

**CITY OF DUNDAS, MINNESOTA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

# CITY OF DUNDAS, MINNESOTA

## TABLE OF CONTENTS

	<u>Page</u>
<b>Introduction Section</b>	
Council Officials	
<b>Independent Auditor's Report</b>	1
<b>Management's Discussion and Analysis</b>	3
<b>Basic Financial Statements</b>	
<b>Government Wide Financial Statements:</b>	
Statement of Net Position	11
Statement of Activities	12
<b>Fund Financial Statements:</b>	
Balance Sheet, Governmental Funds	13
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	16
Statement of Net Position, Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds	21
Statement of Cash Flows, Proprietary Funds	22
Notes to the Basic Financial Statements	24
<b>Required Supplementary Information Section</b>	
Schedule of Employer's share of PERA Net Pension Liability – General Employees Retirement Fund	47
Schedule of Employer's PERA Contributions - General Employees Retirement Fund	47
Schedule of Employer's share of PERA Net Pension Liability – Public Employees Police and Fire Fund	48
Schedule of Employer's PERA Contributions - Public Employees Police and Fire Fund	48
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual General Fund	49
<b>Supplemental Section</b>	
Combining Balance Sheet Nonmajor Governmental Funds	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds	57
Combining Statement of Net Position Nonmajor Enterprise Funds	59
Combining Statement of Revenues, Expenses and Changes in Net Position Nonmajor Enterprise Funds	60
Combining Statement of Cash Flows Nonmajor Enterprise Funds	61

# CITY OF DUNDAS, MINNESOTA

## TABLE OF CONTENTS

	<u>Page</u>
<b>Supplemental Section</b>	
Individual Funds Statements:	
Water Utility Fund:	
Statement of Net Position	62
Statement of Revenues, Expenses and Changes in Net Position	63
Statements of Cash Flows	65
Sewer Utility Fund:	
Statement of Net Position	66
Statement of Revenues, Expenses and Changes in Net Position	68
Statements of Cash Flows	70
Refuse Utility Fund:	
Statement of Net Position	72
Statement of Revenues, Expenses and Changes in Net Position	73
Statements of Cash Flows	74
Storm Water Utility:	
Statement of Net Position	75
Statement of Revenues, Expenses and Changes in Net Position	76
Statements of Cash Flows	77
<b>Independent Auditor's Reports</b>	
Independent Auditor's Report on Minnesota Legal Compliance	78

**CITY OF DUNDAS, MINNEOSTA**

**CITY OFFICIALS**

**DECEMBER 31, 2015**

Glenn Switzer	Mayor
Grant Modory	Council Member
John Cruz	Council Member
Chad Pribyl	Council Member
Larry Fowler	Council Member

## INDEPENDENT AUDITOR'S REPORT

3135A Superior Drive NW  
Rochester, Minnesota 55901

(507) 281-2655

FAX (507) 281-4439

e-mail: tmc\_accountant@yahoo.com

**Honorable Mayor  
Members of the City Council  
City of Dundas, Minnesota**

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

I 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 Dundas, Minnesota**, as of and for the year ended December 31, 2015, which collectively comprise the **City of Dundas, Minnesota's** basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### **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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, I 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.

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

### **Opinions**

In my 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 Dundas, Minnesota** as of December 31, 2015, 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.

**Honorable Mayor  
Members of the City Council  
City of Dundas, Minnesota**

**Other Matters**

*Change in Accounting Standards*

As described in Note 10 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, for the year ended December 31, 2015. Adoption of the provisions of these statements results in significant changes to the classification of the components of the financial statements.

*Required Supplementary Information*

Accounting principle generally accepted in the United States of America require management's discussion and analysis on pages 3 to 10, the schedules of employer's share of the net pension liability and the schedules of employer's pension contribution on pages 47 and 48, and budgetary information on pages 49 to 54 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **City of Dundas, Minnesota's** financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**Thomas M. Cummings**  
*Certified Public Accountant*  
May 4, 2016

## **City of Dundas Management's Discussion and Analysis**

As management of the City of Dundas, we offer readers of the City of Dundas's financial statements this narrative overview and analysis of the financial activities of the City of Dundas for the fiscal year ended December 31, 2015.

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

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

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

The statement of Net Position presents information on all of the City of Dundas'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 of Dundas is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Dundas that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Dundas include general government, public safety, public works, economic development, and recreation. The business-type activities of the City of Dundas include water, sanitary sewer, and storm drainage.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Dundas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Dundas can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

## **City of Dundas**

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

**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 statement. 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, expenditure, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Dundas maintains five individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, two special revenue funds, one debt service funds, and a capital improvement fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Dundas adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

**Proprietary Funds.** The City of Dundas maintains one type of proprietary funds, that being enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Dundas uses enterprise funds to account for its sanitary sewer, water, refuse and storm drainage operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sanitary sewer, water, refuse and storm drainage operations.

**Notes to the Financial Statements.** The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** The combining statements referred to earlier in connection with non-major governmental and enterprise funds and are presented immediately following the required supplementary information on pensions.



## City of Dundas Management's Discussion and Analysis

### Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Dundas, assets exceed liabilities by \$11,922,010 as of December 31, 2015, with \$3,633,443 of net position from governmental activities and \$8,288,567 from proprietary funds.

The largest portion of the City's net position is the investment in capital assets. The City uses these capital assets to provide services to citizens; therefore these assets are not available for future spending. The City's investment in its capital assets are reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot provide resources to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and other assets	\$ 1,665,129	\$ 1,974,000	\$ 1,645,768	\$ 2,800,310	\$ 3,310,897	\$ 4,774,310
Capital assets	<u>4,068,319</u>	<u>3,838,177</u>	<u>10,294,719</u>	<u>10,709,415</u>	<u>14,363,038</u>	<u>14,547,592</u>
<b>Total Assets</b>	<b>\$ 5,733,448</b>	<b>\$ 5,812,177</b>	<b>\$11,940,487</b>	<b>\$13,509,725</b>	<b>\$ 17,673,935</b>	<b>\$ 19,321,902</b>
<b>Deferred Outflows of Resources</b>						
	<u>\$ 90,117</u>	<u>\$ 58,597</u>	<u>\$ 12,910</u>	<u>\$ 9,586</u>	<u>\$ 103,027</u>	<u>\$ 68,183</u>
<b>Liabilities</b>						
Other liabilities	\$ 110,875	\$ 267,088	\$ 318,012	\$ 336,743	\$ 428,887	\$ 603,831
Long-term liabilities	<u>1,984,717</u>	<u>2,181,215</u>	<u>3,330,823</u>	<u>5,078,989</u>	<u>5,315,540</u>	<u>7,260,204</u>
<b>Total Liabilities</b>	<b>\$ 2,095,592</b>	<b>\$ 2,448,303</b>	<b>\$ 3,648,835</b>	<b>\$ 5,415,732</b>	<b>\$ 5,744,427</b>	<b>\$ 7,864,035</b>
<b>Deferred Inflows of Resources</b>						
	<u>\$ 94,530</u>	<u>\$ 86,706</u>	<u>\$ 15,995</u>	<u>\$ 15,629</u>	<u>\$ 110,525</u>	<u>\$ 102,335</u>
<b>Net Position:</b>						
Invested in capital assets	\$ 2,423,369	\$ 1,973,964	\$ 7,076,824	\$ 6,552,728	\$ 9,500,193	\$ 8,526,692
Restricted	185,509	191,739	54,684	51,855	240,193	243,594
Unrestricted	<u>1,024,565</u>	<u>1,170,062</u>	<u>1,157,059</u>	<u>1,483,366</u>	<u>2,181,624</u>	<u>2,653,428</u>
<b>Total Net Position</b>	<b>\$ 3,633,443</b>	<b>\$ 3,335,765</b>	<b>\$ 8,288,567</b>	<b>\$ 8,087,949</b>	<b>\$ 11,922,010</b>	<b>\$ 11,423,714</b>

### Governmental Activities

Governmental activities had an increase in net position in the amount of \$297,678.

# City of Dundas

## Management's Discussion and Analysis

Summarized below are governmental activities revenues and expenses:

### Revenues by sources – Governmental Activities

	2015		2014	
	Amount	%	Amount	%
Charges for services	\$ 52,873	3.24%	\$ 50,041	3.11%
Operating grants and contributions	64,918	3.97%	50,768	3.16%
Taxes:				
Property taxes	782,736	47.92%	780,635	48.52%
Tax increments	543,152	33.25%	550,473	34.21%
Non property taxes	12,977	.80%	18,628	1.16%
Intergovernmental	153,012	9.37%	150,399	9.35%
Other	16,118	.99%	-	-
Unrestricted interest and investment earnings	7,591	.46%	7,939	.49%
<b>Total Revenues</b>	<b><u>\$1,633,377</u></b>	<b><u>100%</u></b>	<b><u>\$ 1,608,883</u></b>	<b><u>100%</u></b>

### Expenses by Function/Program – Governmental Activities

#### General Government:

Mayor and council	\$ 30,520		\$ 18,302	
Financial Administration	182,293		202,794	
Elections	-		2,845	
Planning and Zoning	20,023		22,093	
<b>Total General Government</b>	<b><u>\$ 232,836</u></b>	<b><u>21.11%</u></b>	<b><u>\$ 246,034</u></b>	<b><u>20.29%</u></b>

#### Public Safety:

Fire protection	\$ 39,717		\$ 29,215	
Civil defense	3,098		3,368	
Animal control	501		115	
Police protection	221,198		258,449	
Building inspection	20,634		17,044	
<b>Total Public Safety</b>	<b><u>\$ 285,148</u></b>	<b><u>25.86%</u></b>	<b><u>\$ 308,191</u></b>	<b><u>25.47%</u></b>

#### Public Works:

Highway, Streets, and Roads	\$ 338,586	30.70%	\$ 267,832	22.14%
-----------------------------	------------	--------	------------	--------

#### Parks and Recreation:

Parks	\$ 116,409		\$ 117,837	
Dundas Baseball Association	28,801		24,630	
<b>Total Parks and Recreation</b>	<b><u>\$ 145,210</u></b>	<b><u>13.17%</u></b>	<b><u>\$ 142,467</u></b>	<b><u>11.77%</u></b>

<b>Economic Development</b>	<b>43,490</b>	<b>3.94%</b>	<b>181,797</b>	<b>15.03%</b>
-----------------------------	---------------	--------------	----------------	---------------

<b>Interest on long-term debt</b>	<b>57,512</b>	<b>5.52%</b>	<b>64,195</b>	<b>5.31%</b>
<b>Total Expenses</b>	<b><u>\$1,102,782</u></b>	<b><u>100%</u></b>	<b><u>\$1,210,516</u></b>	<b><u>100%</u></b>

# City of Dundas

## Management's Discussion and Analysis

### Business-type Activities

Business-type activities Net Position increased by \$200,618 in 2015. Summarized below are business-type activities revenues and expenses:

#### Revenues by Sources – Business-type Activities

	2015		2014	
	Amount	%	Amount	%
Charges for Services:				
Water	\$ 304,960	31.28%	\$ 311,749	33.28%
Sewer	410,806	42.13%	405,516	43.29%
Refuse	96,548	9.90%	95,300	10.17%
Storm drainage	70,872	7.27%	37,504	4.00%
Capital grants and contributions	88,133	9.04%	83,428	8.90%
Unrestricted interest and investment earnings	3,669	.34%	3,093	.36%
<b>Total Business-type Revenues</b>	<b><u>\$ 974,988</u></b>	<b><u>100%</u></b>	<b><u>\$ 936,590</u></b>	<b><u>100%</u></b>

#### Expenses by Function/Program – Business-type Activities

	2015		2014	
	Amount	%	Amount	%
Expenses by Program:				
Water	\$ 431,638	42.85%	\$ 479,347	42.73%
Sewer	452,819	44.95%	523,074	46.63%
Refuse	75,734	7.52%	76,937	6.85%
Storm drainage	47,096	4.68%	42,321	3.79%
<b>Total Business-type Expenses</b>	<b><u>\$1,007,287</u></b>	<b><u>100%</u></b>	<b><u>\$1,121,679</u></b>	<b><u>100%</u></b>

# City of Dundas Management's Discussion and Analysis

## Change in Net position

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 52,873	\$ 50,041	\$ 883,186	\$ 850,069	\$ 936,059	\$ 900,110
Operating grants and contributions	64,918	50,768	-	-	64,918	50,768
Capital grants and contributions	-	-	88,133	83,428	88,133	83,428
General Revenues:						
Property taxes	782,736	780,635	-	-	782,736	780,635
Tax increments	543,152	550,473	-	-	543,152	550,473
Non property taxes	12,977	18,628	-	-	12,977	18,628
Intergovernmental	153,012	150,399	-	-	153,012	150,399
Other	16,118	-	-	-	16,118	-
Unrestricted interest and investment earnings	7,591	7,939	3,669	3,093	11,260	11,032
<b>Total Revenues</b>	<b><u>\$1,633,378</u></b>	<b><u>\$1,608,883</u></b>	<b><u>\$ 974,988</u></b>	<b><u>\$ 936,590</u></b>	<b><u>\$2,608,365</u></b>	<b><u>\$ 2,545,473</u></b>
<b>Expenses:</b>						
General government	\$ 232,836	\$ 246,034	\$ -	\$ -	\$ 232,836	\$ 246,034
Public safety	285,148	308,191	-	-	285,148	308,191
Public works	338,586	267,832	-	-	338,586	267,832
Parks and recreation	145,210	142,467	-	-	145,210	142,467
Economic development	43,490	181,797	-	-	43,490	181,797
Interest on long-term debt	57,512	64,195	-	-	57,512	61,195
Water	-	-	431,638	478,302	431,638	478,302
Sewer	-	-	452,819	522,049	452,819	522,049
Refuse	-	-	75,734	76,937	75,734	76,937
Storm drainage	-	-	47,096	42,097	47,096	42,097
<b>Total Expenses</b>	<b><u>\$1,102,782</u></b>	<b><u>\$1,210,516</u></b>	<b><u>\$1,007,287</u></b>	<b><u>\$1,191,115</u></b>	<b><u>\$2,110,069</u></b>	<b><u>\$ 2,329,631</u></b>
<b>Change in Net Position Before Transfers</b>	<b>\$ 530,595</b>	<b>\$ 398,367</b>	<b>\$ (32,299)</b>	<b>\$ (182,525)</b>	<b>\$ 498,296</b>	<b>\$ 215,842</b>
Transfers In (Out)	(232,917)	(4,485)	232,917	4,485	-	-
<b>Change in Net Position</b>	<b>\$ 297,678</b>	<b>\$ 393,882</b>	<b>\$ (200,618)</b>	<b>\$ (178,040)</b>	<b>\$ 498,296</b>	<b>\$ 215,842</b>
Net Position, beginning, as restated	3,335,765	2,941,883	8,087,949	8,265,989	11,423,714	11,207,872
<b>Net Position, ending</b>	<b><u>\$3,633,443</u></b>	<b><u>\$3,335,765</u></b>	<b><u>\$8,288,567</u></b>	<b><u>\$8,087,949</u></b>	<b><u>\$11,922,010</u></b>	<b><u>\$ 11,423,714</u></b>

## City of Dundas Management's Discussion and Analysis

**Government Funds.** The focus of the City of Dundas' governmental funds is to provide information on near-term inflows, and balances of spendable resources. Such information is useful in assessing the City of Dundas' financing requirements. In particular, unreserved fund balance may serve as useful measure of a government's net resources available for spending available at the end of the fiscal year.

### Capital Assets and Debt Administration

The City of Dundas' investment in capital assets for its governmental and business type activities as of December 31, 2015, amounts to \$14,363,038 net of accumulated depreciation. This investment in capital assets includes, land, buildings, infrastructure, machinery and equipment.

#### Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land and land rights	\$ 559,674	\$ 269,087	\$ 223,396	\$ 223,396	\$ 783,070	\$ 492,483
Construction in process	-	1,219,043	8,500	-	8,500	1,219,043
Building and structures	1,020,614	310,263	-	-	1,020,614	310,263
Equipment	109,112	102,284	45,873	31,943	154,985	134,227
Vehicles	80,232	97,545	-	-	80,232	97,545
Land improvements	291,794	307,367	-	-	291,794	307,367
Infrastructure	2,006,893	1,532,588	-	-	2,006,893	1,532,588
Sewer collection system	-	-	5,087,473	5,292,775	5,087,473	5,292,775
Water distribution system	-	-	4,437,021	4,652,959	4,437,021	4,652,959
Storm water collection system	-	-	492,456	508,342	492,456	508,342
<b>Total Capital Assets</b>	<b>\$ 4,068,319</b>	<b>\$ 3,838,177</b>	<b>\$ 10,294,719</b>	<b>\$10,709,415</b>	<b>\$14,363,038</b>	<b>\$14,547,592</b>

- The City finished the construction of a public works and a public safety facility and a street reconstruction project.
- The City purchased land for future development totaling \$290,587

# City of Dundas Management's Discussion and Analysis

## Debt Administration

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds:						
Tax increment	\$ 400,000	\$ 580,000	\$ -	\$ -	\$ 400,000	\$ 580,000
Improvement	1,235,000	1,295,000	-	-	1,235,000	1,295,000
Revenue bonds	-	-	2,870,000	4,495,000	2,870,000	4,495,000
Note payables-Revenue	-	-	363,948	492,249	363,984	492,249
	<u>\$1,635,000</u>	<u>\$1,875,000</u>	<u>\$3,233,984</u>	<u>\$4,987,249</u>	<u>\$4,868,984</u>	<u>\$6,862,249</u>

State statute limits the amount of general obligation debt a governmental entity may issue to 2% of its total market value. The City's outstanding general obligation debt is below State of Minnesota limits.

### Requests for information

Questions concerning any of the information provided in this report should be addressed to the City of Dundas, P.O. Box 70, Dundas, Minnesota 55019.

## **CITY OF DUNDAS, MINNESOTA**

### **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements are required by the GASB.

The sets of statements include:

#### **Government-wide Financial Statements**

Statement of Net Position

Statement of Activities

#### **Fund Financial Statements**

Governmental Funds

Proprietary (Enterprise) Fund

**CITY OF DUNDAS, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 1,585,045	\$ 1,224,699	\$ 2,809,744
Receivables:			
Accounts	272,906	118,092	390,998
Interest	5,593	3,772	9,365
Taxes	18,814	-	18,814
Special assessments	-	73,785	73,785
Internal balances	(221,632)	221,632	-
Prepaid expenses	-	3,291	3,291
Due from other governmental units	4,403	497	4,900
Capital assets, net	4,068,319	10,294,719	14,363,038
<b>Total Assets</b>	<b><u>\$ 5,733,448</u></b>	<b><u>\$ 11,940,487</u></b>	<b><u>\$ 17,673,935</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension resources	\$ 90,117	\$ 12,910	\$ 103,027
<b>LIABILITIES AND NET POSITION</b>			
<b>Liabilities</b>			
Accounts payable	\$ 43,627	\$ 227,768	\$ 271,395
Deferred revenue	-	40,524	40,524
Accrued Liabilities:			
Salaries and wages	11,560	3,441	15,001
Compensated absences	2,775	17,268	20,043
Interest	22,339	28,095	50,434
Other	9,222	916	10,138
Due to developers	21,352	-	21,352
Long-term liabilities:			
Due within one year	270,000	544,887	814,887
Due in more than one year	1,714,717	2,785,936	4,500,653
<b>Total Liabilities</b>	<b><u>\$ 2,095,592</u></b>	<b><u>\$ 3,648,835</u></b>	<b><u>\$ 5,744,427</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension resources	\$ 94,530	\$ 15,995	\$ 110,525
<b>NET POSITION</b>			
Invested in capital assets	\$ 2,423,369	\$ 7,076,824	\$ 9,500,193
Restricted	185,509	54,684	240,193
Unrestricted	1,024,565	1,157,059	2,181,624
<b>Net Position</b>	<b><u>\$ 3,633,443</u></b>	<b><u>\$ 8,288,567</u></b>	<b><u>\$ 11,922,010</u></b>

See accompanying notes to the basic financial statements



**CITY OF DUNDAS, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
General government	\$ 232,836	\$ 9,384	\$ 1,296	\$ -	\$ (222,156)
Public safety	285,148	35,729	20,226	-	(229,193)
Public works	338,586	1,960	22,471	-	(314,155)
Parks and recreation	145,210	1,800	20,925	-	(122,485)
Economic development	43,490	4,000	-	-	(39,490)
Interest on long-term debt	57,512	-	-	-	(57,512)
<b>Total Governmental Activities</b>	<b>\$ 1,102,782</b>	<b>\$ 52,873</b>	<b>\$ 64,918</b>	<b>\$ -</b>	<b>\$ (984,991)</b>
<b>Business-type Activities:</b>					
Water	\$ 431,638	\$ 304,960	\$ -	\$ -	\$ (126,678)
Sewer	452,819	410,806	-	88,133	46,120
Other	122,830	167,420	-	-	44,590
<b>Total Business-type Activities</b>	<b>\$ 1,007,287</b>	<b>\$ 883,186</b>	<b>\$ -</b>	<b>\$ 88,133</b>	<b>\$ (35,968)</b>
<b>Totals</b>	<b>\$ 2,110,069</b>	<b>\$ 936,059</b>	<b>\$ 64,918</b>	<b>\$ 88,133</b>	<b>\$ (1,020,959)</b>

	Governmental Activities	Business-type Activities	Total
<b>Net (Expense)/Revenue</b>	<b>\$ (984,991)</b>	<b>\$ (35,968)</b>	<b>\$ (1,020,959)</b>
<b>General Revenues:</b>			
Taxes:			
Property taxes	\$ 782,736	\$ -	\$ 782,736
Tax increments	543,152	-	543,152
Non property taxes	12,977	-	12,977
Intergovernmental	153,012	-	153,012
Unrestricted interest and investment earnings	7,591	3,669	11,260
Other	16,118	-	16,118
Transfers In (Out)	(232,917)	232,917	-
<b>Total General Revenues and Transfers</b>	<b>\$ 1,282,669</b>	<b>\$ 236,586</b>	<b>\$ 1,519,255</b>
<b>Change in Net Position</b>	<b>\$ 297,678</b>	<b>\$ 200,618</b>	<b>\$ 498,296</b>
Net Position, beginning of the year, as restated	3,335,765	8,087,949	11,423,714
<b>Net Position, end of the year</b>	<b>\$ 3,633,443</b>	<b>\$ 8,288,567</b>	<b>\$ 11,922,010</b>

See accompanying notes to the basic financial statements

**CITY OF DUNDAS, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	General Fund	Tax Increment Improvement Fund	Tax Increment Debt Service Fund	Capital Improvements Fund
<b>ASSETS</b>				
Cash and investments	\$ 551,121	\$ 462,398	\$ 185,509	\$ 6,933
Receivables:				
Interest	4,744	849	-	-
Delinquent property taxes	18,814	-	-	-
Accounts	4,575	-	-	266,295
Due from other governmental units	4,403	-	-	-
<b>Total Assets</b>	<u><u>\$ 583,657</u></u>	<u><u>\$ 463,247</u></u>	<u><u>\$ 185,509</u></u>	<u><u>\$ 273,228</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts payable	\$ 14,396	\$ -	\$ -	\$ 27,172
Accrued Liabilities:				
Salaries and wages	11,560	-	-	-
Compensated absences	2,775	-	-	-
Other	9,222	-	-	-
Developer deposits	14,352	-	-	7,000
Due to other funds	-	-	-	221,632
<b>Total Liabilities</b>	<u><u>\$ 52,305</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 255,804</u></u>
<b>Deferred Inflows of Resources</b>				
Unavailable				
Property taxes	\$ 18,814	\$ -	\$ -	\$ -
Loans receivable	-	-	-	43,153
<b>Total Deferred Inflows of Resources</b>	<u><u>\$ 18,814</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 43,153</u></u>
<b>FUND BALANCE</b>				
Restricted	\$ -	\$ -	\$ 185,509	\$ -
Unrestricted:				
Committed	-	463,247	-	-
Assigned	-	-	-	-
Unassigned	512,538	-	-	(25,729)
<b>Total Fund Balance</b>	<u><u>\$ 512,538</u></u>	<u><u>\$ 463,247</u></u>	<u><u>\$ 185,509</u></u>	<u><u>\$ (25,729)</u></u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u><u>\$ 583,657</u></u>	<u><u>\$ 463,247</u></u>	<u><u>\$ 185,509</u></u>	<u><u>\$ 273,228</u></u>

See accompanying notes to the basic financial statements

<u>Annexation Tax Rebate Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 257,677	\$ 121,407	\$ 1,585,045
-	-	5,593
-	-	18,814
-	2,036	272,906
-	-	4,403
<u>\$ 257,677</u>	<u>\$ 123,443</u>	<u>\$ 1,886,761</u>
\$ -	\$ 2,059	\$ 43,627
-	-	11,560
-	-	2,775
-	-	9,222
-	-	21,352
-	-	221,632
<u>\$ -</u>	<u>\$ 2,059</u>	<u>\$ 310,168</u>
\$ -	\$ -	\$ 18,814
-	-	43,153
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,967</u>
\$ -	\$ -	\$ 185,509
-	109,411	572,658
257,677	11,973	269,650
-	-	486,809
<u>\$ 257,677</u>	<u>\$ 121,384</u>	<u>\$ 1,514,626</u>
<u>\$ 257,677</u>	<u>\$ 123,443</u>	<u>\$ 1,886,761</u>

**CITY OF DUNDAS, MINNESOTA  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS**

**December 31, 2015**

<b>Fund balances, total governmental funds</b>	<b>\$ 1,514,626</b>
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 are therefore not reported in the governmental funds	4,068,319
Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements	
Property taxes	18,814
Developer fees	43,153
Long-term liabilities are not due and payable within the current period and therefore are not reported in the current period	
Bonds and notes payable	(1,635,000)
Bond discounts	7,346
Bond premium	(17,296)
Accrued interest	(22,339)
Accrued compensated absences	(38,000)
Pension liability	(301,767)
Governmental funds do not report long-term amounts related to pensions	
Deferred outflows of pension resources	90,117
Deferred inflows of pension resources	(94,530)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 3,633,443</u></b>

See accompanying notes to the basic financial statements

**This Page Intentionally Left Blank**

**CITY OF DUNDAS, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	General Fund	Tax Increment Improvement Fund	Tax Increment Debt Service Fund	Capital Improvements Fund
<b>REVENUES</b>				
Taxes	\$ 813,813	\$ -	\$ -	\$ -
Tax increments	-	346,105	197,047	-
Licenses and permits	27,634	-	-	-
Intergovernmental	195,709	-	-	-
Interest income	5,000	2,139	260	26
Charges for services	10,824	-	-	-
Fines and penalties	10,415	-	-	-
Miscellaneous	17,548	-	-	-
<b>Total Revenues</b>	<b>\$ 1,080,943</b>	<b>\$ 348,244</b>	<b>\$ 197,307</b>	<b>\$ 26</b>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 229,945	\$ -	\$ -	\$ -
Public safety	304,145	-	-	-
Public works	216,118	-	-	-
Parks and recreation	65,208	-	-	-
Economic development	-	1,717	-	-
Capital outlay	290,587	-	-	107,065
Debt Service:				
Principal	-	-	180,000	-
Interest and other charges	-	-	23,537	-
<b>Total Expenditures</b>	<b>\$ 1,106,003</b>	<b>\$ 1,717</b>	<b>\$ 203,537</b>	<b>\$ 107,065</b>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<b>\$ (25,060)</b>	<b>\$ 346,527</b>	<b>\$ (6,230)</b>	<b>\$ (107,039)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 50,006	\$ -	\$ -	\$ 36,171
Transfers out	(106,399)	(304,525)	-	(32,005)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (56,393)</b>	<b>\$ (304,525)</b>	<b>\$ -</b>	<b>\$ 4,166</b>
<b>Net Change in Fund Balances</b>	<b>\$ (81,453)</b>	<b>\$ 42,002</b>	<b>\$ (6,230)</b>	<b>\$ (102,873)</b>
Fund Balances, beginning of the year	593,991	421,245	191,739	77,144
<b>Fund Balances, end of the year</b>	<b>\$ 512,538</b>	<b>\$ 463,247</b>	<b>\$ 185,509</b>	<b>\$ (25,729)</b>

See accompanying notes to the basic financial statements

Annexation Tax Rebate Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 5,089	\$ 818,902
-	-	543,152
-	-	27,634
-	-	195,709
-	166	7,591
-	-	10,824
-	-	10,415
4,000	20,791	42,339
<u>\$ 4,000</u>	<u>\$ 26,046</u>	<u>\$ 1,656,566</u>

\$ -	\$ -	\$ 229,945
-	-	304,145
-	-	216,118
-	28,801	94,009
38,720	3,053	43,490
-	-	397,652
-	60,000	240,000
-	38,424	61,961
<u>\$ 38,720</u>	<u>\$ 130,278</u>	<u>\$ 1,587,320</u>
<u>\$ (34,720)</u>	<u>\$ (104,232)</u>	<u>\$ 69,246</u>

\$ -	\$ 123,835	\$ 210,012
-	-	(442,929)
<u>\$ -</u>	<u>\$ 123,835</u>	<u>\$ (232,917)</u>
<u>\$ (34,720)</u>	<u>\$ 19,603</u>	<u>\$ (163,671)</u>
292,397	101,781	1,678,297
<u>\$ 257,677</u>	<u>\$ 121,384</u>	<u>\$ 1,514,626</u>

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

Reconciliation of the change in fund balances – total governmental funds  
To the change in Net Position of governmental activities:

**Net change in fund balances – total governmental funds** **\$ (163,671)**

Amounts reported for governmental activities in the Statement of Activities are  
Different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities those assets are reported as depreciation to allocate those expenditures over the life of the assets:

Capital assets purchases capitalized	424,745
Depreciation Expense	(194,603)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Property taxes	(23,189)
----------------	----------

Bond proceeds provide current financial resources to governmental funds but increase liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position

Capital debt principle payments	240,000
---------------------------------	---------

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:

Change in bond accrued interest	3,612
Amortization of bond premium	2,484
Amortization of bond discounts	(1,647)
Compensated absences	(7,410)

Long-term pension activity is not reported in governmental funds financial resources and are not reported as expenditures

Pension (expense) revenues	17,357
----------------------------	--------

<b>Change in Net Position of Governmental Activities</b>	<b>\$ 297,678</b>
--	-------------------

See accompanying notes to the basic financial statements



**This Page Intentionally Left Blank**

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

	Enterprise Funds			Total Proprietary Funds
	Water Utility Fund	Sewer Utility Fund	Nonmajor Enterprise Funds	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 570,042	\$ 511,126	\$ 143,531	\$ 1,224,699
Receivables:				
Accounts	34,873	59,619	23,600	118,092
Delinquent special assessments	-	2,176	-	2,176
Interest	655	3,117	-	3,772
Prepaid expenses	1,677	1,614	-	3,291
Due from other governmental units	42	431	24	497
Due from other funds	93,501	385,052	34,630	513,183
<b>Total Current Assets</b>	<b>\$ 700,790</b>	<b>\$ 963,135</b>	<b>\$ 201,785</b>	<b>\$ 1,865,710</b>
<b>Noncurrent Assets:</b>				
Deferred special assessments	\$ -	\$ 71,609	\$ -	\$ 71,609
Capital assets, Net	4,611,309	5,190,954	492,456	10,294,719
<b>Total Noncurrent Assets</b>	<b>\$ 4,611,309</b>	<b>\$ 5,262,563</b>	<b>\$ 492,456</b>	<b>\$ 10,366,328</b>
<b>Total Assets</b>	<b>\$ 5,312,099</b>	<b>\$ 6,225,698</b>	<b>\$ 694,241</b>	<b>\$ 12,232,038</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension resources	\$ 6,621	\$ 5,164	\$ 1,125	\$ 12,910

See accompanying notes to the basic financial statements

	Enterprise Funds			Total
	Water Utility Fund	Sewer Utility Fund	Nonmajor Enterprise Funds	Proprietary Funds
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 4,249	\$ 25,206	\$ 6,276	\$ 35,731
Deferred revenue	40,524	-	-	40,524
<b>Accrued Liabilities:</b>				
Salaries and wages	1,651	1,490	300	3,441
Compensated absences	8,878	6,460	1,930	17,268
Interest	21,677	6,418	-	28,095
Other	139	-	777	916
Current portion of bonds and notes	335,000	209,887	-	544,887
Due to other funds	291,551	-	-	291,551
Accounts payable construction related	192,037	-	-	192,037
<b>Total Current Liabilities</b>	<b>\$ 895,706</b>	<b>\$ 249,461</b>	<b>\$ 9,283</b>	<b>\$ 1,154,450</b>
<b>Noncurrent Liabilities:</b>				
Bonds payable	\$ 2,105,000	\$ 765,000	\$ -	\$ 2,870,000
Notes payable	-	363,984	-	363,984
Unamortized bond discount	(11,328)	(4,762)	-	(16,090)
Unamortized bond premium	36,960	-	-	36,960
Current portion of bonds and notes	(335,000)	(209,887)	-	(544,887)
Pension liability	38,964	30,388	6,617	75,969
<b>Total Noncurrent Liabilities</b>	<b>\$ 1,834,596</b>	<b>\$ 944,723</b>	<b>\$ 6,617</b>	<b>\$ 2,785,936</b>
<b>Total Liabilities</b>	<b>\$ 2,730,302</b>	<b>\$ 1,194,184</b>	<b>\$ 15,900</b>	<b>\$ 3,940,386</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension resources	\$ 8,204	\$ 6,398	\$ 1,393	\$ 15,995
<b>NET POSITION</b>				
Invested in capital assets	\$ 2,517,636	\$ 4,066,732	\$ 492,456	\$ 7,076,824
Restricted for capital asset replacement	-	54,684	-	54,684
Unrestricted	62,578	908,864	185,617	1,157,059
<b>Total Net Position</b>	<b>\$ 2,580,214</b>	<b>\$ 5,030,280</b>	<b>\$ 678,073</b>	<b>\$ 8,288,567</b>

**CITY OF DUNDAS, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

	Enterprise Funds			Total
	Water Utility Fund	Sewer Utility Fund	Nonmajor Enterprise Funds	Proprietary Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 304,960	\$ 410,806	\$ 167,420	\$ 883,186
<b>OPERATING EXPENSES:</b>				
Administrative	\$ 19,588	\$ 18,776	\$ 5,819	\$ 44,183
Maintenance and operations	138,179	187,572	101,125	426,876
Depreciation	226,804	207,799	15,886	450,489
<b>Total Operating Expenses</b>	<b>\$ 384,571</b>	<b>\$ 414,147</b>	<b>\$ 122,830</b>	<b>\$ 921,548</b>
<b>Operating Income (Loss)</b>	<b>\$ (79,611)</b>	<b>\$ (3,341)</b>	<b>\$ 44,590</b>	<b>\$ (38,362)</b>
<b>NONOPERATING REVENUES</b>				
<b>(EXPENSES)</b>				
Interest income	\$ 927	\$ 2,274	\$ 468	\$ 3,669
Special assessment interest	-	10,756	-	10,756
Federal grant/debt forgiven	-	72,377	-	72,377
Bond issuance costs	-	5,000	-	5,000
Interest expense	(45,873)	(37,896)	-	(83,769)
Fiscal agent fees	(1,194)	(776)	-	(1,970)
<b>Total Nonoperating Revenues</b>	<b>\$ (46,140)</b>	<b>\$ 51,735</b>	<b>\$ 468</b>	<b>\$ 6,063</b>
<b>and (Expenses)</b>				
<b>Income (Loss) before Transfers</b>	<b>\$ (125,751)</b>	<b>\$ 48,394</b>	<b>\$ 45,058</b>	<b>\$ (32,299)</b>
Transfer in	304,525	-	-	304,525
Transfer (out)	(6,766)	(39,547)	(25,295)	(71,608)
<b>Change in Net Position</b>	<b>\$ 172,008</b>	<b>\$ 8,847</b>	<b>\$ 19,763</b>	<b>\$ 200,618</b>
Net Position, beginning of the year, as restated	2,408,206	5,021,433	658,310	8,087,949
<b>Net Position, end of the year</b>	<b>\$ 2,580,214</b>	<b>\$ 5,030,280</b>	<b>\$ 678,073</b>	<b>\$ 8,288,567</b>

See accompanying notes to the basic financial statements

**CITY OF DUNDAS, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	Enterprise Funds			Total
	Water Utility Fund	Sewer Utility Fund	Nonmajor Enterprise Funds	Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 307,868	\$ 418,844	\$ 170,726	\$ 897,438
Cash paid to suppliers	(54,453)	(169,430)	(96,439)	(320,322)
Cash paid to employees	(107,388)	(37,442)	(8,630)	(153,460)
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 146,027</b>	<b>\$ 211,972</b>	<b>\$ 65,657</b>	<b>\$ 423,656</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal paid on capital debt	\$ (250,000)	\$ (1,425,888)	-	\$ (1,675,888)
Interest paid on capital debt	(55,719)	(49,496)	-	(105,215)
Transfers in	304,525	-	-	304,525
Transfers (out)	(6,766)	(7,888)	(7,295)	(21,949)
Repayment of interfund loans	-	398,072	-	398,072
Purchase capital assets	(16,726)	(19,067)	-	(35,793)
Interest received on special assessments	-	10,756	-	10,756
Principal received on special assessments	-	78,671	-	78,671
<b>Net Cash (Used By) Capital and Related Financing Activities</b>	<b>\$ (24,686)</b>	<b>\$ (1,014,840)</b>	<b>\$ (7,295)</b>	<b>\$ (1,046,821)</b>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	\$ -	\$ -	\$ (18,000)	\$ (18,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	\$ 600	\$ 404	\$ 468	\$ 1,472
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 121,941</b>	<b>\$ (802,464)</b>	<b>\$ 40,830</b>	<b>\$ (639,693)</b>
Cash and Cash Equivalents, beginning	448,101	1,313,590	102,701	1,864,392
<b>Cash and Cash Equivalents, ending</b>	<b>\$ 570,042</b>	<b>\$ 511,126</b>	<b>\$ 143,531</b>	<b>\$ 1,224,699</b>

See accompanying notes to the basic financial statements

**CITY OF DUNDAS, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2015**

**Reconciliation of Operating Income To  
Net Cash Provided By Operating Activities**

	Enterprise Funds			Total
	Water Utility Fund	Sewer Utility Fund	Nonmajor Enterprise Funds	Proprietary Funds
<b>Operating Income (Loss)</b>	<b>\$ (79,611)</b>	<b>\$ (3,341)</b>	<b>\$ 44,590</b>	<b>\$ (38,362)</b>
Adjustments to reconcile operating income To net cash provided by operating activities:				
Depreciation	226,804	207,799	15,886	450,489
(Increase) Decrease in Assets:				
Receivables, net	(2,786)	3,864	3,250	4,328
Due from other governmental units	86	4,174	56	4,316
(Increase) in Deferred Outflows of Resources				
Deferred pension resources	(1,705)	(1,330)	(290)	(3,325)
Increase (Decrease) in Liabilities				
Accounts payable	79	(2,612)	352	(2,181)
Deferred revenue	5,608	-	-	5,608
Accrued liabilities	(4,517)	1,805	1,462	(1,250)
Pension liability	1,881	1,467	319	3,667
Increase in Deferred Outflows of Resources				
Deferred pension resources	188	146	32	366
<b>Net Cash Provided By Operating Activities</b>	<b><u>\$ 146,027</u></b>	<b><u>\$ 211,972</u></b>	<b><u>\$ 65,657</u></b>	<b><u>\$ 423,656</u></b>

See accompanying notes to the basic financial statements

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

## **CITY OF DUNDAS, MINNESOTA**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **NOTE 1: Summary of Significant Accounting Policies**

##### **A. Reporting Entity**

The City of Dundas is a municipal corporation, incorporated under the laws of the State of Minnesota. The city is governed by an elected mayor and four council members. The Council exercises legislative authority and determines all matters of policy.

Component units are legally separate entities that are fiscally dependent on the primary government or for which the primary government is financially accountable. As of December 31, 2015, there were no entities that met the requirements to be considered a component unit of the City.

##### **B. Government Wide and Fund Financial Statements**

The government wide financial statements (statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these financial statements. Governmental activities, which are normally supported by taxes and intergovernmental activities, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

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

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



## CITY OF DUNDAS, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 1: Summary of Significant Accounting Policies (continued)

##### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

**General Fund,** 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.

**Tax Increment Improvement Fund,** This fund is a special revenue fund type and accounts for the development activities within tax increment districts.

**Tax Increment Debt Service Fund,** This fund is used to account for the tax increments used to pay bonds associated with various development projects.

**Capital Improvements Fund,** This fund is used to account for the resources dedicated by the City for various capital improvement projects.

## CITY OF DUNDAS, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 1: Summary of Significant Accounting Policies (continued)

##### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

**Annexation Tax Rebate Fund,** This fund is used to account for the resources used to repay townships for property annexed into the City.

The City reports the following major proprietary funds:

**Water Utility Fund,** This fund is an enterprise fund type and accounts for the activities related to the operation of a water distribution system.

**Sewer Utility Fund,** This fund is an enterprise fund type and accounts for the activities related to the operation of a sanitary sewer collection and treatment system.

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

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 item. 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 revenue of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **CITY OF DUNDAS, MINNESOTA**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **NOTE 1: Summary of Significant Accounting Policies (continued)**

##### **D. Budgets and Budgetary Accounting**

Formal budgetary accounting is employed as a management control for all funds used by the City. Annual budgets are adopted each fiscal year through the passage of an annual budget ordinance and may be amended by formal Council action. The budget for all funds are adopted on a basis of accounting consistent with generally accepted accounting principles. All budget appropriations lapse at year-end.

##### **E. Cash and Investments**

The City maintains a cash pool for all funds of the City. The City maintains all deposits and investments in accounts in the name of the City. The deposits are invested on a short-term basis with interest earnings allocated to each fund based upon their relative share of the pooled account balance.

For purposes of the statement of cash flows all pooled cash and investments are considered to be cash and cash equivalents.

##### **F. Investments**

Governmental Accounting Standards Board No. 31, "Accounting and Financial Reporting for Certain Investments" has been implemented. Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based upon quoted market prices at year end. All investments not required to be reported at fair value are stated at cost or amortized cost.

##### **G. Property Taxes**

Property tax levies are set by the City Council in December of each year and are certified to Rice County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

Rice County spreads all levies over taxable property. Such taxes become a lien on January 1 the following year, and are recorded as receivables by the City at that date. Revenue from property taxes are accrued and recognized in the year collectable, net of delinquencies.

Property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing districts normally during the months of January, June and December.

# CITY OF DUNDAS, MINNESOTA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: Summary of Significant Accounting Policies (continued)

#### H. Special Assessments

Assessments are levied at various times by City resolution for property owner improvements made by the City. Assessment collections are deferred over a period ranging from five to twenty years with interest charged at rates ranging from 6% to 7%.

#### I. Bond Discounts and Premiums

In the government wide financial statements, and proprietary fund types in the fund financial statements bond discounts, premiums are deferred and amortized over the life of the bond using the interest method.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premium and discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

#### J. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business type activities columns in the government wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of 2 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

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

Major outlays for capital assets and improvements are capitalized as constructed.

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

Assets	Years
Sewer collection system	40
Water distribution system	7 to 25
Equipment	5 to 10
Building and structures	10 to 40
Vehicles	5
Land improvements	10
Infrastructure	25 to 40

## **CITY OF DUNDAS, MINNESOTA**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **NOTE 1: Summary of Significant Accounting Policies (continued)**

##### **J. Capital Assets and Depreciation (continued)**

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

##### **K. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. A liability is recorded for sick pay benefits, to the received in accordance with City policy.

##### **L. Long-Term Obligations**

In the government wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type, and proprietary fund type statement of Net Position. Bonds payable are reported net of applicable bond premium or discounts.

Long-term debt is recorded as a liability of a governmental fund when due, or when resources have been accumulated in the debt services fund for payment early in the following year.

##### **M. Fund Classifications**

###### **Government-wide and Proprietary Financial Statements**

Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any outstanding bonds, notes, and other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted— Consists of net position with constraints placed on the use either by external groups or by enabling legislation.

Unrestricted – All other net position not included in the captions “Invested in net position” or “Restricted net position” are included here.

## **CITY OF DUNDAS, MINNESOTA**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **NOTE 1. Summary of Significant Accounting Policies (continued)**

##### **M. Fund Classifications (continued)**

###### **Fund Financial Statements**

In the fund financial statements, governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- Nonspendable Fund Balance - These are amounts that cannot be spend because they are not in spendable form.
- Restricted Fund Balance - These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- Committed Fund Balance - These are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (highest level of decision making authority).
- Assigned Fund Balance – These are amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. Assignments may be made by the City’s Finance Director based on the City Council’s delegation.
- Unassigned Fund Balance – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted and committed fund balances exceed the total net resourced of that fund.

##### **N. Interfund Activity**

During the course of normal operations, numerous transactions occur between individual funds that may result in amounts due between funds. Those related to goods and service type transactions are classified as “due to and due from other funds”. Short-term interfund loans are reports as “interfund receivables and payables”. Long-term interfund loans are reported as “advances from and to other funds” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Permanent allocations of resources between funds are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between governmental funds have been eliminated.

##### **O. Use of Estimates in Preparation of Financial Statements**

The preparation of financial statements in accordance with generally accepted accounting principles requires that management make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, expenses and expenditures. Actual results may differ from those estimates.

## **CITY OF DUNDAS, MINNESOTA**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **NOTE 1: Summary of Significant Accounting Policies (continued)**

##### **P. Concentration of Credit Risk**

Substantially all of the City's revenues are generated from the citizens of Dundas. The ability of the City to repay long-term obligation and provide for services is dependent on the economic strength of the Dundas area.

Financial instruments, which may expose the City to a concentration of credit risk, are primarily cash and investments. The credit risks associated with cash and investments are discussed in Note 2.

##### **Q. Pensions**

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

#### **NOTE 2: Deposits and Investments**

The City pools substantially all individual fund cash balances. Each fund's portion of this pool is displayed on the statements of Net Position as "Cash and Cash Equivalents".

Selected investments are invested on a fund by fund basis. Those funds with separate investments are reported separately on the statements of Net Position.

##### **Deposits:**

In accordance with Minnesota Statutes, the City maintains its deposits with national banks; insured state banks and thrift institutions. Minnesota Statutes require that all City deposits be insured, secured by a surety bond or be collateralized, and the market value of collateral must be equal to 110% of the deposits not covered by insurance or surety bonds.

The City's deposits in banks at December 31, 2015 were entirely covered by Federal Deposit Insurance or collateralized by securities held by the financial institution's agent in the name of the City

##### **Investments:**

The City has adopted an investment policy that conforms to all applicable laws of the State of Minnesota. The objective of the City's investment program is to preserve capital and protection of the investment principal. Investments are made under the assumption that, except under limited circumstances, all investments will be held to maturity.

Separate investment policies or agreements may exist to address proceeds from certain bond issues or debt service funds in accordance with various external agreements.

**CITY OF DUNDAS, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2: Deposits and Investments (Continued)**

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal policy limiting investments maturities that would help manage its exposure to fair value losses from increasing interest rates.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fully fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating service. All of the City's investments are rated AAA by the S & P rating service.

**Concentration of Credit Risk**

The investment policy of the City contains no limitation on the amount that can be invested in any one issuer.

**Custodial Risk**

For investments, custodial risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. At December 31, 2015, all investments were insured or the securities were held by the City or its agent in the name of the City.

The following is a summary of the City's investments as of December 31, 2015:

	Fair Value	Weighted Average Maturity
<b>Certificates of Deposit</b>	<u>\$ 1,682,541</u>	N/A, unrated

A reconciliation of cash and investments as shown in the Statement of Net Position:

<b>Cash and investments</b>	<u>\$ 2,809,744</u>
Deposits:	
Checking account	\$ 455
Money market account	1,126,648
Petty cash	100
Investments, certificates of deposit	<u>1,682,541</u>
<b>Total</b>	<u>\$ 2,809,744</u>



**CITY OF DUNDAS, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3: Capital Assets**

Capital asset activity for the year ended December 31, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<b>Assets not being depreciated:</b>				
Land	\$ 269,087	\$ 290,587	\$ -	\$ 559,674
Construction in process	1,219,043	107,065	1,326,108	-
<b>Total assets not being depreciated</b>	<b>\$ 1,488,130</b>	<b>\$ 397,652</b>	<b>\$ 1,326,108</b>	<b>\$ 559,674</b>
<b>Assets being depreciated:</b>				
Buildings and structures	\$ 844,841	\$ 748,063	\$ 37,461	\$ 1,555,443
Equipment	236,055	27,093	11,004	252,144
Vehicles	135,930	-	-	135,930
Land improvements	415,820	-	-	415,820
Infrastructure	2,692,265	578,045	-	3,270,310
<b>Total capital assets being depreciated</b>	<b>\$ 4,324,911</b>	<b>\$ 1,353,201</b>	<b>\$ 48,465</b>	<b>\$ 5,629,647</b>
<b>Accumulated Depreciation:</b>				
Buildings and structures	\$ 534,578	\$ 37,712	\$ 37,461	\$ 534,829
Equipment	133,771	20,265	11,004	143,032
Vehicles	38,385	17,313	-	55,698
Land improvements	108,453	15,573	-	124,026
Infrastructure	1,159,677	103,740	-	1,263,417
<b>Total accumulated depreciation</b>	<b>\$ 1,974,864</b>	<b>\$ 194,603</b>	<b>\$ 48,465</b>	<b>\$ 2,121,002</b>
<b>Net Other Capital Assets</b>	<b>\$ 2,350,047</b>			<b>\$ 3,508,645</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 3,838,177</b>			<b>\$ 4,068,319</b>

**CITY OF DUNDAS, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3: Capital Assets (Continued)**

Capital asset activity for the year ended December 31, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>				
<b>Assets not being depreciated:</b>				
Land and land rights	\$ 223,396	\$ -	\$ -	\$ 223,396
Construction in process	<u>-</u>	<u>8,500</u>	<u>-</u>	<u>8,500</u>
<b>Total assets not being Depreciated</b>	<b><u>\$ 223,396</u></b>	<b><u>\$ 8,500</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 231,896</u></b>
<b>Capital assets being depreciated:</b>				
Sewer collection system	\$ 8,264,022	\$ -	\$ -	\$ 8,264,022
Water distribution system	7,271,339	6,158	-	7,277,497
Storm water collection system	635,430	-	-	635,430
Equipment	55,092	21,135	-	76,227
Software	<u>20,460</u>	<u>-</u>	<u>-</u>	<u>20,460</u>
<b>Total capital assets being depreciated</b>	<b><u>\$ 16,246,343</u></b>	<b><u>\$ 27,293</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 16,273,636</u></b>
<b>Accumulated Depreciation:</b>				
Sewer collection system	\$ 2,969,948	\$ 206,601	\$ -	\$ 3,176,549
Water distribution system	2,618,380	222,096	-	2,840,476
Storm water collection system	127,088	15,886	-	142,974
Equipment	24,448	5,906	-	30,354
Software	<u>20,460</u>	<u>-</u>	<u>-</u>	<u>20,460</u>
<b>Total capital assets being depreciated</b>	<b><u>\$ 5,760,324</u></b>	<b><u>\$ 450,489</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,210,813</u></b>
<b>Net Other Capital Assets</b>	<b><u>\$ 10,486,019</u></b>			<b><u>\$ 10,062,823</u></b>
<b>Business-type activities Capital assets, net</b>	<b><u>\$ 10,709,415</u></b>			<b><u>\$ 10,294,719</u></b>

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

<b>Governmental Activities:</b>	
General government	\$ 2,929
Public safety	15,351
Public works	129,280
Parks and recreation	<u>47,043</u>
<b>Total Governmental Activities</b>	<b><u>\$ 194,603</u></b>
<b>Business-type Activities:</b>	
Water	\$ 226,804
Sewer	207,799
Storm water	<u>15,886</u>
<b>Total Business-type Activities</b>	<b><u>\$ 450,489</u></b>
<b>Total Depreciation</b>	<b><u>\$ 645,092</u></b>

# CITY OF DUNDAS, MINNESOTA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4: Long-Term Debt

#### General Obligation Tax Increment Bonds

The general obligation tax increment bonds were issued to fund redevelopment projects. The additional property taxes resulting from the increased tax capacity of the redeveloped properties will be used to retire these bonds.

#### General Obligation Note

General obligation note proceeds were used to finance capital asset expenditures and will be repaid by future property taxes.

#### General Obligation Revenue Bonds and Notes

General obligation revenue bonds and notes were used to finance capital improvements in the City's enterprise funds. These bonds and notes will be repaid from water and sewer utility revenues.

A summary of long-term debt obligations outstanding as of December 31, 2015 balances is as follows:

	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Balance 12/31/2015</u>
<b>Governmental Activities:</b>			
<b>General Obligation Tax Increment Debt:</b>			
Series 2006A	3.80-4.35%	02/11/2017	\$ 400,000
<b>General Obligation Improvement Bonds:</b>			
Series 2013A	2.00-3.70%	02/01/2029	1,235,000
Bond discounts			(7,346)
Bond Premium			17,296
Compensated absences			38,000
Pension liability			301,767
			<u>\$ 1,984,717</u>
<b>Business-type Activities:</b>			
<b>General Obligation Revenue Notes:</b>			
Note 1997A	2.88%	02/20/2018	\$ 146,854
Note 1997B		08/20/2018	217,130
<b>General Obligation Revenue Bonds:</b>			
Refund Bonds 2013A	2.00-3.25%	02/01/2026	2,105,000
Refunding Bonds Series 2014A	.40-2.25%	12/01/2024	765,000
Bond discounts			(16,090)
Bond Premium			36,960
Pension liability			75,969
			<u>\$ 3,330,823</u>
<b>Total Long-Term Debt, net</b>			<u><b>\$ 5,315,540</b></u>

# CITY OF DUNDAS, MINNESOTA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4: Long-Term Debt (continued)

The changes in the long-term liabilities of the City during the year ended December 31, 2015 are as follows:

	Balance 01/01/2015	Additions	Reductions	Balance 12/31/2015	Amounts Due Within One Year
<b>Governmental Activities:</b>					
<b>General Obligation Tax</b>					
<b>Increment Bonds:</b>					
Series 2006A	\$ 580,000	\$ -	\$ 180,000	\$ 400,000	\$ 195,000
<b>General Obligation</b>					
<b>Improvement Bonds</b>					
Series 2013A	1,295,000	-	60,000	1,235,000	75,000
<b>Bond discount</b>	(8,993)	-	(1,647)	(7,346)	-
<b>Bond premium</b>	19,780	-	2,484	17,296	-
<b>Other liabilities</b>					
Pension liability	276,199	25,568	-	301,767	-
Compensated absences	30,590	7,410	-	38,000	-
<b>Total Governmental</b>					
<b>Activities</b>	<u>\$ 2,192,576</u>	<u>\$ 32,978</u>	<u>\$ 240,837</u>	<u>\$ 1,984,717</u>	<u>\$ 270,000</u>
<b>Business-type Activities:</b>					
<b>Enterprise Funds:</b>					
<b>General Obligation</b>					
<b>Revenue Notes:</b>					
Note 1997A	\$ 202,743	\$ -	\$ 55,889	\$ 146,854	\$ 57,510
Note 1997B	289,506	-	72,376	217,130	72,377
<b>General Obligation</b>					
<b>Revenue Bonds:</b>					
Series 2014A	850,000	-	85,000	765,000	80,000
Series 2013A	2,355,000	-	250,000	2,105,000	335,000
Series 2006B	870,000	-	870,000	-	-
Series 2006C	420,000	-	420,000	-	-
<b>Bond discount</b>	(26,993)	-	(10,903)	(16,090)	-
<b>Bond premium</b>	46,431	-	9,471	36,960	-
<b>Other liabilities</b>					
Pension liability	72,302	3,667	-	75,969	-
<b>Total Business-type</b>					
<b>Activities</b>	<u>\$ 5,079,989</u>	<u>\$ 3,667</u>	<u>\$ 1,751,833</u>	<u>\$ 3,330,823</u>	<u>\$ 544,887</u>
<b>Totals Long-term</b>					
<b>Debt</b>	<u>\$ 7,271,565</u>	<u>\$ 36,645</u>	<u>\$ 1,992,670</u>	<u>\$ 5,315,540</u>	<u>\$ 814,887</u>

# CITY OF DUNDAS, MINNESOTA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4: Long-Term Debt (continued)

The annual requirements to amortize long-term debt as of December 31, 2015 are as follows:

<b>G.O. Bonds</b>		
<b>Governmental Activities</b>		
<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 270,000	\$ 48,719
2017	280,000	38,617
2018	75,000	32,658
2019	80,000	31,108
2020	80,000	29,108
2021-2025	445,000	106,913
2026-2029	405,000	30,394
<b>Total</b>	<b><u>\$ 1,635,000</u></b>	<b><u>\$ 317,517</u></b>

<b>G.O. Revenue Bonds</b>		
<b>Business-type Activities</b>		
<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 415,000	\$ 62,543
2017	420,000	55,193
2018	430,000	47,333
2019	205,000	41,623
2020	210,000	37,098
2021-2025	1,040,000	98,265
2026	150,000	2,438
<b>Total</b>	<b><u>\$ 2,870,000</u></b>	<b><u>\$ 344,493</u></b>

<b>G.O. Revenue Notes</b>		
<b>Business-type Activities</b>		
<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 129,886	\$ 3,818
2017	131,555	2,105
2018	102,542	434
<b>Total</b>	<b><u>\$ 363,984</u></b>	<b><u>\$ 6,402</u></b>

# CITY OF DUNDAS, MINNESOTA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5. Fund Equity

Fund Equity balances are classified, as detailed below, to reflect the limitations and restrictions of the respected funds.

<b>Restricted:</b>		
Debt service	\$	<u>185,509</u>
<b>Unrestricted:</b>		
<b>Committed:</b>		
Tax Increment District activities	\$	463,247
Public Safety capital asset acquisition		67,241
Public works activities		<u>42,170</u>
<b>Total Committed</b>	<b>\$</b>	<b><u>572,658</u></b>
<b>Assigned:</b>		
Dundas Baseball operations	\$	9,937
Annexation payments		257,677
Capital asset purchases		<u>2,036</u>
<b>Total Assigned</b>	<b>\$</b>	<b><u>269,650</u></b>

### NOTE 6: Receivables, Payables and Interfund Transfers

Summary of transfers for the year ended December 31, 2015 are as follows:

	Transfer In	Transfer Out
<b>Major Governmental Funds:</b>		
General Fund		
From Refuse Fund	\$ 18,000	\$ -
To 2013A GO Bond Debt Service Fund	-	76,475
To Public Safety Capital Outlay Fund	-	25,411
To/From Capital Improvement Fund	32,005	4,513
Capital Improvement Fund		
From Sewer Utility Fund	31,659	-
To/From General Fund	4,513	32,005
Tax Increment Improvement Fund		
To Water Utility Fund	-	304,525
<b>Non Major Governmental Funds:</b>		
Public Safety Capital Improvement Fund	25,411	-
2013A GO Bond Debt Service Fund	<u>98,424</u>	<u>-</u>
<b>Totals</b>	<b><u>\$ 210,012</u></b>	<b><u>\$ 442,929</u></b>
<b>Major Proprietary Funds:</b>		
Water Utility Fund		
From Tax Increment Improvement Fund	\$ 304,525	\$ -
To 2013A GO Bond Debt Service Fund	-	6,766
Sewer Utility Fund		
To 2013A GO Bond Debt Service Fund	-	7,888
To Capital Improvement Fund		31,659
<b>Non Major Proprietary Funds</b>		
Refuse Fund		
To General Fund	-	18,000
Storm Water Utility Fund		
To 2013A GO Bond Debt Service Fund	<u>-</u>	<u>7,295</u>
	<b><u>\$ 304,525</u></b>	<b><u>\$ 71,608</u></b>

# CITY OF DUNDAS, MINNESOTA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6: Receivables, Payables and Interfund Transfers (continued)

Receivable Fund	Payable Fund	Amount
Capital Improvements Fund	Water Utility Fund	\$ 93,501
	Sewer Utility Fund	93,501
	Storm Sewer Utility Fund	34,630
<b>Total Governmental Type Funds</b>		<b><u>\$ 221,632</u></b>
Water Utility Fund	Capital Improvements Fund	<u>\$ 93,501</u>
Sewer Utility Fund	Water Utility Fund	\$ 291,551
Sewer Utility Fund	Capital Improvements Fund	93,501
		<u>\$ 385,052</u>
Storm Water Utility Fund	Capital Improvements Fund	34,630
<b>Total Proprietary Type Funds</b>		<b><u>\$ 513,183</u></b>

### NOTE 7: Defined Benefit Pension Plans – Statewide

#### Plan Description

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

#### 1. General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City of Dundas and 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.

#### 2. Public Employees Police and Fire Fund (PEPFF)

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

## CITY OF DUNDAS, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 7: Defined Benefit Pension Plans – Statewide (continued)

##### **Benefits Provided**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by the 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.

##### **1. GERS 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.

##### **2. PEPFF Benefits**

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hires after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.



# CITY OF DUNDAS, MINNESOTA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7: Defined Benefit Pension Plans – Statewide (continued)

#### Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

##### 1. GERS 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 2015. The City of Dundas was required to contribute 11.78% of pay for Basic Plan members and 7.50% in calendar year 2015. The City's contributions to the GERS for the year ended December 31, 2015 were \$17,689. The City's contributions were equal to the required contributions as set by state statute.

##### 2. PERFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The City of Dundas was required to contribute 16.20% of pay for PERFF members in calendar year 2015. The City of Dundas' contributions to the PERFF for the year ended December 31, 2015 were \$22,282. The City of Dundas contributions were equal to the required contributions as set by state statute.

#### Pension Costs

##### 1. GERS Pension Cost

At December 31, 2015, the City of Dundas reported a liability of \$207,301 for its proportionate share of the GERS's new pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the new 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 of Dundas' contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion share was .0040% which was a decrease of .0002% for its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City of Dundas recognized pension expense of \$1,938 for its proportionate share of the GERS's pension expense.

At December 31, 2015, the City of Dundas reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$1,514	\$6,967
Changes in actuarial assumptions	\$10,167	-
Difference between projected and actual investment earnings	\$14,718	\$31,985
Changed in proportion	-	\$4,697
Contributions paid to PERA subsequent to the measurement date	\$8,828	-
Total	\$35,227	\$43,649

# CITY OF DUNDAS, MINNESOTA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7: Defined Benefit Pension Plans – Statewide (continued)

#### Pension Costs (continued)

##### 1. GERS Pension Cost (continued)

\$8,636 reported as deferred outflows of resources related to pensions resulting from the City Of Dundas contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources relate to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2016	\$(4,310)
2017	\$(4,310)
2018	\$(4,311)
2019	\$(4,319)
2020	0
Thereafter	0

##### 2. PEPFF Pension Costs

At December 31, 2015, the City of Dundas reported a liability of \$170,435 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates for July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was .015% which was an increase of .001% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City of Dundas recognized pension revenue of \$18,696 for its proportionate share of the PEPFF's pension expense. The City also recognized \$1,800 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions of the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2015, the City of Dundas reported its proportionate share of PEPFF's deferred outflows of resources and deferred inflows of resource related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$142	\$22,111
Changes in actuarial assumptions	25,196	-
Difference between projected and actual investment earnings	23,757	44,766
Changed in proportion	7,200	-
Contributions paid to PERA subsequent to the measurement date	11,505	-
Total	\$67,800	\$66,877

## CITY OF DUNDAS, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 7: Defined Benefit Pension Plans – Statewide (continued)

##### Pension Costs (continued)

##### 2. PEPFF Pension Costs(continued)

\$11,505 reported as deferred outflows of resources related to pensions resulting from the City of Dundas contributions subsequent to the measurement dates will be recognizes as a reductions of the net pension liability in the year ended December 31,2015 Other amounts reports as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2016	\$(6,377)
2017	\$(6,377)
2018	\$(1,376)
2019	\$9,547
2020	0
Thereafter	0

##### Actuarial Assumptions

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

Inflation	2.75% per year
Active Member Payroll Growth	3.50% per year
Investment Rate of Return	7.90%

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

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERP was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2004. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009. Experience studies have not been prepared for the PECF, but assumptions re reviewed annually.

# CITY OF DUNDAS, MINNESOTA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7: Defined Benefit Pension Plans – Statewide (continued)

#### Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

#### Discount Rate

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

#### Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
City of Dundas's proportionate share of the GERF net pension liability:	\$325,950	\$207,301	\$109,314
City of Dundas's proportionate share of the PEPFF net pension liability:	\$332,180	\$170,435	\$38,806

# **CITY OF DUNDAS, MINNESOTA**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 7: Defined Benefit Pension Plans – Statewide (continued)**

#### **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](http://www.mnpera.org)

### **NOTE 8: Commitments and Contingencies**

#### **State of Minnesota Grants**

The City participated in several State of Minnesota grant programs. These grants are subject to compliance audits by the grantors and their representatives. The ultimate determination of the amounts earned under these grants is therefore subject to change pending completion and acceptance of these audits, if any. Until these audits are completed and accepted there exists a contingent liability that some amounts received under these grants will be in excess of the allowable costs. The City is of the opinion that no material liability will result from such audits, if any.

#### **Tax Increment Districts**

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

#### **Litigation**

The City may be subject to potential litigation involving various personal injury and property loss claims. The City intends to contest vigorously any litigation, which may result from these claims. In addition, management believes no material uninsured loss will result from these claims.

#### **Risk Management**

The City is exposed to various risks of loss related to torts; thefts of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT) to provide its general liability and property coverage. The LMCIT is a public entity risk pool currently operated as a common risk management and insurance program for participating Minnesota cities. All cities in the LMCIT are jointly and severally liable for all claims and expenses of the pool. The amount of any liability in excess of assets of the pool may be assessed to the participating cities if a deficiency occurs. The City purchased worker's compensation insurance as required by *Minnesota Statute*.

# CITY OF DUNDAS, MINNESOTA

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 9. Subsequent Events

The City has evaluated subsequent events through May 4, 2016, the date which the financial statements were available to be issued.

### NOTE 10. Change in Accounting Standards

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

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

	December 31, 2015		
	Net Position January 1 2015 as Previously Reported	Prior Period Restatement	Net Position January 1, 2015 As Restated
Governmental activities	\$ 3,659,302	\$ (323,537)	\$ 3,335,765
Business-type activities	\$ 8,166,295	\$ (78,349)	\$ 8,087,946
Business-type activities			
Water Utility	\$ 2,448,389	\$ (40,183)	\$ 2,408,206
Sewer Utility	5,052,772	(31,339)	5,021,433
Storm Water Utility	634,174	(6,824)	627,350
Refuse Utility	30,960	-	30,960
<b>Total business-type activities</b>	<b>\$ 8,166,295</b>	<b>\$ (78,346)</b>	<b>\$ 8,087,949</b>

## **CITY OF DUNDAS, MINNESOTA**

### **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

Schedule of Employer's Share of PERA Net Pension Liability –

General Employees Retirement Fund

Schedule of Employer's PERA Contributions –

General Employees Retirement Fund

Schedule of Employee's Share of PERA Net Pension Liability –

Public Employees Police and Fire Fund

Schedule of Employer's PERA Contributions –

Public Employees Police and Fire Fund

Budgetary Comparison Schedules - General Fund

**CITY OF DUNDAS, MINNESOTA**

**REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Schedule of Employers Share of PERA Net Pension Liability – General Employees Retirement Fund (GERF)**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the City	Total	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
06/30/2015	.0040%	\$ 207,301	\$ -	\$ 207,301	\$ 237,223	82.4%	78.2%

**Schedule of Employer's PERA Contributions – General Employees Retirement Fund (GERF)**

Year Ending	Contributions in Relation to the		Contributions as a % of	
	Statutorily Required Contribution	Statutorily Required Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a % of Covered Payroll
12/31/2015	\$ 17,689	\$ 17,689	\$ 235,811	7.50%



# CITY OF DUNDAS, MINNESOTA

## REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015

### Schedule of Employers Share of PERA Net Pension Liability – Public Employees Police and Fire Fund

Fiscal Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the City	Total	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
Ending 06/30/2015	.0150	\$ 170,435	\$ -	\$ 170,435	\$ 134,153	127.0%	86.6%

### Schedule of Employer's PERA Contributions – Public Employees Police and Fire Fund

Year	Contributions in Relation to the			Contributions as a % of	
	Statutorily Required Contribution	Statutorily Required Contribution	City's Covered Payroll	City's Covered Payroll	Contributions as a % of Covered Payroll
Ending 12/31/2015	\$ 22,282	\$ 22,828	\$ -	\$ 137,542	16.2%

**CITY OF DUNDAS, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
<b>REVENUES</b>				
<b>Taxes:</b>				
Property Taxes	\$ 797,629	\$ 797,629	\$ 800,836	\$ 3,207
Non Property Taxes				
Franchise fees	<u>13,349</u>	<u>13,349</u>	<u>12,977</u>	<u>(372)</u>
<b>Total Taxes</b>	<b><u>\$ 810,978</u></b>	<b><u>\$ 810,978</u></b>	<b><u>813,813</u></b>	<b><u>\$ 2,835</u></b>
<b>Licenses and Permits</b>				
Building and plan fees	\$ 27,000	\$ 27,000	\$ 20,826	\$ (6,174)
Alcoholic beverages	8,300	8,300	5,470	(2,830)
Other	<u>2,200</u>	<u>2,200</u>	<u>1,338</u>	<u>(862)</u>
	<b><u>\$ 37,500</u></b>	<b><u>\$ 37,500</u></b>	<b><u>\$ 27,634</u></b>	<b><u>\$ (9,866)</u></b>
<b>Intergovernmental:</b>				
Local governmental aids	\$ 152,263	\$ 152,263	\$ 152,263	\$ -
Market value credit	-	-	644	644
Small city assistance	-	-	22,471	22,471
Police grants	16,290	16,290	20,227	3,937
PERA Aid	<u>104</u>	<u>104</u>	<u>104</u>	<u>-</u>
	<b><u>\$ 168,657</u></b>	<b><u>\$ 168,657</u></b>	<b><u>\$ 195,709</u></b>	<b><u>\$ 27,052</u></b>
<b>Interest income</b>	<b><u>\$ 12,000</u></b>	<b><u>\$ 12,000</u></b>	<b><u>\$ 5,000</u></b>	<b><u>\$ (7,000)</u></b>
<b>Charges for Services:</b>				
Park	\$ 2,000	\$ 2,000	\$ 1,800	\$ (200)
Zoning and subdivision	1,000	1,000	2,300	1,300
Other	<u>1,650</u>	<u>1,650</u>	<u>6,724</u>	<u>5,074</u>
	<b><u>\$ 4,650</u></b>	<b><u>\$ 4,650</u></b>	<b><u>\$ 10,824</u></b>	<b><u>\$ 6,174</u></b>
<b>Fines and Forfeits</b>	<b><u>\$ 18,450</u></b>	<b><u>\$ 18,450</u></b>	<b><u>\$ 10,415</u></b>	<b><u>\$ (8,035)</u></b>
<b>Miscellaneous Revenues:</b>				
Contributions	\$ 1,840	\$ 1,840	\$ 1,430	\$ (410)
Other	<u>-</u>	<u>-</u>	<u>16,119</u>	<u>16,119</u>
	<b><u>\$ 1,840</u></b>	<b><u>\$ 1,840</u></b>	<b><u>\$ 17,549</u></b>	<b><u>\$ 15,709</u></b>
<b>Total Revenues</b>	<b><u>\$ 1,054,075</u></b>	<b><u>\$ 1,054,075</u></b>	<b><u>\$ 1,080,944</u></b>	<b><u>\$ 26,869</u></b>

**CITY OF DUNDAS, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
<b>EXPENDITURES</b>				
<b>General Government:</b>				
<b>Mayor and Council:</b>				
Salaries and wages	\$ 27,000	\$ 27,000	\$ 27,415	\$ (415)
Payroll taxes	1,928	1,928	2,072	(144)
Workers compensation insurance	60	60	78	(18)
Training and instruction	1,050	1,050	-	1050
Telephone	420	420	315	105
Travel and meeting reimbursements	724	724	640	84
Dues and subscriptions	20	20	-	20
Capital outlay	500	500	-	500
<b>Total Mayor and Council</b>	<b><u>\$ 31,702</u></b>	<b><u>\$ 31,702</u></b>	<b><u>\$ 30,520</u></b>	<b><u>\$ 1,182</u></b>
<b>Administrative Staff:</b>				
Salaries and wages	\$ 75,680	\$ 75,680	\$ 92,504	\$ (16,824)
Payroll taxes	5,789	5,789	7,077	(1,288)
PERA contributions	5,487	5,487	5,876	(389)
Insurance benefits	14,965	14,965	6,474	8,491
Workers compensation insurance	-	-	860	(860)
Training and instruction	1,425	1,425	1,437	(12)
Travel and meeting reimbursements	2,527	2,527	2,900	(373)
Dues and subscriptions	1,613	1,613	2,400	(787)
<b>Total Administrative Staff</b>	<b><u>\$ 107,486</u></b>	<b><u>\$ 107,486</u></b>	<b><u>\$ 119,528</u></b>	<b><u>\$ (12,042)</u></b>

**CITY OF DUNDAS, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
<b>EXPENDITURES</b>				
<b>General Government (continued)</b>				
<b>Planning and Zoning:</b>				
Salaries and wages	\$ 13,722	\$ 13,722	\$ 14,128	\$ (406)
Payroll taxes	1,050	1,050	1,081	(31)
PERA contributions	995	995	1,033	(38)
Insurance benefits	1,975	1,975	42	1,933
Professional services:				
Engineering fees	6,750	6,750	-	6,750
Planning fees	12,920	12,920	1,643	11,277
Legal fees	7,560	7,560	794	6,766
Legal notices published	500	500	1,065	(565)
Miscellaneous	375	375	92	283
<b>Total Planning and Zoning</b>	<b><u>\$ 45,847</u></b>	<b><u>\$ 45,847</u></b>	<b><u>\$ 19,878</u></b>	<b><u>\$ 25,969</u></b>
<b>Administrative</b>				
Supplies	\$ 4,000	\$ 4,000	\$ 4,911	\$ (911)
Auditing and accounting	7,200	7,200	6,193	1,007
Legal fees	22,070	22,070	17,414	4,656
Engineering fees	14,000	14,000	1,050	12,950
Other professional services	3,000	3,000	535	2,465
Telephone and communications	3,795	3,795	4,313	(518)
Postage	800	800	904	(104)
Newsletter expense	3,899	3,899	1,580	2,319
Legal notices published	750	750	282	468
Insurance	6,946	6,946	6,768	178
Utilities	3,173	3,173	1,924	1,249
Repairs and maintenance	2,406	2,406	3,788	(1,382)
Equipment rentals	3,449	3,449	3,102	347
Capital outlay	10,980	10,980	1,641	9,339
Miscellaneous	-	-	5,614	(5,614)
<b>Total Administrative</b>	<b><u>\$ 86,468</u></b>	<b><u>\$ 86,468</u></b>	<b><u>\$ 60,019</u></b>	<b><u>\$ 26,449</u></b>
<b>Total General Government</b>	<b><u>\$ 271,503</u></b>	<b><u>\$ 271,503</u></b>	<b><u>\$ 229,945</u></b>	<b><u>\$ 41,558</u></b>

**CITY OF DUNDAS, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
<b>Public Safety:</b>				
<b>Civil Defense:</b>				
Utilities	\$ 226	\$ 226	\$ 91	\$ 135
Insurance	-	-	380	(380)
Repairs and maintenance	100	100	196	(96)
Capital outlay	<u>825</u>	<u>825</u>	<u>-</u>	<u>825</u>
<b>Total Civil Defense</b>	<b><u>\$ 1,151</u></b>	<b><u>\$ 1,151</u></b>	<b><u>\$ 667</u></b>	<b><u>\$ 484</u></b>
<b>Animal Control:</b>				
Subcontracted services	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ -</u>
<b>Fire Protection:</b>				
Contractual services	<u>\$ 40,986</u>	<u>\$ 40,986</u>	<u>\$ 39,717</u>	<u>\$ 1,269</u>
<b>Police Protection:</b>				
Salaries and wages	\$ 145,377	\$ 145,377	\$ 138,585	\$ 6,792
Payroll taxes	2,108	2,108	2,009	99
PERA contributions	22,243	22,243	22,451	(208)
Insurance benefits	16,300	16,300	11,181	5,119
Workers compensation insurance	4,011	4,011	4,228	(217)
Supplies	4,694	4,694	991	3,703
Training and instruction	2,276	2,276	3,542	(1,266)
Vehicle Operations	12,853	12,853	8,298	4,555
Uniforms	1,836	1,836	2,914	(1,078)
Legal fees	14,642	14,642	9,687	4,955
Other professional services	2,840	2,840	275	2,565
Telephone and communications	5,614	5,614	3,956	1,658
Insurance	6,534	6,534	5,756	778
Utilities	4,590	4,590	1,403	3,187
Leased equipment	74	74	68	6
Dues and subscriptions	245	245	2,116	(1,871)
Capital outlay	15,207	15,207	20,016	(4,809)
Miscellaneous	<u>-</u>	<u>-</u>	<u>5,045</u>	<u>(5,045)</u>
<b>Total Police Protection</b>	<b><u>\$ 261,444</u></b>	<b><u>\$ 261,444</u></b>	<b><u>\$ 242,521</u></b>	<b><u>\$ 18,923</u></b>

**CITY OF DUNDAS, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
<b>Public Safety: (continued)</b>				
<b>Building Inspections</b>				
Salaries and wages	\$ 3,930	\$ 3,930	\$ 3,961	\$ (31)
Payroll taxes	301	301	303	(2)
PERA contributions	285	285	297	(12)
Insurance benefits	790	790	16	774
Supplies	403	403	564	(161)
Telephone	1,099	1,099	505	594
Permit review fees	17,250	17,250	4,195	13,055
Miscellaneous	200	200	486	(286)
Plan review fees	9,000	9,000	10,413	(1,413)
<b>Total Building Inspections</b>	<u>\$ 33,258</u>	<u>\$ 33,258</u>	<u>\$ 20,740</u>	<u>\$ 12,518</u>
<b>Total Public Safety</b>	<u>\$ 337,339</u>	<u>\$ 337,339</u>	<u>\$ 304,145</u>	<u>\$ 33,194</u>
<b>Public Works:</b>				
<b>Highways, Streets, and Roads:</b>				
Salaries and wages	\$ 45,639	\$ 45,639	\$ 44,810	\$ 829
Payroll taxes	3,309	3,309	3,324	(15)
PERA contributions	3,491	3,491	2,775	716
Insurance benefits	6,004	6,004	142	5,862
Workers compensation insurance	3,651	3,651	5,157	(1,506)
Supplies	3,000	3,000	5,302	(2,302)
Signs	1,500	1,500	844	656
Building utilities	3,000	3,000	1,785	1,215
Engineering fees	1,500	1,500	146	1,354
Insurance	1,020	1,020	1,301	(281)
Travel and meeting reimbursements	450	450	374	76
Street lighting utilities	28,525	28,525	22,955	5,570
Mowing	7,763	7,763	8,983	(1,220)
Snow plowing	865	865	-	865
Sand/rock/dirt	9,079	9,079	5,401	3,678
Street sweeping	5,801	5,801	2,575	3,226
Road maintenance	69,459	69,459	88,856	(19,397)
Vehicle Operation	9,800	9,800	7,087	2,713
Miscellaneous	-	-	2,557	(2,557)
Capital outlay	24,292	24,292	11,744	12,548
<b>Total Public Works</b>	<u>\$ 228,148</u>	<u>\$ 228,148</u>	<u>\$ 216,118</u>	<u>\$ 12,030</u>

**CITY OF DUNDAS, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
<b>Cultural and Recreation:</b>				
<b>Parks:</b>				
Salaries and wages	\$ 8,079	\$ 8,079	\$ 12,489	\$ (4,410)
Payroll taxes	618	618	955	(337)
PERA contributions	2,554	2,554	854	1,700
Insurance benefits	1,347	1,347	40	1,307
Workers compensation insurance	410	410	540	(130)
Engineering fees	-	-	1,000	(1,000)
Supplies	1,530	1,530	1,450	80
Repairs and maintenance	9,000	9,000	7,000	2,000
Insurance	16,224	16,224	16,794	(570)
Equipment rentals	1,200	1,200	1,712	(512)
Utilities	4,227	4,227	3,429	798
Grounds	5,472	5,472	12,118	(6,646)
Cleaning service	607	607	470	137
Programming	1,080	1,080	754	326
Miscellaneous	250	250	379	(129)
Capital outlay	10,098	10,098	5,224	4,874
<b>Total Cultural and Recreation</b>	<b>\$ 62,696</b>	<b>\$ 62,696</b>	<b>\$ 65,208</b>	<b>\$ (2,512)</b>
<b>Capital Outlay</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 290,587</b>	<b>\$ (290,587)</b>
<b>Total Expenditures</b>	<b>\$ 899,686</b>	<b>\$ 899,686</b>	<b>\$ 1,106,003</b>	<b>\$ (206,317)</b>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<b>\$ 154,389</b>	<b>\$ 154,389</b>	<b>\$ (25,059)</b>	<b>\$ (179,448)</b>
<b>OTHER FINANCING SOURCES</b>				
Transfer in	\$ -	\$ -	\$ 50,005	\$ 50,005
Transfers (out)	-	-	(106,399)	(106,399)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (56,394)</b>	<b>\$ (56,394)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 154,389</b>	<b>\$ 154,389</b>	<b>\$ (81,453)</b>	<b>\$ (235,842)</b>
Fund Balance, beginning	593,991	593,991	593,991	-
<b>Fund Balance, ending</b>	<b>\$ 748,380</b>	<b>\$ 748,380</b>	<b>\$ 512,538</b>	<b>\$ (235,842)</b>

**This Page Intentionally Left Blank**



## **CITY OF DUNDAS, MINNESOTA**

### **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, but are presented for purposes of additional analysis.

Such information includes:

- Combining Statements -- Nonmajor governmental funds

- Combining Statements -- Nonmajor enterprise funds

- Individual Fund Statements

  - Water Utility Fund

  - Sewer Utility Fund

  - Refuse Utility Fund

  - Storm Water Utility Fund

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

	<u>Special Revenue Funds</u>			<u>Debt Service</u>
	<u>Gambling Fund</u>	<u>Dundas Baseball Association Activity Fund</u>	<u>Industrial Park Tax Abatement Fund</u>	<u>GO Improvement Bonds 2013A Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 10,470	\$ 1,526	\$ -
Receivables:				
Accounts	<u>2,036</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u><b>\$ 2,036</b></u>	<u><b>\$ 10,470</b></u>	<u><b>\$ 1,526</b></u>	<u><b>\$ -</b></u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 533	\$ 1,526	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u><b>\$ -</b></u>	<u><b>\$ 533</b></u>	<u><b>\$ 1,526</b></u>	<u><b>\$ -</b></u>
<b>FUND BALANCES</b>				
Unrestricted:				
Committed	\$ -	\$ -	\$ -	\$ -
Assigned	<u>2,036</u>	<u>9,937</u>	<u>-</u>	<u>-</u>
<b>Total Fund Balances</b>	<u><b>\$ 2,036</b></u>	<u><b>\$ 9,937</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>
<b>Total Liabilities and Fund Balances</b>	<u><b>\$ 2,036</b></u>	<u><b>\$ 10,470</b></u>	<u><b>\$ 1,526</b></u>	<u><b>\$ -</b></u>

Capital Outlay		
Public Safety Capital Outlay Fund	Titan Site Improvement Fund	Total
\$ 67,241	\$ 42,170	\$ 121,407
-	-	2,036
<u>\$ 67,241</u>	<u>\$ 42,170</u>	<u>\$ 123,443</u>
\$ -	\$ -	\$ 2,059
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,059</u>
\$ 67,241	\$ 42,170	\$ 109,411
-	-	11,973
<u>\$ 67,241</u>	<u>\$ 42,170</u>	<u>\$ 121,384</u>
<u>\$ 67,241</u>	<u>\$ 42,170</u>	<u>\$ 123,443</u>

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

	<u>Special Revenue Funds</u>			<u>Debt Service</u>
	<u>Gambling Fund</u>	<u>Dundas Baseball Association Activity Fund</u>	<u>Industrial Park Tax Abatement Fund</u>	<u>GO Improvement Bonds 2013A Fund</u>
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ 3,053	\$ -
Gambling tax	2,036	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	21,791	-	-
<b>Total Revenues</b>	<b>\$ 2,036</b>	<b>\$ 21,791</b>	<b>\$ 3,053</b>	<b>\$ -</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Parks and recreation	\$ -	\$ 28,801	\$ -	\$ -
Economic development	-	-	3,053	-
<b>Debt Service:</b>				
Principal	-	-	-	60,000
Interest and other charges	-	-	-	38,424
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ 28,801</b>	<b>\$ 3,053</b>	<b>\$ 98,424</b>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<b>\$ 2,036</b>	<b>\$ (8,010)</b>	<b>\$ -</b>	<b>\$ (98,424)</b>
<b>Other Financing Sources</b>				
Transfers in	-	-	-	98,424
<b>Net Change in Fund Balances</b>	<b>\$ -</b>	<b>\$ (8,010)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balances, beginning of the year</b>	<b>-</b>	<b>17,947</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, end of the year</b>	<b>\$ 2,036</b>	<b>\$ 9,937</b>	<b>\$ -</b>	<b>\$ -</b>

Capital Outlay		
Public Safety Capital Outlay Fund	Titan Site Improvement Fund	Total
\$ -	\$ -	\$ 3,053
-	-	2,036
166	-	166
-	-	20,791
<u>\$ 166</u>	<u>\$ -</u>	<u>\$ 26,046</u>
\$ -	\$ -	\$ 28,801
-	-	3,053
-	-	60,000
-	-	38,424
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,278</u>
\$ 166	\$ -	\$ (104,232)
25,411	-	123,835
<u>\$ 25,577</u>	<u>\$ -</u>	<u>\$ 19,603</u>
41,664	42,170	101,781
<u>\$ 67,241</u>	<u>\$ 42,170</u>	<u>\$ 121,384</u>

**CITY OF DUNDAS, MINNESOTA  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2015**

	Refuse Utility Fund	Storm Water Utility Fund	Totals
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 24,640	\$ 118,891	\$ 143,531
Receivables, accounts	16,380	7,220	23,600
Due from other funds		34,630	34,630
Due from other governmental units	24	-	24
<b>Total Current Assets</b>	<b><u>\$ 41,044</u></b>	<b><u>\$ 160,741</u></b>	<b><u>\$ 201,785</u></b>
<b>Capital Assets:</b>			
Collection system	\$ -	\$ 635,430	\$ 635,430
Accumulated depreciation	-	(142,974)	(142,974)
<b>Capital Assets, Net</b>	<b><u>\$ -</u></b>	<b><u>\$ 492,456</u></b>	<b><u>\$ 492,456</u></b>
<b>Total Assets</b>	<b><u>\$ 41,044</u></b>	<b><u>\$ 653,197</u></b>	<b><u>\$ 694,241</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension resources	\$ -	\$ 1,125	\$ 1,125
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 6,097	\$ 179	\$ 6,276
Accrued Liabilities:			
Salaries and wages	94	206	300
Compensated absences	202	1,728	1,930
Other	777	-	777
<b>Total Current Liabilities</b>	<b><u>\$ 7,170</u></b>	<b><u>\$ 2,113</u></b>	<b><u>\$ 9,283</u></b>
<b>Noncurrent Liabilities:</b>			
Pension liability	-	6,617	6,617
<b>Total Liabilities</b>	<b><u>\$ 7,170</u></b>	<b><u>\$ 8,730</u></b>	<b><u>\$ 15,900</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension resources	\$ -	\$ 1,393	\$ 1,393
<b>NET POSITION</b>			
Invested in capital assets	\$ -	\$ 492,456	\$ 492,456
Unrestricted	33,874	151,743	185,617
<b>Total Net Position</b>	<b><u>\$ 33,874</u></b>	<b><u>\$ 644,199</u></b>	<b><u>\$ 678,073</u></b>

**CITY OF DUNDAS, MINNESOTA  
COMBINING STATEMENT REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	Refuse Utility Fund	Storm Water Utility Fund	Totals
<b>OPERATING REVENUES:</b>			
Charges for service	\$ 96,548	\$ 70,872	\$ 167,420
<b>OPERATING EXPENSES:</b>			
Administrative	\$ 1,994	\$ 3,825	\$ 5,819
Maintenance and operations	73,740	27,385	101,125
Depreciation	-	15,886	15,886
<b>Total Operating Expenses</b>	<b>\$ 75,734</b>	<b>\$ 47,096</b>	<b>\$ 122,830</b>
<b>Operating Income (Loss)</b>	<b>\$ 20,814</b>	<b>\$ 23,776</b>	<b>\$ 44,590</b>
<b>NONOPERATING REVENUES</b>			
Interest income	100	368	468
<b>Income before Transfers</b>	<b>\$ 20,914</b>	<b>\$ 24,144</b>	<b>\$ 45,058</b>
Transfer out	(18,000)	(7,295)	(25,295)
<b>Change in Net Position</b>	<b>\$ 2,914</b>	<b>\$ 16,849</b>	<b>\$ 19,763</b>
Net Position, beginning of the year, as restated	30,960	627,350	658,310
<b>Net Position, end of the year</b>	<b>\$ 33,874</b>	<b>\$ 644,199</b>	<b>\$ 678,073</b>

**CITY OF DUNDAS, MINNESOTA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	Refuse Utility Fund	Storm Water Utility Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 98,290	\$ 72,436	\$ 170,726
Cash paid to suppliers	(74,011)	(22,428)	(96,439)
Cash paid to employees	(1,991)	(6,639)	(8,630)
<b>Net Cash Provided By Operating Activities</b>	<b><u>\$ 22,288</u></b>	<b><u>\$ 43,369</u></b>	<b><u>\$ 65,657</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Transfers to other funds	\$ -	\$ (7,295)	\$ (7,295)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	\$ (18,000)	\$ -	\$ (18,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	\$ 100	\$ 368	\$ 468
<b>Net Increase in Cash and Cash Equivalents</b>	<b><u>\$ 4,388</u></b>	<b><u>\$ 36,442</u></b>	<b><u>\$ 40,830</u></b>
Cash and Cash Equivalents, beginning of the year	20,252	82,449	102,701
<b>Cash and Cash Equivalents, end of the year</b>	<b><u>\$ 24,640</u></b>	<b><u>\$ 118,891</u></b>	<b><u>\$ 143,531</u></b>

**Reconciliation of Operating Income to Net Cash  
Provided By Operating Activities**

<b>Operating Income</b>	<b>\$ 20,814</b>	<b>\$ 23,776</b>	<b>\$ 44,590</b>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	15,886	15,886
(Increase) Decrease in Assets:			
Accounts receivable	1,686	1,564	3,250
Due from other governmental units	56	-	56
(Increase) Decrease in Deferred Outflows of Resources			
Deferred pension resources	-	(290)	(290)
Increase (Decrease) in Liabilities			
Accounts payable	178	174	352
Accrued liabilities	(446)	1,908	1,462
Pension liability	-	319	319
Increase in Deferred Inflows of Resources			
Deferred pension resources	-	32	32
<b>Net Cash Provided By Operating Activities</b>	<b><u>\$ 22,288</u></b>	<b><u>\$ 43,369</u></b>	<b><u>\$ 65,657</u></b>



**CITY OF DUNDAS, MINNESOTA  
WATER UTILITY FUND  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 570,042	\$ 448,101
Accounts receivable	34,873	32,087
Accrued interest receivable	655	655
Due from other funds	93,501	93,501
Prepaid expenses	1,677	1,677
Due from other governmental units	42	128
<b>Total Current Assets</b>	<b><u>\$ 700,790</u></b>	<b><u>\$ 575,822</u></b>
<b>Capital Assets:</b>		
Land	\$ 147,273	\$ 147,273
Distribution system	7,277,497	7,271,339
Equipment	53,674	43,106
Software	10,230	10,230
	<u>\$ 7,488,674</u>	<u>\$ 7,471,948</u>
Accumulated depreciation	(2,877,365)	(2,650,561)
<b>Capital Assets, net</b>	<b><u>\$ 4,611,309</u></b>	<b><u>\$ 4,821,387</u></b>
<b>Total Assets</b>	<b><u>\$ 5,312,099</u></b>	<b><u>\$ 5,397,209</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension resources	<u>\$ 6,621</u>	<u>\$ 4,916</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 4,249	\$ 4,170
Deferred Revenues	40,524	34,916
Accrued Liabilities:		
Salaries and wages	1,651	1,897
Interest payable	21,677	23,760
Compensated absences	8,878	12,762
Other	139	526
Due to other funds	291,551	291,551
Current portion of bonds payable	335,000	250,000
Accounts payable, construction	192,037	192,037
<b>Total Current Liabilities</b>	<b><u>\$ 895,706</u></b>	<b><u>\$ 811,619</u></b>
<b>Noncurrent Liabilities:</b>		
Bonds Payable	\$ 2,105,000	\$ 2,355,000
Unamortized bond discount	(11,328)	(14,230)
Unamortized bond premium	36,960	46,431
Current portion of bonds payable	(335,000)	(250,000)
Pension liability	38,964	37,083
<b>Total Noncurrent Liabilities</b>	<b><u>\$ 1,834,596</u></b>	<b><u>\$ 2,174,284</u></b>
<b>Total Liabilities</b>	<b><u>\$ 2,730,302</u></b>	<b><u>\$ 2,985,903</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension resources	<u>\$ 8,204</u>	<u>\$ 8,016</u>
<b>NET POSITION:</b>		
Invested in capital assets	\$ 2,517,636	\$ 2,434,186
Unrestricted	62,578	(25,980)
<b>Total Net Position</b>	<b><u>\$ 2,580,214</u></b>	<b><u>\$ 2,408,206</u></b>

**CITY OF DUNDAS, MINNESOTA  
WATER UTILITY FUND  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUE</b>		
<b>Charges for Services:</b>		
Water sales	\$ 248,747	\$ 262,708
Connection fees	6,000	2,000
Sales of water meters	2,803	2,099
Other	47,410	44,942
<b>Total Charges for Services</b>	<b><u>\$ 304,960</u></b>	<b><u>\$ 311,749</u></b>
<b>OPERATING EXPENSES</b>		
<b>Administrative:</b>		
Salaries and wages	\$ 16,513	\$ 15,261
Payroll taxes	1,179	1,313
Pension expense	1,059	806
Employee benefits	837	3,193
<b>Total Administrative</b>	<b><u>\$ 19,588</u></b>	<b><u>\$ 20,573</u></b>
<b>Maintenance and Operation:</b>		
Salaries and wages	\$ 33,810	\$ 36,249
Payroll taxes	2,670	2,773
Pension expense	2,685	1,608
Employee benefits	116	3,938
Workers compensation insurance	812	1,386
Supplies	11,600	24,893
Postage	990	1,203
Software	664	572
Professional service:		
Audit and accounting	1,852	1,730
Engineering fees	-	1,815
Other	2,026	1,836
Telephone	2,268	2,364
Travel reimbursements	2,090	2,565
Insurance	4,154	4,288
Utilities	23,285	26,928
Repairs and maintenance	47,202	64,302
Vehicle operations	632	2,043
Dues and subscriptions	603	550
Miscellaneous	720	1,853
<b>Total Maintenance and Operations</b>	<b><u>\$ 138,179</u></b>	<b><u>\$ 182,896</u></b>
Depreciation	<u>\$ 226,804</u>	<u>\$ 224,920</u>
<b>Total Operating Expenses</b>	<b><u>\$ 384,571</u></b>	<b><u>\$ 428,389</u></b>

**CITY OF DUNDAS, MINNESOTA  
WATER UTILITY FUND  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Operating (Loss)</b>	<b>\$ (79,611)</b>	<b>\$ (116,640)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest expense	\$ (45,873)	\$ (49,375)
Fiscal agent fee	(1,194)	(268)
Interest income	<u>927</u>	<u>789</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (46,140)</b>	<b>\$ (48,854)</b>
<b>(Loss) before Transfers</b>	<b>\$ (125,751)</b>	<b>\$ (165,494)</b>
Transfer in	304,525	51,798
Transfer (out)	<u>(6,766)</u>	<u>(2,370)</u>
<b>Change in Net Position</b>	<b>\$ 172,008</b>	<b>\$ (116,066)</b>
Net Position, beginning of the year, as restated	<u>2,408,206</u>	<u>2,524,272</u>
<b>Net Position, end of the year</b>	<b><u>\$ 2,580,214</u></b>	<b><u>\$ 2,408,206</u></b>

**CITY OF DUNDAS, MINNESOTA  
WATER UTILITY FUND  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2015 and 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 307,868	\$ 311,540
Cash paid to employees	(54,453)	(48,706)
Cash paid to suppliers	(107,388)	(153,920)
<b>Net Cash Provided By Operating Activities</b>	<b><u>\$ 146,027</u></b>	<b><u>\$ 108,914</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Transfers in	\$ 304,525	\$ 51,798
Transfer (out)	(6,766)	(2,370)
Purchases of capital assets	(16,726)	-
Principal paid on capital debt	(250,000)	-
Interest and fiscal charges paid on capital debt	(55,719)	(52,067)
<b>Net Cash (Used By) Capital and Related Financing Activities</b>	<b><u>\$ (24,686)</u></b>	<b><u>\$ (2,639)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest earned	\$ 600	\$ 812
<b>Net Increase in Cash and Cash Equivalents</b>	<b>\$ 121,941</b>	<b>\$ 107,087</b>
Cash and Cash Equivalent, beginning of year	448,101	341,014
<b>Cash and Cash Equivalent, end of year</b>	<b><u>\$ 570,042</u></b>	<b><u>\$ 448,101</u></b>

**Reconciliation of Operating Income to  
Net Cash Provided By Operating Activities**

	2015	2014
<b>Operating (Loss)</b>	<b>\$ (79,611)</b>	<b>\$ (116,640)</b>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	226,804	224,920
(Increase) Decrease in Assets:		
Receivables, net	(2,786)	2,291
Due from other governmental units	86	51
Prepaid expenses	-	247
(Increase) Decrease in Deferred Outflows of Resources		
Deferred pension resources	(1,705)	(4,916)
Increase (Decrease) in Liabilities		
Accounts payable, operations	79	(1,262)
Deferred revenue	5,608	(2,551)
Accrued liabilities	(4,517)	3,173
Pension liability	1,881	(4,415)
Increase in Deferred Inflows of Resources		
Deferred pension resources	188	8,016
<b>Net Cash Provided By Operating Activities</b>	<b><u>\$ 146,027</u></b>	<b><u>\$ 108,914</u></b>

**This Page Intentionally Left Blank**

**CITY OF DUNDAS, MINNESOTA  
SEWER UTILITY FUND  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 511,126	\$ 498,815
Cash and cash equivalents restricted for debt service	-	814,775
Receivables:		
Accounts	59,619	63,483
Delinquent special assessments	2,176	10,682
Interest	3,117	1,247
Prepaid expenses	1,614	1,614
Due from other governmental units	431	4,605
Due from other funds	385,052	814,783
<b>Total Current Assets</b>	<b><u>\$ 963,135</u></b>	<b><u>\$ 2,210,004</u></b>
<b>Noncurrent Assets:</b>		
Deferred special assessments	<u>\$ 71,609</u>	<u>\$ 141,774</u>
<b>Capital Assets:</b>		
Land	\$ 76,123	\$ 76,123
Distribution system	8,264,022	8,264,022
Equipment	22,553	11,986
Software	10,230	10,230
Construction in process	8,500	-
	<u>\$ 8,381,428</u>	<u>\$ 8,362,361</u>
Accumulated depreciation	<u>(3,190,474)</u>	<u>(2,982,675)</u>
<b>Capital Assets, net</b>	<b><u>\$ 5,190,954</u></b>	<b><u>\$ 5,379,686</u></b>
<b>Total Assets</b>	<b><u>\$ 6,225,698</u></b>	<b><u>\$ 7,731,464</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension resources	<u>\$ 5,164</u>	<u>\$ 3,834</u>

	<u>2015</u>	<u>2014</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 25,206	\$ 27,818
Accrued Liabilities:		
Salaries and wages	1,490	1,005
Compensated absences	6,460	5,140
Interest payable	6,418	25,243
Current portion of bonds and notes	<u>209,887</u>	<u>1,218,266</u>
<b>Total Current Liabilities</b>	<b><u>\$ 249,461</u></b>	<b><u>\$ 1,277,472</u></b>
<b>Noncurrent Liabilities:</b>		
Bonds payable	\$ 765,000	\$ 2,140,000
Notes payable	363,984	492,249
Unamortized bond discount	(4,762)	(12,763)
Current portion of bonds and notes	(209,887)	(1,218,266)
Pension liability	<u>30,388</u>	<u>28,921</u>
<b>Total Noncurrent Liabilities</b>	<b><u>\$ 944,723</u></b>	<b><u>\$ 1,430,141</u></b>
<b>Total Liabilities</b>	<b><u>\$ 1,194,184</u></b>	<b><u>\$ 2,707,613</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension resources	<u>\$ 6,398</u>	<u>\$ 6,252</u>
<b>NET POSITION</b>		
Invested in capital assets	\$ 4,066,732	\$ 3,610,200
Restricted for:		
Capital assets replacement	54,684	51,855
Unrestricted	<u>908,864</u>	<u>1,359,378</u>
<b>Total Net Position</b>	<b><u>\$ 5,030,280</u></b>	<b><u>\$ 5,021,433</u></b>

**CITY OF DUNDAS, MINNESOTA  
SEWER UTILITY FUND  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUE</b>		
<b>Charges for Services:</b>		
Sewer services	\$ 390,213	\$ 395,443
Connection fees	15,000	4,000
Other	<u>5,593</u>	<u>6,073</u>
<b>Total Charges for Services</b>	<b><u>\$ 410,806</u></b>	<b><u>\$ 405,516</u></b>
<b>OPERATING EXPENSES</b>		
<b>Administrative:</b>		
Salaries and wages	\$ 15,571	\$ 15,333
Payroll taxes	1,292	1,173
Pension expense	1,084	580
Employee health benefits	<u>829</u>	<u>2,174</u>
<b>Total Administrative</b>	<b><u>\$ 18,776</u></b>	<b><u>\$ 19,260</u></b>
<b>Maintenance and Operation:</b>		
Salaries and wages	\$ 23,676	\$ 15,685
Payroll taxes	1,701	1,161
Pension expense	1,320	566
Employee benefits	74	2,390
Workers compensation insurance	654	654
Supplies	220	479
Software	683	572
Training and instruction	650	655
Postage	932	1,183
Professional Services:		
Accounting and auditing	1,852	1,730
Engineering fees	-	1,747
Other	520	402
Telephone	510	857
Travel reimbursements	684	1,166
Insurance	4,707	4,630
Purchased sewer services	142,042	149,596
Repairs and maintenance	6,453	11,755
Miscellaneous	<u>884</u>	<u>2,053</u>
<b>Total Maintenance and Operation</b>	<b><u>\$ 187,572</u></b>	<b><u>\$ 196,627</u></b>
Depreciation	<u>\$ 207,799</u>	<u>\$ 207,799</u>
<b>Total Operating Expenses</b>	<b><u>\$ 414,147</u></b>	<b><u>\$ 423,686</u></b>



**CITY OF DUNDAS, MINNESOTA  
SEWER UTILITY FUND  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Operating Income (Loss)</b>	\$ (3,341)	\$ (18,170)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	\$ 2,274	\$ 1,679
Special assessment interest	10,756	11,051
Debt forgiven	72,377	72,377
Bond issuance costs	5,000	(29,725)
Interest expense	(37,896)	(67,824)
Fiscal agent fees	(776)	(814)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>\$ 51,735</u>	<u>\$ (13,256)</u>
<b>Income (Loss) Before transfer</b>	\$ 48,394	\$ (31,426)
Transfer (out)	<u>(39,547)</u>	<u>(2,370)</u>
<b>Change in Net Position</b>	\$ 8,847	\$ (33,796)
Net Position, beginning of the year, as restated	<u>5,021,433</u>	<u>5,055,229</u>
<b>Net Position, end of the year</b>	<u><u>\$ 5,030,280</u></u>	<u><u>\$ 5,021,433</u></u>

**CITY OF DUNDAS, MINNESOTA  
SEWER UTILITY FUND  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 418,844	\$ 404,243
Cash paid to suppliers	(169,430)	(181,062)
Cash paid to employees	(37,442)	(30,122)
<b>Net Cash Provided By Operating Activities</b>	<b><u>\$ 211,972</u></b>	<b><u>\$ 193,059</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Bond issuance cost	\$ -	\$ (29,725)
Principal paid on capital debt	(1,425,888)	(244,313)
Interest fiscal fee paid on capital debt	(49,496)	(68,859)
Bond proceeds	-	843,200
Purchase of capital assets	(19,067)	-
Transfer (out)	(7,888)	(2,370)
Repayment of interfund loans	398,072	-
Interest on special assessments	10,756	11,051
Principal payments received on special assessments	78,671	65,537
<b>Net Cash Provided by (Used In) Capital and Related Financing Activities</b>	<b><u>\$ (1,014,840)</u></b>	<b><u>\$ 574,521</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	\$ 404	\$ 1,767
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (802,464)</b>	<b>\$ 769,347</b>
Cash and Cash Equivalent, beginning of year	<u>1,313,590</u>	<u>544,243</u>
<b>Cash and Cash Equivalent, end of year</b>	<b><u>\$ 511,126</u></b>	<b><u>\$ 1,313,590</u></b>

**CITY OF DUNDAS, MINNESOTA  
SEWER UTILITY FUND  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2015 and 2014**

**Reconciliation of Operating Income to  
Net Cash Provided By Operating Activities**

	<u>2015</u>	<u>2014</u>
<b>Operating Income (Loss)</b>	<b>\$ (3,341)</b>	<b>\$ (18,170)</b>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	207,799	207,799
(Increase) Decrease in Assets:		
Receivables	3,864	1,407
Due from other governmental units	4,174	(2,680)
Prepaid expenses	-	(213)
(Increase) in Deferred Outflows of Resources		
Deferred pension resources	(1,330)	(3,843)
Increase (Decrease) in Liabilities		
Accounts payable	(2,612)	5,045
Accrued liabilities	1,805	896
Pension liability	1,467	(3,434)
Increase in Deferred Inflows of Resources		
Deferred pension resources	146	6,252
<b>Net Cash Provided By Operating Activities</b>	<b><u>\$ 211,972</u></b>	<b><u>\$ 193,059</u></b>

**CITY OF DUNDAS, MINNESOTA  
REFUSE UTILITY FUND  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 24,640	\$ 20,252
Accounts receivable	16,380	18,066
Due from other governmental units	<u>24</u>	<u>80</u>
<b>Total Current Assets</b>	<b><u>\$ 41,044</u></b>	<b><u>\$ 38,398</u></b>
 <b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 6,097	\$ 5,919
Accrued Liabilities:		
Salaries and wages	94	61
Compensated absences	202	502
Other	<u>777</u>	<u>956</u>
<b>Total Current Liabilities</b>	<b><u>\$ 7,170</u></b>	<b><u>\$ 7,438</u></b>
 <b>NET POSITION</b>		
Unrestricted	<b><u>\$ 33,874</u></b>	<b><u>\$ 30,960</u></b>

**CITY OF DUNDAS, MINNESOTA  
REFUSE UTILITY FUND  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUE</b>		
<b>Charges for Services:</b>		
Refuse charge	\$ 94,939	\$ 93,733
Other	<u>1,609</u>	<u>1,567</u>
<b>Total Charges for Services</b>	<b><u>\$ 96,548</u></b>	<b><u>\$ 95,300</u></b>
 <b>OPERATING EXPENDITURES</b>		
<b>Administrative:</b>		
Salaries and wages	\$ 1,724	\$ 2,437
Payroll taxes	132	176
Pension expense	130	167
Insurance benefits	<u>8</u>	<u>410</u>
<b>Total Administrative</b>	<b><u>\$ 1,994</u></b>	<b><u>\$ 3,190</u></b>
 <b>Maintenance and Operation:</b>		
Supplies	\$ 155	\$ 167
Software	517	345
Postage	932	1,183
Professional services	1,033	971
Refuse/garbage disposal	<u>71,103</u>	<u>71,081</u>
<b>Total Maintenance and Operation</b>	<b><u>\$ 73,740</u></b>	<b><u>\$ 73,747</u></b>
<b>Total Operating Expenditures</b>	<b><u>\$ 75,734</u></b>	<b><u>\$ 76,937</u></b>
 <b>Operating Income</b>	<b>\$ 20,814</b>	<b>\$ 18,363</b>
 <b>NONOPERATING REVENUES</b>		
Interest earnings	<u>100</u>	<u>171</u>
<b>Income before Transfers</b>	<b>\$ 20,914</b>	<b>\$ 18,534</b>
 Transfer (out)	<u>(18,000)</u>	<u>(40,000)</u>
<b>Change in Net Position</b>	<b>\$ 2,914</b>	<b>\$ (21,466)</b>
 Net Position, beginning of the year	<u>30,960</u>	<u>52,426</u>
 <b>Net Position, end of the year</b>	<b><u>\$ 33,874</u></b>	<b><u>\$ 30,960</u></b>

**CITY OF DUNDAS, MINNESOTA  
REFUSE UTILITY FUND  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 98,290	\$ 94,630
Cash paid to suppliers	(74,011)	(74,294)
Cash paid to employees	(1,991)	(2,443)
<b>Net Cash Provided By Operating Activities</b>	<u><b>\$ 22,288</b></u>	<u><b>\$ 17,893</b></u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers to other funds	\$ (18,000)	\$ (40,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	\$ 100	\$ 171
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 4,388</b>	<b>\$ (21,936)</b>
Cash and Cash Equivalents, beginning of year	<u>20,252</u>	<u>42,188</u>
<b>Cash and Cash Equivalents, end of year</b>	<u><b>\$ 24,640</b></u>	<u><b>\$ 20,252</b></u>

**Reconciliation of Operating Income to  
Net Cash Provided By Operating Activities**

	<u>2015</u>	<u>2014</u>
<b>Operating Income</b>	<b>\$ 20,814</b>	<b>\$ 18,363</b>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
Accounts receivable	1,686	(652)
Due from other governmental units	56	(18)
Accounts payable	178	-
Accrued liabilities	(446)	200
<b>Net Cash Provided By Operating Activities</b>	<u><b>\$ 22,288</b></u>	<u><b>\$ 17,893</b></u>

**CITY OF DUNDAS, MINNESOTA  
STORM WATER UTILITY FUND  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 118,891	\$ 82,449
Accounts receivable	7,220	8,784
Due from other funds	<u>34,630</u>	<u>34,630</u>
<b>Total Current Assets</b>	<b><u>\$ 160,741</u></b>	<b><u>\$ 125,863</u></b>
<b>Capital Assets:</b>		
Collection System	\$ 635,430	\$ 635,430
Accumulated depreciation	<u>(142,974)</u>	<u>(127,088)</u>
<b>Capital Assets, Net</b>	<b><u>\$ 492,456</u></b>	<b><u>\$ 508,342</u></b>
<b>Total Assets</b>	<b><u>\$ 653,197</u></b>	<b><u>\$ 634,205</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension resources	<u>\$ 1,125</u>	<u>\$ 835</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 179	\$ 5
Accrued liabilities: salaries and wages	206	26
Compensated absences	<u>1,728</u>	<u>-</u>
<b>Total Current Liabilities</b>	<b><u>\$ 2,113</u></b>	<b><u>\$ 31</u></b>
<b>Noncurrent Liabilities</b>		
Pension liability	<u>6,617</u>	<u>6,298</u>
<b>Total Liabilities</b>	<b><u>\$ 8,730</u></b>	<b><u>\$ 6,329</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension resources	<u>\$ 1,393</u>	<u>\$ 1,361</u>
<b>NET POSITION</b>		
Invested in capital assets	\$ 492,456	\$ 508,342
Unrestricted	<u>151,743</u>	<u>119,008</u>
<b>Total Net Position</b>	<b><u>\$ 644,199</u></b>	<b><u>\$ 627,350</u></b>

**CITY OF DUNDAS, MINNESOTA  
STORM WATER UTILITY FUND  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUE</b>		
<b>Charges for Services:</b>		
Storm water management fees	\$ 70,872	\$ 37,504
<b>OPERATING EXPENDITURES</b>		
<b>Administrative:</b>		
Salaries and wages	\$ 3,313	\$ 4,275
Payroll taxes	253	326
Pension expense	248	160
Employee benefits	11	274
<b>Total Administrative</b>	<u>\$ 3,825</u>	<u>\$ 5,035</u>
<b>Maintenance and Operations:</b>		
Salaries and wages	\$ 5,234	\$ 2,371
Payroll taxes	400	181
Pension expense	516	69
Employee benefits	13	131
Repairs and Maintenance	17,993	4,330
Professional fees	1,086	13,324
Other	2,205	730
<b>Total Maintenance and Operations</b>	<u>\$ 27,385</u>	<u>\$ 21,176</u>
Depreciation	15,886	15,886
<b>Total Operating Expenses</b>	<u>\$ 47,096</u>	<u>\$ 42,097</u>
<b>Operating Income (Loss)</b>	\$ 23,776	\$ (4,593)
<b>NONOPERATING REVENUES</b>		
Interest earned	368	454
<b>Income (Loss) before transfers</b>	\$ 24,144	\$ (4,139)
Transfer (out)	(7,295)	(2,573)
<b>Change in Net Position</b>	\$ 16,849	\$ (6,713)
Net Position, beginning of the year, as restated	627,350	634,062
<b>Net Position, end of the year</b>	<u>\$ 644,199</u>	<u>\$ 627,350</u>



**CITY OF DUNDAS, MINNESOTA  
STORM WATER UTILITY FUND  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 72,436	\$ 28,720
Cash paid to suppliers	(22,428)	(20,562)
Cash paid to employees	(6,639)	(6,620)
<b>Net Cash Provided by Operating Activities</b>	<u><b>\$ 43,369</b></u>	<u><b>\$ 1,538</b></u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Transfers out to other funds	<u>\$ (7,295)</u>	<u>\$ 2,573</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	<u>\$ 368</u>	<u>\$ 454</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 36,442</b>	<b>\$ (581)</b>
Cash and Cash Equivalents, beginning of year	<u>82,449</u>	<u>83,030</u>
<b>Cash and Cash Equivalents, end of year</b>	<u><b>\$ 118,891</b></u>	<u><b>\$ 82,449</b></u>

**Reconciliation of Operating Income to  
Net Cash Provided By Operating Activities**

	<u>2015</u>	<u>2014</u>
<b>Operating Income (Loss)</b>	<b>\$ 23,776</b>	<b>\$ (4,593)</b>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	15,886	15,886
(Increase) Decrease in Assets:		
Accounts receivable	1,564	(8,784)
(Increase) in Deferred Outflows of Resources		
Deferred pension resources	(290)	(835)
Increase (Decrease) in Liabilities		
Accounts payable	174	(773)
Accrued liabilities	1,908	26
Pension liability	319	(750)
Increase in Deferred Inflows of Resources		
Deferred pension resources	32	1,361
<b>Net Cash Provided By Operating Activities</b>	<u><b>\$ 43,369</b></u>	<u><b>\$ 1,538</b></u>

**This Page Intentionally Left Blank**

## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

**Honorable Mayor  
Members of the City Council  
City of Dundas, Minnesota**

I have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Dundas, Minnesota** as of and for the year ended December 31, 2015 and the related notes to the financial statements and have issued my report thereon dated May 4, 2016.

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

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

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

  
**Thomas M. Cummings**  
*Certified Public Accountant*  
May 4, 2016

**This Page Intentionally Left Blank**

May 4, 2016

**The Honorable Mayor  
Members of the City Council  
City of Dundas, Minnesota**

**Dear Mayor and City Council:**

I have audited the financial statements of the governmental activities, each major fund and the remaining fund information of **City of Dundas, Minnesota** as of and for the year ended December 31, 2015 and have issued my report thereon dated May 4, 2016. Professional standards require that I provide you with the following information related to my audit.

#### **My Responsibility under Generally Accepted Auditing Standards**

As stated in my engagement letter, my responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

My responsibility is to plan and perform the audit to obtain reasonable, but not absolute assurance that the financial statements are free of material misstatement. As part of my audit, I considered the internal control of **City of Dundas, Minnesota**. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning internal control.

I am responsible for communicating significant matters related to the audit that are, in my professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, I am not required to design procedures specifically to identify such matters.

#### **Planned Scope and Timing of the Audit**

I performed the audit according to the planned scope and timing as discussed with management.

**The Honorable Mayor  
Members of the City Council  
City of Dundas, Minnesota**

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant policies used by **City of Dundas, Minnesota** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. I noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

**Accounting Estimates**

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about events and their assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. During the audit of the financial statements as of and for the year ended December 31, 2015 the most significant estimates affecting the financial statements and a brief discussion of issues surrounding those estimates are as follows:

**Valuation of Certificates of Deposit**

The values as presented in the financial statements are based upon face value values as of December 31, 2015. The amount realized from these certificates of deposit may vary from the amounts used for the financial statements.

**Allowance for Uncollectible Property Taxes and Special Assessments**

The City has not recorded, as part of its financial statements, an estimated allowance for uncollectible property taxes and special assessments that may exist as of December 31, 2015. It is the judgment of management that the amount of uncollectible taxes and special assessments, if any, is not significant.

**Allowance for Uncollectible Accounts Receivable**

The City has not recorded, as part of its financial statements, an estimated allowance for uncollectible accounts receivable that may exist as of December 31, 2015. It is the judgment of management that the amount of uncollectible accounts receivable, if any, is not significant.

**The Honorable Mayor  
Members of the City Council  
City of Dundas, Minnesota**

### **Corrected and Uncorrected Misstatements**

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Several of the misstatements detected as a result of audit procedures and corrected by management were material to the financial statements taken as a whole.

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in my judgment, may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the City's financial reporting process and cause financial statements to be materially misstated.

I proposed and made 80 adjustments to the various funds as a result of my audit procedures. In my judgment, substantially all of these adjustments made to the financial statements should be considered audit adjustments.

### **Difficulties Encountered in Performing the Audit**

I encountered no significant difficulties in dealing with management in performing and completing my audit.

### **Disagreement with Management**

For purposes of this letter, professional standards define a disagreement as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements. I am pleased to report that no such disagreements arose during the course of my audit.

### **Management Representations**

I have requested certain representations from management that are included in the management representation letter dated May 4, 2016.

**The Honorable Mayor  
Members of the City Council  
City of Dundas, Minnesota**

**Audit Findings or Issues**

I generally discuss a variety of issues, including the application of accounting principles and auditing standards with management each year prior to my retention as the **City's** auditor. These discussions occurred in the normal course of our professional relationship and my responses were not a condition of my retention.

This communication is intended solely for the use of the Mayor, City Council and management of **City of Dundas, Minnesota** and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thomas M. Cummings', with a stylized flourish at the end.

**Thomas M. Cummings**  
*Certified Public Accountant*  
**May 4, 2016**



## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

**The Honorable Mayor  
Members of the City Council  
City of Dundas, Minnesota**

Dear Mayor and City Council Members:

In planning and performing my audit of the financial statements of the governmental activities, the business-type activities, each major fund and the remaining aggregate fund information of **City of Dundas, Minnesota**, as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, I considered the **City of Dundas, Minnesota's** internal control over financial reporting (internal control) to determine the audit that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **City of Dundas, Minnesota's** internal control. Accordingly, I do not express an opinion on the effectiveness of the **City of Dundas, Minnesota's** internal control.

My consideration on internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified certain deficiencies in internal control that I considered to be significant deficiencies.

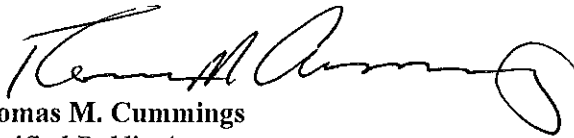
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the **City of Dundas's** financial statements will not be prevented, or detected and corrected on a timely basis. I did not identify any deficiencies in internal control that I considered to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies.

**The Honorable Mayor  
Members of the City Council  
City of Dundas**

This communication is intended solely for the information and use of those charged with governance and management of the **City of Dundas, Minnesota** and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thomas M. Cummings', with a large, stylized loop at the end.

**Thomas M. Cummings**  
*Certified Public Accountant*  
**May 4, 2016**

**CITY OF DUNDAS, MINNESOTA**

**SCHEDULE OF FINDINGS AND RESPONSES**

**Year Ended December 31, 2015**

**FINDING: 2015-1**

**LIMITED SEGREGATION OF DUTIES**

**Condition:**

Due to the limited size of the **City of Dundas, Minnesota's** staff, one person has the primary responsibility for most of the financial duties, including review and approval. As a result, some of those aspects of internal accounting controls which rely upon an adequate segregation of duties are missing.

**Criteria:**

Generally, a system of internal control contemplates separation of duties such that no one individual having responsibility to execute transactions, have physical access to the related assets, and have responsibility or authority to record the transaction.

**Questioned Costs:**

None

**Context:**

The **City of Dundas, Minnesota** has informed me that the small size of its operations precluded proper segregation of duties at this time.

**Effect:**

The **City of Dundas, Minnesota** is unable to maintain segregation of incompatible duties.

**Cause:**

Limited number of staff.

**Recommendation:**

I recommend that the **City of Dundas, Minnesota** continue to segregate duties as best it can within the limits of its staffing and that the Council continues to active in the financial affairs of the **City of Dundas, Minnesota**.

**CORRECTIVE ACTION PLAN**

**Explanation of Disagreement with Audit Findings**

There is no disagreement with the audit findings.

**Actions Planned in Response to Finding:**

The **City of Dundas, Minnesota** reviews and makes improvements to its internal control on an ongoing basis, and attempts to maximize the segregation of duties in all areas within the limits of the staff available. The Mayor and City Council are involved in the approval of all transactions and plan to continue to be active in the management of the **City of Dundas, Minnesota**.

**Official Responsible:**

Not applicable.

**Planned Completion Date:**

Not applicable.

**Plan to Monitor Completion:**

Not applicable.

## **CITY OF DUNDAS, MINNESOTA**

### **SCHEDULE OF FINDINGS AND RESPONSES Year Ended December 31, 2015**

<b>FINDING: 2015-2</b>	<b>ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)</b>
<b>Condition:</b>	The <b>City of Dundas, Minnesota</b> does not have an internal control over annual financial reporting, therefore, the potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the <b>City of Dundas, Minnesota's</b> internal controls.
<b>Criteria:</b>	The <b>City of Dundas, Minnesota</b> must be able to prevent or detect a material misstatement in the annual financial statements including footnote disclosures.
<b>Questioned Costs:</b>	None
<b>Context:</b>	The <b>City of Dundas, Minnesota</b> does not have internal control over annual financial reporting in that they do not have the necessary staff and expertise to prevent or detect a material misstatement in the annual financial statements including footnote disclosures.
<b>Effect:</b>	No effect on the financial statements.
<b>Cause:</b>	The <b>City of Dundas, Minnesota</b> relies on third parties to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and related footnote disclosures.
<b>Recommendation:</b>	Given the limited staffing the <b>City of Dundas, Minnesota</b> should continue to rely on third parties to prepare its annual financial statements.

#### **CORRECTIVE ACTION PLAN**

##### **Explanation of Disagreement with Audit Findings**

There is no disagreement with the audit findings.

##### **Actions Planned in Response to Finding:**

The **City of Dundas, Minnesota** will continue to rely upon third parties to prepare the financial statements and related footnote disclosures and will review and approve these prior to the issuance of the financial statements.

##### **Official Responsible:**

Not applicable.

##### **Planned Completion Date:**

Not applicable.

##### **Plan to Monitor Completion:**

Not applicable.

# THOMAS M. CUMMINGS

3135A Superior Drive NW  
Rochester, Minnesota 55901  
(507) 281-2655

FAX (507) 281-4439

e-mail: tmc\_accountant@yahoo.com

May 4, 2016

**Honorable Mayor  
Members of the City Council  
City of Dundas  
Dundas, Minnesota**

I have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of **City of Dundas, Minnesota**, as of and for the year ended December 31, 2015, which collectively comprise the **City of Dundas, Minnesota's** basic financial statements and have issued my report thereon dated May 4, 2016. I conducted my audit in accordance with audit standards generally accepted in the United States of America.

During my audit I became aware of several matters that are opportunities for strengthening controls, accounting routines and operating efficiency. This letter does not affect my report dated May 4, 2016 on the financial statements of **City of Dundas, Minnesota**

## **Establish a Debt Service Fund for the GO Improvement Bonds 2013A**

The city should establish a separate accounting fund for the 2013A GO Improvement Bonds. Currently, several City funds provide the funding for the debt service related to this bond. The debt service payments are recorded in the individual funds, including both the principle and interest portions of the payment.

The preferred accounting is that these funds would transfer into a separate fund their respective share of the debt service payment and the actual payment would be made and charged directly to this debt service fund.

Thank you for the cooperation and assistance provided to me during the 2015 audit. If I can add or clarify any of the above comments please feel free to call.

This report is intended solely for the information and use of management and the Mayor and City Council of **City of Dundas, Minnesota** and is not intended to be and should not be used by anyone other than these specific parties.

Sincerely,

  
**Thomas M. Cummings**  
*Certified Public Accountant*