>\$ 626,991</b>

CITY OF ST. FRANCIS, MINNESOTA  
DEBT SERVICE FUND G.O. BONDS 2015A  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(With comparative actual amounts for the year ended December 31, 2015)

	2016				2015
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Property taxes	\$ 20,470	\$ 20,470	\$ 20,243	\$ (227)	\$ -
Special assessments	12,000	12,000	24,569	12,569	2,865
Investment earnings	300	300	151	(149)	5
TOTAL REVENUES	32,770	32,770	44,963	12,193	2,870
EXPENDITURES					
Debt service					
Interest and other charges	4,650	4,650	4,776	(126)	-
NET CHANGE IN FUND BALANCES	28,120	28,120	40,187	12,067	2,870
FUND BALANCES, JANUARY 1	2,870	2,870	2,870	-	-
FUND BALANCES, DECEMBER 31	\$ 30,990	\$ 30,990	\$ 43,057	\$ 12,067	\$ 2,870

CITY OF ST. FRANCIS, MINNESOTA  
DEBT SERVICE FUND EDA LEASE REVENUE BONDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(With comparative actual amounts for the year ended December 31, 2015)

	2016				2015
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Investment earnings	\$ 3,000	\$ 3,000	\$ (1,859)	\$ (4,859)	\$ (1,994)
EXPENDITURES					
Debt service					
Principal	235,000	235,000	235,000	-	230,000
Interest and other charges	315,110	315,110	316,268	(1,158)	319,995
TOTAL EXPENDITURES	550,110	550,110	551,268	(1,158)	549,995
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(547,110)	(547,110)	(553,127)	(6,017)	(551,989)
OTHER FINANCING SOURCES					
Transfers in	525,000	525,000	525,000	-	525,000
NET CHANGE IN FUND BALANCES	(22,110)	(22,110)	(28,127)	(6,017)	(26,989)
FUND BALANCES, JANUARY 1	585,604	585,604	585,604	-	612,593
FUND BALANCES, DECEMBER 31	<u>\$ 563,494</u>	<u>\$ 563,494</u>	<u>\$ 557,477</u>	<u>\$ (6,017)</u>	<u>\$ 585,604</u>

CITY OF ST. FRANCIS, MINNESOTA  
 AGENCY FUNDS  
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>Escrows</b>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 179,633	\$ 153,751	\$ (140,308)	\$ 193,076
Special assessments receivable	46	234	-	280
<b>TOTAL ASSETS</b>	<u>\$ 179,679</u>	<u>\$ 153,985</u>	<u>\$ (140,308)</u>	<u>\$ 193,356</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 572	\$ 6,512	\$ (772)	\$ 6,312
Deposits payable	179,107	148,044	(140,107)	187,044
<b>TOTAL LIABILITIES</b>	<u>\$ 179,679</u>	<u>\$ 154,556</u>	<u>\$ (140,879)</u>	<u>\$ 193,356</u>

CITY OF ST. FRANCIS, MINNESOTA  
SUMMARY FINANCIAL REPORT  
GOVERNMENTAL FUNDS  
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Total		Percent Increase (Decrease)
	2016	2015	
<b>REVENUES</b>			
Taxes	\$ 3,278,789	\$ 3,184,601	2.96 %
Licenses and permits	145,980	126,862	15.07
Intergovernmental	741,398	611,364	21.27
Charges for services	593,857	486,490	22.07
Fines and forfeits	30,836	39,909	(22.73)
Special assessments	1,284,161	263,123	388.05
Interest on investments	33,960	21,200	60.19
Miscellaneous	285,467	195,832	45.77
<b>TOTAL REVENUES</b>	<b>\$ 6,394,448</b>	<b>\$ 4,929,381</b>	<b>29.72 %</b>
Per Capita	\$ 873	\$ 676	29.17 %
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	\$ 774,871	\$ 731,292	5.96 %
Public safety	1,649,746	1,670,971	(1.27)
Public works	491,108	525,734	(6.59)
Culture and recreation	295,925	291,477	1.53
Community development	397,237	323,342	22.85
Miscellaneous	6,153	21,335	(71.16)
<b>Capital outlay</b>			
General government	27,283	10,781	153.07
Public safety	66,091	480,177	(86.24)
Public works	805,651	274,465	193.54
Culture and recreation	73,234	165,143	(55.65)
<b>Debt service</b>			
Principal	310,000	316,022	(1.91)
Interest and other charges	357,994	362,849	(1.34)
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,255,293</b>	<b>\$ 5,173,588</b>	<b>1.58 %</b>
Per Capita	\$ 717	\$ 709	
Total Long-term Indebtedness	\$ 8,745,000	\$ 9,055,000	(3.42) %
Per Capita	1,194	1,241	
General Fund Balance - December 31	\$ 3,366,509	\$ 2,764,284	21.79 %
Per Capita	459	379	

The purpose of this report is to provide a summary of financial information concerning the City of St. Francis to interested citizens. The complete financial statements may be examined at City Hall, 23340 Cree Street NW, St. Francis, MN 55070. Questions about this report should be directed to Darcy Mulvihill, Finance Director at (763) 753-2630.



**STATISTICAL SECTION (UNAUDITED)**

CITY OF ST. FRANCIS  
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2016

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## STATISTICAL SECTION (UNAUDITED)

This part of the City of St. Francis' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### **Financial trends**

*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

### **Revenue capacity**

*These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.*

### **Debt capacity**

*These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.*

### **Demographic and economic information**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

### **Operating information**

*These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*

*Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.*

CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 NET POSITION BY COMPONENT  
 LAST TEN FISCAL YEARS  
 (accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 3,613,007	\$ 5,221,614	\$ 7,782,258	\$ 5,903,447
Restricted	461,673	477,193	437,786	404,530
Unrestricted	6,298,009	4,855,454	3,579,646	3,076,111
Total governmental activities net position	<u>\$ 10,372,689</u>	<u>\$ 10,554,261</u>	<u>\$ 11,799,690</u>	<u>\$ 9,384,088</u>
Business-type activities				
Net investment in capital assets	\$ 9,305,330	\$ 7,015,882	\$ 4,899,083	\$ 6,899,701
Unrestricted	99,992	3,952,097	6,433,382	7,561,395
Total business-type activities net position	<u>\$ 9,405,322</u>	<u>\$ 10,967,979</u>	<u>\$ 11,332,465</u>	<u>\$ 14,461,096</u>
Primary government				
Net investment in capital assets	\$ 12,918,337	\$ 12,237,496	\$ 12,681,341	\$ 12,803,148
Restricted	461,673	477,193	437,786	404,530
Unrestricted	6,398,001	8,807,551	10,013,028	10,637,506
Total primary government net position	<u>\$ 19,778,011</u>	<u>\$ 21,522,240</u>	<u>\$ 23,132,155</u>	<u>\$ 23,845,184</u>

**Table 1**

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 7,168,911	\$ 6,292,733	\$ 6,491,164	\$ 6,471,404	\$ 6,344,949	\$ 6,861,667
571,078	1,080,107	1,066,566	997,745	940,821	1,010,138
1,745,047	1,999,789	2,345,374	3,371,139	2,269,512	2,538,153
<u>\$ 9,485,036</u>	<u>\$ 9,372,629</u>	<u>\$ 9,903,104</u>	<u>\$ 10,840,288</u>	<u>\$ 9,555,282</u>	<u>\$ 10,409,958</u>
\$ 7,453,005	\$ 7,773,435	\$ 8,073,272	\$ 8,824,440	\$ 9,103,334	\$ 13,019,826
7,383,130	7,303,907	6,973,367	5,488,087	5,306,618	5,789,331
<u>\$ 14,836,135</u>	<u>\$ 15,077,342</u>	<u>\$ 15,046,639</u>	<u>\$ 14,312,527</u>	<u>\$ 14,409,952</u>	<u>\$ 18,809,157</u>
\$ 14,621,916	\$ 14,066,168	\$ 14,564,436	\$ 15,295,844	\$ 15,448,283	\$ 19,881,493
571,078	1,080,107	1,066,566	997,745	940,821	1,010,138
9,128,177	9,303,696	9,318,741	8,859,226	7,576,130	8,327,484
<u>\$ 24,321,171</u>	<u>\$ 24,449,971</u>	<u>\$ 24,949,743</u>	<u>\$ 25,152,815</u>	<u>\$ 23,965,234</u>	<u>\$ 29,219,115</u>

CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 CHANGES IN NET POSITION - CONTINUED ON THE FOLLOWING PAGES  
 LAST TEN FISCAL YEARS  
 (accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
<b>Expenses</b>				
<b>Governmental activities</b>				
General government	\$ 565,314	\$ 590,722	\$ 663,068	\$ 823,109
Public safety	1,418,210	1,482,823	1,485,755	1,570,589
Public works	514,688	523,808	931,674	812,302
Culture and recreation	303,262	332,060	310,479	351,844
Community development	202,461	189,895	119,724	116,532
Miscellaneous	9,497	18,754	12,705	6,339
Interest on long-term debt	80,663	72,208	61,780	66,240
Total governmental activities expenses	<u>3,094,095</u>	<u>3,210,270</u>	<u>3,585,185</u>	<u>3,746,955</u>
<b>Business-type activities</b>				
Water	603,368	912,437	1,046,900	1,111,363
Sewer	498,250	584,940	755,755	878,226
Liquor store	1,845,597	1,873,355	1,893,024	1,900,572
Total business-type activities expenses	<u>2,947,215</u>	<u>3,370,732</u>	<u>3,695,679</u>	<u>3,890,161</u>
Total primary government expenses	<u>\$ 6,041,310</u>	<u>\$ 6,581,002</u>	<u>\$ 7,280,864</u>	<u>\$ 7,637,116</u>
<b>Program revenues</b>				
<b>Governmental activities</b>				
Charges for services				
General government	\$ 36,720	\$ 26,329	\$ 156,448	\$ 161,884
Public safety	306,085	229,991	163,048	167,977
Public works	502,741	11,613	14,596	16,488
Culture and recreation	875	1,635	1,885	1,958
Community development	243,422	122,987	102,799	116,095
Miscellaneous	47,819	38,029	31,527	39,207
Operating grants and contributions	245,515	235,577	251,441	156,964
Capital grants and contributions	1,057,637	25,687	300,511	254,328
Total governmental activities program revenues	<u>2,440,814</u>	<u>691,848</u>	<u>1,022,255</u>	<u>914,901</u>
<b>Business-type activities</b>				
Charges for services				
Water	1,108,117	1,031,221	1,087,286	1,063,256
Sewer	596,062	739,149	784,372	805,969
Liquor store	1,956,503	2,029,577	2,067,517	2,050,403
Operating grants and contributions	1,880	610	5,241	57,312
Capital grants and contributions	380,989	69,600	77,600	238,200
Total business-type activities program revenues	<u>4,043,551</u>	<u>3,870,157</u>	<u>4,022,016</u>	<u>4,215,140</u>
Total primary government program revenues	<u>\$ 6,484,365</u>	<u>\$ 4,562,005</u>	<u>\$ 5,044,271</u>	<u>\$ 5,130,041</u>

**Table 2**

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 708,620	\$ 700,606	\$ 684,752	\$ 869,752	\$ 789,269	\$ 888,099
1,607,064	1,689,773	1,742,193	1,787,394	2,207,108	2,334,480
1,033,276	699,037	1,098,082	1,189,614	839,512	919,720
366,321	378,696	362,829	371,104	118,667	468,326
119,378	155,770	268,789	242,227	324,235	427,300
3,309	18,494	5,571	16,157	21,335	6,153
58,313	541,676	376,293	365,306	359,316	357,173
<u>3,896,281</u>	<u>4,184,052</u>	<u>4,538,509</u>	<u>4,841,554</u>	<u>4,659,442</u>	<u>5,401,251</u>
1,143,017	1,136,619	1,156,583	1,121,532	1,167,893	1,057,465
958,231	858,682	972,980	941,358	1,049,262	1,184,441
-	-	-	-	-	55,385
1,873,937	1,883,145	1,899,467	1,948,432	1,986,813	2,008,390
<u>3,975,185</u>	<u>3,878,446</u>	<u>4,029,030</u>	<u>4,011,322</u>	<u>4,203,968</u>	<u>4,305,681</u>
<u>\$ 7,871,466</u>	<u>\$ 8,062,498</u>	<u>\$ 8,567,539</u>	<u>\$ 8,852,876</u>	<u>\$ 8,863,410</u>	<u>\$ 9,706,932</u>
\$ 162,613	\$ 195,491	\$ 246,588	\$ 270,718	\$ 304,092	\$ 298,140
161,869	147,531	105,181	190,140	181,458	184,994
5,204	3,767	4,361	2,172	3,689	2,868
7,441	1,955	1,345	1,460	1,590	3,030
152,503	120,685	130,917	184,877	205,289	243,640
54,182	70,175	111,023	101,924	99,716	90,051
161,155	130,368	163,138	180,133	175,915	280,996
456,588	291,558	957,583	382,286	242,557	1,186,137
<u>1,161,555</u>	<u>961,530</u>	<u>1,720,136</u>	<u>1,313,710</u>	<u>1,214,306</u>	<u>2,289,856</u>
1,064,157	1,147,518	1,132,206	1,134,332	1,193,195	1,390,364
900,193	898,292	906,182	930,651	999,664	1,361,064
-	-	-	-	-	169,020
2,037,209	2,096,011	2,058,662	2,109,850	2,157,348	2,133,575
-	6,500	-	-	-	3,800
20,800	66,000	129,000	108,000	186,264	3,849,842
<u>4,022,359</u>	<u>4,214,321</u>	<u>4,226,050</u>	<u>4,282,833</u>	<u>4,536,471</u>	<u>8,907,665</u>
<u>\$ 5,183,914</u>	<u>\$ 5,175,851</u>	<u>\$ 5,946,186</u>	<u>\$ 5,596,543</u>	<u>\$ 5,750,777</u>	<u>\$ 11,197,521</u>

CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 CHANGES IN NET POSITION - CONTINUED  
 LAST TEN FISCAL YEARS  
 (accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
Net revenues (expenses)				
Governmental activities	\$ (653,281)	\$ (2,518,422)	\$ (2,562,930)	\$ (2,832,054)
Business-type activities	1,096,336	499,425	326,337	324,979
Total primary government net revenues (expenses)	<u>\$ 443,055</u>	<u>\$ (2,018,997)</u>	<u>\$ (2,236,593)</u>	<u>\$ (2,507,075)</u>
General revenues and other changes in net position				
Governmental activities				
Taxes				
Property taxes	\$ 2,296,913	\$ 2,581,538	\$ 2,612,273	\$ 2,739,739
Tax increments	18,670	16,429	15,317	18,285
Grants and contributions not restricted to specific programs	363,439	769,967	983,567	170,718
Other general revenues	17,981	36,512	14,927	3,435
Unrestricted investment earnings	61,935	96,571	69,793	46,421
Transfers - capital assets	(2,047,914)	(741,564)	-	(2,144,660)
Transfers - debt	3,115,000	-	-	-
Transfers	257,780	(59,459)	112,482	(427,693)
Total governmental activities	<u>4,083,804</u>	<u>2,699,994</u>	<u>3,808,359</u>	<u>406,245</u>
Business-type activities				
Interest on investments	321,338	255,877	150,631	122,866
Gain on sale of capital assets	5,000	6,332	-	-
Transfers - capital assets	2,047,914	741,564	-	2,144,660
Transfers - debt	(3,115,000)	-	-	-
Transfers	(257,780)	59,459	(112,482)	427,693
Total business-type activities	<u>(998,528)</u>	<u>1,063,232</u>	<u>38,149</u>	<u>2,695,219</u>
Total primary government	<u>\$ 3,085,276</u>	<u>\$ 3,763,226</u>	<u>\$ 3,846,508</u>	<u>\$ 3,101,464</u>
<b>Change in net position</b>				
Governmental activities	\$ 3,430,523	\$ 181,572	\$ 1,245,429	\$ (2,425,809)
Business-type activities	97,808	1,562,657	364,486	3,020,198
Total primary government	<u>\$ 3,528,331</u>	<u>\$ 1,744,229</u>	<u>\$ 1,609,915</u>	<u>\$ 594,389</u>



**Table 2**

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ (2,734,726)	\$ (3,222,522)	\$ (2,818,373)	\$ (3,527,844)	\$ (3,445,136)	\$ (3,111,395)
47,174	335,875	197,020	271,511	332,503	4,601,984
<u>\$ (2,687,552)</u>	<u>\$ (2,886,647)</u>	<u>\$ (2,621,353)</u>	<u>\$ (3,256,333)</u>	<u>\$ (3,112,633)</u>	<u>\$ 1,490,589</u>
\$ 2,724,403	\$ 2,890,203	\$ 3,001,538	\$ 3,017,872	\$ 3,175,224	\$ 3,277,360
15,374	15,144	14,270	14,260	14,393	7,512
149,366	87,294	85,992	318,445	353,353	362,359
2,644	5,529	-	4,521	963	-
26,971	61,301	(17,832)	34,894	21,200	33,960
(192,320)	-	-	-	(323,039)	-
-	-	-	-	-	-
99,880	60,000	264,880	1,075,036	264,880	284,880
<u>2,826,318</u>	<u>3,119,471</u>	<u>3,348,848</u>	<u>4,465,028</u>	<u>3,506,974</u>	<u>3,966,071</u>
120,322	64,903	37,157	69,413	40,832	82,101
15,532	-	-	-	-	-
192,320	-	-	-	323,039	-
-	-	-	-	-	-
(99,880)	(60,000)	(264,880)	(1,075,036)	(264,880)	(284,880)
<u>228,294</u>	<u>4,903</u>	<u>(227,723)</u>	<u>(1,005,623)</u>	<u>98,991</u>	<u>(202,779)</u>
<u>\$ 3,054,612</u>	<u>\$ 3,124,374</u>	<u>\$ 3,121,125</u>	<u>\$ 3,459,405</u>	<u>\$ 3,605,965</u>	<u>\$ 3,763,292</u>
\$ 91,592	\$ (103,051)	\$ 530,475	\$ 937,184	\$ 61,838	\$ 854,676
275,468	340,778	(30,703)	(734,112)	431,494	4,399,205
<u>\$ 367,060</u>	<u>\$ 237,727</u>	<u>\$ 499,772</u>	<u>\$ 203,072</u>	<u>\$ 493,332</u>	<u>\$ 5,253,881</u>

CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
General fund				
Reserved	\$ -	\$ -	\$ -	\$ 1,803
Unreserved	1,549,075	1,906,188	2,086,873	2,048,599
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General fund	<u>\$ 1,549,075</u>	<u>\$ 1,906,188</u>	<u>\$ 2,086,873</u>	<u>\$ 2,050,402</u>
All other governmental funds				
Reserved	\$ 2,642,776	\$ 2,934,413	\$ 850,341	\$ 209,998
Unreserved, reported in				
Special revenue funds	159,709	143,321	292,039	263,279
Capital project funds	1,260,475	743,062	760,880	199,289
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 4,062,960</u>	<u>\$ 3,820,796</u>	<u>\$ 1,903,260</u>	<u>\$ 672,566</u>

Note: The implemented GASB 54 in fiscal year 2011, resulting in significant reclassification of the components of fund balance. Years prior to 2011 have not been restated.

**Table 3**

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,055	9,861	15,079	16,682	8,580	40,816
8,095	8,174	8,174	-	-	-
2,058,863	2,053,454	2,225,913	2,572,375	2,755,704	3,325,693
<u>\$ 2,070,013</u>	<u>\$ 2,071,489</u>	<u>\$ 2,249,166</u>	<u>\$ 2,589,057</u>	<u>\$ 2,764,284</u>	<u>\$ 3,366,509</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
386,123	1,448,156	1,781,010	1,519,299	1,450,454	1,559,175
-	-	-	-	-	-
406,183	481,981	500,910	770,866	787,069	1,158,547
(1,254,897)	(1,022,799)	(1,494,602)	(860,053)	(663,590)	(321,979)
<u>\$ (462,591)</u>	<u>\$ 907,338</u>	<u>\$ 787,318</u>	<u>\$ 1,430,112</u>	<u>\$ 1,573,933</u>	<u>\$ 2,395,743</u>

CITY OF ST. FRANCIS, MINNESOTA  
STATISTICAL SECTION (UNAUDITED)  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
Revenues				
Taxes				
General property tax	\$ 2,248,640	\$ 2,541,791	\$ 2,639,498	\$ 2,744,495
Tax increments	18,670	16,429	15,317	18,285
Special assessments	100,578	116,915	94,319	54,438
Licenses and permits	173,379	87,735	66,207	78,242
Intergovernmental	941,278	961,515	1,217,007	380,977
Charges for services	901,866	340,973	295,362	313,878
Fines and forfeitures	58,461	46,213	38,555	30,537
Interest on investments	252,714	196,947	69,793	46,421
Miscellaneous	238,562	110,832	106,392	135,789
Total revenues	<u>4,934,148</u>	<u>4,419,350</u>	<u>4,542,450</u>	<u>3,803,062</u>
Expenditures				
Current				
General government	536,924	662,716	627,997	646,947
Public safety	1,296,240	1,344,164	1,363,710	1,457,092
Public works	483,993	446,179	631,200	700,257
Culture and recreation	230,783	261,044	273,802	282,548
Community development	249,961	189,895	119,724	116,532
Miscellaneous	9,497	18,754	12,705	6,339
Capital outlay				
General government	518,430	-	330,823	226,787
Public safety	103,323	30,335	46,768	32,849
Public works	5,501,287	1,000,855	661,224	466,039
Culture and recreation	130,397	185,125	76,376	72,477
Community development	-	-	-	-
Debt service				
Principal	951,325	394,048	132,911	113,095
Interest and other charges	360,058	387,068	62,825	56,871
Total expenditures	<u>10,372,218</u>	<u>4,920,183</u>	<u>4,340,065</u>	<u>4,177,833</u>
Excess (deficiency) or revenues over (under) expenditures	<u>(5,438,070)</u>	<u>(500,833)</u>	<u>202,385</u>	<u>(374,771)</u>
Other financing sources (uses)				
Transfers in	740,487	759,291	865,643	794,826
Land sales	-	-	-	-
Transfers out	(482,707)	(205,500)	(753,161)	(1,222,519)
Bond proceeds	4,200,715	-	-	-
Contract for deed issued	-	-	-	150,000
Sale of capital assets	38,112	61,991	49,403	29,965
Total other financing sources (uses)	<u>4,496,607</u>	<u>615,782</u>	<u>161,885</u>	<u>(247,728)</u>
Net change in fund balance	<u>\$ (941,463)</u>	<u>\$ 114,949</u>	<u>\$ 364,270</u>	<u>\$ (622,499)</u>
Debt service as a percentage of noncapital expenditures	<u>46.71 %</u>	<u>26.73 %</u>	<u>6.46 %</u>	<u>4.84 %</u>

**Table 4**

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 2,733,171	\$ 2,914,638	\$ 3,007,177	\$ 3,058,619	\$ 3,170,208	\$ 3,271,277
15,374	15,144	14,270	14,260	14,393	7,512
63,380	64,949	51,141	196,257	263,123	1,284,161
99,415	89,300	87,298	94,205	126,862	145,980
698,484	434,324	449,284	567,935	611,364	741,398
310,544	302,731	326,599	460,737	486,490	593,857
30,414	35,166	33,927	49,635	39,909	30,836
26,971	61,301	(17,832)	34,894	21,200	33,960
145,615	136,182	193,875	195,635	195,832	285,467
<u>4,123,368</u>	<u>4,053,735</u>	<u>4,145,739</u>	<u>4,672,177</u>	<u>4,929,381</u>	<u>6,394,448</u>
651,933	656,188	654,631	843,302	731,292	774,871
1,480,092	1,486,294	1,533,049	1,556,675	1,670,971	1,649,746
650,285	504,988	686,201	579,810	525,734	491,108
290,081	277,255	247,542	259,049	291,477	295,925
119,378	155,770	264,659	239,745	323,342	397,237
3,309	18,494	5,571	16,157	21,335	6,153
29,978	6,534	3,164	8,178	10,781	27,283
80,873	130,560	86,291	132,601	480,177	66,091
1,301,477	7,028,857	651,780	369,510	274,465	805,651
435,890	208,043	120,194	92,695	165,143	73,234
-	-	26,470	-	-	-
271,946	91,723	288,549	325,499	316,022	310,000
50,595	407,665	372,182	371,828	362,849	357,994
<u>5,365,837</u>	<u>10,972,371</u>	<u>4,940,283</u>	<u>4,795,049</u>	<u>5,173,588</u>	<u>5,255,293</u>
<u>(1,242,469)</u>	<u>(6,918,636)</u>	<u>(794,544)</u>	<u>(122,872)</u>	<u>(244,207)</u>	<u>1,139,155</u>
516,166	981,795	604,880	1,465,036	1,531,604	644,880
-	-	-	-	-	-
(416,286)	(921,795)	(340,000)	(390,000)	(1,266,724)	(360,000)
-	8,200,000	560,000	-	265,000	-
-	-	-	-	-	-
27,043	30,041	27,321	30,521	33,375	-
<u>126,923</u>	<u>8,290,041</u>	<u>852,201</u>	<u>1,105,557</u>	<u>563,255</u>	<u>284,880</u>
<u>\$ (1,115,546)</u>	<u>\$ 1,371,405</u>	<u>\$ 57,657</u>	<u>\$ 982,685</u>	<u>\$ 319,048</u>	<u>\$ 1,424,035</u>
<u>9.01 %</u>	<u>13.45 %</u>	<u>16.04 %</u>	<u>16.32 %</u>	<u>15.52 %</u>	<u>15.37 %</u>

CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (Shown by year of tax collectability)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Estimated market value				
Real property	\$524,038,800	\$574,451,900	\$568,978,400	\$525,397,100
Personal property	<u>6,453,700</u>	<u>6,255,800</u>	<u>6,167,500</u>	<u>5,988,500</u>
 Total estimated market value	 <u>\$530,492,500</u>	 <u>\$580,707,700</u>	 <u>\$575,145,900</u>	 <u>\$531,385,600</u>
Tax capacity				
Residential property	\$ 4,654,748	\$ 4,874,805	\$ 4,844,770	\$ 4,563,115
Commercial / industrial property	772,448	839,860	839,984	740,819
Other	329,447	349,124	351,157	294,516
Contribution to fiscal disparities pool	(315,838)	(353,194)	(378,126)	(377,468)
Receivable from fiscal disparities pool	1,069,287	1,208,203	1,406,759	1,470,600
Tax increment	<u>(19,434)</u>	<u>(16,615)</u>	<u>(16,078)</u>	<u>(16,833)</u>
 Net tax capacity	 <u>\$ 6,490,658</u>	 <u>\$ 6,902,183</u>	 <u>\$ 7,048,466</u>	 <u>\$ 6,674,749</u>
 Net tax capacity as a percentage of estimated market value	 <u>1.224 %</u>	 <u>1.189 %</u>	 <u>1.226 %</u>	 <u>1.256 %</u>
 Gross tax levy	 <u>\$ 2,402,157</u>	 <u>\$ 2,690,415</u>	 <u>\$ 2,724,202</u>	 <u>\$ 2,873,160</u>
 Tax capacity rate	 <u>36.790 %</u>	 <u>39.390 %</u>	 <u>38.400 %</u>	 <u>44.265 %</u>

Source: Anoka County Property Records and Taxation Department.

Note: Property in the County is reassessed annually.

**Table 5**

2011	2012	2013	2014	2015	2016
\$464,184,500	\$456,064,600	\$405,703,000	\$392,686,000	\$441,346,300	\$451,592,700
<u>6,502,200</u>	<u>6,573,500</u>	<u>6,496,600</u>	<u>6,124,000</u>	<u>5,971,100</u>	<u>6,691,100</u>
<u>\$470,686,700</u>	<u>\$462,638,100</u>	<u>\$412,199,600</u>	<u>\$398,810,000</u>	<u>\$447,317,400</u>	<u>\$458,283,800</u>
\$ 4,055,812	\$ 3,586,358	\$ 3,153,799	\$ 3,037,063	\$ 3,546,894	\$ 3,651,698
686,986	655,422	563,227	516,209	520,655	539,921
258,316	244,970	221,807	222,735	220,816	224,223
(341,228)	(323,392)	(310,154)	(274,535)	(251,537)	(225,976)
1,531,408	1,383,468	1,320,087	1,434,712	1,358,498	1,364,588
<u>(12,820)</u>	<u>(12,628)</u>	<u>(11,899)</u>	<u>(11,891)</u>	<u>(12,002)</u>	<u>(12,522)</u>
<u>\$ 6,178,474</u>	<u>\$ 5,534,198</u>	<u>\$ 4,936,867</u>	<u>\$ 4,924,293</u>	<u>\$ 5,383,324</u>	<u>\$ 5,541,932</u>
<u>1.313 %</u>	<u>1.196 %</u>	<u>1.198 %</u>	<u>1.235 %</u>	<u>1.203 %</u>	<u>1.209 %</u>
<u>\$ 2,873,160</u>	<u>\$ 2,873,160</u>	<u>\$ 2,988,086</u>	<u>\$ 2,988,086</u>	<u>\$ 3,180,953</u>	<u>\$ 3,244,573</u>
<u>47.139 %</u>	<u>53.406 %</u>	<u>63.026 %</u>	<u>59.629 %</u>	<u>58.909 %</u>	<u>58.428 %</u>

CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 PROPERTY TAX CAPACITY RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
 LAST TEN FISCAL YEARS

**Table 6**

Year Taxes Payable	City			Overlapping Rates				Totals	
	General	Debt Service	Total	Anoka County	School District No. 15	School District No. 728	Special Districts	No. 15	No. 728
	2007	36.790 %	0.000 %	36.790 %	31.094 %	24.625 %	33.208 %	3.912 %	96.421 %
2008	39.390	0.000	39.390	31.453	23.174	32.344	5.224	99.241	108.411
2009	38.161	0.239	38.400	32.445	20.965	36.136	3.797	95.607	110.778
2010	43.932	0.333	44.265	35.574	24.859	39.967	4.455	109.153	124.261
2011	46.800	0.339	47.139	40.376	28.793	43.489	4.478	120.786	135.482
2012	53.015	0.391	53.406	41.615	32.835	45.548	3.875	131.731	144.444
2013	62.591	0.435	63.026	44.761	33.707	50.058	4.094	145.588	161.939
2014	59.209	0.420	59.629	43.239	33.635	51.286	4.542	141.045	158.696
2015	58.390	0.519	58.909	38.123	29.449	42.483	4.117	130.598	143.632
2016	57.562	0.866	58.428	38.894	29.371	39.266	4.430	131.123	141.018

Source: Anoka County Property Records and Taxation Department.

Note: Overlapping rates are those of local and County governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners (e.g. the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).



CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO

**Table 7**

Taxpayer	2016			2007		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Alliant Techsystems	\$ 163,639	1	3.78 %	\$ 249,240	1	4.43 %
ALS Properties Woodhaven LLC	106,624	2	2.43	95,020	3	1.69
St. Francis Realty LLC	84,863	3	1.94	112,275	2	1.99
Minnegasco Inc.	66,912	4	1.29	45,906	6	0.82
King Exchange LLC	57,262	5	1.30	71,270	5	1.27
Connexus Energy	56,588	6	1.22	76,726	4	1.36
Northern Capital Investments	33,477	7	0.66	-	-	-
Village Bank	23,134	8	0.53	-	-	-
Jensen Family LP	19,472	9	0.48	33,888	8	0.60
Weaver Brothers Company	19,448	10	0.41	-	-	-
SMJ Triangle Development, LLC	-	-	-	39,397	7	0.70
Brama Brothers Enterprises, LLC	-	-	-	31,207	9	0.55
Hennen Trustee	-	-	-	24,628	10	0.44
<b>Total</b>	<b><u>\$ 631,419</u></b>		<b><u>14.04 %</u></b>	<b><u>\$ 779,557</u></b>		<b><u>13.85 %</u></b>

Source: Anoka County Property Records and Taxation Department.

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CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN FISCAL YEARS

**Table 8**

Fiscal Year	Original Gross Levy	Net Levy	Collection of Current Year's Levy	Percentage of Levy Collected	Collection of Prior Years' Levy	Total Collections	Percentage of Total Collections to Levy
2007	\$ 2,402,157	\$ 2,266,988	\$ 2,170,996	95.77 %	\$ 94,629	\$ 2,265,625	99.94 %
2008	2,690,415	2,550,066	2,448,984	96.04	98,800	2,547,784	99.91
2009	2,724,202	2,579,929	2,492,264	96.60	78,093	2,570,357	99.63
2010	2,873,160	2,856,338	2,770,029	96.98	65,267	2,835,296	99.26
2011	2,873,160	2,704,618	2,665,913	98.57	38,705	2,704,618	100.00
2012	2,873,160	2,873,160	2,847,168	99.10	19,063	2,866,231	99.76
2013	2,988,086	2,988,086	2,972,920	99.49	15,166	2,988,086	100.00
2014	2,988,086	2,988,086	2,985,995	99.93	2,091	2,988,086	100.00
2015	3,180,953	3,180,953	3,171,773	99.71	9,180	3,180,953	100.00
2016	3,244,573	3,244,573	3,239,514	99.84	-	3,239,514	99.84

CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 RATIOS OF OUTSTANDING DEBT BY TYPE  
 LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Lease Revenue Bonds	Capital Leases	Contract for Deed	Promissory Notes
2007	\$ 1,110,000	\$ -	\$ 411,032	\$ -	\$ 97,761
2008	1,110,000	-	276,317	-	33,428
2009	1,065,000	-	221,834	-	-
2010	1,010,000	-	163,739	150,000	-
2011	950,000	-	101,793	-	-
2012	885,000	8,200,000	75,070	-	-
2013	1,380,000	8,005,000	46,521	-	-
2014	1,310,000	7,780,000	16,022	-	-
2015	1,505,000	7,550,000	-	-	-
2016	1,430,000	7,315,000	-	-	-

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Demographic Statistics table on page 143 for personal income and population data.

\* - Personal income and population data were not available for the current year, therefore these calculations were not possible.

**Table 9**

<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
General Obligation Revenue Bonds			
\$ 8,445,000	\$ 10,063,793	3.58	\$ 1,347
16,825,231	18,244,976	6.56	2,464
14,543,660	15,830,494	5.18	2,152
15,527,000	16,850,739	5.84	2,335
14,899,000	15,950,793	5.53	2,210
14,204,000	23,364,070	8.05	3,220
15,406,000	24,837,521	8.80	3,413
14,406,000	23,512,022	7.91	3,248
30,268,000	39,323,000	13.10	5,390
36,711,544	45,456,544	15.08	6,204

CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
 LAST TEN FISCAL YEARS

**Table 10**

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Funds	Net Bonded Debt	Percentage of Estimated Market Value of Taxable Property	Per Capita
2007	\$ 9,555,000	\$ 2,642,776	\$ 6,912,224	1.30 %	\$ 925
2008	17,935,231	2,934,413	15,000,818	2.58	2,026
2009	15,608,660	850,341	14,758,319	2.57	2,006
2010	16,537,000	209,998	16,327,002	3.07	2,262
2011	15,849,000	194,054	15,654,946	3.33	2,169
2012	15,089,000	145,274	14,943,726	3.23	2,060
2013	16,786,000	681,165	16,104,835	3.91	2,213
2014	15,716,000	654,800	15,061,200	3.78	2,080
2015	31,773,000	626,991	31,146,009	6.96	4,269
2016	38,141,544	613,035	37,528,509	8.19	5,122

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
 See Assessed Value and Estimated Actual Value of Taxable Property on page 130-131 for property value data.  
 See the Demographic Statistics on page 143 for population data.

CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 DECEMBER 31, 2016

**Table 11**

	<u>Net Debt</u>	<u>Percentage Applicable to City</u>		<u>Amount Applicable to City of St. Francis Share of Debt</u>
Direct debt				
City of St. Francis	<u>\$ 8,745,000</u>	100.00 %		<u>\$ 8,745,000</u>
Overlapping debt				
Anoka County	\$ 104,535,000	1.75 %		\$ 1,829,363
Isanti County	9,240,000	0.02		1,848
School District 15	28,640,000	18.40		5,269,760
Metropolitan Council	12,625,000	0.17		21,463
Metro Transit	<u>202,095,000</u>	0.19		<u>383,981</u>
Total overlapping debt	<u><u>\$ 357,135,000</u></u>			<u><u>\$ 7,506,414</u></u>
Total direct and overlapping debt	<u><u>\$ 365,880,000</u></u>			<u><u>\$ 16,251,414</u></u>

Sources : Market value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the county.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognized that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

\* The percentage of overlapping debt applicable is estimated using taxable market property values. Applicable percentages were estimated by determining the portion of the county's taxable market value that is within the City's boundaries and dividing it by the county's total taxable market value.

CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
Estimated Market Value of Taxable Property	\$ 530,492,500	\$ 580,707,700	\$ 575,145,900	\$ 531,385,600
Statutory percentage	2.0%	2.0%	2.0%	2.0%
Statutory debt limit	10,609,850	11,614,154	11,502,918	10,627,712
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 10,609,850</u>	<u>\$ 11,614,154</u>	<u>\$ 11,502,918</u>	<u>\$ 10,627,712</u>



**Table 12**

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$470,686,700	\$462,638,100	\$412,199,600	\$398,810,000	\$447,317,400	\$458,283,800
2.0%	2.0%	2.0%	3.0%	3.0%	3.0%
9,413,734	9,252,762	8,243,992	11,964,300	13,419,522	13,748,514
-	-	-	-	-	-
<u>\$ 9,413,734</u>	<u>\$ 9,252,762</u>	<u>\$ 8,243,992</u>	<u>\$ 11,964,300</u>	<u>\$ 13,419,522</u>	<u>\$ 13,748,514</u>

Legal Debt Margin Calculation for Fiscal Year 2016

Estimated Market Value of Taxable Property	\$458,283,800
Statutory percentage	<u>3.0%</u>
Statutory debt limit	<u>\$ 13,748,514</u>
Total bonds outstanding	\$ 45,456,544
Less: Special assessment bonds	(1,430,000)
Less: Utility revenue bonds	(36,711,544)
Less: Lease revenue bonds	<u>(7,315,000)</u>
Debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 13,748,514</u>

CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 PLEDGED - REVENUE COVERAGE  
 LAST TEN FISCAL YEARS

**Table 13**

Fiscal Year	G.O. Special Assessment Bonds						Coverage
	Property Taxes	Special Assessments	Revenue Available	Debt Service		Total	
				Principal	Interest		
2007	\$ -	\$ 80,204	\$ 80,204	\$ -	\$ -	\$ -	- %
2008	-	89,739	89,739	-	30,322	30,322	-
2009	12,394	50,958	63,352	45,000	45,008	90,008	0.70
2010	19,311	40,766	60,077	55,000	43,132	98,132	0.61
2011	19,759	23,575	43,334	60,000	40,708	100,708	0.430
2012	21,098	32,359	53,457	65,000	38,328	103,328	0.517
2013	20,984	24,024	45,331	65,000	35,317	100,317	0.449
2014	21,307	22,180	43,487	70,000	45,223	115,223	0.377
2015	20,819	19,470	40,289	70,000	38,736	108,736	0.371
2016	21,243	28,287	49,530	75,000	36,950	111,950	0.442

Fiscal Year	G.O. Revenue Bonds						Coverage
	Operating Revenue (1)	Operating Expenses (2)	Net Revenue	Debt Service		Total	
				Principal (3)	Interest		
2007	\$ 2,063,779	\$ 608,211	\$1,455,568	\$ 820,000	\$ 252,600	\$ 1,072,600	135.705 %
2008	1,839,970	719,343	1,120,627	195,000	313,036	508,036	220.580
2009	1,950,118	829,000	1,121,118	569,808	499,607	1,069,415	104.835
2010	1,937,225	884,196	1,053,029	616,660	448,408	1,065,068	98.870
2011	1,941,843	947,105	994,738	628,000	470,399	1,098,399	90.563
2012	2,079,464	963,799	1,115,665	695,000	453,680	1,148,680	97.126
2013	2,139,806	1,008,043	1,131,763	968,000	428,117	1,396,117	81.065
2014	2,140,792	1,120,195	1,020,597	1,000,000	452,516	1,452,516	70.264
2015	2,364,011	1,120,195	1,243,816	1,043,000	400,791	1,443,791	86.149
2016	3,261,442	992,279	2,269,163	17,297,000	539,674	17,836,674	12.722

(1) Operating revenues includes connection fees.

(2) Excluding depreciation.

(3) Net of crossover refunding.

CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 DEMOGRAPHIC STATISTICS  
 LAST TEN FISCAL YEARS

**Table 14**

Year	(1) Population	(2) Personal Income	(3) Per Capita Personal Income	(4) Unemployment Rate
2007	7,473	\$280,797,975	\$ 37,575	4.0 %
2008	7,404	278,205,300	37,575	4.6
2009	7,356	305,605,020	41,545	5.5
2010	7,218	288,727,218	40,001	8.5
2011	7,218	288,618,948	39,986	5.9
2012	7,255	290,098,430	39,986	5.6
2013	7,277	282,303,938	38,794	5.1
2014	7,240	297,404,720	41,078	3.5
2015	7,296	300,062,592	41,127	3.5
2016	7,327	301,337,529	41,127	4.0

(1) Metropolitan Council

(2) Estimates by the City. Calculated by multiplying per capita personal income and the population.

(3) Metropolitan Council

(4) Minnesota Department of Employment and Economic Development

\* Information not available at time of publication

CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO

**Table 15**

Employer	2016			2007		
	Employees	Rank	Percent of City Employment	Employees	Rank	Percent of City Employment
Independent School District #15 (includes Bus Garage)	814	1	52.45 %	380	1	34.55 %
County Market	93	2	5.99	90	2	8.18
McDonald's	57	3	3.67	58	4	5.27
Temperature Specialists, Inc.	42	4	2.71	33	8	3.00
Northland Screw Products	37	5	2.38	30	9	2.73
Beef O' Bradys	35	6	2.26			
City of St. Francis	32	7	2.06	33	7	3.00
Rum River Inn	25	8	1.61			
Commercial Drywall, Inc	20	9	1.29			
The Ponds Golf Course & Restaurant	20	10	1.29	48	5	4.36
Kid's Country				27	10	2.45
ISD #15 Bus Garage				75	3	6.82
Billy's Neighborhood				35	6	3.18
Total	<u>1,175</u>		<u>75.71 %</u>	<u>809</u>		<u>73.54 %</u>

CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
 LAST TEN FISCAL YEARS

**Table 16**

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	4	5	5	5	5	5	6	6	6	8
Public safety										
Police	12	12	12	12	12	12	12	13	14	14
Public works	3	3	3	3	3	3	3	2	2	3
Culture and recreation	3	2	3	3	3	3	2	2	2	2
Water	3	2	2	2	2	2	2	2	2	2
Sewer	3	2	2	2	2	2	2	2	2	2
Municipal liquor store	5	5	4	4	4	4	4	4	4	2
<b>Total</b>	<b>33</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>32</b>	<b>33</b>

Source: various city departments

CITY OF ST. FRANCIS, MINNESOTA  
 OPERATING INDICATORS BY FUNCTION  
 LAST TEN FISCAL YEARS

**Table 17**

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Ordinances and resolutions adopted	93	42	51	54	61	66	54	56	82	52
Administration - Licenses processed	44	41	40	34	41	34	29	30	30	30
Finance - Payroll checks issued	1245	1217	1,229	1,240	1,259	1,245	1,230	1,153	1,275	1274
Finance - Invoices paid	3871	5105	5,394	3,371	3,262	3,276	5,304	3,048	3,010	3100
Police										
Chargeable offenses (Parts 1 & 2)	1402	1073	1,042	857	735	997	700	780	602	611
Miscellaneous offenses (Parts 3 & 4)	4686	4627	3,993	4,297	4,124	4,378	4,290	4,372	4,309	3140
Public safety calls for service	7403	6776	5,995	5,154	4,859	5,375	4,990	5,152	4,911	3751
Traffic citations issued	1315	1076	960	723	695	899	640	698	432	368
Fire										
Number of calls answered	394	371	462	397	393	415	368	328	254	251
Code enforcement										
Building permits issued	460	450	264	232	305	428	303	279	333	318
Highways and streets										
Asphalt streets maintained	36	36	36	36	36	36	36	36	36	36
Gravel maintenance (miles)	11	11	11	12	12	12	12	11	11	11
Gravel usage (Tons)	N/A	3899	7,465	3,600	-	4,200	872	199	62	1778
Sand/salt usage (tons)	115	190	136	233	211	223	189	357	210	371
Water										
Water pumped (million gallons)	221	186	200	187	174	195	188	175	173	177
Water main breaks repaired	N/A	N/A	N/A	1	-	1	-	-	1	1
Wastewater										
Gallons of wastewater treated (millions)	107	105	120	102	132	116	119	125	113	130
Miles of sewer mains cleaned	5	5	4	3	3	4	3	1	1	3

Sources: Various government departments.

CITY OF ST. FRANCIS, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 MISCELLANEOUS STATISTICS  
 DECEMBER 31, 2016

**Table 18**

Year of incorporation	1974
Area of City	23.70 square miles
Miles of roadways	
City	47.0
State / County	26.9
Private	4.5
Water system	
Number of hydrants	
City	269
Private	68
Number of wells	3
Miles of water mains	
City	24.7
Private	7.4
Raw	0.6
Abandoned	0.2
Sewer system	
Lift stations	
City	12
Private	2
Miles of sewer mains	
City	20.6
Private	5.7
Number of manholes	
City	504
Private	142
Fire protection	
Number of stations	1
Number of employees	21
Police protection	
Number of stations	1
Number of employees	14
Parks	
Number	14
Acres	83.0
Elections	
Registered voters last election	4,072
Number of votes cast last election	3,763
Percentage of registered voters voting	92.41%

Sources: Various government departments.

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CITY OF ST. FRANCIS, MINNESOTA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

**Table 19**

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	6	6	6	6	6	7	7	7	7
Fire stations										
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
Highways and streets										
Streets (miles)	47	47	47	47	47	47	47	47	47	47
Street lights					201	234	252	259	259	270
Traffic signals	1	1	1	1	1	1	1	1	1	0
Culture and recreation										
Parks division										
Parks	14	14	14	14	14	14	14	14	14	14
Parks acreage	83	83	83	83	83	83	83	83	83	83
Utilities										
Water										
Miles of water main	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7
Consumers	4,790	4,790	4,393	4,475	4,475	4,380	4,380	4380	4380	4380
Maximum daily capacity (gallons)	1,000,000	1,000,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
Sewer										
Miles of sanitary sewer	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6
Lift stations	12	12	12	12	12	12	12	12	12	12
Maximum daily treatment capacity (gallons)	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
Storm sewer										
Miles of storm sewer	*	*	*	*	16.7	16.7	16.7	16.7	16.7	16.7

Source: City of St. Francis, Minnesota

Note: No capital asset indicators are available for the general government function.

\* Information relating to miles of storm sewer was not available before 2011.