



**Comprehensive Annual
Financial Report**

For the Year Ended December 31, 2020

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CITY OF ST. FRANCIS, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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, 2020

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May 3, 2021

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, 2020, 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, 2020. 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 8,045 and approximately 2,776 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 2020 of 4.3%. During the past ten years the unemployment rate was at a high in 2011 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 (74.6% of total general fund expenditures) meets the state auditor recommended guidelines of 35%-50%. The goal of the City Council is to establish an unreserved fund balance in the General Fund that is equivalent to forty percent (45%) of general fund expenditures. The 2021 budget reflects current policy and is keeping the fund balance to 73.6% 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

Below is a description of strategic goals, action plans/strategies for accomplishing these goals, priorities for the coming year, actions taken to address these priorities, and a description of the long range financial plans and assumptions used. These goals/priorities and financial plans were developed through a series of meetings with the City Council and various work sessions over a number of years:

- 1) Provide high quality services to residents in a cost-effective manner.

The 2021 Budget provides an increased service level at nearly the same cost to the tax base of St. Francis as the 2020 Budget. The City was able to utilize CARES Act Funding to make administration and city services more available electronically. This includes but is not limited to: promoting electronic payments; processing documents electronically which is more efficient and cost effective; holding virtual meetings which provides greater opportunity for attendance; and enhancing community outreach electronically via platforms such as the website and electronic permitting.

2) Provide residents in St. Francis with high quality public safety services.

The 2021 Budget provides for an enhanced level of public safety. The Assistant Fire Chief has been given an expanded role through the City's partnership for Fire Management Services with the City of Nowthen. In addition, the City of St. Francis committed to filling policing vacancies created through retirement. The expanded Fire relationship with the City of Nowthen has created a more regional and expanded view of the Fire services in northern Anoka County. In addition, the department expanded policies to enhance the roles of the fire department for additional EMS responses has created more service calls and higher levels of training for fire fighters.

3) Manage responsible growth and promote the enhancement of commercial services to residents.

The 2021 Budget continues the city's commitment to responsible growth and managing the city's growth to reinvest in commercial area within the city. Through the St. Francis Forward (re)Development Plan the City has identified both the Bridget Street Corridor and Highway 47 as strategic areas for reinvestment. The City has committed to contributing to the Building Capital Improvement Fund to start building funds for a new City Hall/Fire Station located on Bridge Street. This will enhance the usability of the area and provide for more concentration of people within that business district. In addition, the City has set aside funds for the full renovation and expansion of the City owned liquor store on Highway 47. This enhancement to the liquor store will increase traffic and appeal to the area's primary commercial center on Highway 47.

The City has also committed to increasing the residential growth in the area. The city, through the Community Development Department of the City – has promoted and facilitated a number of residential developments that continue to grow the population of the City of St. Francis. These include the Meadows townhomes, Rivers Edge, and projects around the Bridge Street corridor that include assisted living, multi-family and commercial projects.

4) Continue to review and analyze water/sewer rates within the City.

The City's commitment to growth, has a direct impact on the water/sewer rates by increasing the number of users, rates can effectively be reduced through WAC/SAC and additional monthly billings. The City continues to promote residential and commercial growth which has a direct impact on the rate users. In addition, the City began replacing all of the water meters in 2019 and this process is scheduled to be completed in 2021. The comprehensive water meter replacement will allow for the city to more accurately bill and track water usage per property.

5) Provide residents with high levels of public park space and recreational activities.

The City has obtained and planned for a matching grant from the DNR to install a nearly \$480,000 park improvement in the in the Rivers Edge Development. This will help enhance the city's park system as well as provide recreational opportunities such as basketball and trails for the residents of St. Francis.

6) The City uses a variety of tools for long range financial planning:

A) Capital Purchasing Software – the City uses capital purchasing software to plan for and track upcoming capital acquisitions. The forecasted purchases include a nominal price adjustment for annual anticipated increases in pricing. The city contributes to the capital fund annually and reviews the contributions annually to determine an adequate level of contributions.

B) The City has a robust road inventory and assessment program that analyzes the street conditions every year to plan out 5 years for road improvements. This provides the city with long term planning for road projects and an annual nominal price adjustment is included in the estimates.

C) The City monitors the growing tax base every year. The City accounts for increases in development and property values to determine the appropriate amount to adjust the tax levy. This annual review allows the City to monitor the tax revenue in relation to the growing tax base and additional strains that new development has on the city. This also helps the city adjust the levy appropriately for any cost of living adjustment costs that the city incurs.

D) The City has analyzed the cost of replacement and improvement to the City's building assets. The City has taken active steps to set aside portions of the property tax levy every year to ensure adequate funding for these city assets.

E) The City has also forecasted the amount of growth it can expect over the coming years. Between the Met Council estimates and the city's own land use inventory- a snapshot is provided of the amount of growth the city can expect in the mid to long term. This helps to plan financially on what the city can expect as far as future revenues and tax base increases.

Major Initiatives for the Future

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

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

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Francis for its comprehensive annual financial report for the year ended December 31, 2019. This was the 9th 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.

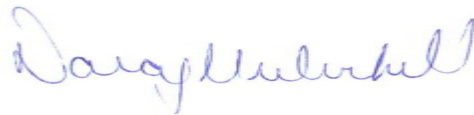
The City received the GFOA Award for the Distinguished Budget Presentation for the City budget for the fiscal year beginning January 1, 2020. It was the 11th consecutive year the City has received the award for the document.

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,

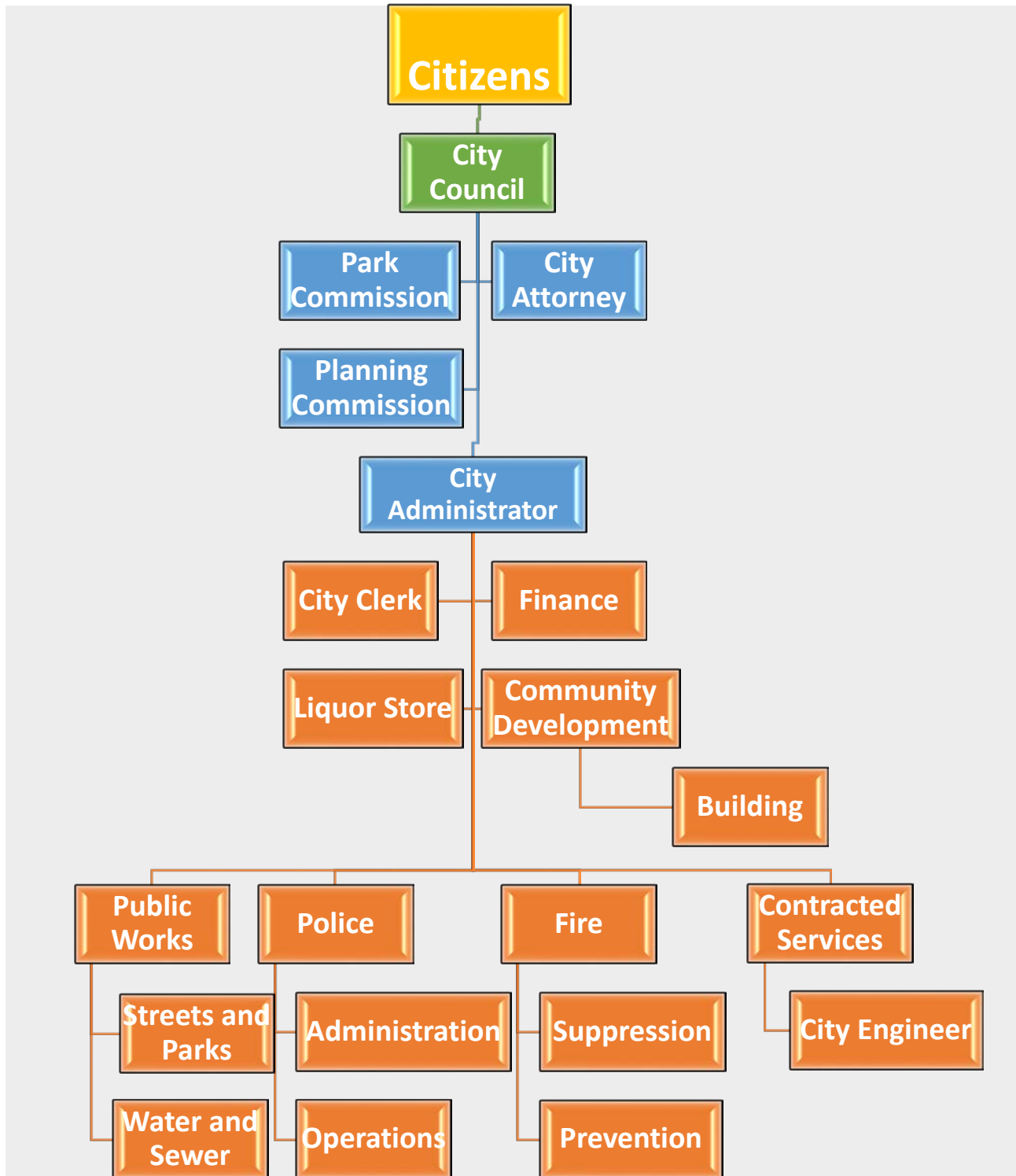


Joe Kohlmann
City Administrator



Darcy Mulvihill
Finance Director

ORGANIZATIONAL CHART



City of St. Francis, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2020

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steve Feldman	Mayor	12/31/2022
Kevin Robinson	Council Member	12/31/2022
Joe Muehlbauer	Council Member	12/31/2024
Sarah Udvig	Council Member	12/31/2022
Robert Bauer	Council Member	12/31/2024

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, 2019

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, 2020

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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, 2020, 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, 2020, 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 27 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 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

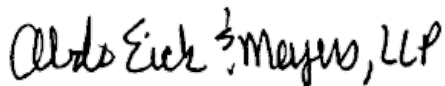
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section, and combining and individual fund financial statements and schedules are presented for purposes of additional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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2021, 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, 2021

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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, 2020.

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 \$43,330,432 (net position). Of this amount, \$12,786,294 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$3,897,095. Of the total, governmental activities increased \$3,176,438 and business-type activities increased \$720,657. The main reason for the increase was an increase in capital grants and contributions of \$1,723,516 mainly due to grants received for street improvement projects during the year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,355,316, an increase of \$214,186 in comparison with the prior year. Approximately 54.2 percent of this total amount, \$3,444,951 is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$3,444,951, or 69.8 percent of total 2020 General fund expenditures.
- The City's total debt decreased \$1,825,986 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

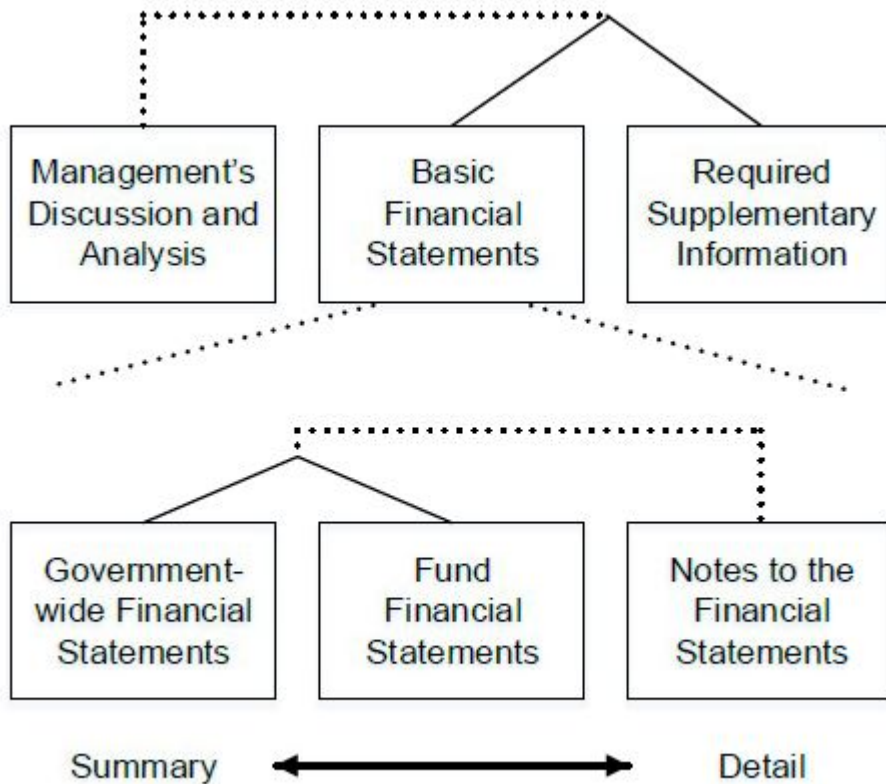


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the 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 41 of this report.

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

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

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

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

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

The basic governmental fund financial statements start on page 46 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 52 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 59 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 90 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 98 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 \$43,330,432 at the close of the most recent fiscal year.

The largest portion of the City's net position (68.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of St. Francis's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Assets						
Current and other assets	\$ 8,030,395	\$ 7,948,601	\$ 81,794	\$ 10,137,455	\$ 9,912,626	\$ 224,829
Capital assets	16,908,729	14,488,975	2,419,754	43,345,762	44,297,689	(951,927)
Total Assets	<u>24,939,124</u>	<u>22,437,576</u>	<u>2,501,548</u>	<u>53,483,217</u>	<u>54,210,315</u>	<u>(727,098)</u>
Deferred Outflows of Resources						
Deferred pension resources	1,024,977	1,242,764	(217,787)	45,735	40,938	4,797
Deferred charge on refunding	251,072	268,387	(17,315)	-	-	-
Total Deferred Outflows	<u>1,276,049</u>	<u>1,511,151</u>	<u>(235,102)</u>	<u>45,735</u>	<u>40,938</u>	<u>4,797</u>
Liabilities						
Noncurrent liabilities outstanding	9,049,163	8,982,309	66,854	25,122,251	26,508,068	(1,385,817)
Other liabilities	741,928	882,694	(140,766)	471,844	474,142	(2,298)
Total Liabilities	<u>9,791,091</u>	<u>9,865,003</u>	<u>(73,912)</u>	<u>25,594,095</u>	<u>26,982,210</u>	<u>(1,388,115)</u>
Deferred Inflows of Resources						
Deferred pension resources	<u>1,011,142</u>	<u>1,847,222</u>	<u>(836,080)</u>	<u>17,365</u>	<u>72,208</u>	<u>(54,843)</u>
Net Position						
Net investment in capital assets	10,645,221	7,822,639	2,822,582	19,054,469	18,804,562	249,907
Restricted	664,078	815,170	(151,092)	180,370	118,170	62,200
Unrestricted	<u>4,103,641</u>	<u>3,598,693</u>	<u>504,948</u>	<u>8,682,653</u>	<u>8,274,103</u>	<u>408,550</u>
Total Net Position	<u>\$ 15,412,940</u>	<u>\$ 12,236,502</u>	<u>\$ 3,176,438</u>	<u>\$ 27,917,492</u>	<u>\$ 27,196,835</u>	<u>\$ 720,657</u>

An additional portion of the City's net position, \$844,448, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$12,786,294, 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 \$3,176,438. Key elements of the changes are as follows:

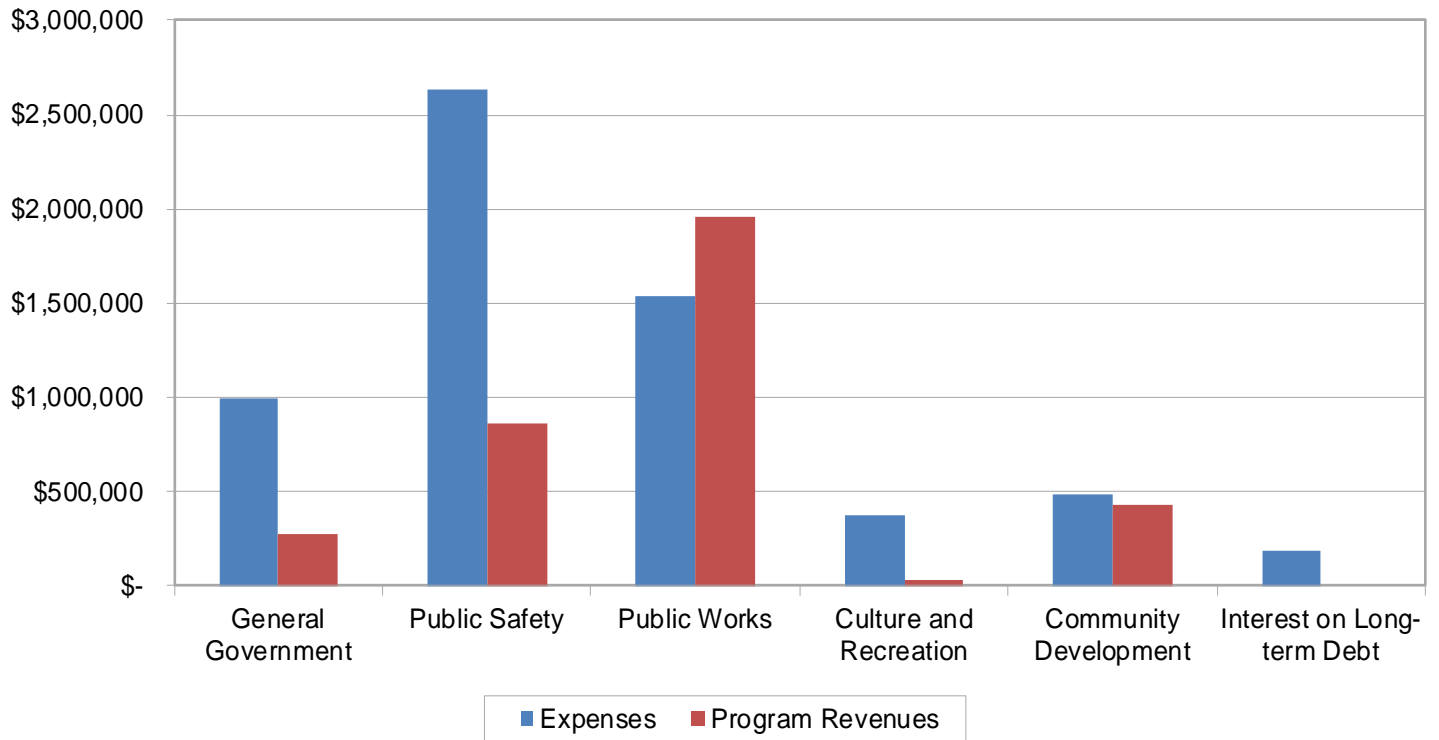
City of St. Francis's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 762,194	\$ 1,154,162	\$ (391,968)	\$ 6,227,945	\$ 5,518,069	\$ 709,876
Operating grants and contributions	824,812	263,037	561,775	25,482	7,014	18,468
Capital grants and contributions	1,979,574	256,058	1,723,516	1,060,565	903,951	156,614
General Revenues						
Taxes						
Property taxes	3,997,032	3,817,876	179,156	-	-	-
Grants and contributions not restricted to specific programs	555,814	465,589	90,225	-	-	-
Unrestricted investment earnings	120,007	175,698	(55,691)	160,651	256,510	(95,859)
Gain on sale of capital assets	11,905	219,358	(207,453)	-	-	-
Total Revenues	8,251,338	6,351,778	1,899,560	7,474,643	6,685,544	789,099
Expenses						
General government	997,414	976,132	21,282	-	-	-
Public safety	2,630,451	2,288,796	341,655	-	-	-
Public works	1,537,431	1,204,645	332,786	-	-	-
Culture and recreation	376,361	377,685	(1,324)	-	-	-
Community development	488,633	910,312	(421,679)	-	-	-
Interest on long-term debt	191,290	201,696	(10,406)	-	-	-
Water	-	-	-	1,158,339	1,129,380	28,959
Sewer	-	-	-	1,884,716	1,807,212	77,504
Storm water	-	-	-	54,476	25,800	28,676
Liquor store	-	-	-	2,509,775	2,344,537	165,238
Total Expenses	6,221,580	5,959,266	262,314	5,607,306	5,306,929	300,377
Increase in Net Position Before Transfers	2,029,758	392,512	1,637,246	1,867,337	1,378,615	488,722
Transfers (Net)	1,146,680	509,880	636,800	(1,146,680)	(509,880)	(636,800)
Change in Net Position	3,176,438	902,392	2,274,046	720,657	868,735	(148,078)
Net Position, January 1	12,236,502	11,334,110	902,392	27,196,835	26,328,100	868,735
Net Position, December 31	\$ 15,412,940	\$ 12,236,502	\$ 3,176,438	\$ 27,917,492	\$ 27,196,835	\$ 720,657

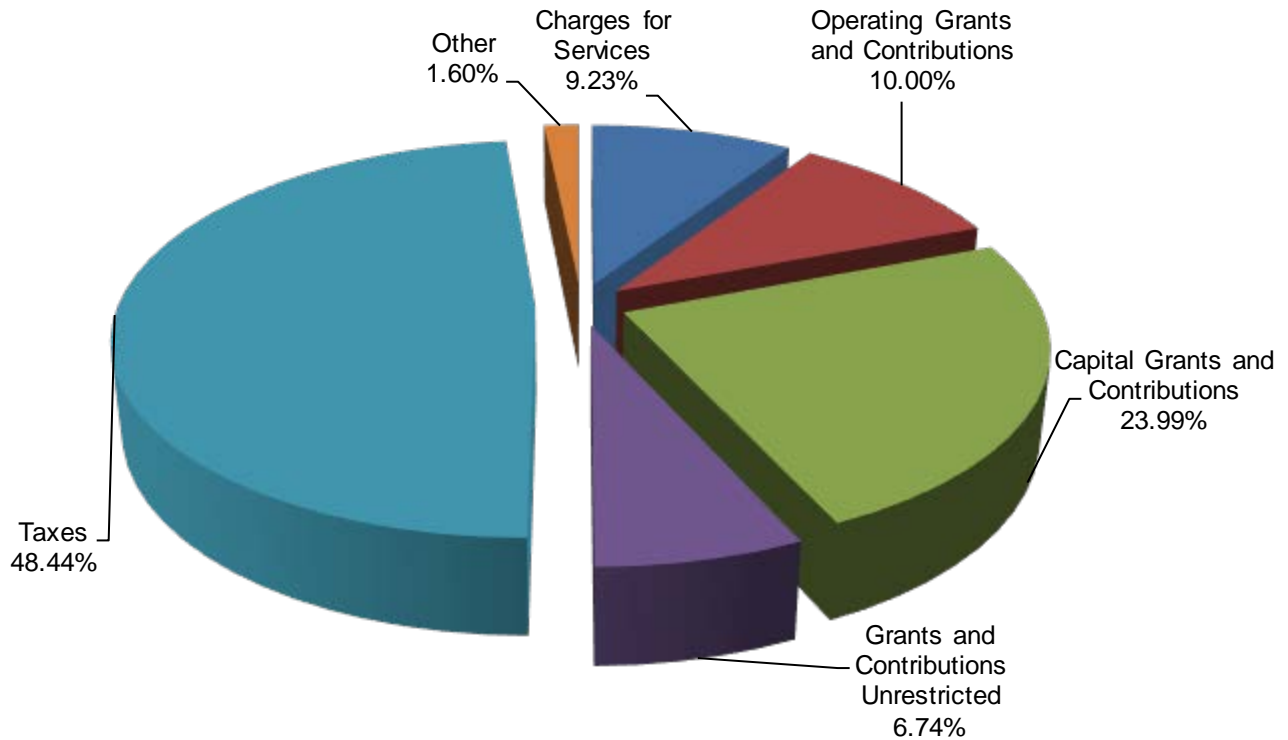
- Overall revenues increased \$1,899,560 from the prior year. The main reason for the increase was capital grants and contributions that increase \$1,723,516 for grants received for street improvements.
- Expenses increased \$262,314 from the prior year. Public safety increased \$341,655 due to the increased expenses related to the pandemic.

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

Expenses and Program Revenue - Governmental Activities



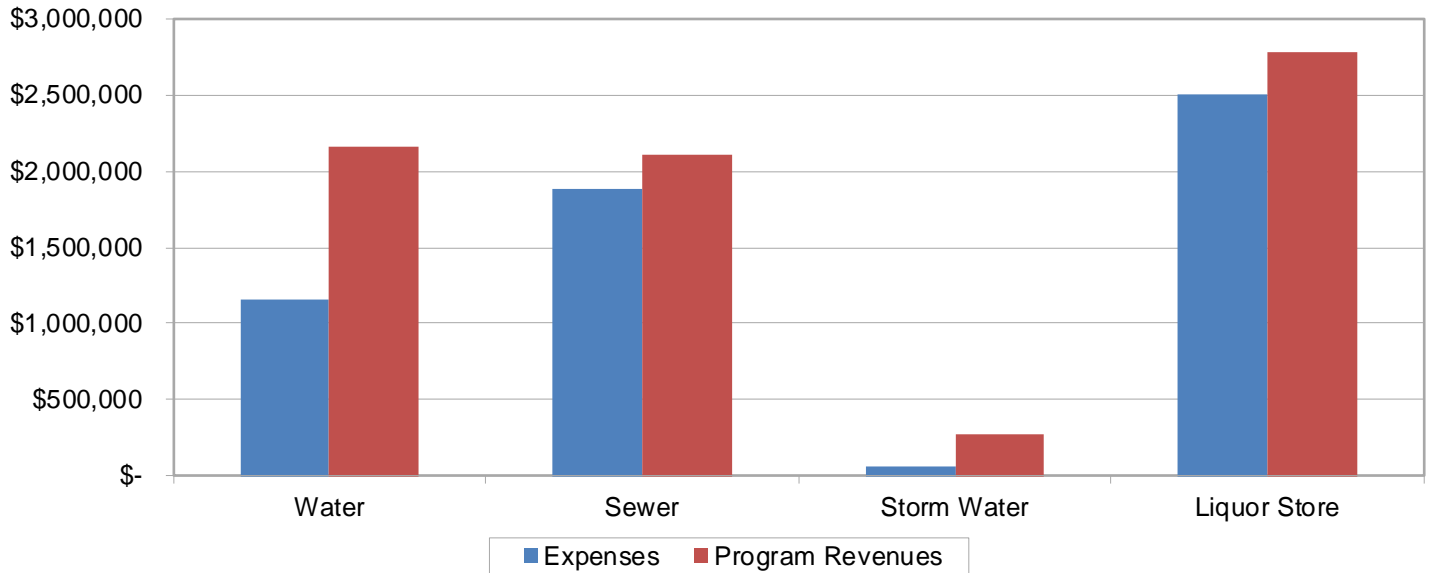
Revenue by Source - Governmental Activities



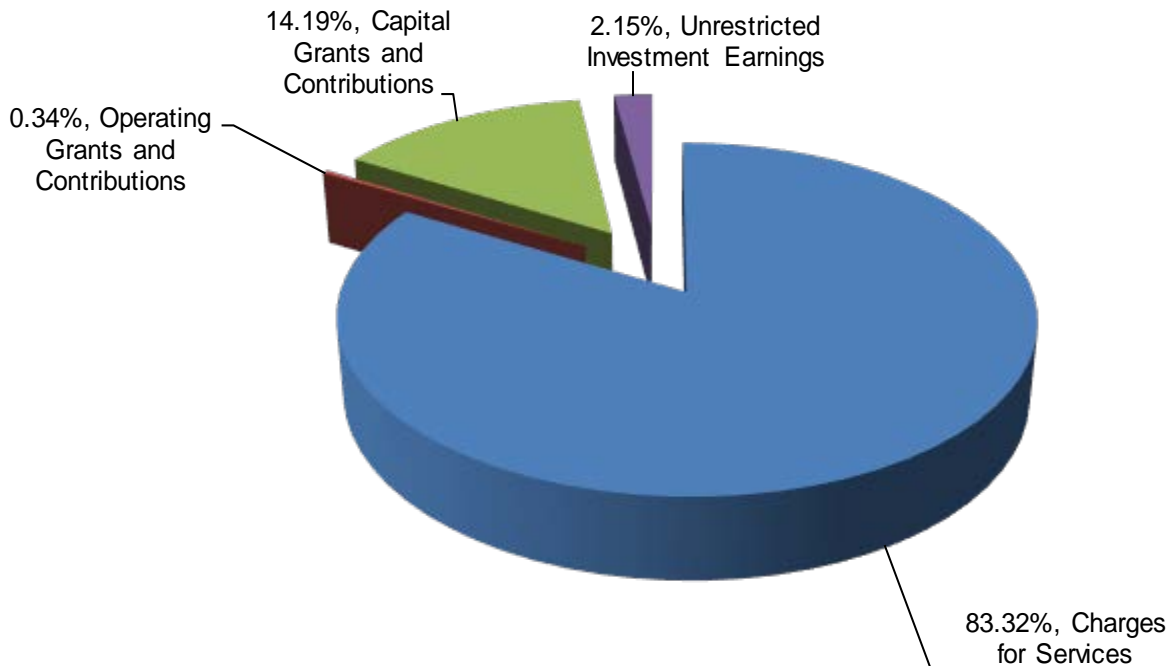
Business-type Activities. Business-type activities increased the City's net position by \$720,657. Key elements of the changes are listed below:

- Overall revenues in the business-type activities increased \$789,099 mainly due to increased utility usage and residents from the prior year.
- Overall expenses increased \$300,377 mainly due to the increased cost of sales for the liquor store. The increased cost in sales was offset with increased revenues.

Expenses and Program Revenues - Business-type Activities



Revenue by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,355,316. Approximately 54.2 percent of this total amount, \$3,444,951, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The City also has nonspendable balance of \$61,674, restricted balance of \$666,468 and assigned balance of \$2,182,223.

The General fund is the chief operating fund of the City. The General fund increased \$272,025 during the year. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures and transfers out. Fund balance represents 71.1 percent of 2020 expenditures and transfers out. Of the fund balance, \$3,444,951 is unassigned and will be used for cash flow for general operations and will be used to support operations until funds are received in June from the first tax settlement. The increase during the year can mainly be attributed positive budget variances in intergovernmental revenues received in response to the pandemic and licenses and permits for increased building activity.

The Street Improvement fund decreased \$127,502 during the year mainly due to expenditures in excess of resources for projects during the year. The fund has total expenditures of \$3,161,800 mainly spent on the 2020 street improvement project. The project was funded with intergovernmental revenues from the State of MN and transfers from other funds.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$8,682,653. The change in net position for the funds was an increase of \$720,657. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. The budget called for a balanced budget. Actual net change to the General fund balance was an increase of \$272,025. Actual revenues were \$820,040 over budget due to a positive budget variance of \$673,472 in intergovernmental revenue mainly due to the receipt of CARES funding during the year. Expenditures were over budget by \$378,887 during the year. The largest negative expenditure variance was in public safety. The negative variance was \$428,236 mainly due to increased expenditures as a response to the pandemic and CARES revenues noted above. This was due to the unbudgeted purchase of property.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2020, 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:

- 2020 Street Improvement Project
- Land Purchase
- Public Safety Equipment
- Four 2020 Dodge Police Vehicles
- Internet Infrastructure

Additional information on the City's capital assets can be found in Note 3B starting on page 70 of this report.

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

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Land	\$ 1,427,736	\$ 1,427,736	\$ -	\$ 2,359,187	\$ 2,359,187	\$ -
Construction in Progress	2,965,370	473,622	2,491,748	2,637,843	3,671,981	(1,034,138)
Land Improvements	34,765	43,504	(8,739)	-	-	-
Buildings	6,784,255	7,008,303	(224,048)	32,459,926	33,275,801	(815,875)
Infrastructure	4,432,263	4,227,733	204,530	5,246,678	4,902,683	343,995
Machinery and Equipment	1,264,340	1,308,077	(43,737)	642,128	88,037	554,091
Total	\$ 16,908,729	\$ 14,488,975	\$ 2,419,754	\$ 43,345,762	\$ 44,297,689	\$ (951,927)

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		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
General Obligation Bonds	\$ 6,295,000	\$ 6,700,000	\$ (405,000)	\$ -	\$ -	\$ -
General Obligation Revenue Bonds	-	-	-	24,082,000	25,436,000	(1,354,000)
Lease Purchase	-	-	-	562,970	614,813	(51,843)
Bond Premium	219,580	234,723	(15,143)	-	-	-
Total	<u>\$ 6,514,580</u>	<u>\$ 6,934,723</u>	<u>\$ (420,143)</u>	<u>\$ 24,644,970</u>	<u>\$ 26,050,813</u>	<u>\$ (1,405,843)</u>

The City's total debt decreased \$1,825,986 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 73 of this report.

Economic Factors and Next Year's Budgets and Rates

The City is anticipating building activity to stay the same. Woodhaven Mobile Home Park expanded in 2018 with new homes being added in 2019, 2020 and more 2021. New home permits should stay about even. There were 57 new home permits pulled in 2020 and 57 new home permits in 2019, 66 new home permits pulled in 2017 with 38 new home permits pulled in 2016 and 28 new home permits pulled in 2015.

The City's Adopted 2021 Budget includes a property tax levy of \$4,234,590 or 6.27 percent increase over the 2020 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, 2020

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City of St. Francis, Minnesota
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 6,740,492	\$ 8,536,835	\$ 15,277,327
Cash held with fiscal agent	-	26,797	26,797
Receivables			
Accrued interest	12,099	11,992	24,091
Taxes	68,657	-	68,657
Accounts	28,267	357,391	385,658
Special assessments	319,680	899,645	1,219,325
Loans	20,928	-	20,928
Due from other governments	156,016	25,734	181,750
Inventories	37,074	279,061	316,135
Pension asset	622,582	-	622,582
Land held for resale	24,600	-	24,600
Capital assets			
Land and construction in progress	4,393,106	4,997,030	9,390,136
Depreciable assets (net of accumulated depreciation)	12,515,623	38,348,732	50,864,355
Total Assets	<u>24,939,124</u>	<u>53,483,217</u>	<u>78,422,341</u>
Deferred Outflows of Resources			
Deferred pension resources	1,024,977	45,735	1,070,712
Deferred charge on refunding	251,072	-	251,072
Total Deferred Outflows of Resources	<u>1,276,049</u>	<u>45,735</u>	<u>1,321,784</u>
Liabilities			
Accounts payable	311,942	255,932	567,874
Contracts payable	144,777	52,220	196,997
Accrued salaries payable	101,525	18,979	120,504
Due to other governments	1,065	28,281	29,346
Accrued interest payable	77,768	116,432	194,200
Deposits payable	104,851	-	104,851
Noncurrent liabilities			
Due within one year			
Long-term liabilities	546,937	1,484,198	2,031,135
Due in more than one year			
Long-term liabilities	6,266,476	23,222,830	29,489,306
Net pension liability	2,235,750	415,223	2,650,973
Total Liabilities	<u>9,791,091</u>	<u>25,594,095</u>	<u>35,385,186</u>
Deferred Inflows of Resources			
Deferred pension resources	1,011,142	17,365	1,028,507
Net Position			
Net investment in capital assets	10,645,221	19,054,469	29,699,690
Restricted for			
Debt service	169,361	-	169,361
System replacement	-	180,370	180,370
Park improvements	321,489	-	321,489
Police expenses	16,963	-	16,963
Economic development projects	70,602	-	70,602
Capital purchases	85,663	-	85,663
Unrestricted	4,103,641	8,682,653	12,786,294
Total Net Position	<u>\$ 15,412,940</u>	<u>\$ 27,917,492</u>	<u>\$ 43,330,432</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, 2020

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 997,414	\$ 249,186	\$ 30,770	\$ -
Public safety	2,630,451	98,787	761,697	-
Public works	1,537,431	1,061	32,345	1,928,630
Culture and recreation	376,361	1,345	-	29,740
Community development	488,633	411,815	-	21,204
Interest on long-term debt	191,290	-	-	-
Total Governmental Activities	<u>6,221,580</u>	<u>762,194</u>	<u>824,812</u>	<u>1,979,574</u>
Business-type Activities				
Water	1,158,339	1,501,234	343	653,989
Sewer	1,884,716	1,773,962	347	337,260
Storm water	54,476	173,812	24,365	69,316
Liquor store	2,509,775	2,778,937	427	-
Total Business-type Activities	<u>5,607,306</u>	<u>6,227,945</u>	<u>25,482</u>	<u>1,060,565</u>
Total	<u>\$ 11,828,886</u>	<u>\$ 6,990,139</u>	<u>\$ 850,294</u>	<u>\$ 3,040,139</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
\$ (717,458)	\$ -	\$ (717,458)
(1,769,967)	-	(1,769,967)
424,605	-	424,605
(345,276)	-	(345,276)
(55,614)	-	(55,614)
(191,290)	-	(191,290)
<u>(2,655,000)</u>	<u>-</u>	<u>(2,655,000)</u>
-	997,227	997,227
-	226,853	226,853
-	213,017	213,017
-	269,589	269,589
<u>-</u>	<u>1,706,686</u>	<u>1,706,686</u>
<u>(2,655,000)</u>	<u>1,706,686</u>	<u>(948,314)</u>
3,627,829	-	3,627,829
369,203	-	369,203
555,814	-	555,814
120,007	160,651	280,658
11,905	-	11,905
1,146,680	(1,146,680)	-
<u>5,831,438</u>	<u>(986,029)</u>	<u>4,845,409</u>
3,176,438	720,657	3,897,095
<u>12,236,502</u>	<u>27,196,835</u>	<u>39,433,337</u>
<u>\$ 15,412,940</u>	<u>\$ 27,917,492</u>	<u>\$ 43,330,432</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, 2020

City of St. Francis, Minnesota

Balance Sheet

Governmental Funds

December 31, 2020

	101	405	Other	Total
	General	Street Improvement	Governmental Funds	Governmental Funds
Assets				
Cash and temporary investments	\$ 3,725,277	\$ 1,175,790	\$ 1,839,425	\$ 6,740,492
Receivables				
Accrued interest	6,620	2,280	3,199	12,099
Taxes	63,674	-	4,983	68,657
Accounts	12,261	-	16,006	28,267
Special assessments	21,283	228,002	70,395	319,680
Loans	20,928	-	-	20,928
Due from other governments	145,101	-	10,915	156,016
Inventories	37,074	-	-	37,074
Land held for resale	24,600	-	-	24,600
	<u>4,056,818</u>	<u>1,406,072</u>	<u>1,944,923</u>	<u>7,407,813</u>
Total Assets	\$ 4,056,818	\$ 1,406,072	\$ 1,944,923	\$ 7,407,813
Liabilities				
Accounts payable	\$ 264,995	\$ 33,332	\$ 13,615	\$ 311,942
Contracts payable	-	144,777	-	144,777
Accrued salaries payable	101,525	-	-	101,525
Due to other governments	1,065	-	-	1,065
Deposits payable	97,651	-	7,200	104,851
Total Liabilities	<u>465,236</u>	<u>178,109</u>	<u>20,815</u>	<u>664,160</u>
Deferred Inflows of Resources				
Unavailable revenues - taxes	63,674	-	4,983	68,657
Unavailable revenues - special assessments	21,283	228,002	70,395	319,680
Total Deferred Inflows of Resources	<u>84,957</u>	<u>228,002</u>	<u>75,378</u>	<u>388,337</u>
Fund Balances				
Nonspendable	61,674	-	-	61,674
Restricted	-	-	666,468	666,468
Assigned	-	999,961	1,182,262	2,182,223
Unassigned	3,444,951	-	-	3,444,951
Total Fund Balances	<u>3,506,625</u>	<u>999,961</u>	<u>1,848,730</u>	<u>6,355,316</u>
	<u>\$ 4,056,818</u>	<u>\$ 1,406,072</u>	<u>\$ 1,944,923</u>	<u>\$ 7,407,813</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,056,818	\$ 1,406,072	\$ 1,944,923	\$ 7,407,813

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, 2020

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

Total Fund Balances - Governmental	\$ 6,355,316
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	24,076,399
Less: accumulated depreciation	(7,167,670)
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	
	622,582
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Bond principal payable	(6,295,000)
Plus premium on bonds issued	(219,580)
Deferred charge on refunding	251,072
Compensated absences payable	(298,833)
Net pension liability	(2,235,750)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pensions resources	1,024,977
Deferred inflows of pension resources	(1,011,142)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Taxes receivable	68,657
Special assessments receivable	319,680
Governmental funds do not report a liability for accrued interest until due and payable.	(77,768)
Total Net Position - Governmental Activities	\$ 15,412,940

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, 2020

	101	405	Other	Total
	General	Street Improvement	Governmental Funds	Governmental Funds
Revenues				
Taxes	\$ 3,149,362	\$ 180,000	\$ 669,203	\$ 3,998,565
Licenses and permits	264,898	-	-	264,898
Intergovernmental	1,239,322	1,919,125	-	3,158,447
Charges for services	374,099	-	58,916	433,015
Fines and forfeitures	38,158	-	-	38,158
Special assessments	-	45,397	41,047	86,444
Interest on investments	61,504	25,196	33,307	120,007
Miscellaneous	187,156	2,780	8,594	198,530
Total Revenues	<u>5,314,499</u>	<u>2,172,498</u>	<u>811,067</u>	<u>8,298,064</u>
Expenditures				
Current				
General government	943,028	-	-	943,028
Public safety	2,631,786	-	4,783	2,636,569
Public works	575,294	-	-	575,294
Culture and recreation	294,034	-	-	294,034
Community development	476,341	-	364,130	840,471
Capital outlay				
General government	1,484	-	3,425	4,909
Public safety	-	-	128,699	128,699
Public works	-	3,161,800	55,004	3,216,804
Community development	11,379	-	-	11,379
Debt service				
Principal	-	-	405,000	405,000
Interest and other charges	-	-	193,480	193,480
Total Expenditures	<u>4,933,346</u>	<u>3,161,800</u>	<u>1,154,521</u>	<u>9,249,667</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>381,153</u>	<u>(989,302)</u>	<u>(343,454)</u>	<u>(951,603)</u>
Other Financing Sources (Uses)				
Transfers in	60,000	861,800	411,880	1,333,680
Sale of capital assets	17,872	-	1,237	19,109
Transfers out	(187,000)	-	-	(187,000)
Total Other Financing Sources (Uses)	<u>(109,128)</u>	<u>861,800</u>	<u>413,117</u>	<u>1,165,789</u>
Net Change in Fund Balances	272,025	(127,502)	69,663	214,186
Fund Balances, January 1	<u>3,234,600</u>	<u>1,127,463</u>	<u>1,779,067</u>	<u>6,141,130</u>
Fund Balances, December 31	<u>\$ 3,506,625</u>	<u>\$ 999,961</u>	<u>\$ 1,848,730</u>	<u>\$ 6,355,316</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, 2020

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

Total Net Change in Fund Balances - Governmental Funds	\$ 214,186
<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	3,173,236
Depreciation expense	(746,276)
<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>	
	42,501
<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	(349,488)
Depreciation on disposals	299,783
<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	405,000
Current year amortization of bond premium	15,143
Current year amortization of deferred loss on refunding	(17,315)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	4,362
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	241,323
Pension revenue	19,841
<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	(76,939)
Property taxes	(1,533)
<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	(47,386)
Change in Net Position - Governmental Activities	\$ 3,176,438

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,130,000	\$ 3,130,000	\$ 3,149,362	\$ 19,362
Licenses and permits	195,780	195,780	264,898	69,118
Intergovernmental	565,850	565,850	1,239,322	673,472
Charges for services	378,359	378,359	374,099	(4,260)
Fines and forfeitures	20,300	20,300	38,158	17,858
Interest on investments	27,170	27,170	61,504	34,334
Miscellaneous	177,000	177,000	187,156	10,156
Total Revenues	<u>4,494,459</u>	<u>4,494,459</u>	<u>5,314,499</u>	<u>820,040</u>
Expenditures				
Current				
General government	951,140	951,140	943,028	8,112
Public safety	2,203,550	2,203,550	2,631,786	(428,236)
Public works	579,274	579,274	575,294	3,980
Culture and recreation	339,370	339,370	294,034	45,336
Community development	478,125	478,125	476,341	1,784
Capital outlay				
General government	2,000	2,000	1,484	516
Community development	1,000	1,000	11,379	(10,379)
Total Expenditures	<u>4,554,459</u>	<u>4,554,459</u>	<u>4,933,346</u>	<u>(378,887)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(60,000)</u>	<u>(60,000)</u>	<u>381,153</u>	<u>441,153</u>
Other Financing Sources (Uses)				
Transfers in	60,000	60,000	60,000	-
Sale of capital assets	-	-	17,872	17,872
Transfers out	-	-	(187,000)	(187,000)
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>60,000</u>	<u>(109,128)</u>	<u>(169,128)</u>
Net Change in Fund Balances	-	-	272,025	272,025
Fund Balances, January 1	<u>3,234,600</u>	<u>3,234,600</u>	<u>3,234,600</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 3,234,600</u>	<u>\$ 3,234,600</u>	<u>\$ 3,506,625</u>	<u>\$ 272,025</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, 2020

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm Water	
Assets					
Current Assets					
Cash and temporary investments	\$ 2,717,211	\$ 3,612,415	\$ 1,982,657	\$ 224,552	\$ 8,536,835
Cash held with fiscal agent	26,797	-	-	-	26,797
Receivables					
Accrued interest	4,988	3,221	3,579	204	11,992
Accounts	164,694	168,161	24,536	-	357,391
Special assessments	74,229	70,522	-	52,420	197,171
Due from other governments	8,109	14,916	-	2,709	25,734
Inventory	-	-	279,061	-	279,061
Total Current Assets	<u>2,996,028</u>	<u>3,869,235</u>	<u>2,289,833</u>	<u>279,885</u>	<u>9,434,981</u>
Noncurrent Assets					
Special assessments	450,614	45,814	-	206,046	702,474
Capital assets					
Land	18,115	2,337,838	3,234	-	2,359,187
Construction in progress	-	2,579,782	58,061	-	2,637,843
Buildings	8,994,235	31,175,575	666,446	-	40,836,256
Machinery and equipment	759,668	122,889	209,627	-	1,092,184
Infrastructure	5,013,059	3,192,605	-	606,214	8,811,878
Less accumulated depreciation	<u>(4,707,454)</u>	<u>(7,010,116)</u>	<u>(653,809)</u>	<u>(20,207)</u>	<u>(12,391,586)</u>
Net Capital Assets	<u>10,077,623</u>	<u>32,398,573</u>	<u>283,559</u>	<u>586,007</u>	<u>43,345,762</u>
Total Noncurrent Assets	<u>10,528,237</u>	<u>32,444,387</u>	<u>283,559</u>	<u>792,053</u>	<u>44,048,236</u>
Total Assets	<u>13,524,265</u>	<u>36,313,622</u>	<u>2,573,392</u>	<u>1,071,938</u>	<u>53,483,217</u>
Deferred Outflows of Resources					
Deferred pension resources	14,032	14,218	17,485	-	45,735

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, 2020

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm Water	
Liabilities					
Current Liabilities					
Accounts payable	\$ 33,224	\$ 22,663	\$ 199,778	\$ 267	\$ 255,932
Contracts payable	-	-	-	52,220	52,220
Accrued salaries payable	5,558	5,558	7,863	-	18,979
Due to other governments	636	-	27,645	-	28,281
Accrued interest payable	57,698	58,734	-	-	116,432
Compensated absences payable - current	8,373	8,373	16,673	-	33,419
Bonds payable - current	732,879	717,900	-	-	1,450,779
Total Current Liabilities	<u>838,368</u>	<u>813,228</u>	<u>251,959</u>	<u>52,487</u>	<u>1,956,042</u>
Noncurrent Liabilities					
Compensated absences payable	8,833	8,833	10,973	-	28,639
Net pension liability	127,393	129,085	158,745	-	415,223
Bonds payable	5,182,641	18,011,550	-	-	23,194,191
Total Noncurrent Liabilities	<u>5,318,867</u>	<u>18,149,468</u>	<u>169,718</u>	<u>-</u>	<u>23,638,053</u>
Total Liabilities	<u>6,157,235</u>	<u>18,962,696</u>	<u>421,677</u>	<u>52,487</u>	<u>25,594,095</u>
Deferred Inflows of Resources					
Deferred pension resources	5,328	5,398	6,639	-	17,365
Net Position					
Net investment in capital assets	4,401,255	13,783,648	283,559	586,007	19,054,469
Restricted for system replacement	-	180,370	-	-	180,370
Unrestricted	2,974,479	3,395,728	1,879,002	433,444	8,682,653
Total Net Position	<u>\$ 7,375,734</u>	<u>\$ 17,359,746</u>	<u>\$ 2,162,561</u>	<u>\$ 1,019,451</u>	<u>\$ 27,917,492</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, 2020

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm Water	
Operating Revenues					
Sales	\$ -	\$ -	\$ 2,777,610	\$ -	\$ 2,777,610
Cost of sales	-	-	(2,031,338)	-	(2,031,338)
Gross Profit	-	-	746,272	-	746,272
Charges for services	1,427,265	1,752,965	-	173,812	3,354,042
Total Operating Revenues	<u>1,427,265</u>	<u>1,752,965</u>	<u>746,272</u>	<u>173,812</u>	<u>4,100,314</u>
Operating Expenses					
Personal services	208,749	211,942	257,952	-	678,643
Supplies	86,437	63,669	5,426	-	155,532
Professional services	106,399	240,293	131,574	34,269	512,535
Communications	4,377	3,042	3,501	-	10,920
Insurance	22,491	31,182	25,130	-	78,803
Utilities	90,134	142,041	16,331	-	248,506
Repairs and maintenance	94,387	123,656	4,162	-	222,205
Depreciation	348,422	796,263	22,957	20,207	1,187,849
Other	29,147	14,551	11,404	-	55,102
Total Operating Expenses	<u>990,543</u>	<u>1,626,639</u>	<u>478,437</u>	<u>54,476</u>	<u>3,150,095</u>
Operating Income	<u>436,722</u>	<u>126,326</u>	<u>267,835</u>	<u>119,336</u>	<u>950,219</u>
Nonoperating Revenues (Expenses)					
Interest income	55,656	64,320	37,750	2,925	160,651
Miscellaneous	74,312	21,344	1,754	24,365	121,775
Interest and other expense	(167,796)	(258,077)	-	-	(425,873)
Total Nonoperating Revenues (Expenses)	<u>(37,828)</u>	<u>(172,413)</u>	<u>39,504</u>	<u>27,290</u>	<u>(143,447)</u>
Income (Loss) Before Transfers and Contributions	<u>398,894</u>	<u>(46,087)</u>	<u>307,339</u>	<u>146,626</u>	<u>806,772</u>
Transfers and Contributions					
Transfers in	37,058	-	-	-	37,058
Capital contributions	653,989	337,260	-	69,316	1,060,565
Transfers out	(972,880)	(150,858)	(60,000)	-	(1,183,738)
Total Transfers and Contributions	<u>(281,833)</u>	<u>186,402</u>	<u>(60,000)</u>	<u>69,316</u>	<u>(86,115)</u>
Change in Net Position	117,061	140,315	247,339	215,942	720,657
Net Position, January 1	<u>7,258,673</u>	<u>17,219,431</u>	<u>1,915,222</u>	<u>803,509</u>	<u>27,196,835</u>
Net Position, December 31	<u>\$ 7,375,734</u>	<u>\$ 17,359,746</u>	<u>\$ 2,162,561</u>	<u>\$ 1,019,451</u>	<u>\$ 27,917,492</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, 2020

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm Water	
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 1,504,107	\$ 1,794,806	\$ 2,772,625	\$ 174,485	\$ 6,246,023
Payments to suppliers	(427,404)	(634,429)	(2,167,208)	(34,002)	(3,263,043)
Payments to employees	(215,743)	(217,768)	(279,144)	-	(712,655)
Net Cash Provided by Operating Activities	<u>860,960</u>	<u>942,609</u>	<u>326,273</u>	<u>140,483</u>	<u>2,270,325</u>
Cash Flows from					
Noncapital Financing Activities					
Transfers from other funds	37,058	-	-	-	37,058
Transfers to other funds	(972,880)	(150,858)	(60,000)	-	(1,183,738)
Net Cash Used by Noncapital Financing Activities	<u>(935,822)</u>	<u>(150,858)</u>	<u>(60,000)</u>	<u>-</u>	<u>(1,146,680)</u>
Cash Flows from Capital Financing Activities					
Connection fees received	216,240	337,260	-	-	553,500
Special assessments received	3,658	5,738	-	27,892	37,288
Acquisition of capital assets	(206,850)	-	(102,990)	-	(309,840)
Interest paid and other on bonds	(170,953)	(260,952)	-	-	(431,905)
Principal paid on bonds	(713,693)	(692,150)	-	-	(1,405,843)
Net Cash Used by Capital Financing Activities	<u>(871,598)</u>	<u>(610,104)</u>	<u>(102,990)</u>	<u>27,892</u>	<u>(1,556,800)</u>
Cash Flows from Investing Activities					
Interest received on investments	<u>57,711</u>	<u>68,009</u>	<u>37,831</u>	<u>2,815</u>	<u>166,366</u>
Net Increase (Decrease) in					
Cash and Cash Equivalents	(888,749)	249,656	201,114	171,190	(266,789)
Cash and Cash Equivalents, January 1	<u>3,632,757</u>	<u>3,362,759</u>	<u>1,781,543</u>	<u>53,362</u>	<u>8,830,421</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 2,744,008</u></u>	<u><u>\$ 3,612,415</u></u>	<u><u>\$ 1,982,657</u></u>	<u><u>\$ 224,552</u></u>	<u><u>\$ 8,563,632</u></u>
Reconciliation of Cash and Cash Equivalents					
Cash and Temporary Investments	\$ 2,717,211	\$ 3,612,415	\$ 1,982,657	\$ 224,552	\$ 8,536,835
Cash Held with Fiscal Agent	<u>26,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,797</u>
Reconciliation of Cash and Cash Equivalents, December 31	<u><u>\$ 2,744,008</u></u>	<u><u>\$ 3,612,415</u></u>	<u><u>\$ 1,982,657</u></u>	<u><u>\$ 224,552</u></u>	<u><u>\$ 8,563,632</u></u>

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

City of St. Francis, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds				Totals
	601 Water	602 Sewer	609 Liquor Store	Nonmajor 603 Storm Water	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income	\$ 436,722	\$ 126,326	\$ 267,835	\$ 119,336	\$ 950,219
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	348,422	796,263	22,957	20,207	1,187,849
Other income related to operations	75,444	21,344	1,754	24,365	122,907
(Increase) decrease in assets and deferred outflows of resources					
Receivables					
Accounts	(20,744)	(7,756)	(6,739)	-	(35,239)
Special assessments	8,682	13,379	-	(23,079)	(1,018)
Due from other governments	13,460	14,874	-	(613)	27,721
Inventories	-	-	(19,020)	-	(19,020)
Pension resources	(1,737)	(1,792)	(1,268)	-	(4,797)
Increase (decrease) in liabilities and deferred inflows of resources					
Accounts payable	5,885	(15,995)	74,396	267	64,553
Due to other governments	83	-	6,282	-	6,365
Accrued salaries payable	1,322	2,293	1,987	-	5,602
Net pension liability	6,824	7,236	(278)	-	13,782
Compensated absences payable	2,956	2,956	332	-	6,244
Pension resources	(16,359)	(16,519)	(21,965)	-	(54,843)
 Net Cash Provided by Operating Activities	 <u>\$ 860,960</u>	 <u>\$ 942,609</u>	 <u>\$ 326,273</u>	 <u>\$ 140,483</u>	 <u>\$ 2,270,325</u>
 Noncash Capital Financing and Investing Activities					
Capital assets acquired on account	\$ -	\$ -	\$ -	\$ 52,220	\$ 52,220
Book value of disposed capital assets	<u>\$ 1,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,132</u>
Capital contribution	<u>\$ 437,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,316</u>	<u>\$ 507,065</u>

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

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

Blended Component Unit

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

A component unit is a legally separate entity, so there is a basic assumption it should be presented separately (discretely) from the primary government. However, a blended component unit functions as an integral part of the primary government and is presented as though it were a fund of the primary government. The EDA may not exercise any of its authorized powers without prior approval of the City Council. Based on GASB 61, the EDA meets the requirements for a blended component unit because the financial benefit or burden relationship, along with primary operational responsibility. Therefore, it is presented as a governmental fund in the financial statements of the City. Separate financial statements are not issued for this component unit.

B. Government-wide and Fund Financial Statements

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments

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

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

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

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

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, 2020:

- US government securities of \$270,863 are valued using quoted market prices (Level 1 inputs)
- State and local government securities of \$258,431 are valued using quoted market prices (Level 1 inputs)
- Negotiable Certificates of Deposits of \$5,931,880 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 2020. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established for utility receivables.

Special Assessments

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

Land Held for Resale

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

Inventories

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

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

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

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

Deferred Outflows of Resources

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

Compensated Absences

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

Postemployment Benefits Other Than Pensions

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

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Long-term Obligations

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

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

Pensions

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

	Public Employees Retirement Association of Minnesota (PERA)		DCP	Fire Relief Association	Total All Plans
	GERP	PEPFP			
Pension Expense	\$ 98,192	\$ 143,675	\$ 240	\$ (194,769)	\$ 47,338

Deferred Inflows of Resources

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

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

Net Position

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

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

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

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund, Street Improvement fund, Police Forfeiture fund, Charitable Gambling fund, Debt Service funds, Park Improvements, Building Improvements and Capital Equipment fund. The City does not adopt a formal budget for the Economic Development fund. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

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

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

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2020 expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General Fund	\$ 4,554,459	\$ 4,933,346	\$ 378,887
Street Improvement	326,380	3,161,800	2,835,420
Charitable Gambling	-	25,740	25,740
Building Improvements	-	665	665

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

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

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

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds - Continued

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City’s carrying amount of deposits was \$382,070 and the bank balance was \$561,281. 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, 2020, 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
Pooled Investments at Amortized Costs					
Minnesota Municipal Money Market	N/A	less than 1 year	\$ 8,460,880	\$ -	\$ -
Non-pooled Investments at Fair Value					
Negotiable Certificates of Deposits	N/A	less than 1 year	1,202,775	-	1,202,775
Negotiable Certificates of Deposits	N/A	1 year to 5 years	4,171,148	-	4,171,148
Negotiable Certificates of Deposits	N/A	more than 5 years	557,957	-	557,957
State and Local Government Securities	AAA	1 year to 5 years	258,431	258,431	-
U.S. Government Securities	AAA	less than 1 year	26,798	26,798	-
U.S. Government Securities	Aaa	less than 1 year	244,065	244,065	-
Total Investments			\$ 14,922,054	\$ 529,294	\$ 5,931,880

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

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

Carrying Amount of Deposits	\$ 382,070
Investments	<u>14,922,054</u>
Total	<u><u>\$ 15,304,124</u></u>
As Reported on the Financial Statements	
Statement of net position	
Cash and temporary investments	\$ 15,277,327
Cash with fiscal agent	<u>26,797</u>
Total	<u><u>\$ 15,304,124</u></u>

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

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 62 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, 2020

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2020 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	473,622	2,933,358	(441,610)	2,965,370
Total Capital Assets not being Depreciated	<u>1,901,358</u>	<u>2,933,358</u>	<u>(441,610)</u>	<u>4,393,106</u>
Capital Assets, being Depreciated				
Land improvements	174,771	-	-	174,771
Buildings	8,862,306	-	-	8,862,306
Infrastructure	6,308,811	441,610	-	6,750,421
Machinery and equipment	3,962,906	282,377	(349,488)	3,895,795
Total Capital Assets being Depreciated	<u>19,308,794</u>	<u>723,987</u>	<u>(349,488)</u>	<u>19,683,293</u>
Less Accumulated Depreciation for				
Land improvements	(131,267)	(8,739)	-	(140,006)
Buildings	(1,854,003)	(224,048)	-	(2,078,051)
Infrastructure	(2,081,078)	(237,080)	-	(2,318,158)
Machinery and equipment	(2,654,829)	(276,409)	299,783	(2,631,455)
Total Accumulated Depreciation	<u>(6,721,177)</u>	<u>(746,276)</u>	<u>299,783</u>	<u>(7,167,670)</u>
Total Capital Assets being Depreciated, Net	<u>12,587,617</u>	<u>(22,289)</u>	<u>(49,705)</u>	<u>12,515,623</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,488,975</u>	<u>\$ 2,911,069</u>	<u>\$ (491,315)</u>	<u>\$ 16,908,729</u>

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

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	3,671,981	164,824	(1,198,962)	2,637,843
Total Capital Assets not being Depreciated	<u>6,031,168</u>	<u>164,824</u>	<u>(1,198,962)</u>	<u>4,997,030</u>
Capital Assets being Depreciated				
Buildings	40,791,326	44,929	-	40,836,255
Infrastructure	8,311,152	633,516	(132,790)	8,811,878
Machinery and equipment	574,397	592,747	(74,961)	1,092,183
Total Capital Assets being Depreciated	<u>49,676,875</u>	<u>1,271,192</u>	<u>(207,751)</u>	<u>50,740,316</u>
Less Accumulated Depreciation for				
Buildings	(7,515,525)	(860,804)	-	(8,376,329)
Infrastructure	(3,408,469)	(288,389)	131,658	(3,565,200)
Machinery and equipment	(486,360)	(38,656)	74,961	(450,055)
Total Accumulated Depreciation	<u>(11,410,354)</u>	<u>(1,187,849)</u>	<u>206,619</u>	<u>(12,391,584)</u>
Total Capital Assets being Depreciated, Net	<u>38,266,521</u>	<u>83,343</u>	<u>(1,132)</u>	<u>38,348,732</u>
Business-type Activities Capital Assets, Net	<u>\$ 44,297,689</u>	<u>\$ 248,167</u>	<u>\$ (1,200,094)</u>	<u>\$ 43,345,762</u>

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

Governmental Activities

General government	\$ 25,385
Public safety	239,551
Public works	405,647
Culture and recreation	75,693
Total Depreciation Expense - Governmental Activities	<u>\$ 746,276</u>

Business-type Activities

Water	\$ 348,422
Sewer	796,263
Storm	20,207
Liquor store	22,957
Total Depreciation Expense - Business-type Activities	<u>\$ 1,187,849</u>

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

C. Interfund Receivables, Payables and Transfers

The City made transfers during the fiscal year 2020 as shown and described below:

Fund	Transfer in				Total
	General	Street Improvement	Nonmajor Governmental	Water	
Transfer out					
General	\$ -	\$ -	\$ 187,000	\$ -	\$ 187,000
Water	-	861,800	111,080	-	972,880
Sewer	-	-	113,800	37,058	150,858
Liquor Store	60,000	-	-	-	60,000
Total	\$ 60,000	\$ 861,800	\$ 411,880	\$ 37,058	\$ 1,370,738

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 2020:

- Unbudgeted transfer made from the General fund to the EDA fund to purchase the property. The transfer is for \$187,000 for the acquisition, title and demolition.
- Unbudgeted transfer made from the Water fund to the Street fund to purchase the property. The transfer is for \$861,800 for street construction projects for 2020.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

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	\$ 285,000
G.O. Improvement Bonds					
Series 2015A	265,000	2.00 - 3.00	10/26/15	02/01/26	165,000
G.O. Capital Improvement Bonds					
Series 2017A	6,705,000	3.00 - 3.25	08/10/17	02/01/36	<u>5,845,000</u>
 Total General Obligation Improvement Bonds					 <u><u>\$ 6,295,000</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
2021	\$ 410,000	\$ 181,212	\$ 591,212
2022	420,000	170,081	590,081
2023	430,000	158,531	588,531
2024	350,000	147,431	497,431
2025	355,000	136,856	491,856
2026 - 2030	1,810,000	523,406	2,333,406
2031 - 2035	2,065,000	233,684	2,298,684
2036	455,000	6,825	461,825
 Total	 <u><u>\$ 6,295,000</u></u>	 <u><u>\$ 1,558,026</u></u>	 <u><u>\$ 7,853,026</u></u>

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

General Obligation Revenue Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
MPFA - Water Revenue Bonds Series 2008	\$ 9,013,468	2.56 %	12/18/07	08/20/27	\$ 4,414,000
G.O. Sewer Revenue Bonds, Series 2010A	1,600,000	2.00 - 3.50	09/20/10	02/01/31	1,060,000
G.O. Crossover Refunding Refunding Bonds Series 2013A	560,000	1.00 - 2.30	03/27/13	02/01/23	1,615,000
G.O. Bonds Series 2015A	690,000	2.00 - 3.10	11/01/15	02/01/31	535,000
G.O. Revenue Bonds Series 2016A	1,930,000	1.00	06/30/16	02/01/37	1,695,000
G.O. Sewer Revenue Bonds Series 2016B	16,010,544	1.00	10/20/16	08/20/46	<u>14,763,000</u>
 Total G.O. Revenue Bonds					 <u><u>\$ 24,082,000</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
2021	\$ 1,397,000	\$ 382,809	\$ 1,779,809
2022	1,435,000	355,559	1,790,559
2023	1,473,000	327,207	1,800,207
2024	1,504,000	420,055	1,924,055
2025	1,550,000	265,968	1,815,968
2026 - 2030	5,749,000	894,345	6,643,345
2031 - 2035	3,513,000	526,635	4,039,635
2036 - 2040	3,245,000	309,070	3,554,070
2041 - 2045	3,531,000	140,540	3,671,540
2046	685,000	6,850	691,850
 Total	 <u><u>\$ 24,082,000</u></u>	 <u><u>\$ 3,629,038</u></u>	 <u><u>\$ 27,711,038</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	\$ 1,439,133	\$ 1,259,849
Principal and Interest	884,646	952,152
Percentage of Revenues	61 %	76 %

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Lease Purchase

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Water Meters Lease	\$ 614,813	3.7 %	08/19/19	08/19/29	<u>\$ 562,970</u>

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

Year Ending December 31,	Business Activities		
	Principal	Interest	Total
2021	\$ 53,779	\$ 20,337	\$ 74,116
2022	55,787	18,329	74,116
2023	57,870	16,246	74,116
2024	60,031	14,085	74,116
2025	62,273	11,843	74,116
2026 - 2029	<u>273,230</u>	<u>23,233</u>	<u>296,463</u>
Total	<u>\$ 562,970</u>	<u>\$ 104,073</u>	<u>\$ 667,043</u>

Changes in Long-term Liabilities

Noncurrent liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 6,700,000	\$ -	\$ (405,000)	\$ 6,295,000	\$ 410,000
Bond Premium	234,723	-	(15,143)	219,580	-
Compensated Absences Payable	<u>251,447</u>	<u>132,012</u>	<u>(84,626)</u>	<u>298,833</u>	<u>136,937</u>
Governmental Activity Long-term Liabilities	<u>\$ 7,186,170</u>	<u>\$ 132,012</u>	<u>\$ (504,769)</u>	<u>\$ 6,813,413</u>	<u>\$ 546,937</u>
Business-type Activities					
General Obligation Revenue Bonds	\$ 25,436,000	\$ -	\$ (1,354,000)	\$ 24,082,000	\$ 1,397,000
Lease Purchase	614,813	-	(51,843)	562,970	53,779
Compensated Absences Payable	<u>55,814</u>	<u>31,526</u>	<u>(25,282)</u>	<u>62,058</u>	<u>33,419</u>
Business-type Activity Long-term Liabilities	<u>\$ 26,106,627</u>	<u>\$ 31,526</u>	<u>\$ (1,431,125)</u>	<u>\$ 24,707,028</u>	<u>\$ 1,484,198</u>

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

E. Fund Balance Classification

At December 31, 2020, a summary of the governmental fund balance classifications are as follows:

	General	Street Improvement	Other Governmental Funds	Total
Nonspendable				
Inventories	\$ 37,074	\$ -	\$ -	\$ 37,074
Land held for resale	24,600	-	-	24,600
Total Nonspendable	<u>\$ 61,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,674</u>
Restricted for				
Debt service	\$ -	\$ -	\$ 171,751	\$ 171,751
Police expenditures	-	-	16,963	16,963
Economic development projects	-	-	70,602	70,602
Park improvements	-	-	321,489	321,489
Capital purchases	-	-	85,663	85,663
Total Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 666,468</u>	<u>\$ 666,468</u>
Assigned to				
Capital projects	<u>\$ -</u>	<u>\$ 999,961</u>	<u>\$ 1,182,262</u>	<u>\$ 2,182,223</u>

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

B. Benefits Provided

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

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

General Employee Plan Benefits

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

Police and Fire Plan Benefits

Benefits for Police and Fire Plan 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 Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3-0 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2020, 2019 and 2018 were \$131,311, \$127,379 and \$123,228, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 10.80 percent of pay to 11.30 percent and employer rates increased from 16.20 percent to 16.95 percent on January 1, 2020. The City's contributions to the Police and Fire Fund for the years ending December 31, 2020, 2019 and 2018 were \$190,524, \$165,990 and \$134,584, 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, 2020

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

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2020, the City reported a liability of \$1,444,905 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. 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 \$44,658. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.0241 percent which was an increase of 0.0007 percent from its proportion measured as of June 30, 2019.

City's Proportionate Share of the Net Pension Liability	\$ 1,444,905
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>44,658</u>
Total	<u><u>\$ 1,489,563</u></u>

For the year ended December 31, 2020, the City recognized pension expense of \$94,305 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$3,887 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2020, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Economic Experience	\$ 12,978	\$ 7,168
Changes in Actuarial Assumptions	707	53,259
Net Difference between Projected and Actual Earnings on Plan Investments	31,848	-
Changes in Proportion	46,626	-
Contributions Paid to PERA Subsequent to the Measurement Date	<u>66,993</u>	<u>-</u>
Total	<u><u>\$ 159,152</u></u>	<u><u>\$ 60,427</u></u>

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

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

The \$66,995 reported as deferred outflows of resources related to pensions resulting from the City's contributions to subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (58,957)
2022	17,514
2023	38,265
2024	34,910

Police and Fire Fund Pension Costs

At December 31, 2020, the City reported a liability of \$1,206,068 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0915 percent which is an increase of 0.0066 percent from its proportionate share measured as of June 30, 2019.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$134,929 for its proportionate share of the Police and Fire Plan's pension expense. The City also recognized \$8,746 for the year ended December 31, 2020 as pension expense (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$8,325 the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

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

At December 31, 2020, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 57,196	\$ 80,805
Changes in Actuarial Assumptions	457,328	763,863
Net Difference between Projected and Actual Earnings on Plan Investments	67,002	-
Changes in Proportion	192,286	64,390
Contributions Paid to PERA Subsequent to the Measurement Date	96,666	-
Total	\$ 870,478	\$ 909,058

The \$96,666 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (66,193)
2022	(268,498)
2023	86,059
2024	93,881
2025	19,505

E. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

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

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020. The recommended assumptions for that plan were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

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

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Stocks	35.5 %	5.10 %
Alternative Assets (Private Markets)	25.0	5.90
Bonds (Fixed Income)	20.0	0.75
International Stocks	17.5	5.30
Cash	<u>2.0</u>	-
Total	<u><u>100.00 %</u></u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	<u>1 Percent Decrease (6.50%)</u>	<u>Current (7.50%)</u>	<u>1 Percent Increase (8.50%)</u>
General Employees Fund	\$ 2,126,828	\$ 1,444,905	\$ 605,848
Police and Fire Fund	1,975,640	1,206,068	17

H. Pension Plan Fiduciary Net Position

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

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, 2020, the plan covered 23 active firefighters and 7 vested terminated firefighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

B. Benefits Provided

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

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

C. Contribution

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$42,022 in fire state aid to the plan on behalf of the St. Francis Fire Department for the year ended December 31, 2020, which was recorded as a revenue. The City had no statutorily-required contributions had to the plan for the year ended December 31, 2020. The City's voluntary contributions were \$10,500 during the year.

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

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

D. Pension Costs

At December 31, 2020, the City reported a net pension asset of \$622,582 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2020. 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, 2020	\$ 392,161	\$ 932,263	\$ (540,102)
Changes for the Year			
Service cost	25,017	-	25,017
Interest on pension liability (asset)	22,434	-	22,434
Actuarial experience (gains)/losses	51,352	-	51,352
Projected investment earnings	-	55,936	(55,936)
Contributions (employer)	-	10,500	(10,500)
Contributions (State)	-	42,022	(42,022)
Asset (gain)/loss	-	73,778	(73,778)
Benefit payouts	(86,564)	(86,564)	-
Administrative costs	-	(953)	953
Total Net Changes	<u>12,239</u>	<u>94,719</u>	<u>(82,480)</u>
Ending Balance December 31, 2020	<u>\$ 404,400</u>	<u>\$ 1,026,982</u>	<u>\$ (622,582)</u>

For the year ended December 31, 2020, the Fire Department recognized negative pension expense of \$194,769.

December 31, 2020, 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	\$ -	\$ 59,022
Net Difference between Projected and Actual Earnings on Plan Investments	<u>41,082</u>	<u>-</u>
Total	<u>\$ 41,082</u>	<u>\$ 59,022</u>

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

2021	\$ (4,486)
2022	(4,486)
2023	(4,486)
2024	(4,482)

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

E. Actuarial Assumptions

The total pension liability at December 31, 2020 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 2020.

F. Investment Policy

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

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

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

G. Asset Allocation

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

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

H. Discount Rate

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

City of St. Francis, Minnesota
Notes to the Financial Statements
December 31, 2020

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

I. Pension Liability Sensitivity

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

	1 Percent Decrease (5.00%)	Current (6.00%)	1 Percent Increase (7.00%)
Defined Benefit Plan	\$ (604,427)	\$ (622,582)	\$ (639,951)

J. Pension Plan Fiduciary Net Position

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

Note 6: Public Employees Defined Contribution Plan (Defined Contribution Plan)

City Council members are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 240	\$ 240	5.00%	5.00%	5.00%

Note 7: 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.

Note 8: COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus ("COVID-19") and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the City cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the City's financial condition, liquidity, and future results of its revenue collections is uncertain.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of St. Francis, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2020

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/20	0.0241 %	\$ 1,444,905	\$ 44,658	\$ 1,489,563	\$ 1,720,328	84.0 %	79.0 %
6/30/19	0.0234	1,293,734	40,165	1,333,899	1,655,440	78.2	80.2
6/30/18	0.0230	1,275,946	41,934	1,317,880	1,548,473	82.4	79.5
6/30/17	0.0229	1,461,921	18,392	1,480,313	1,476,032	99.0	75.9
6/30/16	0.0224	1,818,769	23,762	1,842,531	1,392,886	130.6	68.9
6/30/15	0.0186	963,949	-	963,949	1,095,456	88.0	78.2

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

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/20	\$ 131,311	\$ 131,311	\$ -	\$ 1,750,813	7.5 %
12/31/19	127,379	127,379	-	1,698,387	7.5
12/31/18	123,228	123,228	-	1,643,040	7.5
12/31/17	110,789	110,789	-	1,477,187	7.5
12/31/16	107,200	107,200	-	1,429,333	7.5
12/31/15	93,328	93,328	-	1,244,373	7.5

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

City of St. Francis, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Notes to the Required Supplementary Information - General Employees Fund

Changes in Actuarial Assumptions

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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

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

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

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

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

City of St. Francis, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Notes to the Required Supplementary Information - General Employees Fund (Continued)

Changes in Plan Provisions

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

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

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

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

2016 - No changes noted

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, 2020

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.0915 %	\$ 1,206,068	\$ 28,426	\$ 1,234,494	\$ 1,079,267	111.7 %	87.2 %
06/30/19	0.0849	903,846	-	903,846	893,836	101.1	89.3
06/30/18	0.0768	818,609	-	818,609	809,466	101.1	88.8
06/30/17	0.0760	1,026,090	-	1,026,090	776,950	132.1	85.4
06/30/16	0.0870	3,491,461	-	3,491,461	838,998	416.1	63.9
06/30/15	0.0870	988,524	-	988,524	796,699	124.1	86.6

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

Schedule of Employer's PERA Contributions - Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	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)
12/31/20	\$ 190,524	\$ 190,524	\$ -	\$ 1,124,035	16.95 %
12/31/19	165,990	165,990	-	1,024,627	16.20
12/31/18	134,584	134,584	-	830,765	16.20
12/31/17	128,689	128,689	-	794,377	16.20
12/31/16	127,740	127,740	-	788,519	16.20
12/31/15	137,113	137,113	-	846,377	16.20

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

City of St. Francis, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

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

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

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

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

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

City of St. Francis, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

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

Changes in Plan Provisions

2020 - No changes noted

2019 - No changes noted

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

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 - No changes noted

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, 2020

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

	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2019)	2018 (Fire Relief Report Date 2018)	2017 (Fire Relief Report Date 2017)*	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability						
Service cost	\$ 25,017	\$ 29,845	\$ 29,053	\$ 23,782	\$ 16,867	\$ 16,456
Interest	22,434	26,142	25,889	26,773	14,927	18,114
Changes of benefit terms	-	-	(4,837)	(24,359)	-	-
Plan changes	-	-	-	-	85,421	-
Actual experience (gains)/losses	51,352	-	-	-	85,421	-
Changes of assumptions	-	(69,168)	(17,091)	-	-	-
Benefit payments, including refunds of employee contributions	(86,564)	(1,000)	-	-	(17,815)	(115,925)
Net Change in Total Pension Liability	12,239	(14,181)	33,014	26,196	99,400	(81,355)
Total Pension Liability - January 1	392,161	406,342	373,328	347,132	247,732	329,087
Total Pension Liability - December 31 (a)	\$ 404,400	\$ 392,161	\$ 406,342	\$ 373,328	\$ 347,132	\$ 247,732
Plan Fiduciary Net Position						
Contributions - employer	\$ 42,022	\$ 41,643	\$ 11,500	\$ 9,000	\$ 36,251	\$ 35,927
Contributions - employee	10,500	10,500	-	-	-	-
Net investment income	129,714	138,248	47,002	90,515	(18,720)	37,617
Benefit payments, including refunds of employee contributions	(86,564)	(1,000)	-	-	(17,815)	(115,925)
Administrative expense	(952)	(977)	(6,743)	(819)	(5,600)	(5,584)
Net Change in Plan Fiduciary Net Position	94,720	188,414	51,759	98,696	(5,884)	(47,965)
Plan Fiduciary Net Position - January 1	932,262	743,848	710,834	685,791	623,519	671,484
Change in pension plan and measurement date*	-	-	(1,654)	(75,307)	-	-
Plan Fiduciary Net Position - December 31 (b)	\$ 1,026,982	\$ 932,262	\$ 760,939	\$ 709,180	\$ 617,635	\$ 623,519
Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)	\$ (622,582)	\$ (540,101)	\$ (354,597)	\$ (335,852)	\$ (270,503)	\$ (375,787)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)	253.95%	237.72%	187.27%	189.96%	177.93%	251.69%
Covered-employee Payroll	N/A	N/A	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	N/A	N/A

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/20	\$ -	\$ 10,500	\$ (10,500)
12/31/19	-	10,500	(10,500)
12/31/18	-	11,500	(11,500)
12/31/17	-	9,000	(9,000)
12/31/16	35,592	35,592	-
12/31/15	37,251	37,251	-

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of St. Francis, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2020

	Special Revenue	Capital Projects	Debt Service	Total
Assets				
Cash and temporary investments	\$ 102,177	\$ 1,592,042	\$ 145,206	\$ 1,839,425
Receivables				
Accrued interest	142	2,870	187	3,199
Taxes	-	-	4,983	4,983
Accounts	563	-	15,443	16,006
Special assessments	-	-	70,395	70,395
Due from other governments	-	-	10,915	10,915
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 102,882</u>	<u>\$ 1,594,912</u>	<u>\$ 247,129</u>	<u>\$ 1,944,923</u>
Liabilities				
Accounts payable	\$ 8,117	\$ 5,498	\$ -	\$ 13,615
Deposits payable	7,200	-	-	7,200
Total Liabilities	<u>15,317</u>	<u>5,498</u>	<u>-</u>	<u>20,815</u>
Deferred Inflows of Resources				
Unavailable revenues - taxes	-	-	4,983	4,983
Unavailable revenues - special assessments	-	-	70,395	70,395
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>75,378</u>	<u>75,378</u>
Fund Balances				
Restricted	87,565	407,152	171,751	666,468
Assigned	-	1,182,262	-	1,182,262
Total Fund Balances	<u>87,565</u>	<u>1,589,414</u>	<u>171,751</u>	<u>1,848,730</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 102,882</u>	<u>\$ 1,594,912</u>	<u>\$ 247,129</u>	<u>\$ 1,944,923</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, 2020

	Special Revenue	Capital Projects	Debt Service	Total
Revenues				
Taxes	\$ -	\$ 300,000	\$ 369,203	\$ 669,203
Charges for services	-	58,916	-	58,916
Special assessments	-	-	41,047	41,047
Interest on investments	2,099	29,844	1,364	33,307
Miscellaneous	8,420	174	-	8,594
Total Revenues	<u>10,519</u>	<u>388,934</u>	<u>411,614</u>	<u>811,067</u>
Expenditures				
Current				
Public safety	4,783	-	-	4,783
Community development	364,130	-	-	364,130
Capital outlay				
General government	-	3,425	-	3,425
Public safety	-	128,699	-	128,699
Public works	-	55,004	-	55,004
Debt service				
Principal	-	-	405,000	405,000
Interest and other charges	-	-	193,480	193,480
Total Expenditures	<u>368,913</u>	<u>187,128</u>	<u>598,480</u>	<u>1,154,521</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(358,394)</u>	<u>201,806</u>	<u>(186,866)</u>	<u>(343,454)</u>
Other Financing Sources (Uses)				
Transfers in	187,000	20,000	204,880	411,880
Sale of capital assets	-	1,237	-	1,237
Total Other Financing Sources (Uses)	<u>187,000</u>	<u>21,237</u>	<u>204,880</u>	<u>413,117</u>
Net Change in Fund Balances	(171,394)	223,043	18,014	69,663
Fund Balances, January 1	<u>258,959</u>	<u>1,366,371</u>	<u>153,737</u>	<u>1,779,067</u>
Fund Balances, December 31	<u>\$ 87,565</u>	<u>\$ 1,589,414</u>	<u>\$ 171,751</u>	<u>\$ 1,848,730</u>

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NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

City of St. Francis, Minnesota
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2020

	208 Police Forfeiture	240 EDA	Total
Assets			
Cash and temporary investments	\$ 23,769	\$ 78,408	\$ 102,177
Receivables			
Accounts	563	-	563
Accrued interest	-	142	142
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 24,332</u>	<u>\$ 78,550</u>	<u>\$ 102,882</u>
Liabilities			
Accounts payable	\$ 169	\$ 7,948	\$ 8,117
Deposits payable	7,200	-	7,200
Total Liabilities	<u>7,369</u>	<u>7,948</u>	<u>15,317</u>
Fund Balances			
Restricted for			
Police expenditures	16,963	-	16,963
Economic development projects	-	70,602	70,602
Total Fund Balances	<u>16,963</u>	<u>70,602</u>	<u>87,565</u>

City of St. Francis, Minnesota
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2020

	208 Police Forfeiture	240 EDA	Total
Revenues			
Interest on investments	\$ -	\$ 2,099	\$ 2,099
Miscellaneous	8,420	-	8,420
Total Revenues	<u>8,420</u>	<u>2,099</u>	<u>10,519</u>
Expenditures			
Current			
Public safety	4,783		4,783
Community development	-	364,130	364,130
Total Expenditures	<u>4,783</u>	<u>364,130</u>	<u>368,913</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,637	(362,031)	(358,394)
Other Financing Sources (Uses)			
Transfers in	<u>-</u>	<u>187,000</u>	<u>187,000</u>
Net Change in Fund Balances	3,637	(175,031)	(171,394)
Fund Balances, January 1	<u>13,326</u>	<u>245,633</u>	<u>258,959</u>
Fund Balances, December 31	<u>\$ 16,963</u>	<u>\$ 70,602</u>	<u>\$ 87,565</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, 2020
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Miscellaneous	\$ -	\$ -	\$ 8,420	\$ 8,420	\$ 3,472
Expenditures					
Current					
Public safety	13,750	13,750	4,783	8,967	454
Net Change in Fund Balances	(13,750)	(13,750)	3,637	17,387	3,018
Fund Balances, January 1	13,326	13,326	13,326	-	10,308
Fund Balances, December 31	<u>\$ (424)</u>	<u>\$ (424)</u>	<u>\$ 16,963</u>	<u>\$ 17,387</u>	<u>\$ 13,326</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.

City of St. Francis, Minnesota
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 December 31, 2020

	210	225	402	404	
	Charitable Gambling	Park Improvements	Capital Equipment	Building Improvement	Total
Assets					
Cash and temporary investments	\$ 90,997	\$ 347,119	\$ 1,077,505	\$ 76,421	\$ 1,592,042
Accrued interest receivable	164	622	1,946	138	2,870
Total Assets	<u>\$ 91,161</u>	<u>\$ 347,741</u>	<u>\$ 1,079,451</u>	<u>\$ 76,559</u>	<u>\$ 1,594,912</u>
Liabilities					
Accounts payable	\$ 5,498	\$ -	\$ -	\$ -	\$ 5,498
Fund Balances					
Restricted for					
Park improvements	-	321,489	-	-	321,489
Capital purchases	85,663	-	-	-	85,663
Assigned for					
Capital projects	-	26,252	1,079,451	76,559	1,182,262
Total Fund Balances	<u>85,663</u>	<u>347,741</u>	<u>1,079,451</u>	<u>76,559</u>	<u>1,589,414</u>
Total Liabilities and Fund Balances	<u>\$ 91,161</u>	<u>\$ 347,741</u>	<u>\$ 1,079,451</u>	<u>\$ 76,559</u>	<u>\$ 1,594,912</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, 2020

	210	225	402	404	
	Charitable Gambling	Park Improvements	Capital Equipment	Building Improvement	Total
Revenues					
Property taxes	\$ -	\$ -	\$ 240,000	\$ 60,000	\$ 300,000
Charges for services	28,451	30,465	-	-	58,916
Interest on investments	1,827	6,661	20,000	1,356	29,844
Miscellaneous	-	-	174	-	174
Total Revenues	<u>30,278</u>	<u>37,126</u>	<u>260,174</u>	<u>61,356</u>	<u>388,934</u>
Expenditures					
Capital outlay					
General government	-	-	3,425	-	3,425
Public safety	25,740	-	102,959	-	128,699
Public works	-	-	54,339	665	55,004
Total Expenditures	<u>25,740</u>	<u>-</u>	<u>160,723</u>	<u>665</u>	<u>187,128</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>4,538</u>	<u>37,126</u>	<u>99,451</u>	<u>60,691</u>	<u>201,806</u>
Other Financing Sources (Uses)					
Transfers in	-	-	20,000	-	20,000
Sale of capital assets	-	-	1,237	-	1,237
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>21,237</u>	<u>-</u>	<u>21,237</u>
Net Change in Fund Balances					
	4,538	37,126	120,688	60,691	223,043
Fund Balances, January 1					
	<u>81,125</u>	<u>310,615</u>	<u>958,763</u>	<u>15,868</u>	<u>1,366,371</u>
Fund Balances, December 31					
	<u>\$ 85,663</u>	<u>\$ 347,741</u>	<u>\$ 1,079,451</u>	<u>\$ 76,559</u>	<u>\$ 1,589,414</u>

City of St. Francis, Minnesota
Street Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property tax	\$ 180,000	\$ 180,000	\$ 180,000	\$ -	\$ 120,000
Intergovernmental	115,000	115,000	1,919,125	1,804,125	278,808
Special assessments	16,200	16,200	45,397	29,197	57,853
Interest on investments	2,000	2,000	25,196	23,196	44,742
Miscellaneous	1,500	1,500	2,780	1,280	6
Total Revenues	<u>314,700</u>	<u>314,700</u>	<u>2,172,498</u>	<u>1,857,798</u>	<u>501,409</u>
Expenditures					
Capital outlay					
Public works	<u>326,380</u>	<u>326,380</u>	<u>3,161,800</u>	<u>(2,835,420)</u>	<u>631,280</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,680)	(11,680)	(989,302)	(977,622)	(129,871)
Other Financing Sources (Uses)					
Transfers in	<u>-</u>	<u>-</u>	<u>861,800</u>	<u>861,800</u>	<u>-</u>
Net Change in Fund Balances	(11,680)	(11,680)	(127,502)	(115,822)	(129,871)
Fund Balances, January 1	<u>1,127,463</u>	<u>1,127,463</u>	<u>1,127,463</u>	<u>-</u>	<u>1,257,334</u>
Fund Balances, December 31	<u><u>\$ 1,115,783</u></u>	<u><u>\$ 1,115,783</u></u>	<u><u>\$ 999,961</u></u>	<u><u>\$ (115,822)</u></u>	<u><u>\$ 1,127,463</u></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, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Charges for services	\$ 13,000	\$ 13,000	\$ 28,451	\$ 15,451	\$ 16,882
Investment earnings	800	800	1,827	1,027	2,216
Total Revenues	<u>13,800</u>	<u>13,800</u>	<u>30,278</u>	<u>16,478</u>	<u>19,098</u>
Expenditures					
Capital outlay					
Public safety	-	-	25,740	(25,740)	20,284
Net Change in Fund Balances	13,800	13,800	4,538	(9,262)	(1,186)
Fund Balances, January 1	<u>81,125</u>	<u>81,125</u>	<u>81,125</u>	<u>-</u>	<u>82,311</u>
Fund Balances, December 31	<u>\$ 94,925</u>	<u>\$ 94,925</u>	<u>\$ 85,663</u>	<u>\$ (9,262)</u>	<u>\$ 81,125</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, 2020
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Charges for services	\$ 1,000	\$ 1,000	\$ 30,465	\$ 29,465	\$ 625
Interest on investments	700	700	6,661	5,961	9,001
Miscellaneous	-	-	-	-	140
Total Revenues	1,700	1,700	37,126	35,426	9,766
Fund Balances, January 1	310,615	310,615	310,615	-	300,849
Fund Balances, December 31	<u>\$ 312,315</u>	<u>\$ 312,315</u>	<u>\$ 347,741</u>	<u>\$ 35,426</u>	<u>\$ 310,615</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, 2020
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property tax	\$ 240,000	\$ 240,000	\$ 240,000	\$ -	\$ 230,000
Interest on investments	15,000	15,000	20,000	5,000	29,591
Miscellaneous	-	-	174	174	25,982
Total Revenues	<u>255,000</u>	<u>255,000</u>	<u>260,174</u>	<u>5,174</u>	<u>285,573</u>
Expenditures					
Capital outlay					
General government	46,356	46,356	3,425	42,931	7,167
Public safety	657,314	657,314	102,959	554,355	187,285
Public works	-	60,964	54,339	6,625	264,583
Total Expenditures	<u>703,670</u>	<u>764,634</u>	<u>160,723</u>	<u>603,911</u>	<u>459,035</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(448,670)</u>	<u>(509,634)</u>	<u>99,451</u>	<u>609,085</u>	<u>(173,462)</u>
Other Financing Sources (Uses)					
Transfers in	20,000	20,000	20,000	-	20,000
Sale of capital assets	-	-	1,237	1,237	6,501
Total Other Financing Sources	<u>20,000</u>	<u>20,000</u>	<u>21,237</u>	<u>1,237</u>	<u>26,501</u>
Net Change in Fund Balances	<u>(428,670)</u>	<u>(489,634)</u>	<u>120,688</u>	<u>610,322</u>	<u>(146,961)</u>
Fund Balances, January 1	<u>958,763</u>	<u>958,763</u>	<u>958,763</u>	<u>-</u>	<u>1,105,724</u>
Fund Balances, December 31	<u>\$ 530,093</u>	<u>\$ 469,129</u>	<u>\$ 1,079,451</u>	<u>\$ 610,322</u>	<u>\$ 958,763</u>

City of St. Francis, Minnesota
 Building Improvement Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual
 For the Year Ended December 31, 2020
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property tax	\$ 60,000	\$ 60,000	\$ 60,000	\$ -	\$ 60,000
Interest on investments	-	-	1,356	1,356	210
Total Revenues	60,000	60,000	61,356	1,356	60,210
Expenditures					
Capital outlay					
Public works	-	-	665	(665)	47,435
Net Change in Fund Balances	60,000	60,000	60,691	691	12,775
Fund Balances, January 1	15,868	15,868	15,868	-	3,093
Fund Balances, December 31	<u>\$ 75,868</u>	<u>\$ 75,868</u>	<u>\$ 76,559</u>	<u>\$ 691</u>	<u>\$ 15,868</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, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 3,130,000	\$ 3,130,000	\$ 3,149,362	\$ 19,362	\$ 3,027,843
Licenses and permits					
Business	25,260	25,260	20,095	(5,165)	26,711
Nonbusiness	170,520	170,520	244,803	74,283	423,818
Total licenses and permits	<u>195,780</u>	<u>195,780</u>	<u>264,898</u>	<u>69,118</u>	<u>450,529</u>
Intergovernmental					
Federal					
Other	-	-	593,079	593,079	-
State					
Local government aid	476,879	476,879	480,224	3,345	409,581
Property tax credits	-	-	4,953	4,953	4,533
Police and fire aid	87,000	87,000	132,390	45,390	151,385
Other	1,971	1,971	-	(1,971)	1,971
County			21,204	21,204	4,951
Local			7,472	7,472	-
Total intergovernmental	<u>565,850</u>	<u>565,850</u>	<u>1,239,322</u>	<u>673,472</u>	<u>572,421</u>
Charges for services					
General government	294,920	294,920	313,903	18,983	476,344
Public safety	75,409	75,409	52,240	(23,169)	115,803
Public works	3,030	3,030	1,061	(1,969)	2,878
Community development	5,000	5,000	6,895	1,895	5,090
Total charges for services	<u>378,359</u>	<u>378,359</u>	<u>374,099</u>	<u>(4,260)</u>	<u>600,115</u>
Fines and forfeitures	<u>20,300</u>	<u>20,300</u>	<u>38,158</u>	<u>17,858</u>	<u>29,400</u>
Interest on investments	<u>27,170</u>	<u>27,170</u>	<u>61,504</u>	<u>34,334</u>	<u>81,852</u>
Miscellaneous					
Rents and leases	88,405	88,405	87,128	(1,277)	88,708
Recycling and landfill abatement	42,445	42,445	29,565	(12,880)	36,383
Donations and other	46,150	46,150	70,463	24,313	49,541
Total miscellaneous	<u>177,000</u>	<u>177,000</u>	<u>187,156</u>	<u>10,156</u>	<u>174,632</u>
Total Revenues	<u>4,494,459</u>	<u>4,494,459</u>	<u>5,314,499</u>	<u>820,040</u>	<u>4,936,792</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, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and city council					
Personal services	\$ 29,580	\$ 29,580	\$ 27,070	\$ 2,510	\$ 27,080
Other services and charges	12,730	12,730	8,261	4,469	7,461
Total mayor and city council	<u>42,310</u>	<u>42,310</u>	<u>35,331</u>	<u>6,979</u>	<u>34,541</u>
City administration					
Personal services	373,600	373,600	360,598	13,002	344,870
Supplies	10,000	10,000	9,159	841	8,707
Other services and charges	49,010	49,010	59,780	(10,770)	59,682
Total city administration	<u>432,610</u>	<u>432,610</u>	<u>429,537</u>	<u>3,073</u>	<u>413,259</u>
Elections					
Personal services	5,520	5,520	6,011	(491)	-
Supplies	1,000	1,000	129	871	-
Other services and charges	2,850	2,850	1,723	1,127	45
Total elections	<u>9,370</u>	<u>9,370</u>	<u>7,863</u>	<u>1,507</u>	<u>45</u>
Financial administration					
Personal services	240,600	240,600	237,781	2,819	208,855
Supplies	1,300	1,300	1,999	(699)	1,148
Other services and charges	4,250	4,250	4,088	162	5,161
Total financial administration	<u>246,150</u>	<u>246,150</u>	<u>243,868</u>	<u>2,282</u>	<u>215,164</u>
Assessor					
Other services and charges	<u>32,500</u>	<u>32,500</u>	<u>33,794</u>	<u>(1,294)</u>	<u>33,206</u>
Legal and accounting					
Other services and charges	<u>170,100</u>	<u>170,100</u>	<u>176,817</u>	<u>(6,717)</u>	<u>204,163</u>
Municipal building					
Supplies	1,000	1,000	1,706	(706)	386
Other services and charges	14,600	14,600	11,513	3,087	16,145
Rent for offices	2,500	2,500	2,599	(99)	2,690
Total municipal building	<u>18,100</u>	<u>18,100</u>	<u>15,818</u>	<u>2,282</u>	<u>19,221</u>
Total general government	<u>951,140</u>	<u>951,140</u>	<u>943,028</u>	<u>8,112</u>	<u>919,599</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, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public safety					
Police					
Personal services	\$ 1,594,000	\$ 1,594,000	\$ 1,436,012	\$ 157,988	\$ 1,464,161
Supplies	81,800	81,800	83,509	(1,709)	87,670
Other services and charges	186,200	186,200	187,178	(978)	181,314
Total police	<u>1,862,000</u>	<u>1,862,000</u>	<u>1,706,699</u>	<u>155,301</u>	<u>1,733,145</u>
Fire					
Personal services	219,000	219,000	210,380	8,620	164,115
Supplies	50,000	50,000	51,389	(1,389)	55,760
Other services and charges	68,350	68,350	69,909	(1,559)	65,680
Total fire	<u>337,350</u>	<u>337,350</u>	<u>331,678</u>	<u>5,672</u>	<u>285,555</u>
Pandemic					
Other services and charges	-	-	593,079	(593,079)	-
Animal control					
Other services and charges	4,200	4,200	330	3,870	698
Total public safety	<u>2,203,550</u>	<u>2,203,550</u>	<u>2,631,786</u>	<u>(428,236)</u>	<u>2,019,398</u>
Public works					
Streets and highways					
Personal services	293,300	293,300	284,324	8,976	304,486
Supplies	50,750	50,750	41,161	9,589	48,647
Other services and charges	154,400	154,400	177,604	(23,204)	146,037
Total streets and highways	<u>498,450</u>	<u>498,450</u>	<u>503,089</u>	<u>(4,639)</u>	<u>499,170</u>
Recycling					
Personal services	37,300	37,300	37,123	177	35,153
Supplies	4,550	4,550	4,748	(198)	4,755
Other services and charges	31,250	31,250	20,516	10,734	23,344
Total recycling	<u>73,100</u>	<u>73,100</u>	<u>62,387</u>	<u>10,713</u>	<u>63,252</u>
Miscellaneous					
Other services and charges	7,724	7,724	9,818	(2,094)	39,241
Total public works	<u>579,274</u>	<u>579,274</u>	<u>575,294</u>	<u>3,980</u>	<u>601,663</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, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Culture and recreation					
Parks and recreation					
Personal services	\$ 172,600	\$ 172,600	\$ 154,450	\$ 18,150	\$ 175,191
Supplies	46,550	46,550	39,231	7,319	36,335
Other services and charges	110,220	110,220	100,353	9,867	102,857
Total parks and recreation	<u>329,370</u>	<u>329,370</u>	<u>294,034</u>	<u>35,336</u>	<u>314,383</u>
Pioneer days					
Other services and charges	10,000	10,000	-	10,000	2,289
Total culture and recreation	<u>339,370</u>	<u>339,370</u>	<u>294,034</u>	<u>45,336</u>	<u>316,672</u>
Community development					
Planning and zoning					
Personal services	221,600	221,600	220,352	1,248	207,945
Supplies	1,025	1,025	943	82	1,285
Other services and charges	77,600	77,600	89,125	(11,525)	94,694
Total planning and zoning	<u>300,225</u>	<u>300,225</u>	<u>310,420</u>	<u>(10,195)</u>	<u>303,924</u>
Building inspection					
Personal services	127,300	127,300	117,370	9,930	112,174
Supplies	5,600	5,600	2,989	2,611	3,821
Other services and charges	45,000	45,000	45,562	(562)	262,503
Total building inspection	<u>177,900</u>	<u>177,900</u>	<u>165,921</u>	<u>11,979</u>	<u>378,498</u>
Total community development	<u>478,125</u>	<u>478,125</u>	<u>476,341</u>	<u>1,784</u>	<u>682,422</u>
Total current	<u>4,551,459</u>	<u>4,551,459</u>	<u>4,920,483</u>	<u>(369,024)</u>	<u>4,539,754</u>
Capital outlay					
General government	2,000	2,000	1,484	516	1,453
Community development	1,000	1,000	11,379	(10,379)	220,217
Total capital outlay	<u>3,000</u>	<u>3,000</u>	<u>12,863</u>	<u>(9,863)</u>	<u>221,670</u>
Total Expenditures	<u>4,554,459</u>	<u>4,554,459</u>	<u>4,933,346</u>	<u>(378,887)</u>	<u>4,761,424</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, 2020
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (60,000)	\$ (60,000)	\$ 381,153	\$ 441,153	\$ 175,368
Other Financing Sources (Uses)					
Transfers in	60,000	60,000	60,000	-	285,000
Sale of capital assets	-	-	17,872	17,872	-
Transfers out	-	-	(187,000)	(187,000)	-
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>60,000</u>	<u>(109,128)</u>	<u>(169,128)</u>	<u>285,000</u>
Net Change in Fund Balances	-	-	272,025	272,025	460,368
Fund Balances, January 1	<u>3,234,600</u>	<u>3,234,600</u>	<u>3,234,600</u>	<u>-</u>	<u>2,774,232</u>
Fund Balances, December 31	<u><u>\$ 3,234,600</u></u>	<u><u>\$ 3,234,600</u></u>	<u><u>\$ 3,506,625</u></u>	<u><u>\$ 272,025</u></u>	<u><u>\$ 3,234,600</u></u>

City of St. Francis, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2020

	311 G.O. Bonds 2013A	327 G.O. Bonds 2015A	330 G.O. Bonds 2017A	Total
Assets				
Cash and temporary investments	\$ 23,647	\$ 84,804	\$ 36,755	\$ 145,206
Receivables				
Accrued interest	38	149	-	187
Taxes	200	148	4,635	4,983
Accounts	15,443	-	-	15,443
Special assessments	38,473	31,922	-	70,395
Due from other governments	1,755	742	8,418	10,915
Total Assets	<u>\$ 79,556</u>	<u>\$ 117,765</u>	<u>\$ 49,808</u>	<u>\$ 247,129</u>
Deferred Inflows of Resources				
Unavailable revenues - taxes	\$ 200	\$ 148	\$ 4,635	\$ 4,983
Unavailable revenues - special assessments	38,473	31,922	-	70,395
Total Deferred Inflows of Resources	<u>38,673</u>	<u>32,070</u>	<u>4,635</u>	<u>75,378</u>
Fund Balances				
Restricted for debt service	<u>40,883</u>	<u>85,695</u>	<u>45,173</u>	<u>171,751</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 79,556</u>	<u>\$ 117,765</u>	<u>\$ 49,808</u>	<u>\$ 247,129</u>

City of St. Francis, Minnesota
Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2020

	311 G.O. Bonds 2013A	327 G.O. Bonds 2015A	330 G.O Bonds 2017A	Total
Revenues				
Taxes	\$ 21,019	\$ 20,635	\$ 327,549	\$ 369,203
Special assessments	31,888	9,159	-	41,047
Interest on investments	-	1,364	-	1,364
Total Revenues	<u>52,907</u>	<u>31,158</u>	<u>327,549</u>	<u>411,614</u>
Expenditures				
Debt service				
Principal	95,000	25,000	285,000	405,000
Interest and other charges	6,735	5,013	181,732	193,480
Total Expenditures	<u>101,735</u>	<u>30,013</u>	<u>466,732</u>	<u>598,480</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(48,828)	1,145	(139,183)	(186,866)
Other Financing Sources (Uses)				
Transfers in	<u>39,880</u>	-	<u>165,000</u>	<u>204,880</u>
Net Change in Fund Balances	(8,948)	1,145	25,817	18,014
Fund Balances, January 1	<u>49,831</u>	<u>84,550</u>	<u>19,356</u>	<u>153,737</u>
Fund Balances, December 31	<u><u>\$ 40,883</u></u>	<u><u>\$ 85,695</u></u>	<u><u>\$ 45,173</u></u>	<u><u>\$ 171,751</u></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, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 20,900	\$ 20,900	\$ 21,019	\$ 119	\$ 21,015
Special assessments	16,000	16,000	31,888	15,888	36,671
Investment earnings	100	100	-	(100)	713
Total Revenues	<u>37,000</u>	<u>37,000</u>	<u>52,907</u>	<u>15,907</u>	<u>58,399</u>
Expenditures					
Debt service					
Principal	95,000	95,000	95,000	-	90,000
Interest and other charges	6,750	6,750	6,735	15	8,002
Total Expenditures	<u>101,750</u>	<u>101,750</u>	<u>101,735</u>	<u>15</u>	<u>98,002</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(64,750)	(64,750)	(48,828)	15,922	(39,603)
Other Financing Sources (Uses)					
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	(24,870)	(24,870)	(8,948)	15,922	277
Fund Balances, January 1	<u>49,831</u>	<u>49,831</u>	<u>49,831</u>	<u>-</u>	<u>49,554</u>
Fund Balances, December 31	<u>\$ 24,961</u>	<u>\$ 24,961</u>	<u>\$ 40,883</u>	<u>\$ 15,922</u>	<u>\$ 49,831</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, 2020
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 20,470	\$ 20,470	\$ 20,635	\$ 165	\$ 20,646
Special assessments	8,000	8,000	9,159	1,159	9,987
Investment earnings	100	100	1,364	1,264	1,989
Total Revenues	<u>28,570</u>	<u>28,570</u>	<u>31,158</u>	<u>2,588</u>	<u>32,622</u>
Expenditures					
Debt service					
Principal	25,000	25,000	25,000	-	25,000
Interest and other charges	5,025	5,025	5,013	12	5,505
Total Expenditures	<u>30,025</u>	<u>30,025</u>	<u>30,013</u>	<u>12</u>	<u>30,505</u>
Net Change in Fund Balances	(1,455)	(1,455)	1,145	2,600	2,117
Fund Balances, January 1	<u>84,550</u>	<u>84,550</u>	<u>84,550</u>	<u>-</u>	<u>82,433</u>
Fund Balances, December 31	<u>\$ 83,095</u>	<u>\$ 83,095</u>	<u>\$ 85,695</u>	<u>\$ 2,600</u>	<u>\$ 84,550</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, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 327,220	\$ 327,220	\$ 327,549	\$ 329	\$ 327,017
Investment earnings	1,000	1,000	-	(1,000)	117
Total Revenues	<u>328,220</u>	<u>328,220</u>	<u>327,549</u>	<u>(671)</u>	<u>327,134</u>
Expenditures					
Debt service					
Principal	285,000	285,000	285,000	-	275,000
Interest and other charges	181,732	181,732	181,732	-	190,131
Total Expenditures	<u>466,732</u>	<u>466,732</u>	<u>466,732</u>	<u>-</u>	<u>465,131</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(138,512)	(138,512)	(139,183)	(671)	(137,997)
Other Financing Sources (Uses)					
Transfers in	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>	<u>-</u>	<u>165,000</u>
Net Change in Fund Balances	26,488	26,488	25,817	(671)	27,003
Fund Balances, January 1	<u>19,356</u>	<u>19,356</u>	<u>19,356</u>	<u>-</u>	<u>(7,647)</u>
Fund Balances, December 31	<u>\$ 45,844</u>	<u>\$ 45,844</u>	<u>\$ 45,173</u>	<u>\$ (671)</u>	<u>\$ 19,356</u>

City of St. Francis, Minnesota
 Summary Financial Report
 Governmental Funds
 Revenues and Expenditures For General Operations
 For the Years Ended December 31, 2020 and 2019

	Total		Percent Increase (Decrease)
	2020	2019	
Revenues			
Taxes	\$ 3,998,565	\$ 3,806,521	5.05 %
Licenses and permits	264,898	450,529	(41.20)
Intergovernmental	3,158,447	851,229	271.05
Charges for services	433,015	617,622	(29.89)
Fines and forfeits	38,158	29,400	29.79
Special assessments	86,444	104,511	(17.29)
Interest on investments	120,007	175,698	(31.70)
Miscellaneous	198,530	204,232	(2.79)
	<u>\$ 8,298,064</u>	<u>\$ 6,239,742</u>	32.99 %
Total Revenues	<u>\$ 8,298,064</u>	<u>\$ 6,239,742</u>	32.99 %
Per Capita	\$ 1,031	\$ 793	30.06 %
Expenditures			
Current			
General government	\$ 943,028	\$ 919,599	2.55 %
Public safety	2,636,569	2,019,852	30.53
Public works	575,294	601,663	(4.38)
Culture and recreation	294,034	316,672	(7.15)
Community development	840,471	682,422	23.16
Capital outlay			
General government	4,909	8,620	(43.05)
Public safety	128,699	207,569	(38.00)
Public works	3,216,804	943,298	241.02
Community development	11,379	220,217	(94.83)
Debt service			
Principal	405,000	390,000	3.85
Interest and other charges	193,480	203,638	(4.99)
	<u>\$ 9,249,667</u>	<u>\$ 6,513,550</u>	42.01 %
Total Expenditures	<u>\$ 9,249,667</u>	<u>\$ 6,513,550</u>	42.01 %
Per Capita	\$ 1,150	\$ 828	38.88 %
Total Long-term Indebtedness	\$ 6,295,000	\$ 6,700,000	(6.04) %
Per Capita	782	852	
General Fund Balance - December 31	\$ 3,506,625	\$ 3,234,600	8.41 %
Per Capita	436	411	

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

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STATISTICAL SECTION (UNAUDITED)

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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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			
	2020	2019	2018	2017
Governmental Activities				
Net investment in capital assets	\$ 10,645,221	\$ 7,822,639	\$ 7,197,173	\$ 7,196,658
Restricted	664,078	815,170	682,100	507,871
Unrestricted	4,103,641	3,598,693	3,454,837	2,941,748
Total Governmental Activities Net Position	<u>\$ 15,412,940</u>	<u>\$ 12,236,502</u>	<u>\$ 11,334,110</u>	<u>\$ 10,646,277</u>
Business-type Activities				
Net investment in capital assets	\$ 19,054,469	\$ 18,804,562	\$ 19,032,537	\$ 19,003,781
Restricted	180,370	118,170	57,865	-
Unrestricted	8,682,653	8,274,103	7,237,698	5,826,703
Total Business-type Activities Net Position	<u>\$ 27,917,492</u>	<u>\$ 27,196,835</u>	<u>\$ 26,328,100</u>	<u>\$ 24,830,484</u>
Primary Government				
Net investment in capital assets	\$ 29,699,690	\$ 26,627,201	\$ 26,229,710	\$ 26,200,439
Restricted	844,448	933,340	739,965	507,871
Unrestricted	12,786,294	11,872,796	10,692,535	8,768,451
Total Primary Government Net Position	<u>\$ 43,330,432</u>	<u>\$ 39,433,337</u>	<u>\$ 37,662,210</u>	<u>\$ 35,476,761</u>

Table 1

Fiscal Year					
2016	2015	2014	2013	2012	2011
\$ 6,861,667	\$ 6,344,949	\$ 6,471,404	\$ 6,491,164	\$ 6,292,733	\$ 7,168,911
1,010,138	940,821	997,754	1,066,566	1,080,107	571,078
2,538,153	2,269,512	3,371,139	2,345,374	1,999,789	1,745,047
<u>\$ 10,409,958</u>	<u>\$ 9,555,282</u>	<u>\$ 10,840,297</u>	<u>\$ 9,903,104</u>	<u>\$ 9,372,629</u>	<u>\$ 9,485,036</u>
\$ 13,019,826	\$ 9,103,334	\$ 8,824,440	\$ 8,073,272	\$ 7,773,435	\$ 7,453,005
-	-	-	-	-	-
5,789,331	5,306,618	5,488,087	6,973,367	7,303,907	7,383,130
<u>\$ 18,809,157</u>	<u>\$ 14,409,952</u>	<u>\$ 14,312,527</u>	<u>\$ 15,046,639</u>	<u>\$ 15,077,342</u>	<u>\$ 14,836,135</u>
\$ 19,881,493	\$ 15,448,283	\$ 15,295,844	\$ 14,564,436	\$ 14,066,168	\$ 14,621,916
1,010,138	940,821	997,754	1,066,566	1,080,107	571,078
8,327,484	7,576,130	8,859,226	9,318,741	9,303,696	9,128,177
<u>\$ 29,219,115</u>	<u>\$ 23,965,234</u>	<u>\$ 25,152,824</u>	<u>\$ 24,949,743</u>	<u>\$ 24,449,971</u>	<u>\$ 24,321,171</u>

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			
	2020	2019	2018	2017
Expenses				
Governmental Activities				
General government	\$ 997,414	\$ 976,132	\$ 917,976	\$ 874,683
Public safety	2,630,451	2,288,796	1,822,687	2,132,904
Public works	1,537,431	1,204,645	1,406,804	969,437
Culture and recreation	376,361	377,685	403,747	389,408
Community development	488,633	910,312	731,427	598,366
Interest on long-term debt	191,290	201,696	210,612	400,157
Total Governmental Activities Expenses	<u>6,221,580</u>	<u>5,959,266</u>	<u>5,493,253</u>	<u>5,364,955</u>
Business-type Activities				
Water	1,158,339	1,129,380	1,076,288	1,064,443
Sewer	1,884,716	1,807,212	1,856,264	1,345,198
Storm water	54,476	25,800	29,538	33,435
Liquor store	2,509,775	2,344,537	2,164,820	2,130,722
Total Business-type Activities Expenses	<u>5,607,306</u>	<u>5,306,929</u>	<u>5,126,910</u>	<u>4,573,798</u>
Total Primary Government Expenses	<u>\$ 11,828,886</u>	<u>\$ 11,266,195</u>	<u>\$ 10,620,163</u>	<u>\$ 9,938,753</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 249,186	\$ 290,747	\$ 435,914	\$ 440,529
Public safety	98,787	148,675	177,641	163,362
Public works	1,061	2,878	2,612	3,599
Culture and recreation	1,345	1,870	2,170	2,385
Community development	411,815	709,992	178,218	181,565
Operating grants and contributions	824,812	263,037	257,868	236,903
Capital grants and contributions	1,979,574	256,058	725,120	422,985
Total Governmental Activities Program Revenues	<u>3,566,580</u>	<u>1,673,257</u>	<u>1,779,543</u>	<u>1,451,328</u>
Business-type Activities				
Charges for services				
Water	1,501,234	1,262,447	1,595,533	1,682,412
Sewer	1,773,962	1,652,322	1,778,971	1,867,070
Strom Water	173,812	174,543	176,850	171,867
Liquor store	2,778,937	2,428,757	2,313,806	2,236,569
Operating grants and contributions	25,482	7,014	3,059	3,669
Capital grants and contributions	1,060,565	903,951	924,503	4,969,830
Total Business-type Activities Program Revenues	<u>7,313,992</u>	<u>6,429,034</u>	<u>6,792,722</u>	<u>10,931,417</u>
Total Primary Government Program Revenues	<u>\$ 10,880,572</u>	<u>\$ 8,102,291</u>	<u>\$ 8,572,265</u>	<u>\$ 12,382,745</u>

Table 2

Fiscal Year					
2016	2015	2014	2013	2012	2011
\$ 888,099	\$ 789,269	\$ 869,752	\$ 684,752	\$ 700,606	\$ 708,620
2,334,480	2,207,108	1,787,394	1,742,193	1,689,773	1,607,064
925,873	860,847	1,205,771	1,103,653	717,531	1,036,585
468,326	118,667	371,104	362,829	378,696	366,321
427,300	324,235	242,227	268,789	155,770	119,378
357,173	359,316	365,306	376,293	541,676	58,313
<u>5,401,251</u>	<u>4,659,442</u>	<u>4,841,554</u>	<u>4,538,509</u>	<u>4,184,052</u>	<u>3,896,281</u>
1,057,465	1,167,893	1,121,532	1,156,583	1,136,619	1,143,017
1,184,441	1,049,262	941,358	972,980	858,682	958,231
55,385	-	-	-	-	-
2,008,390	1,986,813	1,948,432	1,899,467	1,883,145	1,873,937
<u>4,305,681</u>	<u>4,203,968</u>	<u>4,011,322</u>	<u>4,029,030</u>	<u>3,878,446</u>	<u>3,975,185</u>
<u>\$ 9,706,932</u>	<u>\$ 8,863,410</u>	<u>\$ 8,852,876</u>	<u>\$ 8,567,539</u>	<u>\$ 8,062,498</u>	<u>\$ 7,871,466</u>
\$ 298,140	\$ 304,092	\$ 270,718	\$ 246,588	\$ 195,491	\$ 162,613
184,994	181,458	190,140	105,181	147,531	161,869
2,868	3,689	2,172	4,361	3,767	5,204
3,030	1,590	1,460	1,345	1,955	7,441
243,640	205,289	184,877	130,917	120,685	152,503
371,047	275,631	282,057	274,161	200,543	215,337
1,186,137	242,557	382,286	957,583	291,558	456,588
<u>2,289,856</u>	<u>1,214,306</u>	<u>1,313,710</u>	<u>1,720,136</u>	<u>961,530</u>	<u>1,161,555</u>
1,390,364	1,193,195	1,134,332	1,132,206	1,147,518	1,064,157
1,361,064	999,664	930,651	906,182	898,292	900,193
169,020	-	-	-	-	-
2,133,575	2,157,348	2,109,850	2,058,662	2,096,011	2,037,209
3,800	-	-	-	6,500	-
3,849,842	186,264	108,000	129,000	66,000	20,800
<u>8,907,665</u>	<u>4,536,471</u>	<u>4,282,833</u>	<u>4,226,050</u>	<u>4,214,321</u>	<u>4,022,359</u>
<u>\$ 11,197,521</u>	<u>\$ 5,750,777</u>	<u>\$ 5,596,543</u>	<u>\$ 5,946,186</u>	<u>\$ 5,175,851</u>	<u>\$ 5,183,914</u>

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

	Fiscal Year			
	2020	2019	2018	2017
Net Revenues (Expenses)				
Governmental activities	\$ (2,655,000)	\$ (4,286,009)	\$ (3,713,710)	\$ (3,913,627)
Business-type activities	1,706,686	1,122,105	1,665,812	6,357,619
Total Primary Government Net Revenues (Expenses)	<u>\$ (948,314)</u>	<u>\$ (3,163,904)</u>	<u>\$ (2,047,898)</u>	<u>\$ 2,443,992</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 3,997,032	\$ 3,817,876	\$ 3,514,249	\$ 3,249,599
Tax increments	-	-	-	-
Grants and contributions not restricted to specific programs	555,814	465,589	494,318	365,831
Gain on sale of capital assets	11,905	219,358	39,123	80,867
Unrestricted investment earnings	120,007	175,698	68,973	29,655
Transfers - capital assets	-	-	-	-
Transfers	1,146,680	509,880	284,880	423,994
Total Governmental Activities	<u>5,831,438</u>	<u>5,188,401</u>	<u>4,401,543</u>	<u>4,149,946</u>
Business-type Activities				
Interest on investments	160,651		113,434	87,702
Gain on sale of capital assets	-	256,510	3,250	-
Transfers - capital assets	-	-	-	-
Transfers	(1,146,680)	-	(284,880)	(423,994)
Total Business-type Activities	<u>(986,029)</u>	<u>256,510</u>	<u>(168,196)</u>	<u>(336,292)</u>
Total Primary Government	<u>\$ 4,845,409</u>	<u>\$ 5,444,911</u>	<u>\$ 4,233,347</u>	<u>\$ 3,813,654</u>
Change in Net Position				
Governmental activities	\$ 3,176,438	\$ 902,392	\$ 687,833	\$ 236,319
Business-type activities	720,657	1,378,615	1,497,616	6,021,327
Total Primary Government	<u>\$ 3,897,095</u>	<u>\$ 2,281,007</u>	<u>\$ 2,185,449</u>	<u>\$ 6,257,646</u>

Table 2

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

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

	Fiscal Year			
	2020	2019	2018	2017
General Fund				
Nondisposable	\$ 61,674	\$ 54,139	\$ 13,318	\$ 18,844
Assigned	-	-	-	-
Unassigned	<u>3,444,951</u>	<u>3,180,461</u>	<u>2,760,914</u>	<u>3,865,169</u>
Total General Fund	<u>\$ 3,506,625</u>	<u>\$ 3,234,600</u>	<u>\$ 2,774,232</u>	<u>\$ 3,884,013</u>
All other Governmental Funds				
Restricted	\$ 666,468	\$ 784,845	\$ 619,149	\$ 429,069
Assigned	2,182,223	2,121,685	2,366,151	1,219,879
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(270,282)</u>
Total all other Governmental Funds	<u>\$ 2,848,691</u>	<u>\$ 2,906,530</u>	<u>\$ 2,985,300</u>	<u>\$ 1,378,666</u>

Table 3

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

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

	Fiscal Year			
	2020	2019	2018	2017
Revenues				
Taxes				
General property tax	\$ 3,998,565	\$ 3,806,521	\$ 3,511,347	\$ 3,257,514
Tax increments	-	-	-	-
Special assessments	86,444	104,511	74,966	85,984
Licenses and permits	264,898	450,529	228,153	214,855
Intergovernmental	3,158,447	851,229	989,920	855,400
Charges for services	433,015	617,622	623,033	457,882
Fines and forfeitures	38,158	29,400	36,854	25,631
Interest on investments	120,007	175,698	68,973	29,655
Miscellaneous	198,530	204,232	289,556	188,986
Total Revenues	<u>8,298,064</u>	<u>6,239,742</u>	<u>5,822,802</u>	<u>5,115,907</u>
Expenditures				
Current				
General government	943,028	919,599	875,337	824,154
Public safety	2,636,569	2,019,852	1,793,598	1,693,408
Public works	575,294	601,663	701,696	622,009
Culture and recreation	294,034	316,672	298,290	277,528
Community development	840,471	682,422	726,750	583,379
Capital outlay				
General government	4,909	8,620	2,065	8,142
Public safety	128,699	207,569	105,900	272,964
Public works	3,216,804	943,298	482,312	100,524
Culture and recreation	-	-	7,165	46
Community development	11,379	220,217	-	-
Debt service				
Principal	405,000	390,000	415,000	870,000
Interest and other charges	193,480	203,638	208,550	459,093
Total Expenditures	<u>9,249,667</u>	<u>6,513,550</u>	<u>5,616,663</u>	<u>5,711,247</u>
Excess (Deficiency) or Revenues				
Over (Under) Expenditures	<u>(951,603)</u>	<u>(273,808)</u>	<u>206,139</u>	<u>(595,340)</u>
Other Financing Sources (Uses)				
Transfers in	1,333,680	509,880	1,843,280	783,994
Transfers out	(187,000)	-	(1,558,400)	(360,000)
Bond issued	-	-	-	6,705,000
Payment to escrow agent	-	-	-	(7,386,676)
Premium on bonds issued	-	-	-	272,582
Contract for deed issued	-	-	-	-
Land sales	-	139,025	-	-
Sale of capital assets	19,109	6,501	5,834	80,867
Total Other Financing Sources (Uses)	<u>1,165,789</u>	<u>655,406</u>	<u>290,714</u>	<u>95,767</u>
Net Change in Fund Balance	<u>\$ 214,186</u>	<u>\$ 381,598</u>	<u>\$ 496,853</u>	<u>\$ (499,573)</u>
Debt Service as a Percentage of				
Noncapital Expenditures	<u>9.85 %</u>	<u>10.53 %</u>	<u>11.63 %</u>	<u>24.62 %</u>

Table 4

Fiscal Year					
2016	2015	2014	2013	2012	2011
\$ 3,271,277	\$ 3,170,208	\$ 3,058,619	\$ 3,007,177	\$ 2,914,638	\$ 2,733,171
7,512	14,393	14,260	14,270	15,144	15,374
1,284,161	263,123	196,257	51,141	64,949	63,380
145,980	126,862	94,205	87,298	89,300	99,415
741,398	611,364	567,935	449,284	434,324	698,484
593,857	486,490	460,737	326,599	302,731	310,544
30,836	39,909	49,635	33,927	35,166	30,414
33,960	21,200	34,894	(17,832)	61,301	26,971
285,467	195,832	195,635	193,875	136,182	145,615
<u>6,394,448</u>	<u>4,929,381</u>	<u>4,672,177</u>	<u>4,145,739</u>	<u>4,053,735</u>	<u>4,123,368</u>
774,871	731,292	843,302	654,631	656,188	651,933
1,649,746	1,670,971	1,556,675	1,533,049	1,486,294	1,480,092
497,261	547,069	595,967	691,772	523,482	653,594
295,925	291,477	259,049	247,542	277,255	290,081
397,237	323,342	239,745	264,659	155,770	119,378
27,283	10,781	8,178	3,164	6,534	29,978
66,091	480,177	132,601	86,291	130,560	80,873
805,651	274,465	369,510	651,780	7,028,857	1,301,477
73,234	165,143	92,695	120,194	208,043	435,890
-	-	-	26,470	-	-
310,000	316,022	325,499	288,549	91,723	271,946
357,994	362,849	371,828	372,182	407,665	50,595
<u>5,255,293</u>	<u>5,173,588</u>	<u>4,795,049</u>	<u>4,940,283</u>	<u>10,972,371</u>	<u>5,365,837</u>
1,139,155	(244,207)	(122,872)	(794,544)	(6,918,636)	(1,242,469)
644,880	1,531,604	1,465,036	604,880	981,795	516,166
(360,000)	(1,266,724)	(390,000)	(340,000)	(921,795)	(416,286)
-	265,000	-	560,000	8,200,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	33,375	30,521	27,321	30,041	27,043
<u>284,880</u>	<u>563,255</u>	<u>1,105,557</u>	<u>852,201</u>	<u>8,290,041</u>	<u>126,923</u>
<u>\$ 1,424,035</u>	<u>\$ 319,048</u>	<u>\$ 982,685</u>	<u>\$ 57,657</u>	<u>\$ 1,371,405</u>	<u>\$ (1,115,546)</u>
<u>15.37 %</u>	<u>15.52 %</u>	<u>16.32 %</u>	<u>16.04 %</u>	<u>13.45 %</u>	<u>9.01 %</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Estimated Market Value				
Real property	\$ 637,525,800	\$ 580,370,400	\$ 525,321,000	\$ 474,776,600
Personal property	7,459,600	7,740,700	7,565,000	7,013,300
 Total Estimated Market Value	 <u>\$ 644,985,400</u>	 <u>\$ 588,111,100</u>	 <u>\$ 532,886,000</u>	 <u>\$ 481,789,900</u>
Tax Capacity				
Residential property	\$ 5,206,235	\$ 4,716,185	\$ 4,377,814	\$ 3,865,537
Commercial / industrial property	685,757	621,584	586,633	582,609
Other	443,635	262,865	237,868	225,462
Contribution to Fiscal Disparities Pool	(307,139)	(291,793)	(276,717)	(263,268)
Receivable From Fiscal Disparities Pool	1,765,135	1,636,528	1,521,933	1,462,769
Tax Increment	<u>(2,032)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Tax Capacity	 <u>\$ 7,791,591</u>	 <u>\$ 6,945,369</u>	 <u>\$ 6,447,531</u>	 <u>\$ 5,873,109</u>
Net Tax Capacity as a Percentage of Estimated Market Value	<u>1.208 %</u>	<u>1.181 %</u>	<u>1.210 %</u>	<u>1.219 %</u>
Gross Tax Levy	<u>\$ 3,984,590</u>	<u>\$ 3,793,590</u>	<u>\$ 3,488,791</u>	<u>\$ 3,244,573</u>
Tax Capacity Rate	<u>50.218 %</u>	<u>53.177 %</u>	<u>53.997 %</u>	<u>54.117 %</u>

Source: Anoka County Property Records and Taxation Department.

Note: Property in the County is reassessed annually.

Table 5

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 451,592,700	\$ 441,346,300	\$ 392,686,000	\$ 405,703,000	\$ 456,064,600	\$ 464,184,500
<u>6,691,100</u>	<u>5,971,100</u>	<u>6,124,000</u>	<u>6,496,600</u>	<u>6,573,500</u>	<u>6,502,200</u>
<u>\$ 458,283,800</u>	<u>\$ 447,317,400</u>	<u>\$ 398,810,000</u>	<u>\$ 412,199,600</u>	<u>\$ 462,638,100</u>	<u>\$ 470,686,700</u>
\$ 3,651,698	\$ 3,546,894	\$ 3,037,063	\$ 3,153,799	\$ 3,586,358	\$ 4,055,812
539,921	520,655	516,209	563,227	655,422	686,986
224,223	220,816	222,735	221,807	244,970	258,316
(225,976)	(251,537)	(274,535)	(310,154)	(323,392)	(341,228)
1,364,588	1,358,498	1,434,712	1,320,087	1,383,468	1,531,408
<u>(12,522)</u>	<u>(12,002)</u>	<u>(11,891)</u>	<u>(11,899)</u>	<u>(12,628)</u>	<u>(12,820)</u>
<u>\$ 5,541,932</u>	<u>\$ 5,383,324</u>	<u>\$ 4,924,293</u>	<u>\$ 4,936,867</u>	<u>\$ 5,534,198</u>	<u>\$ 6,178,474</u>
<u>1.209 %</u>	<u>1.203 %</u>	<u>1.235 %</u>	<u>1.198 %</u>	<u>1.196 %</u>	<u>1.313 %</u>
<u>\$ 3,244,573</u>	<u>\$ 3,180,953</u>	<u>\$ 2,988,086</u>	<u>\$ 2,988,086</u>	<u>\$ 2,873,160</u>	<u>\$ 2,873,160</u>
<u>58.428 %</u>	<u>58.909 %</u>	<u>59.629 %</u>	<u>63.026 %</u>	<u>53.406 %</u>	<u>47.139 %</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
2020	45.847 %	4.371 %	50.218 %	33.078 %	22.200 %	34.371 %	3.406 %	108.902 %	121.073 %
2019	48.614	4.563	53.177	34.473	24.858	32.865	3.666	116.174	124.181
2018	46.729	7.268	53.997	35.334	26.962	36.137	4.026	120.319	129.494
2017	53.467	0.650	54.117	36.841	24.625	33.208	3.912	96.421	105.004
2016	57.562	0.866	58.428	38.894	29.371	39.266	4.430	131.123	141.018
2015	58.390	0.519	58.909	38.123	29.449	42.483	4.117	130.598	143.632
2014	59.209	0.420	59.629	43.239	33.635	51.286	4.542	141.045	158.696
2013	62.591	0.435	63.026	44.761	33.707	50.058	4.094	145.588	161.939
2012	53.015	0.391	53.406	41.615	32.835	45.548	3.875	131.731	144.444
2011	46.800	0.339	47.139	40.376	28.793	43.489	4.478	120.786	135.482

Source: Anoka County Property Records and Taxation Department.

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

City of St. Francis, Minnesota
 Statistical Section (Unaudited)
 Principal Property Taxpayers
 Current Year and 10 Years Ago

Table 7

Taxpayer	2020			2010		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Alliant Techsystems	\$ 202,725	1	2.60 %	\$ 206,370	1	3.34 %
ALS Properties Woodhaven LLC	106,883	2	1.37	101,571	3	1.64
St. Francis Realty LLC	88,520	3	1.14	107,486	2	1.74
King Exchange LLC	79,042	4	1.01	70,402	5	1.14
Connexus Energy	74,506	5	0.96	71,536	4	1.16
Minnegasco Inc.	73,120	6	0.94	48,552	6	0.79
Northern Capital Investments	48,004	7	0.62	-	-	-
Kwik Trip	40,722	8	0.52	-	-	-
Village Bank	30,105	9	0.39	27,341	10	0.44
Abbey Field LTD Partnership	27,223	10	0.35	-	-	-
Jensen Family LP	-	-	-	30,594	8	0.50
Central Bank	-	-	-	38,437	7	0.62
Kerry Street LLC	-	-	-	28,955	9	0.47
Total	\$ 770,850		9.89 %	\$ 731,244		11.84 %

Source: Anoka County Property Records and Taxation Department.

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City of St. Francis, Minnesota
 Statistical Section (Unaudited)
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Table 8

Fiscal Year	Original Gross Levy	Net Levy	Collection of Current Year's Levy	Percentage of Levy Collected	Collection of Prior Years' Levy	Total Collections	Percentage of Total Collections to Levy
2020	\$ 3,984,590	\$ 3,984,590	\$ 3,774,658	94.73 %	\$ -	\$ 3,774,658	94.73 %
2019	3,793,590	3,488,791	3,485,000	99.89	3,791	3,488,791	100.00
2018	3,488,791	3,244,573	3,238,987	99.83	5,586	3,244,573	100.00
2017	3,244,573	3,244,573	3,239,514	99.84	5,059	3,244,573	100.00
2016	3,244,573	3,180,953	3,171,773	99.71	9,134	3,180,907	100.00
2015	3,180,953	2,988,086	2,985,995	99.93	2,091	2,988,086	100.00
2014	2,988,086	2,988,086	2,972,920	99.49	15,166	2,988,086	100.00
2013	2,988,086	2,873,160	2,847,168	99.10	20,638	2,867,806	99.81
2012	2,873,160	2,704,618	2,665,913	98.57	38,705	2,704,618	100.00
2011	2,873,160	2,856,338	2,770,029	96.98	65,543	2,835,572	99.27

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

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation Bonds	Lease Revenue Bonds	Capital Leases	Contract for Deed	General Obligation Revenue Bonds	Lease Purchase
2020	\$ 6,514,580	\$ -	\$ -	\$ -	\$ 24,082,000	\$ 562,970
2019	6,934,723	-	-	-	25,436,000	614,813
2018	7,339,867	-	-	-	26,767,000	-
2017	7,770,010	-	-	-	27,891,000	-
2016	1,430,000	7,315,000	-	-	36,711,544	-
2015	1,505,000	7,550,000	-	-	30,268,000	-
2014	1,310,000	7,780,000	16,022	-	14,406,000	-
2013	1,380,000	8,005,000	46,521	-	15,406,000	-
2012	885,000	8,200,000	75,070	-	14,204,000	-
2011	950,000	-	101,793	-	14,899,000	-

Details regarding the City's outstanding debt can be found in the notes to the financial statements. See the Demographic Statistics table on page 151 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>
\$ 31,159,550	8.92 %	\$ 3,873
32,985,536	11.16	4,192
34,106,867	12.18	4,523
35,661,010	12.73	4,729
45,456,544	16.23	6,028
39,323,000	14.42	5,314
23,512,022	7.91	3,248
24,837,521	8.80	3,413
23,364,070	8.05	3,220
15,950,793	5.53	2,210

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
2020	\$ 30,596,580	\$ 171,751	\$ 30,424,829	4.72 %	\$ 3,782
2019	32,370,723	153,737	32,216,986	5.48	4,095
2018	34,106,867	124,340	33,982,527	6.38	4,506
2017	35,661,010	112,802	35,548,208	7.38	4,804
2016	38,141,544	613,035	37,528,509	8.19	5,122
2015	31,773,000	626,991	31,146,009	6.96	4,269
2014	15,716,000	654,800	15,061,200	3.78	2,080
2013	16,786,000	681,165	16,104,835	3.91	2,213
2012	15,089,000	145,274	14,943,726	3.23	2,060
2011	15,849,000	194,054	15,654,946	3.33	2,169

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 138 -139 for property value data.
 See the Demographic Statistics on page 151 for population data.

City of St. Francis, Minnesota
 Statistical Section (Unaudited)
 Computation of Direct and Overlapping Debt
 December 31, 2020

Table 11

	Net Debt	Percentage Applicable to City	Amount Applicable to City of St. Francis Share of Debt
Direct Debt			
City of St. Francis	\$ 6,514,580	100.00 %	\$ 6,514,580
Overlapping Debt			
Anoka County	59,945,000	1.82	1,073,016
Isanti County	7,975,000	0.03	2,393
School District 15	88,240,000	20.50	17,789,184
School District 728	303,850,000	0.00	-
Metropolitan Council	221,800,000	0.17	377,060
Anoka County HRA	9,400,000	6.08	564,940
Anoka County RR Authority	20,280,000	1.82	363,012
Total Overlapping Debt	<u>711,490,000</u>		<u>20,169,604</u>
Total Direct and Overlapping Debt	<u>\$ 718,004,580</u>		<u>\$ 26,684,184</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			
	2020	2019	2018	2017
Estimated Market Value of Taxable Property	\$ 644,985,000	\$ 588,111,100	\$ 532,886,000	\$ 481,789,900
Statutory Percentage	3.0%	3.0%	3.0%	3.0%
Statutory Debt Limit	19,349,550	17,643,333	15,986,580	14,453,697
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 19,349,550</u>	<u>\$ 17,643,333</u>	<u>\$ 15,986,580</u>	<u>\$ 14,453,697</u>

Legal Debt Margin Calculation for Fiscal Year 2019

Estimated Market Value of Taxable Property	\$ 644,985,000
Statutory Percentage	3.0%
Statutory Debt Limit	<u>\$ 19,349,550</u>
Total Bonds Outstanding	\$ 31,159,550
Less: Special Assessment Bonds	(6,514,580)
Less: Utility Revenue Bonds	(24,082,000)
Less: Lease Purchase	<u>(562,970)</u>
Debt Applicable to Limit	<u>\$ -</u>
Legal Debt Margin	<u>\$ 19,349,550</u>

Table 12

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

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		
2020	\$ 41,654	\$ 41,047	\$ 82,701	\$ 120,000	\$ 11,748	\$ 131,748	0.628 %	
2019	41,661	46,658	88,319	115,000	13,507	128,507	0.687	
2018	41,678	26,978	68,656	115,000	14,889	129,889	0.529	
2017	41,543	34,153	75,696	630,000	28,152	658,152	0.115	
2016	41,486	52,856	94,342	75,000	41,726	116,726	0.808	
2015	20,819	22,335	43,154	70,000	38,736	108,736	0.397	
2014	21,307	22,180	43,487	70,000	45,223	115,223	0.377	
2013	20,984	24,024	45,008	65,000	35,317	100,317	0.449	
2012	21,098	32,359	53,457	65,000	38,328	103,328	0.517	
2011	19,759	23,575	43,334	60,000	40,708	100,708	0.430	

Fiscal Year	G.O. Revenue Bonds							Coverage
	Operating Revenue (1)	Operating Expenses (2)	Net Revenue	Debt Service				
				Principal (3)	Interest	Total		
2020	\$ 4,171,479	\$ 1,472,497	\$ 2,698,982	\$ 1,405,843	\$ 431,905	\$ 1,837,748	146.864 %	
2019	3,494,127	1,376,831	2,117,296	1,331,000	444,384	1,775,384	119.258	
2018	3,557,284	1,355,133	2,202,151	1,124,000	456,355	1,580,355	139.345	
2017	3,845,952	1,209,624	2,636,328	4,470,544	610,805	5,081,349	51.882	
2016	3,261,442	992,279	2,269,163	17,297,000	539,674	17,836,674	12.722	
2015	2,364,011	1,120,195	1,243,816	1,043,000	400,791	1,443,791	86.149	
2014	2,140,792	1,120,195	1,020,597	1,000,000	452,516	1,452,516	70.264	
2013	2,139,806	1,008,043	1,131,763	968,000	428,117	1,396,117	81.065	
2012	2,079,464	963,799	1,115,665	695,000	453,680	1,148,680	97.126	
2011	1,941,843	947,105	994,738	628,000	470,399	1,098,399	90.563	

- (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
2020	8,045	\$ 349,193,225	\$ 43,405	4.3 %
2019	7,868	295,640,100	37,575	3.1
2018	7,541	280,074,920	37,140	3.3
2017	7,400	272,754,400	36,859	4.0
2016	7,327	301,337,529	41,127	3.5
2015	7,296	300,062,592	41,127	3.5
2014	7,240	297,404,720	41,078	5.1
2013	7,277	282,303,938	38,794	5.6
2012	7,255	290,098,430	39,986	5.9
2011	7,218	288,618,948	39,986	8.5

(1) Metropolitan Council

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

(3) Metropolitan Council

(4) Minnesota Department of Employment and Economic Development

* Information not available at time of publication

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

Table 15

Employer	2020			2010		
	Employees	Rank	Percent of City Employment	Employees	Rank	Percent of City Employment
Independent School District #15 (includes Bus Garage)	793	1	63.24 %	455	1	36.28 %
County Market	93	2	7.42	90	2	7.18
City of St. Francis	65	3	5.18	36	5	2.87
Commercial Drywall, Inc.	60	4	4.78	-	-	-
McDonald's	58	5	4.63	58	3	4.63
Temperature Specialists, Inc.	50	6	3.99	33	7	2.63
Northland Screw Products	40	7	3.19	30	8	2.39
Kwik Trip	40	8	3.19	-	-	-
Rum River Inn	30	9	2.39	-	-	-
Beef O' Bradys	25	10	1.99	35	6	2.79
Kid's Country	-		-	27	9	2.15
ISD #15 Bus Garage	-		-	12	10	0.96
The Ponds Golf Course & Restraunt			-	48	4	3.83
Total	1,254		100.00 %	824		65.71 %

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

Table 16

Function	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government	8	8	8	8	8	6	6	6	5	5
Public Safety										
Police	16	14	14	14	14	14	13	12	12	12
Public Works	3	3	3	3	3	2	2	3	3	3
Culture and Recreation	2	2	2	2	2	2	2	2	3	3
Water	3	3	3	3	2	2	2	2	2	2
Sewer	2	2	2	2	2	2	2	2	2	2
Municipal Liquor Store	2	2	2	2	2	4	4	4	4	4
Total	36	34	34	34	33	32	31	31	31	31

Source: various city departments

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

Table 17

Function	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Ordinances and resolutions adopted	63	52	58	60	52	82	56	54	66	61
Administration - Licenses processed	27	30	27	34	30	30	30	29	34	41
Finance - Payroll checks issued	1,385	1,396	1,333	1,237	1,274	1,275	1,153	1,230	1,245	1,259
Finance - Invoices paid	3,161	3,081	3,354	3,080	3,100	3,010	3,048	5,304	3,276	3,262
Police										
Chargeable offenses (Parts 1 & 2)	734	325	325	335	611	602	780	700	997	735
Miscellaneous offenses (Parts 3 & 4)	4,052	828	813	522	3,140	4,309	4,372	4,290	4,378	4,124
Public safety calls for service	6,246	3,962	3,663	3,912	3,751	4,911	5,152	4,990	5,375	4,859
Traffic citations issued	631	4,790	4,476	4,434	368	432	698	640	899	695
Fire										
Number of calls answered	541	484	377	323	251	254	328	368	415	393
Code Enforcement										
Building permits issued	621	621	487	374	318	333	279	303	428	305
Highways and Streets										
Asphalt streets maintained	36	36	36	36	36	36	36	36	36	36
Gravel maintenance (miles)	8	11	11	11	11	11	11	12	12	12
Gravel usage (Tons)	-	-	-	-	1,778	62	199	872	4,200	-
Sand/salt usage (tons)	277	350	441	366	371	210	357	189	223	211
Water										
Water pumped (million gallons)	201	172	185	168	177	173	175	188	195	174
Water main breaks repaired	-	-	-	-	1	1	-	-	1	-
Wastewater										
Gallons of wastewater treated (millions)	127	121	116	120	130	113	125	119	116	132
Miles of sewer mains cleaned	5	5	5	5	3	1	1	3	4	3

Sources: Various government departments.

City of St. Francis, Minnesota
 Statistical Section (Unaudited)
 Miscellaneous Statistics
 December 31, 2020

Table 18

Year of Incorporation	1974
Area of City	23.70 square miles
Miles of Roadways	
City	47.0
State / County	26.9
Private	4.5
Water System	
Number of hydrants	
City	269
Private	68
Number of wells	3
Miles of water mains	
City	24.7
Private	7.4
Raw	0.6
Abandoned	0.2
Sewer System	
Lift stations	
City	12
Private	2
Miles of sewer mains	
City	20.6
Private	5.7
Number of manholes	
City	504
Private	142
Fire Protection	
Number of stations	1
Number of employees	21
Police Protection	
Number of stations	1
Number of employees	16
Parks	
Number	14
Acres	83.0
Elections	
Registered voters last election	4,833
Number of votes cast last election	4,410
Percentage of registered voters voting	92.78%

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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	7	7	7	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	273	270	270	270	270	259	259	252	234	201
Traffic signals	0	0	0	0	0	1	1	1	1	1
Culture and Recreation										
Parks division										
Parks	14	14	14	14	14	14	14	14	14	14
Parks acreage	83	83	83	83	83	83	83	83	83	83
Utilities										
Water										
Miles of water main	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7
Consumers	4,380	4,380	4,380	4,380	4,380	4,380	4,380	4,380	4,380	4,475
Maximum daily capacity (gallons)	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
Sewer										
Miles of sanitary sewer	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6
Lift stations	12	12	12	12	12	12	12	12	12	12
Maximum daily treatment capacity (gallons)	814,000	814,000	814,000	814,000	540,000	540,000	540,000	540,000	540,000	540,000
Storm sewer										
Miles of storm sewer	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7

Source: City of St. Francis, Minnesota

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