

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

DECEMBER 31, 2018

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

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CITY OF WAITE PARK, MINNESOTA

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CITY OF WAITE PARK, MINNESOTA

ELECTED OFFICIALS AND ADMINISTRATION
DECEMBER 31, 2018

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waite Park, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2018, 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 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 September 23, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Conway, Deuth & Schmiesing, PLLP

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

September 23, 2019

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

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, 2018.

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 \$71,410,927. Of this amount, \$5,060,947 may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position increased by \$1,588,456.
- At the close of the current fiscal year, the City of Waite Park's governmental funds reported combined ending fund balance of \$17,739,649. This represents an increase of \$1,984,045 compared to 2017.
- The City's outstanding long-term liabilities increased by \$2,767,798.

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, 2018

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 six 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, three debt service funds and one capital project fund, all of which are considered to be major funds. Data from the other twenty 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, 2018

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 70-91 of this report. Financial schedules can be found on pages 92-99.

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 \$71,410,927 at the close of the most recent fiscal year.

The largest portion of the City of Waite Park's assets (75 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, 2018

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 \$5,060,947 may be used to meet the City's ongoing obligations to citizens and creditors.

Net Position

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Assets & Deferred Outflows						
Current and Other Assets	\$ 21,646,274	\$ 19,744,606	\$ 4,318,626	\$ 3,777,799	\$ 25,964,900	\$ 23,522,405
Capital Assets	47,052,721	44,223,531	29,626,815	30,303,840	76,679,536	74,527,371
Deferred Outflows	2,221,401	2,701,885	84,413	110,755	2,305,814	2,812,640
Total Assets & Deferred Outflows	\$ 70,920,396	\$ 66,670,022	\$ 34,029,854	\$ 34,192,394	\$ 104,950,250	\$ 100,862,416
Liabilities & Deferred Inflows						
Long-Term Liabilities Outstanding	\$ 21,914,423	\$ 21,162,576	\$ 2,242,258	\$ 3,058,638	\$ 24,156,681	\$ 24,221,214
Other Liabilities	5,444,634	3,008,043	1,068,430	891,084	6,513,064	3,899,127
Deferred Inflows	2,788,330	2,836,278	81,248	83,326	2,869,578	2,919,604
Total Liabilities & Deferred Inflows	\$ 30,147,387	\$ 27,006,897	\$ 3,391,936	\$ 4,033,048	\$ 33,539,323	\$ 31,039,945
Net Position						
Net Investment in Capital Assets	\$ 27,950,780	\$ 26,386,893	\$ 27,165,803	\$ 27,463,294	\$ 55,116,583	\$ 53,850,187
Restricted	11,233,397	8,931,364	-	-	11,233,397	8,931,364
Unrestricted	1,588,832	4,344,868	3,472,115	2,696,052	5,060,947	7,040,920
Total Net Position	\$ 40,773,009	\$ 39,663,125	\$ 30,637,918	\$ 30,159,346	\$ 71,410,927	\$ 69,822,471

Governmental activities. Governmental activities total revenues increased by \$741,875 or 8 percent over 2017. Total expenses increased by \$974,775 over 2017. Governmental activities increased the City of Waite Park's net position by \$1,109,884 in 2018 compared to a \$1,532,291 increase in 2017. 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 \$35,350 or 1 percent over 2017. Total expenses increased by \$66,294 or 2 percent over 2017. Business-type activities increased the City of Waite Park's net position by \$478,572 in 2018 compared to a \$385,313 increase in 2017. 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, 2018

Changes in Net Position

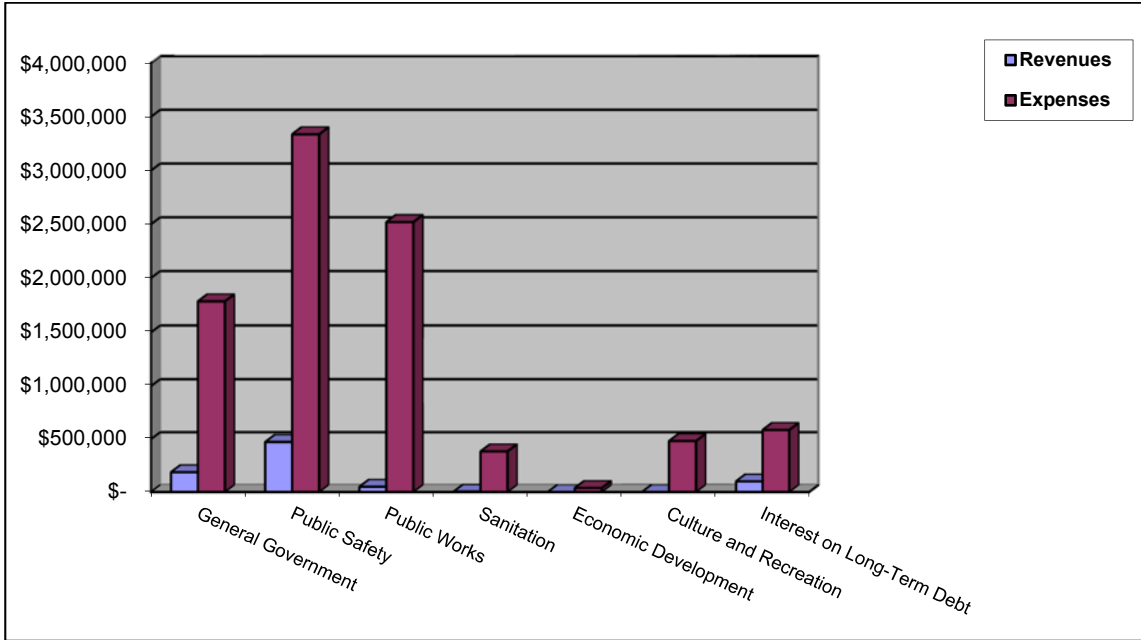
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 527,675	\$ 508,879	\$ 3,625,971	\$ 3,621,297	\$ 4,153,646	\$ 4,130,176
Operating Grants and Contributions	139,673	231,120	-	-	139,673	231,120
Capital Grants and Contributions	144,589	146,464	-	-	144,589	146,464
General Revenues:						
Property Taxes	7,410,568	7,038,916	-	-	7,410,568	7,038,916
Grants and Contributions not Restricted to Specific Programs	181,852	59,066	-	-	181,852	59,066
Unrestricted Investment Earnings	224,565	122,034	48,509	17,833	273,074	139,867
Local Sales Tax & Other	1,862,798	1,643,366	-	-	1,862,798	1,643,366
Total Revenues	10,491,720	9,749,845	3,674,480	3,639,130	14,166,200	13,388,975
Expenses:						
General Government	1,788,625	1,287,272	-	-	1,788,625	1,287,272
Public Safety	3,336,810	3,323,768	-	-	3,336,810	3,323,768
Public Works	2,520,261	2,196,114	-	-	2,520,261	2,196,114
Sanitation	383,694	403,832	-	-	383,694	403,832
Culture and Recreation	481,463	368,203	-	-	481,463	368,203
Economic Development	37,808	3,487	-	-	37,808	3,487
Interest on Long-Term Debt	585,992	577,202	-	-	585,992	577,202
Water	-	-	1,617,114	1,543,023	1,617,114	1,543,023
Sewer	-	-	1,732,022	1,750,012	1,732,022	1,750,012
Stormwater	-	-	28,651	18,458	28,651	18,458
Total Expenses	9,134,653	8,159,878	3,377,787	3,311,493	12,512,440	11,471,371
Increase in Net Position						
Before Transfers	1,357,067	1,589,967	296,693	327,637	1,653,760	1,917,604
Transfers and Capital Contributions	-	(57,676)	215,585	57,676	215,585	-
Change in Net Position	1,357,067	1,532,291	512,278	385,313	1,869,345	1,917,604
Net Position - Beginning	39,663,125	38,130,834	30,159,346	29,774,033	69,822,471	67,904,867
Prior Period Adjustment	(247,183)	-	(33,706)	-	(280,889)	-
Net Position - Beginning, as Restated	39,415,942	38,130,834	30,125,640	29,774,033	69,541,582	67,904,867
Net Position - Ending	\$ 40,773,009	\$ 39,663,125	\$ 30,637,918	\$ 30,159,346	\$ 71,410,927	\$ 69,822,471

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

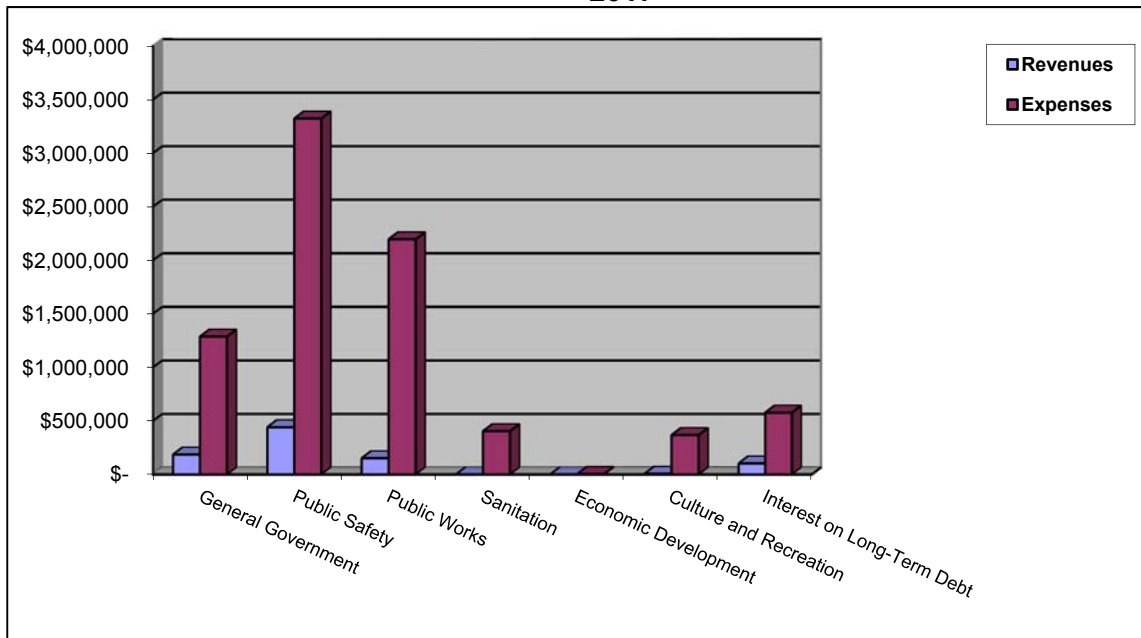
**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

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
2018**



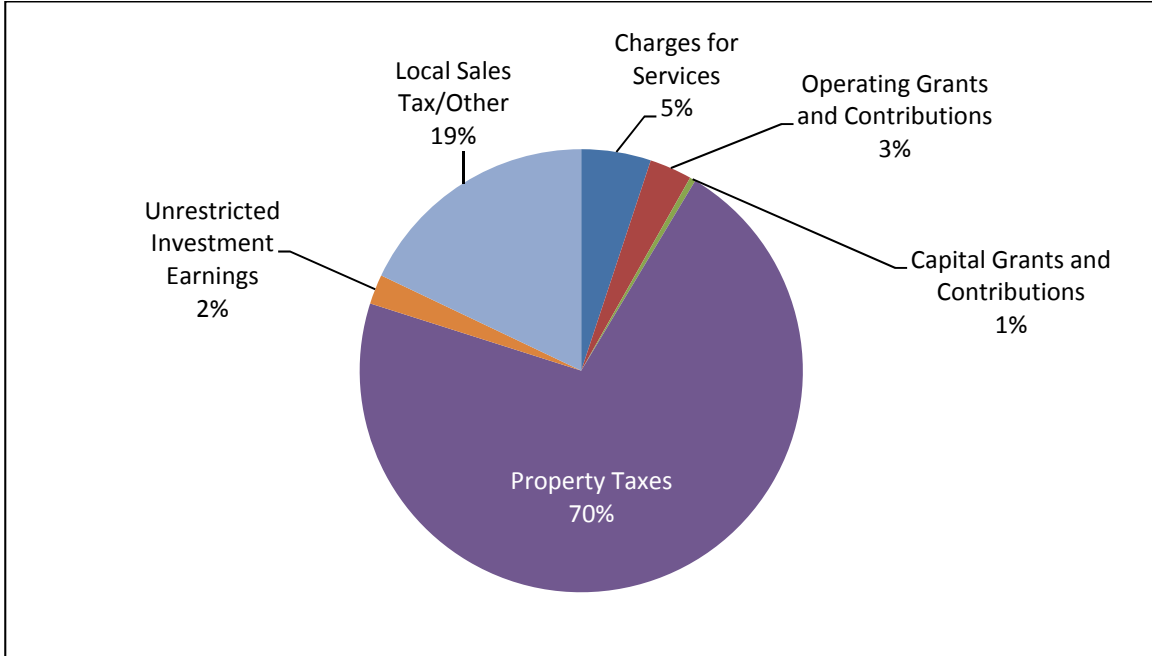
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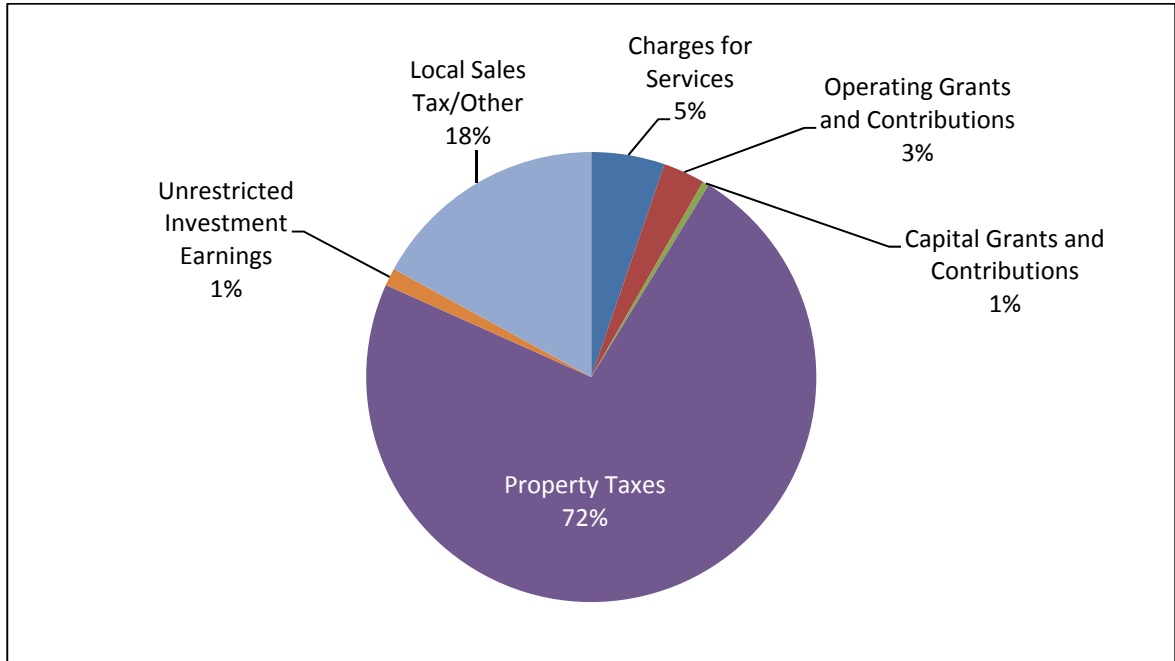
**CITY OF WAITE PARK
Stearns County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

**Revenues by Source - Governmental Activities
2018**



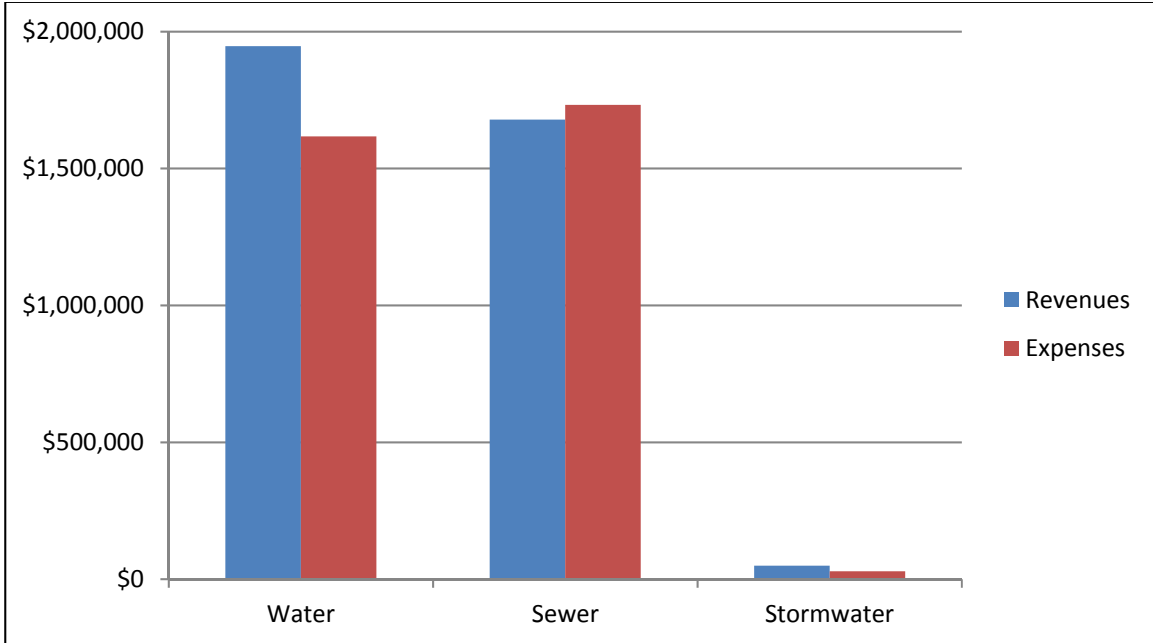
2017



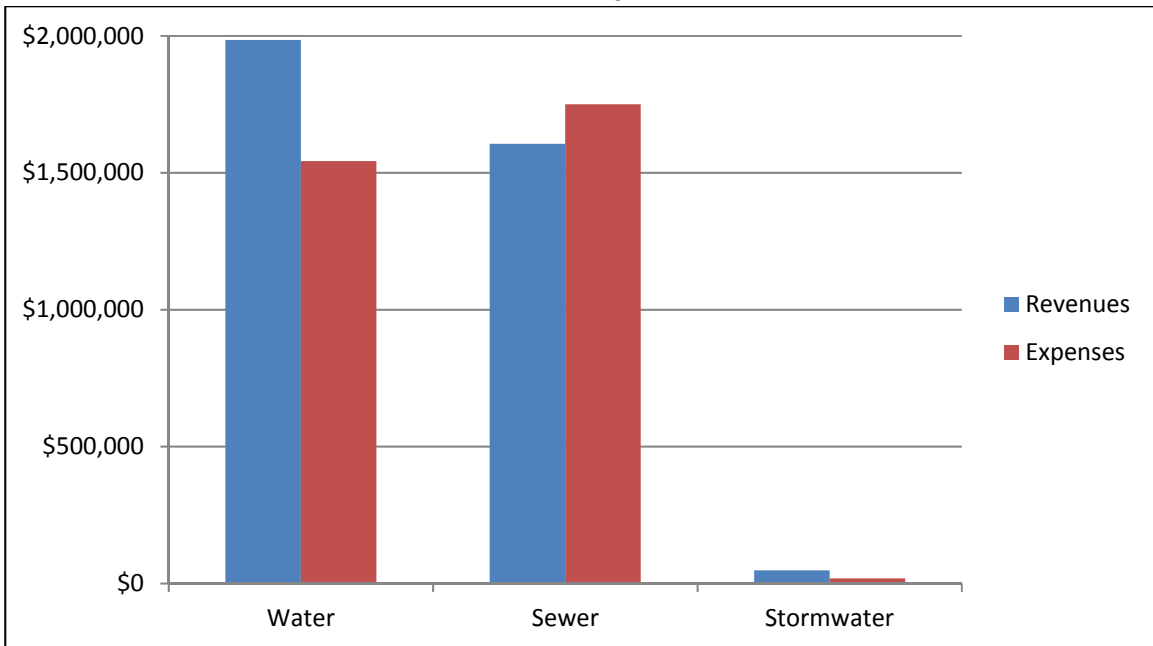
**CITY OF WAITE PARK
Stearns County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

**Expenses and Program Revenues – Business-type Activities
2018**



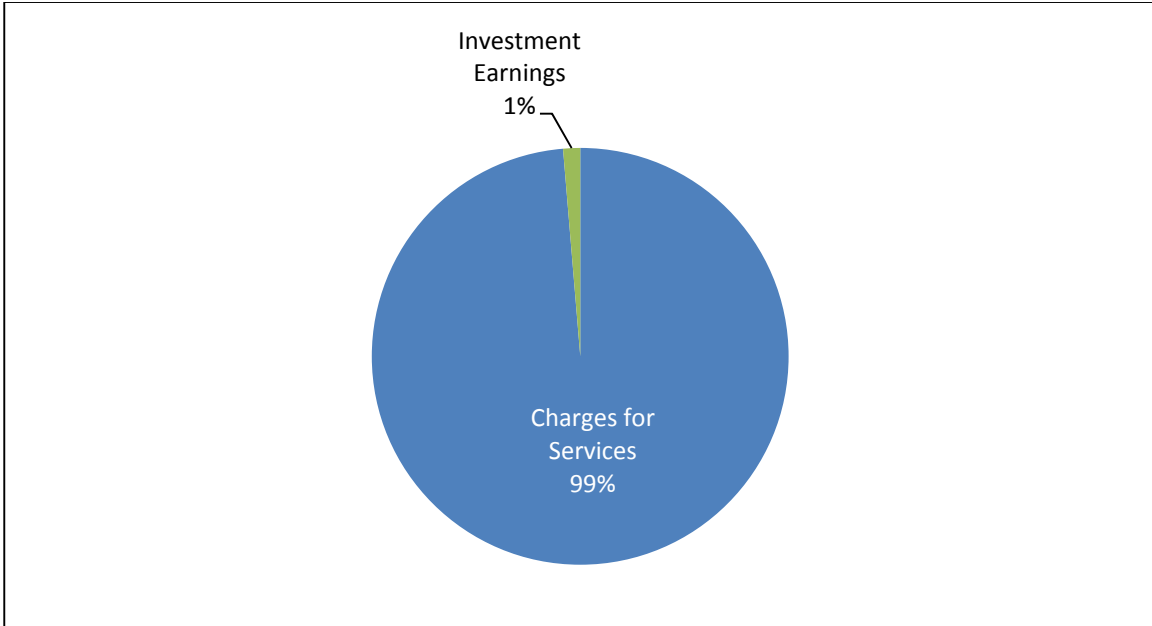
2017



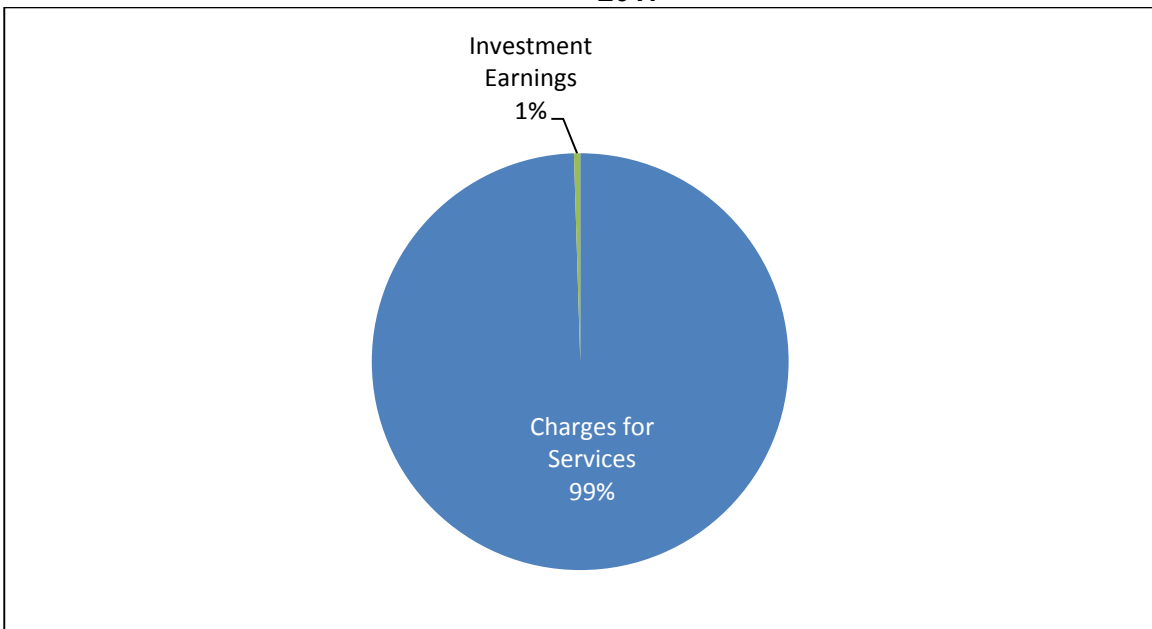
**CITY OF WAITE PARK
Stearns County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

**Revenues by Source – Business-type Activities
2018**



2017



CITY OF WAITE PARK
Stearns County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

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 \$17,739,649, an increase of \$1,984,045 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 \$1,148,290 sewer utility of \$2,246,245 and stormwater utility of \$77,580 for a total increase of \$776,063 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, 2018, amounts to \$76,679,536 (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, 2018

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
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	11,803,730	2,131,170	-	-	11,803,730	2,131,170
Improvements Other Than Buildings	26,822,781	25,721,690	28,095,502	26,870,269	54,918,283	52,591,959
Machinery and Equipment	2,401,201	2,253,933	110,281	99,214	2,511,482	2,353,147
Construction in Progress	4,025,948	12,117,677	-	1,913,325	4,025,948	14,031,002
Total	\$ 47,052,721	\$ 44,223,531	\$ 29,626,815	\$ 30,303,840	\$ 76,679,536	\$ 74,527,371

Long-term debt. At the end of the current fiscal year, the City of Waite Park had total long-term liabilities outstanding of \$29,635,280. Of this amount \$22,203,188 was for general obligation debt, \$2,461,012 for water utility revenue bonds, \$2,538,186 for Net Pension Liability, \$1,365,725 for compensated absences, \$646,177 for post-employment benefits and \$420,992 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	
	2018	2017	2018	2017	2018	2017
General Obligation Tax						
Abatement Bonds	\$ 7,110,000	\$ 2,135,000	\$ -	\$ -	\$ 7,110,000	\$ 2,135,000
General Obligation Tax						
Increment Bonds	1,160,000	1,340,000	-	-	1,160,000	1,340,000
General Obligation Special						
Assessment Bonds	4,140,000	5,385,000	-	-	4,140,000	5,385,000
General Obligation CIP Bonds	9,025,000	9,290,000	-	-	9,025,000	9,290,000
G.O. Certificates of Indebtedness	-	55,000	-	-	0	55,000
General Obligation Revenue Bonds	-	-	2,405,000	2,775,000	2,405,000	2,775,000
Net Pension Liability	2,215,094	2,480,405	323,092	414,842	2,538,186	2,895,247
Compensated Absences	1,149,945	1,144,313	215,780	198,737	1,365,725	1,343,050
OPEB Payable	483,222	249,678	162,955	34,047	646,177	283,725
Capital Leases Payable	420,992	467,060	-	-	420,992	467,060
Unamortized Bond Premium	768,188	827,463	56,012	65,546	824,200	893,009
Total	\$ 26,472,441	\$ 23,373,919	\$ 3,162,839	\$ 3,488,172	\$ 29,635,280	\$ 26,862,091

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

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 92-99 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 \$392,958 for payable year 2019 as compared to a \$369,044 increase in payable year 2018.
- The unemployment rate in central Minnesota (3.2%) is expected to remain at or below the state (3.2%) and national (3.7%) averages in 2019.
- The City's share of 2018 local sales tax collections was \$1,315,518 an increase of \$21,430 from 2017.

These factors were taken into consideration in the preparation of the 2019 budget.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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CITY OF WAITE PARK, MINNESOTA

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and Investments	\$ 17,723,750	\$ 3,809,757	\$ 21,533,507
Receivables			
Accounts	32,277	4,384	36,661
Utilities		784,089	784,089
Interest	10,149		10,149
Delinquent Taxes	96,811		96,811
Special Assessments Receivable			
Delinquent	34,919		34,919
Deferred	2,719,689		2,719,689
Prepaid Items	136,588	17,877	154,465
Due from Other Governments	380,586		380,586
Internal Balances	297,481	(297,481)	
Capital Assets			
Assets Not Being Depreciated	6,025,009	1,421,032	7,446,041
Other Capital Assets, Net of Depreciation	41,027,712	28,205,783	69,233,495
Net Pension Asset	214,024		214,024
Total Assets	<u>68,698,995</u>	<u>33,945,441</u>	<u>102,644,436</u>
Deferred Outflows of Resources	<u>2,221,401</u>	<u>84,413</u>	<u>2,305,814</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 70,920,396</u>	<u>\$ 34,029,854</u>	<u>\$ 104,950,250</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 244,374	\$ 126,800	\$ 371,174
Contracts Payable	363,958		363,958
Salaries and Benefits Payable	168,939	18,045	186,984
Interest Payable	45,434	3,004	48,438
Due to Other Governments	63,911		63,911
Long-Term Liabilities			
Net Pension Liability	2,215,094	323,092	2,538,186
Total OPEB Liability	483,222	162,955	646,177
Other Long-Term Liabilities Due Within One Year	1,859,702	434,534	2,294,236
Other Long-Term Liabilities Due in More Than One Year	21,914,423	2,242,258	24,156,681
Total Liabilities	<u>27,359,057</u>	<u>3,310,688</u>	<u>30,669,745</u>
Deferred Inflows of Resources	2,788,330	81,248	2,869,578
Net Position			
Net Investment in Capital Assets	27,950,780	27,165,803	55,116,583
Restricted for			
Economic Development	2,040		2,040
Debt Service	6,177,159		6,177,159
Tax Increment	2,529,408		2,529,408
Regional Capital Improvement Projects	2,524,790		2,524,790
Unrestricted	1,588,832	3,472,115	5,060,947
Total Net Position	<u>40,773,009</u>	<u>30,637,918</u>	<u>71,410,927</u>
Total Liabilities, Deferred Inflows of Resources and Net Pension	<u>\$ 70,920,396</u>	<u>\$ 34,029,854</u>	<u>\$ 104,950,250</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	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	\$ 1,788,625	\$ 186,962	\$	\$	\$ (1,601,663)	\$	\$ (1,601,663)
Public Safety	3,336,810	332,571	139,673		(2,864,566)		(2,864,566)
Public Works	2,520,261	4,783		44,597	(2,470,881)		(2,470,881)
Sanitation	383,694	3,229			(380,465)		(380,465)
Culture and Recreation	481,463	130			(481,333)		(481,333)
Economic Development	37,808				(37,808)		(37,808)
Interest on Long-Term Debt	585,992			99,992	(486,000)		(486,000)
Total Governmental Activities	9,134,653	527,675	139,673	144,589	(8,322,716)	0	(8,322,716)
BUSINESS-TYPE ACTIVITIES							
Water	1,617,114	1,925,987				308,873	308,873
Sewer	1,732,022	1,651,352				(80,670)	(80,670)
Stormwater	28,651	48,632				19,981	19,981
Total Business-Type Activities	3,377,787	3,625,971	0	0	0	248,184	248,184
Total	\$ 12,512,440	\$ 4,153,646	\$ 139,673	\$ 144,589	(8,322,716)	248,184	(8,074,532)
GENERAL REVENUES							
Taxes							
Property					7,410,568		7,410,568
Increment					66,785		66,785
Gravel					103,249		103,249
Franchise					98,232		98,232
Local Sales and Use					1,317,177		1,317,177
Grants and Contributions Not Restricted to Specific Programs					181,852		181,852
Refunds and Reimbursements					155,589		155,589
Unrestricted Investment Earnings					224,565	48,509	273,074
Other					102,520		102,520
Gain (Loss) on Sale of Assets					19,246		19,246
TRANSFERS AND CAPITAL CONTRIBUTIONS							
Total General Revenues, Transfers and Capital Contributions					9,679,783	264,094	9,943,877
Change in Net Position					1,357,067	512,278	1,869,345
NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED							
					39,663,125	30,159,346	69,822,471
PRIOR PERIOD ADJUSTMENT							
					(247,183)	(33,706)	(280,889)
NET POSITION, BEGINNING OF YEAR, AS RESTATED							
					39,415,942	30,125,640	69,541,582
NET POSITION, END OF YEAR							
					\$ 40,773,009	\$ 30,637,918	\$ 71,410,927

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	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	\$ 5,288,165	\$ 1,749,646	\$ 480,801	\$ 513,994
Receivables				
Accounts	32,277			
Interest	10,149			
Delinquent Taxes	82,046		420	4,569
Special Assessments Receivable				
Delinquent			17,022	
Deferred	556,647		730,606	688,731
Prepaid Items	136,588			
Due from Other Governments	65,663	275,438	32,070	1,947
Advance to Other Funds	300,000			
Total Assets	\$ 6,471,535	\$ 2,025,084	\$ 1,260,919	\$ 1,209,241
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 178,166	\$	\$ 208	\$ 208
Contracts Payable	65,926			
Salaries and Benefits Payable	168,939			
Due to Other Governments	63,911			
Due to Other Funds	2,519			
Total Liabilities	479,461	0	208	208
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes	82,046		420	4,569
Special Assessments	556,647		747,628	688,731
Total Deferred Inflows of Resources	638,693	0	748,048	693,300
Fund Balance				
Nonspendable				
Prepays	136,588			
Advance to Other Funds	300,000			
Restricted				
Tax Increment				
Loan Program				
Debt Service			512,663	515,733
Regional Capital Improvement Projects		2,025,084		
Assigned				
Capital Outlay	1,155,637			
Park Land Development				
Regional Capital Improvement Projects				
Fund Operations				
Unassigned				
Total Fund Balance	3,761,156	2,025,084	512,663	515,733
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 6,471,535	\$ 2,025,084	\$ 1,260,919	\$ 1,209,241

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	\$5,115,000 G.O. Tax Abatement Bonds of 2018 (328)	Amphitheater (444)	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 3,725,482	\$	\$ 5,965,662	\$ 17,723,750
Receivables				
Accounts				32,277
Interest				10,149
Delinquent Taxes			9,776	96,811
Special Assessments Receivable				
Delinquent			17,897	34,919
Deferred			743,705	2,719,689
Prepaid Items				136,588
Due from Other Governments			5,468	380,586
Advance to Other Funds				300,000
Total Assets	\$ 3,725,482	\$ 0	\$ 6,742,508	\$ 21,434,769
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$	\$ 60,091	\$ 5,701	\$ 244,374
Contracts Payable		36,329	261,703	363,958
Salaries and Benefits Payable				168,939
Due to Other Governments				63,911
Due to Other Funds				2,519
Total Liabilities	0	96,420	267,404	843,701
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes			9,776	96,811
Special Assessments			761,602	2,754,608
Total Deferred Inflows of Resources	0	0	771,378	2,851,419
Fund Balance				
Nonspendable				
Prepays				136,588
Advance to Other Funds				300,000
Restricted				
Tax Increment			2,529,408	2,529,408
Loan Program			2,040	2,040
Debt Service	3,725,482		2,139,535	6,893,413
Regional Capital Improvement Projects			291,765	2,316,849
Assigned				
Capital Outlay			8,270	1,163,907
Park Land Development			355,640	355,640
Regional Capital Improvement Projects			570,392	570,392
Fund Operations			72,707	72,707
Unassigned		(96,420)	(266,031)	3,398,705
Total Fund Balance	3,725,482	(96,420)	5,703,726	17,739,649
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 3,725,482	\$ 0	\$ 6,742,508	\$ 21,434,769

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, 2018

	<u>2018</u>
Total Fund Balances - Governmental Funds	\$ 17,739,649
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	72,457,381
Less: Accumulated Depreciation	(25,404,660)
Net Pension Asset	214,024
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	96,811
Special Assessments	
Delinquent	34,919
Deferred	2,719,689
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	2,181,340
Deferred Inflows of Resources Related to Pensions	(2,788,330)
Deferred Outflows of Resources Related to OPEB	40,061
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	(21,435,000)
Capital Lease	(420,992)
Bond Premium	(768,188)
Net Pension Liability	(2,215,094)
Compensated Absences Payable	(1,149,945)
Other Postemployment Benefits Payable	(483,222)
Interest Payable	<u>(45,434)</u>
Total Net Position - Governmental Activities	<u>\$ 40,773,009</u>

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	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	\$ 6,380,369	\$	\$ 27,036	\$ 356,411
Sales Tax		1,315,518		
Tax Increment				
Special Assessments	8,749		210,597	132,455
Licenses and Permits	208,813			
Intergovernmental	391,575			
Charges for Services	247,994			
Fines and Forfeitures	68,278			
Miscellaneous				
Investment Income	74,942	35,866	6,814	7,436
Contributions and Donations	24,484			
Refunds and Reimbursements	138,130			
Other	9,583			
Total Revenues	<u>7,552,917</u>	<u>1,351,384</u>	<u>244,447</u>	<u>496,302</u>
EXPENDITURES				
Current				
General Government	1,436,443			
Public Safety	3,384,375			
Public Works	2,081,328			
Sanitation	389,172			
Culture and Recreation	359,746			
Economic Development				
Debt Service				
Principal	46,068		855,000	390,000
Interest and Other Charges	13,778		63,768	90,107
Capital Outlay				
General Government	145,660			
Public Safety	118,154			
Public Works	444,647			
Culture and Recreation	134,791			
Total Expenditures	<u>8,554,162</u>	<u>0</u>	<u>918,768</u>	<u>480,107</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,001,245)	1,351,384	(674,321)	16,195
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	19,246			
Bonds Issued				
Transfers In	500,000		378,000	
Transfers Out		(1,926,974)		
Total Other Financing Sources (Uses)	<u>519,246</u>	<u>(1,926,974)</u>	<u>378,000</u>	<u>0</u>
Net Change in Fund Balances	(481,999)	(575,590)	(296,321)	16,195
FUND BALANCE, BEGINNING OF YEAR	<u>5,835,380</u>	<u>2,600,674</u>	<u>808,984</u>	<u>499,538</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,353,381</u>	<u>\$ 2,025,084</u>	<u>\$ 512,663</u>	<u>\$ 515,733</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, 2018

	\$5,115,000 G.O. Tax Abatement Bonds of 2018 (328)	Amphitheater (444)	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$	\$	\$ 856,382	\$ 7,620,198
Sales Tax				1,315,518
Tax Increment			66,615	66,615
Special Assessments			4,338	356,139
Licenses and Permits				208,813
Intergovernmental				391,575
Charges for Services				247,994
Fines and Forfeitures			3,971	72,249
Miscellaneous				
Investment Income	10,253		89,254	224,565
Contributions and Donations			69,832	94,316
Refunds and Reimbursements			2,147	140,277
Other				9,583
Total Revenues	<u>10,253</u>	<u>0</u>	<u>1,092,539</u>	<u>10,747,842</u>
EXPENDITURES				
Current				
General Government				1,436,443
Public Safety			4,291	3,388,666
Public Works				2,081,328
Sanitation				389,172
Culture and Recreation			62,061	421,807
Economic Development			37,808	37,808
Debt Service				
Principal			640,000	1,931,068
Interest and Other Charges	97,283		385,752	650,688
Capital Outlay				
General Government				145,660
Public Safety				118,154
Public Works		1,592,761	1,125,050	3,162,458
Culture and Recreation				134,791
Total Expenditures	<u>97,283</u>	<u>1,592,761</u>	<u>2,254,962</u>	<u>13,898,043</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(87,030)	(1,592,761)	(1,162,423)	(3,150,201)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets				19,246
Bond Issuance	5,115,000			5,115,000
Transfers In	193,853	1,496,341	1,062,041	3,630,235
Transfers Out	(1,496,341)		(206,920)	(3,630,235)
Total Other Financing Sources (Uses)	<u>3,812,512</u>	<u>1,496,341</u>	<u>855,121</u>	<u>5,134,246</u>
Net Change in Fund Balances	3,725,482	(96,420)	(307,302)	1,984,045
FUND BALANCE, BEGINNING OF YEAR				
			<u>6,011,028</u>	<u>15,755,604</u>
FUND BALANCE, END OF YEAR				
	<u>\$ 3,725,482</u>	<u>\$ (96,420)</u>	<u>\$ 5,703,726</u>	<u>\$ 17,739,649</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, 2018

	<u>2018</u>
Total Net Change in Fund Balances - Governmental Funds	\$ 1,984,045
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	15,852,365
Asset Disposals	(11,879,114)
Depreciation Expense	(1,322,820)
Accumulated Depreciation of Disposed Assets	178,759
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	(7,979)
Special Assessments	
Delinquent	2,915
Deferred	(259,062)
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	(5,632)
Other Postemployment Benefits Payable	53,700
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).	
	(107,096)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported as liabilities in the funds.	
Bonds Issued	(5,115,000)
Amortization of Bond Premium	59,275
Principal Retirement of Long-Term Debt	1,931,068
Change in Accrued Interest Payable	<u>(8,357)</u>
Change in Net Position - Governmental Activities	<u>\$ 1,357,067</u>

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$ 6,374,957	\$ 6,374,957	\$ 6,389,118	\$ 14,161
Licenses and Permits	115,450	115,450	208,813	93,363
Intergovernmental	143,395	143,395	391,575	248,180
Charges for Services	152,200	152,200	247,994	95,794
Fines and Forfeitures	57,400	57,400	68,278	10,878
Miscellaneous				
Investment Income	15,000	15,000	74,942	59,942
Contributions and Donations	3,500	3,500	24,484	20,984
Refunds and Reimbursements	71,000	71,000	138,130	67,130
Other	3,700	3,700	9,583	5,883
Total Revenues	<u>6,936,602</u>	<u>6,936,602</u>	<u>7,552,917</u>	<u>616,315</u>
EXPENDITURES				
Current				
General Government	1,268,236	1,268,236	1,436,443	168,207
Public Safety	3,296,385	3,296,385	3,384,375	87,990
Public Works	1,585,150	1,585,150	2,081,328	496,178
Sanitation	389,250	389,250	389,172	(78)
Culture and Recreation	345,930	345,930	359,746	13,816
Debt Service				
Principal	46,069	46,069	46,068	(1)
Interest and Other Charges	13,779	13,779	13,778	(1)
Capital Outlay				
General Government	105,000	105,000	145,660	40,660
Public Safety	89,034	89,034	118,154	29,120
Public Works	197,269	197,269	444,647	247,378
Culture and Recreation	2,000	2,000	134,791	132,791
Total Expenditures	<u>7,338,102</u>	<u>7,338,102</u>	<u>8,554,162</u>	<u>1,216,060</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(401,500)	(401,500)	(1,001,245)	(599,745)

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, 2018

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	\$ 1,500	\$ 1,500	\$ 19,246	\$ 17,746
Transfers In			500,000	500,000
Total Other Financing Sources (Uses)	<u>1,500</u>	<u>1,500</u>	<u>519,246</u>	<u>517,746</u>
Net Change in Fund Balances	<u>\$ (400,000)</u>	<u>\$ (400,000)</u>	(481,999)	<u>\$ (81,999)</u>
FUND BALANCE, BEGINNING OF YEAR,			<u>5,835,380</u>	
FUND BALANCE, END OF YEAR			<u>\$ 5,353,381</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, 2018

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUES				
Sales Tax	\$ 1,100,000	\$ 1,100,000	\$ 1,315,518	\$ 215,518
Miscellaneous				
Investment Income	2,000	2,000	35,866	33,866
Total Revenues	<u>1,102,000</u>	<u>1,102,000</u>	<u>1,351,384</u>	<u>249,384</u>
EXPENDITURES				
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,102,000	1,102,000	1,351,384	249,384
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(1,926,974)</u>	<u>(426,974)</u>
Net Change in Fund Balances	<u>\$ (398,000)</u>	<u>\$ (398,000)</u>	<u>(575,590)</u>	<u>\$ (177,590)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>2,600,674</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,025,084</u>	

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	Business-Type Activities - Enterprise Funds			
	Water (601)	Sewer (605)	Stormwater (609)	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Current Assets				
Cash and Investments	\$ 1,625,849	\$ 2,111,072	\$ 72,836	\$ 3,809,757
Receivables				
Accounts	4,384			4,384
Utilities	373,770	398,867	11,452	784,089
Prepaid Items	11,147	6,730		17,877
Due from Other Funds	985	1,669		2,654
Total Current Assets	<u>2,016,135</u>	<u>2,518,338</u>	<u>84,288</u>	<u>4,618,761</u>
Noncurrent Assets				
Capital Assets				
Assets Not Being Depreciated	645,831	775,201		1,421,032
Other Capital Assets, Net of Depreciation	14,981,166	13,224,617		28,205,783
Total Noncurrent Assets	<u>15,626,997</u>	<u>13,999,818</u>	<u>0</u>	<u>29,626,815</u>
Total Assets	<u>17,643,132</u>	<u>16,518,156</u>	<u>84,288</u>	<u>34,245,576</u>
Deferred Outflows of Resources				
Related to OPEB	10,891	2,580	39	13,510
Related to Pensions	57,156	13,544	203	70,903
Total Deferred Outflows of Resources	<u>68,047</u>	<u>16,124</u>	<u>242</u>	<u>84,413</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 17,711,179</u>	<u>\$ 16,534,280</u>	<u>\$ 84,530</u>	<u>\$ 34,329,989</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 24,868	\$ 101,931	\$ 1	\$ 126,800
Salaries and Benefits Payable	14,807	2,991	247	18,045
Due to Other Funds		135		135
Interest Payable	3,004			3,004
Compensated Absences Due Within One Year	28,000	20,000	2,000	50,000
Bonds Payable Due Within One Year	384,534			384,534
Total Current Liabilities	<u>455,213</u>	<u>125,057</u>	<u>2,248</u>	<u>582,518</u>
Noncurrent Liabilities				
Advance from Other Funds	300,000			300,000
Net Pension Liability	260,448	61,718	926	323,092
Compensated Absences, Net of Current Amount	107,902	54,802	3,076	165,780
Other Postemployment Benefits Payable	131,368	31,120	467	162,955
Bonds Payable, Net of Current Amount	2,076,478			2,076,478
Total Noncurrent Liabilities	<u>2,876,196</u>	<u>147,640</u>	<u>4,469</u>	<u>3,028,305</u>
Total Liabilities	<u>3,331,409</u>	<u>272,697</u>	<u>6,717</u>	<u>3,610,823</u>
Deferred Inflows of Resources				
Related to Pensions	65,495	15,520	233	81,248
Net Position				
Net Investment in Capital Assets	13,165,985	13,999,818		27,165,803
Unrestricted	1,148,290	2,246,245	77,580	3,472,115
Total Net Position	<u>14,314,275</u>	<u>16,246,063</u>	<u>77,580</u>	<u>30,637,918</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 17,711,179</u>	<u>\$ 16,534,280</u>	<u>\$ 84,530</u>	<u>\$ 34,329,989</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, 2018

	Business-Type Activities - Enterprise Funds			
	Water (601)	Sewer (605)	Stormwater (609)	Total
OPERATING REVENUES				
Charges for Services	\$ 1,873,921	\$ 1,603,216	\$ 48,632	\$ 3,525,769
Service Availability Charge	48,000	48,000		96,000
Total Operating Revenues	1,921,921	1,651,216	48,632	3,621,769
OPERATING EXPENSES				
Wages and Salaries	504,007	136,257	18,882	659,146
Supplies	11,493	7,012	88	18,593
Repairs and Maintenance	365,722	58,628	4,028	428,378
Utilities	161,181	4,387		165,568
Contractual Services	12,469	1,010,702	203	1,023,374
Depreciation	424,891	481,652		906,543
Professional Services	5,955	4,444		10,399
Miscellaneous	69,375	28,940	5,450	103,765
Total Operating Expenses	1,555,093	1,732,022	28,651	3,315,766
Operating Income (Loss)	366,828	(80,806)	19,981	306,003
NONOPERATING REVENUES (EXPENSES)				
Miscellaneous	1,373	1		1,374
Refunds and Reimbursements	2,693	135		2,828
Investment Income	20,687	26,936	886	48,509
Interest and Fiscal Agent Fees	(62,021)			(62,021)
Total Nonoperating Revenues (Expenses)	(37,268)	27,072	886	(9,310)
Income (Loss) Before Transfers and Capital Contributions	329,560	(53,734)	20,867	296,693
CAPITAL CONTRIBUTIONS				
Capital Contributions	215,565	20		215,585
Change in Net Position	545,125	(53,714)	20,867	512,278
NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED				
	13,794,430	16,308,203	56,713	30,159,346
PRIOR PERIOD ADJUSTMENT				
	(25,280)	(8,426)		(33,706)
NET POSITION, BEGINNING OF YEAR, AS RESTATED				
	13,769,150	16,299,777	56,713	30,125,640
NET POSITION, END OF YEAR				
	\$ 14,314,275	\$ 16,246,063	\$ 77,580	\$ 30,637,918

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2018

	Business-Type Activities - Enterprise Funds			Total
	Water (601)	Sewer (605)	Stormwater (609)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,905,975	\$ 1,621,886	\$ 48,601	\$ 3,576,462
Payments to Suppliers	(653,115)	(1,268,690)	(9,778)	(1,931,583)
Payments to Employees	(445,135)	(147,622)	(20,684)	(613,441)
Net Cash Provided (Used) by Operating Activities	807,725	205,574	18,139	1,031,438
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund Activity	14	(431)		(417)
Other Income	4,066	136		4,202
Net Cash Provided (Used) by Noncapital Financing Activities	4,080	(295)	0	3,785
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(148,880)			(148,880)
Principal Paid on Debt	(379,534)			(379,534)
Interest Paid on Debt	(62,366)			(62,366)
Net Cash Provided (Used) by Capital and Related Financing Activities	(590,780)	0	0	(590,780)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest and Dividends Received	20,687	26,936	886	48,509
Net Increase (Decrease) in Cash and Cash Equivalents	241,712	232,215	19,025	492,952
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR				
	1,384,137	1,878,857	53,811	3,316,805
CASH AND CASH EQUIVALENTS, END OF YEAR				
	<u>\$ 1,625,849</u>	<u>\$ 2,111,072</u>	<u>\$ 72,836</u>	<u>\$ 3,809,757</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2018

	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)	\$ 366,828	\$ (80,806)	\$ 19,981	\$ 306,003
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	424,891	481,652		906,543
Pension Related Adjustments	(20,908)	(25,515)	(7,553)	(53,976)
(Increase) Decrease in Assets				
Accounts Receivable	1,109	864		1,973
Utilities Receivable	(17,055)	(30,194)	(31)	(47,280)
Prepaid Items	(1,353)	(798)		(2,151)
Increase (Decrease) in Liabilities				
Accounts Payable	(25,567)	(153,779)	(9)	(179,355)
Salaries and Benefits Payable	845	(146)	247	946
Compensated Absences	9,273	2,694	5,076	17,043
Other Postemployment Benefits Payable	69,662	11,602	428	81,692
Net Cash Provided (Used) by Operating Activities	<u>\$ 807,725</u>	<u>\$ 205,574</u>	<u>\$ 18,139</u>	<u>\$ 1,031,438</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Capital Contributions	<u>\$ 215,565</u>	<u>\$ 20</u>	<u>\$</u>	<u>\$ 215,585</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2018

	<u>Agency Fund</u>
ASSETS	
Cash and Investments	<u>\$ 13,261</u>
LIABILITIES	
Accounts Payable	\$ 5,419
Due to Other Organizations	<u>7,842</u>
Total Liabilities	<u>\$ 13,261</u>

See Accompanying Notes to the Financial Statements

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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, 2018

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

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

The \$5,115,000 G.O. Tax Abatement Bonds of 2018 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 Amphitheater Fund is used to account for the costs incurred related to the Ampitheater Project.

The City reports the following major enterprise funds:

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

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

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

Additionally, the City reports the following fiduciary fund:

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

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

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

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018

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, 2018

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

E. RECEIVABLES AND PAYABLES (Cont'd)

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

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

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

F. PREPAID ITEMS

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

G. CAPITAL ASSETS

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

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

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

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018

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 \$1,149,945 in the governmental funds and \$215,780 in the enterprise funds.

J. PENSIONS

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

K. OTHER POSTEMPLOYMENT BENEFITS

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

L. LONG-TERM OBLIGATIONS

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

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

M. DEFERRED INFLOWS OF RESOURCES

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018

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.

B. DEFICIT FUND BALANCES AND NET POSITION

The following funds had deficit fund balances/net position:

Rivers Edge Capital Project Fund	\$ (266,031)
Amphitheater	(96,420)

Deficits will be eliminated by future transfers.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

C. EXPENDITURES EXCEEDING APPROPRIATIONS

The following funds had expenditures that exceeded appropriations:

	<u>Appropriations</u>	<u>Expenditures</u>
General Fund	<u>\$ 7,338,102</u>	<u>\$ 8,554,162</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	\$ 147,177
Flex Account	10,927
Petty Cash	<u>400</u>
Total Deposits	<u>\$ 158,504</u>

B. INVESTMENTS

The City had the following investments:

	<u>Fair Value or Amortized Cost</u>	<u>Interest Rate Risk Weighted Average Maturity (Years)</u>	<u>Credit Risk Credit Ratings</u>	<u>Concentration Risk Over 5 Percent of Portfolio</u>
Brokered Certificates of Deposit	\$ 1,662,423	0.99	N/A	7.77%
External Investment Pool	19,684,534	N/A	Not Rated	N/A
Money Market Accounts	<u>41,307</u>	N/A	N/A	N/A
Total Investments	<u>\$ 21,388,264</u>			

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3. DEPOSITS AND INVESTMENTS (Cont'd)

B. INVESTMENTS (Cont'd)

	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered Certificates of Deposit	\$ 1,662,423	\$ 0	\$ 1,662,423	\$ 0
Investments at amortized cost:				
External Investment Pool	19,684,534			
Money Market Accounts	41,307			
Total Investments at Amortized Cost	<u>19,725,841</u>			
 Total Investments	 <u>\$ 21,388,264</u>			

The following is a summary of total deposits and investments:

Deposits (Note 3.A.)	\$ 158,504
Investments (Note 3.B.)	<u>21,388,264</u>
 Total Deposits and Investments	 <u>\$ 21,546,768</u>

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

Statement of Net Position	
Cash and Investments	\$ 21,533,507
Statement of Fiduciary Net Position	
Cash and Investments	<u>13,261</u>
	<u>\$ 21,546,768</u>

CITY OF WAITE PARK, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE 4. RECEIVABLES

Receivables are as follows:

	Total Receivables	Amounts not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Accounts	\$ 32,277	\$
Interest	10,149	
Delinquent Taxes	96,811	96,811
Special Assessments	2,754,608	2,509,696
Total Governmental Activities	\$ 2,893,845	\$ 2,606,507
Business-Type Activities		
Accounts	\$ 4,384	\$
Utilities	784,089	
Total Business-Type Activities	\$ 788,473	\$ 0

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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	12,117,677	3,608,626	(11,700,355)	4,025,948
Total Capital Assets, Not Being Depreciated	14,116,738	3,608,626	(11,700,355)	6,025,009
Capital Assets, Being Depreciated				
Buildings	5,101,773	9,860,109		14,961,882
Improvements Other than Buildings	42,883,814	1,959,709		44,843,523
Machinery and Equipment	6,381,805	423,921	(178,759)	6,626,967
Total Capital Assets, Being Depreciated	54,367,392	12,243,739	(178,759)	66,432,372
Less Accumulated Depreciation for				
Buildings	2,970,603	187,549		3,158,152
Improvements Other than Buildings	17,162,124	858,618		18,020,742
Machinery and Equipment	4,127,872	276,653	(178,759)	4,225,766
Total Accumulated Depreciation	24,260,599	1,322,820	(178,759)	25,404,660
Total Capital Assets, Being Depreciated, Net	30,106,793	10,920,919	0	41,027,712
Governmental Activities Net Capital Assets	<u>\$ 44,223,531</u>	<u>\$ 14,529,545</u>	<u>\$ (11,700,355)</u>	<u>\$ 47,052,721</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 65,382
Public Safety	111,312
Public Works	1,111,656
Culture and Recreation	34,470
Total Depreciation Expense - Governmental Activities	<u>\$ 1,322,820</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5. CAPITAL ASSETS (Cont'd)

Business-Type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 22,000	\$	\$	\$ 22,000
Easement	1,399,032			1,399,032
Construction in Progress	1,913,325		(1,913,325)	
Total Capital Assets, Not Being Depreciated	3,334,357	0	(1,913,325)	1,421,032
Capital Assets, Being Depreciated				
Improvements Other than Buildings	41,815,161	2,128,910		43,944,071
Machinery and Equipment	601,047	13,933		614,980
Total Capital Assets, Being Depreciated	42,416,208	2,142,843	0	44,559,051
Less Accumulated Depreciation for				
Improvements Other than Buildings	14,944,892	903,677		15,848,569
Machinery and Equipment	501,833	2,866		504,699
Total Accumulated Depreciation	15,446,725	906,543	0	16,353,268
Total Capital Assets, Being Depreciated, Net	26,969,483	1,236,300	0	28,205,783
Business-Type Activities Net Capital Assets	<u>\$ 30,303,840</u>	<u>\$ 1,236,300</u>	<u>\$ (1,913,325)</u>	<u>\$ 29,626,815</u>

Depreciation expense was charged to functions/programs as follows:

Business-Type Activities	
Water	\$ 424,891
Sewer	481,652
Total Depreciation Expense - Business-Type Activities	<u>\$ 906,543</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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	850
Sewer	General	1,669
Water	Sewer	135
		Total Interfund Balances
		\$ 302,654

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	G.O. Tax Abatement Bonds 2018A	Nonmajor Governmental Funds	
Transfers In				
General	\$ 500,000	\$	\$	\$ 500,000
G.O. Improvement Crossover Refunding Bond of 2010A	378,000			378,000
G.O. Tax Abatement Bonds 2018A	193,853			193,853
Amphitheater		1,496,341		1,496,341
Nonmajor Governmental Funds	855,121		206,920	1,062,041
Total Interfund Transfers	\$ 1,926,974	\$ 1,496,341	\$ 206,920	\$ 3,630,235

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, 2018

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	\$ 1,995,000
G.O. Tax Abatement Bonds, Series 2018A	2.85%-4.15%	12/15/33	5,115,000
Tax Increment Bonds			
G.O. Tax Increment Crossover Refunding Bonds, Series 2014A	2.00%-2.50%	12/15/24	1,160,000
Special Assessment Bonds			
G.O. Improvement Crossover Refunding Bonds, Series 2010A	3.00%-3.50%	12/01/23	1,145,000
G.O. Improvement Bonds, Series 2013B	2.00%-3.10%	12/01/26	2,995,000
CIP Bonds			
G.O. Capital Improvement Plan Bonds, Series 2016B	2.00%-3.00%	12/31/41	9,025,000
Capital Lease			420,992
Compensated Absences			1,149,945
Unamortized Bond Premium			<u>768,188</u>
Total Governmental Activities			<u>\$ 23,774,125</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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	\$ 2,405,000
Unamortized Bond Premium			56,012
Compensated Absences			<u>215,780</u>
			<u>\$ 2,676,792</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 2.5%. The City issued the Bonds to crossover refund the G.O. TIF Bonds of 2009C, totaling \$1,615,000. The City completed the refunding to reduce its debt service payment over the next 10 years by \$70,394. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$63,067.

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

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 and Sewer 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
2019	\$ 400,000	\$ 248,053	\$ 185,000	\$ 25,315
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	197,100	200,000	9,825
2024-2028	2,455,000	756,552	205,000	5,125
2029-2033	2,535,000	287,504		
	<u>\$ 7,110,000</u>	<u>\$ 2,154,402</u>	<u>\$ 1,160,000</u>	<u>\$ 93,910</u>

Year Ending December 31	Governmental Activities			
	Special Assessment Bonds		C.I.P. Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 640,000	\$ 119,585	\$ 275,000	\$ 291,550
2020	630,000	104,335	280,000	286,050
2021	625,000	86,975	285,000	280,450
2022	625,000	69,550	290,000	274,750
2023	620,000	49,900	300,000	263,150
2024-2028	1,000,000	54,600	1,655,000	1,059,150
2029-2033			1,980,000	838,000
2034-2038			2,365,000	456,150
2039-2041			1,595,000	96,750
	<u>\$ 4,140,000</u>	<u>\$ 484,945</u>	<u>\$ 9,025,000</u>	<u>\$ 3,846,000</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

C. MINIMUM DEBT PAYMENTS (Cont'd)

Year Ending December 31	Governmental Activities Capital Lease Payable		Business-Type Activities G.O. Revenue Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 47,427	\$ 12,419	\$ 375,000	\$ 64,500
2020	48,827	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
2024-2026	169,445	10,095	430,000	12,900
	<u>\$ 420,992</u>	<u>\$ 57,780</u>	<u>\$ 2,405,000</u>	<u>\$ 244,625</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

D. CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
G.O. Tax Abatement					
Bonds	\$ 2,135,000	\$ 5,115,000	\$ (140,000)	\$ 7,110,000	\$ 400,000
G.O. Tax Increment					
Bonds	1,340,000		(180,000)	1,160,000	185,000
Special					
Assessment Bonds	5,385,000		(1,245,000)	4,140,000	640,000
C.I.P. Bonds	9,290,000		(265,000)	9,025,000	275,000
Total Bonds Payable	<u>18,150,000</u>	<u>5,115,000</u>	<u>(1,830,000)</u>	<u>21,435,000</u>	<u>1,500,000</u>
G.O. Certificates of					
Indebtedness	55,000		(55,000)		
Capital Leases Payable	467,060		(46,068)	420,992	47,427
Compensated					
Absences	1,144,313	363,926	(358,294)	1,149,945	253,000
Unamortized Bond					
Premium	827,463		(59,275)	768,188	59,275
Total Governmental Activities	<u>\$ 20,643,836</u>	<u>\$ 5,478,926</u>	<u>\$ (2,348,637)</u>	<u>\$ 23,774,125</u>	<u>\$ 1,859,702</u>
<u>Business-Type Activities</u>					
Bonds Payable					
G.O. Water Revenue					
Bonds, Net of					
Premium/Discount	\$ 2,840,546	\$	\$ (379,534)	\$ 2,461,012	\$ 384,534
Compensated					
Absences	198,737	65,615	(48,572)	215,780	50,000
Total Business-Type Activities	<u>\$ 3,039,283</u>	<u>\$ 65,615</u>	<u>\$ (428,106)</u>	<u>\$ 2,676,792</u>	<u>\$ 434,534</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018
WACOSA			
Commercial Development Revenue Note, Series 2012	09/17/12	\$ 1,500,000	\$ 1,141,366
McDowall Company			
Industrial Development Revenue Bonds, Series 2006	10/03/06	3,485,000	2,020,000
Goodwill Industries, Inc.			
Revenue Note, Series 2007	01/29/07	2,053,000	1,090,351
Park Villa Apartments			
Multifamily Housing Revenue Bonds, Series 2007	10/17/07	5,550,000	5,148,094

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, 2018

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. The plan covered 28 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 \$40,642 in fire state aid to the fund. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the Volunteer Firefighter Fund were \$5,000. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

The City reported a net pension liability (asset) of \$(214,024) for the Volunteer Firefighter Fund. The net pension liability (asset) was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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)
	<u> </u>	<u> </u>	<u> </u>
Balances at 1/1/2017	\$ 643,083	\$ 756,917	\$ (113,834)
Changes for the Year:			
Service Cost	22,341		22,341
Interest	36,241		36,241
Differences Between Expected and Actual Experience	(26,019)		(26,019)
Contributions - Employer		5,000	(5,000)
Contributions - State		40,642	(40,642)
Net Investment Income		88,023	(88,023)
Benefit Payments	(122,784)	(122,784)	
Administrative Expense		(912)	912
Net Change	<u>(90,221)</u>	<u>9,969</u>	<u>(100,190)</u>
Balances at 12/31/2017	<u>\$ 552,862</u>	<u>\$ 766,886</u>	<u>\$ (214,024)</u>

For the year ended December 31, 2018, the City recognized pension expense of \$(130,841).

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
	<u> </u>	<u> </u>
Changes in actuarial assumptions	\$ 60,388	\$ 20,815
Differences between projected and actual investment earnings		19,426
Contributions paid to plan subsequent to measurement date	48,272	
State revenue received for the plan subsequent to measurement date		<u>41,272</u>
Totals	<u>\$ 108,660</u>	<u>\$ 81,513</u>

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

D. PENSION COSTS (Cont'd)

\$48,272 reported as deferred outflows of resources related to pensions resulting from City contributions to the pension plan subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. \$41,272 reported as deferred inflows of resources related to pensions resulting from state aid received for the plan subsequent to the measurement date will be recognized as an increase of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pension plans will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Expense</u>
2019	\$ 17,186
2020	17,189
2021	(505)
2022	(13,723)

E. ACTUARIAL ASSUMPTIONS

The total pension liability 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%

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, 2018

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

G. PENSION LIABILITY (ASSET) SENSITIVITY

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

	1% Decrease in Discount Rate (5.00%)	Discount Rate (6.00%)	1% Increase in Discount Rate (7.00%)
City's Net Pension Liability (Asset)	\$ (200,501)	\$ (214,024)	\$ (226,637)

H. PLAN INVESTMENTS/INVESTMENT POLICY:

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

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

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

I. ASSET ALLOCATION

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

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 2018 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, 2018, 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, 2018

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% for each of the first 10 years of service and 1.7% for each additional year. The rates are 2.2% and 2.7%, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service, and 2.7% for Basic members. The accrual rates for former MERF members is 2.0% for each of the first 10 years of service and 2.5% for each additional year. 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.

Beginning January 1, 2019, benefit recipients will receive a future annual increase equal to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

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. For Police and Fire Plan members who were first hired prior to July 1, 1989 a full annuity is available when age plus years of service equal at least 90.

Beginning in 2019, the COLA will be fixed at 1 percent. Under funding measurements from 2017, the 2.5 percent COLA trigger was never expected to occur and was subsequently removed from law. Post retirement increases are given each year except for annuitants who have been receiving a benefit for only 31 to 41 months. These annuitants will receive a prorated amount of the increase on a sliding scale.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 2018; 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, 2018 were \$120,208. The City's contributions were equal to the required contributions as set by state statute.

PEPFP Contributions:

Legislation increased both employee and employer contribution rates in the Police and Fire Plan. Employee rates increased from 10.80 percent of pay to 11.30 percent and employer rates increase from 16.20 percent to 16.95 percent on January 1, 2018. On January 1, 2020 employee rates increase to 11.80 percent and employer rates increase to 17.70 percent. The City's contributions to the Police and Fire Fund for the year ended December 31, 2018 were \$212,342. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

GERP Pension Costs:

At December 31, 2018 the City reported a liability of \$1,281,493 for its proportionate share of the General Employees Fund's net pension liability. The City 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 \$42,110. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018 the City's proportion share was 0.0231% which was an increase of 0.0008% from its proportion measured as of June 30, 2017.

Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.

For the year ended December 31, 2018, the City recognized pension expense of \$76,663 for its proportionate share of GERP's pension expense. In addition, the City recognized an additional \$9,820 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

D. PENSION COSTS (Cont'd)

GERP Pension Costs: (Cont'd)

At December 31, 2018, 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	\$ 32,797	\$ 34,625
Changes in actuarial assumptions	113,406	140,576
Differences between projected and actual investment earnings		135,398
Changes in proportion	74,841	11,661
Contributions paid to GERP subsequent to measurement date	<u>60,180</u>	
Totals	<u>\$ 281,224</u>	<u>\$ 322,260</u>

\$60,180 reported as deferred outflows of resources related to pensions resulting from City contributions to GERP subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to GERP pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Expense</u>
2019	\$ 54,525
2020	(39,947)
2021	(89,047)
2022	(26,747)

PEPFP Pension Costs:

At December 31, 2018 the City reported a liability of \$1,256,693 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City 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, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018 the City's proportion was 0.1179% which was an increase of 0.0089% from its proportion measured as of June 30, 2017. The City also recognized \$(10,611) for the year ended December 31, 2018 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, starting in fiscal year 2014.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

D. PENSION COSTS (Cont'd)

PEPFP Pension Costs: (Cont'd)

Beginning in January 1, 2019, the COLA will be fixed at 1 percent. Under funding measurements from 2017, the 2.5 percent COLA trigger was never expected to occur and was subsequently removed from law.

For the year ended December 31, 2018 the City recognized pension expense of \$(10,611) for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2018, 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	\$ 48,439	\$ 301,523
Changes in actuarial assumptions	1,550,455	1,713,537
Differences between projected and actual investment earnings		236,709
Changes in proportion	155,822	214,036
Contributions paid to PERA subsequent to measurement date	<u>107,643</u>	
Totals	<u>\$ 1,862,359</u>	<u>\$ 2,465,805</u>

\$107,643 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Expense</u>
2019	\$ (628)
2020	(58,979)
2021	(164,583)
2022	(502,784)
2023	15,885

E. ACTUARIAL ASSUMPTIONS

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

E. ACTUARIAL ASSUMPTIONS (Cont'd)

Actuarial Assumptions	GERP	PEPFP
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%

The total pension liability for each of the defined benefit cost-sharing plans was determined by an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method. Inflation is assumed to be 2.50 percent for the General Employees and Police and Fire Plans. Salary growth assumptions in the General Employees Plan decrease in annual increments from 11.25 percent after one year of service, to 3.25 percent after 26 years of service. In the Police and Fire Plan, salary growth assumptions decrease from 12.25 percent after one year of service to 3.25 percent after 25 years of service.

Mortality rates for all plans are based on RP-2014 mortality tables. The tables are adjusted slightly to fit PERA's experience. Actuarial assumptions for the General Employees Plan are reviewed every four to six years. The most recent six-year experience study for the General Employees Plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2014 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

GERP:

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

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

PEPFP:

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

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:

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

E. ACTUARIAL ASSUMPTIONS (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	39.00%	5.10%
International Stocks	19.00%	5.30%
Bonds	20.00%	0.75%
Alternative Assets	20.00%	5.90%
Cash	2.00%	0.00%
	100.00%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2018 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, and the Police and Fire Fund. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. PENSION LIABILITY SENSITIVITY

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

	GERP		PEFP	
1% Lower	6.50%	\$ 2,082,591	15.20%	\$ 2,694,428
Current Discount Rate	7.50%	1,281,493	16.20%	1,256,693
1% Higher	8.50%	620,210	17.20%	67,745

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, 2018

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

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This implementation allows the District to report its total OPEB liability, deferred inflows of resources and deferred outflows of resources, and OPEB expense and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees less the OPEB plan's fiduciary net position on the financial statements.

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 \$646,177 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

C. CHANGES IN TOTAL OPEB LIABILITY

Changes in the total OPEB liability were as follows:

	<u>Total OPEB Liability</u>
Balance at December 31, 2017	\$ 580,215
Changes for the year:	
Service Cost	36,892
Interest	23,215
Changes of assumptions or other inputs	21,456
Benefit Payments	<u>(15,601)</u>
Net changes	<u>65,962</u>
Balance at December 31, 2018	<u>\$ 646,177</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.81% in 2017 to 3.31% in 2018.

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 (2.31%) or 1-percentage-point higher (4.31%) than the current discount rate:

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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

	1.0% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1.0% Increase in Discount Rate (4.31%)
Total OPEB Liability	\$ 691,975	\$ 646,177	\$ 604,182

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	\$ 594,939	\$ 646,177	\$ 704,924

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

For the year ended December 31, 2018, the City recognized OPEB expense of \$27,992. At December 31, 2018, 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	\$ 53,571

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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 2018, decreasing on average 0.05% 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.

A discount rate of 3.31% 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-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2017–December 31, 2017.

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.

CITY OF WAITE PARK, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 12. PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN (Cont'd)

Total contributions made by the City during fiscal year 2018 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%

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Related to Pensions	\$ 2,252,243	\$ 2,869,578
Related to OPEB	53,571	
Total	<u>\$ 2,305,814</u>	<u>\$ 2,869,578</u>

NOTE 14. PRIOR PERIOD ADJUSTMENT

The beginning net position of the governmental activities has been decreased to reflect a change in accounting principle. As mentioned in Note 11, the City implemented GASB 75 which records the City's total other post-employment benefits liability, deferred inflows of resources and deferred outflows of resources, and other post-employment benefits expense on the City's government-wide financial statements. Prior year partial comparative information does not reflect this change in accounting principle because the benefit plan in which the City participates has not made this information available. The net position, beginning of year, as originally stated, prior period adjustment, and net position, beginning of year, as restated as of December 31, 2018 are summarized in the following table:

	Net Position, Beginning of Year, as Originally Stated	Prior Period Adjustment	Net Position, Beginning of Year, as Restated
Governmental Activities	<u>\$ 39,663,125</u>	<u>\$ (247,183)</u>	<u>\$ 39,415,942</u>
Business-Type Activities			
Water	\$ 13,794,430	\$ (25,280)	\$ 13,769,150
Sewer	16,308,203	(8,426)	16,299,777
Stormwater	56,713		56,713
	<u>\$ 30,159,346</u>	<u>\$ (33,706)</u>	<u>\$ 30,125,640</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DECEMBER 31, 2018

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>							
6/30/2018	0.0231%	\$ 1,281,493	\$ 42,110	\$ 1,323,603	\$ 1,442,589	91.75%	79.53%
6/30/2017	0.0223%	1,423,617	17,890	1,441,507	1,435,757	100.40%	75.90%
6/30/2016	0.0214%	1,737,574	22,610	1,760,184	1,325,400	132.80%	68.91%
6/30/2015	0.0223%	1,155,702		1,155,702	1,303,378	88.67%	78.19%
<u>PEPFP</u>							
6/30/2018	0.1179%	1,256,693		1,256,693	1,154,287	108.87%	88.84%
6/30/2017	0.1090%	1,471,630		1,471,630	1,121,553	131.21%	85.43%
6/30/2016	0.1170%	4,695,414		4,695,414	1,124,159	417.68%	63.88%
6/30/2015	0.1110%	1,261,220		1,261,220	1,012,580	124.56%	86.61%

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

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2018

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>					
12/31/2018	\$ 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>					
12/31/2018	212,342	212,342		1,310,753	16.20%
12/31/2017	179,876	179,876		1,110,346	16.20%
12/31/2016	182,244	182,244		1,124,963	16.20%
12/31/2015	174,007	174,007		1,074,117	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, 2018

	Measurement Date			
	12/31/17	12/31/16	12/31/15	12/31/14
Service Cost	\$ 22,341	\$ 21,771	\$ 22,624	\$ 18,618
Interest	36,241	34,552	33,909	38,625
Differences Between Expected and Actual Experience	(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	(90,221)	51,187	(3,095)	(79,171)
Total Pension Liability - Beginning of Year	643,083	591,896	594,991	674,162
Total Pension Liability - End of Year	<u>\$ 552,862</u>	<u>\$ 643,083</u>	<u>\$ 591,896</u>	<u>\$ 594,991</u>
Contributions - Employer & State	\$ 45,642	\$ 45,862	\$ 52,470	\$ 40,066
Net Investment Income	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	(912)	(985)	(863)	(2,380)
Other		1,932		
Net Change in Plan Fiduciary Net Position	9,969	19,784	(49,279)	(9,176)
Total Plan Fiduciary Net Position - Beginning of Year	756,917	737,133	786,412	795,588
Total Plan Fiduciary Net Position - End of Year	<u>\$ 766,886</u>	<u>\$ 756,917</u>	<u>\$ 737,133</u>	<u>\$ 786,412</u>
Fire Relief Association's Net Pension Liability (Asset)	<u>\$ (214,024)</u>	<u>\$ (113,834)</u>	<u>\$ (145,237)</u>	<u>\$ (191,421)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	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.

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
DECEMBER 31, 2018

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

NOTE 1. CHANGES IN PLAN PROVISIONS

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP)

2018 Changes:

No changes.

2017 Changes:

No changes.

2016 Changes:

No changes.

2015 Changes:

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

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP)

2018 Changes:

No changes.

2017 Changes:

No changes.

2016 Changes:

No changes.

2015 Changes:

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

C. OTHER POST EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST (OPEB)

2018 Changes:

Retiree premiums were updated to current levels.

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP)

2018 Changes:

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

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

2017 Changes:

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

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

2016 Changes:

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

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

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

2015 Changes:

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

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP)

2018 Changes:

The mortality projection was changes 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% lower than the previous rates.

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

CITY OF WAITE PARK, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

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

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

2017 Changes: (Cont'd)

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

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

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

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

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

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

2016 Changes:

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

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

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

2015 Changes:

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

C. OTHER POST EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST (OPEB)

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.

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SUPPLEMENTARY INFORMATION

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CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and Investments	\$ 2,968,814	\$ 2,134,691	\$ 862,157	\$ 5,965,662
Receivables				
Delinquent Taxes		9,776		9,776
Special Assessments				
Delinquent		17,897		17,897
Deferred		743,705		743,705
Due from Other Governments		5,468		5,468
	<u>2,968,814</u>	<u>2,911,537</u>	<u>862,157</u>	<u>6,742,508</u>
Total Assets	\$ 2,968,814	\$ 2,911,537	\$ 862,157	\$ 6,742,508
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 749	\$ 624	\$ 4,328	\$ 5,701
Contracts Payable			261,703	261,703
Total Liabilities	<u>749</u>	<u>624</u>	<u>266,031</u>	<u>267,404</u>
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes		9,776		9,776
Special Assessments		761,602		761,602
Total Deferred Inflows of Resources	<u>0</u>	<u>771,378</u>	<u>0</u>	<u>771,378</u>
Fund Balance				
Restricted				
Tax Increment	2,529,408			2,529,408
Loan Program	2,040			2,040
Debt Service		2,139,535		2,139,535
Regional Capital Improvement Projects			291,765	291,765
Assigned				
Capital Outlay	8,270			8,270
Park Land Development	355,640			355,640
Regional Capital Improvement Projects			570,392	570,392
Fund Operations	72,707			72,707
Unassigned				
Total Fund Balance	<u>2,968,065</u>	<u>2,139,535</u>	<u>(266,031)</u>	<u>(266,031)</u>
	<u>2,968,814</u>	<u>2,911,537</u>	<u>862,157</u>	<u>6,742,508</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,968,814	\$ 2,911,537	\$ 862,157	\$ 6,742,508

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2018

	Special Revenue	Debt Service	Capital Projects	Total
REVENUES				
Property Taxes	\$	\$ 856,382	\$	\$ 856,382
Tax Increments	66,615			66,615
Special Assessments		4,338		4,338
Fines and Forfeitures	3,971			3,971
Miscellaneous				
Investment Income	40,484	36,221	12,549	89,254
Contributions and Donations	69,832			69,832
Refunds and Reimbursements	2,147			2,147
Total Revenues	<u>183,049</u>	<u>896,941</u>	<u>12,549</u>	<u>1,092,539</u>
EXPENDITURES				
Current				
Public Safety	4,291			4,291
Culture and Recreation	62,061			62,061
Economic Development	37,808			37,808
Debt Service				
Principal		640,000		640,000
Interest and Other Charges		385,752		385,752
Capital Outlay				
Public Works			1,125,050	1,125,050
Total Expenditures	<u>104,160</u>	<u>1,025,752</u>	<u>1,125,050</u>	<u>2,254,962</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	78,889	(128,811)	(1,112,501)	(1,162,423)
OTHER FINANCING SOURCES (USES)				
Transfers In		206,920	855,121	1,062,041
Transfers Out	(206,920)			(206,920)
Total Other Financing Sources (Uses)	<u>(206,920)</u>	<u>206,920</u>	<u>855,121</u>	<u>855,121</u>
Net Change in Fund Balances	(128,031)	78,109	(257,380)	(307,302)
FUND BALANCE, BEGINNING OF YEAR	<u>3,096,096</u>	<u>2,061,426</u>	<u>853,506</u>	<u>6,011,028</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,968,065</u>	<u>\$ 2,139,535</u>	<u>\$ 596,126</u>	<u>\$ 5,703,726</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 DECEMBER 31, 2018

	2002 DTED Rehabilitation Grant (203)	Park Land Development (205)	Charitable Gambling (207)	Drug Forfeiture (212)
ASSETS				
Cash and Investments	\$ 2,040	\$ 355,640	\$ 72,707	\$ 3,880
LIABILITIES				
Accounts Payable	\$	\$	\$	\$ 749
FUND BALANCE				
Restricted				
Tax Increment				
Loan Program	2,040			
Assigned				
Capital Outlay				3,131
Park Land Development		355,640		
Fund Operations			72,707	
Total Fund Balance	<u>2,040</u>	<u>355,640</u>	<u>72,707</u>	<u>3,131</u>
 Total Liabilities And Fund Balance	 <u>\$ 2,040</u>	 <u>\$ 355,640</u>	 <u>\$ 72,707</u>	 <u>\$ 3,880</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 DECEMBER 31, 2018

	DWI Forfeiture (213)	Forfeitures (211, 214)	Tax Increment District No. 2 (271)	Tax Increment District No. 2-1 (272)	Total
ASSETS					
Cash and Investments	\$ 3,707	\$ 1,432	\$ 2,496,747	\$ 32,661	\$ 2,968,814
LIABILITIES					
Accounts Payable	\$	\$	\$	\$	\$ 749
FUND BALANCE					
Restricted					
Tax Increment			2,496,747	32,661	2,529,408
Loan Program					2,040
Assigned					
Capital Outlay	3,707	1,432			8,270
Park Land Development					355,640
Fund Operations					72,707
Total Fund Balance	<u>3,707</u>	<u>1,432</u>	<u>2,496,747</u>	<u>32,661</u>	<u>2,968,065</u>
 Total Liabilities And Fund Balance	 <u>\$ 3,707</u>	 <u>\$ 1,432</u>	 <u>\$ 2,496,747</u>	 <u>\$ 32,661</u>	 <u>\$ 2,968,814</u>

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
DECEMBER 31, 2018

	\$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	\$	\$ 5,138	\$ 744,072	\$ 444,255
Receivables				
Delinquent Taxes		238	1,023	1,324
Special Assessments				
Delinquent	17,897			
Deferred	303,061		288,213	152,431
Due from Other Governments	939	2	11	63
	<u>321,897</u>	<u>5,378</u>	<u>1,033,319</u>	<u>598,073</u>
Total Assets	\$ 321,897	\$ 5,378	\$ 1,033,319	\$ 598,073
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 208	\$	\$	\$
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes		238	1,023	1,324
Special Assessments	320,958		288,213	152,431
Total Deferred Inflows of Resources	<u>320,958</u>	<u>238</u>	<u>289,236</u>	<u>153,755</u>
Fund Balance				
Restricted				
Debt Service	731	5,140	744,083	444,318
	<u>731</u>	<u>5,140</u>	<u>744,083</u>	<u>444,318</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 321,897	\$ 5,378	\$ 1,033,319	\$ 598,073

CITY OF WAITE PARK, MINNESOTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 DECEMBER 31, 2018

	G.O. Equipment Certificates of 2013C (325)	\$2,275,000 G.O. Tax Abatement Bonds of 2016A (326)	\$9,505,000 G.O. Improvement Bonds of 2016B (327)	Total
ASSETS				
Cash and Investments	\$ 9,528	\$ 316,310	\$ 615,388	\$ 2,134,691
Receivables				
Delinquent Taxes	697	1,684	4,810	9,776
Special Assessments				
Delinquent				17,897
Deferred				743,705
Due from Other Governments	295	1,073	3,085	5,468
Total Assets	\$ 10,520	\$ 319,067	\$ 623,283	\$ 2,911,537
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$	\$ 208	\$ 208	\$ 624
Deferred Inflows of Resources				
Unavailable Revenue				
Delinquent Taxes	697	1,684	4,810	9,776
Special Assessments				761,602
Total Deferred Inflows of Resources	697	1,684	4,810	771,378
Fund Balance				
Restricted				
Debt Service	9,823	317,175	618,265	2,139,535
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 10,520	\$ 319,067	\$ 623,283	\$ 2,911,537

CITY OF WAITE PARK, MINNESOTA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 DECEMBER 31, 2018

	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	\$	\$ 161,025	\$ 409,367	\$ 148,965	\$ 142,800	\$ 862,157
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts Payable	\$ 4,328	\$	\$	\$	\$	\$ 4,328
Contracts Payable	261,703					261,703
Total Liabilities	266,031					266,031
Fund Balance						
Restricted						
Regional Capital Improvement Projects				148,965	142,800	291,765
Assigned						
Regional Capital Improvement Projects		161,025	409,367			570,392
Unassigned	(266,031)					(266,031)
Total Fund Balance	(266,031)	161,025	409,367	148,965	142,800	596,126
Total Liabilities and Fund Balance	\$ 0	\$ 161,025	\$ 409,367	\$ 148,965	\$ 142,800	\$ 862,157

CITY OF WAITE PARK, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 YEAR ENDED DECEMBER 31, 2018

	2002 DTED Rehabilitation Grant (203)	Park Land Development (205)	Charitable Gambling (207)	Drug Forfeiture (212)
REVENUES				
Tax Increments	\$	\$	\$	\$
Fines and Forfeitures				2,755
Miscellaneous				
Investment Income	27	4,674	89	21
Contributions and Donations		11,420	57,817	595
Refunds and Reimbursements				
Total Revenues	<u>27</u>	<u>16,094</u>	<u>57,906</u>	<u>3,371</u>
EXPENDITURES				
Current				
Public Safety			1,845	1,920
Culture and Recreation			62,061	
Economic Development				
Total Expenditures	<u>0</u>	<u>0</u>	<u>63,906</u>	<u>1,920</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	27	16,094	(6,000)	1,451
OTHER FINANCING SOURCES (USES)				
Transfers Out				
Net Change in Fund Balances	<u>27</u>	<u>16,094</u>	<u>(6,000)</u>	<u>1,451</u>
FUND BALANCE, BEGINNING OF YEAR	<u>2,013</u>	<u>339,546</u>	<u>78,707</u>	<u>1,680</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,040</u>	<u>\$ 355,640</u>	<u>\$ 72,707</u>	<u>\$ 3,131</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, 2018

	DWI Forfeiture (213)	Forfeitures (211, 214)	Tax Increment District No. 2 (271)	Tax Increment District No. 2-1 (272)	Total
REVENUES					
Tax Increments	\$	\$	\$	\$ 66,615	\$ 66,615
Fines and Forfeitures	766	450			3,971
Miscellaneous					
Investment Income	41	17	35,587	28	40,484
Contributions and Donations					69,832
Refunds and Reimbursements	2,147				2,147
Total Revenues	<u>2,954</u>	<u>467</u>	<u>35,587</u>	<u>66,643</u>	<u>183,049</u>
EXPENDITURES					
Current					
Public Safety	468	58			4,291
Culture and Recreation					62,061
Economic Development				37,808	37,808
Total Expenditures	<u>468</u>	<u>58</u>	<u>0</u>	<u>37,808</u>	<u>104,160</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,486	409	35,587	28,835	78,889
OTHER FINANCING SOURCES (USES)					
Transfers Out			(206,920)		(206,920)
Net Change in Fund Balances	2,486	409	(171,333)	28,835	(128,031)
FUND BALANCE, BEGINNING OF YEAR	<u>1,221</u>	<u>1,023</u>	<u>2,668,080</u>	<u>3,826</u>	<u>3,096,096</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,707</u>	<u>\$ 1,432</u>	<u>\$ 2,496,747</u>	<u>\$ 32,661</u>	<u>\$ 2,968,065</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, 2018

	\$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	\$	\$	\$	\$
Special Assessments	3,541	26	107	463
Miscellaneous			797	
Investment Income		69	9,969	5,950
Total Revenues	<u>3,541</u>	<u>95</u>	<u>10,873</u>	<u>6,413</u>
EXPENDITURES				
Debt Service				
Principal	180,000			
Interest and Other Charges	29,618			
Total Expenditures	<u>209,618</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(206,077)	95	10,873	6,413
OTHER FINANCING SOURCES (USES)				
Transfers In	206,920			
Net Change in Fund Balances	<u>843</u>	<u>95</u>	<u>10,873</u>	<u>6,413</u>
FUND BALANCE, BEGINNING OF YEAR	<u>(112)</u>	<u>5,045</u>	<u>733,210</u>	<u>437,905</u>
FUND BALANCE, END OF YEAR	<u>\$ 731</u>	<u>\$ 5,140</u>	<u>\$ 744,083</u>	<u>\$ 444,318</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, 2018

	G.O. Equipment Certificates of 2013C (325)	\$2,275,000 G.O. Tax Abatement Bonds of 2016A (326)	\$9,505,000 G.O. Improvement Bonds of 2016B (327)	Total
REVENUES				
Property Taxes	\$ 54,063	\$ 206,723	\$ 595,000	\$ 856,382
Special Assessments				4,338
Miscellaneous				
Investment Income	257	4,343	15,633	36,221
Total Revenues	<u>54,320</u>	<u>211,066</u>	<u>610,633</u>	<u>896,941</u>
EXPENDITURES				
Debt Service				
Principal	55,000	140,000	265,000	640,000
Interest and Other Charges	880	57,701	297,553	385,752
Total Expenditures	<u>55,880</u>	<u>197,701</u>	<u>562,553</u>	<u>1,025,752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,560)	13,365	48,080	(128,811)
OTHER FINANCING SOURCES (USES)				
Transfers In				206,920
Net Change in Fund Balances	<u>(1,560)</u>	<u>13,365</u>	<u>48,080</u>	<u>78,109</u>
FUND BALANCE, BEGINNING OF YEAR	<u>11,383</u>	<u>303,810</u>	<u>570,185</u>	<u>2,061,426</u>
FUND BALANCE, END OF YEAR	<u>\$ 9,823</u>	<u>\$ 317,175</u>	<u>\$ 618,265</u>	<u>\$ 2,139,535</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, 2018

	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	\$	\$ 2,158	\$ 5,486	\$ 1,996	\$ 2,909	\$ 12,549
EXPENDITURES						
Capital Outlay						
Public Works	1,121,152			84	3,814	1,125,050
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,121,152)	2,158	5,486	1,912	(905)	(1,112,501)
OTHER FINANCING SOURCES (USES)						
Transfers In	855,121					855,121
Net Change in Fund Balances	(266,031)	2,158	5,486	1,912	(905)	(257,380)
FUND BALANCE, BEGINNING OF YEAR		158,867	403,881	147,053	143,705	853,506
FUND BALANCE, END OF YEAR	\$ (266,031)	\$ 161,025	\$ 409,367	\$ 148,965	\$ 142,800	\$ 596,126

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
REVENUES				
Taxes and Special Assessments				
Property	\$ 6,176,757	\$ 6,176,757	\$ 6,178,718	\$ 1,961
Gravel	95,000	95,000	103,249	8,249
Franchise	100,000	100,000	98,232	(1,768)
Tax Increment			170	170
Special Assessments	3,200	3,200	8,749	5,549
Total Taxes and Special Assessments	<u>6,374,957</u>	<u>6,374,957</u>	<u>6,389,118</u>	<u>14,161</u>
Licenses and Permits	115,450	115,450	208,813	93,363
Intergovernmental				
Police Aid	94,800	94,800	154,514	59,714
Highway Maintenance Aid	25,000	25,000	34,067	9,067
PERA Aid	3,052	3,052	3,052	
Other Grants and Aids	20,543	20,543	199,942	179,399
Total Intergovernmental	<u>143,395</u>	<u>143,395</u>	<u>391,575</u>	<u>248,180</u>
Charges for Services				
General Government	18,050	18,050	25,769	7,719
Public Safety	134,150	134,150	222,225	88,075
Total Charges for Services	<u>152,200</u>	<u>152,200</u>	<u>247,994</u>	<u>95,794</u>
Fines and Forfeitures	57,400	57,400	68,278	10,878
Miscellaneous				
Investment Income	15,000	15,000	74,942	59,942
Contributions and Donations	3,500	3,500	24,484	20,984
Refunds and Reimbursements	71,000	71,000	138,130	67,130
Other	3,700	3,700	9,583	5,883
Total Miscellaneous	<u>93,200</u>	<u>93,200</u>	<u>247,139</u>	<u>153,939</u>
Total Revenues	<u>6,936,602</u>	<u>6,936,602</u>	<u>7,552,917</u>	<u>616,315</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
EXPENDITURES				
Current				
General Government				
Mayor and Council	\$ 48,140	\$ 48,140	\$ 47,911	\$ (229)
Administrative and Finance	1,079,485	1,079,485	1,145,044	65,559
Elections	21,925	21,925	21,962	37
Other	118,686	118,686	221,526	102,840
Total General Government	<u>1,268,236</u>	<u>1,268,236</u>	<u>1,436,443</u>	<u>168,207</u>
Public Safety				
Police	2,744,350	2,744,350	2,842,200	97,850
Fire	280,000	280,000	233,105	(46,895)
Other	272,035	272,035	309,070	37,035
Total Public Safety	<u>3,296,385</u>	<u>3,296,385</u>	<u>3,384,375</u>	<u>87,990</u>
Public Works				
Streets and Highways	1,585,150	1,585,150	2,081,328	496,178
Sanitation				
Garbage and Other Refuse	361,000	361,000	373,224	12,224
Weed Control	28,250	28,250	15,948	(12,302)
Total Sanitation	<u>389,250</u>	<u>389,250</u>	<u>389,172</u>	<u>(78)</u>
Culture and Recreation				
Total Current	<u>345,930</u>	<u>345,930</u>	<u>359,746</u>	<u>13,816</u>
	<u>6,884,951</u>	<u>6,884,951</u>	<u>7,651,064</u>	<u>766,113</u>
Debt Service				
Principal	46,069	46,069	46,068	(1)
Interest and Other Charges	13,779	13,779	13,778	(1)
Total Debt Service	<u>59,848</u>	<u>59,848</u>	<u>59,846</u>	<u>(2)</u>
Capital Outlay				
General Government	105,000	105,000	145,660	40,660
Public Safety	89,034	89,034	118,154	29,120
Public Works	197,269	197,269	444,647	247,378
Culture and Recreation	2,000	2,000	134,791	132,791
Total Capital Outlay	<u>393,303</u>	<u>393,303</u>	<u>843,252</u>	<u>449,949</u>
Total Expenditures	<u>7,338,102</u>	<u>7,338,102</u>	<u>8,554,162</u>	<u>1,216,060</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(401,500)	(401,500)	(1,001,245)	(599,745)

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	\$ 1,500	\$ 1,500	\$ 19,246	\$ 17,746
Transfers In			500,000	500,000
Total Other Financing Sources (Uses)	<u>1,500</u>	<u>1,500</u>	<u>519,246</u>	<u>517,746</u>
Net Change in Fund Balances	<u>\$ (400,000)</u>	<u>\$ (400,000)</u>	(481,999)	<u>\$ (81,999)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>5,835,380</u>	
FUND BALANCE, END OF YEAR			<u>\$ 5,353,381</u>	

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FINANCIAL SCHEDULES

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CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF LONG-TERM LIABILITIES
DECEMBER 31, 2018

	<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 Refunding Bonds, Series 2016A	05/19/16	2.00%-3.00%	\$ 2,275,000	12/15/31	\$ 1,995,000	\$ 140,000
G.O. Tax Abatement Bonds, Series 2018A	12/06/18	2.85%-4.15%	5,115,000	12/15/33	5,115,000	260,000
Tax Increment Bonds						
G.O. Tax Increment Crossover Refunding Bonds, Series 2014A	08/15/14	2.00%-2.50%	1,685,000	12/15/24	1,160,000	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	1,145,000	245,000
G.O. Improvement Bonds, Series 2013B	11/15/13	2.00%-3.10%	4,720,000	12/01/26	2,995,000	395,000
C.I.P. Bonds						
G.O. Capital Improvement Plan Bonds, Series 2016B	10/26/16	2.00%-3.00%	9,505,000	12/15/41	9,025,000	275,000
Capital Lease Payable					420,992	47,427
Compensated Absences					1,149,945	253,000
Unamortized Bond Premium					768,188	59,275
Total Governmental Activities					<u>23,774,125</u>	<u>1,859,702</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	2,405,000	375,000
Unamortized Bond Premium					56,012	9,534
Compensated Absences					215,780	50,000
Total Business-Type Activities					<u>2,676,792</u>	<u>434,534</u>
Total All Long-Term Liabilities					<u>\$ 26,450,917</u>	<u>\$ 2,294,236</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2018

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
TAX ABATEMENT BONDS:					
2016A G.O. Tax Abatement					
Bonds (326):					
06/15/19	\$	\$ 27,100	\$ 27,100		\$
12/15/19	140,000	27,100	167,100	2019	203,910
06/15/20		25,700	25,700		
12/15/20	140,000	25,700	165,700	2020	200,970
06/15/21		24,300	24,300		
12/15/21	140,000	24,300	164,300	2021	198,030
06/15/22		22,900	22,900		
12/15/22	145,000	22,900	167,900	2022	200,340
06/15/23		21,088	21,088		
12/15/23	145,000	21,087	166,087	2023	196,534
06/15/24		19,275	19,275		
12/15/24	150,000	19,275	169,275	2024	197,978
06/15/25		17,025	17,025		
12/15/25	150,000	17,025	167,025	2025	193,253
06/15/26		14,775	14,775		
12/15/26	155,000	14,775	169,775	2026	193,778
06/15/27		12,450	12,450		
12/15/27	160,000	12,450	172,450	2027	194,145
06/15/28		10,050	10,050		
12/15/28	160,000	10,050	170,050	2028	189,105
06/15/29		7,650	7,650		
12/15/29	165,000	7,650	172,650	2029	189,315
06/15/30		5,175	5,175		
12/15/30	170,000	5,175	175,175	2030	189,368
06/15/31		2,625	2,625		
12/15/31	175,000	2,625	177,625	2031	189,263
Total 2016A G.O. Tax					
Abatement Refunding Bonds	<u>\$ 1,995,000</u>	<u>\$ 420,225</u>	<u>\$ 2,415,225</u>		<u>\$ 2,535,989</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2018

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
TAX ABATEMENT BONDS (Cont'd): 2018A G.O. Tax Abatement Bonds (328):					
06/15/19	\$	\$ 99,291	\$ 99,291		\$
12/15/19	260,000	94,563	354,563	2019	216,037
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>\$ 5,115,000</u>	<u>\$ 1,734,178</u>	<u>\$ 6,849,178</u>		<u>\$ 1,946,377</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2018

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
TAX INCREMENT BONDS:					
2014A G.O. Tax Increment Refunding Bonds (374):					
06/15/19	\$	\$ 12,657	\$ 12,657		\$
12/15/19	185,000	12,658	197,658	2019	219,000
06/15/20		10,807	10,807		
12/15/20	185,000	10,808	195,808	2020	219,000
06/15/21		8,957	8,957		
12/15/21	190,000	8,958	198,958	2021	219,000
06/15/22		7,057	7,057		
12/15/22	195,000	7,058	202,058	2022	219,000
06/15/23		4,912	4,912		
12/15/23	200,000	4,913	204,913	2023	219,000
06/15/24		2,562	2,562		
12/15/24	205,000	2,563	207,563	2024	219,000
Total 2014A G.O. Tax Increment Refunding Bonds	<u>\$ 1,160,000</u>	<u>\$ 93,910</u>	<u>\$ 1,253,910</u>		<u>\$ 1,314,000</u>
SPECIAL ASSESSMENT BONDS:					
2010A G.O. Refunding Bonds (320):					
06/01/19	\$	\$ 18,742	\$ 18,742		\$
12/01/19	245,000	18,743	263,743	2019	25,000
06/01/20		15,067	15,067		
12/01/20	230,000	15,068	245,068	2020	25,000
06/01/21		11,387	11,387		
12/01/21	225,000	11,388	236,388	2021	25,000
06/01/22		7,675	7,675		
12/01/22	225,000	7,675	232,675	2022	25,000
06/01/23		3,850	3,850		
12/01/23	220,000	3,850	223,850	2023	25,200
Total 2010A G.O. Refunding Bonds	<u>\$ 1,145,000</u>	<u>\$ 113,445</u>	<u>\$ 1,258,445</u>		<u>\$ 125,200</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2018

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
SPECIAL ASSESSMENT BONDS					
(Cont'd):					
2013B G.O. Improvement Bonds (324):					
06/15/19	\$	\$ 41,050	\$ 41,050		\$
12/30/19	395,000	41,050	436,050	2019	356,000
06/15/20		37,100	37,100		
12/30/20	400,000	37,100	437,100	2020	300,000
06/15/21		32,100	32,100		
12/30/21	400,000	32,100	432,100	2021	300,000
06/15/22		27,100	27,100		
12/30/22	400,000	27,100	427,100	2022	300,000
06/15/23		21,100	21,100		
12/30/23	400,000	21,100	421,100	2023	275,000
06/15/24		15,100	15,100		
12/30/24	400,000	15,100	415,100	2024	275,000
06/15/25		9,100	9,100		
12/30/25	400,000	9,100	409,100	2025	275,000
06/15/26		3,100	3,100		
12/30/26	200,000	3,100	203,100	2026	70,000
Total 2013B G.O. Improvement Bonds	<u>\$ 2,995,000</u>	<u>\$ 371,500</u>	<u>\$ 3,366,500</u>		<u>\$ 2,151,000</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2018

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

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF BOND AND INTEREST MATURITIES AND TAX LEVIES/SALES TAX
DECEMBER 31, 2018

	Maturities			Year Collectible	Tax Levies/ Sales Tax
	Principal	Interest	Total		
CIP BONDS (Cont'd):					
2016B G.O. Capital Improvement Plan					
Bonds (327) (Cont'd):					
06/15/39	\$	\$ 23,925	\$ 23,925		\$
12/15/39	515,000	23,925	538,925	2039	590,993
06/15/40		16,200	16,200		
12/15/40	530,000	16,200	546,200	2040	590,520
06/15/41		8,250	8,250		
12/15/41	550,000	8,250	558,250	2041	594,825
Total 2016B G.O. Capital Improvement Plan Bonds	<u>\$ 9,025,000</u>	<u>\$ 3,946,000</u>	<u>\$ 12,971,000</u>		<u>\$ 13,619,555</u>
G.O. REVENUE BONDS:					
2013A G.O. Refunding Bonds (601):					
06/15/19	\$	\$ 32,250	\$ 32,250		\$
12/15/19	375,000	32,250	407,250	2019	
06/15/20		28,500	28,500		
12/15/20	385,000	28,500	413,500	2020	
06/15/21		23,687	23,687		
12/15/21	395,000	23,688	418,688	2021	
06/15/22		18,750	18,750		
12/15/22	405,000	18,750	423,750	2022	
06/15/23		12,675	12,675		
12/15/23	415,000	12,675	427,675	2023	
06/15/24		6,450	6,450		
12/15/24	430,000	6,450	436,450	2024	
Total 2013A G.O. Refunding Bonds (Water Fund Portion)	<u>\$ 2,405,000</u>	<u>\$ 244,625</u>	<u>\$ 2,649,625</u>		<u>\$ 0</u>

CITY OF WAITE PARK, MINNESOTA

SCHEDULE OF DIRECT AND OVERLAPPING DEBT
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

Governmental Unit	Debt Outstanding	City's Share	
		Estimated Percentage (1)	Amount
School District 742	\$ 162,590,000	13.30%	\$ 21,620,756
Stearns County	19,400,000	7.25%	1,406,754
Total Overlapping Debt			23,027,510
City of Waite Park Direct Debt			24,260,992
Total Direct and Overlapping Debt			\$ 47,288,502

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

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waite Park, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 23, 2019.

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

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

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

Conway, Deuth & Schmiesing, PLLP

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

September 23, 2019

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waite Park, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 23, 2019.

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

September 23, 2019

CITY OF WAITE PARK, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018

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

None

Minnesota Legal Compliance Findings:

None