



Comprehensive Annual Financial Report

For the Year Ended December 31, 2018

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CITY OF ST. FRANCIS, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018

JOE KOHLMAN - CITY ADMINISTRATOR
DARCY MULVIHILL - FINANCE DIRECTOR

**PREPARED BY THE
DEPARTMENT OF FINANCE**

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

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INTRODUCTORY SECTION

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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May 3, 2019

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, 2018, 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 unmodified (clean) opinion on the City of St. Francis's financial statements for the year ended December 31, 2018. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the City

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

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

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

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

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

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

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

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

Local Economy

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

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

Anoka County has an annual average unemployment rate for 2018 of 3.1%. During the past ten years the unemployment rate was at a high in 2010 of 8.5% to 2018 being the low at 3.1%

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

During the past ten years, the government's expenses have remaining relatively stable. During 2012 there was an increase due to the building of a new Police/Public Works Building.

During this same ten-year period, revenues generated by taxes and special assessments have increased the most not only in amount, but also as a percentage of total revenues. The revenue generated by taxes and assessments has risen from \$2,749,134 in 2009 to \$3,538,325 in 2018. Its percentage of total revenue in 2009 was 61% and in 2018 was 61%.

Long-term Financial Planning

Unreserved fund balance in the general fund (62.8% of total general fund expenditures) meets the state auditor recommended guidelines of 35%-50%. The goal of the City Council is to establish an unreserved fund balance in the General Fund that is equivalent to forty percent (40%) of general fund expenditures. The 2019 budget reflects current policy and is keeping the fund balance to 57.6% of expenditures.

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

Relevant Financial Policies

The City has established a comprehensive set of financial policies for use as a guideline during the budget process. One of the policies deals with unpredictable revenues. The City uses a conservation approach in making ongoing revenue assumptions by utilizing growth patterns and knowledge of the developing areas. The City shall budget unpredictable revenues lower than the revenue assumption or anticipated collection.

Major Initiatives for the Year

Major projects during 2018 have carried into 2019. Many of the projects relate to Economic Development.

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

Building permits for the year included 41 new homes and 266 addition/alteration building permits for the year in 2018 resulting in \$10,800,692 in new value.

The City has started implementing the St. Francis Forward Development Plan that looks to strategically navigate through the development of the primary commercial corridors in the City located along Highway 47 and Bridge Street. This includes purchasing strategic properties, setting design standards, conducting market studies on potential project sites, reaching out to developers, and evaluating various options.

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

The City has experienced redevelopment along Highway 47 beginning with the teardown of the gas station. Kwik Trip starts construction in Spring of 2019 to redevelop this site.

Staff performed an internal rate analysis, projecting in future growth and the final result was reducing water/sewer utility bills by 20%.

The City added an additional police officer in 2019.

The City is nearing completion of an updated Comprehensive Plan for the city.

Major Initiatives for the Future

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

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

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Francis for its comprehensive annual financial report for the year ended December 31, 2017. This was the 7th 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.

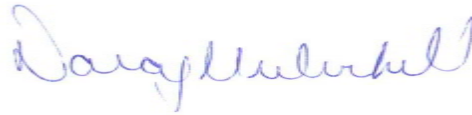
The City received the GFOA Award for the Distinguished Budget Presentation for the City budget for the fiscal year beginning January 1, 2018. It was the 9th consecutive year the City has received the award for the document.

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,

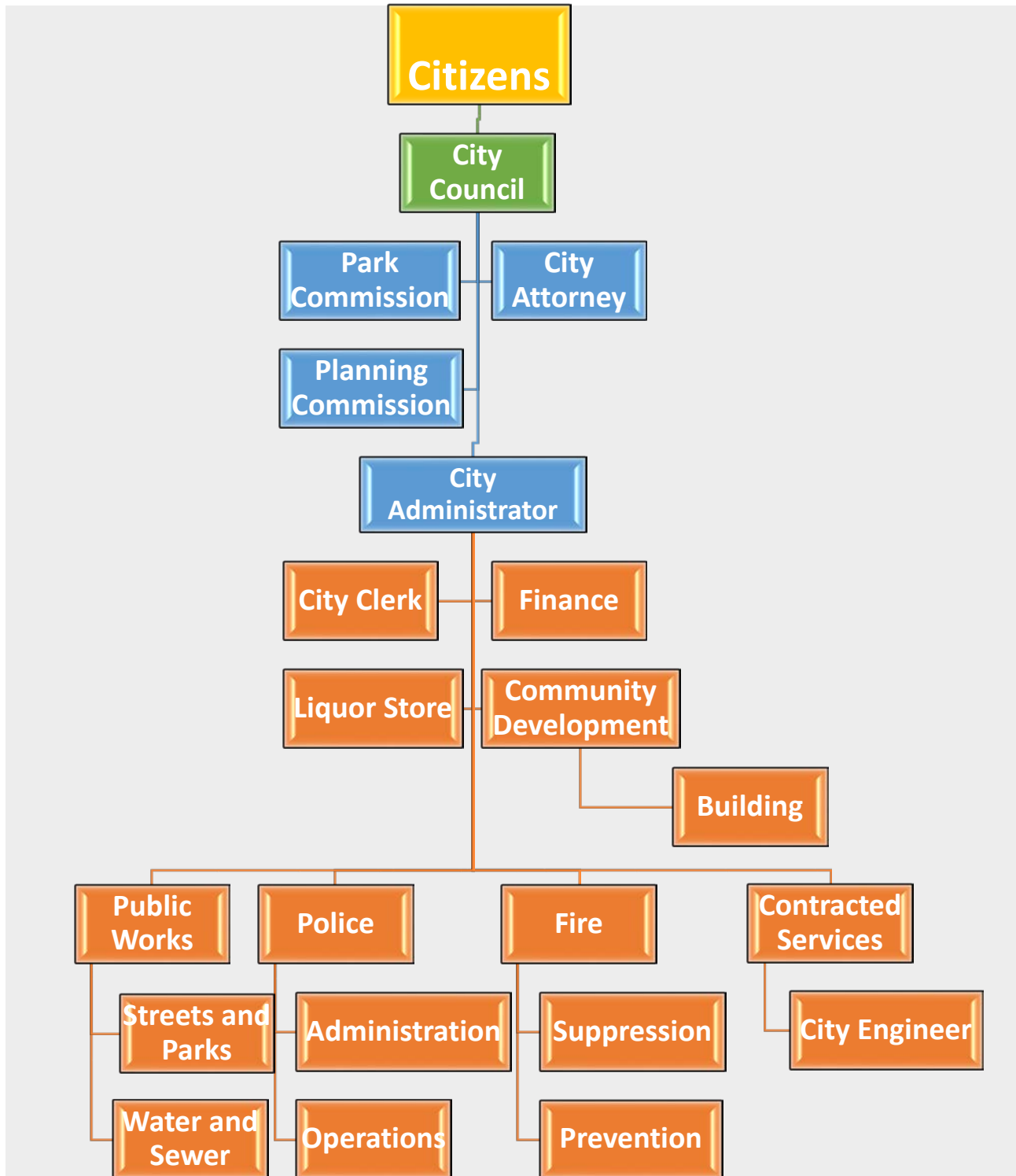


Joe Kohlmann
City Administrator



Darcy Mulvihill
Finance Director

ORGANIZATIONAL CHART



City of St. Francis, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2018

ELECTED

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

APPOINTED

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



Government Finance Officers Association

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

Presented to

**City of St. Francis
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

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

FOR THE YEAR ENDED
DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of St. Francis, Minnesota (the City), as of and for the year ended December 31, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 25 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the related notes disclosures, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios starting on page 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

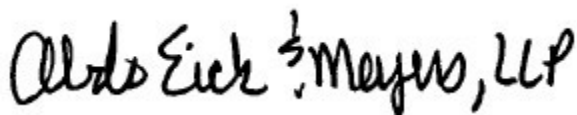
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section, and combining and individual fund financial statements and schedules are presented for purposes of additional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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 3, 2019

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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, 2018.

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 \$37,662,210 (net position). Of this amount, \$10,692,535 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$2,185,449. Of the total, governmental activities increased \$687,833 and business-type activities increased \$1,497,616. The main reason for the increase was capital grant proceeds received in the Sewer fund during the year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,759,532, an increase of \$496,853 in comparison with the prior year. Approximately 47.9 percent of this total amount, \$2,760,914 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 \$2,760,914, or 62.8 percent of total 2018 General fund expenditures.
- The City's total debt decreased \$1,554,143 during the current fiscal year. This was mainly due to regularly scheduled principal payments.

Overview of the Financial Statements

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

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

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

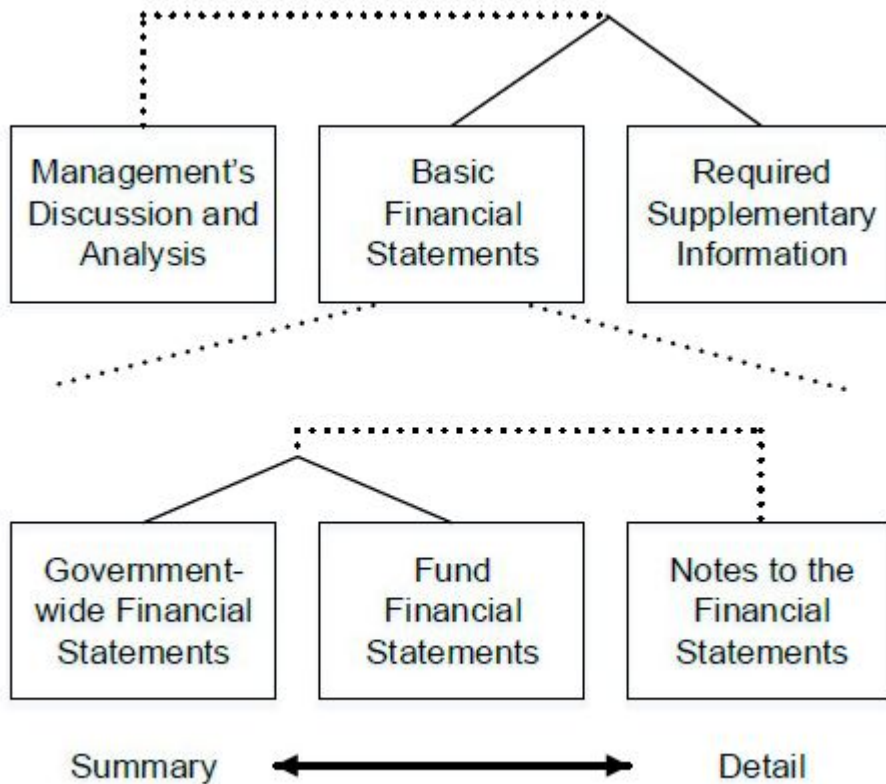


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

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

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

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

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

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

The government-wide financial statements start on page 39 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund and Debt Service funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

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

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

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

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

The basic proprietary fund financial statements start on page 50 of this report.

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

The basic fiduciary fund financial statements can be found on page 56 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 57 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 86 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds is presented following the notes to the financial statements. Combining and individual fund statements and schedules start on page 92 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$37,662,210 at the close of the most recent fiscal year.

The largest portion of the City's net position (69.6 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		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Assets						
Current and other assets	\$ 6,890,777	\$ 6,381,252	\$ 509,525	\$ 9,689,146	\$ 8,730,930	\$ 958,216
Capital assets	14,251,337	14,663,650	(412,313)	44,361,908	44,853,079	(491,171)
Total Assets	<u>21,142,114</u>	<u>21,044,902</u>	<u>97,212</u>	<u>54,051,054</u>	<u>53,584,009</u>	<u>467,045</u>
Deferred Outflows of Resources						
Deferred pension resources	1,425,689	1,871,050	(445,361)	87,075	151,778	(64,703)
Deferred charge on refunding	285,703	303,018	(17,315)	-	-	-
Total Deferred Outflows	<u>1,711,392</u>	<u>2,174,068</u>	<u>(462,676)</u>	<u>87,075</u>	<u>151,778</u>	<u>(64,703)</u>
Liabilities						
Noncurrent liabilities outstanding	9,291,319	10,017,844	(726,525)	27,182,790	28,380,446	(1,197,656)
Other liabilities	292,317	302,059	(9,742)	533,940	426,682	107,258
Total Liabilities	<u>9,583,636</u>	<u>10,319,903</u>	<u>(736,267)</u>	<u>27,716,730</u>	<u>28,807,128</u>	<u>(1,090,398)</u>
Deferred Inflows of Resources						
Deferred pension resources	<u>1,935,760</u>	<u>2,252,790</u>	<u>(317,030)</u>	<u>93,299</u>	<u>98,175</u>	<u>(4,876)</u>
Net Position						
Net investment in capital assets	7,197,173	7,196,658	515	19,032,537	19,003,781	28,756
Restricted	682,100	507,871	174,229	57,865	-	57,865
Unrestricted	<u>3,454,837</u>	<u>2,941,748</u>	<u>513,089</u>	<u>7,237,698</u>	<u>5,826,703</u>	<u>1,410,995</u>
Total Net Position	<u>\$ 11,334,110</u>	<u>\$ 10,646,277</u>	<u>\$ 687,833</u>	<u>\$ 26,328,100</u>	<u>\$ 24,830,484</u>	<u>\$ 1,497,616</u>

An additional portion of the City's net position, \$739,965, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$10,692,535, 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.

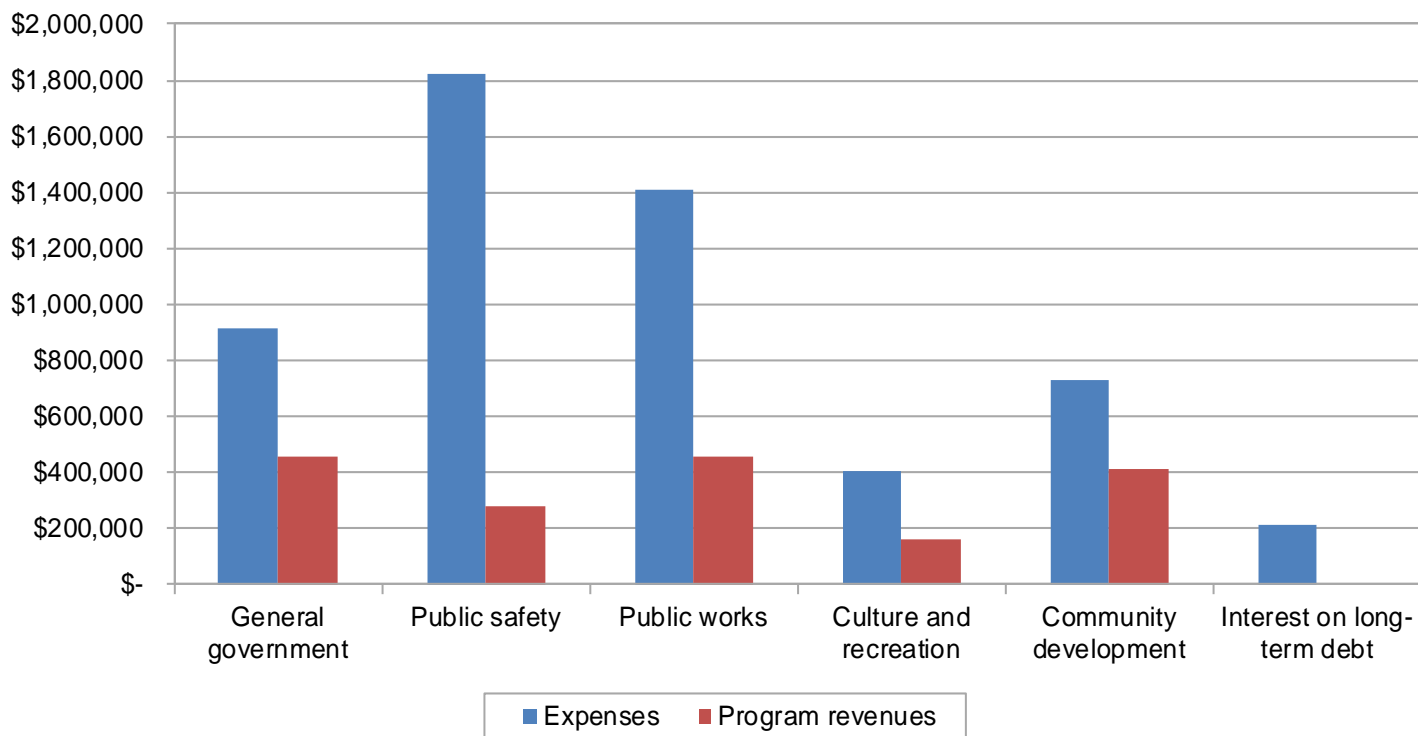
Governmental Activities. Governmental activities increased the City's net position by \$687,833. Key elements of the changes are as follows:

City of St. Francis's Changes in Net Position

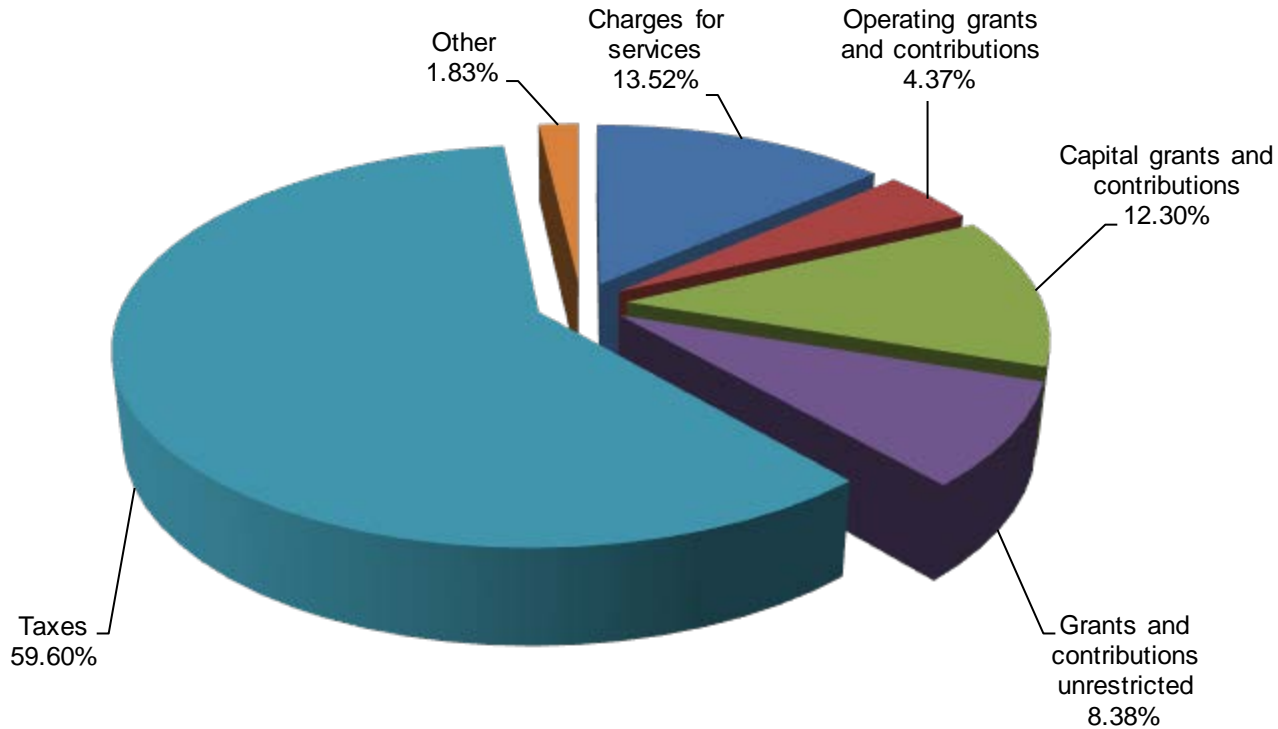
	Governmental Activities			Business-type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 796,555	\$ 879,636	\$ (83,081)	\$ 5,865,160	\$ 5,957,918	\$ (92,758)
Operating grants and contributions	257,868	148,707	109,161	3,059	3,669	(610)
Capital grants and contributions	725,120	422,985	302,135	924,503	4,969,830	(4,045,327)
General Revenues						
Taxes						
Property taxes	3,514,249	3,249,599	264,650	-	-	-
Grants and contributions not restricted to specific programs	494,318	365,831	128,487	-	-	-
Unrestricted investment earnings	68,973	29,655	39,318	113,434	87,702	25,732
Gain on sale of capital assets	39,123	80,867	(41,744)	3,250	-	3,250
Donated land	-	-	-	-	-	-
Total Revenues	5,896,206	5,177,280	718,926	6,909,406	11,019,119	(4,109,713)
Expenses						
General government	917,976	874,683	43,293	-	-	-
Public safety	1,822,687	2,132,904	(310,217)	-	-	-
Public works	1,406,804	969,437	437,367	-	-	-
Culture and recreation	403,747	389,408	14,339	-	-	-
Community development	731,427	598,366	133,061	-	-	-
Interest on long-term debt	210,612	400,157	(189,545)	-	-	-
Water	-	-	-	1,076,288	1,064,443	11,845
Sewer	-	-	-	1,856,264	1,345,198	511,066
Storm water	-	-	-	29,538	33,435	(3,897)
Liquor store	-	-	-	2,164,820	2,130,722	34,098
Total Expenses	5,493,253	5,364,955	128,298	5,126,910	4,573,798	553,112
Increase (Decrease) in Net Position Before Transfers	402,953	(187,675)	590,628	1,782,496	6,445,321	(4,662,825)
Transfers (Net)	284,880	423,994	(139,114)	(284,880)	(423,994)	139,114
Change in Net Position	687,833	236,319	451,514	1,497,616	6,021,327	(4,523,711)
Net Position, January 1	10,646,277	10,409,958	236,319	24,830,484	18,809,157	6,021,327
Net Position, December 31	\$ 11,334,110	\$ 10,646,277	\$ 687,833	\$ 26,328,100	\$ 24,830,484	\$ 1,497,616

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

Expenses and Program Revenue - Governmental Activities

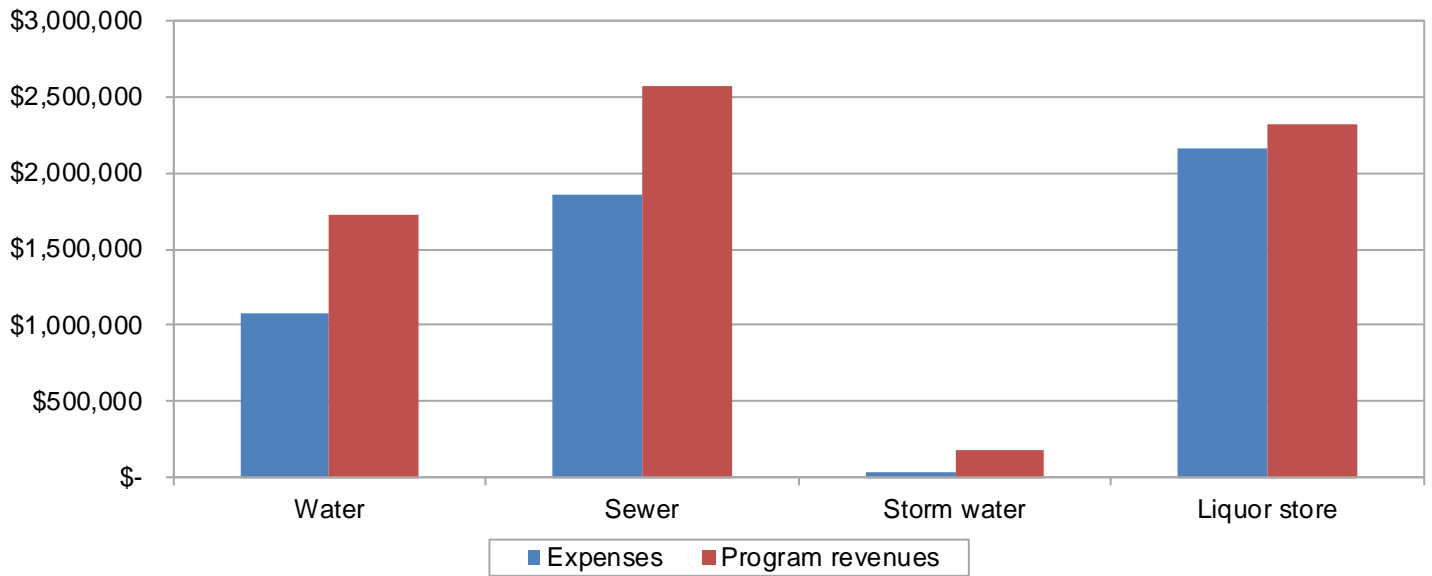


Revenue by Source - Governmental Activities

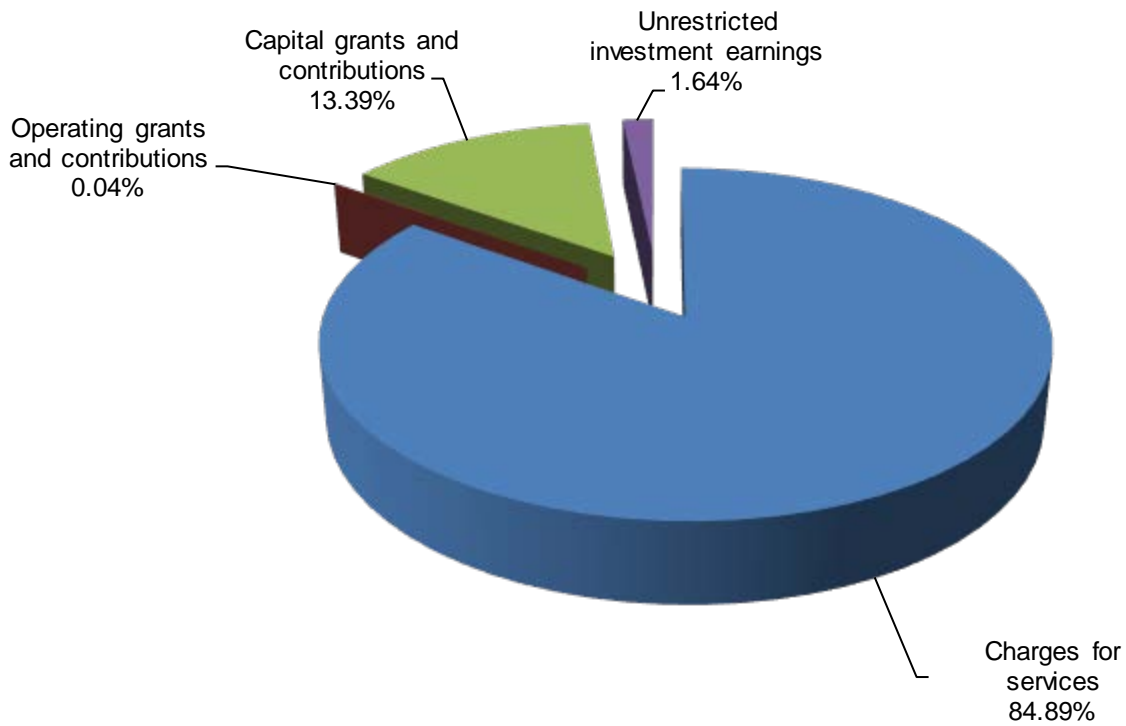


Business-type Activities. Business-type activities increased the City's net position by \$1,497,616.

Expenses and Program Revenues - Business-type Activities



Revenue by Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,759,532. Approximately 47.9 percent of this total amount, \$2,760,914, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The City also has nonspendable balance of \$13,318, restricted balance of \$619,149 and assigned balance of \$2,366,151.

Major Fund	Fund Balances		Increase (Decrease)
	December 31, 2017	2018	
General	\$ 3,884,013	\$ 2,774,232	\$ (1,109,781)

The fund balance of the General fund decreased \$1,109,781. The primary reason for this decrease is because the fund transferred \$1,400,000 to fund a new street improvement capital project fund.

Debt Service Funds	\$ 112,802	\$ 124,340	\$ 11,538
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The Debt Service funds has a total fund balance of \$124,340, all of which is restricted for debt service. The fund balance increased \$11,538 during the current year mainly due to tax, special assessment revenue and transfers in, in excess of regularly scheduled debt service principal and interest payments.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$7,237,698. The change in net position for the funds was an increase of \$1,497,616. 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 a decrease of \$1,109,781. Actual revenues were \$537,238 over budget due to a positive budget variance in all categories. The largest variance was in intergovernmental revenues in the amount of \$267,820. Expenditures in total were over budget by \$248,269. The largest negative expenditure variance was in community development. The negative variance was \$302,425. This was due to the unbudgeted purchase of a home from Anoka County.

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, 2018, amounts to \$58,613,245 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- Wastewater Treatment facility
- 2018 Mack Snowplow
- Two 2018 Dodge Chargers
- Well House Generator
- 2018 Bobcat Toolcat

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

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

	Governmental Activities			Business-type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Land	\$ 1,427,736	\$ 1,427,736	\$ -	\$ 2,359,187	\$ 2,359,187	\$ -
Construction in Progress	-	99,131	(99,131)	2,579,782	25,894,869	(23,315,087)
Land Improvements	52,242	60,981	(8,739)	-	-	-
Buildings	7,232,977	7,459,650	(226,673)	34,138,419	11,084,739	23,053,680
Infrastructure	4,450,093	4,672,453	(222,360)	5,168,700	5,434,716	(266,016)
Machinery and Equipment	1,088,289	943,699	144,590	115,820	79,568	36,252
Total	\$ 14,251,337	\$ 14,663,650	\$ (412,313)	\$ 44,361,908	\$ 44,853,079	\$ (491,171)

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$33,857,000. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of St. Francis's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
General Obligation Revenue Bonds	\$ 7,090,000	\$ 7,505,000	\$ (415,000)	\$ 26,767,000	\$ 27,891,000	\$ (1,124,000)
Bond Premium	249,867	265,010	(15,143)	-	-	-
Total	\$ 7,339,867	\$ 7,770,010	\$ (430,143)	\$ 26,767,000	\$ 27,891,000	\$ (1,124,000)

The City's total debt decreased \$1,554,143 during the current fiscal year. The reason for the decrease in debt was regularly scheduled debt principal payments.

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

Additional information on the City's long-term debt can be found in Note 3D starting on page 72 of this report.

Economic Factors and Next Year's Budgets and Rates

The City is anticipating building activity to increase again as Kwik Trip is moving forward with their building. Woodhaven Mobile Home Park expanded in 2018 with new homes being added in 2019. New home permits should stay about even. There were 41 new home permits pulled in 2018 and 66 new home permits pulled in 2017 with 38 new home permits pulled in 2016 and 28 new home permits pulled in 2015.

Construction on a new Wastewater Treatment Plan which began in 2015 and substantially completed in 2017. 2018 will see the final work completed on this project. Cost is estimated at \$24,000,000. The City received a low interest loan for this construction from the Minnesota Public Facility Authority. The city received grants of \$8.9 million from the State of Minnesota to help reduce the loan amount on this project. User fees were adjusted in 2015 and 2016 to pay for the debt service on this construction. The City of Oak Grove has decided to connect its Ponds Development to the City's Wastewater Treatment Plant in 2019.

The City's Adopted 2019 Budget includes a property tax levy of \$3,793,590 or 8.74 percent increase over the 2018 Levy.

Requests for Information

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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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City of St. Francis, Minnesota
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 5,801,987	\$ 8,515,012	\$ 14,316,999
Receivables			
Accrued interest	8,471	9,756	18,227
Taxes	58,835	-	58,835
Accounts	4,206	361,402	365,608
Special assessments	528,832	324,221	853,053
Loans	22,460	-	22,460
Due from other governments	102,516	224,192	326,708
Internal balances	(11,954)	11,954	-
Inventories	13,318	242,609	255,927
Pension asset	337,506	-	337,506
Land held for resale	24,600	-	24,600
Capital assets			
Land and construction in progress	1,427,736	4,938,969	6,366,705
Depreciable assets (net of accumulated depreciation)	12,823,601	39,422,939	52,246,540
Total Assets	<u>21,142,114</u>	<u>54,051,054</u>	<u>75,193,168</u>
Deferred Outflows of Resources			
Deferred pension resources	1,425,689	87,075	1,512,764
Deferred charge on refunding	285,703	-	285,703
Total Deferred Outflows of Resources	<u>1,711,392</u>	<u>87,075</u>	<u>1,798,467</u>
Liabilities			
Accounts payable	130,336	134,489	264,825
Contracts payable	-	234,269	234,269
Accrued salaries payable	71,906	12,500	84,406
Due to other governments	2,380	21,739	24,119
Accrued interest payable	86,245	130,943	217,188
Deposits payable	1,450	-	1,450
Noncurrent liabilities			
Due within one year	529,019	1,357,834	1,886,853
Due in more than one year	8,762,300	25,824,956	34,587,256
Total Liabilities	<u>9,583,636</u>	<u>27,716,730</u>	<u>37,300,366</u>
Deferred Inflows of Resources			
Deferred pension resources	1,935,760	93,299	2,029,059
Net Position			
Net investment in capital assets	7,197,173	19,032,537	26,229,710
Restricted for			
Debt service	187,291	-	187,291
System replacement	-	57,865	57,865
Park improvements	300,849	-	300,849
Police expenses	10,308	-	10,308
Economic development projects	101,341	-	101,341
Capital purchases	82,311	-	82,311
Unrestricted	3,454,837	7,237,698	10,692,535
Total Net Position	<u>\$ 11,334,110</u>	<u>\$ 26,328,100</u>	<u>\$ 37,662,210</u>

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

City of St. Francis, Minnesota
Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 917,976	\$ 435,914	\$ 24,600	\$ -
Public safety	1,822,687	177,641	105,513	-
Public works	1,406,804	2,612	127,085	330,868
Culture and recreation	403,747	2,170	670	159,304
Community development	731,427	178,218	-	234,948
Interest on long-term debt	210,612	-	-	-
Total Governmental Activities	<u>5,493,253</u>	<u>796,555</u>	<u>257,868</u>	<u>725,120</u>
Business-type Activities				
Water	1,076,288	1,595,533	922	128,520
Sewer	1,856,264	1,778,971	949	795,983
Storm water	29,538	176,850	-	-
Liquor store	2,164,820	2,313,806	1,188	-
Total Business-type Activities	<u>5,126,910</u>	<u>5,865,160</u>	<u>3,059</u>	<u>924,503</u>
Total	<u>\$ 10,620,163</u>	<u>\$ 6,661,715</u>	<u>\$ 260,927</u>	<u>\$ 1,649,623</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

State grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

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

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (457,462)	\$ -	\$ (457,462)
(1,539,533)	-	(1,539,533)
(946,239)	-	(946,239)
(241,603)	-	(241,603)
(318,261)	-	(318,261)
(210,612)	-	(210,612)
<u>(3,713,710)</u>	<u>-</u>	<u>(3,713,710)</u>
-	648,687	648,687
-	719,639	719,639
-	147,312	147,312
-	150,174	150,174
<u>-</u>	<u>1,665,812</u>	<u>1,665,812</u>
<u>(3,713,710)</u>	<u>1,665,812</u>	<u>(2,047,898)</u>
3,145,424	-	3,145,424
368,825	-	368,825
494,318	-	494,318
68,973	113,434	182,407
39,123	3,250	42,373
284,880	(284,880)	-
<u>4,401,543</u>	<u>(168,196)</u>	<u>4,233,347</u>
687,833	1,497,616	2,185,449
<u>10,646,277</u>	<u>24,830,484</u>	<u>35,476,761</u>
<u>\$ 11,334,110</u>	<u>\$ 26,328,100</u>	<u>\$ 37,662,210</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

City of St. Francis, Minnesota

Balance Sheet

Governmental Funds

December 31, 2018

	101	300's	Other	Total
	General	Debt Service	Governmental Funds	Governmental Funds
Assets				
Cash and temporary investments	\$ 2,805,528	\$ 131,299	\$ 2,865,160	\$ 5,801,987
Receivables				
Accrued interest	4,005	139	4,327	8,471
Taxes	54,755	4,080	-	58,835
Accounts	2,690	-	1,516	4,206
Special assessments	78,668	145,116	305,048	528,832
Loans	22,460	-	-	22,460
Due from other governments	97,660	4,856	-	102,516
Inventories	13,318	-	-	13,318
Land held for resale	24,600	-	-	24,600
	<u>3,103,684</u>	<u>285,490</u>	<u>3,176,051</u>	<u>6,565,225</u>
Total Assets	\$ 3,103,684	\$ 285,490	\$ 3,176,051	\$ 6,565,225
Liabilities				
Accounts payable	\$ 120,293	\$ -	\$ 10,043	\$ 130,336
Accrued salaries payable	71,906	-	-	71,906
Due to other governments	2,380	-	-	2,380
Deposits payable	1,450	-	-	1,450
Due to other funds	-	11,954	-	11,954
Total Liabilities	<u>196,029</u>	<u>11,954</u>	<u>10,043</u>	<u>218,026</u>
Deferred Inflows of Resources				
Unavailable revenues - taxes	54,755	4,080	-	58,835
Unavailable revenues - special assessments	78,668	145,116	305,048	528,832
Total Deferred Inflows of Resources	<u>133,423</u>	<u>149,196</u>	<u>305,048</u>	<u>587,667</u>
Fund Balances				
Nonspendable	13,318	-	-	13,318
Restricted	-	124,340	494,809	619,149
Assigned	-	-	2,366,151	2,366,151
Unassigned	2,760,914	-	-	2,760,914
Total Fund Balances	<u>2,774,232</u>	<u>124,340</u>	<u>2,860,960</u>	<u>5,759,532</u>
	<u>\$ 3,103,684</u>	<u>\$ 285,490</u>	<u>\$ 3,176,051</u>	<u>\$ 6,565,225</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,103,684	\$ 285,490	\$ 3,176,051	\$ 6,565,225

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, 2018

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

Total Fund Balances - Governmental	\$ 5,759,532
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	20,583,412
Less: accumulated depreciation	(6,332,075)
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	
	337,506
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Bond principal payable	(7,090,000)
Plus premium on bonds issued	(249,867)
Deferred charge on refunding	285,703
Compensated absences payable	(226,184)
Pension liability	(1,725,268)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pensions resources	1,425,689
Deferred inflows of pension resources	(1,935,760)
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	58,835
Special assessments receivable	528,832
Governmental funds do not report a liability for accrued interest until due and payable.	(86,245)
Total Net Position - Governmental Activities	\$ 11,334,110

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, 2018

	101	300's	Other	Total
	General	Debt Service	Governmental Funds	Governmental Funds
Revenues				
Taxes	\$ 2,799,372	\$ 368,825	\$ 343,150	\$ 3,511,347
Licenses and permits	228,153	-	-	228,153
Intergovernmental	876,049	-	113,871	989,920
Charges for services	442,866	-	180,167	623,033
Fines and forfeitures	36,854	-	-	36,854
Special assessments	-	26,978	47,988	74,966
Interest on investments	42,520	743	25,710	68,973
Miscellaneous	200,296	-	89,260	289,556
Total Revenues	<u>4,626,110</u>	<u>396,546</u>	<u>800,146</u>	<u>5,822,802</u>
Expenditures				
Current				
General government	875,337	-	-	875,337
Public safety	1,793,568	-	30	1,793,598
Public works	701,696	-	-	701,696
Culture and recreation	298,290	-	-	298,290
Community development	726,750	-	-	726,750
Capital outlay				
General government	1,500	-	565	2,065
Public safety	-	-	105,900	105,900
Public works	-	-	482,312	482,312
Culture and recreation	-	-	7,165	7,165
Debt service				
Principal	-	415,000	-	415,000
Interest and other charges	-	208,550	-	208,550
Total Expenditures	<u>4,397,141</u>	<u>623,550</u>	<u>595,972</u>	<u>5,616,663</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>228,969</u>	<u>(227,004)</u>	<u>204,174</u>	<u>206,139</u>
Other Financing Sources (Uses)				
Transfers in	60,000	238,542	1,544,738	1,843,280
Sale of capital assets	1,250	-	4,584	5,834
Transfers out	(1,400,000)	-	(158,400)	(1,558,400)
Total Other Financing Sources (Uses)	<u>(1,338,750)</u>	<u>238,542</u>	<u>1,390,922</u>	<u>290,714</u>
Net Change in Fund Balances	(1,109,781)	11,538	1,595,096	496,853
Fund Balances, January 1	<u>3,884,013</u>	<u>112,802</u>	<u>1,265,864</u>	<u>5,262,679</u>
Fund Balances, December 31	<u>\$ 2,774,232</u>	<u>\$ 124,340</u>	<u>\$ 2,860,960</u>	<u>\$ 5,759,532</u>

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

City of St. Francis, Minnesota
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances
 to the Statement of Activities
 Governmental Funds
 For the Year Ended December 31, 2018

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

Total Net Change in Fund Balances - Governmental Funds	\$ 496,853
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	256,007
Depreciation expense	(701,609)
<p>A gain or loss on the disposal of capital assets, including the difference between carrying value and any related sales proceeds, is included in net position. However, only the sales proceeds are included in the change in the change in fund balance.</p>	
	58,000
<p>Governmental funds report a gain (loss) on sale of capital assets to the extent of cash exchanged, whereas the disposition of the assets book value is included in the total gain (loss) in the statement of activities</p>	
Disposals	(198,250)
Depreciation on disposals	173,539
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal repayments	415,000
Current year amortization of bond premium	15,143
Current year amortization of deferred loss on refunding	(17,315)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	110
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	177,304
Pension revenue	13,632
<p>Certain revenues are recognized as soon as it is earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Special assessments	17,747
Property taxes	2,902
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(21,230)
Change in Net Position - Governmental Activities	\$ 687,833

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,723,193	\$ 2,723,193	\$ 2,799,372	\$ 76,179
Licenses and permits	177,520	177,520	228,153	50,633
Intergovernmental	608,229	608,229	876,049	267,820
Charges for services	387,630	387,630	442,866	55,236
Fines and forfeitures	24,000	24,000	36,854	12,854
Interest on investments	16,000	16,000	42,520	26,520
Miscellaneous	152,300	152,300	200,296	47,996
Total Revenues	<u>4,088,872</u>	<u>4,088,872</u>	<u>4,626,110</u>	<u>537,238</u>
Expenditures				
Current				
General government	864,010	864,010	875,337	(11,327)
Public safety	1,834,050	1,834,050	1,793,568	40,482
Public works	722,817	722,817	701,696	21,121
Culture and recreation	301,670	301,670	298,290	3,380
Community development	424,325	424,325	726,750	(302,425)
Capital outlay				
General government	2,000	2,000	1,500	500
Total Expenditures	<u>4,148,872</u>	<u>4,148,872</u>	<u>4,397,141</u>	<u>(248,269)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(60,000)</u>	<u>(60,000)</u>	<u>228,969</u>	<u>288,969</u>
Other Financing Sources (Uses)				
Transfers in	60,000	60,000	60,000	-
Sale of capital assets	-	-	1,250	1,250
Transfers out	-	-	(1,400,000)	(1,400,000)
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>60,000</u>	<u>(1,338,750)</u>	<u>(1,398,750)</u>
Net Change in Fund Balances	-	-	(1,109,781)	(1,109,781)
Fund Balances, January 1	<u>3,884,013</u>	<u>3,884,013</u>	<u>3,884,013</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 3,884,013</u>	<u>\$ 3,884,013</u>	<u>\$ 2,774,232</u>	<u>\$ (1,109,781)</u>

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

City of St. Francis, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm	
Assets					
Current Assets					
Cash and temporary investments	\$ 3,295,780	\$ 3,009,116	\$ 1,836,798	\$ 373,318	\$ 8,515,012
Receivables					
Accrued interest	4,719	2,147	2,625	265	9,756
Accounts	166,044	179,245	16,113	-	361,402
Special assessments	4,563	11,332	-	3,987	19,883
Due from other governments	21,245	202,388	-	559	224,192
Due from other funds	11,954	-	-	-	11,954
Inventory	-	-	242,609	-	242,609
Total Current Assets	<u>3,504,305</u>	<u>3,404,228</u>	<u>2,098,145</u>	<u>378,129</u>	<u>9,384,808</u>
Noncurrent Assets					
Special assessments	115,448	148,829	-	40,062	304,338
Capital assets					
Land	18,115	2,337,838	3,234	-	2,359,187
Construction in progress	-	2,579,782	-	-	2,579,782
Buildings	8,994,235	31,175,575	621,517	-	40,791,327
Machinery and equipment	205,504	159,267	209,627	-	574,398
Infrastructure	5,118,547	3,192,605	-	-	8,311,152
Less accumulated depreciation	<u>(4,202,290)</u>	<u>(5,453,358)</u>	<u>(598,290)</u>	<u>-</u>	<u>(10,253,938)</u>
Net Capital Assets	<u>10,134,111</u>	<u>33,991,709</u>	<u>236,088</u>	<u>-</u>	<u>44,361,908</u>
Total Noncurrent Assets	<u>10,249,559</u>	<u>34,140,538</u>	<u>236,088</u>	<u>40,062</u>	<u>44,666,246</u>
Total Assets	<u>13,753,864</u>	<u>37,544,766</u>	<u>2,334,233</u>	<u>418,191</u>	<u>54,051,054</u>
Deferred Outflows of Resources					
Deferred pension resources	26,288	27,172	33,615	-	87,075

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, 2018

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm	
Liabilities					
Current Liabilities					
Accounts payable	\$ 19,012	\$ 34,824	\$ 75,671	\$ 4,982	\$ 134,489
Contracts payable	1,000	233,269	-	-	234,269
Accrued salaries payable	3,398	3,484	5,618	-	12,500
Due to other governments	513	-	21,226	-	21,739
Accrued interest payable	67,247	63,696	-	-	130,943
Compensated absences payable - current	6,914	6,914	13,006	-	26,834
Bonds payable - current	647,850	683,150	-	-	1,331,000
Total Current Liabilities	<u>745,934</u>	<u>1,025,337</u>	<u>115,521</u>	<u>4,982</u>	<u>1,891,774</u>
Noncurrent Liabilities					
Compensated absences payable	3,455	3,455	12,759	-	19,669
Pension liability	111,713	115,809	141,765	-	369,287
Bonds payable	6,014,400	19,421,600	-	-	25,436,000
Total Noncurrent Liabilities	<u>6,129,568</u>	<u>19,540,864</u>	<u>154,524</u>	<u>-</u>	<u>25,824,956</u>
Total Liabilities	<u>6,875,502</u>	<u>20,566,201</u>	<u>270,045</u>	<u>4,982</u>	<u>27,716,730</u>
Deferred Inflows of Resources					
Deferred pension resources	28,187	29,168	35,944	-	93,299
Net Position					
Net investment in capital assets	3,711,013	15,085,436	236,088	-	19,032,537
Restricted for system replacement	-	57,865	-	-	57,865
Unrestricted	3,165,450	1,833,268	1,825,771	413,209	7,237,698
Total Net Position	<u>\$ 6,876,463</u>	<u>\$ 16,976,569</u>	<u>\$ 2,061,859</u>	<u>\$ 413,209</u>	<u>\$ 26,328,100</u>

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

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City of St. Francis, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm	
Operating Revenues					
Sales	\$ -	\$ -	\$ 2,313,549	\$ -	\$ 2,313,549
Cost of sales	-	-	(1,715,523)	-	(1,715,523)
Gross Profit	-	-	598,026	-	598,026
Charges for services	1,544,164	1,710,372	-	176,850	3,431,386
Total Operating Revenues	<u>1,544,164</u>	<u>1,710,372</u>	<u>598,026</u>	<u>176,850</u>	<u>4,029,412</u>
Operating Expenses					
Personal services	205,792	211,738	247,241	-	664,771
Supplies	73,450	56,445	4,120	-	134,015
Professional services	108,257	229,035	114,137	29,538	480,967
Communications	7,399	3,874	4,436	-	15,709
Insurance	21,263	34,964	14,399	-	70,626
Utilities	87,211	137,981	16,942	-	242,134
Repairs and maintenance	56,883	92,568	5,780	-	155,231
Depreciation	329,595	799,571	35,289	-	1,164,455
Other	13,363	14,910	6,953	-	35,226
Total Operating Expenses	<u>903,213</u>	<u>1,581,086</u>	<u>449,297</u>	<u>29,538</u>	<u>2,963,134</u>
Operating Income	<u>640,951</u>	<u>129,286</u>	<u>148,729</u>	<u>147,312</u>	<u>1,066,278</u>
Nonoperating Revenues (Expenses)					
Interest income	45,991	37,342	25,446	4,655	113,434
Miscellaneous	52,291	69,548	1,445	-	123,284
Gain on sale of capital assets	-	3,250	-	-	3,250
Interest expense	(173,075)	(275,178)	-	-	(448,253)
Total Nonoperating Revenues (Expenses)	<u>(74,793)</u>	<u>(165,038)</u>	<u>26,891</u>	<u>4,655</u>	<u>(208,285)</u>
Income Before Transfers and Contributions	<u>566,158</u>	<u>(35,752)</u>	<u>175,620</u>	<u>151,967</u>	<u>857,993</u>
Transfers and Contributions					
Capital grants	-	621,755	-	-	621,755
Capital contributions - connection fees	128,520	174,228	-	-	302,748
Transfers out	(111,080)	(113,800)	(60,000)	-	(284,880)
Total Transfers and Contributions	<u>17,440</u>	<u>682,183</u>	<u>(60,000)</u>	<u>-</u>	<u>639,623</u>
Change in Net Position	583,598	646,431	115,620	151,967	1,497,616
Net Position, January 1	<u>6,292,865</u>	<u>16,330,138</u>	<u>1,946,239</u>	<u>261,242</u>	<u>24,830,484</u>
Net Position, December 31	<u>\$ 6,876,463</u>	<u>\$ 16,976,569</u>	<u>\$ 2,061,859</u>	<u>\$ 413,209</u>	<u>\$ 26,328,100</u>

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

City of St. Francis, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm	
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 1,632,429	\$ 1,809,613	\$ 2,329,722	\$ 172,474	\$ 5,944,238
Payments to suppliers	(367,371)	(498,357)	(1,918,466)	(25,089)	(2,809,283)
Payments to employees	(206,784)	(212,779)	(257,235)	-	(676,798)
Net Cash Provided by Operating Activities	<u>1,058,274</u>	<u>1,098,477</u>	<u>154,021</u>	<u>147,385</u>	<u>2,458,157</u>
Cash Flows from					
Noncapital Financing Activities					
Decrease in due from other funds	258,328	-	-	-	258,328
Transfers to other funds	(111,080)	(113,800)	(60,000)	-	(284,880)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>147,248</u>	<u>(113,800)</u>	<u>(60,000)</u>	<u>-</u>	<u>(26,552)</u>
Cash Flows from Capital Financing Activities					
Connection fees received	128,520	174,228	-	-	302,748
Capital grants received	-	822,509	-	-	822,509
Acquisition of capital assets	(54,392)	(502,012)	(14,819)	-	(571,223)
Proceeds from sale of capital assets	-	3,250	-	-	3,250
Interest paid on bonds	(179,229)	(277,126)	-	-	(456,355)
Principal paid on bonds	(633,250)	(490,750)	-	-	(1,124,000)
Net Cash Used by Capital Financing Activities	<u>(738,351)</u>	<u>(269,901)</u>	<u>(14,819)</u>	<u>-</u>	<u>(1,023,071)</u>
Cash Flows from Investing Activities					
Interest received on investments	44,777	36,451	24,797	4,516	110,541
Net Increase in					
Cash and Cash Equivalents	511,948	751,227	103,999	151,901	1,519,075
Cash and Cash Equivalents, January 1	<u>2,783,832</u>	<u>2,257,889</u>	<u>1,732,799</u>	<u>221,417</u>	<u>6,995,937</u>
Cash and Cash Equivalents, December 31	<u>\$ 3,295,780</u>	<u>\$ 3,009,116</u>	<u>\$ 1,836,798</u>	<u>\$ 373,318</u>	<u>\$ 8,515,012</u>

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

City of St. Francis, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income	\$ 640,951	\$ 129,286	\$ 148,729	\$ 147,312	\$ 1,066,278
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	329,595	799,571	35,289	-	1,164,455
Other income related to operations	52,291	69,548	1,445	-	123,284
(Increase) decrease in assets and deferred outflows of resources					
Receivables					
Accounts	38,214	24,708	14,728	-	77,650
Special assessments	(3,402)	3,519	-	(4,579)	(4,462)
Due from other governments	1,162	1,466	-	203	2,831
Inventories	-	-	28,651	-	28,651
Pension resources	18,331	18,829	27,543	-	64,703
Increase (decrease) in liabilities and deferred inflows of resources					
Accounts payable	502	71,420	(66,012)	4,449	10,359
Due to other governments	(47)	-	1,185	-	1,138
Accrued salaries payable	423	272	1,107	-	1,802
Pension liability	(19,308)	(19,720)	(36,816)	-	(75,844)
Compensated absences payable	260	260	1,668	-	2,188
Pension resources	(698)	(682)	(3,496)	-	(4,876)
 Net Cash Provided by Operating Activities	 <u>\$ 1,058,274</u>	 <u>\$ 1,098,477</u>	 <u>\$ 154,021</u>	 <u>\$ 147,385</u>	 <u>\$ 2,458,157</u>
 Noncash Capital Financing and Investing Activities					
Capital assets acquired on account	<u>\$ -</u>	<u>\$ 167,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,665</u>

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

City of St. Francis, Minnesota
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

	Agency 853 Escrow
Assets	
Cash and temporary investments	\$ 58,369
Liabilities	
Accounts payable	\$ 8,593
Deposits payable	49,776
Total Liabilities	\$ 58,369

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. Based on GASB 61, the EDA meets the requirements for a blended component unit because the financial benefit or burden relationship, along with primary operational responsibility. Therefore, it is presented as a governmental fund in the financial statements of the City. Separate financial statements are not issued for this component unit.

B. Government-wide and Fund Financial Statements

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

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

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

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Deposits and Investments

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

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency

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

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of December 31, 2018:

- US government securities of \$168,037 are valued using quoted market prices (Level 1 inputs)
- Negotiable Certificates of Deposits of \$4,242,185 are valued using a matrix pricing model (Level 2 inputs)

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

Property Taxes

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

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

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2018. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established for utility receivables.

Special Assessments

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

Interfund Receivables and Payables

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

Land Held for Resale

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

Note 1: Summary of Significant Accounting Policies (Continued)

Inventories

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

Capital Assets

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

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

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

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

Assets	Useful Lives in Years
Land Improvements	15
Buildings and Improvements	15 to 40
Infrastructure	20 to 50
Machinery and Equipment	3 to 20

Deferred Outflows of Resources

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

Compensated Absences

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

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Postemployment Benefits Other Than Pensions

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the City's fiscal year 2018. Statement No. 75 requires accrual-based measurement, recognition and disclosure of other postemployment benefits (OPEB) expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability, net of any plan assets. The City has no plans that would result in an OPEB liability and, therefore, the City anticipates it will not incur any future explicit or implicit OPEB costs for its employees and, therefore, no liability will be recorded.

Long-term Obligations

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

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

Pensions

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

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

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

GERF	\$ 133,132
PEPFF	25,635
Fire Relief	<u>62,895</u>
 Total Pension Expense	 <u><u>\$ 221,662</u></u>

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

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

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

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Comparative Data/Reclassifications

To better reflect the activity of the primary government, the City merged together several nonmajor capital project funds into the Street Improvement fund. The total combined beginning fund balance of the primary government did not change.

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

In August of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 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

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2018 expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General Fund	\$ 4,148,872	\$ 4,397,141	\$ 248,269
Park Improvements	-	7,165	7,165
G.O Bonds 2013A	98,463	98,989	526
G.O. Bonds 2015A	30,575	30,900	325

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

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

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.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

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

At year end, the City's carrying amount of deposits was \$438,963 and the bank balance was \$443,557. The bank balance was partially covered by federal depository insurance while the remaining balance was covered by collateral held by the City's agent in the City's name.

Cash and Investments Summary

Investments

As of December 31, 2018, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Credit Quality/ Rating (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Minnesota Municipal Money Market	N/A	less than 6 months	\$ 9,522,443			
Broker Money Market	N/A	less than 6 months	3,740			
Non-pooled Investments at Fair Value						
Negotiable Certificates of Deposits	N/A	less than 6 months	199,659	\$ -	\$ 199,659	\$ -
Negotiable Certificates of Deposits	N/A	6 months to 1 year	345,760	-	345,760	-
Negotiable Certificates of Deposits	N/A	1 to 3 years	2,567,039	-	2,567,039	-
Negotiable Certificates of Deposits	N/A	more than 3 years	1,129,727	-	1,129,727	-
U.S. Government Securities	AAA	more than 3 years	168,037	168,037	-	-
Total Investments			\$ 13,936,405	\$ 168,037	\$ 4,242,185	\$ -

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

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

Carrying Amount of Deposits	\$ 438,963
Investments	<u>13,936,405</u>
Total	<u>\$ 14,375,368</u>
As Reported on the Financial Statements	
Statement of net position	
Cash and temporary investments	\$ 14,316,999
Fiduciary statement of net position	<u>58,369</u>
Total	<u>\$ 14,375,368</u>

Note 3: Detailed Notes on All Funds (Continued)

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

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 60 of the notes. In accordance with its investment policy, the City will minimize credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business, and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk.
- *Concentration of Credit risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with its investment policy, the investment portfolio should be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific issuer, maturity or class of securities. Extended maturities may be utilized to take advantage of higher yields; however, no more than 10 percent of the total investments should extend beyond five (5) years and in no circumstance should any extend beyond 10 years.
- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 1,427,736	\$ -	\$ -	\$ 1,427,736
Construction in progress	99,131	117,993	(217,124)	-
Total Capital Assets not being Depreciated	<u>1,526,867</u>	<u>117,993</u>	<u>(217,124)</u>	<u>1,427,736</u>
Capital Assets, being Depreciated				
Land improvements	174,771	-	-	174,771
Buildings	8,862,306	-	-	8,862,306
Infrastructure	6,308,811	-	-	6,308,811
Machinery and equipment	3,594,900	413,138	(198,250)	3,809,788
Total Capital Assets being Depreciated	<u>18,940,788</u>	<u>413,138</u>	<u>(198,250)</u>	<u>19,155,676</u>
Less Accumulated Depreciation for				
Land improvements	(113,790)	(8,739)	-	(122,529)
Buildings	(1,402,656)	(226,673)	-	(1,629,329)
Infrastructure	(1,636,358)	(222,360)	-	(1,858,718)
Machinery and equipment	(2,651,201)	(243,837)	173,539	(2,721,499)
Total Accumulated Depreciation	<u>(5,804,005)</u>	<u>(701,609)</u>	<u>173,539</u>	<u>(6,332,075)</u>
Total Capital Assets being Depreciated, Net	<u>13,136,783</u>	<u>(288,471)</u>	<u>(24,711)</u>	<u>12,823,601</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,663,650</u>	<u>\$ (170,478)</u>	<u>\$ (241,835)</u>	<u>\$ 14,251,337</u>

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

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	25,894,869	604,073	(23,919,160)	2,579,782
Total Capital Assets not being Depreciated	<u>28,254,056</u>	<u>604,073</u>	<u>(23,919,160)</u>	<u>4,938,969</u>
Capital Assets being Depreciated				
Buildings	16,872,166	23,919,160	-	40,791,326
Infrastructure	8,311,152	-	-	8,311,152
Machinery and equipment	506,836	69,211	(1,650)	574,397
Total Capital Assets being Depreciated	<u>25,690,154</u>	<u>23,988,371</u>	<u>(1,650)</u>	<u>49,676,875</u>
Less Accumulated Depreciation for				
Buildings	(5,787,427)	(865,480)	-	(6,652,907)
Infrastructure	(2,876,436)	(266,016)	-	(3,142,452)
Machinery and equipment	(427,268)	(32,959)	1,650	(458,577)
Total Accumulated Depreciation	<u>(9,091,131)</u>	<u>(1,164,455)</u>	<u>1,650</u>	<u>(10,253,936)</u>
Total Capital Assets being Depreciated, Net	<u>16,599,023</u>	<u>22,823,916</u>	<u>-</u>	<u>39,422,939</u>
Business-type Activities Capital Assets, Net	<u>\$ 44,853,079</u>	<u>\$ 23,427,989</u>	<u>\$ (23,919,160)</u>	<u>\$ 44,361,908</u>

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

Governmental Activities

General government	\$ 22,903
Public safety	209,497
Community development	2,482
Public works	374,058
Culture and recreation	92,669
Total Depreciation Expense - Governmental Activities	<u>\$ 701,609</u>

Business-type Activities

Water	\$ 329,595
Sewer	799,571
Liquor store	35,289
Total Depreciation Expense - Business-type Activities	<u>\$ 1,164,455</u>

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
Water	Nonmajor governmental funds	To provide cash flows	<u>\$ 11,954</u>

The City made transfers during the fiscal year 2018 as shown and described below:

<u>Fund</u>	<u>Transfer in</u>			<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	
Transfer out				
General	\$ -	\$ -	\$ 1,400,000	\$ 1,400,000
Nonmajor governmental	-	33,662	124,738	158,400
Water	-	101,080	10,000	111,080
Sewer	-	103,800	10,000	113,800
Liquor Store	60,000	-	-	60,000
Total	<u>\$ 60,000</u>	<u>\$ 238,542</u>	<u>\$ 1,544,738</u>	<u>\$ 1,843,280</u>

During the year the City made multiple interfund transfers, some of which were budgeted. The City annually budgets transfers to 1) move revenues from the fund with collection authorization to the Debt Service fund as debt service principal and interest payments become due, 2) transfer Liquor Store fund resources to fund annual operations, 3) transfer funds as part of the capital improvement plans. The City made the following unbudgeted transfers during 2018:

- The General fund transferred \$1,400,000 to create a new Street Improvement fund.
- The Kerry St. and 232nd St. fund transferred \$33,662 to the 2015 GO Improvement Debt Service fund to close out the debt service fund.
- The Rum River Bluffs Development fund transferred \$124,738 to create a new Street improvement fund and close out old capital projects funds.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

D. Long-term Debt

General Obligation Bonds

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

General Obligation Improvement Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Crossover Refunding Refunding Bonds					
Series 2013A	\$ 560,000	1.00 - 2.00 %	03/27/13	02/01/23	\$ 470,000
G.O. Improvement Bonds					
Series 2015A	265,000	2.00 - 3.00	10/26/15	02/01/26	215,000
G.O. Capital Improvement Bonds					
Series 2017A	6,705,000	3.00 - 3.25	08/10/17	02/01/36	<u>6,405,000</u>
 Total General Obligation Improvement Bonds					 <u><u>\$ 7,090,000</u></u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 390,000	\$ 202,056	\$ 592,056
2020	405,000	191,881	596,881
2021	410,000	181,212	591,212
2022	420,000	170,081	590,081
2023	430,000	158,531	588,531
2024 - 2028	1,770,000	630,656	2,400,656
2029 - 2033	1,945,000	355,331	2,300,331
2034 - 2036	1,320,000	62,218	1,382,218
 Total	 <u><u>\$ 7,090,000</u></u>	 <u><u>\$ 1,951,966</u></u>	 <u><u>\$ 9,041,966</u></u>

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

General Obligation Revenue Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
MPFA - Water Revenue Bonds Series 2008	\$ 9,013,468	2.56 %	12/18/07	08/20/27	\$ 5,538,000
G.O. Sewer Revenue Bonds, Series 2010A	1,600,000	2.00 - 3.50	09/20/10	02/01/31	1,200,000
G.O. Crossover Refunding Refunding Bonds Series 2013A	560,000	1.00 - 2.30	03/27/13	02/01/23	1,985,000
G.O. Bonds Series 2015A	690,000	2.00 - 3.10	11/01/15	02/01/31	615,000
G.O. Revenue Bonds Series 2016A	1,930,000	1.00	06/30/16	02/01/37	1,855,000
G.O. Sewer Revenue Bonds Series 2016B	16,010,544	1.00	10/20/16	08/20/46	<u>15,574,000</u>
 Total G.O. Revenue Bonds					 <u><u>\$ 26,767,000</u></u>

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

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2019	\$ 1,331,000	\$ 433,434	\$ 1,764,434
2020	1,354,000	408,681	1,762,681
2021	1,397,000	382,809	1,779,809
2022	1,435,000	355,559	1,790,559
2023	1,473,000	327,207	1,800,207
2024 - 2028	7,230,000	1,288,535	8,518,535
2029 - 2033	3,720,000	635,667	4,355,667
2034 - 2038	3,382,000	389,050	3,771,050
2039 - 2043	3,341,000	208,360	3,549,360
2044 - 2046	2,104,000	41,850	2,145,850
 Total	 <u><u>\$ 26,767,000</u></u>	 <u><u>\$ 4,471,152</u></u>	 <u><u>\$ 31,238,152</u></u>

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

	Water	Sewer
Net Operating Revenues	\$ 1,099,066	\$ 1,103,085
Principal and Interest	812,479	766,951
Percentage of Revenues	74 %	70 %

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Noncurrent liability activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 7,505,000	\$ -	\$ (415,000)	\$ 7,090,000	\$ 390,000
Lease revenue bonds	-	-	-	-	-
Bond Premium	265,010	-	(15,143)	249,867	-
Compensated Absences Payable	204,954	131,054	(109,824)	226,184	139,019
Pension Liability					
GERF	1,016,790	15,437	(125,568)	906,659	-
PEPFF	1,026,090	-	(207,481)	818,609	-
	<u>\$ 10,017,844</u>	<u>\$ 146,491</u>	<u>\$ (873,016)</u>	<u>\$ 9,291,319</u>	<u>\$ 529,019</u>
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	\$ 27,891,000	\$ -	\$ (1,124,000)	\$ 26,767,000	\$ 1,331,000
Compensated Absences Payable	44,315	20,727	(18,539)	46,503	26,834
Pension Liability					
GERF	445,131	10	(75,854)	369,287	-
	<u>\$ 28,380,446</u>	<u>\$ 20,737</u>	<u>\$ (1,218,393)</u>	<u>\$ 27,182,790</u>	<u>\$ 1,357,834</u>

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

E. Fund Balance Classification

At December 31, 2018, a summary of the governmental fund balance classifications are as follows:

	General	Debt Service	Other Governmental Funds	Total
Nonspendable				
Inventories	\$ 13,318	\$ -	\$ -	\$ 13,318
Restricted for				
Debt service	\$ -	\$ 124,340	\$ -	\$ 124,340
Police expenditures	-	-	10,308	10,308
Economic development projects	-	-	101,341	101,341
Park improvements	-	-	300,849	300,849
Capital purchases	-	-	82,311	82,311
Total Restricted	\$ -	\$ 124,340	\$ 494,809	\$ 619,149
Assigned to				
Capital projects	\$ -	\$ -	\$ 2,366,151	\$ 2,366,151

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 the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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.

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.

Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

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

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

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

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

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. An annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

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

Plan members were required to contribute 6.50 percent of their annual covered salary and the City was required to contribute 7.50 percent of pay for Coordinated Plan members in fiscal year 2018. The City's contributions to the GERF for the years ending December 31, 2018, 2017 and 2016 were \$123,228, \$110,789 and \$107,200, respectively. The City's contributions were equal to the required contributions for each year as set by Minnesota statute.

PEPFF Contributions

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2017. The City was required to contribute 16.20 percent of pay for PEPFF members in calendar year 2018. The City's contributions to the PEPFF for the years ending December 31, 2018, 2017 and 2016 were \$134,584, \$128,689 and \$127,740, respectively. The City's contributions were equal to the required contributions for each year as set by Minnesota statute.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

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

D. Pension Costs

GERF Pension Costs

At December 31, 2018, the City reported a liability of \$1,275,946 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$41,934. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was 0.0230 percent which was an increase of 0.0001 percent from its proportion measured as of June 30, 2017.

City's Proportionate Share of the Net Pension Liability	\$ 1,275,946
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>41,934</u>
Total	<u><u>\$ 1,317,880</u></u>

For the year ended December 31, 2018, the City recognized pension expense of \$123,353 for its proportionate share of GERF's pension expense. In addition, the City recognized an additional \$9,779 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERF.

At December 31, 2018, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Economic Experience	\$ 33,811	\$ 38,233
Changes in Actuarial Assumptions	122,331	143,366
Net Difference between Projected and Actual Earnings on Plan Investments	-	133,565
Changes in Proportion	72,649	-
Contributions to GERF Subsequent to the Measurement Date	<u>61,487</u>	<u>-</u>
Total	<u><u>\$ 290,278</u></u>	<u><u>\$ 315,164</u></u>

Deferred outflows of resources totaling \$61,487 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2019	\$ 101,831
2020	(60,102)
2021	(101,473)
2022	(26,629)

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

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

PEPFF Pension Costs

At December 31, 2018, the City reported a liability of \$818,609 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportionate share was 0.0768 percent which is an increase of 0.0008 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of \$18,723 for its proportionate share of PEPFF's pension expense. The City also recognized \$6,912 for the year ended December 31, 2018 as pension expense (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the plan. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2018, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 33,185	\$ 213,506
Changes in Actuarial Assumptions	1,055,428	1,205,099
Net Difference between Projected and Actual Earnings on Plan Investments	-	148,024
Changes in Proportion	34,600	128,779
Contributions to PEPFF Subsequent to the Measurement Date	<u>67,526</u>	<u>-</u>
 Total	 <u><u>\$ 1,190,739</u></u>	 <u><u>\$ 1,695,408</u></u>

Deferred outflows of resources totaling \$67,526 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to PEPFF pensions will be recognized in pension expense as follows:

2019	\$ 13,236
2020	(77,058)
2021	(152,907)
2022	(355,212)
2023	(254)

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

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

E. Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

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

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

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the GERP plan was completed in 2015. The most recent four-year experience study for PEPFF was completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

GERP

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

PEPFF

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	36.00 %	5.10 %
International Stocks	17.00	5.30
Bonds (Fixed Income)	20.00	0.75
Alternative Assets (Private Markets)	25.00	5.90
Cash	2.00	-
Total	100.00 %	

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

F. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the GERF and PEPFF were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	<u>1 Percent Decrease (6.50%)</u>	<u>Current (7.50%)</u>	<u>1 Percent Increase (8.50%)</u>
GERF	\$ 2,073,575	\$ 1,275,946	\$ 617,525
PEPFF	1,755,149	818,609	44,129

H. Pension Plan Fiduciary Net Position

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

Note 5: Defined Benefit Pension Plan - Fire Relief Association

A. Plan Description

All members of the St. Francis Fire Department (the Department) are covered by a defined benefit plan administered by the St. Francis Fire Relief Association (the Association). As of December 31, 2017, the plan covered 23 active firefighters and 8 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.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

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

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 \$37,521 in fire state aid to the plan on behalf of the St. Francis Fire Department for the year ended December 31, 2017, which was recorded as a revenue. The City had no statutorily-required contributions had to the plan for the year ended December 31, 2018. The City's voluntary contributions were \$11,500 during the year.

D. Pension Costs

At December 31, 2018, the City reported a net pension asset of \$337,506 for the plan. The net pension asset was measured as of December 31, 2018. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2018	\$ 448,635	\$ 784,487	\$ (335,852)
Changes for the Year			
Service cost	29,053	-	29,053
Interest on pension liability (asset)	25,889	-	25,889
Actuarial experience (gains)/losses	(4,837)	-	(4,837)
Projected investment earnings	-	47,069	(47,069)
Contributions (employer)	-	37,521	(37,521)
Contributions (State)	-	11,500	(11,500)
Adjustment to initial asset transfer	-	39,123	(39,123)
Asset (gain)/loss	-	(76,711)	76,711
Administrative costs	-	(6,743)	6,743
Total Net Changes	<u>50,105</u>	<u>51,759</u>	<u>(1,654)</u>
Ending Balance December 31, 2018	<u>\$ 498,740</u>	<u>\$ 836,246</u>	<u>\$ (337,506)</u>

For the year ended December 31, 2018, the Fire Department recognized negative pension expense of \$62,895.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

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

December 31, 2018, the City reported deferred inflows and outflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 31,747	\$ -
Changes in Actuarial Assumptions	-	18,487
Total	\$ 31,747	\$ 18,487

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

2019		\$ (371)
2020		(371)
2021		(371)
2022		14,373

E. Actuarial Assumptions

The total pension liability at December 31, 2018 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

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

There were no changes in actuarial assumptions in 2018.

F. Investment Policy

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

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in Minnesota statutes, chapter 11a and chapter 353g.

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

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

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

G. Asset Allocation

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	35.00 %	5.10 %
Fixed Income	15.00	5.30
Cash	45.00	0.75
Other	<u>5.00</u>	-
Total	<u><u>100.00 %</u></u>	

H. Discount Rate

The discount rate used to measure the total pension liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the Volunteer Firefighter Fund will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

I. Pension Liability Sensitivity

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

	<u>1 Percent Decrease (5.00%)</u>	<u>Current (6.00%)</u>	<u>1 Percent Increase (7.00%)</u>
Defined Benefit Plan	\$ (320,032)	\$ (337,506)	\$ (354,356)

J. Pension Plan Fiduciary Net Position

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

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 6: Other Information

A. Legal Debt Margin

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

B. Risk Management

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

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

C. Tax Increment Financing Districts

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

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

City of St. Francis, Minnesota
 Required Supplementary Information
 For the Year Ended December 31, 2018

Schedule of Employer's Share of PERA Net Pension Liability - General Employee Retirement Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/18	0.0230 %	\$ 1,275,946	\$ 41,934	\$ 1,317,880	\$ 1,548,473	85.1 %	79.5 %
6/30/17	0.0229	1,461,921	18,392	1,480,313	1,476,032	99.0	75.9
6/30/16	0.0224	1,818,769	23,762	1,842,531	1,392,886	130.6	68.9
6/30/15	0.0186	963,949	-	963,949	1,095,456	88.0	78.2

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

Schedule of Employer's PERA Contributions - General 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)
12/31/18	\$ 123,228	\$ 123,228	\$ -	\$ 1,643,040	7.5 %
12/31/17	110,789	110,789	-	1,477,187	7.5
12/31/16	107,200	107,200	-	1,429,333	7.5
12/31/15	93,328	93,328	-	1,244,373	7.5

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

City of St. Francis, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2018

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

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

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

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

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

Changes in Plan Provisions

2017 - The State's special funding contribution increased from \$6 million to \$16 million.

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

City of St. Francis, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2018

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
06/30/18	0.0768 %	\$ 818,609	\$ -	\$ 818,609	\$ 809,466	101.1 %	88.8 %
06/30/17	0.0760	1,026,090	-	1,026,090	776,950	132.1	85.4
06/30/16	0.0870	3,491,461	-	3,491,461	838,998	416.1	63.9
06/30/15	0.0870	988,524	-	988,524	796,699	124.1	86.6

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

Schedule of Employer's PERA Contributions - 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)
12/31/18	\$ 134,584	\$ 134,584	\$ -	\$ 830,765	16.2 %
12/31/17	128,689	128,689	-	794,377	16.2
12/31/16	127,740	127,740	-	788,519	16.2
12/31/15	137,113	137,113	-	846,377	16.2

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

City of St. Francis, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2018

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

Changes in Actuarial Assumptions

2018 - The mortality projection scale was changed from MP-2016 to MP-2017. As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

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

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

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

Changes in Plan Provisions

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

City of St. Francis, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2018

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

	2018 (Fire Relief Report Date 2018)	2017 (Fire Relief Report Date 2017)*	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability				
Service cost	\$ 29,053	\$ 23,782	\$ 16,867	\$ 16,456
Interest	25,889	26,773	14,927	18,114
Changes of benefit terms	(4,837)	(24,359)	-	-
Plan changes	-	-	85,421	-
Benefit payments, including refunds of employee contributions	-	-	(17,815)	(115,925)
Net Change in Total Pension Liability	<u>50,105</u>	<u>26,196</u>	<u>99,400</u>	<u>(81,355)</u>
Total Pension Liability - January 1	<u>373,328</u>	<u>347,132</u>	<u>247,732</u>	<u>329,087</u>
Total Pension Liability - December 31 (a)	<u>\$ 423,433</u>	<u>\$ 373,328</u>	<u>\$ 347,132</u>	<u>\$ 247,732</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 11,500	\$ 9,000	\$ 36,251	\$ 35,927
Net investment income	47,002	90,515	(18,720)	37,617
Benefit payments, including refunds of employee contributions	-	-	(17,815)	(115,925)
Administrative expense	(6,743)	(819)	(5,600)	(5,584)
Net Change in Plan Fiduciary Net Position	<u>51,759</u>	<u>98,696</u>	<u>(5,884)</u>	<u>(47,965)</u>
Plan Fiduciary Net Position - January 1	710,834	685,791	623,519	671,484
Change in pension plan and measurement date*	<u>(1,654)</u>	<u>(75,307)</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - December 31 (b)	<u>\$ 760,939</u>	<u>\$ 709,180</u>	<u>\$ 617,635</u>	<u>\$ 623,519</u>
Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)	<u>\$ (337,506)</u>	<u>\$ (335,852)</u>	<u>\$ (270,503)</u>	<u>\$ (375,787)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)	179.71%	189.96%	177.93%	251.69%
Covered-employee Payroll	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	N/A	N/A	N/A	N/A

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

Schedule of Employer's Fire Relief Association Contributions

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

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

City of St. Francis, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2018

	Special Revenue	Capital Projects	Total
Assets			
Cash and temporary investments	\$ 111,505	\$ 2,753,655	\$ 2,865,160
Receivables			
Accrued interest	144	4,183	4,327
Accounts	-	1,516	1,516
Special assessments	-	305,048	305,048
	<u>\$ 111,649</u>	<u>\$ 3,064,402</u>	<u>\$ 3,176,051</u>
Liabilities			
Accounts payable	\$ -	\$ 10,043	\$ 10,043
Deferred Inflows of Resources			
Unavailable revenues - special assessments	-	305,048	305,048
Fund Balances			
Restricted	111,649	383,160	494,809
Assigned	-	2,366,151	2,366,151
Total Fund Balances	<u>111,649</u>	<u>2,749,311</u>	<u>2,860,960</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 111,649</u>	<u>\$ 3,064,402</u>	<u>\$ 3,176,051</u>

City of St. Francis, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2018

	Special Revenue	Capital Projects	Total
Revenues			
Taxes	\$ -	\$ 343,150	\$ 343,150
Intergovernmental	-	113,871	113,871
Charges for services	-	180,167	180,167
Special assessments	-	47,988	47,988
Interest on investments	1,416	24,294	25,710
Miscellaneous	219	89,041	89,260
Total Revenues	1,635	798,511	800,146
Expenditures			
Current			
Public safety	30	-	30
Capital outlay			
General government	-	565	565
Public safety	-	105,900	105,900
Public works	-	482,312	482,312
Culture and recreation	-	7,165	7,165
Total Expenditures	30	595,942	595,972
Excess of Revenues Over Expenditures	1,605	202,569	204,174
Other Financing Sources (Uses)			
Transfers in	-	1,544,738	1,544,738
Sale of capital assets	-	4,584	4,584
Transfers out	-	(158,400)	(158,400)
Total Other Financing Sources (Uses)	-	1,390,922	1,390,922
Net Change in Fund Balances	1,605	1,593,491	1,595,096
Fund Balances, January 1	110,044	1,155,820	1,265,864
Fund Balances, December 31	\$ 111,649	\$ 2,749,311	\$ 2,860,960

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NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

City of St. Francis, Minnesota
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2018

	208 Police Forfeiture	240 EDA	Total
Assets			
Cash and temporary investments	\$ 10,308	\$ 101,197	\$ 111,505
Accrued interest receivable	-	144	144
Total Assets	\$ 10,308	\$ 101,341	\$ 111,649
Fund Balances			
Restricted for			
Police expenditures	\$ 10,308	\$ -	\$ 10,308
Economic development projects	-	101,341	101,341
Total Fund Balances	\$ 10,308	\$ 101,341	\$ 111,649

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, 2018

	208 Police Forfeiture	240 EDA	Total
Revenues			
Interest on investments	\$ -	\$ 1,416	\$ 1,416
Miscellaneous	219	-	219
Total Revenues	<u>219</u>	<u>1,416</u>	<u>1,635</u>
Expenditures			
Current			
Public safety	30	-	30
Net Change in Fund Balances	189	1,416	1,605
Fund Balances, January 1	<u>10,119</u>	<u>99,925</u>	<u>110,044</u>
Fund Balances, December 31	<u><u>\$ 10,308</u></u>	<u><u>\$ 101,341</u></u>	<u><u>\$ 111,649</u></u>

City of St. Francis, Minnesota
 Police Forfeiture Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual
 For the Year Ended December 31, 2018
 (With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Miscellaneous	\$ -	\$ -	\$ 219	\$ 219	\$ -
Expenditures					
Current					
Public safety	10,246	10,246	30	10,216	13,254
Net Change in Fund Balances	(10,246)	(10,246)	189	10,435	(13,254)
Fund Balances, January 1	10,119	10,119	10,119	-	23,373
Fund Balances, December 31	<u>\$ (127)</u>	<u>\$ (127)</u>	<u>\$ 10,308</u>	<u>\$ 10,435</u>	<u>\$ 10,119</u>

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

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

Street Improvement - accounts for the accumulation of resources for future street purchases of capital outlay.

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.

City of St. Francis, Minnesota
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 December 31, 2018

	210	225	402	404	405	416
	Charitable Gambling	Park Improvements	Capital Equipment	Building Improvement	Street Improvement	Kerry Street and 232nd
Assets						
Cash and temporary investments	\$ 80,680	\$ 300,424	\$ 1,104,158	\$ 3,089	\$ 1,265,304	\$ -
Receivables						
Accrued interest	115	425	1,566	4	2,073	-
Accounts	1,516	-	-	-	-	-
Special assessments	-	-	-	-	305,048	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,048</u>	<u>-</u>
Total Assets	<u>\$ 82,311</u>	<u>\$ 300,849</u>	<u>\$ 1,105,724</u>	<u>\$ 3,093</u>	<u>\$ 1,572,425</u>	<u>\$ -</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 10,043	\$ -
Deferred Inflows of Resources						
Unavailable revenues - special assessments	-	-	-	-	305,048	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,048</u>	<u>-</u>
Fund Balances						
Restricted for						
Park improvements	-	300,849	-	-	-	-
Capital purchases	82,311	-	-	-	-	-
Assigned for						
Capital projects	-	-	1,105,724	3,093	1,257,334	-
Total Fund Balances	<u>82,311</u>	<u>300,849</u>	<u>1,105,724</u>	<u>3,093</u>	<u>1,257,334</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 82,311</u>	<u>\$ 300,849</u>	<u>\$ 1,105,724</u>	<u>\$ 3,093</u>	<u>\$ 1,572,425</u>	<u>\$ -</u>

City of St. Francis, Minnesota
 Nonmajor Capital Projects Funds
 Combining Balance Sheet (Continued)
 December 31, 2018

	417	420	
	Pederson	Rum River	
	Drive	Bluffs	Total
	Development		
Assets			
Cash and temporary investments	\$ -	\$ -	\$ 2,753,655
Receivables			
Accrued interest	-	-	4,183
Accounts	-	-	1,516
Special assessments	-	-	305,048
	<u>-</u>	<u>-</u>	<u>305,048</u>
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,064,402</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ 10,043
Deferred Inflows of Resources			
Unavailable revenues - special assessments	-	-	305,048
	<u>-</u>	<u>-</u>	<u>305,048</u>
Fund Balances			
Restricted for			
Park improvements	-	-	300,849
Capital purchases	-	-	82,311
Assigned for			
Capital projects	-	-	2,366,151
Total Fund Balances	<u>-</u>	<u>-</u>	<u>2,749,311</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,064,402</u>

City of St. Francis, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2018

	210	225	402	404	405	416
	Charitable Gambling	Park Improvements	Capital Equipment	Building Improvement	Street Improvement	Kerry Street and 232nd
Revenues						
Property taxes	\$ -	\$ -	\$ 223,150	\$ 60,000	\$ 60,000	\$ -
Intergovernmental	-	-	-	-	113,871	-
Charges for services	19,588	160,579	-	-	-	-
Special assessments	-	-	-	-	47,988	-
Interest on investments	961	2,304	14,873	125	6,031	-
Miscellaneous	-	670	88,360	-	11	-
Total Revenues	<u>20,549</u>	<u>163,553</u>	<u>326,383</u>	<u>60,125</u>	<u>227,901</u>	<u>-</u>
Expenditures						
Capital outlay						
General government	-	-	565	-	-	-
Public safety	-	-	105,900	-	-	-
Public works	-	-	200,178	57,032	225,023	79
Culture and recreation	-	7,165	-	-	-	-
Total Expenditures	<u>-</u>	<u>7,165</u>	<u>306,643</u>	<u>57,032</u>	<u>225,023</u>	<u>79</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20,549</u>	<u>156,388</u>	<u>19,740</u>	<u>3,093</u>	<u>2,878</u>	<u>(79)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	20,000	-	1,492,429	-
Sale of capital assets	-	-	4,584	-	-	-
Transfers out	-	-	-	-	-	(33,662)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>24,584</u>	<u>-</u>	<u>1,492,429</u>	<u>(33,662)</u>
Net Change in Fund Balances	20,549	156,388	44,324	3,093	1,495,307	(33,741)
Fund Balances, January 1	<u>61,762</u>	<u>144,461</u>	<u>1,061,400</u>	<u>-</u>	<u>(237,973)</u>	<u>33,741</u>
Fund Balances, December 31	<u>\$ 82,311</u>	<u>\$ 300,849</u>	<u>\$ 1,105,724</u>	<u>\$ 3,093</u>	<u>\$ 1,257,334</u>	<u>\$ -</u>

City of St. Francis, Minnesota
 Nonmajor Capital Projects Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances (Continued)
 For the Year Ended December 31, 2018

	417 Pederson Drive	420 Rum River Bluffs Development	Total
Revenues			
Property taxes	\$ -	\$ -	\$ 343,150
Intergovernmental	-	-	113,871
Charges for services	-	-	180,167
Special assessments	-	-	47,988
Interest on investments	-	-	24,294
Miscellaneous	-	-	89,041
Total Revenues	<u>-</u>	<u>-</u>	<u>798,511</u>
Expenditures			
Capital outlay			
General government	-	-	565
Public safety	-	-	105,900
Public works	-	-	482,312
Culture and recreation	-	-	7,165
Total Expenditures	<u>-</u>	<u>-</u>	<u>595,942</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>202,569</u>
Other Financing Sources (Uses)			
Transfers in	32,309	-	1,544,738
Sale of capital assets	-	-	4,584
Transfers out	-	(124,738)	(158,400)
Total Other Financing Sources (Uses)	<u>32,309</u>	<u>(124,738)</u>	<u>1,390,922</u>
Net Change in Fund Balances	32,309	(124,738)	1,593,491
Fund Balances, January 1	<u>(32,309)</u>	<u>124,738</u>	<u>1,155,820</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,749,311</u>

City of St. Francis, Minnesota
Charitable Gambling Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Charges for services	\$ 13,000	\$ 13,000	\$ 19,588	\$ 6,588	\$ 15,536
Investment earnings	500	500	961	461	450
Total Revenues	<u>13,500</u>	<u>13,500</u>	<u>20,549</u>	<u>7,049</u>	<u>15,986</u>
Expenditures					
Capital outlay					
Public safety	-	-	-	-	4,000
Net Change in Fund Balances	13,500	13,500	20,549	7,049	11,986
Fund Balances, January 1	<u>61,762</u>	<u>61,762</u>	<u>61,762</u>	-	<u>49,776</u>
Fund Balances, December 31	<u>\$ 75,262</u>	<u>\$ 75,262</u>	<u>\$ 82,311</u>	<u>\$ 7,049</u>	<u>\$ 61,762</u>

City of St. Francis, Minnesota
 Park Improvements Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual
 For the Year Ended December 31, 2018
 (With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Charges for services	\$ 1,000	\$ 1,000	\$ 160,579	\$ 159,579	\$ 3,725
Interest on investments	700	700	2,304	1,604	1,143
Miscellaneous	500	500	670	170	100
Total Revenues	<u>2,200</u>	<u>2,200</u>	<u>163,553</u>	<u>161,353</u>	<u>4,968</u>
Expenditures					
Capital outlay					
Culture and recreation	-	-	7,165	(7,165)	46
Net Change in Fund Balances	2,200	2,200	156,388	154,188	4,922
Fund Balances, January 1	<u>144,461</u>	<u>144,461</u>	<u>144,461</u>	-	<u>139,539</u>
Fund Balances, December 31	<u>\$ 146,661</u>	<u>\$ 146,661</u>	<u>\$ 300,849</u>	<u>\$ 154,188</u>	<u>\$ 144,461</u>

City of St. Francis, Minnesota
 Capital Equipment Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual
 For the Year Ended December 31, 2018
 (With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance with Final Budget	2017
	Budget Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Revenues					
Property tax	\$ 223,150	\$ 223,150	\$ 223,150	\$ -	\$ 223,150
Interest on investments	8,000	8,000	14,873	6,873	8,299
Miscellaneous	-	-	88,360	88,360	12,742
Total Revenues	<u>231,150</u>	<u>231,150</u>	<u>326,383</u>	<u>95,233</u>	<u>244,191</u>
Expenditures					
Capital outlay					
General government	18,207	18,207	565	17,642	6,469
Public safety	530,012	530,012	105,900	424,112	268,964
Public works	-	270,418	200,178	70,240	100,281
Total Expenditures	<u>548,219</u>	<u>818,637</u>	<u>306,643</u>	<u>511,994</u>	<u>375,714</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(317,069)</u>	<u>(587,487)</u>	<u>19,740</u>	<u>607,227</u>	<u>(131,523)</u>
Other Financing Sources					
Transfers in	20,000	20,000	20,000	-	159,114
Sale of capital assets	-	-	4,584	4,584	-
Total Other Financing Sources	<u>20,000</u>	<u>20,000</u>	<u>24,584</u>	<u>4,584</u>	<u>159,114</u>
Net Change in Fund Balances	<u>(297,069)</u>	<u>(567,487)</u>	<u>44,324</u>	<u>611,811</u>	<u>27,591</u>
Fund Balances, January 1	<u>1,061,400</u>	<u>1,061,400</u>	<u>1,061,400</u>	<u>-</u>	<u>1,033,809</u>
Fund Balances, December 31	<u>\$ 764,331</u>	<u>\$ 493,913</u>	<u>\$ 1,105,724</u>	<u>\$ 611,811</u>	<u>\$ 1,061,400</u>

City of St. Francis, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance with Final Budget	2017
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 2,723,193	\$ 2,723,193	\$ 2,799,372	\$ 76,179	\$ 2,992,821
Licenses and permits					
Business	22,965	22,965	25,040	2,075	25,477
Nonbusiness	154,555	154,555	203,113	48,558	189,378
Total licenses and permits	<u>177,520</u>	<u>177,520</u>	<u>228,153</u>	<u>50,633</u>	<u>214,855</u>
Intergovernmental					
State					
Local government aid	406,858	406,858	406,858	-	359,777
Property tax credits	-	-	3,047	3,047	4,083
Police and fire aid	84,400	84,400	104,941	20,541	100,698
Municipal State Aid	115,000	115,000	124,284	9,284	115,694
Other	1,971	1,971	1,971	-	1,971
County		-	234,948	234,948	273,177
Total intergovernmental	<u>608,229</u>	<u>608,229</u>	<u>876,049</u>	<u>267,820</u>	<u>855,400</u>
Charges for services					
General government	242,750	242,750	292,646	49,896	289,641
Public safety	136,680	136,680	140,668	3,988	137,731
Public works	3,000	3,000	2,612	(388)	3,599
Community development	5,200	5,200	6,940	1,740	7,650
Total charges for services	<u>387,630</u>	<u>387,630</u>	<u>442,866</u>	<u>55,236</u>	<u>438,621</u>
Fines and forfeitures	<u>24,000</u>	<u>24,000</u>	<u>36,854</u>	<u>12,854</u>	<u>25,631</u>
Interest on investments	<u>16,000</u>	<u>16,000</u>	<u>42,520</u>	<u>26,520</u>	<u>22,073</u>
Miscellaneous					
Rents and leases	85,300	85,300	88,115	2,815	86,818
Recycling and landfill abatement	37,000	37,000	38,725	1,725	47,211
Donations and other	30,000	30,000	73,456	43,456	42,104
Total miscellaneous	<u>152,300</u>	<u>152,300</u>	<u>200,296</u>	<u>47,996</u>	<u>176,133</u>
Total Revenues	<u>4,088,872</u>	<u>4,088,872</u>	<u>4,626,110</u>	<u>537,238</u>	<u>4,725,534</u>

City of St. Francis, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance with Final Budget	2017
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and city council					
Personal services	\$ 29,100	\$ 29,100	\$ 28,382	\$ 718	\$ 28,327
Other services and charges	9,550	9,550	13,445	(3,895)	19,393
Total mayor and city council	<u>38,650</u>	<u>38,650</u>	<u>41,827</u>	<u>(3,177)</u>	<u>47,720</u>
City administration					
Personal services	343,500	343,500	324,669	18,831	357,928
Supplies	10,300	10,300	7,403	2,897	7,263
Other services and charges	44,060	44,060	44,328	(268)	52,238
Total city administration	<u>397,860</u>	<u>397,860</u>	<u>376,400</u>	<u>21,460</u>	<u>417,429</u>
Elections					
Personal services	4,250	4,250	3,513	737	10
Supplies	800	800	-	800	-
Other services and charges	2,050	2,050	1,803	247	32
Total elections	<u>7,100</u>	<u>7,100</u>	<u>5,316</u>	<u>1,784</u>	<u>42</u>
Financial administration					
Personal services	207,250	207,250	206,438	812	132,840
Supplies	1,000	1,000	347	653	250
Other services and charges	3,050	3,050	3,568	(518)	2,892
Total financial administration	<u>211,300</u>	<u>211,300</u>	<u>210,353</u>	<u>947</u>	<u>135,982</u>
Assessor					
Other services and charges	<u>32,500</u>	<u>32,500</u>	<u>32,445</u>	<u>55</u>	<u>40,515</u>
Legal and accounting					
Other services and charges	<u>156,650</u>	<u>156,650</u>	<u>190,538</u>	<u>(33,888)</u>	<u>163,262</u>
Municipal building					
Supplies	1,000	1,000	569	431	953
Other services and charges	14,450	14,450	14,581	(131)	13,998
Rent for offices	4,500	4,500	3,308	1,192	4,253
Total municipal building	<u>19,950</u>	<u>19,950</u>	<u>18,458</u>	<u>1,492</u>	<u>19,204</u>
Total general government	<u>864,010</u>	<u>864,010</u>	<u>875,337</u>	<u>(11,327)</u>	<u>824,154</u>

City of St. Francis, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance with Final Budget	2017
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public safety					
Police					
Personal services	\$ 1,339,600	\$ 1,339,600	\$ 1,263,155	\$ 76,445	\$ 1,207,973
Supplies	81,900	81,900	79,772	2,128	78,857
Other services and charges	170,900	170,900	159,772	11,128	156,907
Total police	<u>1,592,400</u>	<u>1,592,400</u>	<u>1,502,699</u>	<u>89,701</u>	<u>1,443,737</u>
Fire					
Personal services	132,800	132,800	141,552	(8,752)	118,866
Supplies	43,650	43,650	37,601	6,049	51,834
Other services and charges	61,000	61,000	107,513	(46,513)	61,514
Total fire	<u>237,450</u>	<u>237,450</u>	<u>286,666</u>	<u>(49,216)</u>	<u>232,214</u>
Animal control					
Other services and charges	4,200	4,200	4,203	(3)	4,203
Total public safety	<u>1,834,050</u>	<u>1,834,050</u>	<u>1,793,568</u>	<u>40,482</u>	<u>1,680,154</u>
Public works					
Streets and highways					
Personal services	257,900	257,900	272,188	(14,288)	240,655
Supplies	42,350	42,350	47,286	(4,936)	36,962
Other services and charges	349,700	349,700	309,993	39,707	278,167
Total streets and highways	<u>649,950</u>	<u>649,950</u>	<u>629,467</u>	<u>20,483</u>	<u>555,784</u>
Recycling					
Personal services	34,500	34,500	34,175	325	32,876
Supplies	3,100	3,100	3,395	(295)	1,681
Other services and charges	27,200	27,200	28,207	(1,007)	23,201
Total recycling	<u>64,800</u>	<u>64,800</u>	<u>65,777</u>	<u>(977)</u>	<u>57,758</u>
Miscellaneous					
Other services and charges	8,067	8,067	6,452	1,615	8,467
Total public works	<u>722,817</u>	<u>722,817</u>	<u>701,696</u>	<u>21,121</u>	<u>622,009</u>

City of St. Francis, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Continued)
 For the Year Ended December 31, 2018
 (With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance with Final Budget	2017
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Culture and recreation					
Parks and recreation					
Personal services	\$ 153,600	\$ 153,600	\$ 158,626	\$ (5,026)	\$ 147,700
Supplies	43,000	43,000	40,635	2,365	26,036
Other services and charges	95,070	95,070	97,046	(1,976)	90,609
Total parks and recreation	<u>291,670</u>	<u>291,670</u>	<u>296,307</u>	<u>(4,637)</u>	<u>264,345</u>
Pioneer days					
Other services and charges	<u>10,000</u>	<u>10,000</u>	<u>1,983</u>	<u>8,017</u>	<u>13,183</u>
Total culture and recreation	<u>301,670</u>	<u>301,670</u>	<u>298,290</u>	<u>3,380</u>	<u>277,528</u>
Community development					
Planning and zoning					
Personal services	220,400	220,400	197,222	23,178	115,084
Supplies	1,200	1,200	1,471	(271)	651
Other services and charges	67,825	67,825	374,223	(306,398)	303,210
Total planning and zoning	<u>289,425</u>	<u>289,425</u>	<u>572,916</u>	<u>(283,491)</u>	<u>418,945</u>
Building inspection					
Personal services	102,100	102,100	105,871	(3,771)	113,382
Supplies	5,800	5,800	3,112	2,688	4,482
Other services and charges	27,000	27,000	44,851	(17,851)	46,570
Total building inspection	<u>134,900</u>	<u>134,900</u>	<u>153,834</u>	<u>(18,934)</u>	<u>164,434</u>
Total community development	<u>424,325</u>	<u>424,325</u>	<u>726,750</u>	<u>(302,425)</u>	<u>583,379</u>
Total current	<u>4,146,872</u>	<u>4,146,872</u>	<u>4,395,641</u>	<u>(248,769)</u>	<u>3,987,224</u>
Capital outlay					
General government	<u>2,000</u>	<u>2,000</u>	<u>1,500</u>	<u>500</u>	<u>1,673</u>
Total Expenditures	<u>4,148,872</u>	<u>4,148,872</u>	<u>4,397,141</u>	<u>(248,269)</u>	<u>3,988,897</u>

City of St. Francis, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			2017
	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (60,000)	\$ (60,000)	\$ 228,969	\$ 288,969
Other Financing Sources (Uses)				
Transfers in	60,000	60,000	60,000	-
Sale of capital assets	-	-	1,250	1,250
Transfers out	-	-	(1,400,000)	(1,400,000)
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>60,000</u>	<u>(1,338,750)</u>	<u>(1,398,750)</u>
Net Change in Fund Balances	-	-	(1,109,781)	(1,109,781)
Fund Balances, January 1	<u>3,884,013</u>	<u>3,884,013</u>	<u>3,884,013</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 3,884,013</u>	<u>\$ 3,884,013</u>	<u>\$ 2,774,232</u>	<u>\$ (1,109,781)</u>

City of St. Francis, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2018

	311 G.O. Bonds 2013A	327 G.O. Bonds 2015A	330 G.O. Bonds 2017A	Total
Assets				
Cash and temporary investments	\$ 49,205	\$ 82,094	\$ -	\$ 131,299
Receivables				
Accrued interest	72	67	-	139
Taxes	233	228	3,619	4,080
Special assessments	97,514	47,602	-	145,116
Due from other governments	277	272	4,307	4,856
	<u>277</u>	<u>272</u>	<u>4,307</u>	<u>4,856</u>
Total Assets	<u>\$ 147,301</u>	<u>\$ 130,263</u>	<u>\$ 7,926</u>	<u>\$ 285,490</u>
Liabilities				
Due to other funds	\$ -	\$ -	\$ 11,954	\$ 11,954
Deferred Inflows of Resources				
Unavailable revenues - taxes	233	228	3,619	4,080
Unavailable revenues - special assessments	97,514	47,602	-	145,116
Total Deferred Inflows of Resources	<u>97,747</u>	<u>47,830</u>	<u>3,619</u>	<u>149,196</u>
Fund Balances				
Restricted for debt service	<u>49,554</u>	<u>82,433</u>	<u>(7,647)</u>	<u>124,340</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 147,301</u>	<u>\$ 130,263</u>	<u>\$ 7,926</u>	<u>\$ 285,490</u>

City of St. Francis, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2018

	311 G.O. Bonds 2013A	327 G.O. Bonds 2015A	330 G.O Bonds 2017A	Total
Revenues				
Taxes	\$ 21,023	\$ 20,655	\$ 327,147	\$ 368,825
Special assessments	17,759	9,219	-	26,978
Interest on investments	224	519	-	743
Total Revenues	<u>39,006</u>	<u>30,393</u>	<u>327,147</u>	<u>396,546</u>
Expenditures				
Debt service				
Principal	90,000	25,000	300,000	415,000
Interest and other charges	8,989	5,900	193,661	208,550
Total Expenditures	<u>98,989</u>	<u>30,900</u>	<u>493,661</u>	<u>623,550</u>
Deficiency of Revenues Under Expenditures	(59,983)	(507)	(166,514)	(227,004)
Other Financing Sources				
Transfers in	<u>39,880</u>	<u>33,662</u>	<u>165,000</u>	<u>238,542</u>
Net Change in Fund Balances	(20,103)	33,155	(1,514)	11,538
Fund Balances, January 1	<u>69,657</u>	<u>49,278</u>	<u>(6,133)</u>	<u>112,802</u>
Fund Balances, December 31	<u>\$ 49,554</u>	<u>\$ 82,433</u>	<u>\$ (7,647)</u>	<u>\$ 124,340</u>

City of St. Francis, Minnesota
Debt Service Fund G.O. Bonds 2013A
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 20,900	\$ 20,900	\$ 21,023	\$ 123	\$ 21,187
Special assessments	16,000	16,000	17,759	1,759	17,764
Investment earnings	100	100	224	124	4,993
Total Revenues	<u>37,000</u>	<u>37,000</u>	<u>39,006</u>	<u>2,006</u>	<u>43,944</u>
Expenditures					
Debt service					
Principal	90,000	90,000	90,000	-	605,000
Interest and other charges	8,463	8,463	8,989	(526)	22,202
Total Expenditures	<u>98,463</u>	<u>98,463</u>	<u>98,989</u>	<u>(526)</u>	<u>627,202</u>
Deficiency of Revenues					
Under Expenditures	(61,463)	(61,463)	(59,983)	1,480	(583,258)
Other Financing Sources					
Transfers in	<u>39,880</u>	<u>39,880</u>	<u>39,880</u>	<u>-</u>	<u>39,880</u>
Net Change in Fund Balances	(21,583)	(21,583)	(20,103)	1,480	(543,378)
Fund Balances, January 1	<u>69,657</u>	<u>69,657</u>	<u>69,657</u>	<u>-</u>	<u>613,035</u>
Fund Balances, December 31	<u>\$ 48,074</u>	<u>\$ 48,074</u>	<u>\$ 49,554</u>	<u>\$ 1,480</u>	<u>\$ 69,657</u>

City of St. Francis, Minnesota
Debt Service Fund G.O. Bonds 2015A
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 20,470	\$ 20,470	\$ 20,655	\$ 185	\$ 20,356
Special assessments	10,000	10,000	9,219	(781)	16,389
Investment earnings	300	300	519	219	426
Total Revenues	<u>30,770</u>	<u>30,770</u>	<u>30,393</u>	<u>(377)</u>	<u>37,171</u>
Expenditures					
Debt service					
Principal	25,000	25,000	25,000	-	25,000
Interest and other charges	5,575	5,575	5,900	(325)	5,950
Total Expenditures	<u>30,575</u>	<u>30,575</u>	<u>30,900</u>	<u>(325)</u>	<u>30,950</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	195	195	(507)	(702)	6,221
Other Financing Sources					
Transfers in	-	-	33,662	33,662	-
Net Change in Fund Balances	195	195	33,155	32,960	6,221
Fund Balances, January 1	<u>49,278</u>	<u>49,278</u>	<u>49,278</u>	<u>-</u>	<u>43,057</u>
Fund Balances, December 31	<u>\$ 49,473</u>	<u>\$ 49,473</u>	<u>\$ 82,433</u>	<u>\$ 32,960</u>	<u>\$ 49,278</u>

City of St. Francis, Minnesota
Debt Service Fund G.O. Bonds 2017A
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance with Final Budget	2017
	Budget Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Revenues					
Property taxes	\$ 327,220	\$ 327,220	\$ 327,147	\$ (73)	\$ -
Investment earnings	1,500	1,500	-	(1,500)	(8,575)
Total Revenues	<u>328,720</u>	<u>328,720</u>	<u>327,147</u>	<u>(1,573)</u>	<u>(8,575)</u>
Expenditures					
Debt service					
Principal	300,000	300,000	300,000	-	240,000
Interest and other charges	196,212	196,212	193,661	2,551	430,941
Total Expenditures	<u>496,212</u>	<u>496,212</u>	<u>493,661</u>	<u>2,551</u>	<u>670,941</u>
Deficiency of Revenues Under Expenditures	<u>(167,492)</u>	<u>(167,492)</u>	<u>(166,514)</u>	<u>978</u>	<u>(679,516)</u>
Other Financing Sources (Uses)					
Transfers in	165,000	165,000	165,000	-	525,000
Bonds issued	-	-	-	-	6,705,000
Payment to escrow agent	-	-	-	-	(7,386,676)
Premium on bonds issued	-	-	-	-	272,582
Total Other Financing Sources (Uses)	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>	<u>-</u>	<u>115,906</u>
Net Change in Fund Balances	(2,492)	(2,492)	(1,514)	978	(563,610)
Fund Balances, January 1	<u>(6,133)</u>	<u>(6,133)</u>	<u>(6,133)</u>	<u>-</u>	<u>557,477</u>
Fund Balances, December 31	<u>\$ (8,625)</u>	<u>\$ (8,625)</u>	<u>\$ (7,647)</u>	<u>\$ 978</u>	<u>\$ (6,133)</u>

City of St. Francis, Minnesota
Agency Funds
Combining Schedule of Changes in Assets and Liabilities
For the Year Ended December 31, 2018

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
Escrows				
Assets				
Cash and temporary investments	\$ 129,471	\$ 230,468	\$ (301,570)	\$ 58,369
Special assessments receivable	151	-	(151)	-
	<u>129,622</u>	<u>230,468</u>	<u>(301,721)</u>	<u>58,369</u>
Total Assets	<u>\$ 129,622</u>	<u>\$ 230,468</u>	<u>\$ (301,721)</u>	<u>\$ 58,369</u>
Liabilities				
Accounts payable	\$ 27,282	\$ 8,593	\$ (27,282)	\$ 8,593
Deposits payable	102,340	310,163	(362,727)	49,776
	<u>129,622</u>	<u>318,756</u>	<u>(390,009)</u>	<u>58,369</u>
Total Liabilities	<u>\$ 129,622</u>	<u>\$ 318,756</u>	<u>\$ (390,009)</u>	<u>\$ 58,369</u>

City of St. Francis, Minnesota
 Summary Financial Report
 Governmental Funds
 Revenues and Expenditures For General Operations
 For the Years Ended December 31, 2018 and 2017

	Total		Percent Increase (Decrease)
	2018	2017	
Revenues			
Taxes	\$ 3,511,347	\$ 3,257,514	7.79 %
Licenses and permits	228,153	214,855	6.19
Intergovernmental	989,920	855,400	15.73
Charges for services	623,033	457,882	36.07
Fines and forfeits	36,854	25,631	43.79
Special assessments	74,966	85,984	(12.81)
Interest on investments	68,973	29,655	132.58
Miscellaneous	289,556	188,986	53.22
	<u>\$ 5,822,802</u>	<u>\$ 5,115,907</u>	13.82 %
Total Revenues	<u>\$ 5,822,802</u>	<u>\$ 5,115,907</u>	13.82 %
Per Capita	\$ 772	\$ 691	11.69 %
Expenditures			
Current			
General government	\$ 875,337	\$ 824,154	6.21 %
Public safety	1,793,598	1,693,408	5.92
Public works	701,696	622,009	12.81
Culture and recreation	298,290	277,528	7.48
Community development	726,750	583,379	24.58
Capital outlay			
General government	2,065	8,142	(74.64)
Public safety	105,900	272,964	(61.20)
Public works	482,312	100,570	379.58
Culture and recreation	7,165	-	100.00
Debt service			
Principal	415,000	870,000	(52.30)
Interest and other charges	208,550	459,093	(54.57)
	<u>\$ 5,616,663</u>	<u>\$ 5,711,247</u>	(1.66) %
Total Expenditures	<u>\$ 5,616,663</u>	<u>\$ 5,711,247</u>	(1.66) %
Per Capita	\$ 745	\$ 772	
Total Long-term Indebtedness	\$ 7,090,000	\$ 7,505,000	(5.53) %
Per Capita	940	1,014	
General Fund Balance - December 31	\$ 2,774,232	\$ 3,884,013	(28.57) %
Per Capita	368	525	

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

STATISTICAL SECTION (UNAUDITED)

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	Fiscal Year			
	2018	2017	2016	2015
Governmental Activities				
Net investment in capital assets	\$ 7,197,173	\$ 7,196,658	\$ 6,861,667	\$ 6,344,949
Restricted	682,100	507,871	1,010,138	940,821
Unrestricted	<u>3,454,837</u>	<u>2,941,748</u>	<u>2,538,153</u>	<u>2,269,512</u>
Total Governmental Activities Net Position	<u><u>\$ 11,334,110</u></u>	<u><u>\$ 10,646,277</u></u>	<u><u>\$ 10,409,958</u></u>	<u><u>\$ 9,555,282</u></u>
Business-type Activities				
Net investment in capital assets	\$ 19,032,537	\$ 19,003,781	\$ 13,019,826	\$ 9,103,334
Restricted	57,865	-	-	-
Unrestricted	<u>7,237,698</u>	<u>5,826,703</u>	<u>5,789,331</u>	<u>5,306,618</u>
Total Business-type Activities Net Position	<u><u>\$ 26,328,100</u></u>	<u><u>\$ 24,830,484</u></u>	<u><u>\$ 18,809,157</u></u>	<u><u>\$ 14,409,952</u></u>
Primary Government				
Net investment in capital assets	\$ 26,229,710	\$ 26,200,439	\$ 19,881,493	\$ 15,448,283
Restricted	739,965	507,871	1,010,138	940,821
Unrestricted	<u>10,692,535</u>	<u>8,768,451</u>	<u>8,327,484</u>	<u>7,576,130</u>
Total Primary Government Net Position	<u><u>\$ 37,662,210</u></u>	<u><u>\$ 35,476,761</u></u>	<u><u>\$ 29,219,115</u></u>	<u><u>\$ 23,965,234</u></u>

Table 1

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 6,471,404	\$ 6,491,164	\$ 6,292,733	\$ 7,168,911	\$ 5,903,447	\$ 7,782,258
997,754	1,066,566	1,080,107	571,078	404,530	437,786
3,371,139	2,345,374	1,999,789	1,745,047	3,076,111	3,579,646
<u>\$ 10,840,297</u>	<u>\$ 9,903,104</u>	<u>\$ 9,372,629</u>	<u>\$ 9,485,036</u>	<u>\$ 9,384,088</u>	<u>\$ 11,799,690</u>
\$ 8,824,440	\$ 8,073,272	\$ 7,773,435	\$ 7,453,005	\$ 6,899,701	\$ 4,899,083
-	-	-	-	-	-
5,488,087	6,973,367	7,303,907	7,383,130	7,561,395	6,433,382
<u>\$ 14,312,527</u>	<u>\$ 15,046,639</u>	<u>\$ 15,077,342</u>	<u>\$ 14,836,135</u>	<u>\$ 14,461,096</u>	<u>\$ 11,332,465</u>
\$ 15,295,844	\$ 14,564,436	\$ 14,066,168	\$ 14,621,916	\$ 12,803,148	\$ 12,681,341
997,754	1,066,566	1,080,107	571,078	404,530	437,786
8,859,226	9,318,741	9,303,696	9,128,177	10,637,506	10,013,028
<u>\$ 25,152,824</u>	<u>\$ 24,949,743</u>	<u>\$ 24,449,971</u>	<u>\$ 24,321,171</u>	<u>\$ 23,845,184</u>	<u>\$ 23,132,155</u>

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

	Fiscal Year			
	2018	2017	2016	2015
Expenses				
Governmental Activities				
General government	\$ 917,976	\$ 874,683	\$ 888,099	\$ 789,269
Public safety	1,822,687	2,132,904	2,334,480	2,207,108
Public works	1,406,804	969,437	925,873	860,847
Culture and recreation	403,747	389,408	468,326	118,667
Community development	731,427	598,366	427,300	324,235
Interest on long-term debt	210,612	400,157	357,173	359,316
Total Governmental Activities Expenses	<u>5,493,253</u>	<u>5,364,955</u>	<u>5,401,251</u>	<u>4,659,442</u>
Business-type Activities				
Water	1,076,288	1,064,443	1,057,465	1,167,893
Sewer	1,856,264	1,345,198	1,184,441	1,049,262
Storm water	29,538	33,435	55,385	-
Liquor store	2,164,820	2,130,722	2,008,390	1,986,813
Total Business-type Activities Expenses	<u>5,126,910</u>	<u>4,573,798</u>	<u>4,305,681</u>	<u>4,203,968</u>
Total Primary Government Expenses	<u>\$ 10,620,163</u>	<u>\$ 9,938,753</u>	<u>\$ 9,706,932</u>	<u>\$ 8,863,410</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 435,914	\$ 440,529	\$ 298,140	\$ 304,092
Public safety	177,641	163,362	184,994	181,458
Public works	2,612	3,599	2,868	3,689
Culture and recreation	2,170	2,385	3,030	1,590
Community development	178,218	181,565	243,640	205,289
Operating grants and contributions	257,868	236,903	371,047	275,631
Capital grants and contributions	725,120	422,985	1,186,137	242,557
Total Governmental Activities Program Revenues	<u>1,779,543</u>	<u>1,451,328</u>	<u>2,289,856</u>	<u>1,214,306</u>
Business-type Activities				
Charges for services				
Water	1,595,533	1,682,412	1,390,364	1,193,195
Sewer	1,778,971	1,867,070	1,361,064	999,664
Strom Water	176,850	171,867	169,020	-
Liquor store	2,313,806	2,236,569	2,133,575	2,157,348
Operating grants and contributions	3,059	3,669	3,800	-
Capital grants and contributions	924,503	4,969,830	3,849,842	186,264
Total Business-type Activities Program Revenues	<u>6,792,722</u>	<u>10,931,417</u>	<u>8,907,665</u>	<u>4,536,471</u>
Total Primary Government Program Revenues	<u>\$ 8,572,265</u>	<u>\$ 12,382,745</u>	<u>\$ 11,197,521</u>	<u>\$ 5,750,777</u>

Table 2

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 869,752	\$ 684,752	\$ 700,606	\$ 708,620	\$ 823,109	\$ 663,068
1,787,394	1,742,193	1,689,773	1,607,064	1,570,589	1,485,755
1,205,771	1,103,653	717,531	1,036,585	818,641	944,379
371,104	362,829	378,696	366,321	351,844	310,479
242,227	268,789	155,770	119,378	116,532	119,724
365,306	376,293	541,676	58,313	66,240	61,780
<u>4,841,554</u>	<u>4,538,509</u>	<u>4,184,052</u>	<u>3,896,281</u>	<u>3,746,955</u>	<u>3,585,185</u>
1,121,532	1,156,583	1,136,619	1,143,017	1,111,363	1,046,900
941,358	972,980	858,682	958,231	878,226	755,755
-	-	-	-	-	-
1,948,432	1,899,467	1,883,145	1,873,937	1,900,572	1,893,024
<u>4,011,322</u>	<u>4,029,030</u>	<u>3,878,446</u>	<u>3,975,185</u>	<u>3,890,161</u>	<u>3,695,679</u>
<u>\$ 8,852,876</u>	<u>\$ 8,567,539</u>	<u>\$ 8,062,498</u>	<u>\$ 7,871,466</u>	<u>\$ 7,637,116</u>	<u>\$ 7,280,864</u>
\$ 270,718	\$ 246,588	\$ 195,491	\$ 162,613	\$ 161,884	\$ 156,448
190,140	105,181	147,531	161,869	167,977	163,048
2,172	4,361	3,767	5,204	16,488	14,596
1,460	1,345	1,955	7,441	1,958	1,885
184,877	130,917	120,685	152,503	116,095	102,799
282,057	274,161	200,543	215,337	196,171	282,968
382,286	957,583	291,558	456,588	254,328	300,511
<u>1,313,710</u>	<u>1,720,136</u>	<u>961,530</u>	<u>1,161,555</u>	<u>914,901</u>	<u>1,022,255</u>
1,134,332	1,132,206	1,147,518	1,064,157	1,063,256	1,087,286
930,651	906,182	898,292	900,193	805,969	784,372
-	-	-	-	-	-
2,109,850	2,058,662	2,096,011	2,037,209	2,050,403	2,067,517
-	-	6,500	-	57,312	5,241
108,000	129,000	66,000	20,800	238,200	77,600
<u>4,282,833</u>	<u>4,226,050</u>	<u>4,214,321</u>	<u>4,022,359</u>	<u>4,215,140</u>	<u>4,022,016</u>
<u>\$ 5,596,543</u>	<u>\$ 5,946,186</u>	<u>\$ 5,175,851</u>	<u>\$ 5,183,914</u>	<u>\$ 5,130,041</u>	<u>\$ 5,044,271</u>

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

	Fiscal Year			
	2018	2017	2016	2015
Net Revenues (Expenses)				
Governmental activities	\$ (3,713,710)	\$ (3,913,627)	\$ (3,111,395)	\$ (3,445,136)
Business-type activities	1,665,812	6,357,619	4,601,984	332,503
Total Primary Government Net Revenues (Expenses)	<u>\$ (2,047,898)</u>	<u>\$ 2,443,992</u>	<u>\$ 1,490,589</u>	<u>\$ (3,112,633)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 3,514,249	\$ 3,249,599	\$ 3,277,360	\$ 3,175,224
Tax increments	-	-	7,512	14,393
Grants and contributions not restricted to specific programs	494,318	365,831	362,359	353,353
Gain on sale of capital assets	39,123	80,867	-	963
Unrestricted investment earnings	68,973	29,655	33,960	21,200
Donated land	-	-	-	-
Transfers - capital assets	-	-	-	(323,039)
Transfers	284,880	423,994	284,880	264,880
Total Governmental Activities	<u>4,401,543</u>	<u>4,149,946</u>	<u>3,966,071</u>	<u>3,506,974</u>
Business-type Activities				
Interest on investments	113,434	87,702	82,101	40,832
Gain on sale of capital assets	3,250	-	-	-
Transfers - capital assets	-	-	-	323,039
Transfers	(284,880)	(423,994)	(284,880)	(264,880)
Total Business-type Activities	<u>(168,196)</u>	<u>(336,292)</u>	<u>(202,779)</u>	<u>98,991</u>
Total Primary Government	<u>\$ 4,233,347</u>	<u>\$ 3,813,654</u>	<u>\$ 3,763,292</u>	<u>\$ 3,605,965</u>
Change in Net Position				
Governmental activities	\$ 687,833	\$ 236,319	\$ 854,676	\$ 61,838
Business-type activities	1,497,616	6,021,327	4,399,205	431,494
Total Primary Government	<u>\$ 2,185,449</u>	<u>\$ 6,257,646</u>	<u>\$ 5,253,881</u>	<u>\$ 493,332</u>

Table 2

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ (3,527,844)	\$ (2,818,373)	\$ (3,222,522)	\$ (2,734,726)	\$ (2,832,054)	\$ (2,562,930)
271,511	197,020	335,875	47,174	324,979	326,337
<u>\$ (3,256,333)</u>	<u>\$ (2,621,353)</u>	<u>\$ (2,886,647)</u>	<u>\$ (2,687,552)</u>	<u>\$ (2,507,075)</u>	<u>\$ (2,236,593)</u>
\$ 3,017,872	\$ 3,001,538	\$ 2,890,203	\$ 2,724,403	\$ 2,739,739	\$ 2,612,273
14,260	14,270	15,144	15,374	18,285	15,317
318,445	85,992	87,294	149,366	170,718	983,567
4,521	-	5,529	2,644	3,435	14,927
34,894	(17,832)	61,301	26,971	46,421	69,793
-	-	-	-	-	-
-	-	-	(192,320)	(2,144,660)	-
1,075,036	264,880	60,000	99,880	(427,693)	112,482
<u>4,465,028</u>	<u>3,348,848</u>	<u>3,119,471</u>	<u>2,826,318</u>	<u>406,245</u>	<u>3,808,359</u>
69,413	37,157	64,903	120,322	122,866	150,631
-	-	-	15,532	-	-
-	-	-	192,320	2,144,660	-
(1,075,036)	(264,880)	(60,000)	(99,880)	427,693	(112,482)
<u>(1,005,623)</u>	<u>(227,723)</u>	<u>4,903</u>	<u>228,294</u>	<u>2,695,219</u>	<u>38,149</u>
<u>\$ 3,459,405</u>	<u>\$ 3,121,125</u>	<u>\$ 3,124,374</u>	<u>\$ 3,054,612</u>	<u>\$ 3,101,464</u>	<u>\$ 3,846,508</u>
\$ 937,184	\$ 530,475	\$ (103,051)	\$ 91,592	\$ (2,425,809)	\$ 1,245,429
(734,112)	(30,703)	340,778	275,468	3,020,198	364,486
<u>\$ 203,072</u>	<u>\$ 499,772</u>	<u>\$ 237,727</u>	<u>\$ 367,060</u>	<u>\$ 594,389</u>	<u>\$ 1,609,915</u>

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

	Fiscal Year			
	2018	2017	2016	2015
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	13,318	18,844	40,816	8,580
Assigned	-	-	-	-
Unassigned	<u>2,760,914</u>	<u>3,865,169</u>	<u>3,325,693</u>	<u>2,755,704</u>
Total General Fund	<u>\$ 2,774,232</u>	<u>\$ 3,884,013</u>	<u>\$ 3,366,509</u>	<u>\$ 2,764,284</u>
All other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Restricted	619,149	429,069	1,559,175	1,450,454
Assigned	2,366,151	1,219,879	1,158,547	787,069
Unassigned	<u>-</u>	<u>(270,282)</u>	<u>(321,979)</u>	<u>(663,590)</u>
Total all other Governmental Funds	<u>\$ 2,985,300</u>	<u>\$ 1,378,666</u>	<u>\$ 2,395,743</u>	<u>\$ 1,573,933</u>

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

Table 3

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ -	\$ -	\$ -	\$ -	\$ 1,803	\$ -
-	-	-	-	2,048,599	2,086,873
16,682	15,079	9,861	3,055	-	-
-	8,174	8,174	8,095	-	-
2,572,375	2,225,913	2,053,454	2,058,863	-	-
<u>\$ 2,589,057</u>	<u>\$ 2,249,166</u>	<u>\$ 2,071,489</u>	<u>\$ 2,070,013</u>	<u>\$ 2,050,402</u>	<u>\$ 2,086,873</u>
\$ -	\$ -	\$ -	\$ -	\$ 209,998	\$ 850,341
-	-	-	-	263,279	292,039
-	-	-	-	199,289	760,880
1,519,299	1,781,010	1,448,156	386,123	-	-
770,866	500,910	481,981	406,183	-	-
(860,053)	(1,494,602)	(1,022,799)	(1,254,897)	-	-
<u>\$ 1,430,112</u>	<u>\$ 787,318</u>	<u>\$ 907,338</u>	<u>\$ (462,591)</u>	<u>\$ 672,566</u>	<u>\$ 1,903,260</u>

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

	Fiscal Year			
	2018	2017	2016	2015
Revenues				
Taxes				
General property tax	\$ 3,511,347	\$ 3,257,514	\$ 3,271,277	\$ 3,170,208
Tax increments	-	-	7,512	14,393
Special assessments	74,966	85,984	1,284,161	263,123
Licenses and permits	228,153	214,855	145,980	126,862
Intergovernmental	989,920	855,400	741,398	611,364
Charges for services	623,033	457,882	593,857	486,490
Fines and forfeitures	36,854	25,631	30,836	39,909
Interest on investments	68,973	29,655	33,960	21,200
Miscellaneous	289,556	188,986	285,467	195,832
Total Revenues	<u>5,822,802</u>	<u>5,115,907</u>	<u>6,394,448</u>	<u>4,929,381</u>
Expenditures				
Current				
General government	875,337	824,154	774,871	731,292
Public safety	1,793,598	1,693,408	1,649,746	1,670,971
Public works	701,696	622,009	497,261	547,069
Culture and recreation	298,290	277,528	295,925	291,477
Community development	726,750	583,379	397,237	323,342
Capital outlay				
General government	2,065	8,142	27,283	10,781
Public safety	105,900	272,964	66,091	480,177
Public works	482,312	100,524	805,651	274,465
Culture and recreation	7,165	46	73,234	165,143
Community development	-	-	-	-
Debt service				
Principal	415,000	870,000	310,000	316,022
Interest and other charges	208,550	459,093	357,994	362,849
Total Expenditures	<u>5,616,663</u>	<u>5,711,247</u>	<u>5,255,293</u>	<u>5,173,588</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>206,139</u>	<u>(595,340)</u>	<u>1,139,155</u>	<u>(244,207)</u>
Other Financing Sources (Uses)				
Transfers in	1,843,280	783,994	644,880	1,531,604
Transfers out	(1,558,400)	(360,000)	(360,000)	(1,266,724)
Bond issued	-	6,705,000	-	265,000
Payment to escrow agent	-	(7,386,676)	-	-
Premium on bonds issued	-	272,582	-	-
Contract for deed issued	-	-	-	-
Sale of capital assets	5,834	80,867	-	33,375
Total Other Financing Sources (Uses)	<u>290,714</u>	<u>95,767</u>	<u>284,880</u>	<u>563,255</u>
Net Change in Fund Balance	<u>\$ 496,853</u>	<u>\$ (499,573)</u>	<u>\$ 1,424,035</u>	<u>\$ 319,048</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>11.63 %</u>	<u>24.62 %</u>	<u>15.37 %</u>	<u>15.52 %</u>

Table 4

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 3,058,619	\$ 3,007,177	\$ 2,914,638	\$ 2,733,171	\$ 2,744,495	\$ 2,639,498
14,260	14,270	15,144	15,374	18,285	15,317
196,257	51,141	64,949	63,380	54,438	94,319
94,205	87,298	89,300	99,415	78,242	66,207
567,935	449,284	434,324	698,484	380,977	1,217,007
460,737	326,599	302,731	310,544	313,878	295,362
49,635	33,927	35,166	30,414	30,537	38,555
34,894	(17,832)	61,301	26,971	46,421	69,793
195,635	193,875	136,182	145,615	135,789	106,392
<u>4,672,177</u>	<u>4,145,739</u>	<u>4,053,735</u>	<u>4,123,368</u>	<u>3,803,062</u>	<u>4,542,450</u>
843,302	654,631	656,188	651,933	646,947	627,997
1,556,675	1,533,049	1,486,294	1,480,092	1,457,092	1,363,710
595,967	691,772	523,482	653,594	706,596	643,905
259,049	247,542	277,255	290,081	282,548	273,802
239,745	264,659	155,770	119,378	116,532	119,724
8,178	3,164	6,534	29,978	226,787	330,823
132,601	86,291	130,560	80,873	32,849	46,768
369,510	651,780	7,028,857	1,301,477	466,039	661,224
92,695	120,194	208,043	435,890	72,477	76,376
-	26,470	-	-	-	-
325,499	288,549	91,723	271,946	113,095	132,911
371,828	372,182	407,665	50,595	56,871	62,825
<u>4,795,049</u>	<u>4,940,283</u>	<u>10,972,371</u>	<u>5,365,837</u>	<u>4,177,833</u>	<u>4,340,065</u>
<u>(122,872)</u>	<u>(794,544)</u>	<u>(6,918,636)</u>	<u>(1,242,469)</u>	<u>(374,771)</u>	<u>202,385</u>
1,465,036	604,880	981,795	516,166	794,826	865,643
(390,000)	(340,000)	(921,795)	(416,286)	(1,222,519)	(753,161)
-	560,000	8,200,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	150,000	-
30,521	27,321	30,041	27,043	29,965	49,403
<u>1,105,557</u>	<u>852,201</u>	<u>8,290,041</u>	<u>126,923</u>	<u>(247,728)</u>	<u>161,885</u>
<u>\$ 982,685</u>	<u>\$ 57,657</u>	<u>\$ 1,371,405</u>	<u>\$ (1,115,546)</u>	<u>\$ (622,499)</u>	<u>\$ 364,270</u>
<u>16.32 %</u>	<u>16.04 %</u>	<u>13.45 %</u>	<u>9.01 %</u>	<u>4.84 %</u>	<u>6.46 %</u>

City of St. Francis, Minnesota
Statistical Section (Unaudited)
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Shown By Year of Tax Collectability)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Estimated Market Value				
Real property	\$ 525,321,000	\$ 474,776,600	\$ 451,592,700	\$ 441,346,300
Personal property	7,565,000	7,013,300	6,691,100	5,971,100
 Total Estimated Market Value	 <u>\$ 532,886,000</u>	 <u>\$ 481,789,900</u>	 <u>\$ 458,283,800</u>	 <u>\$ 447,317,400</u>
Tax Capacity				
Residential property	\$ 4,377,814	\$ 3,865,537	\$ 3,651,698	\$ 3,546,894
Commercial / industrial property	586,633	582,609	539,921	520,655
Other	237,868	225,462	224,223	220,816
Contribution to Fiscal Disparities Pool	(276,717)	(263,268)	(225,976)	(251,537)
Receivable From Fiscal Disparities Pool	1,521,933	1,462,769	1,364,588	1,358,498
Tax Increment	<u>-</u>	<u>-</u>	<u>(12,522)</u>	<u>(12,002)</u>
 Net Tax Capacity	 <u>\$ 6,447,531</u>	 <u>\$ 5,873,109</u>	 <u>\$ 5,541,932</u>	 <u>\$ 5,383,324</u>
Net Tax Capacity as a Percentage of Estimated Market Value	<u>1.210 %</u>	<u>1.219 %</u>	<u>1.209 %</u>	<u>1.203 %</u>
Gross Tax Levy	<u>\$ 3,488,791</u>	<u>\$ 3,244,573</u>	<u>\$ 3,244,573</u>	<u>\$ 3,180,953</u>
Tax Capacity Rate	<u>53.997 %</u>	<u>54.117 %</u>	<u>58.428 %</u>	<u>58.909 %</u>

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

Table 5

2014	2013	2012	2011	2010	2009
\$ 392,686,000	\$ 405,703,000	\$ 456,064,600	\$ 464,184,500	\$ 525,397,100	\$ 568,978,400
<u>6,124,000</u>	<u>6,496,600</u>	<u>6,573,500</u>	<u>6,502,200</u>	<u>5,988,500</u>	<u>6,167,500</u>
<u>\$ 398,810,000</u>	<u>\$ 412,199,600</u>	<u>\$ 462,638,100</u>	<u>\$ 470,686,700</u>	<u>\$ 531,385,600</u>	<u>\$ 575,145,900</u>
\$ 3,037,063	\$ 3,153,799	\$ 3,586,358	\$ 4,055,812	\$ 4,563,115	\$ 4,844,770
516,209	563,227	655,422	686,986	740,819	839,984
222,735	221,807	244,970	258,316	294,516	351,157
(274,535)	(310,154)	(323,392)	(341,228)	(377,468)	(378,126)
1,434,712	1,320,087	1,383,468	1,531,408	1,470,600	1,406,759
<u>(11,891)</u>	<u>(11,899)</u>	<u>(12,628)</u>	<u>(12,820)</u>	<u>(16,833)</u>	<u>(16,078)</u>
<u>\$ 4,924,293</u>	<u>\$ 4,936,867</u>	<u>\$ 5,534,198</u>	<u>\$ 6,178,474</u>	<u>\$ 6,674,749</u>	<u>\$ 7,048,466</u>
<u>1.235 %</u>	<u>1.198 %</u>	<u>1.196 %</u>	<u>1.313 %</u>	<u>1.256 %</u>	<u>1.226 %</u>
<u>\$ 2,988,086</u>	<u>\$ 2,988,086</u>	<u>\$ 2,873,160</u>	<u>\$ 2,873,160</u>	<u>\$ 2,873,160</u>	<u>\$ 2,724,202</u>
<u>59.629 %</u>	<u>63.026 %</u>	<u>53.406 %</u>	<u>47.139 %</u>	<u>44.265 %</u>	<u>38.400 %</u>

City of St. Francis, Minnesota
 Statistical Section (Unaudited)
 Property Tax Capacity Rates - Direct and Overlapping Governments
 Last Ten Fiscal Years

Table 6

Year Taxes Payable	City			Overlapping Rates				Totals	
	General	Debt Service	Total	Anoka County	School District No. 15	School District No. 728	Special Districts	No. 15	No. 728
	2018	46.729 %	7.268 %	53.997 %	35.334 %	26.962 %	36.137 %	4.026 %	120.319 %
2017	53.467	0.650	54.117	36.841	24.625	33.208	3.912	96.421	105.004
2016	57.562	0.866	58.428	38.894	29.371	39.266	4.430	131.123	141.018
2015	58.390	0.519	58.909	38.123	29.449	42.483	4.117	130.598	143.632
2014	59.209	0.420	59.629	43.239	33.635	51.286	4.542	141.045	158.696
2013	62.591	0.435	63.026	44.761	33.707	50.058	4.094	145.588	161.939
2012	53.015	0.391	53.406	41.615	32.835	45.548	3.875	131.731	144.444
2011	46.800	0.339	47.139	40.376	28.793	43.489	4.478	120.786	135.482
2010	43.932	0.333	44.265	35.574	24.859	39.967	4.455	109.153	124.261
2009	38.161	0.239	38.400	32.445	20.965	36.136	3.797	95.607	110.778

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

Taxpayer	2018			2010*		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Alliant Techsystems	\$ 179,298	1	3.27 %	\$ 206,370	1	3.34 %
St. Francis Realty LLC	93,195	2	1.70	107,486	2	1.74
ALS Properties Woodhaven LLC	90,499	3	1.65	101,571	3	1.64
King Exchange LLC	73,124	4	1.33	70,402	5	1.14
Connexus Energy	63,052	5	1.15	71,536	4	1.16
Minnegasco Inc.	59,286	6	1.08	48,552	6	0.79
Northern Capital Investments	45,269	7	0.82	-	-	-
Village Bank	25,964	8	0.47	27,341	10	0.44
Jensen Family LP	24,941	9	0.39	30,594	8	0.50
Abbey Field LTD Partnership	21,132	10	0.45	-	-	-
Central Bank	-	-	-	38,437	7	0.62
Kerry Street LLC	-	-	-	28,955	9	0.47
Total	<u>\$ 675,760</u>		<u>12.31 %</u>	<u>\$ 731,244</u>		<u>11.84 %</u>

Source: Anoka County Property Records and Taxation Department.

*2009 Data not available

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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
2018	\$ 3,488,791	\$ 3,488,791	\$ 3,485,000	99.89 %	\$ -	\$ 3,485,000	99.89 %
2017	3,244,573	3,244,573	3,238,987	99.83	5,613	3,244,600	100.00
2016	3,244,573	3,244,573	3,239,514	99.84	5,183	3,244,697	100.00
2015	3,180,953	3,180,953	3,171,773	99.71	8,421	3,180,194	99.98
2014	2,988,086	2,988,086	2,985,995	99.93	2,180	2,988,175	100.00
2013	2,988,086	2,988,086	2,972,920	99.49	15,166	2,988,086	100.00
2012	2,873,160	2,873,160	2,847,168	99.10	20,243	2,867,411	99.80
2011	2,873,160	2,704,618	2,665,913	98.57	38,705	2,704,618	100.00
2010	2,873,160	2,856,338	2,770,029	96.98	65,499	2,835,528	99.27
2009	2,724,202	2,579,929	2,492,264	96.60	78,186	2,570,450	99.63

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

Fiscal Year	Governmental Activities				Business-type Activities
	General Obligation Bonds	Lease Revenue Bonds	Capital Leases	Contract for Deed	General Obligation Revenue Bonds
2018	\$ 7,339,867	\$ -	\$ -	\$ -	\$ 26,767,000
2017	7,770,010	-	-	-	27,891,000
2016	1,430,000	7,315,000	-	-	36,711,544
2015	1,505,000	7,550,000	-	-	30,268,000
2014	1,310,000	7,780,000	16,022	-	14,406,000
2013	1,380,000	8,005,000	46,521	-	15,406,000
2012	885,000	8,200,000	75,070	-	14,204,000
2011	950,000	-	101,793	-	14,899,000
2010	1,010,000	-	163,739	150,000	15,527,000
2009	1,065,000	-	221,834	-	14,543,660

Details regarding the City's outstanding debt can be found in the notes to the financial statements. See the Demographic Statistics table on page 145 for personal income and population data.

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

Table 9

<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$ 34,106,867	12.18 %	\$ 4,523
35,661,010	12.73	4,729
45,456,544	16.23	6,028
39,323,000	14.42	5,314
23,512,022	7.91	3,248
24,837,521	8.80	3,413
23,364,070	8.05	3,220
15,950,793	5.53	2,210
16,850,739	5.84	2,335
15,830,494	5.18	2,152

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
2018	\$ 34,106,867	\$ 124,340	\$ 33,982,527	6.38 %	\$ 4,506
2017	35,661,010	112,802	35,548,208	7.38	4,804
2016	38,141,544	613,035	37,528,509	8.19	5,122
2015	31,773,000	626,991	31,146,009	6.96	4,269
2014	15,716,000	654,800	15,061,200	3.78	2,080
2013	16,786,000	681,165	16,104,835	3.91	2,213
2012	15,089,000	145,274	14,943,726	3.23	2,060
2011	15,849,000	194,054	15,654,946	3.33	2,169
2010	16,537,000	209,998	16,327,002	3.07	2,262
2009	15,608,660	850,341	14,758,319	2.57	2,006

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 132 -133 for property value data.
 See the Demographic Statistics on page 145 for population data.

City of St. Francis, Minnesota
Statistical Section (Unaudited)
Computation of Direct and Overlapping Debt
December 31, 2018

Table 11

	Net Debt	Percentage Applicable to City	Amount Applicable to City of St. Francis Share of Debt
Direct Debt			
City of St. Francis	\$ 7,339,867	100.00 %	\$ 7,339,867
Overlapping Debt			
Anoka County	82,715,000	1.76	1,454,461
Isanti County	10,130,000	0.03	3,292
School District 15	94,610,000	19.78	18,713,953
School District 728	204,890,000	0.00	4,917
Metropolitan Council	176,640,000	0.16	286,687
Anoka County HRA	18,970,000	5.95	589,413
Anoka County RR Authority	22,995,000	1.76	404,344
Total Overlapping Debt	<u>610,950,000</u>		<u>21,457,067</u>
Total Direct and Overlapping Debt	<u>\$ 618,289,867</u>		<u>\$ 28,796,934</u>

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

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

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

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

	Fiscal Year			
	2018	2017	2016	2015
Estimated Market Value of Taxable Property	\$ 532,886,000	\$ 481,789,900	\$ 458,283,800	\$ 447,317,400
Statutory Percentage	3.0%	3.0%	3.0%	3.0%
Statutory Debt Limit	15,986,580	14,453,697	13,748,514	13,419,522
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 15,986,580</u>	<u>\$ 14,453,697</u>	<u>\$ 13,748,514</u>	<u>\$ 13,419,522</u>
Legal Debt Margin Calculation for Fiscal Year 2017				
Estimated Market Value of Taxable Property	\$ 532,886,000			
Statutory Percentage	3.0%			
Statutory Debt Limit	<u>\$ 15,986,580</u>			
Total Bonds Outstanding	\$ 34,106,867			
Less: Special Assessment Bonds	(7,339,867)			
Less: Utility Revenue Bonds	<u>(26,767,000)</u>			
Debt Applicable to Limit	<u>\$ -</u>			
Legal Debt Margin	<u>\$ 15,986,580</u>			

Table 12

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 398,810,000	\$ 412,199,600	\$ 462,638,100	\$ 470,686,700	\$ 531,385,600	\$ 575,145,900
3.0%	2.0%	2.0%	2.0%	2.0%	2.0%
11,964,300	8,243,992	9,252,762	9,413,734	10,627,712	11,502,918
-	-	-	-	-	-
<u>\$ 11,964,300</u>	<u>\$ 8,243,992</u>	<u>\$ 9,252,762</u>	<u>\$ 9,413,734</u>	<u>\$ 10,627,712</u>	<u>\$ 11,502,918</u>

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

Table 13

Fiscal Year	G.O. Special Assessment Bonds							Coverage
	Property Taxes	Special Assessments	Revenue Available	Debt Service				
				Principal	Interest	Total		
2018	\$ 41,678	\$ 26,978	\$ 68,656	\$ 115,000	\$ 14,889	\$ 129,889	0.529 %	
2017	41,543	34,153	75,696	630,000	28,152	658,152	0.115	
2016	41,486	52,856	94,342	75,000	41,726	116,726	0.808	
2015	20,819	22,335	43,154	70,000	38,736	108,736	0.397	
2014	21,307	22,180	43,487	70,000	45,223	115,223	0.377	
2013	20,984	24,024	45,008	65,000	35,317	100,317	0.449	
2012	21,098	32,359	53,457	65,000	38,328	103,328	0.517	
2011	19,759	23,575	43,334	60,000	40,708	100,708	0.430	
2010	19,311	40,766	60,077	55,000	43,132	98,132	0.612	
2009	12,394	50,958	63,352	45,000	45,008	90,008	0.704	

Fiscal Year	G.O. Revenue Bonds							Coverage
	Operating Revenue (1)	Operating Expenses (2)	Net Revenue	Debt Service				
				Principal (3)	Interest	Total		
2018	\$ 3,557,284	\$ 1,355,133	\$ 2,202,151	\$ 1,124,000	\$ 456,355	\$ 1,580,355	139.345 %	
2017	3,845,952	1,209,624	2,636,328	4,470,544	610,805	5,081,349	51.882	
2016	3,261,442	992,279	2,269,163	17,297,000	539,674	17,836,674	12.722	
2015	2,364,011	1,120,195	1,243,816	1,043,000	400,791	1,443,791	86.149	
2014	2,140,792	1,120,195	1,020,597	1,000,000	452,516	1,452,516	70.264	
2013	2,139,806	1,008,043	1,131,763	968,000	428,117	1,396,117	81.065	
2012	2,079,464	963,799	1,115,665	695,000	453,680	1,148,680	97.126	
2011	1,941,843	947,105	994,738	628,000	470,399	1,098,399	90.563	
2010	1,937,225	884,196	1,053,029	616,660	448,408	1,065,068	98.870	
2009	1,950,118	829,000	1,121,118	569,808	499,607	1,069,415	104.835	

- (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
2018	7,541	\$ 280,074,920	\$ 37,160	3.1 %
2017	7,400	272,754,400	36,859	3.3
2016	7,327	301,337,529	41,127	4.0
2015	7,296	300,062,592	41,127	3.5
2014	7,240	297,404,720	41,078	3.5
2013	7,277	282,303,938	38,794	5.1
2012	7,255	290,098,430	39,986	5.6
2011	7,218	288,618,948	39,986	5.9
2010	7,218	288,727,218	40,001	8.5
2009	7,356	305,605,020	41,545	5.5

(1) Metropolitan Council

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

(3) Metropolitan Council

(4) Minnesota Department of Employment and Economic Development

* Information not available at time of publication

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

Table 15

Employer	2018			2010*		
	Employees	Rank	Percent of City Employment	Employees	Rank	Percent of City Employment
Independent School District #15 (includes Bus Garage)	832	1	53.61 %	455	1	29.88 %
County Market	93	2	5.99	90	2	5.91
Commercial Drywall, Inc	60	3	3.87			-
City of St. Francis	58	4	3.74	36	5	2.36
McDonald's	58	5	3.74	58	3	3.81
Temperature Specialists, Inc.	50	6	3.22	33	7	2.17
Rum River Inn	30	7	1.93			-
Northland Screw Products	35	8	2.26	30	8	1.97
The Ponds Golf Course & Restaurant	29	9	1.87	48	4	3.15
Beef O' Bradys	25	10	1.61	35	6	2.30
Kid's Country	-		-	27	9	1.77
ISD #15 Bus Garage	-		-	12	10	0.79
Total	1,270		81.84 %	824		54.11 %

* 2009 Data not available

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

Table 16

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government	8	8	8	6	6	6	5	5	5	5
Public Safety										
Police	14	14	14	14	13	12	12	12	12	12
Public Works	3	3	3	2	2	3	3	3	3	3
Culture and Recreation	2	2	2	2	2	2	3	3	3	3
Water	3	3	2	2	2	2	2	2	2	2
Sewer	2	2	2	2	2	2	2	2	2	2
Municipal Liquor Store	2	2	2	4	4	4	4	4	4	4
Total	34	34	33	32	31	31	31	31	31	31

Source: various city departments

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

Table 17

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Ordinances and resolutions adopted	58	60	52	82	56	54	66	61	54	51
Administration - Licenses processed	27	34	30	30	30	29	34	41	34	40
Finance - Payroll checks issued	1,333	1,237	1,274	1,275	1,153	1,230	1,245	1,259	1,240	1,229
Finance - Invoices paid	3,354	3,080	3,100	3,010	3,048	5,304	3,276	3,262	3,371	5,394
Police										
Chargeable offenses (Parts 1 & 2)	325	335	611	602	780	700	997	735	857	1,042
Miscellaneous offenses (Parts 3 & 4)	813	522	3,140	4,309	4,372	4,290	4,378	4,124	4,297	3,993
Public safety calls for service	3,663	3,912	3,751	4,911	5,152	4,990	5,375	4,859	5,154	5,995
Traffic citations issued	4,476	4,434	368	432	698	640	899	695	723	960
Fire										
Number of calls answered	377	323	251	254	328	368	415	393	397	462
Code Enforcement										
Building permits issued	487	374	318	333	279	303	428	305	232	264
Highways and Streets										
Asphalt streets maintained	36	36	36	36	36	36	36	36	36	36
Gravel maintenance (miles)	11	11	11	11	11	12	12	12	12	11
Gravel usage (Tons)	-	-	1,778	62	199	872	4,200	-	3,600	7,465
Sand/salt usage (tons)	441	366	371	210	357	189	223	211	233	136
Water										
Water pumped (million gallons)	185	168	177	173	175	188	195	174	187	200
Water main breaks repaired	-	-	1	1	-	-	1	-	1	N/A
Wastewater										
Gallons of wastewater treated (millions)	116	120	130	113	125	119	116	132	102	120
Miles of sewer mains cleaned	5	5	3	1	1	3	4	3	3	4

Sources: Various government departments.

City of St. Francis, Minnesota
 Statistical Section (Unaudited)
 Miscellaneous Statistics
 December 31, 2018

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	23
Police Protection	
Number of stations	1
Number of employees	12
Parks	
Number	14
Acres	83.0
Elections	
Registered voters last election	4,338
Number of votes cast last election	2,840
Percentage of registered voters voting	65.00%

Sources: Various government departments.

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

Table 19

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	7	6	6	6	6
Fire stations										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Highways and streets										
Streets (miles)	47	47	47	47	47	47	47	47	47	47
Street lights	270	270	270	259	259	252	234	201		
Traffic signals	0	0	0	1	1	1	1	1	1	1
Culture and Recreation										
Parks division										
Parks	14	14	14	14	14	14	14	14	14	14
Parks acreage	83	83	83	83	83	83	83	83	83	83
Utilities										
Water										
Miles of water main	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7
Consumers	4,380	4,380	4,380	4,380	4,380	4,380	4,380	4,475	4,475	4,393
Maximum daily capacity (gallons)	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
Sewer										
Miles of sanitary sewer	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6
Lift stations	12	12	12	12	12	12	12	12	12	12
Maximum daily treatment capacity (gallons)	814,000	814,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
Storm sewer										
Miles of storm sewer	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	*	*

Source: City of St. Francis, Minnesota

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

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