

# Annual Financial Report

## City of Janesville

Janesville, Minnesota

For the Year Ended

December 31, 2015

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CITY OF JANESVILLE, MINNESOTA  
 ANNUAL FINANCIAL REPORT  
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**INTRODUCTORY SECTION**

CITY OF JANESVILLE  
JANESVILLE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

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

**ELECTED**

Name	Title	Term Expires
Mayor	Mike Santo	12/31/16
Council	Clifford Blaisdell	12/31/18
Council	John Sprengeler	12/31/16
Council	Kari Grisim	12/31/18
Council	Jeff Bartelt	12/31/16

**Public Utilities Commission**

Chairman	Frank Morrill	12/31/17
Commissioner	Mike Morton	12/31/16
Commissioner	John Gardener	12/31/18
Council Representative	Kari Grisim	No expiration

**Nursing Home Board of Directors**

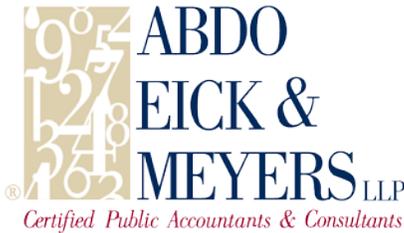
Chairperson	Benedette Sack	12/31/17
Secretary	Larry Milow	12/31/15
Member	Bob Westpahl	12/31/16
Member	Rosemary Schroeder	12/31/19
Council Representative	Mike Santo	No expiration
Administrator/Clerk/Treasurer	Clinton Rogers	
Deputy Clerk/Treasurer	Andrea Preston	
Nursing Home Administrator	Pete Madel, III	

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**FINANCIAL SECTION**  
**CITY OF JANESVILLE**  
**JANESVILLE, MINNESOTA**

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

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Janesville, 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 Janesville, 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 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 did not audit the financial statements of the Janesville Nursing Home as of December 31, 2015, which represents 48 percent of the assets and revenues of the proprietary fund types. We also did not audit the financial statements of the Janesville Housing and Redevelopment Authority as of December 31, 2015, which is presented as a component unit of the City. Both financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts included for the Janesville Nursing Home and Janesville Housing and Redevelopment Authority, is based solely upon the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

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## 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, where applicable, cash flows thereof and the budgetary comparison schedule for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Change in Accounting Standards*

As described in Note 7 to the financial statements, the School 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 June 30, 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*

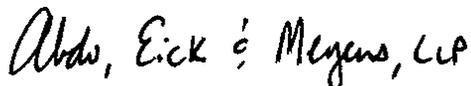
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, the Schedule of Employer's Contributions and the Schedule of Funding Progress for Other Post-Employment Benefit Plan starting on page 88 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 financial exhibits 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 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 financial exhibit sections 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.



ABDO, EICK & MEYERS, LLP  
Mankato, Minnesota  
July 19, 2016

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

As management of the City of Janesville, 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.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$12,489,470 (net position). Of this amount, \$646,287 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$150,900 compared to an increase of \$224,145 in the previous year. The majority of this increase for governmental activities in the current year can be attributed to the sale of land for the Holly Lane project. For the business-type activities, there was a decrease in Light and Power expenses.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,097,328, an increase of \$233,639 in comparison with the prior year. This increase is mainly attributable to the sale of land for the Holly Lane project. Of this total amount, a fund balance of \$758,562 is available for spending at the City's discretion.

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

This discussion and analysis is 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 supplemental 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**

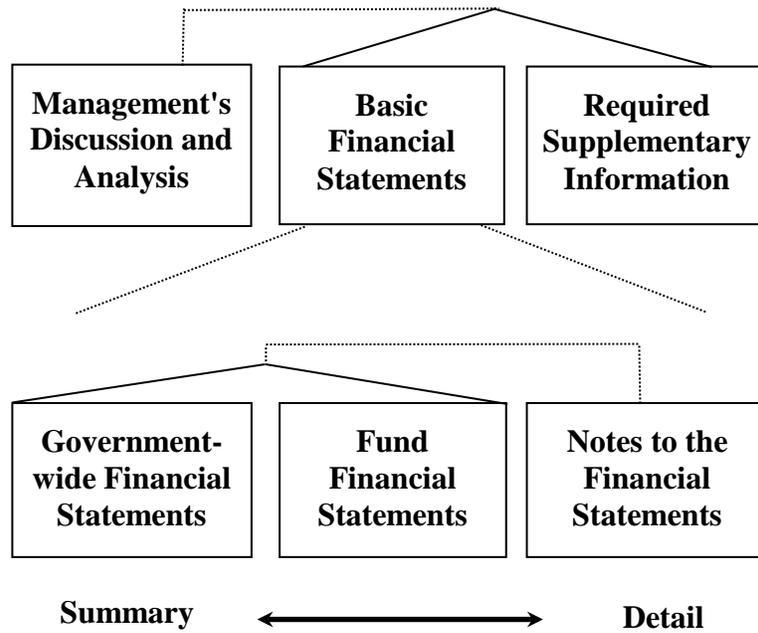


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	<b>Fund Financial Statements</b>		
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, 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 inflow/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 deferred outflows of resources 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 highway, housing and economic development, culture and recreation, and miscellaneous. The business-type activities of the City include light and power, waterworks, sewage collection, a golf course and a nursing home.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Housing and Redevelopment Authority (HRA) 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 29 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 three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing 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 by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 23 individual governmental funds, 9 of which are Debt Service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service funds, 2014 Street and Utility Improvements fund, and Highway 14 Turnback fund, each of which are considered to be major funds. Data from the other 11 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 or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found starting on page 34 of this report.

**Proprietary funds.** The City maintains one type of proprietary fund. *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 light and power, waterworks, sewage collection, golf course and nursing home operations.

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

The basic proprietary fund financial statements can be found starting on page 42 of this report.

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

The basic fiduciary 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 53 of this report.

**Required supplementary information.** The required supplementary information can be found on page 88 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 statements and schedules can be found starting on page 92 of this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$12,489,470 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (75.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. 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.

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

	Governmental Activities			Business-type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Current and other assets	\$ 4,863,945	\$ 4,615,304	\$ 248,641	\$ 1,536,215	\$ 1,445,375	\$ 90,840
Capital assets	6,051,699	6,263,641	(211,942)	9,023,635	9,331,576	(307,941)
Total assets	10,915,644	10,878,945	36,699	10,559,850	10,776,951	(217,101)
Deferred outflows of resources	124,352	-	124,352	145,501	-	145,501
Long-term liabilities outstanding	6,068,654	6,162,010	(93,356)	1,963,700	819,073	1,144,627
Other liabilities	430,986	123,718	307,268	356,249	445,938	(89,689)
Total liabilities	6,499,640	6,285,728	213,912	2,319,949	1,265,011	1,054,938
Deferred inflows of resources	126,365	-	126,365	309,923	-	309,923
Net investment in capital assets	1,214,737	994,325	220,412	8,222,349	8,441,102	(218,753)
Restricted	2,406,097	2,331,846	74,251	-	40,076	(40,076)
Unrestricted	793,157	1,267,046	(473,889)	(146,870)	1,030,762	(1,177,632)
Total net position	\$ 4,413,991	\$ 4,593,217	\$ (179,226)	\$ 8,075,479	\$ 9,511,940	\$ (1,436,461)

An additional portion of the City's net position (19.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (5.2 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its governmental and business-type activities.

The City's net position increased by \$150,900 during the current fiscal year. The governmental activities accounted for \$272,394 of the increase, while the business-type activities offset this increase with a decrease of \$121,494.

**Governmental activities.** Governmental activities increased the City's net position by \$272,394. Other key elements of this increase are as follows:

- Increase in operating grants of \$253,503
- Increase in other revenues of \$47,976 which is primarily from the sale of land.

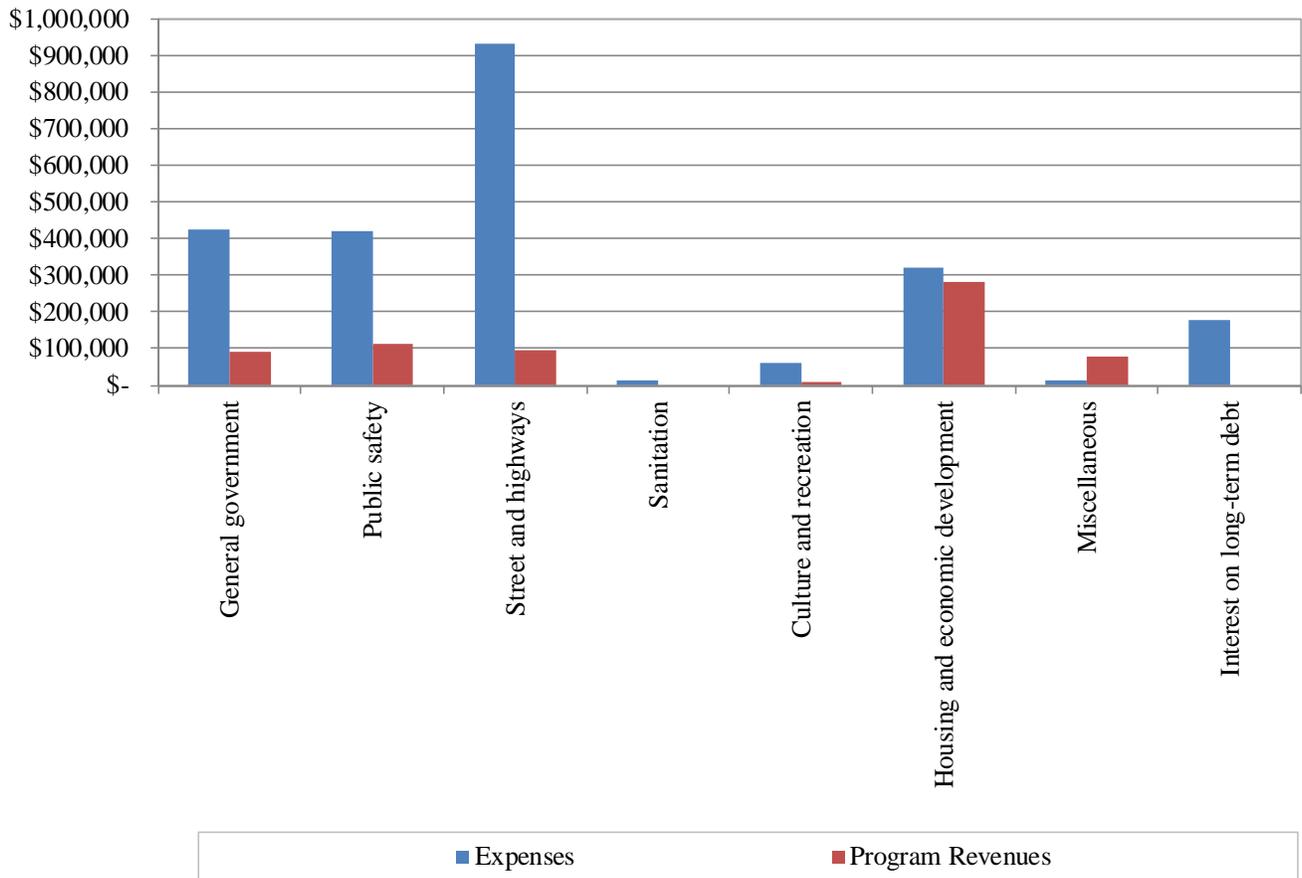
### City of Janesville's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 165,686	\$ 162,012	\$ 3,674	\$ 4,374,156	\$ 4,522,356	\$ (148,200)
Operating grants and contributions	400,084	145,686	254,398	945	50	895
Capital grants and contributions	100,876	140,750	(39,874)	-	-	-
General revenues						
Property taxes/ tax increments	752,003	722,444	29,559	25,000	25,000	-
Other taxes	133,834	118,573	15,261	-	-	-
Grants and contributions not restricted to specific programs	797,669	792,058	5,611	-	-	-
Unrestricted investment earnings	2,996	2,662	334	3,100	2,581	519
Other	199,173	151,197	47,976	-	-	-
<b>Total revenues</b>	<b>2,552,321</b>	<b>2,235,382</b>	<b>316,939</b>	<b>4,403,201</b>	<b>4,549,987</b>	<b>(146,786)</b>
Expenses						
General government	424,074	488,504	(64,430)	-	-	-
Public safety	418,497	502,576	(84,079)	-	-	-
Streets and highways	932,741	648,104	284,637	-	-	-
Sanitation	12,895	-	12,895	-	-	-
Culture and recreation	60,714	60,829	(115)	-	-	-
Housing and economic development	321,460	161,539	159,921	-	-	-
Miscellaneous	11,346	60,081	(48,735)	-	-	-
Interest on long-term debt	178,200	191,177	(12,977)	-	-	-
Waterworks	-	-	-	264,245	258,822	5,423
Light and power	-	-	-	1,254,750	1,307,069	(52,319)
Sewage collection	-	-	-	299,721	307,039	(7,318)
Golf course	-	-	-	314,930	299,888	15,042
Nursing home	-	-	-	2,311,049	2,275,596	35,453
<b>Total expenses</b>	<b>2,359,927</b>	<b>2,112,810</b>	<b>247,117</b>	<b>4,444,695</b>	<b>4,448,414</b>	<b>(3,719)</b>
Increase (decrease) in net position before transfers	192,394	122,572	69,822	(41,494)	101,573	(143,067)
Transfers	80,000	80,000	-	(80,000)	(80,000)	-
Change in net position	272,394	202,572	69,822	(121,494)	21,573	(143,067)
Net position - January 1 as restated	4,141,597	4,390,645	(249,048)	8,196,973	9,490,367	(1,293,394)
Net position - December 31	<u>\$ 4,413,991</u>	<u>\$ 4,593,217</u>	<u>\$ (179,226)</u>	<u>\$ 8,075,479</u>	<u>\$ 9,511,940</u>	<u>\$ (1,436,461)</u>

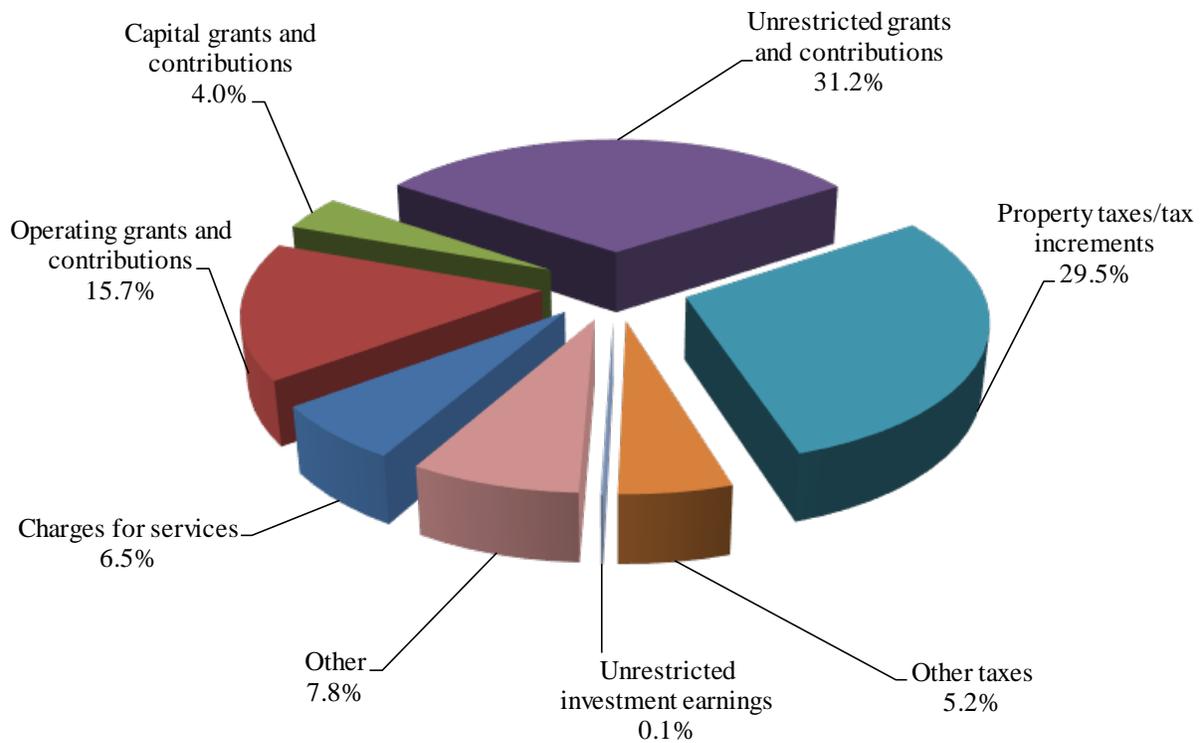
Property tax levies increased by \$29,683 (4.3 percent) during the year.

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

### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities



**Business-type activities.** Business-type activities decreased the City’s net position by \$121,494. The key elements of this decrease are described below.

Revenues at the Janesville Nursing Home (the Home) are generally determined by two factors - occupancy and acuity of residents. Occupancy is simply a matter of how many of the Home’s available beds are occupied. Acuity is measured by an assessment process that assigns residents to one of 48 categories called Resource Utilization Groups (RUG). The higher the RUG, the higher the rate charged. RUG assessments are assigned a weight factor ranging from .45 to 3.00, with an “average” approximately 1.00. The actual overall average of any nursing facility is called a “RUG Score”. The amount of Medicare-eligible residents is also a factor in determining revenues as Medicare generally pays higher rates than other payers.

The Home’s occupancy rate increased from 78.6 percent in 2014 to 85.7 percent in 2015. The Home’s RUG Score decreased from 0.875 in 2014 to 0.849 for 2015. These factors resulted in a \$136,566 increase in the Home’s net resident service revenues from \$2,224,618 in 2014 to \$2,088,052 in 2015.

The Home’s expenses increased \$38,939 or 1.7 percent from 2014 to 2015. The primary components of the Home’s expenses are noted below:

- Approximately 62 percent of the Home’s expenses are employee wages and related taxes and benefits. Employee hours increased from approximately 78,500 hours in 2014 to 79,200 in 2015. As a result, wages increased from approximately \$1,148,000 in 2014 to \$1,235,000 in 2015.
- Most other costs were relatively stable or decreased slightly from 2014 to 2015 mostly as a result of the small decreases in occupancy, acuity and third-party payers it experienced in 2015.

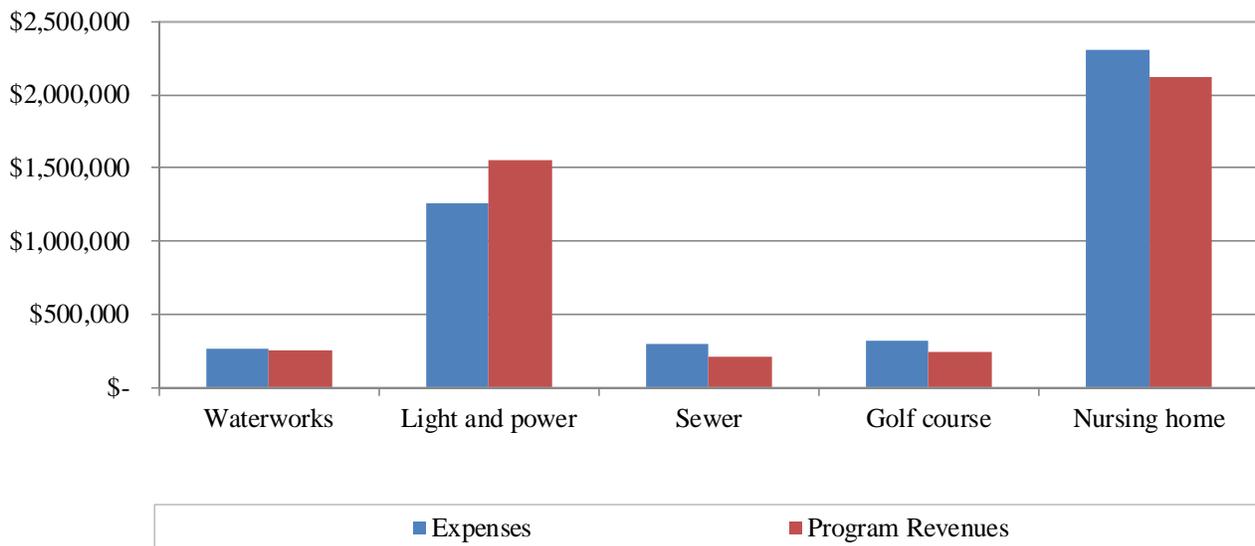
The Golf Course fund balance decreased by \$50,081 due to charges for services not covering operating expenses.

The Sewer fund balance decreased by \$114,943 during 2015.

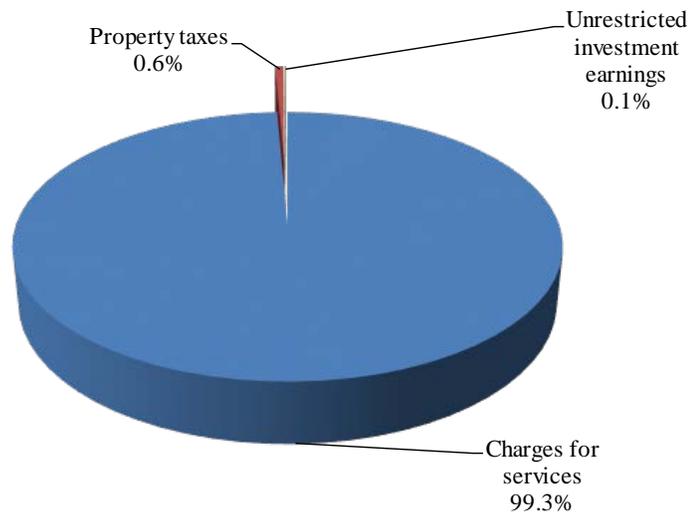
The Light and Power fund balance increased by \$264,808 during 2015.

The Waterworks fund balance decreased by \$35,688 during 2015.

### Expenses and Program Revenues - Business-type Activities



## Revenues by Source - Business-type Activities



### Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City'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 financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,097,328, an increase of \$233,639 in comparison with the prior year. This increase is mainly attributable to the sale of land and transfer in from the Proprietary funds. Of the total amount, a fund balance of \$758,562, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. Most of the remainder of fund balance is restricted to indicate that it is not available for new spending because it nonspendable (\$4,549), restricted (\$1,831,180), committed (\$30,817), or assigned (\$472,220) for the purposes described in the fund balance section of each balance sheet.

The General fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was \$1,087,402. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 66.2 percent of fund expenditures, while total fund balance represents 89.2 percent of that same amount.

The fund balance of the City's General fund increased by \$248,236 during the current fiscal year due the sale of land for the Holly Street project.

The Debt Service fund has a total fund balance of \$1,132,596. The net decrease in fund balance during the current year in the Debt Service fund was \$91,188 due to the scheduled retirement of debt.

The 2014 Street and Utility Improvements fund has a total fund balance of \$84,800. The fund balance is due to unspent bond proceeds as of year-end. The project is scheduled to be completed in 2016.

The Highway 14 Turnback fund has a total fund deficit of \$47,944. This project will be bonded for in 2016.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to a deficit of \$146,870. The total decrease in net position for the funds was \$121,494. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. Revenues were more than expectations by \$82,145 and the expenditure were under budget by \$36,220, accounting for a portion of the \$248,236 increase in the fund balance of the General fund for 2015.

## 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 \$15,075,334 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was 3.3 percent (a 3.4 percent decrease for governmental activities and a 3.3 percent decrease for business-type activities).

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

- Project costs for Holly Lane had expenditures of \$58,255.
- Fire department Morton building addition for \$57,654.
- SCADA system upgrades for \$54,341.
- Construction costs for the 2014 Street and Utility Improvements project for a total of \$86,736.

Additional information on the City's capital assets can be found in Note 3C starting on page 65 of this report.

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

	Governmental Activities			Business-type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Land	\$ 99,799	\$ 99,799	\$ -	\$ 752,341	\$ 752,341	\$ -
Land improvements	-	-	-	17,267	19,283	(2,016)
Buildings	406,450	367,656	38,794	795,776	806,639	(10,863)
Machinery and equipment	299,157	311,223	(12,066)	484,633	446,099	38,534
Motor vehicles	160,179	188,990	(28,811)	-	1,640	(1,640)
Infrastructure/PUC plant	4,907,781	4,811,961	95,820	6,973,618	7,142,305	(168,687)
Construction in progress	178,333	484,012	(305,679)	-	163,269	(163,269)
<b>Total</b>	<b>\$ 6,051,699</b>	<b>\$ 6,263,641</b>	<b>\$ (211,942)</b>	<b>\$ 9,023,635</b>	<b>\$ 9,331,576</b>	<b>\$ (307,941)</b>

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$6,055,000. Of this amount, \$5,254,844 is special assessment debt and \$800,156 is revenue debt. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

### City of Janesville's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
General obligation special assessment bonds	\$ 5,254,844	\$ 5,799,376	\$ (544,532)	\$ -	\$ -	\$ -
General obligation revenue bonds	-	-	-	800,156	885,624	(85,468)
Capital leases	97,905	108,673	(10,768)	-	3,532	(3,532)
Notes	158,155	170,000	(11,845)	-	-	-
Other long-term debt	29,243	34,116	(4,873)	-	-	-
<b>Total</b>	<b><u>\$ 5,540,147</u></b>	<b><u>\$ 6,112,165</u></b>	<b><u>\$ (572,018)</u></b>	<b><u>\$ 800,156</u></b>	<b><u>\$ 889,156</u></b>	<b><u>\$ (89,000)</u></b>

The City's total debt decreased by \$661,018 (9.4 percent) during the current fiscal year. The key factor in this decrease is the retirement of debt in the amount of \$661,018.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is \$3,242,919. The City does not have any debt subject to this limitation.

Additional information on the City's long-term debt can be found in Note 3E starting on page 69 of this report.

#### Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Waseca County is currently 4.5 percent, which is an increase from a rate of 4.2 percent a year ago. This is higher than the State's average unemployment rate of 3.7 percent and slightly lower than the national average rate of 4.8 percent.
- Property valuations within the City remain strong and growing.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2016 fiscal year.

Property taxes will increase 5 percent from 2015 to 2016.

#### 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 City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator/Clerk/Treasurer, City of Janesville, 101 North Mott Street, P.O. Box O, Janesville, MN 56048.

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CITY OF JANESVILLE  
JANESVILLE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Authority
<b>ASSETS</b>				
Cash and temporary investments	\$ 2,433,222	\$ 564,475	\$ 2,997,697	\$ 100,669
Restricted assets	564,663	352,971	917,634	-
Receivables				
Delinquent taxes	93,316	-	93,316	-
Accounts	21,614	373,459	395,073	1,557
Notes, net of allowance	225,295	118,720	344,015	-
Special assessments	1,238,062	8,130	1,246,192	-
Intergovernmental	209,582	-	209,582	-
Inventories	-	97,222	97,222	-
Prepaid items	4,549	21,238	25,787	6,390
Pension asset	73,642	-	73,642	-
Capital assets				
Nondepreciable	278,132	752,341	1,030,473	30,813
Depreciable	5,773,567	8,271,294	14,044,861	748,729
<b>TOTAL ASSETS</b>	<b>10,915,644</b>	<b>10,559,850</b>	<b>21,475,494</b>	<b>888,158</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension resources	124,352	145,501	269,853	-
<b>LIABILITIES</b>				
Accounts payable	351,567	206,513	558,080	1,625
Due to other governments	1,003	15,152	16,155	4,807
Accrued interest payable	69,389	10,782	80,171	-
Accrued salaries payable	9,027	6,111	15,138	6,180
Customer deposits payable	-	25,407	25,407	8,181
Accrued liabilities - other	-	64,245	64,245	-
Unearned revenue	-	28,039	28,039	-
Noncurrent liabilities				
Due within one year	1,148,055	107,632	1,255,687	13,120
Due in more than one year	4,920,599	1,856,068	6,776,667	177
<b>TOTAL LIABILITIES</b>	<b>6,499,640</b>	<b>2,319,949</b>	<b>8,819,589</b>	<b>34,090</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension resources	126,365	309,923	436,288	-
<b>NET POSITION</b>				
Net investment in capital assets	1,214,737	8,222,349	9,437,086	779,542
Restricted for				
Debt service	1,707,513	-	1,707,513	-
Cemetery operations	75,008	-	75,008	-
Loan programs	254,083	-	254,083	-
Police department operations	7,284	-	7,284	-
Capital projects	84,800	-	84,800	-
Future improvements	277,409	-	277,409	-
Unrestricted	793,157	(146,870)	646,287	74,526
<b>TOTAL NET POSITION</b>	<b>\$ 4,413,991</b>	<b>\$ 8,075,479</b>	<b>\$ 12,489,470</b>	<b>\$ 854,068</b>

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

CITY OF JANESVILLE, 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
Primary government				
Governmental activities				
General government	\$ 424,074	\$ 91,903	\$ -	\$ -
Public safety	418,497	65,692	45,964	-
Streets and highways	932,741	-	-	93,876
Sanitation	12,895	-	-	-
Culture and recreation	60,714	3,050	-	7,000
Housing and economic development	321,460	3,466	279,120	-
Miscellaneous	11,346	1,575	75,000	-
Interest on long-term debt	178,200	-	-	-
Total governmental activities	<u>2,359,927</u>	<u>165,686</u>	<u>400,084</u>	<u>100,876</u>
Business-type activities				
Waterworks	264,245	248,102	-	-
Light and power	1,254,750	1,554,032	-	-
Sewage collection	299,721	209,656	-	-
Golf course	314,930	239,849	-	-
Nursing home	2,311,049	2,122,517	945	-
Total business-type activities	<u>4,444,695</u>	<u>4,374,156</u>	<u>945</u>	<u>-</u>
Total primary government	<u>\$ 6,804,622</u>	<u>\$ 4,539,842</u>	<u>\$ 401,029</u>	<u>\$ 100,876</u>
Component unit				
Housing and redevelopment authority	<u>\$ 313,185</u>	<u>\$ 129,563</u>	<u>\$ 64,686</u>	<u>\$ -</u>

General revenues  
 Property taxes, levied for general purposes  
 Property taxes, levied for debt service  
 Tax increment  
 Franchise taxes  
 Grants and contributions not restricted to specific programs  
 Unrestricted investment earnings  
 Other revenues  
 Gain on sale of assets

Transfers

Total general revenues and transfers

Change in net position

Net position, January 1 as restated (Note 7)

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

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Authority
\$ (332,171)		\$ (332,171)	
(306,841)		(306,841)	
(838,865)		(838,865)	
(12,895)		(12,895)	
(50,664)		(50,664)	
(38,874)		(38,874)	
65,229		65,229	
<u>(178,200)</u>		<u>(178,200)</u>	
<u>(1,693,281)</u>		<u>(1,693,281)</u>	
-	\$ (16,143)	(16,143)	
-	299,282	299,282	
-	(90,065)	(90,065)	
-	(75,081)	(75,081)	
-	<u>(187,587)</u>	<u>(187,587)</u>	
-	<u>(69,594)</u>	<u>(69,594)</u>	
<u>(1,693,281)</u>	<u>(69,594)</u>	<u>(1,762,875)</u>	
			<u>\$ (118,936)</u>
238,493	-	238,493	-
464,278	25,000	489,278	-
49,232	-	49,232	-
133,834	-	133,834	-
797,669	-	797,669	-
2,996	3,100	6,096	653
46,764	-	46,764	-
152,409	-	152,409	5,818
<u>80,000</u>	<u>(80,000)</u>	<u>-</u>	<u>-</u>
<u>1,965,675</u>	<u>(51,900)</u>	<u>1,913,775</u>	<u>6,471</u>
272,394	(121,494)	150,900	(112,465)
<u>4,141,597</u>	<u>8,196,973</u>	<u>12,338,570</u>	<u>966,533</u>
<u>\$ 4,413,991</u>	<u>\$ 8,075,479</u>	<u>\$ 12,489,470</u>	<u>\$ 854,068</u>

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

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**FUND FINANCIAL STATEMENTS**

CITY OF JANESVILLE  
JANESVILLE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

CITY OF JANESVILLE, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015

	General	Debt Service	2014 Street and Utility Improvements
<b>ASSETS</b>			
Cash and temporary investments	\$ 1,083,460	\$ 554,107	\$ 84,800
Restricted assets	-	564,663	-
Receivables			
Delinquent taxes	39,182	54,134	-
Accounts	21,614	-	-
Notes, net of allowance	-	-	-
Special assessments	22,890	1,215,172	-
Intergovernmental	11,585	13,826	-
Prepaid items	3,487	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,182,218</b>	<b>\$ 2,401,902</b>	<b>\$ 84,800</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 22,914	\$ -	\$ -
Due to other governments	803	-	-
Accrued salaries payable	9,027	-	-
<b>TOTAL LIABILITIES</b>	<b>32,744</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	39,182	54,134	-
Unavailable revenue - special assessments	22,890	1,215,172	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>62,072</b>	<b>1,269,306</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable for			
Prepaid items	3,487	-	-
Restricted for			
Debt service	-	1,132,596	-
Cemetery operations	-	-	-
Loan programs	-	-	-
Police department operations	-	-	-
Capital projects	-	-	84,800
Future improvements	277,409	-	-
Committed			
Cemetery operations	-	-	-
Fire department operations	-	-	-
Assigned for			
Fire department operations	-	-	-
Capital projects	-	-	-
Unassigned	806,506	-	-
<b>TOTAL FUND BALANCES</b>	<b>1,087,402</b>	<b>1,132,596</b>	<b>84,800</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,182,218</b>	<b>\$ 2,401,902</b>	<b>\$ 84,800</b>

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

Highway 14 Turnback	Other Governmental Funds	Total Governmental Funds
\$ 57,326	\$ 653,529	\$ 2,433,222
-	-	564,663
-	-	93,316
-	-	21,614
-	225,295	225,295
-	-	1,238,062
105,270	78,901	209,582
-	1,062	4,549
<u>\$ 162,596</u>	<u>\$ 958,787</u>	<u>\$ 4,790,303</u>
\$ 210,540	\$ 118,113	\$ 351,567
-	200	1,003
-	-	9,027
<u>210,540</u>	<u>118,313</u>	<u>361,597</u>
-	-	93,316
-	-	1,238,062
<u>-</u>	<u>-</u>	<u>1,331,378</u>
-	1,062	4,549
-	-	1,132,596
-	75,008	75,008
-	254,083	254,083
-	7,284	7,284
-	-	84,800
-	-	277,409
-	10,000	10,000
-	20,817	20,817
-	199,318	199,318
-	272,902	272,902
<u>(47,944)</u>	<u>-</u>	<u>758,562</u>
<u>(47,944)</u>	<u>840,474</u>	<u>3,097,328</u>
<u>\$ 162,596</u>	<u>\$ 958,787</u>	<u>\$ 4,790,303</u>

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

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

	<u>Primary Government</u>
Amounts reported for governmental activities in the statement of net position are different because	
Total fund balances - governmental funds	\$ 3,097,328
Long-term assets from pensions reported in governmental actives are not financial resources and therefore are not reported as assets in the funds.	73,642
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	6,051,699
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Compensated absences payable	(8,628)
Bonds payable	(5,254,844)
Capital lease payable	(97,905)
Notes payable	(158,155)
Bond premiums, net of accumulated amortization	(35,858)
Other long-term debt	(29,243)
Pension liability	(484,021)
Long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.	
Delinquent property taxes receivable	93,316
Special assessments receivable	1,238,062
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	124,352
Deferred inflows of pension resources	(126,365)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(69,389)</u>
Total net position - governmental activities	<u><u>\$ 4,413,991</u></u>

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

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

	General	Debt Service	2014 Street and Utility Improvements
REVENUES			
Taxes	\$ 372,327	\$ 502,323	\$ -
Special assessments	208	118,696	-
Licenses and permits	26,693	-	-
Intergovernmental	847,063	-	-
Charges for services	92,161	-	-
Fines and forfeits	5,312	-	-
Investment earnings	424	2,188	73
Miscellaneous	36,947	-	-
	<u>1,381,135</u>	<u>623,207</u>	<u>73</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General government	395,308	-	-
Public safety	377,091	-	-
Streets and highways	217,726	-	-
Sanitation	12,895	-	-
Culture and recreation	43,374	-	-
Housing and economic development	58,398	475	-
Miscellaneous	8,810	-	-
Capital outlay			
General government	20,856	-	-
Public safety	7,750	-	-
Streets and highways	58,255	-	65,625
Culture and recreation	-	-	-
Miscellaneous	1,880	-	-
Debt service			
Principal	12,663	544,532	-
Interest and other	3,632	181,926	-
	<u>1,218,638</u>	<u>726,933</u>	<u>65,625</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>162,497</u>	<u>(103,726)</u>	<u>(65,552)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	80,000	12,538	-
Sale of assets	152,409	-	-
Transfers out	(146,670)	-	-
	<u>85,739</u>	<u>12,538</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	248,236	(91,188)	(65,552)
FUND BALANCES, JANUARY 1	<u>839,166</u>	<u>1,223,784</u>	<u>150,352</u>
FUND BALANCES, DECEMBER 31	<u>\$ 1,087,402</u>	<u>\$ 1,132,596</u>	<u>\$ 84,800</u>

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

Highway 14 Turnback	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 874,650
-	-	118,904
-	-	26,693
315,810	313,967	1,476,840
-	39,569	131,730
-	-	5,312
10	301	2,996
-	95,143	132,090
<u>315,820</u>	<u>448,980</u>	<u>2,769,215</u>
-	-	395,308
-	47,527	424,618
-	-	217,726
-	-	12,895
-	-	43,374
-	263,440	322,313
-	-	8,810
-	-	20,856
-	49,918	57,668
339,744	37,895	501,519
-	1,954	1,954
-	-	1,880
-	14,823	572,018
-	1,488	187,046
<u>339,744</u>	<u>417,045</u>	<u>2,767,985</u>
<u>(23,924)</u>	<u>31,935</u>	<u>1,230</u>
-	192,406	284,944
-	-	152,409
-	(58,274)	(204,944)
-	134,132	232,409
(23,924)	166,067	233,639
<u>(24,020)</u>	<u>674,407</u>	<u>2,863,689</u>
<u>\$ (47,944)</u>	<u>\$ 840,474</u>	<u>\$ 3,097,328</u>

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

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

	<u>Primary Government</u>
Amounts reported for governmental activities in the statement of activities are different because	
Net change in fund balances - governmental funds	\$ 233,639
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	214,809
Depreciation expense	(478,588)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are delayed and amortized in the statement of activities.	
Principal repayments	572,018
Net premium/discount on bonds issued, net of amortization expense	4,191
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	
	4,655
Long-term pension activity is not reported in governmental funds.	
Pension expense	89,805
Direct aid contributions	1,260
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Property taxes	11,187
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Special assessments	(381,750)
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.	
Compensated absences	<u>1,168</u>
Change in net position - governmental activities	<u>\$ 272,394</u>

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

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 348,565	\$ 348,565	\$ 372,327	\$ 23,762
Special assessments	-	-	208	208
Licenses and permits	29,250	29,250	26,693	(2,557)
Intergovernmental	808,075	808,075	847,063	38,988
Charges for services	89,600	89,600	92,161	2,561
Fines and forfeits	7,500	7,500	5,312	(2,188)
Investment earnings	500	500	424	(76)
Miscellaneous	15,500	15,500	36,947	21,447
<b>TOTAL REVENUES</b>	<b>1,298,990</b>	<b>1,298,990</b>	<b>1,381,135</b>	<b>82,145</b>
<b>EXPENDITURES</b>				
Current				
General government	464,486	464,486	395,308	69,178
Public safety	370,648	370,648	377,091	(6,443)
Streets and highways	219,136	219,136	217,726	1,410
Sanitation	-	-	12,895	(12,895)
Culture and recreation	43,665	43,665	43,374	291
Housing and economic development	77,397	77,397	58,398	18,999
Miscellaneous	9,126	9,126	8,810	316
Capital outlay				
General government	18,000	18,000	20,856	(2,856)
Public safety	6,900	6,900	7,750	(850)
Streets and highways	43,000	43,000	58,255	(15,255)
Culture and recreation	500	500	-	500
Miscellaneous	2,000	2,000	1,880	120
Debt service				
Principal	-	-	12,663	(12,663)
Interest and other	-	-	3,632	(3,632)
<b>TOTAL EXPENDITURES</b>	<b>1,254,858</b>	<b>1,254,858</b>	<b>1,218,638</b>	<b>36,220</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>44,132</b>	<b>44,132</b>	<b>162,497</b>	<b>118,365</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	80,000	80,000	80,000	-
Sale of assets	-	-	152,409	152,409
Transfers out	(124,132)	(124,132)	(146,670)	(22,538)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(44,132)</b>	<b>(44,132)</b>	<b>85,739</b>	<b>129,871</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>248,236</b>	<b>248,236</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>839,166</b>	<b>839,166</b>	<b>839,166</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 839,166</b>	<b>\$ 839,166</b>	<b>\$ 1,087,402</b>	<b>\$ 248,236</b>

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

CITY OF JANESVILLE, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS - CONTINUED ON THE FOLLOWING PAGES  
DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds	
	<b>601</b>	<b>602</b>
	Waterworks	Sewage Collection
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	\$ 664,379	\$ 163,474
Receivables		
Accounts	27,004	23,277
Inventories	9,961	-
Notes receivable - current portion	-	-
Special assessment - current portion	-	498
Prepaid items	358	-
	<u>701,702</u>	<u>187,249</u>
<b>TOTAL CURRENT ASSETS</b>		
NONCURRENT ASSETS		
Restricted assets		
By board for capital improvements	-	-
Under trust agreement	-	-
Under resident council agreement	-	-
	<u>-</u>	<u>-</u>
Total restricted assets	-	-
Special assessments	6,636	996
Notes receivable	-	-
Capital assets		
Land	7,500	10,341
Land improvements	-	-
Buildings and structures	-	421,998
Infrastructure and improvements	4,438,628	7,255,400
Equipment	22,757	70,673
Vehicles	-	14,361
Less accumulated depreciation	(1,838,071)	(3,803,682)
	<u>2,630,814</u>	<u>3,969,091</u>
Total capital assets, net of accumulated depreciation		
	<u>2,630,814</u>	<u>3,969,091</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>2,637,450</u>	<u>3,970,087</u>
<b>TOTAL ASSETS</b>	<u>3,339,152</u>	<u>4,157,336</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources	4,437	4,802
	<u>4,437</u>	<u>4,802</u>

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

Business-type Activities - Enterprise Funds

<b>604</b> Light and Power	<b>608</b> Nursing Home	<b>613</b> Golf Course	Total
\$ 888,988	\$ 825,680	\$ (1,978,046)	\$ 564,475
170,506	152,649	23	373,459
80,551	-	6,710	97,222
-	8,720	-	8,720
-	-	-	498
804	19,504	572	21,238
<u>1,140,849</u>	<u>1,006,553</u>	<u>(1,970,741)</u>	<u>1,065,612</u>
-	336,902	-	336,902
-	15,314	-	15,314
-	755	-	755
-	<u>352,971</u>	-	<u>352,971</u>
-	-	-	7,632
-	<u>110,000</u>	-	<u>110,000</u>
8,001	11,024	715,475	752,341
-	55,184	-	55,184
303,473	913,997	238,867	1,878,335
2,007,211	-	10,269	13,711,508
2,225,174	804,018	222,319	3,344,941
205,124	-	-	219,485
<u>(3,590,912)</u>	<u>(1,353,705)</u>	<u>(351,789)</u>	<u>(10,938,159)</u>
<u>1,158,071</u>	<u>430,518</u>	<u>835,141</u>	<u>9,023,635</u>
<u>1,158,071</u>	<u>893,489</u>	<u>835,141</u>	<u>9,494,238</u>
<u>2,298,920</u>	<u>1,900,042</u>	<u>(1,135,600)</u>	<u>10,559,850</u>
<u>11,693</u>	<u>115,039</u>	<u>9,530</u>	<u>145,501</u>

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

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

	Business-type Activities - Enterprise Funds	
	601	602
	Waterworks	Sewage Collection
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 12,619	\$ 803
Due to other governments	2,759	86
Accrued interest payable	7,076	3,706
Accrued salaries payable	1,405	890
Compensated absences payable - current portion	2,061	1,485
Accrued liabilities - other	-	-
Customer deposits payable	-	-
Unearned revenue	-	-
Bonds payable - current portion	78,547	19,355
<b>TOTAL CURRENT LIABILITIES</b>	<b>104,467</b>	<b>26,325</b>
<b>NONCURRENT LIABILITIES</b>		
Residents' trust	-	-
Residents' council trust	-	-
Pension liability	37,971	41,091
Compensated absences payable - net of current portion	23	-
Bonds payable - net of current portion	453,764	249,620
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>491,758</b>	<b>290,711</b>
<b>TOTAL LIABILITIES</b>	<b>596,225</b>	<b>317,036</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources	8,452	9,146
<b>NET POSITION</b>		
Net investment in capital assets	2,098,503	3,700,116
Unrestricted	640,409	135,840
<b>TOTAL NET POSITION</b>	<b>\$ 2,738,912</b>	<b>\$ 3,835,956</b>

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

Business-type Activities - Enterprise Funds

<b>604</b>	<b>608</b>	<b>613</b>	
Light and Power	Nursing Home	Golf Course	Total
\$ 77,216	\$ 105,719	\$ 10,156	\$ 206,513
10,243	-	2,064	15,152
-	-	-	10,782
2,140	-	1,676	6,111
6,184	-	-	9,730
-	64,245	-	64,245
25,407	-	-	25,407
-	-	28,039	28,039
-	-	-	97,902
<u>121,190</u>	<u>169,964</u>	<u>41,935</u>	<u>463,881</u>
-	15,314	-	15,314
-	755	-	755
100,061	875,846	81,553	1,136,522
70	-	-	93
-	-	-	703,384
<u>100,131</u>	<u>891,915</u>	<u>81,553</u>	<u>1,856,068</u>
<u>221,321</u>	<u>1,061,879</u>	<u>123,488</u>	<u>2,319,949</u>
<u>22,272</u>	<u>251,901</u>	<u>18,152</u>	<u>309,923</u>
1,158,071	430,518	835,141	8,222,349
908,949	270,783	(2,102,851)	(146,870)
<u>\$ 2,067,020</u>	<u>\$ 701,301</u>	<u>\$ (1,267,710)</u>	<u>\$ 8,075,479</u>

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

CITY OF JANESVILLE, MINNESOTA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS - CONTINUED ON THE FOLLOWING PAGES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds	
	601	602
	Waterworks	Sewage Collection
OPERATING REVENUES		
Charges for services	\$ 248,078	\$ 209,566
Net resident revenue	-	-
Other revenue	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>248,078</b>	<b>209,566</b>
OPERATING EXPENSES		
Golf course	-	-
Clubhouse	-	-
Sewer administration	-	100,765
Production	-	-
Purchased power	-	-
Distribution	115,572	-
Administration and operations	14,915	-
Nursing	-	-
Ancillary services	-	-
Other care related	-	-
Dietary	-	-
Laundry	-	-
Housekeeping	-	-
Plant operations and maintenance	-	-
Property and related	-	-
General and administrative	-	-
Depreciation	115,077	189,341
Interest	-	-
Employee benefits	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>245,564</b>	<b>290,106</b>
OPERATING INCOME (LOSS)	<b>2,514</b>	<b>(80,540)</b>
NONOPERATING REVENUES (EXPENSES)		
Property taxes	-	-
Special assessments	-	90
Other income	24	-
Investment earnings	455	122
Noncapital grants and contributions	-	-
Contributions and donations	-	-
Interest and other expense	(18,681)	(9,615)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(18,202)</b>	<b>(9,403)</b>
INCOME (LOSS) BEFORE TRANSFERS	(15,688)	(89,943)
TRANSFERS OUT	(20,000)	(25,000)
CHANGE IN NET POSITION	(35,688)	(114,943)
NET POSITION, JANUARY 1 AS RESTATED (NOTE 7)	2,774,600	3,950,899
NET POSITION, DECEMBER 31	<u>\$ 2,738,912</u>	<u>\$ 3,835,956</u>

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

Business-type Activities - Enterprise Funds

<b>604</b> Light and Power	<b>608</b> Nursing Home	<b>613</b> Golf Course	Total
\$ 1,548,912	\$ -	\$ 236,353	\$ 2,242,909
-	2,088,052	-	2,088,052
-	34,465	-	34,465
<u>1,548,912</u>	<u>2,122,517</u>	<u>236,353</u>	<u>4,365,426</u>
-	-	124,524	124,524
-	-	175,786	175,786
-	-	-	100,765
122,736	-	-	122,736
744,712	-	-	744,712
136,792	-	-	252,364
131,547	-	-	146,462
-	942,339	-	942,339
-	91,858	-	91,858
-	108,101	-	108,101
-	261,623	-	261,623
-	52,771	-	52,771
-	79,739	-	79,739
-	150,205	-	150,205
-	112,600	-	112,600
-	254,577	-	254,577
118,963	58,170	14,620	496,171
-	706	-	706
-	197,990	-	197,990
<u>1,254,750</u>	<u>2,310,679</u>	<u>314,930</u>	<u>4,416,029</u>
<u>294,162</u>	<u>(188,162)</u>	<u>(78,577)</u>	<u>(50,603)</u>
-	-	25,000	25,000
-	-	-	90
5,120	-	3,246	8,390
526	1,997	-	3,100
-	945	-	945
-	(370)	250	(120)
-	-	-	(28,296)
<u>5,646</u>	<u>2,572</u>	<u>28,496</u>	<u>9,109</u>
299,808	(185,590)	(50,081)	(41,494)
<u>(35,000)</u>	<u>-</u>	<u>-</u>	<u>(80,000)</u>
264,808	(185,590)	(50,081)	(121,494)
<u>1,802,212</u>	<u>886,891</u>	<u>(1,217,629)</u>	<u>8,196,973</u>
<u>\$ 2,067,020</u>	<u>\$ 701,301</u>	<u>\$ (1,267,710)</u>	<u>\$ 8,075,479</u>

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

CITY OF JANESVILLE, MINNESOTA  
STATEMENT OF CASH FLOW  
PROPRIETARY FUNDS - CONTINUED ON THE FOLLOWING PAGES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds	
	<b>601</b>	<b>602</b>
	Waterworks	Sewage Collection
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 250,511	\$ 210,438
Payments to suppliers and vendors	(64,504)	(59,083)
Payments to and on behalf of employees	(66,046)	(55,111)
Cash paid to suppliers and employees - nursing home	-	-
Other receipts	24	-
	<u>119,985</u>	<u>96,244</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Contributions and donations	-	-
Noncapital grants and contributions	-	-
Transfers to other funds	(20,000)	(25,000)
	<u>(20,000)</u>	<u>(25,000)</u>
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(13,149)	(12,904)
Property taxes received	-	-
Special assessments received	-	588
Principal paid on capital lease payable	-	-
Principal paid on revenue bonds payable	(67,031)	(18,437)
Interest paid on long-term debt	(19,239)	(9,976)
	<u>(99,419)</u>	<u>(40,729)</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	455	122
Cash received for note receivable	-	-
	<u>455</u>	<u>122</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,021	30,637
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>663,358</u>	<u>132,837</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 664,379</u>	<u>\$ 163,474</u>
<b>CASH AND CASH EQUIVALENTS SUMMARY</b>		
Cash and temporary investments	\$ 664,379	\$ 163,474
Restricted assets	-	-
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 664,379</u>	<u>\$ 163,474</u>

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

Business-type Activities - Enterprise Funds

<b>604</b>	<b>608</b>	<b>613</b>	
Light and Power	Nursing Home	Golf Course	Total
\$ 1,561,276	\$ 2,150,945	\$ 241,954	\$ 4,415,124
(965,233)	-	(110,903)	(1,199,723)
(162,146)	-	(173,102)	(456,405)
-	(2,296,389)	-	(2,296,389)
<u>5,120</u>	<u>-</u>	<u>3,246</u>	<u>8,390</u>
<u>439,017</u>	<u>(145,444)</u>	<u>(38,805)</u>	<u>470,997</u>
-	(370)	250	(120)
-	945	-	945
<u>(35,000)</u>	<u>-</u>	<u>-</u>	<u>(80,000)</u>
<u>(35,000)</u>	<u>575</u>	<u>250</u>	<u>(79,175)</u>
(84,758)	(77,419)	-	(188,230)
-	-	25,000	25,000
-	-	-	588
-	(3,532)	-	(3,532)
-	-	-	(85,468)
<u>-</u>	<u>(706)</u>	<u>-</u>	<u>(29,921)</u>
<u>(84,758)</u>	<u>(81,657)</u>	<u>25,000</u>	<u>(281,563)</u>
526	4,588	-	5,691
<u>-</u>	<u>6,840</u>	<u>-</u>	<u>6,840</u>
<u>526</u>	<u>11,428</u>	<u>-</u>	<u>12,531</u>
319,785	(215,098)	(13,555)	122,790
<u>569,203</u>	<u>1,393,749</u>	<u>(1,964,491)</u>	<u>794,656</u>
<u>\$ 888,988</u>	<u>\$ 1,178,651</u>	<u>\$ (1,978,046)</u>	<u>\$ 917,446</u>
\$ 888,988	\$ 825,680	\$ (1,978,046)	\$ 564,475
<u>-</u>	<u>352,971</u>	<u>-</u>	<u>352,971</u>
<u>\$ 888,988</u>	<u>\$ 1,178,651</u>	<u>\$ (1,978,046)</u>	<u>\$ 917,446</u>

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

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

	Business-type Activities - Enterprise Funds	
	601	602
	Waterworks	Sewage Collection
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 2,514	\$ (80,540)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Other income related to operations	24	-
Depreciation	115,077	189,341
Interest paid	-	-
(Increase) decrease in assets		
Accounts receivable	2,433	872
Inventories	(1,591)	-
Prepaid items	35	-
(Increase) decrease in deferred outflows of resources		
Deferred pension resources	968	3,809
Increase (decrease) in liabilities		
Accounts payable	(4,758)	478
Due to other governments	320	86
Accrued salaries payable	(565)	(714)
Compensated absences payable	1,379	33
Customer deposits payable	-	-
Pension liability	4,690	(11,939)
Unearned revenue	-	-
Increase (decrease) in deferred inflows of resources		
Deferred pension resources	(541)	(5,182)
	\$ 119,985	\$ 96,244
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Capital assets contributed by (to) other funds	\$ -	\$ -
Amortization of bond (premium) discount	(112)	(76)

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

Business-type Activities - Enterprise Funds

<b>604</b> Light and Power	<b>608</b> Nursing Home	<b>613</b> Golf Course	Total
\$ 294,162	\$ (188,162)	\$ (78,577)	\$ (50,603)
5,120	-	3,246	8,390
118,963	58,170	14,620	496,171
-	706	-	706
5,820	31,463	(23)	40,565
(17,068)	-	95	(18,564)
129	2,308	139	2,611
3,052	30,654	2,641	41,124
19,102	6,163	9,185	30,170
1,724	-	365	2,495
(3,882)	(33,075)	(620)	(38,856)
(1,645)	-	-	(233)
6,544	-	-	6,544
9,259	(54,259)	6,600	(45,649)
-	-	5,624	5,624
<u>(2,263)</u>	<u>588</u>	<u>(2,100)</u>	<u>(9,498)</u>
<u>\$ 439,017</u>	<u>\$ (145,444)</u>	<u>\$ (38,805)</u>	<u>\$ 470,997</u>

\$ -	\$ -	\$ 21,838	\$ 21,838
-	-	-	(188)

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

CITY OF JANESVILLE, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2015

ASSETS

Cash and temporary investments

\$ 6,817

LIABILITIES

Accounts payable

\$ 6,817

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

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

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

**A. Reporting entity**

The City of Janesville, (the City) operates under “Optional Plan A” as defined in the Minnesota statutes. An elected Mayor and a four-member Council govern the City. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. 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 Janesville Public Utilities Commission (the Commission) was established and statutory authority is provided in accordance with chapter 412.321 of the Minnesota statutes. The Commission has three Council approved members who serve overlapping three year terms. The statutes provide the City Council all the discretionary authority necessary to operate the utilities except as its powers has been delegated to the Commission. Accordingly, the Waterworks and Light and Power funds are reported as enterprise funds of the primary government.

The Janesville Nursing Home Board has five Council approved board members, one of which is a Council member. Per the agreement, the Nursing Home is owned by the City of Janesville, in which legal responsibility rests with the City Council. Accordingly, the Janesville Nursing Home, which has a December 31 year end, is reported as an enterprise fund of the primary government.

*Discretely Presented Component Unit.* The Housing and Redevelopment Authority of Janesville, Minnesota (HRA) was created pursuant to Chapter 487 of the Minnesota session laws of 1947. The only activity of the HRA is the management of a federally funded housing project on behalf of the U.S. Department of Housing and Urban Development. The governing body consists of a five member Board of Commissioners appointed by the Mayor to serve five year terms. The City can impose its will on the HRA. The board has separate corporate powers, which would distinguish the HRA as being legally separate from the City. It is this criterion that results in the HRA being reported as a discretely presented component unit. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The discretely presented component unit has a June 30 year end.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

**C. Measurement focus, basis of accounting, and financial statement presentation**

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

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

Property taxes, 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. 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 unavailable 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.

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

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

The City reports the following major governmental funds:

The *General fund* 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.

The *Debt Service fund* accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The *2014 Street and Utility Improvements* fund accounts for the construction activity associated with the 2014 street and utility project.

The *Highway 14 Turnback* fund accounts for the construction activity associated with the Highway 14 Turnback project.

The City reports the following major proprietary funds:

The *Waterworks fund* accounts for costs associated with the City's water system and ensures that user charges are sufficient to pay for those costs.

The *Sewage Collection fund* accounts for the costs associated with the City's sewer system and ensures that user charges are sufficient to pay for those costs.

The *Light and Power fund* accounts for the costs associated with the City's electrical system and ensures that user charges are sufficient to pay for those costs.

The *Nursing Home fund* accounts for the costs associated with the City's nursing home operation and ensure that user charges are sufficient to pay for those costs.

The *Golf Course fund* accounts for the costs associated with the City's golf course operation and ensure that user charges are sufficient to pay for those costs.

Additionally, the City reports the following fund types:

*Fiduciary funds* account for assets held by the government in a trustee capacity or as an agent on behalf of others. The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the government holds for the Veteran's Memorial Fund in an agency capacity.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

*Deposits and investments*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the Statements of Cash Flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

*Investment policy*

The funds only of the City shall be deposited or invested in accordance with Minnesota statutes, chapter 118A and any other applicable law or written administrative procedures. The investment portfolio shall remain sufficiently liquid to meet projected disbursement requirements. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

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

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

***Property taxes***

The City 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. 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 taxes not received within 60 days after year end in the governmental fund financial statements.

***Accounts receivable***

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2015. All enterprise fund trade receivables, except for the Nursing Home, are considered collectible because the City annually certifies delinquent accounts to the County for collection. The Nursing Home grants credit without collateral to its residents, most of who are local individuals and are insured under third-party payor agreements. The Nursing Home provides an allowance for uncollectible accounts based on the allowance method using management's judgment. Residents are not required to provide collateral for services rendered. Accounts past due are individually analyzed for collectability and are written off based on management's judgment. At December 31, 2015, the allowance for uncollectible accounts was \$25,000.

***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 annually certified to the County or 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***

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

***Inventories and prepaid items***

The Utilities fuel stock is priced using the average cost method and the stores and materials inventories are priced at the lower of cost or market at the latest invoice price which approximates the first-in, first-out method of accounting for inventories. All replacement purchases are expensed. Any other inventory items are expensed when purchased. Inventories of governmental funds are recorded as expenditures 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 government-wide and fund financial statements.

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

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

***Restricted assets***

Assets whose use is limited

Assets for the Nursing Home whose use is limited include assets set aside by the Board of Directors for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes; assets held in accordance with the admissions agreement; and assets under the control of the resident council.

Assets are restricted in escrow in Debt Service funds for future payments related to the refunding of bond issues.

***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. Capital assets are defined by the City as assets with an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

Land and land improvements	\$ 5,000
Other improvements	5,000
Buildings	5,000
Building improvements	5,000
Machinery and equipment	1,000
Vehicles	5,000
Infrastructure	25,000
Other assets	1,000

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	4 - 25
Other improvements	15 - 20
Buildings and improvements	7 - 40
System improvements/infrastructure	15 - 30
Machinery and equipment	5 - 15
Vehicles	5 - 30
Other assets	3 - 15

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

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

*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 government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate governmental compensated absences payable.

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

*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 the Janesville Firefighters' Relief Association (the 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.

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

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

***Deferred inflows of resources***

In addition to liabilities, the statement of financial position and fund financial statements sometimes reports 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 as needing to be reported 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.

***Fund balance***

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

*Nonspendable* - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

*Restricted* - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council (the Council), which is 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* - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Council itself or by an official to which the governing body delegates the authority. The Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator.

*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.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unrestricted fund balance of 35 percent of budgeted operating expenditures for cash-flow timing needs.

***Net position***

Net position represents the difference between assets, deferred outflows of resources, 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 - Consists of net position balances 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 balances that do not meet the definition of "restricted" or "net investment in capital assets".

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

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

**A. Budgetary information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General and Fire special revenue funds. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In August of each year, all departments of the City submit requests for appropriations to the Administrator/Clerk/Treasurer so that a budget may be prepared. Before September 30, the proposed budget is presented to the Council for review. The Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Administrator/Clerk/Treasurer. The legal level of budgetary control is the fund level. Budgeted amounts are as originally adopted, or as amended by the Council. No budget amendments were made during the year.

**B. Excess of expenditures over appropriations**

For the year ended December 31, 2015, expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Fire	\$ 99,450	\$ 110,660	\$ 11,210

The above funds' actual expenditures in excess of budget were offset by revenues in excess of budget and available fund balance.

**C. Deficit fund equity**

The following funds had fund equity deficits at December 31, 2015:

Fund	Amount
Capital Project	
Highway 14 Turnback	\$ 47,944
Enterprise	
Golf Course	1,267,710

The above fund deficits will be funded through future transfers, user charges, and future bond proceeds.

CITY OF JANESVILLE, MINNESOTA  
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DECEMBER 31, 2015

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

**A. Deposits and investments**

*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.

Authorized collateral in lieu of a corporate surety bond includes:

- 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.

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 City's carrying amount of deposits was \$3,348,543 and the bank balance was \$4,017,950. The bank balance was covered by federal depository insurance, surety bonds and collateral held by the pledging financial institution's trust department in the City's name.

The carrying amount of deposits from the Housing and Redevelopment Authority, a discretely presented component unit, was \$100,669, and the bank balance was also \$100,669. The bank balance was covered by federal depository insurance held by the entity's agent in the Housing and Redevelopment Authority's name.

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

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

*Investments*

<u>Types of Investments</u>	<u>Credit Quality/ Ratings (1)</u>	<u>Segmented Time Distribution (2)</u>	<u>Fair Value and Carrying Amount</u>
Escrowed investments			
State and local government securities	N/A	1 to 3 years	<u>\$ 564,663</u>

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

At year end, the City's cash held with fiscal agent was \$564,663, which is held in an escrow account for G.O. Improvement Refunding Bonds of 2012A.

The investments of the City are subject to the following risks:

- *Credit Risk.* Is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk.* Is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that may be invested in any one issuer.
- *Interest Rate Risk.* Is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturity of its investment portfolio to less than five years.

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

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

*Cash on hand*

Cash in the possession of the City, consisting of petty cash and change funds, totals \$2,125.

*Cash and temporary investments summary*

A reconciliation of cash and temporary investments as shown on the Statement of Net Position for the City, including the component unit, follows:

	Primary Government	Component Unit - HRA	Fiduciary Funds	Total
Deposits	\$ 3,348,543	\$ 100,669	\$ 6,817	\$ 3,456,029
Investments	564,663	-	-	564,663
Cash on hand	2,125	-	-	2,125
	<u>\$ 3,915,331</u>	<u>\$ 100,669</u>	<u>\$ 6,817</u>	<u>\$ 4,022,817</u>
Total	<u>\$ 3,915,331</u>	<u>\$ 100,669</u>	<u>\$ 6,817</u>	<u>\$ 4,022,817</u>
Cash and temporary investments	\$ 2,997,697	\$ 100,669	\$ 6,817	\$ 3,105,183
Restricted assets	917,634	-	-	917,634
	<u>\$ 3,915,331</u>	<u>\$ 100,669</u>	<u>\$ 6,817</u>	<u>\$ 4,022,817</u>
Total	<u>\$ 3,915,331</u>	<u>\$ 100,669</u>	<u>\$ 6,817</u>	<u>\$ 4,022,817</u>

**B. Notes receivable**

Notes receivable consists of economic development loans to local businesses, which are secured by property and equipment. These loans will be paid back with monthly payments through 2026-2030 at 2-5 percent per annum. The balance as of December 31, 2015 was \$225,295.

The City has also issued notes to renovate and remodel residential and business properties through the Small Cities Development Program. An allowance for the full amount of \$393,068 was set up. These notes are unearned for 10 years, at which time the note is forgiven if the original property owner is still residing at the improved property.

During 2014 the Nursing Home loaned the City \$110,000 to assist the city in its purchase of some property. As of December 31, 2015 there are no terms for repayment of this amount, no interest is being charged and no payments have been scheduled.

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

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

**C. Capital assets**

Capital asset activity for the primary government for the year ended December 31, 2015 was as follows:

*Primary government*

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
<b>Governmental activities</b>					
Capital assets not being depreciated					
Land	\$ 99,799	\$ -	\$ -	\$ -	\$ 99,799
Construction in progress	484,012	51,837	176,914	(534,430)	178,333
Total capital assets not being depreciated	583,811	51,837	176,914	(534,430)	278,132
Capital assets being depreciated					
Buildings and structures	751,959	-	57,654	-	809,613
Infrastructure and improvements	8,898,434	-	476,776	-	9,375,210
Machinery and equipment	1,054,760	(21,838)	37,895	(34,552)	1,036,265
Motor vehicles	842,282	-	-	(15,940)	826,342
Total capital assets being depreciated	11,547,435	(21,838)	572,325	(50,492)	12,047,430
Less accumulated depreciation for					
Buildings and structures	(384,303)	-	(18,860)	-	(403,163)
Infrastructure and improvements	(4,086,473)	-	(380,956)	-	(4,467,429)
Machinery and equipment	(743,537)	21,838	(49,961)	34,552	(737,108)
Motor vehicles	(653,292)	-	(28,811)	15,940	(666,163)
Total accumulated depreciation	(5,867,605)	21,838	(478,588)	50,492	(6,273,863)
Total capital assets being depreciated, net	5,679,830	-	93,737	-	5,773,567
Governmental activities capital assets, net	\$ 6,263,641	\$ 51,837	\$ 270,651	\$ (534,430)	\$ 6,051,699

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

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

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
<b>Business-type activities</b>					
Capital assets not being depreciated					
Land	\$ 752,341	\$ -	\$ -	\$ -	\$ 752,341
Construction in progress	163,269	-	21,111	(184,380)	-
Total capital assets not being depreciated	<u>915,610</u>	<u>-</u>	<u>21,111</u>	<u>(184,380)</u>	<u>752,341</u>
Capital assets being depreciated					
Land improvements	55,184	-	-	-	55,184
Buildings and structures	1,850,590	-	27,745	-	1,878,335
Infrastructure and improvements	13,527,128	-	184,380	-	13,711,508
Machinery and equipment	3,187,646	21,838	139,374	(3,917)	3,344,941
Motor vehicles	239,934	-	-	(20,449)	219,485
Total capital assets being depreciated	<u>18,860,482</u>	<u>21,838</u>	<u>351,499</u>	<u>(24,366)</u>	<u>19,209,453</u>
Less accumulated depreciation for					
Land improvements	(35,901)	-	(2,016)	-	(37,917)
Buildings and structures	(1,043,951)	-	(38,608)	-	(1,082,559)
Infrastructure and improvements	(6,384,823)	-	(353,067)	-	(6,737,890)
Machinery and equipment	(2,741,547)	(21,838)	(100,840)	3,917	(2,860,308)
Motor vehicles	(238,294)	-	(1,640)	20,449	(219,485)
Total accumulated depreciation	<u>(10,444,516)</u>	<u>(21,838)</u>	<u>(496,171)</u>	<u>24,366</u>	<u>(10,938,159)</u>
Total capital assets being depreciated, net	<u>8,415,966</u>	<u>-</u>	<u>(144,672)</u>	<u>-</u>	<u>8,271,294</u>
Business-type activities capital assets, net	<u>\$ 9,331,576</u>	<u>\$ -</u>	<u>\$ (123,561)</u>	<u>\$ (184,380)</u>	<u>\$ 9,023,635</u>

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

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

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

**Governmental activities**

General government	\$ 13,937
Public safety	57,881
Streets and highways	390,256
Culture and recreation	15,858
Miscellaneous	656
	<u>656</u>

Total depreciation expense - governmental activities	\$ 478,588
	<u>478,588</u>

**Business-type activities**

Waterworks	\$ 115,077
Sewage collection	189,341
Light and power	118,963
Golf course	14,620
Nursing home	58,170
	<u>58,170</u>

Total depreciation expense - business-type activities	\$ 496,171
	<u>496,171</u>

***Discretely presented component unit***

Capital assets activity for the HRA for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 30,813	\$ -	\$ -	\$ 30,813
Capital assets being depreciated				
Buildings	2,274,658	79,065	(1,531)	2,352,192
Machinery and equipment	135,726	23,215	(8,196)	150,745
Total capital assets being depreciated	<u>2,410,384</u>	<u>102,280</u>	<u>(9,727)</u>	<u>2,502,937</u>
Less accumulated depreciation for				
Buildings	(1,518,095)	(80,286)	1,531	(1,596,850)
Machinery and equipment	(160,268)	(5,145)	8,055	(157,358)
Total accumulated depreciation	<u>(1,678,363)</u>	<u>(85,431)</u>	<u>9,586</u>	<u>(1,754,208)</u>
Total capital assets being depreciated, net	<u>732,021</u>	<u>16,849</u>	<u>(141)</u>	<u>748,729</u>
HRA capital assets, net	<u>\$ 762,834</u>	<u>\$ 16,849</u>	<u>\$ (141)</u>	<u>\$ 779,542</u>

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

Business-type activities

Housing and economic development	\$ 85,431
	<u>85,431</u>

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

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

*Construction commitments*

The City had active construction projects as of December 31, 2015. The projects include improvements to existing streets and utilities. At year end, the City's commitments with contractors are as follows:

Project	Spent-to Date	Remaining Commitment
Holly Lane Project	\$ -	\$ 243,955

*Interfund transfers*

	Transfers in			Total
	General	Debt Service	Nonmajor Governmental Funds	
Transfer out				
General fund	\$ -	\$ 12,538	\$ 134,132	\$ 146,670
Nonmajor governmental funds	-	-	58,274	58,274
Waterworks fund	20,000	-	-	20,000
Sewage Collection fund	25,000	-	-	25,000
Light and Power fund	35,000	-	-	35,000
<b>Total</b>	<b>\$ 80,000</b>	<b>\$ 12,538</b>	<b>\$ 192,406</b>	<b>\$ 284,944</b>

The following transfers were made during 2015:

- From the General fund to the Fire fund (\$86,132) for a budgeted transfer.
- From the General fund to the Judicial District #11 Debt Service fund (\$12,538) to close the fund.
- From the General fund to the Police Department Capital Reserve fund (\$15,000), Street/Park Capital Reserve fund (\$13,000), Playground Equipment Reserve fund (\$5,000), and Revolving Loan fund (\$5,000), for budgeted reserve transfers.
- From the Fire fund to the Fire Capital Reserve for a budgeted transfer (\$20,000).
- From the General fund to the Cemetary fund for donations received (\$10,000).
- From the SCDP Grant fund to the Revolving loan fund for the City's portion of the SCDP Grant loans (\$38,274).
- From the Waterworks (\$20,000), Sewage Collection (\$25,000) and Light and Power (\$35,000) funds to the General fund for payment in lieu of taxes.

**D. Leases**

*Operating leases*

In 2015, the City entered into a noncancelable operating lease. Under the lease, the City is the lessee of computer technology for a period of three years. Total cost for the lease was \$2,528 in the year ended December 31, 2015.

In 2012, the City also entered into a noncancelable operating lease in which the City is the lessee of a copier for a period of five years. The cost for the lease was \$4,190 in the year ended December 31, 2015.

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

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

**E. Long-term debt**

G.O. special assessment (improvement) bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2007A	\$ 1,105,000	4.00 - 4.55 %	09/01/07	02/01/23	\$ 625,000
G.O. Refunding Bonds of 2009A	1,175,000	1.20 - 3.45	03/18/09	02/01/19	520,000
G.O. Improvement Bonds of 2009C	1,640,000	1.00 - 4.00	08/01/09	02/01/23	1,060,000
G.O. Improvement Bonds of 2010A	1,073,000	1.30 - 4.35	07/07/10	02/01/31	921,300
G.O. Refunding Bonds of 2010B	540,000	2.00 - 3.00	11/03/10	02/01/21	350,000
G.O. Refunding Bonds of 2012A	1,575,000	0.55 - 2.00	11/01/12	02/01/23	1,230,000
G.O. Improvement Bonds of 2014A	563,676	1.00 - 4.00	07/01/14	12/15/34	<u>548,544</u>
Total G.O. Special Assessment Bonds					<u>\$ 5,254,844</u>

The annual debt service requirements to maturity for general obligation special assessment bonds are as follows:

Year Ending December 31,	<b>G.O. Special Assessment Bonds</b> Governmental Activities		
	Principal	Interest	Total
2016	\$ 1,112,098	\$ 156,702	\$ 1,268,800
2017	577,098	118,226	695,324
2018	605,798	102,944	708,742
2019	510,798	87,780	598,578
2020	454,498	75,091	529,589
2021 - 2025	1,284,990	220,615	1,505,605
2026 - 2030	491,889	100,928	592,817
2031 - 2034	<u>217,675</u>	<u>15,914</u>	<u>233,589</u>
Total	<u>\$ 5,254,844</u>	<u>\$ 878,200</u>	<u>\$ 6,133,044</u>

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

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

General obligation revenue bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be repaid from future revenues pledged from enterprise funds and are backed by the taxing power of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding Bonds of 2009A	\$ 375,000	1.20 - 3.20 %	03/18/09	02/01/18	\$ 135,000
G.O. Improvement Bonds of 2010A	377,000	1.30 - 4.35	07/07/10	02/01/31	323,700
G.O. Refunding Bonds of 2010B	275,000	2.00 - 3.00	11/03/10	02/01/21	165,000
G.O. Improvement Bonds of 2014A	181,324	1.00 - 4.00	07/01/14	12/15/34	<u>176,456</u>
Total G.O. Revenue Bonds					<u>\$ 800,156</u>

The annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31,	<b>G.O. Revenue Bonds</b> Business-type Activities		
	Principal	Interest	Total
2016	\$ 97,902	\$ 24,713	\$ 122,615
2017	97,902	22,268	120,170
2018	104,202	19,550	123,752
2019	59,202	17,249	76,451
2020	60,502	15,552	76,054
2021 - 2025	140,010	62,342	202,352
2026 - 2030	168,111	34,059	202,170
2031 - 2034	<u>72,325</u>	<u>5,169</u>	<u>77,494</u>
Total	<u>\$ 800,156</u>	<u>\$ 200,902</u>	<u>\$ 1,001,058</u>

Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	<u>Waterworks</u>	<u>Sewage Collection</u>
Revenues	\$ 248,078	\$ 209,566
Principal and interest	86,270	28,413
Percentage of revenues	35%	14%

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

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

Capital leases payable

The Nursing Home capital lease of 2012 for computer software leases was issued to finance capital improvements in the enterprise funds. The lease was paid in full during 2015 and there are no commitments for any future payments.

The payloader lease of 2014 was issued to purchase equipment. They will be retired from net revenues of the enterprise funds and tax levies. These lease agreements qualify as capital leases for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

					Governmental Activities
Assets					
Machinery and equipment					\$ 110,753
Less accumulated depreciation					(11,998)
Total					\$ 98,755
Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Payloader Capital Lease	\$ 110,753	3.50 %	11/17/14	12/17/19	\$ 97,905

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

Year Ending December 31,	<b>Capital Leases</b> Governmental Activities		
	Principal	Interest	Total
2016	\$ 11,150	\$ 3,249	\$ 14,399
2017	11,547	2,852	14,399
2018	11,958	2,442	14,400
2019	63,250	1,865	65,115
Total	\$ 97,905	\$ 10,408	\$ 108,313

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

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

Notes payable

The following were issued to finance capital improvements in the governmental funds:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Nursing Home Loan	\$ 110,000	- %	04/22/14		\$ 110,000
Fire Department Loan	60,000	4.21	12/15/14	07/15/19	48,155
Total Notes Payable					<u>\$ 158,155</u>

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

Year Ending December 31,	Notes Payable Governmental Activities		
	Principal	Interest	Total
2016	\$ 11,305	\$ 2,028	\$ 13,333
2017	11,781	1,552	13,333
2018	12,277	1,056	13,333
2019	12,792	538	13,330
Total	<u>\$ 48,155</u>	<u>\$ 5,174</u>	<u>\$ 53,329</u>

In 2014, the Nursing Home loaned the City \$110,000 to assist the City in its purchase of some property. As of December 31, 2015 there were no terms for repayment of this amount. No interest is being charged, and no payments have been scheduled.

Other long-term debt

The following were issued to finance equipment in the governmental funds:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Armer radios - police	\$ 15,162	- %	01/16/14	01/15/21	\$ 11,371
Armer radio - fire	23,827	-	08/26/14	01/15/21	17,872
Total Other Long-term Debt					<u>\$ 29,243</u>

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

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

The annual debt service requirements to maturity for other long-term debt are as follows:

Year Ending December 31,	<b>Other Long-term Debt</b> Business-type Activities		
	Principal	Interest	Total
2016	\$ 4,874	\$ -	\$ 4,874
2017	4,874	-	4,874
2018	4,874	-	4,874
2019	4,874	-	4,874
2020	4,874	-	4,874
2021	4,873	-	4,873
Total	<u>\$ 29,243</u>	<u>\$ -</u>	<u>\$ 29,243</u>

Changes 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
<b>Governmental activities</b>					
Bonds payable					
General obligation special assessment bonds	\$ 5,799,376	\$ -	\$ (544,532)	\$ 5,254,844	\$ 1,112,098
Capital leases payable	108,673	-	(10,768)	97,905	11,150
Loans payable	170,000	-	(11,845)	158,155	11,305
Other long-term debt	34,116	-	(4,873)	29,243	4,874
Compensated absences payable	9,795	20,041	(21,208)	8,628	8,628
Pension liability					
GERF	-	362,291 *	(37,343)	324,948	-
PEPFF	-	180,538 *	(21,465)	159,073	-
Premiums	40,050	-	(4,192)	35,858	-
Governmental activity long-term liabilities	<u>\$ 6,162,010</u>	<u>\$ 562,870</u>	<u>\$ (656,226)</u>	<u>\$ 6,068,654</u>	<u>\$ 1,148,055</u>
<b>Business-type activities</b>					
Bonds payable					
General obligation revenue bonds	\$ 885,624	\$ -	\$ (85,468)	\$ 800,156	\$ 97,902
Capital leases payable	3,532	-	(3,532)	-	-
Compensated absences payable	10,056	14,914	(15,147)	9,823	9,730
Premiums	1,318	-	(188)	1,130	-
Pension liability					
GERF	-	1,169,427	(32,905)	1,136,522	-
Residents' trust payable	13,478	2,591	-	16,069	-
Business-type activity long-term liabilities	<u>\$ 914,008</u>	<u>\$ 1,186,932</u>	<u>\$ (137,240)</u>	<u>\$ 1,963,700</u>	<u>\$ 107,632</u>

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

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

*Component unit debt*

Changes in long-term liabilities

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

<b>Component unit activities</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences payable	\$ 11,625	\$ 1,672	\$ -	\$ 13,297	\$ 13,120

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

**A. Plan description**

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

General Employees Retirement 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 JANESVILLE, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 4: DEFINED BENEFIT PENSION PLAN - 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 \$132,783, \$121,627 and \$125,121 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 \$21,954, \$20,694 and \$18,612, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

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

**Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE - CONTINUED**

**D. Pension costs**

GERF pension costs

At December 31, 2015, the City reported a liability of \$1,461,470 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 0.0282 percent which was a decrease of 0.0041 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$46,594 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	\$ 15,524	\$ 73,683
Changes in actuarial assumptions	99,799	-
Net difference between projected and actual earnings on plan investments	-	157,704
Changes in proportion	-	150,864
Contributions to GERF subsequent to the measurement date	68,151	-
<b>Total</b>	<b>\$ 183,474</b>	<b>\$ 382,251</b>

Deferred outflows of resources totaling \$68,151 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	\$ (81,285)
2017	(81,285)
2018	(138,946)
2019	34,588

PEPFF pension costs

At December 31, 2015, the City reported a liability of \$159,073 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 0.0140 percent which was the same as its proportion measured as of June 30, 2014.

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

**Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE - CONTINUED**

For the year ended December 31, 2015, the City recognized pension expense of \$17,046 for its proportionate share of PEPFF's pension expense. The City also recognized \$1,260 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	\$ 170	\$ 25,796
Changes in actuarial assumptions	30,235	-
Net difference between projected and actual earnings on plan investments	-	28,241
Contributions to PEPFF subsequent to the measurement date	11,919	-
Total	\$ 42,324	\$ 54,037

Deferred outflows of resources totaling \$11,919 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 GERP pensions will be recognized in pension expense as follows:

2016	\$ (9,282)
2017	(9,282)
2018	(9,282)
2019	9,371
2020	(5,157)

**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 disabled members 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 GERP 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 GERP 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.

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

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

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.

**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	\$ 2,297,951	\$ 1,461,470	\$ 770,666
PEPFF	310,034	159,073	34,352

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

**Note 5: DEFINED BENEFIT PENSION PLANS - FIRE RELIEF ASSOCIATION**

**A. Plan description**

All members of the Janesville Fire Department (the Department) are covered by a defined benefit plan (the Plan) administered by the Janesville Fire Department Relief Association (the Association). As of December 31, 2014, the plan covered 26 active firefighters and currently no 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 \$24,878 in fire state aid to the plan on behalf of the Janesville 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's statutorily-required contributions to the plan for the year ended December 31, 2015 were \$17,322. The City's contributions were equal to the required contributions as set by Minnesota statute. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

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

**Note 5: DEFINED BENEFIT PENSION PLANS - FIRE RELIEF ASSOCIATION**

**D. Pension costs**

At December 31, 2015, the City reported a net pension asset of \$73,642 for the plan. The net pension asset was measured as of December 31, 2014. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by Van Iwaarden, 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 expense of \$72,948.

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	\$ 1,855	\$ -
Contributions to plan subsequent to the measurement date	42,200	-
Total	\$ 44,055	\$ -

Deferred outflows of resources totaling \$42,200 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. There were no deferred inflows of resources related to State aid received subsequent to the measurement date that will be recognized for its impact on 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	\$ 464
2017	464
2018	464
2019	463

**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 the later of age 50 or after completion of 20 years of service. If a member is both age 50 and had completed 10 years of service, the lump sum pension will be reduced by 5 percent for each year of service less than 20 years.

Discount rate	6.25%
Inflation rate	2.75%
Investment rate of return	6.25%
20 year municipal bond yield	3.56%

There were no changes in actuarial assumptions in 2014.

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.

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

**Note 5: DEFINED BENEFIT PENSION PLANS - FIRE RELIEF ASSOCIATION**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	53.03 %	5.25 %
International equity	17.97	5.25
Fixed income	13.48	1.75
Real estate and alternatives	0.90	3.75
Cash and equivalents	<u>14.62</u>	0.25
Total	<u><u>100.00 %</u></u>	

**G. Discount rate**

The discount rate used to measure the total pension liability was 6.0 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:

	<u>1 Percent Decrease (5.00%)</u>	<u>Current (6.00%)</u>	<u>1 Percent Increase (7.00%)</u>
Defined benefit plan	\$ (60,107)	\$ (73,642)	\$ (86,922)

**I. Pension plan fiduciary net position**

The Association issues a publicly available financial report. The report may be obtained by writing to the Janesville Fire Department Relief Association, 101 North Mott Street, Janesville, MN 56048.

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

**Note 6: 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 for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

**B. Contingent liabilities**

*Management contract*

The Home entered into a management contract in 2010 for a five-year term. The agreement requires an annual management fee, paid in monthly installments, of up to 5 percent of total gross revenues, and provides that the annual amount to be paid by the Home be currently no less than \$106,101 and to not exceed \$134,395, with these maximum and minimum amounts adjusted annually for inflation. Management fee expense was \$105,217 and \$106,100 for 2015 and 2014, respectively.

**C. Legal debt margin**

The City's statutory debt limit is 3 percent of estimated taxable market value of real and personal property located in the City. The taxable market value was \$108,097,300 at December 31, 2015, for a limit of \$3,242,919. The City currently has no general obligation debt outstanding subject to this limit. Debt financed partially or entirely by special assessments or by operations of enterprise funds is excluded from this computation by statute.

**D. Tax increment districts**

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.

**E. Concentrations**

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) program. The amount received in 2015 was \$781,839 for LGA. This accounted for 57 percent of General fund revenues.

**F. Commitments**

*CapX initiative*

CMMPA entered into a Transmissions Project Memorandum of Understanding dated August 24, 2006, along with five other energy companies to construct power transmission lines in Minnesota, the largest portion of which consists of 220 miles of new power transmission lines between Brookings, South Dakota, and the Twin Cities. The CapX Initiative is one of several transmission projects arising from the CapX 2020 Initiative, the purpose of which is to enhance the reliability of electrical power transmission for customers in Minnesota and the surrounding region.

The City is one of ten agency participants in the CapX Initiative. The City's participant election share is \$184,184.

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

**Note 6: OTHER INFORMATION - CONTINUED**

**G. Third party reimbursement agreements**

*Medicaid*

The Home participates in the Medicaid program which is administered by the Minnesota Department of Human Services (DHS). Medicaid and private paying residents are classified into one of 48 Resource Utilization Groups (RUG) for purposes of establishing payment rates.

Medicaid payment rates primarily consist of operating rates, a property related rate, and certain pass-through costs. Generally, operating rate increases occur if funding is appropriated by the Minnesota legislature.

By Minnesota statute, a nursing facility may not charge private paying residents in multiple occupancy rooms per diem rates in excess of the approved Medicaid rates for similar services.

*Medicare*

The Home participates in the Medicare program. This federal program is administered by the federal Centers for Medicare and Medicaid Services (CMS). The Home is paid under the Medicare Prospective Payment System (PPS) for residents who are Medicare Part A. eligible and meet the coverage guidelines for skilled nursing facilities (SNF's). The PPS is a per diem price-based system. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor, however they do not contain a cost settlement.

Nursing facilities certified for participation in the Medicare and Medicaid programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such an action could have a negative impact on the revenues of the Home.

During the years ended December 31, 2015 and 2014, the occupancy percentages and the percentages of residents covered under the Medicaid and Medicare programs were as follows:

	2015	2014
Medicaid	56.6 %	55.6 %
Medicare	3.1	7.2
Total Occupancy	85.7	78.6

**Note 7: 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.

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

**Note 7: CHANGE IN ACCOUNTING STANDARDS - CONTINUED**

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	Net Position January 1, 2015 as Restated
Governmental activities	\$ 4,593,217	\$ (451,620)	\$ 4,141,597
Business-type activities	\$ 9,511,940	\$ (1,314,967)	\$ 8,196,973
Business-type activities			
Waterworks	\$ 2,811,469	\$ (36,869)	\$ 2,774,600
Sewage Collection	4,009,646	(58,747)	3,950,899
Light and Power	1,902,804	(100,592)	1,802,212
Nursing Home	1,922,616	(1,035,725)	886,891
Golf Course	(1,134,595)	(83,034)	(1,217,629)
Total business-type activities	\$ 9,511,940	\$ (1,314,967)	\$ 8,196,973
Governmental activities			
To record beginning net pension liability, deferred inflows of resources and deferred outflows of resources at December 31, 2014		\$ (503,457)	
To record prior year costs for the Holly Land capital project.		51,837	
Total		\$ (451,620)	
Business-type activities			
Waterworks			
To record beginning net pension liability, deferred inflows of resources and deferred outflows of resources at December 31, 2014		\$ (36,869)	
Sewage Collection			
To record beginning net pension liability, deferred inflows of resources and deferred outflows of resources at December 31, 2014		(58,747)	
Light and Power			
To record beginning net pension liability, deferred inflows of resources and deferred outflows of resources at December 31, 2014		(100,592)	
Nursing Home			
To record beginning net pension liability, deferred inflows of resources and deferred outflows of resources at December 31, 2014		(1,035,725)	
Golf Course			
To record beginning net pension liability, deferred inflows of resources and deferred outflows of resources at December 31, 2014		(83,034)	
Total		\$ (1,314,967)	

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

**Note 8: SUBSEQUENT EVENTS**

On April 11, 2016, the City approved a 2016 Utility Improvements contract with Heselton Construction for \$4,705,696.

On May 9, 2016, the City approved the issuance \$1,195,000 of general obligation improvement bonds, series 2016B dated June 1, 2016. The bonds will be funding the construction of various public improvement projects within the City. The bonds have a maturity date of February 1, 2032 at an interest rate of 2.28 percent with a first call provision of February 1, 2024.

On May 26, 2016, the City approved the issuance \$311,000 of general obligation equipment certificates of indebtedness, series 2016C dated June 15, 2016. Certificate R-1 has a maturity date of February 1, 2022 with a denomination of \$163,000 at 2.75 percent and certificate R-2 has a maturity date of February 1, 2026 with a denomination of \$148,000 at 3.00 percent. The purpose of this issuance is to finance capital equipment for the City.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

CITY OF JANESVILLE  
JANESVILLE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

CITY OF JANESVILLE, 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	0.0282 %	\$ 1,461,471	\$ -	\$ 1,461,471	\$ 1,886,240	77.5 %	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	\$ 132,783	\$ 132,783	\$ -	\$ 1,895,694	7.0 %

CITY OF JANESVILLE, 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	0.0140 %	\$ 20,890	-	\$ 20,890	\$ 128,951	16.2 %	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	\$ 49,547	\$ 49,547	-	\$ 305,846	16.2 %

CITY OF JANESVILLE, 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	\$ 20,947
Interest	23,469
<b>Net change in total pension liability</b>	44,416
<b>Total pension liability - January 1, 2014</b>	354,561
<b>Total pension liability - December 31, 2014 (a)</b>	\$ 398,977
<b>Plan fiduciary net position</b>	
Contributions - state	50,297
Net investment income	25,398
Administrative expense	(2,386)
<b>Net change in plan fiduciary net position</b>	73,309
<b>Plan fiduciary net position - January 1, 2014</b>	399,310
<b>Plan fiduciary net position - December 31, 2014 (b)</b>	\$ 472,619
<b>Fire Relief's net pension liability (asset) - December 31, 2014 (a-b)</b>	\$ (73,642)
<b>Plan fiduciary net position as a percentage of the total pension liability (b/a)</b>	118.46%
<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.* There were no benefit changes during 2015.

*Changes of assumptions.* In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of general employees. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of public safety employees. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2000 Healthy Annuitant Mortality Table for purposes of developing mortality rates.

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.

**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	\$ 42,200	\$ 42,200	\$ -
12/31/14	50,297	50,297	-

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

CITY OF JANESVILLE  
JANESVILLE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

CITY OF JANESVILLE, MINNESOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2015

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and temporary investments	\$ 380,627	\$ 272,902	\$ 653,529
Receivables			
Notes, net of allowance	225,295	-	225,295
Intergovernmental	78,901	-	78,901
Prepaid items	1,062	-	1,062
<b>TOTAL ASSETS</b>	<b>\$ 685,885</b>	<b>\$ 272,902</b>	<b>\$ 958,787</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 118,113	\$ -	\$ 118,113
Due to other governments	200	-	200
<b>TOTAL LIABILITIES</b>	<b>118,313</b>	<b>-</b>	<b>118,313</b>
<b>FUND BALANCES</b>			
Nonspendable for			
Prepaid items	1,062	-	1,062
Restricted for			
Cemetery operations	75,008	-	75,008
Loan programs	254,083	-	254,083
Police department operations	7,284	-	7,284
Committed for			
Cemetery operations	10,000	-	10,000
Fire department operations	20,817	-	20,817
Assigned for			
Fire department operations	199,318	-	199,318
Capital projects	-	272,902	272,902
<b>TOTAL FUND BALANCES</b>	<b>567,572</b>	<b>272,902</b>	<b>840,474</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 685,885</b>	<b>\$ 272,902</b>	<b>\$ 958,787</b>

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

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 285,540	\$ 28,427	\$ 313,967
Charges for services	39,569	-	39,569
Investment earnings	171	130	301
Miscellaneous	84,850	10,293	95,143
TOTAL REVENUES	<u>410,130</u>	<u>38,850</u>	<u>448,980</u>
EXPENDITURES			
Current			
Public safety	47,527	-	47,527
Housing and economic development	263,440	-	263,440
Capital outlay			
Public safety	49,918	-	49,918
Streets and highways	-	37,895	37,895
Culture and recreation	-	1,954	1,954
Debt service			
Principal	14,823	-	14,823
Interest and other	1,488	-	1,488
TOTAL EXPENDITURES	<u>377,196</u>	<u>39,849</u>	<u>417,045</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>32,934</u>	<u>(999)</u>	<u>31,935</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	139,406	53,000	192,406
Transfers out	(58,274)	-	(58,274)
TOTAL OTHER FINANCING SOURCES (USES)	<u>81,132</u>	<u>53,000</u>	<u>134,132</u>
NET CHANGE IN FUND BALANCES	114,066	52,001	166,067
FUND BALANCES, JANUARY 1	<u>453,506</u>	<u>220,901</u>	<u>674,407</u>
FUND BALANCES, DECEMBER 31	<u>\$ 567,572</u>	<u>\$ 272,902</u>	<u>\$ 840,474</u>

CITY OF JANESVILLE, MINNESOTA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2015

	<b>202</b> Revolving Loan	<b>203</b> SCDP Grant Fund	<b>214</b> Fire
<b>ASSETS</b>			
Cash and temporary investments	\$ 27,775	\$ 36,411	\$ 201,481
Receivables			
Notes, net of allowance	172,280	53,015	-
Intergovernmental	-	78,901	-
Prepaid items	-	-	1,062
	<u>200,055</u>	<u>168,327</u>	<u>202,543</u>
<b>TOTAL ASSETS</b>	<u>\$ 200,055</u>	<u>\$ 168,327</u>	<u>\$ 202,543</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 114,299	\$ 1,963
Due to other governments	-	-	200
	<u>-</u>	<u>114,299</u>	<u>2,163</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>114,299</u>	<u>2,163</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	1,062
Restricted for			
Cemetery operations	-	-	-
Loan programs	200,055	54,028	-
Police department operations	-	-	-
Committed for			
Cemetery operations	-	-	-
Fire department operations	-	-	-
Assigned for			
Fire department operations	-	-	199,318
	<u>200,055</u>	<u>54,028</u>	<u>200,380</u>
<b>TOTAL FUND BALANCES</b>	<u>200,055</u>	<u>54,028</u>	<u>200,380</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 200,055</u>	<u>\$ 168,327</u>	<u>\$ 202,543</u>

<b>215</b> Police Forfeiture	<b>216</b> Cemetery	<b>425</b> Rural Fire	Totals
\$ 9,135	\$ 85,008	\$ 20,817	\$ 380,627
-	-	-	225,295
-	-	-	78,901
-	-	-	1,062
<u>\$ 9,135</u>	<u>\$ 85,008</u>	<u>\$ 20,817</u>	<u>\$ 685,885</u>
\$ 1,851	\$ -	\$ -	\$ 118,113
-	-	-	200
<u>1,851</u>	<u>-</u>	<u>-</u>	<u>118,313</u>
-	-	-	1,062
-	75,008	-	75,008
-	-	-	254,083
7,284	-	-	7,284
-	10,000	-	10,000
-	-	20,817	20,817
-	-	-	199,318
<u>7,284</u>	<u>85,008</u>	<u>20,817</u>	<u>567,572</u>
<u>\$ 9,135</u>	<u>\$ 85,008</u>	<u>\$ 20,817</u>	<u>\$ 685,885</u>

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

	<b>202</b> Revolving Loan	<b>203</b> SCDP Grant Fund	<b>214</b> Fire
<b>REVENUES</b>			
Charges for services			
Public safety	\$ -	\$ -	\$ 32,819
Intergovernmental			
Federal grants	-	279,120	-
Other state aids	-	-	2,500
County aids	3,920	-	-
Investment earnings	45	9	94
Miscellaneous			
Loan payments	3,405	61	-
Contributions and donations	-	-	-
Other	-	-	16
<b>TOTAL REVENUES</b>	<u>7,370</u>	<u>279,190</u>	<u>35,429</u>
<b>EXPENDITURES</b>			
Current			
Public safety			
Fire			
Personal services	-	-	22,095
Supplies	-	-	5,422
Other services and charges	-	-	20,010
Housing and economic development			
Other services and charges	-	263,440	-
Debt service			
Principal	-	-	14,823
Interest and other	-	-	1,488
Capital outlay			
Public safety	-	-	46,822
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>263,440</u>	<u>110,660</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,370</u>	<u>15,750</u>	<u>(75,231)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,000	38,274	86,132
Transfers out	(38,274)	-	(20,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(33,274)</u>	<u>38,274</u>	<u>66,132</u>
<b>NET CHANGE IN FUND BALANCES</b>	(25,904)	54,024	(9,099)
<b>FUND BALANCES , JANUARY 1</b>	<u>225,959</u>	<u>4</u>	<u>209,479</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 200,055</u>	<u>\$ 54,028</u>	<u>\$ 200,380</u>

<b>215</b> Police Forfeiture	<b>216</b> Cemetery	<b>425</b> Rural Fire	Totals
\$ -	\$ -	\$ 6,750	\$ 39,569
-	-	-	279,120
-	-	-	2,500
-	-	-	3,920
3	8	12	171
-	-	-	3,466
-	75,000	-	75,000
6,368	-	-	6,384
<u>6,371</u>	<u>75,008</u>	<u>6,762</u>	<u>410,130</u>
-	-	-	22,095
-	-	-	5,422
-	-	-	20,010
-	-	-	263,440
-	-	-	14,823
-	-	-	1,488
3,096	-	-	49,918
<u>3,096</u>	<u>-</u>	<u>-</u>	<u>377,196</u>
<u>3,275</u>	<u>75,008</u>	<u>6,762</u>	<u>32,934</u>
-	10,000	-	139,406
-	-	-	(58,274)
-	10,000	-	81,132
3,275	85,008	6,762	114,066
4,009	-	14,055	453,506
<u>\$ 7,284</u>	<u>\$ 85,008</u>	<u>\$ 20,817</u>	<u>\$ 567,572</u>

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CITY OF JANESVILLE, MINNESOTA  
 FIRE 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 Year Ended December 31, 2014

	2015			Variance with Final Budget	2014
	Budgeted Amounts		Actual		Actual
	Original	Final			
<b>REVENUES</b>					
Charges for services					
Public safety	\$ 33,318	\$ 33,318	\$ 32,819	\$ (499)	\$ 24,915
Intergovernmental					
Other state aids	-	-	2,500	2,500	-
Investment earnings	-	-	94	94	57
Miscellaneous					
Other	-	-	16	16	3,380
<b>TOTAL REVENUES</b>	<b>33,318</b>	<b>33,318</b>	<b>35,429</b>	<b>2,111</b>	<b>28,352</b>
<b>EXPENDITURES</b>					
Current					
Public safety					
Fire					
Personal services	31,700	31,700	22,095	9,605	25,547
Supplies	8,200	8,200	5,422	2,778	6,139
Other services and charges	54,050	54,050	20,010	34,040	25,295
Debt service					
Principal	-	-	14,823	(14,823)	2,978
Interest and other	-	-	1,488	(1,488)	-
Capital outlay					
Public safety	5,500	5,500	46,822	(41,322)	44,074
<b>TOTAL EXPENDITURES</b>	<b>99,450</b>	<b>99,450</b>	<b>110,660</b>	<b>(11,210)</b>	<b>104,033</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(66,132)</b>	<b>(66,132)</b>	<b>(75,231)</b>	<b>(9,099)</b>	<b>(75,681)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt issued	-	-	-	-	83,827
Transfers in	86,132	86,132	86,132	-	70,000
Transfers out	(20,000)	(20,000)	(20,000)	-	(20,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>66,132</b>	<b>66,132</b>	<b>66,132</b>	<b>-</b>	<b>133,827</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>(9,099)</b>	<b>(9,099)</b>	<b>58,146</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>209,479</b>	<b>209,479</b>	<b>209,479</b>	<b>-</b>	<b>151,333</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 209,479</b>	<b>\$ 209,479</b>	<b>\$ 200,380</b>	<b>\$ (9,099)</b>	<b>\$ 209,479</b>

CITY OF JANESVILLE, MINNESOTA  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2015

	<b>410</b>	<b>420</b>	<b>430</b>
	Police Capital Reserve	Fire Capital Reserve	Street/Park Capital Reserve
	<u>          </u>	<u>          </u>	<u>          </u>
ASSETS			
Cash and temporary investments	<u>\$ 29,241</u>	<u>\$ 152,033</u>	<u>\$ 73,749</u>
FUND BALANCES			
Assigned for Capital projects	<u>\$ 29,241</u>	<u>\$ 152,033</u>	<u>\$ 73,749</u>

<b>435</b> Utility Capital Reserve	<b>440</b> Playground Equipment Reserve	Totals
<u>\$ 3,294</u>	<u>\$ 14,585</u>	<u>\$ 272,902</u>
<u>\$ 3,294</u>	<u>\$ 14,585</u>	<u>\$ 272,902</u>

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

	<b>410</b> Police Capital Reserve	<b>420</b> Fire Capital Reserve	<b>430</b> Street/Park Capital Reserve
REVENUES			
Intergovernmental			
State aid	\$ -	\$ -	\$ 28,427
Investment earnings	6	78	41
Miscellaneous			
Contributions and donations	-	-	-
TOTAL REVENUES	<u>6</u>	<u>78</u>	<u>28,468</u>
EXPENDITURES			
Capital outlay			
Streets and highways	-	-	37,895
Culture and recreation	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>37,895</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6	78	(9,427)
OTHER FINANCING SOURCES			
Transfers in	<u>15,000</u>	<u>20,000</u>	<u>13,000</u>
NET CHANGE IN FUND BALANCES	15,006	20,078	3,573
FUND BALANCES, JANUARY 1	<u>14,235</u>	<u>131,955</u>	<u>70,176</u>
FUND BALANCES, DECEMBER 31	<u>\$ 29,241</u>	<u>\$ 152,033</u>	<u>\$ 73,749</u>

<b>435</b> Utility Capital Reserve	<b>440</b> Playground Equipment Reserve	Totals
\$ -	\$ -	\$ 28,427
1	4	130
<u>3,293</u>	<u>7,000</u>	<u>10,293</u>
<u>3,294</u>	<u>7,004</u>	<u>38,850</u>
-	-	37,895
<u>-</u>	<u>1,954</u>	<u>1,954</u>
<u>-</u>	<u>1,954</u>	<u>39,849</u>
3,294	5,050	(999)
<u>-</u>	<u>5,000</u>	<u>53,000</u>
3,294	10,050	52,001
<u>-</u>	<u>4,535</u>	<u>220,901</u>
<u>\$ 3,294</u>	<u>\$ 14,585</u>	<u>\$ 272,902</u>

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CITY OF JANESVILLE, MINNESOTA  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
DECEMBER 31, 2015 AND 2014

	2015	2014
<b>ASSETS</b>		
Cash and temporary investments	\$ 1,083,460	\$ 740,130
Receivables		
Delinquent taxes	39,182	41,303
Accounts	21,614	15,162
Special assessments	22,890	18,504
Intergovernmental	11,585	16,459
Prepaid items	3,487	4,800
Land held for resale	-	102,055
	<u>\$ 1,182,218</u>	<u>\$ 938,413</u>
<b>TOTAL ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 22,914	\$ 23,323
Due to other governments	803	501
Accrued salaries payable	9,027	15,616
	<u>32,744</u>	<u>39,440</u>
<b>TOTAL LIABILITIES</b>		
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	39,182	41,303
Unavailable revenue - special assessments	22,890	18,504
	<u>62,072</u>	<u>59,807</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		
<b>FUND BALANCES</b>		
Nonspendable	3,487	4,800
Restricted for		
Future improvements	277,409	125,000
Unassigned	806,506	709,366
	<u>1,087,402</u>	<u>839,166</u>
<b>TOTAL FUND BALANCES</b>		
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
	<u>\$ 1,182,218</u>	<u>\$ 938,413</u>

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CITY OF JANESVILLE, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
CONTINUED ON THE FOLLOWING PAGES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2015  
With Comparative Actual Amounts for Year Ended December 31, 2014

	2015			2014	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes					
Property taxes	\$ 228,565	\$ 228,565	\$ 238,493	\$ 9,928	\$ 221,631
Franchise fees	120,000	120,000	133,834	13,834	118,573
Total taxes	348,565	348,565	372,327	23,762	340,204
Special assessments	-	-	208	208	-
Licenses and permits	29,250	29,250	26,693	(2,557)	29,780
Intergovernmental					
Federal					
FEMA	-	-	12,485	12,485	9,392
State					
Local government aid	775,075	775,075	781,839	6,764	775,075
Property tax credits and aids	-	-	546	546	127
Fire aid	18,000	18,000	24,878	6,878	23,124
Police aid	15,000	15,000	15,951	951	16,182
Other state aids	-	-	11,364	11,364	10,652
Total state	808,075	808,075	834,578	26,503	825,160
Total intergovernmental	808,075	808,075	847,063	38,988	834,552
Charges for services					
General government	80,000	80,000	76,416	(3,584)	80,000
Public safety	4,500	4,500	1,425	(3,075)	2,480
Park and recreation	3,600	3,600	3,050	(550)	3,600
Other	1,500	1,500	11,270	9,770	1,175
Total charges for services	89,600	89,600	92,161	2,561	87,255
Fines and forfeits	7,500	7,500	5,312	(2,188)	4,590
Investment earnings	500	500	424	(76)	160
Miscellaneous					
Other	15,000	15,000	36,947	21,947	31,803
Contributions and donations	500	500	-	(500)	1,200
Total miscellaneous	15,500	15,500	36,947	21,447	33,003
<b>TOTAL REVENUES</b>	1,298,990	1,298,990	1,381,135	82,145	1,329,544

CITY OF JANESVILLE, 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 Year Ended December 31, 2014

	2015			Variance with Final Budget	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
EXPENDITURES					
Current					
General government					
Mayor and Council					
Personal services	\$ 13,650	\$ 13,650	\$ 13,630	\$ 20	\$ 12,633
Other services and charges	130	130	-	130	173
Total Mayor and Council	<u>13,780</u>	<u>13,780</u>	<u>13,630</u>	<u>150</u>	<u>12,806</u>
Administration/clerk					
Personal services	107,142	107,142	116,439	(9,297)	98,166
Other services and charges	1,300	1,300	1,717	(417)	1,777
Total administration/clerk	<u>108,442</u>	<u>108,442</u>	<u>118,156</u>	<u>(9,714)</u>	<u>99,943</u>
Elections					
Personal services	1,000	1,000	-	1,000	2,285
Accounting					
Personal services	174,264	174,264	124,689	49,575	162,715
Other services and charges	1,500	1,500	1,132	368	1,604
Total accounting	<u>175,764</u>	<u>175,764</u>	<u>125,821</u>	<u>49,943</u>	<u>164,319</u>
Professional services					
Other services and charges	49,000	49,000	19,712	29,288	52,594
Municipal building					
Supplies	6,000	6,000	5,801	199	5,841
Other services and charges	110,500	110,500	112,188	(1,688)	115,623
Total municipal building	<u>116,500</u>	<u>116,500</u>	<u>117,989</u>	<u>(1,489)</u>	<u>121,464</u>
Total general government	<u>464,486</u>	<u>464,486</u>	<u>395,308</u>	<u>69,178</u>	<u>453,411</u>

CITY OF JANESVILLE, 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 Year Ended December 31, 2014

	2015			Variance with Final Budget	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>EXPENDITURES - CONTINUED</b>					
Current - Continued					
Public safety					
Police					
Personal services	\$ 229,493	\$ 229,493	\$ 259,368	\$ (29,875)	\$ 253,478
Supplies	14,950	14,950	10,837	4,113	15,198
Other services and charges	62,205	62,205	46,430	15,775	42,510
Total police	306,648	306,648	316,635	(9,987)	311,186
Fire					
Personal services	50,000	50,000	42,200	7,800	50,298
Building inspection					
Other services and charges	12,000	12,000	15,833	(3,833)	10,507
Animal control					
Other services and charges	2,000	2,000	2,423	(423)	2,427
Total public safety	370,648	370,648	377,091	(6,443)	374,418
Streets and highways					
Personal services	110,236	110,236	119,685	(9,449)	132,326
Supplies	39,000	39,000	32,967	6,033	43,613
Other services and charges	69,900	69,900	65,074	4,826	64,261
Total streets and highways	219,136	219,136	217,726	1,410	240,200
Sanitation					
Recycling					
Other services and charges	-	-	12,895	(12,895)	-
Culture and recreation					
Parks					
Personal services	23,455	23,455	23,031	424	26,532
Supplies	4,900	4,900	4,722	178	4,528
Other services and charges	9,110	9,110	9,742	(632)	8,886
Total parks	37,465	37,465	37,495	(30)	39,946
Library					
Supplies	200	200	343	(143)	168
Other services and charges	6,000	6,000	5,536	464	5,707
Total library	6,200	6,200	5,879	321	5,875
Total culture and recreation	43,665	43,665	43,374	291	45,821

CITY OF JANESVILLE, 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 Year Ended December 31, 2014

	2015			Variance with Final Budget	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>EXPENDITURES - CONTINUED</b>					
Current - Continued					
Economic development					
Personal services	\$ 57,647	\$ 57,647	\$ 58,328	\$ (681)	\$ 55,983
Supplies	500	500	-	500	48
Other services and charges	19,250	19,250	70	19,180	501
Total economic development	<u>77,397</u>	<u>77,397</u>	<u>58,398</u>	<u>18,999</u>	<u>56,532</u>
Miscellaneous					
Cemetery					
Personal services	473	473	904	(431)	907
Other services and charges	6,500	6,500	6,500	-	6,500
Total cemetery	<u>6,973</u>	<u>6,973</u>	<u>7,404</u>	<u>(431)</u>	<u>7,407</u>
Unallocated					
Personal services	2,153	2,153	1,373	780	1,873
Other services and charges	-	-	33	(33)	14,546
Total unallocated	<u>2,153</u>	<u>2,153</u>	<u>1,406</u>	<u>747</u>	<u>16,419</u>
Total miscellaneous	<u>9,126</u>	<u>9,126</u>	<u>8,810</u>	<u>316</u>	<u>23,826</u>
Total current	<u>1,184,458</u>	<u>1,184,458</u>	<u>1,113,602</u>	<u>70,856</u>	<u>1,194,208</u>
Capital outlay					
General government	18,000	18,000	20,856	(2,856)	20,059
Public safety	6,900	6,900	7,750	(850)	19,243
Streets and highways	43,000	43,000	58,255	(15,255)	155,884
Culture and recreation	500	500	-	500	275
Miscellaneous	2,000	2,000	1,880	120	35,599
Total capital outlay	<u>70,400</u>	<u>70,400</u>	<u>88,741</u>	<u>(18,341)</u>	<u>231,060</u>
Debt service					
Principal	-	-	12,663	(12,663)	3,975
Interest and other	-	-	3,632	(3,632)	320
Total debt service	<u>-</u>	<u>-</u>	<u>16,295</u>	<u>(16,295)</u>	<u>4,295</u>
<b>TOTAL EXPENDITURES</b>	<u>1,254,858</u>	<u>1,254,858</u>	<u>1,218,638</u>	<u>36,220</u>	<u>1,429,563</u>

CITY OF JANESVILLE, 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 Year Ended December 31, 2014

	2015			2014	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 44,132	\$ 44,132	\$ 162,497	\$ 118,365	\$ (100,019)
OTHER FINANCING SOURCES (USES)					
Transfers in	80,000	80,000	80,000	-	80,000
Sale of assets	-	-	152,409	152,409	125,000
Debt issued	-	-	-	-	235,915
Transfers out	(124,132)	(124,132)	(146,670)	(22,538)	(106,000)
TOTAL OTHER FINANCING SOURCES (USES)	(44,132)	(44,132)	85,739	129,871	334,915
NET CHANGE IN FUND BALANCES	-	-	248,236	248,236	234,896
FUND BALANCES, JANUARY 1	839,166	839,166	839,166	-	604,270
FUND BALANCES, DECEMBER 31	<u>\$ 839,166</u>	<u>\$ 839,166</u>	<u>\$ 1,087,402</u>	<u>\$ 248,236</u>	<u>\$ 839,166</u>

CITY OF JANESVILLE, MINNESOTA  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2015

	<b>301</b>	<b>392</b>	<b>372</b>	<b>393</b>
	Judicial District # 11	2007 G.O. Improvement Bonds	TIF District 1-1	2009A G.O. Refunding Bonds
<b>ASSETS</b>				
Cash and temporary investments	\$ -	\$ 59,815	\$ -	\$ 215,184
Restricted assets	-	564,663	-	-
Receivables				
Delinquent taxes	-	-	54,134	-
Special assessments	-	264,431	-	39,466
Intergovernmental	-	8,407	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ -</u></b>	<b><u>\$ 897,316</u></b>	<b><u>\$ 54,134</u></b>	<b><u>\$ 254,650</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	\$ -	\$ -	\$ 54,134	\$ -
Unavailable revenue - special assessments	-	264,431	-	39,466
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>264,431</b>	<b>54,134</b>	<b>39,466</b>
<b>FUND BALANCES</b>				
Restricted for Debt service	-	632,885	-	215,184
<b>TOTAL DEFERRED INFLOWS OR RESOURCES AND FUND BALANCES</b>	<b><u>\$ -</u></b>	<b><u>\$ 897,316</u></b>	<b><u>\$ 54,134</u></b>	<b><u>\$ 254,650</u></b>

<b>395</b> 2009C G.O. Improvement Bonds	<b>396</b> 2010A G.O. Bonds	<b>397</b> 2010B G.O. Refunding Bonds	<b>398</b> 2012A G.O. Refunding Bonds	<b>399</b> 2014A G.O. Improvement Bonds	Totals
\$ 191,363	\$ 161,705	\$ (90,763)	\$ 24,871	\$ (8,068)	\$ 554,107
-	-	-	-	-	564,663
-	-	-	-	-	54,134
605,028	103,715	-	97,484	105,048	1,215,172
-	5,419	-	-	-	13,826
<u>\$ 796,391</u>	<u>\$ 270,839</u>	<u>\$ (90,763)</u>	<u>\$ 122,355</u>	<u>\$ 96,980</u>	<u>\$ 2,401,902</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,134
605,028	103,715	-	97,484	105,048	1,215,172
605,028	103,715	-	97,484	105,048	1,269,306
<u>191,363</u>	<u>167,124</u>	<u>(90,763)</u>	<u>24,871</u>	<u>(8,068)</u>	<u>1,132,596</u>
<u>\$ 796,391</u>	<u>\$ 270,839</u>	<u>\$ (90,763)</u>	<u>\$ 122,355</u>	<u>\$ 96,980</u>	<u>\$ 2,401,902</u>

CITY OF JANESVILLE, MINNESOTA  
DEBT SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>301</b>	<b>392</b>	<b>372</b>	<b>393</b>
	Judicial District # 11	2007 G.O. Improvement Bonds	TIF District 1-1	2009A G.O. Refunding Bonds
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 3,000	\$ 100,000	\$ -	\$ 69,200
Tax increment	-	-	35,924	-
Special assessments	-	30,998	-	24,193
Investment earnings	-	1,940	17	75
<b>TOTAL REVENUES</b>	<u>3,000</u>	<u>132,938</u>	<u>35,941</u>	<u>93,468</u>
<b>EXPENDITURES</b>				
Current				
Economic development	-	-	475	-
Debt service				
Principal	-	65,000	-	135,000
Interest and other	-	29,326	-	18,026
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>94,326</u>	<u>475</u>	<u>153,026</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,000</u>	<u>38,612</u>	<u>35,466</u>	<u>(59,558)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	12,538	-	-	-
Transfers out	-	-	(35,476)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>12,538</u>	<u>-</u>	<u>(35,476)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	15,538	38,612	(10)	(59,558)
<b>FUND BALANCES, JANUARY 1</b>	<u>(15,538)</u>	<u>594,273</u>	<u>10</u>	<u>274,742</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ -</u>	<u>\$ 632,885</u>	<u>\$ -</u>	<u>\$ 215,184</u>

<b>395</b> 2009C G.O. Improvement Bonds	<b>396</b> 2010A G.O. Bonds	<b>397</b> 2010B G.O. Refunding Bonds	<b>398</b> 2012A G.O. Refunding Bonds	<b>399</b> 2014A G.O. Improvement Bonds	Totals
\$ -	\$ 55,400	\$ 42,000	\$ 178,499	\$ 18,300	\$ 466,399
-	-	-	-	-	35,924
9,593	23,660	-	16,147	14,105	118,696
92	61	1	2	-	2,188
<u>9,685</u>	<u>79,121</u>	<u>42,001</u>	<u>194,648</u>	<u>32,405</u>	<u>623,207</u>
-	-	-	-	-	475
110,000	44,400	60,000	115,000	15,132	544,532
<u>38,851</u>	<u>37,902</u>	<u>10,256</u>	<u>22,224</u>	<u>25,341</u>	<u>181,926</u>
<u>148,851</u>	<u>82,302</u>	<u>70,256</u>	<u>137,224</u>	<u>40,473</u>	<u>726,933</u>
<u>(139,166)</u>	<u>(3,181)</u>	<u>(28,255)</u>	<u>57,424</u>	<u>(8,068)</u>	<u>(103,726)</u>
35,476	-	-	-	-	48,014
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,476)</u>
<u>35,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,538</u>
(103,690)	(3,181)	(28,255)	57,424	(8,068)	(91,188)
<u>295,053</u>	<u>170,305</u>	<u>(62,508)</u>	<u>(32,553)</u>	<u>-</u>	<u>1,223,784</u>
<u>\$ 191,363</u>	<u>\$ 167,124</u>	<u>\$ (90,763)</u>	<u>\$ 24,871</u>	<u>\$ (8,068)</u>	<u>\$ 1,132,596</u>

CITY OF JANESVILLE, MINNESOTA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>January 1,</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31,</u>
<b><u>VETERAN'S MEMORIAL FUND (801)</u></b>				
<b>ASSETS</b>				
Cash and temporary investments	<u>\$ 6,376</u>	<u>\$ 757</u>	<u>\$ 316</u>	<u>\$ 6,817</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 6,376</u>	<u>\$ 757</u>	<u>\$ 316</u>	<u>\$ 6,817</u>

CITY OF JANESVILLE, MINNESOTA  
SUMMARY 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	
<b>REVENUES</b>			
Taxes	\$ 874,650	\$ 841,089	3.99 %
Special assessments	118,904	195,795	(39.27)
Licenses and permits	26,693	29,780	(10.37)
Intergovernmental	1,476,840	944,251	56.40
Charges for services	131,730	117,420	12.19
Fines and forfeits	5,312	4,590	15.73
Investment earnings	2,996	2,662	12.55
Miscellaneous	132,090	43,304	205.03
<b>TOTAL REVENUES</b>	<b>\$ 2,769,215</b>	<b>\$ 2,178,891</b>	<b>27.09 %</b>
Per Capita	\$ 1,214.57	\$ 960.29	26.48 %
<b>EXPENDITURES</b>			
Current			
General government	\$ 395,308	\$ 453,411	(12.81) %
Public safety	424,618	431,399	(1.57)
Streets and highways	217,726	252,678	(13.83)
Sanitation	12,895	-	100.00
Culture and recreation	43,374	45,821	(5.34)
Housing and economic development	322,313	161,227	99.91
Miscellaneous	8,810	59,425	(85.17)
Capital outlay			
General government	20,856	20,059	3.97
Public safety	57,668	105,829	(45.51)
Streets and highways	501,519	629,866	(20.38)
Culture and recreation	1,954	19,675	(90.07)
Miscellaneous	1,880	-	100.00
Debt service			
Principal	572,018	641,353	(10.81)
Interest and other charges	187,046	166,274	12.49
Bond issuance costs	-	13,254	(100.00)
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,767,985</b>	<b>\$ 3,000,271</b>	<b>(7.74) %</b>
Per Capita	\$ 1,214.03	\$ 1,322.29	(8.19) %
Total Long-term Indebtedness	\$ 5,510,904	\$ 6,078,049	(9.33) %
Per Capita	2,417.06	2,678.73	(9.77)
General Fund Balance - December 31	\$ 1,087,402	\$ 839,166	29.58 %
Per Capita	476.93	369.84	28.96

The purpose of this report is to provide a summary of financial information concerning the City of Janesville, Minnesota to interested citizens. The complete financial statements may be examined at City of Janesville, 101 North Mott Street, P.O. Box 0, Janesville, MN 56048. Questions about this report should be directed to Clinton Rogers at (507) 234-5110.

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**FINANCIAL EXHIBITS**  
**CITY OF JANESVILLE**  
**JANESVILLE, MINNESOTA**

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

CITY OF JANESVILLE, MINNESOTA  
MUNICIPAL UTILITIES  
WATERWORKS FUND  
TWO YEAR SUMMARY OF OPERATIONS AND STATISTICS (UNAUDITED)  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Charges for services	<u>\$ 248,078</u>	<u>\$ 244,849</u>
OPERATING EXPENSES		
Distribution	115,572	109,384
Other operating expenses	<u>14,915</u>	<u>14,955</u>
TOTAL OPERATING EXPENSES	<u>130,487</u>	<u>124,339</u>
OPERATING INCOME (LOSS)	<u>\$ 117,591</u>	<u>\$ 120,510</u>
PERCENT OF REVENUES		
Distribution	46.6 %	44.7 %
Other operating expenses	6.0	6.1
Excess operating revenue over operating expenses	47.4	49.2
GALLONS PUMPED	55,618,000	51,875,023
GALLONS SOLD	<u>(50,598,042)</u>	<u>(49,154,065)</u>
LINE LOSS	<u>\$ 5,019,958</u>	<u>\$ 2,720,958</u>
PERCENT OF LINE LOSS	9.0 %	5.2 %
REVENUE PER GALLON SOLD	<u>\$ 0.00490</u>	<u>\$ 0.00498</u>
COST PER GALLON PUMPED	<u>\$ 0.00235</u>	<u>\$ 0.00240</u>
PERCENT OF CHANGE		
Operating revenues	1.3 %	8.4 %
Distribution expenses	5.7	32.1
Other operating expenses	(0.3)	(0.5)
Gallons sold	7.2	(7.6)
Gallons pumped	2.9	3.7

CITY OF JANESVILLE, MINNESOTA  
MUNICIPAL UTILITIES  
LIGHT AND POWER FUND  
TWO YEAR SUMMARY OF OPERATIONS AND STATISTICS (UNAUDITED)  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Charges for services	\$ 1,548,912	\$ 1,532,099
OPERATING EXPENSES		
Production	122,736	106,955
Purchased power	<u>744,712</u>	<u>797,255</u>
Total cost of power	867,448	904,210
Distribution	136,792	119,906
Other operating expenses	<u>131,547</u>	<u>143,860</u>
TOTAL OPERATING EXPENSES	<u>1,135,787</u>	<u>1,167,976</u>
OPERATING INCOME (LOSS)	<u>\$ 413,125</u>	<u>\$ 364,123</u>
PERCENT OF REVENUES		
Cost of power	56.0 %	59.0 %
Distribution expense	8.8	7.8
Other operating expenses	8.5	9.4
Excess operating revenues over operating expenses	26.7	23.8
KWH purchased	10,907,760	12,192,602
KWH generated	14,984	51,138
KWH sold	<u>(11,438,956)</u>	<u>(11,528,168)</u>
LINE (INCOME) LOSS	<u>\$ (516,212)</u>	<u>\$ 715,572</u>
PERCENT OF LINE (INCOME) LOSS	(4.73) %	5.84 %
REVENUE PER KWH SOLD	<u>\$ 0.1354</u>	<u>\$ 0.1329</u>
COST PER KWH PURCHASED	<u>\$ 0.06827</u>	<u>\$ 0.06539</u>
COST PER KWH PRODUCED	<u>\$ 8.1911</u>	<u>\$ 2.0915</u>
PERCENT OF CHANGE		
Operating revenues	1.1 %	7.1 %
Production expense	14.8	(48.7)
Purchased power expense	(6.6)	(9.1)
Distribution expense	14.1	(12.5)
Other operating expense	(8.6)	19.3
KWH sold	(0.8)	3.6
KWH purchased	(10.5)	(1.9)
KWH generated	(70.7)	301.1

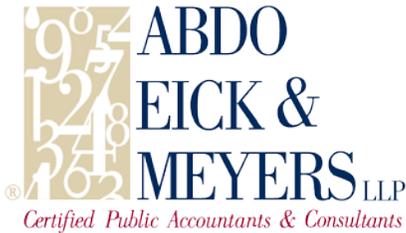
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**OTHER REQUIRED REPORTS**

CITY OF JANESVILLE  
JANESVILLE, 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 Janesville, 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, each major fund and the aggregate remaining fund information of the City of Janesville, 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 19, 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 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 19, 2016