



MINNESOTA

# **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended December 31, 2015**



*Northeast Park - 2016*

*Member of the Government Finance Officers Association  
of United States and Canada*



CITY OF WASECA  
WASECA, MINNESOTA  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2015

PREPARED BY:  
FINANCE DEPARTMENT

Shelly Kolling  
Director of Finance

Member GFOA of U.S. and Canada  
Published July 27, 2016

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**INTRODUCTORY SECTION**

CITY OF WASECA  
WASECA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015



**July 27, 2016**

**To the City Council and Citizens of the City of Waseca**

The City of Waseca annually issues a report on the financial position and activities of the community, prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in the United States of America and audited in accordance with generally accepted auditing standards in the United States of America by an independent certified public accounting firm pursuant to the state requirements. We hereby issue the Comprehensive Annual Financial Report of the City of Waseca for the fiscal year ended December 31, 2015.

This report consists of management's representations concerning the finances of the City of Waseca. The management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the management has established a comprehensive internal framework that is designed both to protect the government's assets from loss, theft or misuse and to complete sufficient, reliable information for the preparation of the City's financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits, therefore, the City of Waseca's comprehensive framework of internal controls has been designed to provide reasonable, rather than the absolute assurance, that the financial statements will be free from material misstatement. As management, we assert that to the best of knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Waseca's financial statements have been audited by Abdo, Eick & Meyers LLP. The goal of an independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year end are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Waseca's financial statements for the fiscal year ended December 31, 2015, are fairly presented in conformity with GAAP.

The Independent Auditor's Report is presented as the first component of the financial section of this report.

GAAP requires that management also provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Waseca's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City of Waseca is organized under a Home Rule Charter in accordance with applicable Minnesota State Statutes. The Charter prescribes a Council/Manager form of organization. The City provides a full range of municipal services. These include police services, fire protection, zoning and code enforcement, municipal planning, parks, recreation activities with an aquatic center, a regional airport, construction and maintenance of streets and infrastructure. Community and economic development are facilitated through a Housing and Redevelopment Authority and an Economic Development Authority. In addition, the City provides water, electric, sanitary sewer and surface water enterprise services. The City also contributes to the regional library system, senior center operations, area transportation services, area tourism bureau, historical society and several other important community based areas.

The City of Waseca is located in the south central region of the state and covers approximately 6.8 square miles. The community is fortunate to be the home of several large manufacturing operations and varied commercial activity, yet it is located in the midst of an aesthetically appealing lake and recreation area that is popular to tourists in a multi-state area.

The annual budget serves as the foundation for the City of Waseca's financial planning control. All departments of the City of Waseca submit budget requests for the appropriations for the following year to the City Manager each year. These requests serve as a starting point for the development of a proposed budget. These requests are then presented to Council for review prior to the consideration of the preliminary tax levy. Under the requirements of the state law, Council is required to hold hearings and obtain input on the proposed budget and then proceeds to adopt a final budget and property tax levy no later than December 29<sup>th</sup>. The budget of the City of Waseca is prepared by fund, function and department. The City's budgets may be amended or modified at any time by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

## **Financial Condition**

In 2013 Governor Dayton signed into law a tax bill that included an \$80 million increase in LGA beginning with the 2014 distribution, as well as a new formula that was supported by the League of MN Cities, Coalition of Greater MN Cities, and Metro Cities. The appropriation increased by \$7.8 million in 2015 and another \$2.5 million in 2016. In 2014 the City of Waseca received Certified LGA under the new formula of \$2,631,156 which is an increase of \$357,505 from 2013. In 2015 the City received a slight increase to \$2,689,060. The increases in LGA will not fully restore the State property tax aid to pre-recession levels, however, it does allow the City begin the process to catch-up on many delayed initiatives and projects from that period.

The Legislature made significant changes to the state minimum wage law which is a significant impact to the aquatic center operations. As of August 1, 2014 the City of Waseca was required to pay employees a minimum of \$8.00 per hour, on August 1, 2015 this increased to \$9.00 per hour, and on August 1, 2016 this will be \$9.50 per hour.

Future potential economic factor impact may result from health insurance as an outcome of the Federal Affordable Care Act.

## **Local Economy**

Waseca is supported by strong industry clusters, infrastructure, natural resources and labor pool accessibility. Approximately one quarter of the jobs in Waseca are in manufacturing and the next largest category is in educational services and health care. Key players can be found in these industries: printing and printing support, packaging of food, machinery and specialty industries in electronics and electrical components. The City of Waseca is also the home of the Waseca County Government Center and Federal Correctional Institute - Waseca. The recent completion of the City's Public Safety Center allows for better public service and improves the capacity for the City's residential and business growth.

US Highway 14 is a major highway running from coast to coast and an interregional corridor that connects New Ulm, Mankato, Owatonna, Rochester and Winona. Originally constructed as a two-lane highway, the expansion of Highway 14 to a four-lane corridor between Owatonna and Mankato will improve safety and commerce.

City issued building permits increased beginning in 2014 and continued to stay strong in 2015, showing a continued trend of significant investments being made in the community.

### **Relevant Financial Policies**

The City of Waseca includes in its Financial Policies a requirement that at the end of each fiscal year, the City will maintain an unrestricted fund balance in the General Fund for working capital in a range equal to 35-50 percent of the subsequent year's General Fund expenditure budget. Appropriation from the minimum fund balance shall require the approval of the City Council. Any planned use of fund balance in the General Fund below the minimum target shall be accompanied by a plan to restore the fund balance to the minimum targeted level.

The City is in the process of maintaining a comprehensive Capital Improvement Plan (CIP) to facilitate the replacement of its aging infrastructure. When streets are reconstructed in this program, aging water, sanitary and storm sewer infrastructure is also repaired or replaced. These improvements are funded by a combination of general obligation improvement bonds supported with special assessments against benefited properties and cash from the capital projects funds and utility enterprise funds. It is expected that this will be an ongoing process and the CIP is reviewed and amended as part of each budget cycle. There will be an expanded use of the Pavement Management System in project analysis and the CIP will include cash flow projections for all funds providing funding for the CIP. A plan for the maintenance and upgrading of the City's buildings and facilities is being incorporated into the CIP for both operational repairs and for large capital expenditure type improvements.

The City continues to review debt and investments to ensure maximization of City funding opportunities. The City is also reviewing the development of utility rate models to improve the City's ability to plan and generate cash for operations, scheduled maintenance and capital improvements.

Also included in the City policies are internal control directives to protect the City's assets from loss, theft or misuse. These controls provide reasonable assurance of the safety of the City's assets while recognizing that management estimates and judgements as to the cost of such controls.

## **Major Initiatives**

The City continues to place a high priority on planning for the community needs as growth and expansion issues impact the City operations. The availability of land, infrastructure and services continue to drive the community development focus of the City. As the areas of the two new State Highway 14 bypass interchanges experience growth funding for project work will be a priority in future planning and budgeting.

A community that helps grow value has a positive impact on the net worth of all its property owners. As an organization, the City has worked diligently to build a variety of services, facilities, infrastructure and secure a financial foundation for its residents and stakeholders. Maintaining high quality services plays a key role in favorable appreciation of the community's property values. The City's substantial investments in its infrastructure have aided not only in the improvement of quality of services but it has also spurred additional community investment.

The City initiatives for 2015 and 2016 include:

- Historic renovation of Trowbridge bandstand and addition of risers for improved performances.
- Addition of Northeast park pavilion and restroom facilities structure.
- Old highway 14 (Elm Avenue) turn back project with MnDOT to include City water and sewer improvement plans.
- Addition of an airport Fixed Base Operator hanger and an airport master plan update.
- Library improvements including additional space, entry way and restroom upgrades.
- Continued sanitary sewer system cleaning, street sweeping and inspections.
- Continued development loan programs.
- Continue review of storm water management plan.
- Continued implementation of lift station SCADA and generator plan.
- Continued implementation of Surface Water Utility Fund for MS4 permit compliance.
- Ten year funding plan for infrastructure maintenance and improvements.

## **Awards and Acknowledgments**

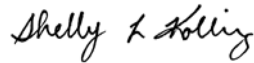
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waseca for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. This is the thirty-first consecutive year that the City has received this prestigious award. In order to be awarded this Certificate of Achievement, the government published an easily readable and efficiently organized CAFR and has satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year and it is expected that the 2015 report conforms to the Certificate of Achievement program requirements. It will be submitted to the GFOA to determine its eligibility for another certificate.

The preparation and publication of this report could not have been accomplished without the professional and dedicated hard work of the Finance staff, technician Alicia Fischer and assistants Lorene Worke and Sharon Dodson. We appreciate the cooperation and support from all City staff both in preparation of this report and in budget management throughout the year. Credit is also given to the Mayor, and members of the City Council for their support in maintaining the highest standards of professionalism and management of the City of Waseca's future.

Respectively Submitted,



Daniel Lenz  
City Manager



Shelly L. Kolling  
Finance Director



CITY OF WASECA, MINNESOTA  
ELECTED AND APPOINTED OFFICIALS  
FOR THE YEAR ENDED DECEMBER 31, 2015

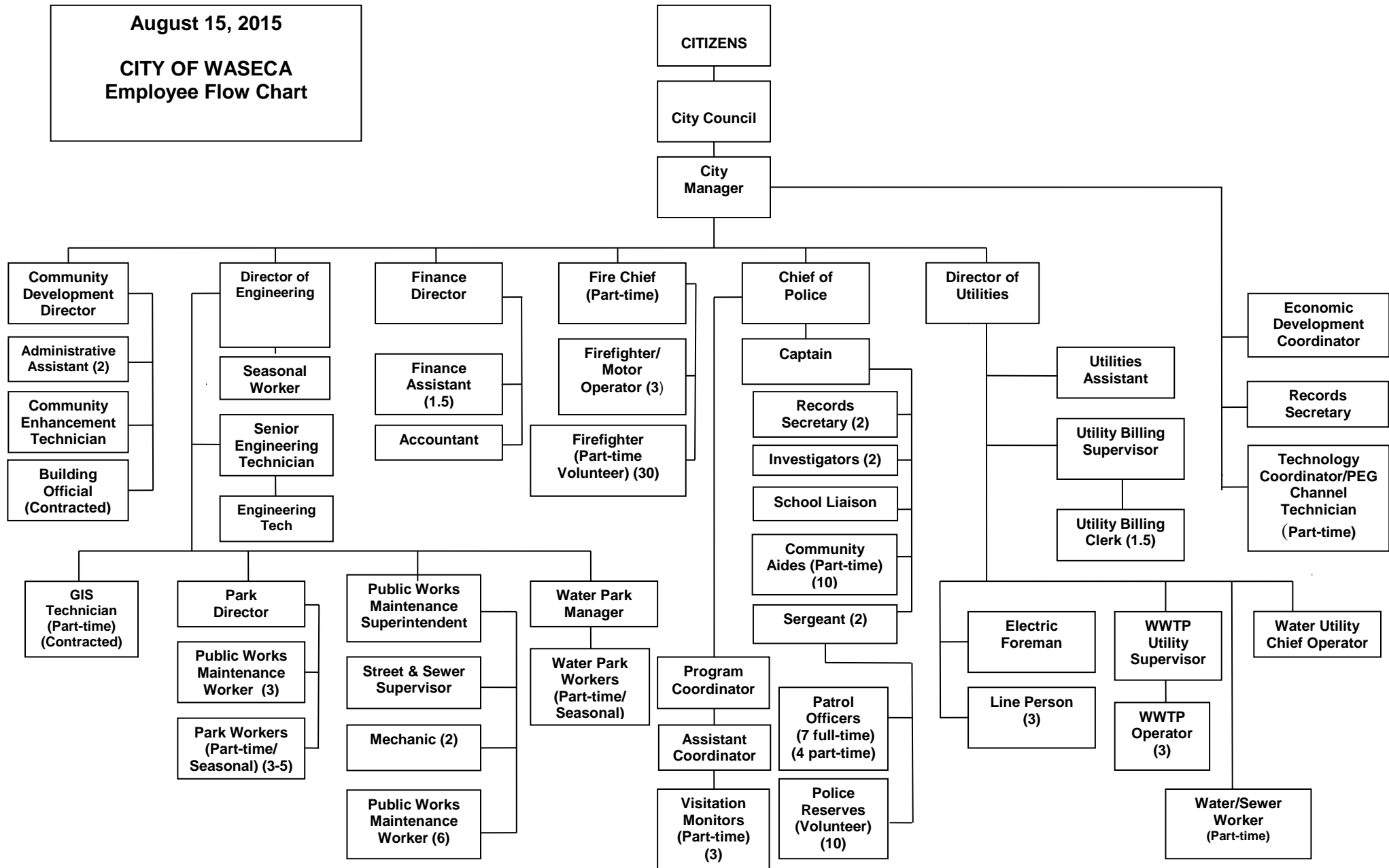
**ELECTED OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John Clemons	Mayor	12/31/2016
Fred Salisbury	Council - First Ward	12/31/2016
Ann Fitch	Council - First Ward	12/31/2018
Les Tloutan	Council - Second Ward	12/31/2016
Allan Rose	Council - Second Ward	12/31/2018
Mark Christiansen	Council - Third Ward	12/31/2016
Daren Arndt	Council - Third Ward	12/31/2018

**APPOINTED OFFICIALS**

Danny Lenz	City Manager
Shelly Kolling	Finance Director
Carl Sonnenberg	Utilities Director
Mark DuChene	City Engineer
Penny Vought	Police Chief

**August 15, 2015**  
**CITY OF WASECA**  
**Employee Flow Chart**





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Waseca  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO



**FINANCIAL SECTION**

**CITY OF WASECA  
WASECA, MINNESOTA**

**FOR THE YEAR ENDED  
DECEMBER 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Waseca  
Waseca, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Waseca, Minnesota, (the City) as of and for the year ended December 31, 2015, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of December 31, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General fund, Highway 14 Reconstruction fund, Capital Improvement fund and Special Assessment fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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### ***Change in Accounting Standards***

As described in Note 8 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, for the year ended December 31, 2015. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis page 21 and the Schedules of Employer's Share of the Net Pension Liability, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios and the Schedules of Employers Contributions starting on page 106 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

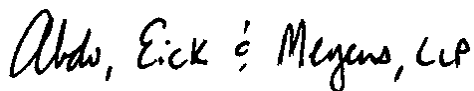
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of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

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP  
Mankato, Minnesota  
July 27, 2016

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## **Management's Discussion and Analysis**

As management of the City of Waseca, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found starting on page 6 of this report, and the City's financial statements following this section.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$64,047,722 (net position). Of this amount, \$11,224,650 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and vendors in accordance with the City's fiscal policies.
- The City's total net position increased by \$1,393,874 during the current year. The increase is a result of multiple items, the foremost include:
  - Addition of equipment and infrastructure
  - Reduced expenditures due to lower fuel prices than anticipated
  - Reduced expenditures due to staff vacancies
  - Reduced insurance expenses
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$3,503,891 or 61.9 percent of total current year General fund expenditures.

### **Overview of the Financial Statements**

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 reflects how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

**Figure 1**  
**Required Components of the**  
**City’s Annual Financial Report**

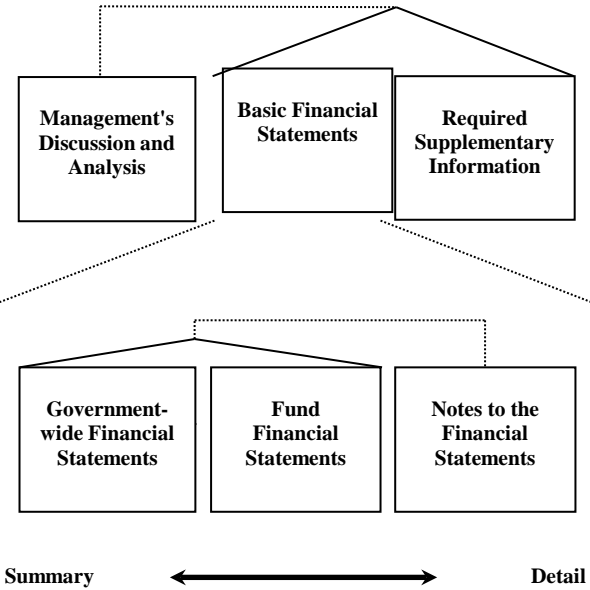


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

**Figure 2**  
**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government and the City’s component units	The activities of the City that are not proprietary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**Government-wide financial statements.** The *government-wide* financial statements are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City’s assets and liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets and highways, sanitation, culture and recreation, economic development, airport and miscellaneous. The business-type activities of the City include water utility, sanitary sewer utility, electric utility and surface water.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority and Housing and Redevelopment Authority for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found starting on page 34 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary 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. The governmental fund's balance sheet and governmental fund's statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 37 individual Governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General fund, the Debt Service fund, Highway 14 Reconstruction Fund, Capital Improvement Fund, Special Assessment Fund, all of which are considered to be major funds. Data from the other 34 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General fund, certain Special Revenue funds and certain Capital Project funds. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found starting on page 40 of this report.

**Proprietary Funds.** The City maintains two different types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, electric and surface water utilities. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its workers' compensation insurance, property and liability insurance, and central garage services. Because these funds predominantly serve to benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund's financial statements provide separate information for the enterprise funds, all of which are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found starting on page 52 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 63 of this report.

**Required supplementary information.** The required supplementary information can be found starting on page 106 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to financial statements. Combining and individual fund financial statements and schedules can be found starting on page 112 of this report.

## Government-wide Financial Analysis

An analysis of the City's financial position begins with a review of the statement of net position and the statement of activities. These two statements report the City's net position and changes in net position. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth, and new regulations.

The City has committed significant time and funding toward the development of the necessary infrastructure for community growth. The financial statements reflect the trend of funding for not only operational functions of City operations, but also funding needed for growth projects. Waseca has the available land for growth of both commercial and residential sites, and the City Council has placed the goal of assisting and encouraging growth as a high priority in 2015 and beyond. As infrastructure programs are reviewed, meeting growth needs is a critical component of the planning process.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$64,047,722 at December 31, 2015. This is an increase of \$1,393,874 from the prior year.

### City of Waseca's Summary of Net Position

	Governmental Activities			Business-Type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Current and other assets	\$ 12,210,877	\$ 12,706,590	\$ (495,713)	\$ 8,551,162	\$ 9,314,151	\$ (762,989)
Capital assets	31,510,983	29,637,263	1,873,720	34,708,687	35,669,322	(960,635)
Total assets	43,721,860	42,343,853	1,378,007	43,259,849	44,983,473	(1,723,624)
Deferred outflows of resources	578,462	-	578,462	86,143	-	86,143
Long-term liabilities outstanding	11,362,691	8,875,500	2,487,191	9,269,421	10,255,593	(986,172)
Other liabilities	1,070,260	718,987	351,273	887,427	1,030,819	(143,392)
Total liabilities	12,432,951	9,594,487	2,838,464	10,156,848	11,286,412	(1,129,564)
Deferred inflows of resources	837,241	-	837,241	171,552	-	171,552
Net position						
Net investment in capital assets	23,050,108	23,663,579	(613,471)	26,373,317	25,591,737	781,580
Restricted	3,399,647	3,000,951	398,696	-	-	-
Unrestricted	4,580,375	6,084,836	(1,504,461)	6,644,275	8,105,324	(1,461,049)
Total net position	\$ 31,030,130	\$ 32,749,366	\$ (1,719,236) <sup>1</sup>	\$ 33,017,592	\$ 33,697,061	\$ (679,469) <sup>2</sup>

1: Includes (\$2,846,281) for a prior period restatement to record beginning net pension liability, deferred inflows of resources and deferred outflows of resources at December 31, 2014.

2: Includes (\$946,298) for a prior period restatement to record beginning net pension liability, deferred inflows of resources and deferred outflows of resources at December 31, 2014.

By far, the largest portion of the City's net position of \$49,423,425 (approximately 77.2 percent), reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position of \$3,399,647 (approximately 5.3 percent), represent resources that are subject to external restrictions on how they may be used. The remaining balance of the net position is unrestricted \$11,224,650 (approximately 17.5 percent) and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in both categories of net position as the City establishes the groundwork for community expansion. The net position of the City, specifically in the business type activities, will continue to grow as the fundamental infrastructure of the City is increased and extended into existing rural areas.

**Governmental activities.** Governmental activities increased the City's net position by \$1,127,045 . This increase was mainly due to an increase in property taxes for debt related to the Public Safety Building and various grants received. Key elements of this increase are as follows:

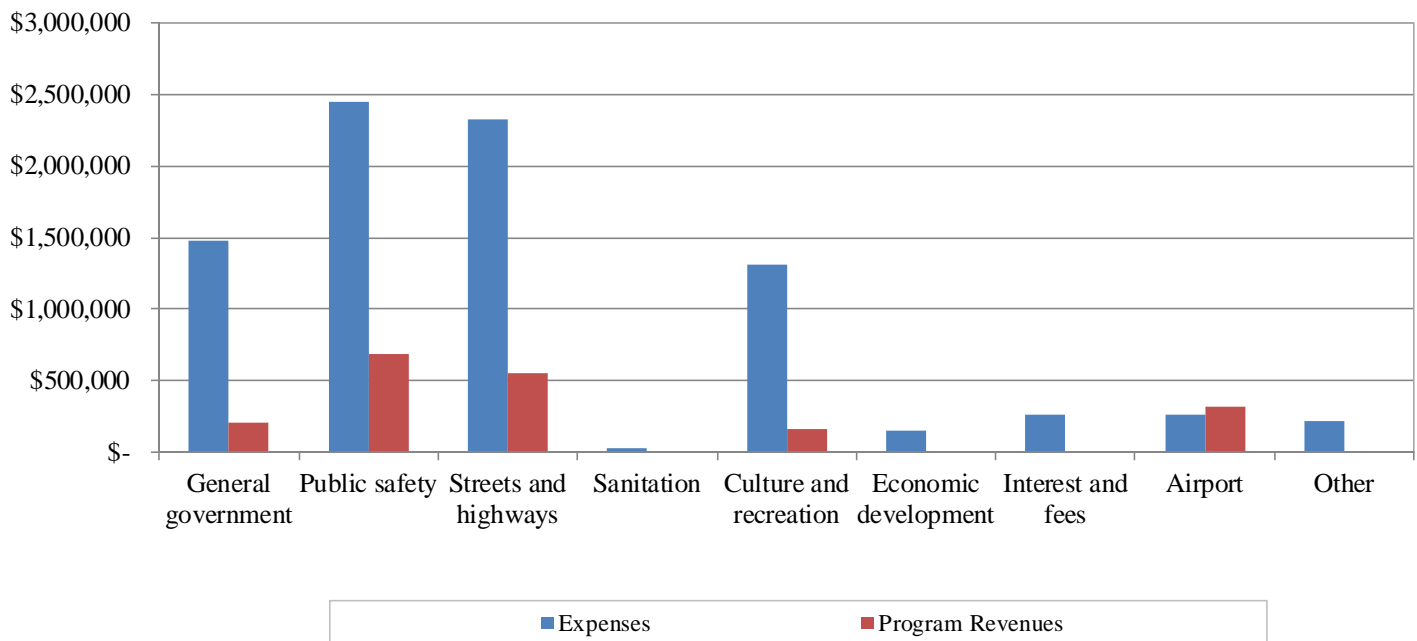
**City of Waseca's Changes in Net Position**

	Governmental Activities			Business-Type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 650,785	\$ 579,058	\$ 71,727	\$ 9,771,672	\$ 9,944,390	\$ (172,718)
Operating grants and contributions	817,754	1,372,862	(555,108)	5,170	17,665	(12,495)
Capital grants and contributions	477,165	957,390	(480,225)	-	26,500	(26,500)
General revenues						
Taxes	4,036,126	3,947,952	88,174	-	-	-
Grants and contributions not restricted to specific programs	3,054,961	2,631,156	423,805	-	-	-
Unrestricted investment earnings	86,258	44,033	42,225	76,687	49,512	27,175
Gain on disposal of assets	17,216	2,998	14,218	38,176	11,455	26,721
Total revenues	9,140,265	9,535,449	(395,184)	9,891,705	10,049,522	(157,817)
Expenses						
General government	1,477,440	1,450,120	27,320	-	-	-
Public safety	2,449,568	2,626,754	(177,186)	-	-	-
Streets and highways	2,323,408	2,348,043	(24,635)	-	-	-
Sanitation	33,654	43,942	(10,288)	-	-	-
Culture and recreation	1,313,046	1,173,439	139,607	-	-	-
Economic development	155,571	343,547	(187,976)	-	-	-
Interest and fees	260,674	223,502	37,172	-	-	-
Airport	262,750	135,732	127,018	-	-	-
Other	218,782	168,451	50,331	-	-	-
Water	-	-	-	967,243	1,057,817	(90,574)
Sewer	-	-	-	2,166,795	2,550,773	(383,978)
Electric	-	-	-	5,821,031	5,992,829	(171,798)
Surface water	-	-	-	188,134	223,549	(35,415)
Total expenses	8,494,893	8,513,530	(18,637)	9,143,203	9,824,968	(681,765)
Change in net position before transfers	645,372	1,021,919	(376,547)	748,502	224,554	523,948
Capital contributions	-	(2,697,428)	2,697,428	-	2,697,428	(2,697,428)
Transfers	481,673	419,528	62,145	(481,673)	(419,528)	(62,145)
Change in net position	1,127,045	(1,255,981)	2,383,026	266,829	2,502,454	(2,235,625)
Net position - January 1	29,903,085	34,156,998	(4,253,913)	32,750,763	31,194,607	1,556,156
Prior period adjustment	-	(151,651)	151,651	-	-	-
Net position - January 1 as restated (Note 6)	29,903,085	34,005,347	(4,102,262)	32,750,763	31,194,607	1,556,156
Net position - December 31	\$ 31,030,130	\$ 32,749,366	\$ (1,719,236)	\$ 33,017,592	\$ 33,697,061	\$ (679,469)

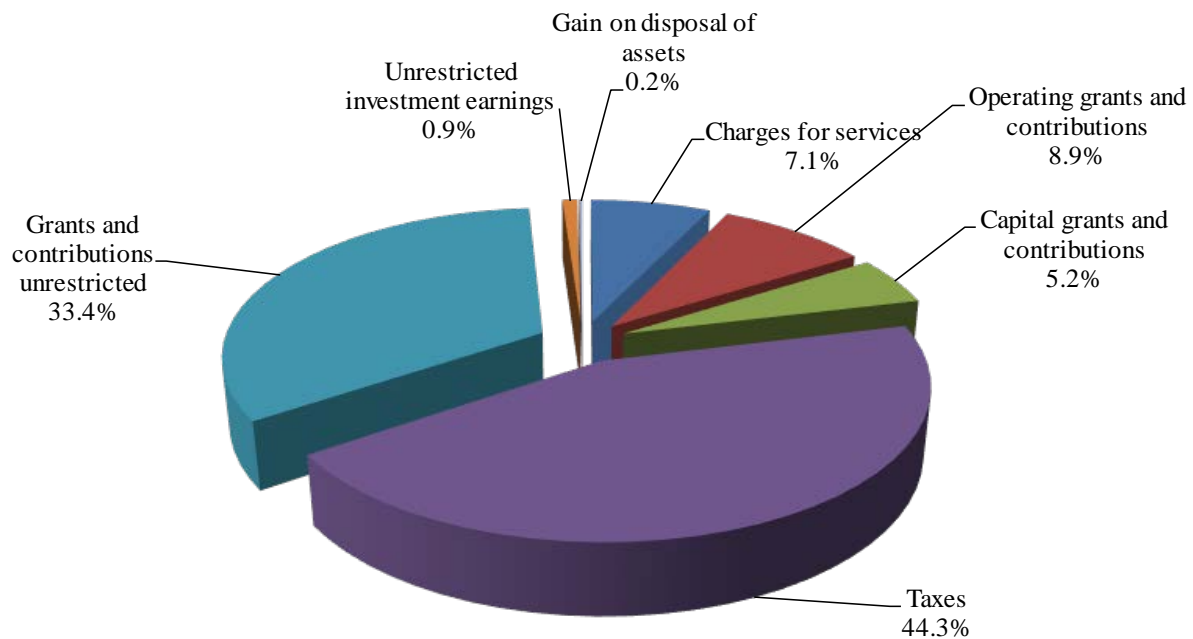


The following graphs depict various governmental activities and show the revenues and expenses directly related to those activities.

### Expenses and Program Revenues – Governmental Activities

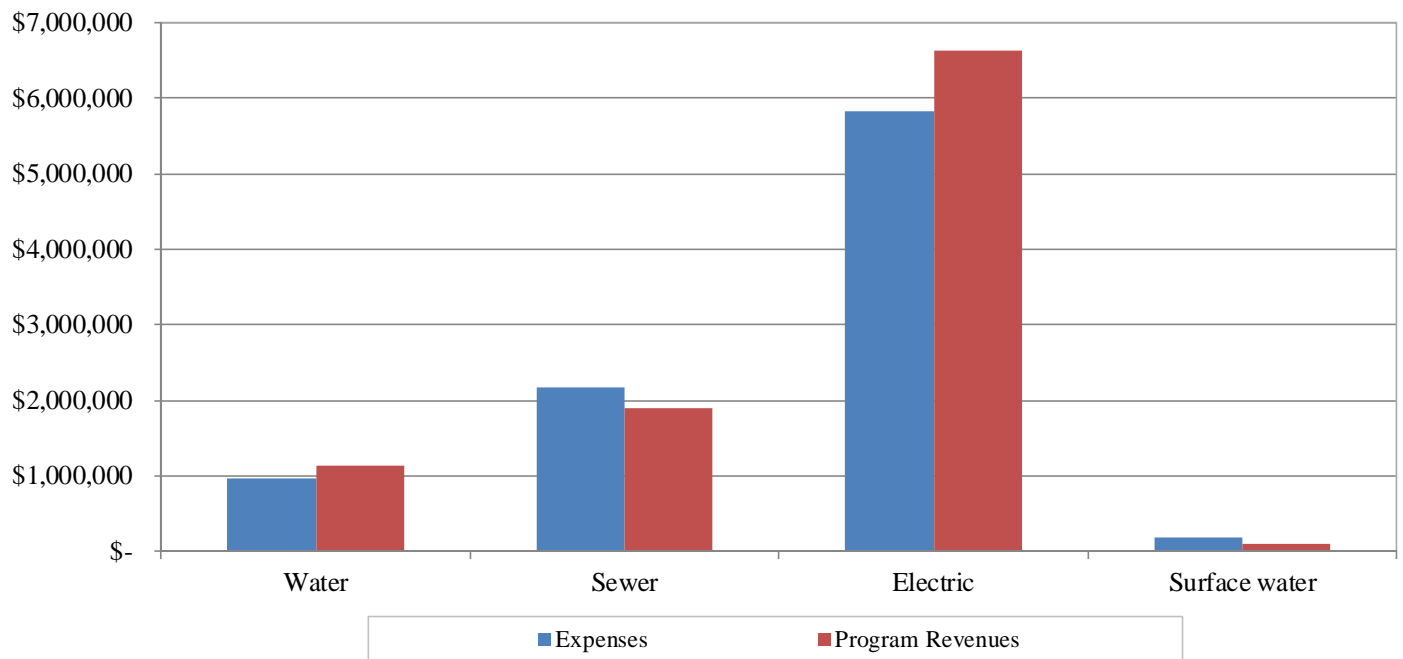


### Revenues by Source – Governmental Activities

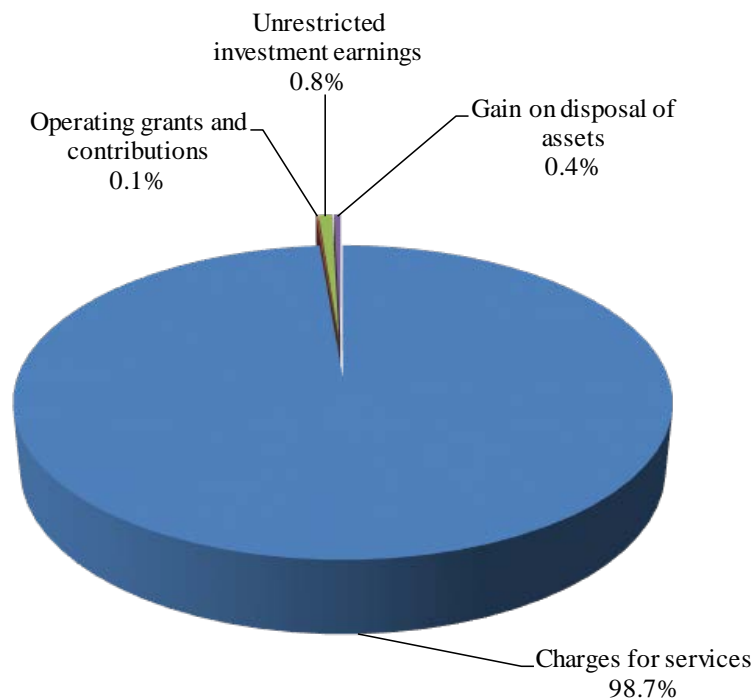


- **Business-type activities.** Business-type activities increased the City's net position by \$266,829

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



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



## Financial Analysis of the City's Funds

**Governmental funds.** The focus of the City of Waseca's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,889,256. The unrestricted fund balance (committed, assigned or unassigned) consists of \$6,381,106 of the total combined ending fund balance. The restricted fund balance totals \$3,503,879. The remainder of the fund balance consists of nonspendable fund balances in the amount of \$4,271

The following is a discussion of the major governmental funds that had large increases or decreases in fund balance.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unrestricted (committed, assigned or unassigned) fund balance in the General fund was \$3,503,891, with \$88,503 restricted fund balance for Parkland Dedication, \$38,847 for the PEG channel and \$4,271 for prepaid items. Total fund balance was \$3,635,512. As a measure of the General fund's liquidity it may be useful to compare unrestricted fund balance to next years budgeted total General fund expenditures. Unrestricted fund balance represents 54.3 percent of total budgeted 2016 General fund expenditures of \$6,449,301.

The fund balance of the City's General fund increased by \$385,118 during the current fiscal year. The key factor of this increase can be attributed to positive budget variances in expenditures related to fuel, insurance, reduced snow removal and increased revenues for building permits.

The Debt Service fund has a total fund balance of \$1,797,332, all of which is restricted for debt service. The fund increased \$220,780 which is a result of taxes collected of \$474,379 offset by bond principal paid of \$295,000.

The Highway 14 Reconstruction fund has a fund deficit of \$460,203 due to construction costs paid in 2015 of \$878,372 to be funded by future proceeds and state reimbursements.

The City continued to fund the Capital Improvement fund with a \$299,468 allocation. Some of the projects in the 2014 budget were not completed and costs were carried over into the 2015 budget. Fund balance decreased \$1,549,661 during 2015, mainly due to the project carryover from 2014. To meet the needs of the street plan and comply with a Pavement Condition Index (PCI) report, future budget years may require the City to review Capital Improvement Project (CIP) funding, and increase the property tax levy and accompanying transfer to CIP for the increased costs of infrastructure. This will allow the City to address the growth needs of the community.

The Special Assessment Capital Project fund had an increase in fund balance during 2015 of \$360,187 to a total of \$781,557 due to special assessment receipts in excess of related project costs during the year.

**Proprietary funds:** The City's proprietary funds have unrestricted net position as follows:

Water fund	\$ 979,465
Sanitary sewer fund	2,765,565
Electric fund	3,004,848
Surface water fund	232

The net position of the proprietary funds increased by \$266,829 during the current fiscal year. Key factors in this increase include:

The Water fund had an increase in net position of \$97,848 mainly as a result of operating income of \$173,712.

The Sanitary Sewer fund had a decrease in net position of \$180,567 mainly due to non-operating loss of \$178,593.

The Electric fund had an increase in net position of \$432,404 due mainly to an operating income of \$844,028.

The Surface Water fund had a decrease in net position of \$83,149, mainly due to the operating loss of \$81,709.

The net position of the Internal Service funds increase by \$1,837, due mainly to investment earnings.

## General Fund Budgetary Highlights

The difference between the original budgeted expenditures and transfers out and the final amended budgeted expenditures and transfers out was a decrease of \$311,499 during the fiscal year 2015. There was also a decrease of \$311,499 between the original budgeted revenues and transfers in and the final amended budgeted revenues and transfers in. Significant budget changes during the current fiscal year included the following:

- Decrease in general fund tax revenue and transfers out totaling \$311,499 as these were moved to appropriated debt service fund.

General fund final amended budgeted expenditures exceeded actual expenditures by \$398,518 during fiscal year 2015. The actual revenues exceeded the budgeted revenues by \$13,162. Significant variances during the current fiscal year included the following:

- Permit and fee revenues exceeded budget by \$102,116 mainly due to increased building permits.
- Budgeted police expenditures exceeded actual expenditures by \$141,506 due to staffing vacancies.
- Budgeted Street maintenance expenditures exceeded actual expenditures by \$115,435 due to expenditures being lower than anticipated.

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounts to \$49,423,425 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure. The total increase in the City's investment in capital assets was 0.3 percent (a 2.6 percent decrease for governmental activities and a 3.1 increase for business-type activities).

Additional information on the City's capital assets can be found in Note 3C starting on page 78 of this report.

Major capital asset events during the current fiscal year included the following:

- New dump truck with snow plow was purchased with a cost of \$213,757.
- Street reclamation, improvement and sidewalk projects totaling \$413,073 in 2015.
- Northeast park improvements cost in 2015 was \$509,879.
- Waseca public library improvements totaled \$231,701 in 2015.
- Highway 14 turnback reconstruction project began with costs in 2015 of \$889,970.

### City of Waseca's Capital Assets (net of depreciation)

	Governmental Activities			Business-type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Land	\$ 1,094,596	\$ 1,094,596	\$ -	\$ 257,465	\$ 257,465	\$ -
Buildings	4,551,049	4,183,207	367,842	12,969,801	13,441,346	(471,545)
Improvements other than buildings	4,629,515	4,664,793	(35,278)	15,292,144	15,817,326	(525,182)
Equipment	2,946,941	2,840,323	106,618	2,749,084	2,917,735	(168,651)
Infrastructure	15,489,028	15,918,564	(429,536)	2,000,629	2,086,582	(85,953)
Construction in progress	2,799,854	935,780	1,864,074	1,439,564	1,148,868	290,696
Total	<u>\$ 31,510,983</u>	<u>\$ 29,637,263</u>	<u>\$ 1,873,720</u>	<u>\$ 34,708,687</u>	<u>\$ 35,669,322</u>	<u>\$ (960,635)</u>

**Long-term debt:** At the end of the fiscal year, the City had total long-term debt of \$16,116,000. This debt has been issued to finance the special assessment construction of the City's street and pavement program. Debt has also been issued for revenue bonds, which are in place to finance water main and sewer line infrastructure construction and improvements. The City has also issued debt for the construction of the Wastewater Treatment Plant expansion and conveyance system improvements. The City's total debt decreased by \$2,035,000 (11.2 percent decrease) during the current fiscal year. The main factor in this decrease was the retirement of debt during the year.

### City of Waseca's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
General obligation bonds	\$ 5,580,000	\$ 5,655,000	\$ (75,000)	\$ -	\$ -	\$ -
G.O. Tax Increment bonds	800,000	850,000	(50,000)	-	-	-
G.O. State Aid Street bonds	-	80,000	(80,000)	-	-	-
G.O. Aquatic Center bonds	1,440,000	1,530,000	(90,000)	-	-	-
Revenue bonds	-	-	-	1,290,000	2,620,000	(1,330,000)
G.O. Revenue notes	-	-	-	7,006,000	7,416,000	(410,000)
Total	<u>\$ 7,820,000</u>	<u>\$ 8,115,000</u>	<u>\$ (295,000)</u>	<u>\$ 8,296,000</u>	<u>\$ 10,036,000</u>	<u>\$ (1,740,000)</u>

Changes in long-term debt included reductions of the bond payments required and made in 2015.

The City of Waseca has received a bond rating of Aa3 from Moody's, it's fourth-highest rating, on its general obligation debt issued in November 2011. With the City's most recent debt issue (2014) Moody's re-affirmed the rating.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3 percent of the total taxable market value. The current debt limitation for the City is \$12,735,780 and \$7,020,000 of the City's outstanding debt is counted within the statutory limitation. The balance of the City's debt is either wholly or partially financed by revenues other than a general tax levy.

Additional information on the City's long-term debt can be found in Note 3G starting on page 82 on this report.

## **Economic Factors and Budget Information**

### **Significant economic factors affecting the City are as follows:**

According to U.S. Bureau of Labor Statistics as of December 2015, Waseca County's unemployment rate of 4.2 percent compares unfavorably to the state unemployment rate of 3.7 percent, but compares favorably to the national unemployment rate of 5.3 percent. Waseca County's unemployment rate was 4.7 percent in 2014; and 4.9 percent in 2013.

Property tax aid from the State of Minnesota increased beginning with the 2014 distribution which included a new formula that was supported by the League of MN Cities, Coalition of Greater MN Cities, and Metro Cities. For the City of Waseca the Certified Local Government Aid (LGA) under the new formula for 2014 was \$2,631,156 which included an increase of \$357,505 from 2013. In 2015 the City received a slight increase to \$2,689,060. The increase in LGA will not fully restore the State property tax aid to pre-recession level, however it does allow the City to begin the process to catch-up on many delayed initiatives and projects from that period.

The adopted budget for the City of Waseca sets the 2016 property tax levy at \$3,673,222 which is a slight increase from prior year levies.

City issued building permits increased beginning in 2014 and continued to stay strong in 2015, showing a continued trend of significant investments being made in the community.

The Highway 14 multi-phase upgrade project has completed the phase with the bypass of State Highway 14, providing four lanes to Owatonna and Mankato. There are two interchanges to Waseca from the new Highway. Completion of the project relieved congestion at major intersections within the center of the City.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the 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, City of Waseca, 508 South State Street, Waseca, MN, 56093.



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CITY OF WASECA  
WASECA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015



CITY OF WASECA, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015

	Primary Government			Component Units	
	Governmental Activities	Business - type Activities	Total	Economic Development Authority	Housing and Redevelopment Authority
<b>ASSETS</b>					
Cash and investments	\$ 7,901,206	\$ 6,530,731	\$ 14,431,937	\$ 524,576	\$ 405,531
Receivables					
Taxes	76,715	-	76,715	1,634	-
Accounts	79,692	1,519,008	1,598,700	-	127
Utility	-	13,190	13,190	-	-
Special assessments	673,898	11,546	685,444	-	-
Interest	69,501	-	69,501	-	-
Loans (net of allowance)	20,643	-	20,643	149,156	-
Due from other governments	620,265	-	620,265	620	-
Internal balances	105,835	(105,835)	-	-	-
Inventories	-	318,966	318,966	-	-
Land held for resale	960,467	-	960,467	177,267	-
Prepaid items	4,271	3,000	7,271	-	14,999
Investment in joint venture	98,662	-	98,662	-	-
Restricted assets					
Cash with fiscal agent	1,367,256	-	1,367,256	-	-
Customer deposits	-	216,485	216,485	-	-
Pension asset	232,466	-	232,466	-	-
Capital assets					
Land	1,094,596	257,465	1,352,061	-	61,996
Infrastructure	31,948,628	4,283,126	36,231,754	-	-
Construction in progress	2,799,854	1,439,564	4,239,418	-	-
Buildings	6,589,197	16,003,416	22,592,613	-	2,333,598
Improvements other than buildings	7,047,882	36,425,469	43,473,351	-	110,173
Machinery and equipment	6,059,317	7,406,196	13,465,513	-	153,186
Accumulated depreciation	(24,028,491)	(31,106,549)	(55,135,040)	-	(1,930,112)
Service territory (net of amortization)	-	44,071	44,071	-	-
<b>TOTAL ASSETS</b>	<b>43,721,860</b>	<b>43,259,849</b>	<b>86,981,709</b>	<b>853,253</b>	<b>1,149,498</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension resources	578,462	86,143	664,605	-	-
<b>LIABILITIES</b>					
Accounts payable	458,908	481,023	939,931	25,516	9,716
Customer deposits	-	216,485	216,485	-	16,713
Accrued wages payable	115,723	36,839	152,562	991	384
Accrued interest	111,828	86,484	198,312	-	-
Due to other governments	348,011	53,406	401,417	-	17,674
Unearned revenue	35,790	13,190	48,980	-	397
Noncurrent liabilities					
Due within one year	1,894,140	907,221	2,801,361	5,600	3,561
Due in more than one year	9,468,551	8,362,200	17,830,751	-	-
<b>TOTAL LIABILITIES</b>	<b>12,432,951</b>	<b>10,156,848</b>	<b>22,589,799</b>	<b>32,107</b>	<b>48,445</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred pension resources	837,241	171,552	1,008,793	-	-

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

CITY OF WASECA, MINNESOTA  
STATEMENT OF NET POSITION - CONTINUED  
DECEMBER 31, 2015

	Primary Government			Component Units	
	Governmental Activities	Business - type Activities	Total	Economic Development Authority	Housing and Redevelopment Authority
NET POSITION					
Net investment in capital assets	\$ 23,050,108	\$ 26,373,317	\$ 49,423,425	\$ -	\$ 728,841
Restricted for					
Debt service	1,693,100	-	1,693,100	-	-
Clear Lake Press fund	130,476	-	130,476	-	-
Revolving loans	54,998	-	54,998	-	-
Tax increment	601,238	-	601,238	-	-
Historical preservation	18	-	18	-	-
Police safe haven	14,627	-	14,627	-	-
Police forfeitures	63,326	-	63,326	-	-
Municipal state aid	714,514	-	714,514	-	-
Parkland dedication	88,503	-	88,503	-	-
PEG channel	38,847	-	38,847	-	-
Unrestricted	4,580,375	6,644,275	11,224,650	821,146	372,212
TOTAL NET POSITION	<u>\$ 31,030,130</u>	<u>\$ 33,017,592</u>	<u>\$ 64,047,722</u>	<u>\$ 821,146</u>	<u>\$ 1,101,053</u>

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

CITY OF WASECA, MINNESOTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 1,477,440	\$ 119,087	\$ 80,532	\$ 7,000
Public safety	2,449,568	258,968	426,024	-
Streets and highways	2,323,408	71	140,538	416,570
Sanitation	33,654	-	-	-
Culture and recreation	1,313,046	163,593	-	-
Economic development	155,571	-	7,393	-
Interest and fees	260,674	-	-	-
Airport	262,750	109,066	163,267	53,595
Other	218,782	-	-	-
Total governmental activities	<u>8,494,893</u>	<u>650,785</u>	<u>817,754</u>	<u>477,165</u>
Business-type activities				
Water	967,243	1,135,623	803	-
Sewer	2,166,795	1,897,349	-	-
Electric	5,821,031	6,632,275	297	-
Surface water utility	188,134	106,425	4,070	-
Total business-type activities	<u>9,143,203</u>	<u>9,771,672</u>	<u>5,170</u>	<u>-</u>
Total primary government	<u>\$ 17,638,096</u>	<u>\$ 10,422,457</u>	<u>\$ 822,924</u>	<u>\$ 477,165</u>
Component units				
Economic Development Authority	69,811	500	76,562	-
Housing and Redevelopment Authority	419,129	257,899	68,133	54,800
Total component units	<u>\$ 488,940</u>	<u>\$ 258,399</u>	<u>\$ 144,695</u>	<u>\$ 54,800</u>

General Revenues

Property taxes - levied for general purposes  
Property taxes - levied for debt service  
Tax increment financing revenue  
Lodging taxes  
Franchise taxes  
Grants and contributions not restricted  
Unrestricted investment earnings  
Gain on disposal of assets  
Transfers

Total general revenues and transfers

Change in Net Position

Net Position - January 1 restated (Note 8)

Net Position - December 31

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

Net (Expense) Revenue and Changes in Net Position			Component Units	
Primary Government			Economic Development Authority	Housing and Redevelopment Authority
Governmental Activities	Business-type Activities	Total		
\$ (1,270,821)		\$ (1,270,821)		
(1,764,576)		(1,764,576)		
(1,766,229)		(1,766,229)		
(33,654)		(33,654)		
(1,149,453)		(1,149,453)		
(148,178)		(148,178)		
(260,674)		(260,674)		
63,178		63,178		
(218,782)		(218,782)		
<u>(6,549,189)</u>		<u>(6,549,189)</u>		
-	\$ 169,183	169,183		
-	(269,446)	(269,446)		
-	811,541	811,541		
-	(77,639)	(77,639)		
<u>-</u>	<u>633,639</u>	<u>633,639</u>		
<u>(6,549,189)</u>	<u>633,639</u>	<u>(5,915,550)</u>		
			\$ 7,251	\$ (38,297)
3,022,586	-	3,022,586	78,159	-
478,022	-	478,022	-	-
294,704	-	294,704	-	-
26,392	-	26,392	-	-
214,422	-	214,422	-	-
3,054,961	-	3,054,961	6	-
86,258	76,687	162,945	6,899	621
17,216	38,176	55,392	-	50
481,673	(481,673)	-	-	-
<u>7,676,234</u>	<u>(366,810)</u>	<u>7,309,424</u>	<u>85,064</u>	<u>671</u>
1,127,045	266,829	1,393,874	92,315	(37,626)
<u>29,903,085</u>	<u>32,750,763</u>	<u>62,653,848</u>	<u>728,831</u>	<u>1,138,679</u>
<u>31,030,130</u>	<u>33,017,592</u>	<u>64,047,722</u>	<u>821,146</u>	<u>1,101,053</u>

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

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**FUND FINANCIAL STATEMENTS**

CITY OF WASECA  
WASECA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

CITY OF WASECA, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2015

	101	300s	436	430	440
	General	Debt Service	Highway 14 Reconstruction Fund	Capital Improvement Fund	Special Assessment Fund
<b>ASSETS</b>					
Cash and investments	\$ 2,823,442	\$ 426,903	\$ -	\$ 894,004	\$ 779,498
Cash with fiscal agent	-	1,367,256	-	-	-
Receivables					
Taxes	69,119	7,596	-	-	-
Accounts	70,471	-	-	-	-
Assessments	-	-	-	-	673,898
Interest	69,501	-	-	-	-
Loans	-	-	-	-	-
Due from other governments	162,201	3,459	379,474	-	2,059
Land held for resale	-	-	-	-	-
Due from other funds	812,440	-	-	-	-
Prepaid items	4,271	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 4,011,445</b>	<b>\$ 1,805,214</b>	<b>\$ 379,474</b>	<b>\$ 894,004</b>	<b>\$ 1,455,455</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 104,795	\$ -	\$ 62,410	\$ 143,726	\$ -
Due to other governments	61,954	-	-	248,912	-
Accrued wages payable	108,090	-	-	143	-
Unearned revenue	31,975	-	-	-	-
Due to other funds	-	286	777,267	-	-
<b>TOTAL LIABILITIES</b>	<b>306,814</b>	<b>286</b>	<b>839,677</b>	<b>392,781</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - taxes	69,119	7,596	-	-	-
Unavailable revenue - assessments	-	-	-	-	673,898
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>69,119</b>	<b>7,596</b>	<b>-</b>	<b>-</b>	<b>673,898</b>
<b>FUND BALANCES</b>					
Nonspendable					
Prepaid items	4,271	-	-	-	-
Restricted for					
Debt service	-	1,797,332	-	-	-
Clear Lake Press fund	-	-	-	-	-
Revolving loan	-	-	-	-	-
Tax increment	-	-	-	-	-
Historical preservation	-	-	-	-	-
Police safe haven	-	-	-	-	-
Police forfeitures	-	-	-	-	-
Municipal state aid	-	-	-	-	-
Parkland dedication	88,503	-	-	-	-
PEG channel	38,847	-	-	-	-
Committed to					
Airport	-	-	-	-	-
Police reserves	-	-	-	-	-
Waseca housing fund	-	-	-	-	-
Assigned to					
Capital projects funds	-	-	-	501,223	-
Northwest commercial development	-	-	-	-	-
Annexation and growth	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Operations	-	-	-	-	-
Unassigned	3,503,891	-	(460,203)	-	781,557
<b>TOTAL FUND BALANCE</b>	<b>3,635,512</b>	<b>1,797,332</b>	<b>(460,203)</b>	<b>501,223</b>	<b>781,557</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,011,445</b>	<b>\$ 1,805,214</b>	<b>\$ 379,474</b>	<b>\$ 894,004</b>	<b>\$ 1,455,455</b>

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

Other Governmental Funds	Total Governmental Funds
\$ 2,795,562	\$ 7,719,409
-	1,367,256
-	76,715
9,221	79,692
-	673,898
-	69,501
20,643	20,643
72,772	619,965
960,467	960,467
-	812,440
-	4,271
<u>\$ 3,858,665</u>	<u>\$ 12,404,257</u>
\$ 144,267	\$ 455,198
37,142	348,008
4,719	112,952
3,815	35,790
<u>34,887</u>	<u>812,440</u>
<u>224,830</u>	<u>1,764,388</u>
-	76,715
-	<u>673,898</u>
-	<u>750,613</u>
-	4,271
-	1,797,332
130,476	130,476
54,998	54,998
601,238	601,238
18	18
14,627	14,627
63,326	63,326
714,514	714,514
-	88,503
-	38,847
275,979	275,979
728	728
76,276	76,276
-	501,223
1,119,587	1,119,587
244,738	244,738
280,116	280,116
149,901	149,901
<u>(92,687)</u>	<u>3,732,558</u>
<u>3,633,835</u>	<u>9,889,256</u>
<u>\$ 3,858,665</u>	<u>\$ 12,404,257</u>

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



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CITY OF WASECA, MINNESOTA  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015

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

Total fund balances - governmental funds	\$ 9,889,256
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	31,510,983
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not report as assets in the funds.	232,466
Investments in joint ventures are not financial resources and, therefore are not reported in the funds.	98,662
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Long-term liabilities at year-end consist of	
Severance payable	(291,575)
Other postemployment benefits obligation	(283,779)
Bonds payable	(7,820,000)
Bond discounts, net of accumulated amortization	7,249
Bond premiums, net of accumulated amortization	(226,966)
Pension liability	(2,687,044)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	76,715
Special assessments receivable	673,898
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflow of resources - pension resources	571,367
Deferred inflow of resources - pension resources	(823,112)
Governmental funds do not report a liability for accrued interest until due and payable.	(111,828)
Internal service funds are used by management to charge the costs of various services provided to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
Internal service fund net position per statements	
Add allocation to business-type activities	213,838
Total net position - governmental activities	<u>\$ 31,030,130</u>

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

CITY OF WASECA, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	101	300s	436	430	440
	General	Debt Service	Highway 14 Reconstruction Fund	Capital Improvement Fund	Special Assessment Fund
REVENUES					
Taxes	\$ 3,267,270	\$ 474,379	\$ -	\$ -	\$ -
Licenses	21,238	-	-	-	-
Permits and fees	216,416	-	-	-	-
Intergovernmental	2,944,837	81,520	379,474	-	-
Charges for services	26,425	-	-	-	-
Program income	-	-	-	-	-
Fines and forfeitures	23,720	-	-	-	-
Special assessments	-	-	-	-	324,738
Contributions	6,865	-	-	-	-
Interest earnings	23,559	2,693	181	22,516	6,059
Miscellaneous	122,966	-	-	-	30,405
<b>TOTAL REVENUES</b>	<b>6,653,296</b>	<b>558,592</b>	<b>379,655</b>	<b>22,516</b>	<b>361,202</b>
EXPENDITURES					
Current					
General government	1,313,207	-	-	-	-
Public safety	2,261,350	-	-	-	-
Streets and highways	1,216,385	-	-	143	-
Sanitation	33,654	-	-	-	-
Culture and recreation	621,727	-	-	-	-
Economic development	-	-	-	-	-
Airport	-	-	-	-	-
Other services	218,782	-	-	-	-
Capital outlay					
General government	-	-	-	117,660	-
Public safety	-	-	-	-	-
Streets and highways	-	-	878,372	1,119,936	1,015
Culture and recreation	-	-	-	633,906	-
Airport	-	-	-	-	-
Debt service					
Bond principal	-	295,000	-	-	-
Interest and fiscal charges	-	211,970	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>5,665,105</b>	<b>506,970</b>	<b>878,372</b>	<b>1,871,645</b>	<b>1,015</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	988,191	51,622	(498,717)	(1,849,129)	360,187
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	-	-
Transfers in	578,118	169,493	-	299,468	-
Transfers out	(1,181,191)	(335)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(603,073)</b>	<b>169,158</b>	<b>-</b>	<b>299,468</b>	<b>-</b>
NET CHANGE IN FUND BALANCE	385,118	220,780	(498,717)	(1,549,661)	360,187
FUND BALANCE, JANUARY 1	3,250,394	1,576,552	38,514	2,050,884	421,370
FUND BALANCES, DECEMBER 31	\$ 3,635,512	\$ 1,797,332	\$ (460,203)	\$ 501,223	\$ 781,557

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

Other Governmental Funds	Total Governmental Funds
\$ 294,704	\$ 4,036,353
-	21,238
-	216,416
497,937	3,903,768
-	26,425
286,733	286,733
8,082	31,802
-	324,738
8,825	15,690
29,797	84,805
40,160	193,531
<u>1,166,238</u>	<u>9,141,499</u>
1,342	1,314,549
224,974	2,486,324
-	1,216,528
-	33,654
228,338	850,065
158,507	158,507
170,795	170,795
-	218,782
-	117,660
128,580	128,580
250,651	2,249,974
274,419	908,325
183,349	183,349
-	295,000
-	211,970
<u>1,620,955</u>	<u>10,544,062</u>
<u>(454,717)</u>	<u>(1,402,563)</u>
17,216	17,216
1,305,621	2,352,700
(689,501)	(1,871,027)
<u>633,336</u>	<u>498,889</u>
178,619	(903,674)
<u>3,455,216</u>	<u>10,792,930</u>
<u>\$ 3,633,835</u>	<u>\$ 9,889,256</u>

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

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CITY OF WASECA, MINNESOTA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015

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

Net change in fund balances - governmental funds	\$ (903,674)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.	
Capital outlay	3,434,092
Book value of assets sold or traded	(787)
Depreciation expense	(1,559,585)
Revenues (property taxes, special assessment and loan receivable deferred inflows) in the statements of activities that do not provide current financial resources are not reported as revenues in the funds.	(20,249)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount of repayments in the current period. Also, governmental funds report the effect premiums and discounts when debt is first issued, whereas these amounts are amortized in the statement of activities.	
Principal repayments	295,000
Change in accrued interest	(62,363)
Amortization of bond discount and premium	13,659
Long-term pension activity is not reported in governmental funds.	
Pension expense	58,835
Direct aid contributions	10,800
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Other postemployment benefit costs	(27,031)
Compensated absences	(21,199)
Investment in joint venture	(91,997)
Internal service funds are used by management to charge the costs of various services to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.	1,544
Change in net position - governmental activities	<u><u>\$ 1,127,045</u></u>

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

CITY OF WASECA, MINNESOTA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 3,576,481	\$ 3,264,982	\$ 3,267,270	\$ 2,288
Licenses	48,000	48,000	21,238	(26,762)
Permits and fees	114,300	114,300	216,416	102,116
Intergovernmental	2,917,183	2,917,183	2,944,837	27,654
Charges for services	33,600	33,600	26,425	(7,175)
Fines and forfeitures	36,000	36,000	23,720	(12,280)
Contributions	5,000	5,000	6,865	1,865
Interest earnings	42,000	42,000	23,559	(18,441)
Miscellaneous	205,393	205,393	122,966	(82,427)
TOTAL REVENUES	6,977,957	6,666,458	6,653,296	(13,162)
EXPENDITURES				
Current				
General government	1,375,973	1,375,973	1,313,207	62,766
Public safety	2,376,607	2,376,607	2,261,350	115,257
Streets and highways	1,405,108	1,405,108	1,216,385	188,723
Sanitation	47,382	47,382	33,654	13,728
Cultural and recreation	649,581	649,581	621,727	27,854
Other	208,972	208,972	218,782	(9,810)
TOTAL EXPENDITURES	6,063,623	6,063,623	5,665,105	398,518
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	914,334	602,835	988,191	385,356
OTHER FINANCING SOURCES (USES)				
Transfers in	578,118	578,118	578,118	-
Transfers out	(1,492,452)	(1,180,953)	(1,181,191)	(238)
TOTAL OTHER FINANCING SOURCES (USES)	(914,334)	(602,835)	(603,073)	(238)
NET CHANGE IN FUND BALANCES	-	-	385,118	385,118
FUND BALANCE, JANUARY 1	3,250,394	3,250,394	3,250,394	-
FUND BALANCE, DECEMBER 31	\$ 3,250,394	\$ 3,250,394	\$ 3,635,512	\$ 385,118

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

CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
HIGHWAY 14 RECONSTRUCTION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ -	\$ 379,474	\$ 379,474
Miscellaneous	-	181	181
	<u>-</u>	<u>379,655</u>	<u>379,655</u>
Total revenues	<u>-</u>	<u>379,655</u>	<u>379,655</u>
EXPENDITURES			
Current			
Streets and highways	<u>50,000</u>	<u>878,372</u>	<u>(828,372)</u>
NET CHANGE IN FUND BALANCES	(50,000)	(498,717)	(448,717)
FUND BALANCE, JANUARY 1	<u>38,514</u>	<u>38,514</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ (11,486)</u></u>	<u><u>\$ (460,203)</u></u>	<u><u>\$ (448,717)</u></u>

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



CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Interest earnings	\$ 3,000	\$ 22,516	\$ 19,516
EXPENDITURES			
Current			
Streets and highways	-	143	(143)
Capital outlay			
General government	144,716	117,660	27,056
Streets and highways	724,890	1,119,936	(395,046)
Culture and recreation	734,332	633,906	100,426
TOTAL EXPENDITURES	1,603,938	1,871,645	(267,707)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,600,938)	(1,849,129)	(248,191)
OTHER FINANCING SOURCES (USES)			
Transfers in	499,468	299,468	(200,000)
Debt issued	655,082	-	(655,082)
TOTAL OTHER FINANCING SOURCES (USES)	1,154,550	299,468	(855,082)
NET CHANGE IN FUND BALANCE	(446,388)	(1,549,661)	(1,103,273)
FUND BALANCE, JANUARY 1	2,050,884	2,050,884	-
FUND BALANCES, DECEMBER 31	\$ 1,604,496	\$ 501,223	\$ (1,103,273)

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

CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL ASSESSMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Assessments	\$ 306,830	\$ 324,738	\$ 17,908
Interest earnings	-	6,059	6,059
Miscellaneous	-	30,405	30,405
	<u>306,830</u>	<u>361,202</u>	<u>54,372</u>
TOTAL REVENUES			
EXPENDITURES			
Capital outlay			
Streets and highways	208,837	1,015	207,822
	<u>208,837</u>	<u>1,015</u>	<u>207,822</u>
NET CHANGE IN FUND BALANCES	97,993	360,187	262,194
FUND BALANCE, JANUARY 1	421,370	421,370	-
	<u>421,370</u>	<u>421,370</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ 519,363</u>	<u>\$ 781,557</u>	<u>\$ 262,194</u>

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

CITY OF WASECA, MINNESOTA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 DECEMBER 31, 2015

	Business-type Activities- Enterprise Funds		
	<b>601</b>	<b>602</b>	<b>604</b>
	Water	Sanitary Sewer	Electric
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 1,082,899	\$ 2,977,871	\$ 2,442,549
Restricted cash and cash equivalents			
Customer deposits	-	-	216,485
Accounts receivable	154,345	294,825	1,055,252
Utility receivable	7,914	5,276	-
Special assessments receivable	-	11,546	-
Due from other governments	-	-	-
Prepaid items	3,000	-	-
Inventories	-	-	318,966
<b>TOTAL CURRENT ASSETS</b>	<b>1,248,158</b>	<b>3,289,518</b>	<b>4,033,252</b>
<b>NONCURRENT ASSETS</b>			
Capital assets			
Land	10,585	28,500	88,130
Buildings	197,154	15,329,037	477,225
Improvements	11,135,318	13,912,678	9,824,584
Construction in progress	637,545	436,031	365,988
Machinery and equipment	634,246	5,122,630	1,602,020
Infrastructure	-	-	-
Less accumulated depreciation	(7,132,907)	(12,600,074)	(7,853,932)
Total capital assets (net of accumulated depreciation)	<b>5,481,941</b>	<b>22,228,802</b>	<b>4,504,015</b>
Other assets			
Service territory (net of amortization)	-	-	44,071
<b>TOTAL NONCURRENT ASSETS</b>	<b>5,481,941</b>	<b>22,228,802</b>	<b>4,548,086</b>
<b>TOTAL ASSETS</b>	<b>6,730,099</b>	<b>25,518,320</b>	<b>8,581,338</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension resources	19,930	29,144	33,250
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	11,800	69,200	399,775
Due to other governments	8,647	649	44,110
Accrued wages payable	7,200	14,384	14,480
Accrued interest payable	1,723	84,761	-
Customer deposits payable	-	-	216,485
Revenue notes payable	-	421,000	-
Revenue bonds payable	115,866	319,134	-
Compensated absences payable	12,464	17,390	19,569
Unearned revenue - utility	7,914	5,276	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>165,614</b>	<b>931,794</b>	<b>694,419</b>

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

Business-type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
Nonmajor 651 Surface Water	Totals	
\$ 27,412	\$ 6,530,731	\$ 181,797
-	216,485	-
14,586	1,519,008	-
-	13,190	-
-	11,546	-
-	-	300
-	3,000	-
-	318,966	-
41,998	8,612,926	182,097
130,250	257,465	-
-	16,003,416	-
1,552,889	36,425,469	-
-	1,439,564	-
47,300	7,406,196	-
4,283,126	4,283,126	-
(3,519,636)	(31,106,549)	-
2,493,929	34,708,687	-
-	44,071	-
2,493,929	34,752,758	-
2,535,927	43,365,684	182,097
3,819	86,143	7,095
248	481,023	3,713
-	53,406	-
775	36,839	2,771
-	86,484	-
-	216,485	-
-	421,000	-
-	435,000	-
1,798	51,221	-
-	13,190	-
2,821	1,794,648	6,484

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

CITY OF WASECA, MINNESOTA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION - CONTINUED  
 DECEMBER 31, 2015

	Business-type Activities- Enterprise Funds		
	<b>601</b>	<b>602</b>	<b>604</b>
	Water	Sanitary Sewer	Electric
NONCURRENT LIABILITIES			
Revenue notes payable	\$ -	\$ 6,995,000	\$ -
Revenue bonds payable	153,126	331,244	-
Compensated absences payable	15,727	14,660	21,421
Pension liability	170,166	248,840	283,900
Other post-employment benefits payable	13,292	39,897	39,768
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>352,311</b>	<b>7,629,641</b>	<b>345,089</b>
<b>TOTAL LIABILITIES</b>	<b>517,925</b>	<b>8,561,435</b>	<b>1,039,508</b>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension resources	39,690	58,040	66,217
NET POSITION			
Net investment in capital assets	5,212,949	14,162,424	4,504,015
Unrestricted	979,465	2,765,565	3,004,848
<b>TOTAL NET POSITION</b>	<b>\$ 6,192,414</b>	<b>\$ 16,927,989</b>	<b>\$ 7,508,863</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			
Net position of business-type activities			

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

Business-type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
Nonmajor <b>651</b> Surface Water	Totals	
\$ -	\$ 6,995,000	\$ -
-	484,370	-
1,585	53,393	-
32,605	735,511	60,576
969	93,926	-
<u>35,159</u>	<u>8,362,200</u>	<u>60,576</u>
<u>37,980</u>	<u>10,156,848</u>	<u>67,060</u>
<u>7,605</u>	<u>171,552</u>	<u>14,129</u>
2,493,929	26,373,317	-
232	6,750,110	108,003
<u>\$ 2,494,161</u>	<u>33,123,427</u>	<u>\$ 108,003</u>
	(105,835)	
	<u>\$ 33,017,592</u>	

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

CITY OF WASECA, MINNESOTA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities- Enterprise Funds		
	<b>601</b>	<b>602</b>	<b>604</b>
	Water	Sanitary Sewer	Electric
OPERATING REVENUES			
Charges for services	\$ 1,133,567	\$ 1,894,329	\$ 6,629,585
Insurance reimbursement	-	-	-
Miscellaneous	2,056	3,020	2,690
<b>TOTAL OPERATING REVENUES</b>	<b>1,135,623</b>	<b>1,897,349</b>	<b>6,632,275</b>
OPERATING EXPENSES			
Power purchased	98,672	-	4,722,952
Personal services	285,162	416,480	478,665
Supplies	106,476	137,193	94,155
Services and charges	114,033	394,048	166,176
Depreciation	357,568	988,579	326,299
Insurance payment	-	-	-
Insurance premium	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>961,911</b>	<b>1,936,300</b>	<b>5,788,247</b>
<b>OPERATING INCOME (LOSS)</b>	<b>173,712</b>	<b>(38,951)</b>	<b>844,028</b>
NONOPERATING REVENUES (EXPENSES)			
State grant	185	-	69
Federal grant	618	-	228
Gain on disposal of capital assets	-	15,309	22,286
Interest income	12,982	36,751	26,645
Interest expense	(4,538)	(232,435)	(209)
Fiscal agent fees	(606)	(688)	-
Amortization expense	(255)	2,470	(32,643)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>8,386</b>	<b>(178,593)</b>	<b>16,376</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>182,098</b>	<b>(217,544)</b>	<b>860,404</b>
TRANSFERS IN	-	181,445	-
TRANSFERS OUT	(84,250)	(144,468)	(428,000)
<b>CHANGE IN NET POSITION</b>	<b>97,848</b>	<b>(180,567)</b>	<b>432,404</b>
<b>NET POSITION, JANUARY 1 AS RESTATED (NOTE 8)</b>	<b>6,094,566</b>	<b>17,108,556</b>	<b>7,076,459</b>
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 6,192,414</b>	<b>\$ 16,927,989</b>	<b>\$ 7,508,863</b>

Change in net position as shown above

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Change in net position of business-type activities

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

Business-type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
Nonmajor	Totals	
651 Surface Water		
\$ 106,425	\$ 9,763,906	\$ 424,017
-	-	50,482
-	7,766	-
106,425	9,771,672	474,499
-	4,821,624	-
44,429	1,224,736	110,269
2,827	340,651	110,729
35,863	710,120	11,323
105,015	1,777,461	-
-	-	38,833
-	-	203,529
188,134	8,874,592	474,683
(81,709)	897,080	(184)
939	1,193	-
3,131	3,977	-
581	38,176	-
309	76,687	2,021
-	(237,182)	-
-	(1,294)	-
-	(30,428)	-
4,960	(148,871)	2,021
(76,749)	748,209	1,837
-	181,445	-
(6,400)	(663,118)	-
(83,149)	266,536	1,837
2,577,310	32,856,891	106,166
\$ 2,494,161	\$ 33,123,427	\$ 108,003
	\$ 266,536	
	293	
	\$ 266,829	

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



CITY OF WASECA, MINNESOTA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities- Enterprise Funds		
	<b>601</b>	<b>602</b>	<b>604</b>
	Water	Sanitary Sewer	Electric
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,152,066	\$ 1,911,557	\$ 6,652,717
Cash received from other funds and reimbursements	-	-	-
Cash payments to suppliers	(415,580)	(564,659)	(5,029,632)
Cash payments to employees	(297,652)	(447,589)	(517,183)
Cash payments for interfund services used	-	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>438,834</b>	<b>899,309</b>	<b>1,105,902</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Federal grant	2,897	-	1,070
State grant	185	-	69
Transfers from other funds	-	181,445	-
Transfers to other funds	(84,250)	(144,468)	(428,000)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(81,168)</b>	<b>36,977</b>	<b>(426,861)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on bonds	(210,000)	(1,120,000)	-
Principal paid on notes	-	(410,000)	-
Acquisition of capital assets	(243,658)	(260,855)	(303,313)
Proceeds from disposal of capital assets	-	15,309	22,286
Fiscal agent fee	(606)	(688)	-
Interest paid	(5,895)	(244,715)	(209)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(460,159)</b>	<b>(2,020,949)</b>	<b>(281,236)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	12,984	36,751	26,645
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(89,509)</b>	<b>(1,047,912)</b>	<b>424,450</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<b>1,172,408</b>	<b>4,025,783</b>	<b>2,018,099</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 1,082,899</b>	<b>\$ 2,977,871</b>	<b>\$ 2,442,549</b>

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

Business-type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
Nonmajor	Totals	
<b>651</b> Surface Water		
\$ 107,696	\$ 9,824,036	\$ -
-	-	474,199
(44,026)	(6,053,897)	-
(56,110)	(1,318,534)	(111,721)
-	-	(422,339)
<u>7,560</u>	<u>2,451,605</u>	<u>(59,861)</u>
14,676	18,643	-
939	1,193	-
-	181,445	-
(6,400)	(663,118)	-
<u>9,215</u>	<u>(461,837)</u>	<u>-</u>
-	(1,330,000)	-
-	(410,000)	-
(9,000)	(816,826)	-
581	38,176	-
-	(1,294)	-
-	(250,819)	-
<u>(8,419)</u>	<u>(2,770,763)</u>	<u>-</u>
309	76,689	2,021
8,665	(704,306)	(57,840)
<u>18,747</u>	<u>7,235,037</u>	<u>239,637</u>
\$ 27,412	\$ 6,530,731	\$ 181,797

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

CITY OF WASECA, MINNESOTA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS - CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities- Enterprise Funds		
	601 Water	602 Sanitary Sewer	604 Electric
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 173,712	\$ (38,951)	\$ 844,028
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	357,568	988,579	326,299
(Increase) decrease in assets			
Accounts receivable	(3)	9,243	20,442
Utility receivable	(225)	(150)	-
Special assessment receivable	16,446	4,965	-
Due from other governments	-	-	-
Inventories	-	-	(24,361)
Prepaid items	(3,000)	-	-
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	10,025	16,381	19,492
Increase (decrease) in liabilities			
Accounts payable	(93,780)	(33,988)	(20,266)
Due to other governments	381	570	(1,722)
Wages payable	1,528	4,450	4,867
Compensated absences payable	3,535	(294)	4,536
Other postemployment benefit obligation	2,039	5,419	4,110
Pension liability	(18,366)	(37,686)	(48,048)
Unearned revenue	225	150	-
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	(11,251)	(19,379)	(23,475)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 438,834</u>	<u>\$ 899,309</u>	<u>\$ 1,105,902</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Amortization of bond discount	\$ 255	\$ (2,470)	\$ -
Amortization of service territory	-	-	32,643
Book value of assets sold or deleted	-	1,069	-

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

Business-type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
Nonmajor	Totals	
651 Surface Water		
\$ (81,709)	\$ 897,080	\$ (184)
105,015	1,777,461	-
1,271	30,953	-
-	(375)	-
-	21,411	-
-	-	(300)
-	(24,361)	-
-	(3,000)	-
3,253	49,151	2,959
(5,336)	(153,370)	(57,870)
-	(771)	(55)
203	11,048	1,261
618	8,395	-
569	12,137	-
(11,903)	(116,003)	(2,703)
-	375	-
(4,421)	(58,526)	(2,969)
<u>\$ 7,560</u>	<u>\$ 2,451,605</u>	<u>\$ (59,861)</u>
\$ -	\$ (2,215)	\$ -
-	32,643	-
-	1,069	-

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

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CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Waseca (the City) have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's policies are described below.

**A. Description of government-wide 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 activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**B. Reporting entity**

The City was incorporated in 1868 and under Article XII, Section 4, of the Minnesota Constitution, is chartered as a Home Rule City. The Charter established a Mayor-Council form of government. The governing body consists of six elected council members and a mayor. The City Manager administers policies and coordinates the activities of the City. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government.

The accompanying financial statements present the City and its component units (The Economic Development Authority of the City and the Housing and Redevelopment Authority of the City), entities for which the government is considered financially accountable. The discretely presented component units are reported in separate columns in the basic financial statements to emphasize that they are legally separate from the government. The discretely presented component units have a December 31 year-end.

*Discretely presented component units.* The Economic Development Authority (EDA) of the City is governed by five members who are appointed by the Waseca City Council. The City is considered financially accountable for the EDA because the City can impose its will and because financial assistance is made by the City. The EDA of the City of Waseca is comprised of one fund, the General fund. Financial information for the EDA is provided in the City's comprehensive annual financial report. The EDA does not issue separate financial statements.

The Housing and Redevelopment Authority (HRA) of the City is governed by five members who are appointed by the Waseca City Council. The City is considered financially accountable for the HRA because the City can impose its will. The HRA of the City of Waseca is comprised of one fund, the Public Housing fund. Financial information for the HRA is provided in the City's comprehensive annual financial report. The HRA issues separate statements which can be obtained by contacting Vicki Green, Executive Director, Waseca Housing and Redevelopment Authority, 308 Second Ave, NW, Waseca, MN 56093.

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. Basis of presentation - government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the government has two discretely presented component units. While the Economic Development Authority and Housing and Redevelopment Authority are considered to be major component units, they are nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Basis of presentation - fund financial statements**

The fund financial statements provide information about the government's funds and blended component units. Separate statements for each fund category-governmental and proprietary-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

*General fund.* This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Most of the current day-to-day operations of the governmental units are financed from this fund.

*The Debt Service Fund.* This fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds

*Highway 14 Reconstruction Fund.* This accounts for the funding and construction costs of the Highway 14 reconstruction project.

*Capital Improvement fund.* This accounts for the construction and/or maintenance of the City's infrastructure, including streets, park enhancements, sidewalks, public buildings and facilities, etc.

*Special Assessment Capital Project fund.* This fund was established to account for the acquisition of capital facilities and construction of major permanent capital improvements having a relatively long life that are funded through assessments to the benefitting property owners.

The City reports the following major proprietary funds:

*Water fund.* This accounts for the water service charges, which are used to finance the water system operating expenses.

*Sanitary Sewer fund.* This accounts for the sanitary sewer service charges, which are used to finance the sanitary sewer system operating expenses.

*Electric fund.* This accounts for the electric service charges, which are used to finance the electric system operating expenses.



CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Additionally, the City reports the following fund type:

*Internal Service funds* account for services and/or commodities provided to other departments of the City on a cost reimbursement basis. The City has three Internal Service funds. The Property and Liability Insurance fund provides for risk management activities for property and liability insurance. The Workers Compensation Insurance fund provides for risk management activities for workers compensation insurance. The Central Garage fund accounts for all activity of the servicing of City vehicles and equipment.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**E. Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the 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. Internal service fund activity is eliminated to avoid “doubling up” of revenues and expenses, however interfund services provided and used are not eliminated in the process of consolidation.

The governmental fund financial statements are reported using the current financial resources management 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 year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits, and claims and judgments, are recorded only when payments are due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

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

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

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

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 Enterprise funds and various other functions of government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

**F. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position/fund balance**

**Cash and cash equivalents**

Cash balances from all funds are pooled and invested to the extent available in certificates of deposit as authorized by resolution of the City Council. Earnings from investments are allocated monthly to each fund based on month end balances of cash and investments. Investments for the City, as well as for its component units, are reported at fair value.

For purposes of the statement of cash flows, the Enterprise and Internal Service funds consider cash on hand, demand deposits, and short-term investments with original maturities of three months or less when purchased to be cash and cash equivalents.

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Property taxes**

The Council annually adopts a tax levy and certifies it to the County in December for collection the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments in May and October. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, June and November each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year-end in the fund financial statements.

**Special assessments**

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

**Interfund receivables and payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds". All short-term interfund receivables and payables at year-end are planned to be eliminated in the subsequent year. Long-term interfund loans are classified as "advances to/from other funds". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**Inventories and prepaid items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of inventories is recorded as an expenditure/expense when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

**Land held for resale**

Land held for resale is valued at cost which approximates fair value except for parcels which are in the process of being sold, which are valued at the preliminary sales price.

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Restricted assets**

Customer Deposits - The City electric utility collects a deposit fee from residential, rental and commercial customers upon application for utility service. This deposit is a safeguard against higher risk delinquent accounts, and is returned to the customer upon cancellation of service by the customer or maintenance of adequate credit history for a one-year period. These deposits are restricted to the extent of the customer deposits payable.

Cash with fiscal agent - The City issued crossover refunding bonds in 2014 which are described in further detail in Note 3G. As part of this refunding issue, cash is being held in escrow for defeasance of existing debt.

**Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets acquired prior to the implementation of GASB 34 have been reported. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value as of the date of the donation.

The costs of normal maintenance and repairs that do not add to the value or capacity of the asset or materially extend asset 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, if material, is included as part of the capitalized value of the assets constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the statement of net position. Depreciation of property, plant, and equipment is provided on the straight line basis over the following estimated useful lives:

Assets	Years
Buildings	20-50
Improvements Other than Buildings	5-50
Water Distribution System	30-50
Sewer Collection System	30-50
Electric Distribution System	20-50
Machinery and Equipment	4-20
Infrastructure	30-50

***Deferred outflows of resources***

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

***Compensated absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and the portion of sick pay allowable as severance pay is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion for these amounts is calculated based on historical trends. The General fund is typically used to liquidate governmental compensated absences payable.

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Postemployment benefits other than pensions***

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 45, at January 1, 2014.

***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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental funds 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, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Pensions***

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

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by Waseca Fire Department Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value.

***Deferred inflows of resources***

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

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

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Fund balance***

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

*Nonspendable* - Amounts that cannot be spent because they are either (a) not in a spendable form, or (b), legally or contractually required to be maintained intact.

*Restricted* - Amounts that are subject to externally enforceable legal restrictions from (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b), imposed by law through constitutional provisions or enabling legislation.

*Committed* - Amounts whose use is constrained by limitation that the government imposes upon itself by formal action (resolution) of the City Council (the City's highest level of decision-making authority). Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

*Assigned* - Intended use of resources as established by City Council itself, or established by the City Manager as delegated by the City Council.

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

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

***Net position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

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

***Net position flow assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

***Use of estimates***

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates that affect the amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**G. Revenues and expenditures/expenses**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 and expenses of the City's Enterprise funds and Internal Service funds are charges to customers for sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Note 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General and the following Special Revenue funds: EDPG Clear Lake Press, Tax Increment Financing (TIF) funds, Airport fund, Waseca Water Park fund, Waseca Housing fund, Historical Preservation fund, Police Reserve fund, Police Forfeiture fund, Safe Haven Grant fund, and Fire Relief fund. A budget is also adopted for the following Capital Project funds: Municipal State Aid Maintenance, Capital Improvement fund, Library Remodel, Highway 14 Reconstruction, Special Assessment fund, Equipment Replacement and Annexation and Growth. Any modifications in the adopted budget can be made upon request of and approval by the City Council. All annual appropriations lapse at fiscal year-end. Defined project financial plans are adopted on a 5-year capital improvement plan.

On or before mid-July each year, all agencies of the City submit requests for appropriations to the City Manager so that a budget may be prepared. The budget is prepared by fund, function and department and includes information on the preceding two fiscal years, current year estimates of expenditures, budget and requested, recommended and adopted appropriations for the next fiscal year.

The proposed budget is presented to City Council with preliminary approval as required in September. The City Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues as estimated by the City Manager. The City Council must adopt the annual budget by December 28th of each year.

The City's budgets may be amended or modified at any time by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Management cannot amend the adopted budget, but must request the City Council to transfer funds between funds or departments or adopt supplemental appropriations when the need arises. Adjustments made to the 2015 General fund budget included the reduction of property taxes of \$311,499 along with a reduction in the budgeted transfer out for the same amount.

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - CONTINUED**

**B. Excess of expenditures over appropriations**

The funds listed below had excess expenditures over appropriations in the following amounts:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Special Revenue			
TIF Funds	\$ 78,580	\$ 116,597	\$ 38,017
EDPG Clear Lake Press	1,300	7,748	6,448
Safe Haven Grant Fund	112,944	129,584	16,640
Fire Relief Fund	79,240	85,644	6,404
Police Reserve Fund	6,510	7,828	1,318
Capital Project			
Highway 14 Reconstruction Fund	50,000	878,372	828,372
Capital Improvement Fund	1,603,938	1,871,645	267,707

The TIF Funds were established to account for Tax Increment financing district revenues and expenses. The excess expenditures over appropriations in 2015 related to return of excess revenue from decertification of Colony Court III district. This is funded by excess revenues.

The EDPG Clear Lake Press Fund is used for downtown residential, rental and commercial rehabilitation loans. The excess expenditures relate to the write-off of an unsuccessful loan and is covered by available fund balance.

The Safe Haven Grant Fund was established to account for activity relating to a Federal Grant. Expenditures relate to more activity than expected and will be reimbursed through the grant.

The Fire Relief Fund was established to administer property taxes and State Aid for the Association. The amount of State Aid received was more than budgeted. The State Aid received by the City is paid to the Association resulting in expenditures more than budgeted.

The Police Reserve Fund was established to account for revenues and expenditures related to the program. Contribution and reimbursement revenues were also over budget in 2015 which offset the majority of unbudgeted expenditures, the remaining amount was covered by available fund balance.

The Highway 14 Reconstruction Fund was established to account for the State turn back project. The project timeline as well as timing of revenues and expenses in this fund is driven by the State, creating difficulty for us to budget. However we expect to be able to account for all items accordingly.

The Capital Improvement Fund was established to account for major City projects that may carry throughout multiple years. The 2015 expenditures were over more than budgeted due to project carryovers from 2014 expected completions and will be covered by balances in the fund.



CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - CONTINUED**

**C. Deficit fund equity**

Fund	Amount
Capital projects	
Library Remodel Fund	\$ 79,472
Highway 14 Reconstruction Fund	460,203
Internal service	
Central Garage Services	68,519

The Library Remodel Fund deficit fund balance of \$79,472 will be covered by transfers from the general fund.

The Highway 14 Reconstruction Fund deficit balance of \$460,203 will be covered by reimbursements from the State relating to the trunk highway turn back project.

The Central Garage Fund deficit balance of \$68,519 is related to GASB 68 entries and will be covered by the general fund when needed.

**Note 3. DETAILED NOTES ON ALL FUNDS**

**A. Cash deposits with financial institutions**

*Deposits*

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

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

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

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

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

At year end, the carrying amount of the City's deposits was \$3,824,186 and the bank balance was \$4,259,911. Of the total bank balance, the FDIC covered \$776,493 and the remaining amount was collateralized with securities held by the pledging of financial institution's trust department in the City's name.

***Investments***

As of December 31, 2015, the City had the following investments that are insured or registered, or securities held by the City or its agent in the City's name:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1-5	6-10
Certificates of deposit	\$ 5,889,024	\$ 2,933,177	\$ 2,955,847	\$ -
Federal agency notes	2,097,975	490,000	1,607,975	-
Municipal bonds	3,503,767	-	3,006,336	497,431
Total Investments	<u>\$ 11,490,766</u>	<u>\$ 3,423,177</u>	<u>\$ 7,570,158</u>	<u>\$ 497,431</u>

As of December 31, 2015, the City had the following summary of investments related to the credit risk, par values and fair values of securities:

Investment Type	Credit Risk	Par	Fair Value	Percent of Total Portfolio
Certificates of deposit	N/A	\$ 5,875,155	\$ 5,889,024	51.25%
Federal agency notes	AAA	2,105,000	2,097,975	18.26%
Municipal bonds	AAA	3,480,000	3,503,767	30.48%
Total Investments		<u>\$ 11,460,155</u>	<u>\$ 11,490,766</u>	<u>100.00%</u>

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

***Discretely presented component unit - HRA***

At year end, the carrying amount of the HRA's deposits was \$143,288 and the bank balance was \$143,288. The total amount of the bank deposit was covered by FDIC.

Investments held by the HRA at year end are classified as to credit risk are as follows:

Category 1 - Insured or registered, or securities held by the HRA agent in the HRA's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the HRA's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the HRA's name.

	<u>Category 1</u>	<u>Carrying Amt.</u>	<u>Market Value</u>
Money Market/Certificates of Deposit	<u>\$ 262,243</u>	<u>\$ 262,243</u>	<u>\$ 262,243</u>

The deposits and investments of the City are presented in the financial statements as follows:

	<u>Primary Government</u>	<u>Component Unit - Economic Development Authority</u>	<u>Component Unit - Housing and Redevelopment Authority</u>	<u>Total</u>
Investments	\$ 11,490,766	\$ -	\$ 262,243	\$ 11,753,009
Savings account	835,854	-	-	835,854
Checking account	2,320,468	524,576	143,288	2,988,332
Petty cash and change funds	1,334	-	-	1,334
Restricted cash - funds in escrow	<u>1,367,256</u>	<u>-</u>	<u>-</u>	<u>1,367,256</u>
Total	<u>\$ 16,015,678</u>	<u>\$ 524,576</u>	<u>\$ 405,531</u>	<u>\$ 16,945,785</u>

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

- *Interest Rate Risk.* The City's investment policy states that the City will minimize the risk that the fair value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.
- *Credit Risk.* Credit Risk is the risk of loss due to the failure of the security issuer or backer. According to the City's investment policy, credit risk is mitigated by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized. At year end the City's investment in U.S. Government Agency securities were rated AAA by Moody's Investor Service.
- *Concentration of credit risk.* The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. The City shall diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Within these parameters, portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. In accordance with the City's investment policy, restrictions placed on the City's current investments are as follows:

Investment Securities	Maximum Exposure	Exposure per Issuer	Additional Restrictions
1. Certificates of deposit and bank deposits. (checking and savings)	100%	Unlimited	None
2. Direct Obligations of U.S.	100%	Unlimited	No more than 25% in zero coupon items
3. Obligation issued or guaranteed by Agency of U.S.	100%	Unlimited	None
4. Share of Regulated Investment companies invested in 2 & 3 above	100%	100%	None
5. Repurchase or Reverse Repurchase Agreements	20%	10%	90 days maturity or less
6. General Obligations of any State of the US which is a general obligation of any state or local government with taxing powers.	50%	5%	"A" or better by at least on major rating agency
7. Any security which is a revenue obligation of any state or local government with taxing powers.	50%	5%	"AA" or better by at least on major rating agency
8. Local government investment pools	50%	Unlimited	None

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

**B. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include franchise fees and miscellaneous rental charges. Business-type activities report utility earnings as their major receivables.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the two components of unavailable revenue reported in the governmental funds were for delinquent taxes receivable not yet available (General, Special Revenue and Debt Service funds) and special assessments not yet available (Debt Service funds).

*Loans Receivable*

Local businesses have loans with the City for various amounts. These loans will be paid back to the City at various monthly payment with interest at 3.0 percent per annum on all unpaid balances. The balance on these loans at December 31, 2015 is \$17,587. These loans are unsecured. The City also has a deferred loan of \$3,000 that will mature on June 1, 2033 or payable immediately upon the sale or transfer of property for Block 1, Lot 4, EDA Plat No. 1.

The City has also issued loans to renovate and remodel residential and business properties through the Small Cities Loan Grant Program. The balance of these loans at December 31, 2015 is \$1,244,714. These loans are deferred for 10 years, at which time the note is forgiven if the original property owner is still residing at the improved property. The amount of allowance for doubtful accounts for the forgivable portion is \$1,244,714.

On September 28, 2015 the EDA issued a loan for \$156,250 at various monthly payments with an interest at 4.0 percent per annum on all unpaid balances. This loan will be used exclusively for the purchase of providing working capital. The balance of this loan at December 31, 2015 is \$149,156.

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

**C. Capital assets**

Capital asset activity for governmental activities for the year ended December 31, 2015 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	\$ 1,094,596	\$ -	\$ -	\$ 1,094,596
Construction in progress	935,780	2,010,325	(146,251)	2,799,854
Total capital assets not being depreciated	2,030,376	2,010,325	(146,251)	3,894,450
Depreciable capital assets				
Buildings	6,113,251	489,946	(14,000)	6,589,197
Improvements other than buildings	6,859,718	188,164	-	7,047,882
Equipment	5,769,816	489,958	(200,457)	6,059,317
Infrastructure	31,516,256	432,372	-	31,948,628
Total depreciable capital assets	50,259,041	1,600,440	(214,457)	51,645,024
Accumulated depreciation				
Buildings	(1,930,044)	(121,317)	13,213	(2,038,148)
Improvements other than buildings	(2,194,925)	(223,442)	-	(2,418,367)
Equipment	(2,929,493)	(352,918)	170,035	(3,112,376)
Infrastructure	(15,597,692)	(861,908)	-	(16,459,600)
Total accumulated depreciation	(22,652,154)	(1,559,585)	183,248	(24,028,491)
Total capital assets being depreciated, net	27,606,887	40,855	(31,209)	27,616,533
Governmental activities capital assets, net	<u>\$ 29,637,263</u>	<u>\$ 2,051,180</u>	<u>\$ (177,460)</u>	<u>\$ 31,510,983</u>

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

Capital asset activity for business-type activities for the year ended December 31, 2015 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	\$ 257,465	\$ -	\$ -	\$ 257,465
Construction in progress	1,148,868	564,025	(273,329)	1,439,564
Total capital assets not being depreciated	1,406,333	564,025	(273,329)	1,697,029
Depreciable capital assets				
Buildings	16,003,416	-	-	16,003,416
Improvements other than buildings	36,035,293	410,963	(20,787)	36,425,469
Equipment	7,410,349	116,236	(120,389)	7,406,196
Infrastructure	4,283,126	-	-	4,283,126
Total depreciable capital assets	63,732,184	527,199	(141,176)	64,118,207
Accumulated depreciation				
Buildings	(2,562,070)	(471,545)	-	(3,033,615)
Improvements other than buildings	(20,217,967)	(936,145)	20,787	(21,133,325)
Equipment	(4,492,614)	(283,818)	119,320	(4,657,112)
Infrastructure	(2,196,544)	(85,953)	-	(2,282,497)
Total accumulated depreciation	(29,469,195)	(1,777,461)	140,107	(31,106,549)
Total capital assets being depreciated, net	34,262,989	(1,250,262)	(1,069)	33,011,658
Business-type activities capital assets, net	<u>\$ 35,669,322</u>	<u>\$ (686,237)</u>	<u>\$ (274,398)</u>	<u>\$ 34,708,687</u>

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

**Governmental activities**

General Government	\$ 107,152
Public Safety	102,113
Streets and Highways	1,000,773
Culture and Recreation	267,457
Airport	82,090
Total depreciation expense - governmental activities	<u>\$ 1,559,585</u>

**Business-type activities**

Water Fund	\$ 357,568
Sanitary Sewer Fund	988,579
Electric	326,299
Surface Water	105,015
Total depreciation - business-type activities	<u>\$ 1,777,461</u>

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

***Discretely presented component unit - HRA***

Capital asset activity for the component units for the year ended December 31, 2015 are as follows:

	Useful Life	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated					
Land	n/a	\$ 61,996	\$ -	\$ -	\$ 61,996
Depreciable capital assets					
Buildings	40	2,169,578	164,020	-	2,333,598
Equipment	3-10	258,704	4,655	-	263,359
Total depreciable capital assets		2,428,282	168,675	-	2,596,957
Accumulated depreciation		(1,836,204)	(94,289)	381	(1,930,112)
Total capital assets being depreciated, net		592,078	74,386	381	666,845
Business-type activities capital assets, net		\$ 654,074	\$ 74,386	\$ 381	\$ 728,841

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

Low Rent Public Housing	\$ 92,301
Public Housing Capital Fund Program	1,988
Total depreciation expense	\$ 94,289

***Construction commitments***

The City has active construction projects as of December 31, 2015. The projects include street construction, well rehabilitation and library remodel.

Project	Contractor	Paid to Date	Contract Remaining
CSAH 13 Reconstruction	Waseca County	\$ 2,076,940	\$ 248,912
2014 Well Rehabilitation	Keys Well Drilling	328,814	771,186
Library Remodel	R.W. Carlstrom	455,900	106,338

**D. Investment in real property**

***Discretely presented component unit - EDA***

This amount represents the cost of land, capitalized interest and special assessments on lots being held for sale in the South Industrial Park, the Huebert property, and the Cunningham Estate. The balance as of December 31, 2015 are as follows:

Land	\$ 34,198
Capitalized interest	46,987
Special assessments	96,082
Total	\$ 177,267



CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

**E. Interfund receivables, payables and transfers**

*Due to/from other funds*

Interfund receivables and payables represent lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year until the 2015 revenue flow provides for costs.

The composition of interfund balances as of December 31, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 34,887
	Highway 14 Reconstruction	777,267
	Debt service	286
	Total	<u>\$ 812,440</u>

The outstanding balances between funds are due to cash deficits and will be paid back from future revenues.

*Interfund transfers*

The following is a schedule of interfund transfers for the year ended December 31, 2015:

Transfers Out	General Fund	Debt Service	Transfers In			Total
			Capital Improvement Fund	Non-Major Governmental Funds	Sanitary Sewer Fund	
General Fund	\$ -	\$ -	\$ 299,468	\$ 700,278	\$ 181,445	\$ 1,181,191
Non-major governmental funds	-	169,493	-	520,008	-	689,501
Debt service	-	-	-	335	-	335
Water Fund	27,250	-	-	57,000	-	84,250
Sanitary Sewer Fund	116,468	-	-	28,000	-	144,468
Electric Fund	428,000	-	-	-	-	428,000
Surface Water Fund	6,400	-	-	-	-	6,400
Total	<u>\$ 578,118</u>	<u>\$ 169,493</u>	<u>\$ 299,468</u>	<u>\$ 1,305,621</u>	<u>\$ 181,445</u>	<u>\$ 2,534,145</u>

During the year, transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service fund as debt service principal and interest payments become due, 2) move General fund resources to provide an annual subsidy to the waterpark fund, 3) transfer funds from the enterprise funds to the general fund to cover administrative and overhead costs, 4) transfer franchise fee from the electric fund to the general fund, and 5) transfer funds to capital project funds for future capital purchases. Further, during the year ended December 31, 2015, the government made the following one-time transfers:

- 1) A transfer of \$605,008 from the Municipal State Aid Maintenance fund to the State Aid Street Construction fund to close the fund.
- 2) A transfer of \$335 from the MSA Debt Service fund to the State Aid Street Construction fund to close the fund.

*Component unit - HRA*

An equity transfer of \$52,812 was sent from the Public Housing Capital fund to the Low Rent Public Housing fund.

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

**F. Other assets**

Other assets within the Governmental and Enterprise funds for December 31, 2015 are as follows:

In 2006, the City acquired additional service territory in the amount of \$264,740. This additional service territory resulted from negotiations with Xcel Energy, as the City acquired property known as the Pondview of Waseca Subdivision and the Tower Industrial Park Second Addition. This service territory is being amortized over a period of ten years.

In 2009, the City acquired additional service territory in the amount of \$44,087. This additional service territory resulted from negotiations with Xcel Energy, as the City acquired property known as Woods Edge, Nature's Acres and Woodville Meadows. This service territory is being amortized over a period of ten years.

In 2011, the City acquired additional service territory in the amount of \$17,600. This additional service territory resulted from negotiations with Xcel Energy, as the City acquired property known as Fox Meadows and Parkridge. This service territory is being amortized over a period of ten years.

As of December 31, 2015 the unamortized balance of these service territories in the Electric Fund was \$44,071.

**G. Long-term debt**

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

General obligation bonds

The following bonds are direct obligations and pledge the full faith and credit of the City. These bond issues will be repaid primarily from ad valorem taxes.

	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
General Obligation Refunding					
Bonds Series 2011A	\$ 430,000	1.06 %	11/15/11	02/01/16	\$ 80,000
General Obligation Bonds Series 2014A	4,125,000	3.00 - 3.38	12/18/14	02/01/35	4,125,000
General Obligation Refunding					
Bonds Series 2014B	1,375,000	3.00 - 4.00	12/18/14	02/01/33	<u>1,375,000</u>
Total General Obligation Bonds					<u><u>\$ 5,580,000</u></u>

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

Annual debt service requirements to maturity for the general obligation bond are as follows:

Year	<b>G.O. Bonds</b> Governmental Activities		
	Principal	Interest	Total
2016	\$ 245,000	\$ 170,425	\$ 415,425
2017	320,000	162,450	482,450
2018	325,000	152,175	477,175
2019	335,000	141,650	476,650
2020	350,000	130,725	480,725
2021-2025	1,925,000	478,750	2,403,750
2026-2030	1,100,000	244,772	1,344,772
2031-2035	980,000	73,997	1,053,997
Total	<u>\$ 5,580,000</u>	<u>\$ 1,554,944</u>	<u>\$ 7,134,944</u>

General obligation tax increment financing bonds

The following bonds were issued for redevelopment projects. The additional tax increments resulting from increased tax capacity of the redeveloped properties will be used to retire the related debt.

	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Tax Increment Series 2005E	\$ 1,100,000	4.00 - 4.38 %	10/04/05	02/01/26	<u>\$ 800,000</u>

Annual debt service requirements to maturity for the general obligation tax increment financing bond are as follows:

Year	<b>G.O. Tax Increment Bonds</b> Governmental Activities		
	Principal	Interest	Total
2016	\$ 50,000	\$ 32,492	\$ 82,492
2017	55,000	30,392	85,392
2018	55,000	28,192	83,192
2019	60,000	25,893	85,893
2020	70,000	23,293	93,293
2021-2025	415,000	67,056	482,056
2026	95,000	2,078	97,078
Total	<u>\$ 800,000</u>	<u>\$ 209,396</u>	<u>\$ 1,009,396</u>

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

General obligation aquatic center bonds

General Obligation Aquatic Center Bonds are issued for the construction of a new water park in the City. They are payable from taxes levied upon all taxable property in the City and are backed the full faith and credit of the City.

	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
General Obligation Aquatic Center Bonds Series 2006A	\$ 2,040,000	4.00 - 4.40 %	05/30/06	02/01/16	<u>\$ 1,440,000</u>

Annual debt service requirements to maturity for the general obligation aquatic center bond are as follows:

Year	G.O. Aquatic Center Bond Governmental Activities		
	Principal	Interest	Total
2016	<u>\$ 1,440,000</u>	<u>\$ 30,798</u>	<u>\$ 1,470,798</u>

Revenue bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. These bonds are recorded in the fund according to the purpose for which they were issued.

	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Revenue Refunding Bonds of 2004B	\$ 1,900,000	2.00 - 4.00 %	04/06/04	02/01/16	\$ 220,000
General Obligation Refunding Bonds Series 2011A	545,000	0.50 - 1.20	11/15/11	02/01/17	220,000
General Obligation Refunding Bonds Series 2014B	850,000	3.00 - 4.00	12/18/14	02/01/26	<u>850,000</u>
Total Revenue Bonds					<u>\$ 1,290,000</u>

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

Annual debt service requirements to maturity for the revenue bonds are as follows:

Year	<b>G.O. Revenue Bonds</b> Business-Type Activities		
	Principal	Interest	Total
2016	\$ 435,000	\$ 34,870	\$ 469,870
2017	170,000	25,960	195,960
2018	70,000	22,700	92,700
2019	70,000	19,900	89,900
2020	65,000	17,200	82,200
2021-2025	395,000	44,775	439,775
2026	85,000	1,275	86,275
Total	<u>\$ 1,290,000</u>	<u>\$ 166,680</u>	<u>\$ 1,456,680</u>

General obligation revenue note

A General Obligation Revenue note was issued to the Minnesota Public Facilities Authority on July 10, 2009 to finance the cost of improvements to the wastewater treatment system. The note is payable from a special levy and service rate increases, and is backed by the full faith and credit of the City. The special levy is set at 30% of the corresponding year's principal and interest obligation and the remaining 70% is to be paid from revenues of the City's Sewer utility fund.

	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Revenue Note Series 2009A	\$ 9,335,004	2.63 %	07/10/09	08/20/29	<u>\$ 7,006,000</u>

Annual debt service requirements to maturity for this note are as follows:

Year	<b>G.O. Revenue Notes</b> Business-Type Activities		
	Principal	Interest	Total
2016	\$ 421,000	\$ 184,048	\$ 605,048
2017	432,000	172,988	604,988
2018	443,000	161,639	604,639
2019	455,000	150,002	605,002
2020	466,000	138,048	604,048
2021-2025	2,522,000	499,948	3,021,948
2026-2029	2,267,000	150,816	2,417,816
Total	<u>\$ 7,006,000</u>	<u>\$ 1,457,489</u>	<u>\$ 8,463,489</u>

Revenue bonds and G.O. revenue notes were issued to finance capital improvements. The bonds are payable from future revenues pledged from the Water and Sanitary Sewer funds and are backed by the full faith and credit of the City. Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water	Sanitary Sewer
Revenue	\$ 1,135,623	\$ 1,897,349
Principal and interest	215,895	1,774,715
Percent of revenue	19.01%	93.54%

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

Change in long-term liabilities

Long-term liability activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 5,655,000	\$ -	\$ (75,000)	\$ 5,580,000	\$ 245,000
Plus: bond premium	242,100	-	(15,131)	226,969	-
Less: bond discount	(1,063)	-	531	(532)	-
G.O. Tax Increment bonds	850,000	-	(50,000)	800,000	50,000
Less: bond discount	(5,308)	-	475	(4,833)	-
G.O. State Aid Street bonds	80,000	-	(80,000)	-	-
Less: bond discount	(296)	-	296	-	-
G.O. Aquatic Center bonds	1,530,000	-	(90,000)	1,440,000	1,440,000
Less: bond discount	(2,057)	-	170	(1,887)	-
Total bonds payable	8,348,376	-	(308,659)	8,039,717	1,735,000
Other postemployment benefits obligation	256,748	32,863	(5,832)	283,779	-
Pension liability					
GERF	-	1,493,433 *	(109,294)	1,384,139	-
PEPFF	-	1,547,461 *	(183,980)	1,363,481	-
Compensated absences	270,376	233,976	(212,777)	291,575	159,140
Long term liabilities	<u>\$ 8,875,500</u>	<u>\$ 3,307,733</u>	<u>\$ (820,542)</u>	<u>\$ 11,362,691</u>	<u>\$ 1,894,140</u>
Business-type activities					
Bonds payable					
Revenue bonds	\$ 2,620,000	\$ -	\$ (1,330,000)	\$ 1,290,000	\$ 435,000
Plus: bond premium	46,886	-	(3,907)	42,979	-
Less: bond discount	(5,301)	-	1,692	(3,609)	-
G.O. Revenue notes	7,416,000	-	(410,000)	7,006,000	421,000
Total bonds payable	10,077,585	-	(1,742,215)	8,335,370	856,000
Other postemployment benefits obligation	81,789	61,937	(49,800)	93,926	-
Pension liability					
GERF	-	909,361 *	(173,850)	735,511	-
Compensated absences	96,219	72,113	(63,718)	104,614	51,221
Long term liabilities	<u>\$ 10,255,593</u>	<u>\$ 1,043,411</u>	<u>\$ (2,029,583)</u>	<u>\$ 9,269,421</u>	<u>\$ 907,221</u>

\* Includes January 1, 2015 pension liability balance related to GASB Statement No. 68 implementation. See Note 6 for further detail.

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

For the governmental activities, compensated absences and the net other post-employment benefit obligation are generally liquidated by the General fund.

**Crossover refunding**

On December 18, 2014, the City issued \$2,225,000 of General Obligation Refunding Bonds, Series 2014B, bearing an average coupon rate of 3.32 percent, to provide current refunding of \$895,000 in principal on the City's 2005A Water and Sewer Revenue Bonds relating to the 2016 to 2026 maturities. Additionally the bonds provided resources for and advance crossover refund on February 1, 2016, of the 2017 through 2027 maturities of the City's General Obligation Aquatic Center Bonds, Series 2006A totaling \$1,345,000 in principal. The portion of the Bonds allocable to the Series 2005A refunding is \$850,000 and the remaining \$1,375,000 relates to the crossover refunding of 2006A. The proceeds of the crossover bond portion were placed into an escrow account pending the call date. The escrow account bears interest rates that will provide sufficient funds to refund the old bonds on February 1, 2016. The old bonds are not considered defeased until the crossover date, and therefore will not be removed as a liability until then. As a result of the refunding, the City will achieve an economic gain of \$111,617.95 (the present value of the difference between the old and the new debt service).

***Discretely presented component units***

***EDA***

Notes payable

The EDA issued a note payable to the Waseca Development Corporation in 2011 in conjunction with an agreement to develop a \$625,000 revolving loan program that will be targeted to agribusiness startups. This loan represents a portion of local match funding which was required for eligibility for a \$500,000 United States Department of Agriculture loan. The loan currently outstanding is as follows:

	<u>Original Amount</u>	<u>Maturities</u>	<u>Rate</u>	<u>Balance at year end</u>
2011 Waseca Development Corporation Loan	\$ 28,000	2012-2016	0.00%	<u>\$ 5,600</u>

The annual debt service requirements to maturity for notes payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	<u>\$ 5,600</u>	<u>\$ -</u>

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ 11,200	\$ -	\$ (5,600)	\$ 5,600	\$ 5,600

**HRA**

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 1,943	\$ 1,618	\$ -	\$ 3,561	\$ 3,561

**H. Fund balance reporting**

*Committed fund balance policy*

The City Council, at its discretion, may commit or assign fund balance for a specific purpose to be spent in future years. Balances must meet the following criteria to be reported as committed:

- Imposed by City Council through council action (resolution)
- The council action must be binding, unless removed in the same manner
- The council action must be done prior to December 31st of the current year.

*Assigned fund balance policy*

The City's Assigned Fund Balance is fund balance reporting occurring by City Council authority, or established by the City Manager as delegated by the City Council. The amounts include (a) all remaining amounts (except for negative balances) that are reported in special revenue, capital projects and debt service funds (b) amounts in the general fund that are intended to be used for a specific purpose that is narrower than the general purposes of the City.

*Order of fund balance spending policy*

To provide the greatest level of flexibility and control over its financial resources, the City will apply restricted revenues first when an expense is incurred for purposes for which both restricted and unrestricted revenues are available. The general fund is the only fund that may report a positive unassigned fund balance but a deficit balance is possible in any other governmental fund.



CITY OF WASECA, MINNESOTA  
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**Note 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

*Minimum fund balance*

At the end of each fiscal year, the City will maintain an Assigned/Unassigned fund balance in the General Fund for working capital in a range equal to 35 - 50% of the subsequent year's General Fund expenditure budget. The Assigned/Unassigned fund balance in the General Fund should not fall below 10 percent of budgeted operating expenditures at any time during the year.

Any planned use of fund balance below the minimum target shall be accompanied by a plan to restore the fund balance to the minimum targeted level.

**Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE**

**A. Plan description**

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

General Employees Retirement Fund (GERF)

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

Public Employees Police and Fire Fund (PEPFF)

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

**B. Benefits provided**

PERA provides retirement, disability and death benefits. Benefit provisions are established by Minnesota statute and can only be modified by the state legislature.

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

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

CITY OF WASECA, MINNESOTA  
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**Note 4: DEFINED BENEFIT PENSION PLANS – STATEWIDE - CONTINUED**

GERF benefits

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

PEPFF benefits

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

**C. Contributions**

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

GERF contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2015. The City was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2015. The City's contributions to the GERF for the years ending December 31, 2015, 2014 and 2013 were \$186,692, \$177,873 and \$170,669 respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

PEPFF contributions

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2015. The City was required to contribute 16.20 percent of pay for PEPFF members in calendar year 2015. The City's contributions to the PEPFF for the years ending December 31, 2015, 2014 and 2013 were \$177,849, \$170,643 and \$151,624, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

CITY OF WASECA, MINNESOTA  
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**Note 4: DEFINED BENEFIT PENSION PLANS – STATEWIDE - CONTINUED**

**D. Pension costs**

GERF pension costs

At December 31, 2015, the City reported a liability of \$2,119,650 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014 through June 30, 2015 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportionate share was 0.0409 percent which was a decrease of 0.0049 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$161,544 for its proportionate share of GERF's pension expense.

At December 31, 2015, the City reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,012	\$ 106,866
Changes in actuarial assumptions	129,649	-
Net difference between projected and actual earnings on plan investments	-	188,689
Changes in proportion	-	198,837
Contributions to GERF subsequent to the measurement date	96,590	-
Total	<u>\$ 248,251</u>	<u>\$ 494,392</u>

Deferred outflows of resources totaling \$96,590 related to pensions resulting from the City's contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2016	\$ (105,687)
2017	(105,687)
2018	(181,518)
2019	50,161
2020	-
Thereafter	-

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 4: DEFINED BENEFIT PENSION PLANS – STATEWIDE - CONTINUED**

PEPFF pension costs

At December 31, 2015, the City reported a liability of \$1,363,481 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014 through June 30, 2015 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportionate share was 0.1200 percent which was a decrease of 0.0030 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$133,588 for its proportionate share of PEPFF's pension expense. The City also recognized \$10,800 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2015, the City reported its proportionate share of PEPFF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,487	\$ 221,112
Changes in actuarial assumptions	259,119	-
Net difference between projected and actual earnings on plan investments	-	242,072
Changes in proportion	-	33,537
Contributions to PEPFF subsequent to the measurement date	84,344	-
Total	<u>\$ 344,950</u>	<u>\$ 496,721</u>

Deferred outflows of resources totaling \$84,344 related to pensions resulting from the City's contributions to PEPFF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2016	\$ (86,266)
2017	(86,266)
2018	(86,266)
2019	73,613
2020	(50,930)
Thereafter	-

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 4: DEFINED BENEFIT PENSION PLANS – STATEWIDE - CONTINUED**

**E. Actuarial assumptions**

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Active member payroll growth	3.50% per year
Investment rate of return	7.90%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1 percent effective every January 1<sup>st</sup> until 2034, then 2.5 percent for GERF and PEPFF.

Actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004 through June 30, 2008, with an update of economic assumptions in 2014. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually.

There were no changes in actuarial assumptions in 2015.

The long-term expected rate of return on pension plan investments is 7.9 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic stocks	45.00 %	5.50 %
International stocks	15.00	6.00
Bonds	18.00	1.45
Alternative assets	20.00	6.40
Cash	2.00	0.50
Total	<u>100.00 %</u>	

**F. Discount rate**

The discount rate used to measure the total pension liability was 7.9 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 4: DEFINED BENEFIT PENSION PLANS – STATEWIDE - CONTINUED**

**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:

	City Proportionate Share of NPL		
	1 Percent Decrease (6.90%)	Current (7.90%)	1 Percent Increase (8.90%)
GERF	\$ 3,332,844	\$ 2,119,650	\$ 1,117,739
PEPFF	2,657,438	1,363,481	294,446

**H. Pension plan fiduciary net position**

Detailed information about each defined benefit 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](http://www.mnpera.org); by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or (800) 652-9026.

**Note 5: DEFINED CONTRIBUTION PLAN**

There are four City Council members of the City that are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP 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 5 percent of salary which is matched by the elected official's employer. For Council members, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of 1 percent (.0025) of the assets in each member's account annually.

The City's contributions to the PEDCP for the years ended December 31, 2015, 2014 and 2013 were \$1,494, \$1,846 and \$1,846, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,493	\$ 1,493	5.00%	5.00%	5.00%

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 6: DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION**

**A. Plan description**

All members of the Waseca Fire Department (the Department) are covered by a defined benefit plan administered by the Waseca Fire Department Relief Association (the Association). As of December 31, 2014, the plan covered 32 active firefighters and 7 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

**B. Benefits provided**

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

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

**C. Contributions**

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$71,404 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2014, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City made no statutorily-required contributions to the plan for the year ended December 31, 2015. The City's contributions were equal to the required contributions as set by state statute. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 6: DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION**

**D. Pension costs**

At December 31, 2015, the City reported a net pension liability (asset) of (\$232,466) for the plan. The net pension liability (asset) was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by Hildi, Inc. applying an actuarial formula to specific census data certified by the Department as of December 31, 2014.

For the year ended December 31, 2015, the City recognized pension revenue of \$52,113.

At December 31, 2015, the City reported deferred inflows of resources and deferred outflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ -	\$ 17,680
State aid to City subsequent to the measurement date	71,404	-
Total	<u>\$ 71,404</u>	<u>\$ 17,680</u>

Deferred outflows of resources totaling \$71,404 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2016	\$ (4,420)
2017	(4,420)
2018	(4,420)
2019	(4,420)
2020	-
Thereafter	-

**F. Actuarial assumptions**

The total pension liability at December 31, 2014 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at 50 percent of age 50, 20 percent at ages 51-54 and 100 percent thereafter

Discount rate	5.75%
Salary increases	2.50%
Cost of living increases	5.00%
Investment rate of return	5.75%
20 year municipal bond yield	3.50%

There were no changes in actuarial assumptions in 2014.



CITY OF WASECA, MINNESOTA  
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**Note 6: DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION**

The 6 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	7.00 %	2.00 %
Fixed income	31.00	3.50
Equities	59.00	7.50
Real estate/other	3.00	6.00
Total	<u>100.00 %</u>	

**G. Discount rate**

The discount rate used to measure the total pension liability was 5.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. Pension liability sensitivity**

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

	1 Percent Decrease (4.75%)	Current (5.75%)	1 Percent Increase (6.75%)
Defined benefit plan	\$ (195,632)	\$ (232,466)	\$ (267,052)

**I. Pension plan fiduciary net position**

The Association issues a publicly available financial report. The report may be obtained by writing to the Waseca Fire Department Relief Association, 508 South State Street, Waseca, MN 56093.

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 7: OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City accounts for its risk management activities in internal service funds. Revenue to these funds is derived from premium charges to user departments and other funds of the City. These charges are then available to pay claims, administrative costs, and insurance premiums.

There has been no significant reduction in insurance coverage from the previous year in any of the City's policies. In addition, there have been no settlements in excess of the City's insurance coverage in any of the prior three fiscal years.

The City is a member of the League of Minnesota Cities Insurance Trust (LMCIT) and has currently placed coverage with them for its general liability and personal property claims. Coverage is provided up to a maximum of \$1,000,000. This coverage has a deductible of \$50,000 per occurrence and a general aggregate annual deductible of \$100,000. Management believes that any incidence of liability is remote.

The City participates in the LMCIT for its workers compensation insurance which is administered by Berkley Administrators. This is a retrospectively rated policy with the premium being based primarily on the City's loss experience. The City has experienced very favorable rates for workers compensation by participating in the program.

The City carries commercial insurance for employee health, life and disability. The City contributes approximately 90% of the premiums through the fund from which the employee is compensated. The City has no risk in excess of premiums paid.

**B. Library services/joint venture**

The City of Waseca entered into an agreement with the County Commissioners of Waseca and LeSueur Counties on December 11, 1974 under authority provided for in the Minnesota Statutes to establish a regional library service and provide financial support from real estate tax funds.

The property and equipment owned by the City and used by the library system is reflected in the governmental activities capital assets. The agreement is perpetual or until rescinded by the actions of any one of the joint venture parties. In the event of termination, each party shall receive title to any and all assets, which it may have held at the time of the effective date of the agreement. All other assets, including books and library materials, shall be divided among the parties on the basis of each party's respective proportion of the financial support provided. On an annual basis the City provides 26.6% of the financial support provided. Library services are administered under a joint powers board, consisting of nine members (three from each governmental unit selected by the county boards and City Council), each member serving three-year terms. The Library Board determines policies, carries out the fiscal administration, and prepares an annual budget of the regional library system. In summary, this board is administering the library service as a single library system.

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 7: OTHER INFORMATION - CONTINUED**

Upon review and approval of an annual library budget, each governmental unit contributes funding based on the increase or decrease from the previous year base budget. This budget is approved by the entire library board, and reviewed and approved by the individual governmental units. The financial information for the Waseca LeSueur Regional Library as of and for the year ended December 31, 2015 is presented as follows:

Total revenues	\$ 1,007,918
Total expenditures	<u>1,026,902</u>
Change in net position	(18,984)
Net position, January 1, 2015	<u>389,895</u>
Net position, December 31, 2015	<u>\$ 370,911</u>
Total assets and deferred outflows of resources	<u>\$ 878,324</u>
Total liabilities and deferred inflows of resources	<u>\$ 507,413</u>
City's Investment in Joint Ventures, December 31, 2015	<u>\$ 98,662</u>

Financial statements of the Waseca LeSueur Regional Library are available for review at 408 North State Street, Waseca, MN 56093.

**C. Utility power purchase commitment**

As a municipal electric utility the City of Waseca provides electricity to most residential, commercial, and industrial electric users in the City. The City does not generate electricity and therefore purchases its entire electrical requirements on a wholesale basis. To ensure a long-term supply of electricity, the City became a charter member of the Southern Minnesota Municipal Power Agency (SMMPA), a municipal corporation of the State of Minnesota formed under Statutes Chapter 453. SMMPA, a consortium of 18 cities with municipal electric utilities, was formed to provide total electrical power and energy requirements for each member as economically as possible.

In May 1981, SMMPA entered into a power sales agreement with all of its participating members to contract for the long-term purchase of electricity. The agreement set forth the terms and conditions to "all requirements" purchase commencing May 1, 1985, and extending to April 1, 2030.

**D. Contingent liabilities**

In connection with the normal conduct of its affairs, the City is involved in various claims, litigations, and judgments. It is expected that the final settlement of these matters will not materially affect the financial statements of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

CITY OF WASECA, MINNESOTA  
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**Note 7: OTHER INFORMATION - CONTINUED**

**E. Post-employment benefits other than pensions**

*Plan description.* The City provides no post-employment benefits for health care, life insurance, or other employee assistance programs except for certain public safety employees. The City must bear a substantial portion of health insurance costs for public safety employees who are injured in the line of duty and permanently disables. The City must pay health insurance premiums for these employees and their dependents, if required, until age 65. The City had one public safety employee who was entitled to these benefits for all of 2015. Qualified former employees and their dependents may remain enrolled in benefit plans provided they pay the full premiums, based on the same rates charged for active employees. There are currently no participants covered on the City's plan. In 2014, the City contracted with Hildi Incorporated, an independent consultant to provide Governmental Accounting Standards Board (GASB) Statement Number 45 actuarial calculations. GASB 45 requires cities to report other post-employment benefits (OPEB).

*Funding policy.* Contribution requirements also are negotiated between the City and union representatives. The City does not contribute to the cost of current-year premiums for eligible retired plan members and their spouses. For fiscal year 2015, the City contributed \$23,567 to the plan. The General fund is typically used to liquidate the net OPEB obligation.

*Annual OPEB cost and net OPEB obligation.* The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan.

Annual required contribution	\$ 100,456
Interest on net OPEB obligation	13,541
Adjustment to annual required contribution	<u>(19,197)</u>
Annual OPEB cost (expense)	94,800
Contributions made	(23,566)
Implicit rate	<u>(32,066)</u>
Increase in net OPEB obligation	39,168
Net OPEB obligation - beginning of year	<u>338,537</u>
Net OPEB obligation - end of year	<u><u>\$ 377,705</u></u>

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 7: OTHER INFORMATION - CONTINUED**

The City's annual OPEB cost, employer contributions, implicit rate, cumulative net OPEB obligation and percentage of annual OPEB cost contributed for fiscal year 2015 and the two preceding fiscal years were as follows:

<u>Year Ending</u>	<u>Annual OPEB cost</u>	<u>Employer contributions</u>	<u>Implicit rate</u>	<u>Cumulative net OPEB obligation</u>	<u>Percentage of annual OPEB cost contributed</u>
12/31/2015	\$ 94,800	\$ (23,566)	\$ (32,066)	\$ 377,705	58.7%
12/31/2014	94,516	(25,203)	(27,756)	338,537	56.0%
12/31/2013	92,529	(14,718)	(45,574)	296,980	65.2%

*Funded status and funding progress.* As of January 1, 2014, the City's share of the actuarial accrued liability for benefits was \$893,868, all of which was unfunded. The City's share of covered payroll (annual payroll of active employees covered by the plan) was \$3,129,657, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 28.6 percent.

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

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

For the City, in the January 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return and an annual healthcare cost trend rate of 7.5 percent initially, reduced incrementally to an ultimate rate of 5.0 percent after 10 years. The actuarial value of assets was not determined as the City has not advance-funded its obligation. The plan's unfunded actuarial accrued liability was amortized as a level dollar amount over a closed basis of thirty years.

CITY OF WASECA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 7: OTHER INFORMATION - CONTINUED**

The following simplifying assumptions were made:

*Retirement age for active employees* - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 65, or at the first subsequent year in which the member would qualify for benefits.

*Marital status* - 85 percentage of males are assumed to be married and 65 percent females.

*Mortality* - Life expectancies were based on mortality tables from the Society of Actuaries. The 2000 Group Annuity Mortality Rates for Males and for Females were used.

*Healthcare cost trend rate* - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 7.5 percent initially, reduced to an ultimate rate of 5.0 percent after ten years, was used.

*Inflation rate* - The expected long-term inflation assumption of 2.5 percent was used based on an intermediate growth scenario.

*Actuarial method* - Projected unit credit with 30-year amortization of the unfunded liability.

*Payroll growth rate* - The expected long-term payroll growth rate was assumed to be 2.0 percent.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4.0 percent was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized on a level dollar closed basis. The remaining amortization period at December 31, 2015 was 30 years.

**F. Concentrations**

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA). The amount received in 2015 was \$2,675,228, which accounted for 40.2 percent of General fund revenues.

**G. Economic dependency**

***Component unit - HRA***

The programs of the HRA are economically dependent on annual contributions and grants from HUD. Without those contributions and grants, the programs would operate at a loss.

**H. Subsequent events**

On May 3, 2016 the Council approved a contract for the 2016 State Aid Street and Watermain Improvement Project in the amount of \$1,029,487.

On May 17, 2016 the Council approved a contract for the 2016 seal crack and coat project in the amount of \$88,043.

CITY OF WASECA, MINNESOTA  
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DECEMBER 31, 2015

**Note 8: CHANGE IN ACCOUNTING STANDARDS**

During 2015, the City implemented several new accounting pronouncements issued by the Governmental Accounting Standards Board (GASB), including Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, for the year ended December 31, 2015. These standards required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2014 financial statements. Changes related to these standards are reflected in the financial statements and schedules and related disclosures are included in Note 4.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2014 balances to the December 31, 2015 financial statements:

Fund	December 31, 2015		
	Net Position January 1, 2015 as Previously Reported	Prior Period Restatement (1)	Net Position January 1, 2015 as Restated
Governmental activities	<u>\$ 32,749,366</u>	<u>\$ (2,846,281)</u>	<u>\$ 29,903,085</u>
Business-type activities	<u>\$ 33,803,189</u>	<u>\$ (1,052,426)</u>	<u>\$ 32,750,763</u>
Business-type activities			
Water Fund	\$ 6,304,084	\$ (209,518)	\$ 6,094,566
Sanitary Sewer Fund	17,426,976	(318,420)	17,108,556
Electric	7,445,357	(368,898)	7,076,459
Surface Water	<u>2,626,772</u>	<u>(49,462)</u>	<u>2,577,310</u>
Total business-type activities	<u>\$ 33,803,189</u>	<u>\$ (946,298)</u>	<u>\$ 32,856,891</u>
Internal service funds	<u>\$ 176,489</u>	<u>\$ (70,323)</u>	<u>\$ 106,166</u>

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

CITY OF WASECA  
WASECA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

CITY OF WASECA, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2015

**Schedule of employer's share of PERA net pension liability - General Employees Retirement Fund**

Required Supplementary Information							
Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/15	0.0409 %	\$ 2,119,650	\$ -	\$ 2,119,650	\$2,362,560	89.7 %	78.2 %

**Schedule of employer's PERA contributions - General Employees Retirement Fund**

Required Supplementary Information					
Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/15	\$ 186,692	\$ 186,692	\$ -	\$ 2,489,227	7.5 %

CITY OF WASECA, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015

**Schedule of employer's share of PERA net pension liability - Public Employees Police and Fire Fund**

Required Supplementary Information							
Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/15	0.1200 %	\$ 1,363,481	\$ -	\$ 1,363,481	\$1,069,401	127.5 %	86.6 %

**Schedule of employer's PERA contributions - Public Employees Police and Fire Fund**

Required Supplementary Information					
Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/15	\$ 171,849	\$ 171,849	\$ -	\$ 1,060,796	16.2 %

CITY OF WASECA, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015

**Schedule of changes in the Fire Relief Association's net pension liability (asset) and related ratios**

	2015
<b>Total pension liability</b>	
Service cost	\$ 45,633
Interest	64,654
	<u>110,287</u>
<b>Net change in total pension liability</b>	110,287
<b>Total pension liability - January 1, 2014</b>	<u>1,124,411</u>
<b>Total pension liability - December 31, 2014 (a)</b>	<u><u>\$ 1,234,698</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 81,626
Net investment income	98,454
	<u>180,080</u>
<b>Net change in plan fiduciary net position</b>	180,080
<b>Plan fiduciary net position - January 1, 2014</b>	<u>1,287,084</u>
<b>Plan fiduciary net position - December 31, 2014 (b)</b>	<u><u>\$ 1,467,164</u></u>
<b>Fire Relief's net pension liability (asset) - December 31, 2014 (a-b)</b>	<u><u>\$ (232,466)</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability (b/a)</b>	118.83%
<b>Covered-employee payroll</b>	N/A
<b>Fire Relief's net pension liability (asset) as a percentage of covered-employee payroll</b>	N/A

**Notes to Schedule:**

*Benefit changes.* None.

*Changes of assumptions.* None.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

CITY OF WASECA, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015

**Schedule of employer's Fire Relief Association contributions**

Year Ending	Required Supplementary Information		
	Actuarial Determined Contribution	Actual Contributions Paid	Contribution Deficiency (Excess)
	(a)	(b)	(a-b)
12/31/15	\$ 71,404	\$ 71,404	\$ -
12/31/14	67,386	67,386	-

**Schedule of funding progress for other postemployment benefit plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2014	\$ -	\$ 893,868	\$ 893,868	0.0%	\$ 3,129,657	28.6%
1/1/2011	-	891,792	891,792	0.0%	2,832,604	31.5%
1/1/2008	-	930,002	930,002	0.0%	3,699,000	25.1%

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**COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

**CITY OF WASECA  
WASECA, MINNESOTA**

**FOR THE YEAR ENDED  
DECEMBER 31, 2015**

CITY OF WASECA, MINNESOTA  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2015

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and investments	\$ 1,370,821	\$ 1,424,741	\$ 2,795,562
Accounts receivable	2,221	7,000	9,221
Loans receivable (net of allowance)	20,643	-	20,643
Due from other governments	72,772	-	72,772
Land held for resale	-	960,467	960,467
	<u>-</u>	<u>960,467</u>	<u>960,467</u>
 TOTAL ASSETS	 <u>\$ 1,466,457</u>	 <u>\$ 2,392,208</u>	 <u>\$ 3,858,665</u>
LIABILITIES			
Accounts payable	\$ 31,542	\$ 112,725	\$ 144,267
Due to other governments	37,142	-	37,142
Accrued wages payable	4,719	-	4,719
Due to other funds	34,887	-	34,887
Unearned revenue	3,815	-	3,815
	<u>3,815</u>	<u>-</u>	<u>3,815</u>
 TOTAL LIABILITIES	 <u>112,105</u>	 <u>112,725</u>	 <u>224,830</u>
FUND BALANCES			
Restricted for			
Clear lake press fund	130,476	-	130,476
Revolving loan	54,998	-	54,998
TIF funds	601,238	-	601,238
Historical preservation	18	-	18
Police safe haven	14,627	-	14,627
Police forfeitures	63,326	-	63,326
Municipal state aid	-	714,514	714,514
Committed for			
Airport	275,979	-	275,979
Police reserves	728	-	728
Waseca housing fund	76,276	-	76,276
Assigned for			
Northwest commercial development	-	1,119,587	1,119,587
Annexation and growth	-	244,738	244,738
Equipment replacement	-	280,116	280,116
Operations	149,901	-	149,901
Unassigned	(13,215)	(79,472)	(92,687)
	<u>(13,215)</u>	<u>(79,472)</u>	<u>(92,687)</u>
 TOTAL FUND BALANCES	 <u>1,354,352</u>	 <u>2,279,483</u>	 <u>3,633,835</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 1,466,457</u>	 <u>\$ 2,392,208</u>	 <u>\$ 3,858,665</u>

CITY OF WASECA, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue	Capital Projects	Total
REVENUES			
Taxes	\$ 294,704	\$ -	\$ 294,704
Fines and forfeitures	8,082	-	8,082
Intergovernmental	382,719	115,218	497,937
Program income	286,733	-	286,733
Contributions	8,825	-	8,825
Interest earnings	14,441	15,356	29,797
Miscellaneous	32,940	7,220	40,160
	<u>1,028,444</u>	<u>137,794</u>	<u>1,166,238</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General government	-	1,342	1,342
Public safety	224,974	-	224,974
Culture and recreation	228,338	-	228,338
Economic development	158,507	-	158,507
Airport	170,795	-	170,795
Capital outlay			
Public safety	-	128,580	128,580
Culture and recreation	1,731	272,688	274,419
Streets and highways	-	250,651	250,651
Airport	183,349	-	183,349
	<u>967,694</u>	<u>653,261</u>	<u>1,620,955</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>60,750</u>	<u>(515,467)</u>	<u>(454,717)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	17,216	17,216
Transfers in	89,478	1,216,143	1,305,621
Transfers out	(84,493)	(605,008)	(689,501)
	<u>4,985</u>	<u>628,351</u>	<u>633,336</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	65,735	112,884	178,619
FUND BALANCE, JANUARY 1	<u>1,288,617</u>	<u>2,166,599</u>	<u>3,455,216</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 1,354,352</u></u>	<u><u>\$ 2,279,483</u></u>	<u><u>\$ 3,633,835</u></u>

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# Nonmajor Governmental Funds

## **Special Revenue Funds**

*EDPG-Clear Lake Press Fund* - This fund accounts for the Small Cities Development Grant activity.

*Revolving Loan Fund* - This fund was established to account for repayment of grant and loan funds repaid by loan recipients.

*2010 SCDP Grant* - This fund accounts for the 2010 Small Cities Development Grant activity used for the City's housing rehabilitation program.

*2012 SCDP Grant* - This fund accounts for the 2012 Small Cities Development Grant activity used for the City's housing rehabilitation program.

*2014 Revolving Loan Fund* - This fund was established to account for the re-use of MIF funds for forgivable loans transferred from the Clear Lake Press Fund.

*TIF (Tax Increment Financing) Funds* - This fund accounts for tax increment financing activities relative to various City projects.

*Airport* - This fund accounts for the municipal airport operations.

*Waseca Water Park* - Established to account for Water Park operations.

*Waseca Housing Fund* - This fund was established for tax abatement proceeds to be specifically designated for housing development options.

*Historical Preservation Fund* - This fund was established to account for the grant funding and expenditures relating to the Historical Preservation of Waseca.

*Police Reserve Fund* - This fund accounts for Police Reserve activity for the City of Waseca.

*Police Forfeiture Fund* - Established to provide for separate allocation of forfeiture, DUI and other revenue sources that must be expended in accordance with State statute.

*Safe Haven Grant Fund* - This fund accounts for the funding and activity for the Safe Haven Supervised Visitation and Safe Exchange Grant.

*Fire Relief Fund* - This fund accounts for the administration of specific property taxes for the Fire Relief Association.

CITY OF WASECA, MINNESOTA  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS - CONTINUED ON THE FOLLOWING PAGES  
DECEMBER 31, 2015

	205 EDPG Clear Lake Press	208 Revolving Loan Fund	209 2010 SCDP Grant	211 2012 SCDP Grant
<b>ASSETS</b>				
Cash and cash equivalents	\$ 207,314	\$ 3,940	\$ 2,589	\$ 613
Accounts receivable	2,221	-	-	-
Loans receivable (net of allowance)	9,177	-	-	-
Due from other governments	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 218,712</b>	<b>\$ 3,940</b>	<b>\$ 2,589</b>	<b>\$ 613</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Accrued wages payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted for				
Clear lake press fund	130,476	-	-	-
Revolving loan	-	-	2,530	600
Tax increment	-	-	-	-
Historical preservation	-	-	-	-
Police safe haven	-	-	-	-
Police forfeitures	-	-	-	-
Committed for				
Airport	-	-	-	-
Police reserves	-	-	-	-
Waseca housing fund	-	-	-	-
Assigned for				
Operations	88,236	3,940	59	13
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>218,712</b>	<b>3,940</b>	<b>2,589</b>	<b>613</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 218,712</b>	<b>\$ 3,940</b>	<b>\$ 2,589</b>	<b>\$ 613</b>

<b>212</b> 2014 Revolving Loan Fund	<b>TIF</b> Funds	<b>230</b>  Airport	<b>240</b> Waseca Water Park Fund	<b>250</b> Waseca Housing Fund	<b>255</b> Historical Preservation Fund	<b>275</b> Police Reserves Fund
\$ 66,902	\$ 638,343	\$ 292,230	\$ 4,022	\$ 89,431	\$ 18	\$ 1,779
-	-	-	-	-	-	-
8,466	-	-	-	3,000	-	-
-	-	32,643	-	628	-	-
<u>\$ 75,368</u>	<u>\$ 638,343</u>	<u>\$ 324,873</u>	<u>\$ 4,022</u>	<u>\$ 93,059</u>	<u>\$ 18</u>	<u>\$ 1,779</u>
\$ 22,506	\$ -	\$ 7,520	\$ 714	\$ -	\$ -	\$ 705
-	37,105	-	37	-	-	-
-	-	-	1,601	-	-	-
-	13,215	-	-	-	-	-
-	-	3,815	-	-	-	-
<u>22,506</u>	<u>50,320</u>	<u>11,335</u>	<u>2,352</u>	<u>-</u>	<u>-</u>	<u>705</u>
-	-	-	-	-	-	-
51,868	-	-	-	-	-	-
-	601,238	-	-	-	-	-
-	-	-	-	-	18	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	275,979	-	-	-	-
-	-	-	-	-	-	728
-	-	-	-	76,276	-	-
994	-	37,559	1,670	16,783	-	346
-	(13,215)	-	-	-	-	-
<u>52,862</u>	<u>588,023</u>	<u>313,538</u>	<u>1,670</u>	<u>93,059</u>	<u>18</u>	<u>1,074</u>
<u>\$ 75,368</u>	<u>\$ 638,343</u>	<u>\$ 324,873</u>	<u>\$ 4,022</u>	<u>\$ 93,059</u>	<u>\$ 18</u>	<u>\$ 1,779</u>

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CITY OF WASECA, MINNESOTA  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS - CONTINUED  
DECEMBER 31, 2015

	<b>278</b> Police Forfeiture Fund	<b>279</b> Safe Haven Grant Fund	<b>280</b> Fire Relief Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 63,339	\$ -	\$ 301	\$ 1,370,821
Accounts receivable	-	-	-	2,221
Loans receivable (net of allowance)	-	-	-	20,643
Due from other governments	-	39,501	-	72,772
	<u>-</u>	<u>39,501</u>	<u>-</u>	<u>72,772</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 63,339</u></u>	<u><u>\$ 39,501</u></u>	<u><u>\$ 301</u></u>	<u><u>\$ 1,466,457</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ 13	\$ 84	\$ -	\$ 31,542
Due to other governments	-	-	-	37,142
Accrued wages payable	-	3,118	-	4,719
Due to other funds	-	21,672	-	34,887
Unearned revenue	-	-	-	3,815
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,815</u>
<b>TOTAL LIABILITIES</b>	<u>13</u>	<u>24,874</u>	<u>-</u>	<u>112,105</u>
<b>FUND BALANCES</b>				
Restricted for				
Clear lake press fund	-	-	-	130,476
Revolving loan	-	-	-	54,998
TIF funds	-	-	-	601,238
Historical preservation	-	-	-	18
Police safe haven	-	14,627	-	14,627
Police forfeitures	63,326	-	-	63,326
Committed for				
Airport	-	-	-	275,979
Police reserves	-	-	-	728
Waseca housing fund	-	-	-	76,276
Assigned for				
Operations	-	-	301	149,901
Unassigned	-	-	-	(13,215)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,215)</u>
<b>TOTAL FUND BALANCE</b>	<u>63,326</u>	<u>14,627</u>	<u>301</u>	<u>1,354,352</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 63,339</u></u>	<u><u>\$ 39,501</u></u>	<u><u>\$ 301</u></u>	<u><u>\$ 1,466,457</u></u>

CITY OF WASECA, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
SPECIAL REVENUE FUNDS - CONTINUED ON THE FOLLOWING PAGES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>205</b> EDPG Clear Lake Press	<b>208</b> Revolving Loan Fund	<b>209</b> 2010 SCDP Grant	<b>211</b> 2012 SCDP Grant
REVENUES				
Taxes				
Tax increment	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Program income	-	-	-	-
Contributions	-	-	-	-
Interest earnings	2,943	-	-	-
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	2,943	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	7,748	-	-	-
Airport	-	-	-	-
Capital outlay				
Culture and recreation	-	-	-	-
Airport	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	7,748	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,805)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	(4,805)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, JANUARY 1	223,517	3,940	2,589	613
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, DECEMBER 31	\$ 218,712	\$ 3,940	\$ 2,589	\$ 613
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<b>212</b> 2014 Revolving Loan Fund	<b>TIF Funds</b>	<b>230</b>  Airport	<b>240</b> Waseca Water Park Fund	<b>250</b> Waseca Housing Fund	<b>255</b> Historical Preservation Fund	<b>275</b> Police Reserve Fund
\$ -	\$ 294,704	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	190,330	-	-	-	-
-	-	109,066	157,987	-	-	-
-	-	-	-	6,825	-	2,000
890	6,666	1,911	-	1,023	-	-
-	-	26,532	-	-	-	6,408
<u>890</u>	<u>301,370</u>	<u>327,839</u>	<u>157,987</u>	<u>7,848</u>	<u>-</u>	<u>8,408</u>
-	-	-	-	-	-	7,828
-	-	-	228,338	-	-	-
33,924	116,597	-	-	-	238	-
-	-	170,795	-	-	-	-
-	-	-	1,731	-	-	-
-	-	183,349	-	-	-	-
<u>33,924</u>	<u>116,597</u>	<u>354,144</u>	<u>230,069</u>	<u>-</u>	<u>238</u>	<u>7,828</u>
<u>(33,034)</u>	<u>184,773</u>	<u>(26,305)</u>	<u>(72,082)</u>	<u>7,848</u>	<u>(238)</u>	<u>580</u>
-	-	-	75,000	-	238	-
-	(84,493)	-	-	-	-	-
-	(84,493)	-	75,000	-	238	-
(33,034)	100,280	(26,305)	2,918	7,848	-	580
85,896	487,743	339,843	(1,248)	85,211	18	494
<u>\$ 52,862</u>	<u>\$ 588,023</u>	<u>\$ 313,538</u>	<u>\$ 1,670</u>	<u>\$ 93,059</u>	<u>\$ 18</u>	<u>\$ 1,074</u>

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CITY OF WASECA, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
SPECIAL REVENUE FUNDS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>278</b> Police Forfeiture Fund	<b>279</b> Safe Haven Grant Fund	<b>280</b> Fire Relief Fund	Total
<b>REVENUES</b>				
Taxes				
Tax increment	\$ -	\$ -	\$ -	\$ 294,704
Fines and forfeitures	8,082	-	-	8,082
Intergovernmental	-	120,985	71,404	382,719
Program income	-	19,680	-	286,733
Contributions	-	-	-	8,825
Interest earnings	726	-	282	14,441
Miscellaneous	-	-	-	32,940
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	8,808	140,665	71,686	1,028,444
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>				
Current				
Public safety	1,918	129,584	85,644	224,974
Culture and recreation	-	-	-	228,338
Economic development	-	-	-	158,507
Airport	-	-	-	170,795
Capital outlay				
Culture and recreation	-	-	-	1,731
Airport	-	-	-	183,349
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	1,918	129,584	85,644	967,694
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	6,890	11,081	(13,958)	60,750
	<hr/>	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	14,240	89,478
Transfers out	-	-	-	(84,493)
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<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	14,240	4,985
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCES</b>	6,890	11,081	282	65,735
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, JANUARY 1</b>	56,436	3,546	19	1,288,617
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES, DECEMBER 31</b>	\$ 63,326	\$ 14,627	\$ 301	\$ 1,354,352
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
EDPG CLEAR LAKE PRESS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Interest earnings	\$ 2,800	\$ 2,943	\$ 143
Miscellaneous	<u>15,206</u>	<u>-</u>	<u>(15,206)</u>
 TOTAL REVENUES	 18,006	 2,943	 (15,063)
EXPENDITURES			
Current			
Economic development	<u>1,300</u>	<u>7,748</u>	<u>(6,448)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,706	(4,805)	(21,511)
FUND BALANCE, JANUARY 1	<u>223,517</u>	<u>223,517</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 240,223</u></u>	<u><u>\$ 218,712</u></u>	<u><u>\$ (21,511)</u></u>

CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
TIF FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Taxes			
Tax increment	\$ 233,400	\$ 294,704	\$ 61,304
Interest	<u>-</u>	<u>6,666</u>	<u>6,666</u>
TOTAL REVENUES	233,400	301,370	67,970
EXPENDITURES			
Current			
Economic development	<u>78,580</u>	<u>116,597</u>	<u>(38,017)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	154,820	184,773	29,953
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(84,493)</u>	<u>(84,493)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	70,327	100,280	29,953
FUND BALANCE, JANUARY 1	<u>487,743</u>	<u>487,743</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 558,070</u></u>	<u><u>\$ 588,023</u></u>	<u><u>\$ 29,953</u></u>

CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
AIRPORT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 597,500	\$ 190,330	\$ (407,170)
Program Income	100,000	109,066	9,066
Interest earnings	500	1,911	1,411
Miscellaneous	500	26,532	26,032
	<u>698,500</u>	<u>327,839</u>	<u>(370,661)</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Airport	327,650	170,795	156,855
Capital outlay			
Airport	680,533	183,349	497,184
	<u>1,008,183</u>	<u>354,144</u>	<u>654,039</u>
TOTAL EXPENDITURES			
NET CHANGE IN FUND BALANCES	(309,683)	(26,305)	283,378
FUND BALANCE, JANUARY 1	339,843	339,843	-
FUND BALANCES, DECEMBER 31	<u>\$ 30,160</u>	<u>\$ 313,538</u>	<u>\$ 283,378</u>



CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
WASECA WATER PARK FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Program income	\$ 148,500	\$ 157,987	\$ 9,487
Miscellaneous	200	-	(200)
TOTAL REVENUES	<u>148,700</u>	<u>157,987</u>	<u>9,287</u>
EXPENDITURES			
Current			
Culture and recreation	228,432	228,338	94
Capital outlay			
Culture and recreation	<u>8,000</u>	<u>1,731</u>	<u>6,269</u>
TOTAL EXPENDITURES	<u>236,432</u>	<u>230,069</u>	<u>6,363</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(87,732)</u>	<u>(72,082)</u>	<u>15,650</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>75,000</u>	<u>75,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(12,732)	2,918	15,650
FUND BALANCE, JANUARY 1	<u>(1,248)</u>	<u>(1,248)</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ (13,980)</u></u>	<u><u>\$ 1,670</u></u>	<u><u>\$ 15,650</u></u>

CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
WASECA HOUSING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Contributions	\$ 13,650	\$ 6,825	\$ (6,825)
Interest earnings	<u>700</u>	<u>1,023</u>	<u>323</u>
TOTAL REVENUES	14,350	7,848	(6,502)
EXPENDITURES			
Current			
Economic development	<u>44,350</u>	<u>-</u>	<u>44,350</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,000)	7,848	37,848
FUND BALANCE, JANUARY 1	<u>85,211</u>	<u>85,211</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 55,211</u></u>	<u><u>\$ 93,059</u></u>	<u><u>\$ 37,848</u></u>

CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
HISTORICAL PRESERVATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 13,000	\$ -	\$ (13,000)
EXPENDITURES			
Current			
Economic development	<u>13,000</u>	<u>238</u>	<u>12,762</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(238)	(238)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>238</u>	<u>1,150</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCE, JANUARY 1	<u>18</u>	<u>18</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 18</u></u>	<u><u>\$ 18</u></u>	<u><u>\$ -</u></u>

CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
POLICE RESERVE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Contributions	\$ 500	\$ 2,000	\$ 1,500
Interest earnings	10	-	(10)
Miscellaneous	<u>6,000</u>	<u>6,408</u>	<u>408</u>
 TOTAL REVENUES	 6,510	 8,408	 1,898
EXPENDITURES			
Current			
Public safety	<u>6,510</u>	<u>7,828</u>	<u>(1,318)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	580	580
FUND BALANCE, JANUARY 1	<u>494</u>	<u>494</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ 494</u>	<u>\$ 1,074</u>	<u>\$ 580</u>

CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
POLICE FORFEITURE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Fines and Forfeitures	\$ 10,000	\$ 8,082	\$ (1,918)
Interest earnings	<u>-</u>	<u>726</u>	<u>726</u>
TOTAL REVENUES	10,000	8,808	(1,192)
EXPENDITURES			
Current			
Public safety	<u>10,000</u>	<u>1,918</u>	<u>8,082</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	6,890	6,890
FUND BALANCE, JANUARY 1	<u>56,436</u>	<u>56,436</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ 56,436</u>	<u>\$ 63,326</u>	<u>\$ 6,890</u>

CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
SAFE HAVEN GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 102,944	\$ 120,985	\$ 18,041
Program income	<u>10,000</u>	<u>19,680</u>	<u>9,680</u>
TOTAL REVENUES	112,944	140,665	27,721
EXPENDITURES			
Current			
Public safety	<u>112,944</u>	<u>129,584</u>	<u>(16,640)</u>
NET CHANGE IN FUND BALANCES	-	11,081	11,081
FUND BALANCE, JANUARY 1	<u>3,546</u>	<u>3,546</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 3,546</u></u>	<u><u>\$ 14,627</u></u>	<u><u>\$ 11,081</u></u>

CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FIRE RELIEF FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 65,000	\$ 71,404	\$ 6,404
Interest earnings	-	282	282
TOTAL REVENUES	65,000	71,686	6,686
EXPENDITURES			
Current			
Public safety	79,240	85,644	(6,404)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,240)	(13,958)	282
OTHER FINANCING SOURCES			
Transfers in	14,240	14,240	-
NET CHANGE IN FUND BALANCES	-	282	282
FUND BALANCE, JANUARY 1	19	19	-
FUND BALANCES, DECEMBER 31	\$ 19	\$ 301	\$ 282

CITY OF WASECA, MINNESOTA  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET - TIF SPECIAL REVENUE FUNDS  
DECEMBER 31, 2015

	<b>222</b> TIF Charter Oaks Fund	<b>223</b> TIF Central Fund	<b>224</b> TIF Waseca Village Fund	<b>225</b> TIF Colony Ct III Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,758	\$ 533,607	\$ -	\$ 37,105
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ 5,740	\$ -
Due to other governments	-	-	-	37,105
<b>TOTAL LIABILITIES</b>	-	-	5,740	37,105
<b>FUND BALANCES</b>				
Restricted for				
Tax increment	12,758	533,607	-	-
Unassigned	-	-	(5,740)	-
<b>TOTAL FUND BALANCE</b>	12,758	533,607	(5,740)	-
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	\$ 12,758	\$ 533,607	\$ -	\$ 37,105



226 TIF South Loon Fund	227 TIF Fox Meadows	Total
<u>\$ 54,873</u>	<u>\$ -</u>	<u>\$ 638,343</u>
 \$ -	 \$ 7,475	 \$ 13,215
<u>-</u>	<u>-</u>	<u>37,105</u>
 -	 7,475	 50,320
<u>-</u>	<u>-</u>	<u>-</u>
 54,873	 -	 601,238
<u>-</u>	<u>(7,475)</u>	<u>(13,215)</u>
 54,873	 (7,475)	 588,023
<u>54,873</u>	<u>-</u>	<u>638,343</u>

CITY OF WASECA, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
TIF SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>222</b> TIF Charter Oaks Fund	<b>223</b> TIF Central Fund	<b>224</b> TIF Waseca Village Fund	<b>225</b> TIF Colony Ct III Fund
REVENUES				
Taxes				
Tax increments	\$ 12,458	\$ 204,276	\$ 6,042	\$ 34,591
Interest earnings	<u>154</u>	<u>5,713</u>	<u>-</u>	<u>236</u>
TOTAL REVENUES	<u>12,612</u>	<u>209,989</u>	<u>6,042</u>	<u>34,827</u>
EXPENDITURES				
Current				
Economic development	<u>11,763</u>	<u>20,552</u>	<u>6,592</u>	<u>10,180</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	849	189,437	(550)	24,647
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>(84,493)</u>	<u>-</u>	<u>(37,105)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(84,493)</u>	<u>-</u>	<u>(37,105)</u>
NET CHANGE IN FUND BALANCES	849	104,944	(550)	(12,458)
FUND BALANCE, JANUARY 1	<u>11,909</u>	<u>428,663</u>	<u>(5,190)</u>	<u>12,458</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 12,758</u></u>	<u><u>\$ 533,607</u></u>	<u><u>\$ (5,740)</u></u>	<u><u>\$ -</u></u>

226 TIF South Loon Fund	227 TIF Fox Meadows	Total
\$ 19,442	\$ 17,895	\$ 294,704
563	-	6,666
20,005	17,895	301,370
12,405	55,105	116,597
7,600	(37,210)	184,773
-	37,105	37,105
-	-	(121,598)
-	37,105	(84,493)
7,600	(105)	100,280
47,273	(7,370)	487,743
\$ 54,873	\$ (7,475)	\$ 588,023

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# Nonmajor Governmental Funds

## **Capital Projects**

*Municipal State Aid Construction Fund* - This fund accounts for the construction of capital assets financed by state aid.

*Municipal State Aid Maintenance Fund* - This fund accounts for the State aid for eligible maintenance projects. This fund was closed in 2015.

*Library Remodel Fund* - This fund accounts for costs and funding sources related to remodeling the Waseca-LeSueur Regional Library.

*Northwest Commercial Development Fund* - This fund accounts for the infrastructure projects related to the commercial development site in the northwest Waseca.

*Annexation and Growth Fund* - This fund accounts for the planned growth and potential annexation of the Waseca area.

*Equipment Replacement Fund* - Accounts for General fund transfers and related purchases of capital equipment as detailed in the 10-year equipment replacement plan.

CITY OF WASECA, MINNESOTA  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET - CAPITAL PROJECT FUNDS  
DECEMBER 31, 2015

	<b>402</b> Municipal State Aid Construction	<b>406</b> Municipal State Aid Maintenance	<b>427</b> Library Remodel Fund
<b>ASSETS</b>			
Cash and investments	\$ 714,514	\$ -	\$ 32,143
Accounts receivable	-	-	-
Land held for resale	-	-	-
<b>TOTAL ASSETS</b>	<u><u>\$ 714,514</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 32,143</u></u>
<b>LIABILITIES</b>			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,615</u>
<b>FUND BALANCES</b>			
Restricted for			
Municipal state aid	714,514	-	-
Assigned for			
Northwest commercial development	-	-	-
Annexation and growth	-	-	-
Equipment replacement	-	-	-
Unassigned	-	-	(79,472)
<b>TOTAL FUND BALANCE</b>	<u><u>714,514</u></u>	<u><u>-</u></u>	<u><u>(79,472)</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 714,514</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 32,143</u></u>

<b>445</b> Northwest Commercial Development	<b>470</b> Annexation and Growth	<b>705</b> Equipment Replacement Fund	Total
\$ 159,120	\$ 244,738	\$ 274,226	\$ 1,424,741
-	-	7,000	7,000
960,467	-	-	960,467
<u>\$ 1,119,587</u>	<u>\$ 244,738</u>	<u>\$ 281,226</u>	<u>\$ 2,392,208</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,110</u>	<u>\$ 112,725</u>
-	-	-	714,514
1,119,587	-	-	1,119,587
-	244,738	-	244,738
-	-	280,116	280,116
-	-	-	(79,472)
<u>1,119,587</u>	<u>244,738</u>	<u>280,116</u>	<u>2,279,483</u>
<u>\$ 1,119,587</u>	<u>\$ 244,738</u>	<u>\$ 281,226</u>	<u>\$ 2,392,208</u>

CITY OF WASECA, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>402</b> Municipal State Aid Construction	<b>406</b> Municipal State Aid Maintenance	<b>427</b> Library Remodel Fund
REVENUES			
Intergovernmental	\$ 20,634	\$ 94,584	\$ -
Interest earnings	7,579	-	442
Miscellaneous	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>28,213</u>	<u>94,584</u>	<u>442</u>
EXPENDITURES			
Current			
General government	-	-	-
Capital outlay			
Public safety	-	-	-
Streets and highways	-	-	-
Culture and recreation	-	-	238,610
	<u>-</u>	<u>-</u>	<u>238,610</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>238,610</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>28,213</u>	<u>94,584</u>	<u>(238,168)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	-
Transfers in	605,343	-	150,000
Transfers out	-	(605,008)	-
	<u>-</u>	<u>(605,008)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>605,343</u>	<u>(605,008)</u>	<u>150,000</u>
NET CHANGE IN FUND BALANCES	633,556	(510,424)	(88,168)
FUND BALANCE, JANUARY 1	<u>80,958</u>	<u>510,424</u>	<u>8,696</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 714,514</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (79,472)</u></u>



<b>445</b> Northwest Commercial Development	<b>470</b> Annexation and Growth	<b>705</b> Equipment Replacement Fund	Total
\$ -	\$ -	\$ -	\$ 115,218
1,850	2,859	2,626	15,356
-	-	7,220	7,220
1,850	2,859	9,846	137,794
-	1,342	-	1,342
-	-	128,580	128,580
-	-	250,651	250,651
-	-	34,078	272,688
-	1,342	413,309	653,261
1,850	1,517	(403,463)	(515,467)
-	-	17,216	17,216
-	-	460,800	1,216,143
-	-	-	(605,008)
-	-	478,016	628,351
1,850	1,517	74,553	112,884
1,117,737	243,221	205,563	2,166,599
<u>\$ 1,119,587</u>	<u>\$ 244,738</u>	<u>\$ 280,116</u>	<u>\$ 2,279,483</u>

CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
MUNICIPAL STATE AID MAINTENANCE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 85,000	\$ 94,584	\$ 9,584
Interest earnings	2,500	-	(2,500)
Total revenues	87,500	94,584	7,084
EXPENDITURES			
Capital outlay			
Streets and highways	85,000	-	85,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,500	94,584	92,084
OTHER FINANCING SOURCES (USES)			
Transfers out	(200,000)	(605,008)	(405,008)
NET CHANGE IN FUND BALANCES	(197,500)	(510,424)	(312,924)
FUND BALANCE, JANUARY 1	510,424	510,424	-
FUND BALANCES, DECEMBER 31	\$ 312,924	\$ -	\$ (312,924)

CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
LIBRARY REMODEL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Interest earnings	\$ -	\$ 442	\$ 442
EXPENDITURES			
Capital outlay			
Culture and recreation	306,323	238,610	67,713
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(306,323)	(238,168)	68,155
OTHER FINANCING SOURCES (USES)			
Transfer in	150,000	150,000	-
NET CHANGE IN FUND BALANCES	(156,323)	(88,168)	68,155
FUND BALANCE, JANUARY 1	8,696	8,696	-
FUND BALANCES, DECEMBER 31	<u>\$ (147,627)</u>	<u>\$ (79,472)</u>	<u>\$ 68,155</u>

CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
ANNEXATION AND GROWTH FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Interest earnings	\$ -	\$ 2,859	\$ 2,859
EXPENDITURES			
Current			
General government	20,000	1,342	18,658
NET CHANGE IN FUND BALANCES	(20,000)	1,517	21,517
FUND BALANCE, JANUARY 1	243,221	243,221	-
FUND BALANCES, DECEMBER 31	\$ 223,221	\$ 244,738	\$ 21,517

CITY OF WASECA, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
EQUIPMENT REPLACEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Interest earnings	\$ 200	\$ 2,626	\$ 2,426
Miscellaneous	-	7,220	7,220
<b>TOTAL REVENUES</b>	<b>200</b>	<b>9,846</b>	<b>9,646</b>
EXPENDITURES			
Capital outlay			
Public safety	125,800	128,580	(2,780)
Streets and highways	355,000	250,651	104,349
Culture and recreation	30,000	34,078	(4,078)
<b>TOTAL EXPENDITURES</b>	<b>510,800</b>	<b>413,309</b>	<b>97,491</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(510,600)	(403,463)	107,137
OTHER FINANCING SOURCES (USES)			
Transfers in	460,600	460,800	200
Sale of capital assets	-	17,216	17,216
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>460,600</b>	<b>478,016</b>	<b>17,416</b>
NET CHANGE IN FUND BALANCES	(50,000)	74,553	124,553
FUND BALANCE, JANUARY 1	205,563	205,563	-
FUND BALANCES, DECEMBER 31	\$ 155,563	\$ 280,116	\$ 124,553

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CITY OF WASECA, MINNESOTA  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
DECEMBER 31, 2015  
(With Comparative Actual Amounts for December 31, 2014)

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and Investments	\$ 2,823,442	\$ 3,123,768
Receivables		
Taxes	69,119	72,989
Accounts	70,471	63,091
Interest	69,501	50,989
Due from other governments	162,201	167,843
Land held for resale	-	80,000
Due from other funds	812,440	18,924
Prepaid items	<u>4,271</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,011,445</u></u>	<u><u>\$ 3,577,604</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 104,795	\$ 142,780
Due to other governments	61,954	24,509
Accrued wages payable	108,090	86,932
Unearned revenue	<u>31,975</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>306,814</u>	<u>254,221</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - taxes	<u>69,119</u>	<u>72,989</u>
<b>FUND BALANCES</b>		
Nonspendable		
Prepaid items	4,271	-
Land held for resale	-	80,000
Restricted for		
Parkland dedication	88,503	78,403
PEG channel	38,847	13,245
Unassigned	<u>3,503,891</u>	<u>3,078,746</u>
<b>TOTAL FUND BALANCE</b>	<u>3,635,512</u>	<u>3,250,394</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 4,011,445</u></u>	<u><u>\$ 3,577,604</u></u>

CITY OF WASECA, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 3,576,481	\$ 3,264,982	\$ 3,267,270	\$ 2,288	\$ 3,478,705
Licenses	48,000	48,000	21,238	(26,762)	56,769
Permits and fees	114,300	114,300	216,416	102,116	139,246
Intergovernmental	2,917,183	2,917,183	2,944,837	27,654	2,900,487
Charges for services	33,600	33,600	26,425	(7,175)	23,713
Fines and forfeitures	36,000	36,000	23,720	(12,280)	21,151
Contributions	5,000	5,000	6,865	1,865	15,217
Interest earnings	42,000	42,000	23,559	(18,441)	17,511
Miscellaneous	205,393	205,393	122,966	(82,427)	130,102
TOTAL REVENUES	6,977,957	6,666,458	6,653,296	(13,162)	6,782,901
EXPENDITURES					
Current					
General government					
Legislative	159,062	159,062	159,481	(419)	161,251
Administration	266,094	266,094	237,726	28,368	187,276
Elections	-	-	-	-	20,862
Finance	325,094	325,094	315,083	10,011	304,549
Legal	95,000	95,000	116,274	(21,274)	82,848
Information technology	111,470	111,470	129,890	(18,420)	84,746
Buildings and grounds	134,700	134,700	93,787	40,913	123,115
Community development	284,553	284,553	260,966	23,587	352,694
Total general government	1,375,973	1,375,973	1,313,207	62,766	1,317,341
Public safety					
Police department	1,719,941	1,719,941	1,578,435	141,506	1,645,434
Community services	32,829	32,829	30,361	2,468	27,734
Fire department	414,348	414,348	422,929	(8,581)	449,476
Civil defense	3,000	3,000	2,589	411	1,261
Building inspections	206,489	206,489	227,036	(20,547)	96,716
Total public safety	2,376,607	2,376,607	2,261,350	115,257	2,220,621
Streets and highways					
Engineering	363,607	363,607	333,484	30,123	272,445
Street maintenance	699,615	699,615	584,180	115,435	626,559
Snow removal	198,258	198,258	165,794	32,464	231,895
Surface water management	-	-	668	(668)	153
Street lighting	101,600	101,600	95,018	6,582	94,738
Traffic signs	42,028	42,028	37,241	4,787	40,056
Total streets and highways	1,405,108	1,405,108	1,216,385	188,723	1,265,846
Sanitation					
Street cleaning	47,382	47,382	33,654	13,728	43,944



CITY OF WASECA, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(with Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			2014
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final		
Cultural and recreation				
Recreation	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Park maintenance	496,581	496,581	491,819	483,849
Library	53,000	53,000	29,908	44,075
Total culture and recreation	649,581	649,581	621,727	627,924
Other				
Other services	208,972	208,972	218,782	168,451
TOTAL EXPENDITURES	6,063,623	6,063,623	5,665,105	5,644,127
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	914,334	602,835	988,191	1,138,774
OTHER FINANCING SOURCES (USES)				
Transfers in	578,118	578,118	578,118	617,616
Transfers out	(1,492,452)	(1,180,953)	(1,181,191)	(1,627,519)
TOTAL OTHER FINANCING SOURCES (USES)	(914,334)	(602,835)	(603,073)	(1,009,903)
NET CHANGE IN FUND BALANCES	-	-	385,118	128,871
FUND BALANCE, JANUARY 1	3,250,394	3,250,394	3,250,394	3,046,023
PRIOR PERIOD ADJUSTMENT	-	-	-	75,500
FUND BALANCE, JANUARY 1 RESTATED	3,250,394	3,250,394	3,250,394	3,121,523
FUND BALANCE, DECEMBER 31	\$ 3,250,394	\$ 3,250,394	\$ 3,635,512	\$ 3,250,394

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# Nonmajor Governmental Funds

## **Debt Service**

*Aquatic Park Debt Service* - This fund accounts for the debt issued for the construction of the Water Park.

*2011A Refunding Bonds* - Accounts for the refunding debt issued for the Water Revenue Bonds Series 2001B and General Obligation Series 2005D.

*Municipal State Aid Debt Service Fund* - This fund was established to provide for the debt service payments related to the 11<sup>th</sup> Ave NW road construction.

*Tax Increment Financing #23 Fund* - This fund was established to account for the debt service related to the Downtown TIF 23 Street project.

*2014A GO Bond Debt Service* - Accounts for the debt issued for various construction projects including 7<sup>th</sup> Ave NW, the Public Safety Center, and NW Park Shelters.

*2014B Refunding Bonds* - Accounts for refunding debt issued for the Aquatic Park Debt.

CITY OF WASECA, MINNESOTA  
GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET - DEBT SERVICE FUNDS  
DECEMBER 31, 2015

	<b>305</b> Aquatic Park Fund	<b>346</b> 2011A Refunding Bonds	<b>360</b> Municipal State Aid	<b>380</b> Tax Increment District #23
<b>ASSETS</b>				
Cash and cash equivalents	\$ 76,846	\$ 38,830	\$ -	\$ 51,283
Cash with fiscal agent	1,367,256	-	-	-
Taxes receivable	3,763	-	-	-
Due from other funds	796	-	-	-
Due from other governments	1,266	-	-	-
	<u>1,449,927</u>	<u>38,830</u>	<u>-</u>	<u>51,283</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,449,927</u></u>	<u><u>\$ 38,830</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 51,283</u></u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ 286	\$ -
	<u>-</u>	<u>-</u>	<u>286</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - taxes	3,763	-	-	-
	<u>3,763</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted for				
Debt service	1,446,164	38,830	(286)	51,283
	<u>1,446,164</u>	<u>38,830</u>	<u>(286)</u>	<u>51,283</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 1,449,927</u></u>	<u><u>\$ 38,830</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 51,283</u></u>

<b>390</b> 2014A GO Bond	<b>395</b> 2014B Refunding Bonds	Total
\$ 259,944	\$ -	\$ 426,903
-	-	1,367,256
3,833	-	7,596
-	-	796
2,193	-	3,459
<u>\$ 265,970</u>	<u>\$ -</u>	<u>\$ 1,806,010</u>
 \$ -	 \$ 796	 \$ 1,082
 3,833	 -	 7,596
 262,137	 (796)	 1,797,332
<u>\$ 265,970</u>	<u>\$ -</u>	<u>\$ 1,806,010</u>

CITY OF WASECA, MINNESOTA  
GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 21, 2015

	<b>305</b> Aquatic Park Fund	<b>346</b> 2011A Refunding Bonds	<b>360</b> Municipal State Aid	<b>380</b> Tax Increment District #23
REVENUES				
Property taxes	\$ 164,920	\$ -	\$ -	\$ -
Intergovernmental	-	-	81,520	-
Interest earnings	1,373	-	-	-
	<u>166,293</u>	<u>-</u>	<u>81,520</u>	<u>-</u>
TOTAL REVENUES				
EXPENDITURES				
Debt service				
Bond principal	90,000	75,000	80,000	50,000
Interest and fiscal charges	92,654	1,449	1,806	35,203
	<u>182,654</u>	<u>76,449</u>	<u>81,806</u>	<u>85,203</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(16,361)</u>	<u>(76,449)</u>	<u>(286)</u>	<u>(85,203)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	85,000	-	84,493
Transfers out	-	-	(335)	-
	<u>-</u>	<u>85,000</u>	<u>(335)</u>	<u>84,493</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	(16,361)	8,551	(621)	(710)
FUND BALANCE, JANUARY 1	<u>1,462,525</u>	<u>30,279</u>	<u>335</u>	<u>51,993</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 1,446,164</u></u>	<u><u>\$ 38,830</u></u>	<u><u>\$ (286)</u></u>	<u><u>\$ 51,283</u></u>

390 2014A GO Bond	395 2014B Refunding Bonds	Total
\$ 309,459	\$ -	\$ 474,379
-	-	81,520
1,320	-	2,693
<u>310,779</u>	<u>-</u>	<u>558,592</u>
-	-	295,000
80,062	796	211,970
<u>80,062</u>	<u>796</u>	<u>506,970</u>
230,717	(796)	51,622
-	-	169,493
-	-	(335)
<u>-</u>	<u>-</u>	<u>169,158</u>
230,717	(796)	220,780
31,420	-	1,576,552
<u>\$ 262,137</u>	<u>\$ (796)</u>	<u>\$ 1,797,332</u>

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CITY OF WASECA, MINNESOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2015

	<b>701</b>	<b>702</b>	<b>703</b>	
	Central Garage Services	Property & Liability Insurance Fund	Workers Compensation Insurance Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,575	\$ 40,065	\$ 136,157	\$ 181,797
Due from other governments	-	300	-	300
<b>TOTAL ASSETS</b>	<u>5,575</u>	<u>40,365</u>	<u>136,157</u>	<u>182,097</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension resources	<u>7,095</u>	-	-	<u>7,095</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	3,713	-	-	3,713
Accrued wages	<u>2,771</u>	-	-	<u>2,771</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>6,484</u>	-	-	<u>6,484</u>
<b>NONCURRENT LIABILITIES</b>				
Pension liability	<u>60,576</u>	-	-	<u>60,576</u>
<b>TOTAL LIABILITIES</b>	<u>67,060</u>	-	-	<u>67,060</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension resources	<u>14,129</u>	-	-	<u>14,129</u>
<b>NET POSITION</b>				
Unrestricted	<u>(68,519)</u>	<u>40,365</u>	<u>136,157</u>	<u>108,003</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 12,670</u></u>	<u><u>\$ 40,365</u></u>	<u><u>\$ 136,157</u></u>	<u><u>\$ 189,192</u></u>

CITY OF WASECA, MINNESOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>701</b>	<b>702</b>	<b>703</b>	
	Central Garage Services	Property & Liability Insurance Fund	Workers Compensation Insurance Fund	Total
OPERATING REVENUES				
Charges to other funds	\$ 223,171	\$ 99,758	\$ 101,088	\$ 424,017
Insurance reimbursement	-	50,482	-	50,482
<b>TOTAL OPERATING REVENUES</b>	<b>223,171</b>	<b>150,240</b>	<b>101,088</b>	<b>474,499</b>
OPERATING EXPENSES				
Personal services	110,269	-	-	110,269
Supplies	110,729	-	-	110,729
Services and charges	2,173	9,150	-	11,323
Insurance payment	-	38,833	-	38,833
Insurance premiums	-	100,009	103,520	203,529
<b>TOTAL OPERATING EXPENSES</b>	<b>223,171</b>	<b>147,992</b>	<b>103,520</b>	<b>474,683</b>
OPERATING INCOME (LOSS)	-	2,248	(2,432)	(184)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	-	419	1,602	2,021
CHANGE IN NET POSITION	-	2,667	(830)	1,837
NET POSITION, JANUARY 1 AS RESTATED (NOTE 8)	(68,519)	37,698	136,987	106,166
NET POSITION, DECEMBER 31	\$ (68,519)	\$ 40,365	\$ 136,157	\$ 108,003

CITY OF WASECA, MINNESOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>701</b>	<b>702</b>	<b>703</b>	
	Central Garage Services	Property & Liability Insurance Fund	Workers Compensation Insurance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from other funds and reimbursements	\$ 223,171	\$ 149,940	\$ 101,088	\$ 474,199
Cash payments to employees for services	(111,721)	-	-	(111,721)
Cash payments for interfund services used	(126,784)	(192,035)	(103,520)	(422,339)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	(15,334)	(42,095)	(2,432)	(59,861)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	-	419	1,602	2,021
<b>NET CASH INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(15,334)	(41,676)	(830)	(57,840)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	20,909	81,741	136,987	239,637
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 5,575</u>	<u>\$ 40,065</u>	<u>\$ 136,157</u>	<u>\$ 181,797</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ -	\$ 2,248	\$ (2,432)	\$ (184)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
(Increase) decrease in assets				
Due from other governments	-	(300)	-	(300)
(Increase) decrease in deferred outflows of resources				
Deferred pension resources	2,959	-	-	2,959
Increase (decrease) in liabilities				
Accounts payable	(13,882)	(43,988)	-	(57,870)
Due to other governments	-	(55)	-	(55)
Accrued wages	1,261	-	-	1,261
Pension liability	(2,703)	-	-	(2,703)
Increase (decrease) in deferred inflows of resources				
Deferred pension resources	(2,969)	-	-	(2,969)
<b>Net cash provided (used) by operating activities</b>	<u>\$ (15,334)</u>	<u>\$ (42,095)</u>	<u>\$ (2,432)</u>	<u>\$ (59,861)</u>

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# Component Units

**Economic Development Authority** - This component unit was established to account for the financial activities of the EDA.

**Housing Redevelopment Authority** - This component unit was established to account for the financial activities of the HRA.

CITY OF WASECA, MINNESOTA  
DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC DEVELOPMENT AUTHORITY  
BALANCE SHEET  
GENERAL FUND  
DECEMBER 31, 2015

<b>ASSETS</b>	
Cash and cash equivalents	\$ 524,576
Receivables	
Taxes	1,634
Loans	149,156
Due from other governments	620
Land held for resale	<u>177,267</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 853,253</u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 25,516
Accrued wages payable	<u>991</u>
<b>TOTAL LIABILITIES</b>	<b><u>26,507</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - taxes	<u>1,634</u>
<b>FUND BALANCES</b>	
Nonspendable for	
Land held for resale	177,267
Unassigned	<u>647,845</u>
<b>TOTAL FUND BALANCES</b>	<b><u>825,112</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 853,253</u></b>
Amounts reported for governmental activities in the statement of net position are different because	
Fund balance - governmental fund	\$ 825,112
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Notes payable	(5,600)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.	<u>1,634</u>
Net position of governmental activities	<b><u>\$ 821,146</u></b>

CITY OF WASECA, MINNESOTA  
DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

REVENUES	
Taxes	\$ 78,176
Intergovernmental	76,562
Interest earnings	6,899
Miscellaneous	<u>500</u>
TOTAL REVENUES	<u>162,137</u>
EXPENDITURES	
Current	
Personal services	7,965
Supplies	57
Services and charges	61,789
Debt service	
Principal	<u>5,600</u>
TOTAL EXPENDITURES	<u>75,411</u>
NET CHANGE IN FUND BALANCE	86,726
FUND BALANCE, JANUARY 1	<u>738,386</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 825,112</u></u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - governmental fund	\$ 86,726
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount of repayments in the current period. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are amortized in the Statement of Activities.</p>	
Principal paid	5,600
Revenue (delinquent taxes unavailable revenue) in the statement of activities that does not provide current financial resources is not reported as revenue in the fund.	<u>(11)</u>
Changes in net position of governmental activities	<u><u>\$ 92,315</u></u>



CITY OF WASECA, MINNESOTA  
DISCRETELY PRESENTED COMPONENT UNIT - HOUSING REDEVELOPMENT AUTHORITY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2015

ASSETS

CURRENT ASSETS

Cash and investments	\$ 405,531
Accounts receivable	127
Prepaid items	<u>14,999</u>

TOTAL CURRENT ASSETS	<u>420,657</u>
----------------------	----------------

NONCURRENT ASSETS

Capital assets	
Land	61,996
Buildings	2,333,598
Leasehold improvements	110,173
Furniture, equipment & machinery - dwelling units	63,221
Furniture, equipment & machinery - administration	89,965
Less accumulated depreciation	<u>(1,930,112)</u>

TOTAL NONCURRENT ASSETS	<u>728,841</u>
-------------------------	----------------

TOTAL ASSETS	<u>1,149,498</u>
--------------	------------------

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	3,221
Accrued wages payable	384
Accrued compensated absences - current portion	3,561
Due to other governments	17,674
Tenant security deposits	16,713
Unearned revenue	397
Accrued liabilities - other	<u>6,495</u>

TOTAL LIABILITIES	<u>48,445</u>
-------------------	---------------

NET POSITION

Net investment in capital assets	728,841
Unrestricted net position	<u>372,212</u>

TOTAL NET POSITION	<u><u>\$ 1,101,053</u></u>
--------------------	----------------------------

CITY OF WASECA, MINNESOTA  
DISCRETELY PRESENTED COMPONENT UNIT - HOUSING REDEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

OPERATING REVENUES	
Net tenant rental revenue	\$ 244,557
Tenant revenue - other	13,342
Other revenue	5,914
HUD PHA operating grants	<u>62,219</u>
TOTAL OPERATING REVENUES	<u>326,032</u>
OPERATING EXPENSES	
Administration	88,016
Tenant services	485
Utilities	65,337
Ordinary maintenance and operations	133,980
General expenses	37,022
Depreciation	<u>94,289</u>
TOTAL OPERATING EXPENSES	<u>419,129</u>
OPERATING INCOME (LOSS)	<u>(93,097)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income - unrestricted	621
Gain on sale of capital assets	<u>50</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>671</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(92,426)
CAPITAL GRANTS	<u>54,800</u>
CHANGE IN NET POSITION	(37,626)
NET POSITION, JANUARY 1	<u>1,138,679</u>
NET POSITION, DECEMBER 31	<u><u>\$ 1,101,053</u></u>

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CITY OF WASECA, MINNESOTA  
DISCRETELY PRESENTED COMPONENT UNIT - HOUSING REDEVELOPMENT AUTHORITY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from tenants	\$ 264,240
Federal funds received	62,219
Cash paid to employees	(93,131)
Cash paid to suppliers	<u>(230,285)</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

3,043

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>621</u>
-------------------	------------

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Federal funds received - capital grants	54,800
Capital expenditures	<u>(168,675)</u>

NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES

(113,875)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(110,211)

CASH AND CASH EQUIVALENTS, JANUARY 1

515,742

CASH AND CASH EQUIVALENTS, DECEMBER 31

\$ 405,531

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH  
PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	\$ (93,097)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	94,289
Change in noncash current assets	(629)
Change in current liabilities	2,811
Other	<u>(331)</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

\$ 3,043



CITY OF WASECA, MINNESOTA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
DECEMBER 31, 2015

	Land	Buildings	Infrastructure	Construction in Progress
GENERAL GOVERNMENT				
Legislature	\$ -	\$ 79,601	\$ -	\$ -
Finance	-	-	-	-
Buildings and grounds	191,461	3,670,480	-	-
Community development	-	-	-	-
TOTAL GENERAL GOVERNMENT	191,461	3,750,081	-	-
PUBLIC SAFETY				
Police	-	31,741	-	-
Community service	129,935	-	-	-
Civil defense	-	-	-	-
Fire	-	-	-	-
TOTAL PUBLIC SAFETY	129,935	31,741	-	-
HIGHWAYS				
Engineering	-	-	-	-
Street garage	25,980	144,884	-	-
Traffic signs and markings	-	-	-	-
Highways	128,861	33,443	30,456,586	2,233,206
TOTAL HIGHWAYS	154,841	178,327	30,456,586	2,233,206
RECREATION				
Park	441,104	379,693	1,492,042	566,648
Water park	-	965,674	-	-
Library	2,675	644,333	-	-
TOTAL RECREATION	443,779	1,989,700	1,492,042	566,648
OTHER				
Airport	174,580	639,348	-	-
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS	\$ 1,094,596	\$ 6,589,197	\$ 31,948,628	\$ 2,799,854

Improvements Other than Buildings	Equipment	Total
\$ -	\$ 12,524	\$ 92,125
-	207,504	207,504
30,867	77,660	3,970,468
-	5,684	5,684
<u>30,867</u>	<u>303,372</u>	<u>4,275,781</u>
-	478,099	509,840
-	-	129,935
-	102,306	102,306
-	1,607,767	1,607,767
<u>-</u>	<u>2,188,172</u>	<u>2,349,848</u>
-	132,860	132,860
60,030	2,776,423	3,007,317
53,116	-	53,116
-	-	32,852,096
<u>113,146</u>	<u>2,909,283</u>	<u>36,045,389</u>
2,062,770	565,175	5,507,432
2,614,861	74,350	3,654,885
7,215	18,965	673,188
<u>4,684,846</u>	<u>658,490</u>	<u>9,835,505</u>
<u>2,219,023</u>	<u>-</u>	<u>3,032,951</u>
<u>\$ 7,047,882</u>	<u>\$ 6,059,317</u>	<u>\$ 55,539,474</u>

CITY OF WASECA, MINNESOTA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Beginning Balances	Adjustments	Additions	Deletions	Ending Balances
GENERAL GOVERNMENT					
Legislature	\$ 92,125	\$ -	\$ -	\$ -	\$ 92,125
Finance	215,433	-	-	(7,929)	207,504
Buildings and grounds	3,851,328	-	136,448	(17,308)	3,970,468
Community Development	5,684	-	-	-	5,684
TOTAL GENERAL GOVERNMENT	4,164,570	-	136,448	(25,237)	4,275,781
PUBLIC SAFETY					
Police	441,758	-	68,082	-	509,840
Community Service	129,935	-	-	-	129,935
Civil defense	102,306	-	-	-	102,306
Fire	1,605,741	-	46,698	(44,672)	1,607,767
TOTAL PUBLIC SAFETY	2,279,740	-	114,780	(44,672)	2,349,848
HIGHWAYS					
Engineering	132,860	-	-	-	132,860
Street garage	2,858,498	-	315,114	(166,295)	3,007,317
Traffic signs and markings	53,116	-	-	-	53,116
Highways	30,969,970	-	1,882,126	-	32,852,096
TOTAL HIGHWAYS	34,014,444	-	2,197,240	(166,295)	36,045,389
RECREATION					
Park	4,874,826	30,423	716,446	(114,263)	5,507,432
Water Park	3,654,885	-	-	-	3,654,885
Library	441,486	-	231,702	-	673,188
TOTAL RECREATION	8,971,197	30,423	948,148	(114,263)	9,835,505
OTHER					
Airport	2,859,466	-	188,164	(14,679)	3,032,951
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS	<u>\$ 52,289,417</u>	<u>\$ 30,423</u>	<u>\$ 3,584,780</u>	<u>\$ (365,146)</u>	<u>\$ 55,539,474</u>



CITY OF WASECA, MINNESOTA  
SUMMARY OF FINANCIAL REPORT  
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS -  
GOVERNMENTAL FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Total		Percent Increase (Decrease)
	2015	2014	
REVENUES			
Taxes	\$ 4,036,353	\$ 3,957,954	1.98 %
Licenses	21,238	56,769	(62.59)
Permits and fees	216,416	139,247	55.42
Intergovernmental	3,903,768	4,469,623	(12.66)
Charges for services	26,425	23,713	11.44
Program income	286,733	269,125	6.54
Fines and forfeitures	31,802	26,559	19.74
Special assessments	324,738	286,732	13.25
Contributions	15,690	51,635	(69.61)
Interest earnings	84,805	-	100.00
Miscellaneous	193,531	257,340	(24.80)
<b>TOTAL REVENUES</b>	<b>\$ 9,141,499</b>	<b>\$ 9,538,697</b>	<b>(4.16) %</b>
Per Capita	\$ 976	\$ 1,014	(3.75) %
EXPENDITURES			
Current			
General government	\$ 1,314,549	\$ 1,324,419	(0.75) %
Public safety	2,486,324	2,420,384	2.72
Streets and highways	1,216,528	1,696,586	(28.30)
Sanitation	33,654	43,942	(23.41)
Cultural and recreation	850,065	854,458	(0.51)
Economic development	158,507	337,229	(53.00)
Airport	170,795	66,034	158.65
Other services	218,782	168,451	29.88
Capital outlay			100.00
General government	117,660	35,284	233.47
Public safety	128,580	830,288	(84.51)
Streets and highways	2,249,974	1,934,726	16.29
Cultural and recreation	908,325	160,452	466.10
Airport	183,349	626,416	(70.73)
Debt service			100.00
Bond principal	295,000	355,000	(16.90)
Interest and fiscal charges	211,970	112,201	88.92
Bond issue costs	-	118,566	(100.00)
<b>TOTAL EXPENDITURES</b>	<b>\$ 10,544,062</b>	<b>\$ 11,084,436</b>	<b>(4.88) %</b>
Per Capita	\$ 1,126	\$ 1,178	(4.41) %
Total long-term indebtedness	\$ 7,820,000	\$ 8,115,000	(3.64) %
Per Capita	835	862	(3.13)
Governmental fund balance - December 31	\$ 9,889,256	\$ 10,792,930	(8.37) %
Per Capita	1,056	1,147	(7.93)

The purpose of this report is to provide a summary of financial information concerning the City of Waseca to interested citizens. The complete financial statements may be examined at 508 State Street South. Questions about this report should be directed to the Finance Director at (507)-835-9700.

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# STATISTICAL SECTION (UNAUDITED)

This part of the City of Waseca's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

## **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

## **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

## **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

## **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

## **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

CITY OF WASECA, MINNESOTA  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
Governmental activities					
Net investment in capital assets	\$ 16,236,644	\$ 17,881,298	\$ 20,272,394	\$ 22,351,800	\$ 23,707,790
Restricted	-	-	-	-	-
Unrestricted	10,030,269	9,524,263	8,834,787	8,502,338	7,668,446
Total governmental activities net position	<u>\$ 26,266,913</u>	<u>\$ 27,405,561</u>	<u>\$ 29,107,181</u>	<u>\$ 30,854,138</u>	<u>\$ 31,376,236</u>
Business-type activities					
Net investment in capital assets	\$ 15,675,302	\$ 16,002,097	\$ 14,779,935	\$ 21,358,800	\$ 21,501,762
Unrestricted	4,336,621	4,943,963	5,691,494	7,119,219	8,332,100
Total business-type activities net position	<u>\$ 20,011,923</u>	<u>\$ 20,946,060</u>	<u>\$ 20,471,429</u>	<u>\$ 28,478,019</u>	<u>\$ 29,833,862</u>
Primary government					
Net investment in capital assets	\$ 31,911,946	\$ 33,883,395	\$ 35,052,329	\$ 43,710,600	\$ 45,209,552
Restricted	-	-	-	-	-
Unrestricted	14,366,890	14,468,226	14,526,281	15,621,557	16,000,546
Total primary government net position	<u>\$ 46,278,836</u>	<u>\$ 48,351,621</u>	<u>\$ 49,578,610</u>	<u>\$ 59,332,157</u>	<u>\$ 61,210,098</u>

## Schedule 1

Fiscal Year				
2011	2012	2013	2014	2015
\$ 23,902,473	\$ 25,413,394	\$ 28,196,258	\$ 23,663,579	\$ 23,050,108
3,074,107	2,515,866	1,305,426	3,000,951	3,399,647
5,086,743	5,927,132	4,655,314	6,084,836	4,580,375
<u>\$ 32,063,323</u>	<u>\$ 33,856,392</u>	<u>\$ 34,156,998</u>	<u>\$ 32,749,366</u>	<u>\$ 31,030,130</u>
\$ 21,725,944	\$ 22,522,560	\$ 22,627,509	\$ 25,591,737	\$ 26,373,317
8,620,898	8,869,226	8,567,098	8,105,324	6,644,275
<u>\$ 30,346,842</u>	<u>\$ 31,391,786</u>	<u>\$ 31,194,607</u>	<u>\$ 33,697,061</u>	<u>\$ 33,017,592</u>
\$ 45,628,417	\$ 47,935,954	\$ 50,823,767	\$ 49,255,316	\$ 49,423,425
3,074,107	2,515,866	1,305,426	3,000,951	3,399,647
13,707,641	14,796,358	13,222,412	14,190,160	11,224,650
<u>\$ 62,410,165</u>	<u>\$ 65,248,178</u>	<u>\$ 65,351,605</u>	<u>\$ 66,446,427</u>	<u>\$ 64,047,722</u>

CITY OF WASECA, MINNESOTA  
CHANGES IN NET POSITION - CONTINUED ON THE FOLLOWING PAGES  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>EXPENSES</b>					
Governmental activities					
General government	\$ 1,159,811	\$ 2,280,264	\$ 2,004,479	\$ 1,296,041	\$ 1,466,726
Public safety	2,010,994	2,088,838	2,212,658	2,269,907	2,239,732
Streets and highways	1,421,344	2,075,077	2,165,581	2,197,469	2,303,749
Sanitation	44,022	47,005	49,926	61,785	36,085
Culture and recreation	1,221,345	1,024,144	1,028,410	1,323,007	1,196,169
Economic development	539,282	-	-	635,338	160,660
Interest and fees	312,347	319,465	287,660	252,348	220,444
Airport	-	-	-	-	-
Other	-	-	-	-	-
Total governmental activities expenses	6,709,145	7,834,793	7,748,714	8,035,895	7,623,565
Business-type activities					
Water	922,119	904,267	888,636	913,070	945,826
Sewer	1,688,033	1,760,499	1,503,280	1,474,211	1,847,497
Electric	5,552,176	6,176,515	5,994,670	5,752,967	6,244,546
Surface water	-	-	-	-	-
Airport	94,060	122,108	-	-	-
Total business-type activities expenses	8,256,388	8,963,389	8,386,586	8,140,248	9,037,869
Total primary government expenses	<u>\$ 14,965,533</u>	<u>\$ 16,798,182</u>	<u>\$ 16,135,300</u>	<u>\$ 16,176,143</u>	<u>\$ 16,661,434</u>
<b>PROGRAM REVENUES</b>					
Governmental activities					
Charges for services					
General government	\$ 215,934	\$ 135,046	\$ 239,736	\$ 244,770	\$ 382,223
Public safety	122,199	168,311	149,800	116,263	15,895
Streets and highways	12,631	2,090	5,665	47,158	113,226
Culture and recreation	9,070	216,861	186,727	130,739	244,657
Economic development	577	-	-	-	-
Airport	-	-	-	-	-
Operating grants and contributions	1,313,662	768,514	518,481	657,632	657,831
Capital grants and contributions	359,661	187,414	273,571	1,689,262	186,410
Total governmental activities program revenues	2,033,734	1,478,236	1,373,980	2,885,824	1,600,242
Business-type activities					
Charges for services					
Water	1,146,093	1,248,324	1,158,726	1,171,451	1,123,628
Sewer	1,715,748	1,708,700	1,658,274	2,375,457	2,092,247
Electric	6,127,135	6,876,970	6,812,270	6,682,100	7,179,391
Surface water	-	-	-	-	-
Airport	50,057	50,772	-	-	-
Operating grants and contributions	355,861	335,933	-	-	-
Capital grants and contributions	649,171	81,132	-	6,070,552	333,514
Total business-type activities program revenues	10,044,065	10,301,831	9,629,270	16,299,560	10,728,780
Total primary government program revenues	<u>\$ 12,077,799</u>	<u>\$ 11,780,067</u>	<u>\$ 11,003,250</u>	<u>\$ 19,185,384</u>	<u>\$ 12,329,022</u>
Net (expense) revenue					
Governmental activities	\$ (4,675,411)	\$ (6,356,557)	\$ (6,374,734)	\$ (5,150,071)	\$ (6,023,323)
Business-type activities	1,787,677	1,338,442	1,242,684	8,159,312	1,690,911
Total primary government net expense	<u>\$ (2,887,734)</u>	<u>\$ (5,018,115)</u>	<u>\$ (5,132,050)</u>	<u>\$ 3,009,241</u>	<u>\$ (4,332,412)</u>

## Schedule 2

Fiscal Year				
2011	2012	2013	2014	2015
\$ 1,557,455	\$ 1,453,361	\$ 1,311,191	\$ 1,450,120	\$ 1,477,440
2,234,708	2,313,626	2,385,006	2,626,754	2,449,568
2,221,251	2,266,354	2,657,336	2,348,043	2,323,408
51,755	48,998	37,434	43,942	33,654
1,198,836	993,011	1,221,298	1,173,439	1,313,046
519,045	313,701	442,247	343,547	155,571
198,114	154,439	132,580	223,502	260,674
-	-	150,248	135,732	262,750
-	-	127,292	168,451	218,782
7,981,164	7,543,490	8,464,632	8,513,530	8,494,893
927,153	941,724	968,149	1,057,817	967,243
1,766,602	2,083,325	2,432,682	2,550,773	2,166,795
6,247,453	6,563,897	6,282,197	5,992,829	5,821,031
-	-	-	223,549	188,134
-	-	-	-	-
8,941,208	9,588,946	9,683,028	9,824,968	9,143,203
\$ 16,922,372	\$ 17,132,436	\$ 18,147,660	\$ 18,338,498	\$ 17,638,096
\$ 124,632	\$ 115,631	\$ 128,304	\$ 150,630	\$ 119,087
166,587	193,285	157,290	156,120	258,968
-	-	-	-	71
249,828	251,638	150,269	145,208	163,593
-	-	-	-	-
-	-	133,251	127,100	109,066
983,062	1,067,147	934,697	1,372,862	817,754
589,849	1,024,240	463,360	957,390	477,165
2,113,958	2,651,941	1,967,171	2,909,310	1,945,704
1,077,476	1,140,659	1,051,180	1,124,343	1,135,623
1,979,062	2,041,173	1,994,116	1,965,329	1,897,349
6,703,294	7,007,456	6,859,913	6,748,614	6,632,275
-	-	-	106,104	106,425
-	-	-	-	-
-	-	-	17,665	5,170
100,984	244,532	-	26,500	-
9,860,816	10,433,820	9,905,209	9,988,555	9,776,842
\$ 11,974,774	\$ 13,085,761	\$ 11,872,380	\$ 12,897,865	\$ 11,722,546
\$ (5,867,206)	\$ (4,891,549)	\$ (6,497,461)	\$ (5,604,220)	\$ (6,549,189)
919,608	844,874	222,181	163,587	633,639
\$ (4,947,598)	\$ (4,046,675)	\$ (6,275,280)	\$ (5,440,633)	\$ (5,915,550)



CITY OF WASECA, MINNESOTA  
CHANGES IN NET POSITION - CONTINUED  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>GENERAL REVENUES AND OTHER</b>					
<b>CHANGES IN NET POSITION</b>					
Governmental activities					
Taxes - general	\$ 2,482,823	\$ 2,894,168	\$ 3,281,362	\$ 3,581,471	\$ 3,226,835
Taxes - debt service	-	-	-	-	-
Tax increment	238,302	230,464	220,056	234,786	237,501
Lodging taxes	-	-	-	-	-
Franchise taxes	153,262	173,836	194,268	194,268	195,858
Unrestricted grants and contributions	2,331,377	2,848,079	2,256,322	2,496,349	2,358,118
Unrestricted investment earnings	383,959	310,848	231,281	118,050	82,376
Gain on disposal of assets	-	-	3,855	-	-
Contributions of capital assets	-	-	-	-	-
Transfers	(77,176)	607,044	1,889,210	272,104	444,733
Total governmental activities	5,512,547	7,064,439	8,076,354	6,897,028	6,545,421
Business-type activities					
Unrestricted investment earnings	164,697	202,739	168,498	119,382	109,665
Gain on disposal of assets	-	-	3,397	-	-
Contributions of capital assets	-	-	-	-	-
Transfers	77,176	(607,044)	(1,889,210)	(272,104)	(444,733)
Total business-type activities	241,873	(404,305)	(1,717,315)	(152,722)	(335,068)
Total primary government	\$ 5,754,420	\$ 6,660,134	\$ 6,359,039	\$ 6,744,306	\$ 6,210,353
<b>CHANGES IN NET POSITION</b>					
Governmental activities	\$ 837,136	\$ 707,882	\$ 1,701,620	\$ 1,746,957	\$ 522,095
Business-type activities	2,029,550	934,137	(474,631)	8,006,590	1,355,843
Total primary government	\$ 2,866,686	\$ 1,642,019	\$ 1,226,989	\$ 9,753,547	\$ 1,877,938

## Schedule 2

Fiscal Year				
2011	2012	2013	2014	2015
\$ 3,193,209	\$ 3,496,084	\$ 3,487,983	\$ 3,227,394	\$ 3,022,586
-	-	-	208,866	478,022
227,291	249,889	269,351	270,383	294,704
25,973	19,561	20,787	29,710	26,392
202,024	202,164	205,519	211,599	214,422
2,359,621	2,273,651	2,273,651	2,631,156	3,054,961
72,874	61,192	40,550	44,033	86,258
6,590	2,910	8,664	2,998	17,216
-	-	-	(2,697,428)	-
466,711	455,042	491,562	419,528	481,673
6,554,293	6,760,493	6,798,067	4,348,239	7,676,234
56,393	41,921	49,169	49,512	76,687
3,690	-	23,033	11,455	38,176
-	-	-	2,697,428	-
(466,711)	(455,042)	(491,562)	(419,528)	(481,673)
(406,628)	(413,121)	(419,360)	2,338,867	(366,810)
\$ 6,147,665	\$ 6,347,372	\$ 6,378,707	\$ 6,687,106	\$ 7,309,424
\$ 687,087	\$ 1,868,944	\$ 300,606	\$ (1,255,981)	\$ 1,127,045
512,980	431,753	(197,179)	2,502,454	266,829
\$ 1,200,067	\$ 2,300,697	\$ 103,427	\$ 1,246,473	\$ 1,393,874

CITY OF WASECA, MINNESOTA  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	200,000	180,000	160,000	120,000	120,000
Restricted for					
Parkland dedication	-	-	-	-	-
PEG channel	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Unreserved	2,823,693	2,548,931	2,321,883	2,577,264	2,505,772
Total General fund	<u>\$ 3,023,693</u>	<u>\$ 2,728,931</u>	<u>\$ 2,481,883</u>	<u>\$ 2,697,264</u>	<u>\$ 2,625,772</u>
All Other Governmental Funds					
Restricted for					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Clear lake press fund	-	-	-	-	-
Revolving loan	-	-	-	-	-
TIF funds	-	-	-	-	-
Historical preservation	-	-	-	-	-
Police safe haven	-	-	-	-	-
Police crime victims	-	-	-	-	-
Police forfeitures	-	-	-	-	-
Municipal state aid	-	-	-	-	-
Reserved, reported in					
Special revenue funds	32,107	32,107	23,000	3,000	3,000
Capital projects funds	1,142,609	1,145,882	1,145,882	960,467	960,467
Debt service funds	1,558,908	150,000	100,000	-	-
Committed to					
Airport	-	-	-	-	-
Police reserves	-	-	-	-	-
Police explorers	-	-	-	-	-
Waseca housing fund	-	-	-	-	-
Assigned to					
Capital projects funds	-	-	-	-	-
NW commercial development	-	-	-	-	-
Annexation & growth	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Future projects	-	-	-	-	-
Operations	-	-	-	-	-
Highway 14 reconstruction	-	-	-	-	-
Library remodel	-	-	-	-	-
Unassigned	-	-	-	-	-
Unreserved, reported in					
Special revenue funds	889,963	569,543	661,021	650,562	820,311
Capital projects funds	2,331,803	2,061,714	1,881,534	1,965,787	2,188,310
Debt service funds	(37,180)	1,857,287	1,505,681	1,366,852	1,124,998
Total all other Governmental funds	<u>\$ 5,918,210</u>	<u>\$ 5,816,533</u>	<u>\$ 5,317,118</u>	<u>\$ 4,946,668</u>	<u>\$ 5,097,086</u>
Total all funds	<u>\$ 8,941,903</u>	<u>\$ 8,545,464</u>	<u>\$ 7,799,001</u>	<u>\$ 7,643,932</u>	<u>\$ 7,722,858</u>

Note: In fiscal year 2011, the fund balance classifications were changed to conform to the requirements of GASB 54.  
In fiscal year 2011, the Equipment Replacement fund was reclassified from an Internal Service fund to a Capital Project fund.

## Schedule 3

Fiscal Year				
2011	2012	2013	2014	2015
\$ 50,000	\$ -	\$ -	\$ 80,000	\$ 4,271
-	-	-	-	-
-	-	38,905	78,403	88,503
-	-	-	13,245	38,847
17,000	17,000	-	-	-
2,947,330	3,324,936	3,007,118	3,078,746	3,503,891
-	-	-	-	-
<u>\$ 3,014,330</u>	<u>\$ 3,341,936</u>	<u>\$ 3,046,023</u>	<u>\$ 3,250,394</u>	<u>\$ 3,635,512</u>
\$ 1,351,232	\$ 805,876	\$ 110,923	\$ 1,576,552	\$ 1,797,332
165,693	179,862	197,295	137,656	130,476
24,421	26,951	10,495	88,922	54,998
228,596	321,832	406,374	500,303	601,238
1,691	908	2,687	18	18
-	-	1,379	3,546	14,627
7,307	19,921	19,656	-	-
50,929	67,553	50,974	56,436	63,326
894,284	878,431	469,957	591,382	714,514
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
177,226	190,707	242,463	302,284	275,979
824	955	458	148	728
297	136	-	-	-
123,502	84,151	97,801	69,451	76,276
523,347	799,981	994,667	2,050,884	501,223
1,114,782	1,115,663	1,116,693	1,117,737	1,119,587
256,273	249,387	248,648	243,221	244,738
201,808	273,175	194,913	205,563	280,116
-	-	243,645	421,370	-
178,396	184,261	143,859	143,661	149,901
-	-	50,151	38,514	-
-	-	-	8,696	-
(44,841)	(69,893)	(1,595,500)	(13,808)	228,667
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 5,255,767</u>	<u>\$ 5,129,857</u>	<u>\$ 3,007,538</u>	<u>\$ 7,542,536</u>	<u>\$ 6,253,744</u>
<u>\$ 8,270,097</u>	<u>\$ 8,471,793</u>	<u>\$ 6,053,561</u>	<u>\$ 10,792,930</u>	<u>\$ 9,889,256</u>

CITY OF WASECA, MINNESOTA  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>REVENUES</b>					
Taxes	\$ 2,825,538	\$ 3,258,358	\$ 3,395,772	\$ 3,684,322	\$ 3,663,548
Licenses	42,568	53,470	42,007	34,859	34,869
Permits and fees	136,202	79,324	102,834	96,938	84,736
Intergovernmental	2,893,622	3,372,522	3,056,868	3,406,843	3,066,632
Charges for services	40,357	62,238	45,477	38,809	28,763
Program income	-	210,116	232,231	201,123	238,020
Fines	30,883	46,019	48,749	40,415	51,476
Assessments	55,204	235,363	158,552	223,682	228,838
Interest on assessments	66,467	58,803	47,008	39,864	35,084
Contributions	750,000	297,683	109,688	37,815	35,750
Interest earnings	-	-	-	-	-
Miscellaneous	717,097	430,203	357,647	254,806	346,608
<b>TOTAL REVENUES</b>	<b>7,557,938</b>	<b>8,104,099</b>	<b>7,596,833</b>	<b>8,059,476</b>	<b>7,814,324</b>
<b>EXPENDITURES</b>					
Current					
General government	1,026,769	1,178,699	1,151,143	1,180,094	1,135,233
Public safety	1,799,213	2,478,926	1,995,933	2,092,219	2,129,972
Streets and highways	1,107,890	1,316,224	1,288,425	1,257,170	1,351,369
Sanitation	44,022	47,005	49,926	61,784	36,085
Cultural and recreation	651,729	690,852	714,532	719,001	899,515
Personal services	573	133,806	129,738	141,467	-
Materials and supplies	11,640	99,368	56,632	50,562	-
Separation contribution	2,099	1,000	2,100	500	-
Services and charges	894,185	480,578	474,809	420,138	-
Economic development	-	-	-	185,415	160,391
Other services	235,345	253,972	272,582	199,903	211,363
Airport	-	-	-	-	73,084
Debt service					
Bond principal	795,000	820,000	940,000	925,000	660,000
Interest and fiscal charges	240,252	326,795	287,660	250,956	220,156
Bond issue costs	-	-	-	-	-
Capital outlay	3,475,118	1,281,475	1,240,058	721,016	948,399
<b>TOTAL EXPENDITURES</b>	<b>10,283,835</b>	<b>9,108,700</b>	<b>8,603,538</b>	<b>8,205,225</b>	<b>7,825,567</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,725,897)</b>	<b>(1,004,601)</b>	<b>(1,006,705)</b>	<b>(145,749)</b>	<b>(11,243)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,889,824	3,618,983	1,656,516	1,442,257	1,410,511
Proceeds from bond issue	2,040,000	-	-	-	-
Payment of refunding bonds	-	-	-	-	-
Premium on bonds sold	-	-	-	-	-
Sale of capital assets	-	1,118	3,855	4,576	-
Bond discount	(3,516)	-	-	-	-
Transfers out	(1,667,000)	(3,011,939)	(1,400,129)	(1,456,153)	(1,320,342)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,259,308</b>	<b>608,162</b>	<b>260,242</b>	<b>(9,320)</b>	<b>90,169</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (466,589)</b>	<b>\$ (396,439)</b>	<b>\$ (746,463)</b>	<b>\$ (155,069)</b>	<b>\$ 78,926</b>
Debt service as a percentage of noncapital expenditures	17.0%	15.5%	17.3%	16.5%	13.1%

## Schedule 4

Fiscal Year				
2011	2012	2013	2014	2015
\$ 3,640,771	\$ 3,974,120	\$ 4,004,044	\$ 3,957,954	\$ 4,036,353
48,744	40,999	52,205	56,769	21,238
121,286	135,744	114,455	139,247	216,416
3,397,557	3,728,615	3,288,940	4,469,623	3,903,768
35,061	30,886	30,287	23,713	26,425
238,008	245,099	277,916	269,125	286,733
57,007	65,825	53,351	26,559	31,802
266,083	339,732	276,661	286,732	324,738
90	-	-	-	-
22,940	22,239	25,074	51,635	15,690
-	-	-	-	84,805
274,700	245,659	245,403	257,340	193,531
8,102,247	8,828,918	8,368,336	9,538,697	9,141,499
1,179,384	1,150,309	1,202,393	1,324,419	1,314,549
2,118,240	2,190,280	2,268,008	2,420,384	2,486,324
1,347,788	1,662,948	1,636,017	1,696,586	1,216,528
51,755	48,998	37,434	43,942	33,654
909,091	908,187	966,410	854,458	850,065
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
518,592	280,558	441,927	337,229	158,507
208,087	161,652	189,299	168,451	218,782
60,360	61,446	68,916	66,034	170,795
630,000	430,000	840,000	355,000	295,000
193,956	165,447	140,220	112,201	211,970
-	-	-	118,566	-
1,416,408	1,482,689	3,496,170	3,587,166	3,587,888
8,633,661	8,542,514	11,286,794	11,084,436	10,544,062
(531,414)	286,404	(2,918,458)	(1,545,739)	(1,402,563)
1,876,988	2,017,180	3,099,822	2,400,381	2,352,700
430,000	-	-	5,500,000	-
-	(545,000)	-	-	-
-	-	-	242,096	-
6,590	5,250	8,664	6,924	17,216
(14,763)	-	-	-	-
(1,410,277)	(1,562,138)	(2,608,260)	(1,980,853)	(1,871,027)
888,538	(84,708)	500,226	6,168,548	498,889
\$ 357,124	\$ 201,696	\$ (2,418,232)	\$ 4,622,809	\$ (903,674)
11.6%	9.0%	12.8%	6.5%	7.1%

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CITY OF WASECA, MINNESOTA  
 ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

Schedule 5

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Total Assessed Value	Taxable Market Value (1)	Total Direct Tax Rate
2006	\$ 314,479,800	\$ 46,497,600	\$ 20,803,000	\$ 381,780,400	\$ 381,780,400	57.21
2007	344,962,700	54,063,300	21,468,000	420,494,000	420,494,000	63.10
2008	357,679,000	54,801,100	22,285,800	434,765,900	434,765,900	63.58
2009	365,866,800	55,418,600	23,113,700	444,399,100	444,399,100	66.01
2010	373,709,300	56,241,100	22,848,800	452,799,200	452,799,200	64.20
2011	373,700,400	56,667,600	23,245,300	453,613,300	453,613,300	63.70
2012	362,252,200	55,681,400	23,245,300	441,178,900	384,528,900	73.70
2013	350,773,365	56,785,900	22,889,300	430,448,565	370,682,100	75.36
2014	352,506,683	56,004,000	20,847,600	429,358,283	374,889,900	75.55
2015	334,591,017	54,962,100	27,118,800	416,671,917	362,260,500	79.25

Source: Waseca County, Minnesota Assessors' Office

Notes:

- (1) Beginning with property taxes payable in 2012 the State of Minnesota replaced the Market Value Homestead Credit with a Market Value Exclusion program. Qualified homeowners receive an exclusion of a portion of the market value of their home. For homes valued at less than \$76,000, the exclusion is equal to 40 percent of the home's market value. For homes values between \$76,000 and \$413,800 the exclusion is \$30,400, minus 9 percent of the value over \$76,000. The new market value exclusion for homes resulted in a reduction in each city's tax base and an increase in the city's tax rate to obtain the same property tax levy. Taxable market value was reduced by this exclusion.



CITY OF WASECA, MINNESOTA  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
*(rate per \$1,000 of assessed value)*

Fiscal Year	City Direct Rate		
	Operating Rate	Debt Service Rate	Total Direct Rate
2006	- %	- %	53.81 %
2007	56.95	6.15	57.21
2008	57.28	6.31	63.59
2009	57.24	8.77	66.01
2010	60.53	3.68	64.21
2011	60.06	3.64	63.70
2012 (2)	69.59	4.11	73.70
2013	71.06	4.30	75.36
2014	71.35	4.20	75.55
2015	67.58	11.67	79.25

Source: Waseca County, Minnesota Auditors' Office

Notes: (1) As of 2010 HRA included in Waseca County

(2) Beginning with property taxes payable in 2012 the State of Minnesota replaced the Market Value Homestead Credit with a Market Value Exclusion program. Qualified homeowners receive an exclusion of a portion of the market value of their home. For homes valued at less than \$76,000, the exclusion is equal to 40 percent of the home's market value. For homes values between \$76,000 and \$413,800 the exclusion is \$30,400, minus 9 percent of the value over \$76,000. The new market value exclusion for homes resulted in a reduction in each city's tax base and an increase in the city's tax rate

Overlapping Rates										Total Direct and Overlapping Tax Rate	
Independent School District #829		Waseca County (1)		Special Districts		HRA (1)		EDA	Total Overlapping		
21.15	%	54.90	%	0.22	%	0.47	%	0.98	%	77.72	131.53
22.27		52.99		0.20		0.43		0.93		76.82	134.03
24.08		54.30		0.20		0.42		0.90		79.90	143.49
23.06		54.15		0.19		0.41		0.89		78.70	144.71
19.46		51.55		0.18		-		0.88		72.07	136.28
19.15		49.84		0.18		-		1.59		70.76	134.46
21.34		54.80		0.20		-		1.81		78.15	151.85
20.83		54.62		0.19		-		1.61		77.25	152.61
17.96		49.84		1.63		-		1.83		71.26	146.81
16.76		50.06		1.73		-		1.85		70.40	149.65

CITY OF WASECA, MINNESOTA  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	Type of Property	2015		
		Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity
Quad Graphics (formerly Brown Printing Co)	Printing & Publishing	\$ 142,486	1	3.22 %
Northern States Power	Utility	91,994	2	2.08
WalMart	Retail	86,376	3	1.95
Alliance Development Corp	Industrial	62,556	4	1.41
Waseca Properties LLC	Radio Manufacturing	51,971	5	1.17
Woodville Holdings LLC	Manufacturing	49,750	6	1.12
Birds Eye Foods Inc	Vegetable Processing	45,978	7	1.04
FHS Waseca/Portage LP (1)	Commercial	31,918	8	0.72
Clear Lake Press Inc	Printing & Publishing	31,260	9	0.71
Gary & Kathy Worke Family LLC	Residential	39,706	10	0.90
MHW Group LLC	Freezer Warehouse	-		-
FHS Waseca/Portage LP (2)	Commercial	-		-
First National Bank	Banking	-		-
Total		<u>\$ 633,995</u>		<u>14.32 %</u>
Total tax capacity				<u>\$ 4,426,282</u>

Schedule 7

2006			Percentage of Total City Taxable Net Tax Capacity	
Net Tax Capacity	Rank			
\$ 145,424	1		5.81	%
44,288	5		1.77	
-			-	
-			-	
47,727	3		1.91	
38,859	7		1.55	
47,025	4		1.88	
32,424	6		1.30	
-			-	
36,639	10		1.46	
64,458	2		2.58	
28,802	8		1.15	
28,148	9		1.13	
<u>\$ 513,794</u>			<u>20.54</u>	<u>%</u>
			<u>\$ 2,501,018</u>	

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CITY OF WASECA, MINNESOTA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Schedule 8

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of Levy		Collected and/or Abated in Subsequent Years	Total Collected and/or Abated to Date	
	Levy	Net Levy*	Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 2,748,986	\$ 2,224,485	\$ 2,195,033	98.7 %	\$ 29,289	\$ 2,224,322	100.0 %
2007	3,043,204	2,752,073	2,697,479	98.0	54,385	2,751,864	100.0
2008	3,182,173	2,899,198	2,840,941	98.0	57,923	2,898,864	100.0
2009	3,490,002	3,201,235	3,132,434	97.9	68,500	3,200,934	100.0
2010	3,449,889	3,141,628	3,087,830	98.3	53,358	3,141,188	100.0
2011	3,436,866	3,140,266	3,076,042	98.0	63,490	3,139,532	100.0
2012	3,436,866	3,436,889	3,384,833	98.5	51,404	3,436,237	100.0
2013	3,419,682	3,419,682	3,377,645	98.8	40,877	3,418,522	100.0
2014	3,507,906	3,507,906	3,470,713	98.9	43,806	3,514,519	100.2
2015	3,673,222	3,673,222	3,548,326	96.6	-	3,548,326	96.6

\* The net tax levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net tax levy is the basis for computing tax capacity rates.

CITY OF WASECA, MINNESOTA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			
	Special Assessments Bonds	General Obligation Bonds	G.O. Equipment Certificates	Capital Leases
2006	\$ 2,479,064	\$ 4,873,243	\$ 949,887	\$ -
2007	2,114,756	4,754,962	615,080	-
2008	1,755,446	4,521,681	270,272	-
2009	1,401,137	4,223,399	-	-
2010	1,041,828	3,925,117	-	-
2011	727,520	4,039,182	-	-
2012	493,213	3,301,432	-	-
2013	-	2,959,216	-	-
2014	-	8,348,376	-	-
2015	-	8,039,717	-	-

Notes: Details regarding the District's outstanding debt can be found in the notes to the financial statements. See the Demographic and Economic Statistics schedule on Schedule 14 for personal income and population data.

## Schedule 9

Business-Type Activities		Total Outstanding Debt	Percentage of Personal Income	Population	Per Capita
General Obligation Revenue Bonds	General Obligation Revenue Notes				
\$ 4,817,612	\$ -	\$ 13,119,806	2.39 %	9,711	\$ 1,351
4,410,865	-	11,895,663	2.04	9,828	1,210
3,999,118	-	10,546,517	1.61	9,827	1,073
3,656,544	381,163	9,662,243	1.49	9,789	987
3,303,970	6,704,144	14,975,059	2.20	9,410	1,591
3,478,739	8,060,462	16,305,903	2.22	9,410	1,733
2,581,608	8,204,000	14,580,253	1.84	9,368	1,556
2,183,007	7,815,000	12,957,223	1.73	9,427	1,374
2,661,585	7,416,000	18,425,961	2.48	9,365	1,968
1,329,370	7,006,000	16,375,087	N/A	9,365	1,749



CITY OF WASECA, MINNESOTA  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Schedule 10

Fiscal Year	Governmental Activities			Percentage of Taxable Market Value (3)	Net Total Per Capita (4)
	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Net Total		
2006	\$ 10,640,742	\$ 1,558,908	\$ 9,081,834	2.38 %	\$ 935
2007	9,780,907	150,000	9,630,907	2.29	980
2008	8,791,071	1,605,681	7,185,390	1.65	731
2009	8,261,106	1,366,852	6,894,254	1.55	704
2010	13,933,231	1,124,998	12,808,233	2.83	1,361
2011	15,578,383	-	15,578,383	3.43	1,656
2012	14,087,040	805,876	13,281,164	3.45	1,411
2013	12,957,223	110,923	12,846,300	3.47	1,365
2014	18,425,961	1,576,552	16,849,409	4.49	1,791
2015	16,375,087	1,797,332	14,577,755	4.02	1,557

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.
- (2) This is the amount restricted for debt service principal payments
- (3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on page 187 for property value data.
- (4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 201.

CITY OF WASECA, MINNESOTA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2015

Schedule 11

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt			
Waseca County	\$ 3,740,000	25.30 %	\$ 946,220
Independent School District #829	35,805,000	49.30	<u>17,651,865</u>
Total Overlapping			18,598,085
City of Waseca direct debt	\$ 8,039,717	100.00	<u>8,039,717</u>
Total direct and overlapping debt			<u><u>\$ 26,637,802</u></u>

Sources: Waseca County Auditor's Office

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Overlapping portion determined by ratio of assessed valuation of property subject to taxation in the City to valuation of property subject to taxation in overlapping unit.

CITY OF WASECA, MINNESOTA  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010
Debt limit	\$ 7,635,608	\$ 8,409,880	\$ 13,042,977	\$ 13,331,973	\$ 13,583,976
Total net debt applicable to limit	5,845,000	5,390,000	4,810,000	4,240,000	3,940,000
Legal debt margin	<u>\$ 1,790,608</u>	<u>\$ 3,019,880</u>	<u>\$ 8,232,977</u>	<u>\$ 9,091,973</u>	<u>\$ 9,643,976</u>
Total net debt applicable to the limit as a percentage of debt limit	76.55%	64.09%	36.88%	31.80%	29.00%

Minn. Stat. Section 475.53 state that except as otherwise provided in sections 475.51 to 475.74, no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of three percent of the market value. In years prior to and including 2007 this limit was two percent.

Beginning with property taxes payable in 2012 the State of Minnesota replaced the Market Value Homestead Credit with a Market Value Exclusion program. Qualified homeowners receive an exclusion of a portion of the market value of their home. For homes valued at less than \$76,000, the exclusion is equal to 40 percent of the home's market value. For homes values between \$76,000 and \$413,800 the exclusion is \$30,400, minus 9 percent of the value over \$76,000. the new market value exclusion for homes resulted in a reduction in each city's tax base and an increase in the city's tax rate to obtain the same property tax levy. Taxable market value was reduced by this exclusion.

## Schedule 12

2011	2012	2013	2014	2015
\$ 13,608,399	\$ 11,535,867	\$ 11,120,463	\$ 11,246,697	\$ 10,867,815
2,866,871	2,130,000	1,910,000	7,185,000	7,020,000
<u>\$ 10,741,528</u>	<u>\$ 9,405,867</u>	<u>\$ 9,210,463</u>	<u>\$ 4,061,697</u>	<u>\$ 3,847,815</u>
21.07%	18.46%	17.18%	63.89%	64.59%

Legal Debt Margin Calculation for Fiscal Year 2014

Taxable market value	<u>\$ 362,260,500</u>
Debt limit (3% of taxable market value)	<u>\$ 10,867,815</u>
Debt applicable to limit	
Total bonded debt	16,116,000
Less: special assessment bonds	-
Less: tax increment bonds	(800,000)
Less: municipal state-aid bonds	-
Less: revenue bonds	(1,290,000)
Less: revenue notes	<u>(7,006,000)</u>
Debt applicable to limit	<u>7,020,000</u>
Legal debt margin	<u>\$ 3,847,815</u>

CITY OF WASECA, MINNESOTA  
 PLEDGED-REVENUE COVERAGE  
 LAST TEN FISCAL YEARS

Schedule 13

Special Assessment Bonds

Fiscal Year	Revenue	Debt Service			Coverage
		Principal	Interest	Total	
2006	\$ 55,204	\$ 385,000	\$ 108,290	\$ 493,290	0.11
2007	235,363	365,000	94,737	459,737	0.51
2008	157,346	360,000	80,689	440,689	0.36
2009	151,530	355,000	66,263	421,263	0.36
2010	167,412	360,000	51,710	411,710	0.41
2011	142,913	235,000	37,835	272,835	0.52
2012	123,356	235,000	26,763	261,763	0.47
2013	91,249	495,000	17,762	512,762	0.18
2014	-	-	-	-	-
2015	-	-	-	-	-

Water Fund

Water Fund							
Fiscal Year	Revenue	*Less: Operating Expense	Net Available Revenue	Debt Service			Coverage
			Principal	Interest	Total		
2006	\$ 1,133,859	\$ 528,166	\$ 605,693	\$ 145,000	\$ 63,350	\$ 208,350	2.91
2007	1,236,850	522,545	714,305	145,000	77,684	222,684	3.21
2008	1,151,331	525,506	625,825	195,000	66,565	261,565	2.39
2009	1,106,722	562,273	544,449	200,000	58,249	258,249	2.11
2010	1,161,596	597,353	564,243	120,000	49,400	169,400	3.33
2011	1,092,442	570,466	521,976	125,000	44,699	169,699	3.08
2012	1,149,518	596,674	552,844	130,000	39,710	169,710	3.26
2013	1,061,597	609,168	452,429	150,000	10,868	160,868	2.81
2014	1,134,134	686,090	448,044	155,000	8,475	163,475	2.74
2015	1,148,605	604,343	544,262	210,000	5,895	215,895	2.52

Sanitary Sewer Fund

Sanitary Sewer Fund							
Fiscal Year	Revenue	*Less: Operating Expense	Net Available Revenue	Debt Service			Coverage
			Principal	Interest	Total		
2006	\$ 1,715,748	\$ 1,069,311	\$ 646,437	\$ 125,000	\$ 181,435	\$ 306,435	2.11
2007	1,708,700	1,158,671	550,029	1,930,000	179,220	2,109,220	0.26
2008	1,653,754	922,574	731,180	215,000	112,726	327,726	2.23
2009	2,374,755	840,840	1,533,915	215,000	107,388	322,388	4.76
2010	2,472,699	1,197,189	1,275,510	225,000	101,380	326,380	3.91
2011	2,002,366	954,971	1,047,395	600,499	135,709	736,208	1.42
2012	2,062,940	967,294	1,095,646	621,000	287,906	908,906	1.21
2013	2,020,695	1,101,463	919,232	644,000	285,400	929,400	0.99
2014	1,991,323	1,168,928	822,395	664,000	265,428	929,428	0.88
2015	1,934,100	947,721	986,379	1,530,000	244,715	1,774,715	0.56

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\* Less depreciation

CITY OF WASECA, MINNESOTA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST YEAR CALENDAR YEARS

Schedule 14

Fiscal Year	Population	(1) Personal Income (Thousands of dollars)	(1) Per Capita Personal Income	(2) School Enrollment	(3) Unemployment Rate
2006	9,711	\$ 551,430	\$ 28,399	2,024	4.2 %
2007	9,828	585,330	30,051	2,096	4.8
2008	9,827	654,600	33,786	2,075	5.3
2009	9,789	648,132	34,528	2,086	8.5
2010	9,410	681,908	35,627	2,088	7.6
2011	9,410	735,429	38,159	2,070	6.6
2012	9,368	791,551	41,147	2,029	6.4
2013	9,427	746,818	39,105	2,080	4.9
2014	9,365	744,221	37,512	2,025	4.7
2015	9,365	Not available	Not available	2,013	4.5

Sources:

(1) Office of the State Demographer, which uses U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C. Represents personal income and per capita personal income for Waseca County.

(2) Waseca Public Schools

(3) Minnesota Department of Economic Security for Waseca County.

CITY OF WASECA, MINNESOTA  
 PRINCIPAL EMPLOYERS, CURRENT YEAR AND NINE YEARS AGO  
 DEMOGRAPHIC AND ECONOMIC STATISTICS

<u>Employer</u>	<u>Product/Service</u>	<u>2015</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Quad Graphics	Commercial Printing/Lithographic	655	1	6.96 %
Itron Inc.	Instruments to Measure Electricity	302	2	3.21
Waseca Public Schools	Elementary/Secondary Schools	298	3	3.17
Federal Correctional Institute	Government-Correction Institution	225	4	2.39
Cinch Connectivity	Electronic Components	220	5	2.34
Birds Eye Foods, Inc.	Frozen Specialties	154	6	1.64
County of Waseca	Government Offices	134	7	1.42
ELM Homes Inc	Residential Care	129	8	1.37
Waseca Medical Center	General Medical/Surgical Hospital	128	9	1.36
MediaCom	Cable / Internet	80	10	0.85
Total		<u>2,325</u>		<u>24.71 %</u>

Source: Official Statements used for City Debt Issues

Schedule 15

2006		
<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
1,100	1	11.33 %
543	3	5.59
457	2	4.71
215	7	2.21
180	4	1.85
94	6	0.97
140	5	1.44
120		1.24
190	10	1.96
150	8	1.54
<hr/>		
<u>3,189</u>		<u>32.84 %</u>



CITY OF WASECA, MINNESOTA  
FULL-TIME-EQUIVALENT CITY OF WASECA EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of December 31,				
	2006	2007	2008	2009	2010
General government					
Administration	4.0	4.0	4.0	3.0	3.0
Finance	3.0	3.0	4.0	4.0	3.0
Economic development	-	-	-	-	-
Community development	2.0	2.0	1.0	2.0	1.0
Total general government	9.0	9.0	9.0	9.0	7.0
Public safety					
Police	15.0	16.0	17.0	17.0	16.0
Safe haven	-	-	-	-	-
Building inspection	2.0	2.0	2.0	2.0	-
Fire	3.0	3.0	3.0	3.0	3.0
Total public safety	20.0	21.0	22.0	22.0	19.0
Public Works					
Engineering	5.0	5.0	4.0	3.0	3.0
Streets/shop	11.0	11.0	11.0	10.0	10.0
Total public works	16.0	16.0	15.0	13.0	13.0
Culture and recreation					
Parks	4.0	4.0	4.0	4.0	4.0
Water park	-	1.0	1.0	1.0	1.0
Total culture and recreation	4.0	4.0	5.0	5.0	5.0
Enterprise					
Water/WWTP	6.0	5.0	5.0	5.0	4.0
Electric	8.0	6.0	6.0	4.0	4.0
Utility administration	-	2.0	2.0	2.0	2.0
Utility billing	4.0	3.0	2.0	2.0	2.0
Total enterprise	18.0	16.0	15.0	13.0	12.0
Total	67.0	66.0	66.0	62.0	56.0

Source: City Finance Department

## Schedule 16

Full-time Equivalent Employees as of December 31,				
2011	2012	2013	2014	2015
3.0	3.0	3.0	2.0	2.0
3.5	3.5	3.5	3.5	3.5
-	-	-	-	1.0
2.0	2.0	2.0	4.0	4.0
8.5	8.5	8.5	9.5	10.5
16.0	16.0	16.0	16.0	18.0
-	-	-	1.0	2.0
-	-	-	-	-
3.0	3.0	3.0	3.0	3.0
19.0	19.0	19.0	20.0	23.0
3.0	3.0	3.0	3.0	3.0
10.0	10.0	10.0	10.0	10.0
13.0	13.0	13.0	13.0	13.0
4.0	4.0	4.0	4.0	4.0
1.0	1.0	1.0	1.0	1.0
5.0	5.0	5.0	5.0	5.0
4.0	4.0	5.0	5.0	5.0
4.0	4.0	4.0	4.0	4.0
2.0	2.0	2.0	2.0	2.0
2.5	2.5	2.5	2.5	2.5
12.5	12.5	13.5	13.5	13.5
58.0	58.0	59.0	61.0	65.0

CITY OF WASECA, MINNESOTA  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN YEARS

Function/Program	2006	2007	2008	2009	2010
General Government					
Elections	1	-	1	-	1
Registered voters	5,176		5,493		4,687
Number of votes cast	3,446		4,301		3,317
Voter participation (registered)	66.6%		78.3%		70.8%
Public Safety					
<i>Police</i>					
Admin Fines	-	-	-	-	-
Arrests	466	755	661	375	326
All citations & warnings	2,159	2,337	1,868	1,826	1,959
Calls for service	6,829	7,432	7,110	7,144	7,085
<i>Fire</i>					
Medical	408	422	414	369	430
Fire	108	73	72	92	89
Other Services	11	81	97	101	105
<i>Inspections</i>					
Building Permits	374	410	405	363	383
Value of Building Permits	\$ 14,973,880	\$ 5,841,601	\$ 8,810,988	\$ 6,327,512	\$ 8,874,557
Culture and Recreation					
Parks					
Park Reservations	109	98	103	130	101
Water Park-Attendance	-	29,598	29,892	19,839	27,877
Electric					
Outages	38	32	67	33	62

Source: Various City Departments

## Schedule 17

2011	2012	2013	2014	2015
-	1	-	1	-
	5,314		4,701	
	4,167		2,808	
	78.4%		59.7%	
-	198	214	189	279
318	392	330	274	280
1,226	1,302	1,024	855	908
7,369	8,274	7,583	8,070	9,622
406	415	422	452	450
87	148	132	164	131
124	103	55	48	56
558	561	475	860	1,436
\$ 10,821,320	\$ 13,837,343	\$ 10,194,793	\$ 9,352,477	\$ 18,461,646
102	107	99	107	106
25,383	25,881	26,637	20,191	22,938
41	49	35	36	40

CITY OF WASECA, MINNESOTA  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN YEARS

Function/program	2006	2007	2008	2009	2010
Public safety					
Police					
Stations	1	1	1	1	1
Patrol squads	12	11	11	11	11
Fire					
Stations	1	1	1	1	1
Fire trucks	3	4	4	5	5
Public Works					
Vehicles	11	11	11	13	13
Streets (miles)	48	48	48	48	48
Culture & Recreation					
Library-building	1	1	1	1	1
Water park	-	1	1	1	1
Parks	15	15	15	15	15
Sanitary sewer					
Collection system (miles)	44	44	44	44	45.9
Storm Sewer					
Storm sewer (miles)	40	40	40	40	40
Water					
Water main (miles)	56	56	56	56	56
Electric					
Annual consumption (KWH)	66,397,272	68,992,100	67,218,160	63,521,180	66,873,180

## Schedule 18

2011	2012	2013	2014	2015
1	1	1	1	1
11	11	9	9	10
1	1	1	1	1
4	4	4	4	4
13	14	14	14	14
48	48	48	50	50
1	1	1	1	1
1	1	1	1	1
15	15	15	15	15
46.1	46.1	46.1	46.1	46.1
40	40	40	36	36
56	56	56	56	56
65,531,859	65,039,330	64,313,814	62,658,100	64,508,651

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**OTHER REQUIRED REPORTS**

CITY OF WASECA  
WASECA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015



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INDEPENDENT AUDITOR'S REPORT ON  
MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council  
City of Waseca, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, the each major fund and the aggregate remaining fund information of the City of Waseca, Minnesota, (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated July 27, 2016.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statute §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.

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Abdo, Eick & Meyers, LLP*

ABDO, EICK & MEYERS, LLP  
Mankato, Minnesota  
July 27, 2016

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 City Council  
City of Waseca, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Waseca, Minnesota (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 27, 2016.

**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.

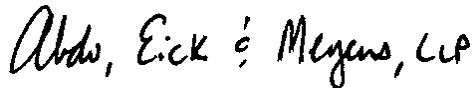
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*. The results of our tests disclosed no instances of noncompliance 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ABDO, EICK & MEYERS, LLP  
Mankato, Minnesota  
July 27, 2016