City of
St. Francis
Minnesota

Comprehensive Annual Financial Report

for the year ended December 31, 2015

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CITY OF ST. FRANCIS, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

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
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INTRODUCTORY SECTION

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2015

City of St. Francis

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

April 27, 2016

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, 2015, 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, 2015. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the City

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

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

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

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

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

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

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

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

Local Economy

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

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

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

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

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

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

Long-term Financial Planning

Unreserved fund balance in the general fund (70% of total general fund expenditures) meets the state auditor recommended guidelines of 35%-50%. The goal of the City Council is to establish an unreserved fund balance in the General Fund that is equivalent to forty percent (40%) of general fund expenditures. The 2016 budget reflects current policy and is keeping the fund balance to 63.3% of expenditures.

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

Relevant Financial Policies

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

Major Initiatives for the Year

Major projects during 2015 included:
The start of construction on a $24,000,000 Wastewater Treatment Plant.

Building permits for the year included 28 new homes and 289 addition/alteration building permits for the year at a value of $7,508,188.

The City continued to conduct its semi-annual spring cleanup days in the spring and the fall.

The City held its annual Pioneer Days celebration in June.

Major Initiatives for the Future

2016 will see the County/City Bridge Street Corridor Project start. This project replaces two intersections with roundabouts and improve traffic flow. The city will also be replacing sewer lines along this road construction work. This project has qualified for partial federal funding.

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Francis for its comprehensive annual financial report for the year ended December 31, 2014. This was the 4th 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, 2015. It was the 6th consecutive year the City has received the award for the document.

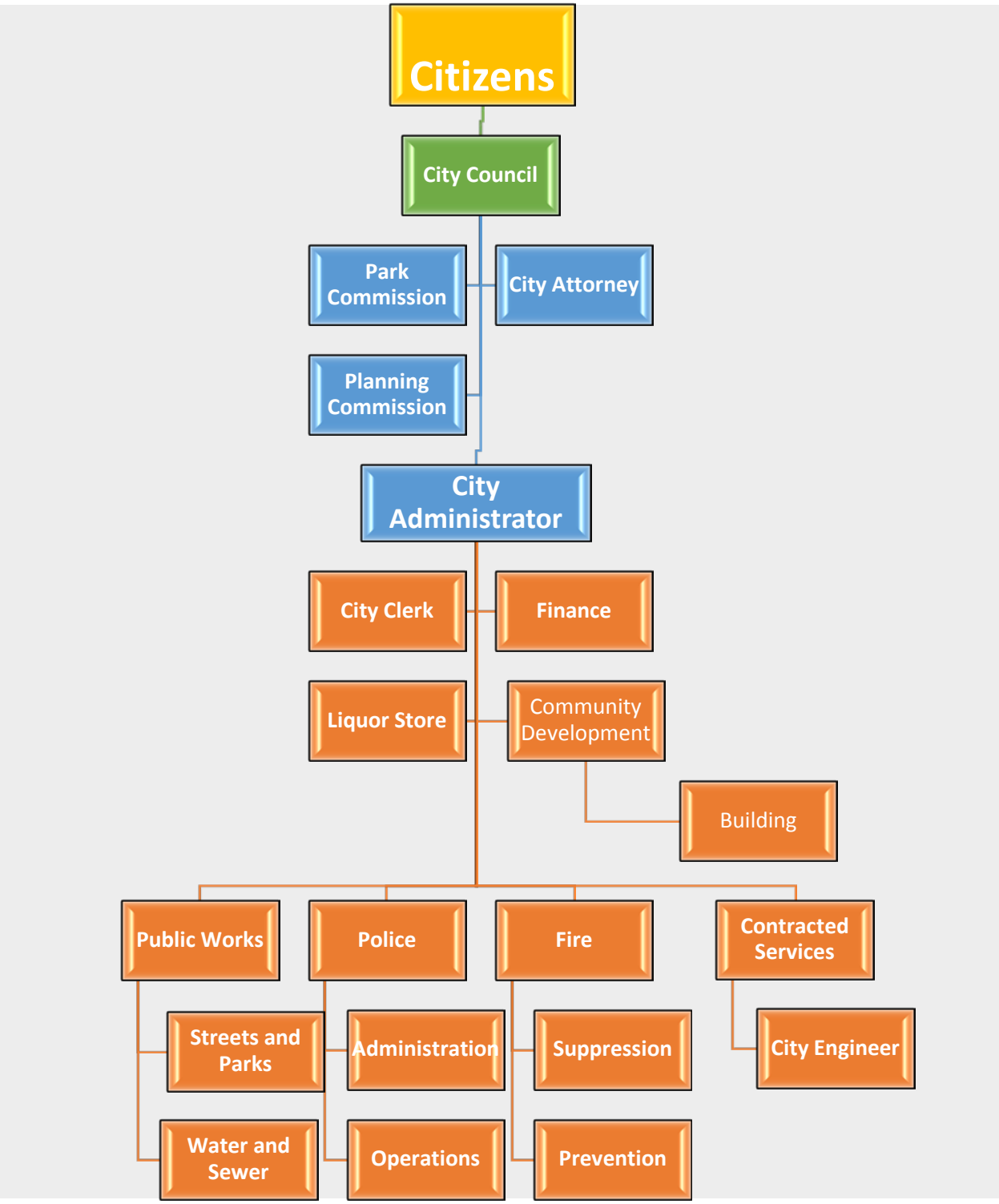
The preparation of this report would not have been possible without the efficient and dedicated service of the entire finance staff and cooperation of all city departments. We wish to express our appreciation to all city staff for their dedicated service and high level of professionalism. Credit also 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, 2015

ELECTED

Name	Title	Term Expires
Steve Kane	Mayor	12/31/2016
Tim Brown	Council Member	12/31/2016
Richard Skordahl	Council Member	11/17/2018
Richard Orpen	Council Member	12/31/2016
Chris McClish	Council Member	12/31/2018

APPOINTED

Name	Title
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, 2014

Executive Director/CEO

FINANCIAL SECTION

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2015

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ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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, 2015, 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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Edina, MN 55436
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Other Matters

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. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68,* for the year ended December 31, 2015. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 19 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios starting on page 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
April 27, 2016

People + Process.
Going Beyond the Numbers

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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, 2015.

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 $23,965,234 (net position). Of this amount, $7,576,130 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. The beginning unrestricted net position was decreased by $1,680,913 due to the recognition of GASB Statement No. 68.

- The City's total net position increased $493,332. Of the total, governmental activities increased $61,838 and business-type activities increased $431,494.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $4,338,217, an increase of $319,048 in comparison with the prior year. Approximately 48 percent of this total amount, $2,092,114 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 $2,755,704, or 74 percent of total 2015 General fund expenditures.

- The City's total debt increased $17,792,133 during the current fiscal year. Temporary bonds in the amount of $16,215,000 were issued during the year for the wastewater treatment facility accounting for the majority of the increase. Pension liability was also added to long term debt in 2015 with the implementation of GASB 68, which increased long-term liabilities by $1,952,473. Pension liability relates to public employee retirement and is not expected to impact future expenditures.

Overview of the Financial Statements

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

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

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

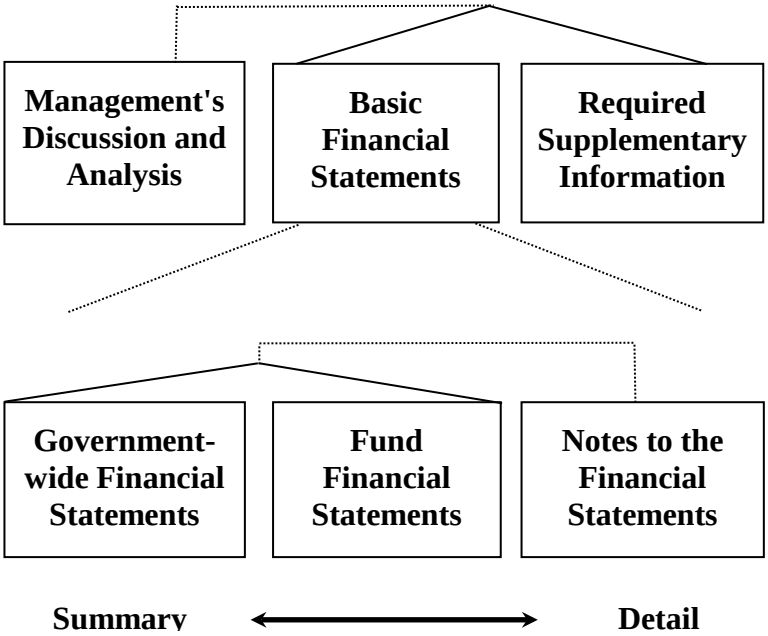


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

		Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statements of Net Position • Statements of Revenues, Expenses and Changes in Fund Net Position • Statements of Cash Flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works (streets and highways), culture and recreation, community development, miscellaneous and interest on long-term debt. The business-type activities of the City include water, sewer, and a municipal liquor store.

The government-wide financial statements start on page 31 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 sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund and Debt Service funds, which are considered to be major funds. Data from the other twelve 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 36 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 42 of this report.

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

The basic fiduciary fund financial statements can be found on page 48 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 49 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 84 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by $23,965,234 at the close of the most recent fiscal year.

The largest portion of the City's net position (64 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		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Assets						
Current and other assets	$ 6,240,507	$ 5,637,306	$ 603,201	$ 17,082,703	$ 8,220,350	$ 8,862,353
Capital assets	14,805,282	15,017,426	(212,144)	29,125,524	21,060,440	8,065,084
Total assets	21,045,789	20,654,732	391,057	46,208,227	29,280,790	16,927,437
Deferred outflows of resources						
Deferred pension resources	432,879	-	432,879	40,523	-	40,523
Liabilities						
Noncurrent liabilities outstanding	10,860,940	9,257,011	1,603,929	30,628,137	14,439,933	16,188,204
Other liabilities	613,171	557,433	55,738	1,153,201	528,330	624,871
Total liabilities	11,474,111	9,814,444	1,659,667	31,781,338	14,968,263	16,813,075
Deferred inflows of resources						
Deferred pension resources	449,275	-	449,275	57,460	-	57,460
Net position						
Net investment in capital assets	6,344,949	6,471,404	(126,455)	9,103,334	8,824,440	278,894
Restricted	940,821	997,745	(56,924)	-	-	-
Unrestricted	2,269,512	3,371,139	(1,101,627)	5,306,618	5,488,087	(181,469)
Total net position	$ 9,555,282	$ 10,840,288	$ (1,285,006)	$ 14,409,952	$ 14,312,527	$ 97,425

An additional portion of the City's net position ($940,821) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* ($7,576,130) 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.

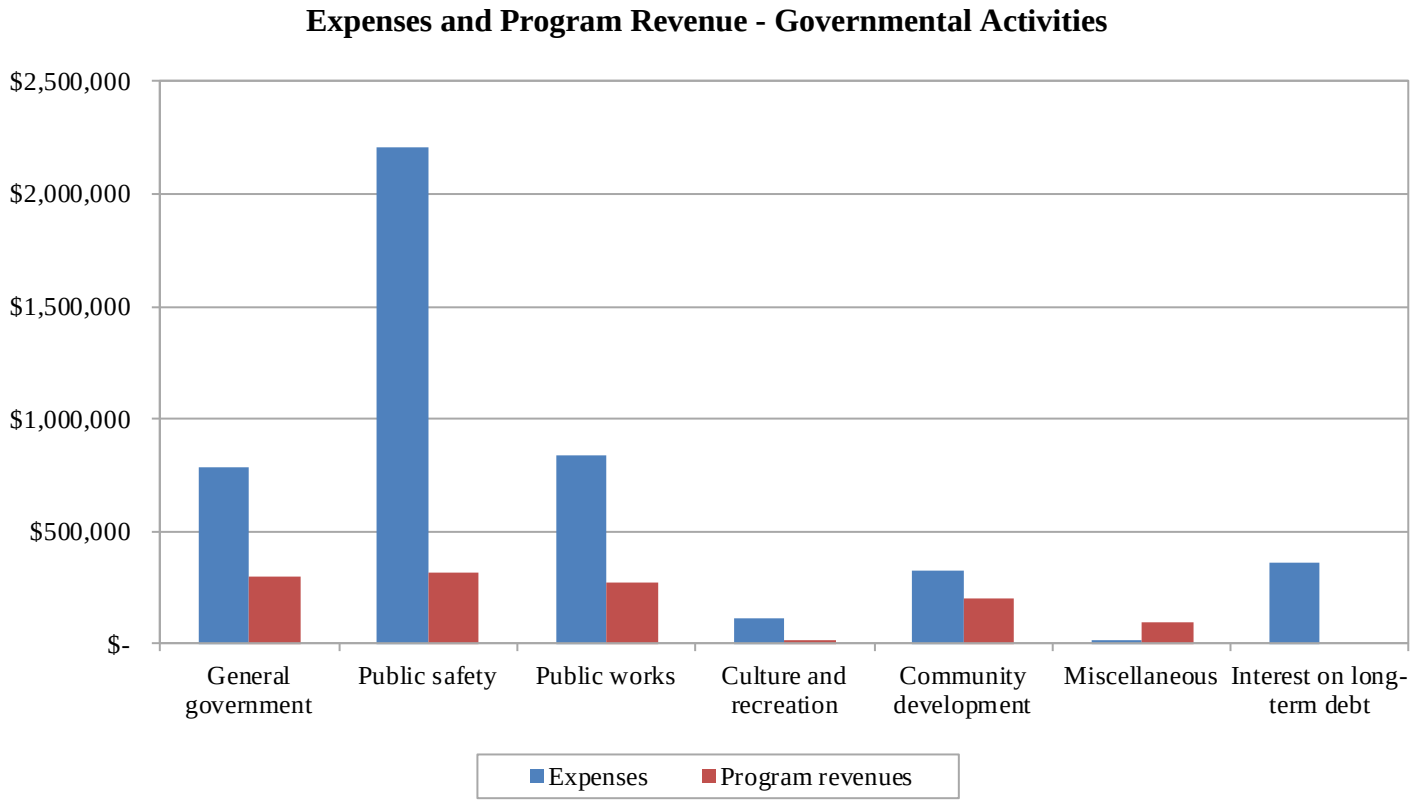
Governmental activities. Governmental activities increased the City's net position by $61,838. Key elements of the changes are as follows:

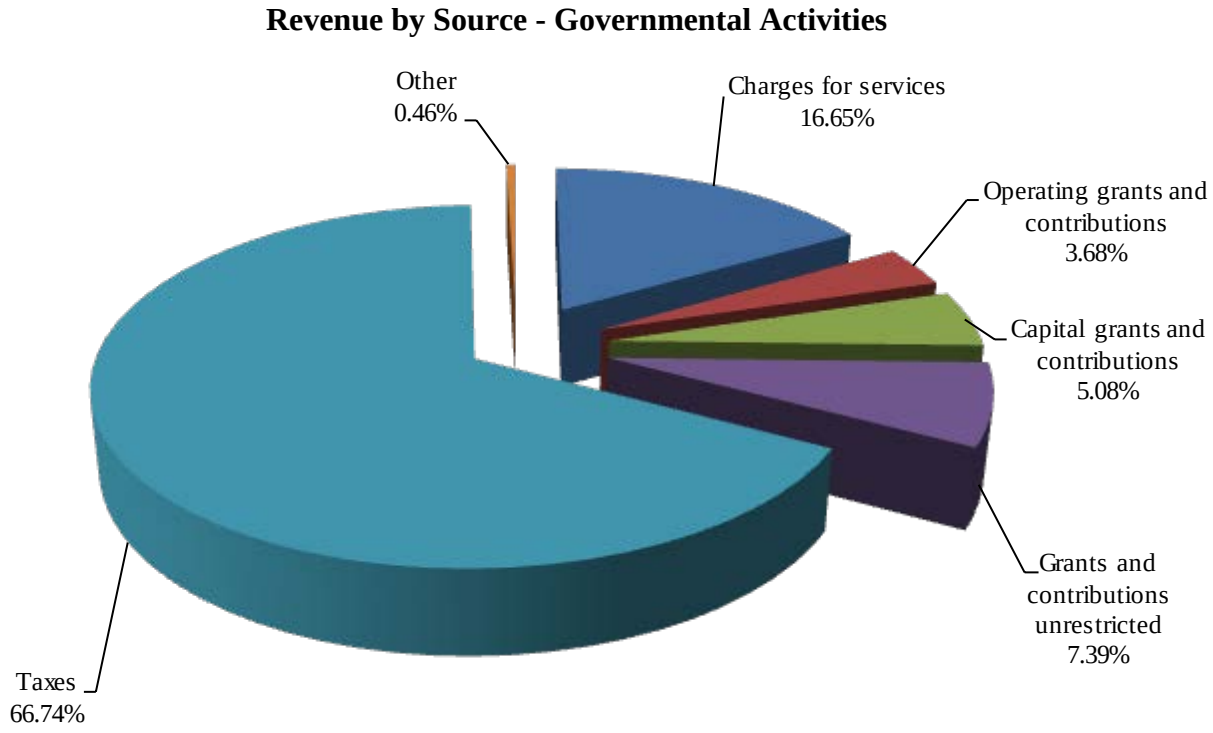
City of St. Francis's Changes in Net Position

	Governmental Activities			Business-type Activities		
	* 2015	2014	Increase (Decrease)	* 2015	2014	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	$ 795,834	$ 751,291	$ 44,543	$ 4,350,207	$ 4,174,833	$ 175,374
Operating grants and contributions	175,915	180,133	(4,218)	-	-	-
Capital grants and contributions	242,557	382,286	(139,729)	186,264	108,000	78,264
General revenues						
Taxes						
Property taxes	3,175,224	3,017,872	157,352	-	-	-
Tax increment	14,393	14,260	133	-	-	-
Grants and contributions not restricted to specific programs	353,353	318,445	34,908	-	-	-
Unrestricted investment earnings	21,200	34,894	(13,694)	40,832	69,413	(28,581)
Gain on sale of capital assets	963	4,521	(3,558)	-	-	-
Total revenues	4,779,439	4,703,702	75,737	4,577,303	4,352,246	225,057
Expenses						
General government	789,269	869,752	(80,483)	-	-	-
Public safety	2,207,108	1,787,394	419,714	-	-	-
Public works	839,512	1,189,614	(350,102)	-	-	-
Culture and recreation	118,667	371,104	(252,437)	-	-	-
Community development	324,235	242,227	82,008	-	-	-
Miscellaneous	21,335	16,157	5,178	-	-	
Interest on long-term debt	359,316	365,306	(5,990)	-	-	-
Water	-	-	-	1,167,893	1,121,532	46,361
Sewer	-	-	-	1,049,262	941,358	107,904
Liquor store	-	-	-	1,986,813	1,948,432	38,381
Total expenses	4,659,442	4,841,554	(182,112)	4,203,968	4,011,322	192,646
Increase (decrease) in net position before transfers and contributions	119,997	(137,852)	257,849	373,335	340,924	32,411
Capital contributions from other funds	(323,039)	-	(323,039)	323,039	-	323,039
Transfers (net)	264,880	1,075,036	(810,156)	(264,880)	(1,075,036)	810,156
Change in net position	61,838	937,184	(875,346)	431,494	(734,112)	1,165,606
Net position, January 1	9,493,444	9,903,104	(409,660)	13,978,458	15,046,639	(1,068,181)
Net position, December 31	$ 9,555,282	$ 10,840,288	$ (1,285,006)	$ 14,409,952	$ 14,312,527	$ 97,425

* GASB Statement No. 68 was implemented for the year ended December 31, 2015 and required a $1,346,844 and $334,069 restatement of beginning governmental and enterprise net position, respectively. Prior year amounts were not restated causing a variance in ending net position at December 31, 2014 and beginning net position on January 1, 2015. See note 7.

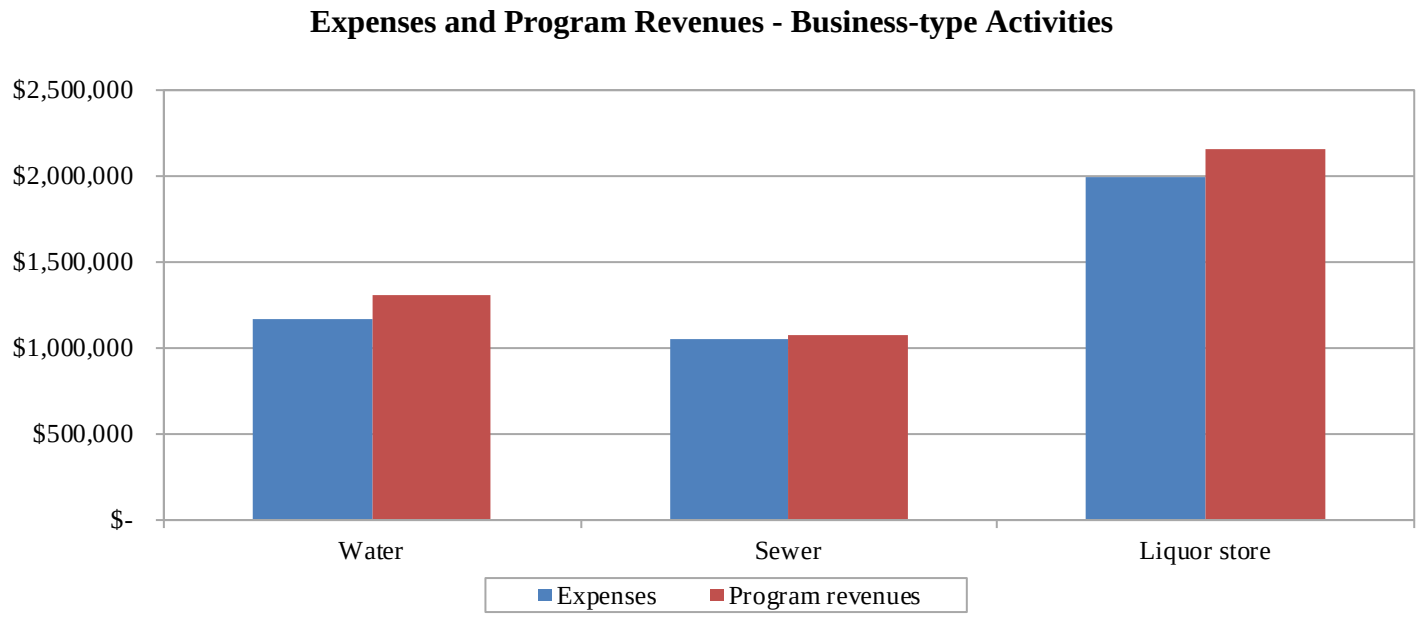
The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

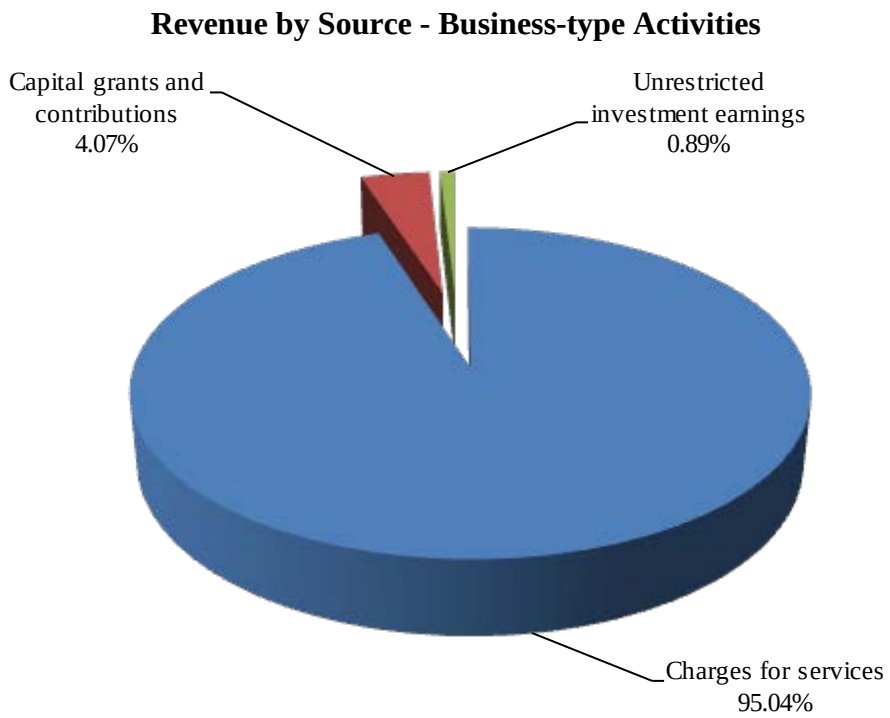




Business-type activities. Business-type activities increased the City's net position by $431,494. A key element of this increase is as follows:

- Governmental activities contributed assets of $323,039 during the year to the water and sewer funds.





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 $4,338,217. Approximately 48 percent of this total amount, $2,092,114, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The City also has nonspendable balance of $8,580, restricted balance of $1,450,454 and assigned balance of $787,069.

Major Fund	Fund Balances December 31, 2014	Fund Balances December 31, 2015	Increase (Decrease)
General	$ 2,589,057	$ 2,764,284	$ 175,227

The fund balance of the General fund increased $175,227. The primary reason for the increase was the result of charges for service revenue $52,179 over budget and total revenues over budget $155,300.

Debt Service Funds	$ 1,267,393	$ 1,215,465	$ (51,928)

The Debt Service funds has a total fund balance of $1,215,465, all of which is restricted for debt service. The fund balance decreased $51,928 during the current year mainly due to regularly scheduled debt service principal and interest payments exceeding tax levy and assessment collections.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to $5,306,618. The change in net position for the funds was an increase of $431,494. 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 $175,227. Actual revenues were $155,301 over budget due to a positive budget variance all categories with the largest variance in charges for services of $52,179. Expenditures in total were under budget by $362,251. The largest positive expenditure variances were in public works and public safety of $283,386 and $77,893, respectively.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2015, amounts to $43,930,806 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- Expenses for the Wastewater Treatment facility
- Expenses for Aztec Street improvements, Kerry and 232nd Street improvements, and Rum River Bluffs street improvements.
- Expenses for Acquisition of two new squad cars
- Acquisition of a new fire truck
- 2015 Bobcat
- Traffic sign
- Liquor store point of sale system

Additional information on the City's capital assets can be found in Note 3B starting on page 61 of this report.

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

	Governmental Activities			Business-type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Land	$ 1,427,736	$ 1,427,736	$ -	$ 2,359,187	$ 2,359,187	$ -
Construction in progress	33,503	843,486	(809,983)	8,829,191	408,431	8,420,760
Land improvements	78,459	87,198	(8,739)	-	-	-
Buildings	7,890,860	8,109,701	(218,841)	11,847,328	12,237,755	(390,427)
Infrastructure	4,316,264	3,742,260	574,004	5,955,123	5,901,077	54,046
Machinery and equipment	1,058,460	807,045	251,415	134,695	153,990	(19,295)
Total	$ 14,805,282	$ 15,017,426	$ (212,144)	$ 29,125,524	$ 21,060,440	$ 8,065,084

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $39,323,000. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City. Other

City of St. Francis' Outstanding Debt

	Governmental Activities			Business-type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
General obligation revenue bonds	$ 9,055,000	$ 9,090,000	$ (35,000)	$ 30,268,000	$ 14,406,000	$ 15,862,000
Capital Leases	-	16,022	(16,022)	-	-	-
Pension liability	1,628,435	-	1,628,435	324,038	-	324,038
Compensated absences payable	177,505	150,989	26,516	36,099	33,933	2,166
Total	$ 10,860,940	$ 9,257,011	$ 1,603,929	$ 30,628,137	$ 14,439,933	$ 16,188,204

The City's total debt increased $17,792,133 during the current fiscal year. The decrease in outstanding debt can be attributed the payment of scheduled principal and interest amounts. Temporary bonds in the amount of $16,215,000 were issued during the year for the wastewater treatment facility accounting for the majority of the increase. Pension liability was also added to long term debt in 2015 with the implementation of GASB 68, which increased long-term liabilities by $1,952,473. Pension liability relates to public employee retirement and is not expected to impact future expenditures.

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

Additional information on the City's long-term debt can be found in Note 3E starting on page 64 of this report.

Economic Factors and Next Year's Budgets and Rates

The City is anticipating building activity to increase again as there were 28 new home permits pulled in 2015 and 15 new home permits pulled in 2014.

Construction on a new Wastewater Treatment Plan began in 2015 with completion expected at the end of 2016 or early 2017. Cost is estimated at $24,000,000. The City is applying to the Minnesota Public Facility Authority for a low interest loan for this construction. User fees were adjusted in 2015 and 2016 to pay for the debt service on this construction.

Work will begin in 2016 on the County/City Bridge Street Project. This project will install two roundabout intersection within the City along with replacing wastewater lines within the project area.

The City's Adopted 2016 Budget includes a property tax levy of $3,244,573 or 2.0 percent increase over the 2015 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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2015

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CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and temporary investments	$ 4,227,382	$ 13,597,497	$ 17,824,879
Cash held with fiscal agent	531,866	2,045,764	2,577,630
Restricted cash	551,795	-	551,795
Receivables			
Accrued interest	6,032	11,594	17,626
Delinquent taxes	57,766	-	57,766
Accounts, net of allowance for uncollectibles	12,604	322,221	334,825
Special assessments	1,002,769	162,081	1,164,850
Due from other governments	118,931	50,116	169,047
Internal balances	(653,005)	653,005	-
Inventories	8,580	240,425	249,005
Pension assets	375,787	-	375,787
Capital assets			
Land and construction in progress	1,461,239	11,188,378	12,649,617
Depreciable assets (net of accumulated depreciation)	13,344,043	17,937,146	31,281,189
TOTAL ASSETS	21,045,789	46,208,227	67,254,016
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension resources	432,879	40,523	473,402
LIABILITIES			
Accounts payable	81,139	171,003	252,142
Contracts payable	13,624	772,007	785,631
Accrued salaries payable	47,414	6,593	54,007
Due to other governments	2,219	19,534	21,753
Accrued interest payable	147,203	184,064	331,267
Deposits payable	1,300	-	1,300
Unearned revenue	320,272	-	320,272
Noncurrent liabilities			
Due within one year	416,073	17,320,288	17,736,361
Due in more than one year	10,444,867	13,307,849	23,752,716
TOTAL LIABILITIES	11,474,111	31,781,338	43,255,449
DEFERRED INFLOWS OF RESOURCES			
Deferred pension resources	449,275	57,460	506,735
NET POSITION			
Net investment in capital assets	6,344,949	9,103,334	15,448,283
Restricted for			
Debt service	740,499	-	740,499
Park improvements	109,838	-	109,838
Police expenses	34,508	-	34,508
Turtle ridge project	21,259	-	21,259
Capital purchases	34,717	-	34,717
Unrestricted	2,269,512	5,306,618	7,576,130
TOTAL NET POSITION	$ 9,555,282	$ 14,409,952	$ 23,965,234

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, 2015

		Program Revenue		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	$ 789,269	$ 304,092	$ -	$ -
Public safety	2,207,108	181,458	136,129	-
Public works	839,512	3,689	39,341	230,057
Culture and recreation	118,667	1,590	445	12,500
Community development	324,235	205,289	-	-
Miscellaneous	21,335	99,716	-	-
Interest on long-term debt	359,316	-	-	-
Total governmental activities	4,659,442	795,834	175,915	242,557
Business-type activities				
Water	1,167,893	1,193,195	-	114,360
Sewer	1,049,262	999,664	-	71,904
Liquor store	1,986,813	2,157,348	-	-
Total business-type activities	4,203,968	4,350,207	-	186,264
Total	$ 8,863,410	$ 5,146,041	$ 175,915	$ 428,821

General revenues
Taxes
Property taxes, levied for general purposes
Property taxes, levied for debt service
Tax increments
State grants and contributions not restricted to specific programs
Unrestricted investment earnings
Gain on sale of capital assets
Transfers - capital assets
Transfers

Total general revenues and transfers

Change in net position

Net position, January 1 as restated (Note 7)

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
$ (485,177)	$ -	$ (485,177)
(1,889,521)	-	(1,889,521)
(566,425)	-	(566,425)
(104,132)	-	(104,132)
(118,946)	-	(118,946)
78,381	-	78,381
(359,316)	-	(359,316)
(3,445,136)	-	(3,445,136)
-	139,662	139,662
-	22,306	22,306
-	170,535	170,535
-	332,503	332,503
(3,445,136)	332,503	(3,112,633)
3,154,405	-	3,154,405
20,819	-	20,819
14,393	-	14,393
353,353	-	353,353
21,200	40,832	62,032
963	-	963
(323,039)	323,039	-
264,880	(264,880)	-
3,506,974	98,991	3,605,965
61,838	431,494	493,332
9,493,444	13,978,458	23,471,902
$ 9,555,282	$ 14,409,952	$ 23,965,234

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FUND FINANCIAL STATEMENTS

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2015

CITY OF ST. FRANCIS, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	101	300's		
	General	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and temporary investments	$ 2,736,676	$ 130,149	$ 1,360,557	$ 4,227,382
Cash held with fiscal agent	-	531,866	-	531,866
Restricted cash	-	551,795	-	551,795
Receivables				
Accrued interest	3,939	859	1,234	6,032
Delinquent taxes	57,380	386	-	57,766
Accounts	11,372	-	1,232	12,604
Special assessments	15,242	231,851	755,676	1,002,769
Due from other governments	103,724	796	14,411	118,931
Inventories	8,580	-	-	8,580
TOTAL ASSETS	$ 2,936,913	$ 1,447,702	$ 2,133,110	$ 6,517,725
LIABILITIES				
Accounts payable	$ 49,074	$ -	$ 32,065	$ 81,139
Contracts payable	-	-	13,624	13,624
Accrued salaries payable	47,414	-	-	47,414
Due to other governments	2,219	-	-	2,219
Deposits payable	1,300	-	-	1,300
Due to other funds	-	-	653,005	653,005
Unearned revenue	-	-	320,272	320,272
TOTAL LIABILITIES	100,007	-	1,018,966	1,118,973
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - taxes	57,380	386	-	57,766
Unavailable revenues - special assessments	15,242	231,851	755,676	1,002,769
TOTAL DEFERRED INFLOWS OF RESOURCES	72,622	232,237	755,676	1,060,535
FUND BALANCES				
Nonspendable	8,580	-	-	8,580
Restricted	-	1,215,465	234,989	1,450,454
Assigned	-	-	787,069	787,069
Unassigned	2,755,704	-	(663,590)	2,092,114
TOTAL FUND BALANCES	2,764,284	1,215,465	358,468	4,338,217
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,936,913	$ 1,447,702	$ 2,133,110	$ 6,517,725

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, 2015

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

Total fund balances - governmental	$ 4,338,217
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	19,339,038
Less: accumulated depreciation	(4,533,756)
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	375,787
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	(9,055,000)
Compensated absences payable	(177,505)
Pension liability	(1,628,435)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pensions resources	432,879
Deferred inflows of pension resources	(449,275)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes receivable	57,766
Special assessments receivable	1,002,769
Governmental funds do not report a liability for accrued interest until due and payable.	(147,203)
Total net position - governmental activities	$ 9,555,282

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, 2015

	101	300's		
	General	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 3,149,389	$ 20,819	$ 14,393	$ 3,184,601
Licenses and permits	126,862	-	-	126,862
Intergovernmental	611,364	-	-	611,364
Charges for services	447,575	-	38,915	486,490
Fines and forfeitures	39,909	-	-	39,909
Special assessments	-	22,335	240,788	263,123
Interest on investments	14,282	(1,231)	8,149	21,200
Miscellaneous	160,643	-	35,189	195,832
TOTAL REVENUES	4,550,024	41,923	337,434	4,929,381
EXPENDITURES				
Current				
General government	731,292	-	-	731,292
Public safety	1,664,498	-	6,473	1,670,971
Public works	525,734	-	-	525,734
Culture and recreation	291,477	-	-	291,477
Community development	309,847	-	13,495	323,342
Miscellaneous	21,335	-	-	21,335
Capital outlay				
General government	10,781	-	-	10,781
Public safety	86,127	-	394,050	480,177
Public works	-	-	274,465	274,465
Culture and recreation	52,820	-	112,323	165,143
Debt service				
Principal	16,022	300,000	-	316,022
Interest and other charges	539	358,731	3,579	362,849
TOTAL EXPENDITURES	3,710,472	658,731	804,385	5,173,588
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	839,552	(616,808)	(466,951)	(244,207)
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	564,880	906,724	1,531,604
Sale of capital assets	33,375	-	-	33,375
Bonds issued	-	-	265,000	265,000
Transfers out	(757,700)	-	(509,024)	(1,266,724)
TOTAL OTHER FINANCING SOURCES (USES)	(664,325)	564,880	662,700	563,255
NET CHANGE IN FUND BALANCES	175,227	(51,928)	195,749	319,048
FUND BALANCES, JANUARY 1	2,589,057	1,267,393	162,719	4,019,169
FUND BALANCES, DECEMBER 31	$ 2,764,284	$ 1,215,465	$ 358,468	$ 4,338,217

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, 2015

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

Total net change in fund balances - governmental funds	$ 319,048
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	799,758
Depreciation expense	(656,451)
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.	(32,412)
Capital assets transferred to enterprise funds are not recorded in the governmental funds.	(323,039)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal repayments	316,022
Debt issued	(265,000)
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.	3,533
Long-term pension activity is not reported in governmental funds.	
Pensions expense	77,800
Certain revenues are recognized as soon as it is earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Special assessments	(121,446)
Property taxes	5,016
Miscellaneous revenue	(34,475)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(26,516)
Change in net position - governmental activities	$ 61,838

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 3,147,200	$ 3,147,200	$ 3,149,389	$ 2,189
Licenses and permits	101,386	101,386	126,862	25,476
Intergovernmental	597,434	597,434	611,364	13,930
Charges for services	395,396	395,396	447,575	52,179
Fines and forfeitures	30,551	30,551	39,909	9,358
Interest on investments	12,000	12,000	14,282	2,282
Miscellaneous	110,756	110,756	160,643	49,887
TOTAL REVENUES	4,394,723	4,394,723	4,550,024	155,301
EXPENDITURES				
Current				
General government	773,350	773,350	731,292	42,058
Public safety	1,742,391	1,742,391	1,664,498	77,893
Public works	809,120	809,120	525,734	283,386
Culture and recreation	314,120	314,120	291,477	22,643
Community development	257,082	257,082	309,847	(52,765)
Miscellaneous	15,319	15,319	21,335	(6,016)
Capital outlay				
General government	8,000	8,000	10,781	(2,781)
Public safety	84,400	84,400	86,127	(1,727)
Culture and recreation	52,900	52,900	52,820	80
Debt service				
Principal	15,502	15,502	16,022	(520)
Interest and other charges	539	539	539	-
TOTAL EXPENDITURES	4,072,723	4,072,723	3,710,472	362,251
EXCESS OF REVENUES OVER EXPENDITURES	322,000	322,000	839,552	517,552
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	60,000	60,000	-
Sale of capital assets	28,000	28,000	33,375	5,375
Transfers out	(410,000)	(410,000)	(757,700)	(347,700)
TOTAL OTHER FINANCING SOURCES (USES)	(322,000)	(322,000)	(664,325)	(342,325)
NET CHANGE IN FUND BALANCES	-	-	175,227	175,227
FUND BALANCES, JANUARY 1	2,589,057	2,589,057	2,589,057	-
FUND BALANCES, DECEMBER 31	$ 2,589,057	$ 2,589,057	$ 2,764,284	$ 175,227

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, 2015

	Business-type Activities - Enterprise Funds			
	601 Water	**602** Sewer	**609** Liquor Store	Totals
ASSETS				
CURRENT ASSETS				
Cash and temporary investments	$ 1,476,392	$ 10,490,555	$ 1,630,550	$ 13,597,497
Cash held with fiscal agent	920,594	1,125,170	-	2,045,764
Receivables				
Accrued interest	2,729	6,761	2,104	11,594
Accounts, net of allowance for uncollectibles	162,074	138,558	21,589	322,221
Special assessments	31,809	86,548	-	118,357
Due from other governments	47,402	2,714	-	50,116
Due from other funds	653,005	-	-	653,005
Inventory	-	-	240,425	240,425
TOTAL CURRENT ASSETS	3,294,005	11,850,306	1,894,668	17,038,979
NONCURRENT ASSETS				
Special assessments	16,433	27,291	-	43,724
Capital assets				
Land	18,115	2,337,838	3,234	2,359,187
Construction in progress	-	8,829,191	-	8,829,191
Buildings	8,994,235	7,256,415	608,660	16,859,310
Machinery and equipment	159,733	159,267	180,474	499,474
Infrastructure	5,118,548	3,192,605	-	8,311,153
Less accumulated depreciation	(3,229,878)	(4,008,314)	(494,599)	(7,732,791)
NET CAPITAL ASSETS	11,060,753	17,767,002	297,769	29,125,524
TOTAL NONCURRENT ASSETS	11,077,186	17,794,293	297,769	29,169,248
TOTAL ASSETS	14,371,191	29,644,599	2,192,437	46,208,227
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension resources	11,549	10,925	18,049	40,523

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, 2015

	Business-type Activities - Enterprise Funds			
	601 Water	**602** Sewer	**609** Liquor Store	Totals
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	$ 15,498	$ 102,555	$ 52,950	$ 171,003
Contracts payable	1,000	771,007	-	772,007
Accrued salaries payable	1,760	1,760	3,073	6,593
Due to other governments	451	-	19,083	19,534
Accrued interest payable	103,819	80,245	-	184,064
Compensated absences payable - current	4,899	4,899	13,490	23,288
Bonds payable - current	639,750	16,657,250	-	17,297,000
TOTAL CURRENT LIABILITIES	767,177	17,617,716	88,596	18,473,489
NONCURRENT LIABILITIES				
Compensated absences payable	4,618	4,618	3,575	12,811
Pension liability	92,348	87,359	144,331	324,038
Bonds payable	8,561,250	4,409,750	-	12,971,000
TOTAL NONCURRENT LIABILITIES	8,658,216	4,501,727	147,906	13,307,849
TOTAL LIABILITIES	9,425,393	22,119,443	236,502	31,781,338
DEFERRED INFLOWS OF RESOURCES				
Deferred pension resources	16,375	15,492	25,593	57,460
NET POSITION				
Net investment in capital assets	2,836,253	5,969,312	297,769	9,103,334
Unrestricted	2,104,719	1,551,277	1,650,622	5,306,618
TOTAL NET POSITION	$ 4,940,972	$ 7,520,589	$ 1,948,391	$ 14,409,952

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, 2015

	Business-type Activities - Enterprise Funds			
	601 Water	**602** Sewer	**609** Liquor Store	Totals
OPERATING REVENUES				
Sales	$ -	$ -	$ 2,157,141	$ 2,157,141
Cost of sales	-	-	(1,590,553)	(1,590,553)
GROSS PROFIT	-	-	566,588	566,588
Charges for services	1,185,841	991,906	-	2,177,747
TOTAL OPERATING REVENUES	1,185,841	991,906	566,588	2,744,335
OPERATING EXPENSES				
Personal services	168,389	158,898	216,770	544,057
Supplies	125,301	24,440	4,491	154,232
Professional services	105,076	160,557	92,776	358,409
Communications	5,732	3,342	4,169	13,243
Insurance	15,000	12,409	15,566	42,975
Utilities	83,310	105,319	17,116	205,745
Repairs and maintenance	71,148	57,844	3,855	132,847
Depreciation	329,234	326,298	33,859	689,391
Other	9,339	14,091	7,658	31,088
TOTAL OPERATING EXPENSES	912,529	863,198	396,260	2,171,987
OPERATING INCOME	273,312	128,708	170,328	572,348
NONOPERATING REVENUES (EXPENSES)				
Interest income	16,143	12,422	12,267	40,832
Miscellaneous	7,354	7,758	207	15,319
Bond issuance costs	-	(28,742)	-	(28,742)
Interest expense	(255,364)	(157,322)	-	(412,686)
TOTAL NONOPERATING REVENUES (EXPENSES)	(231,867)	(165,884)	12,474	(385,277)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	41,445	(37,176)	182,802	187,071
TRANSFERS AND CONTRIBUTIONS				
Capital contributions - connection fees	114,360	71,904	-	186,264
Capital contributions from other funds	111,716	211,323	-	323,039
Transfers out	(101,080)	(103,800)	(60,000)	(264,880)
TOTAL TRANSFERS AND CONTRIBUTIONS	124,996	179,427	(60,000)	244,423
CHANGE IN NET POSITION	166,441	142,251	122,802	431,494
NET POSITION, JANUARY 1 AS RESTATED IN NOTE 7	4,774,531	7,378,338	1,825,589	13,978,458
NET POSITION, DECEMBER 31	$ 4,940,972	$ 7,520,589	$ 1,948,391	$ 14,409,952

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, 2015

	Business-type Activities - Enterprise Funds			
	601 Water	**602** Sewer	**609** Liquor Store	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 1,153,264	$ 954,982	$ 2,156,458	$ 4,264,704
Payments to suppliers	(411,719)	(430,060)	(1,761,359)	(2,603,138)
Payments to employees	(158,414)	(150,595)	(240,805)	(549,814)
NET CASH PROVIDED BY OPERATING ACTIVITIES	583,131	374,327	154,294	1,111,752
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Decrease in due from other funds	186,816	-	-	186,816
Transfers to other funds	(101,080)	(103,800)	(60,000)	(264,880)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	85,736	(103,800)	(60,000)	(78,064)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Connection fees received	114,360	71,904	-	186,264
Special assessments received	-	13,715	-	13,715
Acquisition of capital assets	(2,570)	(7,715,357)	(10,676)	(7,728,603)
Withdrawals from refunding bond escrow agent	18,014	22,018	-	40,032
Payment made to refunding bond escrow agent	(20,581)	(25,154)	-	(45,735)
Proceeds from bonds issued, net	-	16,905,000	-	16,905,000
Issuance costs paid	-	(28,742)	-	(28,742)
Interest paid on bonds	(263,748)	(137,043)	-	(400,791)
Principal paid on bonds	(617,250)	(425,750)	-	(1,043,000)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(771,775)	8,680,591	(10,676)	7,898,140
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	37,756	32,169	12,343	82,268
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(65,152)	8,983,287	95,961	9,014,096
CASH AND CASH EQUIVALENTS, JANUARY 1	1,541,544	1,507,268	1,534,589	4,583,401
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 1,476,392	$ 10,490,555	$ 1,630,550	$ 13,597,497

The note 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, 2015

	Business-type Activities - Enterprise Funds			
	601 Water	**602** Sewer	**609** Liquor Store	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$ 273,312	$ 128,708	$ 170,328	$ 572,348
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	329,234	326,298	33,859	689,391
Other income related to operations	7,354	7,758	207	15,319
(Increase) decrease in assets and deferred outflows of resources				
Receivables				
Accounts	10,448	(42,171)	(890)	(32,613)
Special assessments	(12,393)	132	-	(12,261)
Deferred pension resources	(11,549)	(10,925)	(18,049)	(40,523)
Due from other governments	(37,986)	(2,643)	-	(40,629)
Inventories	-	-	982	982
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable	3,292	(52,058)	(26,473)	(75,239)
Due to other governments	(105)	-	316	211
Accrued salaries payable	(4,210)	(3,896)	(6,723)	(14,829)
Pension liability	6,951	5,224	(22,206)	(10,031)
Deferred pension resources	16,375	15,492	25,593	57,460
Compensated absences payable	2,408	2,408	(2,650)	2,166
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 583,131	$ 374,327	$ 154,294	$ 1,111,752
NONCASH CAPITAL FINANCING AND INVESTING ACTIVITIES				
Decrease in market value of investments	$ 19,987	$ 24,427	$ -	$ 44,414
Capital assets acquired on account	$ -	$ 771,007	$ -	$ 771,007
Capital assets contributed from other funds	$ 111,716	$ 211,323	$ -	$ 323,039

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

CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	Agency
	853
	Escrow
ASSETS	
Cash and temporary investments	$ 179,633
Special assessments receivable	46
TOTAL ASSETS	$ 179,679
LIABILITIES	
Accounts payable	$ 572
Deposits payable	179,107
TOTAL LIABILITIES	$ 179,679

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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

Blended component unit

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

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

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the City is financially accountable.

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Deposits and investments

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

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.

2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.

3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.

4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.

6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.

7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency

Investments for the City are reported at fair value, except brokered certificates of deposit and government agency securities which are reported at amortized cost. Earnings on investments are allocated to the individual funds based upon the average cash and investment balances.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 2015. 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.

The City has outstanding receivables from developers. An allowance for doubtful accounts was set up during the year for the balance of those receivables ($282,530).

Special assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

Interfund receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Inventories

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

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

Deferred outflows of resources

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

Compensated absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation, which is paid to the employee upon separation. A portion of unused sick leave may also be paid upon separation from City service. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate the governmental compensated absences liability.

Postemployment benefits other than pensions

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

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

Pensions

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

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

Deferred inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The 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.

Restricted assets

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

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

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

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

B. Excess of expenditures over appropriations

For the year ended December 31, 2015 expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Charitable Gambling	$ -	$ 9,439	$ 9,439
Park Improvements	-	112,323	112,323
Capital Projects	-	387,278	387,278
Creekview Estates	-	61	61
Ivywood and 230th Lane	-	80	80
Go Bonds 2007A	99,683	108,736	9,053

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

C. Deficit fund equity

The following funds had deficits at December 31, 2015:

Fund	Amount
Nonmajor governmental	
Aztec Street Improvement	$ 227,634
Pederson Drive	33,503
Rum River Bluff's Development	286,784
Creekview Estate Street and Utility Improvement	52,651
Ivywood and 230th Lane	63,018

- The deficit in the Aztec Street Improvement, Creekview Estate Street, Ivywood and 230th Lane, and Pederson Drive funds will be eliminated with future special assessments.

- The deficit in the Rum River Bluff's Development fund will be eliminated with receipts from a developer.

Note 3: DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the government entity.

At year end, the City's carrying amount of deposits was $758,934 and the bank balance was $778,457. 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.

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Cash and investments summary

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

Carrying amount of deposits	$ 758,934
Investments	20,375,003
Total	$ 21,133,937
As reported on the financial statements	
Statement of net position	
Cash and temporary investments	$ 17,824,879
Cash with fiscal agent	2,577,630
Restricted cash	551,795
Fiduciary statement of net position	179,633
Total	$ 21,133,937

Investments

As of December 31, 2015, 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)	Fair Value and Carrying Amount
Non Pooled investments			
Brokered Certificates of Deposit	N/A	less than 6 months	$ 200,110
Brokered Certificates of Deposit	N/A	6 months to 1 year	392,453
Brokered Certificates of Deposit	N/A	1 to 3 years	1,277,925
Brokered Certificates of Deposit	N/A	more than 3 years	870,566
State and Local Government Securities	A1	1 to 3 years	25,398
State and Local Government Securities	A1	more than 3 years	127,028
State and Local Government Securities	AA2	1 to 3 years	219,614
State and Local Government Securities	AA2	more than 3 years	32,022
US Government Securities	AA+	more than 3 years	2,796,276
Pooled investments			
Minnesota Municipal Money Market	N/A	less than 6 months	14,231,180
Broker Money Market	N/A	less than 6 months	202,431
Total investments			$ 20,375,003

(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.

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 52 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.

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

B. Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 1,427,736	$ -	$ -	$ 1,427,736
Construction in progress	843,486	282,723	(1,092,706)	33,503
Total capital assets not being depreciated	2,271,222	282,723	(1,092,706)	1,461,239
Capital assets, being depreciated				
Land improvements	174,771	-	-	174,771
Buildings	8,833,814	6,356	-	8,840,170
Infrastructure	4,738,235	769,667	-	5,507,902
Machinery and equipment	2,988,507	510,679	(144,230)	3,354,956
Total capital assets being depreciated	16,735,327	1,286,702	(144,230)	17,877,799
Less accumulated depreciation for				
Land improvements	(87,573)	(8,739)	-	(96,312)
Buildings	(724,113)	(225,197)	-	(949,310)
Infrastructure	(995,975)	(195,663)	-	(1,191,638)
Machinery and equipment	(2,181,462)	(226,852)	111,818	(2,296,496)
Total accumulated depreciation	(3,989,123)	(656,451)	111,818	(4,533,756)
Total capital assets being depreciated, net	12,746,204	630,251	(32,412)	13,344,043
Governmental activities capital assets, net	$15,017,426	$ 912,974	$ (1,125,118)	$14,805,282

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	$ 2,359,187	$ -	$ -	$ 2,359,187
Construction in progress	408,431	8,420,760	-	8,829,191
Total capital assets not being depreciated	2,767,618	8,420,760	-	11,188,378
Capital assets being depreciated				
Buildings	16,859,310	-	-	16,859,310
Infrastructure	7,988,114	323,039	-	8,311,153
Machinery and equipment	525,929	10,676	(37,131)	499,474
Total capital assets being depreciated	25,373,353	333,715	(37,131)	25,669,937
Less accumulated depreciation for				
Buildings	(4,621,555)	(390,427)	-	(5,011,982)
Infrastructure	(2,087,037)	(268,993)	-	(2,356,030)
Machinery and equipment	(371,939)	(29,971)	37,131	(364,779)
Total accumulated depreciation	(7,080,531)	(689,391)	37,131	(7,732,791)
Total capital assets being depreciated, net	18,292,822	(355,676)	-	17,937,146
Business-type activities capital assets, net	$21,060,440	$ 8,065,084	$ -	$29,125,524

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

Governmental activities	
General government	$ 26,093
Public safety	204,849
Community development	2,482
Public works	320,800
Culture and recreation	102,227
Total depreciation expense - governmental activities	$ 656,451
Business-type activities	
Water	$ 329,234
Sewer	326,298
Liquor store	33,859
Total depreciation expense - business-type activities	$ 689,391

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Construction commitments

The City had the following outstanding construction commitments at December 31, 2015:

Project	Spent to date	Remaining Commitment
Ambassador Trunk Utilities	$ 1,312,073	$ 42,649
Wastewater Treatment Plant	6,916,952	14,915,348
Bridge Street Utilities	347,030	856,581

D. Interfund receivables, payables and transfers

The composition of interfund balances as of December 31, 2015 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Water	Nonmajor governmental funds	To provide cash flows	$ 653,005

The City made transfers during the fiscal year 2015 as shown and described below:

	Transfer in			
Fund	General	Debt Service	Nonmajor Governmental	Total
Transfer out				
General	$ -	$ 360,000	$ 397,700	$ 757,700
Nonmajor governmental	-	-	509,024	509,024
Water	-	101,080	-	101,080
Sewer	-	103,800	-	103,800
Liquor Store	60,000	-	-	60,000
Total	$ 60,000	$ 564,880	$ 906,724	$ 1,531,604

The City made the following unbudgeted transfers during 2015:

- The General fund transferred $360,000 to the EDA Lease Revenue Bond fund (Debt Service) for future debt service payments.
- The General fund transferred $397,700 to nonmajor governmental funds for future capital purchases.
- The Water and Sewer funds each transferred $82,500 to the EDA Lease Revenue Bond fund (Debt Service) for future debt service payments.
- The Water and Sewer funds transferred $18,580 and $21,300, respectively, to the 2007A Improvement Bond fund (Debt Service) for future debt service payments.
- The Liquor fund transferred $60,000 to the General fund for its annual contribution to Pioneer days and for the reimbursement of EDA expenditures.
- The nonmajor governmental funds transferred $509,024 to other nonmajor governmental funds to for future capital purchases.

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

E. Long-term debt

General obligation bonds

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

General obligation improvement bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement and Utility Revenue Bonds, Series 2007A	$ 1,110,000	4.000 - 4.375 %	12/13/07	02/01/23	$ 680,000
G.O. Crossover Refunding Refunding Bonds Series 2013A	560,000	1.000 - 2.000	03/27/13	02/01/23	560,000
G.O. Improvement Bonds Series 2015A	265,000	2.000 - 3.000	10/26/15	02/01/26	265,000
Total General Obligation Bonds					$ 1,505,000

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2016	$ 75,000	$ 40,345	$ 115,345
2017	630,000	27,504	657,504
2018	115,000	13,912	128,912
2019	115,000	12,400	127,400
2020	120,000	10,625	130,625
2021-2025	420,000	22,381	442,381
2026	30,000	450	30,450
Total	$ 1,505,000	$ 127,617	$ 1,632,617

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

General obligation revenue bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water and Sewer Revenue Crossover Refunding Bonds, Series 2006	$ 2,840,000	3.300 - 4.000 %	02/27/06	02/01/16	$ 560,000
G.O. Improvement and Utility Revenue Bonds, Series 2007	3,115,000	4.000 - 4.375	12/13/07	02/01/28	2,310,000
MPFA - Water Revenue Bonds Series 2008	9,013,468	2.563	12/18/07	08/20/27	6,933,000
G.O. Sewer Revenue Bonds, Series 2010A	1,600,000	2.000 - 3.500	09/20/10	02/01/31	1,390,000
G.O. Crossover Refunding Refunding Bonds Series 2013A	560,000	1.000 - 2.300	03/27/13	02/01/23	2,170,000
G.O. Bonds Series 2015A	690,000	2.000 - 3.100	11/01/15	02/01/31	690,000
G.O. Temporary Bonds Series 2015B	560,000	1.000 - 2.300	03/27/13	11/01/16	16,215,000
Total G.O. Revenue Bonds					$30,268,000

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

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2016	$ 17,297,000	$ 538,689	$ 17,835,689
2017	772,000	355,381	1,127,381
2018	981,000	332,762	1,313,762
2019	1,005,000	308,205	1,313,205
2020	1,024,000	282,526	1,306,526
2021-2025	5,613,000	1,099,831	6,712,831
2026-2030	3,396,000	213,146	3,609,146
2031	180,000	3,040	183,040
Total	$ 30,268,000	$ 3,133,580	$ 33,401,580

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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

	Water	Sewer
Net operating revenues	$ 716,906	$ 526,910
Principal and interest	862,538	539,735
Percentage of revenues	120 %	102 %

Lease revenue bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Public Project					
Lease Revenue Bonds	$ 8,200,000	1.0-5.0 %	01/01/12	02/01/37	$ 7,550,000

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2016	$ 235,000	$ 313,510	$ 548,510
2017	240,000	308,045	548,045
2018	245,000	301,980	546,980
2019	250,000	295,295	545,295
2020	260,000	287,895	547,895
2021-2025	1,425,000	1,302,161	2,727,161
2026-2030	1,715,000	989,950	2,704,950
2031-2035	2,155,000	533,769	2,688,769
2036-2037	1,025,000	51,875	1,076,875
Total	$ 7,550,000	$ 4,384,480	$ 11,934,480

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Changes in long-term liabilities

Noncurrent liability activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases		Decreases	Ending Balance	Due Within One Year
Governmental activities						
Bonds payable						
General obligation bonds	$ 1,310,000	$ 265,000		$ (70,000)	$ 1,505,000	$ 75,000
Lease revenue bonds	7,780,000	-		(230,000)	7,550,000	235,000
Other noncurrent debt						
Capital leases payable	16,022	-		(16,022)	-	-
Compensated absences payable	150,989	119,174		(92,658)	177,505	106,073
Pension liability						
GERF	-	648,483	*	(8,572)	639,911	-
PEPFF	-	1,020,521	*	(31,997)	988,524	-
Governmental activity long-term liabilities	$ 9,257,011	$ 384,174		$ (408,680)	$ 10,860,940	$ 416,073
Business-type activities						
Bonds payable						
General obligation revenue bonds	$ 14,406,000	$ 16,905,000		$ (1,043,000)	$ 30,268,000	$ 17,297,000
Compensated absences payable	33,933	19,812		(17,646)	36,099	23,288
Pension liability						
GERF	-	330,944	*	(6,906)	324,038	-
Business-type activity long-term liabilities	$ 14,439,933	$ 16,924,812		$ (1,060,646)	$ 30,628,137	$ 17,320,288

* Includes 1/1/2015 pension liability balance related to GASB Statement No. 68 implementation. See note 7 for further detail.

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

F. Fund balance classification

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

	General	Debt Service	Other Governmental Funds	Total
Nonspendable				
Inventories	$ 8,580	$ -	$ -	$ 8,580
Restricted for				
Debt service	$ -	$ 1,215,465	$ -	$ 1,215,465
Police expenditures	-	-	34,508	34,508
Turtle ridge project	-	-	21,259	21,259
Park improvements	-	-	109,838	109,838
Capital purchases	-	-	34,717	34,717
Capital projects	-	-	34,667	34,667
Total restricted	$ -	$ 1,215,465	$ 234,989	$ 1,450,454
Assigned to				
Capital projects	$ -	$ -	$ 787,069	$ 787,069

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. Plan description

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

General Employees Retirement Fund (GERF)

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

Public Employees Police and Fire Fund (PEPFF)

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

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

B. Benefits provided

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

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

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

GERF benefits

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

PEPFF benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service.

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

C. Contributions

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

GERF contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2015. The City was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2015. The City's contributions to the GERF for the years ending December 31, 2015, 2014 and 2013 were $93,328, $76,631, and $73,521, respectively.

PEPFF contributions

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2015. The City was required to contribute 16.20 percent of pay for PEPFF members in calendar year 2015. The City's contributions to the PEPFF for the years ending December 31, 2015, 2014 and 2013 were $137,113, $116,369, and $102,309, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

D. Pension costs

GERF pension costs

At December 31, 2015, the City reported a liability of $963,949 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014 through June 30, 2015 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was 0.0186 percent which was a decrease of .0009 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of $91,659 for its proportionate share of GERF's pension expense.

At December 31, 2015, the City reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,372	$ 48,600
Changes in actuarial assumptions	59,599	-
Net difference between projected and actual earnings on plan investments	-	85,809
Changes in proportion	-	36,520
Contributions to GERF subsequent to the measurement date	51,576	-
Total	$ 120,547	$ 170,929

Deferred outflows of resources totaling $51,576 related to pensions resulting from the City's contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2016	$ (30,097)
2017	(30,097)
2018	(64,582)
2019	22,818
2020	-
Thereafter	-

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

PEPFF pension costs

At December 31, 2015, the City reported a liability of $988,524 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014 through June 30, 2015 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportionate share was 0.087 percent which is unchanged from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of $105,116 for its proportionate share of PEPFF's pension expense. Legislation passed in 2013 required the State of Minnesota to begin contributing $9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2015, the City reported its proportionate share of PEPFF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 991	$ 160,306
Changes in actuarial assumptions	187,948	-
Net difference between projected and actual earnings on plan investments	-	175,500
Changes in proportion	55,896	-
Contributions to PEPFF subsequent to the measurement date	69,429	-
Total	$ 314,264	$ 335,806

Deferred outflows of resources totaling $69,429 related to pensions resulting from the City's contributions to PEPFF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2016	$ (46,501)
2017	(46,501)
2018	(46,501)
2019	69,412
2020	(20,880)
Thereafter	-

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

E. Actuarial assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

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

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

Actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004 through June 30, 2008, with an update of economic assumptions in 2014. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually.

There were no changes in actuarial assumptions in 2015.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic stocks	45.00 %	5.50 %
International stocks	15.00	6.00
Bonds	18.00	1.45
Alternative assets	20.00	6.40
Cash	2.00	0.50
Total	100.00 %	

F. Discount rate

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

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

G. Pension liability sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (6.90%)	Current (7.90%)	1 Percent Increase (8.90%)
GERF	$ 1,515,670	$ 963,949	$ 508,312
PEPFF	1,926,643	988,524	213,474

H. Pension plan fiduciary net position

Detailed information about each defined benefit pension plan's fiduciary net position is available in a separately-issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or (800) 652-9026.

Note 5: DEFINED BENEFIT PENSION PLAN - FIRE RELIEF ASSOCIATION

A. Plan description

All members of the St. Francis Fire Department are covered by a defined benefit plan administered by the St. Francis Fire Relief Association (the Association). As of December 31, 2014, the plan covered 18 active firefighters and 6 vested terminated firefighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

B. Benefits provided

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

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

C. Contribution

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed $37,251 in fire state aid to the plan on behalf of the St. Francis Fire Department for the year ended December 31, 2014, which was recorded as a revenue. The City's statutorily-required contributions to the plan for the year ended December 31, 2015 were $35,251. The City's contributions were equal to the required contributions as set by state statute.

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

D. Pension costs

At December 31, 2015, the City reported a net pension asset of $375,787 for the plan. The net pension asset was measured as of December 31, 2014. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by Hildi, Inc. applying an actuarial formula to specific census data certified by the Department as of December 31, 2014.

For the year ended December 31, 2015, the Fire Department recognized pension expense of $37,231.

December 31, 2015, the City reported deferred inflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	$ 1,340
Contributions to plan subsequent to the measurement date	37,251
Total	$ 38,591

Deferred outflows of resources totaling $37,251 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016.

2016	$ 336
2017	336
2018	336
2019	332
2020	-
Thereafter	-

E. Actuarial assumptions

The total pension liability at December 31, 2014 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

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

There were no changes in actuarial assumptions in 2014.

The 6.25 percent long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	62.00 %	7.50 %
Fixed income	25.00	5.00
Cash	11.00	2.00
Other	2.00	6.00
Total	100.00 %	

F. Discount rate

The discount rate used to measure the total pension liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension liability (asset) sensitivity

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

	1 Percent Decrease (5.25%)	Current (6.25%)	1 Percent Increase (7.25%)
Defined benefit plan	$ (365,516)	$ (375,787)	$ (385,554)

H. Pension plan fiduciary net position

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

Note 6: OTHER INFORMATION

A. Legal debt margin

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

B. Risk management

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

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

C. Tax increment financing districts

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

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

Note 7: PRIOR PERIOD RESTATEMENT

During fiscal year 2015, the City implemented several new accounting pronouncements issued by the Government Accounting Standards Board (GASB), including Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68,* for the year ended December 31, 2015. These standards required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2014 financial statements. Changes related to these standards are reflected in the financial statements and schedules and related disclosures are included in Note 4.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2014 balances to the December 31, 2015 financial statements:

	December 31, 2015		
Fund	Net Position January 1, 2015 as Previously Reported	Prior Period Restatement (1)	Net Position January 1, 2015 as Restated
Governmental activities	$ 10,840,288	$ (1,346,844)	$ 9,493,444
Business-type activities	$ 14,312,527	$ (334,069)	$ 13,978,458
Business-type activities			
Water	$ 4,859,928	$ (85,397)	$ 4,774,531
Sewer	7,460,473	(82,135)	7,378,338
Liquor Store	1,992,126	(166,537)	1,825,589
Total business-type activities	$ 14,312,527	$ (334,069)	$ 13,978,458

(1) To record beginning net pension liability (asset), deferred inflows of resources and deferred outflow of resources at December 31, 2014.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2015

CITY OF ST. FRANCIS, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/15	0.0186 %	$ 963,949	$ -	$ 963,949	$ 1,077,493	89.5 %	78.2 %

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

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/15	$ 80,812	$ 80,812	$ -	$ 1,077,493	7.5 %

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/15	0.0870 %	$ 988,524	$ -	$ 988,524	$ 775,648	127.4 %	86.6 %

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

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/15	$ 125,655	$ 125,655	$ -	$ 775,648	16.2 %

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

	2015
Total pension liability	
Service cost	$ 16,456
Interest	18,114
Benefit payments, including refunds of employee contributions	(115,925)
Net change in total pension liability	(81,355)
Total pension liability - January 1, 2014	329,087
Total pension liability - December 31, 2014 (a)	$ 247,732
Plan fiduciary net position	
Contributions - employer	35,927
Net investment income	37,617
Benefit payments, including refunds of employee contributions	(115,925)
Administrative expense	(5,584)
Net change in plan fiduciary net position	(47,965)
Plan fiduciary net position - January 1, 2014	671,484
Plan fiduciary net position - December 31, 2014 (b)	$ 623,519
Fire Relief's net pension liability (asset) - December 31, 2014 (a-b)	$ (375,787)
Plan fiduciary net position as a percentage of the total pension liability (b/a)	251.69%
Covered-employee payroll	N/A
Fire Relief's net pension liability (asset) as a percentage of covered-employee payroll	N/A

Benefit changes. In 2015, the benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes of assumptions. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of general employees. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of public safety employees. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2000 Healthy Annuitant Mortality Table for purposes of developing mortality rates.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of employer's Fire Relief Association contributions

Year Ending	Statutorily Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/15	$ 37,251	$ 37,251	$ -
12/31/14	34,750	34,750	-

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2015

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2015

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and temporary investments	$ 62,205	$ 1,298,352	$ 1,360,557
Receivables			
Accrued interest	36	1,198	1,234
Accounts	-	1,232	1,232
Special assessments	-	755,676	755,676
Due from other governments	-	14,411	14,411
TOTAL ASSETS	$ 62,241	$ 2,070,869	$ 2,133,110
LIABILITIES			
Accounts payable	$ 6,474	$ 25,591	$ 32,065
Contracts payable	-	13,624	13,624
Due to other funds	-	653,005	653,005
Unearned revenue	-	320,272	320,272
TOTAL LIABILITIES	6,474	1,012,492	1,018,966
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - special assessments	-	755,676	755,676
FUND BALANCES			
Restricted	55,767	179,222	234,989
Assigned	-	787,069	787,069
Unassigned	-	(663,590)	(663,590)
TOTAL FUND BALANCES	55,767	302,701	358,468
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 62,241	$ 2,070,869	$ 2,133,110

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue	Capital Projects	Total
REVENUES			
Taxes	$ 14,393	$ -	$ 14,393
Charges for services	10,521	28,394	38,915
Special assessments	-	240,788	240,788
Interest on investments	159	7,990	8,149
Miscellaneous	269	34,920	35,189
TOTAL REVENUES	25,342	312,092	337,434
EXPENDITURES			
Current			
Public safety	6,473	-	6,473
Community development	13,495	-	13,495
Capital outlay			
Public safety	-	394,050	394,050
Public works	-	274,465	274,465
Culture and recreation	-	112,323	112,323
Debt service			
Interest and other charges	-	3,579	3,579
TOTAL EXPENDITURES	19,968	784,417	804,385
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,374	(472,325)	(466,951)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	906,724	906,724
Bonds issued	-	265,000	265,000
Transfers out	-	(509,024)	(509,024)
TOTAL OTHER FINANCING SOURCES (USES)	-	662,700	662,700
NET CHANGE IN FUND BALANCES	5,374	190,375	195,749
FUND BALANCES, JANUARY 1	50,393	112,326	162,719
FUND BALANCES, DECEMBER 31	$ 55,767	$ 302,701	$ 358,468

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NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2015

	208 Police Forfeiture	**250** Turtle Ridge TIF	Total
ASSETS			
Cash and temporary investments	$ 34,508	$ 27,697	$ 62,205
Accrued interest receivable	-	36	36
TOTAL ASSETS	$ 34,508	$ 27,733	$ 62,241
LIABILITIES			
Accounts payable	$ -	$ 6,474	$ 6,474
FUND BALANCES			
Restricted for			
Police expenditures	34,508	-	34,508
Turtle ridge project	-	21,259	21,259
TOTAL FUND BALANCES	34,508	21,259	55,767
TOTAL LIABILITIES AND FUND BALANCES	$ 34,508	$ 27,733	$ 62,241

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, 2015

	208 Police Forfeiture	**250** Turtle Ridge TIF	Total
REVENUES			
Tax increments	$ -	$ 14,393	$ 14,393
Charges for services	10,521	-	10,521
Interest on investments	-	159	159
Miscellaneous	269	-	269
TOTAL REVENUES	10,790	14,552	25,342
EXPENDITURES			
Current			
Public safety	6,473	-	6,473
Community development	-	13,495	13,495
TOTAL EXPENDITURES	6,473	13,495	19,968
NET CHANGE IN FUND BALANCES	4,317	1,057	5,374
FUND BALANCES, JANUARY 1	30,191	20,202	50,393
FUND BALANCES, DECEMBER 31	$ 34,508	$ 21,259	$ 55,767

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, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015				2014
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Charges for services	$ -	$ -	$ 10,521	$ 10,521	$ 32,091
Miscellaneous	-	-	269	269	-
TOTAL REVENUES	-	-	10,790	10,790	32,091
EXPENDITURES					
Current					
Public safety	33,296	33,296	6,473	26,823	8,914
NET CHANGE IN FUND BALANCES	(33,296)	(33,296)	4,317	37,613	23,177
FUND BALANCES, JANUARY 1	30,191	30,191	30,191	-	7,014
FUND BALANCES, DECEMBER 31	$ (3,105)	$ (3,105)	$ 34,508	$ 37,613	$ 30,191

CITY OF ST. FRANCIS, MINNESOTA
TAX INCREMENT TURTLE RIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015				2014
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Tax increments	$ 14,500	$ 14,500	$ 14,393	$ (107)	$ 14,260
Interest on investments	150	150	159	9	183
TOTAL REVENUES	14,650	14,650	14,552	(98)	14,443
EXPENDITURES					
Current					
Community development	13,600	13,600	13,495	105	13,380
NET CHANGE IN FUND BALANCES	1,050	1,050	1,057	7	1,063
FUND BALANCES, JANUARY 1	20,202	20,202	20,202	-	19,139
FUND BALANCES, DECEMBER 31	$ 21,252	$ 21,252	$ 21,259	$ 7	$ 20,202

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NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

Fire Truck Replacement - funds set aside for future purchases of vehicles. Resources are currently provided by transfers from other funds.

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

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

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

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

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

Ivywood and 230th Lane - accounts for financial resources used to finance a future street reconstruction project.

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2015

	210	225	402	403
	Charitable Gambling	Park Improvements	Capital Projects	Fire Truck Replacement
ASSETS				
Cash and temporary investments	$ 33,442	$ 113,216	$ 1,106,924	$ -
Receivables				
Accrued interest	43	143	1,012	-
Accounts	1,232	-	-	-
Special assessments	-	-	-	-
Due from other governments		-	-	-
TOTAL ASSETS	$ 34,717	$ 113,359	$ 1,107,936	$ -
LIABILITIES				
Accounts payable	$ -	$ -	$ 595	$ -
Contracts payable	-	3,521	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	320,272	-
TOTAL LIABILITIES	-	3,521	320,867	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - special assessments	-	-	-	-
FUND BALANCES				
Restricted for				
Park improvements	-	109,838	-	-
Capital purchases	34,717	-	-	-
Capital projects	-	-	-	-
Assigned for				
Capital projects	-	-	787,069	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	34,717	109,838	787,069	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 34,717	$ 113,359	$ 1,107,936	$ -

415 Aztec Street Improvements	416 Kerry Street and 232nd	417 Pederson Drive	420 Rum River Bluffs Development	505 Creekview Estate Street and Utility Improvement	507 Ivywood and 230th Lane	Total
$ -	$ 44,770	$ -	$ -	$ -	$ -	$ 1,298,352
-	-	-	-	-	-	1,198
-	-	-	-	-	-	1,232
253,678	-	-	349,352	67,820	84,826	755,676
-	-	-	13,300	1,111	-	14,411
$ 253,678	$ 44,770	$ -	$ 362,652	$ 68,931	$ 84,826	$ 2,070,869
$ 631	$ -	$ 23,395	$ 970	$ -	$ -	$ 25,591
-	10,103	-	-	-	-	13,624
227,003	-	10,108	299,114	53,762	63,018	653,005
-	-	-	-	-	-	320,272
227,634	10,103	33,503	300,084	53,762	63,018	1,012,492
253,678	-	-	349,352	67,820	84,826	755,676
-	-	-	-	-	-	109,838
-	-	-	-	-	-	34,717
-	34,667	-	-	-	-	34,667
-	-	-	-	-	-	787,069
(227,634)	-	(33,503)	(286,784)	(52,651)	(63,018)	(663,590)
(227,634)	34,667	(33,503)	(286,784)	(52,651)	(63,018)	302,701
$ 253,678	$ 44,770	$ -	$ 362,652	$ 68,931	$ 84,826	$ 2,070,869

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, 2015

	210	225	402	403
	Charitable Gambling	Park Improvements	Capital Projects	Fire Truck Replacement
REVENUES				
Charges for services	$ 14,719	$ 13,675	$ -	$ -
Special assessments	-	-	-	-
Interest on investments	263	1,227	4,409	2,091
Miscellaneous	-	34,920	-	-
TOTAL REVENUES	14,982	49,822	4,409	2,091
EXPENDITURES				
Capital outlay				
Public safety	9,439	-	383,892	719
Public works	-	-	3,386	-
Culture and recreation	-	112,323	-	-
Debt service				
Interest and other	-	-	-	-
TOTAL EXPENDITURES	9,439	112,323	387,278	719
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,543	(62,501)	(382,869)	1,372
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	906,724	-
Bonds issued	-	-	-	-
Transfers out	-	-	-	(509,024)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	906,724	(509,024)
NET CHANGE IN FUND BALANCES	5,543	(62,501)	523,855	(507,652)
FUND BALANCES, JANUARY 1	29,174	172,339	263,214	507,652
FUND BALANCES, DECEMBER 31	$ 34,717	$ 109,838	$ 787,069	$ -

415 Aztec Street Improvements	416 Kerry Street and 232nd	417 Pederson Drive	420 Rum River Bluffs Development	505 Creekview Estate Street and Utility Improvement	507 Ivywood and 230th Lane	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 28,394
26,721	-	-	178,504	19,929	15,634	240,788
-	-	-	-	-	-	7,990
-	-	-	-	-	-	34,920
26,721	-	-	178,504	19,929	15,634	312,092
-	-	-	-	-	-	394,050
1,074	226,754	33,503	9,607	61	80	274,465
-	-	-	-	-	-	112,323
-	3,579	-	-	-	-	3,579
1,074	230,333	33,503	9,607	61	80	784,417
25,647	(230,333)	(33,503)	168,897	19,868	15,554	(472,325)
-	-	-	-	-	-	906,724
-	265,000	-	-	-	-	265,000
-	-	-	-	-	-	(509,024)
-	265,000	-	-	-	-	662,700
25,647	34,667	(33,503)	168,897	19,868	15,554	190,375
(253,281)	-	-	(455,681)	(72,519)	(78,572)	112,326
$ (227,634)	$ 34,667	$ (33,503)	$ (286,784)	$ (52,651)	$ (63,018)	$ 302,701

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, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015				2014
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Charges for services	$ 11,000	$ 11,000	$ 14,719	$ 3,719	$ 13,507
Investment earnings	-	-	263	263	181
TOTAL REVENUES	11,000	11,000	14,982	3,982	13,688
EXPENDITURES					
Capital outlay					
Public safety	-	-	9,439	(9,439)	-
NET CHANGE IN FUND BALANCES	11,000	11,000	5,543	(5,457)	13,688
FUND BALANCES, JANUARY 1	29,174	29,174	29,174	-	15,486
FUND BALANCES, DECEMBER 31	$ 40,174	$ 40,174	$ 34,717	$ (5,457)	$ 29,174

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, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015				2014
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Charges for services	$ 1,000	$ 1,000	$ 13,675	$ 12,675	$ 1,485
Interest on investments	1,000	1,000	1,227	227	1,546
Miscellaneous	500	500	34,920	34,420	41,861
TOTAL REVENUES	2,500	2,500	49,822	47,322	44,892
EXPENDITURES					
Capital outlay					
Culture and recreation	-	-	112,323	(112,323)	43,968
NET CHANGE IN FUND BALANCES	2,500	2,500	(62,501)	(65,001)	924
FUND BALANCES, JANUARY 1	172,339	172,339	172,339	-	171,415
FUND BALANCES, DECEMBER 31	$ 174,839	$ 174,839	$ 109,838	$ (65,001)	$ 172,339

CITY OF ST. FRANCIS, MINNESOTA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015				2014
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Interest on investments	$ 3,000	$ 3,000	$ 4,409	$ 1,409	$ 2,441
EXPENDITURES					
Capital outlay					
General government	-	-	-	-	3,097
Public safety	-	-	383,892	(383,892)	-
Public works	-	-	3,386	(3,386)	17,965
TOTAL EXPENDITURES	-	-	387,278	(387,278)	21,062
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,000	3,000	(382,869)	(385,869)	(18,621)
OTHER FINANCING SOURCES					
Transfers in	-	-	906,724	906,724	-
NET CHANGE IN FUND BALANCES	3,000	3,000	523,855	520,855	(18,621)
FUND BALANCES, JANUARY 1	263,214	263,214	263,214	-	281,835
FUND BALANCES, DECEMBER 31	$ 266,214	$ 266,214	$ 787,069	$ 520,855	$ 263,214

CITY OF ST. FRANCIS, MINNESOTA
FIRE TRUCK REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015				2014
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Interest on investments	$ 3,000	$ 3,000	$ 2,091	$ (909)	$ 4,010
EXPENDITURES					
Capital outlay					
Public safety	266,021	266,021	719	265,302	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(263,021)	(263,021)	1,372	264,393	4,010
OTHER FINANCING SOURCES					
Transfers in	50,000	50,000	-	(50,000)	50,000
Transfers out	-	-	(509,024)	(509,024)	-
TOTAL OTHER FINANCING SOURCES (USES)	50,000	50,000	(509,024)	(559,024)	50,000
NET CHANGE IN FUND BALANCES	(213,021)	(213,021)	(507,652)	(294,631)	54,010
FUND BALANCES, JANUARY 1	507,652	507,652	507,652	-	453,642
FUND BALANCES, DECEMBER 31	$ 294,631	$ 294,631	$ -	$ (294,631)	$ 507,652

CITY OF ST. FRANCIS, MINNESOTA
CREEKVIEW ESTATES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015				2014
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Special assessments	$ 13,000	$ 13,000	$ 19,929	$ 6,929	$ 15,317
EXPENDITURES					
Capital outlay					
Public works	-	-	61	(61)	51
NET CHANGE IN FUND BALANCES	13,000	13,000	19,868	6,868	15,266
FUND BALANCES, JANUARY 1	(72,519)	(72,519)	(72,519)	-	(87,785)
FUND BALANCES, DECEMBER 31	$ (59,519)	$ (59,519)	$ (52,651)	$ 6,868	$ (72,519)

CITY OF ST. FRANCIS, MINNESOTA
IVYWOOD AND 230TH LANE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015				2014
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Intergovernmental	$ 12,000	$ 12,000	$ 15,634	$ 3,634	$ 21,707
EXPENDITURES					
Capital outlay					
Public works	-	-	80	(80)	67
NET CHANGE IN FUND BALANCES	12,000	12,000	15,554	3,554	21,640
FUND BALANCES, JANUARY 1	(78,572)	(78,572)	(78,572)	-	(100,212)
FUND BALANCES, DECEMBER 31	$ (66,572)	$ (66,572)	$ (63,018)	$ 3,554	$ (78,572)

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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, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015				2014
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Property taxes	$ 3,147,200	$ 3,147,200	$ 3,149,389	$ 2,189	$ 3,037,312
Licenses and permits					
Business	25,306	25,306	23,795	(1,511)	22,965
Nonbusiness	76,080	76,080	103,067	26,987	71,240
Total	101,386	101,386	126,862	25,476	94,205
Intergovernmental					
State					
Local government aid	347,348	347,348	347,348	-	313,466
Property tax credits	-	-	4,034	4,034	3,008
Police and fire aid	131,115	131,115	135,156	4,041	131,712
Municipal State Aid	117,000	117,000	122,855	5,855	117,778
Other	1,971	1,971	1,971	-	1,971
Total	597,434	597,434	611,364	13,930	567,935
Charges for services					
General government	257,901	257,901	298,102	40,201	254,768
Public safety	131,340	131,340	131,028	(312)	108,414
Public works	4,270	4,270	3,689	(581)	2,172
Community development	1,885	1,885	14,756	12,871	48,300
Total	395,396	395,396	447,575	52,179	413,654
Fines and forfeitures	30,551	30,551	39,909	9,358	49,635
Interest on investments	12,000	12,000	14,282	2,282	16,690
Miscellaneous					
Rents and leases	71,695	71,695	87,790	16,095	76,124
Recycling and landfill abatement	21,837	21,837	39,341	17,504	47,644
Donations and other	17,224	17,224	33,512	16,288	30,006
Total	110,756	110,756	160,643	49,887	153,774
TOTAL REVENUES	4,394,723	4,394,723	4,550,024	155,301	4,333,205

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, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015				2014
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES					
Current expenditures					
General government					
Mayor and City Council					
Personal services	$ 28,720	$ 28,720	$ 26,923	$ 1,797	$ 22,811
Other services and charges	20,550	20,550	4,397	16,153	13,230
Total	49,270	49,270	31,320	17,950	36,041
City administration					
Personal services	319,500	319,500	260,817	58,683	417,748
Supplies	13,800	13,800	7,372	6,428	8,248
Other services and charges	43,410	43,410	39,495	3,915	45,476
Total	376,710	376,710	307,684	69,026	471,472
Elections					
Personal services	20	20	16	4	3,439
Supplies	-	-	-	-	634
Other services and charges	70	70	138	(68)	720
Total	90	90	154	(64)	4,793
Financial administration					
Personal services	130,500	130,500	122,296	8,204	115,309
Supplies	2,200	2,200	345	1,855	517
Other services and charges	3,000	3,000	2,397	603	2,004
Total	135,700	135,700	125,038	10,662	117,830
Assessor					
Other services and charges	42,000	42,000	39,611	2,389	39,451
Legal and accounting					
Other services and charges	145,330	145,330	212,602	(67,272)	150,540
Municipal building					
Supplies	3,050	3,050	702	2,348	959
Other services and charges	17,300	17,300	10,143	7,157	17,943
Rent for offices	3,900	3,900	4,038	(138)	4,273
Total	24,250	24,250	14,883	9,367	23,175
Total general government	773,350	773,350	731,292	42,058	843,302

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, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015				2014
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES - CONTINUED					
Current expenditures - continued					
Public safety					
Police					
Personal services	$ 1,244,700	$ 1,244,700	$ 1,211,260	$ 33,440	$ 1,137,609
Supplies	114,600	114,600	83,467	31,133	73,646
Other services and charges	137,500	137,500	109,537	27,963	110,554
Total	1,496,800	1,496,800	1,404,264	92,536	1,321,809
Fire					
Personal services	141,131	141,131	136,519	4,612	121,980
Supplies	46,500	46,500	51,466	(4,966)	33,399
Other services and charges	53,720	53,720	68,046	(14,326)	65,338
Total	241,351	241,351	256,031	(14,680)	220,717
Animal control					
Other services and charges	4,240	4,240	4,203	37	5,235
Total public safety	1,742,391	1,742,391	1,664,498	77,893	1,547,761
Public works					
Streets and highways					
Personal services	235,760	235,760	193,899	41,861	178,591
Supplies	74,600	74,600	38,072	36,528	46,246
Other services and charges	447,250	447,250	256,066	191,184	316,580
Total	757,610	757,610	488,037	269,573	541,417
Recycling					
Personal services	27,610	27,610	21,806	5,804	19,995
Supplies	3,150	3,150	2,504	646	1,553
Other services and charges	20,750	20,750	13,387	7,363	16,845
Total	51,510	51,510	37,697	13,813	38,393
Total public works	809,120	809,120	525,734	283,386	579,810

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, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015				2014
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES - CONTINUED					
Current expenditures - continued					
Culture and recreation					
Parks and recreation					
Personal services	$ 135,920	$ 135,920	$ 151,525	$ (15,605)	$ 104,414
Supplies	53,250	53,250	34,409	18,841	47,847
Other services and charges	109,950	109,950	93,294	16,656	90,325
Total	299,120	299,120	279,228	19,892	242,586
Pioneer days					
Other services and charges	15,000	15,000	12,249	2,751	16,463
Total culture and recreation	314,120	314,120	291,477	22,643	259,049
Community development					
Planning and zoning					
Personal services	1,000	1,000	10,820	(9,820)	1,059
Supplies	400	400	39	361	-
Other services and charges	93,250	93,250	115,108	(21,858)	89,735
Total	94,650	94,650	125,967	(31,317)	90,794
Building inspection					
Personal services	150,732	150,732	170,178	(19,446)	120,393
Supplies	5,300	5,300	7,305	(2,005)	9,333
Other services and charges	6,400	6,400	6,397	3	5,845
Total	162,432	162,432	183,880	(21,448)	135,571
Total community development	257,082	257,082	309,847	(52,765)	226,365
Unallocated					
Miscellaneous					
Other services and charges	15,319	15,319	21,335	(6,016)	16,157
Total current expenditures	3,911,382	3,911,382	3,544,183	367,199	3,472,444
Capital outlay					
General government	8,000	8,000	10,781	(2,781)	5,081
Public safety	84,400	84,400	86,127	(1,727)	132,601
Public works	-	-	-	-	8,546
Culture and recreation	52,900	52,900	52,820	80	48,727
Total capital outlay	145,300	145,300	149,728	(4,428)	194,955

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, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015				2014
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES - CONTINUED					
Debt service					
Principal	$ 15,502	$ 15,502	$ 16,022	$ (520)	$ 30,499
Interest and other charges	539	539	539	-	2,622
Total debt service	16,041	16,041	16,561	(520)	33,121
TOTAL EXPENDITURES	4,072,723	4,072,723	3,710,472	362,251	3,700,520
EXCESS OF REVENUES OVER EXPENDITURES	322,000	322,000	839,552	517,552	632,685
OTHER FINANCING SOURCES (USES)					
Transfers in	60,000	60,000	60,000	-	66,685
Sale of capital assets	28,000	28,000	33,375	5,375	30,521
Transfers out	(410,000)	(410,000)	(757,700)	(347,700)	(390,000)
TOTAL OTHER FINANCING SOURCES (USES)	(322,000)	(322,000)	(664,325)	(342,325)	(292,794)
NET CHANGE IN FUND BALANCES	-	-	175,227	175,227	339,891
FUND BALANCES, JANUARY 1	2,589,057	2,589,057	2,589,057	-	2,249,166
FUND BALANCES, DECEMBER 31	$ 2,589,057	$ 2,589,057	$ 2,764,284	$ 175,227	$ 2,589,057

CITY OF ST. FRANCIS, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2015

	311 G.O. Bonds 2013A	**327** G.O. Bonds 2015A	**330** EDA Lease Revenue Bond	Total
ASSETS				
Cash and temporary investments	$ 94,208	$ 2,866	$ 33,075	$ 130,149
Cash held with fiscal agent	531,866	-	-	531,866
Restricted cash	-	-	551,795	551,795
Receivables				
Accrued interest	121	4	734	859
Delinquent taxes	386	-	-	386
Special assessments	142,775	89,076	-	231,851
Due from other governments	796	-	-	796
TOTAL ASSETS	$ 770,152	$ 91,946	$ 585,604	$ 1,447,702
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - taxes	$ 386	$ -	$ -	$ 386
Unavailable revenues - special assessments	142,775	89,076	-	231,851
TOTAL DEFERRED INFLOWS OF RESOURCES	143,161	89,076	-	232,237
FUND BALANCES				
Restricted for debt service	626,991	2,870	585,604	1,215,465
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 770,152	$ 91,946	$ 585,604	$ 1,447,702

CITY OF ST. FRANCIS, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2015

	311 G.O. Bonds 2013A	**327** G.O. Bonds 2015A	**330** EDA Lease Revenue Bond	Total
REVENUES				
Taxes	$ 20,819	$ -	$ -	$ 20,819
Special assessments	19,470	2,865	-	22,335
Interest on investments	758	5	(1,994)	(1,231)
TOTAL REVENUES	41,047	2,870	(1,994)	41,923
EXPENDITURES				
Debt service				
Principal	70,000	-	230,000	300,000
Interest and other charges	38,736	-	319,995	358,731
TOTAL EXPENDITURES	108,736	-	549,995	658,731
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(67,689)	2,870	(551,989)	(616,808)
OTHER FINANCING SOURCES				
Transfers in	39,880	-	525,000	564,880
NET CHANGE IN FUND BALANCES	(27,809)	2,870	(26,989)	(51,928)
FUND BALANCES, JANUARY 1	654,800	-	612,593	1,267,393
FUND BALANCES, DECEMBER 31	$ 626,991	$ 2,870	$ 585,604	$ 1,215,465

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, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015				2014
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Property taxes	$ 20,900	$ 20,900	$ 20,819	$ (81)	$ 21,307
Special assessments	24,000	24,000	19,470	(4,530)	22,180
Investment earnings	1,000	1,000	758	(242)	5,491
TOTAL REVENUES	45,900	45,900	41,047	(4,853)	48,978
EXPENDITURES					
Debt service					
Principal	70,000	70,000	70,000	-	70,000
Interest and other charges	29,683	29,683	38,736	(9,053)	45,223
TOTAL EXPENDITURES	99,683	99,683	108,736	(9,053)	115,223
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(53,783)	(53,783)	(67,689)	(13,906)	(66,245)
OTHER FINANCING SOURCES					
Transfers in	39,880	39,880	39,880	-	39,880
NET CHANGE IN FUND BALANCES	(13,903)	(13,903)	(27,809)	(13,906)	(26,365)
FUND BALANCES, JANUARY 1	654,800	654,800	654,800	-	681,165
FUND BALANCES, DECEMBER 31	$ 640,897	$ 640,897	$ 626,991	$ (13,906)	$ 654,800

CITY OF ST. FRANCIS, MINNESOTA
DEBT SERVICE FUND EDA LEASE REVENUE BONDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015				2014
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Investment earnings	$ 3,000	$ 3,000	$ (1,994)	$ (4,994)	$ 4,352
EXPENDITURES					
Debt service					
Principal	230,000	230,000	230,000	-	225,000
Interest and other charges	319,995	319,995	319,995	-	323,983
TOTAL EXPENDITURES	549,995	549,995	549,995	-	548,983
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(546,995)	(546,995)	(551,989)	(4,994)	(544,631)
OTHER FINANCING SOURCES					
Transfers in	525,000	525,000	525,000	-	505,000
NET CHANGE IN FUND BALANCES	(21,995)	(21,995)	(26,989)	(4,994)	(39,631)
FUND BALANCES, JANUARY 1	612,593	612,593	612,593	-	652,224
FUND BALANCES, DECEMBER 31	$ 590,598	$ 590,598	$ 585,604	$ (4,994)	$ 612,593

CITY OF ST. FRANCIS, MINNESOTA
AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance January 1	Additions	Deductions	Balance December 31
Escrows				
ASSETS				
Cash and temporary investments	$ 105,298	$ 114,211	$ (39,876)	$ 179,633
Special assessments receivable	3,105	-	(3,059)	46
TOTAL ASSETS	$ 108,403	$ 114,211	$ (42,935)	$ 179,679
LIABILITIES				
Accounts payable	$ -	$ 572	$ -	$ 572
Deposits payable	108,403	109,451	(38,747)	179,107
TOTAL LIABILITIES	$ 108,403	$ 110,023	$ (38,747)	$ 179,679

CITY OF ST. FRANCIS, MINNESOTA
SUMMARY FINANCIAL REPORT
GOVERNMENTAL FUNDS
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Total		Percent Increase
	2015	2014	(Decrease)
REVENUES			
Taxes	$ 3,184,601	$ 3,072,879	3.64 %
Licenses and permits	126,862	94,205	34.67
Intergovernmental	611,364	567,935	7.65
Charges for services	486,490	460,737	5.59
Fines and forfeits	39,909	49,635	(19.60)
Special assessments	263,123	196,257	34.07
Interest on investments	21,200	34,894	(39.24)
Miscellaneous	195,832	195,635	0.10
TOTAL REVENUES	$ 4,929,381	$ 4,672,177	5.51 %
Per Capita	$ 676	$ 645	4.70 %
EXPENDITURES			
Current			
General government	$ 731,292	$ 843,302	(13.28) %
Public safety	1,670,971	1,556,675	7.34
Public works	525,734	579,810	(9.33)
Culture and recreation	291,477	259,049	12.52
Community development	323,342	239,745	34.87
Miscellaneous	21,335	16,157	32.05
Capital outlay			
General government	10,781	8,178	31.83
Public safety	480,177	132,601	262.12
Public works	274,465	369,510	(25.72)
Culture and recreation	165,143	92,695	78.16
Debt service			
Principal	316,022	325,499	(2.91)
Interest and other charges	362,849	371,828	(2.41)
TOTAL EXPENDITURES	$ 5,173,588	$ 4,795,049	7.89 %
Per Capita	$ 709	$ 662	7.07 %
Total Long-term Indebtedness	$ 9,055,000	$ 9,090,000	(0.39) %
Per Capita	1,241	1,256	(1.15)
General Fund Balance - December 31	$ 2,764,284	$ 2,589,057	6.77 %
Per Capita	379	358	5.95

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, 2015

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STATISTICAL SECTION (UNAUDITED)

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

Financial trends

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

Revenue capacity

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

Debt capacity

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

Demographic and economic information

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

Operating information

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

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

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

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	$ 3,661,148	$ 3,613,007	$ 5,221,614	$ 7,782,258
Restricted	-	461,673	477,193	437,786
Unrestricted	2,123,872	6,298,009	4,855,454	3,579,646
Total governmental activities net position	$ 5,785,020	$ 10,372,689	$ 10,554,261	$ 11,799,690
Business-type activities				
Net investment in capital assets	$ 5,197,719	$ 9,305,330	$ 7,015,882	$ 4,899,083
Restricted	3,082,159	-	-	-
Unrestricted	2,184,782	99,992	3,952,097	6,433,382
Total business-type activities net position	$ 10,464,660	$ 9,405,322	$ 10,967,979	$ 11,332,465
Primary government				
Net investment in capital assets	$ 8,858,867	$ 12,918,337	$ 12,237,496	$ 12,681,341
Restricted	3,082,159	461,673	477,193	437,786
Unrestricted	4,308,654	6,398,001	8,807,551	10,013,028
Total primary government net position	$ 16,249,680	$ 19,778,011	$ 21,522,240	$ 23,132,155

Table 1

Fiscal Year					
2010	2011	2012	2013	2014	2015
$ 5,903,447	$ 7,168,911	$ 6,292,733	$ 6,491,164	$ 6,471,404	$ 6,344,949
404,530	571,078	1,080,107	1,066,566	997,745	940,821
3,076,111	1,745,047	1,999,789	2,345,374	3,371,139	2,269,512
$ 9,384,088	$ 9,485,036	$ 9,372,629	$ 9,903,104	$ 10,840,288	$ 9,555,282
$ 6,899,701	$ 7,453,005	$ 7,773,435	$ 8,073,272	$ 8,824,440	$ 9,103,334
-	-	-	-	-	-
7,561,395	7,383,130	7,303,907	6,973,367	5,488,087	5,306,618
$ 14,461,096	$ 14,836,135	$ 15,077,342	$ 15,046,639	$ 14,312,527	$ 14,409,952
$ 12,803,148	$ 14,621,916	$ 14,066,168	$ 14,564,436	$ 15,295,844	$ 15,448,283
404,530	571,078	1,080,107	1,066,566	997,745	940,821
10,637,506	9,128,177	9,303,696	9,318,741	8,859,226	7,576,130
$ 23,845,184	$ 24,321,171	$ 24,449,971	$ 24,949,743	$ 25,152,815	$ 23,965,234

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			
	2006	2007	2008	2009
Expenses				
Governmental activities				
General government	$ 346,904	$ 565,314	$ 590,722	$ 663,068
Public safety	1,402,463	1,418,210	1,482,823	1,485,755
Public works	515,598	514,688	523,808	931,674
Culture and recreation	264,694	303,262	332,060	310,479
Community development	621,741	202,461	189,895	119,724
Miscellaneous	54,998	9,497	18,754	12,705
Interest on long-term debt	39,825	80,663	72,208	61,780
Total governmental activities expenses	3,246,223	3,094,095	3,210,270	3,585,185
Business-type activities				
Water	524,512	603,368	912,437	1,046,900
Sewer	675,494	498,250	584,940	755,755
Liquor store	1,720,606	1,845,597	1,873,355	1,893,024
Total business-type activities expenses	2,920,612	2,947,215	3,370,732	3,695,679
Total primary government expenses	$ 6,166,835	$ 6,041,310	$ 6,581,002	$ 7,280,864
Program revenues				
Governmental activities				
Charges for services				
General government	$ 27,574	$ 36,720	$ 26,329	$ 156,448
Public safety	274,357	306,085	229,991	163,048
Public works	46,133	502,741	11,613	14,596
Culture and recreation	1,260	875	1,635	1,885
Community development	261,130	243,422	122,987	102,799
Miscellaneous	24,454	47,819	38,029	31,527
Operating grants and contributions	206,244	245,515	235,577	251,441
Capital grants and contributions	245,003	1,057,637	25,687	300,511
Total governmental activities program revenues	1,086,155	2,440,814	691,848	1,022,255
Business-type activities				
Charges for services				
Water	925,509	1,108,117	1,031,221	1,087,286
Sewer	510,398	596,062	739,149	784,372
Liquor store	1,831,828	1,956,503	2,029,577	2,067,517
Operating grants and contributions	-	1,880	610	5,241
Capital grants and contributions	258,063	380,989	69,600	77,600
Total business-type activities program revenues	3,525,798	4,043,551	3,870,157	4,022,016
Total primary government program revenues	$ 4,611,953	$ 6,484,365	$ 4,562,005	$ 5,044,271

Table 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
$ 823,109	$ 708,620	$ 700,606	$ 684,752	$ 869,752	$ 789,269
1,570,589	1,607,064	1,689,773	1,742,193	1,787,394	2,207,108
812,302	1,033,276	699,037	1,098,082	1,189,614	839,512
351,844	366,321	378,696	362,829	371,104	118,667
116,532	119,378	155,770	268,789	242,227	324,235
6,339	3,309	18,494	5,571	16,157	21,335
66,240	58,313	541,676	376,293	365,306	359,316
3,746,955	3,896,281	4,184,052	4,538,509	4,841,554	4,659,442
1,111,363	1,143,017	1,136,619	1,156,583	1,121,532	1,167,893
878,226	958,231	858,682	972,980	941,358	1,049,262
1,900,572	1,873,937	1,883,145	1,899,467	1,948,432	1,986,813
3,890,161	3,975,185	3,878,446	4,029,030	4,011,322	4,203,968
$ 7,637,116	$ 7,871,466	$ 8,062,498	$ 8,567,539	$ 8,852,876	$ 8,863,410
$ 161,884	$ 162,613	$ 195,491	$ 246,588	$ 270,718	$ 304,092
167,977	161,869	147,531	105,181	190,140	181,458
16,488	5,204	3,767	4,361	2,172	3,689
1,958	7,441	1,955	1,345	1,460	1,590
116,095	152,503	120,685	130,917	184,877	205,289
39,207	54,182	70,175	111,023	101,924	99,716
156,964	161,155	130,368	163,138	180,133	175,915
254,328	456,588	291,558	957,583	382,286	242,557
914,901	1,161,555	961,530	1,720,136	1,313,710	1,214,306
1,063,256	1,064,157	1,147,518	1,132,206	1,134,332	1,193,195
805,969	900,193	898,292	906,182	930,651	999,664
2,050,403	2,037,209	2,096,011	2,058,662	2,109,850	2,157,348
57,312	-	6,500	-	-	-
238,200	20,800	66,000	129,000	108,000	186,264
4,215,140	4,022,359	4,214,321	4,226,050	4,282,833	4,536,471
$ 5,130,041	$ 5,183,914	$ 5,175,851	$ 5,946,186	$ 5,596,543	$ 5,750,777

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

	Fiscal Year			
	2006	2007	2008	2009
Net revenues (expenses)				
Governmental activities	$ (2,160,068)	$ (653,281)	$ (2,518,422)	$ (2,562,930)
Business-type activities	605,186	1,096,336	499,425	326,337
Total primary government net revenues (expenses)	$ (1,554,882)	$ 443,055	$ (2,018,997)	$ (2,236,593)
General revenues and other changes in net position				
Governmental activities				
Taxes				
Property taxes	$ 2,048,870	$ 2,296,913	$ 2,581,538	$ 2,612,273
Tax increments	17,801	18,670	16,429	15,317
Grants and contributions not restricted to specific programs	366,495	363,439	769,967	983,567
Other general revenues	-	17,981	36,512	14,927
Unrestricted investment earnings	82,413	61,935	96,571	69,793
Transfers - capital assets	-	(2,047,914)	(741,564)	-
Transfers - debt	-	3,115,000	-	-
Transfers	(81,275)	257,780	(59,459)	112,482
Total governmental activities	2,434,304	4,083,804	2,699,994	3,808,359
Business-type activities				
Interest on investments	189,581	321,338	255,877	150,631
Gain on sale of capital assets	-	5,000	6,332	-
Transfers - capital assets	-	2,047,914	741,564	-
Transfers - debt	-	(3,115,000)	-	-
Transfers	81,275	(257,780)	59,459	(112,482)
Total business-type activities	270,856	(998,528)	1,063,232	38,149
Total primary government	$ 2,705,160	$ 3,085,276	$ 3,763,226	$ 3,846,508
Change in net position				
Governmental activities	$ 274,236	$ 3,430,523	$ 181,572	$ 1,245,429
Business-type activities	876,042	97,808	1,562,657	364,486
Total primary government	$ 1,150,278	$ 3,528,331	$ 1,744,229	$ 1,609,915

Table 2

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

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

	Fiscal Year			
	2006	2007	2008	2009
General fund				
Reserved	$ -	$ -	$ -	$ -
Unreserved	1,295,003	1,549,075	1,906,188	2,086,873
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General fund	$ 1,295,003	$ 1,549,075	$ 1,906,188	$ 2,086,873
All other governmental funds				
Reserved	$ 3,477,478	$ 2,642,776	$ 2,934,413	$ 850,341
Unreserved, reported in				
Special revenue funds	77,698	159,709	143,321	292,039
Capital project funds	1,703,319	1,260,475	743,062	760,880
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	$ 5,258,495	$ 4,062,960	$ 3,820,796	$ 1,903,260

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					
2010	2011	2012	2013	2014	2015
$ 1,803	$ -	$ -	$ -	$ -	$ -
2,048,599	-	-	-	-	-
-	3,055	9,861	15,079	16,682	8,580
-	8,095	8,174	8,174	-	-
-	2,058,863	2,053,454	2,225,913	2,572,375	2,755,704
$ 2,050,402	$ 2,070,013	$ 2,071,489	$ 2,249,166	$ 2,589,057	$ 2,764,284
$ 209,998	$ -	$ -	$ -	$ -	$ -
263,279	-	-	-	-	-
199,289	-	-	-	-	-
-	386,123	1,448,156	1,781,010	1,519,299	1,450,454
-	406,183	481,981	500,910	770,866	787,069
-	(1,254,897)	(1,022,799)	(1,494,602)	(860,053)	(663,590)
$ 672,566	$ (462,591)	$ 907,338	$ 787,318	$ 1,430,112	$ 1,573,933

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

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Taxes				
General property tax	$ 2,033,511	$ 2,248,640	$ 2,541,791	$ 2,639,498
Tax increments	17,801	18,670	16,429	15,317
Special assessments	20,578	100,578	116,915	94,319
Licenses and permits	164,998	173,379	87,735	66,207
Intergovernmental	536,850	941,278	961,515	1,217,007
Charges for services	350,592	901,866	340,973	295,362
Fines and forfeitures	55,167	58,461	46,213	38,555
Interest on investments	204,822	252,714	196,947	69,793
Miscellaneous	137,688	238,562	110,832	106,392
Total revenues	3,522,007	4,934,148	4,419,350	4,542,450
Expenditures				
Current				
General government	559,985	536,924	662,716	627,997
Public safety	1,217,117	1,296,240	1,344,164	1,363,710
Public works	419,061	483,993	446,179	631,200
Culture and recreation	242,623	230,783	261,044	273,802
Community development	227,228	249,961	189,895	119,724
Miscellaneous	54,998	9,497	18,754	12,705
Capital outlay				
General government	114,946	518,430	-	330,823
Public safety	65,333	103,323	30,335	46,768
Public works	405,443	5,501,287	1,000,855	661,224
Culture and recreation	807,453	130,397	185,125	76,376
Community development	394,513	-	-	-
Debt service				
Principal	384,432	951,325	394,048	132,911
Interest and other charges	301,959	360,058	387,068	62,825
Total expenditures	5,195,091	10,372,218	4,920,183	4,340,065
Excess (deficiency) or revenues over (under) expenditures	(1,673,084)	(5,438,070)	(500,833)	202,385
Other financing sources (uses)				
Transfers in	1,202,595	740,487	759,291	865,643
Transfers out	(2,563,256)	(482,707)	(205,500)	(753,161)
Bond proceeds	2,828,248	4,200,715	-	-
Contract for deed issued	-	-	-	-
Sale of capital assets	9,171	38,112	61,991	49,403
Total other financing sources (uses)	1,476,758	4,496,607	615,782	161,885
Net change in fund balance	$ (196,326)	$ (941,463)	$ 114,949	$ 364,270
Debt service as a percentage of noncapital expenditures	25.23 %	46.71 %	26.73 %	6.46 %

Table 4

Fiscal Year					
2010	2011	2012	2013	2014	2015
$ 2,744,495	$ 2,733,171	$ 2,914,638	$ 3,007,177	$ 3,058,619	$ 3,170,208
18,285	15,374	15,144	14,270	14,260	14,393
54,438	63,380	64,949	51,141	196,257	263,123
78,242	99,415	89,300	87,298	94,205	126,862
380,977	698,484	434,324	449,284	567,935	611,364
313,878	310,544	302,731	326,599	460,737	486,490
30,537	30,414	35,166	33,927	49,635	39,909
46,421	26,971	61,301	(17,832)	34,894	21,200
135,789	145,615	136,182	193,875	195,635	195,832
3,803,062	4,123,368	4,053,735	4,145,739	4,672,177	4,929,381
646,947	651,933	656,188	654,631	843,302	731,292
1,457,092	1,480,092	1,486,294	1,533,049	1,556,675	1,670,971
700,257	650,285	504,988	686,201	579,810	525,734
282,548	290,081	277,255	247,542	259,049	291,477
116,532	119,378	155,770	264,659	239,745	323,342
6,339	3,309	18,494	5,571	16,157	21,335
226,787	29,978	6,534	3,164	8,178	10,781
32,849	80,873	130,560	86,291	132,601	480,177
466,039	1,301,477	7,028,857	651,780	369,510	274,465
72,477	435,890	208,043	120,194	92,695	165,143
-	-	-	26,470	-	-
113,095	271,946	91,723	288,549	325,499	316,022
56,871	50,595	407,665	372,182	371,828	362,849
4,177,833	5,365,837	10,972,371	4,940,283	4,795,049	5,173,588
(374,771)	(1,242,469)	(6,918,636)	(794,544)	(122,872)	(244,207)
794,826	516,166	981,795	604,880	1,465,036	1,531,604
(1,222,519)	(416,286)	(921,795)	(340,000)	(390,000)	(1,266,724)
-	-	8,200,000	560,000	-	265,000
150,000	-	-	-	-	-
29,965	27,043	30,041	27,321	30,521	33,375
(247,728)	126,923	8,290,041	852,201	1,105,557	563,255
$ (622,499)	$ (1,115,546)	$ 1,371,405	$ 57,657	$ 982,685	$ 319,048
4.84 %	9.01 %	13.45 %	16.04 %	16.32 %	15.52 %

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)

	2006	2007	2008	2009
Estimated market value				
Real property	$472,611,300	$524,038,800	$574,451,900	$568,978,400
Personal property	5,592,900	6,453,700	6,255,800	6,167,500
Total estimated market value	$478,204,200	$530,492,500	$580,707,700	$575,145,900
Tax capacity				
Residential property	$ 4,197,758	$ 4,654,748	$ 4,874,805	$ 4,844,770
Commercial / industrial property	697,404	772,448	839,860	839,984
Other	289,383	329,447	349,124	351,157
Contribution to fiscal disparities pool	(277,760)	(315,838)	(353,194)	(378,126)
Receivable from fiscal disparities pool	744,058	1,069,287	1,208,203	1,406,759
Tax increment	(18,270)	(19,434)	(16,615)	(16,078)
Net tax capacity	$ 5,632,573	$ 6,490,658	$ 6,902,183	$ 7,048,466
Net tax capacity as a percentage of estimated market value	1.178 %	1.224 %	1.189 %	1.226 %
Gross tax levy	$ 2,167,157	$ 2,402,157	$ 2,690,415	$ 2,724,202
Tax capacity rate	38.150 %	36.790 %	39.390 %	38.400 %

Source: Anoka County Property Records and Taxation Department.
Note: Property in the County is reassessed annually.

Table 5

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

CITY OF ST. FRANCIS, MINNESOTA

Table 6

STATISTICAL SECTION (UNAUDITED)

PROPERTY TAX CAPACITY RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

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
2006	38.150 %	0.000 %	38.150 %	32.543 %	23.077 %	35.950 %	4.016 %	97.786 %	110.659 %
2007	36.790	0.000	36.790	31.094	24.625	33.208	3.912	96.421	105.004
2008	39.390	0.000	39.390	31.453	23.174	32.344	5.224	99.241	108.411
2009	38.161	0.239	38.400	32.445	20.965	36.136	3.797	95.607	110.778
2010	43.932	0.333	44.265	35.574	24.859	39.967	4.455	109.153	124.261
2011	46.800	0.339	47.139	40.376	28.793	43.489	4.478	120.786	135.482
2012	53.015	0.391	53.406	41.615	32.835	45.548	3.875	131.731	144.444
2013	62.591	0.435	63.026	44.761	33.707	50.058	4.094	145.588	161.939
2014	59.209	0.420	59.629	43.239	33.635	51.286	4.542	141.045	158.696
2015	58.39	0.519	58.909	38.123	29.449	42.483	4.117	130.598	143.632

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 EIGHT YEARS AGO

Table 7

	2015			2007		
Taxpayer	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Alliant Techsystems	$ 161,142	1	3.78 %	$ 249,240	1	4.43 %
ALS Properties Woodhaven LLC	104,420	2	2.43	95,020	3	1.69
St. Francis Realty LLC	83,107	3	1.94	112,275	2	1.99
King Exchange LLC	55,668	4	1.30	71,270	5	1.27
Minnegasco Inc.	55,598	5	1.29	45,906	6	0.82
Connexus Energy	52,416	6	1.22	76,726	4	1.36
Northern Capital Investments	28,447	7	0.66	-	-	-
Village Bank	22,589	8	0.53	-	-	-
Jensen Family LP	20,500	9	0.48	33,888	8	0.60
Weaver Brothers Company	17,630	10	0.41	-	-	-
SMJ Triangle Development, LLC	-	-	-	39,397	7	0.70
Brama Brothers Enterprises, LLC	-	-	-	31,207	9	0.55
Hennen Trustee	-	-	-	24,628	10	0.44
Total	$ 601,517		14.04 %	$ 779,557		13.85 %

Source: Anoka County Property Records and Taxation Department.

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

Table 8

Fiscal Year	Original Gross Levy	Net Levy	Collection of Current Year's Levy	Percentage of Levy Collected	Collection of Prior Years' Levy	Total Collections	Percentage of Total Collections to Levy
2006	$ 2,167,157	$ 2,020,659	$ 1,969,696	97.48 %	$ 50,963	$ 2,020,659	100.00 %
2007	2,402,157	2,266,988	2,170,996	95.77	94,629	2,265,625	99.94
2008	2,690,415	2,550,066	2,448,984	96.04	98,800	2,547,784	99.91
2009	2,724,202	2,579,929	2,492,264	96.60	77,887	2,570,151	99.62
2010	2,873,160	2,856,338	2,770,029	96.98	65,004	2,835,033	99.25
2011	2,873,160	2,704,618	2,665,913	98.57	38,705	2,704,618	100.00
2012	2,873,160	2,873,160	2,847,168	99.10	18,465	2,865,633	99.74
2013	2,988,086	2,988,086	2,972,920	99.49	15,166	2,988,086	100.00
2014	2,988,086	2,988,086	2,985,995	99.93	2,091	2,988,086	100.00
2015	3,180,953	3,180,953	3,171,773	99.71	-	3,171,773	99.71

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

	Governmental Activities				
Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Capital Leases	Contract for Deed	Promissory Notes
2006	$ -	$ -	$ 481,034	$ -	$ 159,083
2007	1,110,000	-	411,032	-	97,761
2008	1,110,000	-	276,317	-	33,428
2009	1,065,000	-	221,834	-	-
2010	1,010,000	-	163,739	150,000	-
2011	950,000	-	101,793	-	-
2012	885,000	8,200,000	75,070	-	-
2013	1,380,000	8,005,000	46,521	-	-
2014	1,310,000	7,780,000	16,022	-	-
2015	1,505,000	7,550,000	-	-	-

Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See the Demographic Statistics table on page 143 for personal income and population data.
* - Personal income and population data were not available for the current year, therefore these calculations were not possible.

Table 9

Business-type Activities General Obligation Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
$ 6,150,000	$ 6,790,117	2.68 %	$ 943
8,445,000	10,063,793	3.58	1,347
16,825,231	18,244,976	6.56	2,464
14,543,660	15,830,494	5.18	2,152
15,527,000	16,850,739	5.84	2,335
14,899,000	15,950,793	5.53	2,210
14,204,000	23,364,070	8.05	3,220
15,406,000	24,837,521	8.80	3,413
14,406,000	23,512,022	7.91	3,248
30,268,000	39,323,000	*	*

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
2006	$ 6,150,000	$ 3,477,478	$ 2,672,522	0.56 %	$ 371
2007	9,555,000	2,642,776	6,912,224	1.30	925
2008	17,935,231	2,934,413	15,000,818	2.58	2,026
2009	15,608,660	850,341	14,758,319	2.57	2,006
2010	16,537,000	209,998	16,327,002	3.07	2,262
2011	15,849,000	194,054	15,654,946	3.33	2,169
2012	15,089,000	145,274	14,943,726	3.23	2,060
2013	16,786,000	681,165	16,104,835	3.91	2,213
2014	15,716,000	654,800	15,061,200	3.78	2,080
2015	31,773,000	626,991	31,146,009	6.96	4,269

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

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2015

Table 11

	Net Debt	Percentage Applicable to City	Amount Applicable to City of St. Francis Share of Debt
Direct debt			
City of St. Francis	$ 9,055,000	100.00 %	$ 9,055,000
Overlapping debt			
Anoka County	$ 106,560,000	1.81 %	$ 1,886,112
Isanti County	6,085,000	0.20	1,217
School District 15	22,760,000	19.99	4,538,344
Metropolitan Council	2,113,674	0.19	4,439
Metro Transit	306,885,092	0.21	705,836
Total overlapping debt	$ 444,403,766		$ 7,135,948
Total direct and overlapping debt	$ 453,458,766		$ 16,190,948

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			
	2006	2007	2008	2009
Estimated Market Value of Taxable Property	$478,204,200	$530,492,500	$580,707,700	$575,145,900
Statutory percentage	2.0%	2.0%	2.0%	2.0%
Statutory debt limit	9,564,084	10,609,850	11,614,154	11,502,918
Total net debt applicable to limit	-	-	-	-
Legal debt margin	$ 9,564,084	$ 10,609,850	$ 11,614,154	$ 11,502,918

Table 12

Fiscal Year					
2010	2011	2012	2013	2014	2015
$531,385,600	$470,686,700	$462,638,100	$412,199,600	$398,810,000	$447,317,400
2.0%	2.0%	2.0%	3.0%	3.0%	3.0%
10,627,712	9,413,734	9,252,762	12,365,988	11,964,300	13,419,522
-	-	-	-	-	-
$ 10,627,712	$ 9,413,734	$ 9,252,762	$ 12,365,988	$ 11,964,300	$ 13,419,522

Legal Debt Margin Calculation for Fiscal Year 2015

Estimated Market Value of Taxable Property	$447,317,400
Statutory percentage	3.0%
Statutory debt limit	$ 13,419,522
Total bonds outstanding	$ 39,323,000
Less: Special assessment bonds	(1,505,000)
Less: Utility revenue bonds	(30,268,000)
Less: Lease revenue bonds	(7,550,000)
Debt applicable to limit	-
Legal debt margin	$ 13,419,522

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

Table 13

G.O. Special Assessment Bonds

Fiscal Year	Property Taxes	Special Assessments	Revenue Available	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
2006	$ -	$ -	$ -	$ -	$ -	$ -	- %
2007	-	80,204	80,204	-	-	-	-
2008	-	89,739	89,739	-	30,322	30,322	-
2009	12,394	50,958	63,352	45,000	45,008	90,008	0.70
2010	19,311	40,766	60,077	55,000	43,132	98,132	0.612
2011	19,759	23,575	43,334	60,000	40,708	100,708	0.430
2012	21,098	32,359	53,457	65,000	38,328	103,328	0.517
2013	20,984	24,024	45,331	65,000	35,317	100,317	0.449
2014	21,307	22,180	43,487	70,000	45,223	115,223	0.377
2015	20,819	19,470	40,289	70,000	38,736	108,736	0.371

G.O. Revenue Bonds

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue	Debt Service Principal (3)	Debt Service Interest	Debt Service Total	Coverage
2006	$ 1,678,507	$ 641,825	$1,036,682	$ 260,000	$ 229,174	$ 489,174	211.925 %
2007	2,063,779	608,211	1,455,568	820,000	252,600	1,072,600	135.705
2008	1,839,970	719,343	1,120,627	195,000	313,036	508,036	220.580
2009	1,950,118	829,000	1,121,118	569,808	499,607	1,069,415	104.835
2010	1,937,225	884,196	1,053,029	616,660	448,408	1,065,068	98.870
2011	1,941,843	947,105	994,738	628,000	470,399	1,098,399	90.563
2012	2,079,464	963,799	1,115,665	695,000	453,680	1,148,680	97.126
2013	2,139,806	1,008,043	1,131,763	968,000	428,117	1,396,117	81.065
2014	2,140,792	995,362	1,145,430	1,000,000	452,516	1,452,516	78.858
2015	2,364,011	1,120,195	1,243,816	1,043,000	400,791	1,443,791	86.149

(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
2006	7,201	$253,007,135	$ 35,135	4.0 %
2007	7,473	280,797,975	37,575	4.0
2008	7,404	278,205,300	37,575	4.6
2009	7,356	305,605,020	41,545	5.5
2010	7,218	288,727,218	40,001	8.5
2011	7,218	288,618,948	39,986	5.9
2012	7,255	290,098,430	39,986	5.6
2013	7,277	282,303,938	38,794	5.1
2014	7,240	297,404,720	41,078	3.5
2015	7,296	300,062,592	41,127	4.0

(1) Metropolitan Council
(2) Estimates by the City. Calculated by multiplying per capita personal income and the population.
(3) Metropolitan Council
(4) Minnesota Department of Employment and Economic Development
* Information not available at time of publication

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

Table 15

	2015			2007		
Employer	Employees	Rank	Percent of City Employment	Employees	Rank	Percent of City Employment
Independent School District #15 (includes Bus Garage)	832	1	53.61 %	380	1	34.55 %
County Market	85	2	5.48	90	2	8.18
McDonald's	54	3	3.48	58	4	5.27
Temperature Specialists, Inc.	49	4	3.16	33	8	3.00
Beef O' Bradys	40	5	2.58	-	-	-
City of St. Francis	39	6	2.51	33	7	3.00
Northland Screw Products	36	7	2.32	30	9	2.73
Commercial Drywall, Inc	35	8	2.26	-	-	-
The Ponds Golf Course & Restaurant	29	9	1.87	48	5	4.36
Kid's Country	26	10	1.68	27	10	2.45
ISD #15 Bus Garage	-		-	75	3	6.82
Billy's Neighborhood	-		-	35	6	3.18
Total	1,225		78.95 %	809		73.54 %

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS (1)

Table 16

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

Source: various city departments
(1) The City began tracking this information during 2007. This table will be updated on a go-forward basis.

CITY OF ST. FRANCIS, MINNESOTA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (1)

Table 17

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

Sources: Various government departments.
(1) The City began tracking this information during 2007. This table will be updated on a go-forward basis.

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
MISCELLANEOUS STATISTICS
DECEMBER 31, 2015

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	4,011
Number of votes cast last election	2,060
Percentage of registered voters voting	51.36%

Sources: Various government departments.

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CITY OF ST. FRANCIS, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS (1)

Table 19

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety									
Police									
Stations	1	1	1	1	1	1	1	1	1
Patrol units	6	6	6	6	6	6	7	7	7
Fire stations									
Stations	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
Street lights					201	234	252	259	259
Traffic signals	1	1	1	1	1	1	1	1	1
Culture and recreation									
Parks division									
Parks	14	14	14	14	14	14	14	14	14
Parks acreage	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
Consumers	4,790	4,790	4,393	4,475	4,475	4,380	4,380	4380	4380
Maximum daily capacity (gallons)	1,000,000	1,000,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
Sewer									
Miles of sanitary sewer	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
Maximum daily treatment capacity (gallons)	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
Storm sewer									
Miles of storm sewer	*	*	*	*	16.7	16.7	16.7	16.7	16.7

Source: City of St. Francis, Minnesota
Note: No capital asset indicators are available for the general government function.

(1) Information prior to 2007 was not maintained by the City. The table will be updated on a go-forward basis.
* Information relating to miles of storm sewer was not available before 2011.