

# CITY OF SAINT PETER

## AUDIT REPORT

YEAR ENDED DECEMBER 31, 2016

**James H. Eichten, CPA**





## AUDITOR'S ROLE

- **Opinion on Financial Statements**
  - Financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America
- **Testing of Internal Controls and Compliance**
  - Internal Controls over Financial Reporting
  - Internal Controls over Compliance with Laws and Regulations related to Financial Reporting



## AUDITOR'S ROLE (CONT.)

- **Minnesota Legal Compliance Testing**
- **Single Audit of Federal Awards**
  - **Not Required for 2016**



# AUDIT RESULTS

- **Financial Statement Opinion**
  - Unmodified (Clean) Opinion on Most Opinion Units
  - Modified Opinion on St. Peter Fire Relief Association Not Adopting GASB Statement #68 on Pensions
  
- **Findings – Internal Controls**
  - Segregation of Duties
  
- **Findings – Minnesota Legal Compliance**
  - Contract Performance and Payment Bonds
  - Advertisement of Bids



# MANAGEMENT REPORT

## ■ **Audit Summary**

- **Auditor's Responsibility For Component Units**
- **Planned Scope and Timing of Audit**
- **Audit Opinions and Findings**
- **Uncorrected Misstatements**
- **Accounting Estimates**
- **No Difficulties in Performing the Audit**



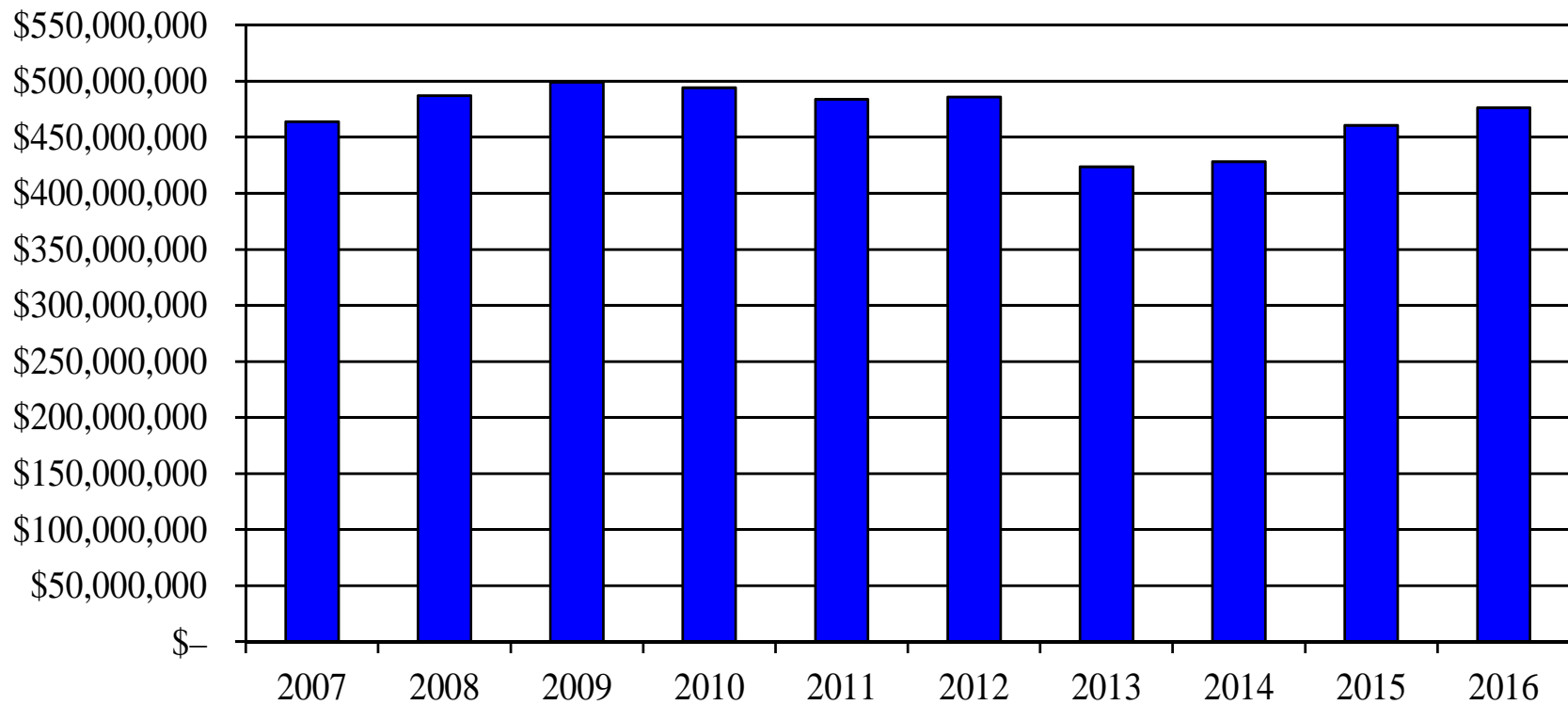
## MANAGEMENT REPORT (CONT.)

- **Audit Summary**
- **Property Taxes**



# MANAGEMENT REPORT (CONT.)

Taxable Market Value





# MANAGEMENT REPORT (CONT.)

## Tax Rates

Rates expressed as a percentage of net tax capacity

	<u>All Cities State-Wide</u>		<u>City of Saint Peter</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
<b>Average tax rate</b>				
City	46.9	46.5	46.8	47.3
County	44.7	44.1	49.4	52.6
School	27.1	27.5	17.0	36.6
Special taxing	<u>6.9</u>	<u>6.9</u>	<u>0.5</u>	<u>0.5</u>
Total	<u><u>125.6</u></u>	<u><u>125.0</u></u>	<u><u>113.7</u></u>	<u><u>137.0</u></u>





## MANAGEMENT REPORT (CONT.)

- **Audit Summary**
- **Property Taxes**
- **Governmental Funds Overview**



# MANAGEMENT REPORT (CONT.)

## Governmental Funds Revenue per Capita With State-Wide Averages by Population Class

Year	State-Wide			City of Saint Peter		
	December 31, 2015			2014	2015	2016
Population	2,500–10,000	10,000–20,000	20,000–100,000	11,758	11,784	11,784
Property taxes	\$ 443	\$ 414	\$ 443	\$ 198	\$ 186	\$ 195
Tax increments	26	33	37	58	59	61
Franchise and other taxes	33	42	39	12	12	12
Special assessments	59	52	59	43	3	3
Licenses and permits	31	31	43	27	21	36
Intergovernmental revenues	285	322	156	437	324	354
Charges for services	110	85	94	40	40	46
Other	69	62	58	84	92	112
<b>Total revenue</b>	<b>\$ 1,056</b>	<b>\$ 1,041</b>	<b>\$ 929</b>	<b>\$ 898</b>	<b>\$ 735</b>	<b>\$ 818</b>



# MANAGEMENT REPORT (CONT.)

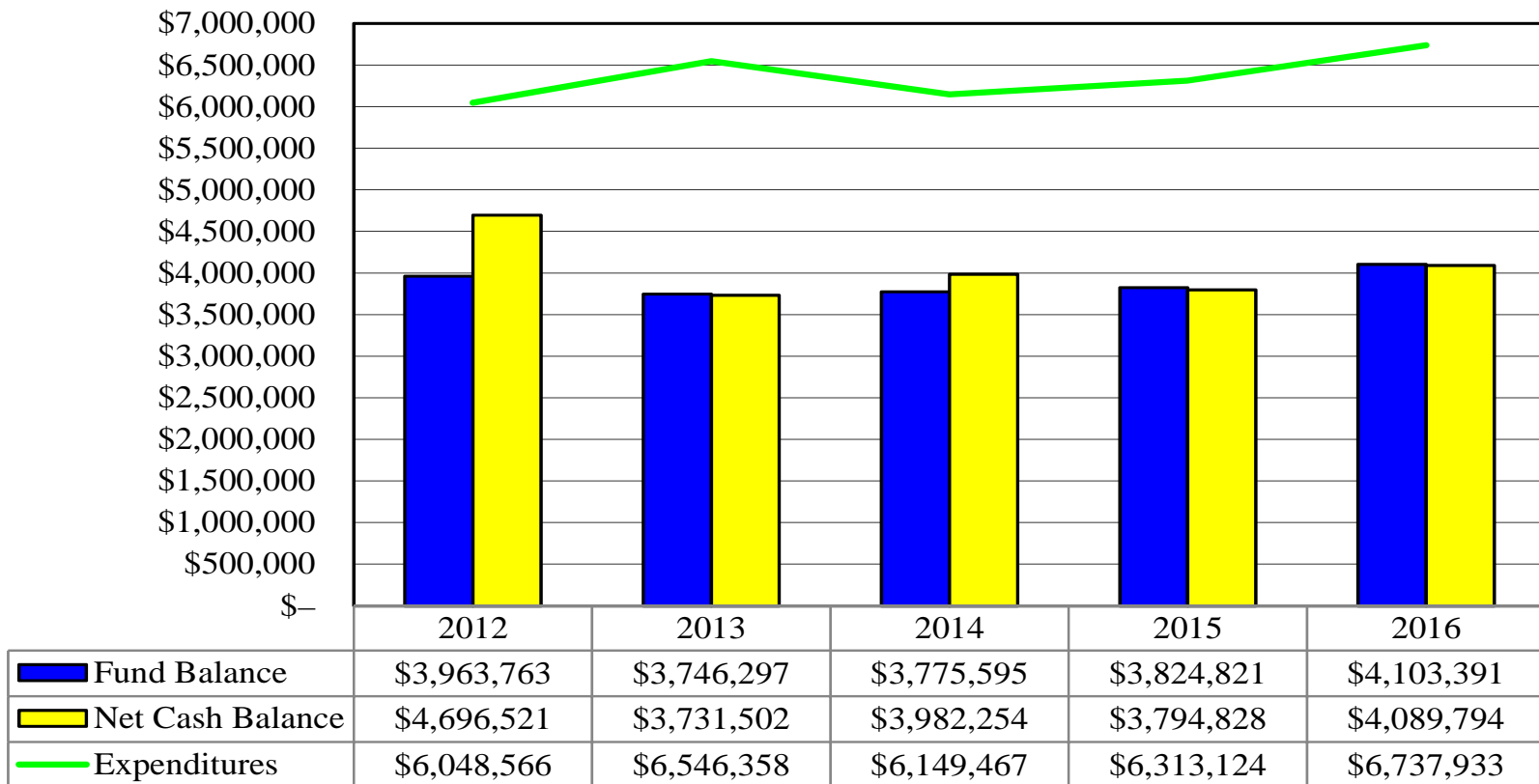
## Governmental Funds Expenditures per Capita With State-Wide Averages by Population Class

Year	State-Wide			City of Saint Peter		
	December 31, 2015			2014	2015	2016
	2,500-10,000	10,000-20,000	20,000-100,000	11,758	11,784	11,784
Population						
Current						
General government	\$ 134	\$ 109	\$ 89	\$ 101	\$ 111	\$ 111
Public safety	255	244	261	222	222	234
Street maintenance and lighting	119	117	99	106	109	117
Parks and recreation	88	108	94	132	135	139
All other	64	70	89	63	107	90
	<u>\$ 660</u>	<u>\$ 648</u>	<u>\$ 632</u>	<u>\$ 624</u>	<u>\$ 684</u>	<u>\$ 691</u>
Capital outlay and construction	<u>\$ 372</u>	<u>\$ 389</u>	<u>\$ 286</u>	<u>\$ 420</u>	<u>\$ 51</u>	<u>\$ 487</u>
Debt service						
Principal	\$ 181	\$ 178	\$ 117	\$ 87	\$ 116	\$ 121
Interest and fiscal	51	40	33	29	28	25
	<u>\$ 232</u>	<u>\$ 218</u>	<u>\$ 150</u>	<u>\$ 116</u>	<u>\$ 144</u>	<u>\$ 146</u>



# MANAGEMENT REPORT (CONT.)

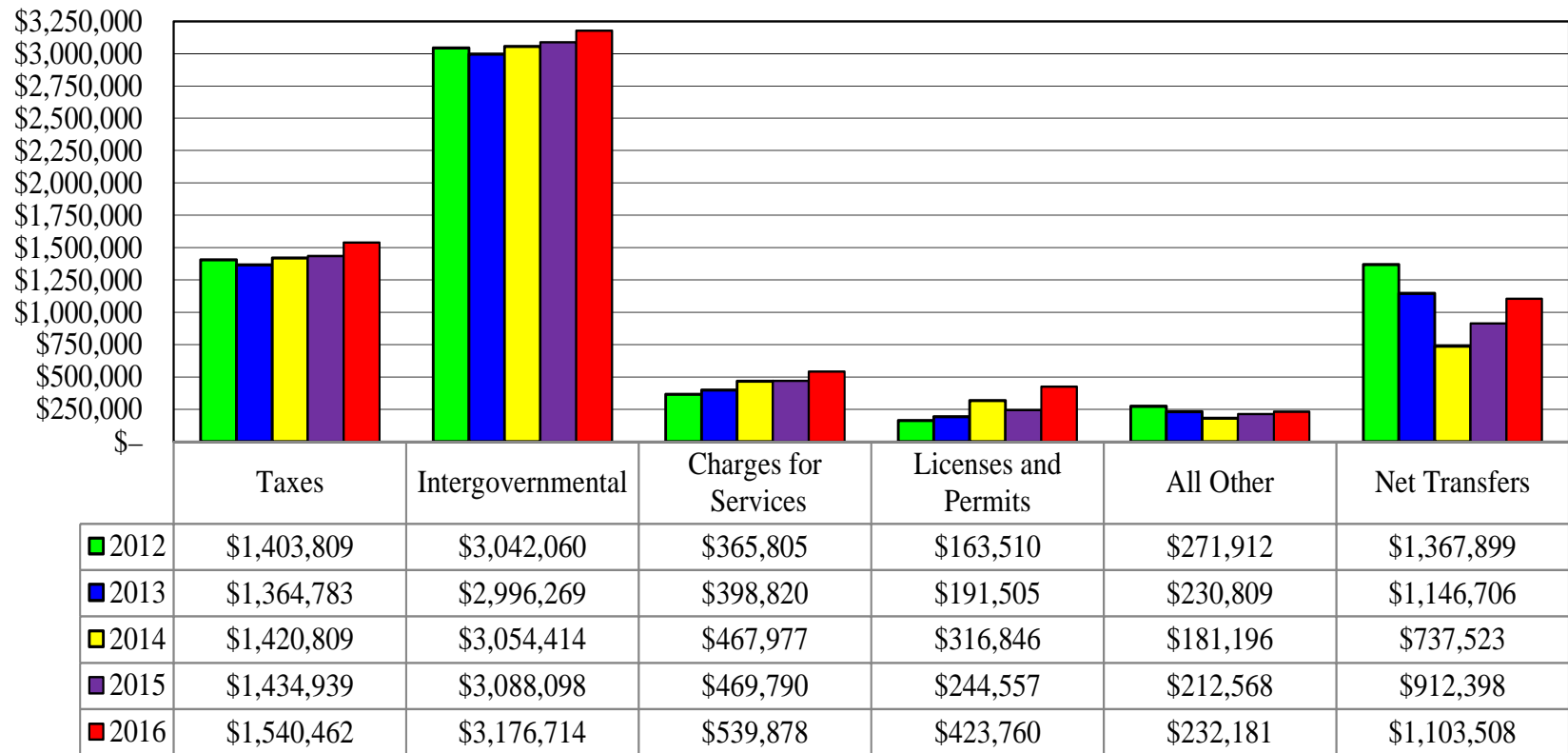
General Fund Financial Position  
Year Ended December 31,





# MANAGEMENT REPORT (CONT.)

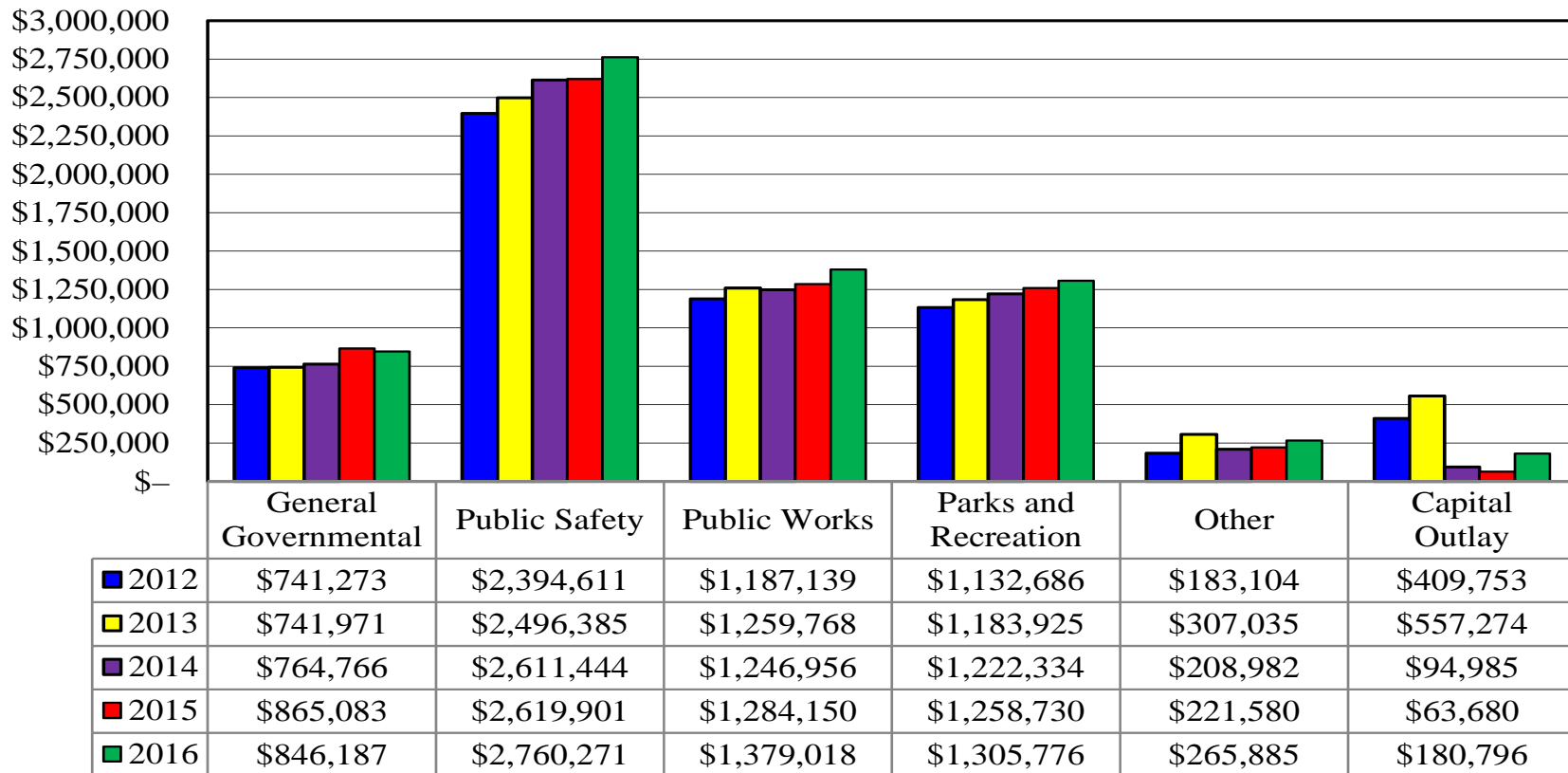
General Fund Revenue by Source  
Year Ended December 31,





# MANAGEMENT REPORT (CONT.)

General Fund Expenditures by Function  
Year Ended December 31,





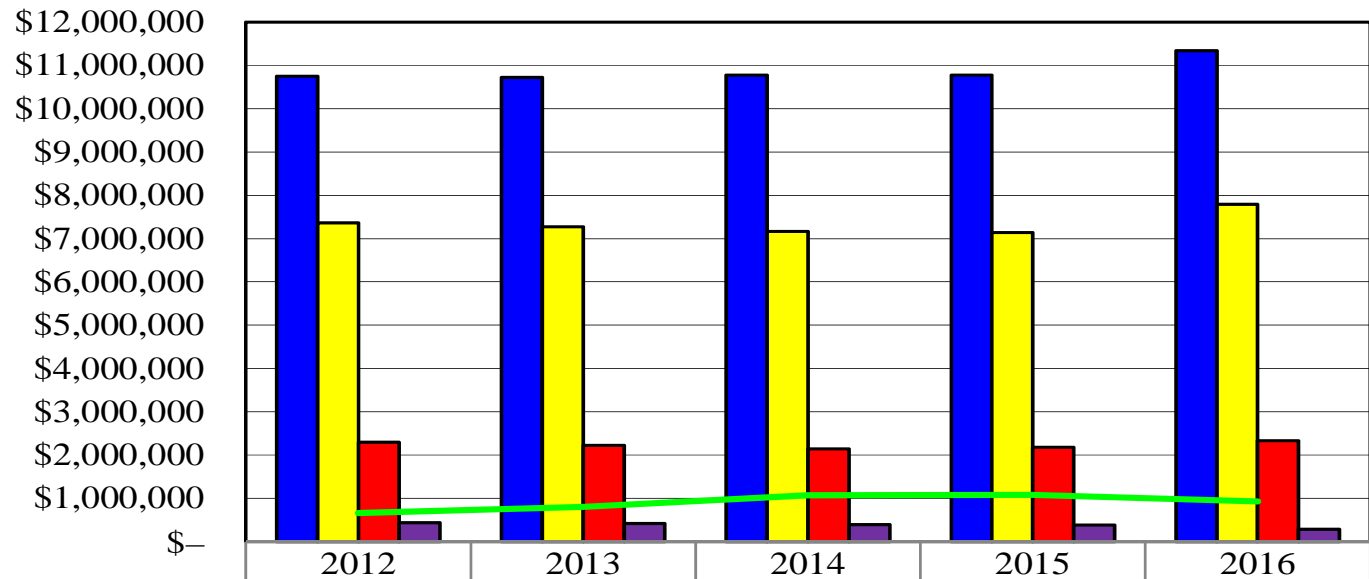
## MANAGEMENT REPORT (CONT.)

- **Audit Summary**
- **Property Taxes**
- **Governmental Funds Overview**
- **Enterprise Funds Overview**



# MANAGEMENT REPORT (CONT.)

Electric Fund Operation  
Year Ended December 31,



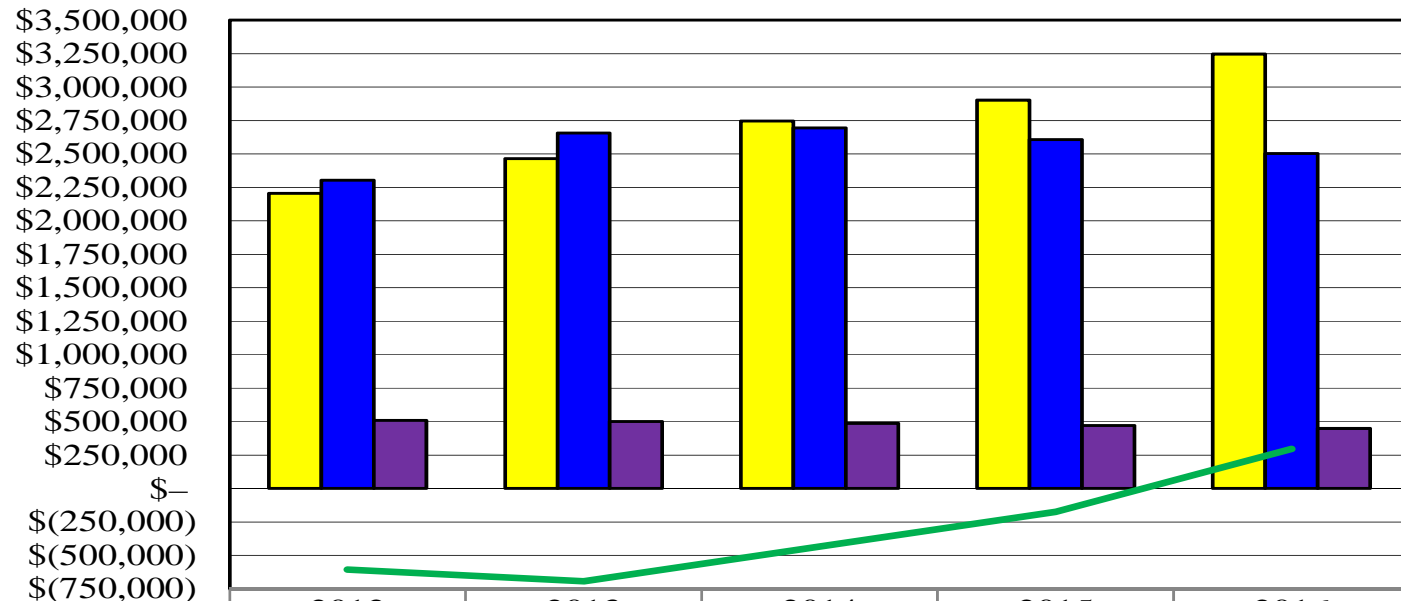
	2012	2013	2014	2015	2016
Operating Revenue	\$10,751,186	\$10,726,029	\$10,776,761	\$10,774,242	\$11,341,733
Purchased Power	\$7,357,680	\$7,276,105	\$7,163,849	\$7,136,405	\$7,793,201
Operating Expense	\$2,292,370	\$2,223,702	\$2,140,138	\$2,177,580	\$2,330,813
Net Other Expense	\$437,112	\$420,464	\$396,635	\$380,329	\$286,153
Income Before Transfers	\$664,024	\$805,758	\$1,076,139	\$1,079,928	\$931,566





# MANAGEMENT REPORT (CONT.)

Water Fund Operation  
Year Ended December 31,

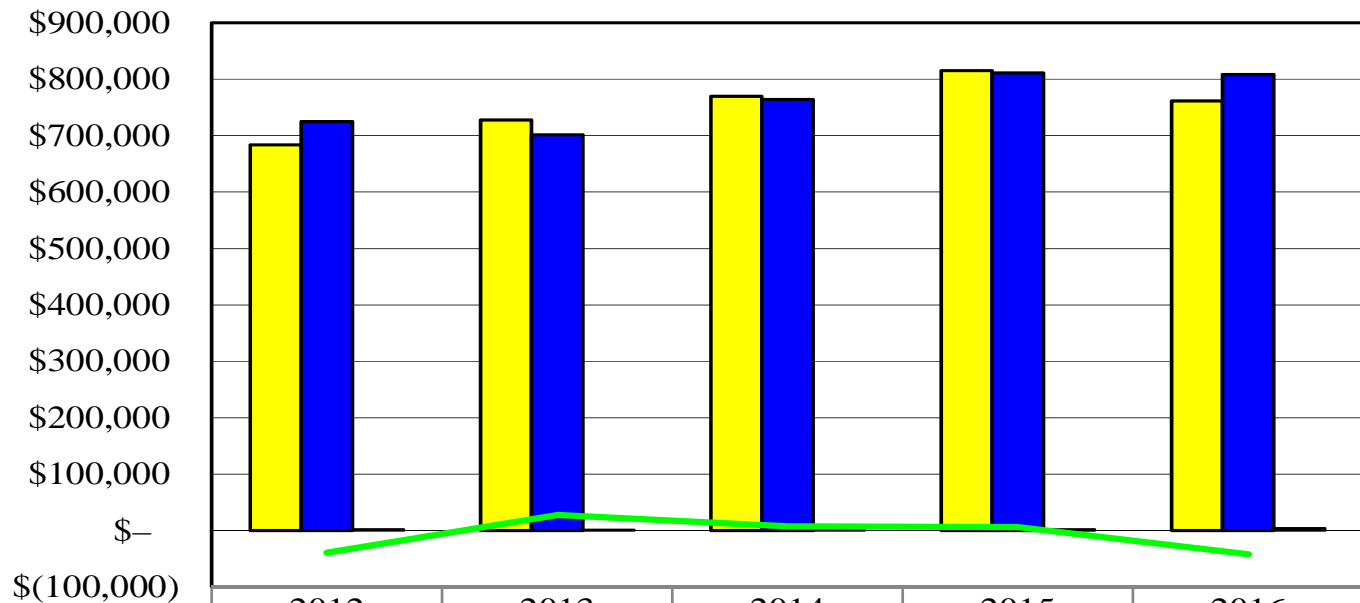


	2012	2013	2014	2015	2016
Operating Revenue	\$2,204,700	\$2,464,354	\$2,745,745	\$2,902,935	\$3,247,341
Operating Expense	\$2,304,782	\$2,657,623	\$2,693,569	\$2,606,868	\$2,502,713
Net Other Expense	\$507,560	\$501,126	\$487,055	\$470,710	\$448,346
Income (Loss) Before Transfers	\$(607,642)	\$(694,395)	\$(434,879)	\$(174,643)	\$296,282



# MANAGEMENT REPORT (CONT.)

Environmental Services Fund  
Year Ended December 31,

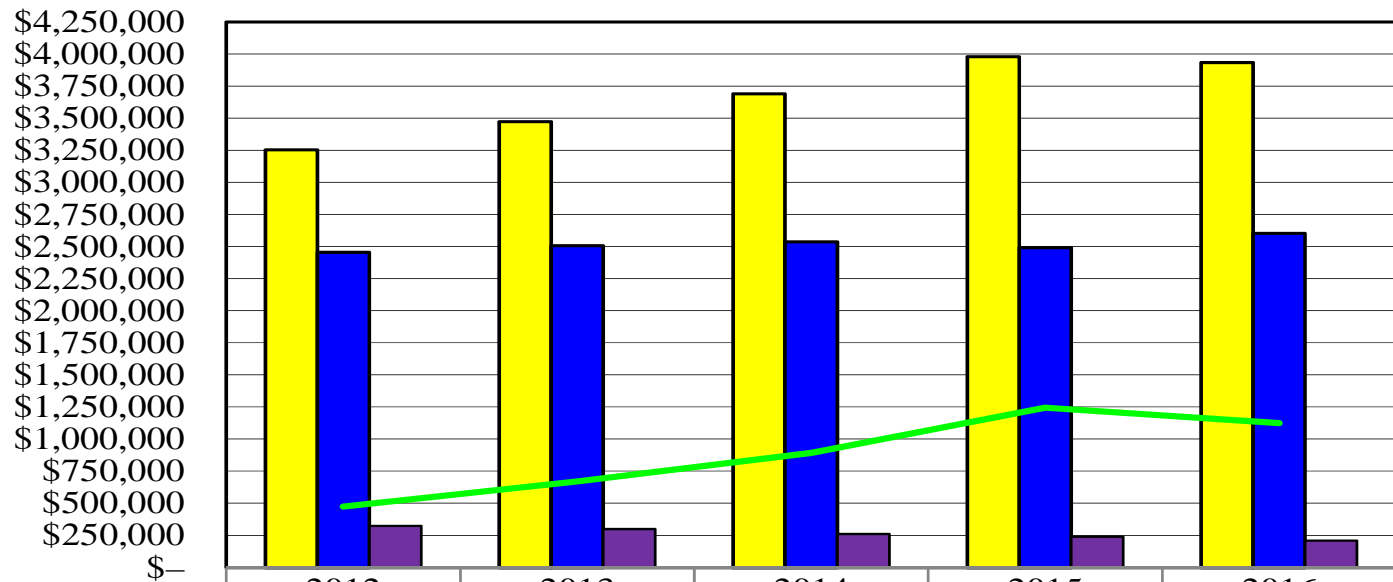


	2012	2013	2014	2015	2016
Operating Revenue	\$683,726	\$727,614	\$769,938	\$815,663	\$761,540
Operating Expense	\$725,109	\$701,516	\$764,224	\$810,888	\$808,216
Net Other Revenue	\$2,136	\$1,711	\$1,687	\$1,755	\$4,359
Change in Net Position	\$(39,247)	\$27,809	\$7,401	\$6,530	\$(42,317)



# MANAGEMENT REPORT (CONT.)

Wastewater Fund  
Year Ended December 31,

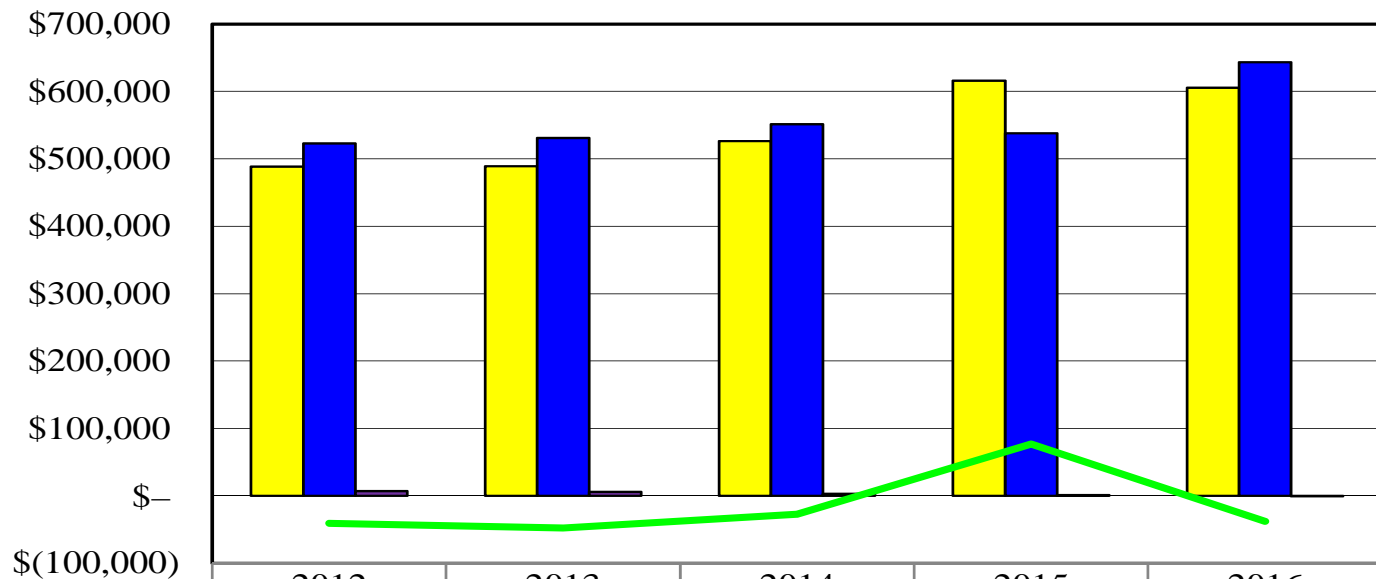


	2012	2013	2014	2015	2016
Operating Revenue	\$3,253,915	\$3,473,518	\$3,689,500	\$3,978,265	\$3,935,525
Operating Expense	\$2,456,689	\$2,505,529	\$2,536,210	\$2,492,423	\$2,602,508
Net Other Expense	\$323,534	\$298,305	\$260,526	\$240,099	\$209,625
Income (Loss) Before Transfers	\$473,692	\$669,684	\$892,764	\$1,245,743	\$1,123,392



# MANAGEMENT REPORT (CONT.)

Storm Water Fund  
Year Ended December 31,



	2012	2013	2014	2015	2016
Operating Revenue	\$488,622	\$489,138	\$526,528	\$615,673	\$605,664
Operating Expense	\$522,787	\$531,102	\$551,279	\$537,817	\$643,298
Net Other Expense	\$6,864	\$5,687	\$2,830	\$1,159	\$(494)
Income (Loss) Before Transfers	\$(41,029)	\$(47,651)	\$(27,581)	\$76,697	\$(38,128)



# MANAGEMENT REPORT (CONT.)

Outstanding Debt per Capita  
Governmental Activities  
With State-Wide Comparable Information

Bond Type	State-Wide as of December 31,		City of Saint Peter as of December 31,		
	2014	2015	2014	2015	2016
General obligation	\$ 476	\$ 486	\$ 227	\$ 203	\$ 186
Tax increment	96	96	332	285	440
Special assessment	483	475	-	-	-
General obligation revenue	373	384	401	376	350
Revenue	230	219	-	-	-
Other	8	5	-	-	-
 Governmental activities total	 <u>\$ 1,666</u>	 <u>\$ 1,665</u>	 <u>\$ 960</u>	 <u>\$ 864</u>	 <u>\$ 976</u>



# MANAGEMENT REPORT (CONT.)

Outstanding Debt per Capita  
Enterprise Funds  
With State-Wide Comparable Information

Fund	State-Wide as of December 31,		City of Saint Peter as of December 31,		
	2014	2015	2014	2015	2016
Electric	\$ 439	\$ 396	\$ 746	\$ 691	\$ 624
Water	179	185	1,571	1,491	1,413
Wastewater	196	203	889	784	686
Storm water	19	19	12	9	7
 Total enterprise funds	 <u>\$ 833</u>	 <u>\$ 803</u>	 <u>\$ 3,218</u>	 <u>\$ 2,975</u>	 <u>\$ 2,730</u>
 Government-wide totals	 <u>\$ 2,499</u>	 <u>\$ 2,468</u>	 <u>\$ 4,178</u>	 <u>\$ 3,839</u>	 <u>\$ 3,706</u>



# MANAGEMENT REPORT

- **Audit Summary**
- **Property Taxes**
- **Governmental Funds Overview**
- **Enterprise Fund Overview**
- **Accounting and Auditing Updates**



## SUMMARY

- **Clean Opinion on Basic Financial Statements with One Qualification**
- **Qualification Related to the Fire Relief Association Not Implementing GASB Statement #68 on Pensions**
- **Two Findings on MN Legal Compliance**
- **Financial Results Indicate Adherence to Budget**
- **Administration Continues Ongoing Assessment of Financial Projections, Debt Management, and Financial Results including Tax increment Districts and Enterprise Funds**