



WORK SESSION
5:00 P.M. Upper Level Conference Room

WAITE PARK CITY COUNCIL AGENDA
MONDAY, OCTOBER 2, 2017
6:30 P.M.

6:30 P.M. Pledge of Allegiance
Open Forum – two minute limit

Review and approve, October 2, 2017 Council Agenda

1. Consent Agenda:

Recommended action: approval of following items

- A. Approve Council Minutes of September 18, 2017
 - B. Approve a 1-4 Day Temporary Liquor License for Great Theatre to host an event from October 27-28, 2017
 - C. Approve 2 am Liquor License application for El Loro Mexican Restaurant Inc. located at 1001 Division Street
 - D. Approve Public Expenditure Policy
 - E. Approve Employee Wellness and Recognition Program Budget
 - F. Approve Acoustical Panels for Public Works Facility Training Room
2. A. Public Hearing on the Proposed Establishment of Development District No. 3 and Tax Increment Financing District No. 3-1
- B. Resolution establishing Development District No. 3 and TIF No. 3-1 and adopting Development Program and TIF Plan
- C. Consideration of Development Agreement
3. 2016 Financial Audit
- A. Audit Overview CDS
 - B. Request for Council Approval
 - 1. Fund Transfers
 - 2. Accept 2016 Audit Report
4. Council/Mayor
- A. Review and Approve Bills
5. Administrator
- A. Update

ADJOURN

**CITY OF WAITE PARK
CALL TO ORDER –**

**PLEDGE OF ALLEGIANCE
OPEN FORUM**

Review and Approve October 2, 2017 City Council Agenda

Councilmember _____ moved that the Council Agenda for October 2, 2017 be approved as presented.

Councilmember _____ seconded the motion.
Motion (Approved) (Denied)

Agenda Item No. 1-Consent Agenda

1. Consent Agenda:

Recommended action: approval of following items

- A. Approve Council Minutes of September 18, 2017
- B. Approve a 1-4 Day Temporary Liquor License for Great Theatre to Host an Event from October 27-28, 2017
- C. Approve 2 am Liquor License Application for El Loro Mexican Restaurant located at 1001 Division Street
- D. Approve Public Expenditure Policy
- E. Approval of 2017 Employee Wellness and Recognition Program Budget
- F. Approve Acoustical Panels for Public Works Facility Training Room

Councilmember _____ moved that the Consent Agenda, as presented, be approved.

Councilmember _____ seconded the motion.

ROLL CALL

Councilmember Michael Linqvist _____
Councilmember Charles Schneider _____
Councilmember Vic Schulz _____
Councilmember Frank Theisen _____
Mayor Richard Miller _____

Motion (Approved) (Denied)

WAITE PARK CITY COUNCIL MEETING

SEPTEMBER 18, 2017

A meeting of the Waite Park City Council was held at Waite Park City Hall on Monday, September 18, 2017 beginning at 6:30 PM.

MEMBERS PRESENT

Members present were Mayor Miller, Councilmembers Linquist, Schneider, Schulz and Theisen

CITY REPRESENTATIVES PRESENT

City Representatives present were City Administrator Johnson, Deputy Clerk-Treasurer Virnig, Finance Director Lindberg, Police Sergeant Jensen, Public Works Director Schluenz, Planning and Community Development Director Noerenberg, Attorney Hansmeier, SEH Engineer Wotzka

OTHERS PRESENT

Gary & Jodi Schneider, John Dockendorf, Kate Hanson, Paula Fitzgerald, Dale Poganski, Greg Poganski

OPEN FORUM

Mayor Miller invited anyone wishing to speak during the open forum to step forward, but no one came forth.

COUNCIL AGENDA

Motion by Member Theisen, second by Member Schneider, to approve the 9/18/17 Council Agenda as presented. The motion carried unanimously.

1. CONSENT AGENDA

Motion by Member Theisen, second by Member Schneider, to approve the following 9/18/17 Consent Agenda items:

- 1.A. Approved Minutes of August 21, 2017
- 1.B. Approved Minutes of September 6, 2017
- 1.C. (Pulled for discussion – regarding Change Order for Public Works Project)
- 1.D. Approved Purchase of Defibrillators

The motion carried unanimously.

1.C. CHANGE ORDER FOR PUBLIC WORKS PROJECT

Member Linquist questioned the different hourly rates. It was explained that the different hourly rates are due to different staff members working on the project.

Motion by Member Schneider, second by Member Schulz, to approve the Change Order for the Public Works Project.

Ayes: Mayor Miller, Members Schneider, Schulz, Theisen

Nays: Members Linquist

Abstained: None

The motion carried.

2.A. 2018 GENERAL FUND PRELIMINARY BUDGET AND LEVY

The City is required to submit to the County Auditor a 2018 General Fund Preliminary Budget and Preliminary Property Tax Levy. The resolutions were presented to the Council for consideration. The presented preliminary 2018 General Fund Budget is \$7,338,102. The presented preliminary 2018 Property Tax Levy is \$7,416,017. The numbers can be adjusted (decreased only) during the budget process.

Mayor Miller announced the following: "The City Council will hold a public hearing regarding the 2018 proposed budget and tax levy on Monday, December 4, 2017 at 6:45 p.m. at the Waite Park City Hall."

2.A. 2018 GENERAL FUND PRELIMINARY BUDGET AND LEVY (Cont'd.)

Motion by Member Schulz, second by Member Linquist, to approve the "Resolution Adopting the Preliminary 2018 General Fund Budget". The motion carried unanimously. **(RESOLUTION NO. 091817-01)**

Motion by Member Schulz, second by Member Linquist, to approve the "Resolution Adopting the Preliminary 2018 Property Tax Levy". The motion carried unanimously. **(RESOLUTION NO. 091817-02)**

2.B. 2018 RURAL TAX RATE

The 9804, 9805 and 9807 rural tax rates are adjusted annually based on the prior year's urban tax rate increase or decrease.

Based on the prior year's urban tax rate percentage increase of .2%, it is recommended that the 9804 and 9805 rural tax rate for 2018 be adjusted from 38.941% in 2017 to 39.018% in 2018.

Based on the prior year's urban tax rate percentage increase of .2%, it is recommended that the 9807 rural tax rate for 2018 be adjusted from 20.018% in 2017 to 20.058% in 2018.

The 2018 rural tax rate for the new tax code 9808 will be 17.782%.

Motion by Member Schneider, second by Member Theisen, to approve the 2018 rural tax rates of 39.018% for tax codes 9804 and 9805, 20.058% for tax code 9807 and 17.782% for tax code 9808. The motion carried unanimously.

3. CONDITIONAL USE PERMIT – EXPANSION OF ST. CLOUD TOYOTA INTO FORMER DUNHAM'S SPACE – 400 2ND STREET S

The request has been submitted by John Dockendorf, as trustee of The Jack L. Dockendorf Revocable Trust Agreement and representing St. Cloud Toyota, to allow for expansion of the St. Cloud Toyota business and facilities into the former Dunham's space located adjacent to their current property. The applicant has permission of the subject property owner to pursue the Conditional Use Permit application to allow for the expansion.

As the property is located in a B-3, 2nd Street South Corridor Commercial District, sale of new and used automobiles is currently considered as a conditional use. However, at the time of initial development of the current St. Cloud Toyota facility, the proposal was considered a "discretionary use", and was reviewed and approved by both the Planning Commission and City Council with several recommended revisions which were incorporated, as well as a limitation that no more than 40% of the vehicles offered for sale on the premises may be used vehicles. After review and consideration of the request, Staff determined that as the use would currently be considered as a conditional use, it would be best to apply the Conditional Use Permit requirement for the project to proceed.

The former Dunham's space is independently owned and is separate from ownership of the remainder of the multi-tenant property where it is located. As St. Cloud Toyota has noted that they are "maxed out" with the current space, the opportunity to utilize the property to expand their facility and space became attractive to them.

The applicant is proposing to remove the existing grass berm and associated curb between the parcels, as well as install a new grass berm and landscaped area on the eastern portion of the property, to essentially allow the uninhibited movement of vehicles, customers, and staff between the two buildings. No new curbcuts or street access points are planned or being requested. If the project proceeds and as designs are finalized, Staff would need to coordinate with the Fire Department to ensure adequate emergency vehicle access around the building and property. The applicant has advised that they would like to limit the possibility for traffic from the adjacent businesses to drive onto the property. From a staff perspective this seems sensible. However, review of the proposal by the City Engineer noted that the City typically likes to encourage cross-easements between such properties. If cross easements are not required, but emergency vehicle access needs to be maintained upon further review, an option that was discussed was the installation of "knock down" bollards, which prevent passage by regular vehicles, but can be driven over by an emergency vehicle of sufficient size, such as a fire truck.

The intent is for use of the building for approximately 50% sales and 50% for expansion of detail and service departments. Two overhead doors would be installed on the western side of the property (not facing 2nd Street South). The exterior of the building would be painted to align with the existing St. Cloud Toyota buildings. The parking lot area would be utilized for additional vehicle display area.

3. CONDITIONAL USE PERMIT – EXPANSION OF ST. CLOUD TOYOTA INTO FORMER DUNHAM’S SPACE – 400 2ND STREET S (Cont’d.)

As the owners of St. Cloud Toyota also own Waite Park Auto & Sport, located at 125 Division Street within Waite Park, they are also considering consolidating this business to the proposed expanded St. Cloud Toyota facility. Waite Park Auto & Sport deals primarily in used vehicles. A standalone used dealership is not allowable in the B-3, 2nd Street South Corridor Commercial District, but when incorporated with the larger St. Cloud Toyota facility the arrangement would be allowable, provided that the entirety of the expanded facility maintains the limitation that no more than 40% of vehicles offered for sale are used. At this time the incorporation of Waite Park Auto & Sport to the proposed expanded facilities is undecided. If it were to proceed, Staff would anticipate that the existing Waite Park Auto & Sport facility would quickly be utilized for another used car facility, given the strong interest in used car sales in the area and limited locations which allow for them.

Staff would note that the reuse of a “big box” store location such as the subject property can be very challenging. Our community was fortunate in that the former Kmart facility was able to be redeveloped in a successful manner before sitting vacant for a significant amount of time. Currently we have both the Dunham’s property vacant, as well as the former Gander Mountain location one block over. Staff feels that the expansion of St. Cloud Toyota into the Dunham’s facility is an opportunity that would both utilize this significant space for good use, as well as taking a vacant building out of the larger equation. The use of the property by an established business would be beneficial and help ensure long-term stability for the property and area. Staff believes that this use is overall compatible with the intent of the zoning district and with existing neighboring properties.

The Planning Commission reviewed and recommended approval of the request with conditions as proposed at their September 12th, 2017 meeting. No comments from the public were received. Staff has not received any questions or comments regarding the proposal, aside from media interest, as of Thursday, September 14th.

Staff recommends approval of the Conditional Use Permit to allow for expansion of an existing new and used automobile sales facility in a B-3, 2nd Street South Commercial District with the following conditions:

1. No more than 40% of vehicles offered for sale upon the entirety of the proposed expanded St. Cloud Toyota at any one time shall be vehicles classified as “used”.
2. The building shall be painted to match or be complimentary to the existing St. Cloud Toyota facilities adjacent.
3. Any new permanent signage requires review and approval via sign permit prior to fabrication or installation.
4. Site layout shall adhere to proposed configuration submitted unless specific approval is provided by City of Waite Park. Major modifications may require review by Planning Commission and City Council.
5. Overhead doors may not face 2nd Street South.
6. Building permits are required for interior building modifications, subject to review and determination by Building Official.
7. No additional curbcut or street access onto 2nd Street South is granted with this approval. Any such approval would be at the discretion of MnDOT.

Discussion was held regarding a berm that will be relocated to the east. Bollards may also be put in, but emergency vehicles will be able to drive over them.

Motion by Member Schneider, second by Member Linquist, to approve the Conditional Use Permit with the following conditions:

1. No more than 40% of vehicles offered for sale upon the entirety of the proposed expanded St. Cloud Toyota at any one time shall be vehicles classified as “used”.
2. The building shall be painted to match or be complimentary to the existing St. Cloud Toyota facilities adjacent.
3. Any new permanent signage requires review and approval via sign permit prior to fabrication or installation.
4. Site layout shall adhere to proposed configuration submitted unless specific approval is provided by City of Waite Park. Major modifications may require review by Planning Commission and City Council.

3. CONDITIONAL USE PERMIT – EXPANSION OF ST. CLOUD TOYOTA INTO FORMER DUNHAM’S SPACE – 400 2ND STREET S (Cont’d.)

5. Overhead doors may not face 2nd Street South.
6. Building permits are required for interior building modifications, subject to review and determination by Building Official.
7. No additional curbcut or street access onto 2nd Street South is granted with this approval. Any such approval would be at the discretion of MnDOT.

Parking space for the other tenants of the multi-tenant building and their customers was also discussed. It was noted there is still enough parking for the other tenants and customers. The motion carried unanimously.

4. CONDITIONAL USE PERMIT – NOVEL SOLAR TWO LLP AND GARY M. AND JODI A. SCHNEIDER TRUST – VICINITY OF CR 138 AND I-94

The request has been submitted by Novel Solar Two LLP on behalf and with permission of Gary M. & Jodi A. Schneider (property owners) to allow for a 5 MW standalone solar array in an A-1, Agricultural/Rural Residential District. The proposed use would be located on property they own on the eastern side of County Road 138 and north of Interstate 94. The subject property is vacant and the property owner's brother lives adjacent to the site on the northwest corner. Site access is provided via 95th Street along CR 138.

Per the A-1, Agricultural/Rural Residential District standards, Staff has made the previous determination that standalone solar arrays are considered a conditional use within the district, under the broader classification of “essential services, governmental and public utility buildings and structures”.

The proposed solar array is intended to serve as a “community solar garden” as per an Xcel Energy program approved and supported by the State of Minnesota to provide for renewable energy supplies. The intent of such community solar garden is to offer subscription-based solar power options to homes and businesses which are unable to install solar facilities upon their own property. This proposed site would generate 5 MW of power and the land would continue to be owned by the current property owners, with a lease to Novel Solar Two LLP for the project duration of 25 years. The intent would be to remove the solar components and all associated equipment at the end of the 25 year period.

The total proposed array was presented on a site plan. The array would consist of 23,400 total solar panels. The racking system and panels are of same essential design as those which were recently approved for use on the smaller Imholte solar project, being of a static (non-moving) design and do not track or follow the sun. They have an average overall height of 9 ½ feet, although some may be up to a maximum of 15' height depending on grade in their location. The proposed layout is subject to engineering and final Xcel program approval and may change slightly prior to construction, but would be subject to review/approval by both City of Waite Park and the Sauk River Watershed due to its proximity to the Sauk River. The applicants have already submitted details regarding wetland determination request to Stearns County staff. City Staff would require that all applicable wetland determinations are complete and any conditions complied with prior to issuance of any building permits for the project.

Equipment pads would be located on the western portion of the site and include five concrete slabs, each 16' x 23', and associated electrical power poles and inverter equipment. The site would be enclosed with perimeter fencing for security purposes. An access road would be constructed to allow access to the site and was depicted on the presented site plan. A landscaping/screening plan has been agreed to with the resident (property owner's brother) who lives to the northwest of the site. It is anticipated that site construction activities would commence in the spring of 2018.

The ground area underneath the array is proposed to have vegetation with low maintenance turf or similar seed mix, with pollinator plantings and/or native grasses per the presented landscaping plan. A low-growing moist mix would be planted in the stormwater basin areas. Periodic site maintenance would be utilized throughout the life of the array to control vegetation growth.

Staff has not received any questions or comments regarding the proposal as of Friday, September 8th.

Staff would note that they are currently evaluating options to revise/update City ordinances relating to solar and wind facilities. The City is seeing more requests than were initially anticipated as there was an earlier understanding that there was, essentially, a limit on how many could locate within the area given the existing electrical infrastructure. Staff would like to ensure that the City does not have an

4. CONDITIONAL USE PERMIT – NOVEL SOLAR TWO LLP AND GARY M. AND JODI A. SCHNEIDER TRUST – VICINITY OF CR 138 AND I-94 (Cont'd.)

inordinate amount of property being dedicated to such uses and that there is some balance maintained for other opportunities within the 25 year timeframe dedicated to these uses. Staff has also determined that, due to the timeframe limitations of solar uses, they would be better classified as an Interim Use Permit which would expire at the end of the established term. To allow time for such review and evaluation and to establish proposed changes, Staff may be pursuing an establishment of a moratorium on solar and wind energy applications in the near future, for a term of approximately six months.

Given the location of the proposed facility and that it is at the far western edge of City limits and not in what is determined to be a commercial growth area, Staff does not oppose the proposed solar facility.

The Planning Commission held the public hearing and reviewed the request at their September 12th, 2017 meeting. Concerns were heard by a neighboring property owner from the opposite side of the road regarding views of the equipment. After discussion, the Planning Commission recommended adding a condition regarding submittal of plans for additional screening for the portion of the site immediately adjacent to County Road 138. The Planning Commission recommended approval of the request with the suggested and added conditions.

Staff recommends approval of the Conditional Use Permit to allow a 5 MW solar array in an A-1, Agricultural/Rural Residential District with the following conditions:

1. Landscape plan shall require revisions to screen area of site immediately adjacent to County Road 138 and as depicted in exhibit. Applicant shall coordinate with neighboring adjacent property owner and submit documentation that screening plan is satisfactory to them prior to approval of building permit. Remainder of submitted landscape plan shall be implemented as submitted and reviewed unless otherwise approved by the City of Waite Park Planning & Community Development Director. Use of pollinator blend for site is encouraged.
2. Site layout shall adhere to proposed configuration submitted unless specific approval is provided by City of Waite Park. Major modifications may require review by Planning Commission and City Council.
3. All necessary building, land disturbance, and electrical permits shall be obtained prior to project commencement.
4. Approval of Sauk River Watershed District for finalized project configuration shall be submitted at time of building permit application.
5. All approvals of wetland delineations and applicable determinations must be submitted prior to issuance of any building permits.
6. The project shall be decommissioned and the site returned to pre-construction conditions by end of 2044.

It was also mentioned evergreen trees will be added to one side for a sight buffer and noise problems shouldn't be an issue.

Motion by Member Linquist, second by Member Theisen, to approve the Conditional Use Permit with the following conditions:

1. Landscape plan shall require revisions to screen area of site immediately adjacent to County Road 138 and as depicted in exhibit. Applicant shall coordinate with neighboring adjacent property owner and submit documentation that screening plan is satisfactory to them prior to approval of building permit. Remainder of submitted landscape plan shall be implemented as submitted and reviewed unless otherwise approved by the City of Waite Park Planning & Community Development Director. Use of pollinator blend for site is encouraged.
2. Site layout shall adhere to proposed configuration submitted unless specific approval is provided by City of Waite Park. Major modifications may require review by Planning Commission and City Council.
3. All necessary building, land disturbance, and electrical permits shall be obtained prior to project commencement.
4. Approval of Sauk River Watershed District for finalized project configuration shall be submitted at time of building permit application.

4. CONDITIONAL USE PERMIT – NOVEL SOLAR TWO LLP AND GARY M. AND JODI A. SCHNEIDER TRUST – VICINITY OF CR 138 AND I-94 (Cont'd.)

5. All approvals of wetland delineations and applicable determinations must be submitted prior to issuance of any building permits.
6. The project shall be decommissioned and the site returned to pre-construction conditions by end of 2044.
The motion carried unanimously.

5. PUBLIC NUISANCE ABATEMENT – PROPERTY AT 212 5TH AVENUE N

Pamela M. Olson is the owner of property located at 212 5th Avenue North, Waite Park, Minnesota, legally described as follows:

Lots 17 and 18, Block 6, in the Townsite, now City of Waite Park, according to the plat and survey thereof on file and of record in the office of the County Recorder in and for Stearns County, Minnesota.

Jon Noerenberg, the Planning and Community Development Director, acting as the Building/Code Enforcement Officer, contacted Pamela Olson several times beginning April 15, 2015, in which he requested Ms. Olson remove various rubbish items (junk vehicles, items on hoist, tires, miscellaneous parts and other items) on the above described property determined by Mr. Noerenberg to be a public nuisance as defined in City Ordinance 90. Pictures were presented of the problem items and storage. The most recent contact by Jon Noerenberg was by letter dated August 18, 2017, delivered to Ms. Olson via personal service by posting on the property on August 18, 2017, in which he requested Ms. Olson clean up the property by August 23, 2017. As of August 23, 2017, the nuisance conditions still exist on the above described property. Jon Noerenberg is requesting an abatement order and authorization for the City of Waite Park to clean up the property, remove and/or abate the nuisance conditions on the property and assess the costs incurred by the City relating to the clean-up, removal and/or abatement of the nuisance conditions and the costs of the enforcement action against the above described property located at 212 5th Avenue North, Waite Park, Minnesota. Ms. Olson was served with notice of the abatement hearing scheduled on September 18, 2017, via personal service by posting on the above described property on September 6, 2017.

Motion by Member Schulz, second by Member Schneider, to approve the resolution to abate nuisance and assess costs against the above described property located at 212 5th Avenue North, Waite Park, Minnesota, owned by Pamela M. Olson, in the same manner as taxes and special assessments. The motion carried unanimously. **(RESOLUTION NO. 091817-03)**

6. POGANSKI AUTOMOTIVE CUP – 408 3RD STREET N

Dale Poganski and Annette Poganski, husband and wife, own as joint tenants the property located at 408 3rd Street North, Waite Park, Minnesota, legally described as follows:

Lots 1, 2, 3, 4, 5, and 6, Block 6, Townsite of Waite Park, according to the plat thereof on file and of record in the office of the County Recorder in and for Stearns County, Minnesota.

Mr. Poganski has been contacted several times by Jon Noerenberg, the Planning and Community Development Director, acting as the Building/Code Enforcement Officer. Records indicate this matter has been reviewed at City Council meetings for continual noncompliance four times since its initial approval. On April 28, 2017, Mr. Poganski was served via certified mail, notifying him of the specific noncompliance issues on the above described property. Mr. Poganski was asked to submit a plan which would bring said property back into compliance with the terms of the Conditional Use Permit by May 15, 2017. Mr. Poganski did not submit any plan. The most recent contact was by letter from Jon Noerenberg to Mr. Poganski served via registered mail on September 7, 2017, notifying Mr. Poganski of the scheduled hearing on September 18, 2017.

6. POGANSKI AUTOMOTIVE CUP – 408 3RD STREET N (Cont'd.)

As of September 8, 2017, the nuisance conditions and noncompliance issues still exist on the above described property. Jon Noerenberg is requesting the conditional use permit be revoked against the above described property.

Member Schulz stated they talked about this property when he was on the Planning Commission. Planning and Community Development Director Noerenberg stated the Conditional Use Permit is out of compliance as soon as they do not abide by the CUP.

Dale Poganski then addressed the Council. He stated he moved vehicles after his letters were received in October of 2016 and April 2017. He stated he also moved 14 vehicles this last week. He has also started to fix their fence. He feels he is being picked on and is being run out of town. He would like to stay in the city. He said he doesn't plan to sell the property. It is almost paid for.

Member Schneider asked why Mr. Poganski hasn't communicated back with Planning and Community Development Director Noerenberg. Mr. Poganski stated he is too busy to get a hold of the City. He asked why only letters were sent and no one came to talk with him. He again stated he is getting rid of things. Planning and Community Development Director Noerenberg stated he has offered to meet with Mr. Poganski. Attorney Hansmeier stated Mr. Poganski becomes in non-compliance with the zoning if the CUP is revoked.

Motion by Member Linquist, second by Member Schulz, to approve the resolution to revoke the Conditional Use Permit granted on the property of 408 3rd Street North, Waite Park, Minnesota.

Ayes: Mayor Miller, Members Linquist, Schneider, Schulz

Nays: Members Theisen

Abstained: None

The motion carried. **(RESOLUTION NO. 091817-04)**

7. WATER TOWER MAINTENANCE AGREEMENT CONTACT

Presented was a Water Tank Maintenance Agreement with the terms and conditions as discussed at the previous council work session. The Agreement calls for the work to be completed by July 1, 2018, with three equal payments over three years beginning in July of 2019. The tower will be painted according to the consensus design agreed to at a work session and an image was presented as Exhibit C. There was also an option for painting three "Waite Park" logos.

The water tower is located at 801 Sundial Drive and is scheduled to be completed on or before July 1, 2018. Engineer Wotzka reviewed the Schedule of Services (Exhibit A-1). He also reviewed the Compensation Schedule (Exhibit B). He then showed a rendering of what the tower will look like. Discussion was held on whether to paint two or three logos on the tower.

Motion by Member Schneider, second by Member Linquist, to approve the Water Tank Maintenance Agreement with the inclusion of two logos on the tower. The motion carried unanimously.

8. PAYOFF LIENHOLDER ON FORFEITED VEHICLE

The police department vehicle fleet currently has 9 vehicles assigned to Patrol, 2 assigned to Investigations and 3 assigned to Administration for a total of 14 vehicles. Currently, there is no need to replace patrol squads in 2018 but it is anticipated, with additional vehicle mileage, we will need to replace at least two (2) patrol squads in 2019. The police department has a unique opportunity to consider a transaction now that could reduce the number of new squads requested in 2019 to one (1).

In September 2016 the police department made a DUI arrest involving a vehicle that was eligible for forfeiture. The underlying criminal case is now resolved and the police department is able to complete the forfeiture process. Per MN forfeiture laws, forfeited vehicles can either be retained/used by the agency or sold at a public sale. Most vehicles forfeited do not have a solid police application so typically the police department sells eligible forfeiture vehicles at a public sale. The accumulated proceeds from the sale of forfeited vehicles, from time to time, are used by the department for related training and/or the purchase of patrol vehicles or related in-squad patrol equipment. In the case of forfeitures, the lien holders on vehicles seized in the commission of various crimes are always protected.

The police department is now eligible to retain or sell a 2015 GMC Yukon XL (32,000 miles) with an estimated retail market value of \$45,000.00. This particular vehicle does have a department application however retaining it would require paying off the lien holder in the amount of \$14,459.27. The

8. PAYOFF LIENHOLDER ON FORFEITED VEHICLE (Cont'd.)

police department currently has over \$17,500 accumulated in its DUI Forfeiture account to cover the cost of this transaction. This approval does not involve a request for additional funds being added to the police department budget. If approved, the 2015 GMC Yukon would be assigned to Administration and a Ford Explorer SUV will be moved from Administration and assigned to Patrol. It is estimated that in 2019, under the State-bid process, the cost to replace a marked squad will be approximately \$30-35,000.00. Accordingly, the police departments Capital Outlay request for 2019 would be reduced by this amount. The interests of the lien holder necessitate taking action at this time.

Staff recommends the transaction as it represents an opportunity to retain a vehicle at substantially below market cost and potentially reduce future capital outlay requests.

Motion by Member Theisen, second by Member Schneider, to approve the payoff/purchase of the proposed 2015 GMC Yukon XL with funds from the forfeiture account. The motion carried unanimously.

9. COUNCIL/MAYOR**9.A. REVIEW AND APPROVE BILLS**

Motion by Member Schulz, second by Member Theisen, to authorize payment of the accounts payable list (0817D2, 0917D1). The motion carried unanimously.

Mayor Miller stated the Boys and Girls Club will be having a dinner on October 12, 2017 from 5:30-6:30 p.m.

10. ADMINISTRATOR**10.A. UPDATE**

City Administrator Johnson did not have any updates at this time.

ADJOURNMENT

Mayor Miller declared the meeting adjourned at 7:35 p.m.

Richard E. Miller
Mayor

Shaunna Johnson
City Administrator

Consent Agenda Item B: 1-4 Day Temporary Liquor License for Great Theatre to Host an Event from October 27-28, 2017

Council approval is requested for a 1-4 Day Temporary Liquor License for The Great Theatre to host an event from October 27-28, 2017. Great Theatre is located at 710 Sundial Drive, Waite Park. City & State Applications have been completed correctly and submitted to City Staff. Council Approval is contingent upon the City receiving a copy of the Liquor Liability Insurance Certificate.

Consent Agenda Item C: 2 am Liquor License Application for El Loro Mexican Restaurant Inc located at 1001 Division Street

Approval of a new 2 am liquor license application for El Loro Mexican Restaurant Inc, located at 1001 Division Street. The establishment has provided a correctly completed application and proper A&GE fee.

Consent Agenda Item D: Public Expenditure Policy

Enclosed is a copy of the proposed Public Expenditure Policy for your review and consideration. The intention of this policy is to provide direction and guidance to staff and council on what expenditures meet a public purpose. After review by the City Council at a work session, staff also worked with the League of Minnesota Cities on the policy and also forwarded the draft to our city attorney for review. A few modifications were added based on this discussion to ensure that we were covering all areas that should be included in this policy. We also modified the amount for gifts to ensure consistency between amounts with retirement gifts and years of services gifts were comparable. It has also been determined that we will provide employees with options of a few different gift cards of places located in the City instead of using VISA gift cards. Based on the input provided, staff recommends approval of the policy as presented.



PUBLIC PURPOSE EXPENDITURE POLICY

POLICY

Pursuant to the statutes and laws of the State of Minnesota which permit and require the expenditure of public funds for public purposes, the City of Waite Park City Council believes it necessary and appropriate to provide assistance and guidance to the officials, employees, and representatives of Waite Park to aid in the determination of when public funds may be spent for a public purpose.

To provide that assistance and guidance, the Waite Park City Council adopted these public purpose guidelines for the establishment of operating policies and procedures and the appropriate expenditures of public funds. Based on these guidelines, the City Council authorizes the City Administrator, elected officials, and appointed department heads to establish administrative policies and procedures that are consistent with these guidelines and the adopted City policies which implement these guidelines.

Definition: A public purpose expenditure is one which relates to the purpose for which the City of Waite Park exists and the duties and responsibilities of Waite Park, its elected and appointed officials, employees and other representatives.

PUBLIC PURPOSE GUIDELINES

1. Training and development programs for Waite Park employees serve a public purpose when those training and development programs are directly related to the performance of the employees' job-related duties and are directly related to the programs/services for which the City is responsible.
2. Payment of employee work-related expenses, including travel, lodging and meal expenses, serves a public purpose when those expenses are necessarily incurred by Waite Park employees in connection with their actual work assignments or official duties and those expenses are directly related to the performance of the governmental functions for which Waite Park has responsibility.
3. Appropriate safety and health programs for Waite Park employees serve a public purpose because they result in healthier and more productive employees and reduce certain costs to the City and the taxpayers of Waite Park, including various costs associated with workers compensation and disability benefit claims, insurance premiums, and lost time from employee absences.
4. Public expenditures for appropriate Waite Park employee and volunteer recognition programs serve a public purpose because formally recognizing employees and volunteers who make significant contributions and demonstrate their commitment during the



performance of their duties result in higher morale and productivity among all Waite Park employees and volunteers, and therefore help the City to fulfill its responsibilities efficiently and more cost effectively.

5. Public expenditures for food and refreshments associated with official Waite Park functions serve a public purpose when the provision of food or refreshments is an integral part of an official Waite Park function and the provision of food or refreshment is necessary to ensure meaningful participation by the participants.
6. Public expenditures for appropriate community and customer outreach and similar activities serve a public purpose when those expenditures are necessary for Waite Park to ensure the efficient operation of its programs/services, promote the availability and use of City resources, and promote coordinated, cooperative planning activities among and between the public and the private sectors.

SPECIFIC PROGRAMS AND EXPENDITURES

Every City of Waite Park expenditure must be valid based upon the public purpose for which it is purchased. The following items are deemed to meet the Council definition of public purpose expenditures.

EMPLOYEE WELLNESS AND RECOGNITION PROGRAM

The City Council recognizes the hard work and service performed by the employees of the City of Waite Park through a formal wellness and recognition program. The City Council believes the benefits of attracting, retaining, and motivating employees through an employee wellness and recognition program supports healthy employees and employee job satisfaction, which in turn impacts productivity. The results are to have healthy employees and to provide excellent public and customer service to better serve the interests of the citizens of the community.

The employee wellness and recognition program is entirely dependent on receiving funding from year-to-year. No provisions of this policy, or its administration, shall be subject to review under the grievance or arbitration provisions of any collective bargaining agreement.

The Program will include:

1. Annually, the City will sponsor an employee wellness and recognition event to promote employee health sponsored benefits and to also promote teamwork and coordination amongst the City Council, Department Heads, and employees. This event will include a dinner, for invited participants and their partner, and serves as a de minimus compensation for the service provided by the employee. By paying the cost of the dinner not to exceed \$15 per person for the employee and partner, the City hopes to substantially increase the number of partners attending the event where the



employee wellness programs can be discussed with both the employee and their partner.

2. The City will recognize employees and paid on-call firefighters for every five (5) years of service they have worked for the City of Waite Park. If funding is available, the City may present gift cards or gift certificates during the employee wellness and recognition event for employees and paid on-call firefighters who have completed the specific year of service listed below by December 31st of that year. Such cards or certificates with a value not in excess of \$250 as outlined below:

5 years of service:	\$25 cost limit
10 years of service:	\$50 cost limit
15 years of service:	\$100 cost limit
20 years of service:	\$150 cost limit
25 years of service:	\$175 cost limit
30 years of service:	\$200 cost limit
35 years of service:	\$225 cost limit
40, 45, 50 years of service:	\$250 cost limit

3. The cost of the employee health and recognition program will be approved annually by the City Council and will include detailed expenses of the employee wellness and recognition event.

RECOGNITION OF EMPLOYEES LEAVING SERVICE

The City recognizes the importance of acknowledging employees for their service to the City of Waite Park. When an employee chooses to leave employment, the City believes in the importance of recognizing them for their contributions they have made while at the City. As a result, the City may provide a cake or comparable food item and non-alcoholic beverages at a gathering to recognize a permanent City employee with a minimum of five (5) years of service in good standing who is leaving City employment. Any additional food or activities will be employee paid.

In addition, employees and paid on-call firefighters who resign or retire in good standing may receive a recognition gift from the City with a value not in excess of \$350, depending on the number of years of service at the time of such retirement or resignation as follows:

5-10 years of service:	\$50 cost limit
11-20 years of service:	\$100 cost limit
21-30 years of service:	\$200 cost limit
30+ years of service:	\$250 cost limit



RECOGNITION OF COUNCIL, BOARD, AND COMMISSION MEMBERS

The City Council recognizes the importance of acknowledging Councilmembers, Board Members, and/or Commission Members for their service to the City of Waite Park. Individuals who leave as a member of the City Council, Boards, or Planning Commission with a minimum of five (5) years of service may receive an acknowledgement of service at a value not to exceed \$75.

The City may also provide a cake or comparable food item and non-alcoholic beverage at a gathering to recognize a Council member, Board, or Commission member leaving service after (5) or more consecutive years of service.

RECOGNITION OF VOLUNTEERS/COMMUNITY SERVICE

The City Council recognizes the importance of acknowledging Volunteers for their service to the City of Waite Park. Individuals providing meritorious volunteer service to the City of Waite Park with a minimum of five (5) consecutive years of service may receive an acknowledgement of service at a value not to exceed \$75.

MEETING REFRESHMENTS/MEALS

The City Council recognizes that situations in which City business needs to be discussed can and do occur during meal hours (i.e. luncheon meetings or workshops, interview boards, elections, training, etc. that extend through the meal hours). In addition, there are public and employee meeting and events in which reasonable refreshments may add to the success of the meeting and/or event and create a more productive work force. The following items are deemed to meet the Council definition of public purpose expenditures in regards to food and meals.

1. Food and refreshments are allowed at *non-routine* City meetings and events that have a purpose of discussing City issues. These meetings would normally have a pre-planned agenda.
2. Food and refreshments are allowed at employee meetings and events that have a purpose of discussing City issues or are part of an employee training. These meetings would also normally have a pre-planned agenda. *This does not include routine staff meetings or standing committee meetings.*
3. Food and refreshments are allowed when they are part of a breakfast/lunch/dinner meeting for official city business when it is determined to be the most practical time to meet and are necessary to sustain the flow of the meeting. Usually these meals involve meeting with City Council Members, Committee/Commission members, or local business/fraternal organizations.

4. Food and beverages are allowed at an organizational-wide annual staff meeting used for developmental purposes or for an annual employee recognition initiative.
5. Meals and refreshments are allowed where employees or volunteers are participating in a City-sponsored special event, participating in an outside event as an official representative of the City, or working additional hours and where the department head or administrator deems appropriate as recognition of efforts above those normally required. Because emergency personnel are often called to perform for extended periods of time and duties where refreshments are important to duty performance, emergency response personnel may be provided refreshments or food when it is deemed appropriate by the City Administrator or department head to assure the delivery of quality emergency response service.
6. Reimbursement of meals related to travel is outlined in the City of Waite Park Expense Guidelines policy.
7. The purchase of alcoholic beverages is strictly prohibited.

The cost of these refreshment/meals is included in the departments' training line-item budget and is approved annually by the City Council as part of the overall budget process. In addition, the Department Head and City Administrator will have oversight on individual purchases to ensure compliance with the provisions of this policy. The City Council also approves bills paid by the City on a monthly basis whereby line items of expenses are listed including costs associated with this policy.

EMPLOYEE WELLNESS AND SAFETY PROGRAMS

The City Council recognizes the importance of employee fitness and health as it relates to the overall work and life satisfaction of the employee and the overall impact on the City's health insurance program. As such, the City Council supports employee wellness programs that are designed to educate employees on fitness/health issues.

An employee wellness program is considered "additional compensation" for work performed by employees but is entirely dependent on receiving funding from year-to-year. No provisions of this policy, or its administration, shall be subject to review under the grievance or arbitration provisions of any collective bargaining agreement.

Any costs associated with an employee wellness program will be included as a separate line item in the City of Waite Park's training budget. This line-item will be approved annually by the City Council as a part of the overall budget approval process which includes a public hearing on the proposed budget.

The Employee Safety Program is funded by the safety line-item budget. The City supports programs created by the Safety Committee to promote safe working environments.



MEMBERSHIP, DUES, AND DONATIONS

The City Council has determined that the City will fund memberships and dues (individual or organization) in professional organizations and City social and community organizations when the purpose is to promote, advertise, improve or develop the City's resources and advantages and not for personal interest or gain.

The cost of memberships/dues is included in the miscellaneous dues line-item in the Waite Park Budget. These line-items are approved annually by the City Council as a part of the overall budget approval process which includes a public hearing on the proposed budget.

All donations must be approved by the City Council during the annual budget process and/or by City resolution. Donations provided by the City must be for programs that serve our citizens and are deemed to meet the public purpose guidelines.

CLOTHING AND OTHER SUNDRY ITEMS

Employees may receive T-shirts, and other sundry items of nominal value (\$5.00) when these items are made available to the general public or if these items are determined by the City Manager to be important to the successful involvement of employees in special city-sponsored or city-supported events (i.e. National Night Out, Chamber events, etc.). Employees may be supplied with uniforms, clothing, boots and other gear necessary for the performance of their job as defined in union contracts and personnel policies.

CONCLUSION

The Waite Park City Council has determined that the above expenditures are valid expenditures and serve a public purpose.

Consent Agenda Item E: Approval of 2017 Employee Wellness and Recognition Program Budget

The Public Expenditure Policy that the Council would be considering under item D requires that the Council approval annually the Employee Wellness and Recognition Program Budget.

Enclosed is a copy of the proposed budget for the 2017 Employee Wellness and Recognition Program Budget. Staff recommends approval of this budget provided the Council approves the Public Expenditures Policy.



2017 Employee Wellness and Recognition Program Budget

PURPOSE: As part of the public expenditure policy that the City has established, the City will approve an annual budget for the Employee Wellness and Recognition Program where employees will be recognized for their years of service and where information related to the City's benefits plan will be shared with the employees and their partners.

Employee Years of Service Awards:

14 employees will be recognized for their years of service at the Employee Wellness and Recognition Event.

3 Employees 5 years of service
5 Employees 10 years of service
1 Employee 15 years of service
1 Employee 20 years of service
2 Employees 25 years of service

Total Budget for Employee Recognition of Years of Service \$925

Employee Wellness and Recognition Event Dinner

All employees, paid on-call firefighters, council members and their partners will be invited to attend the Employee Wellness and Recognition Dinner held this year at the Moose Lodge.

Total Budget for Employee Recognition Event Dinner \$2,500

Total Budget for the 2017 Employee Wellness and Recognition Program 3,425

Consent Agenda Item F: Acoustical Panels for Public Works Facility Training Room

The Training Room in the New Public Works Facility is need of acoustic panels. We have been working with Oertel and St Cloud Acoustics on a plan of what will need to be done to solve the issue. The plan is to install 400sf of wall panels. See attached visual of what they are planning to install. The cost to do this is \$7,350. Staff recommends approval of this request.



Agenda Item No. 2A, B, and C

Issue: Public Hearing on the Proposed Establishment of Development District No. 3 and Tax Increment Financing District No. 3-1; Resolution establishing Development District No. 3 and TIF No. 3-1 and adopting Development Program and TIF Plan; Consideration of Development Agreement

BACKGROUND:

Executive Express has submitted a request for consideration of a TIF funding. This request was discussed with the Council in a work session and the council set a public hearing for this date to consider establishing the TIF District as part of their request. Please see attachments for further details and information related to this request. The Council will hold a public hearing as part of this process.

Once the public hearing is complete, the Council will consider a resolution to establish the Development District No. 3 and TIF 3-1 and adopting the Development Program and TIF Plan. A copy of the resolution and the TIF plan are included for your review and consideration.

In addition to this, enclosed is a copy of the Development Agreement with Executive Express that outlines the requirements that must be followed for TIF funds to be utilized.

The Council can determine what they would like to move forward. The only requirement for this meeting will be to hold the public hearing. Any other items up for consideration are at the discretion of the Council to consider at this time. Tammy Omdal with Northland Securities will be present at the meeting to present this item on behalf of the City.

PUBLIC HEARING:

- Council member _____ moved to open the public hearing at _____ PM.
- Council member _____ seconded the motion.
- Council member _____ moved to close the public hearing at _____ PM.
- Council member _____ seconded the motion.

REQUIRED ACTION:

Approve or deny the following:

1. Resolution establishing Development District No. 3 and TIF No. 3-1 and adopting Development Program and TIF Plan
2. Resolution approving Development Agreement

STAFF RECOMMENDATION:

The decisions are up to the council.

SUGGESTED MOTION:

MOTION ESTABLISHING TIF DISTRICT AND TIF PLAN

Council member _____ moved to approve OR deny the Resolution establishing Development District No. 3 and TIF No. 3-1 and adopting Development Program and TIF Plan as presented.

Council member _____ seconded the motion.

ROLL CALL

Councilmember Charles Schneider _____
Councilmember Vic Schulz _____
Councilmember Mike Linqvist _____
Councilmember Frank Theisen _____
Mayor Richard E. Miller _____

Motion (Approved) (Denied)

MOTION ESTABLISHING DEVELOPMENT AGREEMENT

Council member _____ moved to approve OR deny the Resolution approving Development Agreement, as presented OR with the following revisions:

Council member _____ seconded the motion.

ROLL CALL

Councilmember Charles Schneider _____
Councilmember Vic Schulz _____
Councilmember Mike Linqvist _____
Councilmember Frank Theisen _____
Mayor Richard E. Miller _____

Motion (Approved) (Denied)



MEMORANDUM

To: City of Waite Park
From: Tammy Omdal
Date: October 2, 2017
Re: Evaluation of Assistance for Executive Express

The City of Waite Park (the "City") has requested that Northland Securities, Inc. evaluate the public financial assistance requested by Executive Express for a proposed new corporate headquarters for Executive Express to be located within the City. Loghouse Properties, LLC, a Minnesota limited liability company (the "Developer") will be the property owner of the land and buildings that will be used by Loghouse Enterprises, Inc. DBS Executive Express (the "Tenant"). The Tenant, operating as "Executive Express" is a Minnesota-based corporation with its headquarters in St. Cloud that specializes in airport passenger and special function transportation servicing over 40 central Minnesota communities to and from the Minneapolis/St. Paul Minneapolis Airport (MSP).

Executive Express desires to move its corporate headquarters to the former SJ Louis property located at 3032 1st Street South in the City. This is an approximate 15 acre property that is currently divided into three separate legal parcels. The parcels include: 98.60824.0146, 98.60568.0190, and 98.60824.0202. The City has approved a preliminary final plat that has not yet been filed that will combine the three parcels into two parcels to be legally described as follows:

- Lot 1, Block 1 – Loghouse Properties Addition
- Lot 1, Block 2, Loghouse Properties Addition

The property has been abandoned for the last ten years. The Developer is proposing improvements to certain existing structures on the property, and the construction of a new two-story customer lounge with approximately 2,000 square feet to be attached to an existing building on the property. A new transportation hub will also be constructed along with parking lot and other private road improvements (together, the "Project").

The proposed Tax Increment Financing Plan for the District will authorize tax increment assistance to finance certain eligible project costs, including potentially land acquisition, site improvements, and utilities, for example.

This memorandum presents the findings of Northland's evaluation of the request for financial assistance.

Background

The evaluation of requested public financial assistance is based on the following:

- The application for tax increment financing ("TIF") assistance submitted by Executive Express, received by Northland on June 20, 2017.

- Draft Tax Increment Financing Plan, dated October 2, 2017.
- The draft Development Agreement by and among City of Waite Park, Minnesota, and Loghouse Properties, LLC and Loghouse Enterprises, Inc. , dated as of September 21, 2017 (the “Agreement”).

The overall proposed Agreement contains a variety of elements that are beyond the scope of this memorandum. The review conducted by Northland focuses on the proposed use of tax increment financing (TIF). The proposed use of TIF consists of the following elements:

1. The City is proposing to establish Tax Increment Financing District No. 3-1, a redevelopment district (the “TIF District”), to provide the authority to consider the requested TIF assistance from the Developer. The City plans to make all of the necessary findings for the establishment of the TIF District, following a public hearing on October 2, 2017. In adopting the Plan for the TIF District, the City plans to limit the duration of the TIF District to 8 years, versus the statutory allowed duration of 26 years.
 2. The City proposes to provide financial assistance on a “pay-go” basis in an amount not to exceed \$208,000. A “pay-go” basis means the City will make payments to the Developer to the extent tax increment is available to do so. The County will distribute tax increment collected to the City and the City will make payment to the Developer based on terms in the Agreement. For purposes of estimating tax increment cash flow in the TIF Plan, the estimated taxable market value is \$2,459,600 (after full completion) for the Project. The estimated taxable market value is preliminary and the final valuation may be less or greater than this amount. Table A on page 5 to this memorandum provides a construction pro forma as prepared by the Developer. The Developer estimates the cost of constructing the Project at \$3,600,000.
 3. The projections for annual tax increment in the TIF Plan assume that the property will appreciate at an annual rate of 0.50%. The City has no obligation to the Developer if the taxable market value does not increase (or declines) and tax increment revenue is less than projections in the TIF Plan.
 4. The City will use 10% of the annual tax increment revenues to cover any future City administrative expenses. The Developer is reimbursing the City for the up-front consulting and legal costs related to the establishment of the TIF district and the preparation of the Agreement.
 5. The City will use 90% of the annual tax increment revenues to reimburse the Developer for up to \$208,000 of TIF eligible Project costs plus interest on the outstanding balance at a rate of 4% per annum on a pay-go basis. The City will issue a TIF Note upon the Developer providing evidence of project costs. The amounts due under the TIF Note shall be payable August 1, 2019, and on each February 1 and August 1 thereafter to and including February 1, 2027. The TIF Note shall terminate following the last payment date of February 1, 2027, on any date the Agreement or TIF District is terminated, or on the date that all principal payment is paid in full, whichever occurs first.
-

6. The proposed Agreement does not provide for an Assessment Agreement to set a minimum taxable market value for parcels in the TIF District. The Developer has not requested an Assessment Agreement and the City is not requiring. The form of assistance to the Developer is on a pay-go basis only and the Developer is assuming the risk that future tax increment revenue will be sufficient to reimburse up to \$208,000 of project costs. The Agreement provides that the Developer will not seek a reduction in the market value as determined by the County Assessor of the Project or other facilities that it constructs on its property, for so long as the TIF Note remains outstanding.

Northland Evaluation

Northland has reviewed the materials provided by the Developer. Based on the information that is available for review and our analysis, Northland offers the following findings to the City:

1. The Project meets the statutory criteria for the use of tax increment financing. Based on the information available, it is reasonable to conclude that “but for” the proposed financial assistance the development as proposed would not occur. The City has reviewed the condition of the existing property and finds the following:

The TIF District is occupied by improved parcels, and 100% of the buildings within the TIF District are found to be substandard. The substandard buildings are reasonably distributed. The results of the building inspection and analysis performed by the City’s licensed building inspectors are contained in the inspection reports dated July 18, 2017 and August 30, 2017. The reports are included in the Plan for the TIF District.

2. Without financial assistance, the return on equity (cost) is at a level that the Developer represents will be difficult, or not possible, to attract capital.
3. The Project is challenged by the cost (and financial risks) of redevelopment and the existing condition of the property.
4. The proposed development is estimated to generate approximately \$275,000 in tax increment over the planned eight year duration of the TIF District based on an estimated taxable market value of \$2,459,600 and 0.50% annual adjustment to valuation.
5. The Developer will assume the risk that tax increment will be available to repay the TIF Note in an amount not to exceed \$208,000 (plus interest at a rate of 4% per annum). The City has does not have any obligation to provide other revenues to cure any shortfall in projected tax increment revenues.

Development Team

The Development Team will include Loghouse Properties, LLC (the “Developer”) as the property owner of the land and buildings that will be used by Loghouse Enterprises, Inc. DBS Executive Express (the “Tenant”).

Northland’s observations about the Project and the Developer are as follows:

1. Northland has not confirmed the Developer's capacity to secure the equity and permanent construction financing to build the Project.
 2. The Agreement includes representation from the Developer and the Tenant that the Developer and the Tenant have the power and authority to enter into the Agreement with the City and to represent that the construction of the Project would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in the Agreement.
-

Table A
City of Waite Park, MN
Developer Construction Pro Forma for Executive Express Project

SOURCE OF FUNDS

Bank Loan	\$2,888,000	80.2%
Developer Equity	\$212,000	5.9%
State Grant/Loan (MN Investment Fund, Waite Park)	\$500,000	13.9%
Total Source of Funds	\$3,600,000	100.0%

USE OF FUNDS

Land Acquisition	\$1,300,000	36.1%
Site Development	\$550,000	15.3%
Construction	\$1,440,000	40.0%
Machinery and Equipment	\$75,000	2.1%
Professional fees	\$135,000	3.8%
Contingencies	\$100,000	2.8%
Total Use of Funds	\$3,600,000	100.0%

Note: Developer is requesting a tax increment financing "pay-go" note to reimburse project costs on a pay-go basis. The maximum not to exceed amount of the note is proposed by the City to be no greater than \$208,000, payable over a eight year period at an interest rate of 4.0%, firstpayment beginning on August 1, 2019 and ending on February 1, 2027, or at such time the principal amount of the note is repaid, whichever occurs first.

DRAFT FOR PUBLIC HEARING

CITY OF WAITE PARK, MINNESOTA

DEVELOPMENT PROGRAM FOR

MUNICIPAL DEVELOPMENT DISTRICT NO. 3

TAX INCREMENT FINANCING PLAN FOR

TAX INCREMENT FINANCING (REDEVELOPMENT)

DISTRICT NO. 3-1

(EXECUTIVE EXPRESS)

PUBLIC HEARING: OCTOBER 2, 2017

PLAN APPROVED: _____

REQUEST FOR CERTIFICATION: _____

DISTRICT CERTIFIED: _____



Northland Securities, Inc.
45 South 7th Street, Suite 2000
Minneapolis, MN 55402
(800) 851-2920
Member NASD and SIPC

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ARTICLE I – INTRODUCTION AND DEFINITIONS

SECTION 1.01 INTRODUCTION

The City of Waite Park proposes to provide tax increment financing assistance to facilitate redevelopment of property. The Project involves the proposed new corporate headquarters for Executive Express to be located within the City. Loghouse Properties, LLC, a Minnesota limited liability company (the “Developer”) will be the property owner of the land and buildings that will be used by Loghouse Enterprises, Inc. DBS Executive Express (the “Tenant”). The Tenant operating as “Executive Express” is a Minnesota-based corporation with its headquarters in St. Cloud that specializes in airport passenger and special function transportation servicing over 40 central Minnesota communities to and from the Minneapolis/St. Paul Minneapolis Airport (MSP).

Executive Express desires to move its corporate headquarters to the former SJ Louis property located at 3032 1st Street South in the City. This is an approximate 15 acre property that is currently divided into three separate legal parcels, including: 98.60824.0146, 98.60568.0190, and 98.60824.0202. The property has been reviewed and approved for platting by the City, under requirements that unplatted property must be platted prior to expansion of existing or construction of new buildings. The plat has not yet been recorded pending the establishment of the Development District and TIF District within. A copy of the plat with the updated legal descriptions has been attached for reference in Exhibit VI. The boundaries of the Development District and TIF District will include a portion of the three separate parcels.

The property has been abandoned for the last ten years. The Developer is proposing improvements to certain existing structures on the property, and the construction of a new two-story customer lounge with approximately 2,000 square feet to be attached to an existing building on the property. A new transportation hub will also be constructed along with parking lot and other private road improvements.

This document contains the plan for achieving the objectives of the Development Program for Municipal Development District No. 3 through the establishment and use of Tax Increment Financing District No. 3-1. The proposed Tax Increment Financing Plan for the District will authorize the use of tax increments to pay for Project Costs.

SECTION 1.02 DEFINITIONS

For the purposes of this document, the terms below have the meanings given in this section, unless the context in which they are used indicates a different meaning:

1. “City” means the City of Waite Park, Minnesota.
2. “City Council” means the City Council of the City.
3. “County” means Stearns County, Minnesota.
4. “Developer” means a party undertaking construction or renovation in the TIF District.
5. “Development District” means Municipal Development District No. 3 in the City, created and established pursuant to and in accordance with the Development District Act.
6. “Development District Act” means Minnesota Statutes, Sections 469.124 through 469.133, as amended and supplemented from time to time.
7. “Development Program” means the Development Program for the Development District, as amended and supplemented from time to time.
8. “Project” means the construction of an approximately 2,000 square foot addition to an existing building for the corporate headquarters of Executive Express located on the

Development Property in the City, including a new transportation hub, parking lot and private road improvements.

9. "Project Area" means the geographic area of the Development District.
10. "Project Costs" means the cost of the development activities that will or are expected to occur within the Project Area or TIF District, including land acquisition, site improvements, utilities, other public improvements, and administrative costs.
11. "School District" means St. Cloud Area School District (Independent School District No. 742).
12. "State" means the State of Minnesota.
13. "TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.
14. "TIF District" means Tax Increment Financing (Redevelopment) District No. 3-1 (Executive Express).
15. "TIF Plan" means the tax increment financing plan for the TIF District (this document).

SECTION 1.03 PLAN PREPARATION

This document was prepared for the City by Northland Securities, Inc., and project information was provided by City staff.

ARTICLE II - DEVELOPMENT PROGRAM

SECTION 2.01 OVERVIEW

The City establishes the Development District and the related Development Program as a tool to achieve the objectives described in Section 2.02. The Development District serves as the Project Area for the tax increment financing district established within its boundaries. The Development Program describes the City's objectives for the development of this area and the use of tax increment financing.

SECTION 2.02 STATEMENT OF OBJECTIVES

The establishment of the Development District in the City pursuant to the Development District Act is necessary and in the best interests of the City and its residents and is necessary to give the City the ability to meet certain public purpose objectives that would not be obtainable in the foreseeable future without intervention by the City in the normal development process.

The City intends, to the extent permitted by law, to accomplish the following objectives through the implementation of the Development Program:

1. Provide for the acquisition of land and construction and financing of the private development in the Development District which are necessary for the orderly and beneficial development of the Development District and adjacent areas of the City.
2. Encourage the redevelopment of blighted and under-utilized areas of the City.
3. Facilitate the removal of deteriorated structures and encourage redevelopment in residential and commercial areas providing high levels of property maintenance and private investment.
4. Promote and secure the prompt and unified development of certain property in the Development District, which property is not now in productive use or in its highest and best use, with a minimum adverse impact on the environment, and thereby promote and secure the desirable development of other land in the City.
5. Promote and secure additional employment opportunities within the Development District and the City for residents of the City and the surrounding area, thereby improving living standards and reducing unemployment and the loss of skilled and unskilled labor and other human resources in the City.
6. Secure the increase in values of property subject to taxation by the City, the School District, the County, and other taxing jurisdictions in order to better enable such entities to pay for governmental services and programs that they are required to provide.
7. Promote the concentration of new unified development consisting of desirable residential and commercial and other appropriate development in the Development District so as to maintain the area in a manner compatible with its accessibility and prominence in the City.
8. Encourage the expansion and improvement of residential property, local business, economic activity and development, whenever possible.
9. Create a desirable and unique character within the Development District through quality land use alternatives and design quality in new buildings.

SECTION 2.03 BOUNDARIES OF DEVELOPMENT DISTRICT

The boundaries of the Development District are depicted in Exhibit VI. The property included within the boundaries of the Development District has been reviewed and approved for platting by the City, under requirements that unplatted property must be platted prior to expansion of existing or construction of new buildings. The plat has not yet been recorded pending the establishment of the Development District and TIF District within. A copy of the plat with the updated legal descriptions has been attached for reference in Exhibit VI. The boundaries of the Development District include the property legally described as follows along with the adjacent roads and right-of-way:

- Lot 1, Block 1 – Loghouse Properties Addition
- Lot 1, Block 2, Loghouse Properties Addition

SECTION 2.04 DEVELOPMENT ACTIVITIES

The City will perform or cause to be performed, to the extent permitted by law, all project activities pursuant to the Development District Act, the Tax Increment Financing Act and other applicable state laws, and in doing so anticipates that the following may, but are not required, to be undertaken by the City:

1. The making of studies, planning, and other formal and informal activities relating to the Development Program.
2. The implementation and administration of the Development Program.
3. The rezoning of land within the Development District.
4. The acquisition of property, or interests in property, by purchase or condemnation, which acquisition is consistent with the objectives of the Development Program,
5. The preparation of property for use and development in accordance with applicable Land Use Regulations and the Development Agreement, including demolition of structures, clearance of sites, placement of fill and grading.
6. The resale of property to private parties.
7. The construction or reconstruction of site improvements to property within a tax increment financing district.
8. The issuance of Tax Increment Bonds to finance the Project Costs of the Development Program, and the use of Tax Increments or other funds available to the City to pay or finance the Project Costs of a tax increment financing plan incurred or to be incurred by it pursuant to the Development Program.
9. The use of Tax Increments to pay debt service on the Tax Increment Bonds or otherwise pay or reimburse with interest the Project Costs of a tax increment financing plan.

SECTION 2.05 PAYMENT OF PROJECT COSTS

Project Costs and the plan for their payment will be described in the TIF Plan. It is anticipated that the Project Costs of the Development Program will be paid primarily from Tax Increments. The City reserves the right to utilize other available sources of revenue which the City may apply to pay a portion of the Project Costs.

SECTION 2.06 ENVIRONMENTAL CONTROLS; LAND USE REGULATIONS

All municipal actions, public improvements and private development shall be carried out

in a manner consistent with existing environmental controls and all applicable Land Use Regulations.

SECTION 2.07 PARK AND OPEN SPACE TO BE CREATED

Park and open space within the Development District if created will be created in accordance with the City's Comprehensive Plan and zoning and subdivision ordinances.

SECTION 2.08 PROPOSED REUSE OF PROPERTY

The Development Program reserves the authority for the City to acquire property and reconvey the same to another entity. All parcels in the Development District are eligible for acquisition. In acquiring land, the City Council will require the execution of a binding development agreement with respect thereto and evidence that tax increments or other funds will be available to repay the Project Costs associated with the proposed acquisition. It is the intent of the City to negotiate the acquisition of property whenever possible. Appropriate restrictions regarding the reuse and redevelopment of property shall be incorporated into any Development Agreement to which the City is a party.

SECTION 2.09 ADMINISTRATION AND MAINTENANCE OF DEVELOPMENT DISTRICT

Maintenance and operation of the Development District will be the responsibility of the City Administrator who shall serve as administrator of the Development District. By July 1 of each year the Administrator will submit to the City Council the maintenance and operation budget for the following year, pursuant to the provisions of Section 469.130 of the Development Act.

The Administrator will administer the Development District pursuant to the provisions of Section 469.131 of the Development District Act; provided, however, that such powers may only be exercised at the direction of the City Council. No action taken by the Administrator pursuant to the above-mentioned powers shall be effective without authorization by the City Council.

The City does not anticipate incurring any annual maintenance and operations costs for the Development District.

SECTION 2.11 AMENDMENTS

The City reserves the right to alter and amend the Development Program, subject to the provisions of state law regulating such action. The City specifically reserves the right to enlarge or reduce the size and scope of the Development District, the Development Program and the Project Costs of the Development.

ARTICLE III - TAX INCREMENT FINANCING PLAN

SECTION 3.01 STATUTORY AUTHORITY

The TIF District and this TIF Plan are established under the authority of the TIF Act (Minnesota Statutes 2013). For future reference in administering the TIF Plan, a copy of the TIF Act will be included in the transcript of documents for the TIF District.

SECTION 3.02 PLANNED DEVELOPMENT

3.02.1 *Project Description*

The Project will include improvements to certain existing structures and the construction of an approximately 2,000 square foot addition to an existing building for the corporate headquarters of Executive Express all improvements shall be constructed within the Project Area. A new transportation hub will be constructed along with parking lot and other private road improvements. See Section 1.01 for more information about the Project.

3.02.2 *City Plans and Development Program*

In addition to achieving the objectives of the Development Program, the proposed development is consistent with and works to achieve the development objectives of the City. The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole.

The reasons and facts supporting this finding are that the City Council has reviewed the Development Program and found that the TIF Plan is consistent with the goals of the Comprehensive Plan and zoning ordinances and serves to promote the development objectives for the City.

A major objective of the Development Program and TIF Plan is to assist redevelopment and prevent the further deterioration of land located within the Development District. The City believes that the development and construction of the Project are in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted.

3.02.3 *Land Acquisition*

The City does not anticipate it will acquire land within the TIF District.

3.02.4 *Development Activities*

As of the date of approval of the TIF Plan, there are no development activities proposed in this TIF Plan that are subject to contracts.

3.02.5 *Need for Tax Increment Financing*

The reasons and facts supporting this finding are that this commercial area of the City includes parcels with blighted buildings and structures, and under-utilized areas which are a detriment to redevelopment by the private sector. Such conditions render properties within the TIF District unsuitable for redevelopment due to the excessive costs involved with redevelopment. It is only through a coordinated and comprehensive redevelopment effort using tax increment revenues to fund certain of these excessive development expenses and provide necessary improvements to public infrastructure serving the commercial and residential area will private redevelopment occur. In the opinion of the City, the proposed development would not reasonably be expected to occur solely through private investment within the foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value

estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan.

A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above and is shown in Exhibit I. This analysis indicates that the increase in estimated market value of the proposed development (less the present value of the projected tax increments for the maximum duration permitted by the TIF Plan) exceeds the estimated market value of the site prior to the establishment of the TIF District.

SECTION 3.03 TAX INCREMENT FINANCING DISTRICT

3.03.1 Designation

The TIF District is designated Tax Increment Financing (Redevelopment) District No. 3-1 (Executive Express).

3.03.2 Boundaries of TIF District

The boundaries of the TIF District are depicted in Exhibit VI. The property included within the boundaries of the TIF District has been reviewed and approved for platting by the City, under requirements that unplatted property must be platted prior to expansion of existing or construction of new buildings. The plat has not yet been recorded pending the establishment of the TIF District. A copy of the plat with the updated legal descriptions has been attached for reference in Exhibit VI. The boundaries of the TIF District include the property legally described as follows along with the adjacent roads and right-of-way:

- Lot 1, Block 1 – Loghouse Properties Addition
- Lot 1, Block 2, Loghouse Properties Addition

3.03.3 Type of TIF District

The TIF District is established as a “redevelopment” district pursuant to Minnesota Statutes Section 469.174, Subd. 10. The City has determined that the property in the TIF District meets the statutory criteria for a redevelopment district.

As summarized in the table below, 100% of the area of the TIF District is occupied by improved parcels, and 100% of the buildings within the TIF District are found to be substandard. The substandard buildings are reasonably distributed. The results of the building inspection and analysis performed by the City’s licensed building inspectors (Jeff Howe, Jim Howe, and Mitch Howe) are contained in the reports (dated July 18, 2017 and August 30, 2017) and included in Exhibit V of the TIF Plan.

Number of Parcels.....	2
Site Area Included (sq.ft. without roads)	661,115
Area of Improved Parcels	661,115
Percent of Area Improved.....	100%
Number of Parcels with Buildings	3
Number of Buildings found Substandard.....	3
Percent of Buildings found Substandard.....	100%

SECTION 3.04 PLAN FOR USE OF TAX INCREMENT

3.04.1 Estimated Tax Increment

The original tax capacity of value of the TIF District will be set by the County upon request for certification. The original tax capacity value may change over time based on the use and tax classification of each parcel. For the purposes of this Plan, the estimated original tax capacity is \$26,942, calculated for commercial property. The estimated original tax capacity is based on the most recent published combined estimated total taxable market value of the property of \$1,459,600. This combined estimated value is before the filing of the final plat and establishment of the two new parcels as described in Section 3.03.2.

The total tax capacity value of the property after completion of all phases of redevelopment is estimated to be \$47,692. This amount is based on a total estimated taxable market value of \$2,459,600 with property classified as commercial. The difference between the total tax capacity value and the original tax capacity value is the captured tax capacity value for the creation of tax increment. It is the City's intent to retain 100% of the captured tax capacity Value for the duration of the TIF District.

The TIF Plan is based on the estimated rate for taxes payable 2017. The total local tax rate for taxes payable in 2017 is 159.362%. The original tax rate for the TIF District will be based on the final total local tax rate for taxes payable in 2018, assuming the request for certification of the TIF District is made prior to June 30, 2018.

Under these assumptions, the estimated annual tax increment upon completion of all phases of redevelopment will be \$32,949. The actual tax increment will vary according to the certified original tax capacity value and original tax rate, the actual property value produced by the proposed development and the changes in property value and State tax policy over the life of the district.

Exhibit II contains the projected tax increment for the duration of the District.

3.04.2 Development Activities

The City will use tax increment to pay Project Costs. The City anticipates the use of tax increment to reimburse the Developer for Project Costs (on a pay-go basis) related to the redevelopment of the property in the TIF District. Project Costs eligible for reimbursement are for activities needed to correct the redevelopment conditions under the TIF Act, including public improvements, earthwork, site utilities, paving, site concrete, landscaping, site accessories, fencing, public and private utility services, building demolition, clearance of the site, abatement of contaminants, on-site parking and other site development expenses, including land acquisition, allowed by the TIF Act. The City may also use tax increments to pay principal and interest on bonds (i.e., pay-go note and interfund loans) and to compensate for the interest expense of financing for these redevelopment costs at a rate to be set by the City or pursuant to a development agreement.

The City reserves the right to enter into a development agreement that defines the means for verifying costs eligible for reimbursement and the means of disbursing tax increments collected by the City.

The City reserves the right to use any other legally available revenues to finance or pay for Project Costs associated with the development in the TIF District.

3.04.3 Estimated Sources and Uses of Funds

The estimated sources of revenue, along with the estimated Project Costs of the TIF District, are itemized in Figure 3-1. These estimates are based on the best available information in the sources and uses of funds. Such costs are eligible for reimbursement from tax increments from the TIF District.

The City reserves the right to administratively adjust the amount of any of the items listed

in Figure 3-1, or to incorporate additional eligible items, so long as the total estimated tax increment project costs is not increased.

**FIGURE 3-1
ESTIMATED SOURCES AND USES OF FUNDS**

	Total
Estimated Tax Increment Revenues (from tax increment generated by the district)	
Tax increment revenues distributed from the county	\$275,000
Interest and investment earnings	\$0
Sales/lease proceeds	\$0
Market value homestead credit	\$0
Total Estimated Tax Increment Revenues	\$275,000
Estimated Project/Financing Costs (to be paid or financed with tax increment)	
Project costs	
Land/building acquisition	\$0
Site improvements/preparation costs	\$208,000
Utilities	\$0
Other qualifying improvements	\$0
Construction of affordable housing	\$0
Small city authorized costs, if not already included above	\$0
Administrative costs	\$27,500
Estimated Tax Increment Project Costs	\$235,500
Estimated financing costs	
Interest expense	\$39,500
Total Estimated Project/Financing Costs to be Paid from Tax Increment	\$275,000
Estimated Financing	
Total amount of bonds to be issued	\$235,500

3.04.4 *Administrative Costs*

The City reserves the right to spend up to a maximum of ten percent (10%) of annual tax increment revenues, less fees paid to the State and County on administrative expenses. The City will use these monies to pay for and reimburse the City for costs of managing and administering the TIF district allowed by the TIF Act. Based on current projections and estimated tax increment project costs, the maximum amount to be spent on administrative costs is shown in Figure 3-1 in Section 3.04.3. Anticipated administrative expenses of the TIF District includes annual audit of the fund for TIF District, preparation of annual reporting, legal publication of annual report, and administration of the development agreement. The City may also reimburse itself for costs associated with the establishment of the TIF District, including the TIF Plan and a development assistance contract.

3.04.5 *County Road Costs*

The proposed development will not substantially increase the use of county roads and necessitate the need to use tax increments to pay for county road improvements.

3.04.6 Bonded Indebtedness

The total amount of bonds estimated to be issued is shown in Figure 3-1 in Section 3.04.3. Any bond to which payment for tax increment is pledged is a tax increment bond. A tax increment bond issued in connection with “any project for which tax increment financing has been undertaken” must be one of the types of bonds expressly authorized by section 469.178 of the TIF Act. The types of bonds expressly authorized by section 469.178 are: municipality general obligation bonds; authority general obligation bonds; authority revenue bonds (including pay-go); and interfund loans or advances.

The City does not anticipate it will issue general obligation bonded indebtedness as a result of the TIF Plan but reserves the right to do so. The City intends to use tax increment financing on a pay-go basis to reimburse the developer for certain Project Costs.

The City may loan or advance money from its general fund or any other fund it has legal authority to use to finance qualifying TIF expenditures, such as costs of administering the TIF District. An interfund loan or advance is defined in the TIF Act as a bond or a qualifying obligation. Before money is transferred, advanced, or spent, the loan or advance shall be authorized by resolution of the City. For the loan or advance to be repaid with TIF revenues, an interfund loan agreement must be in place before any loans or advances are made. The terms and conditions for repayment of the loan must be in writing and include, at minimum, (i) the principal amount of the loan or advance, (ii) the interest rate to be charged, and (iii) its maximum term. The maximum rate of interest that can be charged is limited to the annual rate charged by the State Courts or by the Department of Revenue, whichever is greater.

3.04.7 Duration of TIF District

The City elects that no tax increment shall in any event be paid to the City after seven (7) years after receipt by the City of the first increment.

Based on current estimates and the schedule for development, the first tax increment is estimated to be collected in 2019 (assuming start of construction in 2017) creating the authority to collect tax increments through 2026. The City expects to request decertification of the TIF District after reimbursement of Project Costs, but no later than the end of the seventh year following the first year of receipt of tax increment, whichever occurs first.

3.04.8 Estimated Impact on Other Taxing Jurisdictions

Exhibit III and IV shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The City anticipates minimal impact of the proposed development on city-provided services. There should be minimal, if any, impact on water and sewer usage. The City does not anticipate any significant increase in police and fire protection duties due to the development.

3.04.9 Prior Planned Improvements

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District. The City will include this statement with the request for certification to the County Auditor. If building permits had been issued during this time period, then the County Auditor would increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

ARTICLE IV – ADMINISTERING THE TIF DISTRICT

SECTION 4.01 FILING AND CERTIFICATION

The filing and certification of the TIF Plan consists of the following steps:

1. Upon adoption of the TIF Plan, the City shall submit a copy of the TIF Plan to the Minnesota Department of Revenue and the Office of the State Auditor.
2. The City shall request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements.
3. The City shall send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District, and shall request that the County Assessor review and certify this assessment agreement as reasonable.

SECTION 4.02 MODIFICATIONS OF THE TAX INCREMENT FINANCING PLAN

The City reserves the right to modify the TIF District and the TIF Plan. Under current State Law, the following actions can only be approved only after satisfying all the necessary requirements for approval of the original TIF Plan (including notifications and public hearing):

- Reduction or enlargement in the geographic area of the Development District or the TIF District.
- Increase in the amount of bonded indebtedness to be incurred.
- Increase in the amount of capitalized interest.
- Increase in that portion of the captured net tax capacity to be retained by the City.
- Increase in the total estimated Project Costs.
- Designation of additional property to be acquired by the City.

Other modifications can be made by resolution of the City Council. In addition, the original approval process does not apply if (1) the only modification is elimination of parcels from the TIF District and (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the City agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

SECTION 4.03 CORRECTING REDEVELOPMENT CONDITIONS

Section 469.176, Subd. 4j of the TIF Act requires that at least 90% of the revenues derived from tax increments from the TIF District be used to finance the cost of correcting conditions that allow designation as a redevelopment district. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of hazardous substances or remediation necessary to development of the land, and installation of utilities, roads, sidewalks, and parking facilities

for the site. The allocated administrative expenses of the City, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

SECTION 4.04 4-YEAR KNOCKDOWN RULE

The 4-Year Knockdown Rule requires that if after four years from certification of the TIF District no demolition, rehabilitation, renovation or site improvement, including a qualified improvement of an adjacent street, has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

SECTION 4.05 POOLING/5-YEAR RULE

An amount equal to at least 75% of the total revenue derived from tax increments paid by properties in the TIF District must be expended on activities in the TIF District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the TIF District or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25% of the total revenue derived from tax increments paid by properties in the TIF District may be expended, through a development fund or otherwise, on activities outside of the TIF District but within the defined geographic area of the Project Area except to pay, or secure payment of, debt service on credit enhanced bonds.

Revenue derived from tax increments paid by properties in the TIF District are considered to have been “spent” within the TIF District if such amounts are:

- actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.
- used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
- used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district.

It is anticipated that all revenue derived from tax increments paid by properties in the TIF District will be spent or obligated within the first five years of the TIF District and spent on Project Costs within the boundaries of the TIF District.

SECTION 4.06 FINANCIAL REPORTING AND DISCLOSURE REQUIREMENTS

The City will comply with the annual reporting requirements of State Law pursuant to the

guidelines of the Office of the State Auditor. Under current law, the City must prepare and submit a report on the TIF district on or before August 1 of each year. The City must also annually publish in a newspaper of general circulation in the City an annual statement for each tax increment financing district.

The reporting and disclosure requirements outlined in this section begin with the year the district was certified, and shall end in the year in which both the district has been decertified and all tax increments have been spent or returned to the county for redistribution. Failure to meet these requirements, as determined by the State Auditors Office, may result in suspension of distribution of tax increment.

SECTION 4.07 BUSINESS SUBSIDY COMPLIANCE

The City will comply with the business subsidies requirements, if applicable, specified in Minnesota Statutes, Sections 116J.993 to 116J.995.

Exhibit I

**Waite Park
Tax Increment Financing District No. 3-1 (Redevelopment)
Present Value Analysis As Required By Statute
Minnesota Statutes 469.175(3)(2)
*Executive Express***

1	Estimated Future Market Value w/ Tax Increment Financing	2,546,988
2	Payable 2017 Market Value	<u>1,459,600</u>
3	Market Value Increase (1-2)	1,087,388
4	Present Value of Future Tax Increments	<u>231,732</u>
5	Market Value Increase Less PV of Tax Increments	855,656
6	Estimated Future Market Value w/o Tax Increment Financing	1,511,459 ¹
7	Payable 2017 Market Value	<u>1,459,600</u>
8	Market Value Increase (6-7)	<u>51,859</u>
9	Increase in MV From TIF	<u><u>803,797</u></u> ²

¹ Assume 0.50% annual appreciation over 8 year life of district.

² Statutory compliance achieved if increase in market value from TIF (Line 9) is greater than or equal to zero.

TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 3-1

Exhibit II
City of Waite Park
Tax Increment Financing District No. 3-1 (Redevelopment)
Executive Express
Projected Tax Increment Cash Flow

TIF District Year	Value Year	Taxes Payable Year	Taxable Market Value ^{1 4}	New Tax Capacity ¹	Base Tax Capacity ³	Captured Tax Capacity	Assumed Original Tax Rate ²	100.00% Estimated Tax Increment ⁶	4.00% Present Value of Estimated Tax Increment
1	2018	2019	2,459,600	47,692	(26,942)	20,750	159.362%	32,949	31,881
2	2019	2020	2,471,898	47,938	(26,942)	20,996	159.362%	33,340	62,887
3	2020	2021	2,484,257	48,185	(26,942)	21,243	159.362%	33,732	93,040
4	2021	2022	2,496,679	48,434	(26,942)	21,492	159.362%	34,126	122,360
5	2022	2023	2,509,162	48,683	(26,942)	21,741	159.362%	34,522	150,869
6	2023	2024	2,521,708	48,934	(26,942)	21,992	159.362%	34,921	178,588
7	2024	2025	2,534,317	49,186	(26,942)	22,244	159.362%	35,321	205,536
8	2025	2026	2,546,988	49,440	(26,942)	22,498	159.362%	35,724	231,732
TOTAL =								274,635	

Key Assumptions

- 1 Taxable market value annual growth assumption = 0.50%
- 2 Assume Pay 2017 Tax Year.
- 3 Base Taxable Market Value = \$1,459,600 (Property will be replatted prior to certification)
- 4 New Taxable Market Value includes base value plus \$1,000,000 for increased valued from improvements.
- 5 Estimated total tax increment is after deducting the State Auditor's Office fee of 0.36% of the tax increment
- 6 Present value is calculated based on semi-annual payments, stated rate in the schedule above, and beginning date of: 1/1/2019.
- 7 All amounts are estimated and do not represent agreement by the City on any amount of assistance or terms.

Exhibit III
Waite Park
Tax Increment Financing District No. 3-1 (Redevelopment)
Impact on Other Taxing Jurisdictions
(Taxes Payable 2017)
Executive Express

ANNUAL TAX INCREMENT

Estimated Annual Captured Tax Capacity (Full Development)	\$22,498
Payable 2017 Local Tax Rate	159.362%
Estimated Annual Tax Increment	\$35,853

Percent of Tax Base

	Net Tax Capacity (NTC)	Captured Tax Capacity	Percent of Total NTC
City of Waite Park	9,839,316	22,498	0.23%
Stearns County	141,400,498	22,498	0.02%
ISD 0742	63,768,818	22,498	0.04%

Dollar Impact of Affected Taxing Jurisdictions

	Net Tax Capacity (NTC)	% of Total	Tax Increment Share	Added Local Tax Rate
City of Waite Park	71.911%	45.124%	16,178	0.164%
Stearns County	52.337%	32.842%	11,775	0.008%
ISD 0742	30.621%	19.215%	6,889	0.011%
Other	4.493%	2.819%	1,011	
Totals	159.362%	100.000%	35,853	

NOTE NO. 1: Assuming that ALL of the captured tax capacity would be available to all taxing jurisdictions even if the City does not create the Tax Increment District, the creation of the District will reduce tax capacities and increase the local tax rate as illustrated in the above tables.

NOTE NO. 2: Assuming that NONE of the captured tax capacity would be available to the taxing jurisdiction if the City did not create the Tax Increment District, then the plan has virtually no initial effect on the tax capacities of the taxing jurisdictions. However, once the District is established, allowable costs paid from the increments, and the District is terminated, all taxing jurisdictions will experience an increase in their tax base.

TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 3-1

Exhibit IV

City of Waite Park

Tax Increment Financing District No. 3-1 (Redevelopment)

Executive Express

Estimated Tax Increments Over Maximum Life of District

Based on Pay 2017 Tax Rate = 159.362% 71.911% 52.337% 30.621% 4.493%

TIF District	Taxes Payable Year	New Taxable Market Value	New Tax Capacity	Base Tax Capacity	Captured Tax Capacity	Estimated Total Tax Increment	City TIF Related Share	County TIF Related Share	School TIF Related Share	Other TIF Related Share
1	2019	2,459,600	47,692	(26,942)	20,750	33,068	14,921	10,860	6,354	933
2	2020	2,471,898	47,938	(26,942)	20,996	33,460	15,098	10,989	6,429	944
3	2021	2,484,257	48,185	(26,942)	21,243	33,854	15,276	11,118	6,505	955
4	2022	2,496,679	48,434	(26,942)	21,492	34,249	15,455	11,248	6,581	965
5	2023	2,509,162	48,683	(26,942)	21,741	34,647	15,634	11,379	6,657	977
6	2024	2,521,708	48,934	(26,942)	21,992	35,047	15,815	11,510	6,734	988
7	2025	2,534,317	49,186	(26,942)	22,244	35,449	15,996	11,642	6,812	999
8	2026	2,546,988	49,440	(26,942)	22,498	35,853	16,178	11,775	6,889	1,011
Total						275,627	124,373	90,521	52,961	7,772

EXHIBIT V

REPORTS/FACTS FOR REDEVELOPMENT FINDINGS

Building 1 - Maintenance Building Report..... Page 19
Building 2 - Office Building Report Page 32
Building 3 - Shop Building Report..... Page 49
Cover Test Report..... Page 53



FOR INSPECTION OF PROPERTY
FOR THE PURPOSE OF DETERMINING CONDITION OF BUILDINGS TEST
AS DEFINED BY MN STATUTES, SECTION 469.174, SUBDIVISION 10

Building 1 - Maintenance Building Report

- 1. Building Name: Maintenance Building
- 2. Parcel No: 98.60568.0190
- 3. Building Address: 3032 1st Street South
- 4. Inspector(s) Name(s): Jeff Howe, Jim Howe, Mitch Howe
- 5. Inspection Date: July 13, 2017
- 6. Inspection Time: 1:30 PM
- 7. Inspection Type: Interior X Exterior X
- 8. Building Vacant: Yes X No _____
- 9. Estimated Replacement Cost: \$450,000
- 10. Estimated Cost to Correct Building Code Deficiencies: \$420,500
- 11. Percentage of Replacement Cost: 93 %

Note: Details supporting the calculation of Items 9 and 10 above should be included as an attachment to the report. See attached. Valuation of estimated replacement costs based on recent valuations for similar residential and office construction and current construction trends.

DESCRIPTION OF CONDITION DEFICIENCIES: Minnesota Statutes, Section 469.174, Subdivision 10, states that a building is Structurally Substandard if it contains “defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”

- 12. Details on Defects in Structural Elements:
 - A. The possible structural damage to the maintenance building of the south and northwest portions of the maintenance building was not assessed or confirmed.

19 – 13TH AVENUE NORTH PO Box 339 WAITE PARK MN 56387-0339
PHONE: (320)656-8936 FAX: (320)252-6955
EMAIL: CITY.HALL@CI.WAITEPARK.MN.US WEBSITE: WWW.CI.WAITEPARK.MN.US

Inspection Report, Continued:

13. Deficiencies:

1. Essential Utilities and Facilities:
 - A. The restroom in the maintenance building must be remodeled to meet ADA requirements.
 - B. Damaged sewer manhole for maintenance building must be repaired or replaced on west side of building.
2. Light and Ventilation:
 - A. Provide carbon monoxide detection system for maintenance building.
3. Fire Protection/Adequate Egress:
 - A. The maintenance building requires the installation of fire sprinkler protection.
4. Exterior Construction:
 - A. Provide ground fault interrupt (GFI) protected outlets for exterior outlets maintenance building.
 - B. Repair or replace exterior siding of maintenance building numerous holes and damage.
 - C. Excessive heat from removed waste oil furnace in maintenance damaged exterior siding; possible structural damage could not be assessed.
 - D. Northeast service door to maintenance building must be relocated due to proximity to electrical panels.
 - E. Overhead garage doors of maintenance building must be repaired or replaced for proper operation.

14. Energy Code

- A. The alterations to the maintenance building will require the insulation, heating and lighting to conform to the energy code.

15. Photographs Documenting Interior and Exterior of Building

Attached to this report are photos of the subject property offered as supporting documentation to the information included in this Report.

16. Summary of Inspector's Qualifications:

Minnesota Certified Building Official #B0002124 since November 20, 2000.

17. Summary of Deficiencies:

It is my professional opinion that this building is **Substandard** as defined by Minnesota Statutes, Section 469.174, Subdivision 10c.

Inspection Report, Continued:


- a) Building Code deficiencies total more than 15% of replacement cost.
- b) Substantial renovation is required to correct Conditions found.

Date: July 18, 2017

Title: Building Official

License : B0002124

Name: Jeff Howe

Signature: 

Building 1 - Maintenance Building Report

Jon Noerenberg

From: Inspections
Sent: Monday, July 24, 2017 1:29 PM
To: Jon Noerenberg
Subject: SJ Louis property

Subject: SJ Lewis property

Larry,

The report asks for an estimated cost to correct the deficiencies and an estimated replacement cost. Could you get a contract to provide the estimates for us so I can complete the report? The following are the corrections needed:

1. Details on Defects in Structural Elements:

- A. The sill plates of the windows on old portion of office building are rotted and a determination on the amount of damage to structure framing was not determined. **\$24,000**
- B. The possible structural damage to the maintenance building of the south and northwest portions of the maintenance building was not assessed or confirmed. **\$6,000 assuming the structural frame if OK. \$20,000 - \$40,00 if a Structural frame needed to be replace or reinforced.**

2. Deficiencies:

- 1. Essential Utilities and Facilities:
 - A. The restroom in the maintenance building must be remodeled to meet ADA requirements. **\$18,000**
 - B. Damaged sewer manhole for maintenance building must be repaired or replaced on west side of building. **\$5,000**
- 2. Light and Ventilation:
 - A. West basement and 2nd floor of old office building should be tested for mold prior to occupation as it show signs of being wet. **\$2,000 testing only.**
 - B. Provide carbon monoxide detection system for maintenance building. **CO sensors & associated exhaust system. \$50,000**
- 3. Fire Protection/Adequate Egress:
 - A. The east basement area of the office building requires exterior openings or the installation of a fire sprinkler system. **\$25,000**
 - B. Provide thermal protection for underside of basement stairs in office building. **\$6,500**
 - C. The maintenance building requires the installation of fire sprinkler protection. **\$40,000**
- 4. Layout and Condition of Interior Partitions/Materials:
 - A. Provide handrail to east basement stair of office building. **\$1,500**
 - B. Toilets must be re-caulked in office building. **\$300**
- 5. Exterior Construction:

- A. Repair or replace siding on the South side of office building for peeling protective cover. \$8,000
- B. Window flashing of office building must be repaired or replaced. \$13,000
- C. Repair or replace fascia on the office building. \$4,000
- D. Repair or replace cedar shake shingles. \$5,500
- E. Repair or replace broken windows in office building. \$2,000
- F. Repair or replace rotten window sills in office building, if done with #5B. \$2,000
- G. Repair or replace exterior covering of office building foundation insulation. \$1,500
- H. Provide hand and guard rails for north steps of office building. \$3,500
- I. Provide ground fault interrupt (GFI) protected outlets for exterior outlets of office and maintenance buildings. \$2,000
- J. Repair or replace exterior siding of maintenance building numerous holes and damage. \$4,000
- K. Excessive heat from removed waste oil furnace in maintenance damaged exterior siding; possible structural damage could not be assessed. Same as 1B above.
- L. Northeast service door to maintenance building must be relocated due to proximity to electrical panels. \$5,500
- M. Overhead garage doors of maintenance building must be repaired or replaced for proper operation. \$36,000

3. Energy Code

- A. The alterations to the maintenance building will require the insulation, heating and lighting to conform to the energy code.

Spray foam Insulation over existing interior liner panels - \$130,000 (Most cost effective though not very aesthetically pleasing) Remove liner panels, spray foam in wall cavity and reinstall new liner panels could several hundred thousand dollars.

Heating \$50,000.

LED Lighting \$25,000.

Please call with any questions or concerns as we work through this process.

Thanks and good luck

Jeff Howe
Building Official
City of Waite Park
320-656-8936

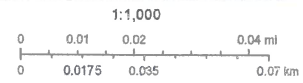
Jeff Howe
Building Official
City of Waite Park
320-656-8936

Executive Express Site - Maintenance Building Location

Building 1 - Maintenance Building Report



September 1, 2017
□ Parcels
▣ Municipal Boundary



SEH
Aerial flight spring 2015
Walte Park, SEH, Stearns County

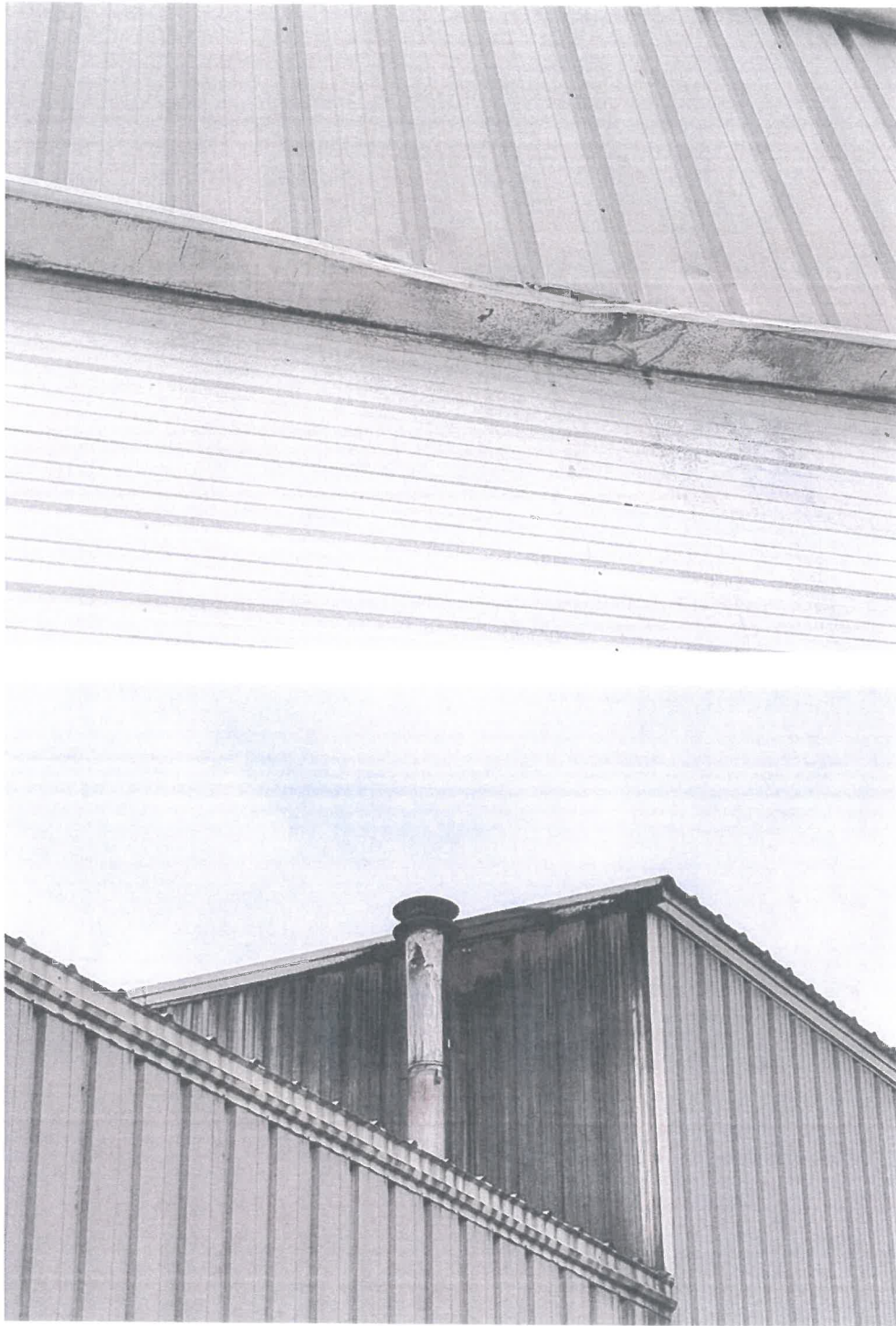
SEH S.mercConnect User
SEH

Building 1 - Maintenance Building Report

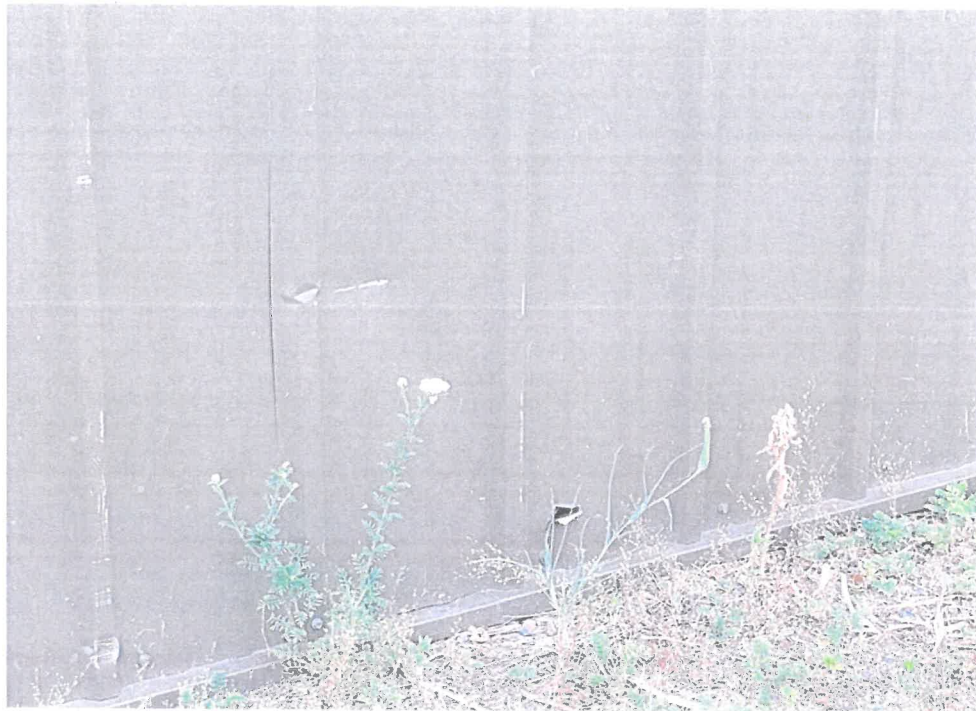
Maintenance Building



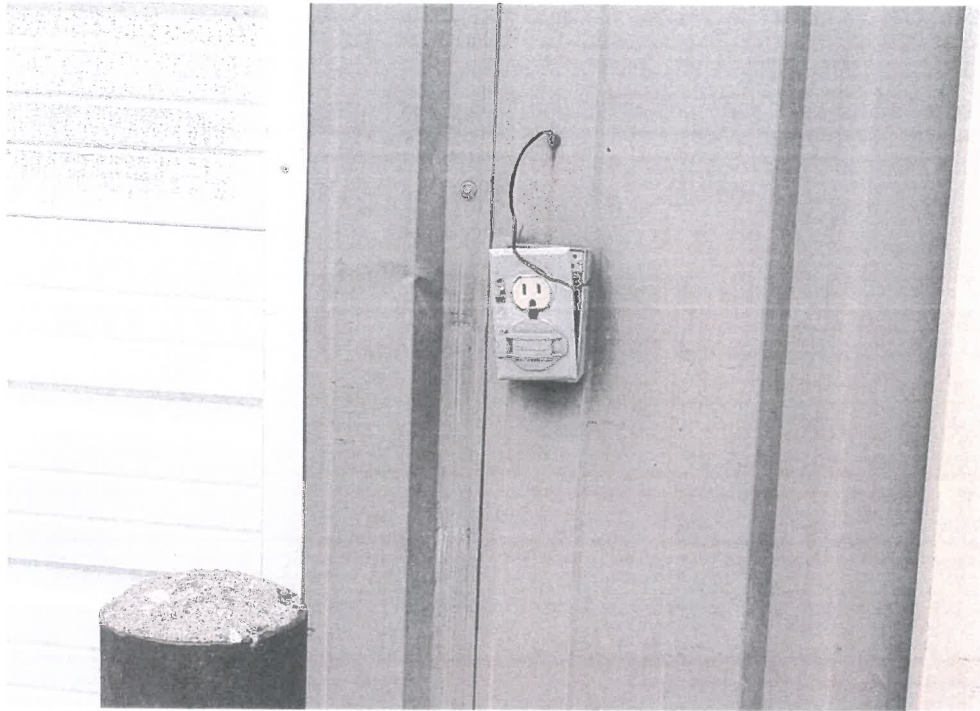
Building 1 - Maintenance Building Report



Building 1 - Maintenance Building Report



Building 1 - Maintenance Building Report



Building 1 - Maintenance Building Report



Building 1 - Maintenance Building Report



Building 1 - Maintenance Building Report



Inspection Report, Continued:

13. Deficiencies:

1. Light and Ventilation:
 - A. West basement and 2nd floor of old office building should be tested for mold prior to occupation as it show signs of being wet.
2. Fire Protection/Adequate Egress:
 - A. The east basement area of the office building requires exterior openings or the installation of a fire sprinkler system.
 - B. Provide thermal protection for underside of basement stairs in office building.
3. Layout and Condition of Interior Partitions/Materials:
 - A. Provide handrail to east basement stair of office building.
 - B. Toilets must be re-caulked in office building.
4. Exterior Construction:
 - A. Repair or replace siding on the South side of office building for peeling protective cover.
 - B. Window flashing of office building must be repaired or replaced.
 - C. Repair or replace fascia on the office building.
 - D. Repair or replace cedar shake shingles.
 - E. Repair or replace broken windows in office building.
 - F. Repair or replace rotten window sills in office building.
 - G. Repair or replace exterior covering of office building foundation insulation.
 - H. Provide hand and guard rails for north steps of office building.
 - I. Provide ground fault interrupt (GFI) protected outlets for exterior outlets of office.

14. Photographs Documenting Interior and Exterior of Building

Attached to this report are photos of the subject property offered as supporting documentation to the information included in this Report.

15. Summary of Inspector's Qualifications:

Minnesota Certified Building Official #B0002124 since November 20, 2000.

16. Summary of Deficiencies:

It is my professional opinion that this building is **Substandard** as defined by Minnesota Statutes, Section 469.174, Subdivision 10c.

- a) Building Code deficiencies total more than 15% of replacement cost.
- b) Substantial renovation is required to correct Conditions found.



FOR INSPECTION OF PROPERTY
FOR THE PURPOSE OF DETERMINING CONDITION OF BUILDINGS TEST
AS DEFINED BY MN STATUTES, SECTION 469.174, SUBDIVISION 10

Building 2 - Office Building Report

- 1. Building Name: Office Building
- 2. Parcel No: 98.60824.0146
- 3. Building Address: 3032 1st Street South
- 4. Inspector(s) Name(s): Jeff Howe, Jim Howe, Mitch Howe
- 5. Inspection Date: July 13, 2017
- 6. Inspection Time: 1:30 PM
- 7. Inspection Type: Interior X Exterior X
- 8. Building Vacant: Yes X No _____
- 9. Estimated Replacement Cost: \$344,000
- 10. Estimated Cost to Correct Building Code Deficiencies: \$100,800
- 11. Percentage of Replacement Cost: 29.3 %

Note: Details supporting the calculation of Items 9 and 10 above should be included as an attachment to the report. See attached. Estimated valuation provided via Stearns County Assessor's Office for existing structure.

DESCRIPTION OF CONDITION DEFICIENCIES: Minnesota Statutes, Section 469.174, Subdivision 10, states that a building is Structurally Substandard if it contains "defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance."

- 12. Details on Defects in Structural Elements:
 - A. The sill plates of the windows on old portion of office building are rotted and a determination on the amount of damage to structure framing was not determined.

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Inspection Report, Continued:

Date: July 18, 2017

Title: Building Official

License : B0002124

Name: Jeff Howe

Signature: 

Building 2 - Office Building Report

Jon Noerenberg

From: Inspections
Sent: Monday, July 24, 2017 1:29 PM
To: Jon Noerenberg
Subject: SJ Louis property

Subject: SJ Lewis property

Larry,

The report asks for an estimated cost to correct the deficiencies and an estimated replacement cost. Could you get a contract to provide the estimates for us so I can complete the report? The following are the corrections needed:

1. Details on Defects in Structural Elements:

- A. The sill plates of the windows on old portion of office building are rotted and a determination on the amount of damage to structure framing was not determined. \$24,000
- B. The possible structural damage to the maintenance building of the south and northwest portions of the maintenance building was not assessed or confirmed. \$5,000 assuming the structural frame if OK. \$20,000 - \$40,00 if a Structural frame needed to be replace or reinforced.

2. Deficiencies:

- 1. Essential Utilities and Facilities:
 - A. The restroom in the maintenance building must be remodeled to meet ADA requirements. \$18,000
 - B. Damaged sewer manhole for maintenance building must be repaired or replaced on west side of building. \$5,000
- 2. Light and Ventilation:
 - A. West basement and 2nd floor of old office building should be tested for mold prior to occupation as it show signs of being wet. \$2,000 testing only.
 - B. Provide carbon monoxide detection system for maintenance building. CO sensors & associated exhaust system. \$50,000
- 3. Fire Protection/Adequate Egress:
 - A. The east basement area of the office building requires exterior openings or the installation of a fire sprinkler system. \$25,000
 - B. Provide thermal protection for underside of basement stairs in office building. \$6,500
 - C. The maintenance building requires the installation of fire sprinkler protection. \$40,000
- 4. Layout and Condition of Interior Partitions/Materials:
 - A. Provide handrail to east basement stair of office building. \$1,500
 - B. Toilets must be re-caulked in office building. \$300
- 5. Exterior Construction:

- A. Repair or replace siding on the South side of office building for peeling protective cover. \$8,000
- B. Window flashing of office building must be repaired or replaced. \$13,000
- C. Repair or replace fascia on the office building. \$4,000
- D. Repair or replace cedar shake shingles. \$5,500
- E. Repair or replace broken windows in office building. \$2,000
- F. Repair or replace rotten window sills in office building. If done with #5B, \$2,000
- G. Repair or replace exterior covering of office building foundation insulation. \$1,500
- H. Provide hand and guard rails for north steps of office building. \$3,500
- I. Provide ground fault interrupt (GFI) protected outlets for exterior outlets of office and maintenance buildings. \$2,000
- J. Repair or replace exterior siding of maintenance building numerous holes and damage. \$4,000
- K. Excessive heat from removed waste oil furnace in maintenance damaged exterior siding; possible structural damage could not be assessed. Same as 1B above.
- L. Northeast service door to maintenance building must be relocated due to proximity to electrical panels. \$5,500
- M. Overhead garage doors of maintenance building must be repaired or replaced for proper operation. \$36,000

3. Energy Code

- A. The alterations to the maintenance building will require the insulation, heating and lighting to conform to the energy code.

Spray foam Insulation over existing interior liner panels - \$130,000 (Most cost effective though not very aestically pleasing) Remove liner panels, spray foam in wall cavity and reinstall new liner panels could several hundred thousand dollars.

Heating \$50,000.

LED Lighting \$25,000.

Please call with any questions or concerns as we work through this process.

Thanks and good luck

Jeff Howe
Building Official
City of Waite Park
320-656-8936

Jeff Howe
Building Official
City of Waite Park
320-656-8936

Executive Express Site - Office Building Location

Building 2 - Office Building Report



September 1, 2017

- Parcels
- Municipal Boundary

1:1,000

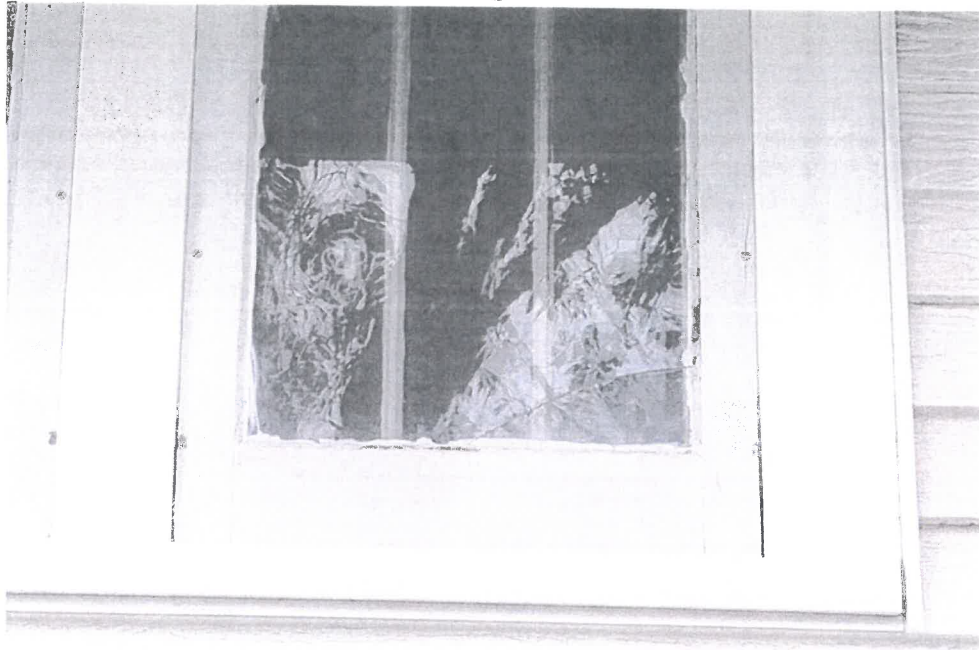


SEH
Aerial flight spring 2016
White Park, SEH, Stearns County

SEH SmartConnect User
SEH

Building 2 - Office Building Report

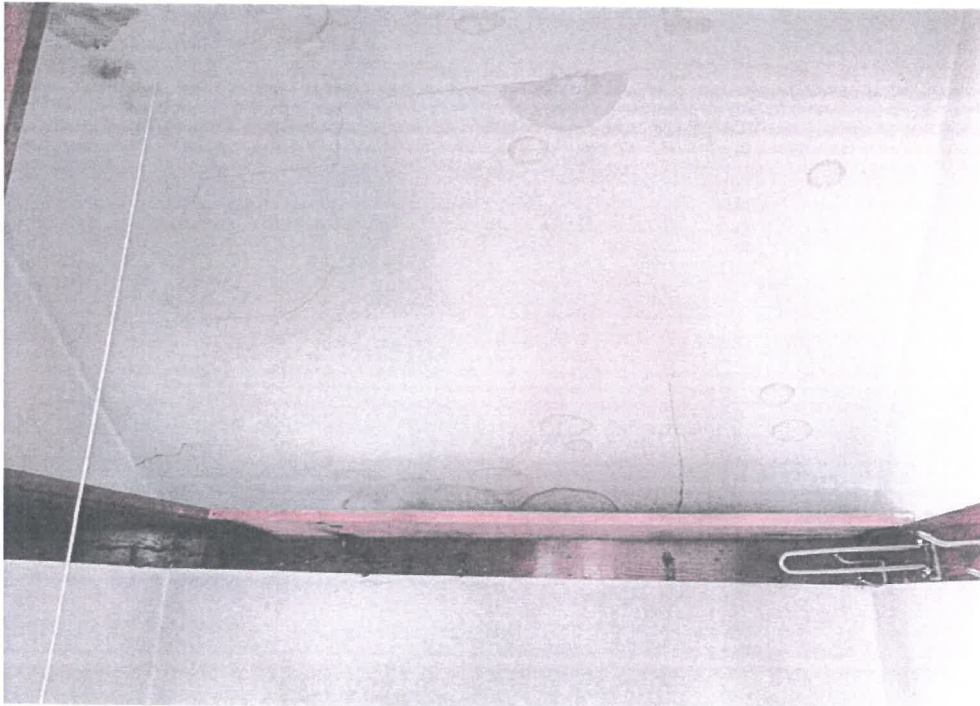
Office Building



Building 2 - Office Building Report



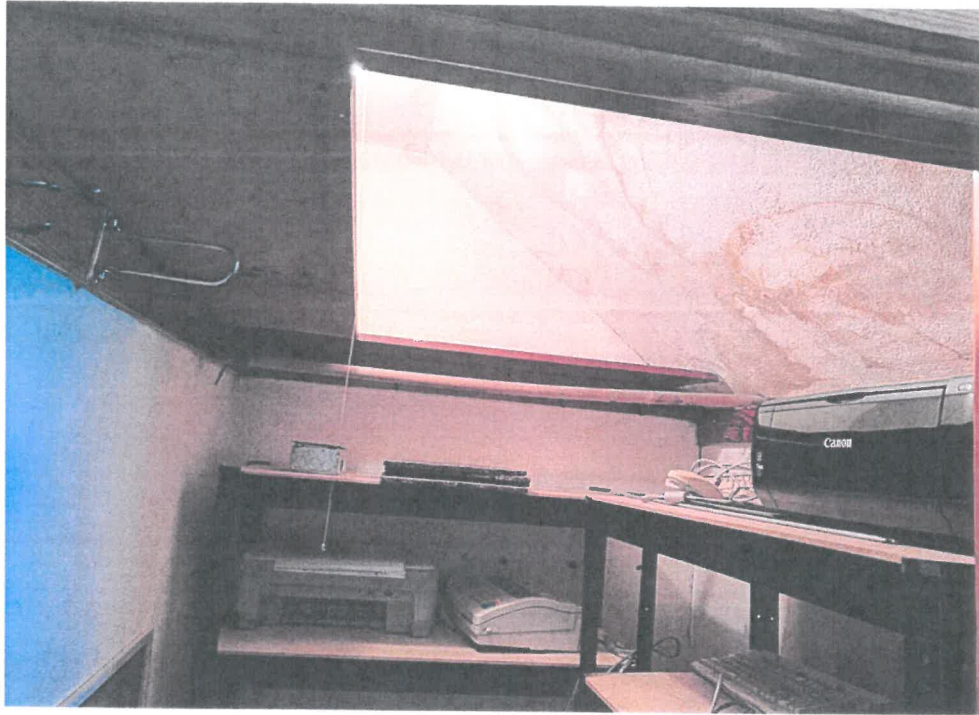
Building 2 - Office Building Report



Building 2 - Office Building Report



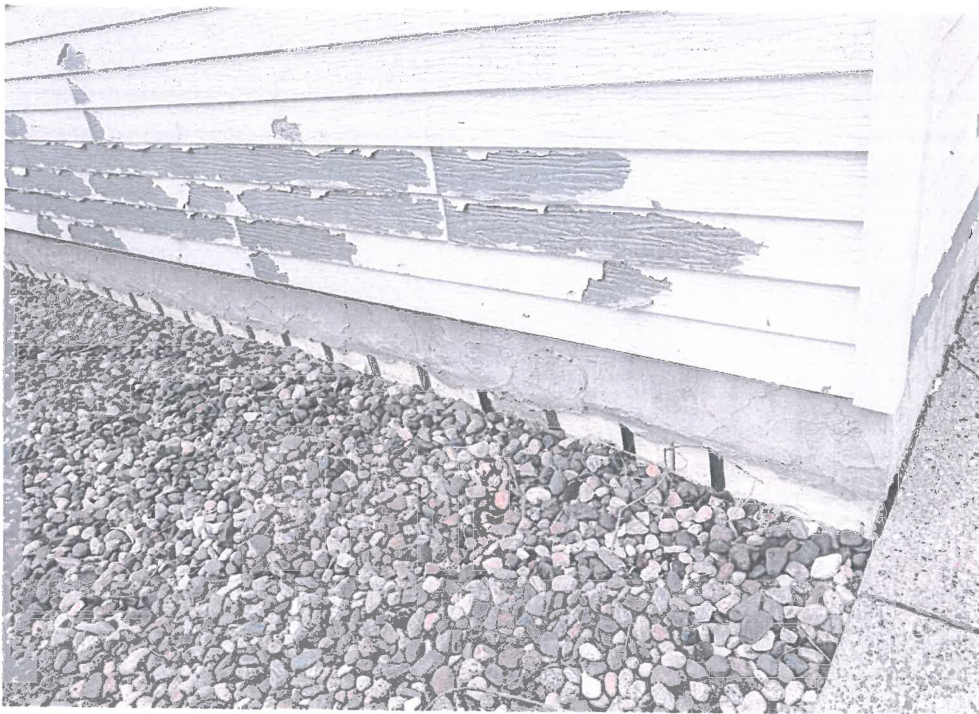
Building 2 - Office Building Report



Building 2 - Office Building Report



Building 2 - Office Building Report



Building 2 - Office Building Report



Building 2 - Office Building Report



Building 2 - Office Building Report



Building 2 - Office Building Report





FOR INSPECTION OF PROPERTY
FOR THE PURPOSE OF DETERMINING CONDITION OF BUILDINGS TEST
AS DEFINED BY MN STATUTES, SECTION 469.174, SUBDIVISION 10

Building 3 - Shop Building Report

- 1. Building Name: Shop
- 2. Parcel No: 98.60568.0190
- 3. Building Address: 3032 1st Street South
- 4. Inspector(s) Name(s): Jeff Howe, Jim Howe, Mitch Howe
- 5. Inspection Date: August 30th, 2017
- 6. Inspection Time: 9:00 AM
- 7. Inspection Type: Interior X Exterior X
- 8. Building Vacant: Yes X No
- 9. Estimated Replacement Cost: \$ 110,000
- 10. Estimated Cost to Correct Building Code Deficiencies: \$20,000
- 11. Percentage of Replacement Cost: 18 %

Note: Details supporting the calculation of Items 9 and 10 above should be included as an attachment to the report.

Current rough estimated average for pole building w/concrete floor (materials & labor) \$20/square foot.

Estimated costs of approximately \$20,000 for all work as outlined, based on similar recent building permit valuations and current construction trends.

DESCRIPTION OF CONDITION DEFICIENCIES: Minnesota Statutes, Section 469.174, Subdivision 10, states that a building is Structurally Substandard if it contains “defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”

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EMAIL: CITY.HALL@CI.WAITEPARK.MN.US WEBSITE: WWW.CI.WAITEPARK.MN.US

Inspection Report, Continued:

Details on Defects in Structural Elements:

- A. 2 Holes in east wall of building.
- B. Dent on west of overhead door on north wall.

12. Deficiencies:

- 1. Essential Utilities and Facilities:
 - A. The restroom in the shop building must be remodeled to meet ADA requirements.
 - B. Damaged sewer manhole for shop building must be repaired or replaced on west side of building.
 - C. Place all hanging electrical wires in a junction box.

13. Photographs Documenting Interior and Exterior of Building

Attached to this report are photos of the subject property offered as supporting documentation to the information included in this Report.

14. Summary of Inspector's Qualifications:

Minnesota Certified Building Official #B0002124 since November 20, 2000.

15. Summary of Deficiencies:

It is my professional opinion that this building is **Substandard** as defined by Minnesota Statutes, Section 469.174, Subdivision 10c.

- a) Building Code deficiencies total more than 15% of replacement cost.
- b) Substantial renovation is required to correct Conditions found.

Date: August 30, 2017

Title: Building Official

License : B0002124

Name: Jeff Howe

Signature: 

Executive Express Site, Shop/Shed Building Location

Building 3 - Shop Building Report



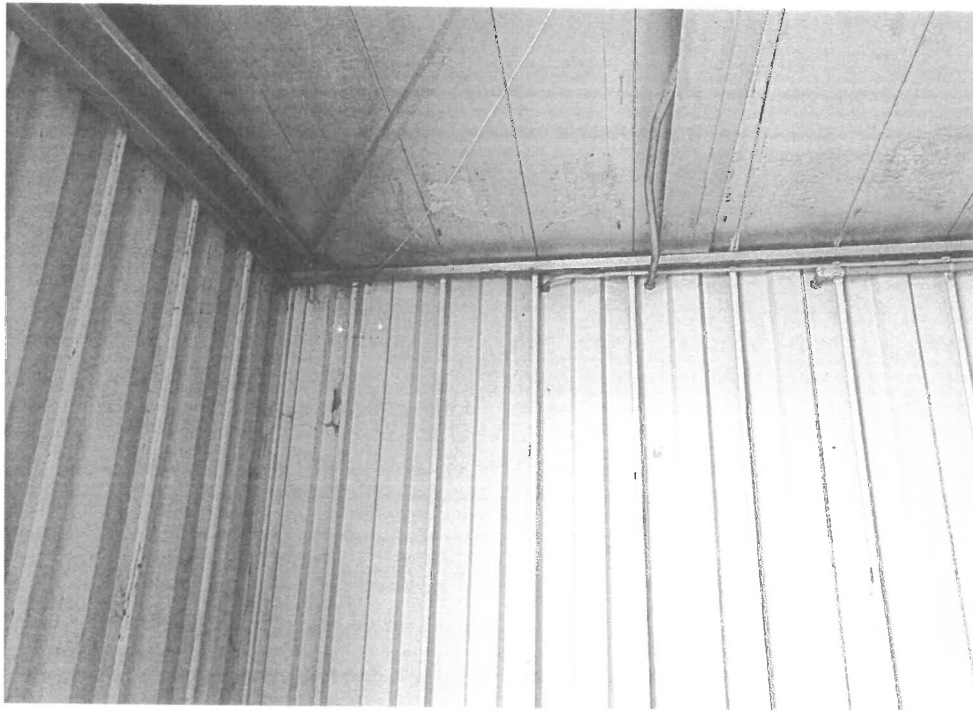
September 1, 2017
□ Parcels
▭ Municipal Boundary

1:1,000
0 0.01 0.02 0.04 mi
0 0.0175 0.035 0.07 km

SEH
Aerial flight spring 2015
White Park, SEH, Stearns County

SEH S martConnect User
SEH

Building 3 - Shop Building Report





Memorandum

Date: August 30, 2017

To: Tammy Omdal, Northland Securities

From: Jon Noerenberg, Planning & Community Development Director

Re: Executive Express – Coverage Test For Potential TIF, Former SJ Lewis Property (3032 1st St S.)

Tammy,

Below please find calculations of parcel coverage for former SJ Lewis property under consideration by Executive Express. As we discussed, the property has been reviewed and approved for platting by the City, under requirements that unplatted property must be platted prior to expansion of existing or construction of new buildings. The plat has not yet been recorded pending the project going forward, but the information herein utilized the updated legal descriptions. A copy of the plat with the updated lot boundaries and legal descriptions has been attached for reference.

Lot 1, Block 1 – Loghouse Properties Addition

This parcel includes all structures upon the property, as well as significant hardsurfaced and gravel areas. The property encompasses a total of approximately 387,208 square feet, a total of which approximately 321,086 square feet consists of structures, hardsurfaced (paved) areas, or gravel surfaces. As such, the property has total coverage of approximately 82 percent.

Lot 1, Block 2, Loghouse Properties Addition

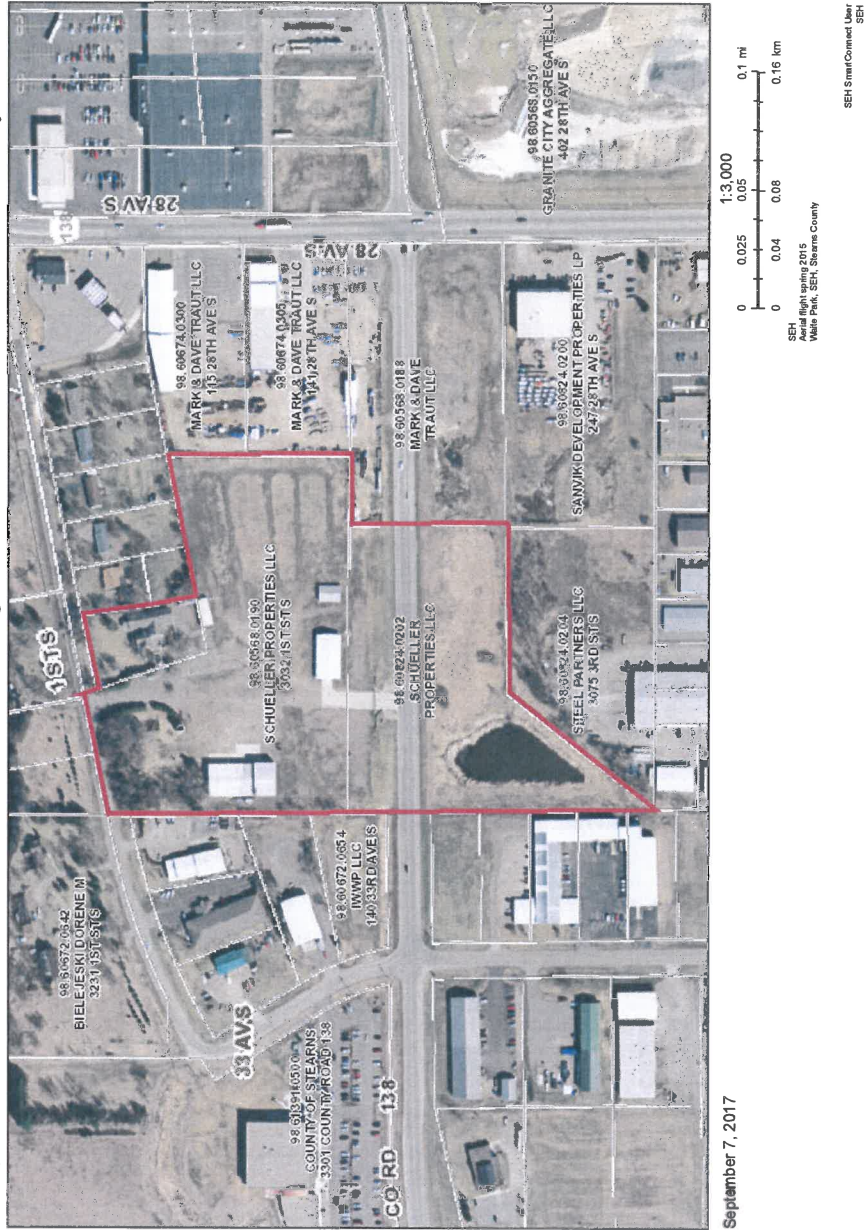
This parcel is vacant of structures and encompasses approximately 273,907 square feet. It includes entrance gate and associated driveway access areas to the northern parcel via associated Stearns County Road 138 right-of-way, as well as a holding pond on the southern portion of the property. The hardsurfaced (paved), gravel, and holding pond areas encompass approximately 102,605 square feet. As such, the property has total coverage of approximately 37 percent.

Coverage Test Report

EXHIBIT VI

MAP OF BOUNDARIES OF DEVELOPMENT DISTRICT NO. 3 AND TAX INCREMENT FINANCING DISTRICT NO. 3-1

Development District No. 3, Tax Increment Financing District No. 3-1 - Waite Park - Noted by Red Line

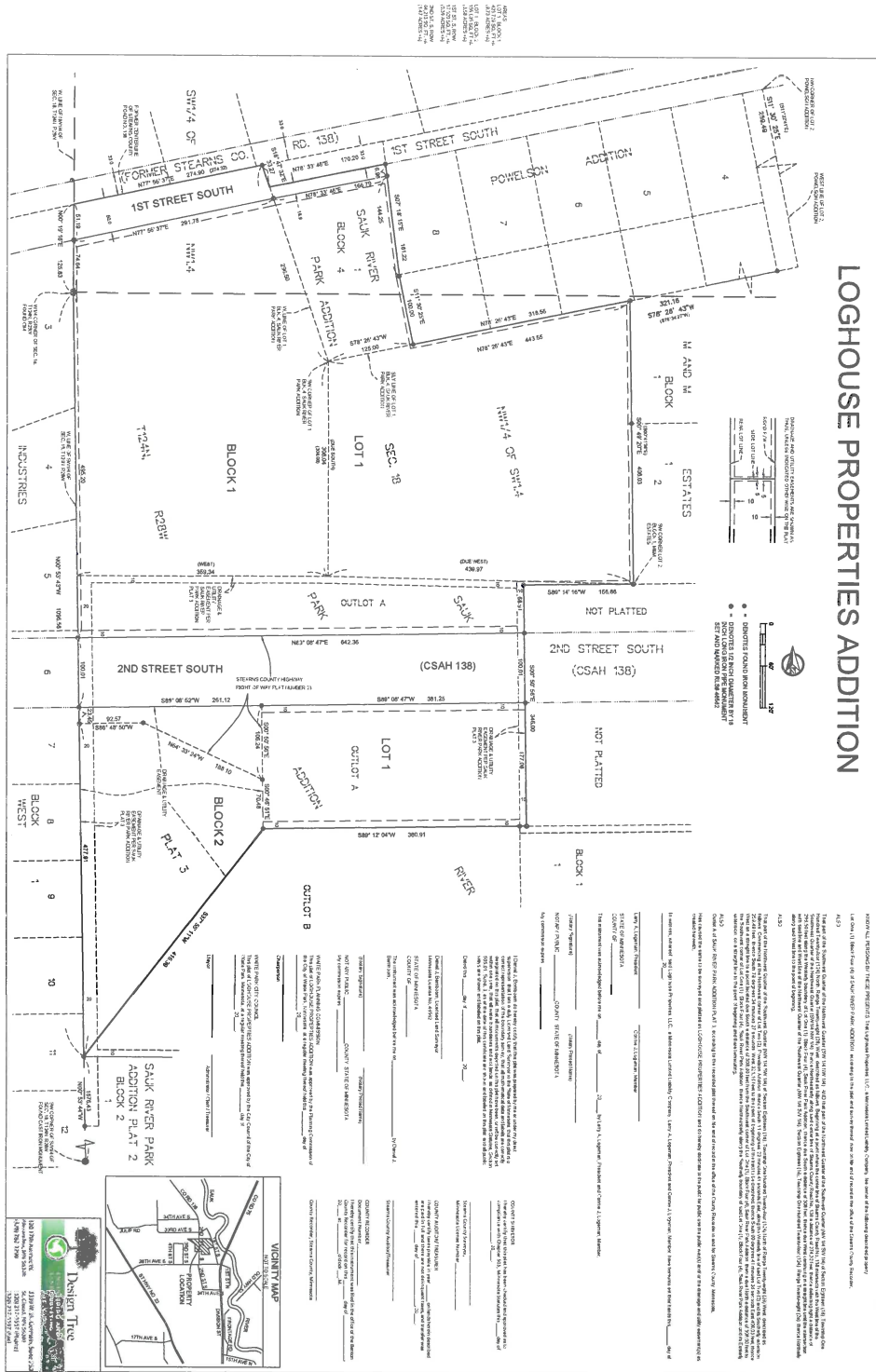


The boundaries of Development District No. 3 and Tax Increment Financing District No. 3-1 include the following property and adjacent roads and right-of-way:

- Lot 1, Block 1 – Loghouse Properties Addition
- Lot 1, Block 2, Loghouse Properties Addition

EXHIBIT VII

PRELIMINARY FINAL PLAT OF PROPERTY



EXTRACT OF MINUTES OF MEETING
OF THE CITY COUNCIL OF THE
CITY OF WAITE PARK, MINNESOTA

HELD: October 2, 2017

Pursuant to due call and notice thereof, a meeting of the City Council of the City of Waite Park, Stearns County, Minnesota, was duly called and held at the City Hall in said City on Monday, the 2nd day of October, 2017, at 6:30 o'clock p.m.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION AUTHORIZING
EXECUTION OF A DEVELOPMENT AGREEMENT

A. WHEREAS, Loghouse Properties, LLC, a Minnesota limited liability company (the "Developer") has requested that the City of Waite Park, Minnesota (the "City") assist with the financing of certain costs incurred in connection with construction of an approximately 2,000 square foot addition to an existing building for the corporate headquarters of Executive Express (the, "Project") for Loghouse Enterprises, Inc., a Minnesota corporation doing business as Executive Express (the "Tenant").

B. WHEREAS, the Developer, the Tenant and the City have determined to enter into a Development Agreement providing for the City's tax increment financing assistance for the Project (the "Development Agreement").

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Waite Park, Minnesota, as follows:

1. The City Council hereby approves the Development Agreement in substantially the form submitted, and the Mayor and Administrator are hereby authorized and directed to execute the Development Agreement on behalf of the City.

2. The approval hereby given to the Development Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City officials authorized by this resolution to execute the Development Agreement. The execution of the Development Agreement by the appropriate officer or officers of the City shall be conclusive evidence of the approval of the Development Agreement in accordance with the terms hereof.

The motion for adoption of the foregoing resolution was duly seconded by member _____ and, after full discussion thereof, and upon a vote being taken thereof, the following voted in favor thereof:

and the following voted against same:

Adopted this 2nd day of October, 2017.

Mayor

Attest: _____
City Administrator

STATE OF MINNESOTA
COUNTY OF STEARNS
CITY OF WAITE PARK

I, the undersigned, being the duly qualified and acting Administrator of the City of Waite Park, Minnesota, DO HEREBY CERTIFY that I have carefully compared the attached and foregoing extract of minutes with the original minutes of a meeting of the City Council of the City held on the date therein indicated, which are on file and of record in my office, and the same is a full, true and complete transcript therefrom insofar as the same relates to a Resolution Authorizing Execution of a Development Agreement.

WITNESS my hand as such Administrator of the City Council of the City of Waite Park, Minnesota this 2nd day of October, 2017.

City Administrator

**CITY OF WAITE PARK
STEARNS COUNTY, MINNESOTA
RESOLUTION NO. 2017-_____**

RESOLUTION NO. _____

RESOLUTION APPROVING THE ESTABLISHMENT OF DEVELOPMENT DISTRICT NO. 3 AND APPROVING THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 3-1 WITHIN THE DEVELOPMENT DISTRICT AND THE ADOPTION OF THE DEVELOPMENT PROGRAM AND THE ADOPTION OF THE TAX INCREMENT FINANCING PLAN RELATING TO THERETO AND APPROVAL OF BUSINESS SUBSIDY

WHEREAS:

A. The City of Waite Park, Minnesota (the "City") has proposed (a) the establishment of Development District No. 3 (the "Development District"); (b) the establishment of Tax Increment Financing District No. 3-1 (the "TIF District") within the Development District; (c) the adoption of the Development Program for the Development District; (d) the adoption of the Tax Increment Financing Plan (the "TIF Plan") relating to the TIF District; and (e) the adoption of a business subsidy all pursuant to Minnesota Statutes, Sections 469.124 through 469.133 and Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive, as amended (the "Act"), and Minnesota Statutes, Sections 116J.993 to 116J.995.; and

B. The City has performed all actions required by law to be performed prior to the establishment of the Development District and the establishment of the TIF District therein and the adoption of the proposed Development Program and TIF Plan relating to thereto, including, but not limited to, notification of Stearns County and St. Cloud Area School District (ISD No. 742) having taxing jurisdiction over the property to be included in the TIF District; and

D. The City Council of the City has fully reviewed the contents of the Development Program and the TIF Plan, and on this date conducted a public hearing thereon at which the views of all interested persons were heard.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Waite Park as follows:

1. Development District No. 3. The establishment of Development District No. 3 and the Development Program are approved and adopted.

2. Tax Increment Financing (Redevelopment) District No 3-1. Tax Increment Financing (Redevelopment) District No. 3-1 is hereby established within the Development District. The initial boundaries of the TIF District are fixed and determined as described in the TIF Plan.

3. Tax Increment Financing Plan. The TIF Plan is adopted as the tax increment financing plan for the TIF District.

4. Findings. In taking these actions, the City Council makes the following findings:

(a) The TIF District is a redevelopment district as defined in Minnesota Statutes, Section 469.174, Subd. 10. Parcels consisting of 70 percent of the area of the TIF District are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. The basis for these findings is described in Section 3.03.3 of the TIF Plan.

(b) The proposed redevelopment, in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future. The anticipated Developer for the project has represented to the City that it will not undertake the project as proposed without the City's use of tax increment financing. Previous City planning attests to the difficulty of redeveloping this site solely through private financing. Due to the necessity of removing structurally substandard buildings, preparing property for redevelopment, and constructing public improvements, the City Council finds that public financing assistance for the redevelopment activities proposed in the TIF Plan is necessary so that other development by private enterprise will occur within the Development District and the TIF District.

(c) The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed redevelopment after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan. A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above. Such analysis is found in Exhibit I of the TIF Plan, and indicates that the increase in estimated market value of the proposed redevelopment (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.

(d) The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole. Section 3.02.2 of the TIF Plan contains information used in making this finding.

5. Public Purpose. The adoption of the Development Program for the Development and the TIF Plan for the TIF District conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State which is already built up to provide employment opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose and will afford maximum opportunity, consistent with the sound needs for the City as a whole, for the development or redevelopment of the project area by private enterprise in that the intent is to provide only that public assistance necessary to make the private developments financially feasible.

6. Certification and Filing. The City Administrator is authorized and directed to transmit a certified copy of this resolution together with a certified copy of the TIF Plan for the TIF District to the Auditor of Stearns County with a request that the original tax capacity of the

property within the TIF District be certified to the City pursuant to Section 469.177, Subd. 1 of the TIF Act, and to file a copy of the Development Program and the TIF Plan with the Minnesota Commissioner of Revenue and State Auditor as required by the Act.

7. Administration. The administration of the Development District and the TIF District is assigned to the City Administrator who shall from time to time be granted such powers and duties pursuant to the Act as the City Council may deem appropriate.

The motion for the adoption of the foregoing resolution was duly seconded by member _____ and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

EXTRACT OF MINUTES OF A MEETING OF THE
CITY OF WAITE PARK
STEARNS COUNTY, MINNESOTA

HELD: _____, 2017

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Waite Park, Stearns County, Minnesota, was duly held at the Waite Park City Hall on Monday, the 2nd day of October, 2015 at 6:30 p.m. for the purpose, in part, of approving Development District No. 3, approving the Development Program therefor, establishing Tax Increment Financing (Redevelopment) District No. 3-1 and approving the Tax Increment Financing Plan therefor within Development District No. 3.

The following Council Members were present:

and the following were absent:

Council Member _____ introduced the following resolution and moved its adoption:

The motion for the adoption of the foregoing resolution was duly seconded by Council Member _____ and upon vote being taken thereon, the following

voted in favor:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

CERTIFICATION

STATE OF MINNESOTA)
) ss.
COUNTY OF STEARNS)

I, the undersigned, being the duly qualified and City Clerk of the City of Waite Park, DO HEREBY CERTIFY that the attached resolution is a true and correct copy of an extract of minutes of a meeting of the City Council of the City of Waite Park, duly called and held, as such minutes relate to approving Development District No. 3, approving the Development Program therefor, establishing Tax Increment Financing (Redevelopment) District No. 3-1 and approving the Tax Increment Financing Plan therefor within Development District No. 3.

WITNESS my hand as such City Clerk of the City of Waite Park this ____ day of _____, 2017.

City Clerk

DEVELOPMENT AGREEMENT

BY AND AMONG

CITY OF WAITE PARK, MINNESOTA

AND

LOGHOUSE PROPERTIES, LLC

AND

LOGHOUSE ENTERPRISES, INC.

This document drafted by:

BRIGGS AND MORGAN (MLI)
Professional Association
2200 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402

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DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the 1st day of October, 2017, by and among the City of Waite Park, Minnesota (the "City"), a municipal corporation existing under the laws of the State of Minnesota, Loghouse Properties, LLC, a Minnesota limited liability company (the "Developer") and Loghouse Enterprises, Inc., a Minnesota corporation (the "Tenant").

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 to 469.133, the City has heretofore established Municipal Development District No. 3 (the "Development District") and has adopted a development program therefor (the "Development Program"); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended, (hereinafter the "Tax Increment Act") the City has created a tax increment financing district, designated as Tax Increment Financing (Redevelopment) District No. 3-1 (the "Tax Increment District") and has adopted a tax increment financing plan, dated October 2, 2017 (the "Tax Increment Financing Plan") and Development Program (the "Development Program") therefor which provides for the use of tax increment financing in connection with development within the Development District; and

WHEREAS, the reimbursement by the City for costs of the acquisition of the Development Property and the construction of Site Improvements incurred by the Developer for a redevelopment project are objectives of the Development Program and Tax Increment Financing Plan; and

WHEREAS, in order to achieve the objectives of the Development Program and particularly to make the land in the Development District available for development by private enterprise in conformance with the Development Program, the City has determined to reimburse the Developer for a portion of the costs of acquisition of the Development Property and construction of Site Improvements incurred by the Developer for the Project (as hereinafter defined); and

WHEREAS, a major objective of the Development Program and Tax Increment Financing Plan is to assist redevelopment and prevent the further deterioration of land located within the Development District; and

WHEREAS, the City believes that the development and construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, apply to this Agreement; and

WHEREAS, the City has adopted criteria for awarding business subsidies that comply with the Business Subsidy Law, after a public hearing for which notice was published; and

WHEREAS, the Council has approved this Agreement as a subsidy agreement under the Business Subsidy Law; and

WHEREAS, the Developer intends to lease the Project to the Tenant.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Agreement means this Agreement, as the same may be from time to time modified, amended or supplemented;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close;

City means the City of Waite Park, Minnesota, its successors and assigns;

County means Stearns County, Minnesota;

Developer means Loghouse Properties, LLC, a Minnesota limited liability company, its successors and assigns;

Development District means the real property included in Municipal Development District No. 3 heretofore established;

Development Program means the Development Program approved in connection with the Development District;

Development Property means the real property described in Exhibit A attached to this Agreement;

Event of Default means any of the events described in Section 4.1 hereof;

Legal and Administrative Expenses means the fees and expenses incurred by the City in connection with the adoption of the Tax Increment Financing Plan, the preparation of this Agreement and the issuance of the TIF Note;

Note Payment Date means August 1, 2019, and each February 1 and August 1 of each year thereafter to and including February 1, 2027; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

Prime Rate means the rate of interest from time to time publicly announced by U.S. Bank National Association in St. Paul, Minnesota, as its "prime rate" or "reference rate" or any successor rate, which rate shall change as and when that rate or successor rate changes;

Project means the construction of an approximately 2,000 square foot addition to an existing building for the corporate headquarters of Executive Express located on the Development Property in the City, including a new transportation hub, parking lot and private road improvements;

Site Improvements means the site improvements undertaken or to be undertaken on the Development Property, more particularly described on Exhibit C attached hereto;

State means the State of Minnesota;

Tax Increments means 90% of the tax increments derived from the Development Property which have been received by the City in accordance with the provisions of Minnesota Statutes, Section 469.177;

Tax Increment Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

Tax Increment District means Tax Increment Financing (Redevelopment) District No. 3-1 located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as a redevelopment district under the Tax Increment Act;

Tax Increment Financing Plan means the tax increment financing plan approved for the Tax Increment District by the City Council on October 2, 2017, and any future amendments thereto;

Tenant means Loghouse Enterprises, Inc., a Minnesota corporation, its successors and assigns, doing business as Executive Express;

TIF Note means the Tax Increment Revenue Note (Executive Express Project) to be executed by the City and delivered to the Developer pursuant to Article III hereof, the form of which is attached hereto as Exhibit B; and

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City) which directly result in delays.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the City. The City makes the following representations and warranties:

(1) The City is a municipal corporation and has the power to enter into this Agreement and carry out its obligations hereunder.

(2) The Tax Increment District is a "redevelopment district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 10, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

(3) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program and Tax Increment Financing Plan.

(4) To finance certain costs within the Tax Increment District, the City proposes, subject to the further provisions of this Agreement, to apply Tax Increments to reimburse the Developer for a portion of the costs of acquisition of the Development Property and a portion of the costs of construction of certain Site Improvements incurred in connection with the Project as further provided in this Agreement.

(5) The City makes no representation or warranty, either express or implied, as to the Development Property or its condition or the soil conditions thereon, or that the Development Property shall be suitable for the Developer's purposes or needs.

Section 2.2. Representations and Warranties of the Developer. The Developer makes the following representations and warranties:

(1) The Developer is a Minnesota limited liability company, has the power to enter into this Agreement and to perform its obligations hereunder and, by doing so, is not in violation of its articles of organization, operating agreement or member control agreement, or the laws of the State.

(2) The Tenant is a Minnesota corporation and has the power and authority to enter into this Agreement and to perform its obligations hereunder, and doing so will not violate its articles, bylaws, or the laws of the State and by proper action has authorized the execution and delivery of this Agreement.

(3) The Developer shall cause the Project to be constructed in accordance with the terms of this Agreement, the Development Program, and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations).

(4) The construction of the Project would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably

foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

(5) The Developer will use its best efforts to obtain, or cause to be obtained, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met before the Project may be lawfully constructed.

(6) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer and Tenant are now a party or by which they are bound, or constitutes a default under any of the foregoing.

(7) The Developer will cooperate fully with the City with respect to any litigation commenced with respect to the Project.

(8) The Developer will cooperate fully with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Project.

(9) Construction shall begin on or before _____, and the construction of the Project will be substantially completed by _____, subject to Unavoidable Delays.

(10) The Developer acknowledges that Tax Increment projections contained in the Tax Increment Financing Plan are estimates only and the Developer acknowledges that it shall place no reliance on the amount of projected Tax Increments and the sufficiency of such Tax Increments to reimburse the Developer for a portion of the costs of the acquisition of the Development Property and a portion of the costs of the Site Improvements as provided in Article III.

(11) The Developer will not seek a reduction in the market value as determined by the County Assessor of the Project or other facilities that it constructs on the Development Property, pursuant to the provisions of this Agreement, for so long as the TIF Note remains outstanding.

ARTICLE III

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1. Development Property, Site Improvements and Legal and Administrative Expenses.

(1) The parties agree that the acquisition of the Development Property and the installation of the Site Improvements to be constructed by the Developer are essential to the successful completion of the Project. The costs of the Development Property and the construction of Site Improvements shall be paid by the Developer. The City shall reimburse the Developer for the lesser of \$208,000 or (A) the costs of acquisition of the Development Property, and (B) the costs of the construction of the Site Improvements for the Project actually incurred and paid by the Developer (the "Reimbursement Amount"), as further provided in Section 3.3 hereof.

(2) The Developer shall reimburse the City for its actual out of pocket Legal and Administrative Expenses incurred in connection with the adoption of the Tax Increment Financing Plan and the preparation of this Agreement.

Section 3.2. Limitations on Undertaking of the City. Notwithstanding the provisions of Sections 3.1, the City shall have no obligation to the Developer under this Agreement to reimburse the Developer for the Reimbursement Amount, if the City, at the time or times such payment is to be made is entitled under Section 4.2 to exercise any of the remedies set forth therein as a result of an Event of Default which has not been cured.

Section 3.3. Reimbursement: Tax Increment Revenue Note. The City shall reimburse the payments made by the Developer under Section 3.1 for costs of the acquisition of the Development Property and the construction of Site Improvements through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit B, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when the Developer shall have demonstrated in writing to the reasonable satisfaction of the City that the construction of the Site Improvements has been completed and that the Developer has incurred and paid the costs of the acquisition of the Development Property and the costs of the construction of Site Improvements, as described in and limited by Section 3.1 and shall have submitted paid invoices for the costs of construction of the Site Improvements, a settlement statement or other evidence of payment of the costs of the Development Property in an amount not less than the Reimbursement Amount.

(2) The unpaid principal of the TIF Note shall bear simple non-compounding interest from the date of issuance of the TIF Note, at 4.00% per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

(3) The principal amount of the TIF Note and the interest thereon shall be payable solely from the Tax Increments.

(4) On each Note Payment Date and subject to the provisions of the TIF Note, the City shall pay, against the principal and interest outstanding on the TIF Note, any Tax Increments received by the City during the preceding 6 months. All such payments shall be applied first to accrued interest and then to reduce the principal of the TIF Note.

(5) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal and interest on the TIF Note. If, on any TIF Note Payment Date, the Tax Increments for the payment of the accrued and unpaid interest on the TIF Note are insufficient for such purposes, the difference shall be carried forward, without interest accruing thereon, and shall be paid if and to the extent that on a future TIF Note Payment Date there are Tax Increments in excess of the amounts needed to pay the accrued interest then due on the TIF Note.

(6) The City's obligation to make payments on the TIF Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirements that: (A) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement and (B) this Agreement shall not have been rescinded pursuant to Section 4.2.

(7) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit B. In the event of any conflict between the terms of the TIF Note and the terms of this Section 3.3, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

Section 3.4. Business Subsidies Act.

(1) In order to satisfy the provisions of Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidies Act"), the Developer acknowledges and agrees that the amount of the "Business Subsidy" granted to the Developer under this Agreement is \$208,000 which is the Reimbursement Amount for the acquisition of the Development Property and the installation of the Site Improvements and that the Business Subsidy is needed because the Project is not sufficiently feasible for the Developer to undertake without the Business Subsidy. The Tax Increment District is a redevelopment district and the public purpose of the Business Subsidy is to encourage the demolition of substandard structures and the construction of a corporate headquarters for Executive Express in the City. The Tenant shall meet the following (the "Goals") in connection with the development of the Project. It will create at least seven (7) full time jobs in the City at an average hourly wage totaling of at least \$15.00 per hour, excluding benefits, within two years from the "Benefit Date", which is the earlier of the date the Developer completes the construction of the Project or the Tenant occupies the Project.

(2) If the Goals are not met, the Developer agrees to repay all or a part of the Business Subsidy to the City, plus interest ("Interest") set at the implicit price deflator defined in Minnesota Statutes, Section 275.70, Subdivision 2, accruing from and after the Benefit Date, compounded semiannually. If the Goals are met in part, the Developer will repay a portion of the Business Subsidy (plus Interest) determined by multiplying the Business Subsidy by a fraction, the numerator of which is the number of jobs in the Goals which were not created at the

wage level set forth above and the denominator of which is seven (7) (i.e. number of jobs set forth in the Goals).

(3) The Developer agrees to (i) report the progress of the Tenant on achieving the Goals to the City until the later of the date the Goals are met or two years from the Benefit Date, or, if the Goals are not met, until the date the Business Subsidy is repaid, (ii) include in the report the information required in Minnesota Statutes, Section 116J.994, Subdivision 7 on forms developed by the Minnesota Department of Employment and Economic Development, and (iii) send completed reports to the City. The Developer agrees to file these reports no later than March 1 of each year commencing March 1, 2019, and within 30 days after the deadline for meeting the Goals. The City agrees that if it does not receive the reports, it will mail the Developer a warning within one week of the required filing date. If within 14 days of the post marked date of the warning the reports are not made, the Developer agrees to pay to the City a penalty of \$100 for each subsequent day until the report is filed up to a maximum of \$1,000.

(4) The Developer agrees to continue operations within the City for at least five (5) years after the Benefit Date.

(5) Minnesota Department of Employment and Economic Development is providing a grant of \$500,000 from the Minnesota Investment Fund for the Project.

(6) There is no parent corporation of the Developer.

(7) The Developer and Tenant certify that they do not appear on the Minnesota Department of Employment and Economic Development's list of recipients that have failed to meet the terms of a business subsidy agreement.

ARTICLE IV

EVENTS OF DEFAULT

Section 4.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean whenever it is used in this Agreement any one or more of the following events:

(1) Failure by the Developer to timely pay any ad valorem real property taxes assessed, special assessments or other City charges with respect to the Development Property.

(2) Failure of the Developer or the Tenant to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.

(3) The holder of any mortgage on the Development Property or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable mortgage documents.

(4) If the Developer or the Tenant shall:

(A) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

(B) make an assignment for the benefit of its creditors; or

(C) admit in writing its inability to pay its debts generally as they become due; or

(D) be adjudicated a bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer as bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof; or a receiver, liquidator or trustee of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer, and shall not be discharged within sixty (60) days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

Section 4.2. Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice to the Developer, but only if the Event of Default has not been cured within said thirty (30) days:

(1) The City may suspend its performance under this Agreement and the TIF Note until it receives assurances from the Developer, deemed adequate by the City, that the Developer will cure its default and continue its performance under this Agreement.

(2) The City may cancel and rescind the Agreement and the TIF Note.

(3) The City may take any action, including legal or administrative action, in law or equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Developer or the Tenant under this Agreement.

Section 4.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 4.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5. Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that it shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

Section 4.6. Indemnification of City.

(1) The Developer (a) releases the City and its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees (collectively, the "Indemnified Parties") from, (b) covenants and agrees that the Indemnified Parties shall not be liable for, and (c) agrees to indemnify and hold harmless the Indemnified Parties against, any claim, cause of action, suit or liability for loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project or on the Development Property.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Developer (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or

obligations undertaken by the City in this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Project causing the Tax Increment District to not qualify or cease to qualify as a "redevelopment district" under Section 469.174, Subdivision 10, of the Act and Section 469.176, Subdivision 4(j) or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4(j).

(3) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City.

ARTICLE V

DEVELOPER'S OPTION TO TERMINATE AGREEMENT

Section 5.1. The Developer's Option to Terminate. This Agreement may be terminated by the Developer, if (i) the Developer is in compliance with all material terms of this Agreement and no Event of Default has occurred; and (ii) the City fails to comply with any material term of this Agreement, and, after written notice by the Developer of such failure, the City has failed to cure such noncompliance within sixty (60) days of receipt of such notice, or, if such noncompliance cannot reasonably be cured by the City within sixty (60) days, of receipt of such notice, the City has not provided assurances, reasonably satisfactory to the Developer, that such noncompliance will be cured as soon as reasonably possible.

Section 5.2. Action to Terminate. Termination of this Agreement pursuant to Section 5.1 must be accomplished by written notification by the Developer to the City within sixty (60) days after the date when such option to terminate may first be exercised. A failure by the Developer to terminate this Agreement within such period constitutes a waiver by the Developer of its rights to terminate this Agreement due to such occurrence or event.

Section 5.3. Effect of Termination. If this Agreement is terminated pursuant to this Article V, this Agreement shall be from such date forward null and void and of no further effect; provided, however, the termination of this Agreement shall not affect the rights of either party to institute any action, claim or demand for damages suffered as a result of breach or default of the terms of this Agreement by the other party, or to recover amounts which had accrued and become due and payable as of the date of such termination. Upon termination of this Agreement pursuant to this Article V, the Developer shall be free to proceed with the Project at its own expense and without regard to the provisions of this Agreement; provided, however, that the City shall have no further obligations to the Developer with respect to reimbursement of the expenses set forth in Section 3.2.

ARTICLE VI

ADDITIONAL PROVISIONS

Section 6.1. Restrictions on Use. Until termination of this Agreement, the Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that the Developer and such successors and assigns shall operate, or cause to be operated, the Project as a commercial facility in accordance with the City zoning regulations and shall devote the Development Property to, and in accordance with, the uses specified in this Agreement.

Section 6.2. Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 6.3. Titles of Articles and Sections. Any titles of the several parts, articles and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 6.4. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

- (1) in the case of the Developer is addressed to or delivered personally to:

Loghouse Properties, LLC
3358 Southway Drive
St. Cloud, MN 56301

- (2) in the case of the Tenant is addressed to or delivered personally to:

Loghouse Enterprises, Inc.
6936 Kenwood Road
Suite 300
St. Cloud, MN 56303

(3) in the case of the City is addressed to or delivered personally to:

City of Waite Park, Minnesota
Waite Park City Hall
Attention: Administrator
19 13th Avenue North
Waite Park, MN 56387

with a copy to:

Briggs and Morgan, P.A.
Attention: Mary Ippel
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

Section 6.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 6.6. Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 6.7. Expiration. This Agreement shall expire on the earlier of (i) February 1, 2028, (ii) the date the TIF Note is paid in full or (iii) the date this Agreement is terminated or rescinded in accordance with its terms.

Section 6.8. Provisions Surviving Rescission or Expiration. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 6.9. Assignability of Agreement. This Agreement may be assigned only with the consent of the City, which consent will not be unreasonably delayed or withheld. The TIF Note may only be assigned pursuant to the terms of the TIF Note.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and on its behalf and the Developer has caused this Agreement to be duly executed in its name and on its behalf, on or as of the date first above written.

CITY OF WAITE PARK, MINNESOTA

By _____
Its Mayor

By _____
Its Administrator

This is a signature page to the Development Agreement by and between the City of Waite Park, Minnesota, Loghouse Properties, LLC and Loghouse Enterprises, Inc.

LOGHOUSE PROPERTIES, LLC

By _____
Its _____

By _____
Its _____

This is a signature page to the Development Agreement by and between the City of Waite Park, Minnesota, Loghouse Properties, LLC and Loghouse Enterprises, Inc.

LOGHOUSE ENTERPRISES, INC.

By _____
Its _____

By _____
Its _____

This is a signature page to the Development Agreement by and between the City of Waite Park, Minnesota, Loghouse Properties, LLC and Loghouse Enterprises, Inc.

EXHIBIT A

Description of Development Property

Property located in the City of Waite Park, Stearns County, Minnesota with the following legal description:

Lot 1, Block 1, Loghouse Properties Addition
Lot 1, Block 2, Loghouse Properties Addition

EXHIBIT B

Form of TIF Note

No. R-1

\$ _____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF STEARNS
CITY OF WAITE PARK

TAX INCREMENT REVENUE NOTE
(EXECUTIVE EXPRESS PROJECT)

The City of Waite Park, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to Loghouse Properties, LLC (the "Developer") or its registered assigns (the "Registered Owner"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$208,000 as provided in that certain Development Agreement, dated as of October 1, 2017, as the same may be amended from time to time (the "Development Agreement"), by and between the City and the Developer. The unpaid principal amount hereof shall bear interest from the date of this Note at the simple non-compounded rate of four and no hundredths percent (4.00%) per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

The amounts due under this Note shall be payable on August 1, 2019, and on each February 1 and August 1 thereafter to and including February 1, 2027, or, if the first should not be a Business Day (as defined in the Development Agreement), the next succeeding Business Day (the "Payment Dates"). On each Payment Date the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the sum of the Tax Increments (hereinafter defined) received by the City during the six month period preceding such Payment Date. All payments made by the City under this Note shall first be applied to accrued interest and then to principal.

The Payment Amounts due hereon shall be payable solely from 90% of tax increments (the "Tax Increments") from the Development Property (as defined in the Development Agreement) within the City's Tax Increment Financing (Redevelopment) District No. 3-1 (the "Tax Increment District") within its Municipal Development District No. 3 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax Increment Act"). This Note shall terminate and be of no further force and effect

following the last Payment Date defined above, on any date upon which the City shall have terminated the Development Agreement under Section 4.2(2) thereof or the Developer shall have terminated the Development Agreement under Article V thereof, on the date the Tax Increment District is terminated, or on the date that all principal payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, express or implied, that the Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the Development Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the Development Agreement the City elects to cancel and rescind the Development Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Development Agreement, including without limitation Section 3.2 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only with the consent of the City which consent shall not be unreasonably withheld or delayed. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, City of Waite Park, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and Administrator and has caused this Note to be dated as of _____, 20__.

Administrator

Mayor

DO NOT EXECUTE UNTIL PAID INVOICES FOR LAND ACQUISITION AND SITE IMPROVEMENTS ARE GIVEN TO THE CITY - REFER TO SECTION 3.3(1).

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note was registered in the name of _____, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

<u>NAME AND ADDRESS OF REGISTERED OWNER</u>	<u>DATE OF REGISTRATION</u>	<u>SIGNATURE OF ADMINISTRATOR</u>
Loghouse Properties, LLC 3358 Southway Drive St. Cloud, MN 56301 _____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT C

Site Improvements

Landscaping, including irrigation
Foundations and Footings and building slab concrete
Grading/earthwork/site work
Engineering
Surveying
Environmental Testing
Soil Borings
Site Preparation and compaction work
Onsite and Underground Utilities
Storm Water/Ponding/Piping
Outdoor Lighting
Onsite Road, Curb, Gutter, Driveway, Sidewalk and Streetscape Improvements
Parking
Demolition

Agenda Item No. 3

Issue: 2016 Audit Fund Transfers and Audit Review

BACKGROUND:

The City has contracted with the accounting firm of CDS to review the City's 2016 financial statements. A representative from CDS will be present to discuss the results of the audit.

REQUIRED ACTION:

Approve or deny the fund transfers and accept the 2016 Audit Report

STAFF RECOMMENDATION:

Approve the above described action.

SUGGESTED MOTION:

Council member _____ moved to approve OR deny the fund transfers and accept the 2016 Audit Report as presented.

Council member _____ seconded the motion.

ROLL CALL

Councilmember Charles Schneider _____
Councilmember Vic Schulz _____
Councilmember Mike Linquist _____
Councilmember Frank Theisen _____
Mayor Richard E. Miller _____

Motion (Approved) (Denied)

CITY OF WAITE PARK, MINNESOTA
AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2016

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

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CITY OF WAITE PARK, MINNESOTA

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CITY OF WAITE PARK, MINNESOTA
ELECTED OFFICIALS AND ADMINISTRATION
DECEMBER 31, 2016

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Richard E. Miller	Mayor	December 31, 2016
Vic Schulz	Council Member	December 31, 2018
Charles S. Schneider	Council Member	December 31, 2016
Michael J. Linquist	Council Member	December 31, 2016
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, 2016, 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 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
--	---	--	--	---

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, 2016, 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 September 29, 2017, 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

September 29, 2017

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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, 2016

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, 2016.

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 \$67,904,867. Of this amount, \$6,117,095 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 \$11,237,141.
- At the close of the current fiscal year, the City of Waite Park's governmental funds reported combined ending fund balance of \$22,430,152.
- The City's outstanding long-term liabilities increased by \$14,351,039.

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, 2016

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, three 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 19-24 of this report.

CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

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 25-28 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 29 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 30-65 of this report.

Supplementary information. The required supplementary information and combining and individual fund statements can be found on pages 66-80 of this report. Financial schedules can be found on pages 81-87.

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 \$67,904,867 at the close of the most recent fiscal year.

The largest portion of the City of Waite Park's assets (69 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, 2016

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 \$6,117,095 may be used to meet the City's ongoing obligations to citizens and creditors.

Net Position

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Assets & Deferred Outflows						
Current and Other Assets	\$ 27,311,046	\$ 18,601,559	\$ 3,085,006	\$ 1,908,045	\$ 30,396,052	\$ 20,509,604
Capital Assets	36,886,012	23,202,554	30,620,770	31,195,282	67,506,782	54,397,836
Deferred Outflows	4,112,216	507,735	214,336	15,448	4,326,552	523,183
Total Assets & Deferred Outflows	\$ 68,309,274	\$ 42,311,848	\$ 33,920,112	\$ 33,118,775	\$ 102,229,386	\$ 75,430,623
Liabilities & Deferred Inflows						
Long-Term Liabilities Outstanding	\$ 25,963,622	\$ 11,852,058	\$ 3,529,363	\$ 3,507,405	\$ 29,492,985	\$ 15,359,463
Other Liabilities	3,448,424	2,450,538	547,448	568,568	3,995,872	3,019,106
Deferred Inflows	766,394	370,133	69,268	14,195	835,662	384,328
Total Liabilities & Deferred Inflows	\$ 30,178,440	\$ 14,672,729	\$ 4,146,079	\$ 4,090,168	\$ 34,324,519	\$ 18,762,897
Net Position						
Net Investment in Capital Assets	\$ 23,315,595	\$ 14,474,261	\$ 27,410,690	\$ 27,620,668	\$ 50,726,285	\$ 42,094,929
Restricted	11,061,487	8,736,673	-	-	11,061,487	8,736,673
Unrestricted	3,753,752	4,428,185	2,363,343	1,407,939	6,117,095	5,836,124
Total Net Position	\$ 38,130,834	\$ 27,639,119	\$ 29,774,033	\$ 29,028,607	\$ 67,904,867	\$ 56,667,726

Governmental activities. Governmental activities total revenues increased by \$146,260 or 1 percent over 2015. Total expenses increased by \$1,982,443 over 2015. Governmental activities increased the City of Waite Park's net position by \$10,491,715 in 2016 compared to a \$313,589 increase in 2015. Elements of the increase are presented in the following statement of changes in net position.

Business-type activities. Business-type activities total revenues increased by \$474,218 or 14 percent over 2015. Total expenses increased by \$292,809 or 10 percent over 2015. Business-type activities increased the City of Waite Park's net position by \$745,426 in 2016 compared to a \$1,528,345 increase in 2015. 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, 2016

Changes in Net Position

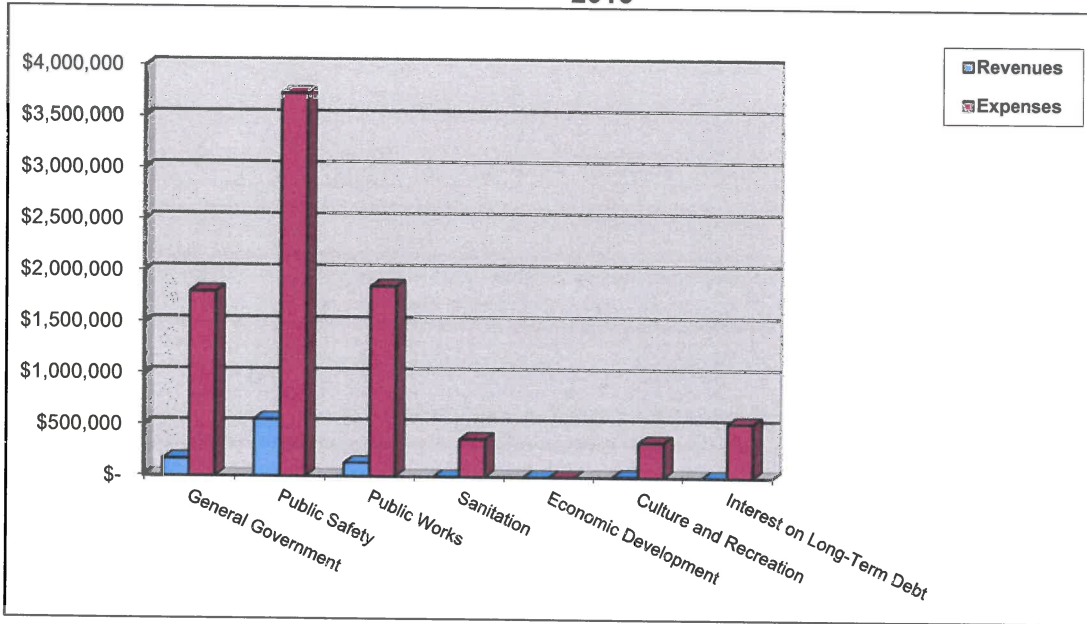
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 633,493	\$ 398,785	\$ 3,744,345	\$ 3,270,904	\$ 4,377,838	\$ 3,669,689
Operating Grants and Contributions	197,691	349,328	-	-	197,691	349,328
Capital Grants and Contributions	39,702	39,268	-	-	39,702	39,268
General Revenues:						
Property Taxes	6,872,008	7,771,943	-	-	6,872,008	7,771,943
Grants and Contributions not Restricted to Specific Programs	40,562	13,314	-	-	40,562	13,314
Unrestricted Investment Earnings	63,399	21,202	2,227	461	65,626	21,663
Local Sales Tax & Other	2,560,908	1,667,663	-	989	2,560,908	1,668,652
Total Revenues	10,407,763	10,261,503	3,746,572	3,272,354	14,154,335	13,533,857
Expenses:						
General Government	1,809,175	1,075,073	-	-	1,809,175	1,075,073
Public Safety	3,732,332	3,004,220	-	-	3,732,332	3,004,220
Public Works	1,863,750	1,546,916	-	-	1,863,750	1,546,916
Sanitation	372,671	375,826	-	-	372,671	375,826
Culture and Recreation	345,693	292,865	-	-	345,693	292,865
Economic Development	-	4,000	-	-	-	4,000
Interest on Long-Term Debt	535,347	377,625	-	-	535,347	377,625
Water	-	-	1,509,477	1,355,429	1,509,477	1,355,429
Sewer	-	-	1,749,832	1,614,524	1,749,832	1,614,524
Stormwater	-	-	33,826	30,373	33,826	30,373
Total Expenses	8,658,968	6,676,525	3,293,135	3,000,326	11,952,103	9,676,851
Increase in Net Position						
Before Capital Contributions	1,748,795	3,584,978	453,437	272,028	2,202,232	3,857,006
Capital Contributions	(279,755)	(1,364,776)	279,755	1,364,776	-	-
Change in Net Position	1,469,040	2,220,202	733,192	1,636,804	2,202,232	3,857,006
Net Position - Beginning	27,639,119	27,325,530	29,028,607	27,500,262	56,667,726	54,825,792
Prior Period Adjustment	9,022,675	(1,906,613)	12,234	(108,459)	9,034,909	(2,015,072)
Net Position - Beginning, as Restated	36,661,794	25,418,917	29,040,841	27,391,803	65,702,635	52,810,720
Net Position - Ending	\$ 38,130,834	\$ 27,639,119	\$ 29,774,033	\$ 29,028,607	\$ 67,904,867	\$ 56,667,726

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

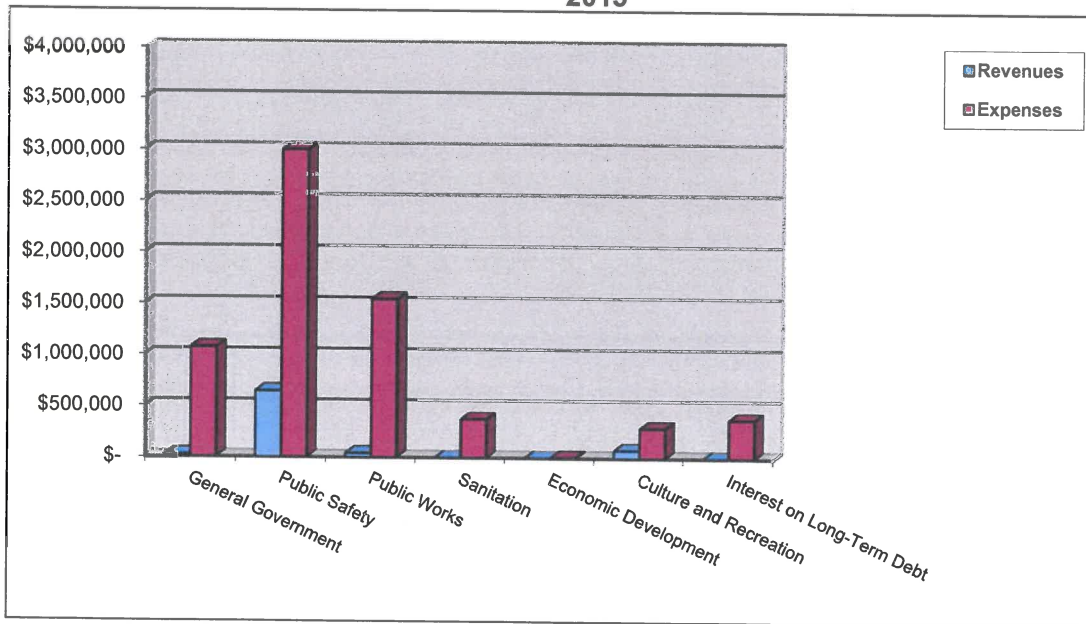
**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**

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
2016**



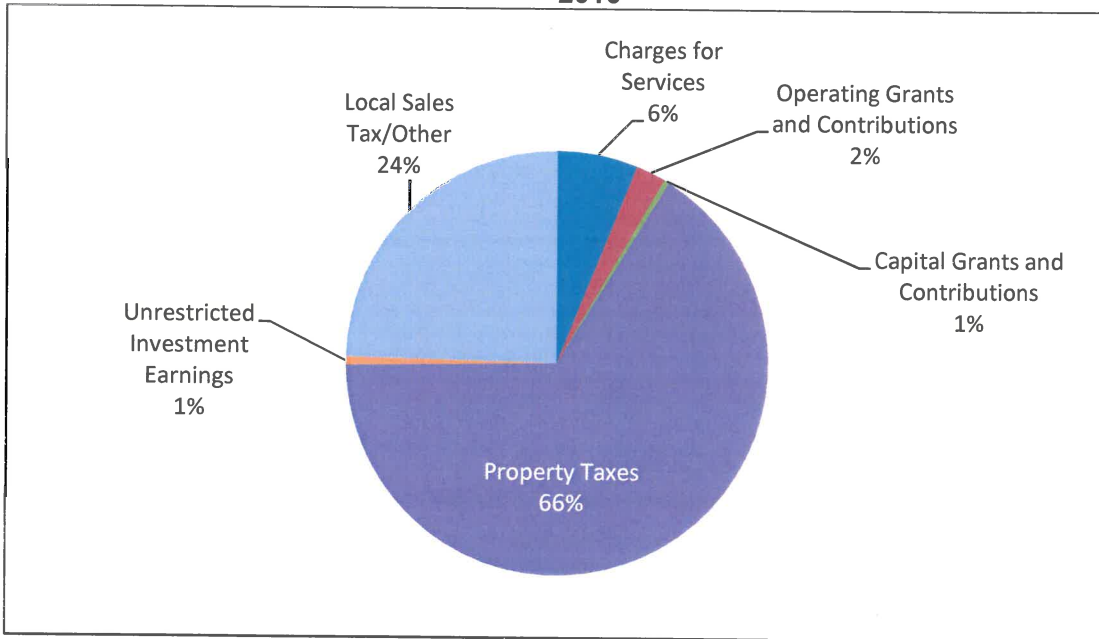
2015



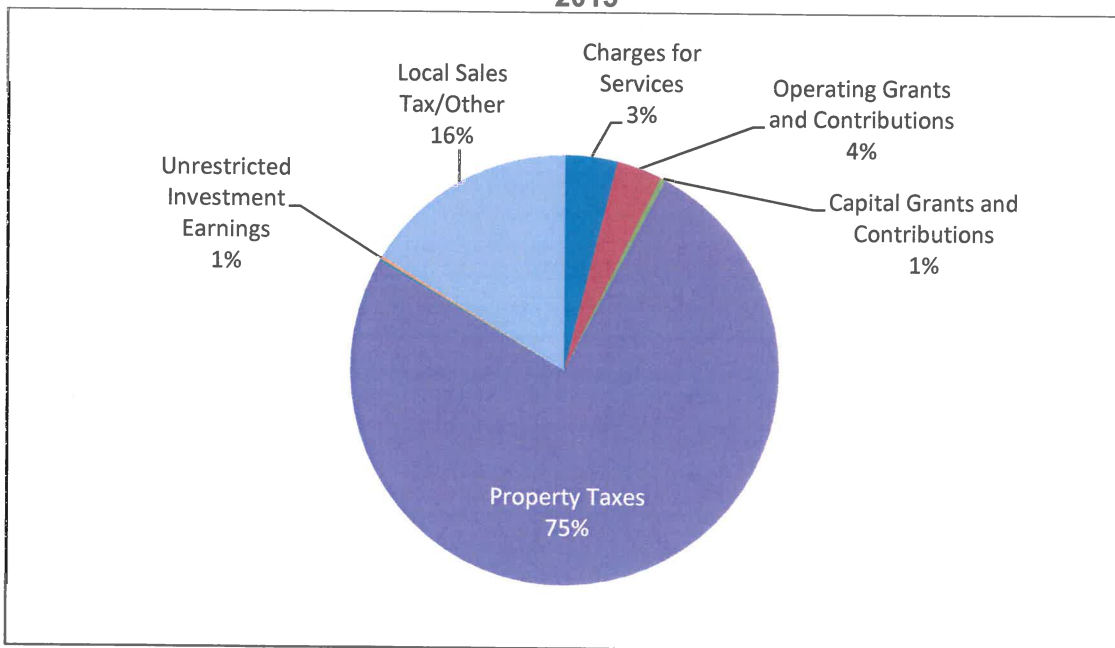
**CITY OF WAITE PARK
Stearns County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**

**Revenues by Source - Governmental Activities
2016**



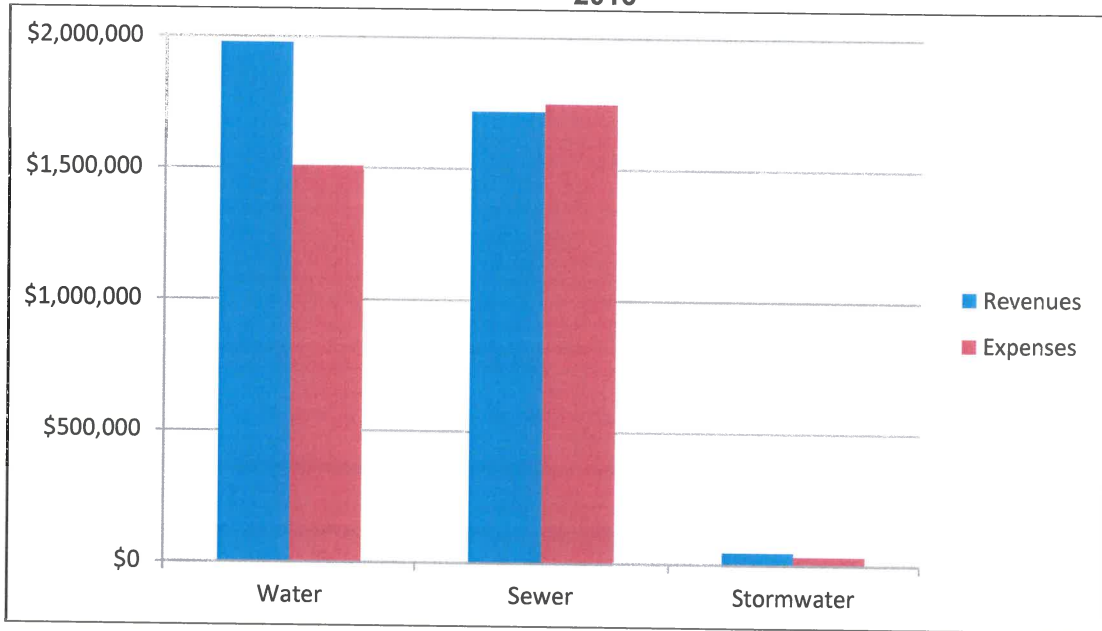
2015



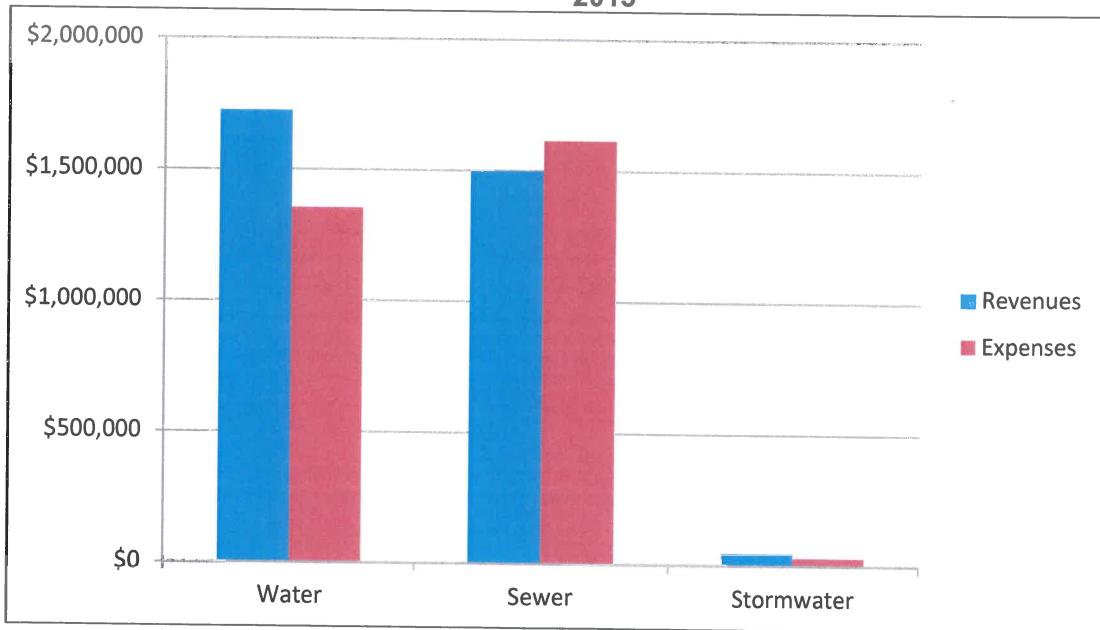
CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Expenses and Program Revenues – Business-type Activities
2016



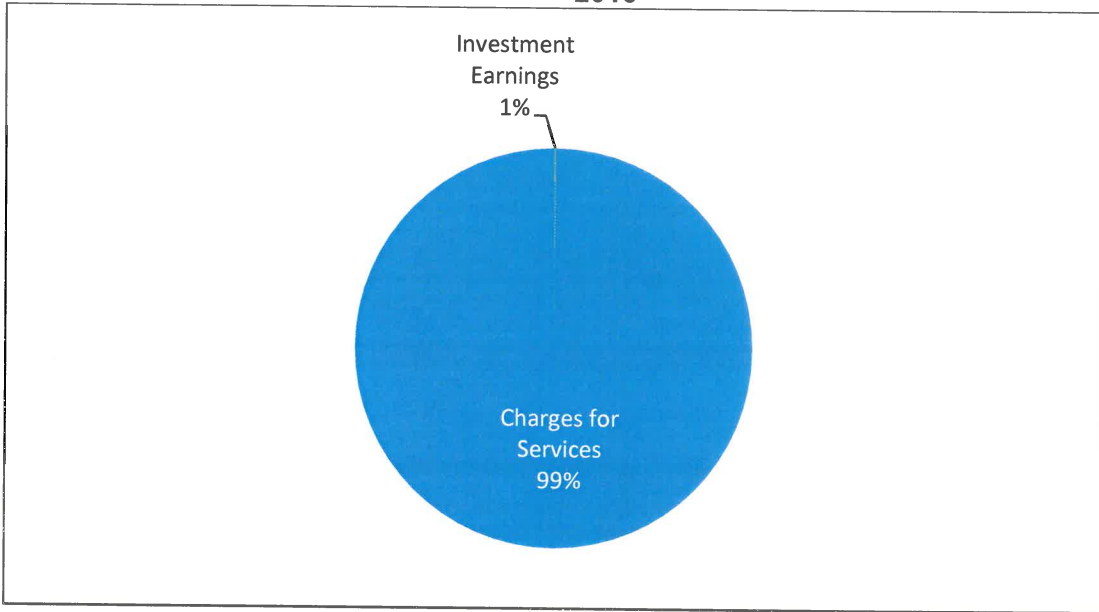
2015



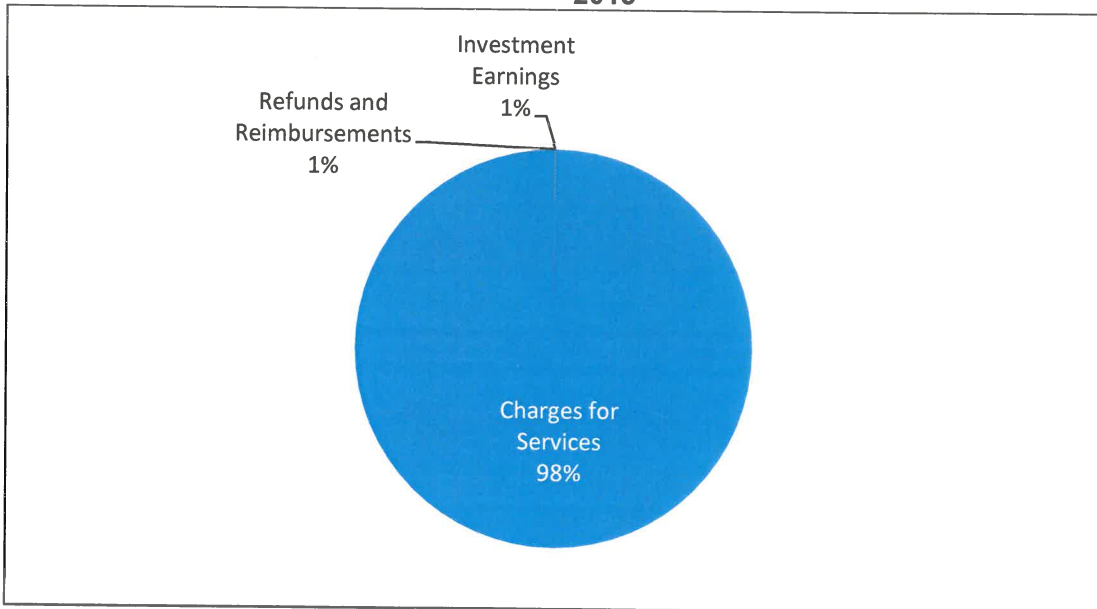
**CITY OF WAITE PARK
Stearns County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**

**Revenues by Source – Business-type Activities
2016**



2015



CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

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 \$22,430,152, an increase of \$8,463,015 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 \$836,496, sewer utility of \$1,499,429 and stormwater utility of \$27,418 for a total increase of \$955,404 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, 2016, amounts to \$67,506,782 (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, 2016

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,098,918	\$ 384,118	\$ 22,000	\$ 22,000	\$ 1,120,918	\$ 406,118
Easements	900,143	1,373,343	1,399,032	1,872,231	2,299,175	3,245,574
Buildings	1,774,624	1,758,097	-	-	1,774,624	1,758,097
Improvements Other Than Buildings	25,094,265	15,875,942	27,202,282	27,237,769	52,296,547	43,113,711
Machinery and Equipment	1,337,878	1,238,989	4,760	7,001	1,342,638	1,245,990
Construction in Progress	6,680,184	2,572,065	1,992,696	2,056,281	8,672,880	4,628,346
Total	\$ 36,886,012	\$ 23,202,554	\$ 30,620,770	\$ 31,195,282	\$ 67,506,782	\$ 54,397,836

Long-term debt. At the end of the current fiscal year, the City of Waite Park had total long-term liabilities outstanding of \$32,175,333. Of this amount \$21,048,649 was for general obligation debt, \$3,210,080 for water utility revenue bonds, \$6,432,988 for Net Pension Liability, \$1,217,515 for compensated absences and \$266,101 for post-employment benefits.

**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	
	2016	2015	2016	2015	2016	2015
General Obligation Tax						
Abatement Bonds	\$ 2,275,000	\$ -	\$ -	\$ -	\$ 2,275,000	\$ -
General Obligation Tax						
Increment Bonds	1,515,000	1,685,000	-	-	1,515,000	1,685,000
General Obligation Special						
Assessment Bonds	6,750,000	8,280,000	-	-	6,750,000	8,280,000
General Obligation CIP Bonds	9,505,000	-	-	-	9,505,000	-
G.O. Certificates of Indebtedness	110,000	160,000	-	-	110,000	160,000
General Obligation Revenue Bonds	-	-	3,135,000	3,490,000	3,135,000	3,490,000
Net Pension Liability	5,917,102	2,304,819	515,886	112,103	6,432,988	2,416,922
Compensated Absences	1,021,516	961,990	195,999	210,602	1,217,515	1,172,592
OPEB Payable	234,169	217,213	31,932	29,620	266,101	246,833
Capital Leases	-	50,239	-	-	-	50,239
Unamortized Bond Discount	-	(26,788)	-	-	-	(26,788)
Unamortized Bond Premium	893,649	264,882	75,080	84,614	968,729	349,496
Total	\$ 28,221,436	\$ 13,897,355	\$ 3,953,897	\$ 3,926,939	\$ 32,175,333	\$ 17,824,294

CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

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 81-87 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 \$23,317 for payable year 2017 as compared to a \$198,044 increase in payable year 2016.
- The unemployment rate in central Minnesota (3.7%) is expected to remain below the state (4.0%) and below the national (4.7%) averages in 2017.
- The City's share of 2016 local sales tax collections was \$1,300,829, an increase of \$93,337 from 2015.

These factors were taken into consideration in the preparation of the 2017 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, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and Investments	\$ 22,874,579	\$ 2,525,604	\$ 25,400,183
Receivables			
Accounts	73,299	597	73,896
Utilities		743,229	743,229
Interest	5,171		5,171
Delinquent Taxes	85,858		85,858
Special Assessments Receivable			
Delinquent	25,281		25,281
Deferred	3,465,630		3,465,630
Prepaid Items	107,884	14,190	122,074
Due from Other Governments	329,493		329,493
Internal Balances	198,614	(198,614)	
Capital Assets			
Assets Not Being Depreciated	8,679,245	3,413,728	12,092,973
Other Capital Assets, Net of Depreciation	28,206,767	27,207,042	55,413,809
Net Pension Asset	145,237		145,237
Total Assets	<u>64,197,058</u>	<u>33,705,776</u>	<u>97,902,834</u>
Deferred Outflows of Resources			
Related to Pensions	4,112,216	214,336	4,326,552
Total Assets and Deferred Outflows of Resources	<u>\$ 68,309,274</u>	<u>\$ 33,920,112</u>	<u>\$ 102,229,386</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 208,466	\$ 100,979	\$ 309,445
Contracts Payable	851,008		851,008
Salaries and Benefits Payable	94,907	18,251	113,158
Interest Payable	31,722	3,684	35,406
Due to Other Governments	4,507		4,507
Noncurrent Liabilities			
Due Within One Year	2,257,814	424,534	2,682,348
Due in More Than One Year	25,963,622	3,529,363	29,492,985
Total Liabilities	<u>29,412,046</u>	<u>4,076,811</u>	<u>33,488,857</u>
Deferred Inflows of Resources			
Related to Pensions	766,394	69,268	835,662
Net Position			
Net Investment in Capital Assets	23,315,595	27,410,690	50,726,285
Restricted for			
Debt Service	5,587,026		5,587,026
Tax Increment	2,856,775		2,856,775
Regional Capital Improvement Projects	2,617,686		2,617,686
Unrestricted	3,753,752	2,363,343	6,117,095
Total Net Position	<u>38,130,834</u>	<u>29,774,033</u>	<u>67,904,867</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 68,309,274</u>	<u>\$ 33,920,112</u>	<u>\$ 102,229,386</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ 1,809,175	\$ 92,549	\$ 77,252	\$	\$ (1,639,374)	\$	\$ (1,639,374)
Public Safety	3,732,332	445,813	116,738		(3,169,781)		(3,169,781)
Public Works	1,863,750	89,235	2,750	39,702	(1,732,063)		(1,732,063)
Sanitation	372,671				(372,671)		(372,671)
Culture and Recreation	345,693	5,896	951		(338,846)		(338,846)
Interest on Long-Term Debt	535,347				(535,347)		(535,347)
Total Governmental Activities	8,658,968	633,493	197,691	39,702	(7,788,082)	0	(7,788,082)
BUSINESS-TYPE ACTIVITIES							
Water	1,509,477	1,976,489				467,012	467,012
Sewer	1,749,832	1,719,032				(30,800)	(30,800)
Stormwater	33,826	48,824				14,998	14,998
Total Business-Type Activities	3,293,135	3,744,345	0	0	0	451,210	451,210
Total	\$ 11,952,103	\$ 4,377,838	\$ 197,691	\$ 39,702	(7,788,082)	451,210	(7,336,872)
GENERAL REVENUES							
Taxes							
Property					6,872,008		6,872,008
Gravel					149,339		149,339
Franchise					100,774		100,774
Local Sales Tax					1,300,829		1,300,829
Special Assessments					130,756		130,756
Grants and Contributions Not Restricted to Specific Programs					40,562		40,562
Refunds and Reimbursements					901,847		901,847
Unrestricted Investment Earnings					63,399	2,227	65,626
Other					4,633		4,633
Gain (Loss) on Sale of Assets					(27,270)		(27,270)
CAPITAL CONTRIBUTIONS					(279,755)	279,755	
Total General Revenues and Capital Contributions					9,257,122	281,982	9,539,104
Change in Net Position					1,469,040	733,192	2,202,232
NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED					27,639,119	29,028,607	56,667,726
PRIOR PERIOD ADJUSTMENT					9,022,675	12,234	9,034,909
NET POSITION, BEGINNING OF YEAR, AS RESTATED					36,661,794	29,040,841	65,702,635
NET POSITION, END OF YEAR					\$ 38,130,834	\$ 29,774,033	\$ 67,904,867

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General (101)	\$6,885,000 G.O. Improvement Crossover Refunding Bonds of 2010A (320)	\$4,720,000 G.O. Improvement Bonds of 2013 (324)	\$9,505,000 G.O. Improvement Bonds of 2016B (327)	Public Works Facility (443)	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Investments	\$ 6,210,195	\$ 799,142	\$ 411,578	\$ 6,620,521	\$ 351,879	\$ 8,481,264	\$ 22,874,579
Receivables							
Accounts	56,912					16,387	73,299
Interest	5,171						5,171
Delinquent Taxes	76,342	410	4,056			5,050	85,858
Special Assessments Receivable							
Delinquent		13,769				11,512	25,281
Deferred	554,252	1,101,388	950,459			859,531	3,465,630
Prepaid Items	107,884						107,884
Due from Other Governments	45,301	1,590	843			281,759	329,493
Due from Other Funds	200,000						200,000
Total Assets	\$ 7,256,057	\$ 1,916,299	\$ 1,366,936	\$ 6,620,521	\$ 351,879	\$ 9,655,503	\$ 27,167,195
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities							
Accounts Payable	\$ 188,019	\$ 196	\$ 196	\$	\$ 16,982	\$ 3,073	\$ 208,466
Contracts Payable	10,000				780,894	60,114	851,008
Salaries and Benefits Payable	94,907						94,907
Due to Other Governments	4,507						4,507
Due to Other Funds	1,386						1,386
Total Liabilities	298,819	196	196	0	797,876	63,187	1,160,274
Deferred Inflows of Resources							
Unavailable Revenue							
Delinquent Taxes	76,342	410	4,056			5,050	85,858
Special Assessments	554,252	1,115,157	950,459			871,043	3,490,911
Total Deferred Inflows of Resources	630,594	1,115,567	954,515	0	0	876,093	3,576,769
Fund Balance							
Nonspendable							
Restricted	107,884						107,884
Tax Increment						2,856,775	2,856,775
Loan Program						2,001	2,001
Debt Service		800,536	412,225			1,459,812	2,672,573
Regional Capital Improvement Projects				6,620,521		3,475,397	10,095,918
Assigned							
Capital Outlay	2,038,904					9,572	2,048,476
Park Land Development						304,779	304,779
Regional Capital Improvement Projects						541,329	541,329
Fund Operations						66,640	66,640
Unassigned	4,179,856				(445,997)	(82)	3,733,777
Total Fund Balance	6,326,644	800,536	412,225	6,620,521	(445,997)	8,716,223	22,430,152
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 7,256,057	\$ 1,916,299	\$ 1,366,936	\$ 6,620,521	\$ 351,879	\$ 9,655,503	\$ 27,167,195

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, 2016

	<u>2016</u>
Total Fund Balances - Governmental Funds	\$ 22,430,152
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	59,998,428
Less: Accumulated Depreciation	(23,112,416)
Net Pension Asset	145,237
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	85,858
Special Assessments	
Delinquent	25,281
Deferred	3,465,630
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	4,112,216
Deferred Inflows of Resources Related to Pensions	(766,394)
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	(20,045,000)
G.O. Certificate of Indebtedness Payable	(110,000)
Bond Premium	(893,649)
Net Pension Liability	(5,917,102)
Compensated Absences Payable	(1,021,516)
Other Postemployment Benefits Payable	(234,169)
Interest Payable	(31,722)
	<u> </u>
Total Net Position - Governmental Activities	<u>\$ 38,130,834</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, 2016

	General (101)	\$6,885,000 G.O. Improvement Crossover Refunding Bonds of 2010A (320)	\$4,720,000 G.O. Improvement Bonds of 2013 (324)	\$9,505,000 G.O. Improvement Bonds of 2016B (327)	Public Works Facility (443)	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes							
Sales Tax	\$ 6,490,383	\$ 26,434	\$ 349,143	\$	\$	\$ 250,717	\$ 7,116,677
Special Assessments						1,300,829	1,300,829
Licenses and Permits		296,121	142,630			175,334	614,085
Intergovernmental	77,594						77,594
Charges for Services	236,482					1,384	237,866
Fines and Forfeitures	466,664						466,664
Miscellaneous	85,876					3,359	89,235
Investment Income							
Contributions and Donations	18,810	1,801	10,802	16,305		15,681	63,399
Refunds and Reimbursements	5,201					75,752	80,953
Other	901,847						901,847
	4,633						4,633
Total Revenues	8,287,490	324,356	502,575	16,305	0	1,823,056	10,953,782
EXPENDITURES							
Current							
General Government	1,791,281						1,791,281
Public Safety	2,878,606					25,539	2,904,145
Public Works	1,049,285						1,049,285
Sanitation	373,919						373,919
Culture and Recreation	285,727						285,727
Debt Service						30,095	315,822
Principal	50,239	825,000	380,000			545,000	1,800,239
Interest and Other Charges	2,551	114,030	105,395	173,750		142,794	538,520
Capital Outlay							
General Government	100,919						100,919
Public Safety	866,239					4,398	870,637
Public Works	535,036				2,745,997	1,612,001	4,893,034
Culture and Recreation	403,018						403,018
Total Expenditures	8,336,820	939,030	485,395	173,750	2,745,997	2,359,827	15,040,819
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,330)	(614,674)	17,180	(157,445)	(2,745,997)	(536,771)	(4,087,037)
OTHER FINANCING SOURCES (USES)							
Proceeds from Sale of Capital Assets	5,400						5,400
Bond Proceeds				10,077,966		2,375,721	12,453,687
Transfers In	674,891	678,000			3,300,000	3,254,967	7,907,858
Transfers Out				(3,300,000)	(1,000,000)	(3,607,858)	(7,907,858)
Total Other Financing Sources (Uses)	680,291	678,000	0	6,777,966	2,300,000	2,022,830	12,459,087
Net Change in Fund Balances	630,961	63,326	17,180	6,620,521	(445,997)	1,486,059	8,372,050
FUND BALANCE, BEGINNING OF YEAR, AS ORIGINALLY STATED	5,604,718	737,210	395,045			7,230,164	13,967,137
PRIOR PERIOD ADJUSTMENT	90,965						90,965
FUND BALANCE, BEGINNING OF YEAR, RESTATED	5,695,683	737,210	395,045	0	0	7,230,164	14,058,102
FUND BALANCE, END OF YEAR	\$ 6,326,644	\$ 800,536	\$ 412,225	\$ 6,620,521	\$ (445,997)	\$ 8,716,223	\$ 22,430,152

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, 2016

	<u>2016</u>
Total Net Change in Fund Balances - Governmental Funds	\$ 8,372,050
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.	
Capital Outlays	5,890,563
Depreciation Expense	(1,106,145)
Loss on Disposal of Assets	(32,670)
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	5,444
Special Assessments	
Delinquent	(14,850)
Deferred	(468,479)
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	(59,526)
Other Postemployment Benefits Payable	(16,956)
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).	
	(450,116)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net position. In the current period these amounts are:	
Amortization of Bond Discount	(26,788)
Amortization of Bond Premium	44,920
Issuance of Long-Term Debt	(12,453,687)
Principal Retirement of Long-Term Debt	1,750,000
Change in Accrued Interest Payable	(14,959)
Capital lease principal payments are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities.	
	<u>50,239</u>
Change in Net Position - Governmental Activities	<u>\$ 1,469,040</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
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,600,723	\$ 6,600,723	\$ 6,490,383	\$ (110,340)
Licenses and Permits	68,700	68,700	77,594	8,894
Intergovernmental	130,283	130,283	236,482	106,199
Charges for Services	171,550	171,550	466,664	295,114
Fines and Forfeitures	84,300	84,300	85,876	1,576
Miscellaneous				
Investment Income	15,000	15,000	18,810	3,810
Contributions and Donations	3,100	3,100	5,201	2,101
Refunds and Reimbursements	70,800	70,800	901,847	831,047
Other	800	800	4,633	3,833
Total Revenues	<u>7,145,256</u>	<u>7,145,256</u>	<u>8,287,490</u>	<u>1,142,234</u>
EXPENDITURES				
Current				
General Government	1,019,105	1,019,105	1,791,281	772,176
Public Safety	2,980,710	2,980,710	2,878,606	(102,104)
Public Works	1,330,875	1,330,875	1,049,285	(281,590)
Sanitation	351,900	351,900	373,919	22,019
Culture and Recreation	293,125	293,125	285,727	(7,398)
Debt Service				
Principal	50,240	50,240	50,239	(1)
Interest and Other Charges	2,551	2,551	2,551	
Capital Outlay				
General Government	91,000	91,000	100,919	9,919
Public Safety	895,100	895,100	866,239	(28,861)
Public Works	84,850	84,850	535,036	450,186
Culture and Recreation	227,000	227,000	403,018	176,018
Total Expenditures	<u>7,326,456</u>	<u>7,326,456</u>	<u>8,336,820</u>	<u>1,010,364</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(181,200)	(181,200)	(49,330)	131,870

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, 2016

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	\$ 1,200	\$ 1,200	\$ 5,400	\$ 4,200
Transfers In			674,891	674,891
Total Other Financing Sources (Uses)	<u>1,200</u>	<u>1,200</u>	<u>680,291</u>	<u>679,091</u>
Net Change in Fund Balances	<u>\$ (180,000)</u>	<u>\$ (180,000)</u>	630,961	<u>\$ 810,961</u>
FUND BALANCE, BEGINNING OF YEAR, AS ORIGINALLY STATED			5,604,718	
PRIOR PERIOD ADJUSTMENT			<u>90,965</u>	
FUND BALANCE, BEGINNING OF YEAR, RESTATED			<u>5,695,683</u>	
FUND BALANCE, END OF YEAR			<u>\$ 6,326,644</u>	

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	Business-Type Activities - Enterprise Funds			
	Water (703)	Sewer (709)	Stormwater (715)	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Current Assets				
Cash and Investments	\$ 1,119,120	\$ 1,379,409	\$ 27,075	\$ 2,525,604
Receivables				
Accounts	597			597
Utilities	356,802	375,085	11,342	743,229
Prepaid Items	8,829	5,361		14,190
Due from Other Funds	683	820		1,503
Total Current Assets	<u>1,486,031</u>	<u>1,760,675</u>	<u>38,417</u>	<u>3,285,123</u>
Noncurrent Assets				
Capital Assets				
Assets Not Being Depreciated	1,717,864	1,695,864		3,413,728
Other Capital Assets, Net of Depreciation	14,012,603	13,194,439		27,207,042
Total Noncurrent Assets	<u>15,730,467</u>	<u>14,890,303</u>	<u>0</u>	<u>30,620,770</u>
Total Assets	<u>17,216,498</u>	<u>16,650,978</u>	<u>38,417</u>	<u>33,905,893</u>
Deferred Outflows of Resources				
Related to Pensions	<u>152,396</u>	<u>55,587</u>	<u>6,353</u>	<u>214,336</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 17,368,894</u>	<u>\$ 16,706,565</u>	<u>\$ 44,770</u>	<u>\$ 34,120,229</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 17,347	\$ 83,624	\$ 8	\$ 100,979
Salaries and Benefits Payable	15,445	2,806		18,251
Due to Other Funds	200,000	117		200,117
Interest Payable	3,684			3,684
Compensated Absences Due Within One Year	35,000	20,000		55,000
Bonds Payable Due Within One Year	369,534			369,534
Total Current Liabilities	<u>641,010</u>	<u>106,547</u>	<u>8</u>	<u>747,565</u>
Noncurrent Liabilities				
Net Pension Liability	366,802	133,793	15,291	515,886
Compensated Absences, Net of Current Amount	90,453	50,546		140,999
Other Postemployment Benefits Payable	23,949	7,983		31,932
Bonds Payable, Net of Current Amount	2,840,546			2,840,546
Total Noncurrent Liabilities	<u>3,321,750</u>	<u>192,322</u>	<u>15,291</u>	<u>3,529,363</u>
Total Liabilities	<u>3,962,760</u>	<u>298,869</u>	<u>15,299</u>	<u>4,276,928</u>
Deferred Inflows of Resources				
Related to Pensions	49,251	17,964	2,053	69,268
Net Position				
Net Investment in Capital Assets	12,520,387	14,890,303		27,410,690
Unrestricted	836,496	1,499,429	27,418	2,363,343
Total Net Position	<u>13,356,883</u>	<u>16,389,732</u>	<u>27,418</u>	<u>29,774,033</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 17,368,894</u>	<u>\$ 16,706,565</u>	<u>\$ 44,770</u>	<u>\$ 34,120,229</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, 2016

	Business-Type Activities - Enterprise Funds			
	Water (703)	Sewer (709)	Stormwater (715)	Total
OPERATING REVENUES				
Charges for Services	\$ 1,758,298	\$ 1,501,032	\$ 48,824	\$ 3,308,154
Service Availability Charge	218,000	218,000		436,000
Total Operating Revenues	<u>1,976,298</u>	<u>1,719,032</u>	<u>48,824</u>	<u>3,744,154</u>
OPERATING EXPENSES				
Wages and Salaries	579,407	220,198	23,825	823,430
Supplies	6,482	5,786	625	12,893
Repairs and Maintenance	150,930	44,811	4,387	200,128
Utilities	188,675	3,749		192,424
Contractual Services	7,493	994,439	226	1,002,158
Depreciation	395,408	458,862		854,270
Professional Services	4,168	3,972	1,281	9,421
Miscellaneous	91,045	18,015	3,482	112,542
Total Operating Expenses	<u>1,423,608</u>	<u>1,749,832</u>	<u>33,826</u>	<u>3,207,266</u>
Operating Income (Loss)	<u>552,690</u>	<u>(30,800)</u>	<u>14,998</u>	<u>536,888</u>
NONOPERATING REVENUES (EXPENSES)				
Miscellaneous	191			191
Investment Income	980	1,229	18	2,227
Interest and Fiscal Agent Fees	(85,869)			(85,869)
Total Nonoperating Revenues (Expenses)	<u>(84,698)</u>	<u>1,229</u>	<u>18</u>	<u>(83,451)</u>
Income (Loss) Before Contributions	<u>467,992</u>	<u>(29,571)</u>	<u>15,016</u>	<u>453,437</u>
CONTRIBUTIONS				
Capital Contributions	173,416	106,339		279,755
Change in Net Position	<u>641,408</u>	<u>76,768</u>	<u>15,016</u>	<u>733,192</u>
NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED	12,707,780	16,308,425	12,402	29,028,607
PRIOR PERIOD ADJUSTMENT	<u>7,695</u>	<u>4,539</u>		<u>12,234</u>
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>12,715,475</u>	<u>16,312,964</u>	<u>12,402</u>	<u>29,040,841</u>
NET POSITION, END OF YEAR	<u>\$ 13,356,883</u>	<u>\$ 16,389,732</u>	<u>\$ 27,418</u>	<u>\$ 29,774,033</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2016

	Business-Type Activities - Enterprise Funds			Total
	Water (703)	Sewer (709)	Stormwater (715)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,990,708	\$ 1,716,308	\$ 48,766	\$ 3,755,782
Payments to Suppliers	(462,141)	(1,111,739)	(10,001)	(1,583,881)
Payments to Employees	(402,540)	(150,766)	(17,044)	(570,350)
Net Cash Provided (Used) by Operating Activities	1,126,027	453,803	21,721	1,601,551
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other Income	191			191
Net Cash Provided (Used) by Noncapital Financing Activities	191	0	0	191
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Debt	(364,534)			(364,534)
Interest Paid on Debt	(86,200)			(86,200)
Net Cash Provided (Used) by Capital and Related Financing Activities	(450,734)	0	0	(450,734)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest and Dividends Received	980	1,229		2,209
Net Increase (Decrease) in Cash and Cash Equivalents	676,464	455,032	21,721	1,153,217
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	442,656	924,377	5,354	1,372,387
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,119,120	\$ 1,379,409	\$ 27,075	\$ 2,525,604

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2016

	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)	\$ 552,690	\$ (30,800)	\$ 14,998	\$ 536,888
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	395,408	458,862		854,270
Pension Related Adjustments	179,660	73,542	6,781	259,983
(Increase) Decrease in Assets				
Accounts Receivable	(91)			(91)
Utilities Receivable	(6,555)	(2,517)	(58)	(9,130)
Prepaid Items	(1,134)	(822)		(1,956)
Due from Other Funds	21,056	(207)		20,849
Increase (Decrease) in Liabilities				
Accounts Payable	9,021	(40,198)		(31,177)
Salaries and Benefits Payable	5,006	382		5,388
Due to Other Funds	(21,235)	53		(21,182)
Compensated Absences	(9,533)	(5,070)		(14,603)
Other Postemployment Benefits Payable	1,734	578		2,312
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,126,027</u>	<u>\$ 453,803</u>	<u>\$ 21,721</u>	<u>\$ 1,601,551</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Capital Contributions	<u>\$ 173,416</u>	<u>\$ 106,339</u>	<u>\$ 0</u>	<u>\$ 279,755</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and Investments	\$ 14,440
	<u>14,440</u>
LIABILITIES	
Accounts Payable	\$ 5,276
Due to Employees	9,164
	<u>14,440</u>
Total Liabilities	\$ 14,440

See Accompanying Notes to the Financial Statements

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CITY OF WAITE PARK, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016

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 \$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.

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 \$9,505,000 G.O. Improvement Bonds of 2016B 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, 2016

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

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

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, 2016

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, 2016

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.

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.

CITY OF WAITE PARK, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

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

E. RECEIVABLES AND PAYABLES (Cont'd)

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.

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

CITY OF WAITE PARK, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

G. CAPITAL ASSETS (Cont'd)

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.

Unpaid sick and vacation pay earned, is estimated to be approximately \$1,021,516 in the governmental funds and \$195,999 in the enterprise funds.

CITY OF WAITE PARK, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

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.

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.

CITY OF WAITE PARK, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

N. FUND BALANCE (Cont'd)

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.

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.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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:

Major Funds

Capital Projects

Public Works Facility Fund	\$ (445,997)
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Nonmajor Funds

Capital Projects

River's Edge Fund	\$ (82)
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Deficits will be eliminated by transfers, use of local sales tax and tax increment financing, and future bond issuances.

CITY OF WAITE PARK, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

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>
Major Funds		
General Fund	\$ 7,326,456	\$ 8,336,820

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	\$ 136,714
Flex Account	8,517
Petty Cash	200
Total Deposits	\$ 145,431

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	\$ 1,625,700	0.39	N/A	6.43%
External Investment Pool	22,812,699	N/A	Not Rated	N/A
Money Market Accounts	830,793	N/A	N/A	3.29%
Total Investments	\$ 25,269,192			

CITY OF WAITE PARK, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

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	\$ 1,625,700	\$	\$ 1,625,700	\$
Investments at amortized cost:				
External Investment Pool	22,812,699			
Money Market Accounts	830,793			
Total Investments at Amortized Cost	23,643,492			
Total Investments	\$ 25,269,192			

The following is a summary of total deposits and investments:

Deposits (Note 3.A.)	\$ 145,431
Investments (Note 3.B.)	25,269,192
Total Deposits and Investments	\$ 25,414,623

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

Statement of Net Position	
Cash and Investments	\$ 25,400,183
Statement of Fiduciary Net Position	
Cash and Investments	14,440
	\$ 25,414,623

Concentration of Credit Risk: The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer.

CITY OF WAITE PARK, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

NOTE 4. RECEIVABLES

Receivables are as follows:

	Total Receivables	Amounts not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Accounts	\$ 73,299	\$
Interest	5,171	
Delinquent Taxes	85,858	
Special Assessments	3,490,911	3,133,353
Total Governmental Activities	\$ 3,655,239	\$ 3,133,353
Business-Type Activities		
Accounts	\$ 597	\$
Utilities	743,229	
Total Business-Type Activities	\$ 743,826	\$ 0

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5. CAPITAL ASSETS

Capital asset activity is as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated				
Land	\$ 384,118	\$ 714,800	\$	\$ 1,098,918
Easements	1,373,343		(473,200)	900,143
Construction in Progress	2,572,065	4,451,461	(343,342)	6,680,184
Total Capital Assets, Not Being Depreciated	4,329,526	5,166,261	(816,542)	8,679,245
Capital Assets, Being Depreciated				
Buildings	4,631,637	64,275		4,695,912
Improvements Other than Buildings	40,362,889	1,065,953		41,428,842
Machinery and Equipment	4,959,995	410,616	(176,182)	5,194,429
Total Capital Assets, Being Depreciated	49,954,521	1,540,844	(176,182)	51,319,183
Less Accumulated Depreciation for				
Buildings	2,873,540	47,748		2,921,288
Improvements Other than Buildings	15,555,237	779,340		16,334,577
Machinery and Equipment	3,721,006	279,057	(143,512)	3,856,551
Total Accumulated Depreciation	22,149,783	1,106,145	(143,512)	23,112,416
Total Capital Assets, Being Depreciated, Net	27,804,738	434,699	(32,670)	28,206,767
Governmental Activities Net Capital Assets	<u>\$ 32,134,264</u>	<u>\$ 5,600,960</u>	<u>\$ (849,212)</u>	<u>\$ 36,886,012</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5. CAPITAL ASSETS (Cont'd)

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated				
Land	\$ 22,000	\$	\$	\$ 22,000
Easement	1,872,231		(473,199)	1,399,032
Construction in Progress	2,056,281	279,756	(343,341)	1,992,696
Total Capital Assets, Not Being Depreciated	3,950,512	279,756	(816,540)	3,413,728
Capital Assets, Being Depreciated				
Improvements Other than Buildings	40,449,569	816,542		41,266,111
Machinery and Equipment	504,123			504,123
Total Capital Assets, Being Depreciated	40,953,692	816,542	0	41,770,234
Less Accumulated Depreciation for				
Improvements Other than Buildings	13,211,800	852,028		14,063,828
Machinery and Equipment	497,122	2,242		499,364
Total Accumulated Depreciation	13,708,922	854,270	0	14,563,192
Total Capital Assets, Being Depreciated, Net	27,244,770	(37,728)	0	27,207,042
Business-Type Activities Net Capital Assets	<u>\$ 31,195,282</u>	<u>\$ 242,028</u>	<u>\$ (816,540)</u>	<u>\$ 30,620,770</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities		
General Government		\$ 48,697
Public Safety		176,419
Public Works		868,626
Culture and Recreation		12,403
Total Depreciation Expense - Governmental Activities		<u>\$ 1,106,145</u>
Business-Type Activities		
Water		\$ 395,408
Sewer		458,862
Total Depreciation Expense - Business-Type Activities		<u>\$ 854,270</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General	Water	\$ 200,000
Water	General	566
Sewer	General	820
Water	Sewer	117
Total Interfund Balances		<u>\$ 201,503</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
	G.O. Improvement Bonds of 2016B	Public Works Facility	Nonmajor Governmental Funds	
Transfers In				
General Fund	\$	\$	\$ 674,891	\$ 674,891
G.O. Improvement Crossover Refunding Bond of 2010A			678,000	678,000
Public Works Facility	3,300,000			3,300,000
Nonmajor Governmental Funds		1,000,000	2,254,967	3,254,967
Total Interfund Transfers	<u>\$ 3,300,000</u>	<u>\$ 1,000,000</u>	<u>\$ 3,607,858</u>	<u>\$ 7,907,858</u>

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

CITY OF WAITE PARK, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

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

	Interest Rates	Final Maturity	Balance Outstanding
<u>Governmental Activities</u>			
Tax Abatement Bonds			
G.O. Tax Abatement Bonds, Series 2016A	2.00%-3.00%	12/15/31	\$ 2,275,000
Tax Increment Bonds			
G.O. Tax Increment Crossover Refunding Bonds, Series 2014A	2.00%-2.50%	12/15/24	1,515,000
Special Assessment Bonds			
G.O. Improvement Crossover Refunding Bonds, Series 2010A	3.00%-3.50%	12/01/23	2,865,000
G.O. Improvement Crossover Refunding Bonds, Series 2011A	2.00%	12/01/17	115,000
G.O. Improvement Bonds, Series 2013B	2.00%-3.10%	12/01/26	3,770,000
CIP Bonds			
G.O. Capital Improvement Plan Bonds, Series 2016B			9,505,000
G.O. Equipment Certificates of Indebtedness, Series 2013C	0.90%-1.60%	12/15/18	110,000
Net Pension Liability			5,917,102
Compensated Absences			1,021,516
Other Postemployment Benefits Payable			234,169
Unamortized Bond Premium			893,649
Total Governmental Activities			\$ 28,221,436

CITY OF WAITE PARK, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

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	\$ 3,135,000
Unamortized Bond Premium			75,080
Net Pension Liability			515,886
Compensated Absences			195,999
Other Postemployment Benefits Payable			31,932
			<u>\$ 3,953,897</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, 2016

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
2017	\$ 140,000	\$ 59,800	\$ 175,000	\$ 32,415
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
2022-2026	745,000	190,125	600,000	29,065
2027-2031	830,000	75,900		
	<u>\$ 2,275,000</u>	<u>\$ 537,025</u>	<u>\$ 1,515,000</u>	<u>\$ 155,240</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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
2017	\$ 1,365,000	\$ 188,985	\$ 215,000	\$ 351,342
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
2022-2026	2,245,000	174,050	1,555,000	1,262,850
2027-2031			1,830,000	983,800
2032-2036			2,220,000	528,100
2037-2041			2,580,000	237,000
	<u>\$ 6,750,000</u>	<u>\$ 826,965</u>	<u>\$ 9,505,000</u>	<u>\$ 4,517,992</u>
Year Ending December 31	Governmental Activities		Business-Type Activities	
	G.O. Certificates of Indebtedness		G.O. Revenue Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 55,000	\$ 1,760	\$ 360,000	\$ 79,100
2018	55,000	880	370,000	71,900
2019			375,000	64,500
2020			385,000	57,000
2021			395,000	47,375
2022-2024			1,250,000	75,750
	<u>\$ 110,000</u>	<u>\$ 2,640</u>	<u>\$ 3,135,000</u>	<u>\$ 395,625</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

D. CHANGES IN LONG-TERM LIABILITIES

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
G.O. Tax Abatement					
Bonds	\$	\$ 2,275,000	\$	\$ 2,275,000	\$ 140,000
G.O. Tax Increment					
Bonds	1,685,000		(170,000)	1,515,000	175,000
Special					
Assessment Bonds	8,280,000		(1,530,000)	6,750,000	1,365,000
C.I.P. Bonds		9,505,000		9,505,000	215,000
Total Bonds Payable	<u>9,965,000</u>	<u>11,780,000</u>	<u>(1,700,000)</u>	<u>20,045,000</u>	<u>1,895,000</u>
G.O. Certificates of					
Indebtedness	160,000		(50,000)	110,000	55,000
Net Pension Liability	2,304,819	5,382,272	(1,769,989)	5,917,102	
Compensated					
Absences	961,990	285,276	(225,750)	1,021,516	241,000
Other Postemployment					
Benefits Payable	217,213	16,956		234,169	
Capital Leases Payable	50,239		(50,239)		
Unamortized Bond					
Discount	(26,788)		26,788		
Unamortized Bond					
Premium	264,882	673,687	(44,920)	893,649	66,814
Total Governmental	<u>\$ 13,897,355</u>	<u>\$ 18,138,191</u>	<u>\$ (3,814,110)</u>	<u>\$ 28,221,436</u>	<u>\$ 2,257,814</u>
Activities					
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Business-Type Activities</u>					
Bonds Payable					
G.O. Water Revenue					
Bonds, Net of					
Premium/Discount	\$ 3,574,614	\$	\$ (364,534)	\$ 3,210,080	\$ 369,534
Net Pension Liability	112,103	720,395	(316,612)	515,886	
Compensated					
Absences	210,602	53,993	(68,596)	195,999	55,000
Other Postemployment					
Benefits Payable	29,620	2,312		31,932	
Total Business-Type	<u>\$ 3,926,939</u>	<u>\$ 776,700</u>	<u>\$ (749,742)</u>	<u>\$ 3,953,897</u>	<u>\$ 424,534</u>
Activities					

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016
WACOSA			
Commercial Development Revenue Note, Series 2012	09/17/12	\$ 1,500,000	\$ 1,264,420
McDowall Company			
Industrial Development Revenue Bonds, Series 2006	10/03/06	3,485,000	2,350,000
Goodwill Industries, Inc.			
Revenue Note, Series 2007	01/29/07	2,053,000	1,295,823
Park Villa Apartments			
Multifamily Housing Revenue Bonds, Series 2007	10/17/07	5,550,000	5,257,396

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, 2016

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

The City engaged an actuary to determine the City's liability for its supplemental pension plan in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68 as of December 31, 2014.

A. GENERAL INFORMATION ABOUT THE PENSION PLAN

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. As of December 31, 2015, 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.

Benefits Provided:

The SVF provides lump-sum 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 per year of service approved by the City. The benefit is selected from 71 possible levels in \$100 increments ranging from \$500 to \$7,500 per year of service. 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%.

Contributions:

The SVF 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 \$41,574 in fire state aid to the plan on behalf of the Waite Park Fire Department for the year ended December 31, 2015, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's contributions were equal to the required contributions as set by state statute, if applicable.

Pension Costs:

At December 31, 2016, the City reported a net pension asset of \$145,237 for the SVF plan. The net pension asset was measured as of December 31, 2015. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department as of December 31, 2015. 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, 2016

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

B. NET PENSION LIABILITY (ASSET) AND OTHER RELATED AMOUNTS

	Increase (Decrease		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 1/1/2015	\$ 595,122	\$ 786,412	\$ (191,290)
Changes for the Year:			
Service Cost	22,624		22,624
Interest	33,909		33,909
Differences Between Expected and Actual Experience	45,272		45,272
Contributions - City		10,896	(10,896)
Contributions - State		41,574	(41,574)
Asset (Gain)/Loss		4,014	(4,014)
Benefit Payments, Including Refunds of Employee Contributions	(104,900)	(104,900)	
Administrative Expense		(732)	732
Net Change	(3,095)	(49,148)	46,053
Balances at 12/31/2015	<u>\$ 592,027</u>	<u>\$ 737,264</u>	<u>\$ (145,237)</u>

For the year ended December 31, 2015, the City recognized pension expense of (\$37,352). At December 31, 2015, the City reported deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 36,217	\$ 22,842
Differences between projected and actual investment earnings	32,289	
Contributions paid to plan subsequent to measurement date	45,862	
State revenue received for the plan subsequent to measurement date		40,862
Totals	<u>\$ 114,368</u>	<u>\$ 63,704</u>

CITY OF WAITE PARK, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

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

B. NET PENSION LIABILITY (ASSET) AND OTHER RELATED AMOUNTS (Cont'd)

\$45,862 reported as deferred outflows of resources and \$40,862 reported as deferred inflows of resources related to pension resulting from City contributions to the pension plan subsequent to the measurement date and State fire aid received subsequent to the measurement date, respectively, will be recognized as a net reduction of the net pension liability in the year ended December 31, 2017. Amounts reported as deferred inflows of resources related to pension plans will be recognized in pension expense as follows:

Year ended December 31,	Expense
2017	\$ 9,325
2018	9,325
2019	9,325
2020	17,689

Actuarial Assumptions:

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2015 - December 31, 2015.

Discount Rate:

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

CITY OF WAITE PARK, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

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

B. NET PENSION LIABILITY (ASSET) AND OTHER RELATED AMOUNTS (Cont'd)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability calculated using the discount rate of 6.00 percent, as well as what the City's net pension liability 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)	\$ (132,298)	\$ (145,237)	\$ (157,524)

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 on-going management of the funds and are updated periodically.

Asset Allocation:

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35%	5.50%
International Equity	15%	6.00%
Fixed Income	45%	1.45%
Cash	5%	0.50%

CITY OF WAITE PARK, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

B. NET PENSION LIABILITY (ASSET) AND OTHER RELATED AMOUNTS (Cont'd)

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.

Description of Significant Investment Policy Changes During the Year:

The SBI made no significant changes to their investment policy during Fiscal Year 2015 for the Statewide Volunteer Firefighter Retirement Plan.

Pension Plan Fiduciary Net Position:

Detailed information about the SVF plan's fiduciary net position as of June 30, 2015, 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; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

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 Fund (GERF):

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

Public Employees Police and Fire Fund (PEPFF):

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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.

GERF Benefits:

Benefits are based on a member's highest average salary for any five successive years of allowable service, age and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% 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. Disability benefits are available for vested members, and are based upon years of service and average high-five salary.

PEPFF Benefits:

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

C. CONTRIBUTIONS

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

CITY OF WAITE PARK, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

C. CONTRIBUTIONS (Cont'd)

GERF Contributions:

Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.50%, respectively, of their annual covered salary in calendar year 2016. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2016. The City's contributions to the GERF for the year ended December 31, 2016, were \$101,440. The City's contributions were equal to the required contributions for each year as set by state statute.

PEPFF Contributions:

Plan members were required to contribute 10.80% of their annual covered salary in calendar year 2016. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2016. The City's contributions to the PEPFF for the year ended December 31, 2016, were \$182,244. The City's contributions were equal to the required contributions for each year as set by state statute.

D. PENSION COSTS

GERF Pension Costs:

At December 31, 2016, the City reported a liability of \$1,737,574 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2016. 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 \$22,610. The net pension liability was measured as of June 30, 2016, 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, 2015 through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportion was 0.0214% at the end of the measurement period and 0.0223% at the beginning of the period.

For the year ended December 31, 2016, the City recognized pension expense of \$229,173 for its proportionate share of GERF's pension expense. In addition, the City recognized an additional \$6,742 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

CITY OF WAITE PARK, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

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

D. PENSION COSTS (Cont'd)

GERF Pension Costs: (Cont'd)

At December 31, 2016, the City reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$	\$ 141,152
Changes in actuarial assumptions	340,219	
Differences between projected and actual investment earnings	329,799	
Changes in proportion		92,153
Contributions paid to PERA subsequent to measurement date	51,897	
Totals	\$ 721,915	\$ 233,305

\$51,897 reported as deferred outflows of resources related to pensions resulting from City contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

Year ended December 31,	Expense
2017	\$ 108,650
2018	108,650
2019	156,648
2020	62,765

PEPFF Pension Costs:

At December 31, 2016, the City reported a liability of \$4,695,414 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportion was 0.1170% at the end of the measurement period and 0.1110% at the beginning of the period.

For the year ended December 31, 2016, the City recognized pension expense of \$809,768 for its proportionate share of the PEPFF's pension expense. The City also recognized \$10,530 for the year ended December 31, 2016, of pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

CITY OF WAITE PARK, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

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

D. PENSION COSTS (Cont'd)

PEPFF Pension Costs: (Cont'd)

At December 31, 2016 the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$	\$ 538,653
Changes in actuarial assumptions	2,584,091	
Differences between projected and actual investment earnings	716,552	
Changes in proportion	99,328	
Contributions paid to PERA subsequent to measurement date	90,298	
Totals	\$ 3,490,269	\$ 538,653

\$90,298 reported as deferred outflows of resources related to pensions resulting from City contributions to PEPFF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to PEPFF will be recognized in pension expense as follows:

Year ended December 31,	Expense
2017	\$ 616,105
2018	616,105
2019	616,105
2020	558,198
2021	454,805

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2016 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	7.5% 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 General Employees Plan and RP-2000 tables for the Police and Fire Plan for males or females, as appropriate, with slight adjustments. Benefit increases for retirees are assumed to be: one percent per year for all future years for the General Employees Plan and Police and Fire Plan.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

E. ACTUARIAL ASSUMPTIONS (Cont'd)

Actuarial assumptions used in the June 30, 2016, valuations were based on the results of actuarial experience studies. The most recent four-year experience study in the GERP Plan was completed in 2015. The experience study for the PEPFF Plan was for the period July 1, 2004, through June 30, 2009.

The following changes in actuarial assumptions occurred in 2016:

GERF:

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 future 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.

PEPFF:

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

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	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2016 was 7.50%, a reduction from the 7.90% used in 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at a rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the PEPFF, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056 and June 30, 2058, respectively. Beginning in fiscal years ended June 30, 2057 for the PEPFF, when projected benefit payments exceed the funds' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85% based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60% for the PEPFF was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50% applied to all years of projected benefits through the point of asset depletion and 2.85% after.

G. PENSION LIABILITY SENSITIVITY

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF Discount Rate	6.50%	7.50%	8.50%
City's proportionate share of the GERF net pension liability	\$ 2,467,870	\$ 1,737,574	\$ 1,136,009
PEPFF Discount Rate	4.60%	5.60%	6.60%
City's proportionate share of the PEPFF net pension liability	6,572,956	4,695,414	3,161,319

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.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016, the City contributed \$13,230 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	\$ 36,899
Interest on Net OPEB Obligation	9,873
Adjustment to Annual Required Contribution	<u>(14,274)</u>
Annual OPEB Cost (Expense)	32,498
Contributions Made	<u>(13,230)</u>
Increase (Decrease) in Net OPEB Obligation	19,268
Net OPEB Obligation - Beginning of Year	<u>246,833</u>
Net OPEB Obligation - End of Year	<u><u>\$ 266,101</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 2016 and the preceding two years was:

Fiscal Year Ended	Annual OPEB Cost	Annual Plan Sponsor Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2016	\$ 32,498	\$ 13,230	41%	\$ 266,101
12/31/2015	31,412	3,424	11%	246,833
12/31/2014	38,157	10,919	29%	218,845

CITY OF WAITE PARK, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

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, 2016 was 30 years.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 12. PRIOR PERIOD ADJUSTMENT

Prepaid Items:

The beginning fund balance of the general fund and beginning net position of governmental activities, business-type activities, water fund, and sewer fund have been adjusted to reflect a correction of an error. The adjustment reflects the recording of prepaid items on an accrual basis. Beginning fund balance in the general fund has been restated from \$5,604,718 to \$5,695,683 (an increase of \$90,965). Beginning net position for governmental activities has been increased by \$90,965. Beginning net position for business-type activities has been restated from \$29,028,607 to \$29,040,841 (an increase of \$12,234). Beginning net position for the water fund has been restated from \$12,707,780 to \$12,715,475 (an increase of \$7,695). Beginning net position for the sewer fund has been restated from \$16,308,425 to \$16,312,964 (an increase of \$4,539).

Capital Assets:

The beginning net position of the governmental activities has been increased to reflect a correction of an error. The adjustment reflects the City capitalizing infrastructure in accordance with GASB 34, which requires the capitalization of capital assets on the City's government-wide financial statements. Beginning governmental activities net position has been increased by \$8,931,710, which represents an additional \$22,078,133 of infrastructure and \$13,146,423 of accumulated depreciation. Together, with the prior period adjustment for prepaid items, the governmental activities net position has been restated from \$27,639,119 to \$36,661,791 (an increase of \$9,022,675).

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DECEMBER 31, 2016

Actuarial Valuation Date	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>							
6/30/2016	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>							
6/30/2016	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, 2016

Year Ended December 31,	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 - GERF</u>					
2016	\$ 101,440	\$ 101,440	\$	\$ 1,352,535	7.50%
2015	99,153	99,153		1,322,039	7.50%
<u>PERA - PEPFF</u>					
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, 2016

	<u>12/31/2015</u>	<u>12/31/2014</u>
Service Cost	\$ 22,624	\$ 18,618
Interest	33,909	38,625
Differences Between Expected and Actual Experience	45,272	(38,070)
Benefit Payments, Including Refunds of Member Contributions	<u>(104,900)</u>	<u>(98,344)</u>
Net Change in Total Pension Liability	(3,095)	(79,171)
Total Pension Liability - Beginning of Year	<u>595,122</u>	<u>674,293</u>
Total Pension Liability - End of Year	<u>\$ 592,027</u>	<u>\$ 595,122</u>
Fire State Aid	\$ 31,795	\$ 30,650
Fire Supplemental Aid	7,779	7,416
Supplemental Benefit Reimbursement	2,000	2,000
Contributions - Employer	10,896	
Net Investment Income	4,014	51,482
Benefit Payments, Including Refunds of Member Contributions	(104,900)	(98,344)
Administrative Expense	(863)	(930)
Other	131	(1,450)
Net Change in Plan Fiduciary Net Position	<u>(49,148)</u>	<u>(9,176)</u>
Total Plan Fiduciary Net Position - Beginning of Year	<u>786,412</u>	<u>795,588</u>
Total Plan Fiduciary Net Position - End of Year	<u>\$ 737,264</u>	<u>\$ 786,412</u>
Fire Relief Association's Net Pension Asset	<u>\$ 145,237</u>	<u>\$ 191,290</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	125%	132%

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, 2016

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	11.1%
01/01/12		239,673	239,673	0.0%	2,106,040	11.4%
12/31/09		316,988	316,988	0.0%	1,843,874	17.2%

Schedule of Employer Contributions

Year Ended December 31,	Annual Required Contribution	Employer Contribution	Percentage Contributed	Net Obligation
2016	\$ 32,498	\$ 13,230	40.7%	\$ 266,101
2015	31,412	3,424	10.9%	246,833
2014	41,574	10,919	26.3%	218,845
2013	40,195	11,293	28.1%	191,607
2012	38,422	3,419	8.9%	165,658
2011	55,714	12,125	21.8%	133,027
2010	53,125	7,534	14.2%	91,062
2009	50,448	4,152	8.2%	46,296

The City implemented GASB Statement No. 45 for the year ended December 31, 2009. Information for prior years is not available.

SUPPLEMENTARY INFORMATION

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CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and Investments	\$ 5,561,375	\$ 1,458,666	\$ 1,461,223	\$ 8,481,264
Receivables				
Accounts	16,387			16,387
Delinquent Taxes		5,050		5,050
Special Assessments				
Delinquent		11,512		11,512
Deferred		859,531		859,531
Due from Other Governments	279,829	1,930		281,759
Total Assets	\$ 5,857,591	\$ 2,336,689	\$ 1,461,223	\$ 9,655,503
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 138	\$ 784	\$ 2,151	\$ 3,073
Contracts Payable			60,114	60,114
Total Liabilities	138	784	62,265	63,187
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes		5,050		5,050
Special Assessments		871,043		871,043
Total Deferred Inflows of Resources	0	876,093	0	876,093
Fund Balance				
Restricted				
Tax Increment	2,856,775			2,856,775
Loan Program	2,001			2,001
Debt Service		1,459,812		1,459,812
Regional Capital Improvement Projects	2,617,686		857,711	3,475,397
Assigned				
Capital Outlay	9,572			9,572
Park Land Development	304,779			304,779
Regional Capital Improvement Projects			541,329	541,329
Fund Operations	66,640			66,640
Unassigned				
Total Fund Balance	5,857,453	1,459,812	(82)	(82)
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 5,857,591	\$ 2,336,689	\$ 1,461,223	\$ 9,655,503

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	Special Revenue	Debt Service	Capital Projects	Total
REVENUES				
Property Taxes	\$	\$ 250,717	\$	\$ 250,717
Sales Tax	1,300,829			1,300,829
Special Assessments		175,334		175,334
Intergovernmental			1,384	1,384
Fines and Forfeitures	3,359			3,359
Miscellaneous				
Investment Income	6,794	8,320	567	15,681
Contributions and Donations	75,752			75,752
Total Revenues	<u>1,386,734</u>	<u>434,371</u>	<u>1,951</u>	<u>1,823,056</u>
EXPENDITURES				
Current				
Public Safety	25,539			25,539
Culture and Recreation	30,095			30,095
Debt Service				
Principal		545,000		545,000
Interest and Other Charges		142,794		142,794
Capital Outlay				
Public Safety	4,398			4,398
Public Works			1,612,001	1,612,001
Total Expenditures	<u>60,032</u>	<u>687,794</u>	<u>1,612,001</u>	<u>2,359,827</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,326,702	(253,423)	(1,610,050)	(536,771)
OTHER FINANCING SOURCES (USES)				
Bond Proceeds		2,375,721		2,375,721
Transfers In		202,560	3,052,407	3,254,967
Transfers Out	(1,605,972)	(2,001,886)		(3,607,858)
Total Other Financing Sources (Uses)	<u>(1,605,972)</u>	<u>576,395</u>	<u>3,052,407</u>	<u>2,022,830</u>
Net Change in Fund Balances	(279,270)	322,972	1,442,357	1,486,059
FUND BALANCE, BEGINNING OF YEAR	<u>6,136,723</u>	<u>1,136,840</u>	<u>(43,399)</u>	<u>7,230,164</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,857,453</u>	<u>\$ 1,459,812</u>	<u>\$ 1,398,958</u>	<u>\$ 8,716,223</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
DECEMBER 31, 2016

	2002 DTED Rehabilitation Grant (103)	Park Land Development (807)	Charitable Gambling (815)	Drug Forfeiture (816)	DWI Forfeiture (817)	Forfeitures (818, 820)	Local Sales Tax (821)	Tax Increment District No. 2 (902)	Total
ASSETS									
Cash and Investments	\$ 2,001	\$ 288,392	\$ 66,640	\$ 1,765	\$ 2,325	\$ 5,620	\$ 2,337,857	\$ 2,856,775	\$ 5,561,375
Receivables		16,387							16,387
Due from Other Governments							279,829		279,829
Total Assets	\$ 2,001	\$ 304,779	\$ 66,640	\$ 1,765	\$ 2,325	\$ 5,620	\$ 2,617,686	\$ 2,856,775	\$ 5,857,591
LIABILITIES									
Accounts Payable	\$	\$	\$	\$	\$ 48	\$ 90	\$	\$	\$ 138
FUND BALANCE									
Restricted									
Tax Increment Loan Program	2,001							2,856,775	2,856,775
Regional Capital Improvement Projects									2,001
Assigned									
Capital Outlay				1,765	2,277	5,530			9,572
Park Land Development		304,779							304,779
Fund Operations			66,640						66,640
Total Fund Balance	2,001	304,779	66,640	1,765	2,277	5,530	2,617,686	2,856,775	5,857,453
Total Liabilities And Fund Balance	\$ 2,001	\$ 304,779	\$ 66,640	\$ 1,765	\$ 2,325	\$ 5,620	\$ 2,617,686	\$ 2,856,775	\$ 5,857,591

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
DECEMBER 31, 2016

	\$2,425,000 G.O. TIF Bonds of 2009C (916)	\$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)	G.O. Equipment Certificates of 2013C (325)	\$2,275,000 G.O. Tax Abatement Bonds of 2016A (326)	Total
ASSETS								
Cash and Investments	\$	\$	\$ 4,978	\$ 710,632	\$ 438,203	\$ 14,985	\$ 289,868	\$ 1,458,666
Receivables								
Delinquent Taxes			327	1,360	2,743	620		5,050
Special Assessments								
Delinquent		11,512						11,512
Deferred		312,164		304,834	242,533			859,531
Due from Other Governments		330	11	73	1,388	128		1,930
Total Assets	\$ 0	\$ 324,006	\$ 5,316	\$ 1,016,899	\$ 684,867	\$ 15,733	\$ 289,868	\$ 2,336,689
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE								
Liabilities								
Accounts Payable	\$	\$ 196	\$	\$	\$ 196	\$ 196	\$ 196	\$ 784
Deferred Inflows of Resources								
Unavailable Revenue								
Delinquent Taxes			327	1,360	2,743	620		5,050
Special Assessments		323,676		304,834	242,533			871,043
Total Deferred Inflows of Resources	0	323,676	327	306,194	245,276	620	0	876,093
Fund Balance								
Restricted for Debt Service		134	4,989	710,705	439,395	14,917	289,672	1,459,812
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 0	\$ 324,006	\$ 5,316	\$ 1,016,899	\$ 684,867	\$ 15,733	\$ 289,868	\$ 2,336,689

CITY OF WAITE PARK, MINNESOTA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 DECEMBER 31, 2016

	River's Edge (434)	18th Ave South (440)	2013 Capital Improvements (441)	17th Ave South (442)	Total
ASSETS					
Cash and Investments	\$	\$ 139,686	\$ 401,643	\$ 919,894	\$ 1,461,223
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts Payable	\$ 82	\$	\$	\$ 2,069	\$ 2,151
Contracts Payable				60,114	60,114
Total Liabilities	82	0	0	62,183	62,265
Fund Balance					
Restricted					
Regional Capital Improvement Projects				857,711	857,711
Assigned					
Regional Capital Improvement Projects		139,686	401,643		541,329
Unassigned					
Total Fund Balance	(82)	139,686	401,643	857,711	(82)
Total Liabilities and Fund Balance	\$ 0	\$ 139,686	\$ 401,643	\$ 919,894	\$ 1,461,223

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
YEAR ENDED DECEMBER 31, 2016

	2002 DTED Rehabilitation Grant (103)	Park Land Development (807)	Charitable Gambling (815)	Drug Forfeiture (816)	DWI Forfeiture (817)	Forfeitures (818, 820)	Local Sales Tax (821)	Tax Increment District No. 2 (902)	Total
REVENUES									
Sales Tax	\$	\$	\$	\$	\$	\$	\$ 1,300,829	\$	\$ 1,300,829
Fines and Forfeitures					1,535	1,824			3,359
Miscellaneous									
Investment Income	2	287	57	2	9	6	3,236	3,195	6,794
Contributions and Donations		17,608	53,439	4,705					75,752
Total Revenues	<u>2</u>	<u>17,895</u>	<u>53,496</u>	<u>4,707</u>	<u>1,544</u>	<u>1,830</u>	<u>1,304,065</u>	<u>3,195</u>	<u>1,386,734</u>
EXPENDITURES									
Current									
Public Safety			5,094	1,546	17,804	1,095			25,539
Culture and Recreation			30,095						30,095
Total Current	<u>0</u>	<u>0</u>	<u>35,189</u>	<u>1,546</u>	<u>17,804</u>	<u>1,095</u>	<u>0</u>	<u>0</u>	<u>55,634</u>
Capital Outlay									
Public Safety				4,398					4,398
Total Expenditures	<u>0</u>	<u>0</u>	<u>35,189</u>	<u>5,944</u>	<u>17,804</u>	<u>1,095</u>	<u>0</u>	<u>0</u>	<u>60,032</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2	17,895	18,307	(1,237)	(16,260)	735	1,304,065	3,195	1,326,702
OTHER FINANCING SOURCES (USES)									
Transfers Out									
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,405,298)</u>	<u>(200,674)</u>	<u>(1,605,972)</u>
Net Change in Fund Balances	2	17,895	18,307	(1,237)	(16,260)	735	(101,233)	(197,479)	(279,270)
FUND BALANCE, BEGINNING OF YEAR	<u>1,999</u>	<u>286,884</u>	<u>48,333</u>	<u>3,002</u>	<u>18,537</u>	<u>4,795</u>	<u>2,718,919</u>	<u>3,054,254</u>	<u>6,136,723</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,001</u>	<u>\$ 304,779</u>	<u>\$ 66,640</u>	<u>\$ 1,765</u>	<u>\$ 2,277</u>	<u>\$ 5,530</u>	<u>\$ 2,617,686</u>	<u>\$ 2,856,775</u>	<u>\$ 5,857,453</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, 2016

	\$2,425,000 G.O. TIF Bonds of 2009C (916)	\$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)	G.O. Equipment Certificates of 2013C (325)	\$2,275,000 G.O. Tax Abatement Bonds of 2016A (326)	Total
REVENUES								
Property Taxes	\$	\$	\$ 208	\$ 775	\$ 196,780	\$ 52,954	\$	\$ 250,717
Special Assessments		4,526		27,750	143,058			175,334
Miscellaneous								
Investment Income		2	5	726	534	27	7,026	8,320
Total Revenues	0	4,528	213	29,251	340,372	52,981	7,026	434,371
EXPENDITURES								
Debt Service								
Principal		170,000			325,000	50,000		545,000
Interest and Other Charges		37,823			9,491	2,405	93,075	142,794
Total Expenditures	0	207,823	0	0	334,491	52,405	93,075	687,794
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(203,295)	213	29,251	5,881	576	(86,049)	(253,423)
OTHER FINANCING SOURCES (USES)								
Bond Proceeds							2,375,721	2,375,721
Transfers In		202,560						202,560
Transfers Out	(1,886)						(2,000,000)	(2,001,886)
Total Other Financing Sources (Uses)	(1,886)	202,560	0	0	0	0	375,721	576,395
Net Change in Fund Balances	(1,886)	(735)	213	29,251	5,881	576	289,672	322,972
FUND BALANCE, BEGINNING OF YEAR	1,886	869	4,776	681,454	433,514	14,341		1,136,840
FUND BALANCE, END OF YEAR	\$ 0	\$ 134	\$ 4,989	\$ 710,705	\$ 439,395	\$ 14,917	\$ 289,672	\$ 1,459,812

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 YEAR ENDED DECEMBER 31, 2016

	River's Edge (434)	18th Ave South (440)	2013 Capital Improvements (441)	17th Ave South (442)	Total
REVENUES					
Intergovernmental	\$	\$ 1,384	\$	\$	\$ 1,384
Miscellaneous					
Investment Income		147	420		567
Total Revenues	0	1,531	420	0	1,951
EXPENDITURES					
Capital Outlay					
Public Works	52,489	3,990		1,555,522	1,612,001
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,489)	(2,459)	420	(1,555,522)	(1,610,050)
OTHER FINANCING SOURCES (USES)					
Transfers In	52,407			3,000,000	3,052,407
Net Change in Fund Balances	(82)	(2,459)	420	1,444,478	1,442,357
FUND BALANCE, BEGINNING OF YEAR		142,145	401,223	(586,767)	(43,399)
FUND BALANCE, END OF YEAR	\$ (82)	\$ 139,686	\$ 401,643	\$ 857,711	\$ 1,398,958

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
REVENUES				
Taxes				
Property	\$ 6,410,723	\$ 6,410,723	\$ 6,240,270	\$ (170,453)
Gravel	90,000	90,000	149,339	59,339
Franchise	100,000	100,000	100,774	774
Total Taxes	<u>6,600,723</u>	<u>6,600,723</u>	<u>6,490,383</u>	<u>(110,340)</u>
Licenses and Permits	68,700	68,700	77,594	8,894
Intergovernmental				
Police Aid	90,000	90,000	123,343	33,343
COPS Grant			28,944	28,944
Highway Maintenance Aid	12,977	12,977	29,892	16,915
PERA Aid	3,052	3,052	3,052	
Other Grants and Aids	24,254	24,254	51,251	26,997
Total Intergovernmental	<u>130,283</u>	<u>130,283</u>	<u>236,482</u>	<u>106,199</u>
Charges for Services				
General Government	17,050	17,050	20,851	3,801
Public Safety	154,500	154,500	445,813	291,313
Total Charges for Services	<u>171,550</u>	<u>171,550</u>	<u>466,664</u>	<u>295,114</u>
Fines and Forfeitures	84,300	84,300	85,876	1,576
Miscellaneous				
Investment Income	15,000	15,000	18,810	3,810
Contributions and Donations	3,100	3,100	5,201	2,101
Refunds and Reimbursements	70,800	70,800	901,847	831,047
Other	800	800	4,633	3,833
Total Miscellaneous	<u>89,700</u>	<u>89,700</u>	<u>930,491</u>	<u>840,791</u>
Total Revenues	<u>7,145,256</u>	<u>7,145,256</u>	<u>8,287,490</u>	<u>1,142,234</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
EXPENDITURES				
Current				
General Government				
Mayor and Council	\$ 47,090	\$ 47,090	\$ 56,699	\$ 9,609
Administrative and Finance	892,060	892,060	1,637,617	745,557
Elections	18,425	18,425	14,347	(4,078)
Other	61,530	61,530	82,618	21,088
Total General Government	1,019,105	1,019,105	1,791,281	772,176
Public Safety				
Police	2,487,875	2,487,875	2,409,314	(78,561)
Fire	226,400	226,400	211,908	(14,492)
Other	266,435	266,435	257,384	(9,051)
Total Public Safety	2,980,710	2,980,710	2,878,606	(102,104)
Public Works				
Streets and Highways	1,330,875	1,330,875	1,049,285	(281,590)
Sanitation				
Garbage and Other Refuse	325,900	325,900	352,202	26,302
Weed Control	26,000	26,000	21,717	(4,283)
Total Sanitation	351,900	351,900	373,919	22,019
Culture and Recreation				
Total Current	5,975,715	5,975,715	6,378,818	403,103
Debt Service				
Principal	50,240	50,240	50,239	(1)
Interest and Other Charges	2,551	2,551	2,551	
Total Debt Service	52,791	52,791	52,790	(1)
Capital Outlay				
General Government	91,000	91,000	100,919	9,919
Public Safety	895,100	895,100	866,239	(28,861)
Public Works	84,850	84,850	535,036	450,186
Culture and Recreation	227,000	227,000	403,018	176,018
Total Capital Outlay	1,297,950	1,297,950	1,905,212	607,262
Total Expenditures	7,326,456	7,326,456	8,336,820	1,010,364
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(181,200)	(181,200)	(49,330)	131,870

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	\$ 1,200	\$ 1,200	\$ 5,400	\$ 4,200
Transfers In			674,891	674,891
Total Other Financing Sources (Uses)	<u>1,200</u>	<u>1,200</u>	<u>680,291</u>	<u>679,091</u>
Net Change in Fund Balances	<u>\$ (180,000)</u>	<u>\$ (180,000)</u>	630,961	<u>\$ 810,961</u>
FUND BALANCE, BEGINNING OF YEAR, AS ORIGINALLY STATED			5,604,718	
PRIOR PERIOD ADJUSTMENT			<u>90,965</u>	
FUND BALANCE, BEGINNING OF YEAR, RESTATED			<u>5,695,683</u>	
FUND BALANCE, END OF YEAR			<u>\$ 6,326,644</u>	

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FINANCIAL SCHEDULES

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CITY OF WAITE PARK, MINNESOTA
STATEMENT OF LONG-TERM LIABILITIES
DECEMBER 31, 2016

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance Outstanding	Due Within One Year
Governmental Activities						
Tax Abatement Bonds						
G.O. Tax Abatement Bonds, Series 2016A	05/19/16	2.00%-3.00%	\$ 2,275,000	12/15/31	\$ 2,275,000	\$ 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	1,515,000	175,000
Special Assessment Bonds						
G.O. Improvement Crossover Refunding Bonds, Series 2010A	04/01/10	3.00%-3.50%	6,885,000	12/01/23	2,865,000	865,000
G.O. Improvement Crossover Refunding Bonds, Series 2011A	12/15/11	2.00%	1,395,000	12/01/17	115,000	115,000
G.O. Improvement Bonds, Series 2013B	11/15/13	2.00%-3.10%	4,720,000	12/01/26	3,770,000	385,000
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	9,505,000	215,000
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	110,000	55,000
Net Pension Liability						
Compensated Absences					5,917,102	
Other Postemployment Benefits Payable					1,021,516	241,000
Unamortized Bond Premium					234,169	
Total Governmental Activities					893,649	66,814
					28,221,436	2,257,814
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	3,135,000	360,000
Unamortized Bond Premium					75,080	9,534
Net Pension Liability						
Compensated Absences					515,886	
Other Postemployment Benefits Payable					195,999	55,000
Total Business-Type Activities					31,932	424,534
					3,953,897	424,534
Total All Long-Term Liabilities					\$ 32,175,333	\$ 2,682,348

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2016

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
TAX ABATEMENT BONDS:					
2016A G.O. Tax Abatement Bonds (326):					
06/15/17	\$	\$ 29,900	\$ 29,900		\$
12/15/17	140,000	29,900	169,900	2017	209,790
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	<u>\$ 2,275,000</u>	<u>\$ 537,025</u>	<u>\$ 2,812,025</u>		<u>\$ 2,952,629</u>

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2016

	Maturities		Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest		
TAX INCREMENT BONDS:				
2014A G.O. Tax Increment Refunding Bonds (917):				
06/15/17	\$	\$ 16,207	\$ 16,207	\$
12/15/17	175,000	16,208	191,208	2017
06/15/18		14,457	14,457	
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
06/15/20		10,807	10,807	
12/15/20	185,000	10,808	195,808	2020
06/15/21		8,957	8,957	
12/15/21	190,000	8,958	198,958	2021
06/15/22		7,057	7,057	
12/15/22	195,000	7,058	202,058	2022
06/15/23		4,912	4,912	
12/15/23	200,000	4,913	204,913	2023
06/15/24		2,562	2,562	
12/15/24	205,000	2,563	207,563	2024
Total 2014A G.O. Tax Increment Refunding Bonds	<u>\$ 1,515,000</u>	<u>\$ 155,240</u>	<u>\$ 1,670,240</u>	<u>\$ 0</u>
SPECIAL ASSESSMENT BONDS:				
2010A G.O. Refunding Bonds (320):				
06/01/17	\$	\$ 44,542	\$ 44,542	\$
12/01/17	865,000	44,543	909,543	2017 705,000
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>\$ 2,865,000</u>	<u>\$ 265,665</u>	<u>\$ 3,130,665</u>	<u>\$ 1,535,200</u>
2011A G.O. Crossover Refunding Bonds (323):				
06/01/17	\$	\$ 1,150	\$ 1,150	\$
12/01/17	115,000	1,150	116,150	2017 18,000
Total 2011A G.O. Crossover Refunding Bonds	<u>\$ 115,000</u>	<u>\$ 2,300</u>	<u>\$ 117,300</u>	<u>\$ 18,000</u>

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2016

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
SPECIAL ASSESSMENT BONDS					
(Cont'd):					
2013B G.O. Improvement Bonds (324):					
06/15/17	\$	\$ 48,800	\$ 48,800		\$
12/30/17	385,000	48,800	433,800	2017	356,000
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>\$ 3,770,000</u>	<u>\$ 559,000</u>	<u>\$ 4,329,000</u>		<u>\$ 2,863,000</u>

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2016

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
CIP BONDS:					
2016B G.O. Capital Improvement Plan					
Bonds (327):					
06/15/17	\$	\$ 200,767	\$ 200,767		\$
12/15/17	215,000	150,575	365,575	2017	594,659
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

STATEMENT OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2016

	Maturities		Total	Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest			
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>\$ 9,505,000</u>	<u>\$ 4,594,192</u>	<u>\$ 14,099,192</u>		<u>\$ 14,804,157</u>
G.O. EQUIPMENT CERTIFICATES:					
2013C G.O. Equipment					
Certificates (325):					
06/15/17	\$	\$ 880	\$ 880		\$
12/15/17	55,000	880	55,880	2017	54,000
06/15/18		440	440		
12/15/18	55,000	440	55,440	2018	54,000
Total 2013C G.O. Equipment Certificates	<u>\$ 110,000</u>	<u>\$ 2,640</u>	<u>\$ 112,640</u>		<u>\$ 108,000</u>
G.O. REVENUE BONDS:					
2013A G.O. Refunding Bonds (703):					
06/15/17	\$	\$ 39,550	\$ 39,550		\$
12/15/17	360,000	39,550	399,550	2017	
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>\$ 3,135,000</u>	<u>\$ 395,625</u>	<u>\$ 3,530,625</u>		<u>\$ 0</u>

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF DIRECT AND OVERLAPPING DEBT
 GOVERNMENTAL ACTIVITIES
 DECEMBER 31, 2016

Governmental Unit	Debt Outstanding	City's Share	
		Estimated Percentage (1)	Amount
School District 742	\$ 94,115,000	15.80%	\$ 14,870,170
Stearns County	18,135,000	7.10%	1,287,585
Total Overlapping Debt			16,157,755
City of Waite Park Direct Debt			23,180,000
Total Direct and Overlapping Debt			<u>\$ 39,337,755</u>

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 financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements 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 and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2017.

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

September 29, 2017

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

Benson Office
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Benson, MN 56215
P (320) 843-2302

Morris Office
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Litchfield, MN 55355
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T (800) 862-1337

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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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 29, 2017.

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.

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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

September 29, 2017

CITY OF WAITE PARK, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016

<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

Council Approvals
10/02/17

Fund Transfers & Closures

TIF District #2 to 2014A G.O. TIF Refunding Bonds Fund	200,673.79
2009C G.O. TIF Bonds Fund to 2014A G.O. TIF Refunding Bonds Fund	1,886.06
Local Sales Tax Fund to 2010A G.O. Refunding Bonds Fund	678,000.00
Local Sales Tax Fund to General Fund	395,650.66
Local Sales Tax Fund to General Fund	279,240.16
Local Sales Tax Fund to River's Edge Park Fund	52,407.30
2016A G.O. Tax Abatement Bonds Fund to 17 th Ave South Fund	2,000,000.00
2016B G.O. CIP Bonds Fund to Public Works Facility Fund	3,300,000.00
Public Works Facility Fund to 17 th Ave South Fund	1,000,000.00

Agenda Item No. 4

Issue: Council/Mayor: Review and Approve Bills, Other Business

Councilmember _____ moved to approve bills as presented.

Councilmember _____ seconded the motion.

ROLL CALL

Councilmember Michael Linqvist	_____
Councilmember Charles Schneider	_____
Councilmember Vic Schulz	_____
Councilmember Frank Theisen	_____
Mayor Richard Miller	_____

Motion (Approved) (Denied)

ACS FINANCIAL SYSTEM
09/27/2017 12:39:35

Schedule of Bills

CITY OF WAITE PARK
GL050S-V08.05 COVERPAGE
GL540R

Report Selection:

RUN GROUP... 0917D2 COMMENT... 092717 MISC DISBURSEMENT

DATA-JE-ID DATA COMMENT

D-09272017-182 092717 MISC DISBURSEMENT

Run Instructions:

Jobq	Banner	Copies	Form	Printer	Hold	Space	LPI	Lines	CPI	CP	SP	RT
L		01			N	S	6	066	10			

Schedule of Bills

VENDOR NAME	DESCRIPTION	AMOUNT	ACCOUNT NAME	FUND & ACCOUNT	CLAIM	INVOICE	PO#	F/P	ID	LINE
ACUITY SPECIALTY PRODUCT	SOAP/DISPENSER-PW	158.99	CAPITAL EXPENDITURES	101.4212.5400		9002991100	028940	P	182	00148
ALL CARE TOWING INC	TOW HONDA CIVIC	44.00	TOWING	101.4110.3910		181174	000825	P	182	00001
ALL STATE COMMUNICATIONS	ACCESS CONTROL-PW FAC	3,955.85	CAPITAL EXPENDITURES	101.4212.5400		267828	020140	P	182	00004
	NVR REPL-OLD PWF	4,532.00	CAPITAL EXPENDITURES	101.4094.5400		267831	020139	P	182	00005
	0901-123117 SEC MONIT-CH	100.00	MISC - DUES	101.4094.4010		267847	020138	P	182	00002
	0901-123117 SEC MONIT-PW	100.00	MISC - DUES	101.4094.4010		267847	020138	P	182	00003
		8,687.85	*VENDOR TOTAL							
ASPEN MILLS INC.	WALLET BADGES (16)	1,817.98	UNIFORMS	101.4110.2120		203651	000827	P	182	00006
AUTO TRIM & SIGN INC	NAME PLATE-COUNCIL CHAMB	15.00	OPERATING SUPPLIES	101.4110.2100		49101	010097	P	182	00150
	NAME PLATE-COUNCIL CHAMB	15.00	OPERATING SUPPLIES	101.4091.2100		49101	010097	P	182	00151
	NAME PLATES-COUNCIL CHAM	90.00	OPERATING SUPPLIES	101.4051.2100		49101	010097	P	182	00152
		120.00	*VENDOR TOTAL							
BRAUN INTERTEC CORP	090817 MAT TEST-PW FAC	2,606.25	ENGINEERING COSTS	443.4214.6301		B104379			182	00153
	090917 MAT TEST-CLOUD PK	490.50	CONSULTANTS - ENGINEERIN	101.4211.3010		B104994			182	00154
		3,096.75	*VENDOR TOTAL							
CHADER BUSINESS EQUIPMEN	GEAR PLAYER LIC (6)/ETC	1,114.70	OFFICE SUPPLIES/POSTAGE	101.4110.2000		IN15240	000815	P	182	00007
CHARTER COMMUNICATIONS	0917 INTERNET/TV-CL	34.60	COMMUNICATIONS	101.4051.3100		8128091317			182	00008
	0917 INTERNET/TV-CH	11.01	COMMUNICATIONS	101.4094.3100		8128091317			182	00009
	0917 INTERNET/TV-FD	24.01	COMMUNICATIONS	101.4120.3100		8128091317			182	00010
	0917 INTERNET/TV-BI	34.60	COMMUNICATIONS	101.4140.3100		8128091317			182	00011
	0917 INTERNET/TV-PW	22.02	COMMUNICATIONS	101.4212.3100		8128091317			182	00012
	0917 INTERNET/TV-WTR	22.02	COMMUNICATIONS	703.4825.3100		8128091317			182	00013
	0917 INTERNET/TV-SWR	22.03	COMMUNICATIONS	709.4843.3100		8128091317			182	00014
	0917 INTERNET/TV-RADIO C	114.58	COMMUNICATIONS	101.4191.3100		8128091317			182	00015
	0917 INTERNET/TV-WTR	46.51	COMMUNICATIONS	703.4825.3100		8128091317			182	00016
	0917 INTERNET/TV-SWR	46.51	COMMUNICATIONS	709.4843.3100		8128091317			182	00017
	0917 INTERNET/TV-OLD PW	58.14	COMMUNICATIONS	101.4212.3100		8128091317			182	00018
	0917 INTERNET/TV-NEW PW	43.02CR	COMMUNICATIONS	101.4212.3100		8128091317			182	00019
	0917 TV-PARKS	8.02	COMMUNICATIONS	101.4552.3100		8128091317			182	00020
	0917 INTERNET-WARMING H	89.98	COMMUNICATIONS	101.4552.3100		8128091317			182	00021
	0917 TV-WARMING HOUSE	8.02	COMMUNICATIONS	101.4552.3100		8128091317			182	00022
		499.03	*VENDOR TOTAL							
CITY OF ST CLOUD	NUTRIENT RECOVERY PYT #3	14,299.00	DEBT SERVICE TRI-CITY/SI	709.4841.4845		AR008246			182	00163

Schedule of Bills

VENDOR NAME	DESCRIPTION	AMOUNT	ACCOUNT NAME	FUND & ACCOUNT	CLAIM	INVOICE	PO#	F/P	ID	LINE
COLD SPRING BAKERY	091317 SNACKS-SFTY MTG	39.00	REPAIR & MAINTENANCE SUP	101.4094.2200		285071	029134	P	182	00023
DELUXE										
	PURCHASE ORDER FORMS	190.68	OFFICE SUPPLIES/POSTAGE	101.4051.2000		69654184	010096	P	182	00158
	PURCHASE ORDER FORMS	185.07	OFFICE SUPPLIES/POSTAGE	703.4825.2000		69654184	010096	P	182	00159
	PURCHASE ORDER FORMS	185.07	OFFICE SUPPLIES/POSTAGE	709.4843.2000		69654184	010096	P	182	00160
		560.82	*VENDOR TOTAL							
EMERGENCY RESPONSE SOLUT										
	RES-Q-RENCH - FD	157.85	EQUIPMENT	101.4120.5300		9304	028318	P	182	00027
	HYDRANT BAG REPL #E1	92.79	REPAIR & MAINTENANCE SUP	101.4120.2200		9320	028319	P	182	00025
	HARNESS/STRAP/ETC-SCBA	171.73	REPAIR & MAINTENANCE	101.4120.3700		9328	028320	P	182	00026
	HARNESS ASSY INSTALL	52.00	REPAIR & MAINTENANCE	101.4120.3700		9328	028320	P	182	00221
	FLOW TEST-SCBA	65.00	REPAIR & MAINTENANCE	101.4120.3700		9328	028320	P	182	00222
	FIRE DEX BOOTS/ETC-FD	1,083.45	CAPITAL EXPENDITURES	101.4120.5400		9352	028324	P	182	00024
		1,622.82	*VENDOR TOTAL							
EN POINTE TECHNOLOGIES										
	092117-102018 ADOBE SUBS	1,000.50	OTHER CONTRACTUAL SERVIC	101.4051.4070		93203625	010088	P	182	00155
	092117-102018 ADOBE SUB	166.75	OTHER CONTRACTUAL SERVIC	101.4091.4070		93203625	010088	P	182	00156
		1,167.25	*VENDOR TOTAL							
ERICKSON ELECTRIC COMPAN										
	BALLAST REP-WTP	108.20	REPAIR & MAINTENANCE SUP	703.4822.2200		1511	028478	P	182	00029
	CIRCUIT/RACEWAY INST-SP	1,000.00	REPAIR & MAINTENANCE	101.4554.3700		1511	028478	P	182	00030
	EXHAUST SYSTEM REP-PD	307.00	REPAIR & MAINTENANCE	101.4094.3700		1512	029135	P	182	00028
		1,415.20	*VENDOR TOTAL							
FARM-RITE EQUIPMENT, INC										
	INSIDE DOOR HANDLE #456	145.48	REPAIR & MAINTENANCE SUP	101.4212.2200		P24596	029034	P	182	00031
FASTENAL CO										
	DRAIN SPADE/ETC-WTR	118.48	REPAIR & MAINTENANCE SUP	703.4822.2200		MNST1103325	028477	P	182	00036
	ADDT'L EXTR BLADES #E1/5	77.30	OPERATING SUPPLIES	101.4120.2100		MNST1103498	028316	P	182	00034
	RUBBER GLOVES (3C)-WTP	511.42	REPAIR & MAINTENANCE SUP	703.4822.2200		MNST1103765	028482	P	182	00035
	EXTRICATION BLADES #E1/5	37.54	OPERATING SUPPLIES	101.4120.2100		MNST1103784	028317	P	182	00033
	SPOT LIGHT-PW FAC	103.29	REPAIR & MAINTENANCE SUP	101.4212.2200		MNST1103860	029032	P	182	00032
		848.03	*VENDOR TOTAL							
FLAHERTY HOOD PA										
	0817 LABOR/EMP SERVICES	236.25	LEGAL SERVICES	101.4060.3005		10508			182	00161
GARAGE DOOR STORE										
	DR SWITCH REPL-PD GARAGE	162.00	REPAIR & MAINTENANCE	101.4094.3700		490049	029137	P	182	00037
GODFATHERS EXTERMINATING										
	091517 GEN PEST CONTR-CH	125.00	SERVICE CONTRACT	101.4094.4015		124500	029111	P	182	00038

Schedule of Bills

VENDOR NAME	DESCRIPTION	AMOUNT	ACCOUNT NAME	FUND & ACCOUNT	CLAIM	INVOICE	PO#	F/P	ID	LINE
GRANITE ELECTRONICS										
	SIGNAL UNIT INST-ALL SQD	1,506.85	REPAIR & MAINTENANCE	101.4110.3700		108000149-1	000830	P	182	00041
	LIGHT REP/ETC #211	118.20	REPAIR & MAINTENANCE	101.4110.3700		108000153-1	000828	P	182	00039
	RADIO REP #514CFR0368	112.20	REPAIR & MAINTENANCE	101.4120.3700		153005134-1	028322	P	182	00043
	MAP LIGHT REPL/ETC #201	118.20	REPAIR & MAINTENANCE	101.4110.3700		153005208-1	000829	P	182	00040
	RADIO REP #514CFR0370	112.20	REPAIR & MAINTENANCE	101.4120.3700		219000156-1	028323	P	182	00042
		1,967.65	*VENDOR TOTAL							
H-11 DIGITAL FORENSIC SE										
	CELL PHONE DATA RECOVERY	800.00	INVESTIGATIVE SUPPLIES	101.4110.2150		HDFS1100824	000816	P	182	00044
HAWKINS INC										
	AZONE 15/PH DOWN LO-WTP	3,285.24	REPAIR & MAINTENANCE SUP	703.4822.2200		4148345	028489	P	182	00045
HEALTHPARTNERS										
	1017 HEALTH INS PREM-CL	6,261.67	HOSPITALIZATION INSURANC	101.4051.1500		75352765			182	00046
	1017 HEALTH INS PREM-PL	1,361.23	HOSPITALIZATION INSURANC	101.4091.1500		75352765			182	00047
	1017 HEALTH INS PREM-CH	680.62	HOSPITALIZATION INSURANC	101.4094.1500		75352765			182	00048
	1017 HEALTH INS PREM-PD	25,931.43	HOSPITALIZATION INSURANC	101.4110.1500		75352765			182	00049
	1017 HEALTH INS PREM-BI	1,361.23	HOSPITALIZATION INSURANC	101.4140.1500		75352765			182	00050
	1017 HEALTH INS PREM-PW	9,747.13	HOSPITALIZATION INSURANC	101.4212.1500		75352765			182	00051
	1017 HEALTH INS PREM-SN	1,293.18	HOSPITALIZATION INSURANC	101.4213.1500		75352765			182	00052
	1017 HEALTH INS PREM-SS	313.08	HOSPITALIZATION INSURANC	715.4224.1500		75352765			182	00053
	1017 HEALTH INS PREM-PK	1,674.32	HOSPITALIZATION INSURANC	101.4552.1500		75352765			182	00054
	1017 HEALTH INS PREM-WTR	3,634.47	HOSPITALIZATION INSURANC	703.4825.1500		75352765			182	00055
	1017 HEALTH INS PREM-SWR	2,382.14	HOSPITALIZATION INSURANC	709.4843.1500		75352765			182	00056
		54,640.50	*VENDOR TOTAL							
HEARTLAND SECURITY SERVI										
	1001-123117 FIRE MON-CH	89.85	SERVICE CONTRACT	101.4094.4015		492877			182	00166
	1001-123117 SEC MON-WTP	128.70	REPAIR & MAINTENANCE SUP	703.4822.2200		492878			182	00164
	1001-123117 FIRE MON-WTP	89.85	REPAIR & MAINTENANCE SUP	703.4822.2200		492878			182	00165
		308.40	*VENDOR TOTAL							
HERC-U-LIFT INC										
	DRIVE MOTORS RESEAL #499	1,410.03	REPAIR & MAINTENANCE SUP	101.4212.2200		W335904	028818	P	182	00057
HOME DEPOT CREDIT SERVIC										
	TYVEK SUITS (12)	132.24	REPAIR & MAINTENANCE SUP	703.4822.2200		1012184	028981	P	182	00061
	CURTAIN HOOKS/ETC-PWF	53.86	REPAIR & MAINTENANCE SUP	101.4212.2200		2010795	029027	P	182	00059
	WHEEL BARROW/ETC-WTP	387.78	REPAIR & MAINTENANCE SUP	703.4822.2200		3014840	028970	P	182	00058
	TIE-DOWNS/DUCT TAPE-WTP	64.96	REPAIR & MAINTENANCE SUP	703.4824.2200		5011695	028495	P	182	00060
		638.84	*VENDOR TOTAL							
HOWE/JEFFREY R										
	0917 BUILDING INSP SVC	8,446.00	OTHER CONTRACTUAL SERVIC	101.4140.4070		0917			182	00162
INNOVATIVE OFFICE SOLUTI										
	COPY PAPER/BOXES/ETC	16.41	OFFICE SUPPLIES/POSTAGE	101.4140.2000		IN1749931	010094	P	182	00062
	COPY PAPER/BOXES/ETC	34.14	OFFICE SUPPLIES/POSTAGE	101.4051.2000		IN1749931	010094	P	182	00063
	COPY PAPER/BOXES/ETC	33.13	OFFICE SUPPLIES/POSTAGE	703.4825.2000		IN1749931	010094	P	182	00064

Schedule of Bills

VENDOR NAME DESCRIPTION	AMOUNT	ACCOUNT NAME	FUND & ACCOUNT	CLAIM	INVOICE	PO#	F/P	ID	LINE
INNOVATIVE OFFICE SOLUTI COPY PAPER/BOXES/ETC	33.13 116.81	OFFICE SUPPLIES/POSTAGE *VENDOR TOTAL	709.4843.2000		IN1749931	010094	P	182	00065
JEFF CURTIS ELECTRIC, IN OUTLET/CAT 5 INST-CC CAT 6 WIRE INST-IT ROOM	842.55 138.03 980.58	CAPITAL EXPENDITURES CAPITAL EXPENDITURES *VENDOR TOTAL	101.4094.5400 101.4094.5400		1913 1923	020141 020142	P	182	00067 00066
KAISER/ALLEN CONCRETE CURBING-LIBRARY	1,776.00	REPAIR & MAINTENANCE SUP	101.4095.2200		10053	028971	P	182	00068
KLINEFELTER'S ENF & EMER UNIFORM-TA SUSPENDERS-TW	112.58 39.99 152.57	OPERATING SUPPLIES UNIFORMS *VENDOR TOTAL	101.4120.2100 101.4110.2120		355090 357118	028321 000826	P	182	00070 00069
KUSTOM SIGNALS INC LIDAR PROLASER III REP	353.58	REPAIR & MAINTENANCE	101.4110.3700		544606	000818	P	182	00071
LABUDA/BRIAN 091317 MILEAGE-REP TR	2.14	TRAINING/TRAVEL/HOTEL	101.4120.3200		092417			182	00157
LANGUAGE LINE SERVICES 0817 INTERP-SOM/SPAN	125.86	PROF SERVICES - INTERPRE	101.4110.3031		4150685	000809	P	182	00072
LENNYS CROSSROADS AUTO, AC REP/ETC #202 TRANSM REP/ETC #210 OIL CHANGE #211	382.78 2,021.76 32.98 2,437.52	REPAIR & MAINTENANCE REPAIR & MAINTENANCE REPAIR & MAINTENANCE *VENDOR TOTAL	101.4110.3700 101.4110.3700 101.4110.3700		22661 22670 22758	000813 000814 000812	P	182	00074 00075 00073
LEXISNEXIS RISK DATA MAN 0817 MIN COMMIT BALANCE	50.00	INVESTIGATIVE SUPPLIES	101.4110.2150		1032000-201708	000810	P	182	00076
M R SIGN CO INC DO NOT ENTER/ETC SIGNS	94.94	REPAIR & MAINTENANCE SUP	101.4216.2200		197269	028964	P	182	00077
M.C.I. INC CARPET-CC	5,280.00	CAPITAL EXPENDITURES	101.4094.5400		CG701271	020137	P	182	00090
MANEY INTERNATIONAL INC MIRRORS #441	44.82	REPAIR & MAINTENANCE SUP	101.4212.2200		763566	029031	P	182	00078
MARCO INC 040617 IP CAMERA INST-PD	125.00	REPAIR & MAINT-TECHNOLOG	101.4110.3711		INV4217100	000819	P	182	00079
MARK J TRAUT WELLS INC 091517 8 WATER TESTS	184.00	WATER TESTS	703.4825.4820		299838			182	00167

Schedule of Bills

VENDOR NAME	DESCRIPTION	AMOUNT	ACCOUNT NAME	FUND & ACCOUNT	CLAIM	INVOICE	PO#	F/P	ID	LINE
MENARDS										
	HANGERS/CLOSET ROD-PD	13.94	OFFICE SUPPLIES/POSTAGE	101.4110.2000		59430	000821	P	182	00080
	GLUE/CRACK FILLER	32.83	REPAIR & MAINTENANCE SUP	101.4212.2200		60249	020135	P	182	00082
	GORILLA GLUE/ETC-CH	9.78	REPAIR & MAINTENANCE SUP	101.4094.2200		60263	029116	P	182	00081
	MULCH-LIBRARY	298.50	REPAIR & MAINTENANCE SUP	101.4095.2200		60522	029030	P	182	00085
	BATTERIES/GLOVES/ETC-WTR	67.42	REPAIR & MAINTENANCE SUP	703.4824.2200		60570	028975	P	182	00083
	MULCH/MUMS/ETC-LIBRARY	217.78	REPAIR & MAINTENANCE SUP	101.4552.2200		60594	028977	P	182	00084
	GLOVES/ETC-LIBRARY	28.95	REPAIR & MAINTENANCE SUP	101.4552.2200		61262	029038	P	182	00087
	AERATORS (2)-CH	9.94	REPAIR & MAINTENANCE SUP	101.4095.2200		61262	029038	P	182	00088
	ADDT'L AERATORS (2)-CH	8.96	REPAIR & MAINTENANCE SUP	101.4094.2200		61273	029166	P	182	00086
	CO ALARM PLUG IN-LIB	44.37	REPAIR & MAINTENANCE SUP	101.4095.2200		61350	029139	P	182	00089
		732.47	*VENDOR TOTAL							
MIDWAY IRON METAL CO INC										
	ALUM PLATE (2)-WTP	678.68	REPAIR & MAINTENANCE SUP	703.4825.2200		364861	029024	P	182	00091
MN CITY COUNTY MGR ASSN										
	102317 REG/MEAL-MCMA CON	55.00	TRAINING/TRAVEL/HOTEL	101.4051.3200		092517			182	00168
MN COUNTY ATTORNEYS ASSN										
	2017 CRIM ELEMENTS BOOKS	66.00	PRINTING & BINDING	101.4110.3400		2000003233	000808	P	182	00092
MN VALLEY TESTING LABORA										
	091817 WASTE WTR TESTS	684.20	SEWER TESTING	709.4843.4844		883395			182	00093
NORTH CENTRAL TRUCK EQUI										
	FLAT BED/ETC INST #412	14,553.03	CAPITAL EXPENDITURES	101.4212.5400		76934	028663	P	182	00094
OERTEL ARCHITECTS										
	ARCHITECT SVC PYT #19-PW	9,585.00	ENGINEERING COSTS	443.4214.6301		19			182	00169
	ARCHITECT EXP PYT #19-PW	177.33	ENGINEERING COSTS	443.4214.6301		19			182	00170
		9,762.33	*VENDOR TOTAL							
RAJKOWSKI HANSMEIER LTD										
	0817 CIRMINAL	9,198.50	LEGAL SERVICES	101.4110.3005		77519			182	00171
	0817 ORDINANCES	666.50	LEGAL SERVICES	101.4060.3005		77568/77569			182	00172
	0817 IMHOLTE TR EASEMENT	790.00	LEGAL SERVICES	101.4060.3005		77569			182	00173
	0817 IMHOLTE TR EASE EXP	3.00	LEGAL SERVICES	101.4060.3005		77569			182	00174
	0817 MEETINGS	40.50	LEGAL SERVICES	101.4060.3005		77569			182	00175
	0817 ABATEMENTS	209.00	LEGAL SERVICES	101.4060.3005		77569			182	00176
	0817 HOTEL ORDINANCE	625.00	LEGAL SERVICES	101.4060.3005		77569			182	00177
	0817 PD DATA REQUEST	37.50	LEGAL SERVICES	101.4110.3005		77569			182	00178
		11,570.00	*VENDOR TOTAL							
RUSSELL/LORRAINE										
	0917 LANDSCAPE CONSULT	900.00	OTHER CONTRACTUAL SERVIC	101.4552.4070		0917			182	00179
SCENIC SIGN CORP										
	COLONADE SIGN-2ND HALF	3,227.37	CAPITAL EXPENDITURES	101.4094.5400		44581	020136	P	182	00095

Schedule of Bills

VENDOR NAME	DESCRIPTION	AMOUNT	ACCOUNT NAME	FUND & ACCOUNT	CLAIM	INVOICE	PO#	F/P	ID	LINE
SCHLUENZ/WILLIAM E										
	0911-091517 MILES AWWA	79.18	TRAINING/TRAVEL/HOTEL	703.4825.3200		092017			182	00096
	091217 PARKING AWWA REIM	5.00	TRAINING/TRAVEL/HOTEL	703.4825.3200		092017			182	00097
	091517 PARKING AWWA REIM	5.00	TRAINING/TRAVEL/HOTEL	703.4825.3200		092017			182	00098
	091117 MEAL AWWA Overage	0.12CR	TRAINING/TRAVEL/HOTEL	703.4825.3200		092017			182	00099
	091317 MEAL AWWA Overage	3.11CR	TRAINING/TRAVEL/HOTEL	703.4825.3200		092017			182	00100
		85.95	*VENDOR TOTAL							
SEH INC										
	0617 CLOUD PARK IMP DES	10,913.10	GENERAL ENGINEERING	101.4211.3015		335088			182	00220
	0817 SOLAR GARDEN-HELD	774.00	GENERAL ENGINEERING	101.4211.3015		338371			182	00189
	0817 GIS	450.50	GENERAL ENGINEERING	101.4211.3015		338371			182	00190
	0817 WATER TOWERS	261.00	ENGINEERING COSTS	703.4835.6301		338371			182	00191
	0817 DIVERSIFIED MACHINE	261.00	GENERAL ENGINEERING	101.4211.3015		338371			182	00192
	0817 DIVERSIFIED MACH EX	4.24	GENERAL ENGINEERING	101.4211.3015		338371			182	00193
	0817 WOBEGON TRAIL	87.00	GENERAL ENGINEERING	101.4211.3015		338371			182	00194
	0817 GRAND DEPOT	174.00	GENERAL ENGINEERING	101.4211.3015		338371			182	00195
	0817 GRAND DEPOT EXP	4.24	GENERAL ENGINEERING	101.4211.3015		338371			182	00196
	0817 IMHOLTE TR EASEMENT	174.00	GENERAL ENGINEERING	101.4211.3015		338371			182	00197
	0817 WETLAND ISSUE	87.00	GENERAL ENGINEERING	101.4211.3015		338371			182	00198
	0817 STEEL PARTNERS	87.00	GENERAL ENGINEERING	101.4211.3015		338371			182	00199
	0817 PLANNING MEETING	462.00	GENERAL ENGINEERING	101.4211.3015		338371			182	00200
	0817 EPA/MCPA SITE VISIT	612.00	GENERAL ENGINEERING	101.4211.3015		338371			182	00202
	0817 17TH AVE S PH 2	5,532.60	ENGINEERING COSTS	442.4214.6301		338374			182	00187
	0817 17TH AVE S PH 2 EXP	133.23	ENGINEERING COSTS	442.4214.6301		338374			182	00188
	0817 PICKLEBALL COURTS	125.20	GENERAL ENGINEERING	101.4211.3015		338375			182	00186
	0817 SILVER LEAF HOTELS	97.00	GENERAL ENGINEERING	101.4211.3015		338378			182	00185
	0817 AMPHITHEATER	3,989.75	GENERAL ENGINEERING	101.4211.3015		338380			182	00184
	0817 AMPHITHEATER EXP	14.84	GENERAL ENGINEERING	101.4211.3015		338380			182	00205
	0817 CLOUD PK/6TH AVE S	12,011.40	GENERAL ENGINEERING	101.4211.3015		338381			182	00181
	0817 CLOUD PK/6TH AVE EX	703.08	GENERAL ENGINEERING	101.4211.3015		338381			182	00183
	0817 GRANITEVIEW RD	9,164.00	GENERAL ENGINEERING	101.4211.3015		338383			182	00182
	0817 WELL #6	5,986.50	ENGINEERING COSTS	703.4830.6301		338622			182	00203
	0817 WELL #6 EXP	418.39	ENGINEERING COSTS	703.4830.6301		338622			182	00204
	0817 2017 WTR SUPPLY PL	675.00	WELLHEAD PROTECTION	703.4825.3013		338726			182	00180
	0817 PLANNING MTG EXP	3.18	GENERAL ENGINEERING	101.4211.3015		383371			182	00201
		53,205.25	*VENDOR TOTAL							
SELECT ACCOUNT										
	0917 HSA USER FEE CL	18.40	HOSPITALIZATION INSURANC	101.4051.1500		1202588			182	00101
	0917 HSA USER FEE PLAN	4.00	HOSPITALIZATION INSURANC	101.4091.1500		1202588			182	00102
	0917 HSA USER FEE CH	2.00	HOSPITALIZATION INSURANC	101.4094.1500		1202588			182	00103
	0917 HSA USER FEE PD	76.90	HOSPITALIZATION INSURANC	101.4110.1500		1202588			182	00104
	0917 HSA USER FEE BI	4.00	HOSPITALIZATION INSURANC	101.4140.1500		1202588			182	00105
	0917 HSA USER FEE PW	20.88	HOSPITALIZATION INSURANC	101.4212.1500		1202588			182	00106
	0917 HSA USER FEE SNOW	3.91	HOSPITALIZATION INSURANC	101.4213.1500		1202588			182	00107
	0917 HSA USER FEE ST SWR	0.88	HOSPITALIZATION INSURANC	715.4224.1500		1202588			182	00108
	0917 HSA USER FEE PARKS	5.06	HOSPITALIZATION INSURANC	101.4552.1500		1202588			182	00109
	0917 HSA USER FEE WTR	10.89	HOSPITALIZATION INSURANC	703.4825.1500		1202588			182	00110
	0917 HSA USER FEE SWR	7.18	HOSPITALIZATION INSURANC	709.4843.1500		1202588			182	00111
		154.10	*VENDOR TOTAL							

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VENDOR NAME	DESCRIPTION	AMOUNT	ACCOUNT NAME	FUND & ACCOUNT	CLAIM	INVOICE	PO#	F/P	ID	LINE
SHIFT TECHNOLOGIES INC	PRINTER SERVICE-ADMIN	72.25	REPAIR & MAINTENANCE	101.4051.3700		51270			182	00206
	0917 SERVER LEASE	972.00	OTHER CONTRACTUAL SERVIC	101.4051.4070		51302			182	00207
		1,044.25	*VENDOR TOTAL							
SIMPLER/JEREMIAH	NAME STICKERS-FD HELMETS	17.50	OPERATING SUPPLIES	101.4120.2100		840155	028315	P	182	00112
SPECTRUM SUPPLY	TISSUE/TOWELS-PW	83.57	CAPITAL EXPENDITURES	101.4212.5400		65894	029115	P	182	00115
	PAPER TOWELS-CH	54.24	REPAIR & MAINTENANCE SUP	101.4212.2200		72419	029138	P	182	00113
	LYSOL-PW	97.32	CAPITAL EXPENDITURES	101.4212.5400		72419	029138	P	182	00114
		235.13	*VENDOR TOTAL							
SPRINT	GPS TRACE WARRANT	120.00	INVESTIGATIVE SUPPLIES	101.4110.2150		LCI-282359	000820	P	182	00116
ST CLOUD TIMES #1076	1017 SUBSCRIPTION	33.00	ADVERTISEMENTS	101.4051.3300		092017			182	00208
STEARNS COUNTY AUDITOR T	FORFEITURE-COUNTY PORT	30.00	MISC - TITLE FEES	818.4110.4010		16601999	000831	P	182	00118
	FORFEITURE-STATE PORT	60.00	MISC - TITLE FEES	818.4110.4010		16601999	000831	P	182	00119
	TITLE TRANS 12 CHEV IMP	21.75	MISC - TITLE FEES	817.4110.4010		16605470	000833	P	182	00117
		111.75	*VENDOR TOTAL							
STEARNS COUNTY CHIEFS OF	0701-063017 DUES DB	50.00	DUES & SUBSCRIPTIONS	101.4110.4010		091817	000824	P	182	00120
STEARNS ELECTRIC ASSN	0817 ST LIGHT CR 6	15.95	PUBLIC UTILITY SERVICES	101.4217.3600		090617			182	00121
TWIN RIVER TIRE & AUTO I	TIRE REPL (2) #207	312.39	REPAIR & MAINTENANCE	101.4110.3700		G-261150	000811	P	182	00122
UNUM	LIFE INSURANCE COMA									
	1017 LIFE PREMIUM CL	51.73	LIFE INSURANCE	101.4051.1520		091317			182	00123
	1017 LIFE PREMIUM PLAN	11.25	LIFE INSURANCE	101.4091.1520		091317			182	00124
	1017 LIFE PREMIUM CH	5.63	LIFE INSURANCE	101.4094.1520		091317			182	00125
	1017 LIFE PREMIUM PD	214.31	LIFE INSURANCE	101.4110.1520		091317			182	00126
	1017 LIFE PREMIUM BI	11.25	LIFE INSURANCE	101.4140.1520		091317			182	00127
	1017 LIFE PREMIUM PW	56.68	LIFE INSURANCE	101.4212.1520		091317			182	00128
	1017 LIFE PREMIUM SNOW	10.69	LIFE INSURANCE	101.4213.1520		091317			182	00129
	1017 LIFE PREMIUM ST SWR	2.36	LIFE INSURANCE	715.4224.1520		091317			182	00130
	1017 LIFE PREMIUM PARKS	13.62	LIFE INSURANCE	101.4552.1520		091317			182	00131
	1017 LIFE PREMIUM WTR	30.05	LIFE INSURANCE	703.4825.1520		091317			182	00132
	1017 LIFE PREMIUM SWR	19.93	LIFE INSURANCE	709.4843.1520		091317			182	00133
	1017 DIS PREMIUM CL	233.19	DISABILITY INS & OTHERS	101.4051.1510		091317			182	00134
	1017 DIS PREMIUM PLAN	50.29	DISABILITY INS & OTHERS	101.4091.1510		091317			182	00135
	1017 DIS PREMIUM CH	19.88	DISABILITY INS & OTHERS	101.4094.1510		091317			182	00136
	1017 DIS PREMIUM PD	1,006.78	DISABILITY INS & OTHERS	101.4110.1510		091317			182	00137

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VENDOR NAME	DESCRIPTION	AMOUNT	ACCOUNT NAME	FUND & ACCOUNT	CLAIM	INVOICE	PO#	F/P	ID	LINE
UNUM	LIFE INSURANCE COMA									
	1017 DIS PREMIUM BI	39.75	DISABILITY INS & OTHERS	101.4140.1510		091317			182	00138
	1017 DIS PREMIUM PW	215.85	DISABILITY INS & OTHERS	101.4212.1510		091317			182	00139
	1017 DIS PREMIUM SNOW	35.77	DISABILITY INS & OTHERS	101.4213.1510		091317			182	00140
	1017 DIS PREMIUM ST SWR	7.74	DISABILITY INS & OTHERS	715.4224.1510		091317			182	00141
	1017 DIS PREMIUM PARKS	49.38	DISABILITY INS & OTHERS	101.4552.1510		091317			182	00142
	1017 DIS PREMIUM WTR	133.69	DISABILITY INS & OTHERS	703.4825.1510		091317			182	00143
	1017 DIS PREMIUM SWR	84.45	DISABILITY INS & OTHERS	709.4843.1510		091317			182	00144
		2,304.27	*VENDOR TOTAL							
VEENSTRA/BRADLEY THOMAS	0917 TELEWISE MEETINGS	300.00	LOCAL ACCESS EXPENSES	101.4051.8300		0917			182	00209
VERIZON WIRELESS SERVICE	0811-091017 PD LAPTOPS	420.34	TECHNOLOGY SERVICE CONTR	101.4110.4017		9792586337			182	00145
VIKING ELECTRIC SUPPLY I	BOX MOUNTS (2)-CH	0.79	REPAIR & MAINTENANCE SUP	101.4094.2200		S000811609.001	029136	P	182	00146
WEX BANK	0824-092517 FUEL BI	30.34	GAS & OIL PURCHASES	101.4140.2110		51382606			182	00210
	0824-092517 FUEL CH	141.24	GAS & OIL PURCHASES	101.4094.2110		51382606			182	00211
	0824-092517 FUEL PD	2,644.09	GAS & OIL PURCHASES	101.4110.2110		51382606			182	00212
	0824-092517 CAR WASH	5.00	REPAIR & MAINTENANCE	101.4140.3700		51382606			182	00213
	0824-092517 SQUAD WASHES	55.00	REPAIR & MAINTENANCE	101.4110.3700		51382606			182	00214
	0824-092517 FUEL PW	285.05	GAS & OIL PURCHASES	101.4212.2110		51382606			182	00215
	0824-092517 FUEL PARKS	442.45	GAS & OIL PURCHASES	101.4552.2110		51382606			182	00216
	0824-092517 FUEL WATER	321.92	GAS & OIL PURCHASES	703.4825.2110		51382606			182	00217
	0824-092517 FUEL SEWER	48.26	GAS & OIL PURCHASES	709.4843.2110		51382606			182	00218
	0824-092517 FUEL FD	94.70	GAS & OIL PURCHASES	101.4120.2110		51382606			182	00219
		4,068.05	*VENDOR TOTAL							
YAHOO! INC	RECORDS REQUEST-PD	40.00	INVESTIGATIVE SUPPLIES	101.4110.2150		352305			000817	P 182 00147
360 RENTS, INC.	091117 SOD CUTTER RENT	105.00	REPAIR & MAINTENANCE SUP	101.4095.2200		668272			028973	P 182 00149

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CITY OF WAITE PARK
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VENDOR NAME	AMOUNT	ACCOUNT NAME	FUND & ACCOUNT	CLAIM	INVOICE	PO#	F/P	ID	LINE
DESCRIPTION									
REPORT TOTALS:	224,233.43								

RECORDS PRINTED - 000222

Schedule of Bills

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
101	GENERAL FUND	170,349.75
442	17TH AVE SOUTH	5,665.83
443	PUBLIC WORKS FACILITY	12,368.58
703	WATER FUND	17,601.56
709	SEWER FUND	17,811.90
715	STORMWATER FUND	324.06
817	DWI FORFEITURE	21.75
818	FORFEITURES	90.00
TOTAL ALL FUNDS		224,233.43

BANK RECAP:

BANK	NAME	DISBURSEMENTS
CHEK	PLAZA PARK BANK	224,233.43
TOTAL ALL BANKS		224,233.43

THE PRECEDING LIST OF BILLS PAYABLE WAS REVIEWED AND APPROVED FOR PAYMENT.

DATE APPROVED BY

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Agenda Item No. 5

Issue: Administrator Update

Updates will be presented at the time of the meeting.

ADJOURNMENT

Respectfully submitted,

Shaunna Johnson, Administrator