



City of
St. Francis
Minnesota



**Comprehensive Annual
Financial Report**
For the Year Ended December 31, 2017

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CITY OF ST. FRANCIS, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

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, 2017

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May 14, 2018

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, 2017, 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, 2017. 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 2017 of 3.3%. 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 2018.

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 have remaining relatively stable. During 2012 there was an increase due to the building of a new Police/Public Works 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 \$2,675,135 in 2008 to \$3,343,498 in 2017. Its percentage of total revenue in 2008 was 61% and in 2017 rose to 65%.

Long-term Financial Planning

Unreserved fund balance in the general fund (93.6% 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 2018 budget reflects current policy and is keeping the fund balance to 88.4% 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.

Major Initiatives for the Year

Major projects during 2017 included:

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

Building permits for the year included 66 new homes and 308 addition/alteration building permits for the year at a value of \$16,711,987.

The City completed the St. Francis Forward (re)Development Plan that looks to strategically navigate through the development of the primary commercial corridors in the City located along Highway 47 and Bridge Street.

The City began the process to convert document storage to electronic storage for all city records.

The City has experienced redevelopment along Highway 47 beginning with the teardown of the gas station. Additionally, the City has sold two lots to potential developers for the addition of new businesses along Highway 47.

The City and EDA have started strategic acquisition of properties along Bridge Street for redevelopment consistent with the St. Francis Forward project.

The City has completed much of the work in order to update the City's Comprehensive Plan.

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 is experiencing increased building activity and economic growth. The city has a number of development related activities that are in the foreseeable future. These development projects include but are not limited to:

- Redevelopment of the "Old Food and Fuel" gas station site.
- Commercial development of the property located on the north side of the City owned Liquor Store.
- Commercial development on the site located across from the Police and Public Works building.
- A major 220 unit residential subdivision on Rum River Boulevard is progressing through the approval process.
- Commercial development of Meridian adjacent to Highway 47.
- Strategic property acquisition and teardown by the City and EDA for properties located on Bridge Street. There are many anticipated redevelopment opportunities for these properties located on the western portion of Bridge Street.
- The City continues to explore the redevelopment opportunities for the City's land located on Bridge Street along the Rum River.
- The City continues to pursue the final build out of the Meadows townhomes located west of Highway 47.
- Woodhaven has been approved for expansion.
- The City has conducted market studies to determine the viability of various commercial development within the City.
- The City has enhanced its developer outreach and marketing activity.

The City is reviewing and hoping to complete an overhaul of the Street Maintenance Program. The Program will proactively track condition ratings of streets, schedule appropriate projects to maintain the streets, and fund these maintenance projects.

The City will be working to complete its Comprehensive Plan for submittal by the end of the year.

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, 2016. This was the 6th 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.

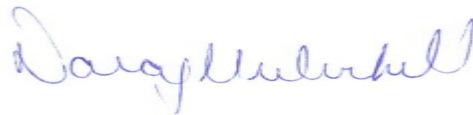
The City received the GFOA Award for the Distinguished Budget Presentation for the City budget for the fiscal year beginning January 1, 2017. It was the 8th consecutive year the City has received the award for the document.

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,

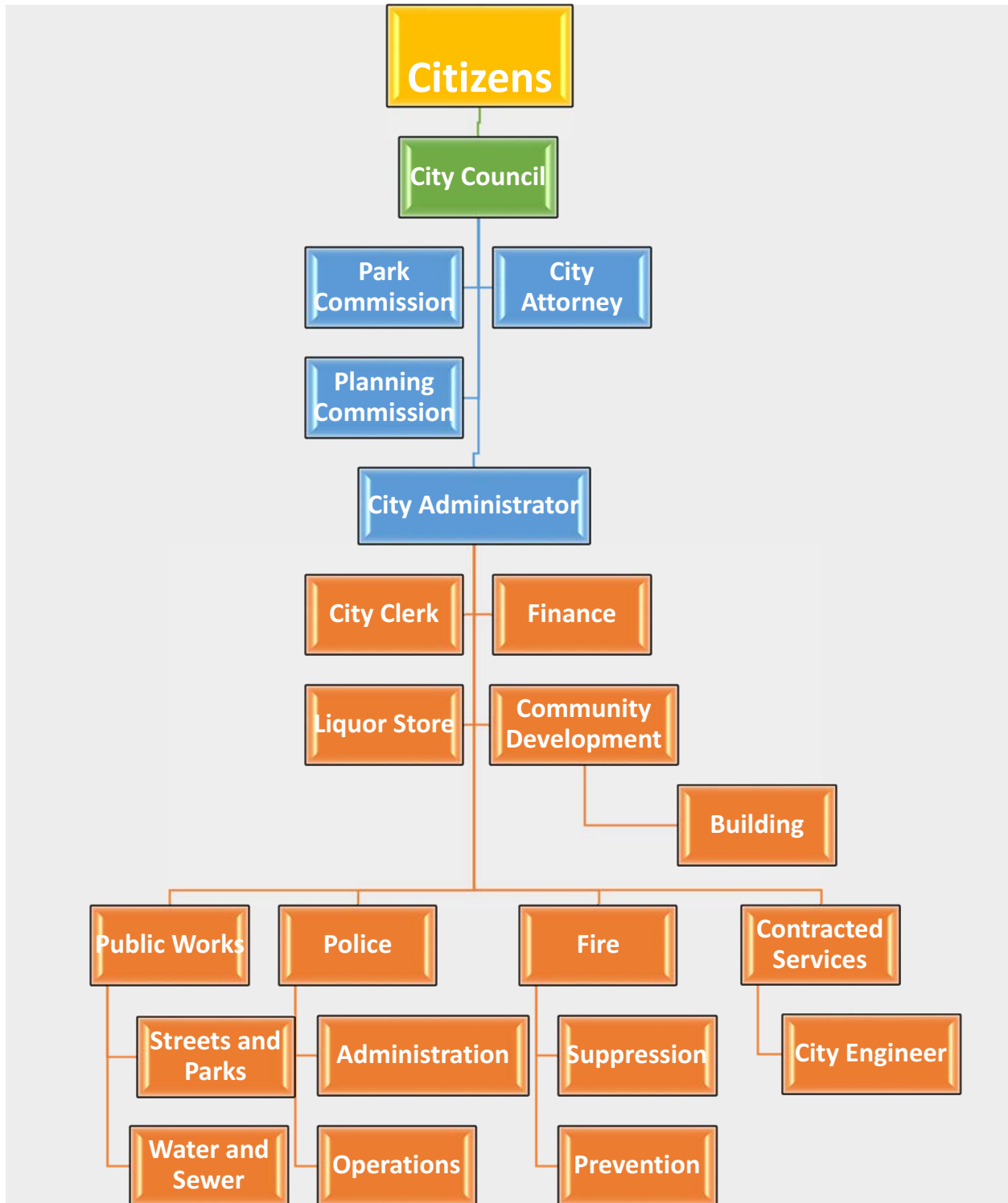


Joe Kohlmann
City Administrator



Darcy Mulvihill
Finance Director

ORGANIZATIONAL CHART



City of St. Francis, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2017

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steve Feldman	Mayor	12/31/2018
Jerry Tveit	Council Member	12/31/2018
Joe Muehlbauer	Council Member	12/31/2020
Rich Skordahl	Council Member	12/31/2018
Robert Bauer	Council Member	12/31/2020

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, 2016

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION
CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2017

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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, 2017, 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, 2017, 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 23 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 86 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

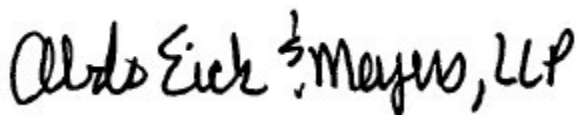
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section, and combining and individual fund financial statements and schedules are presented for purposes of additional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

The combining and individual fund financial statements 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 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 14, 2018, 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 14, 2018

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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, 2017.

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 \$35,476,761 (net position). Of this amount, \$8,768,451 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$6,257,646. Of the total, governmental activities increased \$236,319 and business-type activities increased \$6,021,327. The main reason for the increase was 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 \$5,262,679, a decrease of \$499,573 in comparison with the prior year. Approximately 68 percent of this total amount, \$3,594,887 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 \$3,865,169, or 97 percent of total 2017 General fund expenditures.
- The City's total debt decreased \$9,795,534 during the current fiscal year. Bonds were refunded during the year due to collection of anticipated grants from the state for the wastewater treatment facility this accounted for the majority of the decrease in outstanding debt.

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

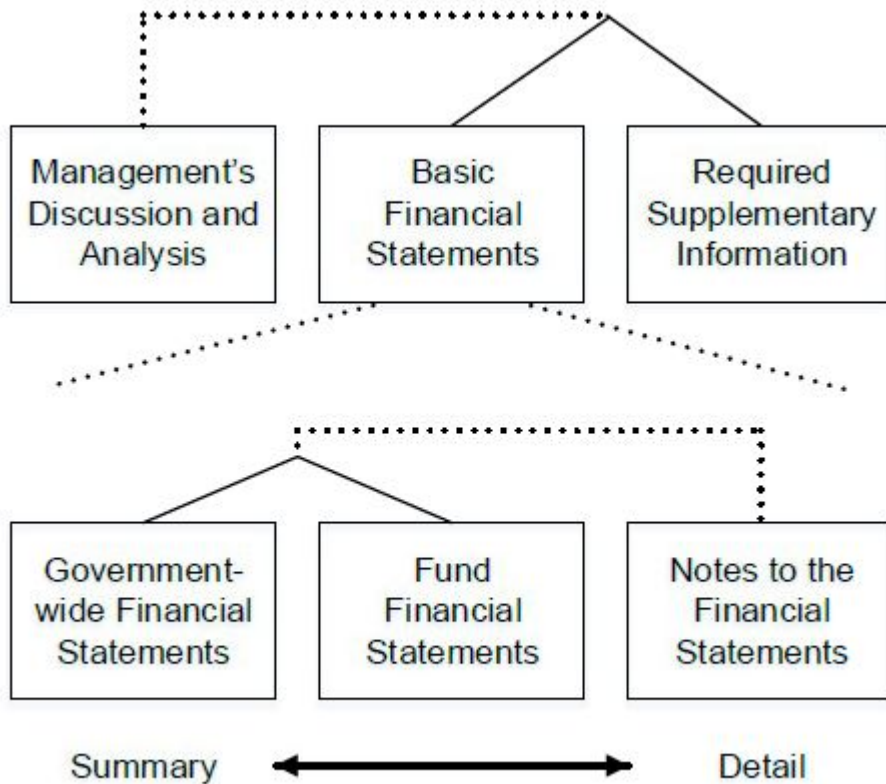


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the 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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statements of Net Position • Statements of Revenues, Expenses and Changes in Fund Net Position • Statements of Cash Flows
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 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 39 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 thirteen 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 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 44 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 50 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 56 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 57 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 86 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 92 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 of resources exceeded liabilities and deferred inflows of resources by \$35,476,761 at the close of the most recent fiscal year.

The largest portion of the City's net position (74 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		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Assets						
Current and other assets	\$ 6,381,252	\$ 6,859,170	\$ (477,918)	\$ 8,730,930	\$ 12,690,675	\$ (3,959,745)
Capital assets	14,663,650	15,012,828	(349,178)	44,853,079	43,918,755	934,324
Total Assets	<u>21,044,902</u>	<u>21,871,998</u>	<u>(827,096)</u>	<u>53,584,009</u>	<u>56,609,430</u>	<u>(3,025,421)</u>
Deferred Outflows of Resources						
Deferred pension resources	1,871,050	3,139,320	(1,268,270)	151,778	245,681	(93,903)
Deferred charge on refunding	303,018	-	303,018	-	-	-
Total Deferred Outflows	<u>2,174,068</u>	<u>3,139,320</u>	<u>(965,252)</u>	<u>151,778</u>	<u>245,681</u>	<u>(93,903)</u>
Liabilities						
Noncurrent liabilities outstanding	10,017,844	13,719,297	(3,701,453)	28,380,446	37,268,558	(8,888,112)
Other liabilities	302,059	343,491	(41,432)	426,682	725,841	(299,159)
Total Liabilities	<u>10,319,903</u>	<u>14,062,788</u>	<u>(3,742,885)</u>	<u>28,807,128</u>	<u>37,994,399</u>	<u>(9,187,271)</u>
Deferred Inflows of Resources						
Deferred pension resources	<u>2,252,790</u>	<u>538,572</u>	<u>1,714,218</u>	<u>98,175</u>	<u>51,555</u>	<u>46,620</u>
Net Position						
Net investment in capital assets	7,196,658	6,861,667	334,991	19,003,781	13,019,826	5,983,955
Restricted	507,871	1,010,138	(502,267)	-	-	-
Unrestricted	<u>2,941,748</u>	<u>2,538,153</u>	<u>403,595</u>	<u>5,826,703</u>	<u>5,789,331</u>	<u>37,372</u>
Total Net Position	<u>\$ 10,646,277</u>	<u>\$ 10,409,958</u>	<u>\$ 236,319</u>	<u>\$ 24,830,484</u>	<u>\$ 18,809,157</u>	<u>\$ 6,021,327</u>

An additional portion of the City's net position, \$507,871, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$8,768,451, 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.

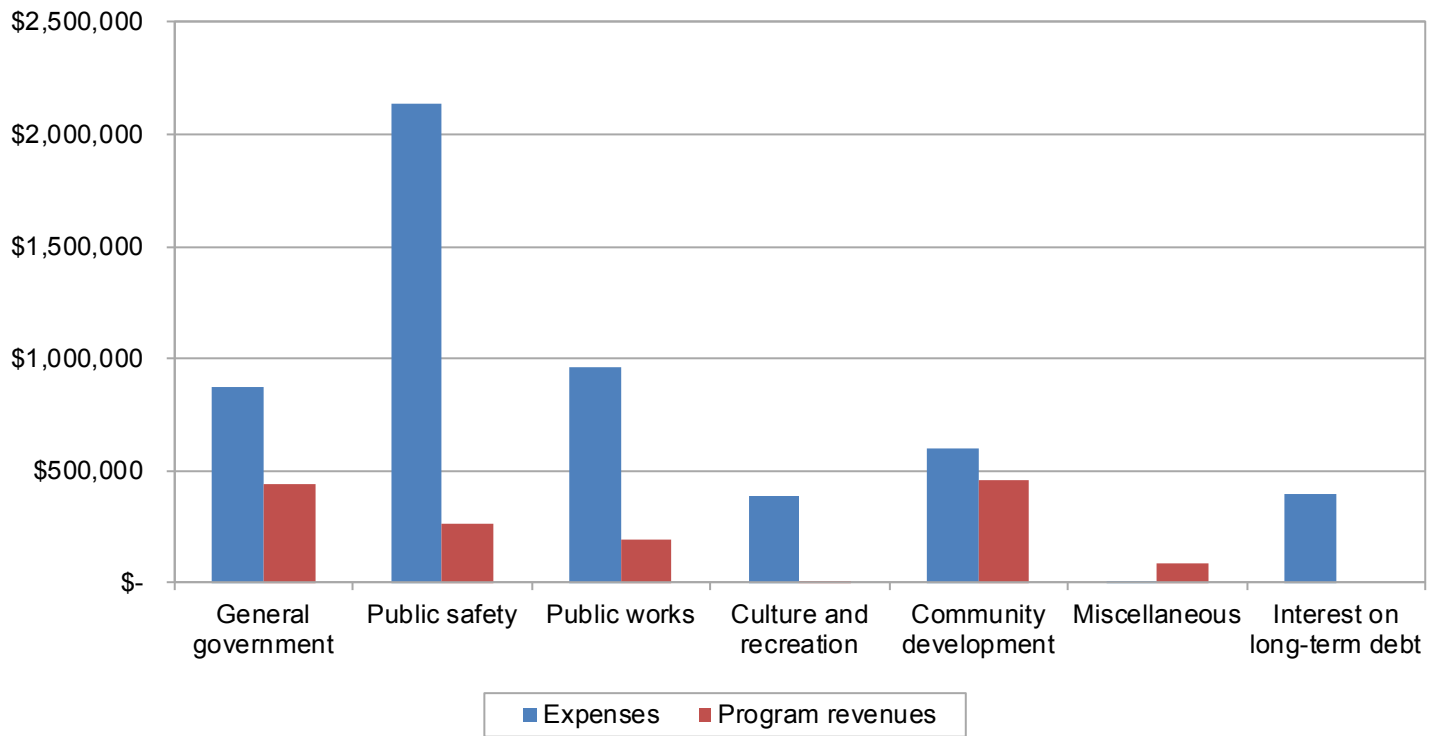
Governmental Activities. Governmental activities increased the City's net position by \$236,319. Key elements of the changes are as follows:

City of St. Francis's Changes in Net Position

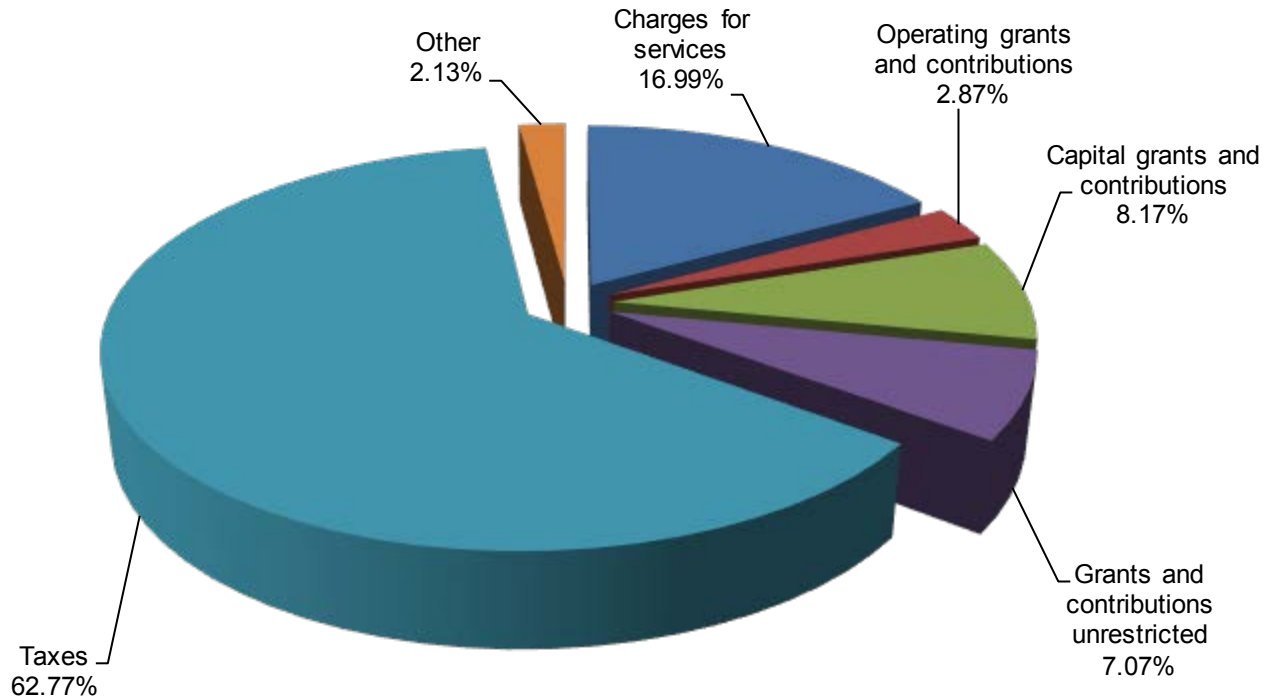
	Governmental Activities			Business-type Activities		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 879,636	\$ 822,723	\$ 56,913	\$ 5,957,918	\$ 5,054,023	\$ 903,895
Operating grants and contributions	148,707	280,996	(132,289)	3,669	3,800	(131)
Capital grants and contributions	422,985	1,186,137	(763,152)	4,969,830	3,849,842	1,119,988
General Revenues						
Taxes						
Property taxes	3,249,599	3,277,360	(27,761)	-	-	-
Tax increment	-	7,512	(7,512)	-	-	-
Grants and contributions not restricted to specific programs	365,831	362,359	3,472	-	-	-
Unrestricted investment earnings	29,655	33,960	(4,305)	87,702	82,101	5,601
Gain on sale of capital assets	80,867	-	80,867	-	-	-
Total Revenues	5,177,280	5,971,047	(793,767)	11,019,119	8,989,766	2,029,353
Expenses						
General government	874,683	888,099	(13,416)	-	-	-
Public safety	2,132,904	2,334,480	(201,576)	-	-	-
Public works	960,970	919,720	41,250	-	-	-
Culture and recreation	389,408	468,326	(78,918)	-	-	-
Community development	598,366	427,300	171,066	-	-	-
Miscellaneous	8,467	6,153	2,314	-	-	-
Interest on long-term debt	400,157	357,173	42,984	-	-	-
Water	-	-	-	1,064,443	1,057,465	6,978
Sewer	-	-	-	1,345,198	1,184,441	160,757
Storm water	-	-	-	33,435	55,385	(21,950)
Liquor store	-	-	-	2,130,722	2,008,390	122,332
Total Expenses	5,364,955	5,401,251	(36,296)	4,573,798	4,305,681	268,117
Increase in Net Position Before Transfers	(187,675)	569,796	(757,471)	6,445,321	4,684,085	1,761,236
Transfers (Net)	423,994	284,880	139,114	(423,994)	(284,880)	(139,114)
Change in Net Position	236,319	854,676	(618,357)	6,021,327	4,399,205	1,622,122
Net Position, January 1	10,409,958	9,555,282	854,676	18,809,157	14,409,952	4,399,205
Net Position, December 31	\$ 10,646,277	\$ 10,409,958	\$ 236,319	\$ 24,830,484	\$ 18,809,157	\$ 6,021,327

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

Expenses and Program Revenue - Governmental Activities

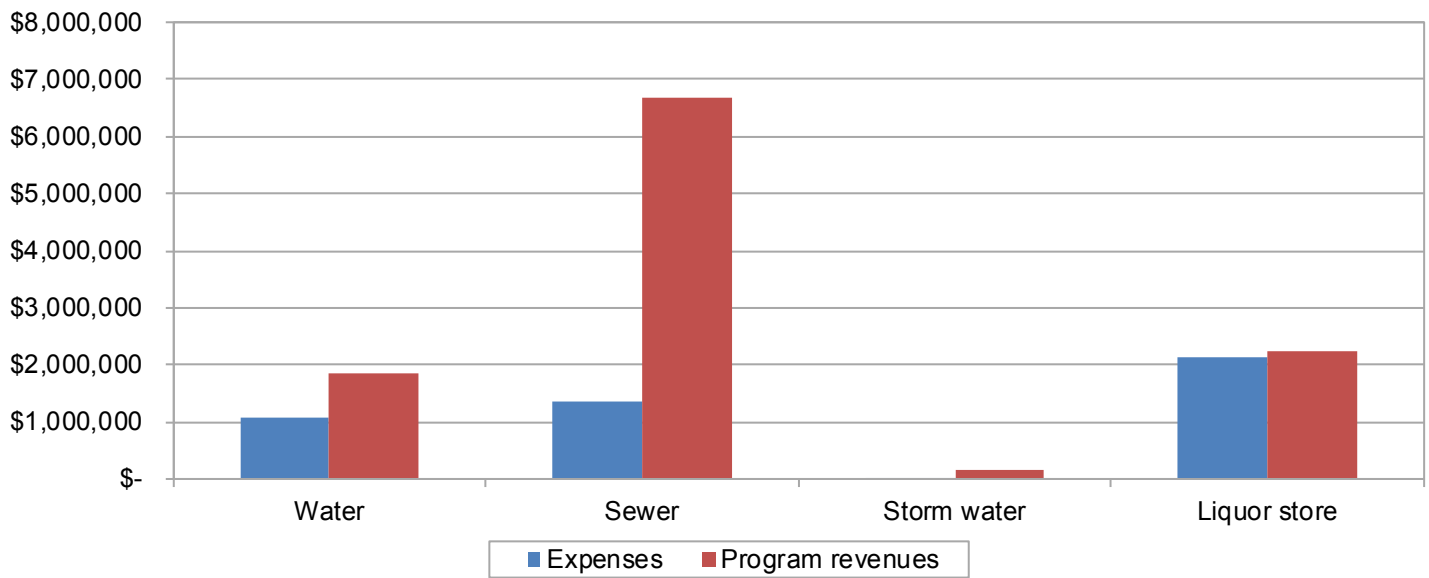


Revenue by Source - Governmental Activities

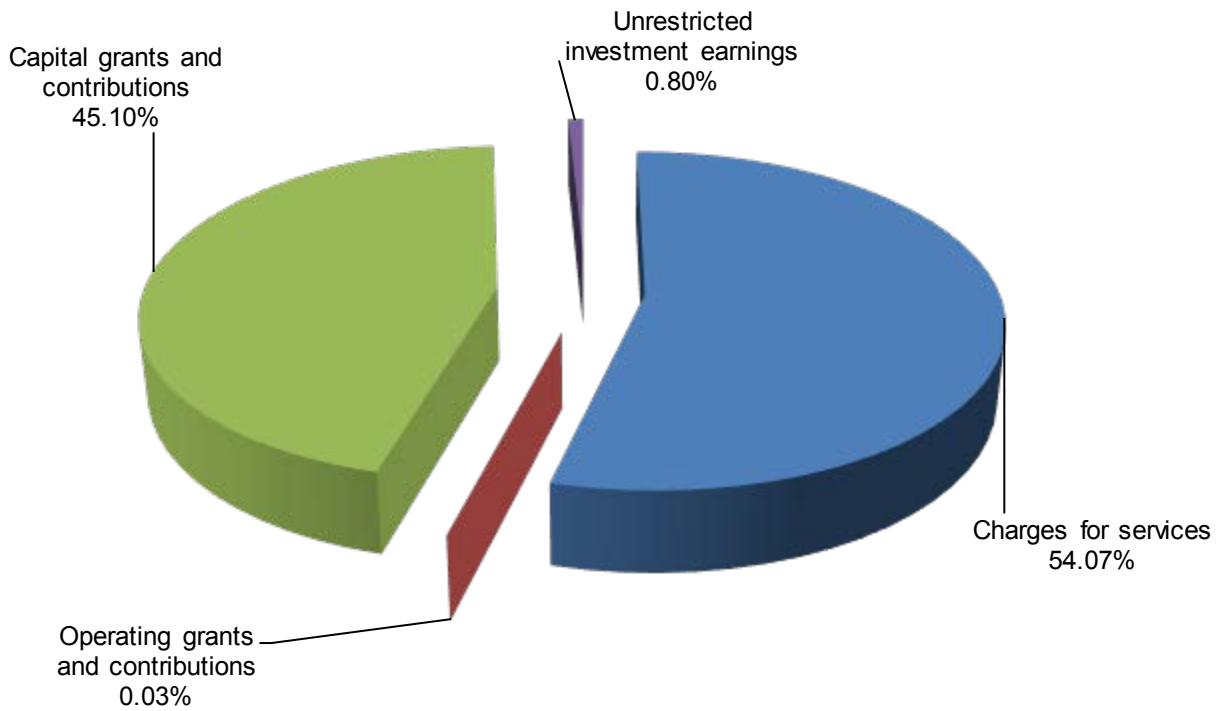


Business-type Activities. Business-type activities increased the City's net position by \$6,021,327.

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 \$5,262,679. Approximately 68 percent of this total amount, \$3,594,887, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The City also has nonspendable balance of \$18,844, restricted balance of \$429,069 and assigned balance of \$1,219,879.

Major Fund	Fund Balances		Increase (Decrease)
	December 31, 2016	2017	
General	\$ 3,366,509	\$ 3,884,013	\$ 517,504
Debt Service Funds	\$ 1,213,569	\$ 112,802	\$ (1,100,767)

The fund balance of the General fund increased \$517,504. The primary reason for the increase was the result of multiple department expenditures being under budget and total revenues over budget \$410,136.

The Debt Service funds has a total fund balance of \$112,802, all of which is restricted for debt service. The fund balance decreased \$1,100,767 during the current year mainly due to regularly scheduled debt service principal and interest payments and bond refunding activity.

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 \$7,868,405. The change in net position for the funds was an increase of \$6,021,327. 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 \$517,504. Actual revenues were \$417,636 over budget due to a positive budget variance in all categories except fines and forfeitures and charges for services. The largest variance was in intergovernmental revenues in the amount of \$279,852. Expenditures in total were under budget by \$19,001. The largest positive expenditure variances were in public safety and public works of \$121,746 and \$85,638, 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, 2017, amounts to \$59,516,729 (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:

- Wastewater Treatment facility
- Dump truck
- Two 2017 Dodge Chargers
- General government equipment
- Liquor store camera system

Additional information on the City's capital assets can be found in Note 3B starting on page 69 of this report.

City of St. Francis's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Land	\$ 1,427,736	\$ 1,427,736	\$ -	\$ 2,359,187	\$ 2,359,187	\$ -
Construction in Progress	99,131	-	99,131	25,894,869	24,293,956	1,600,913
Land Improvements	60,981	69,720	(8,739)	-	-	-
Buildings	7,459,650	7,686,323	(226,673)	11,084,739	11,471,835	(387,096)
Infrastructure	4,672,453	4,894,813	(222,360)	5,434,716	5,700,732	(266,016)
Machinery and Equipment	943,699	934,236	9,463	79,568	93,045	(13,477)
Total	\$ 14,663,650	\$ 15,012,828	\$ (349,178)	\$ 44,853,079	\$ 43,918,755	\$ 934,324

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$35,396,000. 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		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
General Obligation Revenue Bonds	\$ 7,505,000	\$ 8,745,000	\$ (1,240,000)	\$ 27,891,000	\$ 36,711,544	\$ (8,820,544)
Bond Premium	265,010	-	265,010	-	-	-
Total	<u>\$ 7,770,010</u>	<u>\$ 8,745,000</u>	<u>\$ (974,990)</u>	<u>\$ 27,891,000</u>	<u>\$ 36,711,544</u>	<u>\$ (8,820,544)</u>

The City's total debt decreased \$9,795,534 during the current fiscal year. The major reason for the decrease in debt was the city paid received additional grant funds for the Wastewater Treatment Plant which lowered the loan amount from the MN Public Facilities Authority. Additionally, the city had a grant anticipation bond that was paid off when the grant proceeds were received.

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 72 of this report.

Economic Factors and Next Year's Budgets and Rates

The City is anticipating building activity to increase again as there were 66 new home permits pulled in 2017 with 38 new home permits pulled in 2016 and 28 new home permits pulled in 2015.

Construction on a new Wastewater Treatment Plan which began in 2015 and substantially completed in 2017. 2018 will see the final work completed on this project. 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 received grants of \$8.9 million from the State of Minnesota to help reduce the loan amount on this project. The city is still waiting to be invoiced by the county for project expenses. User fees were adjusted in 2015 and 2016 to pay for the debt service on this construction.

The City's Adopted 2018 Budget includes a property tax levy of \$3,488,791 or 7.53 percent increase over the 2017 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, 2017

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City of St. Francis, Minnesota

Statement of Net Position

December 31, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 5,587,551	\$ 6,995,937	\$ 12,583,488
Receivables			
Accrued interest	6,181	6,863	13,044
Taxes	55,934	-	55,934
Accounts, net of allowance for uncollectibles	5,668	439,052	444,720
Special assessments	511,085	319,759	830,844
Loans	23,171	-	23,171
Due from other governments	107,248	427,777	535,025
Internal balances	(270,282)	270,282	-
Inventories	18,844	271,260	290,104
Pension asset	335,852	-	335,852
Capital assets			
Land and construction in progress	1,526,867	28,254,056	29,780,923
Depreciable assets (net of accumulated depreciation)	13,136,783	16,599,023	29,735,806
Total Assets	<u>21,044,902</u>	<u>53,584,009</u>	<u>74,628,911</u>
Deferred Outflows of Resources			
Deferred pension resources	1,871,050	151,778	2,022,828
Deferred charge on refunding	303,018	-	303,018
Total Deferred Outflows of Resources	<u>2,174,068</u>	<u>151,778</u>	<u>2,325,846</u>
Liabilities			
Accounts payable	168,024	189,734	357,758
Contracts payable	-	66,604	66,604
Accrued salaries payable	44,993	10,698	55,691
Due to other governments	1,335	20,601	21,936
Accrued interest payable	86,357	139,045	225,402
Deposits payable	1,350	-	1,350
Noncurrent liabilities			
Due within one year	546,054	1,144,729	1,690,783
Due in more than one year	9,471,790	27,235,717	36,707,507
Total Liabilities	<u>10,319,903</u>	<u>28,807,128</u>	<u>39,127,031</u>
Deferred Inflows of Resources			
Deferred pension resources	2,252,790	98,175	2,350,965
Net Position			
Net investment in capital assets	7,196,658	19,003,781	26,200,439
Restricted for			
Debt service	191,604	-	191,604
Park improvements	144,461	-	144,461
Police expenses	10,119	-	10,119
Economic development projects	99,925	-	99,925
Capital purchases	61,762	-	61,762
Unrestricted	2,941,748	5,826,703	8,768,451
Total Net Position	<u>\$ 10,646,277</u>	<u>\$ 24,830,484</u>	<u>\$ 35,476,761</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, 2017

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 874,683	\$ 440,529	\$ -	\$ -
Public safety	2,132,904	163,362	101,396	-
Public works	960,970	3,599	47,211	147,308
Culture and recreation	389,408	2,385	100	2,500
Community development	598,366	181,565	-	273,177
Miscellaneous	8,467	88,196	-	-
Interest on long-term debt	400,157	-	-	-
Total Governmental Activities	<u>5,364,955</u>	<u>879,636</u>	<u>148,707</u>	<u>422,985</u>
Business-type Activities				
Water	1,064,443	1,682,412	51	153,843
Sewer	1,345,198	1,867,070	52	4,815,987
Storm water	33,435	171,867	3,497	-
Liquor store	2,130,722	2,236,569	69	-
Total Business-type Activities	<u>4,573,798</u>	<u>5,957,918</u>	<u>3,669</u>	<u>4,969,830</u>
Total	<u>\$ 9,938,753</u>	<u>\$ 6,837,554</u>	<u>\$ 152,376</u>	<u>\$ 5,392,815</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

State grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

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
\$ (434,154)	\$ -	\$ (434,154)
(1,868,146)	-	(1,868,146)
(762,852)	-	(762,852)
(384,423)	-	(384,423)
(143,624)	-	(143,624)
79,729	-	79,729
(400,157)	-	(400,157)
<u>(3,913,627)</u>	<u>-</u>	<u>(3,913,627)</u>
-	771,863	771,863
-	5,337,911	5,337,911
-	141,929	141,929
-	105,916	105,916
<u>-</u>	<u>6,357,619</u>	<u>6,357,619</u>
<u>(3,913,627)</u>	<u>6,357,619</u>	<u>2,443,992</u>
3,208,056	-	3,208,056
41,543	-	41,543
365,831	-	365,831
29,655	87,702	117,357
80,867	-	80,867
423,994	(423,994)	-
<u>4,149,946</u>	<u>(336,292)</u>	<u>3,813,654</u>
236,319	6,021,327	6,257,646
<u>10,409,958</u>	<u>18,809,157</u>	<u>29,219,115</u>
<u>\$ 10,646,277</u>	<u>\$ 24,830,484</u>	<u>\$ 35,476,761</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, 2017

City of St. Francis, Minnesota

Balance Sheet
Governmental Funds
December 31, 2017

	101	300's	Other	Total
	General	Debt Service	Governmental Funds	Governmental Funds
Assets				
Cash and temporary investments	\$ 3,942,427	\$ 112,355	\$ 1,532,769	\$ 5,587,551
Receivables				
Accrued interest	4,447	167	1,567	6,181
Taxes	55,622	312	-	55,934
Accounts	26,073	-	2,766	28,839
Special assessments	8,988	164,847	337,250	511,085
Due from other governments	106,968	280	-	107,248
Inventories	18,844	-	-	18,844
	<u>4,163,369</u>	<u>277,961</u>	<u>1,874,352</u>	<u>6,315,682</u>
Total Assets	\$ 4,163,369	\$ 277,961	\$ 1,874,352	\$ 6,315,682
Liabilities				
Accounts payable	\$ 167,068	\$ -	\$ 956	\$ 168,024
Accrued salaries payable	44,993	-	-	44,993
Due to other governments	1,335	-	-	1,335
Deposits payable	1,350	-	-	1,350
Due to other funds	-	-	270,282	270,282
Total Liabilities	<u>214,746</u>	<u>-</u>	<u>271,238</u>	<u>485,984</u>
Deferred Inflows of Resources				
Unavailable revenues - taxes	55,622	312	-	55,934
Unavailable revenues - special assessments	8,988	164,847	337,250	511,085
Total Deferred Inflows of Resources	<u>64,610</u>	<u>165,159</u>	<u>337,250</u>	<u>567,019</u>
Fund Balances				
Nonspendable	18,844	-	-	18,844
Restricted	-	112,802	316,267	429,069
Assigned	-	-	1,219,879	1,219,879
Unassigned	3,865,169	-	(270,282)	3,594,887
Total Fund Balances	<u>3,884,013</u>	<u>112,802</u>	<u>1,265,864</u>	<u>5,262,679</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,163,369	\$ 277,961	\$ 1,874,352	\$ 6,315,682

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, 2017

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

Total Fund Balances - Governmental	\$ 5,262,679
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	20,467,655
Less: accumulated depreciation	(5,804,005)
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	
	335,852
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	(7,505,000)
Plus premium on bonds issued	(265,010)
Deferred charge on refunding	303,018
Compensated absences payable	(204,954)
Pension liability	(2,042,880)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pensions resources	1,871,050
Deferred inflows of pension resources	(2,252,790)
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	55,934
Special assessments receivable	511,085
Governmental funds do not report a liability for accrued interest until due and payable.	
	(86,357)
Total Net Position - Governmental Activities	\$ 10,646,277

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, 2017

	101 General	300's Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 2,992,821	\$ 41,543	\$ 223,150	\$ 3,257,514
Licenses and permits	214,855	-	-	214,855
Intergovernmental	855,400	-	-	855,400
Charges for services	438,621	-	19,261	457,882
Fines and forfeitures	25,631	-	-	25,631
Special assessments	-	34,153	51,831	85,984
Interest on investments	22,073	(3,156)	10,738	29,655
Miscellaneous	176,133	-	12,853	188,986
Total Revenues	<u>4,725,534</u>	<u>72,540</u>	<u>317,833</u>	<u>5,115,907</u>
Expenditures				
Current				
General government	824,154	-	-	824,154
Public safety	1,680,154	-	13,254	1,693,408
Public works	613,542	-	-	613,542
Culture and recreation	277,528	-	-	277,528
Community development	583,379	-	-	583,379
Miscellaneous	8,467	-	-	8,467
Capital outlay				
General government	1,673	-	6,469	8,142
Public safety	-	-	272,964	272,964
Public works	-	-	100,524	100,524
Culture and recreation	-	-	46	46
Debt service				
Principal	-	870,000	-	870,000
Interest and other charges	-	459,093	-	459,093
Total Expenditures	<u>3,988,897</u>	<u>1,329,093</u>	<u>393,257</u>	<u>5,711,247</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>736,637</u>	<u>(1,256,553)</u>	<u>(75,424)</u>	<u>(595,340)</u>
Other Financing Sources (Uses)				
Transfers in	60,000	564,880	159,114	783,994
Sale of capital assets	80,867	-	-	80,867
Bonds issued	-	6,705,000	-	6,705,000
Payment to escrow agent	-	(7,386,676)	-	(7,386,676)
Premium on bonds issued	-	272,582	-	272,582
Transfers out	(360,000)	-	-	(360,000)
Total Other Financing Sources (Uses)	<u>(219,133)</u>	<u>155,786</u>	<u>159,114</u>	<u>95,767</u>
Net Change in Fund Balances	517,504	(1,100,767)	83,690	(499,573)
Fund Balances, January 1	<u>3,366,509</u>	<u>1,213,569</u>	<u>1,182,174</u>	<u>5,762,252</u>
Fund Balances, December 31	<u>\$ 3,884,013</u>	<u>\$ 112,802</u>	<u>\$ 1,265,864</u>	<u>\$ 5,262,679</u>

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, 2017

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

Total Net Change in Fund Balances - Governmental Funds	\$ (499,573)
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Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	312,742
Depreciation expense	(661,920)

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.

Principal repayments	630,000
Payment to escrow agent	7,315,000
Debt issued	(6,705,000)
Loss on refunding bonds issued	311,676
Premium on bonds issued	(272,582)
Current year amortization of bond premium	7,572
Current year amortization of deferred loss on refunding	(8,658)

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.

60,022

Long-term pension activity is not reported in governmental funds.

Pension expense	(208,092)
Pension revenue	42,791

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.

Special assessments	(54,370)
Property taxes	(7,915)

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.

Compensated absences	(25,374)
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Change in Net Position - Governmental Activities	\$ 236,319
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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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,955,000	\$ 2,955,000	\$ 2,992,821	\$ 37,821
Licenses and permits	133,917	133,917	214,855	80,938
Intergovernmental	575,548	575,548	855,400	279,852
Charges for services	449,998	449,998	438,621	(11,377)
Fines and forfeitures	33,785	33,785	25,631	(8,154)
Interest on investments	14,000	14,000	22,073	8,073
Miscellaneous	145,650	145,650	176,133	30,483
Total Revenues	<u>4,307,898</u>	<u>4,307,898</u>	<u>4,725,534</u>	<u>417,636</u>
Expenditures				
Current				
General government	829,450	829,450	824,154	5,296
Public safety	1,801,900	1,801,900	1,680,154	121,746
Public works	699,180	699,180	613,542	85,638
Culture and recreation	290,820	290,820	277,528	13,292
Community development	367,750	367,750	583,379	(215,629)
Miscellaneous	16,798	16,798	8,467	8,331
Capital outlay				
General government	2,000	2,000	1,673	327
Total Expenditures	<u>4,007,898</u>	<u>4,007,898</u>	<u>3,988,897</u>	<u>19,001</u>
Excess of Revenues Over Expenditures	<u>300,000</u>	<u>300,000</u>	<u>736,637</u>	<u>436,637</u>
Other Financing Sources (Uses)				
Transfers in	60,000	60,000	60,000	-
Sale of capital assets	-	-	80,867	80,867
Transfers out	(360,000)	(360,000)	(360,000)	-
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(219,133)</u>	<u>80,867</u>
Net Change in Fund Balances	-	-	517,504	517,504
Fund Balances, January 1	<u>3,366,509</u>	<u>3,366,509</u>	<u>3,366,509</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 3,366,509</u>	<u>\$ 3,366,509</u>	<u>\$ 3,884,013</u>	<u>\$ 517,504</u>

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, 2017

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm	
Assets					
Current Assets					
Cash and temporary investments	\$ 2,783,832	\$ 2,257,889	\$ 1,732,799	\$ 221,417	\$ 6,995,937
Receivables					
Accrued interest	3,505	1,256	1,976	126	6,863
Accounts, net of allowance for uncollectibles	204,258	203,953	30,841	-	439,052
Special assessments	1,886	1,428	-	39,470	42,784
Due from other governments	22,407	404,608	-	762	427,777
Due from other funds	270,282	-	-	-	270,282
Inventory	-	-	271,260	-	271,260
Total Current Assets	3,286,170	2,869,134	2,036,876	261,775	8,453,955
Noncurrent Assets					
Special assessments	114,723	162,252	-	-	276,975
Capital assets					
Land	18,115	2,337,838	3,234	-	2,359,187
Construction in progress	-	25,894,869	-	-	25,894,869
Buildings	8,994,235	7,256,415	621,517	-	16,872,167
Machinery and equipment	151,111	159,267	196,458	-	506,836
Infrastructure	5,118,547	3,192,605	-	-	8,311,152
Less accumulated depreciation	(3,872,694)	(4,653,787)	(564,651)	-	(9,091,132)
Net Capital Assets	10,409,314	34,187,207	256,558	-	44,853,079
Total Noncurrent Assets	10,524,037	34,349,459	256,558	-	45,130,054
Total Assets	13,810,207	37,218,593	2,293,434	261,775	53,584,009
Deferred Outflows of Resources					
Deferred pension resources	44,619	46,001	61,158	-	151,778

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, 2017

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm	
Liabilities					
Current Liabilities					
Accounts payable	\$ 18,510	\$ 29,008	\$ 141,683	\$ 533	\$ 189,734
Contracts payable	1,000	65,604	-	-	66,604
Accrued salaries payable	2,975	3,212	4,511	-	10,698
Due to other governments	560	-	20,041	-	20,601
Accrued interest payable	73,401	65,644	-	-	139,045
Compensated absences payable - current	5,698	5,698	9,333	-	20,729
Bonds payable - current	633,250	490,750	-	-	1,124,000
Total Current Liabilities	<u>735,394</u>	<u>659,916</u>	<u>175,568</u>	<u>533</u>	<u>1,571,411</u>
Noncurrent Liabilities					
Compensated absences payable	4,411	4,411	14,764	-	23,586
Pension liability	131,021	135,529	178,581	-	445,131
Bonds payable	6,662,250	20,104,750	-	-	26,767,000
Total Noncurrent Liabilities	<u>6,797,682</u>	<u>20,244,690</u>	<u>193,345</u>	<u>-</u>	<u>27,235,717</u>
Total Liabilities	<u>7,533,076</u>	<u>20,904,606</u>	<u>368,913</u>	<u>533</u>	<u>28,807,128</u>
Deferred Inflows of Resources					
Deferred pension resources	28,885	29,850	39,440	-	98,175
Net Position					
Net investment in capital assets	3,352,966	15,394,257	256,558	-	19,003,781
Unrestricted	2,939,899	935,881	1,689,681	261,242	5,826,703
Total Net Position	<u>\$ 6,292,865</u>	<u>\$ 16,330,138</u>	<u>\$ 1,946,239</u>	<u>\$ 261,242</u>	<u>\$ 24,830,484</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, 2017

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm	
Operating Revenues					
Sales	\$ -	\$ -	\$ 2,236,169	\$ -	\$ 2,236,169
Cost of sales	-	-	(1,658,949)	-	(1,658,949)
Gross Profit	-	-	577,220	-	577,220
Charges for services	1,671,817	1,810,376	-	171,867	3,654,060
Total Operating Revenues	1,671,817	1,810,376	577,220	171,867	4,231,280
Operating Expenses					
Personal services	207,718	222,731	264,890	-	695,339
Supplies	72,383	61,018	5,076	-	138,477
Professional services	103,667	108,824	119,534	33,435	365,460
Communications	7,802	3,559	4,445	-	15,806
Insurance	18,880	26,323	15,641	-	60,844
Utilities	81,488	113,004	16,046	-	210,538
Repairs and maintenance	40,614	111,466	4,098	-	156,178
Depreciation	325,126	322,111	35,335	-	682,572
Other	14,807	15,340	6,708	-	36,855
Total Operating Expenses	872,485	984,376	471,773	33,435	2,362,069
Operating Income	799,332	826,000	105,447	138,432	1,869,211
Nonoperating Revenues (Expenses)					
Interest income	27,728	44,596	13,955	1,423	87,702
Miscellaneous	10,646	56,746	469	3,497	71,358
Interest expense	(191,958)	(360,822)	-	-	(552,780)
Total Nonoperating Revenues (Expenses)	(153,584)	(259,480)	14,424	4,920	(393,720)
Income Before Transfers and Contributions	645,748	566,520	119,871	143,352	1,475,491
Transfers and Contributions					
Capital grants	-	4,606,071	-	-	4,606,071
Capital contributions - connection fees	153,843	209,916	-	-	363,759
Transfers out	(111,080)	(113,800)	(199,114)	-	(423,994)
Total Transfers and Contributions	42,763	4,702,187	(199,114)	-	4,545,836
Change in Net Position	688,511	5,268,707	(79,243)	143,352	6,021,327
Net Position, January 1	5,604,354	11,061,431	2,025,482	117,890	18,809,157
Net Position, December 31	\$ 6,292,865	\$ 16,330,138	\$ 1,946,239	\$ 261,242	\$ 24,830,484

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, 2017

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm	
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 1,698,131	\$ 1,417,757	\$ 2,231,817	\$ 176,910	\$ 5,524,615
Payments to suppliers	(332,899)	(489,639)	(1,799,404)	(38,770)	(2,660,712)
Payments to employees	(186,501)	(191,207)	(244,165)	-	(621,873)
Net Cash Provided by Operating Activities	<u>1,178,731</u>	<u>736,911</u>	<u>188,248</u>	<u>138,140</u>	<u>2,242,030</u>
Cash Flows from					
Noncapital Financing Activities					
Decrease in due from other funds	19,388	-	-	-	19,388
Transfers to other funds	(111,080)	(113,800)	(199,114)	-	(423,994)
Net Cash Used by Noncapital Financing Activities	<u>(91,692)</u>	<u>(113,800)</u>	<u>(199,114)</u>	<u>-</u>	<u>(404,606)</u>
Cash Flows from Capital Financing Activities					
Connection fees received	153,843	209,916	-	-	363,759
Capital grants received	-	4,606,071	-	-	4,606,071
Acquisition of capital assets	-	(1,831,945)	(15,984)	-	(1,847,929)
Withdrawals from refunding bond escrow agent	922,255	1,127,199	-	-	2,049,454
Payment made to refunding bond escrow agent	(978,750)	(1,196,250)	-	-	(2,175,000)
Interest paid on bonds	(215,212)	(395,593)	-	-	(610,805)
Principal paid on bonds	(527,000)	(6,118,544)	-	-	(6,645,544)
Net Cash Used by Capital Financing Activities	<u>(644,864)</u>	<u>(3,599,146)</u>	<u>(15,984)</u>	<u>-</u>	<u>(4,259,994)</u>
Cash Flows from Investing Activities					
Interest received on investments	<u>23,152</u>	<u>41,203</u>	<u>14,474</u>	<u>1,355</u>	<u>80,184</u>
Net Increase (Decrease) in Cash and Cash Equivalents	465,327	(2,934,832)	(12,376)	139,495	(2,342,386)
Cash and Cash Equivalents, January 1	<u>2,318,505</u>	<u>5,192,721</u>	<u>1,745,175</u>	<u>81,922</u>	<u>9,338,323</u>
Cash and Cash Equivalents, December 31	<u>\$ 2,783,832</u>	<u>\$ 2,257,889</u>	<u>\$ 1,732,799</u>	<u>\$ 221,417</u>	<u>\$ 6,995,937</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, 2017

	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	\$ 799,332	\$ 826,000	\$ 105,447	\$ 138,432	\$ 1,869,211
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	325,126	322,111	35,335	-	682,572
Other income related to operations	10,646	56,746	469	3,497	71,358
(Increase) decrease in assets and deferred outflows of resources					
Receivables					
Accounts	33,215	(12,945)	(4,821)	-	15,449
Special assessments	(47,436)	(32,654)	-	2,308	(77,782)
Due from other governments	30,739	(403,766)	-	(762)	(373,789)
Inventories	-	-	(7,843)	-	(7,843)
Pension resources	26,604	20,719	46,580	-	93,903
Increase (decrease) in liabilities and deferred inflows of resources					
Accounts payable	6,660	(50,105)	37,804	(5,335)	(10,976)
Due to other governments	82	-	1,132	-	1,214
Accrued salaries payable	224	478	(191)	-	511
Pension liability	(18,531)	(4,514)	(47,337)	-	(70,382)
Unearned revenue	(850)	-	-	-	(850)
Compensated absences payable	(998)	(998)	4,810	-	2,814
Pension resources	13,918	15,839	16,863	-	46,620
 Net Cash Provided by Operating Activities	 <u>\$ 1,178,731</u>	 <u>\$ 736,911</u>	 <u>\$ 188,248</u>	 <u>\$ 138,140</u>	 <u>\$ 2,242,030</u>
 Noncash Capital Financing and Investing Activities					
Increase in market value of investments	\$ 4,673	\$ 5,712	\$ -	\$ -	\$ 10,385
Capital assets acquired on account	\$ -	\$ 65,604	\$ -	\$ -	\$ 65,604

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, 2017

	Agency 853 Escrow
Assets	
Cash and temporary investments	\$ 129,471
Special assessments receivable	151
Total Assets	\$ 129,622
Liabilities	
Accounts payable	\$ 27,282
Deposits payable	102,340
Total Liabilities	\$ 129,622

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

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.

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, 2017

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 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.

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.

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, 2017:

- US government securities of \$168,375 are valued using quoted market prices (Level 1 inputs)
- Corporate bonds of \$2,792,311 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 2017. 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 cost, which approximates market using the first-in, first-out (FIFO) method.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2017

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 acquisition 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.

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. The General fund is typically used to liquidate the governmental net pension liability.

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.

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.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2017

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 230th 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 30th, 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, 2017 expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Charitable Gambling	\$ -	\$ 4,000	\$ 4,000
Park Improvements	-	46	46
Creekview Estates	-	48	48
Ivywood and 230th Lane	-	60	60
Go Bonds 2007A	92,098	627,202	535,104
EDA Lease Revenue	551,045	670,941	119,896

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, 2017:

Fund	Amount
Nonmajor Governmental	
Pederson Drive	\$ 32,309
Aztec Street Improvement	178,080
Creekview Estate Street and Utility Improvement	25,391
Ivywood and 230th Lane	34,502
G.O. Improvement Bonds, 2017A	6,133

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, 2017

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, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 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 \$438,885 and the bank balance was \$406,203. 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, 2017

Note 3: Detailed Notes on All Funds (Continued)

Cash and Investments Summary

Investments

As of December 31, 2017, 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	\$ 9,305,349			
Broker Money Market	N/A	less than 6 months	8,039			
Non-pooled Investments at Fair Value						
Negotiable Certificates of Deposits	N/A	6 months to 1 year	424,771	\$ -	\$ 424,771	\$ -
Negotiable Certificates of Deposits	N/A	1 to 3 years	1,219,934	-	1,219,934	-
Negotiable Certificates of Deposits	N/A	more than 3 years	1,147,606	-	1,147,606	-
U.S. Government Securities	AAA	more than 3 years	168,375	168,375	-	-
Total Investments			\$ 12,274,074	\$ 168,375	\$ 2,792,311	\$ -

(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.

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

Carrying Amount of Deposits	\$ 438,885
Investments	12,274,074
Total	\$ 12,712,959
As Reported on the Financial Statements	
Statement of net position	
Cash and temporary investments	\$ 12,583,488
Fiduciary statement of net position	129,471
Total	\$ 12,712,959

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 60 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
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 1,427,736	\$ -	\$ -	\$ 1,427,736
Construction in progress	-	99,131	-	99,131
Total Capital Assets not being Depreciated	<u>1,427,736</u>	<u>99,131</u>	<u>-</u>	<u>1,526,867</u>
Capital Assets, being Depreciated				
Land improvements	174,771	-	-	174,771
Buildings	8,862,306	-	-	8,862,306
Infrastructure	6,308,811	-	-	6,308,811
Machinery and equipment	3,412,160	213,611	(30,871)	3,594,900
Total Capital Assets being Depreciated	<u>18,758,048</u>	<u>213,611</u>	<u>(30,871)</u>	<u>18,940,788</u>
Less Accumulated Depreciation for				
Land improvements	(105,051)	(8,739)	-	(113,790)
Buildings	(1,175,983)	(226,673)	-	(1,402,656)
Infrastructure	(1,413,998)	(222,360)	-	(1,636,358)
Machinery and equipment	(2,477,924)	(204,148)	30,871	(2,651,201)
Total Accumulated Depreciation	<u>(5,172,956)</u>	<u>(661,920)</u>	<u>30,871</u>	<u>(5,804,005)</u>
Total Capital Assets being Depreciated, Net	<u>13,585,092</u>	<u>(448,309)</u>	<u>-</u>	<u>13,136,783</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,012,828</u>	<u>\$ (349,178)</u>	<u>\$ -</u>	<u>\$ 14,663,650</u>

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 2,359,187	\$ -	\$ -	\$ 2,359,187
Construction in progress	24,293,956	1,600,913	-	25,894,869
Total Capital Assets not being Depreciated	<u>26,653,143</u>	<u>1,600,913</u>	<u>-</u>	<u>28,254,056</u>
Capital Assets being Depreciated				
Buildings	16,872,166		-	16,872,166
Infrastructure	8,311,152	-	-	8,311,152
Machinery and equipment	490,853	15,983	-	506,836
Total Capital Assets being Depreciated	<u>25,674,171</u>	<u>15,983</u>	<u>-</u>	<u>25,690,154</u>
Less Accumulated Depreciation for				
Buildings	(5,400,331)	(387,096)	-	(5,787,427)
Infrastructure	(2,610,420)	(266,016)	-	(2,876,436)
Machinery and equipment	(397,808)	(29,460)	-	(427,268)
Total Accumulated Depreciation	<u>(8,408,559)</u>	<u>(682,572)</u>	<u>-</u>	<u>(9,091,131)</u>
Total Capital Assets being Depreciated, Net	<u>17,265,612</u>	<u>(666,589)</u>	<u>-</u>	<u>16,599,023</u>
Business-type Activities Capital Assets, Net	<u>\$ 43,918,755</u>	<u>\$ 934,324</u>	<u>\$ -</u>	<u>\$ 44,853,079</u>

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

Governmental Activities

General government	\$ 22,903
Public safety	198,865
Community development	2,482
Public works	335,443
Culture and recreation	102,227
Total Depreciation Expense - Governmental Activities	<u>\$ 661,920</u>

Business-type Activities

Water	\$ 325,126
Sewer	322,111
Liquor store	35,335
Total Depreciation Expense - Business-type Activities	<u>\$ 682,572</u>

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

C. Construction Commitments

The City had the following outstanding construction commitment at December 31, 2017:

Project	Spent to Date	Remaining Commitment
Wastewater Treatment Plant	\$ 21,238,517	\$ 593,783
Dump Truck	99,131	117,993

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2017 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Water	Nonmajor governmental funds	To provide cash flows	<u>\$ 270,282</u>

The City made transfers during the fiscal year 2017 as shown and described below:

Fund	Transfer in			Total
	General	Debt Service	Nonmajor Governmental	
Transfer out				
General	\$ -	\$ 360,000	\$ -	\$ 360,000
Water	-	101,080	10,000	111,080
Sewer	-	103,800	10,000	113,800
Liquor Store	60,000	-	139,114	199,114
Total	<u>\$ 60,000</u>	<u>\$ 564,880</u>	<u>\$ 159,114</u>	<u>\$ 783,994</u>

The City made the following unbudgeted transfers during 2017:

- 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 and \$139,114 to the General fund and Nonmajor governmental fund for its annual contribution to Pioneer days, reimbursement of EDA expenditures and for capital projects.
- 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
December 31, 2017

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. Crossover Refunding Refunding Bonds					
Series 2013A	\$ 560,000	1.00- 2.00 %	03/27/13	02/01/23	\$ 560,000
G.O. Improvement Bonds					
Series 2015A	265,000	2.00- 3.00	10/26/15	02/01/26	240,000
G.O. Capital Improvement Bonds					
Series 2017A	6,705,000	3.00-3.25	08/10/17	02/01/36	<u>6,705,000</u>
 Total General Obligation Improvement Bonds					 <u><u>\$ 7,505,000</u></u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 415,000	\$ 207,124	\$ 622,124
2019	390,000	202,056	592,056
2020	405,000	191,881	596,881
2021	410,000	181,212	591,212
2022	420,000	170,081	590,081
2023-2027	1,845,000	684,281	2,529,281
2028-2032	1,890,000	412,856	2,302,856
2033-2036	1,730,000	109,598	1,839,598
 Total	 <u><u>\$ 7,505,000</u></u>	 <u><u>\$ 2,159,089</u></u>	 <u><u>\$ 9,664,089</u></u>

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2017

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
MPFA - Water Revenue Bonds Series 2008	\$ 9,013,468	2.56 %	12/18/07	08/20/27	\$ 6,079,000
G.O. Sewer Revenue Bonds, Series 2010A	1,600,000	2.00-3.50	09/20/10	02/01/31	1,265,000
G.O. Crossover Refunding Refunding Bonds Series 2013A	560,000	1.00-2.30	03/27/13	02/01/23	2,170,000
G.O. Bonds Series 2015A	690,000	2.00-3.10	11/01/15	02/01/31	655,000
G.O. Revenue Bonds Series 2016A	1,930,000	1.00	06/30/16	02/01/37	1,930,000
G.O. Sewer Revenue Bonds Series 2016B	16,010,544	1.00	10/20/16	08/20/46	<u>15,792,000</u>
 Total G.O. Revenue Bonds					 <u><u>\$ 27,891,000</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
2018	\$ 1,124,000	\$ 455,429	\$ 1,579,429
2019	1,331,000	433,434	1,764,434
2020	1,354,000	408,681	1,762,681
2021	1,397,000	382,809	1,779,809
2022	1,435,000	355,559	1,790,559
2023-2027	7,733,000	1,448,464	9,181,464
2028-2032	4,024,000	698,065	4,722,065
2033-2037	3,449,000	433,490	3,882,490
2038-2042	3,227,000	240,630	3,467,630
2043-2046	<u>2,817,000</u>	<u>70,020</u>	<u>2,887,020</u>
 Total	 <u><u>\$ 27,891,000</u></u>	 <u><u>\$ 4,926,581</u></u>	 <u><u>\$ 32,817,581</u></u>

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	\$ 1,278,301	\$ 1,358,027
Principal and Interest	741,964	713,889
Percentage of Revenues	58 %	53 %

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Noncurrent liability activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 1,430,000	\$ 6,705,000	\$ (630,000)	\$ 7,505,000	\$ 415,000
Lease revenue bonds	7,315,000	-	(7,315,000)	-	-
Bond Premium	-	272,582	(7,572)	265,010	-
Compensated Absences Payable	179,580	120,558	(95,184)	204,954	131,054
Pension Liability					
GERF	1,303,256	-	(286,466)	1,016,790	-
PEPFF	3,491,461	-	(2,465,371)	1,026,090	-
	<u>\$ 13,719,297</u>	<u>\$ 7,098,140</u>	<u>\$(10,799,593)</u>	<u>\$ 10,017,844</u>	<u>\$ 546,054</u>
Governmental Activity Long-term Liabilities					
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	\$ 36,711,544	\$ -	\$ (8,820,544)	\$ 27,891,000	\$ 1,124,000
Compensated Absences Payable	41,501	24,692	(21,878)	44,315	20,729
Pension Liability					
GERF	515,513	37,025	(107,407)	445,131	-
	<u>\$ 37,268,558</u>	<u>\$ 61,717</u>	<u>\$ (8,949,829)</u>	<u>\$ 28,380,446</u>	<u>\$ 1,144,729</u>
Business-type Activity Long-term Liabilities					

Refunding Bonds

On August 10, 2017 the City issued \$6,705,000 of General Obligation CIP Refunding Bonds, Series 2017A to refund previously issued 2012A bonds. The proceeds along with interest earnings will be used to pay the refunded bonds on the call date (January 31, 2019). As a result of the refunding issue, the City will save \$1,488,958 in debt service payments and achieve an economic gain (the present value of the difference between the old and the new debt service) of \$1,175,496. For reporting purposes, the refunded bonds are considered defeased on the date of issue, and therefore will be removed as liabilities.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

F. Fund Balance Classification

At December 31, 2017, a summary of the governmental fund balance classifications are as follows:

	General	Debt Service	Other Governmental Funds	Total
Nonspendable				
Inventories	\$ 18,844	\$ -	\$ -	\$ 18,844
Restricted for				
Debt service	\$ -	\$ 112,802	\$ -	\$ 112,802
Police expenditures	-	-	10,119	10,119
Economic development projects	-	-	99,925	99,925
Park improvements	-	-	144,461	144,461
Capital purchases	-	-	61,762	61,762
Total Restricted	\$ -	\$ 112,802	\$ 316,267	\$ 429,069
Assigned to				
Capital projects	\$ -	\$ -	\$ 1,219,879	\$ 1,219,879

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.

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 2017. 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 2017. The City's contributions to the GERF for the years ending December 31, 2017, 2016 and 2015 were \$110,789, \$107,200 and \$93,328, respectively.

PEPFF Contributions

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2017. The City was required to contribute 16.20 percent of pay for PEPFF members in calendar year 2017. The City's contributions to the PEPFF for the years ending December 31, 2017, 2016 and 2015 were \$128,689, \$127,740 and \$137,113, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

D. Pension Costs

GERF Pension Costs

At December 31, 2017, the City reported a liability of \$1,461,921 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 \$18,392. The net pension liability was measured as of June 30, 2017, 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, 2016 through June 30, 2017 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion was 0.0229 percent which was an increase of 0.0005 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$125,682 for its proportionate share of GERF's pension expense. In addition, the City recognized an additional \$531 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, 2017, 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	\$ 48,868	\$ 102,858
Changes in Actuarial Assumptions	247,337	146,558
Net Difference between Projected and Actual Earnings on Plan Investments	-	56,862
Changes in Proportion	128,017	12,172
Contributions to GERF Subsequent to the Measurement Date	54,395	-
Total	\$ 478,617	\$ 318,450

Deferred outflows of resources totaling \$54,395 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2018	\$ 46,749
2019	141,505
2020	(20,428)
2021	(62,054)

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

PEPFF Pension Costs

At December 31, 2017, the City reported a liability of \$1,026,090 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016 through June 30, 2017 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportionate share was 0.0760 percent which is a decrease of 0.0110 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$169,120 for its proportionate share of PEPFF's pension expense. The City also recognized \$6,840 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, 2017, 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	\$ 24,034	\$ 290,569
Changes in Actuarial Assumptions	1,422,564	1,456,794
Net Difference between Projected and Actual Earnings on Plan Investments	-	65,197
Changes in Proportion	33,538	160,974
Contributions to PEPFF Subsequent to the Measurement Date	64,075	-
Total	\$ 1,544,211	\$ 1,973,534

Deferred outflows of resources totaling \$64,075 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to PEPFF pensions will be recognized in pension expense as follows:

2018	\$ (66,467)
2019	49,446
2020	(40,848)
2021	(116,697)
2022	(318,832)

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2017 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 disabled members were based on RP-2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be: 1 percent per year for the GERP through 2044 and PEPFF through 2064 and then 2.5 percent thereafter for both plans.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERP was completed in 2015. The most recent five-year experience study for PEPFF was completed in 2016.

The following changes in actuarial assumptions occurred in 2017:

GERP

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

PEPFF

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.6 percent to 7.5 percent.

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	39.00 %	5.10 %
International Stocks	19.00	5.30
Bonds	20.00	0.75
Alternative Assets	20.00	5.90
Cash	<u>2.00</u>	-
Total	<u><u>100.00 %</u></u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the GERF and PEPFF 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.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2017

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	\$ 2,267,548	\$ 1,461,921	\$ 802,369
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
PEPFF	\$ 1,932,428	\$ 1,026,090	\$ 277,859

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.

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, 2016, the plan covered 18 active firefighters and 10 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 \$35,592 in fire state aid to the plan on behalf of the St. Francis Fire Department for the year ended December 31, 2016, which was recorded as a revenue. The City's statutorily-required contributions to the plan for the year ended December 31, 2017 were \$11,000. 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, 2017

Note 5: Defined Benefit Pension Plan - Fire Relief Association (Continued)

D. Pension Costs

At December 31, 2017, the City reported a net pension asset of \$335,852 for the plan. The net pension asset was measured as of December 31, 2017. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the Department as of December 31, 2017.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
	<u>(a)</u>	<u>(b)</u>	<u>(a-b)</u>
Beginning Balance January 1, 2017	\$ 422,439	\$ 685,791	\$ (263,352)
Changes for the Year			
Service cost	23,782	-	23,782
Interest on pension liability (asset)	26,773	-	26,773
Actuarial experience (gains)/losses	(24,359)	-	(24,359)
Projected investment earnings	-	41,147	(41,147)
Contributions (State)	-	9,000	(9,000)
Asset (gain)/loss	-	49,368	(49,368)
Administrative costs	-	(819)	819
Total Net Changes	<u>26,196</u>	<u>98,696</u>	<u>(72,500)</u>
Ending Balance December 31, 2017	<u>\$ 448,635</u>	<u>\$ 784,487</u>	<u>\$ (335,852)</u>

For the year ended December 31, 2017, the Fire Department recognized pension expense of \$37,231.

December 31, 2017, the City reported deferred inflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Inflows of Resources
	<u></u>
Differences Between Expected and Actual Experience	\$ 39,494
Changes in Actuarial Assumptions	<u>19,487</u>
Total	<u>\$ 58,981</u>

Other amounts reported as deferred outflows related to the plan will be recognized in pension expense as follows:

2018	\$ (9,874)
2019	(9,874)
2020	(9,874)
2021	(9,872)

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 5: Defined Benefit Pension Plan - Fire Relief Association (Continued)

E. Actuarial Assumptions

The total pension liability at December 31, 2016 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at the later of Age 50 or 20 years of service	
Inflation Rate	3.00%
Investment Rate of Return	6.00%

There were no changes in actuarial assumptions in 2016.

F. Investment Policy

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the governor (who is designated as chair of the Board), state auditor, secretary of state and state attorney general.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 356A.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investments policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

G. Asset Allocation

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Statewide Volunteer Firefighter Retirement Plan (VOLP) that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	35.00 %	5.50 %
Fixed Income	15.00	6.00
Cash	45.00	1.45
Other	<u>5.00</u>	0.50
Total	<u><u>100.00 %</u></u>	

H. Discount Rate

The discount rate used to measure the total pension liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the Volunteer Firefighter Fund 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.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 5: Defined Benefit Pension Plan - Fire Relief Association (Continued)

I. Pension Liability Sensitivity

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

	1 Percent Decrease (5.00%)	Current (6.00%)	1 Percent Increase (7.00%)
Defined Benefit Plan	\$ (318,167)	\$ (335,852)	\$ (352,861)

J. 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.

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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2017

City of St. Francis, Minnesota
 Required Supplementary Information
 For the Year Ended December 31, 2017

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/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/17	0.0229 %	\$ 1,461,921	\$ 18,392	\$ 1,480,313	\$ 1,476,032	99.0 %	75.9 %
6/30/16	0.0224	1,818,769	23,762	1,842,531	1,392,886	130.6	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-Employee Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
12/31/17	\$ 110,789	\$ 110,789	\$ -	\$ 1,477,187	7.5 %
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, 2017

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - 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.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

City of St. Francis, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2017

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-Employee Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/17	0.0760 %	\$ 1,026,090	\$ -	\$ 1,026,090	\$ 776,950	132.1 %	85.4 %
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-Employee Payroll (c)	Contributions as a Percentage of Covered-Employee Covered Payroll (b/c)
12/31/17	\$ 128,689	\$ 128,689	\$ -	\$ 794,377	16.2 %
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, 2017

Notes to the Required Supplementary Information - Public Employees Police and Fire Fund

Changes in Actuarial Assumptions

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - 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.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

City of St. Francis, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2017

Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios

	2017 (Fire Relief Report Date 2017)*	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability			
Service cost	\$ 23,782	\$ 16,867	\$ 16,456
Interest	26,773	14,927	18,114
Changes of benefit terms	(24,359)	-	-
Plan changes	-	85,421	-
Benefit payments, including refunds of employee contributions	-	(17,815)	(115,925)
Net Change in Total Pension Liability	26,196	99,400	(81,355)
Total Pension Liability - January 1	347,132	247,732	329,087
Total Pension Liability - December 31 (a)	\$ 373,328	\$ 347,132	\$ 247,732
Plan Fiduciary Net Position			
Contributions - employer	\$ 9,000	\$ 36,251	\$ 35,927
Net investment income	90,515	(18,720)	37,617
Benefit payments, including refunds of employee contributions	-	(17,815)	(115,925)
Administrative expense	(819)	(5,600)	(5,584)
Net Change in Plan Fiduciary Net Position	98,696	(5,884)	(47,965)
Plan Fiduciary Net Position - January 1	685,791	623,519	671,484
Change in pension plan and measurement date*	(75,307)	-	-
Plan Fiduciary Net Position - December 31 (b)	\$ 709,180	\$ 617,635	\$ 623,519
Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)	\$ (335,852)	\$ (270,503)	\$ (375,787)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)	189.96%	177.93%	251.69%
Covered-employee Payroll	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	N/A	N/A	N/A

* Note change above relates to City joining the State SVF pension plan in 2017.

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/17	\$ -	\$ 9,000	\$ (9,000)
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, 2017

City of St. Francis, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2017

	Special Revenue	Capital Projects	Total
Assets			
Cash and temporary investments	\$ 110,031	\$ 1,422,738	\$ 1,532,769
Receivables			
Accrued interest	141	1,426	1,567
Accounts	-	2,766	2,766
Special assessments	-	337,250	337,250
Total Assets	\$ 110,172	\$ 1,764,180	\$ 1,874,352
Liabilities			
Accounts payable	\$ 128	\$ 828	\$ 956
Due to other funds	-	270,282	270,282
Total Liabilities	128	271,110	271,238
Deferred Inflows of Resources			
Unavailable revenues - special assessments	-	337,250	337,250
Fund Balances			
Restricted	110,044	206,223	316,267
Assigned	-	1,219,879	1,219,879
Unassigned	-	(270,282)	(270,282)
Total Fund Balances	110,044	1,155,820	1,265,864
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 110,172	\$ 1,764,180	\$ 1,874,352

City of St. Francis, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2017

	Special Revenue	Capital Projects	Total
Revenues			
Taxes	\$ -	\$ 223,150	\$ 223,150
Charges for services	-	19,261	19,261
Special assessments	-	51,831	51,831
Interest on investments	846	9,892	10,738
Miscellaneous	-	12,853	12,853
Total Revenues	<u>846</u>	<u>316,987</u>	<u>317,833</u>
Expenditures			
Current			
Public safety	13,254	-	13,254
Capital outlay			
General government	-	6,469	6,469
Public safety	-	272,964	272,964
Public works	-	100,524	100,524
Culture and recreation	-	46	46
Total Expenditures	<u>13,254</u>	<u>380,003</u>	<u>393,257</u>
Deficiency of Revenues Under Expenditures	(12,408)	(63,016)	(75,424)
Other Financing Sources			
Transfers in	-	159,114	159,114
Net Change in Fund Balances	(12,408)	96,098	83,690
Fund Balances, January 1	<u>122,452</u>	<u>1,059,722</u>	<u>1,182,174</u>
Fund Balances, December 31	<u>\$ 110,044</u>	<u>\$ 1,155,820</u>	<u>\$ 1,265,864</u>

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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.

City of St. Francis, Minnesota
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2017

	208	240	
	Police Forfeiture	EDA	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and temporary investments	\$ 10,247	\$ 99,784	\$ 110,031
Accrued interest receivable	-	141	141
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 10,247</u>	<u>\$ 99,925</u>	<u>\$ 110,172</u>
Liabilities			
Accounts payable	\$ 128	-	\$ 128
	<u> </u>	<u> </u>	<u> </u>
Fund Balances			
Restricted for			
Police expenditures	10,119	-	10,119
Economic development projects	-	99,925	99,925
Total Fund Balances	<u>10,119</u>	<u>99,925</u>	<u>110,044</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 10,247</u>	<u>\$ 99,925</u>	<u>\$ 110,172</u>

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, 2017

	208	240	
	Police	EDA	Total
	<u>Forfeiture</u>	<u>EDA</u>	<u>Total</u>
Revenues			
Interest on investments	\$ -	\$ 846	\$ 846
Expenditures			
Current			
Public safety	<u>13,254</u>	<u>-</u>	<u>13,254</u>
Net Change in Fund Balances	(13,254)	846	(12,408)
Fund Balances, January 1	<u>23,373</u>	<u>99,079</u>	<u>122,452</u>
Fund Balances, December 31	<u><u>\$ 10,119</u></u>	<u><u>\$ 99,925</u></u>	<u><u>\$ 110,044</u></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, 2017
 (With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 19,897
Miscellaneous	-	-	-	-	598
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,495</u>
Expenditures					
Current					
Public safety	19,974	19,974	13,254	6,720	31,630
Net Change in Fund Balances	(19,974)	(19,974)	(13,254)	6,720	(11,135)
Fund Balances, January 1	<u>23,373</u>	<u>23,373</u>	<u>23,373</u>	<u>-</u>	<u>34,508</u>
Fund Balances, December 31	<u>\$ 3,399</u>	<u>\$ 3,399</u>	<u>\$ 10,119</u>	<u>\$ 6,720</u>	<u>\$ 23,373</u>

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 232nd - accounts for the accumulation of resources to finance the Kerry street improvement project.

Pederson Drive - accounts for the accumulation of resources to finance the Pederson Drive 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 230th 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, 2017

	210	225	402	415	416
	Charitable Gambling	Park Improvements	Capital Projects	Aztec Street Improvements	Kerry Street and 232nd
Assets					
Cash and temporary investments	\$ 58,929	\$ 144,299	\$ 1,061,031	\$ -	\$ 33,741
Receivables					
Accrued interest	67	162	1,197	-	-
Accounts	2,766	-	-	-	-
Special assessments	-	-	-	226,276	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,276</u>	<u>-</u>
Total Assets	<u>\$ 61,762</u>	<u>\$ 144,461</u>	<u>\$ 1,062,228</u>	<u>\$ 226,276</u>	<u>\$ 33,741</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ 828	\$ -	\$ -
Due to other funds	-	-	-	178,080	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>828</u>	<u>178,080</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenues - special assessments	-	-	-	226,276	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,276</u>	<u>-</u>
Fund Balances					
Restricted for					
Park improvements	-	144,461	-	-	-
Capital purchases	61,762	-	-	-	-
Assigned for					
Capital projects	-	-	1,061,400	-	33,741
Unassigned	-	-	-	(178,080)	-
Total Fund Balances	<u>61,762</u>	<u>144,461</u>	<u>1,061,400</u>	<u>(178,080)</u>	<u>33,741</u>
	<u>61,762</u>	<u>144,461</u>	<u>1,061,400</u>	<u>(178,080)</u>	<u>33,741</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 61,762</u>	<u>\$ 144,461</u>	<u>\$ 1,062,228</u>	<u>\$ 226,276</u>	<u>\$ 33,741</u>

City of St. Francis, Minnesota
 Nonmajor Capital Projects Funds
 Combining Balance Sheet (Continued)
 December 31, 2017

	417	420	505	507	
	Pederson Drive	Rum River Bluffs Development	Creekview Estate Street and Utility Improvement	Ivywood and 230th Lane	Total
Assets					
Cash and temporary investments	\$ -	\$ 124,738	\$ -	\$ -	\$ 1,422,738
Receivables					
Accrued interest	-	-	-	-	1,426
Accounts	-	-	-	-	2,766
Special assessments	-	-	47,634	63,340	337,250
	<u>-</u>	<u>-</u>	<u>47,634</u>	<u>63,340</u>	<u>337,250</u>
Total Assets	<u>\$ -</u>	<u>\$ 124,738</u>	<u>\$ 47,634</u>	<u>\$ 63,340</u>	<u>\$ 1,764,180</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 828
Due to other funds	32,309	-	25,391	34,502	270,282
Total Liabilities	<u>32,309</u>	<u>-</u>	<u>25,391</u>	<u>34,502</u>	<u>271,110</u>
Deferred Inflows of Resources					
Unavailable revenues - special assessments	-	-	47,634	63,340	337,250
	<u>-</u>	<u>-</u>	<u>47,634</u>	<u>63,340</u>	<u>337,250</u>
Fund Balances					
Restricted for					
Park improvements	-	-	-	-	144,461
Capital purchases	-	-	-	-	61,762
Assigned for					
Capital projects	-	124,738	-	-	1,219,879
Unassigned	(32,309)	-	(25,391)	(34,502)	(270,282)
Total Fund Balances	<u>(32,309)</u>	<u>124,738</u>	<u>(25,391)</u>	<u>(34,502)</u>	<u>1,155,820</u>
	<u>-</u>	<u>124,738</u>	<u>(25,391)</u>	<u>(34,502)</u>	<u>1,155,820</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ -</u>	<u>\$ 124,738</u>	<u>\$ 47,634</u>	<u>\$ 63,340</u>	<u>\$ 1,764,180</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, 2017

	210	225	402	415	416
	Charitable Gambling	Park Improvements	Capital Projects	Aztec Street Improvements	Kerry Street and 232nd
Revenues					
Property taxes	\$ -	\$ -	\$ 223,150	\$ -	\$ -
Charges for services	15,536	3,725	-	-	-
Special assessments	-	-	-	24,815	-
Interest on investments	450	1,143	8,299	-	-
Miscellaneous	-	100	12,742	-	-
Total Revenues	<u>15,986</u>	<u>4,968</u>	<u>244,191</u>	<u>24,815</u>	<u>-</u>
Expenditures					
Capital outlay					
General government	-	-	6,469	-	-
Public safety	4,000	-	268,964	-	-
Public works	-	-	100,281	37	98
Culture and recreation	-	46	-	-	-
Total Expenditures	<u>4,000</u>	<u>46</u>	<u>375,714</u>	<u>37</u>	<u>98</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,986	4,922	(131,523)	24,778	(98)
Other Financing Sources					
Transfers in	-	-	159,114	-	-
Net Change in Fund Balances	11,986	4,922	27,591	24,778	(98)
Fund Balances, January 1	<u>49,776</u>	<u>139,539</u>	<u>1,033,809</u>	<u>(202,858)</u>	<u>33,839</u>
Fund Balances, December 31	<u>\$ 61,762</u>	<u>\$ 144,461</u>	<u>\$ 1,061,400</u>	<u>\$ (178,080)</u>	<u>\$ 33,741</u>

City of St. Francis, Minnesota
 Nonmajor Capital Projects Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances (Continued)
 For the Year Ended December 31, 2017

	417	420	505	507	
	Pederson Drive	Rum River Bluffs Development	Creekview Estate Street and Utility Improvement	Ivywood and 230th Lane	Total
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 223,150
Charges for services	-	-	-	-	19,261
Special assessments	-	-	13,005	14,011	51,831
Interest on investments	-	-	-	-	9,892
Miscellaneous	-	-	-	11	12,853
Total Revenues	<u>-</u>	<u>-</u>	<u>13,005</u>	<u>14,022</u>	<u>316,987</u>
Expenditures					
Capital outlay					
General government	-	-	-	-	6,469
Public safety	-	-	-	-	272,964
Public works	-	-	48	60	100,524
Culture and recreation	-	-	-	-	46
Total Expenditures	<u>-</u>	<u>-</u>	<u>48</u>	<u>60</u>	<u>380,003</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	12,957	13,962	(63,016)
Other Financing Sources					
Transfers in	-	-	-	-	159,114
Net Change in Fund Balances	-	-	12,957	13,962	96,098
Fund Balances, January 1	<u>(32,309)</u>	<u>124,738</u>	<u>(38,348)</u>	<u>(48,464)</u>	<u>1,059,722</u>
Fund Balances, December 31	<u>\$ (32,309)</u>	<u>\$ 124,738</u>	<u>\$ (25,391)</u>	<u>\$ (34,502)</u>	<u>\$ 1,155,820</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, 2017
 (With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Charges for services	\$ 12,000	\$ 12,000	\$ 15,536	\$ 3,536	\$ 14,760
Investment earnings	-	-	450	450	299
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>15,986</u>	<u>3,986</u>	<u>15,059</u>
Expenditures					
Capital outlay					
Public safety	-	-	4,000	(4,000)	-
Net Change in Fund Balances	12,000	12,000	11,986	(14)	15,059
Fund Balances, January 1	<u>49,776</u>	<u>49,776</u>	<u>49,776</u>	<u>-</u>	<u>34,717</u>
Fund Balances, December 31	<u>\$ 61,776</u>	<u>\$ 61,776</u>	<u>\$ 61,762</u>	<u>\$ (14)</u>	<u>\$ 49,776</u>

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, 2017
 (With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Charges for services	\$ 1,000	\$ 1,000	\$ 3,725	\$ 2,725	\$ 101,435
Interest on investments	700	700	1,143	443	1,055
Miscellaneous	500	500	100	(400)	445
Total Revenues	<u>2,200</u>	<u>2,200</u>	<u>4,968</u>	<u>2,768</u>	<u>102,935</u>
Expenditures					
Capital outlay					
Culture and recreation	-	-	46	(46)	73,234
Net Change in Fund Balances	2,200	2,200	4,922	2,722	29,701
Fund Balances, January 1	<u>139,539</u>	<u>139,539</u>	<u>139,539</u>	-	<u>109,838</u>
Fund Balances, December 31	<u>\$ 141,739</u>	<u>\$ 141,739</u>	<u>\$ 144,461</u>	<u>\$ 2,722</u>	<u>\$ 139,539</u>

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, 2017
 (With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property tax	\$ 223,150	\$ 223,150	\$ 223,150	\$ -	\$ 223,150
Intergovernmental	-	-	-	-	118,746
Interest on investments	5,000	5,000	8,299	3,299	8,450
Miscellaneous	-	-	12,742	12,742	3,200
Total Revenues	<u>228,150</u>	<u>228,150</u>	<u>244,191</u>	<u>16,041</u>	<u>353,546</u>
Expenditures					
Capital outlay					
General government	8,000	8,000	6,469	1,531	25,646
Public safety	466,350	466,350	268,964	197,386	63,972
Public works	-	343,000	100,281	242,719	37,188
Total Expenditures	<u>474,350</u>	<u>817,350</u>	<u>375,714</u>	<u>441,636</u>	<u>126,806</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(246,200)	(589,200)	(131,523)	457,677	226,740
Other Financing Sources					
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>159,114</u>	<u>139,114</u>	<u>20,000</u>
Net Change in Fund Balances	(226,200)	(569,200)	27,591	596,791	246,740
Fund Balances, January 1	<u>1,033,809</u>	<u>1,033,809</u>	<u>1,033,809</u>	-	<u>787,069</u>
Fund Balances, December 31	<u>\$ 807,609</u>	<u>\$ 464,609</u>	<u>\$ 1,061,400</u>	<u>\$ 596,791</u>	<u>\$ 1,033,809</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, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Special assessments	\$ 12,000	\$ 12,000	\$ 13,005	\$ 1,005	\$ 14,357
Expenditures					
Capital outlay					
Public works	-	-	48	(48)	54
Net Change in Fund Balances	12,000	12,000	12,957	957	14,303
Fund Balances, January 1	(38,348)	(38,348)	(38,348)	-	(52,651)
Fund Balances, December 31	<u>\$ (26,348)</u>	<u>\$ (26,348)</u>	<u>\$ (25,391)</u>	<u>\$ 957</u>	<u>\$ (38,348)</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, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Intergovernmental	\$ 9,000	\$ 9,000	\$ 14,011	\$ 5,011	\$ 14,621
Miscellaneous	-	-	11	11	-
Total Revenues	9,000	9,000	14,022	5,022	14,621
Expenditures					
Capital outlay					
Public works	-	-	60	(60)	67
Net Change in Fund Balances	9,000	9,000	13,962	4,962	14,554
Fund Balances, January 1	(48,464)	(48,464)	(48,464)	-	(63,018)
Fund Balances, December 31	<u>\$ (39,464)</u>	<u>\$ (39,464)</u>	<u>\$ (34,502)</u>	<u>\$ 4,962</u>	<u>\$ (48,464)</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, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017			2016
	Budget Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues				
Property taxes	\$ 2,955,000	\$ 2,955,000	\$ 2,992,821	\$ 3,006,641
Licenses and permits				
Business	23,827	23,827	25,477	22,685
Nonbusiness	110,090	110,090	189,378	123,295
Total licenses and permits	<u>133,917</u>	<u>133,917</u>	<u>214,855</u>	<u>145,980</u>
Intergovernmental				
State				
Local government aid	359,777	359,777	359,777	356,255
Property tax credits	-	-	4,083	4,133
Police and fire aid	96,800	96,800	100,698	139,749
Municipal State Aid	117,000	117,000	115,694	120,544
Other	1,971	1,971	1,971	1,971
County		-	273,177	-
Total intergovernmental	<u>575,548</u>	<u>575,548</u>	<u>855,400</u>	<u>622,652</u>
Charges for services				
General government	293,960	293,960	289,641	299,786
Public safety	137,638	137,638	137,731	134,261
Public works	3,400	3,400	3,599	2,868
Community development	15,000	15,000	7,650	20,850
Total charges for services	<u>449,998</u>	<u>449,998</u>	<u>438,621</u>	<u>457,765</u>
Fines and forfeitures	<u>33,785</u>	<u>33,785</u>	<u>25,631</u>	<u>30,836</u>
Interest on investments	<u>14,000</u>	<u>14,000</u>	<u>22,073</u>	<u>16,913</u>
Miscellaneous				
Rents and leases	83,150	83,150	86,818	87,610
Recycling and landfill abatement	37,000	37,000	47,211	41,399
Donations and other	25,500	25,500	42,104	50,731
Total miscellaneous	<u>145,650</u>	<u>145,650</u>	<u>176,133</u>	<u>179,740</u>
Total Revenues	<u>4,307,898</u>	<u>4,307,898</u>	<u>4,725,534</u>	<u>4,460,527</u>

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, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017			Variance with Final Budget	2016
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and city council					
Personal services	\$ 29,000	\$ 29,000	\$ 28,327	\$ 673	\$ 28,108
Other services and charges	9,600	9,600	19,393	(9,793)	7,409
Total mayor and city council	<u>38,600</u>	<u>38,600</u>	<u>47,720</u>	<u>(9,120)</u>	<u>35,517</u>
City administration					
Personal services	386,200	386,200	357,928	28,272	363,170
Supplies	11,000	11,000	7,263	3,737	7,517
Other services and charges	43,810	43,810	52,238	(8,428)	44,924
Total city administration	<u>441,010</u>	<u>441,010</u>	<u>417,429</u>	<u>23,581</u>	<u>415,611</u>
Elections					
Personal services	50	50	10	40	3,704
Supplies	-	-	-	-	254
Other services and charges	190	190	32	158	1,859
Total elections	<u>240</u>	<u>240</u>	<u>42</u>	<u>198</u>	<u>5,817</u>
Financial administration					
Personal services	129,500	129,500	132,840	(3,340)	126,482
Supplies	1,100	1,100	250	850	391
Other services and charges	3,000	3,000	2,892	108	2,582
Total financial administration	<u>133,600</u>	<u>133,600</u>	<u>135,982</u>	<u>(2,382)</u>	<u>129,455</u>
Assessor					
Other services and charges	40,500	40,500	40,515	(15)	39,837
Legal and accounting					
Other services and charges	155,600	155,600	163,262	(7,662)	132,633
Municipal building					
Supplies	1,000	1,000	953	47	1,490
Other services and charges	14,400	14,400	13,998	402	11,472
Rent for offices	4,500	4,500	4,253	247	3,039
Total municipal building	<u>19,900</u>	<u>19,900</u>	<u>19,204</u>	<u>696</u>	<u>16,001</u>
Total general government	<u>829,450</u>	<u>829,450</u>	<u>824,154</u>	<u>5,296</u>	<u>774,871</u>

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, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017			Variance with Final Budget	2016
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public safety					
Police					
Personal services	\$ 1,272,800	\$ 1,272,800	\$ 1,207,973	\$ 64,827	\$ 1,219,170
Supplies	111,100	111,100	78,857	32,243	64,893
Other services and charges	177,500	177,500	156,907	20,593	118,595
Total police	<u>1,561,400</u>	<u>1,561,400</u>	<u>1,443,737</u>	<u>117,663</u>	<u>1,402,658</u>
Fire					
Personal services	135,400	135,400	118,866	16,534	129,406
Supplies	40,000	40,000	51,834	(11,834)	32,795
Other services and charges	60,900	60,900	61,514	(614)	49,054
Total fire	<u>236,300</u>	<u>236,300</u>	<u>232,214</u>	<u>4,086</u>	<u>211,255</u>
Animal control					
Other services and charges	4,200	4,200	4,203	(3)	4,203
Total public safety	<u>1,801,900</u>	<u>1,801,900</u>	<u>1,680,154</u>	<u>121,746</u>	<u>1,618,116</u>
Public works					
Streets and highways					
Personal services	241,480	241,480	240,655	825	218,918
Supplies	46,950	46,950	36,962	9,988	30,894
Other services and charges	350,200	350,200	278,167	72,033	195,236
Total streets and highways	<u>638,630</u>	<u>638,630</u>	<u>555,784</u>	<u>82,846</u>	<u>445,048</u>
Recycling					
Personal services	30,200	30,200	32,876	(2,676)	21,871
Supplies	3,100	3,100	1,681	1,419	3,132
Other services and charges	27,250	27,250	23,201	4,049	21,057
Total recycling	<u>60,550</u>	<u>60,550</u>	<u>57,758</u>	<u>2,792</u>	<u>46,060</u>
Total public works	<u>699,180</u>	<u>699,180</u>	<u>613,542</u>	<u>85,638</u>	<u>491,108</u>

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, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017			Variance with Final Budget	2016
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Culture and recreation					
Parks and recreation					
Personal services	\$ 142,100	\$ 142,100	\$ 147,700	\$ (5,600)	\$ 166,831
Supplies	43,000	43,000	26,036	16,964	29,254
Other services and charges	95,720	95,720	90,609	5,111	83,520
Total parks and recreation	<u>280,820</u>	<u>280,820</u>	<u>264,345</u>	<u>16,475</u>	<u>279,605</u>
Pioneer days					
Other services and charges	10,000	10,000	13,183	(3,183)	16,320
Total culture and recreation	<u>290,820</u>	<u>290,820</u>	<u>277,528</u>	<u>13,292</u>	<u>295,925</u>
Community development					
Planning and zoning					
Personal services	115,400	115,400	115,084	316	108,407
Supplies	900	900	651	249	2,326
Other services and charges	62,700	62,700	303,210	(240,510)	89,283
Total planning and zoning	<u>179,000</u>	<u>179,000</u>	<u>418,945</u>	<u>(239,945)</u>	<u>200,016</u>
Building inspection					
Personal services	173,700	173,700	113,382	60,318	157,309
Supplies	6,300	6,300	4,482	1,818	5,212
Other services and charges	8,750	8,750	46,570	(37,820)	5,836
Total building inspection	<u>188,750</u>	<u>188,750</u>	<u>164,434</u>	<u>24,316</u>	<u>168,357</u>
Total community development	<u>367,750</u>	<u>367,750</u>	<u>583,379</u>	<u>(215,629)</u>	<u>368,373</u>
Unallocated					
Miscellaneous					
Other services and charges	16,798	16,798	8,467	8,331	6,153
Total current	<u>4,005,898</u>	<u>4,005,898</u>	<u>3,987,224</u>	<u>18,674</u>	<u>3,554,546</u>
Capital outlay					
General government	2,000	2,000	1,673	327	1,637
Public safety	-	-	-	-	2,119
Total capital outlay	<u>2,000</u>	<u>2,000</u>	<u>1,673</u>	<u>327</u>	<u>3,756</u>
Total Expenditures	<u>4,007,898</u>	<u>4,007,898</u>	<u>3,988,897</u>	<u>19,001</u>	<u>3,558,302</u>

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, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017			2016	
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Excess of Revenues Over Expenditures	\$ 300,000	\$ 300,000	\$ 736,637	\$ 436,637	\$ 902,225
Other Financing Sources (Uses)					
Transfers in	60,000	60,000	60,000	-	60,000
Sale of capital assets	-	-	80,867	80,867	-
Transfers out	(360,000)	(360,000)	(360,000)	-	(360,000)
Total Other Financing Sources (Uses)	(300,000)	(300,000)	(219,133)	80,867	(300,000)
Net Change in Fund Balances	-	-	517,504	517,504	602,225
Fund Balances, January 1	3,366,509	3,366,509	3,366,509	-	2,764,284
Fund Balances, December 31	<u>\$ 3,366,509</u>	<u>\$ 3,366,509</u>	<u>\$ 3,884,013</u>	<u>\$ 517,504</u>	<u>\$ 3,366,509</u>

City of St. Francis, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2017

	311 G.O. Bonds 2013A	327 G.O. Bonds 2015A	330 G.O. Bonds 2017A	Total
Assets				
Cash and temporary investments	\$ 69,435	\$ 49,053	\$ (6,133)	\$ 112,355
Receivables				
Accrued interest	79	88	-	167
Taxes	159	153	-	312
Special assessments	110,093	54,754	-	164,847
Due from other governments	143	137	-	280
	<u>143</u>	<u>137</u>	<u>-</u>	<u>280</u>
Total Assets	<u>\$ 179,909</u>	<u>\$ 104,185</u>	<u>\$ (6,133)</u>	<u>\$ 277,961</u>
Deferred Inflows of Resources				
Unavailable revenues - taxes	\$ 159	\$ 153	\$ -	\$ 312
Unavailable revenues - special assessments	110,093	54,754	-	164,847
Total Deferred Inflows of Resources	<u>110,252</u>	<u>54,907</u>	<u>-</u>	<u>165,159</u>
Fund Balances				
Restricted for debt service	<u>69,657</u>	<u>49,278</u>	<u>(6,133)</u>	<u>112,802</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 179,909</u>	<u>\$ 104,185</u>	<u>\$ (6,133)</u>	<u>\$ 277,961</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, 2017

	311 G.O. Bonds 2013A	327 G.O. Bonds 2015A	330 G.O Bonds 2017A	Total
Revenues				
Taxes	\$ 21,187	\$ 20,356	\$ -	\$ 41,543
Special assessments	17,764	16,389	-	34,153
Interest on investments	4,993	426	(8,575)	(3,156)
Total Revenues	<u>43,944</u>	<u>37,171</u>	<u>(8,575)</u>	<u>72,540</u>
Expenditures				
Debt service				
Principal	605,000	25,000	240,000	870,000
Interest and other charges	22,202	5,950	430,941	459,093
Total Expenditures	<u>627,202</u>	<u>30,950</u>	<u>670,941</u>	<u>1,329,093</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(583,258)</u>	6,221	<u>(679,516)</u>	<u>(1,256,553)</u>
Other Financing Sources (Uses)				
Transfers in	39,880	-	525,000	564,880
Bonds issued	-	-	6,705,000	6,705,000
Payment to escrow agent	-	-	(7,386,676)	(7,386,676)
Premium on bonds issued	-	-	272,582	272,582
Total Other Financing Sources (Uses)	<u>39,880</u>	<u>-</u>	<u>115,906</u>	<u>155,786</u>
Net Change in Fund Balances	(543,378)	6,221	(563,610)	(1,100,767)
Fund Balances, January 1	<u>613,035</u>	<u>43,057</u>	<u>557,477</u>	<u>1,213,569</u>
Fund Balances, December 31	<u>\$ 69,657</u>	<u>\$ 49,278</u>	<u>\$ (6,133)</u>	<u>\$ 112,802</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, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 20,900	\$ 20,900	\$ 21,187	\$ 287	\$ 21,243
Special assessments	16,000	16,000	17,764	1,764	28,287
Investment earnings	150	150	4,993	4,843	8,584
Total Revenues	<u>37,050</u>	<u>37,050</u>	<u>43,944</u>	<u>6,894</u>	<u>58,114</u>
Expenditures					
Debt service					
Principal	75,000	75,000	605,000	(530,000)	75,000
Interest and other charges	17,098	17,098	22,202	(5,104)	36,950
Total Expenditures	<u>92,098</u>	<u>92,098</u>	<u>627,202</u>	<u>(535,104)</u>	<u>111,950</u>
Deficiency of Revenues Under Expenditures	(55,048)	(55,048)	(583,258)	(528,210)	(53,836)
Other Financing Sources					
Transfers in	<u>39,880</u>	<u>39,880</u>	<u>39,880</u>	<u>-</u>	<u>39,880</u>
Net Change in Fund Balances	(15,168)	(15,168)	(543,378)	(528,210)	(13,956)
Fund Balances, January 1	<u>613,035</u>	<u>613,035</u>	<u>613,035</u>	<u>-</u>	<u>626,991</u>
Fund Balances, December 31	<u>\$ 597,867</u>	<u>\$ 597,867</u>	<u>\$ 69,657</u>	<u>\$ (528,210)</u>	<u>\$ 613,035</u>

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, 2017
 (With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 20,470	\$ 20,470	\$ 20,356	\$ (114)	\$ 20,243
Special assessments	10,000	10,000	16,389	6,389	24,569
Investment earnings	50	50	426	376	151
Total Revenues	<u>30,520</u>	<u>30,520</u>	<u>37,171</u>	<u>6,651</u>	<u>44,963</u>
Expenditures					
Debt service					
Principal	25,000	25,000	25,000	-	-
Interest and other charges	6,075	6,075	5,950	125	4,776
Total Expenditures	<u>31,075</u>	<u>31,075</u>	<u>30,950</u>	<u>125</u>	<u>4,776</u>
Net Change in Fund Balances	(555)	(555)	6,221	6,776	40,187
Fund Balances, January 1	<u>43,057</u>	<u>43,057</u>	<u>43,057</u>	<u>-</u>	<u>2,870</u>
Fund Balances, December 31	<u>\$ 42,502</u>	<u>\$ 42,502</u>	<u>\$ 49,278</u>	<u>\$ 6,776</u>	<u>\$ 43,057</u>

City of St. Francis, Minnesota
Debt Service Fund G.O. Bonds 2017A
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017			Variance with Final Budget	2016
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Investment earnings	\$ 1,900	\$ 1,900	\$ (8,575)	\$ (10,475)	\$ (1,859)
Expenditures					
Debt service					
Principal	240,000	240,000	240,000	-	235,000
Interest and other charges	311,045	311,045	430,941	(119,896)	316,268
Total Expenditures	551,045	551,045	670,941	(119,896)	551,268
Deficiency of Revenues Under Expenditures	(549,145)	(549,145)	(679,516)	(130,371)	(553,127)
Other Financing Sources (Uses)					
Transfers in	442,500	442,500	525,000	82,500	525,000
Bonds issued	82,500	82,500	6,705,000	6,622,500	-
Payment to escrow agent	-	-	(7,386,676)	(7,386,676)	-
Premium on bonds issued	-	-	272,582	272,582	-
Total Other Financing Sources (Uses)	525,000	525,000	115,906	(409,094)	525,000
Net Change in Fund Balances	(24,145)	(24,145)	(563,610)	(539,465)	(28,127)
Fund Balances, January 1	557,477	557,477	557,477	-	585,604
Fund Balances, December 31	\$ 533,332	\$ 533,332	\$ (6,133)	\$ (539,465)	\$ 557,477

City of St. Francis, Minnesota
Agency Funds
Combining Schedule of Changes in Assets and Liabilities
For the Year Ended December 31, 2017

	Balance January 1	Additions	Deductions	Balance December 31
Escrows				
Assets				
Cash and temporary investments	\$ 193,076	\$ 117,267	\$ (180,872)	\$ 129,471
Special assessments receivable	280	-	(129)	151
Total Assets	\$ 193,356	\$ 117,267	\$ (181,001)	\$ 129,622
Liabilities				
Accounts payable	\$ 6,312	\$ 27,282	\$ (6,312)	\$ 27,282
Deposits payable	187,044	57,357	(142,061)	102,340
Total Liabilities	\$ 193,356	\$ 84,639	\$ (148,373)	\$ 129,622

City of St. Francis, Minnesota
 Summary Financial Report
 Governmental Funds
 Revenues and Expenditures For General Operations
 For the Years Ended December 31, 2017 and 2016

	Total		Percent Increase (Decrease)
	2017	2016	
Revenues			
Taxes	\$ 3,257,514	\$ 3,278,789	(0.65) %
Licenses and permits	214,855	145,980	47.18
Intergovernmental	855,400	741,398	15.38
Charges for services	457,882	593,857	(22.90)
Fines and forfeits	25,631	30,836	(16.88)
Special assessments	85,984	1,284,161	(93.30)
Interest on investments	29,655	33,960	(12.68)
Miscellaneous	188,986	285,467	(33.80)
Total Revenues	<u>\$ 5,115,907</u>	<u>\$ 6,394,448</u>	(19.99) %
Per Capita	\$ 691	\$ 873	(20.78) %
Expenditures			
Current			
General government	\$ 824,154	\$ 774,871	6.36 %
Public safety	1,693,408	1,649,746	2.65
Public works	613,542	491,108	24.93
Culture and recreation	277,528	295,925	(6.22)
Community development	583,379	397,237	46.86
Miscellaneous	8,467	6,153	37.61
Capital outlay			
General government	8,142	27,283	(70.16)
Public safety	272,964	66,091	313.01
Public works	100,524	805,651	(87.52)
Culture and recreation	46	73,234	(99.94)
Debt service			
Principal	870,000	310,000	180.65
Interest and other charges	459,093	357,994	28.24
Total Expenditures	<u>\$ 5,711,247</u>	<u>\$ 5,255,293</u>	8.68 %
Per Capita	\$ 772	\$ 717	
Total Long-term Indebtedness	\$ 7,505,000	\$ 8,745,000	(14.18) %
Per Capita	1,014	1,194	
General Fund Balance - December 31	\$ 3,884,013	\$ 3,366,509	15.37 %
Per Capita	525	459	

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, 2017

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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 out-standing 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			
	2017	2016	2015	2014
Governmental Activities				
Net investment in capital assets	\$ 7,196,658	\$ 6,861,667	\$ 6,344,949	\$ 6,471,404
Restricted	507,871	1,010,138	940,821	997,745
Unrestricted	<u>2,941,748</u>	<u>2,538,153</u>	<u>2,269,512</u>	<u>3,371,139</u>
Total Governmental Activities Net Position	<u>\$ 10,646,277</u>	<u>\$ 10,409,958</u>	<u>\$ 9,555,282</u>	<u>\$ 10,840,288</u>
Business-type Activities				
Net investment in capital assets	\$ 19,003,781	\$ 13,019,826	\$ 9,103,334	\$ 8,824,440
Unrestricted	<u>5,826,703</u>	<u>5,789,331</u>	<u>5,306,618</u>	<u>5,488,087</u>
Total Business-type Activities Net Position	<u>\$ 24,830,484</u>	<u>\$ 18,809,157</u>	<u>\$ 14,409,952</u>	<u>\$ 14,312,527</u>
Primary Government				
Net investment in capital assets	\$ 26,200,439	\$ 19,881,493	\$ 15,448,283	\$ 15,295,844
Restricted	507,871	1,010,138	940,821	997,745
Unrestricted	<u>8,768,451</u>	<u>8,327,484</u>	<u>7,576,130</u>	<u>8,859,226</u>
Total Primary Government Net Position	<u>\$ 35,476,761</u>	<u>\$ 29,219,115</u>	<u>\$ 23,965,234</u>	<u>\$ 25,152,815</u>

Table 1

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 6,491,164	\$ 6,292,733	\$ 7,168,911	\$ 5,903,447	\$ 7,782,258	\$ 5,221,614
1,066,566	1,080,107	571,078	404,530	437,786	477,193
2,345,374	1,999,789	1,745,047	3,076,111	3,579,646	4,855,454
<u>\$ 9,903,104</u>	<u>\$ 9,372,629</u>	<u>\$ 9,485,036</u>	<u>\$ 9,384,088</u>	<u>\$ 11,799,690</u>	<u>\$ 10,554,261</u>
\$ 8,073,272	\$ 7,773,435	\$ 7,453,005	\$ 6,899,701	\$ 4,899,083	\$ 7,015,882
6,973,367	7,303,907	7,383,130	7,561,395	6,433,382	3,952,097
<u>\$ 15,046,639</u>	<u>\$ 15,077,342</u>	<u>\$ 14,836,135</u>	<u>\$ 14,461,096</u>	<u>\$ 11,332,465</u>	<u>\$ 10,967,979</u>
\$ 14,564,436	\$ 14,066,168	\$ 14,621,916	\$ 12,803,148	\$ 12,681,341	\$ 12,237,496
1,066,566	1,080,107	571,078	404,530	437,786	477,193
9,318,741	9,303,696	9,128,177	10,637,506	10,013,028	8,807,551
<u>\$ 24,949,743</u>	<u>\$ 24,449,971</u>	<u>\$ 24,321,171</u>	<u>\$ 23,845,184</u>	<u>\$ 23,132,155</u>	<u>\$ 21,522,240</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			
	2017	2016	2015	2014
Expenses				
Governmental Activities				
General government	\$ 874,683	\$ 888,099	\$ 789,269	\$ 869,752
Public safety	2,132,904	2,334,480	2,207,108	1,787,394
Public works	960,970	919,720	839,512	1,189,614
Culture and recreation	389,408	468,326	118,667	371,104
Community development	598,366	427,300	324,235	242,227
Miscellaneous	8,467	6,153	21,335	16,157
Interest on long-term debt	400,157	357,173	359,316	365,306
Total Governmental Activities Expenses	<u>5,364,955</u>	<u>5,401,251</u>	<u>4,659,442</u>	<u>4,841,554</u>
Business-type Activities				
Water	1,064,443	1,057,465	1,167,893	1,121,532
Sewer	1,345,198	1,184,441	1,049,262	941,358
Storm water	33,435	55,385	-	-
Liquor store	2,130,722	2,008,390	1,986,813	1,948,432
Total Business-type Activities Expenses	<u>4,573,798</u>	<u>4,305,681</u>	<u>4,203,968</u>	<u>4,011,322</u>
Total Primary Government Expenses	<u>\$ 9,938,753</u>	<u>\$ 9,706,932</u>	<u>\$ 8,863,410</u>	<u>\$ 8,852,876</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 440,529	\$ 298,140	\$ 304,092	\$ 270,718
Public safety	163,362	184,994	181,458	190,140
Public works	3,599	2,868	3,689	2,172
Culture and recreation	2,385	3,030	1,590	1,460
Community development	181,565	243,640	205,289	184,877
Miscellaneous	88,196	90,051	99,716	101,924
Operating grants and contributions	148,707	280,996	175,915	180,133
Capital grants and contributions	422,985	1,186,137	242,557	382,286
Total Governmental Activities Program Revenues	<u>1,451,328</u>	<u>2,289,856</u>	<u>1,214,306</u>	<u>1,313,710</u>
Business-type Activities				
Charges for services				
Water	1,682,412	1,390,364	1,193,195	1,134,332
Sewer	1,867,070	1,361,064	999,664	930,651
	171,867	169,020	-	-
Liquor store	2,236,569	2,133,575	2,157,348	2,109,850
Operating grants and contributions	3,669	3,800	-	-
Capital grants and contributions	4,969,830	3,849,842	186,264	108,000
Total Business-type Activities Program Revenues	<u>10,931,417</u>	<u>8,907,665</u>	<u>4,536,471</u>	<u>4,282,833</u>
Total Primary Government Program Revenues	<u>\$ 12,382,745</u>	<u>\$ 11,197,521</u>	<u>\$ 5,750,777</u>	<u>\$ 5,596,543</u>

Table 2

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 684,752	\$ 700,606	\$ 708,620	\$ 823,109	\$ 663,068	\$ 590,722
1,742,193	1,689,773	1,607,064	1,570,589	1,485,755	1,482,823
1,098,082	699,037	1,033,276	812,302	931,674	523,808
362,829	378,696	366,321	351,844	310,479	332,060
268,789	155,770	119,378	116,532	119,724	189,895
5,571	18,494	3,309	6,339	12,705	18,754
376,293	541,676	58,313	66,240	61,780	72,208
<u>4,538,509</u>	<u>4,184,052</u>	<u>3,896,281</u>	<u>3,746,955</u>	<u>3,585,185</u>	<u>3,210,270</u>
1,156,583	1,136,619	1,143,017	1,111,363	1,046,900	912,437
972,980	858,682	958,231	878,226	755,755	584,940
-	-	-	-	-	-
1,899,467	1,883,145	1,873,937	1,900,572	1,893,024	1,873,355
<u>4,029,030</u>	<u>3,878,446</u>	<u>3,975,185</u>	<u>3,890,161</u>	<u>3,695,679</u>	<u>3,370,732</u>
<u>\$ 8,567,539</u>	<u>\$ 8,062,498</u>	<u>\$ 7,871,466</u>	<u>\$ 7,637,116</u>	<u>\$ 7,280,864</u>	<u>\$ 6,581,002</u>
\$ 246,588	\$ 195,491	\$ 162,613	\$ 161,884	\$ 156,448	\$ 26,329
105,181	147,531	161,869	167,977	163,048	229,991
4,361	3,767	5,204	16,488	14,596	11,613
1,345	1,955	7,441	1,958	1,885	1,635
130,917	120,685	152,503	116,095	102,799	122,987
111,023	70,175	54,182	39,207	31,527	38,029
163,138	130,368	161,155	156,964	251,441	235,577
957,583	291,558	456,588	254,328	300,511	25,687
<u>1,720,136</u>	<u>961,530</u>	<u>1,161,555</u>	<u>914,901</u>	<u>1,022,255</u>	<u>691,848</u>
1,132,206	1,147,518	1,064,157	1,063,256	1,087,286	1,031,221
906,182	898,292	900,193	805,969	784,372	739,149
-	-	-	-	-	-
2,058,662	2,096,011	2,037,209	2,050,403	2,067,517	2,029,577
-	6,500	-	57,312	5,241	610
129,000	66,000	20,800	238,200	77,600	69,600
<u>4,226,050</u>	<u>4,214,321</u>	<u>4,022,359</u>	<u>4,215,140</u>	<u>4,022,016</u>	<u>3,870,157</u>
<u>\$ 5,946,186</u>	<u>\$ 5,175,851</u>	<u>\$ 5,183,914</u>	<u>\$ 5,130,041</u>	<u>\$ 5,044,271</u>	<u>\$ 4,562,005</u>

City of St. Francis, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2017	2016	2015	2014
Net Revenues (Expenses)				
Governmental activities	\$ (3,913,627)	\$ (3,111,395)	\$ (3,445,136)	\$ (3,527,844)
Business-type activities	6,357,619	4,601,984	332,503	271,511
Total Primary Government Net Revenues (Expenses)	<u>\$ 2,443,992</u>	<u>\$ 1,490,589</u>	<u>\$ (3,112,633)</u>	<u>\$ (3,256,333)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 3,249,599	\$ 3,277,360	\$ 3,175,224	\$ 3,017,872
Tax increments	-	7,512	14,393	14,260
Grants and contributions not restricted to specific programs	365,831	362,359	353,353	318,445
Gain on sale of capital assets	80,867	-	963	4,521
Unrestricted investment earnings	29,655	33,960	21,200	34,894
Transfers - capital assets	-	-	(323,039)	-
Transfers	423,994	284,880	264,880	1,075,036
Total Governmental Activities	<u>4,149,946</u>	<u>3,966,071</u>	<u>3,506,974</u>	<u>4,465,028</u>
Business-type Activities				
Interest on investments	87,702	82,101	40,832	69,413
Gain on sale of capital assets	-	-	-	-
Transfers - capital assets	-	-	323,039	-
Transfers	(423,994)	(284,880)	(264,880)	(1,075,036)
Total Business-type Activities	<u>(336,292)</u>	<u>(202,779)</u>	<u>98,991</u>	<u>(1,005,623)</u>
Total Primary Government	<u>\$ 3,813,654</u>	<u>\$ 3,763,292</u>	<u>\$ 3,605,965</u>	<u>\$ 3,459,405</u>
Change in Net Position				
Governmental activities	\$ 236,319	\$ 854,676	\$ 61,838	\$ 937,184
Business-type activities	6,021,327	4,399,205	431,494	(734,112)
Total Primary Government	<u>\$ 6,257,646</u>	<u>\$ 5,253,881</u>	<u>\$ 493,332</u>	<u>\$ 203,072</u>

Table 2

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ (2,818,373)	\$ (3,222,522)	\$ (2,734,726)	\$ (2,832,054)	\$ (2,562,930)	\$ (2,518,422)
197,020	335,875	47,174	324,979	326,337	499,425
<u>\$ (2,621,353)</u>	<u>\$ (2,886,647)</u>	<u>\$ (2,687,552)</u>	<u>\$ (2,507,075)</u>	<u>\$ (2,236,593)</u>	<u>\$ (2,018,997)</u>
\$ 3,001,538	\$ 2,890,203	\$ 2,724,403	\$ 2,739,739	\$ 2,612,273	\$ 2,581,538
14,270	15,144	15,374	18,285	15,317	16,429
85,992	87,294	149,366	170,718	983,567	769,967
-	5,529	2,644	3,435	14,927	36,512
(17,832)	61,301	26,971	46,421	69,793	96,571
-	-	(192,320)	(2,144,660)	-	(741,564)
264,880	60,000	99,880	(427,693)	112,482	(59,459)
<u>3,348,848</u>	<u>3,119,471</u>	<u>2,826,318</u>	<u>406,245</u>	<u>3,808,359</u>	<u>2,699,994</u>
37,157	64,903	120,322	122,866	150,631	255,877
-	-	15,532	-	-	6,332
-	-	192,320	2,144,660	-	741,564
(264,880)	(60,000)	(99,880)	427,693	(112,482)	59,459
<u>(227,723)</u>	<u>4,903</u>	<u>228,294</u>	<u>2,695,219</u>	<u>38,149</u>	<u>1,063,232</u>
<u>\$ 3,121,125</u>	<u>\$ 3,124,374</u>	<u>\$ 3,054,612</u>	<u>\$ 3,101,464</u>	<u>\$ 3,846,508</u>	<u>\$ 3,763,226</u>
\$ 530,475	\$ (103,051)	\$ 91,592	\$ (2,425,809)	\$ 1,245,429	\$ 181,572
(30,703)	340,778	275,468	3,020,198	364,486	1,562,657
<u>\$ 499,772</u>	<u>\$ 237,727</u>	<u>\$ 367,060</u>	<u>\$ 594,389</u>	<u>\$ 1,609,915</u>	<u>\$ 1,744,229</u>

City of St. Francis, Minnesota
Statistical Section (Unaudited)
Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year			
	2017	2016	2015	2014
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	18,844	40,816	8,580	16,682
Assigned	-	-	-	-
Unassigned	<u>3,865,169</u>	<u>3,325,693</u>	<u>2,755,704</u>	<u>2,572,375</u>
Total General Fund	<u>\$ 3,884,013</u>	<u>\$ 3,366,509</u>	<u>\$ 2,764,284</u>	<u>\$ 2,589,057</u>
All other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Restricted	429,069	1,559,175	1,450,454	1,519,299
Assigned	1,219,879	1,158,547	787,069	770,866
Unassigned	<u>(270,282)</u>	<u>(321,979)</u>	<u>(663,590)</u>	<u>(860,053)</u>
Total all other Governmental Funds	<u>\$ 1,378,666</u>	<u>\$ 2,395,743</u>	<u>\$ 1,573,933</u>	<u>\$ 1,430,112</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					
2013	2012	2011	2010	2009	2008
\$ -	\$ -	\$ -	\$ 1,803	\$ -	\$ -
-	-	-	2,048,599	2,086,873	1,906,188
15,079	9,861	3,055	-	-	-
8,174	8,174	8,095	-	-	-
2,225,913	2,053,454	2,058,863	-	-	-
<u>\$ 2,249,166</u>	<u>\$ 2,071,489</u>	<u>\$ 2,070,013</u>	<u>\$ 2,050,402</u>	<u>\$ 2,086,873</u>	<u>\$ 1,906,188</u>
\$ -	\$ -	\$ -	\$ 209,998	\$ 850,341	\$ 2,934,413
-	-	-	263,279	292,039	143,321
-	-	-	199,289	760,880	743,062
1,781,010	1,448,156	386,123	-	-	-
500,910	481,981	406,183	-	-	-
(1,494,602)	(1,022,799)	(1,254,897)	-	-	-
<u>\$ 787,318</u>	<u>\$ 907,338</u>	<u>\$ (462,591)</u>	<u>\$ 672,566</u>	<u>\$ 1,903,260</u>	<u>\$ 3,820,796</u>

City of St. Francis, Minnesota
Statistical Section (Unaudited)
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year			
	2017	2016	2015	2014
Revenues				
Taxes				
General property tax	\$ 3,257,514	\$ 3,271,277	\$ 3,170,208	\$ 3,058,619
Tax increments	-	7,512	14,393	14,260
Special assessments	85,984	1,284,161	263,123	196,257
Licenses and permits	214,855	145,980	126,862	94,205
Intergovernmental	855,400	741,398	611,364	567,935
Charges for services	457,882	593,857	486,490	460,737
Fines and forfeitures	25,631	30,836	39,909	49,635
Interest on investments	29,655	33,960	21,200	34,894
Miscellaneous	188,986	285,467	195,832	195,635
Total Revenues	5,115,907	6,394,448	4,929,381	4,672,177
Expenditures				
Current				
General government	824,154	774,871	731,292	843,302
Public safety	1,693,408	1,649,746	1,670,971	1,556,675
Public works	613,542	491,108	525,734	579,810
Culture and recreation	277,528	295,925	291,477	259,049
Community development	583,379	397,237	323,342	239,745
Miscellaneous	8,467	6,153	21,335	16,157
Capital outlay				
General government	8,142	27,283	10,781	8,178
Public safety	272,964	66,091	480,177	132,601
Public works	100,524	805,651	274,465	369,510
Culture and recreation	46	73,234	165,143	92,695
Community development	-	-	-	-
Debt service				
Principal	870,000	310,000	316,022	325,499
Interest and other charges	459,093	357,994	362,849	371,828
Total Expenditures	5,711,247	5,255,293	5,173,588	4,795,049
Excess (Deficiency) or Revenues Over (Under) Expenditures				
	(595,340)	1,139,155	(244,207)	(122,872)
Other Financing Sources (Uses)				
Transfers in	783,994	644,880	1,531,604	1,465,036
Transfers out	(360,000)	(360,000)	(1,266,724)	(390,000)
Bond issued	6,705,000	-	265,000	-
Payment to escrow agent	(7,386,676)	-	-	-
Premium on bonds issued	272,582	-	-	-
Contract for deed issued	-	-	-	-
Sale of capital assets	80,867	-	33,375	30,521
Total Other Financing Sources (Uses)	95,767	284,880	563,255	1,105,557
Net Change in Fund Balance				
	\$ (499,573)	\$ 1,424,035	\$ 319,048	\$ 982,685
Debt Service as a Percentage of Noncapital Expenditures				
	24.62 %	15.37 %	15.52 %	16.32 %

Table 4

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 3,007,177	\$ 2,914,638	\$ 2,733,171	\$ 2,744,495	\$ 2,639,498	\$ 2,541,791
14,270	15,144	15,374	18,285	15,317	16,429
51,141	64,949	63,380	54,438	94,319	116,915
87,298	89,300	99,415	78,242	66,207	87,735
449,284	434,324	698,484	380,977	1,217,007	961,515
326,599	302,731	310,544	313,878	295,362	340,973
33,927	35,166	30,414	30,537	38,555	46,213
(17,832)	61,301	26,971	46,421	69,793	196,947
193,875	136,182	145,615	135,789	106,392	110,832
<u>4,145,739</u>	<u>4,053,735</u>	<u>4,123,368</u>	<u>3,803,062</u>	<u>4,542,450</u>	<u>4,419,350</u>
654,631	656,188	651,933	646,947	627,997	662,716
1,533,049	1,486,294	1,480,092	1,457,092	1,363,710	1,344,164
686,201	504,988	650,285	700,257	631,200	446,179
247,542	277,255	290,081	282,548	273,802	261,044
264,659	155,770	119,378	116,532	119,724	189,895
5,571	18,494	3,309	6,339	12,705	18,754
3,164	6,534	29,978	226,787	330,823	-
86,291	130,560	80,873	32,849	46,768	30,335
651,780	7,028,857	1,301,477	466,039	661,224	1,000,855
120,194	208,043	435,890	72,477	76,376	185,125
26,470	-	-	-	-	-
288,549	91,723	271,946	113,095	132,911	394,048
372,182	407,665	50,595	56,871	62,825	387,068
<u>4,940,283</u>	<u>10,972,371</u>	<u>5,365,837</u>	<u>4,177,833</u>	<u>4,340,065</u>	<u>4,920,183</u>
(794,544)	(6,918,636)	(1,242,469)	(374,771)	202,385	(500,833)
604,880	981,795	516,166	794,826	865,643	759,291
(340,000)	(921,795)	(416,286)	(1,222,519)	(753,161)	(205,500)
560,000	8,200,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	150,000	-	-
27,321	30,041	27,043	29,965	49,403	61,991
<u>852,201</u>	<u>8,290,041</u>	<u>126,923</u>	<u>(247,728)</u>	<u>161,885</u>	<u>615,782</u>
<u>\$ 57,657</u>	<u>\$ 1,371,405</u>	<u>\$ (1,115,546)</u>	<u>\$ (622,499)</u>	<u>\$ 364,270</u>	<u>\$ 114,949</u>
<u>16.04 %</u>	<u>13.45 %</u>	<u>9.01 %</u>	<u>4.84 %</u>	<u>6.46 %</u>	<u>26.73 %</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Estimated Market Value				
Real property	\$ 474,776,600	\$ 451,592,700	\$ 441,346,300	\$ 392,686,000
Personal property	7,013,300	6,691,100	5,971,100	6,124,000
 Total Estimated Market Value	 <u>\$ 481,789,900</u>	 <u>\$ 458,283,800</u>	 <u>\$ 447,317,400</u>	 <u>\$ 398,810,000</u>
Tax Capacity				
Residential property	\$ 3,865,537	\$ 3,651,698	\$ 3,546,894	\$ 3,037,063
Commercial / industrial property	582,609	539,921	520,655	516,209
Other	225,462	224,223	220,816	222,735
Contribution to Fiscal Disparities Pool	(263,268)	(225,976)	(251,537)	(274,535)
Receivable From Fiscal Disparities Pool	1,462,769	1,364,588	1,358,498	1,434,712
Tax Increment	-	(12,522)	(12,002)	(11,891)
 Net Tax Capacity	 <u>\$ 5,873,109</u>	 <u>\$ 5,541,932</u>	 <u>\$ 5,383,324</u>	 <u>\$ 4,924,293</u>
Net Tax Capacity as a Percentage of Estimated Market Value	<u>1.219 %</u>	<u>1.209 %</u>	<u>1.203 %</u>	<u>1.235 %</u>
Gross Tax Levy	<u>\$ 3,488,791</u>	<u>\$ 3,244,573</u>	<u>\$ 3,180,953</u>	<u>\$ 2,988,086</u>
Tax Capacity Rate	<u>54.117 %</u>	<u>58.428 %</u>	<u>58.909 %</u>	<u>59.629 %</u>

Source: Anoka County Property Records and Taxation Department.

Note: Property in the County is reassessed annually.

Table 5

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 405,703,000	\$ 456,064,600	\$ 464,184,500	\$ 525,397,100	\$ 568,978,400	\$ 574,451,900
<u>6,496,600</u>	<u>6,573,500</u>	<u>6,502,200</u>	<u>5,988,500</u>	<u>6,167,500</u>	<u>6,255,800</u>
<u>\$ 412,199,600</u>	<u>\$ 462,638,100</u>	<u>\$ 470,686,700</u>	<u>\$ 531,385,600</u>	<u>\$ 575,145,900</u>	<u>\$ 580,707,700</u>
\$ 3,153,799	\$ 3,586,358	\$ 4,055,812	\$ 4,563,115	\$ 4,844,770	\$ 4,874,805
563,227	655,422	686,986	740,819	839,984	839,860
221,807	244,970	258,316	294,516	351,157	349,124
(310,154)	(323,392)	(341,228)	(377,468)	(378,126)	(353,194)
1,320,087	1,383,468	1,531,408	1,470,600	1,406,759	1,208,203
<u>(11,899)</u>	<u>(12,628)</u>	<u>(12,820)</u>	<u>(16,833)</u>	<u>(16,078)</u>	<u>(16,615)</u>
<u>\$ 4,936,867</u>	<u>\$ 5,534,198</u>	<u>\$ 6,178,474</u>	<u>\$ 6,674,749</u>	<u>\$ 7,048,466</u>	<u>\$ 6,902,183</u>
<u>1.198 %</u>	<u>1.196 %</u>	<u>1.313 %</u>	<u>1.256 %</u>	<u>1.226 %</u>	<u>1.189 %</u>
<u>\$ 2,988,086</u>	<u>\$ 2,873,160</u>	<u>\$ 2,873,160</u>	<u>\$ 2,873,160</u>	<u>\$ 2,724,202</u>	<u>\$ 2,690,415</u>
<u>63.026 %</u>	<u>53.406 %</u>	<u>47.139 %</u>	<u>44.265 %</u>	<u>38.400 %</u>	<u>39.390 %</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
2017	53.467 %	0.650 %	54.117 %	36.841 %	24.625 %	33.208 %	3.912 %	96.421 %	105.004 %
2016	57.562	0.866	58.428	38.894	29.371	39.266	4.430	131.123	141.018
2015	58.390	0.519	58.909	38.123	29.449	42.483	4.117	130.598	143.632
2014	59.209	0.420	59.629	43.239	33.635	51.286	4.542	141.045	158.696
2013	62.591	0.435	63.026	44.761	33.707	50.058	4.094	145.588	161.939
2012	53.015	0.391	53.406	41.615	32.835	45.548	3.875	131.731	144.444
2011	46.800	0.339	47.139	40.376	28.793	43.489	4.478	120.786	135.482
2010	43.932	0.333	44.265	35.574	24.859	39.967	4.455	109.153	124.261
2009	38.161	0.239	38.400	32.445	20.965	36.136	3.797	95.607	110.778
2008	39.390	-	39.390	31.453	23.174	32.344	5.224	99.241	108.411

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 Ten Years Ago

Table 7

Taxpayer	2017			2007		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Alliant Techsystems	\$ 167,556	1	3.59 %	\$ 249,240	1	4.43 %
ALS Properties Woodhaven LLC	107,625	2	2.30	95,020	3	1.69
St. Francis Realty LLC	89,538	3	1.92	112,275	2	1.99
King Exchange LLC	69,270	4	1.48	71,270	5	1.27
Connexus Energy	63,052	5	1.35	76,726	4	1.36
Minnegasco Inc.	59,286	6	1.27	45,906	6	0.82
Northern Capital Investments	36,704	7	0.79	-		-
Village Bank	24,778	8	0.53	-		-
Jensen Family LP	21,154	9	0.45	33,888	8	0.60
Abbey Field LTD Partnership	20,870	10	0.45	-		-
SMJ Triangle Development LLC	-		-	39,387	7	0.70
Brama Brothers Enterprises, LLC	-		-	31,207	9	0.55
Hennen Trustee	-		-	24,628	10	0.44
Total	\$ 659,833		14.13 %	\$ 779,547		13.85 %

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
2017	\$ 3,488,791	\$ 3,488,791	\$ 3,238,987	92.84 %	\$ -	\$ 3,238,987	92.84 %
2016	3,244,573	3,244,573	3,239,514	99.84	5,183	3,244,697	100.00
2015	3,180,953	3,180,953	3,171,773	99.71	6,615	3,178,388	99.92
2014	2,988,086	2,988,086	2,985,995	99.93	1,184	2,987,179	99.97
2013	2,988,086	2,988,086	2,972,920	99.49	15,166	2,988,086	100.00
2012	2,873,160	2,873,160	2,847,168	99.10	19,871	2,867,039	99.79
2011	2,873,160	2,704,618	2,665,913	98.57	38,705	2,704,618	100.00
2010	2,873,160	2,856,338	2,770,029	96.98	65,267	2,835,296	99.26
2009	2,724,202	2,579,929	2,492,264	96.60	78,093	2,570,357	99.63
2008	2,690,415	2,550,066	2,448,984	96.04	98,800	2,547,784	99.91

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
2017	\$ 7,770,010	\$ -	\$ -	\$ -	\$ -
2016	1,430,000	7,315,000	-	-	-
2015	1,505,000	7,550,000	-	-	-
2014	1,310,000	7,780,000	16,022	-	-
2013	1,380,000	8,005,000	46,521	-	-
2012	885,000	8,200,000	75,070	-	-
2011	950,000	-	101,793	-	-
2010	1,010,000	-	163,739	150,000	-
2009	1,065,000	-	221,834	-	-
2008	1,110,000	-	276,317	-	33,428

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>
<u>General Obligation Revenue Bonds</u>			
\$ 27,891,000	\$ 35,661,010	13.07 %	\$ 4,819
36,711,544	45,456,544	16.67	6,143
30,268,000	39,323,000	14.42	5,314
14,406,000	23,512,022	7.91	3,248
15,406,000	24,837,521	8.80	3,413
14,204,000	23,364,070	8.05	3,220
14,899,000	15,950,793	5.53	2,210
15,527,000	16,850,739	5.84	2,335
14,543,660	15,830,494	5.18	2,152
16,825,231	18,244,976	6.56	2,464

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
2017	\$ 35,661,010	\$ 112,802	\$ 35,548,208	7.38 %	\$ 4,804
2016	38,141,544	613,035	37,528,509	8.19	5,122
2015	31,773,000	626,991	31,146,009	6.96	4,269
2014	15,716,000	654,800	15,061,200	3.78	2,080
2013	16,786,000	681,165	16,104,835	3.91	2,213
2012	15,089,000	145,274	14,943,726	3.23	2,060
2011	15,849,000	194,054	15,654,946	3.33	2,169
2010	16,537,000	209,998	16,327,002	3.07	2,262
2009	15,608,660	850,341	14,758,319	2.57	2,006
2008	17,935,231	2,934,413	15,000,818	2.58	2,026

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, 2017

Table 11

	Net Debt	Percentage Applicable to City	Amount Applicable to City of St. Francis Share of Debt
Direct Debt			
City of St. Francis	\$ 7,726,865	100.00 %	\$ 7,726,865
Overlapping Debt			
Anoka County	107,278,000	1.74	1,861,917
School District 15	22,535,000	19.77	4,456,184
School District 728	220,925,000	0.00	5,744
Metropolitan Council	1,442,296,908	0.16	2,291,810
Anoka County HRA	10,050,000	5.87	589,413
Anoka County RR Authority	47,600,000	1.74	826,146
Total Overlapping Debt	1,850,684,908		10,031,213
Total Direct and Overlapping Debt	\$1,858,411,773		\$ 17,758,078

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			
	2017	2016	2015	2014
Estimated Market Value of Taxable Property	\$ 481,789,900	\$ 458,283,800	\$ 447,317,400	\$ 398,810,000
Statutory Percentage	3.0%	3.0%	3.0%	3.0%
Statutory Debt Limit	14,453,697	13,748,514	13,419,522	11,964,300
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	\$ 14,453,697	\$ 13,748,514	\$ 13,419,522	\$ 11,964,300

Legal Debt Margin Calculation for Fiscal Year 2017

Estimated Market Value of Taxable Property	\$ 481,789,900
Statutory Percentage	3.0%
Statutory Debt Limit	\$ 14,453,697
Total Bonds Outstanding	\$ 35,661,010
Less: Special Assessment Bonds	(7,770,010)
Less: Utility Revenue Bonds	(27,891,000)
Debt Applicable to Limit	-
Legal Debt Margin	\$ 14,453,697

Table 12

Fiscal Year					
<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 412,199,600	\$ 462,638,100	\$ 470,686,700	\$ 531,385,600	\$ 575,145,900	\$ 580,707,700
<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>
8,243,992	9,252,762	9,413,734	10,627,712	11,502,918	11,614,154
-	-	-	-	-	-
<u>\$ 8,243,992</u>	<u>\$ 9,252,762</u>	<u>\$ 9,413,734</u>	<u>\$ 10,627,712</u>	<u>\$ 11,502,918</u>	<u>\$ 11,614,154</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				
				Principal	Interest	Total		
2017	\$ 21,187	\$ 17,764	\$ 38,951	\$ 605,000	\$ 22,202	\$ 627,202	0.062 %	
2016	21,243	28,287	49,530	75,000	36,950	111,950	0.442	
2015	20,819	19,470	40,289	70,000	38,736	108,736	0.371	
2014	21,307	22,180	43,487	70,000	45,223	115,223	0.377	
2013	20,984	24,024	45,331	65,000	35,317	100,317	0.449	
2012	21,098	32,359	53,457	65,000	38,328	103,328	0.517	
2011	19,759	23,575	43,334	60,000	40,708	100,708	0.430	
2010	19,311	40,766	60,077	55,000	43,132	98,132	0.612	
2009	12,394	50,958	63,352	45,000	45,008	90,008	0.704	
2008	-	89,739	89,739	-	30,322	30,322	-	

Fiscal Year	G.O. Revenue Bonds							Coverage
	Operating Revenue (1)	Operating Expenses (2)	Net Revenue	Debt Service				
				Principal (3)	Interest	Total		
2017	\$ 3,845,952	\$ 1,209,624	\$ 2,636,328	\$ 4,470,544	\$ 610,805	\$ 5,081,349	51.882 %	
2016	3,261,442	992,279	2,269,163	17,271,485	539,674	17,836,674	12.722	
2015	2,364,011	1,120,195	1,243,816	1,043,000	400,791	1,443,791	86.149	
2014	2,140,792	1,120,195	1,020,597	1,000,000	452,516	1,452,516	70.264	
2013	2,139,806	1,008,043	1,131,763	968,000	428,117	1,396,117	81.065	
2012	2,079,464	963,799	1,115,665	695,000	453,680	1,148,680	97.126	
2011	1,941,843	947,105	994,738	628,000	470,399	1,098,399	90.563	
2010	1,937,225	884,196	1,053,029	616,660	448,408	1,065,068	98.870	
2009	1,950,118	829,000	1,121,118	569,808	499,607	1,069,415	104.835	
2008	1,839,970	719,343	1,120,627	195,000	313,036	508,036	220.580	

- (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
2017	7,400	\$ 272,754,400	\$ 36,859	3.3 %
2016	7,327	301,337,529	41,127	4.0
2015	7,296	300,062,592	41,127	3.5
2014	7,240	297,404,720	41,078	3.5
2013	7,277	282,303,938	38,794	5.1
2012	7,255	290,098,430	39,986	5.6
2011	7,218	288,618,948	39,986	5.9
2010	7,218	288,727,218	40,001	8.5
2009	7,356	305,605,020	41,545	5.5
2008	7,404	278,205,300	37,575	4.6

(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 Ten Years Ago

Table 15

Employer	2017			2007		
	Employees	Rank	Percent of City Employment	Employees	Rank	Percent of City Employment
Independent School District #15 (includes Bus Garage)	832	1	53.61 %	380	1	34.55 %
County Market	93	2	5.99	90	2	8.18
Commercial Drywall, Inc	60	3	3.87	-	-	-
City of St. Francis	58	4	3.74	33	7	3.00
McDonald's	58	5	3.74	58	4	5.27
Temperature Specialists, Inc.	50	6	3.22	33	8	3.00
Rum River Inn	30	7	1.93	-	-	-
The Ponds Golf Course & Restaurant	29	8	1.87	48	5	4.36
Northland Screw Products	28	9	1.80	30	9	2.73
Beef O' Bradys	25	10	1.61	-	-	-
Kid's Country	-	-	-	27	10	2.45
ISD #15 Bus Garage	-	-	-	75	3	6.82
Billy's Neighborhood	-	-	-	35	6	3.18
Total	1,263		81.38 %	809		73.54 %

City of St. Francis, Minnesota
 Statistical Section (Unaudited)
 Full-time Equivalent City Government Employees by Function
 Last Ten Fiscal Years

Table 16

Function	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government	8	8	6	6	6	5	5	5	5	5
Public Safety										
Police	14	14	14	13	12	12	12	12	12	12
Public Works	3	3	2	2	3	3	3	3	3	3
Culture and Recreation	2	2	2	2	2	3	3	3	3	2
Water	3	2	2	2	2	2	2	2	2	2
Sewer	2	2	2	2	2	2	2	2	2	2
Municipal Liquor Store	2	2	4	4	4	4	4	4	4	5
Total	34	33	32	31	31	31	31	31	31	31

Source: various city departments

City of St. Francis, Minnesota
Operating Indicators by Function
Last Ten Fiscal Years

Table 17

Function	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Ordinances and resolutions adopted	60	52	82	56	54	66	61	54	51	42
Administration - Licenses processed	34	30	30	30	29	34	41	34	40	41
Finance - Payroll checks issued	1237	1274	1,275	1,153	1,230	1,245	1,259	1,240	1,229	1217
Finance - Invoices paid	3080	3100	3,010	3,048	5,304	3,276	3,262	3,371	5,394	5105
Police										
Chargeable offenses (Parts 1 & 2)	335	611	602	780	700	997	735	857	1,042	1073
Miscellaneous offenses (Parts 3 & 4)	522	3140	4,309	4,372	4,290	4,378	4,124	4,297	3,993	4627
Public safety calls for service	3912	3751	4,911	5,152	4,990	5,375	4,859	5,154	5,995	6776
Traffic citations issued	4434	368	432	698	640	899	695	723	960	1076
Fire										
Number of calls answered	323	251	254	328	368	415	393	397	462	371
Code Enforcement										
Building permits issued	374	318	333	279	303	428	305	232	264	450
Highways and Streets										
Asphalt streets maintained	36	36	36	36	36	36	36	36	36	36
Gravel maintenance (miles)	11	11	11	11	12	12	12	12	11	11
Gravel usage (Tons)	0	1778	62	199	872	4,200	-	3,600	7,465	3899
Sand/salt usage (tons)	366	371	210	357	189	223	211	233	136	190
Water										
Water pumped (million gallons)	168	177	173	175	188	195	174	187	200	186
Water main breaks repaired	0	1	1	-	-	1	-	1	N/A	N/A
Wastewater										
Gallons of wastewater treated (millions)	120	130	113	125	119	116	132	102	120	105
Miles of sewer mains cleaned	5	3	1	1	3	4	3	3	4	5

Sources: Various government departments.

City of St. Francis, Minnesota
 Statistical Section (Unaudited)
 Miscellaneous Statistics
 December 31, 2017

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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	6	6	6	6	6
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	270	270	259	259	252	234	201			
Traffic signals	0	0	1	1	1	1	1	1	1	1
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	4380	4380	4380	4380	4,380	4,380	4,475	4,475	4,393	4,790
Maximum daily capacity (gallons)	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,000,000
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)	814,000	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	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.