

CITY OF WAITE PARK, MINNESOTA
AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017

Conway, Deuth & Schmiesing, PLLP
Certified Public Accountants & Consultants
Litchfield, Minnesota

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CITY OF WAITE PARK, MINNESOTA

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CITY OF WAITE PARK, MINNESOTA

ELECTED OFFICIALS AND ADMINISTRATION
DECEMBER 31, 2017

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Richard E. Miller	Mayor	December 31, 2018
Vic Schulz	Council Member	December 31, 2018
Charles S. Schneider	Council Member	December 31, 2020
Michael J. Linquist	Council Member	December 31, 2020
Frank Theisen	Council Member	December 31, 2018
<u>Administration</u>		
Shaunna Johnson	City Administrator/ Clerk/Treasurer	
Karla Virnig	Deputy Clerk/Treasurer	
Keith Lindberg	Finance Director	

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Waite Park
Waite Park, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waite Park, Minnesota, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity'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 presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Willmar Office

331 Third St SW, Ste 2
PO Box 570
Willmar, MN 56201
P (320) 235-3311
T (888) 388-1040

Benson Office

1209 Pacific Ave, Ste 3
Benson, MN 56215
P (320) 843-2302

Morris Office

401 Atlantic Ave
Morris, MN 56267
P (320) 589-2602

Litchfield Office

820 Sibley Ave N
Litchfield, MN 55355
P (320) 693-7975

St. Cloud-Sartell Office

Ste 110
2351 Connecticut Ave
Sartell, MN 56377
P (320) 252-7565
T (800) 862-1337

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Waite Park, Minnesota, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Proportionate Share of the Net Pension Liability and Employer Contributions, Schedule of Funding Changes in the City Fire Relief Association's Net Pension Liability and Related Ratios, and the Schedule of Funding Progress and Employer Contributions as listed in the table of contents 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.

Supplementary and 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 statements and schedules as listed in the table of contents as supplementary information and the Elected Officials and Administration section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Elected Officials and Administration section has 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 the information presented.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City's internal control over financial reporting and compliance.

Conway, Deuth & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
Certified Public Accountants & Consultants
Litchfield, Minnesota

June 25, 2018

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

As management of the City of Waite Park, we offer readers of the City of Waite Park's financial statements this narrative overview and analysis of the financial activities of the City of Waite Park for the fiscal year ended December 31, 2017.

Financial Highlights

- The assets and deferred outflows of the City of Waite Park exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$69,822,471. Of this amount, \$7,040,920 may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position increased by \$1,917,604.
- At the close of the current fiscal year, the City of Waite Park's governmental funds reported combined ending fund balance of \$15,755,604.
- The City's outstanding long-term liabilities decreased by \$5,313,242.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Waite Park's basic financial statements. The City of Waite Park'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 supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Waite Park'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 and deferred outflows of resources along with liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Waite Park 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).

CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

Both of the government-wide financial statements distinguish functions of the City of Waite Park that are principally supported by taxes and intergovernmental revenues (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 of Waite Park include general government, public safety, public works, sanitation, economic development, culture and recreation and interest on long-term debt. The business-type activities of the City of Waite Park include water, sewer and stormwater.

The government-wide financial statements can be found on pages 17-18 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 of Waite Park, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Waite Park 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 financial 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 of the City's near-term financial decisions. Both the governmental fund Balance Sheet and 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 of Waite Park maintains five individual major 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, one special revenue fund, two debt service funds and one capital project fund, all of which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Waite Park adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements have been provided for the General and major Special Revenue Funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19-27 of this report.

CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

Proprietary funds. Enterprise funds are one type of proprietary fund used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Waite Park uses enterprise funds to account for its water, sewer and stormwater 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 the water, sewer and stormwater funds, which are considered to be major funds of the City of Waite Park.

The basic proprietary fund financial statements can be found on pages 28-31 of this report.

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

The basic fiduciary fund financial statements can be found on page 32 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 can be found on pages 33-67 of this report.

Supplementary information. The required supplementary information and combining and individual fund statements can be found on pages 68-89 of this report. Financial schedules can be found on pages 90-96.

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 of Waite Park, assets exceed liabilities by \$69,822,471 at the close of the most recent fiscal year.

The largest portion of the City of Waite Park's assets (76 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment). The City of Waite Park uses these capital assets to provide services to citizens. These assets are not available for future spending.

CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

A portion of the City of Waite Park's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position totaling \$7,040,920 may be used to meet the City's ongoing obligations to citizens and creditors.

Net Position

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Assets & Deferred Outflows						
Current and Other Assets	\$ 19,744,606	\$ 27,311,046	\$ 3,777,799	\$ 3,085,006	\$ 23,522,405	\$ 30,396,052
Capital Assets	44,223,531	36,886,012	30,303,840	30,620,770	74,527,371	67,506,782
Deferred Outflows	2,701,885	4,112,216	110,755	214,336	2,812,640	4,326,552
Total Assets & Deferred Outflows	\$ 66,670,022	\$ 68,309,274	\$ 34,192,394	\$ 33,920,112	\$ 100,862,416	\$ 102,229,386
Liabilities & Deferred Inflows						
Long-Term Liabilities Outstanding	\$ 21,162,576	\$ 25,963,622	\$ 3,058,638	\$ 3,529,363	\$ 24,221,214	\$ 29,492,985
Other Liabilities	3,008,043	3,448,424	891,084	547,448	3,899,127	3,995,872
Deferred Inflows	2,836,278	766,394	83,326	69,268	2,919,604	835,662
Total Liabilities & Deferred Inflows	\$ 27,006,897	\$ 30,178,440	\$ 4,033,048	\$ 4,146,079	\$ 31,039,945	\$ 34,324,519
Net Position						
Net Investment in Capital Assets	\$ 26,386,893	\$ 23,315,595	\$ 27,463,294	\$ 27,410,690	\$ 53,850,187	\$ 50,726,285
Restricted	8,931,364	11,061,487	-	-	8,931,364	11,061,487
Unrestricted	4,344,868	3,753,752	2,696,052	2,363,343	7,040,920	6,117,095
Total Net Position	\$ 39,663,125	\$ 38,130,834	\$ 30,159,346	\$ 29,774,033	\$ 69,822,471	\$ 67,904,867

Governmental activities. Governmental activities total revenues decreased by \$657,918 or 6 percent over 2016. Total expenses decreased by \$499,090 over 2016. Governmental activities increased the City of Waite Park's net position by \$1,532,291 in 2017 compared to a \$10,491,715 increase in 2016. Elements of the increase are presented in the following statement of changes in net position.

Business-type activities. Business-type activities total revenues decreased by \$107,442 or 3 percent over 2016. Total expenses increased by \$18,358 or .6 percent over 2016. Business-type activities increased the City of Waite Park's net position by \$385,313 in 2017 compared to a \$745,426 increase in 2016. Elements of the changes are presented in the following statement of changes in net position.

CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

Changes in Net Position

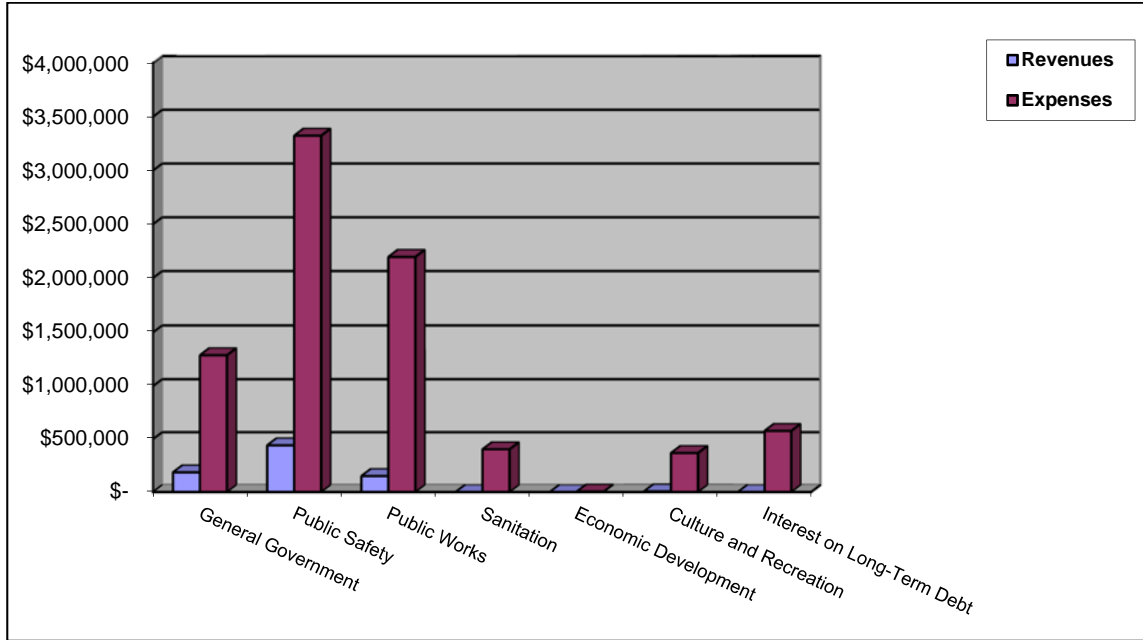
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 508,879	\$ 633,493	\$ 3,621,297	\$ 3,744,345	\$ 4,130,176	\$ 4,377,838
Operating Grants and Contributions	231,120	197,691	-	-	231,120	197,691
Capital Grants and Contributions	43,626	39,702	-	-	43,626	39,702
General Revenues:						
Property Taxes	7,038,916	6,872,008	-	-	7,038,916	6,872,008
Grants and Contributions not Restricted to Specific Programs	59,066	40,562	-	-	59,066	40,562
Unrestricted Investment Earnings	122,034	63,399	17,833	2,227	139,867	65,626
Local Sales Tax & Other	1,746,204	2,560,908	-	-	1,746,204	2,560,908
Total Revenues	9,749,845	10,407,763	3,639,130	3,746,572	13,388,975	14,154,335
Expenses:						
General Government	1,287,272	1,809,175	-	-	1,287,272	1,809,175
Public Safety	3,323,768	3,732,332	-	-	3,323,768	3,732,332
Public Works	2,196,114	1,863,750	-	-	2,196,114	1,863,750
Sanitation	403,832	372,671	-	-	403,832	372,671
Culture and Recreation	368,203	345,693	-	-	368,203	345,693
Economic Development	3,487	-	-	-	3,487	0
Interest on Long-Term Debt	577,202	535,347	-	-	577,202	535,347
Water	-	-	1,543,023	1,509,477	1,543,023	1,509,477
Sewer	-	-	1,750,012	1,749,832	1,750,012	1,749,832
Stormwater	-	-	18,458	33,826	18,458	33,826
Total Expenses	8,159,878	8,658,968	3,311,493	3,293,135	11,471,371	11,952,103
Increase in Net Position						
Before Transfers	1,589,967	1,748,795	327,637	453,437	1,917,604	2,202,232
Transfers	(57,676)	(279,755)	57,676	279,755	-	-
Change in Net Position	1,532,291	1,469,040	385,313	733,192	1,917,604	2,202,232
Net Position - Beginning	38,130,834	27,639,119	29,774,033	29,028,607	67,904,867	56,667,726
Prior Period Adjustment	-	9,022,675	-	12,234	-	9,034,909
Net Position - Beginning, as Restated	38,130,834	36,661,794	29,774,033	29,040,841	67,904,867	65,702,635
Net Position - Ending	\$ 39,663,125	\$ 38,130,834	\$ 30,159,346	\$ 29,774,033	\$ 69,822,471	\$ 67,904,867

**CITY OF WAITE PARK
Stearns County, Minnesota**

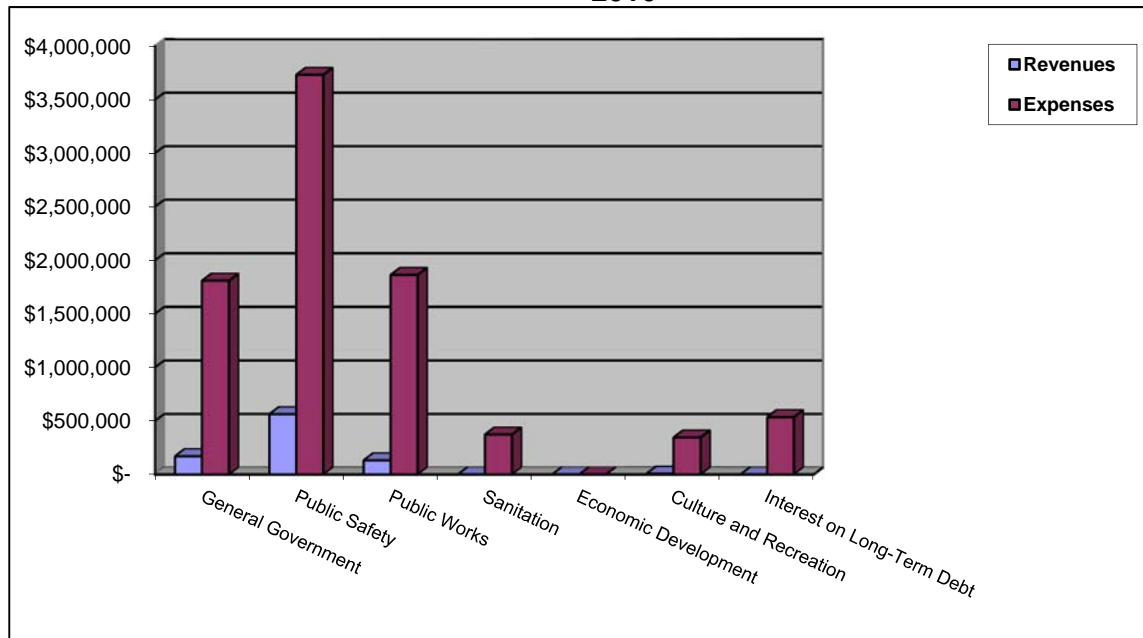
**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017**

The following charts provide additional information on expenses and program revenues and revenues by sources for both the governmental and business-type activities for the last fiscal year.

**Expenses and Program Revenues – Governmental Activities
2017**



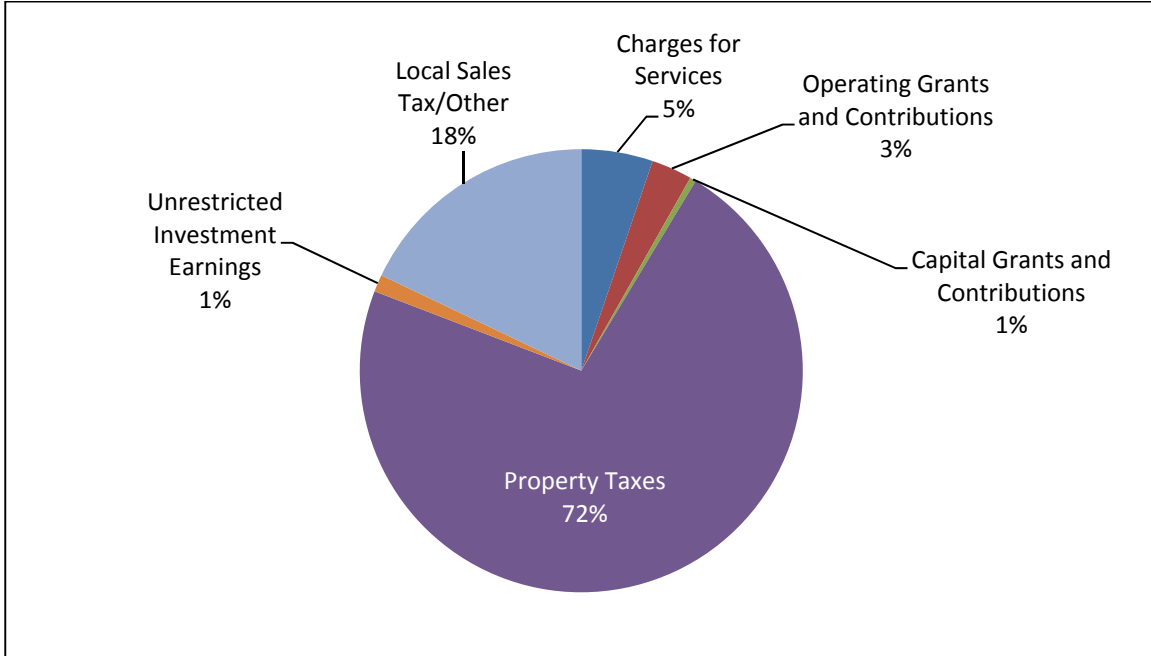
2016



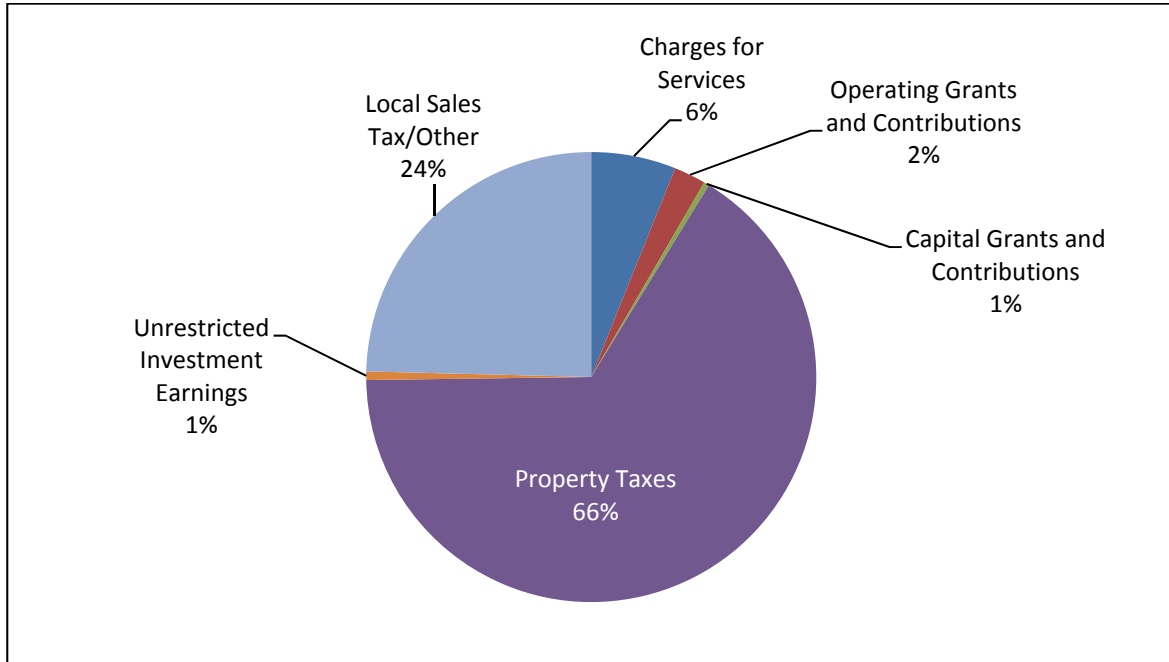
**CITY OF WAITE PARK
Stearns County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017**

**Revenues by Source - Governmental Activities
2017**



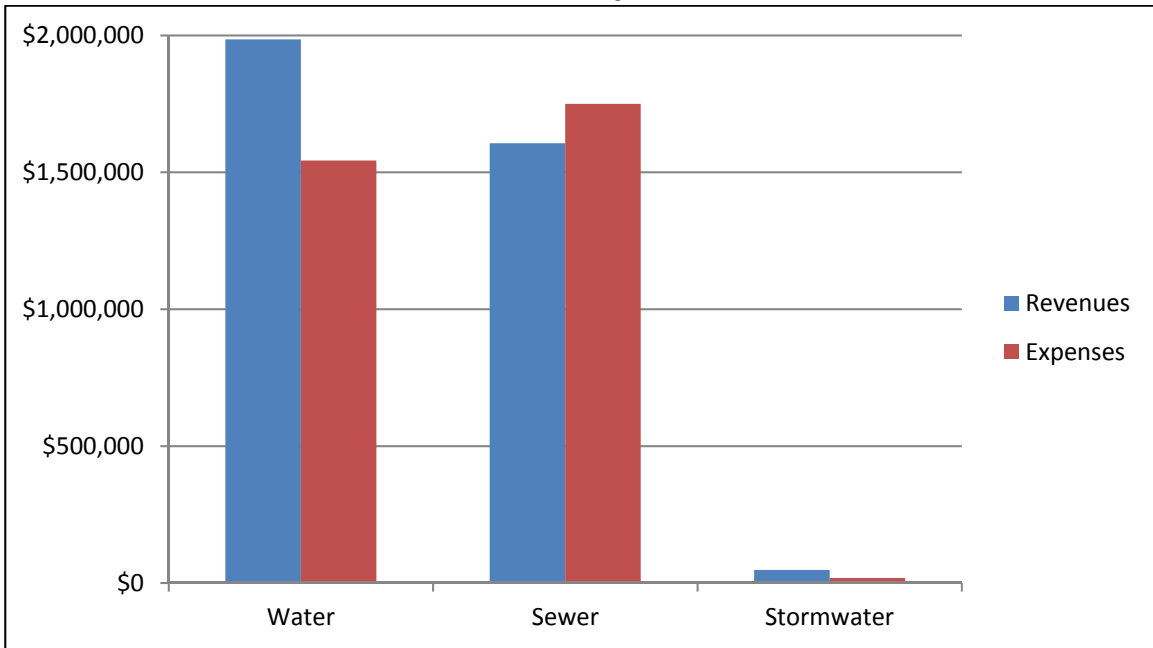
2016



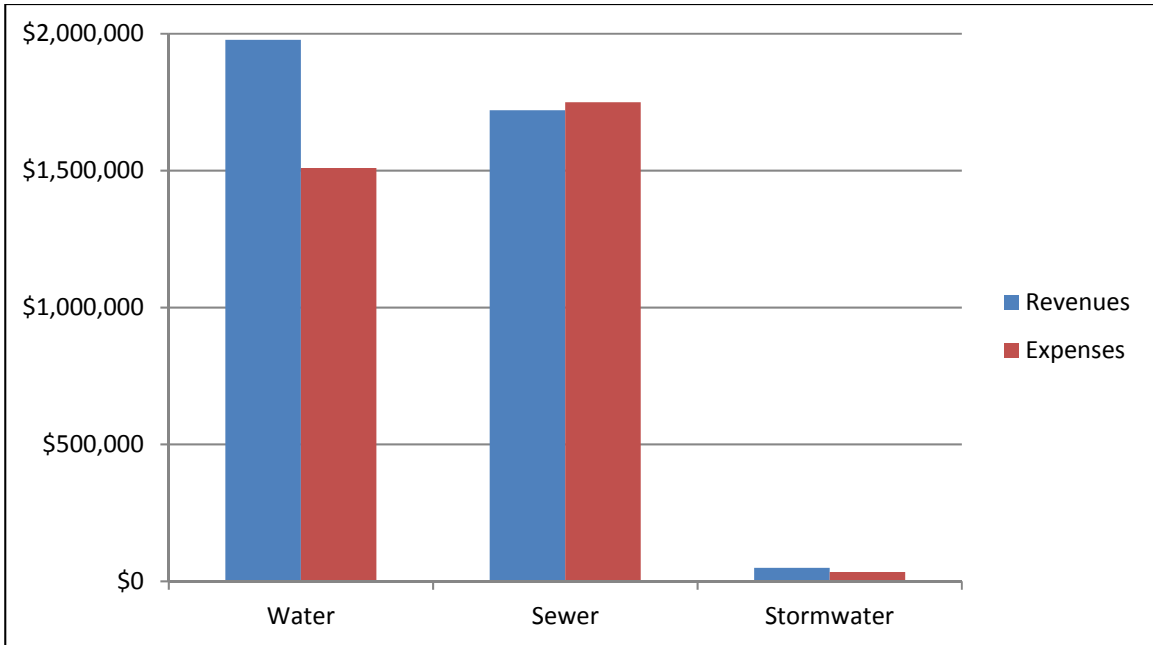
**CITY OF WAITE PARK
Stearns County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017**

**Expenses and Program Revenues – Business-type Activities
2017**



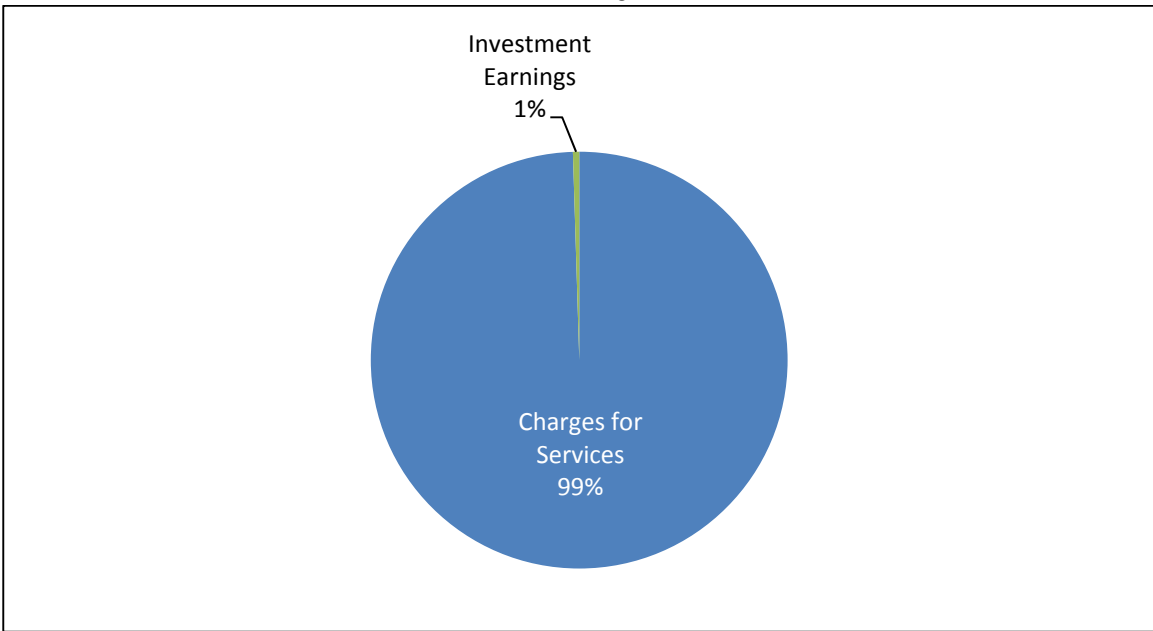
2016



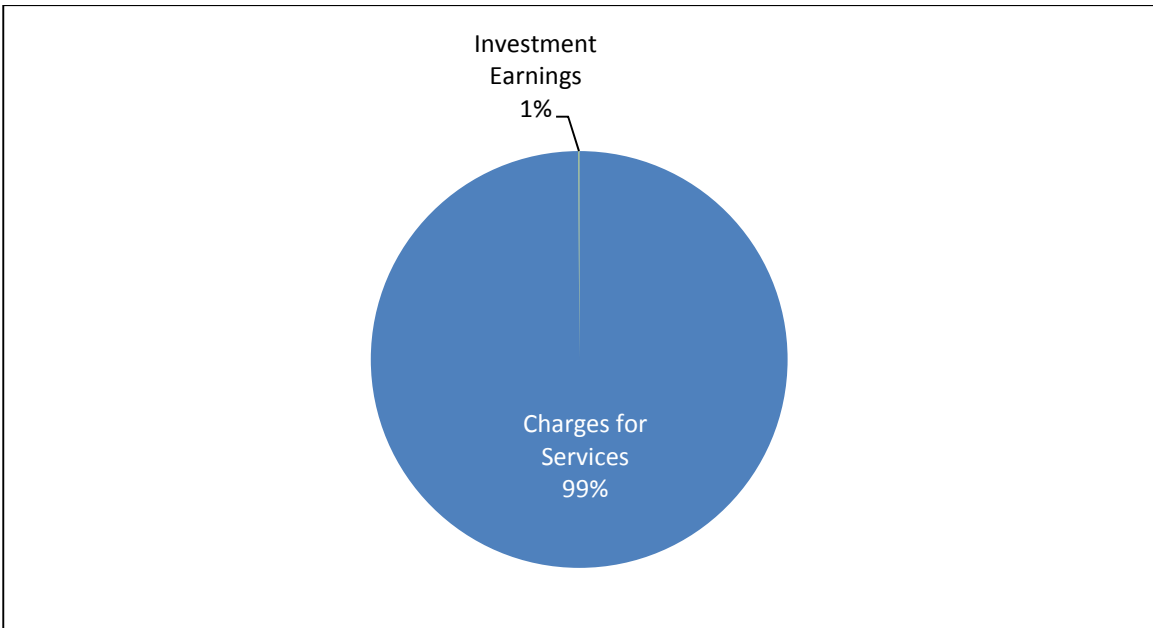
**CITY OF WAITE PARK
Stearns County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017**

**Revenues by Source – Business-type Activities
2017**



2016



CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

Financial Analysis of the Government's Funds

Governmental funds. The focus of the City of Waite Park'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 of Waite Park'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 of Waite Park's governmental funds reported combined ending fund balances of \$15,755,604, a decrease of \$6,674,548 in comparison with the prior year.

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

The unrestricted net position in the respective proprietary funds are water utility of \$812,586, sewer utility of \$1,826,753 and stormwater utility of \$56,713 for a total increase of \$332,709 in comparison with the prior year.

Capital Assets and Debt Administration

Capital assets. The City of Waite Park's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$74,527,371 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment and construction in progress.

CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,098,918	\$ 1,098,918	\$ 22,000	\$ 22,000	\$ 1,120,918	\$ 1,120,918
Easements	900,143	900,143	1,399,032	1,399,032	2,299,175	2,299,175
Buildings	2,131,170	1,774,624	-	-	2,131,170	1,774,624
Improvements Other Than Buildings	25,721,690	24,194,122	26,870,269	25,803,249	52,591,959	49,997,371
Machinery and Equipment	2,253,933	1,337,878	99,214	4,760	2,353,147	1,342,638
Construction in Progress	12,117,677	7,580,327	1,913,325	3,391,726	14,031,002	10,972,053
Total	\$ 44,223,531	\$ 36,886,012	\$ 30,303,840	\$ 30,620,767	\$ 74,527,371	\$ 67,506,779

Long-term debt. At the end of the current fiscal year, the City of Waite Park had total long-term liabilities outstanding of \$26,862,091. Of this amount \$19,032,463 was for general obligation debt, \$2,840,546 for water utility revenue bonds, \$2,895,247 for Net Pension Liability, \$1,343,050 for compensated absences, \$283,725 for post-employment benefits and \$467,060 for capital leases payable.

**Outstanding Debt (General Obligation Bonds,
Revenue Bonds, General Obligation Loan, Net Pension Liability, Compensated
Absences, Post-Employment Benefits and Capital Leases)**

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General Obligation Tax						
Abatement Bonds	\$ 2,135,000	\$ 2,275,000	\$ -	\$ -	\$ 2,135,000	\$ 2,275,000
General Obligation Tax						
Increment Bonds	1,340,000	1,515,000	-	-	1,340,000	1,515,000
General Obligation Special						
Assessment Bonds	5,385,000	6,750,000	-	-	5,385,000	6,750,000
General Obligation CIP Bonds	9,290,000	9,505,000	-	-	9,290,000	9,505,000
G.O. Certificates of Indebtedness	55,000	110,000	-	-	55,000	110,000
General Obligation Revenue Bonds	-	-	2,775,000	3,135,000	2,775,000	3,135,000
Net Pension Liability	2,480,405	5,917,102	414,842	515,886	2,895,247	6,432,988
Compensated Absences	1,144,313	1,021,516	198,737	195,999	1,343,050	1,217,515
OPEB Payable	249,678	234,169	34,047	31,932	283,725	266,101
Capital Leases Payable	467,060	-	-	-	467,060	0
Unamortized Bond Discount	-	-	-	-	-	0
Unamortized Bond Premium	827,463	893,649	65,546	75,080	893,009	968,729
Total	\$ 23,373,919	\$ 28,221,436	\$ 3,488,172	\$ 3,953,897	\$ 26,862,091	\$ 32,175,333

CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

The City of Waite Park maintains an AA rating from Standard and Poor's.

Additional information on the City of Waite Park's long-term debt can be found on pages 90-96 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City of Waite Park expects modest growth in residential construction and moderate growth in commercial and industrial construction.
- The City of Waite Park's tax capacity increased by \$369,044 for payable year 2018 as compared to a \$23,317 increase in payable year 2017.
- The unemployment rate in central Minnesota (3.6%) is expected to remain at the state (3.3%) and below the national (4.1%) averages in 2018.
- The City's share of 2017 local sales tax collections was \$1,294,088 a decrease of \$6,741 from 2016.

These factors were taken into consideration in the preparation of the 2018 budget.

Requests for Information

The financial report is designed to provide a general overview of the City of Waite Park's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 19 13th Avenue North, Waite Park, MN 56387.

BASIC FINANCIAL STATEMENTS

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CITY OF WAITE PARK, MINNESOTA

STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and Investments	\$ 15,764,706	\$ 3,316,805	\$ 19,081,511
Receivables			
Accounts	32,118	6,357	38,475
Utilities		736,809	736,809
Interest	5,866		5,866
Delinquent Taxes	104,790		104,790
Special Assessments Receivable			
Delinquent	32,004		32,004
Deferred	2,978,751		2,978,751
Prepaid Items	121,043	15,726	136,769
Due from Other Governments	293,596		293,596
Internal Balances	297,898	(297,898)	
Capital Assets			
Assets Not Being Depreciated	14,116,738	3,334,357	17,451,095
Other Capital Assets, Net of Depreciation	30,106,793	26,969,483	57,076,276
Net Pension Asset	113,834		113,834
Total Assets	<u>63,968,137</u>	<u>34,081,639</u>	<u>98,049,776</u>
Deferred Outflows of Resources			
Related to Pensions	2,701,885	110,755	2,812,640
Total Assets and Deferred Outflows of Resources	<u>\$ 66,670,022</u>	<u>\$ 34,192,394</u>	<u>\$ 100,862,416</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 158,599	\$ 306,155	\$ 464,754
Contracts Payable	487,658	134,947	622,605
Salaries and Benefits Payable	109,986	17,099	127,085
Interest Payable	37,077	3,349	40,426
Due to Other Governments	3,380		3,380
Noncurrent Liabilities			
Due Within One Year	2,211,343	429,534	2,640,877
Due in More Than One Year	21,162,576	3,058,638	24,221,214
Total Liabilities	<u>24,170,619</u>	<u>3,949,722</u>	<u>28,120,341</u>
Deferred Inflows of Resources			
Related to Pensions	2,836,278	83,326	2,919,604
Net Position			
Net Investment in Capital Assets	26,386,893	27,463,294	53,850,187
Restricted for			
Economic Development	2,013		2,013
Debt Service	4,158,729		4,158,729
Tax Increment	2,668,080		2,668,080
Regional Capital Improvement Projects	2,102,542		2,102,542
Unrestricted	4,344,868	2,696,052	7,040,920
Total Net Position	<u>39,663,125</u>	<u>30,159,346</u>	<u>69,822,471</u>
Total Liabilities, Deferred Inflows of Resources and Net Pension	<u>\$ 66,670,022</u>	<u>\$ 34,192,394</u>	<u>\$ 100,862,416</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 1,287,272	\$ 97,528	\$ 88,037	\$	\$ (1,101,707)	\$ (1,101,707)
Public Safety	3,323,768	304,455	136,483		(2,882,830)	(2,882,830)
Public Works	2,196,114	101,216	6,200	43,626	(2,045,072)	(2,045,072)
Sanitation	403,832				(403,832)	(403,832)
Culture and Recreation	368,203	5,680	400		(362,123)	(362,123)
Economic Development	3,487				(3,487)	(3,487)
Interest on Long-Term Debt	577,202				(577,202)	(577,202)
Total Governmental Activities	8,159,878	508,879	231,120	43,626	(7,376,253)	0
BUSINESS-TYPE ACTIVITIES						
Water	1,543,023	1,977,322				434,299
Sewer	1,750,012	1,596,472				(153,540)
Stormwater	18,458	47,503				29,045
Total Business-Type Activities	3,311,493	3,621,297	0	0	0	309,804
Total	\$ 11,471,371	\$ 4,130,176	\$ 231,120	\$ 43,626	(7,376,253)	309,804
GENERAL REVENUES						
Taxes						
Property					7,038,916	7,038,916
Increment					7,318	7,318
Gravel					113,990	113,990
Franchise					98,824	98,824
Local Sales and Use					1,294,088	1,294,088
Special Assessments					102,838	102,838
Grants and Contributions Not Restricted to Specific Programs					59,066	59,066
Refunds and Reimbursements					116,594	116,594
Unrestricted Investment Earnings					122,034	17,833
Other					6,343	6,343
Gain (Loss) on Sale of Assets					6,209	6,209
TRANSFERS					(57,676)	57,676
Total General Revenues and Transfers					8,908,544	75,509
Change in Net Position					1,532,291	385,313
NET POSITION, BEGINNING OF YEAR					38,130,834	29,774,033
NET POSITION, END OF YEAR					\$ 39,663,125	\$ 30,159,346

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General (101)	Local Sales Tax (821)	\$6,885,000 G.O. Improvement Crossover Refunding Bonds of 2010A (320)
ASSETS			
Cash and Investments	\$ 5,604,407	\$ 2,346,365	\$ 809,262
Receivables			
Accounts	32,118		
Interest	5,866		
Delinquent Taxes	88,906		465
Special Assessments Receivable			
Delinquent	157		17,504
Deferred	553,722		888,954
Prepaid Items	121,043		
Due from Other Governments	36,776	254,309	170
Advance to Other Funds	300,000		
Total Assets	\$ 6,742,995	\$ 2,600,674	\$ 1,716,355
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 149,362	\$	\$ 448
Contracts Payable			
Salaries and Benefits Payable	109,986		
Due to Other Governments	3,380		
Due to Other Funds	2,102		
Total Liabilities	264,830	0	448
Deferred Inflows of Resources			
Unavailable Revenue			
Delinquent Taxes	88,906		465
Special Assessments	553,879		906,458
Total Deferred Inflows of Resources	642,785	0	906,923
Fund Balance			
Nonspendable			
Prepays	121,043		
Advance to Other Funds	300,000		
Restricted			
Tax Increment			
Loan Program			
Debt Service			808,984
Regional Capital Improvement Projects		2,600,674	
Assigned			
Capital Outlay	1,155,636		
Park Land Development			
Regional Capital Improvement Projects			
Fund Operations			
Unassigned			
Total Fund Balance	4,258,701	2,600,674	808,984
Total Fund Balance	5,835,380	2,600,674	808,984
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 6,742,995	\$ 2,600,674	\$ 1,716,355

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	\$4,720,000 G.O. Improvement Bonds of 2013 (324)	Public Works Facility (443)	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 499,496	\$ 631,363	\$ 5,873,813	\$ 15,764,706
Receivables				
Accounts				32,118
Interest				5,866
Delinquent Taxes	5,110		10,309	104,790
Special Assessments Receivable				
Delinquent			14,343	32,004
Deferred	787,708		748,367	2,978,751
Prepaid Items				121,043
Due from Other Governments	490		1,851	293,596
Advance to Other Funds				300,000
Total Assets	\$ 1,292,804	\$ 631,363	\$ 6,648,683	\$ 19,632,874
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 448	\$ 487,658	\$ 8,341	\$ 158,599
Contracts Payable				487,658
Salaries and Benefits Payable				109,986
Due to Other Governments				3,380
Due to Other Funds				2,102
Total Liabilities	448	487,658	8,341	761,725
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes	5,110		10,309	104,790
Special Assessments	787,708		762,710	3,010,755
Total Deferred Inflows of Resources	792,818	0	773,019	3,115,545
Fund Balance				
Nonspendable				
Prepays				121,043
Advance to Other Funds				300,000
Restricted				
Tax Increment			2,671,906	2,671,906
Loan Program			2,013	2,013
Debt Service	499,538		1,187,543	2,496,065
Regional Capital Improvement Projects		143,705	1,021,048	3,765,427
Assigned				
Capital Outlay			3,924	1,159,560
Park Land Development			339,546	339,546
Regional Capital Improvement Projects			562,748	562,748
Fund Operations			78,707	78,707
Unassigned			(112)	4,258,589
Total Fund Balance	499,538	143,705	5,867,323	15,755,604
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,292,804	\$ 631,363	\$ 6,648,683	\$ 19,632,874

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017

	<u>2017</u>
Total Fund Balances - Governmental Funds	\$ 15,755,604
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets and Net Pension Assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	
Capital Assets	68,484,130
Less: Accumulated Depreciation	(24,260,599)
Net Pension Asset	113,834
Certain receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Delinquent Taxes	104,790
Special Assessments	
Delinquent	32,004
Deferred	2,978,751
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred Outflows of Resources Related to Pensions	2,701,885
Deferred Inflows of Resources Related to Pensions	(2,836,278)
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.	
Bonds Payable	(18,150,000)
G.O. Certificate of Indebtedness Payable	(55,000)
Capital Lease	(467,060)
Bond Premium	(827,463)
Net Pension Liability	(2,480,405)
Compensated Absences Payable	(1,144,313)
Other Postemployment Benefits Payable	(249,678)
Interest Payable	(37,077)
	<u> </u>
Total Net Position - Governmental Activities	<u>\$ 39,663,125</u>

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2017

	General (101)	Local Sales Tax (821)	\$6,885,000 G.O. Improvement Crossover Refunding Bonds of 2010A (320)
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes	\$ 5,985,054	\$	\$ 26,811
Sales Tax		1,294,088	
Tax Increment			
Special Assessments			253,633
Licenses and Permits	79,112		
Intergovernmental	220,651		
Charges for Services	327,516		
Fines and Forfeitures	84,703		
Miscellaneous			
Investment Income	19,045	17,113	4,538
Contributions and Donations	7,427		
Refunds and Reimbursements	116,659		
Other	6,278		
Total Revenues	<u>6,846,445</u>	<u>1,311,201</u>	<u>284,982</u>
EXPENDITURES			
Current			
General Government	1,347,271		
Public Safety	2,964,402		
Public Works	1,187,096		
Sanitation	402,451		
Culture and Recreation	306,980		
Economic Development			
Debt Service			
Principal	179,847		865,000
Interest and Other Charges			89,534
Capital Outlay			
General Government	300,294		
Public Safety	120,847		
Public Works	981,051		
Total Expenditures	<u>7,790,239</u>	<u>0</u>	<u>954,534</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(943,794)	1,311,201	(669,552)
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	6,209		
Transfers In	450,131		678,000
Transfers Out	(3,810)	(1,328,213)	
Total Other Financing Sources (Uses)	<u>452,530</u>	<u>(1,328,213)</u>	<u>678,000</u>
Net Change in Fund Balances	(491,264)	(17,012)	8,448
FUND BALANCE, BEGINNING OF YEAR, RESTATED	<u>6,326,644</u>	<u>2,617,686</u>	<u>800,536</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,835,380</u>	<u>\$ 2,600,674</u>	<u>\$ 808,984</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	\$4,720,000 G.O. Improvement Bonds of 2013 (324)	Public Works Facility (443)	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 353,164	\$	\$ 867,788	\$ 7,232,817
Sales Tax				1,294,088
Tax Increment			7,311	7,311
Special Assessments	203,146		127,203	583,982
Licenses and Permits				79,112
Intergovernmental			18,304	238,955
Charges for Services				327,516
Fines and Forfeitures			16,548	101,251
Miscellaneous				
Investment Income	14,052		67,286	122,034
Contributions and Donations			87,210	94,637
Refunds and Reimbursements				116,659
Other				6,278
Total Revenues	<u>570,362</u>	<u>0</u>	<u>1,191,650</u>	<u>10,204,640</u>
EXPENDITURES				
Current				
General Government				1,347,271
Public Safety			10,224	2,974,626
Public Works				1,187,096
Sanitation				402,451
Culture and Recreation			40,255	347,235
Economic Development			3,487	3,487
Debt Service				
Principal	385,000		700,000	2,129,847
Interest and Other Charges	98,049		460,275	647,858
Capital Outlay				
General Government				300,294
Public Safety			17,684	138,531
Public Works		6,110,298	315,352	7,406,701
Total Expenditures	<u>483,049</u>	<u>6,110,298</u>	<u>1,547,277</u>	<u>16,885,397</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	87,313	(6,110,298)	(355,627)	(6,680,757)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets				6,209
Transfers In		6,700,000	408,078	8,236,209
Transfers Out			(6,904,186)	(8,236,209)
Total Other Financing Sources (Uses)	<u>0</u>	<u>6,700,000</u>	<u>(6,496,108)</u>	<u>6,209</u>
Net Change in Fund Balances	87,313	589,702	(6,851,735)	(6,674,548)
FUND BALANCE, BEGINNING OF YEAR, RESTATED	<u>412,225</u>	<u>(445,997)</u>	<u>12,719,058</u>	<u>22,430,152</u>
FUND BALANCE, END OF YEAR	<u>\$ 499,538</u>	<u>\$ 143,705</u>	<u>\$ 5,867,323</u>	<u>\$ 15,755,604</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>
Total Net Change in Fund Balances - Governmental Funds	\$ (6,674,548)
Amounts reported for governmental activities in the Statement of Activities are different because:	
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.	
Asset Additions	10,862,986
Asset Disposals	(2,377,284)
Depreciation Expense	(1,204,166)
Accumulated Depreciation of Disposed Assets	55,983
Certain receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Delinquent Taxes	18,932
Special Assessments	
Delinquent	6,723
Deferred	(486,879)
Postemployment benefits payable in the Statement of Activities differs from the amount reported in the governmental funds because this benefit is recognized as an expenditure in the funds when due. In the Statement of Activities, postemployment benefits payable is recognized when accrued.	
Compensated Absences	(122,797)
Other Postemployment Benefits Payable	(15,509)
In the Statement of Activities, pension expenses are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	
	(74,921)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported as liabilities in the funds.	
Capital Lease	(646,907)
Amortization of Bond Premium	66,186
Principal Retirement of Long-Term Debt	2,129,847
Change in Accrued Interest Payable	(5,355)
Change in Net Position - Governmental Activities	<u>\$ 1,532,291</u>

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,012,287	\$ 6,012,287	\$ 5,985,054	\$ (27,233)
Licenses and Permits	70,100	70,100	79,112	9,012
Intergovernmental	143,397	143,397	220,651	77,254
Charges for Services	179,550	179,550	327,516	147,966
Fines and Forfeitures	81,300	81,300	84,703	3,403
Miscellaneous				
Investment Income	15,000	15,000	19,045	4,045
Contributions and Donations	2,800	2,800	7,427	4,627
Refunds and Reimbursements	71,300	71,300	116,659	45,359
Other	700	700	6,278	5,578
Total Revenues	<u>6,576,434</u>	<u>6,576,434</u>	<u>6,846,445</u>	<u>270,011</u>
EXPENDITURES				
Current				
General Government	1,147,845	1,147,845	1,347,271	199,426
Public Safety	3,148,770	3,148,770	2,964,402	(184,368)
Public Works	1,452,025	1,452,025	1,187,096	(264,929)
Sanitation	379,250	379,250	402,451	23,201
Culture and Recreation	322,900	322,900	306,980	(15,920)
Debt Service				
Principal	41,600	41,600	179,847	138,247
Interest and Other Charges	23,400	23,400		(23,400)
Capital Outlay				
General Government	85,000	85,000	300,294	215,294
Public Safety	118,844	118,844	120,847	2,003
Public Works	107,000	107,000	981,051	874,051
Culture and Recreation	12,000	12,000		(12,000)
Total Expenditures	<u>6,838,634</u>	<u>6,838,634</u>	<u>7,790,239</u>	<u>951,605</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(262,200)	(262,200)	(943,794)	(681,594)

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	\$ 1,500	\$ 1,500	\$ 6,209	\$ 4,709
Transfers In			450,131	450,131
Transfers Out			(3,810)	(3,810)
Total Other Financing Sources (Uses)	<u>1,500</u>	<u>1,500</u>	<u>452,530</u>	<u>451,030</u>
Net Change in Fund Balances	<u>\$ (260,700)</u>	<u>\$ (260,700)</u>	(491,264)	<u>\$ (230,564)</u>
FUND BALANCE, BEGINNING OF YEAR,			<u>6,326,644</u>	
FUND BALANCE, END OF YEAR			<u>\$ 5,835,380</u>	

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 LOCAL SALES TAX SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Sales Tax	\$ 1,100,000	\$ 1,100,000	\$ 1,294,088	\$ 194,088
Miscellaneous				
Investment Income	2,000	2,000	17,113	15,113
Total Revenues	<u>1,102,000</u>	<u>1,102,000</u>	<u>1,311,201</u>	<u>209,201</u>
EXPENDITURES				
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,102,000	1,102,000	1,311,201	209,201
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(1,328,213)</u>	<u>171,787</u>
Net Change in Fund Balances	<u>\$ (398,000)</u>	<u>\$ (398,000)</u>	(17,012)	<u>\$ 380,988</u>
FUND BALANCE, BEGINNING OF YEAR			<u>2,617,686</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,600,674</u>	

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2017

	Business-Type Activities - Enterprise Funds			
	Water (703)	Sewer (709)	Stormwater (715)	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Current Assets				
Cash and Investments	\$ 1,384,137	\$ 1,878,857	\$ 53,811	\$ 3,316,805
Receivables				
Accounts	5,493	864		6,357
Utilities	356,715	368,673	11,421	736,809
Prepaid Items	9,794	5,932		15,726
Due from Other Funds	999	1,499		2,498
Total Current Assets	<u>1,757,138</u>	<u>2,255,825</u>	<u>65,232</u>	<u>4,078,195</u>
Noncurrent Assets				
Capital Assets				
Assets Not Being Depreciated	1,808,495	1,525,862		3,334,357
Other Capital Assets, Net of Depreciation	14,013,895	12,955,588		26,969,483
Total Noncurrent Assets	<u>15,822,390</u>	<u>14,481,450</u>	<u>0</u>	<u>30,303,840</u>
Total Assets	<u>17,579,528</u>	<u>16,737,275</u>	<u>65,232</u>	<u>34,382,035</u>
Deferred Outflows of Resources				
Related to Pensions	82,820	25,503	2,432	110,755
Total Assets and Deferred Outflows of Resources	<u>\$ 17,662,348</u>	<u>\$ 16,762,778</u>	<u>\$ 67,664</u>	<u>\$ 34,492,790</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 50,435	\$ 255,710	\$ 10	\$ 306,155
Contracts Payable	134,947			134,947
Salaries and Benefits Payable	13,962	3,137		17,099
Due to Other Funds		396		396
Interest Payable	3,349			3,349
Compensated Absences Due Within One Year	30,000	20,000		50,000
Bonds Payable Due Within One Year	379,534			379,534
Total Current Liabilities	<u>612,227</u>	<u>279,243</u>	<u>10</u>	<u>891,480</u>
Noncurrent Liabilities				
Advance from Other Funds	300,000			300,000
Net Pension Liability	310,206	95,525	9,111	414,842
Compensated Absences, Net of Current Amount	96,629	52,108		148,737
Other Postemployment Benefits Payable	25,535	8,512		34,047
Bonds Payable, Net of Current Amount	2,461,012			2,461,012
Total Noncurrent Liabilities	<u>3,193,382</u>	<u>156,145</u>	<u>9,111</u>	<u>3,358,638</u>
Total Liabilities	<u>3,805,609</u>	<u>435,388</u>	<u>9,121</u>	<u>4,250,118</u>
Deferred Inflows of Resources				
Related to Pensions	62,309	19,187	1,830	83,326
Net Position				
Net Investment in Capital Assets	12,981,844	14,481,450		27,463,294
Unrestricted	812,586	1,826,753	56,713	2,696,052
Total Net Position	<u>13,794,430</u>	<u>16,308,203</u>	<u>56,713</u>	<u>30,159,346</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 17,662,348</u>	<u>\$ 16,762,778</u>	<u>\$ 67,664</u>	<u>\$ 34,492,790</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities - Enterprise Funds			
	Water (703)	Sewer (709)	Stormwater (715)	Total
OPERATING REVENUES				
Charges for Services	\$ 1,886,289	\$ 1,506,344	\$ 47,503	\$ 3,440,136
Service Availability Charge	90,000	90,000		180,000
Total Operating Revenues	1,976,289	1,596,344	47,503	3,620,136
OPERATING EXPENSES				
Wages and Salaries	485,025	139,210	12,654	636,889
Supplies	6,883	4,377	72	11,332
Repairs and Maintenance	225,674	31,721	3,035	260,430
Utilities	221,741	4,883		226,624
Contractual Services	6,922	1,073,491	232	1,080,645
Depreciation	412,303	471,231		883,534
Professional Services	6,522	4,037		10,559
Miscellaneous	99,188	21,062	2,465	122,715
Total Operating Expenses	1,464,258	1,750,012	18,458	3,232,728
Operating Income (Loss)	512,031	(153,668)	29,045	387,408
NONOPERATING REVENUES (EXPENSES)				
Miscellaneous	1,033	128		1,161
Investment Income	7,949	9,634	250	17,833
Interest and Fiscal Agent Fees	(78,765)			(78,765)
Total Nonoperating Revenues (Expenses)	(69,783)	9,762	250	(59,771)
Income (Loss) Before Transfers and Capital Contributions	442,248	(143,906)	29,295	327,637
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers In		33,539		33,539
Transfers Out	(33,539)			(33,539)
Capital Contributions	28,838	28,838		57,676
Total Transfers and Capital Contributions	(4,701)	62,377	0	57,676
Change in Net Position	437,547	(81,529)	29,295	385,313
NET POSITION, BEGINNING OF YEAR,	13,356,883	16,389,732	27,418	29,774,033
NET POSITION, END OF YEAR	\$ 13,794,430	\$ 16,308,203	\$ 56,713	\$ 30,159,346

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities - Enterprise Funds			Total
	Water (703)	Sewer (709)	Stormwater (715)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,971,480	\$ 1,601,892	\$ 47,424	\$ 3,620,796
Payments to Suppliers	(534,807)	(968,056)	(5,802)	(1,508,665)
Payments to Employees	(457,708)	(143,749)	(15,136)	(616,593)
Net Cash Provided (Used) by Operating Activities	978,965	490,087	26,486	1,495,538
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund Activity	99,684	(400)		99,284
Other Income	1,033	128		1,161
Net Cash Provided (Used) by Noncapital Financing Activities	100,717	(272)	0	100,445
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(373,980)			(373,980)
Principal Paid on Debt	(369,534)			(369,534)
Interest Paid on Debt	(79,100)			(79,100)
Net Cash Provided (Used) by Capital and Related Financing Activities	(822,614)	0	0	(822,614)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest and Dividends Received	7,949	9,634	250	17,833
Net Increase (Decrease) in Cash and Cash Equivalents	265,017	499,449	26,736	791,202
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR				
	1,119,120	1,379,408	27,075	2,525,603
CASH AND CASH EQUIVALENTS, END OF YEAR				
	<u>\$ 1,384,137</u>	<u>\$ 1,878,857</u>	<u>\$ 53,811</u>	<u>\$ 3,316,805</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities - Enterprise Funds			
	Water (703)	Sewer (709)	Stormwater (715)	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 512,031	\$ (153,668)	\$ 29,045	\$ 387,408
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	412,303	471,231		883,534
Pension Related Adjustments	26,038	(6,961)	(2,482)	16,595
(Increase) Decrease in Assets				
Accounts Receivable	(4,896)	(864)		(5,760)
Utilities Receivable	87	6,412	(79)	6,420
Prepaid Items	(965)	(571)		(1,536)
Increase (Decrease) in Liabilities				
Accounts Payable	33,088	172,086	2	205,176
Salaries and Benefits Payable	(1,483)	331		(1,152)
Compensated Absences	1,176	1,562		2,738
Other Postemployment Benefits Payable	1,586	529		2,115
Net Cash Provided (Used) by Operating Activities	<u>\$ 978,965</u>	<u>\$ 490,087</u>	<u>\$ 26,486</u>	<u>\$ 1,495,538</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Capital Contributions	\$ 28,838	\$ 28,838	\$	\$ 57,676
Transfers	(33,539)	33,539		
	<u>\$ (4,701)</u>	<u>\$ 62,377</u>	<u>\$ 0</u>	<u>\$ 57,676</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2017

	<u>Agency Fund</u>
ASSETS	
Cash and Investments	<u>\$ 12,484</u>
LIABILITIES	
Accounts Payable	\$ 2,640
Due to Other Organizations	<u>9,844</u>
Total Liabilities	<u>\$ 12,484</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Waite Park is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the City is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate from such. Component units are legally separate entities for which the City is financially accountable, or for which the exclusion of the component unit would render the financial statements of the City misleading.

The criteria used to determine if the City is financially accountable for a component unit includes whether or not 1) the City appoints the voting majority of the potential component unit's governing body and is able to impose its will on the potential component unit or is in a relationship of financial benefit or burden with the potential component unit, or 2) the potential component unit is fiscally dependent on and there is a potential for the potential component unit to provide specific financial benefits to, or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Blended Component Unit - Reported as if they were part of the City.

Blended Component Unit

The Waite Park Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the Waite Park EDA is reported as if it were part of the primary government because its governing body is substantially the same as the governing body of the primary government. Separate financial statements are not prepared for the Waite Park EDA.

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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. 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. Internally dedicated revenues are reported as general revenues rather than program revenues.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Cont'd)

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

The Private Purpose Trust and Agency Funds are presented in the fiduciary fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

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 fund and fiduciary fund 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 after 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, special assessments, intergovernmental revenue, charges for services, 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The Local Sales Tax Special Revenue Fund is used to account for the accumulation of local sales and use tax revenue.

The \$6,885,000 G.O. Improvement Crossover Refunding Bonds of 2010A Debt Service Fund is used to account for the accumulation of resources for, and the payment of the debt principal, interest, and related costs.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(Cont'd)

The \$4,720,000 G.O. Improvement Bonds of 2013 Debt Service Fund is used to account for the accumulation of resources for, and the payment of the debt principal, interest, and related costs.

The Public Works Facility Fund is used to account for the costs incurred related to the Public Works Facility Project.

The City reports the following major enterprise funds:

The Water Fund accounts for the operations of the City's water utility.

The Sewer Fund accounts for the operations of the City's sewer utility.

The Stormwater Fund accounts for the operations related to protecting and improving the quality of local water resources and to maintain compliance with requirements of the Federal Clean Water Act.

Additionally, the City reports the following fiduciary fund:

The Agency Fund is custodial in nature and does not present results of operations or have a measurement focus. This fund accounts for assets the City holds for others in an agent capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions 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 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.

It is generally the City's policy to use restricted resources first, then unrestricted resources as they are needed when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. DEPOSITS AND INVESTMENTS

The City's cash and cash equivalents are considered to be cash on hand, deposits and highly liquid debt instruments purchased with original maturities of three months or less from the date of acquisition.

The City may invest in the following types of investments as authorized by Minn. Stat. §§118A.04 and 118A.05:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. §118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers acceptances of United States bank;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Cash and investments were comprised of deposits, brokered certificates of deposit and money market accounts, and the 4M Fund.

The City invests in an external investment pool, the Minnesota Municipal Money Market Fund (4M Fund), which is created under a joint powers agreement pursuant to Minn. Stat. §471.59. The 4M Fund is not registered with the Securities Exchange Commission (SEC), but does satisfy the requirements of Rule 2a-7 prescribed by the SEC pursuant to the Investment Company Act of 1940 (17 CFR §270.2a-7), as amended. The investment in the pool is measured at the net asset value per share provided by the pool.

The City has an investment policy in place that addresses interest rate risk, credit risk, concentration of credit risk and custodial credit risk as follows:

Custodial Credit Risk - Deposits: For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City minimizes custodial credit risk by obtaining collateral or bonds for all uninsured amounts on deposit and by obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. DEPOSITS AND INVESTMENTS (Cont'd)

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The City minimizes 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.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy states it will comply with Minnesota Statutes Chapter 118A.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments should be diversified to avoid incurring unreasonable risk inherent in over investing in specific instruments, individual financial institutions or maturities. The City's investment policy states the City will attempt to diversify their investments according to type and maturity.

Custodial Credit Risk - Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states when investments purchased by the City are held in safekeeping by a broker/dealer, they must provide insurance through the Securities Investor Protection Corporation (SIPC).

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation of 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.

E. RECEIVABLES AND PAYABLES

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

All trade and property tax receivables are shown at a gross amount since both are assessable to the property and are collectible upon the sale of the property.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. RECEIVABLES AND PAYABLES (Cont'd)

The City levies its property tax for the subsequent year during the month of December. December 30th is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Stearns County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment is due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

F. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. CAPITAL ASSETS

Capital assets, both tangible and intangible, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items) and easements, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Tangible and intangible capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the City did not have any capitalized interest.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

G. CAPITAL ASSETS (Cont'd)

Tangible and intangible assets of the City are depreciated using the straight-line, full month convention method over the following estimated useful lives:

Assets	Years
Buildings	5-30
Land Improvements	10-60
Vehicles	5-10
Machinery and Equipment	3-15
Infrastructure	10-50

Capital assets not being depreciated include land, easements and construction in progress, if any.

H. DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future reporting period. During that future period, it will be recognized as an outflow of resources (expense/expenditure). The City has one item that qualifies for reporting in this category on the government-wide Statement of Net Position which is related to pensions.

I. COMPENSATED ABSENCES

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability for compensated absences is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. The government-wide and proprietary funds Statement of Net Position reports both current and noncurrent portions of compensated absences using full accrual accounting. The current portion consists of an amount based on expected or known retirements coming in the next fiscal year. The noncurrent portion consists of the remaining amount of vacation and total vested sick leave.

Employees are granted vacation based on their years of service. Maximum vacation accumulation shall be equal to the number of hours earned in the preceding year plus hours earned to date in the current year.

Employees hired as of December 12, 1989, can accumulate up to 10 days of unused sick leave in the first year of employment and 15 days thereafter, not to exceed 150 days. Subsequent to having accumulated 150 days, they are reimbursed in the year the sick leave is earned, for half of the days accrued in excess of 150 days up to a maximum of 165 days. Nonunion employees hired after December 12, 1989, are not entitled to payment of sick leave upon retirement.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. COMPENSATED ABSENCES

Unpaid sick and vacation pay earned, is estimated to be approximately \$1,144,313 in the governmental funds and \$198,737 in the enterprise funds.

J. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the City of Waite Park's Fire Relief Association and additions to/deductions from PERA's and the City of Waite Park's Fire Relief Association's fiduciary net position have been determined on the same basis as they are reported by PERA and the City of Waite Park's Fire Relief Association. 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.

K. OTHER POSTEMPLOYMENT BENEFITS

Employees of the City pay premiums based on amounts negotiated in union contracts. Since the insurance rates are not age based, the City has an implicit rate subsidy factor in postemployment health care expenses. Additionally, Minnesota Statutes require the City to allow retired employees to stay on the health care plan with the retiree responsible to pay the entire premium for continuation coverage. The City's personnel policy and union contracts do not provide for any contributions upon employee retirement.

L. 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.

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.

M. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period. During that future period, it will be recognized as an inflow of resources (revenue). The City has items that qualify for reporting in this category on both the government-wide Statement of Net Position and the governmental fund financial statements related to property taxes, special assessments and pensions.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. FUND BALANCE

In the governmental 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 governmental funds. These classifications are as follows:

Nonspendable - consists of amounts that cannot be spent because it is not in spendable form or are legally or contractually required to be maintained intact, such as inventories and prepaid items.

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

Committed - consists of amounts that are constrained for specific purposes that are internally imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. These constraints are established by Resolution of the City Council.

Assigned - consists of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to City Council Resolution, the Finance Director and City Administrator are authorized to establish assignments of fund balance.

Unassigned - is the residual classification for the General Fund and also reflects negative residual amounts in the remaining governmental funds.

The City requires 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.

O. NET POSITION

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the government-wide, proprietary fund, and fiduciary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide, proprietary fund, and fiduciary fund financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City Council adopts an annual budget. The amounts shown in the financial statements as "budget" represent the original budgeted amounts and all revisions made during the year. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budget requests are submitted by all department heads to the City finance department and City Administrator. The finance department and City Administrator compile the budget requests into an overall preliminary City budget, balancing budget requests with available revenue.
2. In August, the finance department and City Administrator present the proposed budget for the fiscal year commencing the following January 1 to the City Council which in turn holds a public hearing on the proposed budget. The budget resolution adopted by the City Council sets forth the budget at the function level for the General and Special Revenue Funds prior to December 31.
3. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budget presented is the original budget; there were no amendments during the year. Annual appropriations lapse at year-end.

Encumbrances outstanding at year-end expire and outstanding purchase orders are canceled and not reported in the financial statements.

B. DEFICIT FUND BALANCES AND NET POSITION

The following funds had deficit fund balances/net position:

\$1,685,000 G.O. Tax Increment Crossover Refunding	
Bonds of 2014A Debt Service Fund	\$ (112)

Deficits will be eliminated by transfers and tax increment revenue.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Cont'd)

C. EXPENDITURES EXCEEDING APPROPRIATIONS

The following funds had expenditures that exceeded appropriations:

	<u>Appropriations</u>	<u>Expenditures</u>
General Fund	\$ 6,838,634	\$ 7,790,239

NOTE 3. DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council.

Custodial Credit Risk - Deposits: The City's bank balances were not exposed to custodial credit risk because they were fully insured through the FDIC as well as collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name.

Checking	\$ 141,460
Flex Account	8,347
Petty Cash	<u>200</u>
Total Deposits	<u>\$ 150,007</u>

B. INVESTMENTS

The City had the following investments:

	<u>Fair Value or Amortized Cost</u>	<u>Interest Rate Risk Weighted Average Maturity (Years)</u>	<u>Credit Risk Credit Ratings</u>	<u>Concentration Risk Over 5 Percent of Portfolio</u>
Brokered Certificates of Deposit	\$ 1,634,617	0.39	N/A	8.63%
External Investment Pool	16,269,285	N/A	Not Rated	N/A
Money Market Accounts	<u>1,040,086</u>	N/A	N/A	5.49%
Total Investments	<u>\$ 18,943,988</u>			

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3. DEPOSITS AND INVESTMENTS (Cont'd)

B. INVESTMENTS (Cont'd)

	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered Certificates of Deposit	\$ 1,634,617	\$ 0	\$ 1,634,617	\$ 0
Investments at amortized cost:				
External Investment Pool	16,269,285			
Money Market Accounts	<u>1,040,086</u>			
Total Investments at Amortized Cost	<u>17,309,371</u>			
Total Investments	<u>\$ 18,943,988</u>			

The following is a summary of total deposits and investments:

Deposits (Note 3.A.)	\$ 150,007
Investments (Note 3.B.)	<u>18,943,988</u>
Total Deposits and Investments	<u>\$ 19,093,995</u>

Deposits and investments are presented in the basic financial statements as follows:

Statement of Net Position	
Cash and Investments	\$ 19,081,511
Statement of Fiduciary Net Position	
Cash and Investments	<u>12,484</u>
	<u>\$ 19,093,995</u>

CITY OF WAITE PARK, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

NOTE 4. RECEIVABLES

Receivables are as follows:

	Total Receivables	Amounts not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Accounts	\$ 32,118	\$
Interest	5,866	
Delinquent Taxes	104,790	104,790
Special Assessments	3,010,755	2,778,058
Total Governmental Activities	\$ 3,153,529	\$ 2,882,848
Business-Type Activities		
Accounts	\$ 6,357	\$
Utilities	736,809	
Total Business-Type Activities	\$ 743,166	\$ 0

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5. CAPITAL ASSETS

Capital asset activity is as follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 1,098,918	\$	\$	\$ 1,098,918
Easements	900,143			900,143
Construction in Progress	7,580,327	6,858,651	(2,321,301)	12,117,677
Total Capital Assets, Not Being Depreciated	9,579,388	6,858,651	(2,321,301)	14,116,738
Capital Assets, Being Depreciated				
Buildings	4,695,912	405,861		5,101,773
Improvements Other than Buildings	40,528,699	2,355,115		42,883,814
Machinery and Equipment	5,194,429	1,243,359	(55,983)	6,381,805
Total Capital Assets, Being Depreciated	50,419,040	4,004,335	(55,983)	54,367,392
Less Accumulated Depreciation for				
Buildings	2,921,288	49,315		2,970,603
Improvements Other than Buildings	16,334,577	827,547		17,162,124
Machinery and Equipment	3,856,551	327,304	(55,983)	4,127,872
Total Accumulated Depreciation	23,112,416	1,204,166	(55,983)	24,260,599
Total Capital Assets, Being Depreciated, Net	27,306,624	2,800,169	0	30,106,793
Governmental Activities Net Capital Assets	<u>\$ 36,886,012</u>	<u>\$ 9,658,820</u>	<u>\$ (2,321,301)</u>	<u>\$ 44,223,531</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 46,801
Public Safety	213,264
Public Works	931,698
Culture and Recreation	12,403
Total Depreciation Expense - Governmental Activities	<u>\$ 1,204,166</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5. CAPITAL ASSETS (Cont'd)

Business-Type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 22,000	\$	\$	\$ 22,000
Easement	1,399,032			1,399,032
Construction in Progress	3,391,726	469,679	(1,948,080)	1,913,325
Total Capital Assets, Not Being Depreciated	4,812,758	469,679	(1,948,080)	3,334,357
Capital Assets, Being Depreciated				
Improvements Other than Buildings	39,867,077	1,948,084		41,815,161
Machinery and Equipment	504,123	96,924		601,047
Total Capital Assets, Being Depreciated	40,371,200	2,045,008	0	42,416,208
Less Accumulated Depreciation for				
Improvements Other than Buildings	14,063,828	881,064		14,944,892
Machinery and Equipment	499,363	2,470		501,833
Total Accumulated Depreciation	14,563,191	883,534	0	15,446,725
Total Capital Assets, Being Depreciated, Net	25,808,009	1,161,474	0	26,969,483
Business-Type Activities Net Capital Assets	<u>\$ 30,620,767</u>	<u>\$ 1,631,153</u>	<u>\$ (1,948,080)</u>	<u>\$ 30,303,840</u>

Depreciation expense was charged to functions/programs as follows:

Business-Type Activities	
Water	\$ 412,303
Sewer	471,231
Total Depreciation Expense - Business-Type Activities	<u>\$ 883,534</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 6. INTERFUND ACTIVITY

A. INTERFUND BALANCES

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General	Water	\$ 300,000
Water	General	603
Sewer	General	1,499
Water	Sewer	396
Total Interfund Balances		<u>\$ 302,498</u>

Interfund loans exists between the General, Water and Sewer Funds for operating purposes.

B. INTERFUND TRANSFERS

The composition of interfund transfers is as follows:

	Transfers Out				Total
	General	Local Sales Tax	Water	Nonmajor Governmental Funds	
Transfers In					
General	\$	\$ 450,131	\$	\$	\$ 450,131
G.O. Improvement Crossover Refunding Bond of 2010A		678,000			678,000
Public Works Facility				6,700,000	6,700,000
Sewer			33,539		33,539
Nonmajor Governmental Funds	3,810	200,082		204,186	408,078
Total Interfund Transfers	<u>\$ 3,810</u>	<u>\$ 1,328,213</u>	<u>\$ 33,539</u>	<u>\$ 6,904,186</u>	<u>\$ 8,269,748</u>

The purpose of the transfers was to provide funding for capital improvement projects, capital outlay, and operating purposes.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7. LONG-TERM LIABILITIES

A. GENERAL OBLIGATION BONDS

The City issues General Obligation (G.O.) Bonds to provide financing for street improvements, facility construction and tax increment projects. Debt service is covered respectively by special assessments, property taxes and tax increments against benefited properties with any shortfalls being paid from general taxes.

G.O. Bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15 year Serial Bonds with equal debt service payments each year.

B. COMPONENTS OF LONG-TERM LIABILITIES

	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
<u>Governmental Activities</u>			
Tax Abatement Bonds			
G.O. Tax Abatement Bonds, Series 2016A	2.00%-3.00%	12/15/31	\$ 2,135,000
Tax Increment Bonds			
G.O. Tax Increment Crossover Refunding Bonds, Series 2014A	2.00%-2.50%	12/15/24	1,340,000
Special Assessment Bonds			
G.O. Improvement Crossover Refunding Bonds, Series 2010A	3.00%-3.50%	12/01/23	2,000,000
G.O. Improvement Bonds, Series 2013B	2.00%-3.10%	12/01/26	3,385,000
CIP Bonds			
G.O. Capital Improvement Plan Bonds, Series 2016B	2.00%-3.00%	12/31/41	9,290,000
G.O. Equipment Certificates of Indebtedness, Series 2013C	0.90%-1.60%	12/15/18	55,000
Capital Lease			467,060
Net Pension Liability			2,480,405
Compensated Absences			1,144,313
Other Postemployment Benefits Payable			249,678
Unamortized Bond Premium			<u>827,463</u>
Total Governmental Activities			<u>\$ 23,373,919</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. COMPONENTS OF LONG-TERM LIABILITIES (Cont'd)

	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
<u>Business-Type Activities</u>			
G.O. Revenue Bonds			
G.O. Refunding Bonds, Series 2013A	2.00%-3.00%	12/01/24	\$ 2,775,000
Unamortized Bond Premium			65,546
Net Pension Liability			414,842
Compensated Absences			198,737
Other Postemployment Benefits Payable			<u>34,047</u>
			<u>\$ 3,488,172</u>

On April 1, 2010, the City issued \$6,885,000 G.O. Improvement Crossover Refunding Bonds, Series 2010A, with an interest rate of 3.00% to 3.50%. The City issued the Bonds to crossover refund the G.O. Improvement Bonds, Series 2008A, totaling \$6,760,000. The City completed the refunding to reduce its debt service payment over the next 13 years by \$286,836. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$237,608.

On December 15, 2011, the City issued \$1,395,000 G.O. Improvement Crossover Refunding Bonds, Series 2011A, with an interest rate of 2.00%. The City issued the Bonds to crossover refund the G.O. Improvement Bonds, Series 2006A, totaling \$750,000 and the G.O. Improvement Bonds, Series 2007A, totaling \$625,000. The City completed the refunding to reduce its debt service payment over the next 6 years by \$51,223. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$46,974.

On November 15, 2013, the City issued \$4,170,000 G.O. Refunding Bonds, Series 2013A, with an interest rate of 2.00% to 3.00%. The City issued the bonds to refund the G.O. Refunding Bonds of 2005, totaling \$4,205,000. The City completed the refunding to limit the annual increases in the debt service payments over the next 11 years. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$189,360.

On November 15, 2013, the City issued \$4,720,000 G.O. Improvement Bonds, Series 2013B, with an interest rate of 2.00% to 3.10%. The City issued the Bonds to fund street improvements.

On November 15, 2013, the City issued \$250,000 G.O. Equipment Certificates of Indebtedness, Series 2013C, with an interest rate of 0.90% to 1.60%. The City issued the Certificates to fund the acquisition of public works equipment.

On August 13, 2014, the City issued \$1,685,000 G.O. Tax Increment Crossover Refunding Bonds, Series 2014A, with an interest rate of 2.00% to 2.5%. The City issued the Bonds to crossover refund the G.O. TIF Bonds of 2009C, totaling \$1,615,000. The City completed the refunding to reduce its debt service payment over the next 10 years by \$70,394. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$63,067.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. COMPONENTS OF LONG-TERM LIABILITIES (Cont'd)

On May 1, 2016, the City issued \$2,275,000 G.O. Tax Abatement Bonds, Series 2016A, with an interest rate of 2.00% to 3.00%. The City issued the bonds to fund street improvements.

On October 15, 2016, the City issued \$9,505,000 G.O. Capital Improvement Plan Bonds, Series 2016B, with an interest rate of 2.00% to 4.00%. The City issued the Bonds to construct a new public works facility.

Debt service funds are used to liquidate the governmental activities outstanding bonded indebtedness, loan payable, and certificates of indebtedness. The General Fund has historically been used to liquidate the outstanding governmental activities compensated absences and other postemployment benefits payable. The Water and Sewer Funds are used to liquidate the outstanding business-type activities compensated absences and other postemployment benefits payable.

C. MINIMUM DEBT PAYMENTS

Annual debt service requirements to maturity for all bonded debt, loan and certificates of indebtedness outstanding are as follows:

Year Ending December 31	Governmental Activities			
	G.O. Tax Abatement Bonds		G.O. Tax Increment Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 140,000	\$ 57,000	\$ 180,000	\$ 28,915
2019	140,000	54,200	185,000	25,315
2020	140,000	51,400	185,000	21,615
2021	140,000	48,600	190,000	17,915
2022	145,000	45,800	195,000	14,115
2023-2027	760,000	169,225	405,000	14,950
2028-2031	670,000	51,000		
	<u>\$ 2,135,000</u>	<u>\$ 477,225</u>	<u>\$ 1,340,000</u>	<u>\$ 122,825</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

C. MINIMUM DEBT PAYMENTS (Cont'd)

Year Ending December 31	Governmental Activities			
	Special Assessment Bonds		C.I.P. Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 1,245,000	\$ 153,035	\$ 265,000	\$ 296,850
2019	640,000	119,585	275,000	291,550
2020	630,000	104,335	280,000	286,050
2021	625,000	86,975	285,000	280,450
2022	625,000	69,550	290,000	274,750
2023-2027	1,620,000	104,500	1,605,000	1,210,300
2028-2032			1,900,000	914,000
2033-2037			2,295,000	529,300
2038-2041			2,095,000	159,600
	<u>\$ 5,385,000</u>	<u>\$ 637,980</u>	<u>\$ 9,290,000</u>	<u>\$ 4,242,850</u>

Year Ending December 31	Governmental Activities			
	G.O. Certificates of Indebtedness		Capital Lease Payable	
	Principal	Interest	Principal	Interest
2018	\$ 55,000	\$ 880	\$ 46,068	\$ 13,779
2019			47,427	12,419
2020			48,827	11,020
2021			50,267	9,579
2022			51,750	8,097
2023-2024			222,721	16,664
	<u>\$ 55,000</u>	<u>\$ 880</u>	<u>\$ 467,060</u>	<u>\$ 71,558</u>

	Business-Type Activities	
	G.O. Revenue Bonds	
	Principal	Interest
2018	\$ 370,000	\$ 71,900
2019	375,000	64,500
2020	385,000	57,000
2021	395,000	47,375
2022	405,000	37,500
2023-2024	845,000	38,250
	<u>\$ 2,775,000</u>	<u>\$ 316,525</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

D. CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
G.O. Tax Abatement					
Bonds	\$ 2,275,000	\$	\$ (140,000)	\$ 2,135,000	\$ 140,000
G.O. Tax Increment					
Bonds	1,515,000		(175,000)	1,340,000	180,000
Special					
Assessment Bonds	6,750,000		(1,365,000)	5,385,000	1,245,000
C.I.P. Bonds	9,505,000		(215,000)	9,290,000	265,000
Total Bonds Payable	<u>20,045,000</u>	<u>0</u>	<u>(1,895,000)</u>	<u>18,150,000</u>	<u>1,830,000</u>
G.O. Certificates of Indebtedness	110,000		(55,000)	55,000	55,000
Net Pension Liability Compensated	5,917,102	1,537,154	(4,973,851)	2,480,405	
Absences	1,021,516	320,865	(198,068)	1,144,313	221,000
Other Postemployment Benefits Payable	234,169	15,509		249,678	
Capital Leases Payable		646,907	(179,847)	467,060	46,068
Unamortized Bond Premium	893,649		(66,186)	827,463	59,275
Total Governmental Activities	<u>\$ 28,221,436</u>	<u>\$ 2,520,435</u>	<u>\$ (7,367,952)</u>	<u>\$ 23,373,919</u>	<u>\$ 2,211,343</u>
<u>Business-Type Activities</u>					
Bonds Payable					
G.O. Water Revenue Bonds, Net of Premium/Discount	\$ 3,210,080	\$	\$ (369,534)	\$ 2,840,546	\$ 379,534
Net Pension Liability Compensated	515,886	195,797	(296,841)	414,842	
Absences	195,999	48,047	(45,309)	198,737	50,000
Other Postemployment Benefits Payable	31,932	2,115		34,047	
Total Business-Type Activities	<u>\$ 3,953,897</u>	<u>\$ 245,959</u>	<u>\$ (711,684)</u>	<u>\$ 3,488,172</u>	<u>\$ 429,534</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

E. CONDUIT DEBT OBLIGATIONS

Conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued various revenue bonds to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

The City's conduit debt consisted of the following:

Name	Date of Issue	Original Amount of Issue	Balance as of December 31, 2017
WACOSA			
Commercial Development Revenue Note, Series 2012	09/17/12	\$ 1,500,000	\$ 1,204,019
McDowall Company			
Industrial Development Revenue Bonds, Series 2006	10/03/06	3,485,000	1,190,000
Goodwill Industries, Inc.			
Revenue Note, Series 2007	01/29/07	2,053,000	1,195,668
Park Villa Apartments			
Multifamily Housing Revenue Bonds, Series 2007	10/17/07	5,550,000	5,204,352

NOTE 8. RISK MANAGEMENT

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT), which is a public entity risk pool currently operating as a common risk management and insurance program, with other cities in the state. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, but retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment is estimated to be immaterial based on workers' compensation rates and salaries for the year.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8. RISK MANAGEMENT (Cont'd)

There are no other claims liabilities reported in the funds based on the requirements of accounting standards, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 9. CITY OF WAITE PARK FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN

A. PLAN DESCRIPTION

The Waite Park Fire Department participates in the Statewide Volunteer Firefighter Retirement Plan (SVF), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The SVF plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. The plan covered 29 active firefighters and 2 vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353 G.

B. BENEFITS PROVIDED

The Volunteer Firefighter Plan provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level approved by the City. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40% through 20 years at 100%.

C. CONTRIBUTIONS

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes, and voluntary City contributions. The State of Minnesota contributed \$40,862 in fire state aid to the fund. Required employer contributions are calculated annually based on statutory provisions. In addition, the City made voluntary contributions of \$5,000 to the plan.

D. PENSION COSTS

The City reported a net pension liability (asset) of \$(113,834) for the Volunteer Firefighter Fund. The net pension liability (asset) was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9. CITY OF WAITE PARK FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

D. PENSION COSTS (Cont'd)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 1/1/2016	\$ 591,896	\$ 737,133	\$ (145,237)
Changes for the Year:			
Service Cost	21,771		21,771
Interest	34,552		34,552
Differences Between Expected and Actual Experience	70,464		70,464
Contributions - City		45,862	(45,862)
Net Investment Income		48,575	(48,575)
Benefit Payments, Including Refunds of Employee Contributions	(75,600)	(75,600)	
Administrative Expense		(985)	985
Other		1,932	(1,932)
Net Change	<u>51,187</u>	<u>19,784</u>	<u>31,403</u>
Balances at 12/31/2016	<u>\$ 643,083</u>	<u>\$ 756,917</u>	<u>\$ (113,834)</u>

For the year ended December 31, 2017, the City recognized pension expense of \$39,394.

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 83,535	\$
Differences between projected and actual investment earnings	22,425	
Contributions paid to plan subsequent to measurement date	45,642	
State revenue received for the plan subsequent to measurement date		40,642
Totals	<u>\$ 151,602</u>	<u>\$ 40,642</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9. CITY OF WAITE PARK FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

D. PENSION COSTS (Cont'd)

\$45,642 reported as deferred outflows of resources related to pensions resulting from City contributions to the pension plan subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. \$40,642 reported as deferred inflows of resources related to pensions resulting from state aid received for the plan subsequent to the measurement date will be recognized as an increase of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pension plans will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Expense</u>
2018	\$ 30,912
2019	30,912
2020	30,915
2021	13,221

E. ACTUARIAL ASSUMPTIONS

The total pension liability was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Inflation	3.00 percent
Retirement Eligibility	Later of age 50 or 20 years of service
Investment Rate of Return	6.00 percent

F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 6.00%. 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 WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9. CITY OF WAITE PARK FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

G. PENSION LIABILITY (ASSET) SENSITIVITY

The following presents the net pension liability (asset) for the Volunteer Firefighter Fund, calculated using the discount rate as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (5.00%)	Discount Rate (6.00%)	1% Increase in Discount Rate (7.00%)
City's Net Pension Liability (Asset)	\$ (100,158)	\$ (113,834)	\$ 548,896

H. PLAN INVESTMENTS/INVESTMENT POLICY:

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the Governor (who is designated as chair of the Board), State Auditor, Secretary of State and State Attorney General.

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

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

I. ASSET ALLOCATION

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Volunteer Firefighter Plan 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.00%	5.10%
International Equity	15.00%	5.30%
Fixed Income	45.00%	0.75%
Cash	5.00%	0.00%

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9. CITY OF WAITE PARK FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

I. ASSET ALLOCATION (Cont'd)

The 6% long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

The SBI made no significant changes to their investment policy during 2017 for the Volunteer Firefighter Fund.

J. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of June 30, 2017, 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 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE

A. PLAN DESCRIPTION

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

General Employees Retirement Plan (GERP):

All full-time and certain part-time employees of the City, are covered by GERP. GERP members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

Public Employees Police and Fire Plan (PEFPF):

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

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.

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

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

GERP Benefits:

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

PEPFP Benefits:

Benefits for the PEPFP members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFP members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFP who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

C. CONTRIBUTIONS

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

C. CONTRIBUTIONS (Cont'd)

General Employees Retirement Plan (GERP) Contributions:

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in calendar year 2017. The City was required to contribute 11.78% of pay for Basic Plan members and 7.5% for Coordinated Plan members in calendar year 2017. The City's contributions to the GERP for the year ended December 31, 2017, were \$108,187. The City's contributions were equal to the required contributions for each year as set by state statute.

Public Employees Police and Fire Plan (PEPFP) Contributions:

Plan members were required to contribute 10.80% of their annual covered salary in calendar year 2017. The City was required to contribute 16.20% of pay for PEPFP members in calendar year 2017. The City's contributions to the PEPFP for the year ended December 31, 2017, were \$179,876. The City's contributions were equal to the required contributions for each year as set by state statute.

D. PENSION COSTS

GERP Pension Costs:

At December 31, 2017, the City reported a liability of \$1,423,617 for its proportionate share of the GERP's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. 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 \$17,890. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016 through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportionate share was 0.0223% at the end of the measurement period and 0.0214% at the beginning of the period.

For the year ended December 31, 2017, the City recognized pension expense of \$76,663 for its proportionate share of GERP's pension expense. In addition, the City recognized an additional \$517 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Retirement Plan.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

D. PENSION COSTS (Cont'd)

GERP Pension Costs: (Cont'd)

At December 31, 2017, the City reported its proportionate share of GERP's deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 46,918	\$ 91,585
Changes in actuarial assumptions	236,351	142,718
Differences between projected and actual investment earnings	9,195	
Changes in proportion	39,433	51,648
Contributions paid to PERA subsequent to measurement date	<u>48,186</u>	
Totals	<u>\$ 380,083</u>	<u>\$ 285,951</u>

\$48,186 reported as deferred outflows of resources related to pensions resulting from City contributions to subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Expense</u>
2018	\$ 35,704
2019	84,486
2020	(13,815)
2021	(60,429)

PEPFP Pension Costs:

At December 31, 2017, the City reported a liability of \$1,471,630 for its proportionate share of the PEPFP's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016 through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportionate share was 0.1090% at the end of the measurement period and 0.1170% at the beginning of the period. The City also recognized \$9,810 for the year ended December 31, 2017 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to PEPFP. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFP each year, starting in fiscal year 2014.

For the year ended December 31, 2017, the City recognized pension expense of \$(242,685) for its proportionate share of PEPFP's pension expense.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

D. PENSION COSTS (Cont'd)

PEPFP Pension Costs: (Cont'd)

At December 31, 2017, the City reported its proportionate share of PEPFP's deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 33,873	\$ 393,424
Changes in actuarial assumptions	2,067,273	2,089,349
Differences between projected and actual investment earnings	20,211	
Changes in proportion	77,302	110,238
Contributions paid to PERA subsequent to measurement date	<u>82,296</u>	
Totals	<u>\$ 2,280,955</u>	<u>\$ 2,593,011</u>

\$82,296 reported as deferred outflows of resources related to pensions resulting from City contributions to subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Expense</u>
2018	\$ 60,937
2019	60,937
2020	6,990
2021	(90,073)
2022	(433,143)

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2017 actuarial valuation was determined using the 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% per year

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be one percent per year for all future years for the General Employees Plan through 2044 and Police and Fire Plan through 2064 and then 2.5 percent thereafter for both plans.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

E. ACTUARIAL ASSUMPTIONS (Cont'd)

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

The following changes in actuarial assumptions occurred in 2017:

GERP:

The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for non-vested deferred member liability.

The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.

The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

PEPFP:

Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.

Assumed rates of retirement were changed, resulting in fewer retirements.

The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.

The based 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 based 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% 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% to 60%.

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.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

E. ACTUARIAL ASSUMPTIONS (Cont'd)

PEPFP: (Cont'd)

The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	39.00%	5.10%
International Stocks	19.00%	5.30%
Bonds	20.00%	0.75%
Alternative Assets	20.00%	5.90%
Cash	2.00%	0.00%

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2017 was 7.50%. 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 GERP and PEPFP was projected to be available to make all projected future benefit payments of current plan participants. 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:

	GERP		PEPFP	
1% Lower	6.50%	\$ 2,208,138	15.20%	\$ 2,771,508
Current Discount Rate	7.50%	1,423,617	16.20%	1,471,630
1% Higher	8.50%	781,346	17.20%	398,508

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

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 report may be obtained on the internet at www.mnpera.org.

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

A. PLAN DESCRIPTION

The City operates a single-employer retiree benefit plan ("the Plan") that provides health insurance to eligible employees and their families through the City's commercial health insurance plan. There are 34 active participants and 1 retired participant. Benefit and eligibility provisions are established through negotiations between the City and employee groups including various unions. The union contracts are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

B. FUNDING POLICY

Contribution requirements are also negotiated between the City and employees and union representatives. The City contributes 0% of the cost of current-year premiums for eligible retired plan members and their spouses. For the year ended December 31, 2017, the City contributed \$15,601 to the Plan. The Plan is financed on a pay-as-you-go basis.

C. ANNUAL OPEB COST AND NET OPEB OBLIGATION

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the City's net OPEB obligation.

Annual Required Contribution	\$ 37,970
Interest on Net OPEB Obligation	10,644
Adjustment to Annual Required Contribution	<u>(15,389)</u>
Annual OPEB Cost (Expense)	33,225
Contributions Made	<u>(15,601)</u>
Increase (Decrease) in Net OPEB Obligation	17,624
Net OPEB Obligation - Beginning of Year	<u>266,101</u>
Net OPEB Obligation - End of Year	<u><u>\$ 283,725</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan and the net OPEB obligation for 2017 and the preceding two years was:

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Cont'd)

C. ANNUAL OPEB COST AND NET OPEB OBLIGATION (Cont'd)

Fiscal Year Ended	Annual OPEB Cost	Annual Plan Sponsor Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2017	\$ 33,225	\$ 15,601	46.96%	\$ 283,725
12/31/2016	32,498	13,230	40.71%	266,101
12/31/2015	31,412	3,424	10.90%	246,833

D. FUNDED STATUS AND FUNDING PROGRESS

As of January 1, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$247,056 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$247,056. The annual payroll for active employees covered by the Plan in the actuarial valuation was \$2,218,541 for a ratio of UAAL to covered payroll of 11.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress and the Schedule of Employer Contributions, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumption included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 7.2% reduced by decrements to an ultimate rate of 5% after seven years. The inflation rate was 2.75%. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2017 was 30 years.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DECEMBER 31, 2017

Fiscal Year Ending	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability (Asset) Associated with the Employer (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) and the State's Proportionate Share of the Net Pension Liability (Asset) Associated with the Employer (a+b)	Employer's Covered-Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>Pension</u>							
<u>PERA - GERE</u>							
6/30/2017	0.0223%	\$ 1,423,617	\$ 17,890	\$ 1,441,507	\$ 1,435,757	100.40%	75.90%
6/30/2016	0.0214%	1,737,574	22,610	1,760,184	1,325,400	132.80%	68.91%
6/30/2015	0.0223%	1,155,702		1,155,702	1,303,378	88.67%	78.19%
<u>PERA - PEPFF</u>							
6/30/2017	0.1090%	1,471,630		1,471,630	1,121,553	131.21%	85.43%
6/30/2016	0.1170%	4,695,414		4,695,414	1,124,159	417.68%	63.88%
6/30/2015	0.1110%	1,261,220		1,261,220	1,012,580	124.56%	86.61%

The City implemented GASB Statement No. 68 for fiscal year ended December 31, 2015. Information for prior years is not available.

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2017

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
<u>Pension</u>					
<u>PERA - GERE</u>					
2017	\$ 108,187	\$ 108,187	\$	\$ 1,442,503	7.50%
2016	101,440	101,440		1,352,535	7.50%
2015	99,153	99,153		1,322,039	7.50%
 <u>PERA - PEPFF</u>					
2017	179,876	179,876		1,110,334	16.20%
2016	182,244	182,244		1,124,964	16.20%
2015	174,007	174,007		1,074,119	16.20%

The City implemented GASB Statement No. 68 for fiscal year ended December 31, 2015. Information for prior years is not available.

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF CHANGES IN THE CITY FIRE RELIEF ASSOCIATION'S
NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2017

	December 31,		
	2016	2015	2014
Service Cost	\$ 21,771	\$ 22,624	\$ 18,618
Interest	34,552	33,909	38,625
Differences Between Expected and Actual Experience	70,464	45,272	(38,070)
Benefit Payments, Including Refunds of Member Contributions	(75,600)	(104,900)	(98,344)
Net Change in Total Pension Liability	<u>51,187</u>	<u>(3,095)</u>	<u>(79,171)</u>
 Total Pension Liability - Beginning of Year	 <u>591,896</u>	 <u>594,991</u>	 <u>674,162</u>
 Total Pension Liability - End of Year	 <u>\$ 643,083</u>	 <u>\$ 591,896</u>	 <u>\$ 594,991</u>
 Contributions - Employer	 \$ 45,862	 \$ 52,470	 \$ 40,066
Net Investment Income	48,575	4,014	51,482
Benefit Payments, Including Refunds of Member Contributions	(75,600)	(104,900)	(98,344)
Administrative Expense	(985)	(863)	(2,380)
Other	1,932		
Net Change in Plan Fiduciary Net Position	<u>19,784</u>	<u>(49,279)</u>	<u>(9,176)</u>
 Total Plan Fiduciary Net Position - Beginning of Year	 <u>737,133</u>	 <u>786,412</u>	 <u>795,588</u>
 Total Plan Fiduciary Net Position - End of Year	 <u>\$ 756,917</u>	 <u>\$ 737,133</u>	 <u>\$ 786,412</u>
 Fire Relief Association's Net Pension Liability (Asset)	 <u>\$ (113,834)</u>	 <u>\$ (145,237)</u>	 <u>\$ (191,421)</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	 117.70%	 124.54%	 132.17%

The City implemented GASB Statement No. 68 for the year ended December 31, 2015. Information for prior years is not available.

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2017

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/15	\$	\$ 247,056	\$ 247,056	0.0%	\$ 2,218,541	11.10%
01/01/12		239,673	239,673	0.0%	2,106,040	11.40%
12/31/09		316,988	316,988	0.0%	1,843,874	17.19%

Schedule of Employer Contributions

Year Ended December 31,	Annual Required Contribution	Employer Contribution	Percentage Contributed	Net Obligation
2017	\$ 33,225	\$ 15,601	46.96%	\$ 283,725
2016	32,498	13,230	40.71%	266,101
2015	31,412	3,424	10.90%	246,833
2014	41,574	10,919	26.26%	218,845
2013	40,195	11,293	28.10%	191,607
2012	38,422	3,419	8.90%	165,658
2011	55,714	12,125	21.76%	133,027
2010	53,125	7,534	14.18%	91,062
2009	50,448	4,152	8.23%	46,296

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

NOTE 1. CHANGES IN PLAN PROVISIONS

A. GERF

2017 Changes:

No changes.

2016 Changes:

No changes.

2015 Changes:

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.

B. PEPFF:

2017 Changes:

No changes.

2016 Changes:

No changes.

2015 Changes:

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

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS

A. GERF:

2017 Changes:

The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for non-vested deferred member liability.

The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

A. GERF: (Cont'd)

2016 Changes:

The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all years.

The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.

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% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes:

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

B. PEPFF:

2017 Changes:

Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.

Assumed rates of retirement were changed, resulting in fewer retirements.

The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% 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% 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% to 60%.

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.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

B. PEPFF: (Cont'd)

2017 Changes: (Cont'd)

The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.

2016 Changes:

The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.

The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.

The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes:

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

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SUPPLEMENTARY INFORMATION

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CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and Investments	\$ 3,102,531	\$ 2,060,919	\$ 710,363	\$ 5,873,813
Receivables				
Delinquent Taxes		10,309		10,309
Special Assessments				
Delinquent		14,343		14,343
Deferred		748,367		748,367
Due from Other Governments		1,851		1,851
	<u>3,102,531</u>	<u>2,835,789</u>	<u>710,363</u>	<u>6,648,683</u>
Total Assets	<u>\$ 3,102,531</u>	<u>\$ 2,835,789</u>	<u>\$ 710,363</u>	<u>\$ 6,648,683</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 6,435	\$ 1,344	\$ 562	\$ 8,341
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes		10,309		10,309
Special Assessments		762,710		762,710
Total Deferred Inflows of Resources	0	773,019	0	773,019
Fund Balance				
Restricted				
Tax Increment	2,671,906			2,671,906
Loan Program	2,013			2,013
Debt Service		1,187,543		1,187,543
Regional Capital Improvement Projects		873,995	147,053	1,021,048
Assigned				
Capital Outlay	3,924			3,924
Park Land Development	339,546			339,546
Regional Capital Improvement Projects			562,748	562,748
Fund Operations	78,707			78,707
Unassigned				
Total Fund Balance	<u>3,096,096</u>	<u>2,061,426</u>	<u>709,801</u>	<u>5,867,323</u>
	<u>3,096,096</u>	<u>2,061,426</u>	<u>709,801</u>	<u>5,867,323</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,102,531</u>	<u>\$ 2,835,789</u>	<u>\$ 710,363</u>	<u>\$ 6,648,683</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2017

	Special Revenue	Debt Service	Capital Projects	Total
REVENUES				
Property Taxes	\$	\$ 867,788	\$	\$ 867,788
Tax Increments	7,311			7,311
Special Assessments		127,203		127,203
Intergovernmental			18,304	18,304
Fines and Forfeitures	16,548			16,548
Miscellaneous				
Investment Income	17,286	42,191	7,809	67,286
Contributions and Donations	87,210			87,210
Total Revenues	<u>128,355</u>	<u>1,037,182</u>	<u>26,113</u>	<u>1,191,650</u>
EXPENDITURES				
Current				
Public Safety	10,224			10,224
Culture and Recreation	40,255			40,255
Economic Development	3,487			3,487
Debt Service				
Principal		700,000		700,000
Interest and Other Charges		460,275		460,275
Capital Outlay				
Public Safety	17,684			17,684
Public Works			315,352	315,352
Total Expenditures	<u>71,650</u>	<u>1,160,275</u>	<u>315,352</u>	<u>1,547,277</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	56,705	(123,093)	(289,239)	(355,627)
OTHER FINANCING SOURCES (USES)				
Transfers In	3,810	204,186	200,082	408,078
Transfers Out	(204,186)	(6,100,000)	(600,000)	(6,904,186)
Total Other Financing Sources (Uses)	<u>(200,376)</u>	<u>(5,895,814)</u>	<u>(399,918)</u>	<u>(6,496,108)</u>
Net Change in Fund Balances	(143,671)	(6,018,907)	(689,157)	(6,851,735)
FUND BALANCE, BEGINNING OF YEAR	<u>3,239,767</u>	<u>8,080,333</u>	<u>1,398,958</u>	<u>12,719,058</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,096,096</u>	<u>\$ 2,061,426</u>	<u>\$ 709,801</u>	<u>\$ 5,867,323</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 DECEMBER 31, 2017

	2002 DTED Rehabilitation Grant (103)	Park Land Development (807)	Charitable Gambling (815)	Drug Forfeiture (816)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and Investments	\$ 2,013	\$ 339,546	\$ 80,360	\$ 2,378
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Accounts Payable	\$	\$	\$ 1,653	\$ 698
FUND BALANCE				
Restricted				
Tax Increment				
Loan Program	2,013			
Assigned				
Capital Outlay				1,680
Park Land Development		339,546		
Fund Operations			78,707	
Total Fund Balance	<u>2,013</u>	<u>339,546</u>	<u>78,707</u>	<u>1,680</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities And Fund Balance	<u>\$ 2,013</u>	<u>\$ 339,546</u>	<u>\$ 80,360</u>	<u>\$ 2,378</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 DECEMBER 31, 2017

	DWI Forfeiture (817)	Forfeitures (818, 820)	Tax Increment District No. 2 (902)	Tax Increment District No. 2-1 (921)	Total
ASSETS					
Cash and Investments	\$ 4,305	\$ 2,023	\$ 2,668,080	\$ 3,826	\$ 3,102,531
LIABILITIES					
Accounts Payable	\$ 3,084	\$ 1,000	\$	\$	\$ 6,435
FUND BALANCE					
Restricted					
Tax Increment			2,668,080	3,826	2,671,906
Loan Program					2,013
Assigned					
Capital Outlay	1,221	1,023			3,924
Park Land Development					339,546
Fund Operations					78,707
Total Fund Balance	<u>1,221</u>	<u>1,023</u>	<u>2,668,080</u>	<u>3,826</u>	<u>3,096,096</u>
 Total Liabilities And Fund Balance	 <u>\$ 4,305</u>	 <u>\$ 2,023</u>	 <u>\$ 2,668,080</u>	 <u>\$ 3,826</u>	 <u>\$ 3,102,531</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
DECEMBER 31, 2017

	\$1,685,000 G.O. Tax Increment Crossover Refunding Bonds of 2014A (917)	\$215,000 G.O. Equipment Certificates of Indebtedness of 2010B (321)	\$1,810,000 G.O. Improvement Refunding Bonds of 2010C (322)	\$1,395,000 G.O. Improvement Crossover Refunding Bonds of 2011A (323)
ASSETS				
Cash and Investments	\$	\$ 5,043	\$ 733,204	\$ 437,905
Receivables				
Delinquent Taxes		260	1,112	1,755
Special Assessments				
Delinquent	14,343			
Deferred	307,723		288,213	152,431
Due from Other Governments	336	2	6	
	<u>336</u>	<u>2</u>	<u>6</u>	
Total Assets	<u>\$ 322,402</u>	<u>\$ 5,305</u>	<u>\$ 1,022,535</u>	<u>\$ 592,091</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 448	\$	\$	\$
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes		260	1,112	1,755
Special Assessments	322,066		288,213	152,431
Total Deferred Inflows of Resources	<u>322,066</u>	<u>260</u>	<u>289,325</u>	<u>154,186</u>
Fund Balance				
Restricted				
Debt Service		5,045	733,210	437,905
Regional Capital Improvement Projects				
Unassigned	(112)			
Total Fund Balance	<u>(112)</u>	<u>5,045</u>	<u>733,210</u>	<u>437,905</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 322,402</u>	<u>\$ 5,305</u>	<u>\$ 1,022,535</u>	<u>\$ 592,091</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
DECEMBER 31, 2017

	G.O. Equipment Certificates of 2013C (325)	\$2,275,000 G.O. Tax Abatement Bonds of 2016A (326)	\$9,505,000 G.O. Improvement Bonds of 2016B (327)	Total
ASSETS				
Cash and Investments	\$ 11,753	\$ 303,885	\$ 569,129	\$ 2,060,919
Receivables				
Delinquent Taxes	779	1,672	4,731	10,309
Special Assessments				
Delinquent				14,343
Deferred				748,367
Due from Other Governments	78	373	1,056	1,851
Total Assets	\$ 12,610	\$ 305,930	\$ 574,916	\$ 2,835,789
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 448	\$ 448	\$	\$ 1,344
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes	779	1,672	4,731	10,309
Special Assessments				762,710
Total Deferred Inflows of Resources	779	1,672	4,731	773,019
Fund Balance				
Restricted				
Debt Service	11,383			1,187,543
Regional Capital Improvement Projects		303,810	570,185	873,995
Unassigned				(112)
Total Fund Balance	11,383	303,810	570,185	2,061,426
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 12,610	\$ 305,930	\$ 574,916	\$ 2,835,789

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 DECEMBER 31, 2017

	18th Ave South (440)	2013 Capital Improvements (441)	17th Ave South (442)	Total
ASSETS				
Cash and Investments	\$ 158,867	\$ 403,881	\$ 147,615	\$ 710,363
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$	\$	\$ 562	\$ 562
Fund Balance				
Restricted				
Regional Capital Improvement Projects			147,053	147,053
Assigned				
Regional Capital Improvement Projects	158,867	403,881		562,748
Total Fund Balance	<u>158,867</u>	<u>403,881</u>	<u>147,053</u>	<u>709,801</u>
Total Liabilities and Fund Balance	<u>\$ 158,867</u>	<u>\$ 403,881</u>	<u>\$ 147,615</u>	<u>\$ 710,363</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 YEAR ENDED DECEMBER 31, 2017

	2002 DTED Rehabilitation Grant (103)	Park Land Development (807)	Charitable Gambling (815)	Drug Forfeiture (816)
REVENUES				
Tax Increments	\$	\$	\$	\$
Fines and Forfeitures				
Miscellaneous				
Investment Income	12	1,633	69	12
Contributions and Donations		33,134	53,103	973
Total Revenues	<u>12</u>	<u>34,767</u>	<u>53,172</u>	<u>985</u>
EXPENDITURES				
Current				
Public Safety			4,660	460
Culture and Recreation			40,255	
Economic Development				
Total Current	<u>0</u>	<u>0</u>	<u>44,915</u>	<u>460</u>
Capital Outlay				
Public Safety				610
Total Expenditures	<u>0</u>	<u>0</u>	<u>44,915</u>	<u>1,070</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	12	34,767	8,257	(85)
OTHER FINANCING SOURCES (USES)				
Transfers In			3,810	
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>3,810</u>	<u>0</u>
Net Change in Fund Balances	12	34,767	12,067	(85)
FUND BALANCE, BEGINNING OF YEAR	<u>2,001</u>	<u>304,779</u>	<u>66,640</u>	<u>1,765</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,013</u>	<u>\$ 339,546</u>	<u>\$ 78,707</u>	<u>\$ 1,680</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 YEAR ENDED DECEMBER 31, 2017

	DWI Forfeiture (817)	Forfeitures (818, 820)	Tax Increment District No. 2 (902)	Tax Increment District No. 2-1 (921)	Total
REVENUES					
Tax Increments	\$	\$	\$	\$ 7,311	\$ 7,311
Fines and Forfeitures	16,088	460			16,548
Miscellaneous					
Investment Income	52	15	15,491	2	17,286
Contributions and Donations					87,210
Total Revenues	16,140	475	15,491	7,313	128,355
EXPENDITURES					
Current					
Public Safety	1,122	3,982			10,224
Culture and Recreation					40,255
Economic Development				3,487	3,487
Total Current	1,122	3,982	0	3,487	53,966
Capital Outlay					
Public Safety	16,074	1,000			17,684
Total Expenditures	17,196	4,982	0	3,487	71,650
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,056)	(4,507)	15,491	3,826	56,705
OTHER FINANCING SOURCES (USES)					
Transfers In					3,810
Transfers Out			(204,186)		(204,186)
Total Other Financing Sources (Uses)	0	0	(204,186)	0	(200,376)
Net Change in Fund Balances	(1,056)	(4,507)	(188,695)	3,826	(143,671)
FUND BALANCE, BEGINNING OF YEAR	2,277	5,530	2,856,775		3,239,767
FUND BALANCE, END OF YEAR	\$ 1,221	\$ 1,023	\$ 2,668,080	\$ 3,826	\$ 3,096,096

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 YEAR ENDED DECEMBER 31, 2017

	\$1,685,000 G.O. Tax Increment Crossover Refunding Bonds of 2014A (917)	\$215,000 G.O. Equipment Certificates of Indebtedness of 2010B (321)	\$1,810,000 G.O. Improvement Refunding Bonds of 2010C (322)	\$1,395,000 G.O. Improvement Crossover Refunding Bonds of 2011A (323)
REVENUES				
Property Taxes	\$	\$ 27	\$ 104	\$ 18,256
Special Assessments	3,926		28,219	95,058
Miscellaneous				
Investment Income		29	4,007	2,498
Total Revenues	<u>3,926</u>	<u>56</u>	<u>32,330</u>	<u>115,812</u>
EXPENDITURES				
Debt Service				
Principal	175,000			115,000
Interest and Other Charges	33,358		9,825	2,302
Total Expenditures	<u>208,358</u>	<u>0</u>	<u>9,825</u>	<u>117,302</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(204,432)	56	22,505	(1,490)
OTHER FINANCING SOURCES (USES)				
Transfers In	204,186			
Transfers Out				
Total Other Financing Sources (Uses)	<u>204,186</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(246)	56	22,505	(1,490)
FUND BALANCE, BEGINNING OF YEAR	<u>134</u>	<u>4,989</u>	<u>710,705</u>	<u>439,395</u>
FUND BALANCE, END OF YEAR	<u>\$ (112)</u>	<u>\$ 5,045</u>	<u>\$ 733,210</u>	<u>\$ 437,905</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 YEAR ENDED DECEMBER 31, 2017

	G.O. Equipment Certificates of 2013C (325)	\$2,275,000 G.O. Tax Abatement Bonds of 2016A (326)	\$9,505,000 G.O. Improvement Bonds of 2016B (327)	Total
REVENUES				
Property Taxes	\$ 53,573	\$ 207,858	\$ 587,970	\$ 867,788
Special Assessments				127,203
Miscellaneous				
Investment Income	101	7,025	28,531	42,191
Total Revenues	<u>53,674</u>	<u>214,883</u>	<u>616,501</u>	<u>1,037,182</u>
EXPENDITURES				
Debt Service				
Principal	55,000	140,000	215,000	700,000
Interest and Other Charges	2,208	60,745	351,837	460,275
Total Expenditures	<u>57,208</u>	<u>200,745</u>	<u>566,837</u>	<u>1,160,275</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,534)	14,138	49,664	(123,093)
OTHER FINANCING SOURCES (USES)				
Transfers In				204,186
Transfers Out			(6,100,000)	(6,100,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(6,100,000)</u>	<u>(5,895,814)</u>
Net Change in Fund Balances	(3,534)	14,138	(6,050,336)	(6,018,907)
FUND BALANCE, BEGINNING OF YEAR	<u>14,917</u>	<u>289,672</u>	<u>6,620,521</u>	<u>8,080,333</u>
FUND BALANCE, END OF YEAR	<u>\$ 11,383</u>	<u>\$ 303,810</u>	<u>\$ 570,185</u>	<u>\$ 2,061,426</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 YEAR ENDED DECEMBER 31, 2017

	River's Edge (434)	18th Ave South (440)	2013 Capital Improvements (441)	17th Ave South (442)	Total
REVENUES					
Intergovernmental	\$	\$ 18,304	\$	\$	\$ 18,304
Miscellaneous					
Investment Income		877	2,238	4,694	7,809
Total Revenues	0	19,181	2,238	4,694	26,113
EXPENDITURES					
Capital Outlay					
Public Works	200,000			115,352	315,352
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200,000)	19,181	2,238	(110,658)	(289,239)
OTHER FINANCING SOURCES (USES)					
Transfers In	200,082				200,082
Transfers Out				(600,000)	(600,000)
Total Other Financing Sources (Uses)	200,082	0	0	(600,000)	(399,918)
Net Change in Fund Balances	82	19,181	2,238	(710,658)	(689,157)
FUND BALANCE, BEGINNING OF YEAR	(82)	139,686	401,643	857,711	1,398,958
FUND BALANCE, END OF YEAR	\$ 0	\$ 158,867	\$ 403,881	\$ 147,053	\$ 709,801

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
REVENUES				
Taxes				
Property	\$ 5,817,287	\$ 5,817,287	\$ 5,771,233	\$ (46,054)
Gravel	95,000	95,000	113,990	18,990
Franchise	100,000	100,000	98,824	(1,176)
Tax Increment			1,007	1,007
Total Taxes	<u>6,012,287</u>	<u>6,012,287</u>	<u>5,985,054</u>	<u>(27,233)</u>
Licenses and Permits	70,100	70,100	79,112	9,012
Intergovernmental				
Police Aid	90,000	90,000	130,858	40,858
Highway Maintenance Aid	25,000	25,000	33,816	8,816
PERA Aid	3,052	3,052	3,052	
Other Grants and Aids	25,345	25,345	52,925	27,580
Total Intergovernmental	<u>143,397</u>	<u>143,397</u>	<u>220,651</u>	<u>77,254</u>
Charges for Services				
General Government	18,050	18,050	23,061	5,011
Public Safety	161,500	161,500	304,455	142,955
Total Charges for Services	<u>179,550</u>	<u>179,550</u>	<u>327,516</u>	<u>147,966</u>
Fines and Forfeitures	81,300	81,300	84,703	3,403
Miscellaneous				
Investment Income	15,000	15,000	19,045	4,045
Contributions and Donations	2,800	2,800	7,427	4,627
Refunds and Reimbursements	71,300	71,300	116,659	45,359
Other	700	700	6,278	5,578
Total Miscellaneous	<u>89,800</u>	<u>89,800</u>	<u>149,409</u>	<u>59,609</u>
Total Revenues	<u>6,576,434</u>	<u>6,576,434</u>	<u>6,846,445</u>	<u>270,011</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
EXPENDITURES				
Current				
General Government				
Mayor and Council	\$ 48,110	\$ 48,110	\$ 50,179	\$ 2,069
Administrative and Finance	1,024,410	1,024,410	1,204,972	180,562
Elections	10,275	10,275	1,352	(8,923)
Other	65,050	65,050	90,768	25,718
Total General Government	1,147,845	1,147,845	1,347,271	199,426
Public Safety				
Police	2,611,425	2,611,425	2,497,158	(114,267)
Fire	271,750	271,750	209,414	(62,336)
Other	265,595	265,595	257,830	(7,765)
Total Public Safety	3,148,770	3,148,770	2,964,402	(184,368)
Public Works				
Streets and Highways	1,452,025	1,452,025	1,187,096	(264,929)
Sanitation				
Garbage and Other Refuse	351,000	351,000	375,267	24,267
Weed Control	28,250	28,250	27,184	(1,066)
Total Sanitation	379,250	379,250	402,451	23,201
Culture and Recreation				
Total Current	6,450,790	6,450,790	6,208,200	(242,590)
Debt Service				
Principal	41,600	41,600	179,847	138,247
Interest and Other Charges	23,400	23,400		(23,400)
Total Debt Service	65,000	65,000	179,847	114,847
Capital Outlay				
General Government	85,000	85,000	300,294	215,294
Public Safety	118,844	118,844	120,847	2,003
Public Works	107,000	107,000	981,051	874,051
Culture and Recreation	12,000	12,000		(12,000)
Total Capital Outlay	322,844	322,844	1,402,192	1,079,348
Total Expenditures	6,838,634	6,838,634	7,790,239	951,605
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(262,200)	(262,200)	(943,794)	(681,594)

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	\$ 1,500	\$ 1,500	\$ 6,209	\$ 4,709
Transfers In			450,131	450,131
Transfers Out			(3,810)	(3,810)
Total Other Financing Sources (Uses)	<u>1,500</u>	<u>1,500</u>	<u>452,530</u>	<u>451,030</u>
Net Change in Fund Balances	<u>\$ (260,700)</u>	<u>\$ (260,700)</u>	<u>(491,264)</u>	<u>\$ (230,564)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>6,326,644</u>	
FUND BALANCE, END OF YEAR			<u>\$ 5,835,380</u>	

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FINANCIAL SCHEDULES

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CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF LONG-TERM LIABILITIES
DECEMBER 31, 2017

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance Outstanding	Due Within One Year
Governmental Activities						
Tax Abatement Bonds						
G.O. Tax Abatement Refunding Bonds, Series 2016A						
	05/19/16	2.00%-3.00%	\$ 2,275,000	12/15/31	\$ 2,135,000	\$ 140,000
Tax Increment Bonds						
G.O. Tax Increment Crossover Refunding Bonds, Series 2014A						
	08/15/14	2.00%-2.50%	1,685,000	12/15/24	1,340,000	180,000
Special Assessment Bonds						
G.O. Improvement Crossover Refunding Bonds, Series 2010A						
	04/01/10	3.00%-3.50%	6,885,000	12/01/23	2,000,000	855,000
G.O. Improvement Crossover Refunding Bonds, Series 2013B						
	11/15/13	2.00%-3.10%	4,720,000	12/01/26	3,385,000	390,000
C.I.P. Bonds						
G.O. Capital Improvement Plan Bonds, Series 2016B						
	10/26/16	2.00%-3.00%	9,505,000	12/15/41	9,290,000	265,000
G.O. Certificates of Indebtedness						
G.O. Equipment Certificates of Indebtedness, Series 2013C						
	11/15/13	0.90%-1.60%	250,000	12/15/18	55,000	55,000
Capital Lease Payable						
					467,060	46,068
Net Pension Liability						
					2,480,405	
Compensated Absences						
					1,144,313	221,000
Other Postemployment Benefits Payable						
					249,678	
Unamortized Bond Premium						
					827,463	59,275
Total Governmental Activities					<u>23,373,919</u>	<u>2,211,343</u>
Business-Type Activities						
G.O. Revenue Bonds						
G.O. Refunding Bonds, Series 2013A						
	11/15/13	2.00%-3.00%	4,170,000	12/01/24	2,775,000	370,000
Unamortized Bond Premium						
					65,546	9,534
Net Pension Liability						
					414,842	
Compensated Absences						
					198,737	50,000
Other Postemployment Benefits Payable						
					34,047	
Total Business-Type Activities					<u>3,488,172</u>	<u>429,534</u>
Total All Long-Term Liabilities					<u>\$ 26,862,091</u>	<u>\$ 2,640,877</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2017

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
TAX ABATEMENT BONDS:					
2016A G.O. Tax Abatement					
Bonds (326):					
06/15/18	\$	\$ 28,500	\$ 28,500		\$
12/15/18	140,000	28,500	168,500	2018	206,850
06/15/19		27,100	27,100		
12/15/19	140,000	27,100	167,100	2019	203,910
06/15/20		25,700	25,700		
12/15/20	140,000	25,700	165,700	2020	200,970
06/15/21		24,300	24,300		
12/15/21	140,000	24,300	164,300	2021	198,030
06/15/22		22,900	22,900		
12/15/22	145,000	22,900	167,900	2022	200,340
06/15/23		21,088	21,088		
12/15/23	145,000	21,087	166,087	2023	196,534
06/15/24		19,275	19,275		
12/15/24	150,000	19,275	169,275	2024	197,978
06/15/25		17,025	17,025		
12/15/25	150,000	17,025	167,025	2025	193,253
06/15/26		14,775	14,775		
12/15/26	155,000	14,775	169,775	2026	193,778
06/15/27		12,450	12,450		
12/15/27	160,000	12,450	172,450	2027	194,145
06/15/28		10,050	10,050		
12/15/28	160,000	10,050	170,050	2028	189,105
06/15/29		7,650	7,650		
12/15/29	165,000	7,650	172,650	2029	189,315
06/15/30		5,175	5,175		
12/15/30	170,000	5,175	175,175	2030	189,368
06/15/31		2,625	2,625		
12/15/31	175,000	2,625	177,625	2031	189,263
Total 2016A G.O. Tax					
Abatement Refunding Bonds	\$ 2,135,000	\$ 477,225	\$ 2,612,225		\$ 2,742,839

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2017

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
TAX INCREMENT BONDS:					
2014A G.O. Tax Increment Refunding Bonds (917):					
06/15/18	\$	\$ 14,457	\$ 14,457		\$ 219,000
12/15/18	180,000	14,458	194,458	2018	
06/15/19		12,657	12,657		
12/15/19	185,000	12,658	197,658	2019	219,000
06/15/20		10,807	10,807		
12/15/20	185,000	10,808	195,808	2020	219,000
06/15/21		8,957	8,957		
12/15/21	190,000	8,958	198,958	2021	219,000
06/15/22		7,057	7,057		
12/15/22	195,000	7,058	202,058	2022	219,000
06/15/23		4,912	4,912		
12/15/23	200,000	4,913	204,913	2023	219,000
06/15/24		2,562	2,562		
12/15/24	205,000	2,563	207,563	2024	219,000
Total 2014A G.O. Tax Increment Refunding Bonds	<u>\$ 1,340,000</u>	<u>\$ 122,825</u>	<u>\$ 1,462,825</u>		<u>\$ 1,533,000</u>
SPECIAL ASSESSMENT BONDS:					
2010A G.O. Refunding Bonds (320):					
06/01/18	\$	\$ 31,567	\$ 31,567		\$
12/01/18	855,000	31,568	886,568	2018	705,000
06/01/19		18,742	18,742		
12/01/19	245,000	18,743	263,743	2019	25,000
06/01/20		15,067	15,067		
12/01/20	230,000	15,068	245,068	2020	25,000
06/01/21		11,387	11,387		
12/01/21	225,000	11,388	236,388	2021	25,000
06/01/22		7,675	7,675		
12/01/22	225,000	7,675	232,675	2022	25,000
06/01/23		3,850	3,850		
12/01/23	220,000	3,850	223,850	2023	25,200
Total 2010A G.O. Refunding Bonds	<u>\$ 2,000,000</u>	<u>\$ 176,580</u>	<u>\$ 2,176,580</u>		<u>\$ 830,200</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2017

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
SPECIAL ASSESSMENT BONDS					
(Cont'd):					
2013B G.O. Improvement Bonds (324):					
06/15/18	\$	\$ 44,950	\$ 44,950		\$
12/30/18	390,000	44,950	434,950	2018	356,000
06/15/19		41,050	41,050		
12/30/19	395,000	41,050	436,050	2019	356,000
06/15/20		37,100	37,100		
12/30/20	400,000	37,100	437,100	2020	300,000
06/15/21		32,100	32,100		
12/30/21	400,000	32,100	432,100	2021	300,000
06/15/22		27,100	27,100		
12/30/22	400,000	27,100	427,100	2022	300,000
06/15/23		21,100	21,100		
12/30/23	400,000	21,100	421,100	2023	275,000
06/15/24		15,100	15,100		
12/30/24	400,000	15,100	415,100	2024	275,000
06/15/25		9,100	9,100		
12/30/25	400,000	9,100	409,100	2025	275,000
06/15/26		3,100	3,100		
12/30/26	200,000	3,100	203,100	2026	70,000
Total 2013B G.O. Improvement Bonds	<u>\$ 3,385,000</u>	<u>\$ 461,400</u>	<u>\$ 3,846,400</u>		<u>\$ 2,507,000</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2017

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
CIP BONDS:					
2016B G.O. Capital Improvement Plan					
Bonds (327):					
06/15/18	\$	\$ 148,425	\$ 148,425		\$
12/15/18	265,000	148,425	413,425	2018	589,943
06/15/19		145,775	145,775		
12/15/19	275,000	145,775	420,775	2019	594,878
06/15/20		143,025	143,025		
12/15/20	280,000	143,025	423,025	2020	594,353
06/15/21		140,225	140,225		
12/15/21	285,000	140,225	425,225	2021	593,723
06/15/22		137,375	137,375		
12/15/22	290,000	137,375	427,375	2022	592,988
06/15/23		131,575	131,575		
12/15/23	300,000	131,575	431,575	2023	591,308
06/15/24		125,575	125,575		
12/15/24	315,000	125,575	440,575	2024	594,458
06/15/25		120,850	120,850		
12/15/25	320,000	120,850	440,850	2025	589,785
06/15/26		116,050	116,050		
12/15/26	330,000	116,050	446,050	2026	590,205
06/15/27		111,100	111,100		
12/15/27	340,000	111,100	451,100	2027	590,310
06/15/28		106,000	106,000		
12/15/28	350,000	106,000	456,000	2028	590,100
06/15/29		99,000	99,000		
12/15/29	365,000	99,000	464,000	2029	591,150
06/15/30		91,700	91,700		
12/15/30	380,000	91,700	471,700	2030	591,570
06/15/31		84,100	84,100		
12/15/31	395,000	84,100	479,100	2031	591,360
06/15/32		76,200	76,200		
12/15/32	410,000	76,200	486,200	2032	590,520
06/15/33		68,000	68,000		
12/15/33	430,000	68,000	498,000	2033	594,300
06/15/34		59,400	59,400		
12/15/34	445,000	59,400	504,400	2034	591,990
06/15/35		52,725	52,725		
12/15/35	460,000	52,725	512,725	2035	593,723
06/15/36		45,825	45,825		
12/15/36	475,000	45,825	520,825	2036	594,983
06/15/37		38,700	38,700		
12/15/37	485,000	38,700	523,700	2037	590,520
06/15/38		31,425	31,425		
12/15/38	500,000	31,425	531,425	2038	590,993

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2017

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
CIP BONDS (Cont'd):					
2016B G.O. Capital Improvement Plan					
Bonds (327) (Cont'd):					
06/15/39	\$	\$ 23,925	\$ 23,925		\$
12/15/39	515,000	23,925	538,925	2039	590,993
06/15/40		16,200	16,200		
12/15/40	530,000	16,200	546,200	2040	590,520
06/15/41		8,250	8,250		
12/15/41	550,000	8,250	558,250	2041	594,825
Total 2016B G.O. Capital Improvement Plan Bonds	<u>\$ 9,290,000</u>	<u>\$ 4,242,850</u>	<u>\$ 13,532,850</u>		<u>\$ 14,209,498</u>
G.O. EQUIPMENT CERTIFICATES:					
2013C G.O. Equipment					
Certificates (325):					
06/15/18	\$	\$ 440	\$ 440		\$
12/15/18	55,000	440	55,440	2018	54,000
Total 2013C G.O. Equipment Certificates	<u>\$ 55,000</u>	<u>\$ 880</u>	<u>\$ 55,880</u>		<u>\$ 54,000</u>
G.O. REVENUE BONDS:					
2013A G.O. Refunding Bonds (703):					
06/15/18	\$	\$ 35,950	\$ 35,950		\$
12/15/18	370,000	35,950	405,950	2018	
06/15/19		32,250	32,250		
12/15/19	375,000	32,250	407,250	2019	
06/15/20		28,500	28,500		
12/15/20	385,000	28,500	413,500	2020	
06/15/21		23,687	23,687		
12/15/21	395,000	23,688	418,688	2021	
06/15/22		18,750	18,750		
12/15/22	405,000	18,750	423,750	2022	
06/15/23		12,675	12,675		
12/15/23	415,000	12,675	427,675	2023	
06/15/24		6,450	6,450		
12/15/24	430,000	6,450	436,450	2024	
Total 2013A G.O. Refunding Bonds (Water Fund Portion)	<u>\$ 2,775,000</u>	<u>\$ 316,525</u>	<u>\$ 3,091,525</u>		<u>\$ 0</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF DIRECT AND OVERLAPPING DEBT
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017

Governmental Unit	Debt Outstanding	City's Share	
		Estimated Percentage (1)	Amount
School District 742	\$ 169,485,000	15.43%	\$ 26,151,536
Stearns County	14,590,000	6.96%	1,015,464
Total Overlapping Debt			27,167,000
City of Waite Park Direct Debt			21,447,060
Total Direct and Overlapping Debt			\$ 48,614,060

Source: Stearns County Auditor

(1) The percentage of overlapping debt is estimated by taking the City's tax capacity divided by the overlapping governmental units' tax capacity.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Waite Park. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Waite Park. This process recognizes that, when considering the City of Waite Park's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

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COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and Members of the City Council
City of Waite Park
Waite Park, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waite Park, Minnesota, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2018.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Conway, Deuth & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
Certified Public Accountants & Consultants
Litchfield, Minnesota

June 25, 2018

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
City of Waite Park
Waite Park, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waite Park, Minnesota, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Willmar Office

331 Third St SW, Ste 2
PO Box 570
Willmar, MN 56201
P (320) 235-3311
T (888) 388-1040

Benson Office

1209 Pacific Ave, Ste 3
Benson, MN 56215
P (320) 843-2302

Morris Office

401 Atlantic Ave
Morris, MN 56267
P (320) 589-2602

www.cdscpa.com

Litchfield Office

820 Sibley Ave N
Litchfield, MN 55355
P (320) 693-7975

St. Cloud-Sartell Office

Ste 110
2351 Connecticut Ave
Sartell, MN 56377
P (320) 252-7565
T (800) 862-1337

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Conway, Deuth & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
Certified Public Accountants & Consultants
Litchfield, Minnesota

June 25, 2018

CITY OF WAITE PARK, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Status</u>	<u>Year Finding Initially Occurred</u>	<u>If not corrected, Provide Planned Corrective Action or Other Explanation</u>
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Financial Statement Findings:

None

Minnesota Legal Compliance Findings:

None