

CITY OF COLUMBUS, MINNESOTA

ANNUAL FINANCIAL REPORT

December 31, 2016

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I. INTRODUCTORY SECTION

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ELECTED OFFICIALS

	<u>Term Expires</u>
Mayor: Dave Povolny	December 31, 2018
Councilmembers: Bill Krebs	December 31, 2018
Denny Peterson	December 31, 2020
Jeff Duraine	December 31, 2020
Mark Daly	December 31, 2018

APPOINTED OFFICIALS

City Administrator	Elizabeth Mursko
Deputy Treasurer	Lynette Olinger
Building Official	Leon Ohman
Engineer	TKDA
Attorney	Larkin, Hoffman, Daly & Lindgren

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II. FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Columbus, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Columbus, Minnesota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Columbus, Minnesota's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Columbus, Minnesota, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City of Columbus, Minnesota's 2015 financial statements, and we expressed an unmodified audit opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated June 1, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, the schedule of proportionate share of net pension liability, the schedule of pension contributions and the notes to RSI, on pages 11-17 and 62-70, 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 of Columbus, Minnesota's basic financial statements. The introductory section and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2017, on our consideration of the City of Columbus, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Columbus, Minnesota's internal control over financial reporting and compliance.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 19, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Columbus, 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, 2016.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$17,938,728 (net position). The components of net position are as follows:

Net investment in capital assets	\$12,593,026
Restricted for debt service	1,908,779
Unrestricted	3,436,923

- At the end of the current fiscal year the governmental fund balance was \$8,666,540, an increase of \$645,322. The increase is primarily due to building capital balances for future blacktop maintenance and capital purchases.
- The City had total long-term debt outstanding of \$11,251,055 at the end of the current fiscal year.

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City 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

Management's Discussion and Analysis

only result in cash flows in future fiscal periods (example uncollected taxes and earned but unused vacation leave).

The government-wide financial statements are statements 1 and 2 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 financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains ten individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, Public Works Special Revenue Fund, Blacktop Maintenance Special Revenue Fund, Public Safety Special Revenue Fund, Bonds of 2012A- Refunding Portion Debt Service Fund, Bonds of 2007B, the EDA Quad 35 Project Fund, the EDA Quad Bond/Reserve Fund, the G.O. Tax Abatement Bond Fund, and the EDA Land Refunding Escrow Fund, which are considered to be major funds.

The City adopts an annual appropriated budget for its General Fund and some Special Revenue Funds.

Budgetary comparison statements have been provided for these funds to demonstrate compliance with budget.

The basic governmental fund financial statements are statements 3 through 5 of this report.

Management's Discussion and Analysis

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 immediately follow statement 9 of this report.

Other information. Combining and individual fund financial statements and schedules are presented as statements 16 through 30 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 exceeded liabilities by \$17,938,728 at the close of the most recent fiscal year.

A portion of the City's net position (\$12,593,026) reflects its net investment in capital assets (e.g. land) 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 net investment in 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 COLUMBUS, MINNESOTA'S NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$15,019,875	\$14,689,110	\$178,307	\$114,402	\$15,198,182	\$14,803,512
Capital assets	7,119,141	7,293,291	8,291,741	8,461,215	15,410,882	15,754,506
Total assets	<u>\$22,139,016</u>	<u>\$21,982,401</u>	<u>\$8,470,048</u>	<u>\$8,575,617</u>	<u>\$30,609,064</u>	<u>\$30,558,018</u>
Total deferred outflows of resources	<u>\$242,497</u>	<u>\$52,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$242,497</u>	<u>\$52,445</u>
Long-term liabilities outstanding	\$10,825,281	\$11,637,319	\$ -	\$ -	\$10,825,281	\$11,637,319
Other liabilities	1,332,229	1,215,728	663,206	688,302	1,995,435	1,904,030
Total liabilities	<u>\$12,157,510</u>	<u>\$12,853,047</u>	<u>\$663,206</u>	<u>\$688,302</u>	<u>\$12,820,716</u>	<u>\$13,541,349</u>
Total deferred inflows of resources	<u>\$92,117</u>	<u>\$85,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$92,117</u>	<u>\$85,752</u>
Net position:						
Net investment in capital assets	\$4,301,285	\$4,135,075	\$8,291,741	\$8,461,215	\$12,593,026	\$12,596,290
Restricted for debt service	1,908,779	1,392,316	-	-	1,908,779	1,392,316
Unrestricted	3,921,822	3,568,656	(484,899)	(573,900)	3,436,923	2,994,756
Total net position	<u>\$10,131,886</u>	<u>\$9,096,047</u>	<u>\$7,806,842</u>	<u>\$7,887,315</u>	<u>\$17,938,728</u>	<u>\$16,983,362</u>

Management's Discussion and Analysis

Governmental Activities

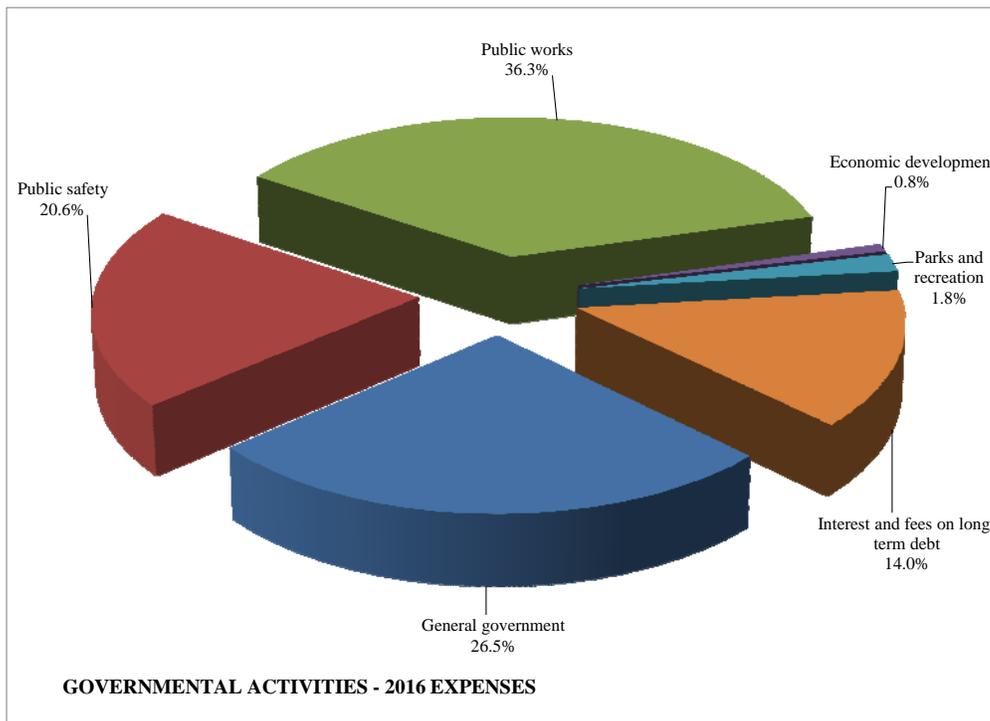
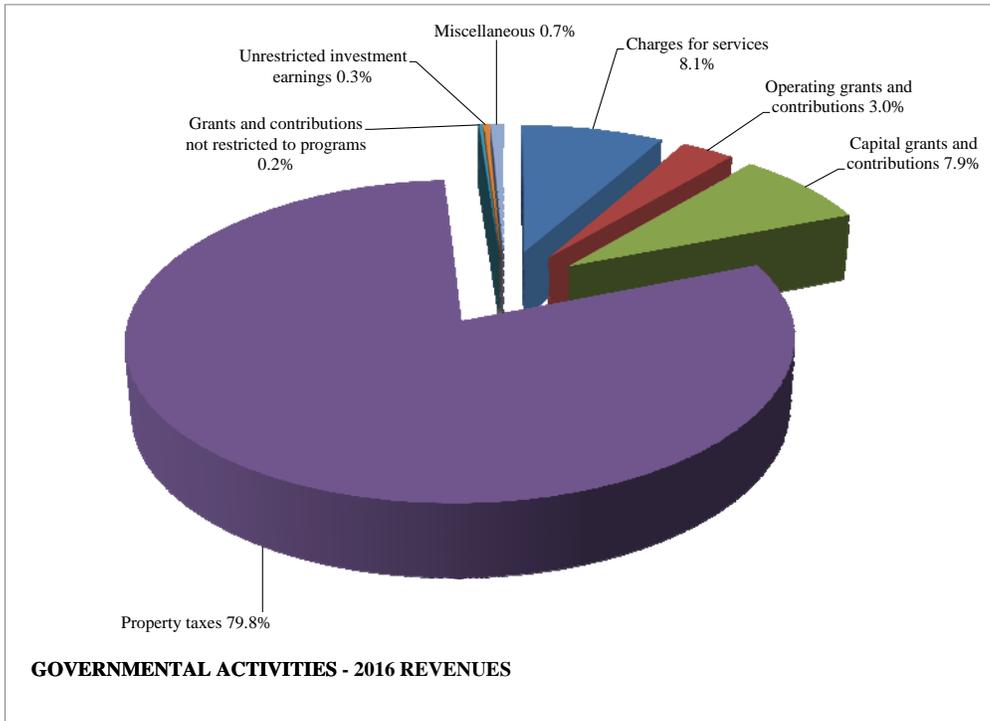
Governmental activities resulted in an increase of the City's net position by \$1,035,839 while Business-Type activities resulted in a decrease of the City's net position by (\$80,473). The details of the change are as follows:

City of Columbus, Minnesota's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for services	\$290,064	\$297,041	\$168,501	\$137,532	\$458,565	\$434,573
Operating grants and contributions	107,668	119,757	-	-	107,668	119,757
Capital grants and contributions	283,103	301,365	28,266	-	311,369	301,365
General revenues:						
Property taxes	2,840,381	2,495,759	-	-	2,840,381	2,495,759
Grants and contributions not restricted to programs	6,842	6,903	-	-	6,842	6,903
Unrestricted investment earnings	11,938	13,816	292	232	12,230	14,048
Miscellaneous	23,469	24,256	-	-	23,469	24,256
Total revenues	<u>3,563,465</u>	<u>3,258,897</u>	<u>197,059</u>	<u>137,764</u>	<u>3,760,524</u>	<u>3,396,661</u>
Expenses:						
General	670,880	604,963	-	-	670,880	604,963
Public safety	521,005	606,944	-	-	521,005	606,944
Public works	916,113	1,623,466	-	-	916,113	1,623,466
Economic development	19,423	25,705	-	-	19,423	25,705
Parks and recreation	46,669	46,954	-	-	46,669	46,954
Water	-	-	131,821	132,896	131,821	132,896
Sewer	-	-	145,711	139,366	145,711	139,366
Interest and fees on long-term debt	353,536	630,270	-	-	353,536	630,270
Total expenses	<u>2,527,626</u>	<u>3,538,302</u>	<u>277,532</u>	<u>272,262</u>	<u>2,805,158</u>	<u>3,810,564</u>
Change in net position	<u>1,035,839</u>	<u>(279,405)</u>	<u>(80,473)</u>	<u>(134,498)</u>	<u>955,366</u>	<u>(413,903)</u>
Net position - January 1, as previously reported	9,096,047	9,786,504	7,887,315	8,021,813	16,983,362	17,808,317
Prior period adjustment	-	(411,052)	-	-	-	(411,052)
Net position - January 1, as restated	<u>9,096,047</u>	<u>9,375,452</u>	<u>7,887,315</u>	<u>8,021,813</u>	<u>16,983,362</u>	<u>17,397,265</u>
Net position - December 31	<u>\$10,131,886</u>	<u>\$9,096,047</u>	<u>\$7,806,842</u>	<u>\$7,887,315</u>	<u>\$17,938,728</u>	<u>\$16,983,362</u>

Management's Discussion and Analysis

Below are specific graphs which provide comparisons of the governmental activities revenues and expenditures:



Management's Discussion and Analysis

Financial Analysis of the Government's Funds

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.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,666,540.

The General Fund increased by \$95,270 in 2016.

Budgetary Highlights

General Fund. The City budgeted for no change in fund balance while the actual increase was \$95,270. Revenues were over budget by \$128,219 and expenses were over budget \$32,949.

Capital Asset and Debt Administration

Capital assets. The City's net investment in capital assets as of December 31, 2016, amounts to \$12,593,026. Detail of the capital assets is as follows.

City of Columbus, Minnesota's Capital Assets (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land (not depreciated)	\$532,802	\$532,802	\$ -	\$ -	\$532,802	\$532,802
Buildings	1,614,831	1,661,972	-	-	1,614,831	1,661,972
Roads	4,406,417	4,593,524	8,263,475	8,461,215	12,669,892	13,054,739
Vehicles and equipment	565,091	504,993	-	-	565,091	504,993
Construction in progress	-	-	28,266	-	28,266	-
	<u>\$7,119,141</u>	<u>\$7,293,291</u>	<u>\$8,291,741</u>	<u>\$8,461,215</u>	<u>\$15,410,882</u>	<u>\$15,754,506</u>

Additional information on the City's capital assets can be found in Note 5.

Management's Discussion and Analysis

Long-term debt. At the end of the current fiscal year, the City had long-term bonded debt outstanding of \$11,164,000 a net change of \$900,000 from 2015.

City of Columbus, Minnesota's Outstanding Debt

	<u>2016</u>	<u>2015</u>
General Obligation Improvement Bonds	\$11,164,000	\$12,064,000

Additional information of the City's long-term debt can be found in Note 6.

Requests for information. This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Columbus, City Administrator, 16319 Kettle River Boulevard, Columbus, Minnesota 55025.

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BASIC FINANCIAL STATEMENTS

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CITY OF COLUMBUS, MINNESOTA

STATEMENT OF NET POSITION

Statement 1

December 31, 2016

With Comparative Totals For Year Ended December 31, 2015

	Primary Government			
	Governmental Activities	Business-Type Activities	Totals	
			2016	2015
Assets:				
Cash and investments	\$5,116,221	\$126,049	\$5,242,270	\$4,519,516
Cash and investments with escrow agent or trustee	-	-	-	70
Accounts receivable - net	725	23,992	24,717	25,781
Due from other governments	11,951	28,266	40,217	16,638
Internal balances	659,945	(659,945)	-	-
Property taxes receivable	176,737	-	176,737	135,620
Special assessments receivable	6,135,088	-	6,135,088	6,500,630
Land held for resale	2,919,208	-	2,919,208	2,919,208
Capital assets (net of accumulated depreciation):				
Land	532,802	-	532,802	532,802
Buildings	1,614,831	-	1,614,831	1,661,972
Infrastructure	4,406,417	8,263,475	12,669,892	13,054,739
Vehicles and equipment	565,091	-	565,091	504,993
Construction in progress	-	28,266	28,266	-
Total assets	<u>22,139,016</u>	<u>7,810,103</u>	<u>29,949,119</u>	<u>29,871,969</u>
Deferred outflows of resources:				
Related to pensions	242,497	-	242,497	52,445
Liabilities:				
Accounts payable	34,503	1,878	36,381	27,386
Salaries payable	15,778	-	15,778	6,938
Due to other governments	119,705	1,383	121,088	71,875
Unearned revenue	1,200	-	1,200	1,200
Accrued interest payable	150,665	-	150,665	202,687
Compensated absences payable:				
Due within one year	10,378	-	10,378	7,895
Due in more than one year	26,036	-	26,036	19,806
Bonds payable:				
Due within one year	1,000,000	-	1,000,000	900,000
Due in more than one year	10,214,641	-	10,214,641	11,244,372
Net pension liability:				
Due in more than one year	584,604	-	584,604	373,141
Total liabilities	<u>12,157,510</u>	<u>3,261</u>	<u>12,160,771</u>	<u>12,855,300</u>
Deferred inflows of resources:				
Related to pensions	92,117	-	92,117	85,752
Net position:				
Net investment in capital assets	4,301,285	8,291,741	12,593,026	12,596,290
Restricted for debt service	1,908,779	-	1,908,779	1,392,316
Unrestricted	3,921,822	(484,899)	3,436,923	2,994,756
Total net position	<u>\$10,131,886</u>	<u>\$7,806,842</u>	<u>\$17,938,728</u>	<u>\$16,983,362</u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBUS, MINNESOTA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2016
With Comparative Totals For The Year Ended December 31, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> Charges For Services
Primary government:		
Governmental activities:		
General government	\$670,880	\$95,005
Public safety	521,005	145,035
Public works	916,113	9,815
Economic development	19,423	-
Parks and recreation	46,669	40,209
Interest on long-term debt	353,536	-
Total governmental activities	<u>2,527,626</u>	<u>290,064</u>
Business-type activities:		
Water	131,821	80,013
Sewer	145,711	88,488
Total business-type activities	<u>277,532</u>	<u>168,501</u>
Total primary government	<u><u>\$2,805,158</u></u>	<u><u>\$458,565</u></u>

The accompanying notes are an integral part of these financial statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government			
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
				2016	2015
\$29,118	\$ -	(\$546,757)	\$ -	(\$546,757)	(\$432,524)
55,500	-	(320,470)	-	(320,470)	(468,686)
10,000	283,103	(613,195)	-	(613,195)	(1,299,660)
7,050	-	(12,373)	-	(12,373)	(10,213)
6,000	-	(460)	-	(460)	(28,786)
-	-	(353,536)	-	(353,536)	(580,270)
<u>107,668</u>	<u>283,103</u>	<u>(1,846,791)</u>	<u>0</u>	<u>(1,846,791)</u>	<u>(2,820,139)</u>
-	28,266	-	(23,542)	(23,542)	(62,966)
-	-	-	(57,223)	(57,223)	(71,764)
<u>0</u>	<u>28,266</u>	<u>0</u>	<u>(80,765)</u>	<u>(80,765)</u>	<u>(134,730)</u>
<u>\$107,668</u>	<u>\$311,369</u>	<u>(1,846,791)</u>	<u>(80,765)</u>	<u>(1,927,556)</u>	<u>(2,954,869)</u>
General revenues:					
General property taxes		2,840,381	-	2,840,381	\$2,495,759
Grants and contributions not restricted to specific programs		6,842	-	6,842	6,903
Unrestricted investment earnings		11,938	292	12,230	14,048
Miscellaneous		23,469	-	23,469	24,256
Total general revenues		<u>2,882,630</u>	<u>292</u>	<u>2,882,922</u>	<u>2,540,966</u>
Change in net position		<u>1,035,839</u>	<u>(80,473)</u>	<u>955,366</u>	<u>(413,903)</u>
Net position - January 1, as previously reported		9,096,047	7,887,315	16,983,362	17,808,317
Prior period adjustment		-	-	-	(411,052)
Net position - January 1, as restated		<u>9,096,047</u>	<u>7,887,315</u>	<u>16,983,362</u>	<u>17,397,265</u>
Net position - December 31		<u>\$10,131,886</u>	<u>\$7,806,842</u>	<u>\$17,938,728</u>	<u>\$16,983,362</u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBUS, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016
With Comparative Totals For December 31, 2015

	(100) General Fund	(120) Public Works Special Revenue Fund	(125) Blacktop Maintenance Special Revenue Fund	(142) Public Safety Special Revenue Fund	(350) Bonds of 2012A - Refunding Portion Debt Service Fund	(371) Bonds of 2007B
Assets						
Cash and investments	\$1,136,832	\$549,246	\$885,717	\$596,735	\$421,798	\$255,639
Cash and investments with escrow agent or trustee	-	-	-	-	-	-
Accounts receivable - net	725	-	-	-	-	-
Due from other governments	9,399	-	-	2,552	-	-
Due from other funds	1,668,261	-	-	-	-	-
Property taxes receivable	114,006	14,638	11,494	12,222	-	-
Special assessments receivable	24,052	-	-	-	2,846,928	2,970,203
Land held for resale	-	-	-	-	-	-
Total assets	<u>\$2,953,275</u>	<u>\$563,884</u>	<u>\$897,211</u>	<u>\$611,509</u>	<u>\$3,268,726</u>	<u>\$3,225,842</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	\$20,102	\$4,955	\$1,660	\$174	\$ -	\$ -
Salaries payable	11,964	3,714	-	-	-	-
Due to other governments	1,891	49,092	-	68,718	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	1,200	-	-	-	-	-
Total liabilities	<u>35,157</u>	<u>57,761</u>	<u>1,660</u>	<u>68,892</u>	<u>0</u>	<u>0</u>
Deferred inflows of resources:						
Unavailable revenue	100,014	-	-	-	2,837,349	2,969,437
Total deferred inflows of resources	<u>100,014</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,837,349</u>	<u>2,969,437</u>
Fund balance:						
Nonspendable	1,668,261	-	-	-	-	-
Restricted	-	-	-	-	431,377	256,405
Committed	-	506,123	895,551	542,617	-	-
Unassigned	1,149,843	-	-	-	-	-
Total fund balance	<u>2,818,104</u>	<u>506,123</u>	<u>895,551</u>	<u>542,617</u>	<u>431,377</u>	<u>256,405</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$2,953,275</u>	<u>\$563,884</u>	<u>\$897,211</u>	<u>\$611,509</u>	<u>\$3,268,726</u>	<u>\$3,225,842</u>

The accompanying notes are an integral part of these financial statements.

(480) EDA Quad 35 Project Fund	(481/482) EDA Quad Bond/Reserve Fund	(360) G.O. Tax Abatement Bond Fund	(460) EDA Land Refunding Escrow Fund	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds	
						2016	2015
\$ -	\$ -	\$187,957	\$ -	\$1,082,297	\$ -	\$5,116,221	\$4,429,196
-	-	-	-	-	-	-	70
-	-	-	-	-	-	725	1,699
-	-	-	-	-	-	11,951	16,638
-	-	-	-	-	(1,008,316)	659,945	686,049
-	-	7,222	-	17,155	-	176,737	135,620
-	-	-	-	293,905	-	6,135,088	6,500,630
2,919,208	-	-	-	-	-	2,919,208	2,919,208
<u>\$2,919,208</u>	<u>\$0</u>	<u>\$195,179</u>	<u>\$0</u>	<u>\$1,393,357</u>	<u>(\$1,008,316)</u>	<u>\$15,019,875</u>	<u>\$14,689,110</u>
\$ -	\$ -	\$ -	\$ -	\$7,612	\$ -	\$34,503	\$26,438
-	-	-	-	100	-	15,778	6,938
-	-	-	-	4	-	119,705	70,570
-	1,007,416	-	-	900	(1,008,316)	-	-
-	-	-	-	-	-	1,200	1,200
<u>0</u>	<u>1,007,416</u>	<u>0</u>	<u>0</u>	<u>8,616</u>	<u>(1,008,316)</u>	<u>171,186</u>	<u>105,146</u>
-	-	-	-	275,349	-	6,182,149	6,562,746
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>275,349</u>	<u>0</u>	<u>6,182,149</u>	<u>6,562,746</u>
-	-	-	-	-	-	1,668,261	1,693,465
2,919,208	-	195,179	-	571,925	-	4,374,094	4,118,648
-	-	-	-	543,299	-	2,487,590	2,187,152
-	(1,007,416)	-	-	(5,832)	-	136,595	21,953
<u>2,919,208</u>	<u>(1,007,416)</u>	<u>195,179</u>	<u>0</u>	<u>1,109,392</u>	<u>0</u>	<u>8,666,540</u>	<u>8,021,218</u>
<u>\$2,919,208</u>	<u>\$0</u>	<u>\$195,179</u>	<u>\$0</u>	<u>\$1,393,357</u>	<u>(\$1,008,316)</u>	<u>\$15,019,875</u>	<u>14,689,110</u>
Fund balance reported above						\$8,666,540	\$8,021,218
Amounts reported for governmental activities in the statement of net position are different because:							
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.						7,119,141	7,293,291
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds:							
Delinquent taxes						87,274	76,184
Assessments not yet due or delinquent						6,094,875	6,486,562
Deferred outflows of resources - pension related are not current financial resources and, therefore, are not reported in the funds.						242,497	52,445
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:							
Accrued interest payable						(150,665)	(202,687)
Bonds payable						(11,164,000)	(12,064,000)
Unamortized bond premium/discount						(50,641)	(80,372)
Compensated absences						(36,414)	(27,701)
Net pension liability						(584,604)	(373,141)
Deferred inflows of resources - pension related are associated with long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.						(92,117)	(85,752)
Net position of governmental activities						<u>\$10,131,886</u>	<u>\$9,096,047</u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBUS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2016
With Comparative Totals For the Year Ended December 31, 2015

	(100) General Fund	(120) Public Works Special Revenue Fund	(125) Blacktop Maintenance Special Revenue Fund	(142) Public Safety Special Revenue Fund	(350) Bonds of 2012A - Refunding Portion Debt Service Fund	(371) Bonds of 2007B
Revenues:						
General property taxes	\$878,317	\$455,065	\$357,322	\$379,964	\$ -	\$ -
Licenses and permits	171,884	-	-	-	-	-
Intergovernmental	23,324	458	-	-	-	-
Special assessments	11,311	-	-	-	412,117	166,555
Investment income	4,567	1,227	1,854	1,410	350	11
Contributions and donations	9,900	-	-	55,500	-	-
Miscellaneous	76,247	1,030	-	5,682	-	-
Total revenues	1,175,550	457,780	359,176	442,556	412,467	166,566
Expenditures:						
Current:						
General government	626,552	-	-	-	-	-
Public safety	70,866	-	-	439,977	-	-
Public works	-	402,817	50,705	-	-	-
Parks and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay	2,862	51,390	-	-	-	-
Debt service	-	-	-	-	484,352	380,000
Fiscal and other charges	-	-	-	-	1,218	450
Cost of issuance	-	-	-	-	-	-
Total expenditures	700,280	454,207	50,705	439,977	485,570	380,450
Revenues over (under) expenditures	475,270	3,573	308,471	2,579	(73,103)	(213,884)
Other financing sources (uses):						
Refunding bonds issued	-	-	-	-	-	-
Discount on refunding bonds issued	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Transfers in	-	-	-	10,000	81,355	300,000
Transfers out	(380,000)	-	-	-	-	-
Total other financing sources (uses)	(380,000)	0	0	10,000	81,355	300,000
Net change in fund balance	95,270	3,573	308,471	12,579	8,252	86,116
Fund balance - January 1	2,722,834	502,550	587,080	530,038	423,125	170,289
Fund balance - December 31	\$2,818,104	\$506,123	\$895,551	\$542,617	\$431,377	\$256,405

The accompanying notes are an integral part of these financial statements.

(480) EDA Quad 35 Project Fund	(481/482) EDA Quad Bond/Reserve Fund	(360) G.O. Tax Abatement Bond Fund	(460) EDA Land Refunding Escrow Fund	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds	
						2016	2015
\$ -	\$ -	\$222,667	\$ -	\$535,956	\$ -	\$2,829,291	\$2,486,571
-	-	-	-	-	-	171,884	93,295
-	-	-	-	-	-	23,782	104,056
-	-	-	-	84,807	-	674,790	758,272
-	23	40	15	2,441	-	11,938	13,816
-	-	-	-	23,050	-	88,450	84,750
-	-	-	-	58,690	-	141,649	228,002
<u>0</u>	<u>23</u>	<u>222,707</u>	<u>15</u>	<u>704,944</u>	<u>0</u>	<u>3,941,784</u>	<u>3,768,762</u>
-	-	-	-	-	-	626,552	590,380
-	-	-	-	846	-	511,689	505,566
-	-	-	-	90,363	-	543,885	1,306,179
-	-	-	-	37,244	-	37,244	37,529
20,092	-	-	-	19,423	-	39,515	25,705
-	-	-	-	148,036	-	202,288	161,812
-	-	206,217	-	261,702	-	1,332,271	1,754,440
-	-	450	-	900	-	3,018	2,118
-	-	-	-	-	-	-	111,648
<u>20,092</u>	<u>0</u>	<u>206,667</u>	<u>0</u>	<u>558,514</u>	<u>0</u>	<u>3,296,462</u>	<u>4,495,377</u>
<u>(20,092)</u>	<u>23</u>	<u>16,040</u>	<u>15</u>	<u>146,430</u>	<u>0</u>	<u>645,322</u>	<u>(726,615)</u>
-	-	-	-	-	-	-	4,380,000
-	-	-	-	-	-	-	(30,035)
-	-	-	-	-	-	-	(4,232,975)
20,092	-	123,963	-	-	(535,410)	-	-
-	(23)	-	(494)	(154,893)	535,410	-	-
<u>20,092</u>	<u>(23)</u>	<u>123,963</u>	<u>(494)</u>	<u>(154,893)</u>	<u>0</u>	<u>0</u>	<u>116,990</u>
0	0	140,003	(479)	(8,463)	0	645,322	(609,625)
<u>2,919,208</u>	<u>(1,007,416)</u>	<u>55,176</u>	<u>479</u>	<u>1,117,855</u>	<u>-</u>	<u>8,021,218</u>	<u>8,630,843</u>
<u>\$2,919,208</u>	<u>(\$1,007,416)</u>	<u>\$195,179</u>	<u>\$0</u>	<u>\$1,109,392</u>	<u>\$0</u>	<u>\$8,666,540</u>	<u>\$8,021,218</u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBUS, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS

Statement 5

For The Year Ended December 31, 2016

With Comparative Amounts For The Year Ended December 31, 2015

	<u>2016</u>	<u>2015</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds (Statement 4)	\$645,322	(\$609,625)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Depreciation	(340,002)	(329,152)
Capital outlay	202,288	161,812
Capital outlay not capitalized	(36,436)	(10,555)
Capitalized current expenditures	-	40,999
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins) is to decrease net position	-	(28,575)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in delinquent taxes	11,090	9,188
Change in special assessments	(391,687)	(519,053)
The issuance of long-term debt (e.g. bonds) provides current financial resources for governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amounts of these differences are:		
Principal payments on long-term debt	900,000	1,124,025
Bonds issued	-	(4,380,000)
Discount on bonds issued	-	30,035
Payment on escrow agent	-	4,232,975
Bond premium/discounts	29,731	(14,408)
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. Expenses reported in the statement of activities include the effects of the changes in these expense accruals as follows:		
Change in accrued interest payable	52,022	10,436
Change in compensated absences payable	(8,713)	(2,111)
Governmental funds report pension contributions as expenditures, however, pension expense is reported in the statement of activities. This is the amount by which pension expense exceeded pension contributions:		
Pension contributions	\$33,383	
Pension expense	(61,159)	4,604
Change in net position of governmental activities (Statement 2)	<u>\$1,035,839</u>	<u>(\$279,405)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBUS, MINNESOTA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2016

With Comparative Totals For December 31, 2015

Statement 6

	Sewer Fund	Water Fund	Total Enterprise Funds	
			2016	2015
Assets:				
Current assets:				
Cash and investments	\$126,049	\$ -	\$126,049	\$90,320
Accounts receivable - net	14,128	9,864	23,992	24,082
Due from other governments	-	28,266	28,266	-
Total current assets	140,177	38,130	178,307	114,402
Capital assets:				
Construction in progress	-	28,266	28,266	-
Infrastructure	4,635,093	5,251,905	9,886,998	9,886,998
Less: accumulated depreciation	(837,615)	(785,908)	(1,623,523)	(1,425,783)
Total capital assets	3,797,478	4,494,263	8,291,741	8,461,215
Total assets	3,937,655	4,532,393	8,470,048	8,575,617
Liabilities:				
Current liabilities:				
Accounts payable	594	1,284	1,878	948
Due to other governments	-	1,383	1,383	1,305
Due to other funds	-	659,945	659,945	686,049
Total current liabilities	594	662,612	663,206	688,302
Net position:				
Net investment in capital assets	3,797,478	4,494,263	8,291,741	8,461,215
Unrestricted	139,583	(624,482)	(484,899)	(573,900)
Total net position	\$3,937,061	\$3,869,781	\$7,806,842	7,887,315

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBUS, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2016
With Comparative Totals For The Year Ended December 31, 2015

Statement 7

	Sewer Fund	Water Fund	Total Enterprise Funds	
			2016	2015
Operating revenues:				
Charges for services	\$88,488	\$80,013	\$168,501	\$137,532
Operating expenses:				
Supplies	6,561	-	6,561	6,963
Other services and charges	46,448	26,783	73,231	67,559
Depreciation	92,702	105,038	197,740	197,740
Total operating expenses	145,711	131,821	277,532	272,262
Operating income (loss)	(57,223)	(51,808)	(109,031)	(134,730)
Nonoperating revenue (expenses):				
Investment income	292	-	292	232
Total nonoperating revenue (expenses)	292	0	292	232
Income (loss) before capital contributions	(56,931)	(51,808)	(108,739)	(134,498)
Capital contributions - intergovernmental	-	28,266	28,266	-
Change in net position	(56,931)	(23,542)	(80,473)	(134,498)
Net position - January 1	3,993,992	3,893,323	7,887,315	8,021,813
Net position - December 31	\$3,937,061	\$3,869,781	\$7,806,842	\$7,887,315

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBUS, MINNESOTA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For The Year Ended December 31, 2016

With Comparative Totals For The Year Ended December 31, 2015

Statement 8

	Sewer Fund	Water Fund	Total Enterprise Funds	
			2016	2015
Cash flows from operating activities:				
Receipts from customers and users	\$88,121	\$80,470	\$168,591	\$130,480
Payment to suppliers	(52,684)	(26,100)	(78,784)	(74,476)
Net cash flows provided by operating activities	<u>35,437</u>	<u>54,370</u>	<u>89,807</u>	<u>56,004</u>
Cash flows from noncapital financing activities:				
Advances to/from other funds - net change	-	(26,104)	(26,104)	(253,335)
Net cash flows provided by (used in) noncapital financing activities	<u>0</u>	<u>(26,104)</u>	<u>(26,104)</u>	<u>(253,335)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	(28,266)	(28,266)	-
Net cash flows provided by (used in) capital and related financing activities	<u>0</u>	<u>(28,266)</u>	<u>(28,266)</u>	<u>0</u>
Cash flows from financing activities:				
Intergovernmental revenue	-	-	-	215,424
Net cash flows provided by (used in) financing activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>215,424</u>
Cash flows from investing activities:				
Investment income	292	-	292	232
Net increase in cash and cash equivalents	35,729	0	35,729	18,325
Cash and cash equivalents - January 1	90,320	-	90,320	71,995
Cash and cash equivalents - December 31	<u>\$126,049</u>	<u>\$0</u>	<u>\$126,049</u>	<u>\$90,320</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(\$57,223)	(\$51,808)	(\$109,031)	(\$134,730)
Adjustment to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	92,702	105,038	197,740	197,740
Changes in assets and liabilities:				
(Increase) decrease in receivables	(367)	457	90	(7,052)
Increase (decrease) in payables, due to other governments	325	683	1,008	46
Total adjustments	<u>92,660</u>	<u>106,178</u>	<u>198,838</u>	<u>190,734</u>
Net cash provided by operating activities	<u>\$35,437</u>	<u>\$54,370</u>	<u>\$89,807</u>	<u>\$56,004</u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBUS, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
GENERAL ESCROW AGENCY FUND
December 31, 2016
With Comparative Totals For December 31, 2015

Statement 9

	<u>2016</u>	<u>2015</u>
Assets:		
Cash and investments	<u>\$6,750</u>	<u>\$6,750</u>
Total assets	<u><u>\$6,750</u></u>	<u><u>\$6,750</u></u>
Liabilities:		
Deposits payable	<u>\$6,750</u>	<u>\$6,750</u>
Total liabilities	<u><u>\$6,750</u></u>	<u><u>\$6,750</u></u>

The accompanying notes are an integral part of these financial statements.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Columbus, Minnesota (the City) was formed and operates pursuant to applicable Minnesota laws and statutes. The governing body consists of a mayor and four council members. All members are elected on a nonpartisan, at-large basis and serve on a part-time basis. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units by the Governmental Accounting Standards Board (GASB). The City's significant accounting policies are described below.

A. FINANCIAL REPORTING ENTITY

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Columbus, Minnesota (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government.

The Economic Development Authority (EDA) was created by the City to encourage the development of certain properties within the City. The EDA has seven members, consisting of five council members, of which the mayor is president, and two at-large members. The City Administrator is the executive director. The EDA shall have all the rights, powers, duties, obligations, and limitations as set forth in Minnesota Statutes, Section 469.090 to 469.108.

The Housing and Redevelopment Authority (HRA) is an entity legally separate from the City. However, for financial reporting purposes, the HRA is reported as if it were part of the City's operations because the members of the City Council serve as HRA Board members along with two at-large members and its activity is confined to the City. Separate financial statements are not prepared for the HRA.

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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund 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. The City's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year 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, special assessments, intergovernmental revenues, charges for services 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.

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 *Public Works Special Revenue Fund* accounts for all revenues and expenditures relating to the roads and bridges in the City.

The *Blacktop Maintenance Special Revenue Fund* accounts for all revenues and expenditures relating to blacktop maintenance projects within the City.

The *Public Safety Special Revenue Fund* accounts for all revenues and expenditures relating to the police, emergency management and fire in the City.

CITY OF COLUMBUS, MINNESOTA
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The *Bonds of 2012A- Refunding Portion Debt Service Fund* accounts for the debt service payments relating to the bonds of 2012A.

The *Bonds of 2007B Debt Service Fund* accounts for the debt service payments relating to the Bonds of 2007B.

The *EDA Quad 35 Project Fund* accounts for the EDA's development activities.

The *EDA Quad Bond/Reserve Fund* accounts for the debt service payments relating to the 2010 taxable lease revenue bonds and the reserve requirements of the bonds.

The *G.O. Tax Abatement Bond Fund* accounts for the debt service payments relating to the 2015 G.O. Tax Abatement Bonds.

The *EDA Land Refunding Escrow Fund* accounts for the escrow accounts relating to the 2015 G.O. Tax Abatement Bonds, which advance refunded the 2010 Taxable Lease Revenue Bonds.

The City reports the following major proprietary funds:

The *Sewer Fund* accounts for the sewer service charges, which are used to finance the sanitary sewer system operating expenses.

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

In addition, the City reports the following fund type:

Agency Fund - accounts for individual performance escrows relating to permits issued by city.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *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 water and sewer proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. BUDGETS

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General and Special Revenue Funds with the exception of the Charitable Gambling Fund. Budgeted expenditure appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash management.

E. LEGAL COMPLIANCE - BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council conducts a series of workshops for City Council discussion on the proposed budget.
3. A public hearing is conducted to obtain taxpayer comments.
4. Expenditures that have not been budgeted require specific Council approval.

The following is a listing of the General Fund departments and Special Revenue Funds whose expenditures exceed budget appropriations:

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Major Fund:			
General Fund			
General Government	\$585,031	\$629,414	\$44,383

The over expenditures were funded by available fund balance.

F. CASH AND INVESTMENTS

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Investment income is allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

Investments are stated at fair value, except for investments in external investment pools that meet GASB 79 requirements, which are stated at amortized cost. Investment income is accrued at the balance sheet date.

G. RECEIVABLES AND PAYABLES

Property taxes and special assessments (see notes 1(H) and 1(I)) have been reported net of estimated uncollectible accounts. Uncollectible amounts are not material for other receivables and have not been reported.

H. PROPERTY TAX REVENUE RECOGNITION

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the City the following January) and taxes and credits not received at year end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the City in January are fully offset by deferred inflows of resources because they are not available to finance current expenditures.

I. SPECIAL ASSESSMENT REVENUE RECOGNITION

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Proceeds of sales from tax forfeit properties are remitted to the City in payment of delinquent special assessments. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. All remaining delinquent and deferred assessments receivable in governmental funds are offset by deferred inflows of resources.

J. INVENTORIES

The original cost of materials and supplies have been recorded as expenditures at the time of purchase (purchases method). The City does not maintain material amounts of inventories of goods or supplies.

K. CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as all land and other assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. In the case of initial capitalization of general infrastructure assets, the City chose to include only those items constructed after 1980.

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

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The City implemented GASB 51, *Accounting and Financial Reporting for Intangible Assets* effective January 1, 2010, which required the City to capitalize and amortize intangible assets. Pursuant to GASB Statement 51, in the case of initial capitalization of intangible assets, the City chose not to retroactively report permanent easements. The City had already accounted for temporary easements and computer software at historical cost and therefore retroactive reporting was not necessary. The amounts of these assets are not material to the financial statements and therefore, have not been reported separately from other capital assets. The City acquired no intangible assets for the year ending December 31, 2016.

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

Assets	
Buildings	50 years
Vehicles and equipment	10 years
Roads	30 years
Infrastructure	50 years

L. COMPENSATED ABSENCES

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and accumulated sick leave benefits that are vested as severance pay are accrued when incurred in the government-wide 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. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

M. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are immaterial and are expensed in the year of bond issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

N. FUND BALANCE CLASSIFICATIONS

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable - consists of amounts that are not in spendable form, such as prepaid items.

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

Committed - consists of internally imposed constraints. These constraints are established by Resolution of the City Council.

Assigned - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council and/or management.

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

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

O. INTERFUND TRANSACTIONS

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

P. USE OF ESTIMATES

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

Q. DEFERRED OUTFLOWS/INFLOWS 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 government has one item that qualifies for reporting in this category. It is the pension related deferred outflows of resources reported in the government-wide Statement of Net Position.

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

R. COMPARATIVE TOTALS

The basic financial statements and the individual fund financial statements and schedules include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

S. DEFINED BENEFIT PENSION PLAN

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.

T. RECLASSIFICATIONS

Certain amounts presented in the prior year data has been reclassified in order to be consistent with the current year's presentation.

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, 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% of the deposits not covered by insurance or bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City treasurer or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

- a) United States government treasury bills, treasury notes and treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- c) 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;
- d) Unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- e) 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
- f) Time deposits that are fully insured by any federal agency.

Balances at December 31, 2016 are as follows:

	<u>Bank Balances</u>	<u>Carrying Amount</u>
Deposits	<u>\$4,122,869</u>	<u>\$4,097,295</u>

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that insurance, surety bonds or collateral protect all City deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. As of December 31, 2016, the bank balance of the City's deposits was covered by federal depository insurance or covered by perfected collateral held in the City's name.

CITY OF COLUMBUS, MINNESOTA
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B. INVESTMENTS

Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) State and local securities as follows:
 - 1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
 - 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
 - 3) a general obligation of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptance of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements 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; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.

As of December 31, 2016, the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Maturity	
			Less Than 1 Year	1-2 Years
Wells Fargo Money Market Fund	Aaa-mf	\$101,725	\$101,725	\$ -
Brokered CD's	N/R	1,050,000	500,000	550,000
Total investments		<u>\$1,151,725</u>	<u>\$601,725</u>	<u>\$550,000</u>
Total investments				\$1,151,725
Deposits				4,097,295
Total cash and investments				<u>\$5,249,020</u>

CITY OF COLUMBUS, MINNESOTA
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The following is a reconciliation of the City's total cash and investments at December 31, 2016:

Government-wide statement of position:	
Cash and investments	\$5,242,270
Fiduciary Fund statement of net position	<u>6,750</u>
Total	<u><u>\$5,249,020</u></u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

The City has the following recurring fair value measurements as of December 31, 2016:

Investment Type	12/31/2016	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered certificates of deposit	\$1,050,000	\$ -	\$1,050,000	\$ -
Total/Subtotal	<u>1,050,000</u>	<u>\$0</u>	<u>\$1,050,000</u>	<u>\$0</u>
Investments not categorized:				
Money market funds	101,725			
Total	<u>\$1,151,725</u>			

C. INVESTMENT RISKS

Custodial credit risk – investments – For investments in securities, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The City's investment policy does not address custodial risk. However, investments in securities are held by the City's broker-dealer of which \$500,000 is insured through SIPC. Each broker-dealer has provided additional protection by providing additional insurance. This insurance is subject to aggregate limits applied to all of the broker-dealers' accounts.

Interest rate risk – Interest rate risk is the risk that changes in interest rates of debt investments could adversely affect the fair value of an investment. The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. State law limits investments to those listed in Note 2(B). The City's investment policy does not place further restrictions on investment options.

CITY OF COLUMBUS, MINNESOTA
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Concentration of credit risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government’s investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer. The City does not have exposure to a single issuer that equals or exceeds 5% of the overall portfolio and, therefore, there is no concentration of credit risk.

Note 3 RECEIVABLES

Significant receivable balances not expected to be collected within one year of December 31, 2016 are as follows:

	<u>Delinquent Property Taxes</u>	<u>Special Assessments</u>
Major funds:		
(100) General Fund	\$53,200	\$13,000
(350) Bonds of 2012A - refunding portion of debt service fund	-	2,611,000
(371) Bonds of 2007B	-	2,867,000
Nonmajor funds	-	233,000
	<u> </u>	<u> </u>
Total	<u>\$53,200</u>	<u>\$5,724,000</u>

Note 4 UNAVAILABLE REVENUE

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	<u>Delinquent Property Taxes</u>	<u>Delinquent Special Assessments</u>	<u>Special Assessments Not Yet Due</u>	<u>Total</u>
Major funds:				
(100) General Fund	\$87,274	\$ -	\$12,740	\$100,014
(350) Bonds of 2012A - refunding portion of debt service fund	-	46,746	2,790,603	2,837,349
(371) Bonds of 2007B	-	104,623	2,864,814	2,969,437
Nonmajor funds	-	5,008	270,341	275,349
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$87,274</u>	<u>\$156,377</u>	<u>\$5,938,498</u>	<u>\$6,182,149</u>

CITY OF COLUMBUS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

Primary Government	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$532,802	\$ -	\$ -	\$ -	\$532,802
Total capital assets, not being depreciated	<u>532,802</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>532,802</u>
Capital assets, being depreciated:					
Buildings	2,357,041	-	-	-	2,357,041
Roads	6,347,073	23,648	-	-	6,370,721
Vehicles and equipment	1,353,666	142,204	-	-	1,495,870
Total capital assets, being depreciated	<u>10,057,780</u>	<u>165,852</u>	<u>0</u>	<u>0</u>	<u>10,223,632</u>
Less accumulated depreciation for:					
Buildings	695,069	47,141	-	-	742,210
Roads	1,753,549	210,755	-	-	1,964,304
Vehicles and equipment	848,673	82,106	-	-	930,779
Total accumulated depreciation	<u>3,297,291</u>	<u>340,002</u>	<u>0</u>	<u>0</u>	<u>3,637,293</u>
Total capital assets being depreciated - net	<u>6,760,489</u>	<u>(174,150)</u>	<u>0</u>	<u>0</u>	<u>6,586,339</u>
Governmental activities capital assets - net	<u>\$7,293,291</u>	<u>(\$174,150)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,119,141</u>
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ -	\$28,266	\$ -	\$ -	\$28,266
Total capital assets, not being depreciated	<u>0</u>	<u>28,266</u>	<u>0</u>	<u>0</u>	<u>28,266</u>
Capital assets, being depreciated:					
Water infrastructure	5,251,905	-	-	-	5,251,905
Sewer infrastructure	4,635,093	-	-	-	4,635,093
Total capital assets being depreciated	<u>9,886,998</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,886,998</u>
Less accumulated depreciation for:					
Water infrastructure	680,870	105,038	-	-	785,908
Sewer infrastructure	744,913	92,702	-	-	837,615
Total accumulated depreciation	<u>1,425,783</u>	<u>197,740</u>	<u>0</u>	<u>0</u>	<u>1,623,523</u>
Total capital assets being depreciated - net	<u>8,461,215</u>	<u>(197,740)</u>	<u>0</u>	<u>0</u>	<u>8,263,475</u>
Business-type activities capital assets - net	<u>\$8,461,215</u>	<u>(\$169,474)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,291,741</u>

CITY OF COLUMBUS, MINNESOTA
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Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$15,229
Public safety	11,002
Public works	304,346
Parks and recreation	9,425
Total depreciation expense - governmental activities	<u>\$340,002</u>
Business-type activities:	
Water	\$105,038
Sewer	92,702
Total depreciation expense - business-type activities	<u>\$197,740</u>

Note 6 LONG-TERM DEBT

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. As of December 31, 2016, the long-term debt of the financial reporting entity consisted of the following:

	Issue Date	Final Maturity Date	Authorized and Issued	Interest Rate	Outstanding 12/31/16
Governmental activities:					
G.O. Improvement Bonds of 2007B	11/15/07	2/1/24	\$4,305,000	4.1%	\$2,615,000
G.O. Capital Improvement Bonds of 2007A	6/1/07	2/1/23	1,380,000	3.65% - 4.150%	745,000
G.O. Capital Improvement Bonds of 2010A	8/19/10	2/1/21	281,000	4.15%	160,000
G.O. Capital Improvement Bonds of 2012A	4/1/12	4/1/28	795,000	2.00 - 2.75%	660,000
G.O. Capital Improvement Bonds of 2012A Refunding Portion	4/1/12	4/1/22	3,270,000	2.00 - 2.15%	2,240,000
G.O. Capital Improvement Bonds of 2014	10/2/14	2/1/25	396,000	2.35 - 3.35%	364,000
G.O. Tax Abatement Bonds of 2015	4/1/15	2/1/36	4,380,000	1.50 - 4.00%	4,380,000
Issuance premiums (discounts)	N/A	N/A	N/A	N/A	50,641
Total bonded indebtedness					<u>11,214,641</u>
Compensated absences payable	N/A	N/A	N/A	N/A	36,414
Total long-term debt					<u>\$11,251,055</u>

CITY OF COLUMBUS, MINNESOTA
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December 31, 2016

PAYMENTS TO MATURITY

The annual requirement to amortize all debt outstanding at December 31, 2016 is as follows:

	Governmental Activities					
	General Obligation Improvement Bonds of 2007B		General Obligation Capital Improvements of 2007A		General Obligation Capital Improvements of 2010A	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$290,000	\$98,800	\$95,000	\$28,363	\$29,000	\$6,038
2018	300,000	87,000	100,000	24,486	31,000	4,793
2019	300,000	75,000	100,000	20,486	32,000	3,486
2020	325,000	62,500	105,000	16,360	33,000	2,137
2021	340,000	49,200	110,000	11,979	35,000	726
2022	340,000	35,600	115,000	7,352	-	-
2023	355,000	21,700	120,000	2,490	-	-
2024	365,000	7,300	-	-	-	-
	<u>\$2,615,000</u>	<u>\$437,100</u>	<u>\$745,000</u>	<u>\$111,516</u>	<u>\$160,000</u>	<u>\$17,180</u>

	Governmental Activities							
	General Obligation Capital Improvements of 2012A		General Obligation Capital Improvements of 2012A - Refunding Portion		General Obligation Capital Improvements of 2014		General Obligation Tax Abatement Bonds of 2015	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$50,000	\$15,445	\$440,000	\$40,603	\$36,000	\$10,271	\$60,000	\$154,212
2018	50,000	14,445	420,000	32,003	37,000	9,413	75,000	153,200
2019	50,000	13,445	435,000	23,453	38,000	8,532	85,000	151,787
2020	50,000	12,445	450,000	14,603	39,000	7,627	100,000	149,937
2021	50,000	11,445	360,000	6,503	40,000	6,499	115,000	147,644
2022	55,000	10,354	135,000	1,447	41,000	5,142	130,000	144,725
2023	55,000	9,006	-	-	43,000	3,735	145,000	141,106
2024	55,000	7,494	-	-	44,000	2,279	165,000	136,637
2025	60,000	5,913	-	-	46,000	770	180,000	131,283
2026	60,000	4,263	-	-	-	-	195,000	125,136
2027	60,000	2,613	-	-	-	-	215,000	118,108
2028	65,000	894	-	-	-	-	235,000	110,115
2029	-	-	-	-	-	-	255,000	101,168
2030	-	-	-	-	-	-	275,000	91,225
2031	-	-	-	-	-	-	300,000	80,000
2032	-	-	-	-	-	-	320,000	67,600
2033	-	-	-	-	-	-	345,000	54,300
2034	-	-	-	-	-	-	370,000	40,000
2035	-	-	-	-	-	-	395,000	24,700
2036	-	-	-	-	-	-	420,000	8,400
	<u>\$660,000</u>	<u>\$107,762</u>	<u>\$2,240,000</u>	<u>\$118,612</u>	<u>\$364,000</u>	<u>\$54,268</u>	<u>\$4,380,000</u>	<u>\$2,131,283</u>

CITY OF COLUMBUS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Balance 01/01/16	Additions	Deletions	Balance 12/31/16	Due Within One Year
Governmental activities:					
G.O. Improvement Bonds of 2007B	\$2,885,000	\$ -	(\$270,000)	\$2,615,000	\$290,000
G.O. Capital Improvement Bonds of 2007A	835,000	-	(90,000)	745,000	95,000
G.O. Capital Improvement Bonds of 2010A	188,000	-	(28,000)	160,000	29,000
G.O. Capital Improvement Bonds of 2012A	705,000	-	(45,000)	660,000	50,000
G.O. Capital Improvement Bonds of 2012A refunding portion	2,675,000	-	(435,000)	2,240,000	440,000
G.O. Capital Improvement Bonds of 2014	396,000	-	(32,000)	364,000	36,000
G.O. Tax Abatement Bonds of 2015	4,380,000	-	-	4,380,000	60,000
Compensated absences	27,701	19,202	(10,489)	36,414	10,378
Subtotal	12,091,701	19,202	(910,489)	11,200,414	<u>\$1,010,378</u>
Unamortized premium (discount) on bonds	80,372	-	(29,731)	50,641	
Total governmental activities	<u>\$12,172,073</u>	<u>\$19,202</u>	<u>(\$940,220)</u>	<u>\$11,251,055</u>	

It is not practicable to determine the specific year for payment of accrued compensated absences.

CITY OF COLUMBUS, MINNESOTA
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For the governmental activities, compensated absences are generally liquidated by the General Fund. All long-term bonded indebtedness outstanding at December 31, 2016 is backed by the full faith and credit of the City. Delinquent assessments receivable at December 31, 2016 were \$156,377.

Bond Issue	Use of Proceeds	Revenue Pledged			Remaining Principal and Interest	Current Year	
		Type	Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
2007A	Public Works Building	Property Taxes	100%	2008 - 2023	\$856,516	\$122,016	\$130,065
2007B	Infrastructure Improvements	Special Assessments	100%	2008 - 2024	\$3,052,100	\$380,000	\$166,555
2010A	Infrastructure Improvements	Special Assessments	100%	2010 - 2021	\$177,180	\$35,221	\$21,535
2012A	Infrastructure Improvements	Property Taxes	100%	2012-2028	\$767,762	\$61,395	\$68,189
2012A	Refunding of 2004, 2005A and 2006 Infrastructure Improvements	Special Assessments	100%	2012-2022	\$2,358,612	\$484,352	\$412,117
2014	Infrastructure Improvements	Special Assessments	100%	2014-2023	\$418,268	\$43,070	\$44,716
2015	Refunding of 2010 Land Purchase	Lease Revenue *	100%	2015 - 2036	\$6,511,283	\$206,217	\$0

* The City's Economic Development Authority (a blended component unit) issued taxable lease revenue bonds. The City signed a lease agreement for the purchased land. The land is currently reported as land held for resale.

CONDUIT DEBT OBLIGATIONS

Conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued various Industrial Development Revenue Bonds to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt. As of December 31, 2016, there were Senior Housing Revenue Refunding Bonds for the City of Richfield with an original issue amount of \$19.5 million and Charter School Lease Revenue Bonds for New Millennium Academy with an original issue amount of \$18 million outstanding. The aggregate principal amount payable for the series could not be determined.

Note 7 DEFINED BENEFIT PENSION PLAN

A. PLAN DESCRIPTION

The City participates in the following cost-sharing multiple-employer defined benefit pension plan 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.

B. BENEFITS PROVIDED

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

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% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% 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.

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% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% 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.

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 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2016. The City was required to contribute 11.78% of pay for Basic Plan members and 7.5% for Coordinated Plan members in calendar year 2016. The City's contributions to the GERF for the year ended December 31, 2016, were \$33,383. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

GERF Pension Costs

At December 31, 2016, the City reported a liability of \$584,604 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2016. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$7,641. The net pension liability was measured as of June 30, 2016, 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportion was .0072% which was equal to its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$61,159 for its proportionate share of the GERF's pension expense. In addition, the City recognized \$2,278 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the GERF.

CITY OF COLUMBUS, MINNESOTA
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At December 31, 2016, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$47,491
Changes in actuarial assumptions	114,466	-
Difference between projected and actual investment earnings	110,961	-
Changes in proportion	-	44,626
Contributions paid to PERA subsequent to the measurement date	17,070	-
Total	<u>\$242,497</u>	<u>\$92,117</u>

\$17,070 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2017	\$27,869
2018	27,869
2019	56,455
2020	21,117
2021	-
Thereafter	-

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for the GERF for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1% per year for all future years.

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Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERP was completed in 2015.

The following changes in actuarial assumptions occurred in 2016:

General Employees Fund

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

The long-term expected rate of return on pension plan investments is 7.5%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%
Total	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.5%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes of the GERP. Based on that assumption, the 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

CITY OF COLUMBUS, MINNESOTA
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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:

	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
City's proportionate share of the GERF net pension liability	\$830,311	\$584,604	\$382,209

H. PENSION PLAN FIDUCIARY NET POSITION

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

Note 8 DEFINED CONTRIBUTION PLAN

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually. Total contributions made by the City during fiscal year 2016 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rate</u>
<u>Employee</u>	<u>Employer (Pension Expense)</u>	<u>Employee</u>	<u>Employer</u>	
\$353	\$353	5%	5%	5%

CITY OF COLUMBUS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 9 INTERFUND RECEIVABLES/PAYABLES, LOANS AND TRANSFERS

Interfund transfers during 2016 are as follows:

	Transfers In					Total
	Public Safety	Bonds of 2012A	GO Tax Abatement Bond	Bonds of 2007B	EDA Quad 35 Project Fund	
Transfers out:						
General	\$ -	\$60,000	\$ -	\$300,000	\$20,000	\$380,000
EDA Quad Bond Reserve Fund	-	-	23	-	-	23
EDA Land Refunding Escrow	-	-	494	-	-	494
Nonmajor	10,000	21,355	123,446	-	92	154,893
Total	<u>\$10,000</u>	<u>\$81,355</u>	<u>\$123,963</u>	<u>\$300,000</u>	<u>\$20,092</u>	<u>\$535,410</u>

Interfund transfers allow the City to allocate financial resources to the funds that receive benefit from services provided by another fund. All of the City's interfund transfers fall under that category.

Interfund due to/from as of December 31, 2016 are as follows:

	Due To Other Funds			
	Governmental Funds			Total
	EDA Quad Bond Reserve	Nonmajor	Water Fund	
Due from other funds:				
General	\$1,007,416	\$900	\$659,945	\$1,668,261
Total	<u>\$1,007,416</u>	<u>\$900</u>	<u>\$659,945</u>	<u>\$1,668,261</u>

Note 10 CONTINGENCIES

FEDERAL AND STATE FUNDS

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2016.

CITY OF COLUMBUS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 11 FUND BALANCE

A. CLASSIFICATIONS

At December 31, 2016, a summary of the governmental fund balance classifications are as follows:

	Nonspendable	Restricted for		Committed to					Unassigned	Total
		Debt Service	Public Works	Public Safety	Parks	Watershed	Charitable Gambling	Economic Development		
General Fund	\$1,668,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,149,843	\$2,818,104
Major Special Revenue Funds:										
Public Works	-	-	506,123	-	-	-	-	-	-	506,123
Public Safety	-	-	-	542,617	-	-	-	-	-	542,617
Blacktop Maintenance	-	-	895,551	-	-	-	-	-	-	895,551
Major Debt Service Funds:										
Bonds of 2012A - Refunding Portion	-	431,377	-	-	-	-	-	-	-	431,377
Bonds of 2007B	-	256,405	-	-	-	-	-	-	-	256,405
Major Capital Projects Funds:										
EDA Quad 35 Project Fund	-	2,919,208	-	-	-	-	-	-	-	2,919,208
EDA Quad Bond/Reserve Fund	-	-	-	-	-	-	-	(1,007,416)	(1,007,416)	-
G.O. Tax Abatement	-	195,179	-	-	-	-	-	-	-	195,179
EDA Land Refunding Escrow	-	-	-	-	-	-	-	-	-	-
Nonmajor Funds	-	571,925	299,326	15,057	150,674	8,934	22,126	47,182	(5,832)	1,109,392
Total	\$1,668,261	\$4,374,094	\$1,701,000	\$557,674	\$150,674	\$8,934	\$22,126	\$47,182	\$136,595	\$8,666,540

B. MINIMUM COMMITTED AND UNASSIGNED FUND BALANCE

The City council has formally adopted a policy regarding the fund balance for the General, Special Revenue and Capital Projects Funds. The most significant revenue source of the General Fund is property taxes. This revenue source is received in two installments during the year – June and December. As such, it is the City’s practice to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes.

The policy establishes a year-end target of 50% of the operating budget for the General.

At December 31, 2016, the targeted and actual fund balance was:

	<u>Target</u>	<u>Actual</u>
General Fund (unassigned)	\$525,163	\$1,149,843

Note 12 COMMITMENTS AND CONTINGENCIES

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 and natural disasters for which the City carries commercial insurance policies. The City retains risk for the deductible portions of the insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

B. LITIGATION

Management has indicated that existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, remotely recoverable by plaintiffs, with the exception of property tax and assessment appeals. The outcome of these appeals cannot be determined at this time.

Note 13 OPERATING LEASES - LESSOR

The City received revenue from an agreement for the lease of land for antennas. The term of the initial lease is five years starting on January 1, 2010. The lease calls for monthly payments of \$1,200 in years one and two and a 3% increase in years three through five. During 2013, the City amended the original lease to extend the term for an additional 5 years. The monthly payments will continue to increase by 3% for the years 2015 – 2019.

Remaining future minimum lease payments to be received are as follows:

2017	\$17,710
2018	18,241
2019	<u>18,789</u>
Total	<u><u>\$54,740</u></u>

Note 14 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements:

Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

Statement No. 80 *Blending Requirements for Certain Component Units.* The provisions of this Statement are effective for reporting periods beginning after June 15, 2016.

Statement No. 81 *Irrevocable Split-Interest Agreements.* The provisions of this Statement are effective for reporting periods beginning after December 15, 2016.

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Statement No. 82 Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73. The provisions of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Statement No. 83 Certain Asset Retirement Obligations. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84 Fiduciary Activities. The provisions of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 85 Omnibus 2017. The provisions of this Statement are effective for reporting periods beginning after June 15, 2017.

Statement No. 86 Certain Debt Extinguishment Issues. The provisions of this Statement are effective for reporting periods beginning after June 15, 2017.

The effect these standards may have on future financial statements is not determinable at this time.

Note 15 DEFICIT FUND BALANCE

The City has a deficit fund balance at December 31, 2016 as follows:

<u>Fund</u>	<u>Amount</u>
(417) 2017 Road Construction Fund	\$5,832
(481/482) EDA Quad Bond/Reserve Fund	1,007,416

Note 16 CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. GASB 68 addresses accounting and financial reporting for pension plans that are provided to employees of state and local governments. The standard requires the City to record its share of the net pension liability of defined benefit plans, as well as any corresponding deferred inflows and outflows of resources.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2016

The standard required retroactive implementation which resulted in a restatement of net position as of December 31, 2014. Certain amounts necessary to fully restate 2014 financial information are not determinable, therefore, prior year comparative amounts have not been restated. Details of the prior period adjustment are as follows:

	<u>Governmental Activities</u>
Net position - January 1, 2015, as previously reported	\$9,786,504
Prior period adjustment:	
Deferred outflows of resources - pension related	16,420
Net pension liability	<u>(427,472)</u>
Net position - January 1, 2015, as restated	<u><u>\$9,375,452</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COLUMBUS, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Statement 10
Page 1 of 3

For The Year Ended December 31, 2016
 With Comparative Actual Amounts For The Year Ended December 31, 2015

	Budgeted Amounts		2016 Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual Amounts
	Original	Final			
Revenues:					
General property taxes	\$879,623	\$879,623	\$878,317	(\$1,306)	\$855,346
Licenses and permits	79,400	79,400	171,884	92,484	93,295
Intergovernmental:					
State:					
PERA aid	458	458	458	-	458
Property tax credits and aids	2,500	2,500	5,926	3,426	5,987
County:					
Recycling	17,000	17,000	16,462	(538)	18,808
Other	-	-	478	478	4,199
Total intergovernmental	19,958	19,958	23,324	3,366	29,452
Investment income	2,200	2,200	4,567	2,367	3,836
Special Assesments	-	-	11,311	11,311	-
Contributions and donations	10,000	10,000	9,900	(100)	9,900
Miscellaneous:					
Public hearing	200	200	800	600	1,550
County fine revenues	32,000	32,000	26,753	(5,247)	34,505
Title searches and plats	250	250	653	403	857
Senior center board	3,500	3,500	3,902	402	4,014
Cable TV franchise fees	12,000	12,000	15,235	3,235	14,231
Refunds and reimbursements	-	-	13,188	13,188	12,694
Other	8,200	8,200	15,716	7,516	65,269
Total miscellaneous	56,150	56,150	76,247	20,097	133,120
Total revenues	1,047,331	1,047,331	1,175,550	128,219	1,124,949
Expenditures:					
General government:					
General:					
Office and computer supplies	10,800	10,800	8,238	2,562	12,320
Postage	1,500	1,500	1,530	(30)	1,458
Mileage	1,500	1,500	963	537	1,169
Dues	4,500	4,500	4,398	102	4,329
Legal notices and ads	2,100	2,100	1,709	391	2,080
Copy machine	1,800	1,800	2,006	(206)	1,753
Seminars/publications	2,000	2,000	1,832	168	2,244
Community events	1,000	1,000	506	494	716
Truth in taxation	2,000	2,000	1,272	728	1,621
Miscellaneous	16,300	16,300	16,678	(378)	7,030
Cable franchise reimbursement	12,000	12,000	14,030	(2,030)	11,701
Total general	55,500	55,500	53,162	2,338	46,421

CITY OF COLUMBUS, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Statement 10
Page 2 of 3

For The Year Ended December 31, 2016
 With Comparative Actual Amounts For The Year Ended December 31, 2015

	Budgeted Amounts		2016 Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual Amounts
	Original	Final			
Expenditures: (continued)					
General government: (continued)					
Payroll expenses:					
City Council	\$23,600	\$23,600	\$19,047	\$4,553	\$17,913
Administrative wages	231,500	231,500	225,318	6,182	210,829
Medical insurance	26,100	26,100	24,713	1,387	23,410
PERA, FICA, DCP	38,675	38,675	35,010	3,665	34,708
Total payroll expenses	<u>319,875</u>	<u>319,875</u>	<u>304,088</u>	<u>15,787</u>	<u>286,860</u>
Other general government expenses:					
Bank charges	1,200	1,200	1,645	(445)	1,577
Audit	24,100	24,100	27,160	(3,060)	29,367
Engineer:					
General	10,000	10,000	14,394	(4,394)	24,130
Reimbursable	-	-	(929)	929	8,655
Attorney:					
Criminal	16,000	16,000	14,400	1,600	15,911
Civil	62,000	62,000	64,903	(2,903)	61,565
Reimbursable	-	-	16,240	(16,240)	1,476
Planning:					
Planning commission	2,000	2,000	1,820	180	2,300
Planner	5,000	5,000	7,967	(2,967)	9,600
Reimbursable	-	-	15,998	(15,998)	16,355
Comp plan and ordinances	10,000	10,000	37,556	(27,556)	21,211
Assessor	21,500	21,500	22,945	(1,445)	21,516
Tax appeals	5,000	5,000	2,027	2,973	5,190
City Hall:					
Electricity, phone, heating, maint.	37,000	37,000	33,269	3,731	28,541
Senior center	3,500	3,500	2,901	599	1,661
Recycling	8,000	8,000	6,650	1,350	8,044
Youth service and other services	356	356	356	-	-
Total other general government	<u>205,656</u>	<u>205,656</u>	<u>269,302</u>	<u>(63,646)</u>	<u>257,099</u>
Total general government - current	<u>581,031</u>	<u>581,031</u>	<u>626,552</u>	<u>(45,521)</u>	<u>590,380</u>
Capital outlay - general government	4,000	4,000	2,862	1,138	-
Total general government	<u>585,031</u>	<u>585,031</u>	<u>629,414</u>	<u>(44,383)</u>	<u>590,380</u>

CITY OF COLUMBUS, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2016
With Comparative Actual Amounts For The Year Ended December 31, 2015

	Budgeted Amounts		2016 Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual Amounts
	Original	Final			
Expenditures: (continued)					
Public safety:					
Animal control	\$3,500	\$3,500	\$ -	\$3,500	\$423
Building inspector	77,450	77,450	65,717	11,733	63,158
Building permit surcharge	-	-	5,149	(5,149)	2,381
Miscellaneous	1,350	1,350	-	1,350	132
Total public safety	<u>82,300</u>	<u>82,300</u>	<u>70,866</u>	<u>11,434</u>	<u>66,094</u>
Total expenditures	<u>667,331</u>	<u>667,331</u>	<u>700,280</u>	<u>(32,949)</u>	<u>656,474</u>
Revenues over expenditures	380,000	380,000	475,270	95,270	468,475
Other financing sources (uses):					
Transfers out	<u>(380,000)</u>	<u>(380,000)</u>	<u>(380,000)</u>	<u>-</u>	<u>(200,000)</u>
Total other financing sources (uses)	<u>(380,000)</u>	<u>(380,000)</u>	<u>(380,000)</u>	<u>-</u>	<u>(200,000)</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	95,270	<u>\$95,270</u>	268,475
Fund balance - January 1			<u>2,722,834</u>		<u>2,454,359</u>
Fund balance - December 31			<u>\$2,818,104</u>		<u>\$2,722,834</u>

CITY OF COLUMBUS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 11

BUDGETARY COMPARISON SCHEDULE - PUBLIC WORKS SPECIAL REVENUE FUND

For The Year Ended December 31, 2016

With Comparative Actual Amounts For The Year Ended December 31, 2015

	Budgeted Amounts		2016 Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual Amounts
	Original	Final			
Revenues:					
General property taxes	\$458,642	\$458,642	\$455,065	(\$3,577)	\$443,944
Intergovernmental:					
State	458	458	458	-	458
Investment income	1,000	1,000	1,227	227	1,247
Miscellaneous:					
Other	1,000	1,000	1,030	30	4,463
Total revenues	<u>461,100</u>	<u>461,100</u>	<u>457,780</u>	<u>(3,320)</u>	<u>450,112</u>
Expenditures:					
Public works:					
Wages and benefits:					
Salaries	205,000	205,000	194,775	10,225	186,115
Payroll taxes and fringe	60,875	60,875	58,594	2,281	54,335
Workers comp insurance	14,000	14,000	14,705	(705)	14,501
Shop expenses:					
Insurance	12,000	12,000	10,026	1,974	9,686
Utilities	20,200	20,200	12,091	8,109	13,793
Supplies	5,000	5,000	3,507	1,493	3,919
Gas, oil and fuel	26,000	26,000	14,267	11,733	15,927
Equipment repair and maintenance	20,000	20,000	16,125	3,875	20,085
Cutting edges and small tools	4,500	4,500	5,635	(1,135)	5,649
Building maintenance and other	3,125	3,125	3,854	(729)	3,781
Road repair and maintenance:					
Salt and sand	16,000	16,000	12,028	3,972	8,773
Calcium chloride	40,000	40,000	38,080	1,920	33,812
Culverts	-	-	-	-	2,132
Street signs and posts	8,000	8,000	8,615	(615)	2,728
Subcontracting and miscellaneous	17,400	17,400	10,515	6,885	13,933
Total public works	<u>452,100</u>	<u>452,100</u>	<u>402,817</u>	<u>49,283</u>	<u>389,169</u>
Capital outlay	<u>9,000</u>	<u>9,000</u>	<u>51,390</u>	<u>(42,390)</u>	<u>-</u>
Total expenditures	<u>461,100</u>	<u>461,100</u>	<u>454,207</u>	<u>6,893</u>	<u>389,169</u>
Revenues over expenditures	<u>\$0</u>	<u>\$0</u>	<u>3,573</u>	<u>\$3,573</u>	<u>60,943</u>
Fund balance - January 1			<u>502,550</u>		<u>441,607</u>
Fund balance - December 31			<u>\$506,123</u>		<u>\$502,550</u>

CITY OF COLUMBUS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 12

BUDGETARY COMPARISON SCHEDULE - BLACKTOP MAINTENANCE SPECIAL REVENUE FUND

For The Year Ended December 31, 2016

With Comparative Actual Amounts For The Year Ended December 31, 2015

	Budgeted Amounts		2016 Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual Amounts
	Original	Final			
Revenues:					
General property taxes	\$360,132	\$360,132	\$357,322	(\$2,810)	\$268,727
Intergovernmental	-	-	-	-	31,117
Investment income	1,500	1,500	1,854	354	2,625
Total revenues	<u>361,632</u>	<u>361,632</u>	<u>359,176</u>	<u>(2,456)</u>	<u>302,469</u>
Expenditures:					
Public works:					
Blacktop maintenance	<u>361,632</u>	<u>361,632</u>	<u>50,705</u>	<u>310,927</u>	<u>818,713</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	<u>308,471</u>	<u>\$308,471</u>	<u>(516,244)</u>
Fund balance - January 1			<u>587,080</u>		<u>1,103,324</u>
Fund balance - December 31			<u>\$895,551</u>		<u>\$587,080</u>

CITY OF COLUMBUS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 13

BUDGETARY COMPARISON SCHEDULE - PUBLIC SAFETY SPECIAL REVENUE FUND

For The Year Ended December 31, 2016

With Comparative Actual Amounts For The Year Ended December 31, 2015

	Budgeted Amounts		2016 Actual Amounts	Variance with Final Budget - Positive (Negative)	2015 Actual Amounts
	Original	Final			
Revenues:					
General property taxes	\$382,950	\$382,950	\$379,964	(\$2,986)	\$399,769
Investment income	500	500	1,410	910	1,353
Contributions and donations	55,500	55,500	55,500	-	55,500
Miscellaneous	5,800	5,800	5,682	(118)	6,050
Total revenues	<u>444,750</u>	<u>444,750</u>	<u>442,556</u>	<u>(2,194)</u>	<u>462,672</u>
Expenditures:					
Public safety:					
Fire protection	<u>454,750</u>	<u>454,750</u>	<u>439,977</u>	<u>14,773</u>	<u>438,612</u>
Revenues over (under) expenditures	(10,000)	(10,000)	2,579	12,579	24,060
Other financing sources:					
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>6,000</u>
Total other financing sources	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>	<u>6,000</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	12,579	<u>\$12,579</u>	30,060
Fund balance - January 1			<u>530,038</u>		<u>499,978</u>
Fund balance - December 31			<u>\$542,617</u>		<u>\$530,038</u>

CITY OF COLUMBUS, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY* -
 GENERAL EMPLOYEES RETIREMENT FUND
 For The Year Ended December 31, 2016

Statement 14

Measurement Date	Fiscal Year Ending	City's Proportionate (Percentage) of the Net Pension Liability	City's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with City (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	December 31, 2015	0.0072%	\$373,141	\$ -	\$373,141	\$424,273	87.9%	78.2%
June 30, 2016	December 31, 2016	0.0072%	584,604	7,641	592,245	445,790	132.9%	68.9%

* The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF COLUMBUS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION CONTRIBUTIONS* - GENERAL EMPLOYEES RETIREMENT FUND

For The Year Ended December 31, 2016

Statement 15

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered Payroll (c)</u>	<u>Contributions as a Percentage of Covered Payroll (b/c)</u>
December 31, 2015	\$31,955	\$31,955	\$ -	\$426,065	7.5%
December 31, 2016	33,383	33,383	-	445,115	7.5%

* The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF COLUMBUS, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2016

Note A LEGAL COMPLIANCE – BUDGETS

The General and major Special Revenue Funds budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the department level for the General Fund and at the fund level for the major Special Revenue Funds.

Note B PENSION INFORMATION

PERA – General Employees Retirement Fund

2016 Changes

Changes in Actuarial Assumptions:

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

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

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

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

CITY OF COLUMBUS, MINNESOTA**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND****Statement 16**

For the Year Ended December 31, 2016

With Comparative Totals For the Year Ended December 31, 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
General property taxes	\$878,317	\$855,346
Licenses and permits	171,884	93,295
Intergovernmental	23,324	29,452
Special assessments	11,311	-
Investment income	4,567	3,836
Contributions and donations	9,900	9,900
Miscellaneous	76,247	133,120
Total revenues	<u>1,175,550</u>	<u>1,124,949</u>
Expenditures:		
Current:		
General government	626,552	590,380
Public safety	70,866	66,094
Capital outlay	2,862	-
Total expenditures	<u>700,280</u>	<u>656,474</u>
Revenues over expenditures	475,270	468,475
Other financing sources (uses):		
Transfers out	<u>(380,000)</u>	<u>(200,000)</u>
Net change in fund balance	95,270	268,475
Fund balance - January 1	<u>2,722,834</u>	<u>2,454,359</u>
Fund balance - December 31	<u><u>\$2,818,104</u></u>	<u><u>\$2,722,834</u></u>

NONMAJOR GOVERNMENTAL FUNDS

CITY OF COLUMBUS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

Statement 17

December 31, 2016

With Comparative Totals For December 31, 2015

	Special Revenue	Debt Service	Capital Project	Totals Nonmajor Governmental Funds	
				2016	2015
Assets:					
Cash and investments	\$267,949	\$546,890	\$267,458	\$1,082,297	\$1,106,952
Property taxes receivable	7,963	6,479	2,713	17,155	12,461
Special assessments receivable	-	293,905	-	293,905	326,212
Total assets	\$275,912	\$847,274	\$270,171	\$1,393,357	\$1,445,625
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$2,680	\$ -	\$4,932	\$7,612	\$1,558
Due to other governments	4	-	-	4	-
Due to other funds	-	-	900	900	-
Salaries payable	100	-	-	100	-
Total liabilities	2,784	0	5,832	8,616	1,558
Deferred inflows of resources:					
Unavailable revenue	-	275,349	-	275,349	326,212
Total deferred inflows of resources	0	275,349	0	275,349	326,212
Fund balance:					
Restricted	-	571,925	-	571,925	550,371
Committed	273,128	-	270,171	543,299	567,484
Unassigned	-	-	(5,832)	(5,832)	-
Total fund balance	273,128	571,925	264,339	1,109,392	1,117,855
Total liabilities, deferred inflows of resources, and fund balance	\$275,912	\$847,274	\$270,171	\$1,393,357	\$1,445,625

CITY OF COLUMBUS, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

Statement 18

NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2016

With Comparative Totals For the Year Ended December 31, 2015

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds	
				2016	2015
Revenues:					
General property taxes	\$253,321	\$198,287	\$84,348	\$535,956	\$518,785
Intergovernmental	-	-	-	-	\$43,029
Special assessments	-	84,807	-	84,807	100,294
Investment income	680	1,062	699	2,441	2,729
Contributions and donations	23,050	-	-	23,050	19,350
Miscellaneous	22,037	-	36,653	58,690	34,369
Total revenues	<u>299,088</u>	<u>284,156</u>	<u>121,700</u>	<u>704,944</u>	<u>718,556</u>
Expenditures:					
Current:					
Public safety	846	-	-	846	860
Public works	90,363	-	-	90,363	98,297
Parks and recreation	37,244	-	-	37,244	37,529
Economic development	19,423	-	-	19,423	25,705
Capital outlay	-	-	148,036	148,036	161,812
Debt service:					
Principal	-	195,000	-	195,000	157,000
Interest and other	-	66,702	-	66,702	70,594
Fiscal and other charges	-	900	-	900	900
Total expenditures	<u>147,876</u>	<u>262,602</u>	<u>148,036</u>	<u>558,514</u>	<u>552,697</u>
Revenues over (under) expenditures	<u>151,212</u>	<u>21,554</u>	<u>(26,336)</u>	<u>146,430</u>	<u>165,859</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	69,801
Transfers out	(154,893)	-	-	(154,893)	(218,476)
Total other financing sources (uses)	<u>(154,893)</u>	<u>0</u>	<u>0</u>	<u>(154,893)</u>	<u>(148,675)</u>
Net change in fund balance	(3,681)	21,554	(26,336)	(8,463)	17,184
Fund balance - January 1	<u>276,809</u>	<u>550,371</u>	<u>290,675</u>	<u>1,117,855</u>	<u>1,100,671</u>
Fund balance - December 31	<u>\$273,128</u>	<u>\$571,925</u>	<u>\$264,339</u>	<u>\$1,109,392</u>	<u>\$1,117,855</u>

CITY OF COLUMBUS, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2016
With Comparative Totals For December 31, 2015

	(126) Transportation Studies	(150) Parks and Recreation Fund	(230) Charitable Gambling
Assets			
Cash and investments	\$114,603	\$79,852	\$22,126
Property taxes receivable	1,548	1,006	-
Total assets	\$116,151	\$80,858	\$22,126
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$2,087	\$32	\$ -
Due to other governments	-	4	-
Salaries payable	-	-	-
Total liabilities	2,087	36	0
Fund balance:			
Committed	114,064	80,822	22,126
Total liabilities and fund balance	\$116,151	\$80,858	\$22,126

(240) Economic Development Authority	(241) EDA HRA Levy	(250) Sunrise River WMO Fund	Total Nonmajor Special Revenue Funds	
			2016	2015
\$38,493	\$3,977	\$8,898	\$267,949	\$272,696
2,546	2,678	185	7,963	5,671
<u>\$41,039</u>	<u>\$6,655</u>	<u>\$9,083</u>	<u>\$275,912</u>	<u>\$278,367</u>
\$512	\$ -	\$49	\$2,680	\$1,558
-	-	-	4	-
-	-	100	100	-
<u>512</u>	<u>0</u>	<u>149</u>	<u>2,784</u>	<u>1,558</u>
<u>40,527</u>	<u>6,655</u>	<u>8,934</u>	<u>273,128</u>	<u>276,809</u>
<u>\$41,039</u>	<u>\$6,655</u>	<u>\$9,083</u>	<u>\$275,912</u>	<u>\$278,367</u>

CITY OF COLUMBUS, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2016
With Comparative Totals For the Year Ended December 31, 2015

	(126) Transportation Studies	(150) Parks and Recreation Fund
Revenues:		
General property taxes	\$48,121	\$31,265
Intergovernmental	-	-
Investment income	356	211
Contributions and donations	10,000	6,000
Miscellaneous	-	6,659
Total revenues	<u>58,477</u>	<u>44,135</u>
Expenditures:		
Current:		
Public safety	-	-
Public works	83,023	-
Parks and recreation	-	37,244
Economic development	-	-
Total expenditures	<u>83,023</u>	<u>37,244</u>
Revenues over (under) expenditures	<u>(24,546)</u>	<u>6,891</u>
Other financing sources (uses):		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balance	(24,546)	6,891
Fund balance - January 1	<u>138,610</u>	<u>73,931</u>
Fund balance - December 31	<u><u>\$114,064</u></u>	<u><u>\$80,822</u></u>

(230) Charitable Gambling	(240) Economic Development Authority	(241) EDA HRA Levy	(250) Sunrise River WMO Fund	Total Nonmajor Special Revenue Funds	
				2016	2015
\$ -	\$80,865	\$85,108	\$7,962	\$253,321	\$241,081
-	-	-	-	-	43,029
46	53	2	12	680	706
-	7,050	-	-	23,050	19,350
15,378	-	-	-	22,037	21,682
<u>15,424</u>	<u>87,968</u>	<u>85,110</u>	<u>7,974</u>	<u>299,088</u>	<u>325,848</u>
846	-	-	-	846	860
-	-	-	7,340	90,363	98,297
-	-	-	-	37,244	37,529
-	19,423	-	-	19,423	25,705
<u>846</u>	<u>19,423</u>	<u>0</u>	<u>7,340</u>	<u>147,876</u>	<u>162,391</u>
<u>14,578</u>	<u>68,545</u>	<u>85,110</u>	<u>634</u>	<u>151,212</u>	<u>163,457</u>
-	-	-	-	-	2,000
<u>(10,000)</u>	<u>(63,893)</u>	<u>(81,000)</u>	<u>-</u>	<u>(154,893)</u>	<u>(148,675)</u>
<u>(10,000)</u>	<u>(63,893)</u>	<u>(81,000)</u>	<u>-</u>	<u>(154,893)</u>	<u>(146,675)</u>
4,578	4,652	4,110	634	(3,681)	16,782
<u>17,548</u>	<u>35,875</u>	<u>2,545</u>	<u>8,300</u>	<u>276,809</u>	<u>260,027</u>
<u>\$22,126</u>	<u>\$40,527</u>	<u>\$6,655</u>	<u>\$8,934</u>	<u>\$273,128</u>	<u>\$276,809</u>

CITY OF COLUMBUS, MINNESOTA

SUBCOMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

December 31, 2016

With Comparative Totals For December 31, 2015

	(310) 2010A Improvement Bonds	(314) Bonds of 2014 Road Improvements
Assets		
Cash and investments	\$67,299	\$200,860
Property taxes receivable	29	20
Special assessments receivable	84,034	182,601
Total assets	<u>\$151,362</u>	<u>\$383,481</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Deferred inflows of resources:		
Unavailable revenue	<u>84,034</u>	<u>182,601</u>
Fund balance:		
Restricted	<u>67,328</u>	<u>200,880</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$151,362</u>	<u>\$383,481</u>

(340) Hornsby Bond 2012A	(372) Bonds of 2007A	(375) Bond Reserve Fund	Total Nonmajor Debt Service Funds	
			2016	2015
\$131,270	\$129,680	\$17,781	\$546,890	\$545,622
2,212	4,218	-	6,479	\$4,749
-	-	27,270	293,905	326,212
<u>\$133,482</u>	<u>\$133,898</u>	<u>\$45,051</u>	<u>\$847,274</u>	<u>\$876,583</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	8,714	275,349	326,212
<u>133,482</u>	<u>133,898</u>	<u>36,337</u>	<u>571,925</u>	<u>550,371</u>
<u>\$133,482</u>	<u>\$133,898</u>	<u>\$45,051</u>	<u>\$847,274</u>	<u>\$876,583</u>

CITY OF COLUMBUS, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
For The Year Ended December 31, 2016
With Comparative Totals For the Year Ended December 31, 2015

	(310) 2010 A Improvement Bonds	(314) Bonds of 2014 Road Improvements
Revenues:		
General property taxes	\$ -	\$33
Special assessments	21,535	44,716
Investment income	174	445
Total revenues	<u>21,709</u>	<u>45,194</u>
Expenditures:		
Debt service:		
Principal	28,000	32,000
Interest and other	7,221	11,070
Fiscal and other charges	-	450
Total expenditures	<u>35,221</u>	<u>43,520</u>
Revenues over (under) expenditures	<u>(13,512)</u>	<u>1,674</u>
Other financing sources (uses):		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>
Net change in fund balance	(13,512)	1,674
Fund balance - January 1	<u>80,840</u>	<u>199,206</u>
Fund balance - December 31	<u><u>\$67,328</u></u>	<u><u>\$200,880</u></u>

(340) Hornsby Bond 2012A	(372) Bonds of 2007A	(375) Bond Reserve Fund	Total Nonmajor Debt Service Funds	
			2016	2015
\$68,189	\$130,065	\$ -	\$198,287	\$194,317
-	-	18,556	84,807	100,294
259	142	42	1,062	846
<u>68,448</u>	<u>130,207</u>	<u>18,598</u>	<u>284,156</u>	<u>295,457</u>
45,000	90,000	-	195,000	157,000
16,395	32,016	-	66,702	70,594
-	450	-	900	900
<u>61,395</u>	<u>122,466</u>	<u>0</u>	<u>262,602</u>	<u>228,494</u>
7,053	7,741	18,598	21,554	66,963
-	-	-	-	67,801
-	-	-	-	(2,000)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>65,801</u>
7,053	7,741	18,598	21,554	132,764
126,429	126,157	17,739	550,371	417,607
<u>\$133,482</u>	<u>\$133,898</u>	<u>\$36,337</u>	<u>\$571,925</u>	<u>\$550,371</u>

CITY OF COLUMBUS, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2016
With Comparative Totals For December 31, 2015

	(401) Road & Bridge Capital Fund	(402) Fire Hall Capital Fund	(403) Park Capital Expenditure Fund
Assets			
Cash and investments	\$182,658	\$15,025	\$25,781
Property taxes receivable	2,604	32	77
Total assets	\$185,262	\$15,057	\$25,858
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Total liabilities	0	0	0
Fund balance (deficit):			
Committed	185,262	15,057	25,858
Unassigned	-	-	-
Total fund balance (deficit)	185,262	15,057	25,858
Total liabilities and fund balance	\$185,262	\$15,057	\$25,858

(404) Park Land Fund	(417) 2017 Road Construction Fund	Total Nonmajor Capital Project Funds	
		2016	2015
\$43,994	\$ -	\$267,458	\$288,634
-	-	2,713	2,041
<u>\$43,994</u>	<u>\$0</u>	<u>\$270,171</u>	<u>\$290,675</u>
\$ -	\$4,932	\$4,932	\$ -
-	900	900	-
<u>0</u>	<u>5,832</u>	<u>5,832</u>	<u>0</u>
43,994	-	270,171	290,675
-	(5,832)	(5,832)	-
<u>43,994</u>	<u>(5,832)</u>	<u>264,339</u>	<u>290,675</u>
<u>\$43,994</u>	<u>\$0</u>	<u>\$270,171</u>	<u>\$290,675</u>

CITY OF COLUMBUS, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
For The Year Ended December 31, 2016
With Comparative Totals For the Year Ended December 31, 2015

	(401) Road & Bridge Capital Fund	(402) Fire Hall Capital Fund	(403) Park Capital Expenditure Fund
Revenues:			
General property taxes	\$80,964	\$993	\$2,391
Investment income	563	42	62
Miscellaneous	-	-	3,103
Total revenues	<u>81,527</u>	<u>1,035</u>	<u>5,556</u>
Expenditures:			
Public works:			
Capital outlay/project costs	142,204	-	-
Total expenditures	<u>142,204</u>	<u>0</u>	<u>0</u>
Revenues over (under) expenditures	<u>(60,677)</u>	<u>1,035</u>	<u>5,556</u>
Other financing sources (uses):			
Transfer out	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	(60,677)	1,035	5,556
Fund balance - January 1	<u>245,939</u>	<u>14,022</u>	<u>20,302</u>
Fund balance - December 31	<u>\$185,262</u>	<u>\$15,057</u>	<u>\$25,858</u>

(404) Park Land Fund	(417) 2017 Road Construction Fund	Total Nonmajor Capital Project Funds	
		2016	2015
\$ -	\$ -	\$84,348	\$83,387
32	-	699	1,177
33,550	-	36,653	12,687
<u>33,582</u>	<u>0</u>	<u>121,700</u>	<u>97,251</u>
-	5,832	148,036	161,812
<u>0</u>	<u>5,832</u>	<u>148,036</u>	<u>161,812</u>
33,582	(5,832)	(26,336)	(64,561)
-	-	-	(67,801)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(67,801)</u>
33,582	(5,832)	(26,336)	(132,362)
10,412	-	290,675	423,037
<u>\$43,994</u>	<u>(\$5,832)</u>	<u>\$264,339</u>	<u>\$290,675</u>

CITY OF COLUMBUS, MINNESOTA
SPECIAL REVENUE FUND - (126) TRANSPORTATION STUDIES
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2016
With Comparative Actual Amounts For The Year Ended December 31, 2015

Statement 25

	2016			Variance with Final Budget - Positive (Negative)	2015
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
General property taxes	\$48,500	\$48,500	\$48,121	(\$379)	\$42,243
Intergovernmental	-	-	-	-	31,029
Investment income	-	-	356	356	468
Contributions and donations	10,000	10,000	10,000	-	10,000
Total revenues	<u>58,500</u>	<u>58,500</u>	<u>58,477</u>	<u>(23)</u>	<u>83,740</u>
Expenditures:					
Public works:					
Traffic control devices	<u>58,500</u>	<u>58,500</u>	<u>83,023</u>	<u>(24,523)</u>	<u>(36,908)</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	<u>(24,546)</u>	<u>(\$24,546)</u>	<u>(5,668)</u>
Fund balance - January 1			<u>138,610</u>		<u>144,278</u>
Fund balance - December 31			<u>\$114,064</u>		<u>\$138,610</u>

CITY OF COLUMBUS, MINNESOTA

SPECIAL REVENUE FUND - (150) PARKS AND RECREATION FUND

Statement 26

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2016

With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016			Variance with Final Budget - Positive (Negative)	2015
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
General property taxes	\$31,511	\$31,511	\$31,265	(\$246)	\$32,166
Investment income	100	100	211	111	195
Contributions and donations	6,000	6,000	6,000	-	6,050
Miscellaneous	6,400	6,400	6,659	259	7,543
Total revenues	<u>44,011</u>	<u>44,011</u>	<u>44,135</u>	<u>124</u>	<u>45,954</u>
Expenditures:					
Parks and recreation	<u>44,011</u>	<u>44,011</u>	<u>37,244</u>	<u>6,767</u>	<u>37,529</u>
Revenues over expenditures	<u>\$0</u>	<u>\$0</u>	6,891	<u>\$6,891</u>	8,425
Fund balance - January 1			<u>73,931</u>		<u>65,506</u>
Fund balance - December 31			<u>\$80,822</u>		<u>\$73,931</u>

CITY OF COLUMBUS, MINNESOTA

SPECIAL REVENUE FUND - (240) ECONOMIC DEVELOPMENT AUTHORITY

Statement 27

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2016

With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016			Variance with Final Budget - Positive (Negative)	2015
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
General property taxes	\$81,700	\$81,700	\$80,865	(\$835)	\$75,353
Intergovernmental	-	-	-	-	12,000
Investment income	-	-	53	53	4
Contributions and donations	3,300	3,300	7,050	3,750	3,300
Miscellaneous	-	-	-	-	192
Total revenues	<u>85,000</u>	<u>85,000</u>	<u>87,968</u>	<u>2,968</u>	<u>90,849</u>
Expenditures:					
Economic development	<u>18,200</u>	<u>18,200</u>	<u>19,423</u>	<u>(1,223)</u>	<u>25,705</u>
Revenues over expenditures	66,800	66,800	68,545	1,745	65,144
Other financing sources (uses):					
Transfers out	<u>(66,800)</u>	<u>(66,800)</u>	<u>(63,893)</u>	<u>2,907</u>	<u>(61,300)</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	4,652	<u>\$4,652</u>	3,844
Fund balance - January 1			<u>35,875</u>		<u>32,031</u>
Fund balance - December 31			<u>\$40,527</u>		<u>\$35,875</u>

CITY OF COLUMBUS, MINNESOTA
SPECIAL REVENUE FUND - (241) EDA HRA LEVY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2016
With Comparative Actual Amounts For The Year Ended December 31, 2015

Statement 28

	2016			Variance with Final Budget - Positive (Negative)	2015
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
General property taxes	\$86,000	\$86,000	\$85,108	(\$892)	\$80,663
Investment income	-	-	2	2	-
Total revenues	<u>86,000</u>	<u>86,000</u>	<u>85,110</u>	<u>(890)</u>	<u>80,663</u>
Expenditures:					
Economic development	-	-	-	-	-
Revenues over (under) expenditures	86,000	86,000	85,110	(890)	80,663
Other financing sources (uses):					
Transfers in	-	-	-	-	2,000
Transfers out	<u>(86,000)</u>	<u>(86,000)</u>	<u>(81,000)</u>	<u>5,000</u>	<u>(81,375)</u>
Total other financing sources (uses)	<u>(86,000)</u>	<u>(86,000)</u>	<u>(81,000)</u>	<u>5,000</u>	<u>(79,375)</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	4,110	<u>\$4,110</u>	1,288
Fund balance - January 1			<u>2,545</u>		<u>1,257</u>
Fund balance - December 31			<u>\$6,655</u>		<u>\$2,545</u>

CITY OF COLUMBUS, MINNESOTA

SPECIAL REVENUE FUND - (250) SUNRISE RIVER WMO FUND

Statement 29

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2016

With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016			Variance with Final Budget - Positive (Negative)	2015
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues:					
General property taxes	\$8,000	\$8,000	\$7,962	(\$38)	\$10,656
Investment income	-	-	12	12	6
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>7,974</u>	<u>(26)</u>	<u>10,662</u>
Expenditures:					
Public works	<u>8,000</u>	<u>8,000</u>	<u>7,340</u>	<u>660</u>	<u>8,889</u>
Revenues over expenditures	<u>\$0</u>	<u>\$0</u>	<u>634</u>	<u>\$634</u>	<u>1,773</u>
Fund balance - January 1			<u>8,300</u>		<u>6,527</u>
Fund balance - December 31			<u>\$8,934</u>		<u>\$8,300</u>

CITY OF COLUMBUS, MINNESOTA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
For The Year Ended December 31, 2016

Statement 30

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
<u>General Escrow Agency Fund:</u>				
Assets:				
Cash and investments	\$6,750	\$ -	\$ -	\$6,750
Total assets	<u>\$6,750</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,750</u>
Liabilities:				
Deposits payable	\$6,750	\$ -	\$ -	\$6,750
Total liabilities	<u>\$6,750</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,750</u>

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