

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

DECEMBER 31, 2019

CONWAY, DEUTH & SCHMIESING, PLLP
CPAS & ADVISORS
LITCHFIELD, MINNESOTA

This page intentionally left blank

CITY OF WAITE PARK, MINNESOTA

TABLE OF CONTENTS
DECEMBER 31, 2019

	<u>PAGE</u>
ELECTED OFFICIALS AND ADMINISTRATION	1
INDEPENDENT AUDITOR'S REPORT	2-4
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	5-16
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	17
Statement of Activities	18
Balance Sheet - Governmental Funds	19-20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	25-26
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Local Sales Tax Special Revenue Fund	27
Statement of Net Position - Proprietary Funds	28
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30-31
Statement of Fiduciary Net Position	32
Statement of Changes in Fiduciary Net Position	32
Notes to the Financial Statements	33-69

CITY OF WAITE PARK, MINNESOTA

TABLE OF CONTENTS
DECEMBER 31, 2019

	<u>PAGE</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability	70
Schedule of Employer Contributions	71
Schedule of Changes in the City Fire Relief Association's Net Pension Liability and Related Ratios	72
Schedule of Changes to the City's Total OPEB Liability	73
Notes to Required Supplementary Information	74-79
SUPPLEMENTARY INFORMATION	
COMBINING STATEMENTS OF NONMAJOR FUNDS	
Combining Balance Sheet - Nonmajor Governmental Funds	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	81
Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue	82-83
Combining Balance Sheet - Nonmajor Governmental Funds - Debt Service	84-85
Combining Balance Sheet - Nonmajor Governmental Funds - Capital Projects	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Special Revenue	87-88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Debt Service	89-90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Capital Projects	91
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	92-94
FINANCIAL SCHEDULES	
Schedule of Long-Term Liabilities	95
Schedule of Bond and Interest Maturities and Tax Levies/Sales Tax	96-101
Schedule of Direct and Overlapping Debt - Governmental Activities	102

CITY OF WAITE PARK, MINNESOTA

TABLE OF CONTENTS
DECEMBER 31, 2019

	<u>PAGE</u>
COMPLIANCE SECTION	
Independent Auditor's Report on Minnesota Legal Compliance	103
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 <i>Government Auditing Standards</i>	104-105
Summary Schedule of Prior Audit Findings	106

This page intentionally left blank

CITY OF WAITE PARK, MINNESOTA

ELECTED OFFICIALS AND ADMINISTRATION
DECEMBER 31, 2019

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Richard E. Miller	Mayor	December 31, 2020
Vic Schulz	Council Member	December 31, 2022
Ken Schmitt	Council Member	December 31, 2020
Michael J. Linquist	Council Member	December 31, 2020
Frank Theisen	Council Member	December 31, 2022
<u>Administration</u>		
Shaunna Johnson	City Administrator/ Clerk/Treasurer	
Karla Virnig	Deputy Clerk/Treasurer	
Keith Lindberg	Finance Director	

This page intentionally left blank



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, 2019, 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.

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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Local Sales Tax Special Revenue 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, Schedule of Employer Contributions, Schedule of Changes in the City Fire Relief Association's Net Pension Liability and Related Ratios, and the Schedule of Changes in the City's Total OPEB Liability 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 May 17, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Conway, Deuth & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
CPAS & ADVISORS
LITCHFIELD, MINNESOTA

May 17, 2021

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

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, 2019.

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 \$73,463,567. Of this amount, \$6,782,227 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 \$2,144,292.
- At the close of the current fiscal year, the City of Waite Park's governmental funds reported combined ending fund balance of \$12,717,268. This represents a decrease of \$5,022,381 compared to 2018.
- The City's outstanding long-term liabilities decreased by \$2,055,674.

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, 2019

Both of the government-wide financial statements distinguish functions of the City of Waite Park that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Waite Park include general government, public safety, public works, sanitation, economic development, culture and recreation and interest on long-term debt. The business-type activities of the City of Waite Park include water, sewer and stormwater.

The government-wide financial statements can be found on pages 17-18 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund Balance Sheet and governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Waite Park maintains five individual major governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the general fund, one special revenue fund, two debt service funds and one capital project fund, all of which are considered to be major funds. Data from the other twenty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 33-69 of this report.

Supplementary information. The required supplementary information and combining and individual fund statements can be found on pages 70-94 of this report. Financial schedules can be found on pages 95-102.

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 \$73,463,567 at the close of the most recent fiscal year.

The largest portion of the City of Waite Park's assets (79 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, 2019

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 \$6,782,227 may be used to meet the City's ongoing obligations to citizens and creditors.

Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Assets & Deferred Outflows						
Current and Other Assets	\$ 16,735,412	\$ 21,646,274	\$ 4,994,772	\$ 4,318,626	\$ 21,730,184	\$ 25,964,900
Capital Assets	52,712,807	47,052,721	28,721,655	29,626,815	81,434,462	76,679,536
Deferred Outflows	1,634,059	2,221,401	39,987	84,413	1,674,046	2,305,814
Total Assets & Deferred Outflows	\$ 71,082,278	\$ 70,920,396	\$ 33,756,414	\$ 34,029,854	\$ 104,838,692	\$ 104,950,250
Liabilities & Deferred Inflows						
Long-Term Liabilities Outstanding	\$ 21,017,478	\$ 21,914,423	\$ 2,076,478	\$ 2,242,258	\$ 23,093,956	\$ 24,156,681
Other Liabilities	5,210,641	5,444,634	752,660	1,160,082	5,963,301	6,604,716
Deferred Inflows	2,260,970	2,788,330	56,898	81,248	2,317,868	2,869,578
Total Liabilities & Deferred Inflows	\$ 28,489,089	\$ 30,147,387	\$ 2,886,036	\$ 3,483,588	\$ 31,375,125	\$ 33,630,975
Net Position						
Net Investment in Capital Assets	\$ 31,695,329	\$ 27,950,780	\$ 26,645,177	\$ 27,165,803	\$ 58,340,506	\$ 55,116,583
Restricted	8,340,834	11,233,397	-	-	8,340,834	11,233,397
Unrestricted	2,557,026	1,588,832	4,225,201	3,380,463	6,782,227	4,969,295
Total Net Position	\$ 42,593,189	\$ 40,773,009	\$ 30,870,378	\$ 30,546,266	\$ 73,463,567	\$ 71,319,275

Governmental activities. Governmental activities total revenues increased by \$1,007,720 or 10 percent over 2018. Total expenses increased by \$544,607 over 2018. Governmental activities increased the City of Waite Park's net position by \$1,820,180 in 2019 compared to a \$1,109,884 increase in 2018. 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 \$145,640 or 4 percent over 2018. Total expenses increased by \$26,569 or 1 percent over 2018. Business-type activities increased the City of Waite Park's net position by \$324,112 in 2019 compared to a \$386,920 increase in 2018. 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, 2019

Changes in Net Position

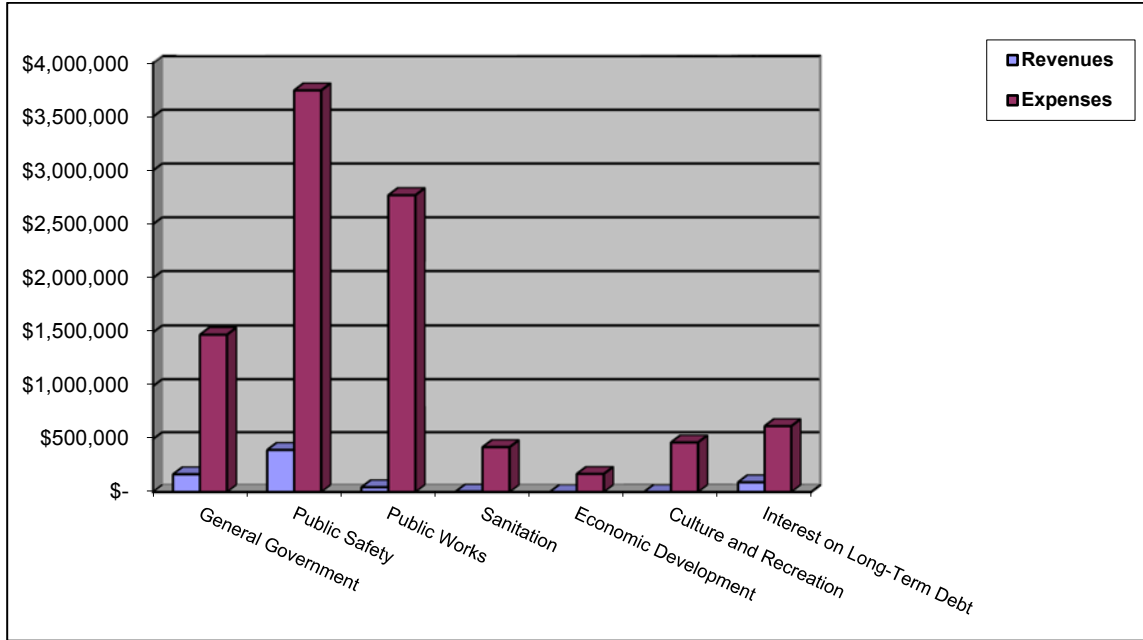
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 407,979	\$ 527,675	\$ 3,748,481	\$ 3,625,971	\$ 4,156,460	\$ 4,153,646
Operating Grants and Contributions	162,200	139,673	-	-	162,200	139,673
Capital Grants and Contributions	133,416	144,589	-	-	133,416	144,589
General Revenues:						
Property Taxes	7,705,370	7,410,568	-	-	7,705,370	7,410,568
Grants and Contributions not Restricted to Specific Programs	235,956	181,852	-	-	235,956	181,852
Unrestricted Investment Earnings	371,030	224,565	71,639	48,509	442,669	273,074
Local Sales Tax & Other	2,483,489	1,862,798	-	-	2,483,489	1,862,798
Total Revenues	11,499,440	10,491,720	3,820,120	3,674,480	15,319,560	14,166,200
Expenses:						
General Government	1,478,063	1,788,625	-	-	1,478,063	1,788,625
Public Safety	3,745,152	3,336,810	-	-	3,745,152	3,336,810
Public Works	2,770,385	2,520,261	-	-	2,770,385	2,520,261
Sanitation	423,989	383,694	-	-	423,989	383,694
Culture and Recreation	468,598	481,463	-	-	468,598	481,463
Economic Development	170,882	37,808	-	-	170,882	37,808
Interest on Long-Term Debt	622,191	585,992	-	-	622,191	585,992
Water	-	-	1,575,963	1,617,114	1,575,963	1,617,114
Sewer	-	-	1,885,884	1,823,674	1,885,884	1,823,674
Stormwater	-	-	34,161	28,651	34,161	28,651
Total Expenses	9,679,260	9,134,653	3,496,008	3,469,439	13,175,268	12,604,092
Increase in Net Position						
Before Transfers	1,820,180	1,357,067	324,112	205,041	2,144,292	1,562,108
Transfers and Capital Contributions	-	-	-	215,585	-	215,585
Change in Net Position	1,820,180	1,357,067	324,112	420,626	2,144,292	1,777,693
Net Position - Beginning	40,773,009	39,663,125	30,546,266	30,159,346	71,319,275	69,822,471
Prior Period Adjustment	-	(247,183)	-	(33,706)	-	(280,889)
Net Position - Beginning, as Restated	40,773,009	39,415,942	30,546,266	30,125,640	71,319,275	69,541,582
Net Position - Ending	\$ 42,593,189	\$ 40,773,009	\$ 30,870,378	\$ 30,546,266	\$ 73,463,567	\$ 71,319,275

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

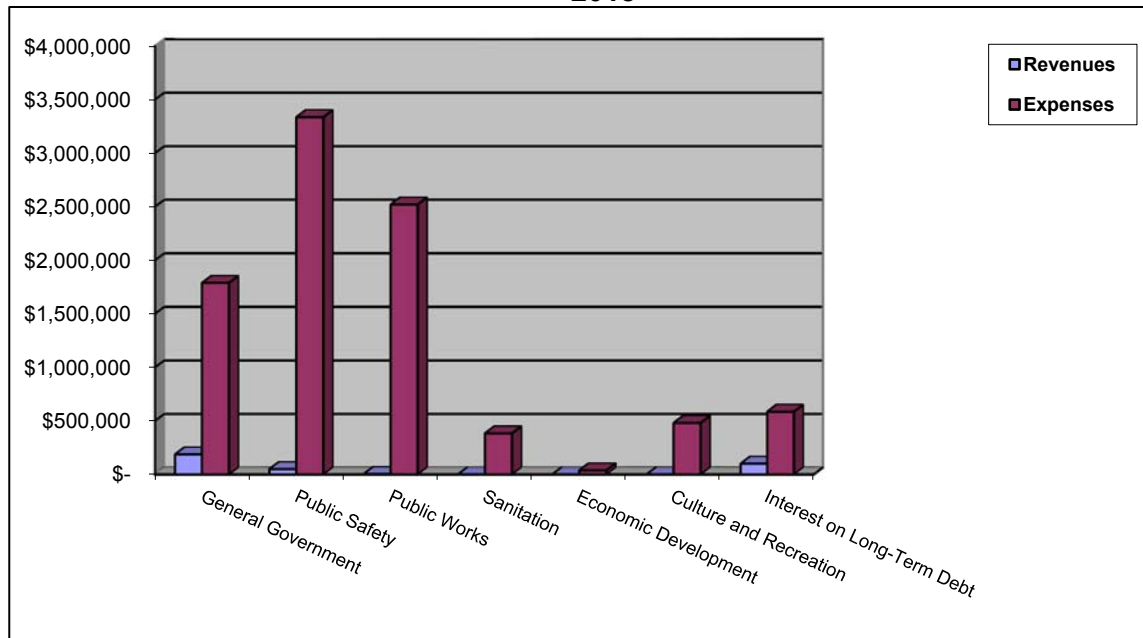
**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019**

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
2019**



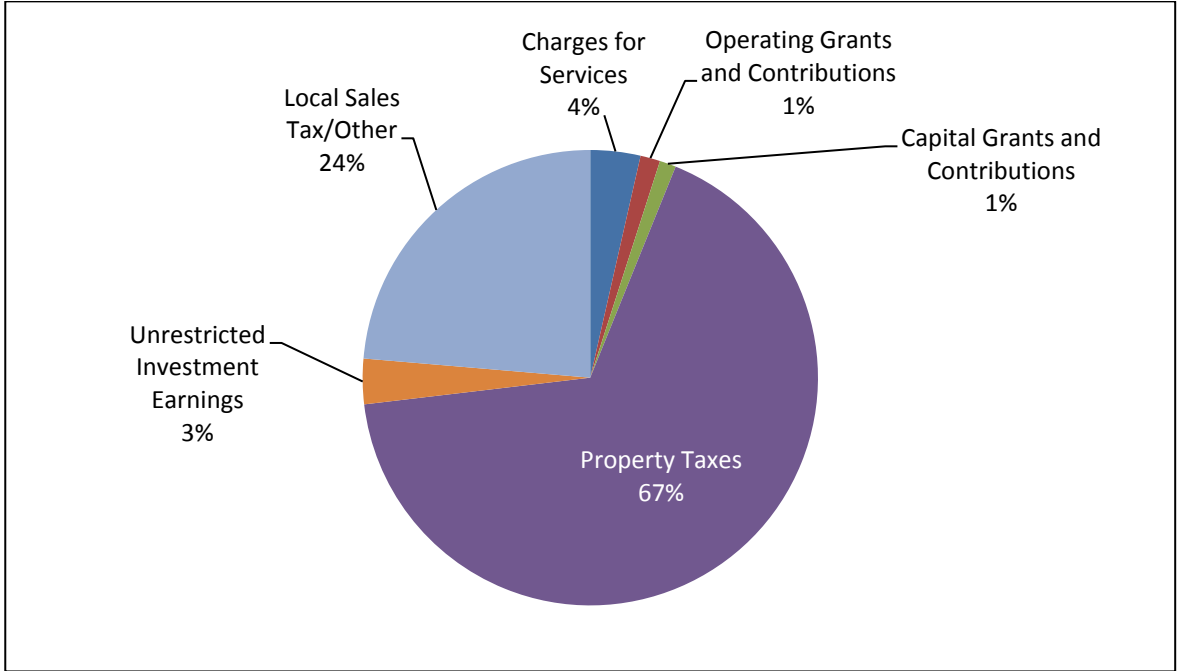
2018



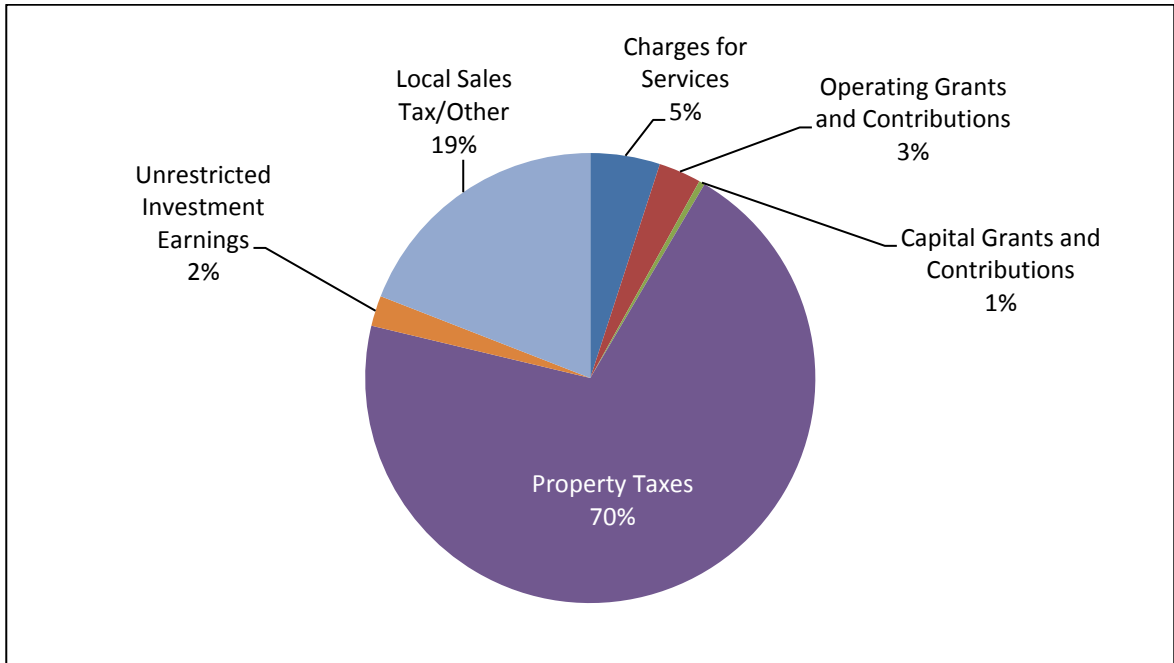
**CITY OF WAITE PARK
Stearns County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019**

**Revenues by Source - Governmental Activities
2019**



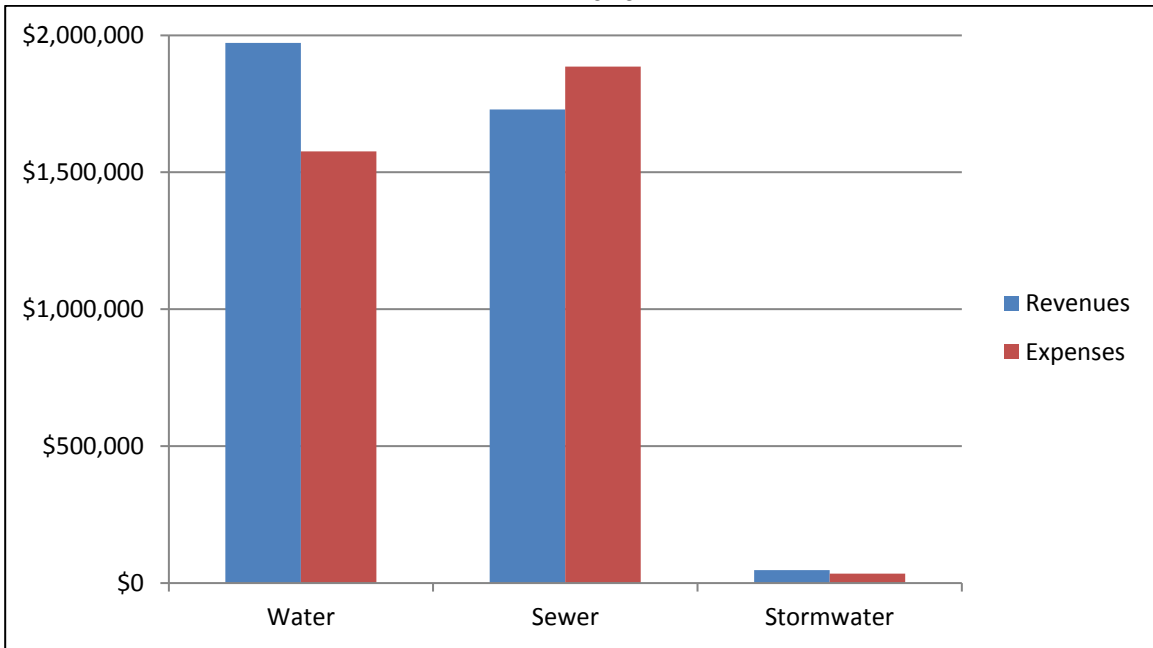
2018



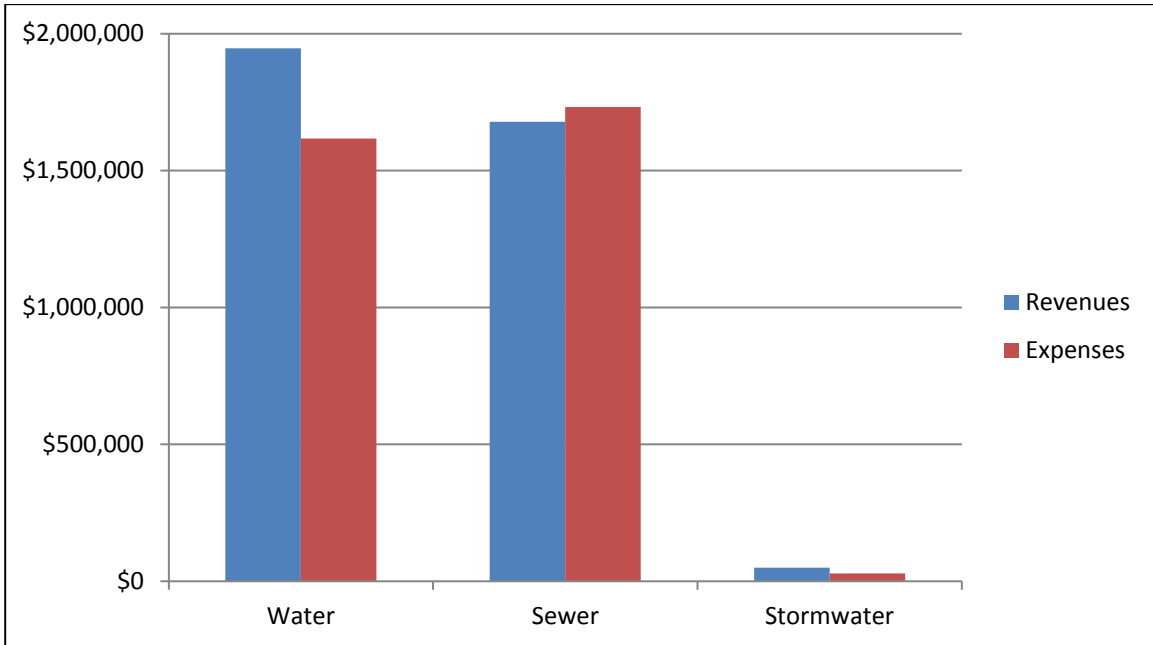
**CITY OF WAITE PARK
Stearns County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019**

**Expenses and Program Revenues – Business-type Activities
2019**



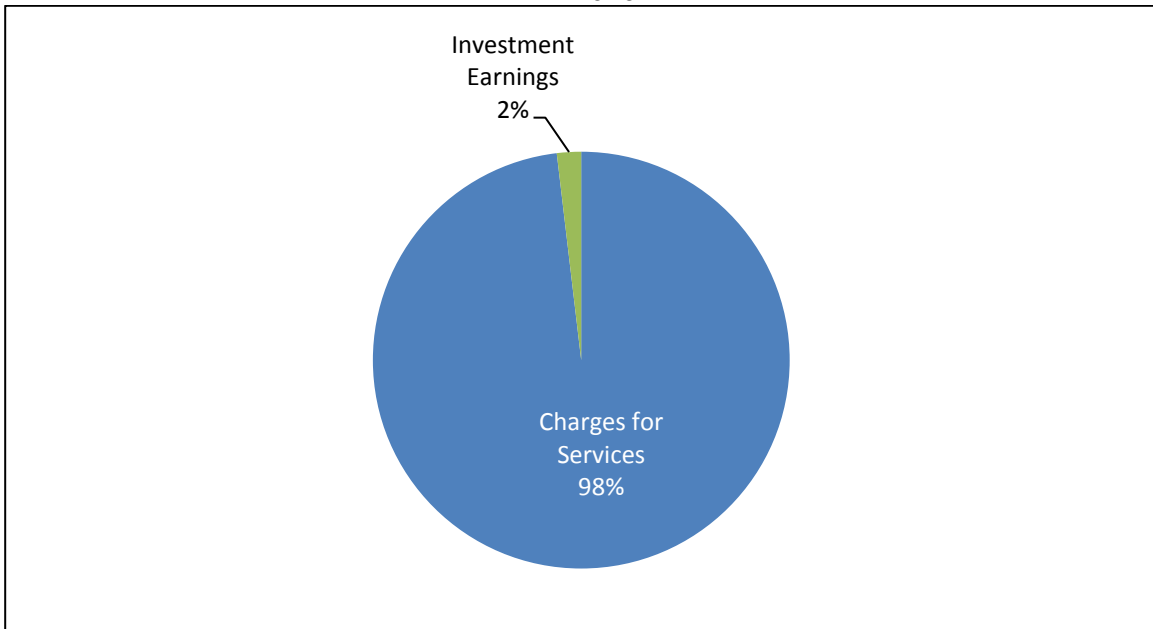
2018



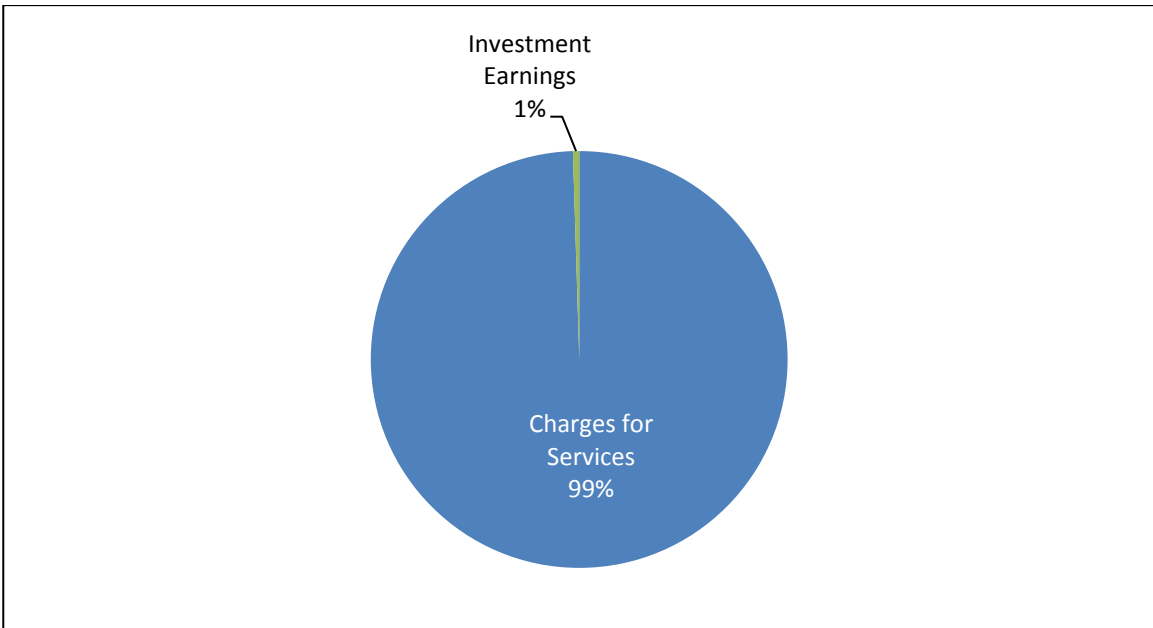
**CITY OF WAITE PARK
Stearns County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019**

**Revenues by Source – Business-type Activities
2019**



2018



CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

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 \$12,717,268, a decrease of \$5,022,381 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 \$1,637,999 sewer utility of \$2,495,423 and stormwater utility of \$91,779 for a total increase of \$753,086 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, 2019, amounts to \$81,434,462 (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, 2019

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,098,918	\$ 1,098,918	\$ 22,000	\$ 22,000	\$ 1,120,918	\$ 1,120,918
Easements	900,143	900,143	1,399,032	1,399,032	2,299,175	2,299,175
Buildings	11,947,637	11,803,730	-	-	11,947,637	11,803,730
Improvements Other Than Buildings	26,739,249	26,822,781	27,198,588	28,095,502	53,937,837	54,918,283
Machinery and Equipment	2,512,788	2,401,201	102,035	110,281	2,614,823	2,511,482
Construction in Progress	9,514,072	4,025,948	-	-	9,514,072	4,025,948
Total	\$ 52,712,807	\$ 47,052,721	\$ 28,721,655	\$ 29,626,815	\$ 81,434,462	\$ 76,679,536

Long-term debt. At the end of the current fiscal year, the City of Waite Park had total long-term liabilities outstanding of \$27,579,606. Of this amount \$20,643,913 was for general obligation debt, \$2,076,478 for water utility revenue bonds, \$2,585,542 for Net Pension Liability, \$1,261,437 for compensated absences, \$638,671 for post-employment benefits and \$373,565 for capital leases payable.

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

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General Obligation Tax Abatement Bonds	\$ 6,710,000	\$ 7,110,000	\$ -	\$ -	\$ 6,710,000	\$ 7,110,000
General Obligation Tax Increment Bonds	975,000	1,160,000	-	-	975,000	1,160,000
General Obligation Special Assessment Bonds	3,500,000	4,140,000	-	-	3,500,000	4,140,000
General Obligation CIP Bonds	8,750,000	9,025,000	-	-	8,750,000	9,025,000
General Obligation Revenue Bonds	-	-	2,030,000	2,405,000	2,030,000	2,405,000
Net Pension Liability	2,267,915	2,215,094	317,627	323,092	2,585,542	2,538,186
Compensated Absences	1,037,893	1,149,945	223,544	215,780	1,261,437	1,365,725
OPEB Payable	568,417	483,222	70,254	162,955	638,671	646,177
Capital Leases Payable	373,565	420,992	-	-	373,565	420,992
Unamortized Bond Premium	708,913	768,188	46,478	56,012	755,391	824,200
Total	\$ 24,891,703	\$ 26,472,441	\$ 2,687,903	\$ 3,162,839	\$ 27,579,606	\$ 29,635,280

CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

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 95-102 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 \$288,961 for payable year 2020 as compared to a \$392,958 increase in payable year 2019.
- The unemployment rate in central Minnesota (3.5%) is expected to remain at or below the national (3.5%) average in 2020.
- The City's share of 2019 local sales tax collections were \$1,402,834 an increase of \$87,316 from 2018.

These factors were taken into consideration in the preparation of the 2020 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

This page intentionally left blank

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and Investments	\$ 13,090,121	\$ 4,468,855	\$ 17,558,976
Receivables			
Accounts	131,814	4,641	136,455
Utilities		799,430	799,430
Interest	5,726		5,726
Delinquent Taxes	40,814		40,814
Special Assessments Receivable			
Delinquent	19,660		19,660
Deferred	2,472,066		2,472,066
Prepaid Items	157,839	19,561	177,400
Due from Other Governments	332,833		332,833
Internal Balances	297,715	(297,715)	
Capital Assets			
Assets Not Being Depreciated	11,513,133	1,421,032	12,934,165
Other Capital Assets, Net of Depreciation	41,199,674	27,300,623	68,500,297
Net Pension Asset	186,804		186,804
Total Assets	<u>69,448,199</u>	<u>33,716,427</u>	<u>103,164,626</u>
Deferred Outflows of Resources	1,634,059	39,987	1,674,046
Total Assets and Deferred Outflows of Resources	<u>\$ 71,082,258</u>	<u>\$ 33,756,414</u>	<u>\$ 104,838,672</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 391,934	\$ 119,142	\$ 511,076
Contracts Payable	713,315		713,315
Salaries and Benefits Payable	142,170	19,438	161,608
Interest Payable	37,616	2,655	40,271
Due to Other Governments	51,381		51,381
Long-Term Liabilities			
Net Pension Liability	2,267,915	317,627	2,585,542
Total OPEB Liability	568,417	70,254	638,671
Other Long-Term Liabilities Due Within One Year	1,988,101	444,534	2,432,635
Other Long-Term Liabilities Due in More Than One Year	20,067,270	1,855,488	21,922,758
Total Liabilities	<u>26,228,119</u>	<u>2,829,138</u>	<u>29,057,257</u>
Deferred Inflows of Resources	2,260,970	56,898	2,317,868
Net Position			
Net Investment in Capital Assets	31,695,329	26,645,177	58,340,506
Restricted for			
Economic Development	2,074		2,074
Debt Service	5,112,807		5,112,807
Tax Increment	2,361,584		2,361,584
Regional Capital Improvement Projects	864,369		864,369
Unrestricted	2,557,006	4,225,201	6,782,207
Total Net Position	<u>42,593,169</u>	<u>30,870,378</u>	<u>73,463,547</u>
Total Liabilities, Deferred Inflows of Resources and Net Pension	<u>\$ 71,082,258</u>	<u>\$ 33,756,414</u>	<u>\$ 104,838,672</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	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	\$ 1,478,103	\$ 166,867	\$	\$	\$ (1,311,236)	\$	\$ (1,311,236)
Public Safety	3,745,152	235,265	179,101		(3,330,786)		(3,330,786)
Public Works	2,770,385	2,500		41,907	(2,725,978)		(2,725,978)
Sanitation	423,989	3,367			(420,622)		(420,622)
Culture and Recreation	468,598				(468,598)		(468,598)
Economic Development	170,882				(170,882)		(170,882)
Interest on Long-Term Debt	622,191			91,509	(530,682)		(530,682)
Total Governmental Activities	9,679,300	407,999	179,101	133,416	(8,958,784)	0	(8,958,784)
BUSINESS-TYPE ACTIVITIES							
Water	1,575,963	1,972,467				396,504	396,504
Sewer	1,885,884	1,729,074				(156,810)	(156,810)
Stormwater	34,161	46,940				12,779	12,779
Total Business-Type Activities	3,496,008	3,748,481	0	0	0	252,473	252,473
Total	\$ 13,175,308	\$ 4,156,480	\$ 179,101	\$ 133,416	(8,958,784)	252,473	(8,706,311)
GENERAL REVENUES							
Taxes							
Property					7,705,370		7,705,370
Increment					145,591		145,591
Gravel					129,181		129,181
Franchise					442,018		442,018
Local Sales and Use					1,403,526		1,403,526
Grants and Contributions Not Restricted to Specific Programs					235,956		235,956
Refunds and Reimbursements					186,302		186,302
Unrestricted Investment Earnings					371,030	71,639	442,669
Other					123,410		123,410
Gain (Loss) on Sale of Assets					36,560		36,560
Total General Revenues, Transfers and Capital Contributions					10,778,944	71,639	10,850,583
Change in Net Position					1,820,160	324,112	2,144,272
NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED					40,773,009	30,637,918	71,410,927
PRIOR PERIOD ADJUSTMENT						(91,652)	(91,652)
NET POSITION, BEGINNING OF YEAR, AS RESTATED					40,773,009	30,546,266	71,319,275
NET POSITION, END OF YEAR					\$ 42,593,169	\$ 30,870,378	\$ 73,463,547

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General (101)	Local Sales Tax (221)	\$6,885,000 G.O. Improvement Crossover Refunding Bonds of 2010A (320)	\$4,720,000 G.O. Improvement Bonds of 2013 (324)
ASSETS				
Cash and Investments	\$ 5,795,797	\$ 284,840	\$ 447,655	\$ 537,497
Receivables				
Accounts	131,814			
Interest	5,726			
Delinquent Taxes	34,633		185	1,730
Special Assessments Receivable				
Delinquent			19,660	
Deferred	553,722		601,332	585,547
Prepaid Items	157,839			
Due from Other Governments	47,709	281,526	213	1,046
Advance to Other Funds	300,000			
Total Assets	\$ 7,027,240	\$ 566,366	\$ 1,069,045	\$ 1,125,820
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 283,243	\$	\$ 384	\$ 384
Contracts Payable	71,760			
Salaries and Benefits Payable	142,170			
Due to Other Governments	51,381			
Due to Other Funds	2,285			
Total Liabilities	550,839	0	384	384
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes	34,633		185	1,730
Special Assessments	553,722		620,992	585,547
Total Deferred Inflows of Resources	588,355	0	621,177	587,277
Fund Balance				
Nonspendable				
Prepays	157,839			
Advance to Other Funds	300,000			
Restricted				
Tax Increment				
Loan Program				
Debt Service			447,484	538,159
Regional Capital Improvement Projects		566,366		
Assigned				
Capital Outlay	854,599			
Park Land Development				
Regional Capital Improvement Projects				
Fund Operations				
Unassigned				
	4,575,608			
Total Fund Balance	5,888,046	566,366	447,484	538,159
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 7,027,240	\$ 566,366	\$ 1,069,045	\$ 1,125,820

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Amphitheater (444)	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Investments	\$	\$ 6,024,332	\$ 13,090,121
Receivables			
Accounts			131,814
Interest			5,726
Delinquent Taxes		4,266	40,814
Special Assessments Receivable			
Delinquent			19,660
Deferred		731,465	2,472,066
Prepaid Items			157,839
Due from Other Governments		2,339	332,833
Advance to Other Funds			300,000
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Total Assets	0	6,762,402	16,550,873
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 18,977	\$ 88,946	\$ 391,934
Contracts Payable	593,205	48,350	713,315
Salaries and Benefits Payable			142,170
Due to Other Governments			51,381
Due to Other Funds			2,285
Total Liabilities	<u>612,182</u>	<u>137,296</u>	<u>1,301,085</u>
Deferred Inflows of Resources			
Unavailable Revenue			
Delinquent Taxes		4,266	40,814
Special Assessments		731,465	2,491,726
Total Deferred Inflows of Resources	<u>0</u>	<u>735,731</u>	<u>2,532,540</u>
Fund Balance			
Nonspendable			
Prepays			157,839
Advance to Other Funds			300,000
Restricted			
Tax Increment		2,361,584	2,361,584
Loan Program		2,074	2,074
Debt Service		2,220,979	3,206,622
Regional Capital Improvement Projects		298,003	864,369
Assigned			
Capital Outlay		9,240	863,839
Park Land Development		381,818	381,818
Regional Capital Improvement Projects		579,864	579,864
Fund Operations		85,638	85,638
Unassigned	(612,182)	(49,825)	3,913,601
Total Fund Balance	<u>(612,182)</u>	<u>5,889,375</u>	<u>12,717,248</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	0	6,762,402	16,550,873

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, 2019

	<u>2019</u>
Total Fund Balances - Governmental Funds	\$ 12,717,248
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	79,551,655
Less: Accumulated Depreciation	(26,838,848)
Net Pension Asset	186,804
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	40,814
Special Assessments	
Delinquent	19,660
Deferred	2,472,066
Deferred outflows and inflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Deferred Outflows of Resources Related to Pensions	1,593,652
Deferred Inflows of Resources Related to Pensions	(2,260,970)
Deferred Outflows of Resources Related to OPEB	40,407
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	(19,935,000)
Capital Lease	(373,565)
Bond Premium	(708,913)
Net Pension Liability	(2,267,915)
Compensated Absences Payable	(1,037,893)
Other Postemployment Benefits Payable	(568,417)
Interest Payable	(37,616)
	<u> </u>
Total Net Position - Governmental Activities	<u>\$ 42,593,169</u>

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	General (101)	Local Sales Tax (821)	\$6,885,000 G.O. Improvement Crossover Refunding Bonds of 2010A (320)	\$4,720,000 G.O. Improvement Bonds of 2013 (324)
REVENUES				
Taxes	\$ 7,149,241	\$	\$ 25,218	\$ 358,617
Sales Tax		1,402,834		
Tax Increment	372			
Special Assessments	8,841		184,770	132,455
Licenses and Permits	152,318			
Intergovernmental	466,304			
Charges for Services	183,636			
Fines and Forfeitures	64,903			
Miscellaneous				
Investment Income	93,046	508	8,197	8,838
Contributions and Donations	32,102			
Refunds and Reimbursements	186,302			
Other	13,260			
Total Revenues	<u>8,350,325</u>	<u>1,403,342</u>	<u>218,185</u>	<u>499,910</u>
EXPENDITURES				
Current				
General Government	1,319,922			
Public Safety	3,400,721			
Public Works	1,677,068			
Sanitation	423,232			
Culture and Recreation	372,271			
Economic Development				
Debt Service				
Principal	47,427		245,000	395,000
Interest and Other Charges	12,419		38,364	82,484
Capital Outlay				
General Government	112,026			
Public Safety	239,997			
Public Works	807,451			
Culture and Recreation	15,686			
Total Expenditures	<u>8,428,220</u>	<u>0</u>	<u>283,364</u>	<u>477,484</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(77,895)	1,403,342	(65,179)	22,426
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	12,560			
Transfers In	600,000			
Transfers Out		(2,862,060)		
Total Other Financing Sources (Uses)	<u>612,560</u>	<u>(2,862,060)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	534,665	(1,458,718)	(65,179)	22,426
FUND BALANCE, BEGINNING OF YEAR	<u>5,353,381</u>	<u>2,025,084</u>	<u>512,663</u>	<u>515,733</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,888,046</u>	<u>\$ 566,366</u>	<u>\$ 447,484</u>	<u>\$ 538,159</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, 2019

	Amphitheater (444)	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$	\$ 799,490	\$ 8,332,566
Sales Tax			1,402,834
Tax Increment		145,219	145,591
Special Assessments		28,325	354,391
Licenses and Permits			152,318
Intergovernmental			466,304
Charges for Services			183,636
Fines and Forfeitures		2,764	67,667
Miscellaneous			
Investment Income		260,441	371,030
Contributions and Donations		88,318	120,420
Refunds and Reimbursements			186,302
Other			13,260
Total Revenues	<u>0</u>	<u>1,324,557</u>	<u>11,796,319</u>
EXPENDITURES			
Current			
General Government			1,319,922
Public Safety		3,719	3,404,440
Public Works			1,677,068
Sanitation			423,232
Culture and Recreation		53,601	425,872
Economic Development		172,171	172,171
Debt Service			
Principal		860,000	1,547,427
Interest and Other Charges		568,436	701,703
Capital Outlay			
General Government			112,026
Public Safety			239,997
Public Works	5,505,244	479,041	6,791,736
Culture and Recreation			15,686
Total Expenditures	<u>5,505,244</u>	<u>2,136,968</u>	<u>16,831,280</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,505,244)	(812,411)	(5,034,961)
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets			12,560
Transfers In	4,989,482	1,594,101	7,183,583
Transfers Out		(4,321,523)	(7,183,583)
Total Other Financing Sources (Uses)	<u>4,989,482</u>	<u>(2,727,422)</u>	<u>12,560</u>
Net Change in Fund Balances	(515,762)	(3,539,833)	(5,022,401)
FUND BALANCE, BEGINNING OF YEAR	<u>(96,420)</u>	<u>9,429,208</u>	<u>17,739,649</u>
FUND BALANCE, END OF YEAR	<u>\$ (612,182)</u>	<u>\$ 5,889,375</u>	<u>\$ 12,717,248</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>
Total Net Change in Fund Balances - Governmental Funds	\$ (5,022,401)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Asset Additions	8,035,509
Asset Disposals	(941,235)
Depreciation Expense	(1,482,914)
Accumulated Depreciation of Disposed Assets	48,726
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	(55,997)
Special Assessments	
Delinquent	(15,259)
Deferred	(247,623)
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	112,052
Other Postemployment Benefits Payable	(84,849)
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).	
	(140,369)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported as liabilities in the funds.	
Amortization of Bond Premium	59,275
Principal Retirement of Long-Term Debt	1,547,427
Change in Accrued Interest Payable	<u>7,818</u>
Change in Net Position - Governmental Activities	<u>\$ 1,820,160</u>

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 7,035,370	\$ 7,035,370	\$ 7,149,241	\$ 113,871
Tax Increment			372	372
Special Assessments	5,000	5,000	8,841	3,841
Licenses and Permits	140,750	140,750	152,318	11,568
Intergovernmental	170,152	170,152	466,304	296,152
Charges for Services	153,700	153,700	183,636	29,936
Fines and Forfeitures	57,600	57,600	64,903	7,303
Miscellaneous				
Investment Income	20,000	20,000	93,046	73,046
Contributions and Donations	4,000	4,000	32,102	28,102
Refunds and Reimbursements	77,000	77,000	186,302	109,302
Other	4,100	4,100	13,260	9,160
Total Revenues	<u>7,667,672</u>	<u>7,667,672</u>	<u>8,350,325</u>	<u>682,653</u>
EXPENDITURES				
Current				
General Government	1,283,891	1,283,891	1,319,922	36,031
Public Safety	3,402,285	3,402,285	3,400,721	(1,564)
Public Works	1,793,350	1,793,350	1,677,068	(116,282)
Sanitation	422,125	422,125	423,232	1,107
Culture and Recreation	358,975	358,975	372,271	13,296
Debt Service				
Principal	47,427	47,427	47,427	
Interest and Other Charges	12,419	12,419	12,419	
Capital Outlay				
General Government	107,500	107,500	112,026	4,526
Public Safety	212,700	212,700	239,997	27,297
Public Works	320,000	320,000	807,451	487,451
Culture and Recreation	8,000	8,000	15,686	7,686
Total Expenditures	<u>7,968,672</u>	<u>7,968,672</u>	<u>8,428,220</u>	<u>459,548</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(301,000)	(301,000)	(77,895)	223,105

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, 2019

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	\$ 1,000	\$ 1,000	\$ 12,560	\$ 11,560
Transfers In			600,000	600,000
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>1,000</u>	<u>612,560</u>	<u>611,560</u>
Net Change in Fund Balances	<u>\$ (300,000)</u>	<u>\$ (300,000)</u>	534,665	<u>\$ 834,665</u>
FUND BALANCE, BEGINNING OF YEAR,			<u>5,353,381</u>	
FUND BALANCE, END OF YEAR			<u>\$ 5,888,046</u>	

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 LOCAL SALES TAX SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Sales Tax	\$ 1,200,000	\$ 1,200,000	\$ 1,402,834	\$ 202,834
Miscellaneous				
Investment Income	10,000	10,000	508	(9,492)
Total Revenues	<u>1,210,000</u>	<u>1,210,000</u>	<u>1,403,342</u>	<u>193,342</u>
EXPENDITURES				
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,210,000	1,210,000	1,403,342	193,342
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>(2,862,060)</u>	<u>(362,060)</u>
Net Change in Fund Balances	<u>\$ (1,290,000)</u>	<u>\$ (1,290,000)</u>	(1,458,718)	<u>\$ (168,718)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>2,025,084</u>	
FUND BALANCE, END OF YEAR			<u>\$ 566,366</u>	

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2019

	Business-Type Activities - Enterprise Funds			
	Water (601)	Sewer (605)	Stormwater (609)	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Current Assets				
Cash and Investments	\$ 2,024,969	\$ 2,352,770	\$ 91,116	\$ 4,468,855
Receivables				
Accounts	4,641			4,641
Utilities	387,115	400,858	11,457	799,430
Prepaid Items	12,129	7,361	71	19,561
Due from Other Funds	1,097	1,857		2,954
Total Current Assets	<u>2,429,951</u>	<u>2,762,846</u>	<u>102,644</u>	<u>5,295,441</u>
Noncurrent Assets				
Capital Assets				
Assets Not Being Depreciated	645,831	775,201		1,421,032
Other Capital Assets, Net of Depreciation	14,535,525	12,765,098		27,300,623
Total Noncurrent Assets	<u>15,181,356</u>	<u>13,540,299</u>	<u>0</u>	<u>28,721,655</u>
Total Assets	<u>17,611,307</u>	<u>16,303,145</u>	<u>102,644</u>	<u>34,017,096</u>
Deferred Outflows of Resources				
Related to OPEB	3,632	904	458	4,994
Related to Pensions	28,563	6,430		34,993
Total Deferred Outflows of Resources	<u>32,195</u>	<u>7,334</u>	<u>458</u>	<u>39,987</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 17,643,502</u>	<u>\$ 16,310,479</u>	<u>\$ 103,102</u>	<u>\$ 34,057,083</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 12,700	\$ 106,423	\$ 19	\$ 119,142
Salaries and Benefits Payable	13,476	5,962		19,438
Due to Other Funds		669		669
Interest Payable	2,655			2,655
Compensated Absences Due Within One Year	30,000	18,000	2,000	50,000
Bonds Payable Due Within One Year	394,534			394,534
Total Current Liabilities	<u>453,365</u>	<u>131,054</u>	<u>2,019</u>	<u>586,438</u>
Noncurrent Liabilities				
Advance from Other Funds	300,000			300,000
Net Pension Liability	259,261	58,366		317,627
Compensated Absences, Net of Current Amount	108,518	62,109	2,917	173,544
Other Postemployment Benefits Payable	51,094	12,773	6,387	70,254
Bonds Payable, Net of Current Amount	1,681,944			1,681,944
Total Noncurrent Liabilities	<u>2,400,817</u>	<u>133,248</u>	<u>9,304</u>	<u>2,543,369</u>
Total Liabilities	<u>2,854,182</u>	<u>264,302</u>	<u>11,323</u>	<u>3,129,807</u>
Deferred Inflows of Resources				
Related to Pensions	46,443	10,455		56,898
Net Position				
Net Investment in Capital Assets	13,104,878	13,540,299		26,645,177
Unrestricted	1,637,999	2,495,423	91,779	4,225,201
Total Net Position	<u>14,742,877</u>	<u>16,035,722</u>	<u>91,779</u>	<u>30,870,378</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 17,643,502</u>	<u>\$ 16,310,479</u>	<u>\$ 103,102</u>	<u>\$ 34,057,083</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, 2019

	Business-Type Activities - Enterprise Funds			Total
	Water (601)	Sewer (605)	Stormwater (609)	
OPERATING REVENUES				
Charges for Services	\$ 1,881,597	\$ 1,633,653	\$ 46,940	\$ 3,562,190
Service Availability Charge	88,500	94,500		183,000
Total Operating Revenues	<u>1,970,097</u>	<u>1,728,153</u>	<u>46,940</u>	<u>3,745,190</u>
OPERATING EXPENSES				
Wages and Salaries	398,428	101,468	13,964	513,860
Supplies	14,346	4,180	140	18,666
Repairs and Maintenance	207,001	31,379	16,212	254,592
Utilities	139,232	5,954		145,186
Contractual Services	13,283	1,207,577	173	1,221,033
Depreciation	453,565	487,484		941,049
Professional Services	241,886	4,633	230	246,749
Miscellaneous	53,605	43,209	3,442	100,256
Total Operating Expenses	<u>1,521,346</u>	<u>1,885,884</u>	<u>34,161</u>	<u>3,441,391</u>
Operating Income (Loss)	<u>448,751</u>	<u>(157,731)</u>	<u>12,779</u>	<u>303,799</u>
NONOPERATING REVENUES (EXPENSES)				
Refunds and Reimbursements	2,370	921		3,291
Investment Income	32,098	38,121	1,420	71,639
Interest and Fiscal Agent Fees	(54,617)			(54,617)
Total Nonoperating Revenues (Expenses)	<u>(20,149)</u>	<u>39,042</u>	<u>1,420</u>	<u>20,313</u>
Change in Net Position	<u>428,602</u>	<u>(118,689)</u>	<u>14,199</u>	<u>324,112</u>
NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED				
	<u>14,314,275</u>	<u>16,246,063</u>	<u>77,580</u>	<u>30,637,918</u>
PRIOR PERIOD ADJUSTMENT				
		<u>(91,652)</u>		<u>(91,652)</u>
NET POSITION, BEGINNING OF YEAR, AS RESTATED				
	<u>14,314,275</u>	<u>16,154,411</u>	<u>77,580</u>	<u>30,546,266</u>
NET POSITION, END OF YEAR				
	<u>\$ 14,742,877</u>	<u>\$ 16,035,722</u>	<u>\$ 91,779</u>	<u>\$ 30,870,378</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities - Enterprise Funds			
	Water (601)	Sewer (605)	Stormwater (609)	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,956,495	\$ 1,726,162	\$ 46,935	\$ 3,729,592
Payments to Suppliers	(682,503)	(1,384,723)	(20,250)	(2,087,476)
Payments to Employees	(461,804)	(111,164)	(9,825)	(582,793)
Net Cash Provided (Used) by Operating Activities	812,188	230,275	16,860	1,059,323
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund Activity	(112)	346		234
Other Income	2,370	921		3,291
Net Cash Provided (Used) by Noncapital Financing Activities	2,258	1,267	0	3,525
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(7,924)	(27,965)		(35,889)
Principal Paid on Debt	(384,534)			(384,534)
Interest Paid on Debt	(54,966)			(54,966)
Net Cash Provided (Used) by Capital and Related Financing Activities	(447,424)	(27,965)	0	(475,389)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest and Dividends Received	32,098	38,121	1,420	71,639
Net Increase (Decrease) in Cash and Cash Equivalents	399,120	241,698	18,280	659,098
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR				
	1,625,849	2,111,072	72,836	3,809,757
CASH AND CASH EQUIVALENTS, END OF YEAR				
	<u>\$ 2,024,969</u>	<u>\$ 2,352,770</u>	<u>\$ 91,116</u>	<u>\$ 4,468,855</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities - Enterprise Funds			Total
	Water (601)	Sewer (605)	Stormwater (609)	
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 448,751	\$ (157,731)	\$ 12,779	\$ 303,799
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	453,565	487,484		941,049
Pension Related Adjustments	8,354	(1,303)	(956)	6,095
Other Postemployment Benefits Payable	(73,015)	(16,671)	5,501	(84,185)
(Increase) Decrease in Assets				
Accounts Receivable	(257)			(257)
Utilities Receivable	(13,345)	(1,991)	(5)	(15,341)
Prepaid Items	(982)	(631)	(71)	(1,684)
Increase (Decrease) in Liabilities				
Accounts Payable	(12,168)	(87,160)	18	(99,310)
Salaries and Benefits Payable	(1,331)	2,971	(247)	1,393
Compensated Absences	2,616	5,307	(159)	7,764
Net Cash Provided (Used) by Operating Activities	<u>\$ 812,188</u>	<u>\$ 230,275</u>	<u>\$ 16,860</u>	<u>\$ 1,059,323</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2019

	Custodial Fund
ASSETS	
Cash and Investments	\$ 23,739
Accounts Receivable	6,610
Total Assets	\$ 30,349
LIABILITIES AND NET POSITION	
Liabilities	
Accounts Payable	\$ 13,300
NET POSITION	
Held for Other Purposes	17,049
Total Liabilities and Net Position	\$ 30,349

CITY OF WAITE PARK, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2019

	Custodial Fund
ADDITIONS	
Earnings from Other Taxes	\$ 88,502
Earnings from Investments	193
Total Additions	88,695
DEDUCTIONS	
Professional Services	79,488
Net Change in Net Position	9,207
NET POSITION, BEGINNING OF YEAR	7,842
NET POSITION, END OF YEAR	\$ 17,049

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019

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 Custodial Fund is 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, this fund is not incorporated into the government-wide statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

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

The City reports the following major governmental funds:

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

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

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

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.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

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

The Amphitheater Fund is used to account for the costs incurred related to the Amphitheater 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 Custodial 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, 2019

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, 2019

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

D. DEPOSITS AND INVESTMENTS (Cont'd)

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The City minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities on the open market prior to maturity.

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

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

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

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

E. RECEIVABLES AND PAYABLES

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

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

E. RECEIVABLES AND PAYABLES (Cont'd)

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

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

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

F. PREPAID ITEMS

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

G. CAPITAL ASSETS

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

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

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

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

G. CAPITAL ASSETS (Cont'd)

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

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

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

H. DEFERRED OUTFLOWS OF RESOURCES

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

I. COMPENSATED ABSENCES

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

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

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

I. COMPENSATED ABSENCES (Cont'd)

Unpaid sick and vacation pay earned, is estimated to be approximately \$1,037,893 in the governmental funds and \$223,544 in the enterprise funds.

J. PENSIONS

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

The City participates in various pension plans; total pension expense for the year ended December 31, 2019, was \$545,342. The components of pension expense are noted in the plan summaries.

K. OTHER POSTEMPLOYMENT BENEFITS

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

L. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position.

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

M. DEFERRED INFLOWS OF RESOURCES

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

N. FUND BALANCE

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

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

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

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

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

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

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

O. NET POSITION

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

P. USE OF ESTIMATES

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

B. DEFICIT FUND BALANCES AND NET POSITION

The following funds had deficit fund balances/net position:

\$1,685,000 G.O. Tax Increment Crossover Refunding Bonds of 2014A	\$ (384)
River's Edge Capital Project Fund	(49,441)
Amphitheater Capital Project Fund	(612,182)

Deficits will be eliminated by future transfers.

C. EXPENDITURES EXCEEDING APPROPRIATIONS

The following funds had expenditures that exceeded appropriations:

	<u>Appropriations</u>	<u>Expenditures</u>
General Fund	<u>\$ 7,968,672</u>	<u>\$ 8,428,220</u>

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	\$ 105,333
Flex Account	8,955
Petty Cash	<u>400</u>
Total Deposits	<u>\$ 114,688</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3. DEPOSITS AND INVESTMENTS (Cont'd)

B. INVESTMENTS

The City had the following investments:

	Fair Value or Amortized Cost	Interest Rate Risk Weighted Average Maturity (Years)	Credit Risk Credit Ratings	Concentration Risk Over 5 Percent of Portfolio
Brokered Certificates of Deposit	\$ 1,464,532	1.66	N/A	8.38%
External Investment Pool	15,709,677	N/A	Not Rated	N/A
Money Market Accounts	<u>293,818</u>	N/A	N/A	N/A
Total Investments	<u>\$ 17,468,027</u>			
	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered Certificates of Deposit	\$ 1,464,532	<u>\$ 1,464,532</u>	<u>\$ 0</u>	<u>\$ 0</u>
Investments at amortized cost:				
External Investment Pool	15,709,677			
Money Market Accounts	<u>293,818</u>			
Total Investments at Amortized Cost	<u>16,003,495</u>			
Total Investments	<u>\$ 17,468,027</u>			

The following is a summary of total deposits and investments:

Deposits (Note 3.A.)	\$ 114,688
Investments (Note 3.B.)	<u>17,468,027</u>
Total Deposits and Investments	<u>\$ 17,582,715</u>

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

Statement of Net Position	
Cash and Investments	\$ 17,558,976
Statement of Fiduciary Net Position	
Cash and Investments	<u>23,739</u>
	<u>\$ 17,582,715</u>

CITY OF WAITE PARK, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE 4. RECEIVABLES

Receivables are as follows:

	Total Receivables	Amounts not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Accounts	\$ 131,814	\$
Interest	5,726	
Delinquent Taxes	40,814	40,814
Special Assessments	2,491,726	2,243,667
Total Governmental Activities	\$ 2,670,080	\$ 2,284,481
Business-Type Activities		
Accounts	\$ 4,641	\$
Utilities	799,430	
Total Business-Type Activities	\$ 804,071	\$ 0

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5. CAPITAL ASSETS

Capital asset activity is as follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 1,098,918	\$	\$	\$ 1,098,918
Easements	900,143			900,143
Construction in Progress	4,025,948	6,380,633	(892,509)	9,514,072
Total Capital Assets, Not Being Depreciated	6,025,009	6,380,633	(892,509)	11,513,133
Capital Assets, Being Depreciated				
Buildings	14,961,882	397,517		15,359,399
Improvements Other than Buildings	44,843,523	782,991		45,626,514
Machinery and Equipment	6,626,967	474,368	(48,726)	7,052,609
Total Capital Assets, Being Depreciated	66,432,372	1,654,876	(48,726)	68,038,522
Less Accumulated Depreciation for				
Buildings	3,158,152	253,610		3,411,762
Improvements Other than Buildings	18,020,742	866,523		18,887,265
Machinery and Equipment	4,225,766	362,781	(48,726)	4,539,821
Total Accumulated Depreciation	25,404,660	1,482,914	(48,726)	26,838,848
Total Capital Assets, Being Depreciated, Net	41,027,712	171,962	0	41,199,674
Governmental Activities Net Capital Assets	<u>\$ 47,052,721</u>	<u>\$ 6,552,595</u>	<u>\$ (892,509)</u>	<u>\$ 52,712,807</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 62,259
Public Safety	180,656
Public Works	1,199,861
Culture and Recreation	40,138
Total Depreciation Expense - Governmental Activities	<u>\$ 1,482,914</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5. CAPITAL ASSETS (Cont'd)

Business-Type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 22,000	\$	\$	\$ 22,000
Easement	1,399,032			1,399,032
Total Capital Assets, Not Being Depreciated	1,421,032	0	0	1,421,032
Capital Assets, Being Depreciated				
Improvements Other than Buildings	43,944,071	27,965		43,972,036
Machinery and Equipment	614,980	7,924		622,904
Total Capital Assets, Being Depreciated	44,559,051	35,889	0	44,594,940
Less Accumulated Depreciation for				
Improvements Other than Buildings	15,848,569	924,879		16,773,448
Machinery and Equipment	504,699	16,170		520,869
Total Accumulated Depreciation	16,353,268	941,049	0	17,294,317
Total Capital Assets, Being Depreciated, Net	28,205,783	(905,160)	0	27,300,623
Business-Type Activities Net Capital Assets	<u>\$ 29,626,815</u>	<u>\$ (905,160)</u>	<u>\$ 0</u>	<u>\$ 28,721,655</u>

Depreciation expense was charged to functions/programs as follows:

Business-Type Activities	
Water	\$ 453,565
Sewer	487,484
Total Depreciation Expense - Business-Type Activities	<u>\$ 941,049</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6. INTERFUND ACTIVITY

A. INTERFUND BALANCES

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General	Water	\$ 300,000
Water	General	428
Sewer	General	1,857
Water	Sewer	669
Total Interfund Balances		<u>\$ 302,954</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
	Local Sales Tax	Nonmajor Governmental Funds	
Transfers In			
General	\$ 600,000	\$	\$ 600,000
Amphitheater	849,714	4,139,768	4,989,482
Nonmajor Governmental Funds	1,412,346	181,755	1,594,101
Total Interfund Transfers	<u>\$ 2,862,060</u>	<u>\$ 4,321,523</u>	<u>\$ 7,183,583</u>

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7. LONG-TERM LIABILITIES

A. GENERAL OBLIGATION BONDS

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

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

B. COMPONENTS OF LONG-TERM LIABILITIES

	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
<u>Governmental Activities</u>			
Tax Abatement Bonds			
G.O. Tax Abatement Bonds, Series 2016A	2.00%-3.00%	12/15/31	\$ 1,855,000
G.O. Tax Abatement Bonds, Series 2018A	2.85%-4.15%	12/15/33	4,855,000
Tax Increment Bonds			
G.O. Tax Increment Crossover Refunding Bonds, Series 2014A	2.00%-2.50%	12/15/24	975,000
Special Assessment Bonds			
G.O. Improvement Crossover Refunding Bonds, Series 2010A	3.00%-3.50%	12/01/23	900,000
G.O. Improvement Bonds, Series 2013B	2.00%-3.10%	12/01/26	2,600,000
CIP Bonds			
G.O. Capital Improvement Plan Bonds, Series 2016B	2.00%-3.00%	12/31/41	8,750,000
Capital Lease			373,565
Compensated Absences			1,037,893
Unamortized Bond Premium			<u>708,913</u>
Total Governmental Activities			<u><u>\$ 22,055,371</u></u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

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

	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
<u>Business-Type Activities</u>			
G.O. Revenue Bonds			
G.O. Refunding Bonds, Series 2013A	2.00%-3.00%	12/01/24	\$ 2,030,000
Unamortized Bond Premium			46,478
Compensated Absences			<u>223,544</u>
			<u>\$ 2,300,022</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 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 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 2.50%. 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.

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 3.00%. The City issued the Bonds to construct a new public works facility.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

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

On December 6, 2018, the City issued \$5,115,000 G.O. Tax Abatement Bonds, Series 2018A, with an interest rate of 2.85% to 4.15%. The City issued the Bonds to fund the amphitheater project.

Debt service funds are used to liquidate the governmental activities outstanding bonded indebtedness. The General Fund has historically been used to liquidate the outstanding governmental activities compensated absences. The Water, Sewer, and Stormwater Funds are used to liquidate the outstanding business-type activities compensated absences.

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
2020	\$ 415,000	\$ 233,115	\$ 185,000	\$ 21,615
2021	425,000	221,928	190,000	17,915
2022	435,000	210,150	195,000	14,115
2023	445,000	197,099	200,000	9,825
2024	460,000	183,425	205,000	5,125
2025-2029	2,535,000	671,318		
2030-2033	1,995,000	189,314		
	<u>\$ 6,710,000</u>	<u>\$ 1,906,349</u>	<u>\$ 975,000</u>	<u>\$ 68,595</u>

Year Ending December 31	Governmental Activities			
	Special Assessment Bonds		C.I.P. Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 630,000	\$ 104,335	\$ 280,000	\$ 286,050
2021	625,000	86,975	285,000	280,450
2022	625,000	69,550	290,000	274,750
2023	620,000	49,900	300,000	263,150
2024	400,000	30,200	315,000	251,150
2025-2029	600,000	24,400	1,705,000	1,106,000
2030-2034			2,060,000	758,800
2035-2039			2,435,000	385,200
2040-2041			1,080,000	48,900
	<u>\$ 3,500,000</u>	<u>\$ 365,360</u>	<u>\$ 8,750,000</u>	<u>\$ 3,654,450</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

C. MINIMUM DEBT PAYMENTS (Cont'd)

Year Ending December 31	Governmental Activities		Business-Type Activities	
	Capital Lease Payable		G.O. Revenue Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 48,826	\$ 11,020	\$ 385,000	\$ 57,000
2021	50,267	9,579	395,000	47,375
2022	51,750	8,097	405,000	37,500
2023	53,276	6,570	415,000	25,350
2024	54,848	4,999	430,000	12,900
2025-2026	114,598	5,096		
	<u>\$ 373,565</u>	<u>\$ 45,361</u>	<u>\$ 2,030,000</u>	<u>\$ 180,125</u>

Assets under the capital lease total \$649,909 with current year depreciation expense of \$64,691.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

D. CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
G.O. Tax Abatement					
Bonds	\$ 7,110,000	\$	\$ (400,000)	\$ 6,710,000	\$ 415,000
G.O. Tax Increment					
Bonds	1,160,000		(185,000)	975,000	185,000
Special					
Assessment Bonds	4,140,000		(640,000)	3,500,000	630,000
C.I.P. Bonds	9,025,000		(275,000)	8,750,000	280,000
Total Bonds Payable	21,435,000	0	(1,500,000)	19,935,000	1,510,000
Capital Leases Payable	420,992		(47,427)	373,565	48,826
Compensated					
Absences	1,149,945	299,545	(411,597)	1,037,893	370,000
Unamortized Bond					
Premium	768,188		(59,275)	708,913	59,275
Total Governmental Activities	<u>\$ 23,774,125</u>	<u>\$ 299,545</u>	<u>\$ (2,018,299)</u>	<u>\$ 22,055,371</u>	<u>\$ 1,988,101</u>
<u>Business-Type Activities</u>					
Bonds Payable					
G.O. Water Revenue					
Bonds, Net of Premium	\$ 2,461,012	\$	\$ (384,534)	\$ 2,076,478	\$ 394,534
Compensated					
Absences	215,780	52,408	(44,644)	223,544	50,000
Total Business-Type Activities	<u>\$ 2,676,792</u>	<u>\$ 52,408</u>	<u>\$ (429,178)</u>	<u>\$ 2,300,022</u>	<u>\$ 444,534</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019
WACOSA			
Commercial Development Revenue Note, Series 2012	09/17/12	\$ 1,500,000	\$ 1,076,368
McDowall Company			
Industrial Development Revenue Bonds, Series 2006	10/03/06	3,485,000	1,540,000
Goodwill Industries, Inc.			
Revenue Note, Series 2007	01/29/07	2,053,000	979,618
Park Villa Apartments			
Multifamily Housing Revenue Bonds, Series 2007	10/17/07	5,550,000	5,088,425

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, 2019

NOTE 8. RISK MANAGEMENT (Cont'd)

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

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

A. PLAN DESCRIPTION

The Fire Department of the City participates in the Statewide Volunteer Firefighting Retirement Plan (Volunteer Firefighter Plan accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2019, the plan covered 27 active firefighters and 4 vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353G.

B. BENEFITS PROVIDED

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

C. CONTRIBUTIONS

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes, and voluntary City contributions. The State of Minnesota contributed \$44,272 in fire state aid to the fund for the year ended December 31, 2019. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2019, were \$7,000.

D. PENSION COSTS

At December 31, 2019, the City reported a net pension liability (asset) of \$(186,804) for the Volunteer Firefighter Fund. The net pension liability (asset) was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability (asset) during the year.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

D. PENSION COSTS (Cont'd)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Beginning Balance 12/31/2018	\$ 552,862	\$ 766,886	\$ (214,024)
Changes for the Year:			
Service Cost	28,447		28,447
Interest	34,879		34,879
Changes in Benefit Terms	149,515		149,515
Differences Between Expected and Actual Experience	(166,268)		(166,268)
Contributions - Employer		7,000	(7,000)
Contributions - State		44,272	(44,272)
Net Investment Income		(30,945)	30,945
Administrative Expense		(974)	974
Net Change	<u>46,573</u>	<u>19,353</u>	<u>27,220</u>
Balance End of Year 12/31/2019	<u>\$ 599,435</u>	<u>\$ 786,239</u>	<u>\$ (186,804)</u>

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2019, the City recognized pension expense of \$122,853.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 37,241	\$ 148,625
Differences Between Projected and Actual Investment Earnings	42,897	
Contributions Paid to Plan Subsequent to Measurement Date	54,221	
State Revenue Received for the Plan Subsequent to Measurement Date		<u>42,221</u>
Totals	<u>\$ 134,359</u>	<u>\$ 190,846</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

D. PENSION COSTS (Cont'd)

\$54,221 reported as deferred outflows of resources related to pensions resulting from City contributions (both statutorily-required and voluntary, as applicable) subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Pension Expense Amount</u>
2020	\$ (676)
2021	(18,364)
2022	(31,588)
2023	(17,859)

E. ACTUARIAL ASSUMPTIONS

The total pension liability at December 31, 2019, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.00%
- Inflation rate of 3.00%

No actuarial assumptions were made during the measurement period.

F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that contributions to the Volunteer Firefighter Fund will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

G. PENSION LIABILITY (ASSET) SENSITIVITY

The following presents the City's net pension liability (asset) for the Volunteer Firefighter Fund, calculated using the assumed discount rate as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one 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)	\$ (170,612)	\$ (186,804)	\$ (201,879)

H. PLAN INVESTMENTS/INVESTMENT POLICY:

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

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

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

I. ASSET ALLOCATION

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	35.00%	5.10%
International Stocks	15.00%	5.30%
Bonds	45.00%	0.75%
Cash	5.00%	0.00%
	100.00%	

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

I. ASSET ALLOCATION (Cont'd)

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

The SBI made no significant changes to their investment policy during 2019 for the Volunteer Firefighter Fund.

J. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of June 30, 2019, is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

NOTE 10. DEFINED BENEFIT PENSION PLAN - STATEWIDE

A. PLAN DESCRIPTION

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

General Employees Retirement Plan (GERP; General Employees Plan; accounted for in the General Employees Fund):

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

Public Employees Police and Fire Plan (PEFP; Police and Fire Plan; accounted for in the Police and Fire Fund):

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

GERP Benefits:

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

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

PEPFP Benefits:

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

C. CONTRIBUTIONS

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

GERP Contributions:

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019; the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2019, were \$124,326. The City's contributions were equal to the required contributions as set by state statute.

PEPFP Contributions:

Police and Fire member's contribution rates increased from 10.80 percent of pay to 11.30 percent and employer rates increased from 16.20 percent to 16.95 percent on January 1, 2019. The City's contributions to the Police and Fire Fund for the year ended December 31, 2019, were \$216,840. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

GERP Pension Costs:

At December 31, 2019, the City reported a liability of \$1,277,147 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. 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 \$39,665. The net pension liability was measured as of June 30, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportion share was 0.0231%..

The following changes in plan provisions occurred during 2019:

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

For the year ended December 31, 2019, the City recognized pension expense of \$112,821 for its proportionate share of GERP's pension expense. In addition, the City recognized an additional \$2,971 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

D. PENSION COSTS (Cont'd)

GERP Pension Costs: (Cont'd)

At December 31, 2019, the City reported its proportionate share of GERP's deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 34,833	\$
Changes in Actuarial Assumptions		98,678
Differences Between Projected and Actual Investment Earnings		130,104
Changes in Proportion	43,805	
Contributions Paid to GERP Subsequent to Measurement Date	<u>62,065</u>	
Totals	<u>\$ 140,703</u>	<u>\$ 228,782</u>

The \$62,065 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Pension Expense Amount</u>
2020	\$ (38,767)
2021	(87,867)
2022	(25,568)
2023	2,058

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

D. PENSION COSTS (Cont'd)

PEPFP Pension Costs:

At December 31, 2019, the City reported a liability of \$1,308,395 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportion was 0.1229% which was an increase of 0.0050% from its proportion measured as of June 30, 2018. The City also recognized \$16,591 for the year ended December 31, 2019, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90% funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018, and October 1, 2019, in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

There have been no changes in plan provisions during 2019:

For the year ended December 31, 2019, the City recognized pension expense of \$218,120 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2019, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 52,237	\$ 187,380
Changes in Actuarial Assumptions	1,033,637	1,307,635
Differences Between Projected and Actual Investment Earnings		242,698
Changes in Proportion	158,045	160,527
Contributions Paid to PEPFP Subsequent to Measurement Date	<u>109,664</u>	
Totals	<u>\$ 1,353,583</u>	<u>\$ 1,898,240</u>

The \$109,664 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

D. PENSION COSTS (Cont'd)

PEPFP Pension Costs: (Cont'd)

<u>Year ended December 31,</u>	<u>Pension Expense Amount</u>
2020	\$ (46,888)
2021	(152,491)
2022	(490,692)
2023	27,975
2024	7,775

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2019, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

<u>Actuarial Assumptions</u>	<u>GERP</u>	<u>PEPFP</u>
Inflation	2.50% per year	2.50% per year
Salary Growth	3.25% after 26 years of service	3.25% after 25 years of service
Investment Rate of Return	7.50%	7.50%

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

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018, based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2019:

GERP:

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

PEPFP:

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

E. ACTUARIAL ASSUMPTIONS (Cont'd)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.50%	5.10%
Private Markets	25.00%	5.90%
Fixed Income	20.00%	0.75%
International Equity	17.50%	5.90%
Cash Equivalents	2.00%	0.00%
	100.00%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2019, was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. PENSION LIABILITY SENSITIVITY

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

	GERP		PEFP	
1% Lower	6.50%	\$ 2,099,561	6.50%	\$ 2,859,908
Current Discount Rate	7.50%	1,277,147	7.50%	1,308,395
1% Higher	8.50%	598,081	8.50%	25

H. PENSION PLAN FIDUCIARY NET POSITION

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. PLAN DESCRIPTION

The City operates a single-employer retiree benefit plan (the Plan) that provides health, dental, and life insurance to eligible employees and their spouses through the District's commercial insurance plans. There are 39 active participants and 3 retired participants. Benefit and eligibility provisions are established through negotiations between the City and employee groups including a union. The union contract is renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

B. TOTAL OPEB LIABILITY

The City's total OPEB liability of \$638,671 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date. Update procedures were used to roll forward the total OPEB liability to December 31, 2019.

C. CHANGES IN TOTAL OPEB LIABILITY

Changes in the total OPEB liability were as follows:

	Total OPEB Liability
Balance at December 31, 2018	\$ 646,177
Changes for the Year:	
Service Cost	42,085
Interest	21,895
Changes of Assumptions or Other Inputs	(17,916)
Benefit Payments	(53,570)
Net Changes	<u>(7,506)</u>
Balance at December 31, 2019	<u>\$ 638,671</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.31% in 2018 to 3.71% in 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current discount rate:

	1.0% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1.0% Increase in Discount Rate (4.71%)
Total OPEB Liability	\$ 684,675	\$ 638,671	\$ 596,575

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (Cont'd)

C. CHANGES IN TOTAL OPEB LIABILITY (Cont'd)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.90% decreasing to 3.00%) or 1-percentage-point higher (7.90% decreasing to 5.00%) than the current healthcare cost trend rates:

	1.0% Decrease (5.90% decreasing to 3.00%)	Healthcare Cost Trend Rates (6.90% decreasing to 4.00%)	1.0% Increase (7.90% decreasing to 5.00%)
Total OPEB Liability	\$ 582,040	\$ 638,671	\$ 703,865

D. OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2019, the City recognized OPEB expense of \$664. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Contributions Paid Subsequent to Measurement Date	\$ 45,401

E. ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Based on the most recently disclosed assumptions for the pension plan in which the employee participates.
Healthcare Cost Trend Rates	6.90% for 2019, decreasing on average 0.03% per year to an ultimate rate of 4.00% for 2075 and later years.
Retiree's Share of Benefit-Related Costs	Assumed to increase with healthcare trend rates.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (Cont'd)

E. ACTUARIAL METHODS AND ASSUMPTIONS (Cont'd)

A discount rate of 3.71% was applied in the measurement of the total OPEB liability. The discount rate is based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP-2014 Mortality Tables with projected mortality improvements based on Scale MP-2017, and other adjustments.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2018–December 31, 2018.

NOTE 12. PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN

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

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

Total contributions made by the City during the year were:

	Contribution Amount		Percentage of Covered Payroll		Required Rate
	Employee	Employer	Employee	Employer	
Elected Officials	\$ 1,440	\$ 1,440	5.00%	5.00%	5.00%

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 13. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The following is a summary of the major components of deferred outflows and inflows as presented in the Statement of Net Position:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Related to Pensions	\$ 1,628,645	\$ 2,317,868
Related to OPEB	<u>45,401</u>	
Total	<u>\$ 1,674,046</u>	<u>\$ 2,317,868</u>

NOTE 14. PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that certain prior year waste water contractual service expense amounts applicable to the fiscal year ending December 31, 2018 totaling \$91,652 were incorrectly omitted in the Sewer Fund. To correct this error, the beginning net position of the Sewer Fund of \$16,246,063, as originally reported, has been decreased to \$16,154,411.

NOTE 15. SUBSEQUENT EVENT

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DECEMBER 31, 2019

Fiscal Year Ending	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability (Asset) Associated with the Employer (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) and the State's Proportionate Share of the Net Pension Liability (Asset) Associated with the Employer (a+b)	Employer's Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>Pensions</u>							
<u>GERP</u>							
June 30, 2019	0.0231%	\$ 1,277,147	\$ 39,665	\$ 1,316,812	\$ 1,630,444	80.76%	80.23%
June 30, 2018	0.0231%	1,281,493	42,110	1,323,603	1,442,589	91.75%	79.53%
June 30, 2017	0.0223%	1,423,617	17,890	1,441,507	1,435,757	100.40%	75.90%
June 30, 2016	0.0214%	1,737,574	22,610	1,760,184	1,325,400	132.80%	68.91%
June 30, 2015	0.0223%	1,155,702		1,155,702	1,303,378	88.67%	78.19%
<u>PEPFP</u>							
June 30, 2019	0.1229%	1,308,395		1,308,395	1,297,126	100.87%	89.26%
June 30, 2018	0.1179%	1,256,693		1,256,693	1,154,287	108.87%	88.84%
June 30, 2017	0.1090%	1,471,630		1,471,630	1,121,553	131.21%	85.43%
June 30, 2016	0.1170%	4,695,414		4,695,414	1,124,159	417.68%	63.88%
June 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, 2019

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
<u>Pensions</u>					
<u>GERP</u>					
12/31/2019	\$ 124,326	\$ 124,326	\$	\$ 1,657,959	7.50%
12/31/2018	120,208	120,208		1,602,780	7.50%
12/31/2017	108,187	108,187		1,442,503	7.50%
12/31/2016	101,440	101,440		1,352,532	7.50%
12/31/2015	99,153	99,153		1,322,038	7.50%
<u>PEPFP</u>					
12/31/2019	216,840	216,840		1,279,292	16.95%
12/31/2018	212,342	212,342		1,310,753	16.20%
12/31/2017	179,876	179,876		1,110,344	16.20%
12/31/2016	182,244	182,244		1,124,964	16.20%
12/31/2015	174,007	174,007		1,074,120	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, 2019

	Measurement Date				
	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Service Cost	\$ 28,447	\$ 22,341	\$ 21,771	\$ 22,624	\$ 18,618
Interest	34,879	36,241	34,552	33,909	38,625
Change in Benefit Terms	149,515				
Differences Between Expected and Actual Experience	(166,268)	(26,019)	70,464	45,272	(38,070)
Benefit Payments, Including Refunds of Member Contributions		(122,784)	(75,600)	(104,900)	(98,344)
Net Change in Total Pension Liability	46,573	(90,221)	51,187	(3,095)	(79,171)
Total Pension Liability - Beginning of Year	552,862	643,083	591,896	594,991	674,162
Total Pension Liability - End of Year	\$ 599,435	\$ 552,862	\$ 643,083	\$ 591,896	\$ 594,991
Contributions - Employer & State	\$ 51,272	\$ 45,642	\$ 45,862	\$ 52,470	\$ 40,066
Net Investment Income	(30,945)	88,023	48,575	4,014	51,482
Benefit Payments, Including Refunds of Member Contributions		(122,784)	(75,600)	(104,900)	(98,344)
Administrative Expense	(974)	(912)	(985)	(863)	(2,380)
Other			1,932		
Net Change in Plan Fiduciary Net Position	19,353	9,969	19,784	(49,279)	(9,176)
Total Plan Fiduciary Net Position - Beginning of Year	766,886	756,917	737,133	786,412	795,588
Total Plan Fiduciary Net Position - End of Year	\$ 786,239	\$ 766,886	\$ 756,917	\$ 737,133	\$ 786,412
Fire Relief Association's Net Pension Liability (Asset)	\$ (186,804)	\$ (214,024)	\$ (113,834)	\$ (145,237)	\$ (191,421)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	131.16%	138.71%	117.70%	124.54%	132.17%

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

See Accompanying Notes to the Required Supplementary Information

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
DECEMBER 31, 2019

	Measurement Date	
	12/31/2018	12/31/2017
Service Cost	\$ 42,085	\$ 36,892
Interest	21,895	23,215
Changes in Assumptions	(17,916)	21,456
Benefit Payments	(53,570)	(15,601)
Net Change in Total OPEB Liability	(7,506)	65,962
Total OPEB Liability - Beginning of Year	646,177	580,215
Total OPEB Liability - End of Year	<u>\$ 638,671</u>	<u>\$ 646,177</u>
Covered Employee Payroll	<u>\$ 2,954,909</u>	<u>\$ 2,680,922</u>
Total OPEB Liability as a % of Covered Employee Payroll	<u>21.61%</u>	<u>24.10%</u>

The City implemented GASB Statement No. 75 for the year ended December 31, 2018. Information for prior years is not available.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

NOTE 1. CHANGES IN PLAN PROVISIONS

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP)

2019 Changes:

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

2018 Changes:

The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Contribution stabilizer provisions were repealed.

Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.

Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes:

The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.

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

2016 Changes:

There have been no changes since the prior valuation.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

NOTE 1. CHANGES IN PLAN PROVISIONS (Cont'd)

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP) (Cont'd)

2015 Changes:

On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP)

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.

An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.

New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.

Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.

Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.

Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes:

There have been no changes since the prior valuation.

2016 Changes:

There have been no changes since the prior valuation.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

NOTE 1. CHANGES IN PLAN PROVISIONS (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP) (Cont'd)

2015 Changes:

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

C. CITY OF WAITE PARK'S FIREMAN'S RELIEF ASSOCIATION

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

There have been no changes since the prior valuation.

2017 Changes:

There have been no changes since the prior valuation.

2016 Changes:

There have been no changes since the prior valuation.

2015 Changes:

There have been no changes since the prior valuation.

D. OTHER POST EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

Retiree premiums were updated to current levels.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP)

2019 Changes:

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

2018 Changes:

The mortality projection was changed from MP-2015 to MP-2017.

The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 Changes:

The combined service annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.

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

2016 Changes:

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

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

Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 Changes:

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

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP)

2019 Changes:

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

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

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP) (Cont'd)

2018 Changes:

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

2017 Changes:

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

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

The combined service annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.

The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

Assumed percentage of married female members was decreased from 65 percent to 60 percent.

Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

The assumed percentage of female members electing joint and survivor annuities was increased.

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

The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 Changes:

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

The assumed investment return was changed from 7.9 percent to 7.5 percent.

The single discount rate changed from 7.90 percent to 5.60 percent.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

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

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP) (Cont'd)

2016 Changes: (Cont'd)

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

2015 Changes:

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

C. CITY OF WAITE PARK'S FIREMAN'S RELIEF ASSOCIATION

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

There have been no changes since the prior valuation.

2017 Changes:

There have been no changes since the prior valuation.

2016 Changes:

There have been no changes since the prior valuation.

2015 Changes:

There have been no changes since the prior valuation.

D. OTHER POST EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST

2019 Changes:

The discount rate was changed from 3.31% as of 12/31/2017 to 3.71% as of 12/31/2018 based on updated 20-year municipal bond rates as of each measurement date.

2018 Changes:

The discount rate was changed from 3.81% as of 12/31/2016 to 3.31% as of 12/31/2017 based on updated 20-year municipal bond rates as of each measurement date.

SUPPLEMENTARY INFORMATION

This page intentionally left blank

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and Investments	\$ 2,926,673	\$ 2,219,792	\$ 877,867	\$ 6,024,332
Receivables				
Delinquent Taxes		4,266		4,266
Special Assessments				
Deferred		731,465		731,465
Due from Other Governments		2,339		2,339
	<u>\$ 2,926,673</u>	<u>\$ 2,957,862</u>	<u>\$ 877,867</u>	<u>\$ 6,762,402</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 86,319	\$ 1,536	\$ 1,091	\$ 88,946
Contracts Payable			48,350	48,350
Total Liabilities	<u>86,319</u>	<u>1,536</u>	<u>49,441</u>	<u>137,296</u>
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes		4,266		4,266
Special Assessments		731,465		731,465
Total Deferred Inflows of Resources	0	735,731	0	735,731
Fund Balance				
Restricted				
Tax Increment	2,361,584			2,361,584
Loan Program	2,074			2,074
Debt Service		2,220,979		2,220,979
Regional Capital Improvement Projects			298,003	298,003
Assigned				
Capital Outlay	9,240			9,240
Park Land Development	381,818			381,818
Regional Capital Improvement Projects			579,864	579,864
Fund Operations	85,638			85,638
Unassigned				
Total Fund Balance	<u>2,840,354</u>	<u>(384)</u>	<u>(49,441)</u>	<u>(49,825)</u>
	<u>\$ 2,840,354</u>	<u>\$ 2,220,595</u>	<u>\$ 828,426</u>	<u>\$ 5,889,375</u>
	<u>\$ 2,926,673</u>	<u>\$ 2,957,862</u>	<u>\$ 877,867</u>	<u>\$ 6,762,402</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	Special Revenue	Debt Service	Capital Projects	Total
REVENUES				
Property Taxes	\$	\$ 799,490	\$	\$ 799,490
Tax Increments	145,219			145,219
Special Assessments		28,325		28,325
Fines and Forfeitures	2,764			2,764
Miscellaneous				
Investment Income	47,234	197,497	15,710	260,441
Contributions and Donations	88,318			88,318
Total Revenues	<u>283,535</u>	<u>1,025,312</u>	<u>15,710</u>	<u>1,324,557</u>
EXPENDITURES				
Current				
Public Safety	3,719			3,719
Culture and Recreation	53,601			53,601
Economic Development	172,171			172,171
Debt Service				
Principal		860,000		860,000
Interest and Other Charges		568,436		568,436
Capital Outlay				
Public Works			479,041	479,041
Total Expenditures	<u>229,491</u>	<u>1,428,436</u>	<u>479,041</u>	<u>2,136,968</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	54,044	(403,124)	(463,331)	(812,411)
OTHER FINANCING SOURCES (USES)				
Transfers In		898,470	695,631	1,594,101
Transfers Out	(181,755)	(4,139,768)		(4,321,523)
Total Other Financing Sources (Uses)	<u>(181,755)</u>	<u>(3,241,298)</u>	<u>695,631</u>	<u>(2,727,422)</u>
Net Change in Fund Balances	(127,711)	(3,644,422)	232,300	(3,539,833)
FUND BALANCE, BEGINNING OF YEAR	<u>2,968,065</u>	<u>5,865,017</u>	<u>596,126</u>	<u>9,429,208</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,840,354</u>	<u>\$ 2,220,595</u>	<u>\$ 828,426</u>	<u>\$ 5,889,375</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 DECEMBER 31, 2019

	2002 DTED Rehabilitation Grant (203)	Park Land Development (205)	Charitable Gambling (207)	Drug Forfeiture (212)
ASSETS				
Cash and Investments	<u>\$ 2,074</u>	<u>\$ 381,818</u>	<u>\$ 85,638</u>	<u>\$ 3,231</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$	\$	\$	\$
Fund Balance				
Restricted				
Tax Increment Loan Program	2,074			
Assigned				
Capital Outlay				3,231
Park Land Development		381,818		
Fund Operations			85,638	
Total Fund Balance	<u>2,074</u>	<u>381,818</u>	<u>85,638</u>	<u>3,231</u>
Total Liabilities And Fund Balance	<u>\$ 2,074</u>	<u>\$ 381,818</u>	<u>\$ 85,638</u>	<u>\$ 3,231</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 DECEMBER 31, 2019

	DWI Forfeiture (213)	Forfeitures (211, 214)	Tax Increment District No. 2 (271)	Tax Increment District No. 2-1 (272)	Total
ASSETS					
Cash and Investments	\$ 4,465	\$ 1,544	\$ 2,354,417	\$ 93,486	\$ 2,926,673
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts Payable	\$	\$	\$	\$ 86,319	\$ 86,319
Fund Balance					
Restricted					
Tax Increment			2,354,417	7,167	2,361,584
Loan Program					2,074
Assigned					
Capital Outlay	4,465	1,544			9,240
Park Land Development					381,818
Fund Operations					85,638
Total Fund Balance	<u>4,465</u>	<u>1,544</u>	<u>2,354,417</u>	<u>7,167</u>	<u>2,840,354</u>
Total Liabilities And Fund Balance	<u>\$ 4,465</u>	<u>\$ 1,544</u>	<u>\$ 2,354,417</u>	<u>\$ 93,486</u>	<u>\$ 2,926,673</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
DECEMBER 31, 2019

	\$1,685,000 G.O. Tax Increment Crossover Refunding Bonds of 2014A (374)	\$215,000 G.O. Equipment Certificates of Indebtedness of 2010B (321)	\$1,810,000 G.O. Improvement Refunding Bonds of 2010C (322)	\$1,395,000 G.O. Improvement Crossover Refunding Bonds of 2011A (323)
ASSETS				
Cash and Investments	\$	\$ 5,403	\$ 757,096	\$ 452,663
Receivables				
Delinquent Taxes		63	374	372
Special Assessments				
Deferred	298,165		280,869	152,431
Due from Other Governments		1	4	5
Total Assets	\$ 298,165	\$ 5,467	\$ 1,038,343	\$ 605,471
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 384	\$	\$	\$
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes		63	374	372
Special Assessments	298,165		280,869	152,431
Total Deferred Inflows of Resources	298,165	63	281,243	152,803
Fund Balance				
Restricted				
Debt Service		5,404	757,100	452,668
Unassigned	(384)			
Total Fund Balance	(384)	5,404	757,100	452,668
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 298,165	\$ 5,467	\$ 1,038,343	\$ 605,471

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
DECEMBER 31, 2019

	G.O. Equipment Certificates of 2013C (325)	\$2,275,000 G.O. Tax Abatement Bonds of 2016A (326)	\$9,505,000 G.O. Improvement Bonds of 2016B (327)	\$5,115,000 G.O. Tax Abatement Bonds of 2018 (328)	Total
ASSETS					
Cash and Investments	\$ 10,582	\$ 331,789	\$ 660,390	\$ 1,869	\$ 2,219,792
Receivables					
Delinquent Taxes	81	868	2,508		4,266
Special Assessments					731,465
Deferred					
Due from Other Governments	3	597	1,729		2,339
Total Assets	\$ 10,666	\$ 333,254	\$ 664,627	\$ 1,869	\$ 2,957,862
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities					
Accounts Payable	\$	\$ 384	\$ 384	\$ 384	\$ 1,536
Deferred Inflows of Resources					
Unavailable Revenue					
Delinquent Taxes	81	868	2,508		4,266
Special Assessments					731,465
Total Deferred Inflows of Resources	81	868	2,508	0	735,731
Fund Balance					
Restricted					
Debt Service	10,585	332,002	661,735	1,485	2,220,979
Unassigned					(384)
Total Fund Balance	10,585	332,002	661,735	1,485	2,220,595
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 10,666	\$ 333,254	\$ 664,627	\$ 1,869	\$ 2,957,862

CITY OF WAITE PARK, MINNESOTA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 DECEMBER 31, 2019

	River's Edge (434)	18th Ave South (440)	2013 Capital Improvements (441)	17th Ave South (442)	Public Works Facility (443)	Total
ASSETS						
Cash and Investments	\$ 0	\$ 163,699	\$ 416,165	\$ 151,439	\$ 146,564	\$ 877,867
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts Payable	\$ 1,091	\$	\$	\$	\$	\$ 1,091
Contracts Payable	48,350					48,350
Total Liabilities	49,441	0	0	0	0	49,441
Fund Balance						
Restricted						
Regional Capital Improvement Projects				151,439	146,564	298,003
Assigned						
Regional Capital Improvement Projects		163,699	416,165			579,864
Unassigned	(49,441)					(49,441)
Total Fund Balance	(49,441)	163,699	416,165	151,439	146,564	828,426
Total Liabilities and Fund Balance	\$ 0	\$ 163,699	\$ 416,165	\$ 151,439	\$ 146,564	\$ 877,867

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 YEAR ENDED DECEMBER 31, 2019

	2002 DTED Rehabilitation Grant (203)	Park Land Development (205)	Charitable Gambling (207)	Drug Forfeiture (212)
REVENUES				
Tax Increments	\$	\$	\$	\$
Fines and Forfeitures				220
Miscellaneous				
Investment Income	34	6,050	137	52
Contributions and Donations		20,128	68,190	
Total Revenues	<u>34</u>	<u>26,178</u>	<u>68,327</u>	<u>272</u>
EXPENDITURES				
Current				
Public Safety			1,795	172
Culture and Recreation			53,601	
Economic Development				
Total Expenditures	<u>0</u>	<u>0</u>	<u>55,396</u>	<u>172</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	34	26,178	12,931	100
OTHER FINANCING SOURCES (USES)				
Transfers Out				
Net Change in Fund Balances	<u>34</u>	<u>26,178</u>	<u>12,931</u>	<u>100</u>
FUND BALANCE, BEGINNING OF YEAR	<u>2,040</u>	<u>355,640</u>	<u>72,707</u>	<u>3,131</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,074</u>	<u>\$ 381,818</u>	<u>\$ 85,638</u>	<u>\$ 3,231</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 YEAR ENDED DECEMBER 31, 2019

	DWI Forfeiture (213)	Forfeitures (211, 214)	Tax Increment District No. 2 (271)	Tax Increment District No. 2-1 (272)	Total
REVENUES					
Tax Increments	\$	\$	\$	\$ 145,219	\$ 145,219
Fines and Forfeitures	2,444	100			2,764
Miscellaneous					
Investment Income	66	12	40,714	169	47,234
Contributions and Donations					88,318
Total Revenues	<u>2,510</u>	<u>112</u>	<u>40,714</u>	<u>145,388</u>	<u>283,535</u>
EXPENDITURES					
Current					
Public Safety	1,752				3,719
Culture and Recreation					53,601
Economic Development			1,289	170,882	172,171
Total Expenditures	<u>1,752</u>	<u>0</u>	<u>1,289</u>	<u>170,882</u>	<u>229,491</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	758	112	39,425	(25,494)	54,044
OTHER FINANCING SOURCES (USES)					
Transfers Out			(181,755)		(181,755)
Net Change in Fund Balances	758	112	(142,330)	(25,494)	(127,711)
FUND BALANCE, BEGINNING OF YEAR	<u>3,707</u>	<u>1,432</u>	<u>2,496,747</u>	<u>32,661</u>	<u>2,968,065</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,465</u>	<u>\$ 1,544</u>	<u>\$ 2,354,417</u>	<u>\$ 7,167</u>	<u>\$ 2,840,354</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, 2019

	\$1,685,000 G.O. Tax Increment Crossover Refunding Bonds of 2014A (374)	\$215,000 G.O. Equipment Certificates of Indebtedness of 2010B (321)	\$1,810,000 G.O. Improvement Refunding Bonds of 2010C (322)	\$1,395,000 G.O. Improvement Crossover Refunding Bonds of 2011A (323)
REVENUES				
Property Taxes	\$	\$ 177	\$ 656	\$ 965
Special Assessments	28,325			
Miscellaneous				
Investment Income		87	12,361	7,385
Total Revenues	<u>28,325</u>	<u>264</u>	<u>13,017</u>	<u>8,350</u>
EXPENDITURES				
Debt Service				
Principal	185,000			
Interest and Other Charges	26,195			
Total Expenditures	<u>211,195</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(182,870)	264	13,017	8,350
OTHER FINANCING SOURCES (USES)				
Transfers In	181,755			
Transfers Out				
Total Other Financing Sources (Uses)	<u>181,755</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(1,115)	264	13,017	8,350
FUND BALANCE, BEGINNING OF YEAR	<u>731</u>	<u>5,140</u>	<u>744,083</u>	<u>444,318</u>
FUND BALANCE, END OF YEAR	<u>\$ (384)</u>	<u>\$ 5,404</u>	<u>\$ 757,100</u>	<u>\$ 452,668</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, 2019

	G.O. Equipment Certificates of 2013C (325)	\$2,275,000 G.O. Tax Abatement Bonds of 2016A (326)	\$9,505,000 G.O. Improvement Bonds of 2016B (327)	\$5,115,000 G.O. Tax Abatement Bonds of 2018 (328)	Total
REVENUES					
Property Taxes	\$ 594	\$ 204,579	\$ 592,519	\$	\$ 799,490
Special Assessments					28,325
Miscellaneous					
Investment Income	168	5,328	18,380	153,788	197,497
Total Revenues	<u>762</u>	<u>209,907</u>	<u>610,899</u>	<u>153,788</u>	<u>1,025,312</u>
EXPENDITURES					
Debt Service					
Principal		140,000	275,000	260,000	860,000
Interest and Other Charges		55,080	292,429	194,732	568,436
Total Expenditures	<u>0</u>	<u>195,080</u>	<u>567,429</u>	<u>454,732</u>	<u>1,428,436</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	762	14,827	43,470	(300,944)	(403,124)
OTHER FINANCING SOURCES (USES)					
Transfers In				716,715	898,470
Transfers Out				(4,139,768)	(4,139,768)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,423,053)</u>	<u>(3,241,298)</u>
Net Change in Fund Balances	762	14,827	43,470	(3,723,997)	(3,644,422)
FUND BALANCE, BEGINNING OF YEAR	<u>9,823</u>	<u>317,175</u>	<u>618,265</u>	<u>3,725,482</u>	<u>5,865,017</u>
FUND BALANCE, END OF YEAR	<u>\$ 10,585</u>	<u>\$ 332,002</u>	<u>\$ 661,735</u>	<u>\$ 1,485</u>	<u>\$ 2,220,595</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 YEAR ENDED DECEMBER 31, 2019

	River's Edge (434)	18th Ave South (440)	2013 Capital Improvements (441)	17th Ave South (442)	Public Works Facility (443)	Total
REVENUES						
Miscellaneous						
Investment Income	\$	\$ 2,674	\$ 6,798	\$ 2,474	\$ 3,764	\$ 15,710
EXPENDITURES						
Capital Outlay						
Public Works	479,041					479,041
Excess (Deficiency) of Revenues Over (Under) Expenditures	(479,041)	2,674	6,798	2,474	3,764	(463,331)
OTHER FINANCING SOURCES (USES)						
Transfers In	695,631					695,631
Net Change in Fund Balances	216,590	2,674	6,798	2,474	3,764	232,300
FUND BALANCE, BEGINNING OF YEAR	(266,031)	161,025	409,367	148,965	142,800	596,126
FUND BALANCE, END OF YEAR	\$ (49,441)	\$ 163,699	\$ 416,165	\$ 151,439	\$ 146,564	\$ 828,426

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Taxes and Special Assessments				
Property	\$ 6,515,370	\$ 6,515,370	\$ 6,578,042	\$ 62,672
Gravel	100,000	100,000	129,181	29,181
Franchise	420,000	420,000	442,018	22,018
Total Taxes	<u>7,035,370</u>	<u>7,035,370</u>	<u>7,149,241</u>	<u>113,871</u>
Tax Increment			372	372
Special Assessments	5,000	5,000	8,841	3,841
Licenses and Permits	140,750	140,750	152,318	11,568
Intergovernmental				
Police Aid	115,000	115,000	171,850	56,850
Highway Maintenance Aid	30,000	30,000	30,252	252
PERA Aid	3,052	3,052	3,052	
Other Grants and Aids	22,100	22,100	261,150	239,050
Total Intergovernmental	<u>170,152</u>	<u>170,152</u>	<u>466,304</u>	<u>296,152</u>
Charges for Services				
General Government	18,600	18,600	19,328	728
Public Safety	135,100	135,100	164,308	29,208
Total Charges for Services	<u>153,700</u>	<u>153,700</u>	<u>183,636</u>	<u>29,936</u>
Fines and Forfeitures	57,600	57,600	64,903	7,303
Miscellaneous				
Investment Income	20,000	20,000	93,046	73,046
Contributions and Donations	4,000	4,000	32,102	28,102
Refunds and Reimbursements	77,000	77,000	186,302	109,302
Other	4,100	4,100	13,260	9,160
Total Miscellaneous	<u>105,100</u>	<u>105,100</u>	<u>324,710</u>	<u>219,610</u>
Total Revenues	<u>7,667,672</u>	<u>7,667,672</u>	<u>8,350,325</u>	<u>682,653</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
EXPENDITURES				
Current				
General Government				
Mayor and Council	\$ 48,570	\$ 48,570	\$ 50,889	\$ 2,319
Administrative and Finance	1,118,665	1,118,665	1,155,064	36,399
Elections	10,275	10,275	7,465	(2,810)
Other	106,381	106,381	106,504	123
Total General Government	1,283,891	1,283,891	1,319,922	36,031
Public Safety				
Police	2,820,350	2,820,350	2,894,856	74,506
Fire	300,720	300,720	202,192	(98,528)
Other	281,215	281,215	303,673	22,458
Total Public Safety	3,402,285	3,402,285	3,400,721	(1,564)
Public Works				
Streets and Highways	1,793,350	1,793,350	1,677,068	(116,282)
Sanitation				
Garbage and Other Refuse	391,000	391,000	389,928	(1,072)
Weed Control	31,125	31,125	33,304	2,179
Total Sanitation	422,125	422,125	423,232	1,107
Culture and Recreation				
Total Current	7,260,626	7,260,626	7,193,214	(67,412)
Debt Service				
Principal	47,427	47,427	47,427	
Interest and Other Charges	12,419	12,419	12,419	
Total Debt Service	59,846	59,846	59,846	0
Capital Outlay				
General Government	107,500	107,500	112,026	4,526
Public Safety	212,700	212,700	239,997	27,297
Public Works	320,000	320,000	807,451	487,451
Culture and Recreation	8,000	8,000	15,686	7,686
Total Capital Outlay	648,200	648,200	1,175,160	526,960
Total Expenditures	7,968,672	7,968,672	8,428,220	459,548
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(301,000)	(301,000)	(77,895)	223,105

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	\$ 1,000	\$ 1,000	\$ 12,560	\$ 11,560
Transfers In			600,000	600,000
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>1,000</u>	<u>612,560</u>	<u>611,560</u>
Net Change in Fund Balances	<u>\$ (300,000)</u>	<u>\$ (300,000)</u>	534,665	<u>\$ 834,665</u>
FUND BALANCE, BEGINNING OF YEAR			<u>5,353,381</u>	
FUND BALANCE, END OF YEAR			<u>\$ 5,888,046</u>	

This page intentionally left blank

FINANCIAL SCHEDULES

This page intentionally left blank

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF LONG-TERM LIABILITIES
DECEMBER 31, 2019

	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>	<u>Due Within One Year</u>
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	\$ 1,855,000	\$ 140,000
G.O. Tax Abatement Bonds, Series 2018A	12/06/18	2.85%-4.15%	5,115,000	12/15/33	4,855,000	275,000
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	975,000	185,000
Special Assessment Bonds						
G.O. Improvement Crossover Refunding Bonds, Series 2010A	04/01/10	3.00%-3.50%	6,885,000	12/01/23	900,000	230,000
G.O. Improvement Bonds, Series 2013B	11/15/13	2.00%-3.10%	4,720,000	12/01/26	2,600,000	400,000
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	8,750,000	280,000
Capital Lease Payable					373,565	48,826
Compensated Absences					1,037,893	370,000
Unamortized Bond Premium					708,913	59,275
Total Governmental Activities					<u>22,055,371</u>	<u>1,988,101</u>
Business-Type Activities						
G.O. Revenue Bonds						
G.O. Refunding Bonds, Series 2013A	11/15/13	2.00%-3.00%	4,170,000	12/01/24	2,030,000	385,000
Unamortized Bond Premium					46,478	9,534
Compensated Absences					223,544	50,000
Total Business-Type Activities					<u>2,300,022</u>	<u>444,534</u>
Total All Long-Term Liabilities					<u>\$ 24,355,393</u>	<u>\$ 2,432,635</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2019

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
TAX ABATEMENT BONDS:					
2016A G.O. Tax Abatement					
Bonds (326):					
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>\$ 1,855,000</u>	<u>\$ 366,025</u>	<u>\$ 2,221,025</u>		<u>\$ 2,332,079</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2019

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
TAX ABATEMENT BONDS (Cont'd): 2018A G.O. Tax Abatement Bonds (328):					
06/15/20	\$	\$ 90,858	\$ 90,858		\$
12/15/20	275,000	90,857	365,857	2020	203,509
06/15/21		86,664	86,664		
12/15/21	285,000	86,664	371,664	2021	194,769
06/15/22		82,175	82,175		
12/15/22	290,000	82,175	372,175	2022	185,143
06/15/23		77,463	77,463		
12/15/23	300,000	77,462	377,462	2023	175,290
06/15/24		72,438	72,438		
12/15/24	310,000	72,437	382,437	2024	165,173
06/15/25		67,090	67,090		
12/15/25	325,000	67,090	392,090	2025	153,931
06/15/26		61,321	61,321		
12/15/26	335,000	61,321	396,321	2026	141,976
06/15/27		55,208	55,208		
12/15/27	350,000	55,207	405,207	2027	129,711
06/15/28		48,645	48,645		
12/15/28	360,000	48,645	408,645	2028	116,430
06/15/29		41,445	41,445		
12/15/29	375,000	41,445	416,445	2029	102,816
06/15/30		33,945	33,945		
12/15/30	390,000	33,945	423,945	2030	88,406
06/15/31		26,145	26,145		
12/15/31	405,000	26,145	431,145	2031	73,186
06/15/32		17,741	17,741		
12/15/32	420,000	17,741	437,741	2032	57,138
06/15/33		9,026	9,026		
12/15/33	435,000	9,026	444,026	2033	40,248
Total 2018A G.O. Tax Abatement Bonds	<u>\$ 4,855,000</u>	<u>\$ 1,540,324</u>	<u>\$ 6,395,324</u>		<u>\$ 1,730,340</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2019

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
TAX INCREMENT BONDS:					
2014A G.O. Tax Increment Refunding Bonds (374):					
06/15/20	\$	\$ 10,807	\$ 10,807		\$
12/15/20	185,000	10,808	195,808	2020	219,000
06/15/21		8,957	8,957		
12/15/21	190,000	8,958	198,958	2021	219,000
06/15/22		7,057	7,057		
12/15/22	195,000	7,058	202,058	2022	219,000
06/15/23		4,912	4,912		
12/15/23	200,000	4,913	204,913	2023	219,000
06/15/24		2,562	2,562		
12/15/24	205,000	2,563	207,563	2024	219,000
Total 2014A G.O. Tax Increment Refunding Bonds	<u>\$ 975,000</u>	<u>\$ 68,595</u>	<u>\$ 1,043,595</u>		<u>\$ 1,095,000</u>
SPECIAL ASSESSMENT BONDS:					
2010A G.O. Refunding Bonds (320):					
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>\$ 900,000</u>	<u>\$ 75,960</u>	<u>\$ 975,960</u>		<u>\$ 100,200</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2019

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
SPECIAL ASSESSMENT BONDS					
(Cont'd):					
2013B G.O. Improvement Bonds (324):					
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>\$ 2,600,000</u>	<u>\$ 289,400</u>	<u>\$ 2,889,400</u>		<u>\$ 1,795,000</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2019

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

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2019

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
CIP BONDS (Cont'd):					
2016B G.O. Capital Improvement Plan					
Bonds (327) (Cont'd):					
06/15/39	\$	\$ 23,925	\$ 23,925		\$
12/15/39	515,000	23,925	538,925	2039	590,993
06/15/40		16,200	16,200		
12/15/40	530,000	16,200	546,200	2040	590,520
06/15/41		8,250	8,250		
12/15/41	550,000	8,250	558,250	2041	594,825
Total 2016B G.O. Capital Improvement Plan Bonds	<u>\$ 8,750,000</u>	<u>\$ 3,654,450</u>	<u>\$ 12,404,450</u>		<u>\$ 13,024,677</u>
G.O. REVENUE BONDS:					
2013A G.O. Refunding Bonds (601):					
06/15/20	\$	\$ 28,500	\$ 28,500		\$
12/15/20	385,000	28,500	413,500	2020	
06/15/21		23,687	23,687		
12/15/21	395,000	23,688	418,688	2021	
06/15/22		18,750	18,750		
12/15/22	405,000	18,750	423,750	2022	
06/15/23		12,675	12,675		
12/15/23	415,000	12,675	427,675	2023	
06/15/24		6,450	6,450		
12/15/24	430,000	6,450	436,450	2024	
Total 2013A G.O. Refunding Bonds (Water Fund Portion)	<u>\$ 2,030,000</u>	<u>\$ 180,125</u>	<u>\$ 2,210,125</u>		<u>\$ 0</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF DIRECT AND OVERLAPPING DEBT
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Governmental Unit	Debt Outstanding	City's Share	
		Estimated Percentage (1)	Amount
School District 742	\$ 155,755,000	12.72%	\$ 19,812,036
Stearns County	15,295,000	6.85%	1,047,708
Total Overlapping Debt			20,859,744
City of Waite Park Direct Debt			24,260,992
Total Direct and Overlapping Debt			\$ 45,120,736

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.

COMPLIANCE SECTION

This page intentionally left blank



INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waite Park, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 17, 2021.

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 contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. 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
CPAS & ADVISORS
LITCHFIELD, MINNESOTA

May 17, 2021

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

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

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

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

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

This page intentionally left blank



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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 17, 2021.

Internal Control Over Financial Reporting

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

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

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

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

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Conway, Deuth & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
CPAS & ADVISORS
LITCHFIELD, MINNESOTA

May 17, 2021

CITY OF WAITE PARK, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019

<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>
--------------------------	----------------------	---------------	--	---

Financial Statement Findings:

None

Minnesota Legal Compliance Findings:

None