



# **Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2019**

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

FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2019

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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City of St. Francis, Minnesota  
 Comprehensive Annual Financial Report  
 Table of Contents  
 For the Year Ended December 31, 2019

	<u>Page No.</u>
<b>Introductory Section</b>	
Letter of Transmittal from City Administrator and Finance Director	9
Organizational Chart	15
Elected and Appointed Officials	16
Certificate of Achievement for Excellence in Financial Reporting	17
<b>Financial Section</b>	
Independent Auditor's Report	21
Management's Discussion and Analysis	25
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position	39
Statement of Activities	40
Fund Financial Statements	
Governmental Funds	
Balance Sheet	44
Reconciliation of the Balance Sheet to the Statement of Net Position	45
Statement of Revenues, Expenditures and Changes in Fund Balances	46
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	47
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	49
Proprietary Funds	
Statement of Net Position	50
Statement of Revenues, Expenses and Changes in Net Position	53
Statement of Cash Flows	54
Notes to the Financial Statements	57
<b>Required Supplementary Information</b>	
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - General Employees Retirement Fund	86
Schedule of Employer's Public Employees Retirement Association Contributions - General Employees Retirement Fund	86
Notes to the Required Supplementary Information - General Employees Retirement Fund	87
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - Public Employees Police and Fire Fund	88
Schedule of Employer's Public Employees Retirement Association Contributions - Public Employees Police and Fire Fund	88
Notes to the Required Supplementary Information - Public Employees Police and Fire Fund	89
Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios	91
Schedule of Employer's Fire Relief Association Contributions	91
<b>Combining and Individual Fund Financial Statements and Schedules</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	95
Nonmajor Special Revenue Funds	
Combining Balance Sheet	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	99
Police Forfeiture Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	100

City of St. Francis, Minnesota  
 Comprehensive Annual Financial Report  
 Table of Contents (Continued)  
 For the Year Ended December 31, 2019

	<u>Table</u>	<u>Page No.</u>
<b>Combining and Individual Fund Financial Statements and Schedules (Continued)</b>		
Nonmajor Capital Projects Funds		
Combining Balance Sheet		102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances		103
Street Improvement Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual		104
Charitable Gambling Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual		105
Park Improvements Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual		106
Capital Equipment Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual		107
Building Improvement Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual		108
General Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual		109
Debt Service Funds		
Combining Balance Sheet		114
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances		115
Debt Service Fund G.O. Bonds 2013A		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual		116
Debt Service Fund G.O. Bonds 2015A		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual		117
Debt Service Fund G.O. Bonds 2017A		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual		118
Summary Financial Report		
Revenues and Expenditures for General Operations - Governmental Funds		119
	<u>Table</u>	<u>Page No.</u>
<b>Statistical Section (Unaudited)</b>		
Net Position by Component	1	124
Changes in Net Position	2	126
Fund Balances of Governmental Funds	3	130
Changes in Fund Balances of Governmental Funds	4	132
Assessed Value and Estimated Actual Value of Taxable Property	5	134
Property Tax Capacity Rates - Direct and Overlapping Governments	6	136
Principal Property Taxpayers	7	137
Property Tax Levies and Collections	8	139
Ratio of Outstanding Debt by Type	9	140
Ratios of General Bonded Debt Outstanding	10	142
Computation of Direct and Overlapping Debt	11	143
Legal Debt Margin Information	12	144
Pledged-Revenue Coverage	13	146
Demographic Statistics	14	147
Principal Employers	15	149
Full-Time Equivalent City Government Employees by Function	16	150
Operating Indicators by Function	17	151
Miscellaneous Statistics	18	152
Capital Asset Statistics by Function	19	153

INTRODUCTORY SECTION

CITY OF ST. FRANCIS  
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2019

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May 5, 2020

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, 2019, 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, 2019. 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 2018 of 3.1%. During the past ten years the unemployment rate was at a high in 2010 of 8.5% to 2018 being the low at 3.1%

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 \$2,749,134 in 2009 to \$3,538,325 in 2018. Its percentage of total revenue in 2009 was 61% and in 2018 was 61%.

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

Unreserved fund balance in the general fund (62.8% 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 2019 budget reflects current policy and is keeping the fund balance to 57.6% 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 2019 have carried into 2019. Many of the projects relate to Economic Development.

Building permits for the year included 57 new single-family homes, 14 townhomes/manufactured homes, 1 new commercial building and 549 addition/alteration building permits for the year in 2019 resulting in \$14,450,954 in new value.

The City has started implementing the St. Francis Forward 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. This includes purchasing strategic properties, setting design standards, conducting market studies on potential project sites, reaching out to developers, and evaluating various options.

The City continues 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. Kwik Trip was built on this site and opened in 2019.

The City has completed an updated Comprehensive Plan for the city.

### ***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:

- 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 and is under construction.
- 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 has completed 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.

### ***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, 2018. This was the 8<sup>th</sup> year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

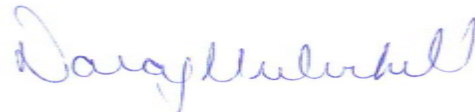
The City received the GFOA Award for the Distinguished Budget Presentation for the City budget for the fiscal year beginning January 1, 2019. It was the 10<sup>th</sup> consecutive year the City has received the award for the document.

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

Respectfully submitted,

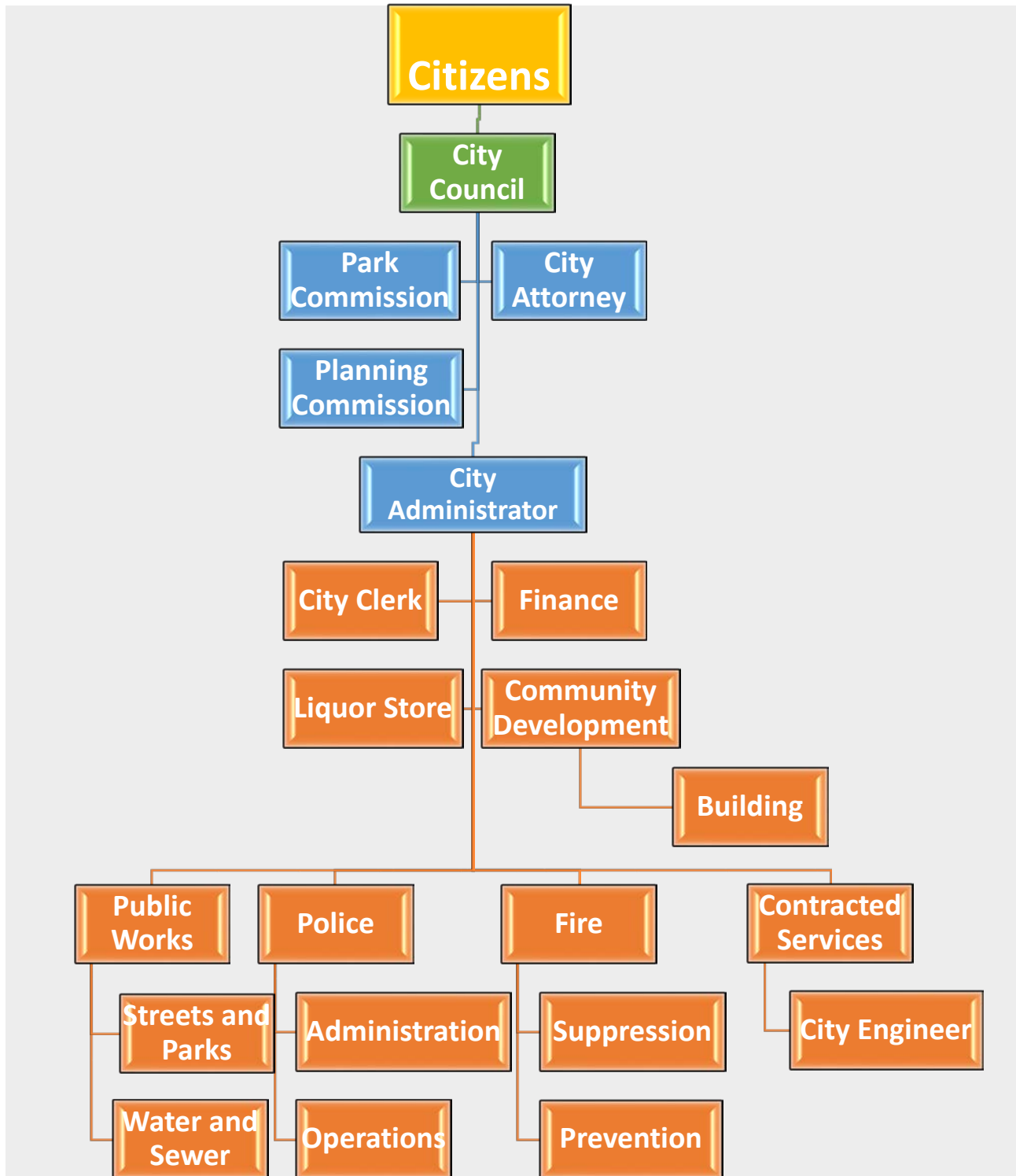


Joe Kohlmann  
City Administrator



Darcy Mulvihill  
Finance Director

# ORGANIZATIONAL CHART



City of St. Francis, Minnesota  
Elected and Appointed Officials  
For the Year Ended December 31, 2019

**ELECTED**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steve Feldman	Mayor	12/31/2021
Kevin Robinson	Council Member	12/31/2021
Joe Muehlbauer	Council Member	12/31/2020
Sarah Udvig	Council Member	12/31/2021
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, 2018**

*Christopher P. Morrill*

Executive Director/CEO

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

FOR THE YEAR ENDED  
DECEMBER 31, 2019

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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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## Change in Accounting Standards

As described in Note 7 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 84, Fiduciary Activities, for the year ended December 31, 2019. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements.

## 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 25 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the related notes disclosures, 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**

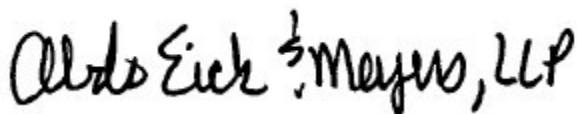
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section, and combining and individual fund financial statements and schedules are presented for purposes of additional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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
May 5, 2020

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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, 2019.

### 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 \$39,433,337 (net position). Of this amount, \$11,872,796 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$1,771,127. Of the total, governmental activities increased \$902,392 and business-type activities increased \$868,735. The main reason for the increase was an increase in charges for services and investment earnings.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,141,130, an increase of \$381,598 in comparison with the prior year. Approximately 51.8 percent of this total amount, \$3,180,461 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 \$3,180,461, or 66.8 percent of total 2019 General fund expenditures.
- The City's total debt decreased \$1,121,331 during the current fiscal year. This was mainly due to regularly scheduled principal payments.

## Overview of the Financial Statements

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

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

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

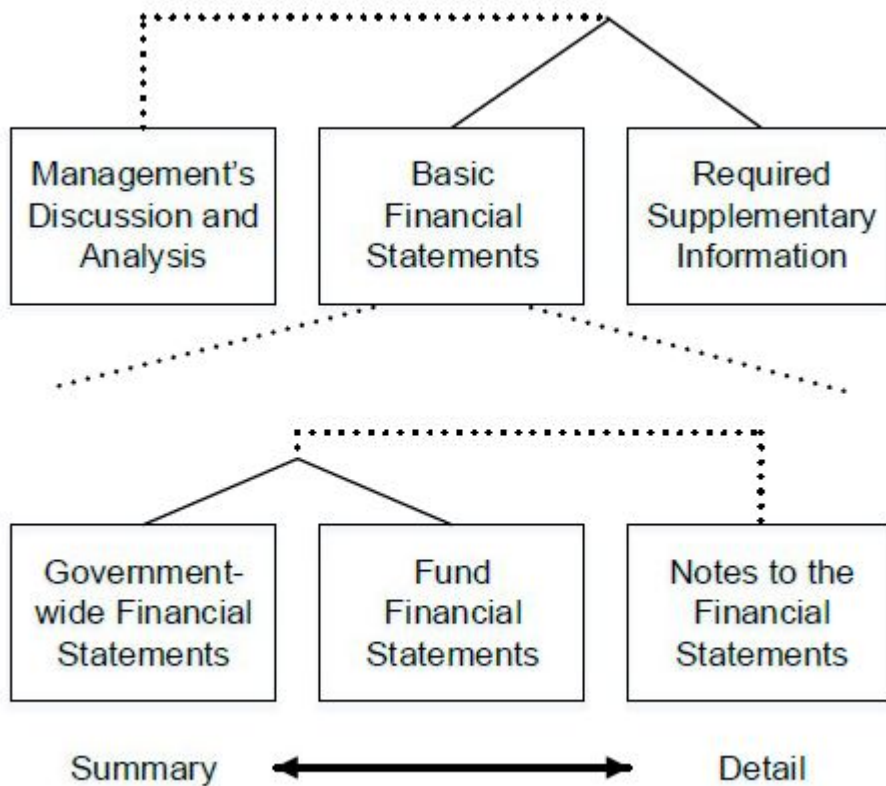


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

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

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

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference 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 eleven 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 Street Improvement Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements 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.

**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 94 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 \$39,433,337 at the close of the most recent fiscal year.

The largest portion of the City's net position (67.5 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		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 7,948,601	\$ 6,890,777	\$ 1,057,824	\$ 9,912,626	\$ 9,689,146	\$ 223,480
Capital assets	14,488,975	14,251,337	237,638	44,297,689	44,361,908	(64,219)
Total Assets	<u>22,437,576</u>	<u>21,142,114</u>	<u>1,295,462</u>	<u>54,210,315</u>	<u>54,051,054</u>	<u>159,261</u>
<b>Deferred Outflows of Resources</b>						
Deferred pension resources	1,242,764	1,425,689	(182,925)	40,938	87,075	(46,137)
Deferred charge on refunding	268,387	285,703	(17,316)	-	-	-
Total Deferred Outflows	<u>1,511,151</u>	<u>1,711,392</u>	<u>(200,241)</u>	<u>40,938</u>	<u>87,075</u>	<u>(46,137)</u>
<b>Liabilities</b>						
Noncurrent liabilities outstanding	8,982,309	9,291,319	(309,010)	26,508,068	27,182,790	(674,722)
Other liabilities	882,694	292,317	590,377	474,142	533,940	(59,798)
Total Liabilities	<u>9,865,003</u>	<u>9,583,636</u>	<u>281,367</u>	<u>26,982,210</u>	<u>27,716,730</u>	<u>(734,520)</u>
<b>Deferred Inflows of Resources</b>						
Deferred pension resources	<u>1,847,222</u>	<u>1,935,760</u>	<u>(88,538)</u>	<u>72,208</u>	<u>93,299</u>	<u>(21,091)</u>
<b>Net Position</b>						
Net investment in capital assets	7,822,639	7,197,173	625,466	18,804,562	19,032,537	(227,975)
Restricted	815,170	682,100	133,070	118,170	57,865	60,305
Unrestricted	<u>3,598,693</u>	<u>3,454,837</u>	<u>143,856</u>	<u>8,274,103</u>	<u>7,237,698</u>	<u>1,036,405</u>
Total Net Position	<u>\$ 12,236,502</u>	<u>\$ 11,334,110</u>	<u>\$ 902,392</u>	<u>\$ 27,196,835</u>	<u>\$ 26,328,100</u>	<u>\$ 868,735</u>

An additional portion of the City's net position, \$933,340, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$11,872,796, 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 \$902,392. Key elements of the changes are as follows:

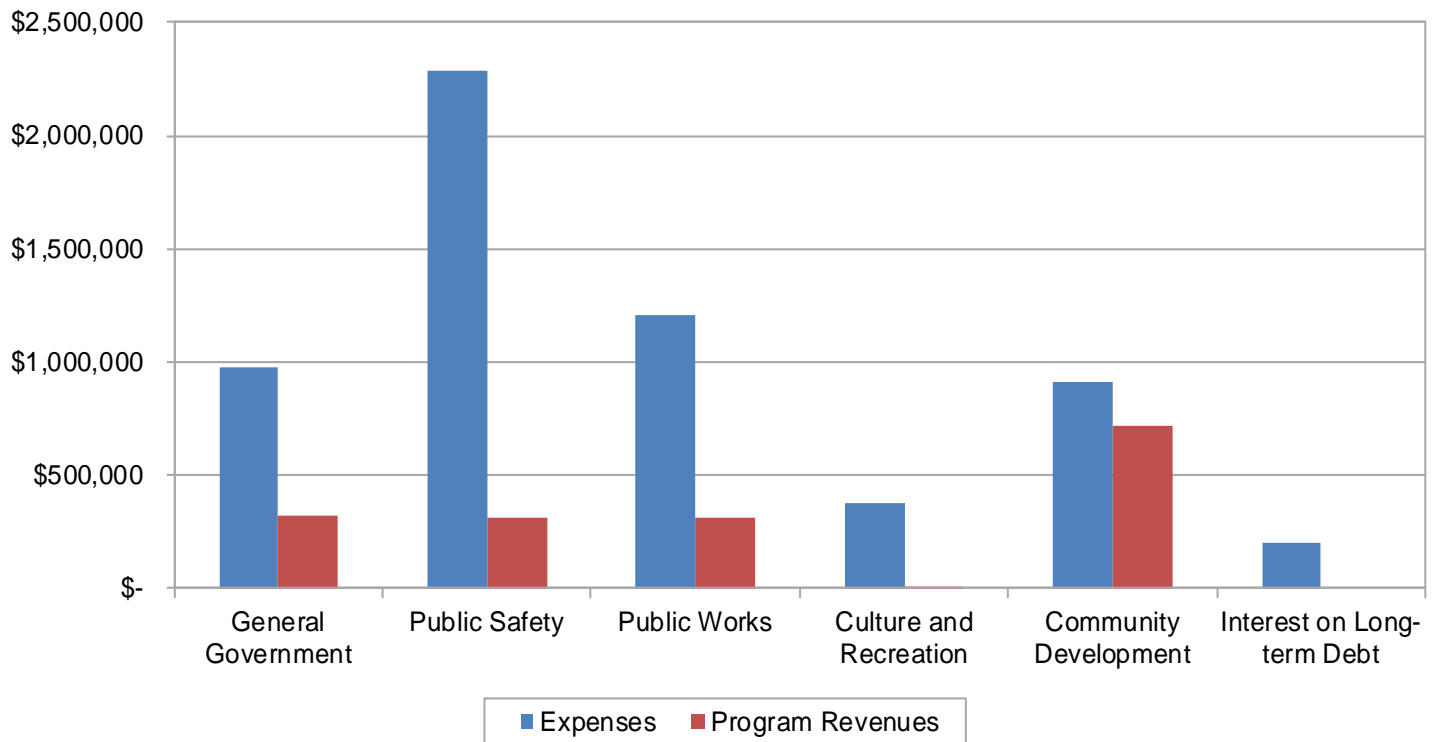
### City of St. Francis's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 1,154,162	\$ 796,555	\$ 357,607	\$ 5,518,069	\$ 5,865,160	\$ (347,091)
Operating grants and contributions	263,037	257,868	5,169	7,014	3,059	3,955
Capital grants and contributions	256,058	725,120	(469,062)	903,951	924,503	(20,552)
General Revenues						
Taxes						
Property taxes	3,817,876	3,514,249	303,627	-	-	-
Grants and contributions not restricted to specific programs	465,589	494,318	(28,729)	-	-	-
Unrestricted investment earnings	175,698	68,973	106,725	256,510	113,434	143,076
Gain on sale of capital assets	219,358	39,123	180,235	-	3,250	(3,250)
<b>Total Revenues</b>	<b>6,351,778</b>	<b>5,896,206</b>	<b>455,572</b>	<b>6,685,544</b>	<b>6,909,406</b>	<b>(223,862)</b>
Expenses						
General government	976,132	917,976	58,156	-	-	-
Public safety	2,288,796	1,822,687	466,109	-	-	-
Public works	1,204,645	1,406,804	(202,159)	-	-	-
Culture and recreation	377,685	403,747	(26,062)	-	-	-
Community development	910,312	731,427	178,885	-	-	-
Interest on long-term debt	201,696	210,612	(8,916)	-	-	-
Water	-	-	-	1,129,380	1,076,288	53,092
Sewer	-	-	-	1,807,212	1,856,264	(49,052)
Storm water	-	-	-	25,800	29,538	(3,738)
Liquor store	-	-	-	2,344,537	2,164,820	179,717
<b>Total Expenses</b>	<b>5,959,266</b>	<b>5,493,253</b>	<b>466,013</b>	<b>5,306,929</b>	<b>5,126,910</b>	<b>180,019</b>
Increase in Net Position Before Transfers	392,512	402,953	(10,441)	1,378,615	1,782,496	(403,881)
Transfers (Net)	509,880	284,880	225,000	(509,880)	(284,880)	(225,000)
Change in Net Position	902,392	687,833	214,559	868,735	1,497,616	(628,881)
Net Position, January 1	11,334,110	10,646,277	687,833	26,328,100	24,830,484	1,497,616
Net Position, December 31	<b>\$ 12,236,502</b>	<b>\$ 11,334,110</b>	<b>\$ 902,392</b>	<b>\$ 27,196,835</b>	<b>\$ 26,328,100</b>	<b>\$ 868,735</b>

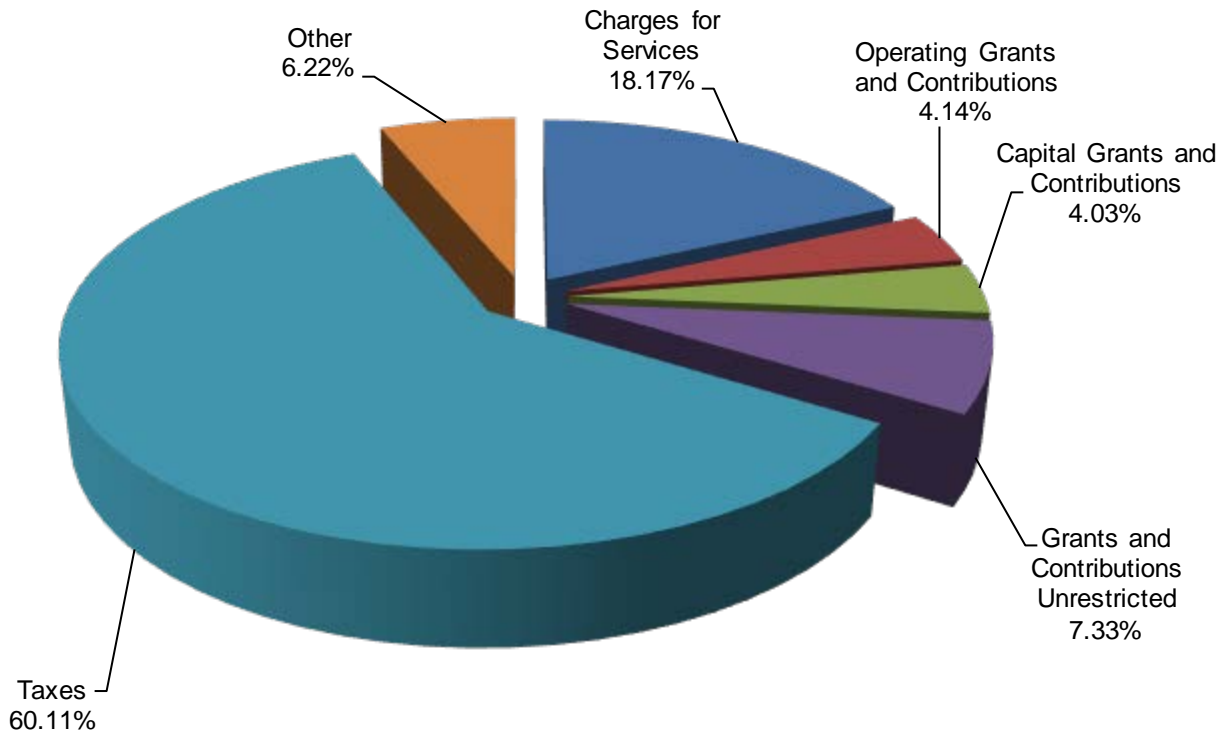
- Overall revenues increased \$455,572 from the prior year. The main reason for the increase was charges for services and property taxes increasing \$357,607 and \$303,627, respectively. There was increased building activity during the year accounting for the increase in charges for services.
- Expenses increased \$466,013 from the prior year. Public safety increased \$466,109 due to the increased building activity noted above and community development increased \$178,885 due to the purchase of property.

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

### Expenses and Program Revenue - Governmental Activities



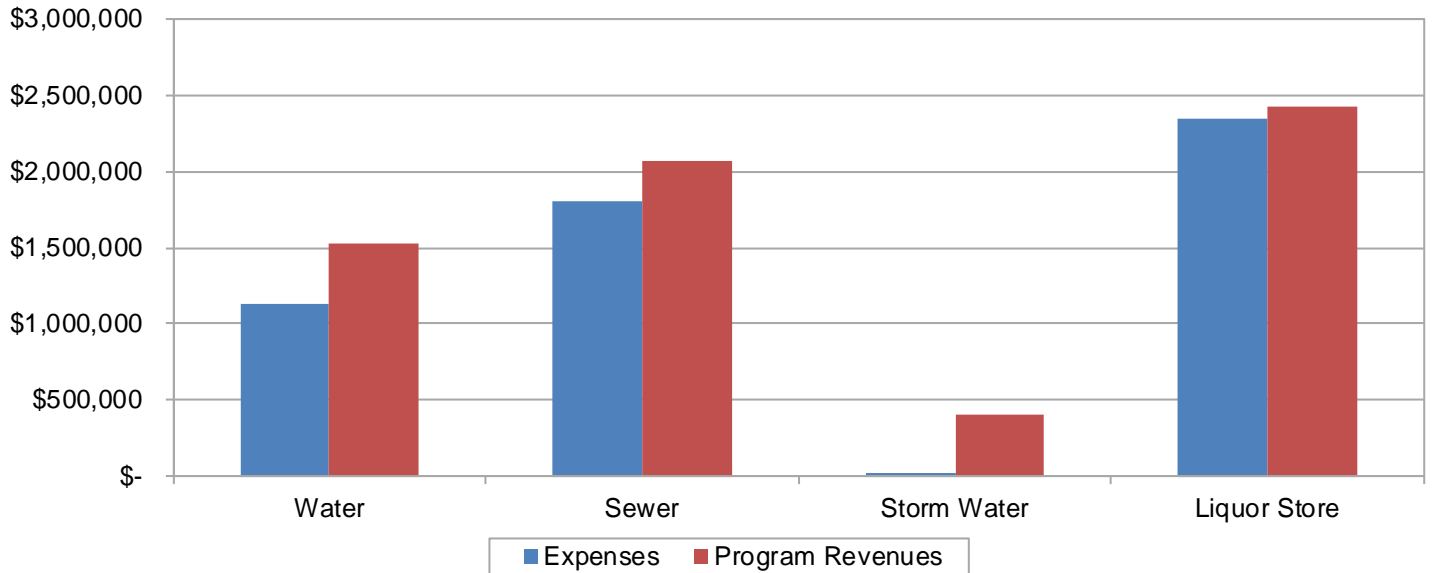
### Revenue by Source - Governmental Activities



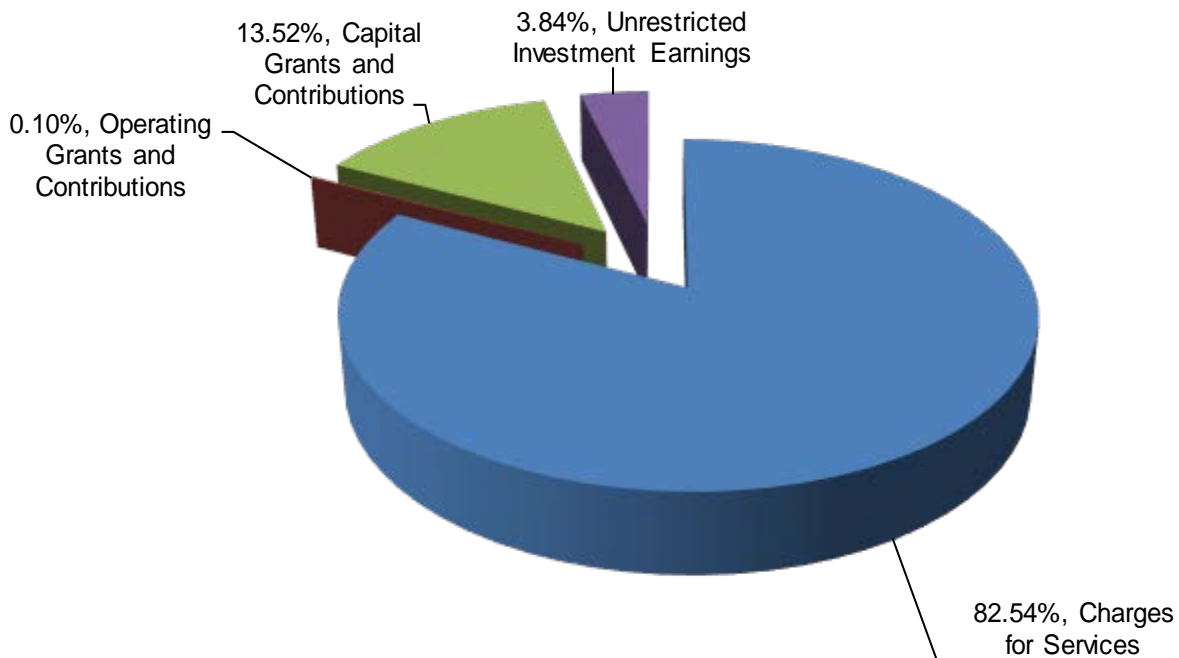
**Business-type Activities.** Business-type activities increased the City's net position by \$868,735. Key elements of the changes are listed below:

- Overall revenues in the business-type activities decreased \$223,862 mainly due to decreased usage and rate decrease late in the prior year.
- Overall expenses increased \$180,019 mainly due to the increased cost of sales for the liquor store. The increased cost in sales was offset with increased revenues.

**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 \$6,141,130. Approximately 51.8 percent of this total amount, \$3,180,461, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The City also has nonspendable balance of \$54,139, restricted balance of \$784,845 and assigned balance of \$2,121,685.

The General fund is the chief operating fund of the City. The General fund increased \$460,368 during the year. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures and transfers out. Fund balance represents 67.9 percent of 2019 expenditures and transfers out. Of the fund balance, \$3,180,461 is unassigned and will be used for cash flow for general operations and will be used to support operations until funds are received in June from the first tax settlement.

The Street Improvement fund decreased \$129,871 during the year mainly due to expenditures in excess of resources for projects during the year.

**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 \$8,274,103. The change in net position for the funds was an increase of \$868,735. 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 \$460,368. Actual revenues were \$680,872 over budget due to a positive budget variance of \$258,228 in license and permit due to increased building activity. Expenditures were over budget by \$445,504 during the year. The largest negative expenditure variance was in community development. The negative variance was \$233,852. This was due to the unbudgeted purchase of property.

## 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, 2019, amounts to \$58,613,245 (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:

- 2019 Street Improvement Project
- Water Meters
- Kings Highway and Riverbank Lane Storm Project
- Three 2019 Dodge Chargers
- 2020 Western Star Dump Truck
- Tool Cat
- Tornado Siren

Additional information on the City's capital assets can be found in Note 3B starting on page 68 of this report.

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

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Land	\$ 1,427,736	\$ 1,427,736	\$ -	\$ 2,359,187	\$ 2,359,187	\$ -
Construction in Progress	473,622	-	473,622	3,671,981	2,579,782	1,092,199
Land Improvements	43,504	52,242	(8,738)	-	-	-
Buildings	7,008,303	7,232,977	(224,674)	33,275,801	34,138,419	(862,618)
Infrastructure	4,227,733	4,450,093	(222,360)	4,902,683	5,168,700	(266,017)
Machinery and Equipment	1,308,077	1,088,289	219,788	88,037	115,820	(27,783)
Total	\$ 14,488,975	\$ 14,251,337	\$ 237,638	\$ 44,297,689	\$ 44,361,908	\$ (64,219)

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$33,857,000. 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		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
General Obligation Bonds	\$ 6,700,000	\$ 7,090,000	\$ (390,000)	\$ -	\$ -	\$ -
General Obligation Revenue Bonds	-	-	-	25,436,000	26,767,000	(1,331,000)
Lease Purchase	-	-	-	614,813	-	614,813
Bond Premium	234,723	249,867	(15,144)	-	-	-
<b>Total</b>	<b>\$ 6,934,723</b>	<b>\$ 7,339,867</b>	<b>\$ (405,144)</b>	<b>\$ 26,050,813</b>	<b>\$ 26,767,000</b>	<b>\$ (716,187)</b>

The City's total debt decreased \$1,121,331 during the current fiscal year. The reason for the decrease in debt was regularly scheduled debt principal payments.

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 3D starting on page 71 of this report.

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

The City is anticipating building activity to stay the same. Woodhaven Mobile Home Park expanded in 2018 with new homes being added in 2019 and more 2020. New home permits should stay about even. There were 57 new home permits pulled in 2019 and 41 new home permits in 2018, 66 new home permits pulled in 2017 with 38 new home permits pulled in 2016 and 28 new home permits pulled in 2015.

The City of Oak Grove connected its Ponds Development to the City's Wastewater Treatment Plant in 2019. This added 216 connections to the city wastewater system.

The City's Adopted 2020 Budget includes a property tax levy of \$3,984,590 or 5.47 percent increase over the 2019 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, 2019

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City of St. Francis, Minnesota  
Statement of Net Position  
December 31, 2019

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and temporary investments	\$ 6,778,369	\$ 8,626,412	\$ 15,404,781
Cash held with fiscal agent	-	204,009	204,009
Receivables			
Accrued interest	13,908	17,707	31,615
Taxes	70,190	-	70,190
Accounts	4,839	322,152	326,991
Special assessments	396,619	428,850	825,469
Loans	21,685	-	21,685
Due from other governments	68,751	53,455	122,206
Inventories	29,539	260,041	289,580
Pension asset	540,101	-	540,101
Land held for resale	24,600	-	24,600
Capital assets			
Land and construction in progress	1,901,358	6,031,168	7,932,526
Depreciable assets (net of accumulated depreciation)	12,587,617	38,266,521	50,854,138
<b>Total Assets</b>	<b>22,437,576</b>	<b>54,210,315</b>	<b>76,647,891</b>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	1,242,764	40,938	1,283,702
Deferred charge on refunding	268,387	-	268,387
<b>Total Deferred Outflows of Resources</b>	<b>1,511,151</b>	<b>40,938</b>	<b>1,552,089</b>
<b>Liabilities</b>			
Accounts payable	355,794	191,379	547,173
Contracts payable	-	125,006	125,006
Accrued salaries payable	81,403	13,377	94,780
Due to other governments	891	21,916	22,807
Accrued interest payable	82,133	122,464	204,597
Deposits payable	89,212	-	89,212
Unearned revenue	273,261	-	273,261
Noncurrent liabilities			
Due within one year	537,010	1,437,369	1,974,379
Due in more than one year	6,649,160	24,669,258	31,318,418
Net pension liability	1,796,139	401,441	2,197,580
<b>Total Liabilities</b>	<b>9,865,003</b>	<b>26,982,210</b>	<b>36,847,213</b>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	1,847,222	72,208	1,919,430
<b>Net Position</b>			
Net investment in capital assets	7,822,639	18,804,562	26,627,201
Restricted for			
Debt service	184,062	-	184,062
System replacement	-	118,170	118,170
Park improvements	291,024	-	291,024
Police expenses	13,326	-	13,326
Economic development projects	245,633	-	245,633
Capital purchases	81,125	-	81,125
Unrestricted	3,598,693	8,274,103	11,872,796
<b>Total Net Position</b>	<b>\$ 12,236,502</b>	<b>\$ 27,196,835</b>	<b>\$ 39,433,337</b>

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, 2019

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 976,132	\$ 290,747	\$ 31,735	\$ -
Public safety	2,288,796	148,675	168,754	-
Public works	1,204,645	2,878	60,408	251,107
Culture and recreation	377,685	1,870	2,140	-
Community development	910,312	709,992	-	4,951
Interest on long-term debt	201,696	-	-	-
Total Governmental Activities	<u>5,959,266</u>	<u>1,154,162</u>	<u>263,037</u>	<u>256,058</u>
<b>Business-type Activities</b>				
Water	1,129,380	1,262,447	280	260,100
Sewer	1,807,212	1,652,322	284	416,054
Storm water	25,800	174,543	6,080	227,797
Liquor store	2,344,537	2,428,757	370	-
Total Business-type Activities	<u>5,306,929</u>	<u>5,518,069</u>	<u>7,014</u>	<u>903,951</u>
Total	<u>\$ 11,266,195</u>	<u>\$ 6,672,231</u>	<u>\$ 270,051</u>	<u>\$ 1,160,009</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
\$ (653,650)	\$ -	\$ (653,650)
(1,971,367)	-	(1,971,367)
(890,252)	-	(890,252)
(373,675)	-	(373,675)
(195,369)	-	(195,369)
(201,696)	-	(201,696)
<u>(4,286,009)</u>	<u>-</u>	<u>(4,286,009)</u>
-	393,447	393,447
-	261,448	261,448
-	382,620	382,620
-	84,590	84,590
<u>-</u>	<u>1,122,105</u>	<u>1,122,105</u>
<u>(4,286,009)</u>	<u>1,122,105</u>	<u>(3,163,904)</u>
3,449,198	-	3,449,198
368,678	-	368,678
465,589	-	465,589
175,698	256,510	432,208
219,358	-	219,358
509,880	(509,880)	-
<u>5,188,401</u>	<u>(253,370)</u>	<u>4,935,031</u>
902,392	868,735	1,771,127
<u>11,334,110</u>	<u>26,328,100</u>	<u>37,662,210</u>
<u>\$ 12,236,502</u>	<u>\$ 27,196,835</u>	<u>\$ 39,433,337</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, 2019

City of St. Francis, Minnesota

Balance Sheet  
Governmental Funds  
December 31, 2019

	<b>101</b>	<b>405</b>	Other	Total
	General	Street Improvement	Governmental Funds	Governmental Funds
<b>Assets</b>				
Cash and temporary investments	\$ 3,589,744	\$ 1,418,171	\$ 1,770,454	\$ 6,778,369
Receivables				
Accrued interest	7,193	3,108	3,607	13,908
Taxes	64,595	-	5,595	70,190
Accounts	2,621	-	2,218	4,839
Special assessments	28,372	261,384	106,863	396,619
Loans	21,685	-	-	21,685
Due from other governments	65,963	-	2,788	68,751
Inventories	29,539	-	-	29,539
Land held for resale	24,600	-	-	24,600
<b>Total Assets</b>	<b><u>\$ 3,834,312</u></b>	<b><u>\$ 1,682,663</u></b>	<b><u>\$ 1,891,525</u></b>	<b><u>\$ 7,408,500</u></b>
<b>Liabilities</b>				
Accounts payable	\$ 335,239	\$ 20,555	\$ -	\$ 355,794
Accrued salaries payable	81,403	-	-	81,403
Due to other governments	891	-	-	891
Deposits payable	89,212	-	-	89,212
Unearned revenue	-	273,261	-	273,261
<b>Total Liabilities</b>	<b><u>506,745</u></b>	<b><u>293,816</u></b>	<b><u>-</u></b>	<b><u>800,561</u></b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues - taxes	64,595	-	5,595	70,190
Unavailable revenues - special assessments	28,372	261,384	106,863	396,619
<b>Total Deferred Inflows of Resources</b>	<b><u>92,967</u></b>	<b><u>261,384</u></b>	<b><u>112,458</u></b>	<b><u>466,809</u></b>
<b>Fund Balances</b>				
Nonspendable	54,139	-	-	54,139
Restricted	-	-	784,845	784,845
Assigned	-	1,127,463	994,222	2,121,685
Unassigned	3,180,461	-	-	3,180,461
<b>Total Fund Balances</b>	<b><u>3,234,600</u></b>	<b><u>1,127,463</u></b>	<b><u>1,779,067</u></b>	<b><u>6,141,130</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 3,834,312</u></b>	<b><u>\$ 1,682,663</u></b>	<b><u>\$ 1,891,525</u></b>	<b><u>\$ 7,408,500</u></b>

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

City of St. Francis, Minnesota  
Reconciliation of the Balance Sheet  
to the Statement of Net Position  
Governmental Funds  
December 31, 2019

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

Total Fund Balances - Governmental	\$ 6,141,130
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	21,210,152
Less: accumulated depreciation	(6,721,177)
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	
	540,101
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	(6,700,000)
Plus premium on bonds issued	(234,723)
Deferred charge on refunding	268,387
Compensated absences payable	(251,447)
Net pension liability	(1,796,139)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pensions resources	1,242,764
Deferred inflows of pension resources	(1,847,222)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Taxes receivable	70,190
Special assessments receivable	396,619
Governmental funds do not report a liability for accrued interest until due and payable.	
	(82,133)
Total Net Position - Governmental Activities	\$ 12,236,502

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, 2019

	<b>101</b>	<b>405</b>	Other	Total
	General	Street Improvement	Governmental Funds	Governmental Funds
<b>Revenues</b>				
Taxes	\$ 3,027,843	\$ 120,000	\$ 658,678	\$ 3,806,521
Licenses and permits	450,529	-	-	450,529
Intergovernmental	572,421	278,808	-	851,229
Charges for services	600,115	-	17,507	617,622
Fines and forfeitures	29,400	-	-	29,400
Special assessments	-	57,853	46,658	104,511
Interest on investments	81,852	44,742	49,104	175,698
Miscellaneous	174,632	6	29,594	204,232
Total Revenues	<u>4,936,792</u>	<u>501,409</u>	<u>801,541</u>	<u>6,239,742</u>
<b>Expenditures</b>				
Current				
General government	919,599	-	-	919,599
Public safety	2,019,398	-	454	2,019,852
Public works	601,663	-	-	601,663
Culture and recreation	316,672	-	-	316,672
Community development	682,422	-	-	682,422
Capital outlay				
General government	1,453	-	7,167	8,620
Public safety	-	-	207,569	207,569
Public works	-	631,280	312,018	943,298
Community development	220,217	-	-	220,217
Debt service				
Principal	-	-	390,000	390,000
Interest and other charges	-	-	203,638	203,638
Total Expenditures	<u>4,761,424</u>	<u>631,280</u>	<u>1,120,846</u>	<u>6,513,550</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>175,368</u>	<u>(129,871)</u>	<u>(319,305)</u>	<u>(273,808)</u>
<b>Other Financing Sources</b>				
Transfers in	285,000	-	224,880	509,880
Sale of capital assets	-	-	6,501	6,501
Land sales	-	-	139,025	139,025
Total Other Financing Sources	<u>285,000</u>	<u>-</u>	<u>370,406</u>	<u>655,406</u>
Net Change in Fund Balances	460,368	(129,871)	51,101	381,598
Fund Balances, January 1	<u>2,774,232</u>	<u>1,257,334</u>	<u>1,727,966</u>	<u>5,759,532</u>
Fund Balances, December 31	<u>\$ 3,234,600</u>	<u>\$ 1,127,463</u>	<u>\$ 1,779,067</u>	<u>\$ 6,141,130</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, 2019

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

Total Net Change in Fund Balances - Governmental Funds	\$ 381,598
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	875,061
Depreciation expense	(711,256)
<p>A gain or loss on the disposal of capital assets, including the difference between carrying value and any related sales proceeds, is included in net position. However, only the sales proceeds are included in the change in the change in fund balance.</p>	
	101,850
<p>Governmental funds report a gain (loss) on sale of capital assets to the extent of cash exchanged, whereas the disposition of the assets book value is included in the total gain (loss) in the statement of activities</p>	
Disposals	(350,172)
Depreciation on disposals	322,154
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal repayments	390,000
Current year amortization of bond premium	15,143
Current year amortization of deferred loss on refunding	(17,315)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	4,114
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	23,800
Pension revenue	13,535
<p>Certain revenues are recognized as soon as it is earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Special assessments	(132,212)
Property taxes	11,355
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(25,263)
Change in Net Position - Governmental Activities	\$ 902,392

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,965,023	\$ 2,965,023	\$ 3,027,843	\$ 62,820
Licenses and permits	190,740	190,740	450,529	259,789
Intergovernmental	492,737	492,737	572,421	79,684
Charges for services	420,210	420,210	600,115	179,905
Fines and forfeitures	20,520	20,520	29,400	8,880
Interest on investments	10,000	10,000	81,852	71,852
Miscellaneous	156,690	156,690	174,632	17,942
Total Revenues	<u>4,255,920</u>	<u>4,255,920</u>	<u>4,936,792</u>	<u>680,872</u>
Expenditures				
Current				
General government	898,380	898,380	919,599	(21,219)
Public safety	2,079,450	2,079,450	2,019,398	60,052
Public works	564,750	564,750	601,663	(36,913)
Culture and recreation	321,070	321,070	316,672	4,398
Community development	448,570	448,570	682,422	(233,852)
Capital outlay				
General government	1,700	1,700	1,453	247
Community development	2,000	2,000	220,217	(218,217)
Total Expenditures	<u>4,315,920</u>	<u>4,315,920</u>	<u>4,761,424</u>	<u>(445,504)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,000)	(60,000)	175,368	235,368
Other Financing Sources				
Transfers in	<u>60,000</u>	<u>60,000</u>	<u>285,000</u>	<u>225,000</u>
Net Change in Fund Balances	-	-	460,368	460,368
Fund Balances, January 1	<u>2,774,232</u>	<u>2,774,232</u>	<u>2,774,232</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 2,774,232</u></u>	<u><u>\$ 2,774,232</u></u>	<u><u>\$ 3,234,600</u></u>	<u><u>\$ 460,368</u></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, 2019

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm Water	
<b>Assets</b>					
<b>Current Assets</b>					
Cash and temporary investments	\$ 3,428,748	\$ 3,362,759	\$ 1,781,543	\$ 53,362	\$ 8,626,412
Cash held with fiscal agent	204,009	-	-	-	204,009
<b>Receivables</b>					
Accrued interest	7,043	6,910	3,660	94	17,707
Accounts	143,950	160,405	17,797	-	322,152
Special assessments	83,001	92,533	-	47,131	222,665
Due from other governments	21,569	29,790	-	2,096	53,455
Inventory	-	-	260,041	-	260,041
Total Current Assets	<u>3,888,320</u>	<u>3,652,397</u>	<u>2,063,041</u>	<u>102,683</u>	<u>9,706,441</u>
<b>Noncurrent Assets</b>					
Special assessments	16,433	42,920	-	146,832	206,185
<b>Capital assets</b>					
Land	18,115	2,337,838	3,234	-	2,359,187
Construction in progress	512,091	2,579,782	-	580,108	3,671,981
Buildings	8,994,235	31,175,575	621,517	-	40,791,327
Machinery and equipment	205,504	159,267	209,627	-	574,398
Infrastructure	5,118,547	3,192,605	-	-	8,311,152
Less accumulated depreciation	<u>(4,529,273)</u>	<u>(6,250,231)</u>	<u>(630,852)</u>	<u>-</u>	<u>(11,410,356)</u>
Net Capital Assets	<u>10,319,219</u>	<u>33,194,836</u>	<u>203,526</u>	<u>580,108</u>	<u>44,297,689</u>
Total Noncurrent Assets	<u>10,335,652</u>	<u>33,237,756</u>	<u>203,526</u>	<u>726,940</u>	<u>44,503,874</u>
Total Assets	<u>14,223,972</u>	<u>36,890,153</u>	<u>2,266,567</u>	<u>829,623</u>	<u>54,210,315</u>
<b>Deferred Outflows of Resources</b>					
Deferred pension resources	12,295	12,426	16,217	-	40,938

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, 2019

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm Water	
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 27,339	\$ 38,658	\$ 125,382	\$ -	\$ 191,379
Contracts payable	98,892	-	-	26,114	125,006
Accrued salaries payable	4,236	3,265	5,876	-	13,377
Due to other governments	553	-	21,363	-	21,916
Accrued interest payable	60,855	61,609	-	-	122,464
Compensated absences payable - current	7,669	7,669	16,188	-	31,526
Bonds payable - current	713,693	692,150	-	-	1,405,843
Total Current Liabilities	<u>913,237</u>	<u>803,351</u>	<u>168,809</u>	<u>26,114</u>	<u>1,911,511</u>
<b>Noncurrent Liabilities</b>					
Compensated absences payable	6,581	6,581	11,126	-	24,288
Net pension liability	120,569	121,849	159,023	-	401,441
Bonds payable	5,915,520	18,729,450	-	-	24,644,970
Total Noncurrent Liabilities	<u>6,042,670</u>	<u>18,857,880</u>	<u>170,149</u>	<u>-</u>	<u>25,070,699</u>
Total Liabilities	<u>6,955,907</u>	<u>19,661,231</u>	<u>338,958</u>	<u>26,114</u>	<u>26,982,210</u>
<b>Deferred Inflows of Resources</b>					
Deferred pension resources	21,687	21,917	28,604	-	72,208
<b>Net Position</b>					
Net investment in capital assets	4,133,167	13,887,761	203,526	580,108	18,804,562
Restricted for system replacement	-	118,170	-	-	118,170
Unrestricted	3,125,506	3,213,500	1,711,696	223,401	8,274,103
Total Net Position	<u>\$ 7,258,673</u>	<u>\$ 17,219,431</u>	<u>\$ 1,915,222</u>	<u>\$ 803,509</u>	<u>\$ 27,196,835</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, 2019

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm Water	
Operating Revenues					
Sales	\$ -	\$ -	\$ 2,428,620	\$ -	\$ 2,428,620
Cost of sales	-	-	(1,825,275)	-	(1,825,275)
Gross Profit	-	-	603,345	-	603,345
Charges for services	1,255,081	1,562,892	-	174,543	2,992,516
Total Operating Revenues	<u>1,255,081</u>	<u>1,562,892</u>	<u>603,345</u>	<u>174,543</u>	<u>3,595,861</u>
Operating Expenses					
Personal services	236,735	236,479	303,324	-	776,538
Supplies	74,325	58,907	8,217	-	141,449
Professional services	106,742	183,993	117,450	25,800	433,985
Communications	6,304	3,608	4,303	-	14,215
Insurance	23,392	31,866	21,845	-	77,103
Utilities	86,186	137,611	16,641	-	240,438
Repairs and maintenance	84,913	70,163	8,907	-	163,983
Depreciation	326,983	796,873	32,562	-	1,156,418
Other	15,951	19,656	6,013	-	41,620
Total Operating Expenses	<u>961,531</u>	<u>1,539,156</u>	<u>519,262</u>	<u>25,800</u>	<u>3,045,749</u>
Operating Income	<u>293,550</u>	<u>23,736</u>	<u>84,083</u>	<u>148,743</u>	<u>550,112</u>
Nonoperating Revenues (Expenses)					
Interest income	99,843	95,214	53,773	7,680	256,510
Miscellaneous	7,646	89,714	507	6,080	103,947
Interest and other expense	(167,849)	(268,056)	-	-	(435,905)
Total Nonoperating Revenues (Expenses)	<u>(60,360)</u>	<u>(83,128)</u>	<u>54,280</u>	<u>13,760</u>	<u>(75,448)</u>
Income (Loss) Before Transfers and Contributions	<u>233,190</u>	<u>(59,392)</u>	<u>138,363</u>	<u>162,503</u>	<u>474,664</u>
Transfers and Contributions					
Capital contributions	260,100	416,054	-	227,797	903,951
Transfers out	(111,080)	(113,800)	(285,000)	-	(509,880)
Total Transfers and Contributions	<u>149,020</u>	<u>302,254</u>	<u>(285,000)</u>	<u>227,797</u>	<u>394,071</u>
Change in Net Position	382,210	242,862	(146,637)	390,300	868,735
Net Position, January 1	<u>6,876,463</u>	<u>16,976,569</u>	<u>2,061,859</u>	<u>413,209</u>	<u>26,328,100</u>
Net Position, December 31	<u>\$ 7,258,673</u>	<u>\$ 17,219,431</u>	<u>\$ 1,915,222</u>	<u>\$ 803,509</u>	<u>\$ 27,196,835</u>

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

City of St. Francis, Minnesota  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm Water	
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 1,305,074	\$ 1,666,904	\$ 2,427,443	\$ 176,004	\$ 5,575,425
Payments to suppliers	(390,446)	(567,574)	(1,976,235)	(30,782)	(2,965,037)
Payments to employees	(215,667)	(219,282)	(274,201)	-	(709,150)
Net Cash Provided by Operating Activities	<u>698,961</u>	<u>880,048</u>	<u>177,007</u>	<u>145,222</u>	<u>1,901,238</u>
Cash Flows from					
Noncapital Financing Activities					
Decrease in due from other funds	11,954	-	-	-	11,954
Transfers to other funds	(111,080)	(113,800)	(285,000)	-	(509,880)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(99,126)</u>	<u>(113,800)</u>	<u>(285,000)</u>	<u>-</u>	<u>(497,926)</u>
Cash Flows from Capital Financing Activities					
Connection fees received	260,100	416,054	-	-	676,154
Capital grants received	-	201,848	-	-	201,848
Special assessments received	-	-	-	80,965	80,965
Acquisition of capital assets	(413,199)	(167,665)	-	(553,994)	(1,134,858)
Proceeds from lease purchase issued, net	614,813	-	-	-	614,813
Interest paid and other on bonds	(174,241)	(270,143)	-	-	(444,384)
Principal paid on bonds	(647,850)	(683,150)	-	-	(1,331,000)
Net Cash Used by Capital Financing Activities	<u>(360,377)</u>	<u>(503,056)</u>	<u>-</u>	<u>(473,029)</u>	<u>(1,336,462)</u>
Cash Flows from Investing Activities					
Interest received on investments	<u>97,519</u>	<u>90,451</u>	<u>52,738</u>	<u>7,851</u>	<u>248,559</u>
Net Increase (Decrease) in Cash and Cash Equivalents	336,977	353,643	(55,255)	(319,956)	315,409
Cash and Cash Equivalents, January 1	<u>3,295,780</u>	<u>3,009,116</u>	<u>1,836,798</u>	<u>373,318</u>	<u>8,515,012</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 3,632,757</u></u>	<u><u>\$ 3,362,759</u></u>	<u><u>\$ 1,781,543</u></u>	<u><u>\$ 53,362</u></u>	<u><u>\$ 8,830,421</u></u>
Reconciliation of Cash and Cash Equivalents					
Cash and Temporary Investments	\$ 3,428,748	\$ 3,362,759	\$ 1,781,543	\$ 53,362	\$ 8,626,412
Cash Held with Fiscal Agent	<u>204,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,009</u>
Reconciliation of Cash and Cash Equivalents, December 31	<u><u>\$ 3,632,757</u></u>	<u><u>\$ 3,362,759</u></u>	<u><u>\$ 1,781,543</u></u>	<u><u>\$ 53,362</u></u>	<u><u>\$ 8,830,421</u></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, 2019

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm Water	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income	\$ 293,550	\$ 23,736	\$ 84,083	\$ 148,743	\$ 550,112
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	326,983	796,873	32,562	-	1,156,418
Other income related to operations	7,646	89,714	507	6,080	103,947
(Increase) decrease in assets and deferred outflows of resources					
Receivables					
Accounts	22,094	18,840	(1,684)	-	39,250
Special assessments	20,577	24,708	-	(3,082)	42,203
Due from other governments	(324)	(29,250)	-	(1,537)	(31,111)
Inventories	-	-	(17,432)	-	(17,432)
Pension resources	13,993	14,746	17,398	-	46,137
Increase (decrease) in liabilities and deferred inflows of resources					
Accounts payable	7,327	(61,770)	49,711	(4,982)	(9,714)
Due to other governments	40	-	137	-	177
Accrued salaries payable	838	(219)	258	-	877
Net pension liability	8,856	6,040	17,258	-	32,154
Compensated absences payable	3,881	3,881	1,549	-	9,311
Special assessments	-	-	-	-	-
Pension resources	(6,500)	(7,251)	(7,340)	-	(21,091)
 Net Cash Provided by Operating Activities	 <u>\$ 698,961</u>	 <u>\$ 880,048</u>	 <u>\$ 177,007</u>	 <u>\$ 145,222</u>	 <u>\$ 1,901,238</u>
 Noncash Capital Financing and Investing Activities					
Capital assets acquired on account	\$ 98,892	\$ -	\$ -	\$ 26,114	\$ 125,006
Capital contribution	\$ -	\$ -	\$ -	\$ 146,832	\$ 146,832

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

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## 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. Based on GASB 61, the EDA meets the requirements for a blended component unit because the financial benefit or burden relationship, along with primary operational responsibility. 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, 2019

**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 *Street Improvement* accounts for the accumulation of resources and payment of expenses relating to improvement of the City's streets from governmental resources.

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.

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.

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, 2019:

- US government securities of \$373,984 are valued using quoted market prices (Level 1 inputs)
- Negotiable Certificates of Deposits of \$6,073,806 are valued using a matrix pricing model (Level 2 inputs)

## **Note 1: Summary of Significant Accounting Policies (Continued)**

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 2019. 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.

### ***Land Held for Resale***

The City acquires properties for redevelopment purposes. These properties are reported at their net realizable value in the financial statements. Any costs incurred that are above a property's net realizable value are reported as expenditures of the current period.

### ***Inventories***

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

### ***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.

City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

**Note 1: Summary of Significant Accounting Policies (Continued)**

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.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives 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 two items that qualify for reporting in this category. Accordingly, the deferred pension resources and deferred charge on refunding, are reported only in the statements of net position. These items result from actuarial calculations and current year pension contributions made subsequent to the measurement date and a deferred loss on refunding bond activity.

***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.

***Postemployment Benefits Other Than Pensions***

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the City's fiscal year 2018. Statement No. 75 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.

City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

**Note 1: Summary of Significant Accounting Policies (Continued)**

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.

The total pension expense for the GERP, PEPFF, and St. Francis Fire Relief Association is as follows:

GERP	\$ 228,117
PEPFP	188,099
Fire Relief	98,296
 Total Pension Expense	 \$ 514,512

***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, 2019

**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, Street Improvement fund, Police Forfeiture fund, Charitable Gambling fund, Debt Service funds, Park Improvements, Building Improvements and Capital Equipment fund. The City does not adopt a formal budget for the Economic Development fund. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

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

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

**B. Excess of Expenditures Over Appropriations**

For the year ended December 31, 2019 expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General Fund	\$ 4,315,920	\$ 4,761,424	\$ 445,504
Street Improvement	182,230	631,280	449,050
Charitable Gambling	-	20,284	20,284
Building Improvements	-	47,435	47,435
G.O Bonds 2013A	97,900	98,002	102
G.O. Bonds 2015A	30,400	30,505	105
EDA Lease Revenue	465,107	465,131	24

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

**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.

City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

**Note 3: Detailed Notes on All Funds - Continued**

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 \$624,822 and the bank balance was \$641,037. 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.

**Cash and Investments Summary**

**Investments**

As of December 31, 2019, 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
<b>Pooled Investments at Amortized Costs</b>						
Minnesota Municipal Money Market	N/A	less than 1 year	\$ 8,517,611	\$ -	\$ -	\$ -
Broker Money Market	N/A	less than 1 year	18,567	-	-	-
<b>Non-pooled Investments at Fair Value</b>						
Negotiable Certificates of Deposits	N/A	less than 1 year	1,164,429	-	1,164,429	-
Negotiable Certificates of Deposits	N/A	1 year to 5 years	4,664,152	-	4,664,152	-
Negotiable Certificates of Deposits	N/A	more than 5 years	245,225	-	245,225	-
U.S. Government Securities	Aaa	less than 1 year	204,009	204,009	-	-
U.S. Government Securities	Aaa	more than 5 years	169,975	169,975	-	-
<b>Total Investments</b>			<b>\$ 14,983,968</b>	<b>\$ 373,984</b>	<b>\$ 6,073,806</b>	<b>\$ -</b>

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

City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

**Note 3: Detailed Notes on All Funds (Continued)**

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

Carrying Amount of Deposits	\$ 624,822
Investments	<u>14,983,968</u>
Total	<u><u>\$ 15,608,790</u></u>
As Reported on the Financial Statements	
Statement of net position	
Cash and temporary investments	\$ 15,404,781
Cash with fiscal agent	<u>204,009</u>
Total	<u><u>\$ 15,608,790</u></u>

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, 2019

**Note 3: Detailed Notes on All Funds (Continued)**

**B. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 1,427,736	\$ -	\$ -	\$ 1,427,736
Construction in progress	-	473,622	-	473,622
Total Capital Assets not being Depreciated	<u>1,427,736</u>	<u>473,622</u>	<u>-</u>	<u>1,901,358</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	3,809,788	503,290	(350,172)	3,962,906
Total Capital Assets being Depreciated	<u>19,155,676</u>	<u>503,290</u>	<u>(350,172)</u>	<u>19,308,794</u>
Less Accumulated Depreciation for				
Land improvements	(122,529)	(8,738)	-	(131,267)
Buildings	(1,629,329)	(224,674)	-	(1,854,003)
Infrastructure	(1,858,718)	(222,360)	-	(2,081,078)
Machinery and equipment	(2,721,499)	(255,484)	322,154	(2,654,829)
Total Accumulated Depreciation	<u>(6,332,075)</u>	<u>(711,256)</u>	<u>322,154</u>	<u>(6,721,177)</u>
Total Capital Assets being Depreciated, Net	<u>12,823,601</u>	<u>(207,966)</u>	<u>(28,018)</u>	<u>12,587,617</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,251,337</u>	<u>\$ 265,656</u>	<u>\$ (28,018)</u>	<u>\$ 14,488,975</u>

City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

**Note 3: Detailed Notes on All Funds (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 2,359,187	\$ -	\$ -	\$ 2,359,187
Construction in progress	2,579,782	1,092,199	-	3,671,981
Total Capital Assets not being Depreciated	<u>4,938,969</u>	<u>1,092,199</u>	<u>-</u>	<u>6,031,168</u>
Capital Assets being Depreciated				
Buildings	40,791,326	-	-	40,791,326
Infrastructure	8,311,152	-	-	8,311,152
Machinery and equipment	574,397	-	-	574,397
Total Capital Assets being Depreciated	<u>49,676,875</u>	<u>-</u>	<u>-</u>	<u>49,676,875</u>
Less Accumulated Depreciation for				
Buildings	(6,652,907)	(862,618)	-	(7,515,525)
Infrastructure	(3,142,452)	(266,017)	-	(3,408,469)
Machinery and equipment	(458,577)	(27,783)	-	(486,360)
Total Accumulated Depreciation	<u>(10,253,936)</u>	<u>(1,156,418)</u>	<u>-</u>	<u>(11,410,354)</u>
Total Capital Assets being Depreciated, Net	<u>39,422,939</u>	<u>(1,156,418)</u>	<u>-</u>	<u>38,266,521</u>
Business-type Activities Capital Assets, Net	<u>\$ 44,361,908</u>	<u>\$ (64,219)</u>	<u>\$ -</u>	<u>\$ 44,297,689</u>

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

<b>Governmental Activities</b>		
General government		\$ 22,903
Public safety		227,424
Community development		2,482
Public works		378,165
Culture and recreation		80,282
Total Depreciation Expense - Governmental Activities		<u>\$ 711,256</u>
<b>Business-type Activities</b>		
Water		\$ 326,983
Sewer		796,873
Liquor store		32,562
Total Depreciation Expense - Business-type Activities		<u>\$ 1,156,418</u>

City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

**Note 3: Detailed Notes on All Funds (Continued)**

**C. Interfund Receivables, Payables and Transfers**

The City made transfers during the fiscal year 2019 as shown and described below:

Fund	Transfer in		Total
	General	Nonmajor Governmental	
Transfer out			
Water	\$ -	\$ 111,080	\$ 111,080
Sewer	-	113,800	113,800
Liquor Store	285,000	-	285,000
Total	\$ 285,000	\$ 224,880	\$ 509,880

During the year the City made multiple interfund transfers, some of which were budgeted. The City annually budgets transfers to 1) move revenues from the fund with collection authorization to the Debt Service fund as debt service principal and interest payments become due, 2) transfer Liquor Store fund resources to fund annual operations, 3) transfer funds as part of the capital improvement plans. The City made the following unbudgeted transfers during 2019:

- Transfer made from the Liquor fund to the General fund to purchase the property at 3731 Bridge Street. The transfer is for \$285,000 for the acquisition, title and demolition. The remaining portion was budgeted.
- Budgeted transfers from the Water and Sewer fund were made to Nonmajor governmental funds in the amount of \$224,880.

City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

**Note 3: Detailed Notes on All Funds (Continued)**

**D. 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	\$ 380,000
G.O. Improvement Bonds					
Series 2015A	265,000	2.00 - 3.00	10/26/15	02/01/26	190,000
G.O. Capital Improvement Bonds					
Series 2017A	6,705,000	3.00 - 3.25	08/10/17	02/01/36	<u>6,130,000</u>
 Total General Obligation Improvement Bonds					 <u><u>\$ 6,700,000</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
2020	\$ 405,000	\$ 191,881	\$ 596,881
2021	410,000	181,212	591,212
2022	420,000	170,081	590,081
2023	430,000	158,531	588,531
2024	350,000	147,431	497,431
2025 - 2029	1,785,000	577,331	2,362,331
2030 - 2034	2,005,000	295,816	2,300,816
2035 - 2036	895,000	27,626	922,626
 Total	 <u><u>\$ 6,700,000</u></u>	 <u><u>\$ 1,749,909</u></u>	 <u><u>\$ 8,449,909</u></u>

City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

**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	\$ 4,983,000
G.O. Sewer Revenue Bonds, Series 2010A	1,600,000	2.00 - 3.50	09/20/10	02/01/31	1,130,000
G.O. Crossover Refunding Refunding Bonds Series 2013A	560,000	1.00 - 2.30	03/27/13	02/01/23	1,800,000
G.O. Bonds Series 2015A	690,000	2.00 - 3.10	11/01/15	02/01/31	575,000
G.O. Revenue Bonds Series 2016A	1,930,000	1.00	06/30/16	02/01/37	1,775,000
G.O. Sewer Revenue Bonds Series 2016B	16,010,544	1.00	10/20/16	08/20/46	<u>15,173,000</u>
 Total G.O. Revenue Bonds					 <u><u>\$ 25,436,000</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
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	1,473,000	327,207	1,800,207
2024	1,504,000	420,055	1,924,055
2025 - 2029	6,497,000	1,020,945	7,517,945
2030 - 2034	3,628,000	579,148	4,207,148
2035 - 2039	3,311,000	347,555	3,658,555
2040 - 2044	3,441,000	174,950	3,615,950
2045 - 2046	1,396,000	20,809	1,416,809
 Total	 <u><u>\$ 25,436,000</u></u>	 <u><u>\$ 4,037,718</u></u>	 <u><u>\$ 29,473,718</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	\$ 880,633	\$ 1,236,663
Principal and Interest	822,091	952,343
Percentage of Revenues	93 %	77 %



City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

**Note 3: Detailed Notes on All Funds (Continued)**

Lease Purchase

The following lease purchase was issued to finance capital improvements in the enterprise funds. They will be retired from net revenues of the enterprise funds. Note that the assets purchased are currently not completed and in construction in progress for \$512,091.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Water Meters Lease	\$ 614,813	3.7 %	08/19/19	08/19/29	<u>\$ 614,813</u>

Annual debt service requirements to maturity for the lease purchase agreement are as follows:

Year Ending December 31,	Business Activities		
	Principal	Interest	Total
2020	\$ 51,843	\$ 22,273	\$ 74,116
2021	53,779	20,337	74,116
2022	55,787	18,329	74,116
2023	57,870	16,246	74,116
2024	60,031	14,085	74,116
2025 - 2029	<u>335,503</u>	<u>35,074</u>	<u>370,577</u>
Total	<u>\$ 614,813</u>	<u>\$ 126,344</u>	<u>\$ 741,157</u>

Changes in Long-term Liabilities

Noncurrent liability activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 7,090,000	\$ -	\$ (390,000)	\$ 6,700,000	\$ 405,000
Bond Premium	249,867	-	(15,144)	234,723	-
Compensated Absences Payable	<u>226,184</u>	<u>139,019</u>	<u>(113,756)</u>	<u>251,447</u>	<u>132,010</u>
Governmental Activity Long-term Liabilities	<u>\$ 7,566,051</u>	<u>\$ 139,019</u>	<u>\$ (518,900)</u>	<u>\$ 7,186,170</u>	<u>\$ 537,010</u>
<b>Business-type Activities</b>					
General Obligation Revenue Bonds	\$ 26,767,000	\$ -	\$ (1,331,000)	\$ 25,436,000	\$ 1,354,000
Lease Purchase	-	614,813	-	614,813	51,843
Compensated Absences Payable	<u>46,503</u>	<u>26,834</u>	<u>(17,523)</u>	<u>55,814</u>	<u>31,526</u>
Business-type Activity Long-term Liabilities	<u>\$ 26,813,503</u>	<u>\$ 641,647</u>	<u>\$ (1,348,523)</u>	<u>\$ 26,106,627</u>	<u>\$ 1,437,369</u>

City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

**Note 3: Detailed Notes on All Funds (Continued)**

**E. Fund Balance Classification**

At December 31, 2019, a summary of the governmental fund balance classifications are as follows:

	General	Street Improvement	Other Governmental Funds	Total
Nonspendable				
Inventories	\$ 29,539	\$ -	\$ -	\$ 29,539
Land held for resale	24,600	-	-	24,600
Total Nonspendable	<u>\$ 54,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,139</u>
Restricted for				
Debt service	\$ -	\$ -	\$ 153,737	\$ 153,737
Police expenditures	-	-	13,326	13,326
Economic development projects	-	-	245,633	245,633
Park improvements	-	-	291,024	291,024
Capital purchases	-	-	81,125	81,125
Total Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 784,845</u>	<u>\$ 784,845</u>
Assigned to				
Capital projects	<u>\$ -</u>	<u>\$ 1,127,463</u>	<u>\$ 994,222</u>	<u>\$ 2,121,685</u>

**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 Plan (GERP)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Plan (GERP). GERP members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Plan (PEPFP)

The PEPFP, 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 PEPFP also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

**B. Benefits Provided**

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

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

### GERP Benefits

GERP 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 Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Annuities, disability benefits and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

### PEPFP Benefits

Benefits for the PEPFP 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 PEPFP 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 3.0 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

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

## C. Contributions

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

### General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2019, 2018 and 2017 were \$127,379, \$123,228 and \$110,789, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

### Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 10.80 percent of pay to 11.30 percent and employer rates increased from 16.20 percent to 16.95 percent on January 1, 2019. The City's contributions to the Police and Fire Fund for the years ending December 31, 2019, 2018 and 2017 were \$165,990, \$134,584 and \$128,689, respectively. The City's contributions were equal to the required contributions for each year as set by Minnesota statute.

City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

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

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2019, the City reported a liability of \$1,293,734 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a 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 \$40,165. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportion was 0.0234 percent which was an increase of 0.0004 percent from its proportion measured as of June 30, 2018.

City's Proportionate Share of the Net Pension Liability	\$ 1,293,734
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>40,165</u>
Total	<u><u>\$ 1,333,899</u></u>

For the year ended December 31, 2019, the City recognized pension expense of \$225,109 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$3,008 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2019, the City reported its proportionate share of the General Employees Plan'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 Economic Experience	\$ 35,947	\$ 3,870
Changes in Actuarial Assumptions	1,767	101,972
Net Difference between Projected and Actual Earnings on Plan Investments	-	126,868
Changes in Proportion	29,510	-
Contributions to PERA Subsequent to the Measurement Date	<u>64,709</u>	<u>-</u>
Total	<u><u>\$ 131,933</u></u>	<u><u>\$ 232,710</u></u>

City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

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

The \$64,709 reported as deferred outflows of resources related to pensions resulting from the City's contributions to subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ (53,766)
2021	(95,137)
2022	(18,667)
2023	2,084

Police and Fire Fund Pension Costs

At December 31, 2019, the City reported a liability of \$903,846 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.0849 percent which is an increase of 0.0008 percent from its proportionate share measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$176,637 for its proportionate share of the Police and Fire Plan's pension expense. The City also recognized \$11,462 for the year ended December 31, 2019 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 Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

At December 31, 2019, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Economic Experience	\$ 50,225	\$ 176,420
Changes in Actuarial Assumptions	869,685	1,125,259
Net Difference between Projected and Actual Earnings on Plan Investments	-	158,230
Changes in Proportion	146,723	96,585
Contributions to PERA Subsequent to the Measurement Date	<u>85,136</u>	<u>-</u>
Total	<u>\$ 1,151,769</u>	<u>\$ 1,556,494</u>

City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

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

The \$85,136 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to PEPFF pensions will be recognized in pension expense as follows:

2020	\$ (48,182)
2021	(137,925)
2022	(340,230)
2023	14,327
2024	22,149

**E. Actuarial Assumptions**

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

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for General Employees Plan and 1.0 percent per year for Police and Fire Plan.

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

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	35.5 %	5.10 %
Private Markets	25.0	5.90
Fixed Income	20.0	0.75
International Equity	17.5	5.90
Cash Equivalents	<u>2.0</u>	-
Total	<u><u>100.00 %</u></u>	

**F. Discount Rate**

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

**G. Pension Liability Sensitivity**

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

	<u>1 Percent Decrease (6.50%)</u>	<u>Current (7.50%)</u>	<u>1 Percent Increase (8.50%)</u>
General Employees Fund	\$ 2,126,828	\$ 1,293,734	\$ 605,848
Police and Fire Fund	1,975,640	903,846	17

**H. Pension Plan Fiduciary Net Position**

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

## **Note 5: Defined Benefit Pension Plan - Fire Relief Association**

### **A. Plan Description**

All members of the St. Francis Fire Department (the Department) are covered by a defined benefit plan administered by the St. Francis Fire Relief Association (the Association). As of December 31, 2019, the plan covered 23 active firefighters and 7 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 \$41,643 in fire state aid to the plan on behalf of the St. Francis Fire Department for the year ended December 31, 2019, which was recorded as a revenue. The City had no statutorily-required contributions had to the plan for the year ended December 31, 2019. The City's voluntary contributions were \$10,500 during the year.



City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

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

**D. Pension Costs**

At December 31, 2019, the City reported a net pension asset of \$540,101 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2019. 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. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2019	\$ 406,342	\$ 743,848	\$ (337,506)
Changes for the Year			
Service cost	29,845	-	29,845
Interest on pension liability (asset)	26,142	-	26,142
Actuarial experience (gains)/losses	(69,168)	-	(69,168)
Projected investment earnings	-	44,631	(44,631)
Contributions (employer)	-	10,500	(10,500)
Contributions (State)	-	41,643	(41,643)
Asset (gain)/loss	-	93,617	(93,617)
Benefit payouts	(1,000)	(1,000)	-
Administrative costs	-	(977)	977
Total Net Changes	<u>(14,181)</u>	<u>188,414</u>	<u>(202,595)</u>
Ending Balance December 31, 2019	<u>\$ 392,161</u>	<u>\$ 932,262</u>	<u>\$ (540,101)</u>

For the year ended December 31, 2019, the Fire Department recognized negative pension expense of \$98,296.

December 31, 2019, the City reported deferred inflows and outflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 55,334
Changes in Actuarial Assumptions	-	74,892
Total	<u>\$ -</u>	<u>\$ 130,226</u>

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

2020	\$ (32,928)
2021	(32,928)
2022	(32,928)
2023	(31,442)

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

**E. Actuarial Assumptions**

The total pension liability at December 31, 2019 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 2019.

**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 353g.

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 investment 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 %	5.10 %
Fixed Income	15.00	5.30
Cash	45.00	0.75
Other	<u>5.00</u>	-
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.

**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	\$ (522,076)	\$ (540,101)	\$ (557,501)

**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.

City of St. Francis, Minnesota  
Notes to the Financial Statements  
December 31, 2019

**Note 7: Change in Accounting Principle**

During fiscal year 2019, the City implemented a new accounting pronouncement issued by the Government Accounting Standards Board (GASB), Statement No. 84, *Fiduciary Activities*. This standard required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2019 financial statements. Changes related to this standard are reflected in the financial statements and related disclosures.

**Note 8: Subsequent Event**

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the City is unable to determine if it will have a material impact to its operations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ST. FRANCIS  
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2019

City of St. Francis, Minnesota  
 Required Supplementary Information  
 For the Year Ended December 31, 2019

**Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/19	0.0234 %	\$ 1,293,734	\$ 40,165	\$ 1,333,899	\$ 1,655,440	80.6 %	80.2 %
6/30/18	0.0230	1,275,946	41,934	1,317,880	1,548,473	85.1	79.5
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 Employees Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/19	\$ 127,379	\$ 127,379	\$ -	\$ 1,698,387	7.5 %
12/31/18	123,228	123,228	-	1,643,040	7.5
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, 2019

**Notes to the Required Supplementary Information - General Employees Fund**

Changes in Actuarial Assumptions

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

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

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

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, 2019

**Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/19	0.0849 %	\$ 903,846	\$ -	\$ 903,846	\$ 893,836	101.1 %	89.3 %
06/30/18	0.0768	818,609	-	818,609	809,466	101.1	88.8
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 - Police and Fire Fund**

Year Ending	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/19	\$ 165,990	\$ 165,990	\$ -	\$ 979,290	16.95 %
12/31/18	134,584	134,584	-	830,765	16.20
12/31/17	128,689	128,689	-	794,377	16.20
12/31/16	127,740	127,740	-	788,519	16.20
12/31/15	137,113	137,113	-	846,377	16.20

*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, 2019

**Notes to the Required Supplementary Information - Police and Fire Fund**

Changes in Actuarial Assumptions

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017.

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.

City of St. Francis, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2019

**Notes to the Required Supplementary Information - Police and Fire Fund (Continued)**

Changes in Plan Provisions

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 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 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

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, 2019

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

	2019 (Fire Relief Report Date 2019)	2018 (Fire Relief Report Date 2018)	2017 (Fire Relief Report Date 2017)*	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
<b>Total Pension Liability</b>					
Service cost	\$ 29,845	\$ 29,053	\$ 23,782	\$ 16,867	\$ 16,456
Interest	26,142	25,889	26,773	14,927	18,114
Changes of benefit terms	-	(4,837)	(24,359)	-	-
Plan changes	-	-	-	85,421	-
Changes of assumptions	(69,168)	(17,091)	-	-	-
Benefit payments, including refunds of employee contributions	(1,000)	-	-	(17,815)	(115,925)
<b>Net Change in Total Pension Liability</b>	<u>(14,181)</u>	<u>33,014</u>	<u>26,196</u>	<u>99,400</u>	<u>(81,355)</u>
<b>Total Pension Liability - January 1</b>	<u>406,342</u>	<u>373,328</u>	<u>347,132</u>	<u>247,732</u>	<u>329,087</u>
<b>Total Pension Liability - December 31 (a)</b>	<u><u>\$ 392,161</u></u>	<u><u>\$ 406,342</u></u>	<u><u>\$ 373,328</u></u>	<u><u>\$ 347,132</u></u>	<u><u>\$ 247,732</u></u>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 41,643	\$ 11,500	\$ 9,000	\$ 36,251	\$ 35,927
Contributions - employee	10,500	-	-	-	-
Net investment income	138,248	47,002	90,515	(18,720)	37,617
Benefit payments, including refunds of employee contributions	(1,000)	-	-	(17,815)	(115,925)
Administrative expense	(977)	(6,743)	(819)	(5,600)	(5,584)
Other	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>188,414</u>	<u>51,759</u>	<u>98,696</u>	<u>(5,884)</u>	<u>(47,965)</u>
<b>Plan Fiduciary Net Position - January 1</b>	743,848	710,834	685,791	623,519	671,484
Change in pension plan and measurement date*	<u>-</u>	<u>(1,654)</u>	<u>(75,307)</u>	<u>-</u>	<u>-</u>
<b>Plan Fiduciary Net Position - December 31 (b)</b>	<u><u>\$ 932,262</u></u>	<u><u>\$ 760,939</u></u>	<u><u>\$ 709,180</u></u>	<u><u>\$ 617,635</u></u>	<u><u>\$ 623,519</u></u>
<b>Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)</b>	<u><u>\$ (540,101)</u></u>	<u><u>\$ (354,597)</u></u>	<u><u>\$ (335,852)</u></u>	<u><u>\$ (270,503)</u></u>	<u><u>\$ (375,787)</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)</b>	237.72%	187.27%	189.96%	177.93%	251.69%
<b>Covered-employee Payroll</b>	N/A	N/A	N/A	N/A	N/A
<b>Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll</b>	N/A	N/A	N/A	N/A	N/A

**Schedule of Employer's Fire Relief Association Contributions**

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/19	\$ -	\$ 10,500	\$ (10,500)
12/31/18	-	11,500	(11,500)
12/31/17	-	9,000	(9,000)
12/31/16	35,592	35,592	-
12/31/15	37,251	37,251	-

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COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF ST. FRANCIS  
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2019

City of St. Francis, Minnesota  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 December 31, 2019

	Special Revenue	Capital Projects	Debt Service	Total
<b>Assets</b>				
Cash and temporary investments	\$ 258,455	\$ 1,361,360	\$ 150,639	\$ 1,770,454
<b>Receivables</b>				
Accrued interest	504	2,793	310	3,607
Taxes	-	-	5,595	5,595
Accounts	-	2,218	-	2,218
Special assessments	-	-	106,863	106,863
Due from other governments	-	-	2,788	2,788
<b>Total Assets</b>	<b><u>\$ 258,959</u></b>	<b><u>\$ 1,366,371</u></b>	<b><u>\$ 266,195</u></b>	<b><u>\$ 1,891,525</u></b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues - taxes	\$ -	\$ -	\$ 5,595	\$ 5,595
Unavailable revenues - special assessments	-	-	106,863	106,863
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>112,458</u></b>	<b><u>112,458</u></b>
<b>Fund Balances</b>				
Restricted	258,959	372,149	153,737	784,845
Assigned	-	994,222	-	994,222
<b>Total Fund Balances</b>	<b><u>258,959</u></b>	<b><u>1,366,371</u></b>	<b><u>153,737</u></b>	<b><u>1,779,067</u></b>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 258,959</u></b>	<b><u>\$ 1,366,371</u></b>	<b><u>\$ 266,195</u></b>	<b><u>\$ 1,891,525</u></b>

City of St. Francis, Minnesota  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended December 31, 2019

	Special Revenue	Capital Projects	Debt Service	Total
<b>Revenues</b>				
Taxes	\$ -	\$ 290,000	\$ 368,678	\$ 658,678
Charges for services	-	17,507	-	17,507
Special assessments	-	-	46,658	46,658
Interest on investments	5,267	41,018	2,819	49,104
Miscellaneous	3,472	26,122	-	29,594
Total Revenues	<u>8,739</u>	<u>374,647</u>	<u>418,155</u>	<u>801,541</u>
<b>Expenditures</b>				
Current				
Public safety	454	-	-	454
Capital outlay				
General government	-	7,167	-	7,167
Public safety	-	207,569	-	207,569
Public works	-	312,018	-	312,018
Debt service				
Principal	-	-	390,000	390,000
Interest and other charges	-	-	203,638	203,638
Total Expenditures	<u>454</u>	<u>526,754</u>	<u>593,638</u>	<u>1,120,846</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>				
	<u>8,285</u>	<u>(152,107)</u>	<u>(175,483)</u>	<u>(319,305)</u>
<b>Other Financing Sources</b>				
Transfers in	-	20,000	204,880	224,880
Land sales	139,025	-	-	139,025
Sale of capital assets	-	6,501	-	6,501
Total Other Financing Sources	<u>139,025</u>	<u>26,501</u>	<u>204,880</u>	<u>370,406</u>
<b>Net Change in Fund Balances</b>	147,310	(125,606)	29,397	51,101
<b>Fund Balances, January 1</b>	<u>111,649</u>	<u>1,491,977</u>	<u>124,340</u>	<u>1,727,966</u>
<b>Fund Balances, December 31</b>	<u>\$ 258,959</u>	<u>\$ 1,366,371</u>	<u>\$ 153,737</u>	<u>\$ 1,779,067</u>

## 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, 2019

	<b>208</b> Police Forfeiture	<b>240</b> EDA	Total
<b>Assets</b>			
Cash and temporary investments	\$ 13,326	\$ 245,129	\$ 258,455
Accrued interest receivable	-	504	504
Total Assets	<b>\$ 13,326</b>	<b>\$ 245,633</b>	<b>\$ 258,959</b>
<b>Fund Balances</b>			
Restricted for			
Police expenditures	\$ 13,326	\$ -	\$ 13,326
Economic development projects	-	245,633	245,633
Total Fund Balances	<b>\$ 13,326</b>	<b>\$ 245,633</b>	<b>\$ 258,959</b>

City of St. Francis, Minnesota  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended December 31, 2019

	<b>208</b> Police Forfeiture	<b>240</b> EDA	Total
Revenues			
Interest on investments	\$ -	\$ 5,267	\$ 5,267
Miscellaneous	3,472	-	3,472
Total Revenues	<u>3,472</u>	<u>5,267</u>	<u>8,739</u>
Expenditures			
Current			
Public safety	454	-	454
Excess of Revenues Over Expenditures	3,018	5,267	8,285
Other Financing Sources			
Land sales	-	139,025	139,025
Net Change in Fund Balances	3,018	144,292	147,310
Fund Balances, January 1	<u>10,308</u>	<u>101,341</u>	<u>111,649</u>
Fund Balances, December 31	<u>\$ 13,326</u>	<u>\$ 245,633</u>	<u>\$ 258,959</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, 2019  
 (With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Miscellaneous	\$ -	\$ -	\$ 3,472	\$ 3,472	\$ 219
Expenditures					
Current					
Public safety	10,208	10,208	454	9,754	30
Net Change in Fund Balances	(10,208)	(10,208)	3,018	13,226	189
Fund Balances, January 1	10,308	10,308	10,308	-	10,119
Fund Balances, December 31	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 13,326</u>	<u>\$ 13,226</u>	<u>\$ 10,308</u>

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## NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

**Building Improvement** - accounts for the accumulation of resources for future building improvement capital outlay.

City of St. Francis, Minnesota  
 Nonmajor Capital Projects Funds  
 Combining Balance Sheet  
 December 31, 2019

	<b>210</b>	<b>225</b>	<b>402</b>	<b>404</b>	
	Charitable Gambling	Park Improvements	Capital Equipment	Building Improvement	Total
<b>Assets</b>					
Cash and temporary investments	\$ 78,745	\$ 309,983	\$ 956,797	\$ 15,835	\$ 1,361,360
Receivables					
Accrued interest	162	632	1,966	33	2,793
Accounts	2,218	-	-	-	2,218
	<u>81,125</u>	<u>310,615</u>	<u>958,763</u>	<u>15,868</u>	<u>1,366,371</u>
<b>Total Assets</b>	<b>\$ 81,125</b>	<b>\$ 310,615</b>	<b>\$ 958,763</b>	<b>\$ 15,868</b>	<b>\$ 1,366,371</b>
<b>Fund Balances</b>					
Restricted for					
Park improvements	\$ -	\$ 291,024	\$ -	\$ -	\$ 291,024
Capital purchases	81,125	-	-	-	81,125
Assigned for					
Capital projects	-	19,591	958,763	15,868	994,222
	<u>81,125</u>	<u>310,615</u>	<u>958,763</u>	<u>15,868</u>	<u>1,366,371</u>
<b>Total Fund Balances</b>	<b>\$ 81,125</b>	<b>\$ 310,615</b>	<b>\$ 958,763</b>	<b>\$ 15,868</b>	<b>\$ 1,366,371</b>

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, 2019

	<b>210</b>	<b>225</b>	<b>402</b>	<b>404</b>	
	Charitable Gambling	Park Improvements	Capital Equipment	Building Improvement	Total
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ 230,000	\$ 60,000	\$ 290,000
Charges for services	16,882	625	-	-	17,507
Interest on investments	2,216	9,001	29,591	210	41,018
Miscellaneous	-	140	25,982	-	26,122
Total Revenues	<u>19,098</u>	<u>9,766</u>	<u>285,573</u>	<u>60,210</u>	<u>374,647</u>
<b>Expenditures</b>					
Capital outlay					
General government	-	-	7,167	-	7,167
Public safety	20,284	-	187,285	-	207,569
Public works	-	-	264,583	47,435	312,018
Total Expenditures	<u>20,284</u>	<u>-</u>	<u>459,035</u>	<u>47,435</u>	<u>526,754</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
	<u>(1,186)</u>	<u>9,766</u>	<u>(173,462)</u>	<u>12,775</u>	<u>(152,107)</u>
<b>Other Financing Sources</b>					
Transfers in	-	-	20,000	-	20,000
Sale of capital assets	-	-	6,501	-	6,501
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>26,501</u>	<u>-</u>	<u>26,501</u>
<b>Net Change in Fund Balances</b>					
	<u>(1,186)</u>	<u>9,766</u>	<u>(146,961)</u>	<u>12,775</u>	<u>(125,606)</u>
<b>Fund Balances, January 1</b>					
	<u>82,311</u>	<u>300,849</u>	<u>1,105,724</u>	<u>3,093</u>	<u>1,491,977</u>
<b>Fund Balances, December 31</b>					
	<u>\$ 81,125</u>	<u>\$ 310,615</u>	<u>\$ 958,763</u>	<u>\$ 15,868</u>	<u>\$ 1,366,371</u>

City of St. Francis, Minnesota  
Street Improvement Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended December 31, 2019  
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property tax	\$ 120,000	\$ 120,000	\$ 120,000	\$ -	\$ 60,000
Intergovernmental	115,000	115,000	278,808	163,808	113,871
Special assessments	22,000	22,000	57,853	35,853	47,988
Interest on investments	2,000	2,000	44,742	42,742	6,031
Miscellaneous	1,500	1,500	6	(1,494)	11
Total Revenues	260,500	260,500	501,409	240,909	227,901
Expenditures					
Capital outlay					
Public works	182,230	182,230	631,280	(449,050)	225,023
Excess (Deficiency) of Revenues Over (Under) Expenditures	78,270	78,270	(129,871)	(208,141)	2,878
Other Financing Sources					
Transfers in	-	-	-	-	1,492,429
Net Change in Fund Balances	78,270	78,270	(129,871)	(208,141)	1,495,307
Fund Balances, January 1	1,257,334	1,257,334	1,257,334	-	(237,973)
Fund Balances, December 31	\$ 1,335,604	\$ 1,335,604	\$ 1,127,463	\$ (208,141)	\$ 1,257,334



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, 2019  
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Charges for services	\$ 13,000	\$ 13,000	\$ 16,882	\$ 3,882	\$ 19,588
Investment earnings	800	800	2,216	1,416	961
Total Revenues	<u>13,800</u>	<u>13,800</u>	<u>19,098</u>	<u>5,298</u>	<u>20,549</u>
Expenditures					
Capital outlay					
Public safety	-	-	20,284	(20,284)	-
Net Change in Fund Balances	13,800	13,800	(1,186)	(14,986)	20,549
Fund Balances, January 1	<u>82,311</u>	<u>82,311</u>	<u>82,311</u>	<u>-</u>	<u>61,762</u>
Fund Balances, December 31	<u>\$ 96,111</u>	<u>\$ 96,111</u>	<u>\$ 81,125</u>	<u>\$ (14,986)</u>	<u>\$ 82,311</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, 2019  
 (With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Charges for services	\$ 1,000	\$ 1,000	\$ 625	\$ (375)	\$ 160,579
Interest on investments	700	700	9,001	8,301	2,304
Miscellaneous	500	500	140	(360)	670
Total Revenues	<u>2,200</u>	<u>2,200</u>	<u>9,766</u>	<u>7,566</u>	<u>163,553</u>
Fund Balances, January 1	<u>300,849</u>	<u>300,849</u>	<u>300,849</u>	<u>-</u>	<u>144,461</u>
Fund Balances, December 31	<u>\$ 303,049</u>	<u>\$ 303,049</u>	<u>\$ 310,615</u>	<u>\$ 7,566</u>	<u>\$ 300,849</u>

City of St. Francis, Minnesota  
 Capital Equipment Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 For the Year Ended December 31, 2019  
 (With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property tax	\$ 230,000	\$ 230,000	\$ 230,000	\$ -	\$ 223,150
Interest on investments	8,000	8,000	29,591	21,591	14,873
Miscellaneous	-	-	25,982	25,982	88,360
Total Revenues	<u>238,000</u>	<u>238,000</u>	<u>285,573</u>	<u>47,573</u>	<u>326,383</u>
Expenditures					
Capital outlay					
General government	34,442	34,442	7,167	27,275	565
Public safety	645,417	645,417	187,285	458,132	105,900
Public works	-	219,340	264,583	(45,243)	200,178
Total Expenditures	<u>679,859</u>	<u>899,199</u>	<u>459,035</u>	<u>440,164</u>	<u>306,643</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(441,859)</u>	<u>(661,199)</u>	<u>(173,462)</u>	<u>487,737</u>	<u>19,740</u>
Other Financing Sources					
Transfers in	20,000	20,000	20,000	-	20,000
Sale of capital assets	-	-	6,501	6,501	4,584
Total Other Financing Sources	<u>20,000</u>	<u>20,000</u>	<u>26,501</u>	<u>6,501</u>	<u>24,584</u>
Net Change in Fund Balances	(421,859)	(641,199)	(146,961)	494,238	44,324
Fund Balances, January 1	<u>1,105,724</u>	<u>1,105,724</u>	<u>1,105,724</u>	<u>-</u>	<u>1,061,400</u>
Fund Balances, December 31	<u>\$ 683,865</u>	<u>\$ 464,525</u>	<u>\$ 958,763</u>	<u>\$ 494,238</u>	<u>\$ 1,105,724</u>

City of St. Francis, Minnesota  
 Building Improvement Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 For the Year Ended December 31, 2019  
 (With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property tax	\$ 60,000	\$ 60,000	\$ 60,000	\$ -	\$ 60,000
Interest on investments	-	-	210	210	125
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>60,210</u>	<u>210</u>	<u>60,125</u>
Expenditures					
Capital outlay					
Public works	-	-	47,435	(47,435)	57,032
Net Change in Fund Balances	60,000	60,000	12,775	(47,225)	3,093
Fund Balances, January 1	<u>3,093</u>	<u>3,093</u>	<u>3,093</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 63,093</u>	<u>\$ 63,093</u>	<u>\$ 15,868</u>	<u>\$ (47,225)</u>	<u>\$ 3,093</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, 2019  
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			Variance with Final Budget	2018
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 2,965,023	\$ 2,965,023	\$ 3,027,843	\$ 62,820	\$ 2,799,372
Licenses and permits					
Business	25,150	25,150	26,711	1,561	25,040
Nonbusiness	165,590	165,590	423,818	258,228	203,113
Total licenses and permits	<u>190,740</u>	<u>190,740</u>	<u>450,529</u>	<u>259,789</u>	<u>228,153</u>
Intergovernmental					
State					
Local government aid	409,596	409,596	409,581	(15)	406,858
Property tax credits	-	-	4,533	4,533	3,047
Police and fire aid	81,170	81,170	151,385	70,215	104,941
Municipal State Aid	-	-	-	-	124,284
Other	1,971	1,971	1,971	-	1,971
County		-	4,951	4,951	234,948
Total intergovernmental	<u>492,737</u>	<u>492,737</u>	<u>572,421</u>	<u>79,684</u>	<u>876,049</u>
Charges for services					
General government	267,480	267,480	476,344	208,864	292,646
Public safety	144,140	144,140	115,803	(28,337)	140,668
Public works	3,390	3,390	2,878	(512)	2,612
Community development	5,200	5,200	5,090	(110)	6,940
Total charges for services	<u>420,210</u>	<u>420,210</u>	<u>600,115</u>	<u>179,905</u>	<u>442,866</u>
Fines and forfeitures	<u>20,520</u>	<u>20,520</u>	<u>29,400</u>	<u>8,880</u>	<u>36,854</u>
Interest on investments	<u>10,000</u>	<u>10,000</u>	<u>81,852</u>	<u>71,852</u>	<u>42,520</u>
Miscellaneous					
Rents and leases	86,950	86,950	88,708	1,758	88,115
Recycling and landfill abatement	37,000	37,000	36,383	(617)	38,725
Donations and other	32,740	32,740	49,541	16,801	73,456
Total miscellaneous	<u>156,690</u>	<u>156,690</u>	<u>174,632</u>	<u>17,942</u>	<u>200,296</u>
Total Revenues	<u>4,255,920</u>	<u>4,255,920</u>	<u>4,936,792</u>	<u>680,872</u>	<u>4,626,110</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, 2019  
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			Variance with Final Budget	2018
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and city council					
Personal services	\$ 29,100	\$ 29,100	\$ 27,080	\$ 2,020	\$ 28,382
Other services and charges	14,900	14,900	7,461	7,439	13,445
Total mayor and city council	<u>44,000</u>	<u>44,000</u>	<u>34,541</u>	<u>9,459</u>	<u>41,827</u>
City administration					
Personal services	358,100	358,100	344,870	13,230	324,669
Supplies	9,000	9,000	8,707	293	7,403
Other services and charges	47,760	47,760	59,682	(11,922)	44,328
Total city administration	<u>414,860</u>	<u>414,860</u>	<u>413,259</u>	<u>1,601</u>	<u>376,400</u>
Elections					
Personal services	20	20	-	20	3,513
Other services and charges	50	50	45	5	1,803
Total elections	<u>70</u>	<u>70</u>	<u>45</u>	<u>25</u>	<u>5,316</u>
Financial administration					
Personal services	218,150	218,150	208,855	9,295	206,438
Supplies	1,200	1,200	1,148	52	347
Other services and charges	3,550	3,550	5,161	(1,611)	3,568
Total financial administration	<u>222,900</u>	<u>222,900</u>	<u>215,164</u>	<u>7,736</u>	<u>210,353</u>
Assessor					
Other services and charges	32,500	32,500	33,206	(706)	32,445
Legal and accounting					
Other services and charges	163,850	163,850	204,163	(40,313)	190,538
Municipal building					
Supplies	1,000	1,000	386	614	569
Other services and charges	13,800	13,800	16,145	(2,345)	14,581
Rent for offices	5,400	5,400	2,690	2,710	3,308
Total municipal building	<u>20,200</u>	<u>20,200</u>	<u>19,221</u>	<u>979</u>	<u>18,458</u>
Total general government	<u>898,380</u>	<u>898,380</u>	<u>919,599</u>	<u>(21,219)</u>	<u>875,337</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, 2019  
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			Variance with Final Budget	2018
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public safety					
Police					
Personal services	\$ 1,536,300	\$ 1,536,300	\$ 1,464,161	\$ 72,139	\$ 1,263,155
Supplies	82,800	82,800	87,670	(4,870)	79,772
Other services and charges	174,000	174,000	181,314	(7,314)	159,772
Total police	<u>1,793,100</u>	<u>1,793,100</u>	<u>1,733,145</u>	<u>59,955</u>	<u>1,502,699</u>
Fire					
Personal services	169,200	169,200	164,115	5,085	141,552
Supplies	49,750	49,750	55,760	(6,010)	37,601
Other services and charges	63,200	63,200	65,680	(2,480)	107,513
Total fire	<u>282,150</u>	<u>282,150</u>	<u>285,555</u>	<u>(3,405)</u>	<u>286,666</u>
Animal control					
Other services and charges	4,200	4,200	698	3,502	4,203
Total public safety	<u>2,079,450</u>	<u>2,079,450</u>	<u>2,019,398</u>	<u>60,052</u>	<u>1,793,568</u>
Public works					
Streets and highways					
Personal services	284,000	284,000	304,486	(20,486)	272,188
Supplies	45,250	45,250	48,647	(3,397)	47,286
Other services and charges	159,800	159,800	146,037	13,763	309,993
Total streets and highways	<u>489,050</u>	<u>489,050</u>	<u>499,170</u>	<u>(10,120)</u>	<u>629,467</u>
Recycling					
Personal services	37,700	37,700	35,153	2,547	34,175
Supplies	3,100	3,100	4,755	(1,655)	3,395
Other services and charges	27,300	27,300	23,344	3,956	28,207
Total recycling	<u>68,100</u>	<u>68,100</u>	<u>63,252</u>	<u>4,848</u>	<u>65,777</u>
Miscellaneous					
Other services and charges	7,600	7,600	39,241	(31,641)	6,452
Total public works	<u>564,750</u>	<u>564,750</u>	<u>601,663</u>	<u>(36,913)</u>	<u>701,696</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, 2019  
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			Variance with Final Budget	2018
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Culture and recreation					
Parks and recreation					
Personal services	\$ 166,800	\$ 166,800	\$ 175,191	\$ (8,391)	\$ 158,626
Supplies	41,950	41,950	36,335	5,615	40,635
Other services and charges	102,320	102,320	102,857	(537)	97,046
Total parks and recreation	<u>311,070</u>	<u>311,070</u>	<u>314,383</u>	<u>(3,313)</u>	<u>296,307</u>
Pioneer days					
Other services and charges	10,000	10,000	2,289	7,711	1,983
Total culture and recreation	<u>321,070</u>	<u>321,070</u>	<u>316,672</u>	<u>4,398</u>	<u>298,290</u>
Community development					
Planning and zoning					
Personal services	213,870	213,870	207,945	5,925	197,222
Supplies	1,000	1,000	1,285	(285)	1,471
Other services and charges	64,400	64,400	94,694	(30,294)	148,157
Total planning and zoning	<u>279,270</u>	<u>279,270</u>	<u>303,924</u>	<u>(24,654)</u>	<u>346,850</u>
Building inspection					
Personal services	123,000	123,000	112,174	10,826	105,871
Supplies	5,300	5,300	3,821	1,479	3,112
Other services and charges	41,000	41,000	262,503	(221,503)	44,851
Total building inspection	<u>169,300</u>	<u>169,300</u>	<u>378,498</u>	<u>(209,198)</u>	<u>153,834</u>
Total community development	<u>448,570</u>	<u>448,570</u>	<u>682,422</u>	<u>(233,852)</u>	<u>500,684</u>
Total current	<u>4,312,220</u>	<u>4,312,220</u>	<u>4,539,754</u>	<u>(227,534)</u>	<u>4,169,575</u>
Capital outlay					
General government	1,700	1,700	1,453	247	1,500
Community development	2,000	2,000	220,217	(218,217)	226,066
Total capital outlay	<u>3,700</u>	<u>3,700</u>	<u>221,670</u>	<u>(217,970)</u>	<u>227,566</u>
Total Expenditures	<u>4,315,920</u>	<u>4,315,920</u>	<u>4,761,424</u>	<u>(445,504)</u>	<u>4,397,141</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, 2019  
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (60,000)	\$ (60,000)	\$ 175,368	\$ 235,368	\$ 228,969
Other Financing Sources (Uses)					
Transfers in	60,000	60,000	285,000	225,000	60,000
Sale of capital assets	-	-	-	-	1,250
Transfers out	-	-	-	-	(1,400,000)
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>60,000</u>	<u>285,000</u>	<u>225,000</u>	<u>(1,338,750)</u>
Net Change in Fund Balances	-	-	460,368	460,368	(1,109,781)
Fund Balances, January 1	<u>2,774,232</u>	<u>2,774,232</u>	<u>2,774,232</u>	<u>-</u>	<u>3,884,013</u>
Fund Balances, December 31	<u><u>\$ 2,774,232</u></u>	<u><u>\$ 2,774,232</u></u>	<u><u>\$ 3,234,600</u></u>	<u><u>\$ 460,368</u></u>	<u><u>\$ 2,774,232</u></u>

City of St. Francis, Minnesota  
Debt Service Funds  
Combining Balance Sheet  
December 31, 2019

	<b>311</b> G.O. Bonds 2013A	<b>327</b> G.O. Bonds 2015A	<b>330</b> G.O Bonds 2017A	Total
<b>Assets</b>				
Cash and temporary investments	\$ 49,570	\$ 84,221	\$ 16,848	\$ 150,639
Receivables				
Accrued interest	102	173	35	310
Taxes	319	313	4,963	5,595
Special assessments	67,446	39,417	-	106,863
Due from other governments	159	156	2,473	2,788
	<u>159</u>	<u>156</u>	<u>2,473</u>	<u>2,788</u>
Total Assets	<u>\$ 117,596</u>	<u>\$ 124,280</u>	<u>\$ 24,319</u>	<u>\$ 266,195</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues - taxes	319	313	4,963	5,595
Unavailable revenues - special assessments	67,446	39,417	-	106,863
Total Deferred Inflows of Resources	<u>67,765</u>	<u>39,730</u>	<u>4,963</u>	<u>112,458</u>
<b>Fund Balances</b>				
Restricted for debt service	<u>49,831</u>	<u>84,550</u>	<u>19,356</u>	<u>153,737</u>
	<u>49,831</u>	<u>84,550</u>	<u>19,356</u>	<u>153,737</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 117,596</u>	<u>\$ 124,280</u>	<u>\$ 24,319</u>	<u>\$ 266,195</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, 2019

	<b>311</b> G.O. Bonds 2013A	<b>327</b> G.O. Bonds 2015A	<b>330</b> G.O Bonds 2017A	Total
Revenues				
Taxes	\$ 21,015	\$ 20,646	\$ 327,017	\$ 368,678
Special assessments	36,671	9,987	-	46,658
Interest on investments	713	1,989	117	2,819
Total Revenues	<u>58,399</u>	<u>32,622</u>	<u>327,134</u>	<u>418,155</u>
Expenditures				
Debt service				
Principal	90,000	25,000	275,000	390,000
Interest and other charges	8,002	5,505	190,131	203,638
Total Expenditures	<u>98,002</u>	<u>30,505</u>	<u>465,131</u>	<u>593,638</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,603)	2,117	(137,997)	(175,483)
Other Financing Sources				
Transfers in	39,880	-	165,000	204,880
Net Change in Fund Balances	277	2,117	27,003	29,397
Fund Balances, January 1	<u>49,554</u>	<u>82,433</u>	<u>(7,647)</u>	<u>124,340</u>
Fund Balances, December 31	<u>\$ 49,831</u>	<u>\$ 84,550</u>	<u>\$ 19,356</u>	<u>\$ 153,737</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, 2019  
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 20,900	\$ 20,900	\$ 21,015	\$ 115	\$ 21,023
Special assessments	16,000	16,000	36,671	20,671	17,759
Investment earnings	100	100	713	613	224
Total Revenues	<u>37,000</u>	<u>37,000</u>	<u>58,399</u>	<u>21,399</u>	<u>39,006</u>
Expenditures					
Debt service					
Principal	90,000	90,000	90,000	-	90,000
Interest and other charges	7,900	7,900	8,002	(102)	8,989
Total Expenditures	<u>97,900</u>	<u>97,900</u>	<u>98,002</u>	<u>(102)</u>	<u>98,989</u>
Deficiency of Revenues Under Expenditures	(60,900)	(60,900)	(39,603)	21,297	(59,983)
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	(21,020)	(21,020)	277	21,297	(20,103)
Fund Balances, January 1	<u>49,554</u>	<u>49,554</u>	<u>49,554</u>	<u>-</u>	<u>69,657</u>
Fund Balances, December 31	<u>\$ 28,534</u>	<u>\$ 28,534</u>	<u>\$ 49,831</u>	<u>\$ 21,297</u>	<u>\$ 49,554</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, 2019  
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 20,470	\$ 20,470	\$ 20,646	\$ 176	\$ 20,655
Special assessments	8,000	8,000	9,987	1,987	9,219
Investment earnings	100	100	1,989	1,889	519
Total Revenues	<u>28,570</u>	<u>28,570</u>	<u>32,622</u>	<u>4,052</u>	<u>30,393</u>
Expenditures					
Debt service					
Principal	25,000	25,000	25,000	-	25,000
Interest and other charges	5,400	5,400	5,505	(105)	5,900
Total Expenditures	<u>30,400</u>	<u>30,400</u>	<u>30,505</u>	<u>(105)</u>	<u>30,900</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,830)	(1,830)	2,117	3,947	(507)
Other Financing Sources					
Transfers in	-	-	-	-	33,662
Net Change in Fund Balances	(1,830)	(1,830)	2,117	3,947	33,155
Fund Balances, January 1	<u>82,433</u>	<u>82,433</u>	<u>82,433</u>	-	<u>49,278</u>
Fund Balances, December 31	<u>\$ 80,603</u>	<u>\$ 80,603</u>	<u>\$ 84,550</u>	<u>\$ 3,947</u>	<u>\$ 82,433</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, 2019  
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 327,220	\$ 327,220	\$ 327,017	\$ (203)	\$ 327,147
Investment earnings	1,000	1,000	117	(883)	-
Total Revenues	<u>328,220</u>	<u>328,220</u>	<u>327,134</u>	<u>(1,086)</u>	<u>327,147</u>
Expenditures					
Debt service					
Principal	275,000	275,000	275,000	-	300,000
Interest and other charges	190,107	190,107	190,131	(24)	193,661
Total Expenditures	<u>465,107</u>	<u>465,107</u>	<u>465,131</u>	<u>(24)</u>	<u>493,661</u>
Deficiency of Revenues					
Under Expenditures	(136,887)	(136,887)	(137,997)	(1,110)	(166,514)
Other Financing Sources					
Transfers in	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>	<u>-</u>	<u>165,000</u>
Net Change in Fund Balances	28,113	28,113	27,003	(1,110)	(1,514)
Fund Balances, January 1	<u>(7,647)</u>	<u>(7,647)</u>	<u>(7,647)</u>	<u>-</u>	<u>(6,133)</u>
Fund Balances, December 31	<u>\$ 20,466</u>	<u>\$ 20,466</u>	<u>\$ 19,356</u>	<u>\$ (1,110)</u>	<u>\$ (7,647)</u>

City of St. Francis, Minnesota  
Summary Financial Report  
Governmental Funds  
Revenues and Expenditures For General Operations  
For the Years Ended December 31, 2019 and 2018

	Total		Percent Increase (Decrease)
	2019	2018	
<b>Revenues</b>			
Taxes	\$ 3,806,521	\$ 3,511,347	8.41 %
Licenses and permits	450,529	228,153	97.47
Intergovernmental	851,229	989,920	(14.01)
Charges for services	617,622	623,033	(0.87)
Fines and forfeits	29,400	36,854	(20.23)
Special assessments	104,511	74,966	39.41
Interest on investments	175,698	68,973	154.73
Miscellaneous	204,232	289,556	(29.47)
<b>Total Revenues</b>	<b>\$ 6,239,742</b>	<b>\$ 5,822,802</b>	<b>7.16 %</b>
Per Capita	\$ 793	\$ 772	2.71 %
<b>Expenditures</b>			
<b>Current</b>			
General government	\$ 919,599	\$ 875,337	5.06 %
Public safety	2,019,852	1,793,598	12.61
Public works	601,663	701,696	(14.26)
Culture and recreation	316,672	298,290	6.16
Community development	682,422	726,750	(6.10)
<b>Capital outlay</b>			
General government	8,620	2,065	317.43
Public safety	207,569	105,900	96.00
Public works	943,298	482,312	95.58
Culture and recreation	-	7,165	(100.00)
Community development	220,217	-	100.00
<b>Debt service</b>			
Principal	390,000	415,000	(6.02)
Interest and other charges	203,638	208,550	(2.36)
<b>Total Expenditures</b>	<b>\$ 6,513,550</b>	<b>\$ 5,616,663</b>	<b>15.97 %</b>
Per Capita	\$ 828	\$ 745	11.15 %
<b>Total Long-term Indebtedness</b>	<b>\$ 6,700,000</b>	<b>\$ 7,090,000</b>	<b>(5.50) %</b>
Per Capita	852	940	
<b>General Fund Balance - December 31</b>	<b>\$ 3,234,600</b>	<b>\$ 2,774,232</b>	<b>16.59 %</b>
Per Capita	411	368	

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.

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STATISTICAL SECTION (UNAUDITED)

CITY OF ST. FRANCIS  
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2019

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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			
	2019	2018	2017	2016
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 7,822,639	\$ 7,197,173	\$ 7,196,658	\$ 6,861,667
Restricted	815,170	682,100	507,871	1,010,138
Unrestricted	<u>3,598,693</u>	<u>3,454,837</u>	<u>2,941,748</u>	<u>2,538,153</u>
<b>Total Governmental Activities Net Position</b>	<b><u>\$ 12,236,502</u></b>	<b><u>\$ 11,334,110</u></b>	<b><u>\$ 10,646,277</u></b>	<b><u>\$ 10,409,958</u></b>
<b>Business-type Activities</b>				
Net investment in capital assets	\$ 18,804,562	\$ 19,032,537	\$ 19,003,781	\$ 13,019,826
Restricted	118,170	57,865	-	-
Unrestricted	<u>8,274,103</u>	<u>7,237,698</u>	<u>5,826,703</u>	<u>5,789,331</u>
<b>Total Business-type Activities Net Position</b>	<b><u>\$ 27,196,835</u></b>	<b><u>\$ 26,328,100</u></b>	<b><u>\$ 24,830,484</u></b>	<b><u>\$ 18,809,157</u></b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 26,627,201	\$ 26,229,710	\$ 26,200,439	\$ 19,881,493
Restricted	933,340	739,965	507,871	1,010,138
Unrestricted	<u>11,872,796</u>	<u>10,692,535</u>	<u>8,768,451</u>	<u>8,327,484</u>
<b>Total Primary Government Net Position</b>	<b><u>\$ 39,433,337</u></b>	<b><u>\$ 37,662,210</u></b>	<b><u>\$ 35,476,761</u></b>	<b><u>\$ 29,219,115</u></b>

**Table 1**

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 6,344,949	\$ 6,471,404	\$ 6,491,164	\$ 6,292,733	\$ 7,168,911	\$ 5,903,447
940,821	997,754	1,066,566	1,080,107	571,078	404,530
2,269,512	3,371,139	2,345,374	1,999,789	1,745,047	3,076,111
<u>\$ 9,555,282</u>	<u>\$ 10,840,297</u>	<u>\$ 9,903,104</u>	<u>\$ 9,372,629</u>	<u>\$ 9,485,036</u>	<u>\$ 9,384,088</u>
\$ 9,103,334	\$ 8,824,440	\$ 8,073,272	\$ 7,773,435	\$ 7,453,005	\$ 6,899,701
-	-	-	-	-	-
5,306,618	5,488,087	6,973,367	7,303,907	7,383,130	7,561,395
<u>\$ 14,409,952</u>	<u>\$ 14,312,527</u>	<u>\$ 15,046,639</u>	<u>\$ 15,077,342</u>	<u>\$ 14,836,135</u>	<u>\$ 14,461,096</u>
\$ 15,448,283	\$ 15,295,844	\$ 14,564,436	\$ 14,066,168	\$ 14,621,916	\$ 12,803,148
940,821	997,754	1,066,566	1,080,107	571,078	404,530
7,576,130	8,859,226	9,318,741	9,303,696	9,128,177	10,637,506
<u>\$ 23,965,234</u>	<u>\$ 25,152,824</u>	<u>\$ 24,949,743</u>	<u>\$ 24,449,971</u>	<u>\$ 24,321,171</u>	<u>\$ 23,845,184</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			
	2019	2018	2017	2016
<b>Expenses</b>				
<b>Governmental Activities</b>				
General government	\$ 976,132	\$ 917,976	\$ 874,683	\$ 888,099
Public safety	2,288,796	1,822,687	2,132,904	2,334,480
Public works	1,204,645	1,406,804	969,437	925,873
Culture and recreation	377,685	403,747	389,408	468,326
Community development	910,312	731,427	598,366	427,300
Interest on long-term debt	201,696	210,612	400,157	357,173
Total Governmental Activities Expenses	<u>5,959,266</u>	<u>5,493,253</u>	<u>5,364,955</u>	<u>5,401,251</u>
<b>Business-type Activities</b>				
Water	1,129,380	1,076,288	1,064,443	1,057,465
Sewer	1,807,212	1,856,264	1,345,198	1,184,441
Storm water	25,800	29,538	33,435	55,385
Liquor store	2,344,537	2,164,820	2,130,722	2,008,390
Total Business-type Activities Expenses	<u>5,306,929</u>	<u>5,126,910</u>	<u>4,573,798</u>	<u>4,305,681</u>
Total Primary Government Expenses	<u>\$ 11,266,195</u>	<u>\$ 10,620,163</u>	<u>\$ 9,938,753</u>	<u>\$ 9,706,932</u>
<b>Program Revenues</b>				
<b>Governmental Activities</b>				
<b>Charges for services</b>				
General government	\$ 290,747	\$ 435,914	\$ 440,529	\$ 298,140
Public safety	148,675	177,641	163,362	184,994
Public works	2,878	2,612	3,599	2,868
Culture and recreation	1,870	2,170	2,385	3,030
Community development	709,992	178,218	181,565	243,640
Operating grants and contributions	263,037	257,868	236,903	371,047
Capital grants and contributions	256,058	725,120	422,985	1,186,137
Total Governmental Activities Program Revenues	<u>1,673,257</u>	<u>1,779,543</u>	<u>1,451,328</u>	<u>2,289,856</u>
<b>Business-type Activities</b>				
<b>Charges for services</b>				
Water	1,262,447	1,595,533	1,682,412	1,390,364
Sewer	1,652,322	1,778,971	1,867,070	1,361,064
Strom Water	174,543	176,850	171,867	169,020
Liquor store	2,428,757	2,313,806	2,236,569	2,133,575
Operating grants and contributions	7,014	3,059	3,669	3,800
Capital grants and contributions	903,951	924,503	4,969,830	3,849,842
Total Business-type Activities Program Revenues	<u>6,429,034</u>	<u>6,792,722</u>	<u>10,931,417</u>	<u>8,907,665</u>
Total Primary Government Program Revenues	<u>\$ 8,102,291</u>	<u>\$ 8,572,265</u>	<u>\$ 12,382,745</u>	<u>\$ 11,197,521</u>

**Table 2**

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 789,269	\$ 869,752	\$ 684,752	\$ 700,606	\$ 708,620	\$ 823,109
2,207,108	1,787,394	1,742,193	1,689,773	1,607,064	1,570,589
860,847	1,205,771	1,103,653	717,531	1,036,585	818,641
118,667	371,104	362,829	378,696	366,321	351,844
324,235	242,227	268,789	155,770	119,378	116,532
359,316	365,306	376,293	541,676	58,313	66,240
<u>4,659,442</u>	<u>4,841,554</u>	<u>4,538,509</u>	<u>4,184,052</u>	<u>3,896,281</u>	<u>3,746,955</u>
1,167,893	1,121,532	1,156,583	1,136,619	1,143,017	1,111,363
1,049,262	941,358	972,980	858,682	958,231	878,226
-	-	-	-	-	-
1,986,813	1,948,432	1,899,467	1,883,145	1,873,937	1,900,572
<u>4,203,968</u>	<u>4,011,322</u>	<u>4,029,030</u>	<u>3,878,446</u>	<u>3,975,185</u>	<u>3,890,161</u>
<u>\$ 8,863,410</u>	<u>\$ 8,852,876</u>	<u>\$ 8,567,539</u>	<u>\$ 8,062,498</u>	<u>\$ 7,871,466</u>	<u>\$ 7,637,116</u>
\$ 304,092	\$ 270,718	\$ 246,588	\$ 195,491	\$ 162,613	\$ 161,884
181,458	190,140	105,181	147,531	161,869	167,977
3,689	2,172	4,361	3,767	5,204	16,488
1,590	1,460	1,345	1,955	7,441	1,958
205,289	184,877	130,917	120,685	152,503	116,095
275,631	282,057	274,161	200,543	215,337	196,171
242,557	382,286	957,583	291,558	456,588	254,328
<u>1,214,306</u>	<u>1,313,710</u>	<u>1,720,136</u>	<u>961,530</u>	<u>1,161,555</u>	<u>914,901</u>
1,193,195	1,134,332	1,132,206	1,147,518	1,064,157	1,063,256
999,664	930,651	906,182	898,292	900,193	805,969
0	-	-	-	-	-
2,157,348	2,109,850	2,058,662	2,096,011	2,037,209	2,050,403
0	-	-	6,500	-	57,312
186,264	108,000	129,000	66,000	20,800	238,200
<u>4,536,471</u>	<u>4,282,833</u>	<u>4,226,050</u>	<u>4,214,321</u>	<u>4,022,359</u>	<u>4,215,140</u>
<u>\$ 5,750,777</u>	<u>\$ 5,596,543</u>	<u>\$ 5,946,186</u>	<u>\$ 5,175,851</u>	<u>\$ 5,183,914</u>	<u>\$ 5,130,041</u>

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

	Fiscal Year			
	2019	2018	2017	2016
Net Revenues (Expenses)				
Governmental activities	\$ (4,286,009)	\$ (3,713,710)	\$ (3,913,627)	\$ (3,111,395)
Business-type activities	1,122,105	1,665,812	6,357,619	4,601,984
Total Primary Government Net Revenues (Expenses)	<u>\$ (3,163,904)</u>	<u>\$ (2,047,898)</u>	<u>\$ 2,443,992</u>	<u>\$ 1,490,589</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 3,817,876	\$ 3,514,249	\$ 3,249,599	\$ 3,277,360
Tax increments	-	-	-	7,512
Grants and contributions not restricted to specific programs	465,589	494,318	365,831	362,359
Gain on sale of capital assets	219,358	39,123	80,867	-
Unrestricted investment earnings	175,698	68,973	29,655	33,960
Transfers - capital assets	-	-	-	-
Transfers	509,880	284,880	423,994	284,880
Total Governmental Activities	<u>5,188,401</u>	<u>4,401,543</u>	<u>4,149,946</u>	<u>3,966,071</u>
Business-type Activities				
Interest on investments	256,510	113,434	87,702	82,101
Gain on sale of capital assets	-	3,250	-	-
Transfers - capital assets	-	-	-	-
Transfers	(509,880)	(284,880)	(423,994)	(284,880)
Total Business-type Activities	<u>(253,370)</u>	<u>(168,196)</u>	<u>(336,292)</u>	<u>(202,779)</u>
Total Primary Government	<u>\$ 4,935,031</u>	<u>\$ 4,233,347</u>	<u>\$ 3,813,654</u>	<u>\$ 3,763,292</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 902,392	\$ 687,833	\$ 236,319	\$ 854,676
Business-type activities	868,735	1,497,616	6,021,327	4,399,205
Total Primary Government	<u>\$ 1,771,127</u>	<u>\$ 2,185,449</u>	<u>\$ 6,257,646</u>	<u>\$ 5,253,881</u>



**Table 2**

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ (3,445,136)	\$ (3,527,844)	\$ (2,818,373)	\$ (3,222,522)	\$ (2,734,726)	\$ (2,832,054)
332,503	271,511	197,020	335,875	47,174	324,979
<u>\$ (3,112,633)</u>	<u>\$ (3,256,333)</u>	<u>\$ (2,621,353)</u>	<u>\$ (2,886,647)</u>	<u>\$ (2,687,552)</u>	<u>\$ (2,507,075)</u>
\$ 3,175,224	\$ 3,017,872	\$ 3,001,538	\$ 2,890,203	\$ 2,724,403	\$ 2,739,739
14,393	14,260	14,270	15,144	15,374	18,285
353,353	318,445	85,992	87,294	149,366	170,718
963	4,521	-	5,529	2,644	3,435
21,200	34,894	(17,832)	61,301	26,971	46,421
(323,039)	-	-	-	(192,320)	(2,144,660)
264,880	1,075,036	264,880	60,000	99,880	(427,693)
<u>3,506,974</u>	<u>4,465,028</u>	<u>3,348,848</u>	<u>3,119,471</u>	<u>2,826,318</u>	<u>406,245</u>
40,832	69,413	37,157	64,903	120,322	122,866
-	-	-	-	15,532	-
323,039	-	-	-	192,320	2,144,660
(264,880)	(1,075,036)	(264,880)	(60,000)	(99,880)	427,693
<u>98,991</u>	<u>(1,005,623)</u>	<u>(227,723)</u>	<u>4,903</u>	<u>228,294</u>	<u>2,695,219</u>
<u>\$ 3,605,965</u>	<u>\$ 3,459,405</u>	<u>\$ 3,121,125</u>	<u>\$ 3,124,374</u>	<u>\$ 3,054,612</u>	<u>\$ 3,101,464</u>
\$ 61,838	\$ 937,184	\$ 530,475	\$ (103,051)	\$ 91,592	\$ (2,425,809)
431,494	(734,112)	(30,703)	340,778	275,468	3,020,198
<u>\$ 493,332</u>	<u>\$ 203,072</u>	<u>\$ 499,772</u>	<u>\$ 237,727</u>	<u>\$ 367,060</u>	<u>\$ 594,389</u>

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

	Fiscal Year			
	2019	2018	2017	2016
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	54,139	13,318	18,844	40,816
Assigned	-	-	-	-
Unassigned	3,180,461	2,760,914	3,865,169	3,325,693
Total General Fund	<u>\$ 3,234,600</u>	<u>\$ 2,774,232</u>	<u>\$ 3,884,013</u>	<u>\$ 3,366,509</u>
All other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Restricted	784,845	619,149	429,069	1,559,175
Assigned	2,121,685	2,366,151	1,219,879	1,158,547
Unassigned	-	-	(270,282)	(321,979)
Total all other Governmental Funds	<u>\$ 2,906,530</u>	<u>\$ 2,985,300</u>	<u>\$ 1,378,666</u>	<u>\$ 2,395,743</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					
2015	2014	2013	2012	2011	2010
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,803
-	-	-	-	-	2,048,599
8,580	16,682	15,079	9,861	3,055	-
-	-	8,174	8,174	8,095	-
2,755,704	2,572,375	2,225,913	2,053,454	2,058,863	-
<u>\$ 2,764,284</u>	<u>\$ 2,589,057</u>	<u>\$ 2,249,166</u>	<u>\$ 2,071,489</u>	<u>\$ 2,070,013</u>	<u>\$ 2,050,402</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,998
-	-	-	-	-	263,279
-	-	-	-	-	199,289
1,450,454	1,519,299	1,781,010	1,448,156	386,123	-
787,069	770,866	500,910	481,981	406,183	-
(663,590)	(860,053)	(1,494,602)	(1,022,799)	(1,254,897)	-
<u>\$ 1,573,933</u>	<u>\$ 1,430,112</u>	<u>\$ 787,318</u>	<u>\$ 907,338</u>	<u>\$ (462,591)</u>	<u>\$ 672,566</u>

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

	Fiscal Year			
	2019	2018	2017	2016
<b>Revenues</b>				
<b>Taxes</b>				
General property tax	\$ 3,806,521	\$ 3,511,347	\$ 3,257,514	\$ 3,271,277
Tax increments	-	-	-	7,512
Special assessments	104,511	74,966	85,984	1,284,161
Licenses and permits	450,529	228,153	214,855	145,980
Intergovernmental	851,229	989,920	855,400	741,398
Charges for services	617,622	623,033	457,882	593,857
Fines and forfeitures	29,400	36,854	25,631	30,836
Interest on investments	175,698	68,973	29,655	33,960
Miscellaneous	204,232	289,556	188,986	285,467
<b>Total Revenues</b>	<u>6,239,742</u>	<u>5,822,802</u>	<u>5,115,907</u>	<u>6,394,448</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	919,599	875,337	824,154	774,871
Public safety	2,019,852	1,793,598	1,693,408	1,649,746
Public works	601,663	701,696	622,009	497,261
Culture and recreation	316,672	298,290	277,528	295,925
Community development	682,422	726,750	583,379	397,237
<b>Capital outlay</b>				
General government	8,620	2,065	8,142	27,283
Public safety	207,569	105,900	272,964	66,091
Public works	943,298	482,312	100,524	805,651
Culture and recreation	-	7,165	46	73,234
Community development	220,217	-	-	-
<b>Debt service</b>				
Principal	390,000	415,000	870,000	310,000
Interest and other charges	203,638	208,550	459,093	357,994
<b>Total Expenditures</b>	<u>6,513,550</u>	<u>5,616,663</u>	<u>5,711,247</u>	<u>5,255,293</u>
<b>Excess (Deficiency) or Revenues     Over (Under) Expenditures</b>	<u>(273,808)</u>	<u>206,139</u>	<u>(595,340)</u>	<u>1,139,155</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	509,880	1,843,280	783,994	644,880
Transfers out	-	(1,558,400)	(360,000)	(360,000)
Bond issued	-	-	6,705,000	-
Payment to escrow agent	-	-	(7,386,676)	-
Premium on bonds issued	-	-	272,582	-
Contract for deed issued	-	-	-	-
Land sales	139,025	-	-	-
Sale of capital assets	6,501	5,834	80,867	-
<b>Total Other Financing Sources (Uses)</b>	<u>655,406</u>	<u>290,714</u>	<u>95,767</u>	<u>284,880</u>
<b>Net Change in Fund Balance</b>	<u>\$ 381,598</u>	<u>\$ 496,853</u>	<u>\$ (499,573)</u>	<u>\$ 1,424,035</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<u>10.53 %</u>	<u>11.63 %</u>	<u>24.62 %</u>	<u>15.37 %</u>

**Table 4**

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 3,170,208	\$ 3,058,619	\$ 3,007,177	\$ 2,914,638	\$ 2,733,171	\$ 2,744,495
14,393	14,260	14,270	15,144	15,374	18,285
263,123	196,257	51,141	64,949	63,380	54,438
126,862	94,205	87,298	89,300	99,415	78,242
611,364	567,935	449,284	434,324	698,484	380,977
486,490	460,737	326,599	302,731	310,544	313,878
39,909	49,635	33,927	35,166	30,414	30,537
21,200	34,894	(17,832)	61,301	26,971	46,421
195,832	195,635	193,875	136,182	145,615	135,789
<u>4,929,381</u>	<u>4,672,177</u>	<u>4,145,739</u>	<u>4,053,735</u>	<u>4,123,368</u>	<u>3,803,062</u>
731,292	843,302	654,631	656,188	651,933	646,947
1,670,971	1,556,675	1,533,049	1,486,294	1,480,092	1,457,092
547,069	595,967	691,772	523,482	653,594	706,596
291,477	259,049	247,542	277,255	290,081	282,548
323,342	239,745	264,659	155,770	119,378	116,532
10,781	8,178	3,164	6,534	29,978	226,787
480,177	132,601	86,291	130,560	80,873	32,849
274,465	369,510	651,780	7,028,857	1,301,477	466,039
165,143	92,695	120,194	208,043	435,890	72,477
-	-	26,470	-	-	-
316,022	325,499	288,549	91,723	271,946	113,095
362,849	371,828	372,182	407,665	50,595	56,871
<u>5,173,588</u>	<u>4,795,049</u>	<u>4,940,283</u>	<u>10,972,371</u>	<u>5,365,837</u>	<u>4,177,833</u>
(244,207)	(122,872)	(794,544)	(6,918,636)	(1,242,469)	(374,771)
1,531,604	1,465,036	604,880	981,795	516,166	794,826
(1,266,724)	(390,000)	(340,000)	(921,795)	(416,286)	(1,222,519)
265,000	-	560,000	8,200,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	150,000
-	-	-	-	-	-
33,375	30,521	27,321	30,041	27,043	29,965
<u>563,255</u>	<u>1,105,557</u>	<u>852,201</u>	<u>8,290,041</u>	<u>126,923</u>	<u>(247,728)</u>
<u>\$ 319,048</u>	<u>\$ 982,685</u>	<u>\$ 57,657</u>	<u>\$ 1,371,405</u>	<u>\$ (1,115,546)</u>	<u>\$ (622,499)</u>
<u>15.52 %</u>	<u>16.32 %</u>	<u>16.04 %</u>	<u>13.45 %</u>	<u>9.01 %</u>	<u>4.84 %</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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Estimated Market Value				
Real property	\$ 580,370,400	\$ 525,321,000	\$ 474,776,600	\$ 451,592,700
Personal property	7,740,700	7,565,000	7,013,300	6,691,100
 Total Estimated Market Value	 <u>\$ 588,111,100</u>	 <u>\$ 532,886,000</u>	 <u>\$ 481,789,900</u>	 <u>\$ 458,283,800</u>
Tax Capacity				
Residential property	\$ 4,716,185	\$ 4,377,814	\$ 3,865,537	\$ 3,651,698
Commercial / industrial property	621,584	586,633	582,609	539,921
Other	262,865	237,868	225,462	224,223
Contribution to Fiscal Disparities Pool	(291,793)	(276,717)	(263,268)	(225,976)
Receivable From Fiscal Disparities Pool	1,636,528	1,521,933	1,462,769	1,364,588
Tax Increment	-	-	-	(12,522)
 Net Tax Capacity	 <u>\$ 6,945,369</u>	 <u>\$ 6,447,531</u>	 <u>\$ 5,873,109</u>	 <u>\$ 5,541,932</u>
Net Tax Capacity as a Percentage of Estimated Market Value	<u>1.181 %</u>	<u>1.210 %</u>	<u>1.219 %</u>	<u>1.209 %</u>
Gross Tax Levy	<u>\$ 3,793,590</u>	<u>\$ 3,488,791</u>	<u>\$ 3,244,573</u>	<u>\$ 3,244,573</u>
Tax Capacity Rate	<u>53.177 %</u>	<u>53.997 %</u>	<u>54.117 %</u>	<u>58.428 %</u>

Source: Anoka County Property Records and Taxation Department.

Note: Property in the County is reassessed annually.

**Table 5**

2015	2014	2013	2012	2011	2010
\$ 441,346,300	\$ 392,686,000	\$ 405,703,000	\$ 456,064,600	\$ 464,184,500	\$ 525,397,100
<u>5,971,100</u>	<u>6,124,000</u>	<u>6,496,600</u>	<u>6,573,500</u>	<u>6,502,200</u>	<u>5,988,500</u>
<u>\$ 447,317,400</u>	<u>\$ 398,810,000</u>	<u>\$ 412,199,600</u>	<u>\$ 462,638,100</u>	<u>\$ 470,686,700</u>	<u>\$ 531,385,600</u>
\$ 3,546,894	\$ 3,037,063	\$ 3,153,799	\$ 3,586,358	\$ 4,055,812	\$ 4,563,115
520,655	516,209	563,227	655,422	686,986	740,819
220,816	222,735	221,807	244,970	258,316	294,516
(251,537)	(274,535)	(310,154)	(323,392)	(341,228)	(377,468)
1,358,498	1,434,712	1,320,087	1,383,468	1,531,408	1,470,600
<u>(12,002)</u>	<u>(11,891)</u>	<u>(11,899)</u>	<u>(12,628)</u>	<u>(12,820)</u>	<u>(16,833)</u>
<u>\$ 5,383,324</u>	<u>\$ 4,924,293</u>	<u>\$ 4,936,867</u>	<u>\$ 5,534,198</u>	<u>\$ 6,178,474</u>	<u>\$ 6,674,749</u>
<u>1.203 %</u>	<u>1.235 %</u>	<u>1.198 %</u>	<u>1.196 %</u>	<u>1.313 %</u>	<u>1.256 %</u>
<u>\$ 3,180,953</u>	<u>\$ 2,988,086</u>	<u>\$ 2,988,086</u>	<u>\$ 2,873,160</u>	<u>\$ 2,873,160</u>	<u>\$ 2,873,160</u>
<u>58.909 %</u>	<u>59.629 %</u>	<u>63.026 %</u>	<u>53.406 %</u>	<u>47.139 %</u>	<u>44.265 %</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
	2019	48.614 %	4.563 %	53.177 %	34.473 %	24.858 %	32.865 %	3.666 %	116.174 %
2018	46.729	7.268	53.997	35.334	26.962	36.137	4.026	120.319	129.494
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

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 10 Years Ago

**Table 7**

Taxpayer	2019			2010		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Alliant Techsystems	\$ 179,298	1	3.27 %	\$ 206,370	1	3.34 %
St. Francis Realty LLC	93,195	2	1.70	107,486	2	1.74
ALS Properties Woodhaven LLC	90,499	3	1.65	101,571	3	1.64
King Exchange LLC	73,124	4	1.33	70,402	5	1.14
Connexus Energy	63,052	5	1.15	71,536	4	1.16
Minnegasco Inc.	59,286	6	1.08	48,552	6	0.79
Northern Capital Investments	45,269	7	0.82	-	-	-
Village Bank	25,964	8	0.47	27,341	10	0.44
Jensen Family LP	24,941	9	0.39	30,594	8	0.50
Abbey Field LTD Partnership	21,132	10	0.45	-	-	-
Central Bank	-	-	-	38,437	7	0.62
Kerry Street LLC	-	-	-	28,955	9	0.47
Total	<u>\$ 675,760</u>		<u>12.31 %</u>	<u>\$ 731,244</u>		<u>11.84 %</u>

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
2019	\$ 3,793,590	\$ 3,793,590	\$ 3,774,658	99.50 %	\$ -	\$ 3,774,658	99.50 %
2018	3,488,791	3,488,791	3,485,000	99.89	3,206	3,488,206	99.98
2017	3,244,573	3,244,573	3,238,987	99.83	5,586	3,244,573	100.00
2016	3,244,573	3,244,573	3,239,514	99.84	5,059	3,244,573	100.00
2015	3,180,953	3,180,953	3,171,773	99.71	8,948	3,180,721	99.99
2014	2,988,086	2,988,086	2,985,995	99.93	2,091	2,988,086	100.00
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	20,638	2,867,806	99.81
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	65,538	2,835,567	99.27

City of St. Francis, Minnesota  
Statistical Section (Unaudited)  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation Bonds	Lease Revenue Bonds	Capital Leases	Contract for Deed	General Obligation Revenue Bonds	Lease Purchase
2019	\$ 6,934,723	\$ -	\$ -	\$ -	\$ 25,436,000	\$ 614,813
2018	7,339,867	-	-	-	26,767,000	-
2017	7,770,010	-	-	-	27,891,000	-
2016	1,430,000	7,315,000	-	-	36,711,544	-
2015	1,505,000	7,550,000	-	-	30,268,000	-
2014	1,310,000	7,780,000	16,022	-	14,406,000	-
2013	1,380,000	8,005,000	46,521	-	15,406,000	-
2012	885,000	8,200,000	75,070	-	14,204,000	-
2011	950,000	-	101,793	-	14,899,000	-
2010	1,010,000	-	163,739	150,000	15,527,000	-

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

See the Demographic Statistics table on page 147 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>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$ 32,985,536	11.16 %	\$ 4,192
34,106,867	12.18	4,523
35,661,010	12.73	4,729
45,456,544	16.23	6,028
39,323,000	14.42	5,314
23,512,022	7.91	3,248
24,837,521	8.80	3,413
23,364,070	8.05	3,220
15,950,793	5.53	2,210
16,850,739	5.84	2,335

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
2019	\$ 32,370,723	\$ 153,737	\$ 32,216,986	5.48 %	\$ 4,095
2018	34,106,867	124,340	33,982,527	6.38	4,506
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

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 134 -135 for property value data.  
 See the Demographic Statistics on page 147 for population data.

City of St. Francis, Minnesota  
 Statistical Section (Unaudited)  
 Computation of Direct and Overlapping Debt  
 December 31, 2019

**Table 11**

	Net Debt	Percentage Applicable to City	Amount Applicable to City of St. Francis Share of Debt
Direct Debt			
City of St. Francis	\$ 6,934,723	100.00 %	\$ 6,934,723
Overlapping Debt			
Anoka County	71,840,000	1.79	1,285,936
Isanti County	9,115,000	0.03	2,735
School District 15	91,770,000	20.16	18,500,832
School District 728	204,705,000	0.00	-
Metropolitan Council	263,285,000	0.17	447,585
Anoka County HRA	2,341,010	6.01	140,695
Anoka County RR Authority	20,955,000	1.79	375,095
Total Overlapping Debt	<u>664,011,010</u>		<u>20,752,876</u>
Total Direct and Overlapping Debt	<u>\$ 670,945,733</u>		<u>\$ 27,687,599</u>

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

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

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

City of St. Francis, Minnesota  
Statistical Section (Unaudited)  
Legal Debt Margin Information  
Last Ten Fiscal Years

	Fiscal Year			
	2019	2018	2017	2016
Estimated Market Value of Taxable Property	\$ 588,111,100	\$ 532,886,000	\$ 481,789,900	\$ 458,283,800
Statutory Percentage	3.0%	3.0%	3.0%	3.0%
Statutory Debt Limit	17,643,333	15,986,580	14,453,697	13,748,514
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 17,643,333</u>	<u>\$ 15,986,580</u>	<u>\$ 14,453,697</u>	<u>\$ 13,748,514</u>

Legal Debt Margin Calculation for Fiscal Year 2019

Estimated Market Value of Taxable Property	\$ 588,111,100
Statutory Percentage	3.0%
Statutory Debt Limit	<u>\$ 17,643,333</u>
Total Bonds Outstanding	\$ 32,985,536
Less: Special Assessment Bonds	(6,934,723)
Less: Utility Revenue Bonds	(25,436,000)
Less: Lease Purchase	<u>(614,813)</u>
Debt Applicable to Limit	<u>\$ -</u>
Legal Debt Margin	<u>\$ 17,643,333</u>



**Table 12**

Fiscal Year					
<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 447,317,400	\$ 398,810,000	\$ 412,199,600	\$ 462,638,100	\$ 470,686,700	\$ 531,385,600
<u>3.0%</u>	<u>3.0%</u>	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>
13,419,522	11,964,300	8,243,992	9,252,762	9,413,734	10,627,712
-	-	-	-	-	-
<u>\$ 13,419,522</u>	<u>\$ 11,964,300</u>	<u>\$ 8,243,992</u>	<u>\$ 9,252,762</u>	<u>\$ 9,413,734</u>	<u>\$ 10,627,712</u>

City of St. Francis, Minnesota  
Statistical Section (Unaudited)  
Pledged - Revenue Coverage  
Last Ten Fiscal Years

**Table 13**

Fiscal Year	G.O. Special Assessment Bonds							Coverage
	Property Taxes	Special Assessments	Revenue Available	Debt Service		Total		
				Principal	Interest			
2019	\$ 41,661	\$ 46,658	\$ 88,319	\$ 115,000	\$ 13,507	\$ 128,507	0.687 %	
2018	41,678	26,978	68,656	115,000	14,889	129,889	0.529	
2017	41,543	34,153	75,696	630,000	28,152	658,152	0.115	
2016	41,486	52,856	94,342	75,000	41,726	116,726	0.808	
2015	20,819	22,335	43,154	70,000	38,736	108,736	0.397	
2014	21,307	22,180	43,487	70,000	45,223	115,223	0.377	
2013	20,984	24,024	45,008	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	

Fiscal Year	G.O. Revenue Bonds							Coverage
	Operating Revenue (1)	Operating Expenses (2)	Net Revenue	Debt Service		Total		
				Principal (3)	Interest			
2019	\$ 3,494,127	\$ 1,376,831	\$ 2,117,296	\$ 1,331,000	\$ 444,384	\$ 1,775,384	119.258 %	
2018	3,557,284	1,355,133	2,202,151	1,124,000	456,355	1,580,355	139.345	
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	17,297,000	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	

- (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
2019	7,868	\$ 295,640,100	\$ 37,575	3.1 %
2018	7,541	280,074,920	37,140	3.1
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

(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

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City of St. Francis, Minnesota  
Statistical Section (Unaudited)  
Principal Employers  
Current Year and Ten Years Ago

**Table 15**

Employer	2019			2010		
	Employees	Rank	Percent of City Employment	Employees	Rank	Percent of City Employment
Independent School District #15 (includes Bus Garage)	832	1	52.00 %	455	1	29.88 %
County Market	93	2	5.81	90	2	5.91
City of St. Francis	64	3	4.00	36	5	2.36
Commercial Drywall, Inc.	60	4	4			-
McDonald's	58	5	3.63	58	3	3.81
Temperature Specialists, Inc.	50	6	3.13	33	7	2.17
Rum River Inn	30	7	2			-
The Ponds Golf Course & Restraunt	29	8	1.81	48	4	3.15
Northland Screw Products	28	9	1.75	30	8	1.97
Beef O' Bradys	25	10	1.56	35	6	2.30
Kid's Country	-		-	27	9	1.77
ISD #15 Bus Garage	-		-	12	10	0.79
<b>Total</b>	<b>1,269</b>		<b>79.32 %</b>	<b>824</b>		<b>54.11 %</b>

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

**Table 16**

Function	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government	8	8	8	8	6	6	6	5	5	5
Public Safety										
Police	14	14	14	14	14	13	12	12	12	12
Public Works	3	3	3	3	2	2	3	3	3	3
Culture and Recreation	2	2	2	2	2	2	2	3	3	3
Water	3	3	3	2	2	2	2	2	2	2
Sewer	2	2	2	2	2	2	2	2	2	2
Municipal Liquor Store	2	2	2	2	4	4	4	4	4	4
<b>Total</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>33</b>	<b>32</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>

Source: various city departments

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

**Table 17**

Function	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>General Government</b>										
Ordinances and resolutions adopted	52	58	60	52	82	56	54	66	61	54
Administration - Licenses processed	30	27	34	30	30	30	29	34	41	34
Finance - Payroll checks issued	1,396	1,333	1,237	1,274	1,275	1,153	1,230	1,245	1,259	1,240
Finance - Invoices paid	3,081	3,354	3,080	3,100	3,010	3,048	5,304	3,276	3,262	3,371
<b>Police</b>										
Chargeable offenses (Parts 1 & 2)	325	325	335	611	602	780	700	997	735	857
Miscellaneous offenses (Parts 3 & 4)	828	813	522	3,140	4,309	4,372	4,290	4,378	4,124	4,297
Public safety calls for service	3,962	3,663	3,912	3,751	4,911	5,152	4,990	5,375	4,859	5,154
Traffic citations issued	4,790	4,476	4,434	368	432	698	640	899	695	723
<b>Fire</b>										
Number of calls answered	484	377	323	251	254	328	368	415	393	397
<b>Code Enforcement</b>										
Building permits issued	621	487	374	318	333	279	303	428	305	232
<b>Highways and Streets</b>										
Asphalt streets maintained	36	36	36	36	36	36	36	36	36	36
Gravel maintenance (miles)	11	11	11	11	11	11	12	12	12	12
Gravel usage (Tons)	-	-	-	1,778	62	199	872	4,200	-	3,600
Sand/salt usage (tons)	350	441	366	371	210	357	189	223	211	233
<b>Water</b>										
Water pumped (million gallons)	172	185	168	177	173	175	188	195	174	187
Water main breaks repaired	-	-	-	1	1	-	-	1	-	1
<b>Wastewater</b>										
Gallons of wastewater treated (millions)	121	116	120	130	113	125	119	116	132	102
Miles of sewer mains cleaned	5	5	5	3	1	1	3	4	3	3

Sources: Various government departments.

City of St. Francis, Minnesota  
 Statistical Section (Unaudited)  
 Miscellaneous Statistics  
 December 31, 2019

**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	4,338
Number of votes cast last election	2,840
Percentage of registered voters voting	65.47%

Sources: Various government departments.



City of St. Francis, Minnesota  
Capital Asset Statistics by Function  
Last Ten Fiscal Years

**Table 19**

Function	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	7	7	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	270	270	259	259	252	234	201	
Traffic signals	0	0	0	0	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	4,380	4,380	4,380	4,380	4,380	4,380	4,380	4,380	4,475	4,475
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	1,950,000
Sewer										
Miles of sanitary sewer	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6
Lift stations	12	12	12	12	12	12	12	12	12	12
Maximum daily treatment capacity (gallons)	814,000	814,000	814,000	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	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.