

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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



**CITY OF ROSEMOUNT, MINNESOTA**

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

**PREPARED BY THE DEPARTMENTS OF  
ADMINISTRATION AND FINANCE**

**DWIGHT D. JOHNSON, City Administrator**  
**JEFFREY A. MAY, Finance Director**

CITY OF ROSEMOUNT

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
As of and for the Year Ended December 31, 2015

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# CITY OF ROSEMOUNT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2015

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May 11, 2016

To the Honorable Mayor, Council Members, and the Citizens of the City of Rosemount:

Minnesota statutes require that all cities issue an annual financial report on its financial position and activity prepared in accordance with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Rosemount (the City) for the fiscal year ended December 31, 2015.

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

The City of Rosemount's financial statements have been audited by Malloy Montague Karnowski Radosevich & Co., P.A. (MMKR), a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

***SPIRIT OF PRIDE AND PROGRESS***

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## Profile of the Government

The City was established as a municipal corporation in 1858, and became a statutory City in 1974. The City has a Mayor-Council form of government, with the four Council members being elected to overlapping four-year terms of office and the Mayor serving a four-year term coinciding with the terms of two of the Council members. This term for the Mayor was a change instituted in 1996. Prior to that, the Mayor was elected every two years. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City's chief administrative officer. The City's chief administrative officer is the City Administrator, who is appointed by and serves at the discretion of the City Council. The City Administrator is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and for appointing the heads of the City's various departments, with the City Council's final approval.

The City of Rosemount is a growing southern suburb in the Minneapolis/St. Paul metropolitan area, located in Dakota County. The City encompasses approximately 36 square miles. The City is one of the fastest growing communities in the seven-county Minneapolis/St. Paul metropolitan area as demonstrated by the following population trend:

	<u>Population</u>	<u>Population Increase</u>	<u>Percent Increase</u>
2015 Staff Estimate	23,244	1,370	6.26%
2010 Census	21,874	7,255	50%
2000 Census	14,619	5,997	70%
1990 Census	8,622	3,539	70%
1980 Census	5,083	1,049	26%
1970 Census	4,034	-	-

Rosemount has an extensive system of State and County highways and 110 miles of city streets that continue to contribute to the community's growth. This extensive highway network and large tracts of attractive, developable land have made the City an ideal location for residential development and increasingly commercial/industrial development. There is approximately 650 acres of industrial and commercially zoned property ready for development. There is also slightly under 1,000 acres within the Municipal Service Area (MUSA) to permit future residential growth. Rail, air, barge and freeway access provides Rosemount's economic community with an expedient transportation system. Four major highways link Rosemount to Minneapolis, St. Paul and the rest of the metropolitan area.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; water, sewer, and storm water services; and recreational activities and cultural events. Certain economic development services are provided through the Rosemount Port Authority. The Port Authority's financial data has been presented in this financial report as a blended component unit.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City submit requests for appropriation to the City Administrator on or before May 1<sup>st</sup> of each year. The City Administrator uses these requests as the starting point for developing a proposed budget. The City Administrator then presents this proposed budget to the Council for review and adoption of a preliminary levy by September 30<sup>th</sup>. The council holds a public hearing on the proposed budget and must adopt a final budget and levy by no later than December 20<sup>th</sup>, prior to the close of the City's fiscal year.

The appropriated budget is prepared by fund, department and function. The City's department heads may make transfers of appropriations within a department; transfers of appropriation between departments require approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 58-59 as part of the *Required Supplementary Information*.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local economy** Rosemount continues to have a significant amount of land available for future development. The western one third of the community is urbanized with new neighborhoods under construction in the central portion of the community. This is the area which was the subject of an Alternative Urban Areawide Review (AUAR) completed in 2007. A similar review was undertaken and approved in 2013 for the 5,000 acres owned by the University of Minnesota in Rosemount and to the south, in Empire Township. The City continues to work with University representatives to market the business park area on the east side of the landholdings and attract residential development in the west. The City is experiencing more inquiries about available land for new residential and industrial development. Projects that were abandoned several years ago are now being purchased by builders looking to finish the neighborhoods. The largest taxpayers continue to be the same landholders the City has seen for the last several years. Flint Hills Resources continues to be the largest tax payer with approximately 12% of the City's total local tax capacity.

Labor market data is very impressive for the State, Minneapolis/St. Paul metropolitan area and Dakota County, in which Rosemount is located. 2015 labor force numbers were 3,033,597; 1,942,269; and 234,664 respectively with unemployment rates of 3.6%; 3.1% and 3.0% to match. These figures compare quite favorably with national figures.

Community leadership has preserved 533 beautiful acres of land for 29 parks. Residents can enjoy a round of golf on a 27-hole public course. Bordered by the scenic Mississippi River, Rosemount also contains 270 acres of the Spring Lake Regional Park Preserve. Rosemount's Community Center, a part of the Army National Guard's regional headquarters, provides a variety of indoor recreation opportunities and meeting spaces, including an ice arena, gymnasium, auditorium and banquet facility. In 2015, the City opened a 10,000 square foot addition to the Steeple Center to house a variety of activities and events.

Given the underlying strength of the economy in the seven county metropolitan area, the diversification of tax and employment bases and Rosemount's desirable location, the future outlook is very optimistic.

**Long-term financial planning** Growth and development in the City is guided by the adopted 2030 Comprehensive Plan. The Plan, approved in 2009, has been amended on several occasions to permit new development more reflective of the current market demand than what was envisioned when adopted. The City has started to compile information associated with the 2040 Comprehensive Plan process. The current plan anticipates 6,500 more acres of urbanized growth for all types of development; residential, industrial and commercial. It is anticipated that land uses, and potentially future development locations may be modified in the upcoming Comprehensive Plan due to market demand, existing infrastructure and land ownership.

**Other factors** New residential units continue to compare favorably to the previous year. In 2014 there were 180 building permits pulled for new residential units; in 2015 there were 173 permitted units. A 60-unit senior housing complex constructed by the Dakota County Community Development Agency was underway on property previously owned by the City's Port Authority to promote redevelopment in the City's historic Downtown. There are presently 263 platted lots available for residential development of which 87 are designated for multi-family construction. Two different developers have each started construction in two multi-family neighborhoods, working to complete both of those projects in 2016.

Recent construction has bounced back to the levels experienced in the early 2000's. New housing continues to generate the largest increase in building valuation at \$39,739,000 for 2015, although non-residential development is also on the increase. In 2015 the total of commercial, industrial and institutional development was valued at \$23,591,000, which is similar to that experienced in 2014. There was not a lot of new construction in 2015 as most non-residential construction was in remodeling of occupied space. Some of the larger projects were two remodeling projects in Dakota County Technical College, a remodel of Marcus Theatres, Dairy Queen, Burger King, Proto Labs a tenant improvement for a daycare.

**Mobile Technology** In 2015, we continued our extensive use of web mapping applications for all the utility maintenance processes (hydrant flushing, gate valve inspections, sump inspections / cleaning and sewer jetting). Support staff also spent numerous hours exploring different asset management programs as we prepare to migrate to the new Cartegraph OMS platform in 2017.

**Capital Improvement Projects** The Public Works Department coordinated and / or completed several capital improvement projects in 2015:

- Pump recondition at Well 12 (replace soft start)
- Repairs and reconditioning at East Side Tower
- Interior and exterior painting at Fire Station 1
- Interior and exterior painting at Public Works North
- Color coat tennis court surface at Claret Park
- Sealcoat Erickson Park parking lot
- New generator at City Hall
- Energy efficiency improvements at the Family Resource Center (outside building)
- Police Department remodel
- New keyless entry system at City Hall, Public Works and Fire Stations

**2015 Street Improvements** No street reconstruction projects were planned for 2015. The Danbury Way project is budgeted as a 2-year project with construction scheduled for 2016.

### **Construction Projects**

The Engineering Division coordinated the work on several construction projects in 2015:

- Trail Improvements – Pedestrian improvements were completed along a section of Diamond Path from 155<sup>th</sup> Street to 152<sup>nd</sup> Street, as well as two locations in Innisfree Park. These improvements were necessary to correct drainage issues and eliminate root intrusion issues on existing bituminous trails. An additional 3.9 miles of bituminous were fog sealed in 2015.
- Prestwick Place 11<sup>th</sup> and 12<sup>th</sup> Additions – These neighborhoods include a total of 65 single-family homes. It is the continuation of the development of Prestwick Place, located west of Akron Avenue along Connemara Trail.
- Greystone 4<sup>th</sup> Addition – This fourth phase of the Greystone development includes 47 single-family homes. It is located on the east side of Akron Avenue, north of CSAH 42.
- Bella Vista 3<sup>rd</sup> Addition – This neighborhood includes 28 single-family homes and is the second phase of the Bella Vista development located east of Bacardi Avenue and north of Bonaire Path.

- Well 16 – The City's eighth municipal well is located on Bacardi Avenue at the northwest corner of the Bella Vista development. The production well was drilled in 2015 and will be pump-tested in early 2016. Well 16 will go online after the completion of the well house, which may be late in 2016 or more likely in 2017.
- Sealing Wells 4 & 5 and Drilling New Observation Well – The City began plans for sealing abandoned Wells 4 and 5 in Chippendale Park. In order for the DNR appropriations permit to be approved for Well 16, a new observation well must be constructed in the central part of the City. If Well 4 is unsuitable to be converted to an observation well, both wells will be sealed and a new observation well will be constructed at the same site.
- 1.5 MG Ground Storage Tank & Booster Station – The City began plans for an underground water storage facility located north of Fire Station 2, near the Bacardi Water Tower. Construction is expected to begin in 2016.

The Police Department is responsible for policing services to the community to ensure safety and response to service calls. A Community Oriented Policing philosophy is core to all services through partnerships and relationships with citizens, businesses and community organizations. Staffing levels are continually evaluated to meet the needs of a growing community. The specific service functions within the Police Department are described below.

- Police Administration – This budget provides for the overall leadership, planning, coordination and management of personnel and administration of activities within the Police Department. This includes the collection, preparation and filing of crime data and miscellaneous reports with the State of Minnesota; preparation and oversight of the operating and capital improvements budgets; and strategic planning for the future needs of the Department and the community. Police Department leadership is also involved in many consolidated services governance boards that contribute to policing services for the city. The Dakota Communications Center (DCC), Criminal Justice Integrated Information Network (CJIIN), Dakota County Drug Task Forces and Dakota County Multi-Agency Assistance Group (MAAG) are consolidated services organizations that contribute to Rosemount's policing services.
- Records Unit – The Police Department's Records Unit is responsible for the processing of over 2,200 case reports each year. Reports require transcription and compilation for transmittal to the city or county prosecutor's office or any other agency (e.g., social services, county crises, corrections) requiring information for service to the community. Records staff ensure the Police Department is compliant with all Minnesota Bureau of Criminal Apprehension data management laws, regulations and reporting requirements. Administrative support is provided to the entire Police Department for gun permit applications, criminal background checks and city licensing requirements.
- Patrol Operations – Uniformed patrol is the core function of the Police Department and the most visible in the community. Through 24-hour daily patrols in marked police vehicles, patrol officers respond to calls for service, investigate traffic accidents, conduct preliminary criminal investigations, enforce traffic laws and enforce criminal laws. Patrol Officers respond to medical calls as trained first responders. Through patrol operations the Police Department meets its goal of the protection of life and property and creating a sense of safety and security in the community. Patrol Officers spend a significant amount of time developing relationships within the community and contacting members of community organizations. Patrol Officers perform additional specialty assignments as Crime Scene Technicians, Use-of-Force Instructors, Multi-Agency Assistance Group (MAAG) Tactical Officers, Drug Recognition Experts, and Field Training Officers.

- Criminal Investigations – Patrol Officers and investigators are responsible for the investigation of criminal incidents through evidence gathering and analysis, witness and suspect interviews, and court preparation and testimony. Complex investigations or those requiring multi-jurisdictional or agency involvement are coordinated by the investigator. This is accomplished by working cooperatively with other police agencies, the County Attorney’s Office, Child Protection, victim services and other local, state and federal law enforcement agencies. One investigator is assigned to the Dakota County Drug Task Force, a multi-jurisdictional joint powers entity, whose mission is to investigate drug crimes in the City of Rosemount and throughout Dakota County.
- Crime Prevention and Community Education

A significant effort is made by the Police Department to inform residents of crime within the community, methods that citizens can take to help prevent crimes and building relationships with community members. While these objectives are part of each officer’s daily responsibilities, there are specific programs that are frequently associated with community policing and that emphasize the need for the police and citizens to work together to prevent criminal activity and reduce the opportunities for criminals to commit crimes.

- School Liaison – Officers serve as a liaison to the Rosemount Middle and the Rosemount High School. One officer is assigned full-time to the High School and a second officer spends one-quarter time at the Middle School. The liaison officers investigate criminal incidents that occur at the schools or that involve students at the schools. In addition, the liaisons work with the school staff to enhance the safety and security for both staff and students, specifically providing school safety planning, and armed intruder prevention and response planning. Presentations on a variety of topics are made by the liaison to classes at all grade levels. The Middle School officer also spends time at each of the elementary schools, working with staff on any issues and making presentations in classes.
- Community Education – In order to work together with the community, police must share information concerning criminal activity and crime prevention with the community. Officers are available to make presentations to community groups and organizations on a variety of topics. In addition, officers provide prevention tips to persons on a daily basis who report criminal activity. Several events are also held throughout the year in an effort to build relationships with the residents and business persons. These include Night-to-Unite block parties and gatherings, Neighborhood Watch meetings and Public Safety in the Park events.
- Reserve Officer Program – Reserve officers are volunteers who supplement the staff of sworn officers of the Department. The reserve officers are utilized to handle traffic and crowd control duties during city festivals and celebrations or emergencies, such as hazardous materials spills or leaks, damage resulting from tornadoes or other severe weather and major criminal incidents. Reserve officers patrol on some evenings and handle service calls; for example, assisting stalled motorists and animal complaints. They are also utilized regularly to provide crime prevention information to citizens at community events or through other programs.
- Chaplain Program – The Police Chaplains assist in a variety of situations in which individuals or families are having difficulties. Chaplains are able to provide support to persons that are experiencing stress as a result of the death of a loved one, marital or family problems, financial struggles or any other event. By utilizing the chaplains to console and counsel persons in crisis, police officers are able to focus on their primary duties, while the chaplains are able to remain with the persons involved in the crisis.
- Explorer Program – Exploring is a community based, co-educational program supervised by the local police department. The Explorer program is designed for young adults ages 14-21 that want to learn more about law enforcement. The program is part of the Boy Scouts of America and is open to both young men and young women. Membership in the Rosemount Police Department Explorer Post is restricted to those young people that live in Rosemount or attend school in Rosemount. Residents of other communities that do not attend school in Rosemount are turned away. The Rosemount Police Explorer Post was formed in 2014.

Explorers meet twice a month under the direction of the two officers that serve as Post advisors. During these meetings they conduct post business and train in law enforcement skills. The Explorers also take part in the statewide Explorer Conference where they compete against other Explorer Posts in law enforcement scenarios including crime scene processing, domestic disturbance calls, building searches, etc. In the past, the Explorers attended the national conference every other year. Five years ago, due to budget constraints, we ended this. Although the Explorers paid their own way to the conference there was a cost associated with sending the two officers that serve as post advisors. The Explorer Post is an opportunity for youth of our community to become exposed to law enforcement. Some just want to learn more about the police department. Others are truly “exploring” law enforcement as a potential future career. In either case it brings teenagers closer to the police department in a service capacity. As such it fits with the department’s mission of improving quality of life in our community.

- Adult Citizen Academy Program – The Adult Citizen Academy has been a project of the Rosemount Police Department for the past 6 years. It is a way to offer those who live or work in Rosemount an inside look at the operation of their police department. It also allows them an opportunity to meet the officers who serve them. The academy covers topics such as recruiting, ethics, criminal investigations, the charging process, drug task force, use of force, traffic enforcement, forensics, and includes a citizen ride-along with a patrol officer. As such it helps fulfill the department’s educational mission.
- Animal Control – The Police Department is responsible for the enforcement of ordinances related to the control and care of domestic animals. These tasks are mainly handled by Community Service Officers. Their duties include the licensing of dogs and ferrets, assisting in the handling of stray, lost or injured animals and other complaints of animals causing a nuisance by barking, howling or being allowed to roam off the owner’s property.
- Code Enforcement – The Police Department assists the Community Development Department with code enforcement of city ordinances related to property maintenance and outside storage. The Department’s Community Service Officers primarily handle this effort. Property owners that are observed to be in violation of an ordinance are notified of the violation and given an explanation of how to remedy the violation. The enforcement of city ordinances is important to maintain community standards, which help the City attain its mission of providing a safe, healthy and pleasant community.
- Emergency Management – The City has an all-hazards emergency plan and the Chief of Police serves as the City’s emergency manager. The emergency manager is responsible for the development of emergency plans in the event of a chemical, technical or natural disaster in the community (e.g. tornado, flooding, school shooting, or hazardous materials release). The Chief of Police represents the City of Rosemount on the Dakota County Domestic Preparedness Committee (DCDPC). The DCDPC is comprised of police, fire, dispatch, EMS, public health, and medical facility representatives to aid all Dakota County cities and Dakota County with all-hazards emergency planning and leadership.

In 1999, a Family Resource Center building in Rosemount began operations. The 360° Communities organization (formerly the Community Action Council [CAC]) and other service providers utilize this building to work with families in need in our community. The City constructed the building with funding coming entirely from grants and donations and leases the building to 360° Communities to house their Rosemount operations.

**City’s financial policies** During the current year, none of the City’s financial polices had a significant impact on the financial statements.

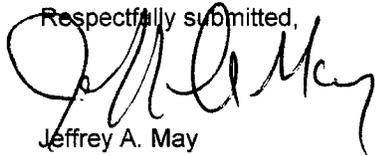
## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rosemount for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2014. This was the nineteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the Finance Department. We would like to express our appreciation to all members of City staff who assisted and contributed to the preparation of this report. We would also like to express our appreciation to the Mayor and the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeffrey A. May". The signature is fluid and cursive, with the first name "Jeffrey" being the most prominent part.

Jeffrey A. May  
Finance Director



Government Finance Officers Association

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Achievement  
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in Financial  
Reporting**

Presented to

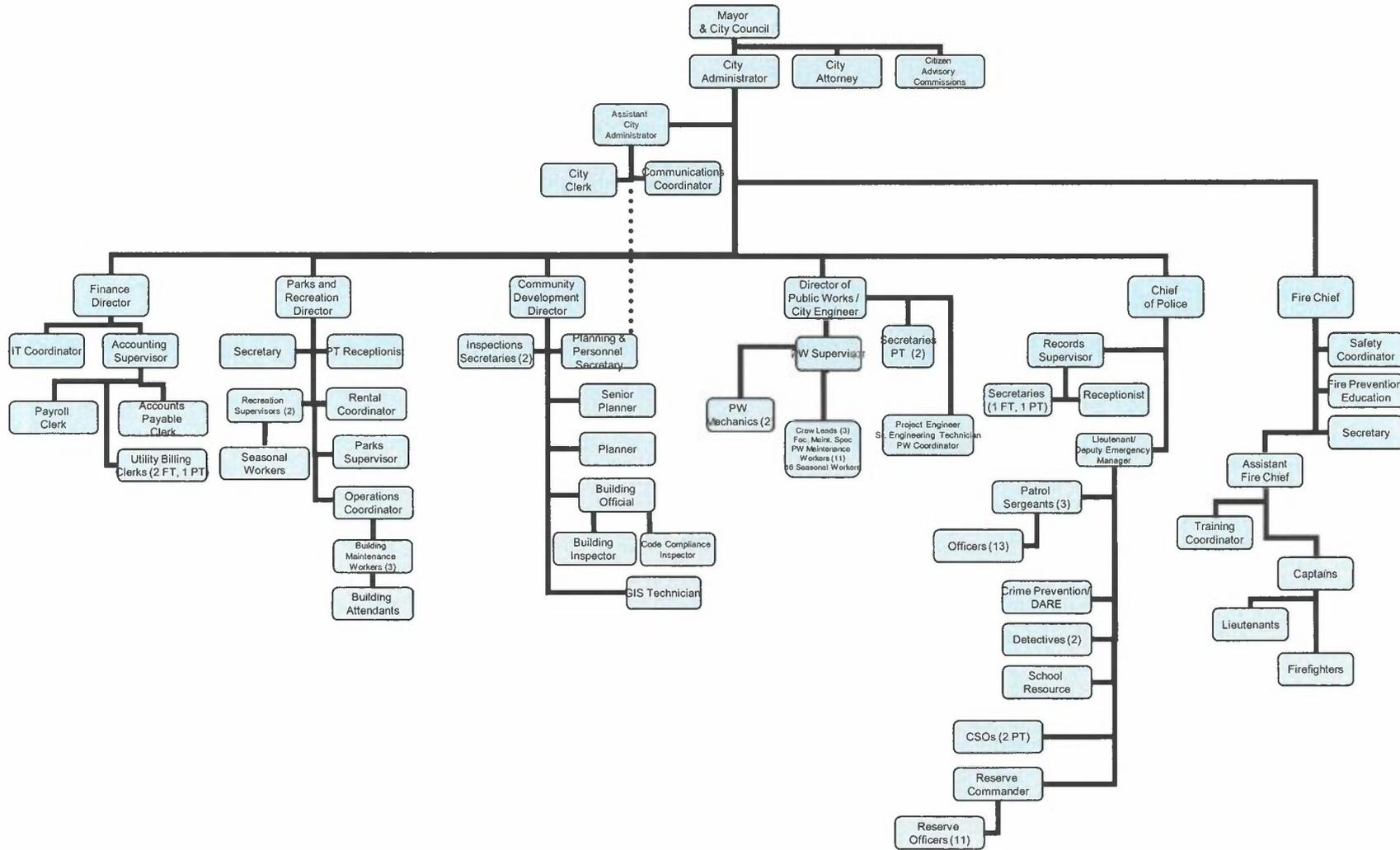
**City of Rosemount  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

# City of Rosemount Organizational Chart



**CITY OF ROSEMOUNT**

**CITY OFFICIALS**

As of and for the Year Ended December 31, 2015

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	<b>Term of Office</b>	<b>Term Expires</b>
<b>ELECTED OFFICIALS:</b>		
Mayor Bill Droste	Four Years	December 31, 2018
Council member Mark DeBettignies	Four Years	December 31, 2018
Council member Vanessa Demuth	Four Years	December 31, 2016
Council member Shaun Nelson	Four Years	December 31, 2018
Council member Jeff Weisensel	Four Years	December 31, 2016

**APPOINTED OFFICIALS:**

City Administrator	Dwight D. Johnson
Finance Director	Jeffrey A. May
Assistant City Administrator	Emmy Foster
City Engineer/Public Works Director	Patrick Wrase
Community Development Director	Kim Lindquist
Police Chief	Mitchell Scott
Fire Chief	Richard Schroeder
Parks and Recreation Director	Dan Schultz

**CONSULTANTS AND ADVISORS:**

Legal	Kennedy & Graven
	Fluegel Law Firm, P.A.
Auditing	Baker Tilly Virchow Krause, LLP
	Malloy, Montague, Karnowski, Radosevich & Co., PA
Fiscal	Springsted, Inc.
	Ehlers & Associates, Inc.
Engineering	WSB & Associates
	Short, Elliot, Hendrickson, Inc.
	KLM Engineering
	Summit Envirosolutions, Inc.

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PRINCIPALS

Thomas M. Montague, CPA  
Thomas A. Karnowski, CPA  
Paul A. Radosevich, CPA  
William J. Lauer, CPA  
James H. Eichten, CPA  
Aaron J. Nielsen, CPA  
Victoria L. Holinka, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management  
City of Rosemount, Minnesota

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rosemount, Minnesota (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

**AUDITOR'S RESPONSIBILITY**

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

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

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

(continued)

## **OPINIONS**

In our opinion, the financial statements referred to on the previous page 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 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.

## **EMPHASIS OF MATTER**

As described in Note 1 of the notes to basic financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, during the year ended December 31, 2015. Our opinion is not modified with respect to this matter.

## **OTHER MATTERS**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

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

(continued)

## **Prior Year Comparative Information**

The City's 2014 financial statements were audited by other auditors who expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in their report dated June 9, 2015. In our opinion, the partial comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Malloy, Montague, Karnowski, Radosevich & Co., P. A.*

Minneapolis, Minnesota  
May 11, 2016

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

As management of the City of Rosemount (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the City's financial statements following this section.

### **Financial Highlights**

- > The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$204,539,767 (net position). Of this amount, \$33,408,666 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- > The City's total net position increased by \$5,204,800. Most of this increase is attributable to an increase in capital assets funded by grants or developers. The increase excludes the effect of the change in accounting principle for the implementation of GASB No. 68 and 71, which resulted in a restatement of beginning net position of (\$4,258,328).
- > At year end, unassigned fund balance for the General Fund was \$6,506,697, or 55 percent of the total General Fund expenditures budgeted for the upcoming year. Comparison of this balance to prior years' balances is illustrated on the table on page 8.
- > The City's total bonded debt increased by \$3,950,000 (approximately 23%) during the current year, however nearly 75% of that increase related to refunding bonds for which the payoff of the refunded debt will occur in 2016 and 2017. In the meantime, the funds available from the new debt are reported within assets on the financial statements.

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

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

### **Government-wide financial statements**

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

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

The statement of activities presents information showing how the government'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/vested but unused vacation and sick leave).

Both the government-wide financial statements distinguish functions of the City 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 include general government, public safety, public works, recreation, and community development. The business-type activities of the City include water, sewer, storm water and an ice arena.

The government-wide financial statements include not only the City itself, but also a legally separate port authority, which functions as the economic development arm of the City, and therefore has been blended in with the primary government.

The government-wide financial statements can be found on pages 11-12 of this report.

### **Fund financial statements**

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

#### ***Governmental funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, and the Port Authority TIF fund all of which are considered major funds. Data from the three other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 13-15 of this report.

### ***Proprietary funds***

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its public utilities and ice arena operations. The internal service fund is an accounting device to accumulate and allocate costs internally among the City's various functions. The City uses its internal service fund to account for insurance premiums and deductibles and to accumulate resources for the risk of uninsured loss. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the public utilities, which are considered to be major funds of the City, and information on the ice arena fund, which is considered a non-major fund. The internal service fund is also presented separately in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 16-19 of this report.

### ***Notes to the financial statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-57 of this report.

### ***Other information***

The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the basic financial statements. Combining and individual fund statements and schedules can be found on pages 64-68 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$204,539,767 at the close of the most recent fiscal year.

The largest portion of the City's net position (79 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Rosemount's Statement of Net Position

	Governmental Activities	Business-Type Activities	2015 Totals	Governmental Activities	Business-Type Activities	2014 Totals
Current and other assets	\$ 34,768,779	\$ 22,863,509	\$ 57,632,288	\$ 30,691,981	\$ 19,807,097	\$ 50,499,078
Capital assets	<u>79,135,040</u>	<u>98,302,192</u>	<u>177,437,232</u>	<u>74,553,402</u>	<u>99,594,408</u>	<u>174,147,810</u>
Total assets	<u>113,903,819</u>	<u>121,165,701</u>	<u>235,069,520</u>	<u>105,245,383</u>	<u>119,401,505</u>	<u>224,646,888</u>
Deferred outflows of resources	<u>1,118,263</u>	<u>115,926</u>	<u>1,234,189</u>	-	-	-
Long-term liabilities outstanding	24,962,238	3,667,616	28,629,854	17,088,572	1,615,299	18,703,871
Other liabilities	<u>1,480,799</u>	<u>319,420</u>	<u>1,800,219</u>	<u>1,713,810</u>	<u>243,361</u>	<u>1,957,171</u>
Total liabilities	<u>26,443,037</u>	<u>3,987,036</u>	<u>30,430,073</u>	<u>18,802,382</u>	<u>1,858,660</u>	<u>20,661,042</u>
Deferred inflows of resources	<u>1,224,588</u>	<u>109,281</u>	<u>1,333,869</u>	<u>392,551</u>	-	<u>392,551</u>
Net position:						
Net investment in capital assets	64,684,403	96,808,557	161,492,960	58,438,402	98,194,408	156,632,810
Restricted	9,638,141	-	9,638,141	9,698,513	-	9,698,513
Unrestricted	<u>13,031,913</u>	<u>20,376,753</u>	<u>33,408,666</u>	<u>17,913,535</u>	<u>19,348,437</u>	<u>37,261,972</u>
Total net position	<u>\$ 87,354,457</u>	<u>\$ 117,185,310</u>	<u>\$ 204,539,767</u>	<u>\$ 86,050,450</u>	<u>\$ 117,542,845</u>	<u>\$ 203,593,295</u>

An additional portion of the City's net position (\$9,638,141 or 5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance representing unrestricted net position (\$33,408,666 or 16%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

#### Governmental activities

Governmental activities increased the City's net position by \$4,753,023, accounting for 91% of the total growth in the government's net position. This change excludes the effect of the change in accounting principle for the implementation of GASB No. 68 and 71, which resulted in a restatement of beginning net position of (\$3,449,016). This compares to an increase (from governmental activities) of \$5,271,633 in 2014. Revenues decreased by approximately \$5,100,000 related to capital grants and contributions in 2015 as the prior year included significantly more state aid construction funding and the timing of the revenue recognition for special assessments was also a factor. Expenses decreased by approximately \$2,100,000 due primarily to a loss on the disposal of capital assets of a similar amount in 2014. Transfers to business-type activities related to capital projects decreased by approximately \$2,300,000.

#### Business-type activities

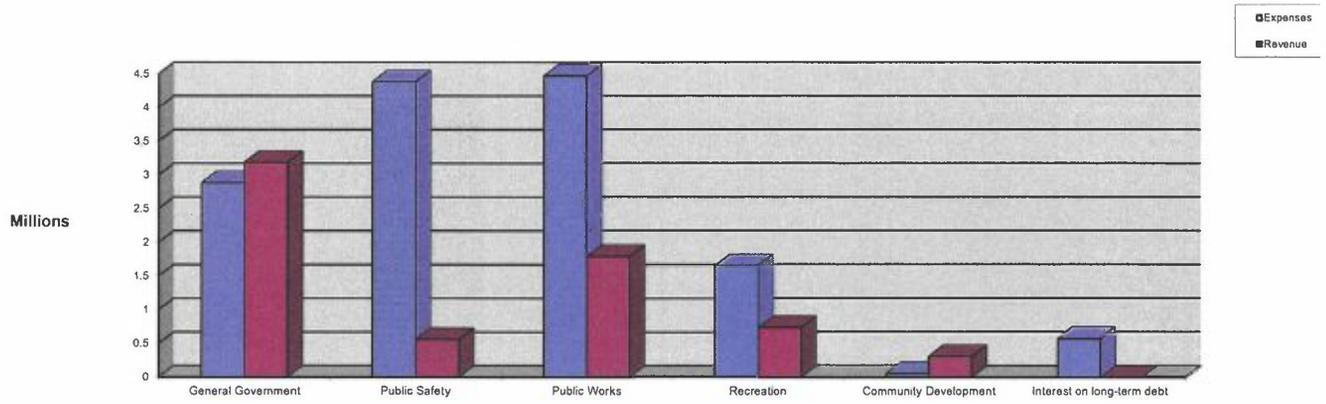
Business-type activities increased the City's net position by \$451,777, accounting for 9% of the total growth in the government's net position. This change excludes the effect of the change in accounting principle for the implementation of GASB No. 68 and 71, which resulted in a restatement of beginning net position of (\$809,312). This compares to an increase of \$3,180,597 in 2014. The primary reason for the smaller current year increase was a decrease in the net transfers from governmental activities of approximately \$2,300,000 related to capital projects.

Elements of these changes are as follows:

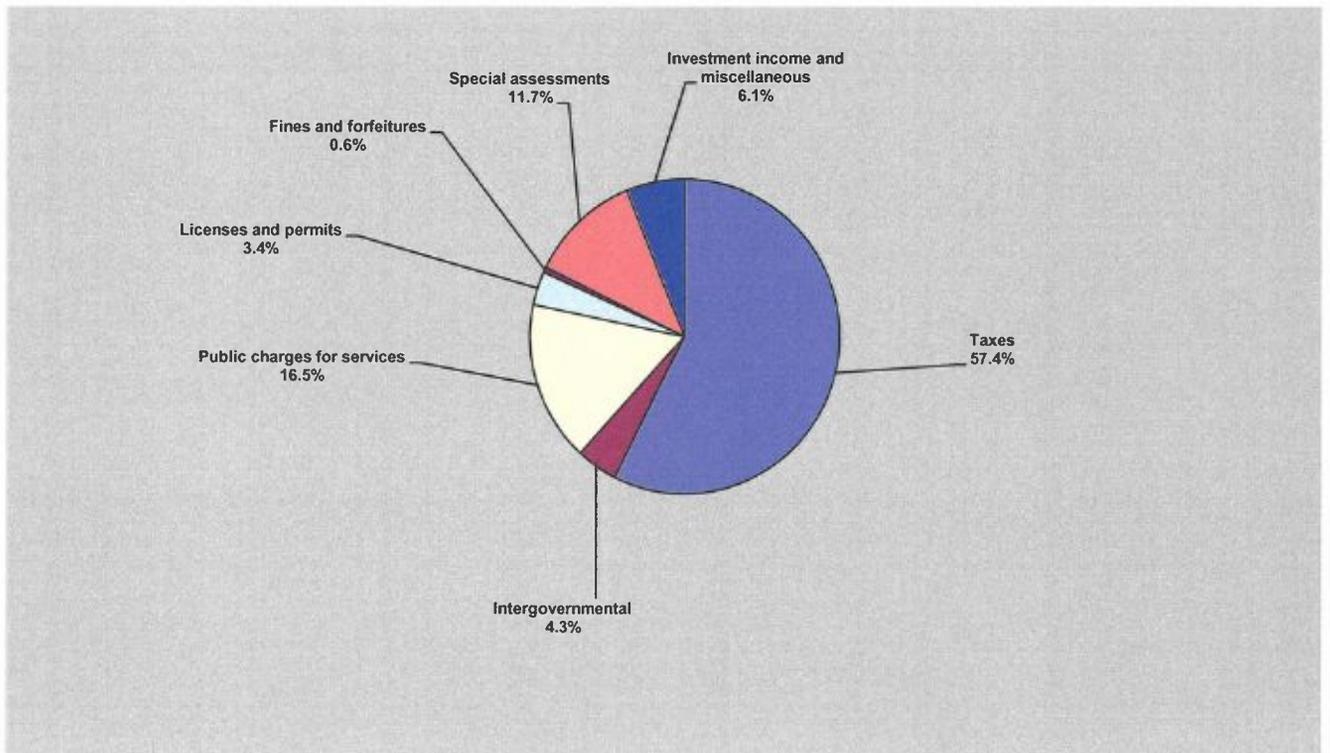
**City's Changes in Net Position**

	Governmental Activities	Business- Type Activities	2015 Totals	Governmental Activities	Business- Type Activities	2014 Totals
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 4,161,564	\$ 6,378,84	\$ 10,540,406	\$ 3,980,356	\$ 5,855,683	\$ 9,836,039
Operating grants and contributions	478,239		478,239	362,882	29,581	392,463
Capital grants and contributions	1,937,954	204,178	2,142,132	7,066,093	472,833	7,538,926
<b>General revenues:</b>						
Property taxes	11,574,093		11,574,093	11,350,967		11,350,967
Other taxes	332,290		332,290	288,425		288,425
Interest earnings	181,754	272,336	454,090	221,243	333,929	555,172
Change in fair value of investments	(1,788)	(24,638)	(26,426)	319,644	276,379	596,023
Other	111,565		111,565	103,615		103,615
<b>Total revenues</b>	<b>18,775,671</b>	<b>6,830,718</b>	<b>25,606,389</b>	<b>23,693,225</b>	<b>6,968,405</b>	<b>30,661,630</b>
<b>Expenses:</b>						
General government	2,878,070		2,878,070	2,961,500		2,961,500
Public safety	4,378,347		4,378,347	4,233,610		4,233,610
Public works	4,468,049		4,468,049	5,764,176		5,764,176
Recreation	1,643,886		1,643,886	1,613,600		1,613,600
Economic development	53,040		53,040	1,032,304		1,032,304
Interest on long-term debt	569,722		569,722	501,682		501,682
Water		2,219,781	2,219,781		1,962,833	1,962,833
Sewer		2,575,330	2,575,330		2,522,913	2,522,913
Storm water		1,117,526	1,117,526		1,122,839	1,122,839
Arena		497,838	497,838		493,943	493,943
<b>Total expenses</b>	<b>13,991,114</b>	<b>6,410,475</b>	<b>20,401,589</b>	<b>16,106,872</b>	<b>6,102,528</b>	<b>22,209,400</b>
<b>Increase in net position</b>						
before transfers	4,784,557	420,243	5,204,800	7,586,353	865,877	8,452,230
Transfers	(31,534)	31,534		(2,314,720)	2,314,720	
<b>Increase in net position</b>	<b>4,753,023</b>	<b>451,777</b>	<b>5,204,800</b>	<b>5,271,633</b>	<b>3,180,597</b>	<b>8,452,230</b>
<b>Net position – Beginning of Year</b>	<b>86,050,450</b>	<b>117,542,845</b>	<b>203,593,295</b>	<b>80,778,817</b>	<b>114,362,248</b>	<b>195,141,065</b>
Change in accounting principle for pensions	(3,449,016)	(809,312)	(4,258,328)			
<b>Restated net position – Beginning of Year</b>	<b>82,601,434</b>	<b>116,733,533</b>	<b>199,334,967</b>	<b>80,778,817</b>	<b>114,362,248</b>	<b>195,141,065</b>
<b>Net position – End of Year</b>	<b>\$ 87,354,457</b>	<b>\$ 117,185,31</b>	<b>\$ 204,539,767</b>	<b>\$ 86,050,450</b>	<b>\$ 117,542,845</b>	<b>\$ 203,593,295</b>

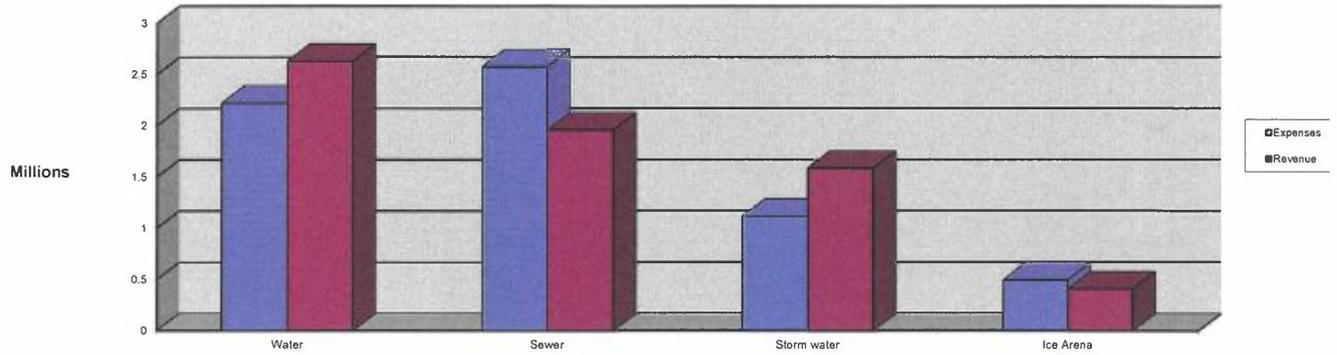
## Expenses and Program Revenues – Governmental Activities



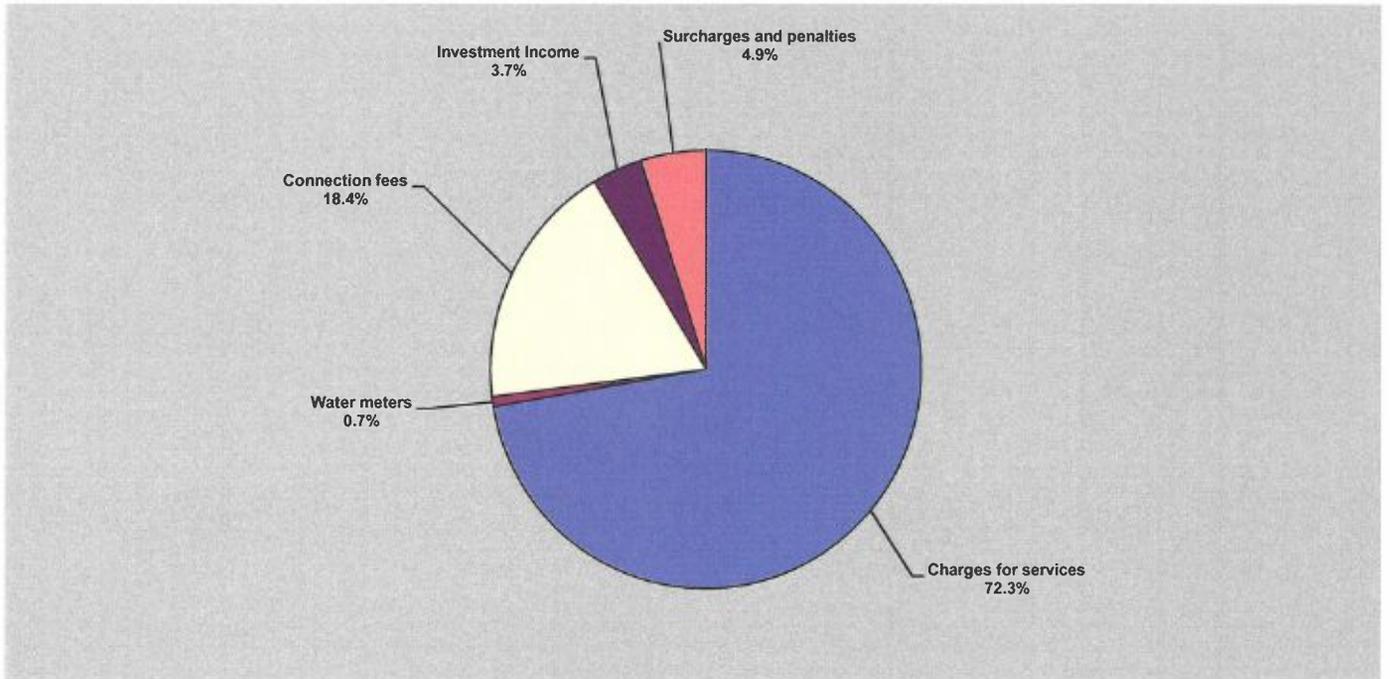
## Revenues by Source – Governmental Funds



### Expenses and Program Revenues – Business-Type Activities



### Revenues by Source – Proprietary Funds



### Financial Analysis of the Government’s Funds

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

#### **Governmental funds**

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$28,063,237, an increase of \$3,281,229 in comparison with the prior year. \$6,506,697 constitutes unassigned fund balance, which is available for spending at the government's discretion (this amount is entirely in the General Fund and is typically available to meet cash flow needs). A small amount (\$79,954) is classified as nonspendable in regards to prepaid items, \$11,380,258 is classified as restricted to meet debt service requirements or relates to donations for capital projects and the remainder of the fund balance is considered to be committed or assigned and unavailable for discretionary spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,506,697, while total fund balance reached \$9,557,677. The following table shows year-end General Fund balances as compared to the adopted expenditure budget of the following year:

Year	Budget	Fund Balance	
		Amount	Percent of Next Budget
2006	\$ 8,516,300	\$ 4,806,577	52%
2007	9,181,100	5,747,445	54%
2008	10,574,900	5,688,243	55%
2009	10,384,800	5,693,475	55%
2010	10,466,000	5,731,123	55%
2011	10,480,400	5,700,071 *	54%
2012	10,531,800	5,905,056 *	55%
2013	10,728,600	6,001,628 *	54%
2014	11,098,600	6,288,615 *	55%
2015	11,423,500	6,506,697 *	55%
2016	11,835,528		

\* This amount represents the unassigned General Fund balance

During the current fiscal year, unassigned fund balance in the General Fund increased by \$218,082. The increase was intentional as the City has determined, through the adoption of a formal Fund Balance Policy, it would like to maintain an unassigned fund balance of 55 percent of the next General Fund operating expenditure budget. Forty to fifty percent normally provides adequate working capital to finance General Fund operations until property taxes and state aids are received. The desired unassigned fund balance level also provides a certain amount of comfort that unforeseen emergencies can be addressed without causing an immediate financial crisis.

As of December 31, 2015, 100 percent of the unassigned fund balance of the General Fund has been designated to meet working capital needs.

The debt service fund balance increased by \$280,704 primarily due to special assessment payments collected for future debt service payments. The capital projects fund balance decreased by \$806,356 due to new debt being issued in the prior year and being spent down in 2015. The Port Authority TIF fund balance increased by \$3,512,687 due to the crossover refunding that occurred in 2015 for which related funds totaling \$3,350,294 were in escrow at year-end that will be used to make remaining payments on the refunded debt in 2016 and 2017.

### **Proprietary funds**

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

Unrestricted net position of the utility funds at the end of the year amounted to \$20,127,745 while the arena fund had an unrestricted net position amounting to \$249,008. The increase in total net position for the utility funds was \$413,543 after \$811,167 of capital contributions from governmental activities. The increase in total net position for the arena fund was \$38,234 which included net transfers in of \$126,500.

## General Fund Budgetary Highlights

There were a few significant variances between final budgeted revenues and actual amounts. Building permit revenue exceeded budget by approximately \$150,000 because of more activity than expected. General government charges for services exceeded budget by approximately \$101,000 due mostly to an increase in plan checking fees and zoning fees related to volume of activity. All other revenue areas experienced either small surpluses or deficits that led to the final surplus amount. Overall, total expenditures and other financing uses were 3.3% over budget with most departments being slightly less than budget and a few being just slightly over budget. The reason for the final expenditures and other financing uses being more than budgeted were due to transfers made prior to the final year-end close that adjusted the fund balance to 55% per the City's Fund Balance Policy.

## Capital Asset and Debt Administration

### Capital assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounts to \$177,437,232 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, machinery and equipment, water, sewer, and storm water systems, infrastructure and construction in progress.

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

	Governmental Activities	Business-Type Activities	Totals
Land	\$ 9,018,127	\$ 2,668,667	\$ 11,686,794
Land improvements	5,792,578	-	5,792,578
Buildings	16,764,481	11,085,341	27,849,822
Machinery and equipment	11,322,955	3,485,500	14,808,455
Mains and lines	-	134,861,304	134,861,304
Infrastructure	59,296,690	-	59,296,690
Construction in progress	1,370,309	1,034,636	2,404,945
Accumulated depreciation	(24,430,100)	(54,833,256)	(79,263,356)
Total capital assets	<u>\$ 79,135,040</u>	<u>\$ 98,302,192</u>	<u>\$ 177,437,232</u>

Additional information on the City's capital assets can be found in Note IV.C. on pages 36-37 of this report.

### Long-term debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$21,465,000 (including debt recorded in the Port Authority). Of this amount, \$5,865,000 was for general obligation improvement debt which has financed special assessment construction as part the continuing development within the City. An additional \$9,985,000 was general obligation debt issued by the Port Authority which financed the City's economic development and redevelopment programs. Another \$2,515,000 was general obligation revenue bond debt issued to add to and improve the water and storm water utility systems within the City. The remaining \$3,100,000 was general obligation and general obligation refunding debt.

The City's total debt increased by \$3,950,000 (approximately 23%) during the current year, however nearly 75% of that increase related to refunding bonds for which the payoff of the refunded debt will occur in 2016 and 2017. In the meantime, the funds available from the new debt are reported within assets on the financial statements.

Cities in Minnesota may issue general obligation debt up to a maximum of three percent of the total estimated market value of property within the city, per state statutes. The current debt limit for the City is \$63,827,939. Of the City's \$21,465,000 in outstanding general obligation debt at the current fiscal year end, \$3,100,000 is subject to the restrictions placed by state statute.

The City received a bond rating upgrade from Aa3 to Aa2 in 2010. These excellent ratings have had a positive effect on the sale of the City's bonds.

Additional information on the City's long-term debt can be found in Note IV.E. on pages 40-42 of this report.

### **Economic Factors**

- > Dakota County's unemployment rate ended the year at 3.0 percent, which compares favorably with the state unemployment rate of 3.6 percent, and the national unemployment rate of 4.8 percent.
- > City building permits were down slightly in quantity and in value in 2015, as compared to 2014. A total of 2,677 permits with a total valuation of \$63,330,428 were issued in 2015.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, City of Rosemount, 2875 145<sup>th</sup> Street West, Rosemount, Minnesota 55068-4997.

**CITY OF ROSEMOUNT**

**STATEMENT OF NET POSITION**

As of December 31, 2015

(With Summarized Information as of December 31, 2014)

	Governmental Activities	Business- Type Activities	Totals	
			2015	2014
<b>ASSETS</b>				
Cash and investments	\$ 27,846,995	\$ 21,263,621	\$ 49,110,616	\$ 44,055,019
Receivables				
Taxes	623,663	-	623,663	688,001
Delinquent taxes	11,519	-	11,519	71,655
Accounts	162,675	976,740	1,139,415	1,161,873
Special assessments	1,370,891	154,580	1,525,471	3,429,198
Due from other governmental units	131,460	272,415	403,875	786,098
Internal balances	(65,358)	65,358	-	-
Prepaid items	213,096	130,795	343,891	307,234
Cash and investments with fiscal agent	3,350,294	-	3,350,294	-
Net pension asset	1,123,544	-	1,123,544	-
Capital assets				
Land	9,018,127	2,668,667	11,686,794	11,654,894
Construction in progress	1,370,309	1,034,636	2,404,945	5,274,353
Land improvements	5,792,578	-	5,792,578	4,997,104
Buildings	16,764,481	11,085,341	27,849,822	25,500,985
Machinery and equipment	11,322,955	3,485,500	14,808,455	14,155,711
Infrastructure	59,296,690	134,861,304	194,157,994	187,819,599
Less: accumulated depreciation	(24,430,100)	(54,833,256)	(79,263,356)	(75,254,836)
<b>Total Assets</b>	<b>113,903,819</b>	<b>121,165,701</b>	<b>235,069,520</b>	<b>224,646,888</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	1,118,263	115,926	1,234,189	-
<b>LIABILITIES</b>				
Accounts payable	715,417	226,346	941,763	1,335,970
Accrued payroll and payroll taxes	175,529	75,942	251,471	199,232
Other accrued liabilities and deposits	589,853	17,132	606,985	421,969
Noncurrent liabilities				
Net pension liability	4,932,320	830,583	5,762,903	-
Due within one year	4,221,655	536,125	4,757,780	2,825,842
Due in more than one year	15,808,263	2,300,908	18,109,171	15,878,029
<b>Total Liabilities</b>	<b>26,443,037</b>	<b>3,987,036</b>	<b>30,430,073</b>	<b>20,661,042</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Contributions received for subsequent year	501,584	-	501,584	392,551
Pension related amounts	723,004	109,281	832,285	-
<b>Total Deferred Inflows of Resources</b>	<b>1,224,588</b>	<b>109,281</b>	<b>1,333,869</b>	<b>392,551</b>
<b>NET POSITION</b>				
Net investment in capital assets	64,684,403	96,808,557	161,492,960	156,632,810
Restricted for debt service	6,925,597	-	6,925,597	7,709,903
Restricted donations for future construction	1,589,000	-	1,589,000	1,988,610
Restricted for pension	1,123,544	-	1,123,544	-
Unrestricted	13,031,913	20,376,753	33,408,666	37,261,972
<b>Total Net Position</b>	<b>\$ 87,354,457</b>	<b>\$ 117,185,310</b>	<b>\$ 204,539,767</b>	<b>\$ 203,593,295</b>

See accompanying notes to financial statements.

**CITY OF ROSEMOUNT**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

(With Summarized Information for the Year Ended December 31, 2014)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Totals	
						2015	2014	
<b>Primary Government:</b>								
<b>Governmental activities:</b>								
General government	\$ 2,878,070	\$ 3,182,769	\$ -	\$ -	\$ 304,699	\$ -	\$ 304,699	\$ 2,229,854
Public safety	4,378,347	151,168	406,657	-	(3,820,522)	-	(3,820,522)	(3,785,411)
Public works	4,468,049	99,060	41,235	1,650,864	(2,676,890)	-	(2,676,890)	(1,332,552)
Culture, education and recreation	1,643,886	728,567	7,347	-	(907,972)	-	(907,972)	(1,038,642)
Conservation and economic development	53,040	-	23,000	287,090	257,050	-	257,050	(269,108)
Interest and fiscal charges	569,722	-	-	-	(569,722)	-	(569,722)	(501,682)
<b>Total Governmental Activities</b>	<b>13,991,114</b>	<b>4,161,564</b>	<b>478,239</b>	<b>1,937,954</b>	<b>(7,413,357)</b>	<b>-</b>	<b>(7,413,357)</b>	<b>(4,697,541)</b>
<b>Business-Type activities</b>								
Water	2,219,781	2,552,123	-	75,622	-	407,964	407,964	606,783
Sewer	2,575,330	1,873,687	-	85,848	-	(615,795)	(615,795)	(690,404)
Storm Water	1,117,526	1,544,158	-	42,708	-	469,340	469,340	440,502
Arena	497,838	408,874	-	-	-	(88,964)	(88,964)	(101,312)
<b>Total Business-Type Activities</b>	<b>6,410,475</b>	<b>6,378,842</b>	<b>-</b>	<b>204,178</b>	<b>-</b>	<b>172,545</b>	<b>172,545</b>	<b>255,569</b>
<b>Total Primary Government</b>	<b>\$ 20,401,589</b>	<b>\$ 10,540,406</b>	<b>\$ 478,239</b>	<b>\$ 2,142,132</b>	<b>(7,413,357)</b>	<b>172,545</b>	<b>(7,240,812)</b>	<b>(4,441,972)</b>
<b>General revenues:</b>								
<b>Taxes</b>								
Property taxes, levied for general purposes					10,479,883	-	10,479,883	10,328,709
Property taxes, levied for debt service					1,094,210	-	1,094,210	1,022,258
Other taxes					332,290	-	332,290	288,425
Interest earnings					181,754	272,336	454,090	555,172
Change in fair value of investments					(1,788)	(24,638)	(26,426)	596,023
Miscellaneous					104,237	-	104,237	103,615
Gain on sale of capital assets					7,328	-	7,328	-
Transfers					(31,534)	31,534	-	-
<b>Total general revenues and transfers</b>					<b>12,166,380</b>	<b>279,232</b>	<b>12,445,612</b>	<b>12,894,202</b>
<b>Change in net position</b>					<b>4,753,023</b>	<b>451,777</b>	<b>5,204,800</b>	<b>8,452,230</b>
<b>Net position - beginning</b>					<b>\$ 86,050,450</b>	<b>\$ 117,542,845</b>	<b>\$ 203,593,295</b>	<b>\$ 195,141,065</b>
<i>Change in accounting principle for pension related items</i>					<i>(3,449,016)</i>	<i>(809,312)</i>	<i>(4,258,328)</i>	<i>-</i>
					<b>82,601,434</b>	<b>116,733,533</b>	<b>199,334,967</b>	<b>195,141,065</b>
<b>Net Position - Ending</b>					<b>\$ 87,354,457</b>	<b>\$ 117,185,310</b>	<b>\$ 204,539,767</b>	<b>\$ 203,593,295</b>

See accompanying notes to financial statements.

**CITY OF ROSEMOUNT**

BALANCE SHEET - GOVERNMENTAL FUNDS  
As of December 31, 2015

	General	Debt Service	Capital Projects	Port Authority TIF	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 9,694,642	\$ 6,881,300	\$ 9,267,650	\$ 1,182,291	\$ 192,424	\$ 27,218,307
Cash and Investments with fiscal agent	-	-	-	3,350,294	-	3,350,294
Receivables from:						
Taxes	633,350	-	-	1,832	-	635,182
Accounts	42,110	-	120,565	-	-	162,675
Special assessments	3,685	677,212	683,327	-	-	1,364,224
Delinquent special assessments	201	5,670	796	-	-	6,667
Due from other governmental units	123,462	-	7,998	-	-	131,460
Prepaid items	69,348	-	10,000	-	606	79,954
Total assets	<u>\$ 10,566,798</u>	<u>\$ 7,564,182</u>	<u>\$ 10,090,336</u>	<u>\$ 4,534,417</u>	<u>\$ 193,030</u>	<u>\$ 32,948,763</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 372,940	\$ -	\$ 319,724	\$ -	\$ 1,271	\$ 693,935
Accrued payroll and payroll taxes	175,317	-	-	-	212	175,529
Bonds payable	-	1,625,000	-	-	-	1,625,000
Deposits payable	392,145	-	-	-	-	392,145
Advances from other funds	-	-	65,358	-	-	65,358
Total liabilities	<u>940,402</u>	<u>1,625,000</u>	<u>385,082</u>	<u>-</u>	<u>1,483</u>	<u>2,951,967</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	68,719	682,341	680,915	-	-	1,431,975
Contributions received for subsequent year	-	-	501,584	-	-	501,584
Total deferred inflows of resources	<u>68,719</u>	<u>682,341</u>	<u>1,182,499</u>	<u>-</u>	<u>-</u>	<u>1,933,559</u>
<b>Fund Balances</b>						
Nonspendable	69,348	-	10,000	-	606	79,954
Restricted	-	5,256,841	1,589,000	4,534,417	-	11,380,258
Committed	-	-	-	-	190,941	190,941
Assigned	2,981,632	-	6,923,755	-	-	9,905,387
Unassigned	6,506,697	-	-	-	-	6,506,697
Total fund balances	<u>9,557,677</u>	<u>5,256,841</u>	<u>8,522,755</u>	<u>4,534,417</u>	<u>191,547</u>	<u>28,063,237</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,566,798</u>	<u>\$ 7,564,182</u>	<u>\$ 10,090,336</u>	<u>\$ 4,534,417</u>	<u>\$ 193,030</u>	

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	79,135,040
Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	1,431,975
Internal service funds are reported in the statement of net position as governmental activities.	740,348
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	1,123,544
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(4,932,320)
Deferred outflows of resources related to pensions do not relate to current financial resources and is not reported in the governmental funds.	1,118,263
Deferred inflows of resources related to pensions do not relate to current financial resources and is not reported in the governmental funds.	(723,004)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.	<u>(18,602,626)</u>

**NET POSITION OF GOVERNMENTAL ACTIVITIES**

\$ 87,354,457

See accompanying notes to financial statements.

**CITY OF ROSEMOUNT**

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2015

	General	Debt Service	Capital Projects	Port Authority TIF	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 9,185,173	\$ 373,247	\$ 1,324,000	\$ 720,963	\$ 58,000	\$ 11,661,383
Intergovernmental	459,069	-	136,771	-	287,090	882,930
Public charges for services	1,282,351	-	2,060,628	-	9,240	3,352,219
Licenses and permits	694,765	-	-	-	-	694,765
Fines and forfeitures	114,580	-	-	-	-	114,580
Special assessments	-	1,632,761	735,642	-	-	2,368,403
Interest earnings	123,551	8,290	43,599	1,381	-	176,821
Change in fair value of investments	16,629	-	680	(19,097)	-	(1,788)
Donations/contributions	-	-	1,644	-	-	1,644
Miscellaneous	121,234	-	941,599	-	724	1,063,557
<b>Total Revenues</b>	<u>11,997,352</u>	<u>2,014,298</u>	<u>5,244,563</u>	<u>703,247</u>	<u>355,054</u>	<u>20,314,514</u>
<b>EXPENDITURES</b>						
Current:						
General government	2,589,416	-	8,829	162,167	81,363	2,841,775
Public safety	4,014,411	-	-	-	-	4,014,411
Public works	2,940,423	-	17,529	-	-	2,957,952
Parks and recreation	1,298,271	-	-	-	-	1,298,271
Capital Outlay	146,924	-	6,397,644	-	287,090	6,831,658
Debt Service:						
Principal retirement	-	3,320,000	-	150,000	-	3,470,000
Interest and fiscal charges	-	239,523	4,255	329,829	-	573,607
<b>Total Expenditures</b>	<u>10,989,445</u>	<u>3,559,523</u>	<u>6,428,257</u>	<u>641,996</u>	<u>368,453</u>	<u>21,987,674</u>
Excess (deficiency) of revenues over expenditures	<u>1,007,907</u>	<u>(1,545,225)</u>	<u>(1,183,694)</u>	<u>61,251</u>	<u>(13,399)</u>	<u>(1,673,160)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of long-term debt	-	1,345,000	-	3,335,000	-	4,680,000
Premium on long-term debt	-	79,201	-	101,436	-	180,637
Sale of capital assets	-	-	54,578	15,000	-	69,578
Transfers in	16,123	401,728	591,132	-	-	1,008,983
Transfers out	(630,000)	-	(268,372)	-	(86,437)	(984,809)
<b>Total Other Financing Sources (Uses)</b>	<u>(613,877)</u>	<u>1,825,929</u>	<u>377,338</u>	<u>3,451,436</u>	<u>(86,437)</u>	<u>4,954,389</u>
<b>Net Change in Fund Balances</b>	394,030	280,704	(806,356)	3,512,687	(99,836)	3,281,229
FUND BALANCES - Beginning	<u>9,163,647</u>	<u>4,976,137</u>	<u>9,329,111</u>	<u>1,021,730</u>	<u>291,383</u>	<u>24,782,008</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 9,557,677</u>	<u>\$ 5,256,841</u>	<u>\$ 8,522,755</u>	<u>\$ 4,534,417</u>	<u>\$ 191,547</u>	<u>\$ 28,063,237</u>

See accompanying notes to financial statements.

## CITY OF ROSEMOUNT

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

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Net change in fund balances - total governmental funds	\$ 3,281,229
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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 net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	6,831,658
Some items reported as capital outlay but not capitalized	(121,013)
Depreciation is reported in the government-wide statements	(2,011,049)
Utility infrastructure constructed by capital projects funds not reported as governmental activities	(811,167)
Capital outlay constructed by utility funds capitalized within governmental activities in the government-wide statements	755,459
In the statement of activities, the gain of \$7,328 on the disposal of capital assets is reported. In the fund financial statements, proceeds from the sale of capital assets (\$69,578) are reported because the proceeds increase financial resources	(62,250)

Internal service funds are reported in the statement of activities.	(18,117)
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Receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(1,815,113)
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Issuing debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. This is the amount of debt issued during the year.	(4,680,000)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal payments paid.	3,470,000
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Governmental funds report the effect of premiums and discounts, and similar items when debt is first issued, whereas these amounts were amortized in the statement of activities.	(180,637)
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the change in the following liabilities.	
Compensated absences	74,291
Accrued interest on debt	4,233
Net pension liability	(169,368)
Net pension asset	235,336
Deferred outflows of resources related to pensions	692,535
Deferred inflows of resources related to pensions	(723,004)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 4,753,023</u>
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**CITY OF ROSEMOUNT**

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
As of December 31, 2015

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Storm Water	Non-major Arena	Totals	
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 8,817,128	\$ 5,650,932	\$ 6,376,504	\$ 419,057	\$ 21,263,621	\$ 628,688
Accounts receivable	392,429	361,189	223,122	-	976,740	-
Special assessments receivable	51,440	64,989	38,151	-	154,580	-
Due from other governments	-	-	272,415	-	272,415	-
Prepaid and other assets	9,841	108,648	6,115	6,191	130,795	133,142
Total current assets	<u>9,270,838</u>	<u>6,185,758</u>	<u>6,916,307</u>	<u>425,248</u>	<u>22,798,151</u>	<u>761,830</u>
Non-current assets:						
Advance to other funds	-	92,591	-	-	92,591	-
Property and equipment:						
Land	1,008,628	547,158	1,112,881	-	2,668,667	-
Construction in progress	540,591	-	494,045	-	1,034,636	-
Buildings	6,794,504	401,414	1,489,523	2,399,900	11,085,341	-
Mains and lines	22,229,225	18,991,910	27,648,880	-	68,870,015	-
Other improvements	16,528,701	36,927,459	12,535,129	-	65,991,289	-
Machinery and equipment	1,896,388	735,710	716,802	136,600	3,485,500	-
Less accumulated depreciation	(14,939,483)	(29,093,634)	(9,663,311)	(1,136,828)	(54,833,256)	-
Net property and equipment	<u>34,058,554</u>	<u>28,510,017</u>	<u>34,333,949</u>	<u>1,399,672</u>	<u>98,302,192</u>	<u>-</u>
Total non-current assets	<u>34,058,554</u>	<u>28,602,608</u>	<u>34,333,949</u>	<u>1,399,672</u>	<u>98,394,783</u>	<u>-</u>
Total Assets	<u>43,329,392</u>	<u>34,788,366</u>	<u>41,250,256</u>	<u>1,824,920</u>	<u>121,192,934</u>	<u>761,830</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related amounts	<u>39,520</u>	<u>39,495</u>	<u>18,288</u>	<u>18,623</u>	<u>115,926</u>	<u>-</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	183,832	10,566	26,548	5,400	226,346	21,482
Accrued liabilities	30,997	9,274	26,284	9,387	75,942	-
Accrued interest	12,817	-	4,315	-	17,132	-
Current portion of long term obligations	285,450	40,450	196,220	14,005	536,125	-
Total current liabilities	<u>513,096</u>	<u>60,290</u>	<u>253,367</u>	<u>28,792</u>	<u>855,545</u>	<u>21,482</u>
Noncurrent liabilities:						
Accrued compensated absences	43,821	43,821	17,572	15,172	120,386	-
General obligation debt	1,810,000	-	280,000	-	2,090,000	-
Unamortized premium	90,522	-	-	-	90,522	-
Advances from other funds	27,233	-	-	-	27,233	-
Net pension liability	283,826	283,574	129,829	133,354	830,583	-
Total noncurrent liabilities	<u>2,255,402</u>	<u>327,395</u>	<u>427,401</u>	<u>148,526</u>	<u>3,158,724</u>	<u>-</u>
Total Liabilities	<u>2,768,498</u>	<u>387,685</u>	<u>680,768</u>	<u>177,318</u>	<u>4,014,269</u>	<u>21,482</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related amounts	<u>37,345</u>	<u>37,310</u>	<u>17,081</u>	<u>17,545</u>	<u>109,281</u>	<u>-</u>
<b>NET POSITION</b>						
Net investment in capital assets	33,024,919	28,510,017	33,873,949	1,399,672	96,808,557	-
Unrestricted	<u>7,538,150</u>	<u>5,892,849</u>	<u>6,696,746</u>	<u>249,008</u>	<u>20,376,753</u>	<u>740,348</u>
<b>TOTAL NET POSITION</b>	<u>\$ 40,563,069</u>	<u>\$ 34,402,866</u>	<u>\$ 40,570,695</u>	<u>\$ 1,648,680</u>	<u>\$ 117,185,310</u>	<u>\$ 740,348</u>

See accompanying notes to financial statements.

**CITY OF ROSEMOUNT**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2015

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Storm Water	Non-major Arena	Totals	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 1,681,666	\$ 1,587,636	\$ 1,109,201	\$ 408,874	\$ 4,787,377	\$ -
Water meters	49,058	-	-	-	49,058	-
Miscellaneous	592	772	-	-	1,364	-
Total Operating Revenues	<u>1,731,316</u>	<u>1,588,408</u>	<u>1,109,201</u>	<u>408,874</u>	<u>4,837,799</u>	<u>-</u>
<b>OPERATING EXPENSES</b>						
Personnel services	471,173	469,574	206,093	213,285	1,360,125	-
Supplies	169,201	8,573	4,289	25,101	207,164	9,549
Professional services and charges	162,492	26,504	126,989	42,190	358,175	25,349
Other services and charges	599,008	106,491	87,173	159,291	951,963	232,992
Metro sewer charges	-	1,077,415	-	-	1,077,415	-
Depreciation	787,786	886,773	681,936	57,971	2,414,466	-
Total Operating Expenses	<u>2,189,660</u>	<u>2,575,330</u>	<u>1,106,480</u>	<u>497,838</u>	<u>6,369,308</u>	<u>267,890</u>
Operating Income (Loss)	<u>(458,344)</u>	<u>(986,922)</u>	<u>2,721</u>	<u>(88,964)</u>	<u>(1,531,509)</u>	<u>(267,890)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Connection fees	520,760	271,028	425,657	-	1,217,445	-
Taxes	-	-	-	-	-	245,000
Interest earnings	98,683	86,642	86,313	698	272,336	4,773
Change in fair value of investments	(5,138)	(9,389)	(10,111)	-	(24,638)	-
Loss from disposal of capital assets	(494)	-	-	-	(494)	-
Surcharges and penalties	300,047	14,251	9,300	-	323,598	-
Interest expense and fiscal agent fees	(29,627)	-	(11,046)	-	(40,673)	-
Contribution to governmental activities	-	(755,459)	-	-	(755,459)	-
Total Nonoperating Revenues	<u>884,231</u>	<u>(392,927)</u>	<u>500,113</u>	<u>698</u>	<u>992,115</u>	<u>249,773</u>
Income (loss) before contributions and transfers	<u>425,887</u>	<u>(1,379,849)</u>	<u>502,834</u>	<u>(88,266)</u>	<u>(539,394)</u>	<u>(18,117)</u>
Capital contributions, including special assessments	284,848	410,117	320,380	-	1,015,345	-
Transfers in	-	-	209,021	130,000	339,021	-
Transfers out	(355,000)	-	(4,695)	(3,500)	(363,195)	-
Change in Net Position	<u>355,735</u>	<u>(969,732)</u>	<u>1,027,540</u>	<u>38,234</u>	<u>451,777</u>	<u>(18,117)</u>
TOTAL NET POSITION - Beginning (as restated)	<u>40,207,334</u>	<u>35,372,598</u>	<u>39,543,155</u>	<u>1,610,446</u>	<u>116,733,533</u>	<u>758,465</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 40,563,069</u>	<u>\$ 34,402,866</u>	<u>\$ 40,570,695</u>	<u>\$ 1,648,680</u>	<u>\$ 117,185,310</u>	<u>\$ 740,348</u>

See accompanying notes to financial statements.

**CITY OF ROSEMOUNT**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2015

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Storm Water	Non major Arena	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 2,509,093	\$ 1,853,288	\$ 1,517,185	\$ 437,851	\$ 6,317,417	\$ -
Cash paid to suppliers for goods and services	(828,991)	(1,228,462)	(205,398)	(237,999)	(2,500,850)	(255,159)
Cash paid for employees	(471,173)	(469,574)	(206,093)	(213,285)	(1,360,125)	-
Net Cash Flows From (Used by) Operating Activities	<u>1,208,929</u>	<u>155,252</u>	<u>1,105,694</u>	<u>(13,433)</u>	<u>2,456,442</u>	<u>(255,159)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Property taxes	-	-	-	-	-	245,000
Repayment of advance to other funds	-	27,972	-	-	27,972	-
Repayment of advance from other funds	(8,227)	-	-	-	(8,227)	-
Repayment of advance to other governmental units	-	-	79,279	-	79,279	-
Transfers from other funds	-	-	209,021	130,000	339,021	-
Transfers to other funds	(355,000)	-	(4,695)	(3,500)	(363,195)	-
Net Cash Flows From (Used by) Noncapital Financing Activities	<u>(363,227)</u>	<u>27,972</u>	<u>283,605</u>	<u>126,500</u>	<u>74,850</u>	<u>245,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Marketable securities purchased	(4,025,378)	(4,667,842)	(5,326,844)	(100,000)	(14,120,064)	(196,000)
Marketable securities sold	3,221,000	4,170,000	3,986,000	100,000	11,477,000	248,000
Interest earnings	98,683	86,642	86,313	698	272,336	4,773
Net Cash Flows From (Used by) Investing Activities	<u>(705,695)</u>	<u>(411,200)</u>	<u>(1,254,531)</u>	<u>698</u>	<u>(2,370,728)</u>	<u>56,773</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital debt issued	1,525,000	-	-	-	1,525,000	-
Premium on new debt	90,522	-	-	-	90,522	-
Debt retired	(235,000)	-	(175,000)	-	(410,000)	-
Interest paid	(30,770)	-	(12,249)	-	(43,019)	-
Capital contributions	146,235	112,767	93,935	-	352,937	-
Acquisition and construction of capital assets	(547,847)	(7,750)	(494,045)	-	(1,049,642)	-
Net Cash Flows From (Used by) Capital and Related Financing Activities	<u>948,140</u>	<u>105,017</u>	<u>(587,359)</u>	<u>-</u>	<u>465,798</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,088,147	(122,959)	(452,591)	113,765	626,362	46,614
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,078,048</u>	<u>1,005,332</u>	<u>1,465,985</u>	<u>205,292</u>	<u>4,754,657</u>	<u>290,074</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,166,195</u>	<u>\$ 882,373</u>	<u>\$ 1,013,394</u>	<u>\$ 319,057</u>	<u>\$ 5,381,019</u>	<u>\$ 336,688</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>						
Cash and Investments per Statement of Net Position	\$ 8,817,128	\$ 5,650,932	\$ 6,376,504	\$ 419,057	\$ 21,263,621	\$ 628,688
Less: Non Cash Equivalents	(5,650,933)	(4,768,559)	(5,363,110)	(100,000)	(15,882,602)	(292,000)
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 3,166,195</u>	<u>\$ 882,373</u>	<u>\$ 1,013,394</u>	<u>\$ 319,057</u>	<u>\$ 5,381,019</u>	<u>\$ 336,688</u>

See accompanying notes to financial statements.

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Storm Water	Non major Arena	Totals	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (458,344)	\$ (986,922)	\$ 2,721	\$ (88,964)	\$ (1,531,509)	(267,890)
Non-operating income	820,313	285,279	434,957	-	1,540,549	-
Adjustments to Reconcile Operating Loss to Net Cash Flows						
From (Used by) Operating Activities						
Noncash items included in income						
Depreciation	787,786	886,773	681,936	57,971	2,414,466	-
Change in assets and liabilities						
Accounts receivable	(42,536)	(20,399)	(26,973)	-	(89,908)	21,395
Other receivables	-	-	-	28,977	28,977	-
Prepaid items	(1,985)	(10,987)	(1,567)	(837)	(15,376)	(18,114)
Accounts payable	89,418	(10,232)	(11,884)	(21,283)	46,019	9,450
Other current liabilities	4,385	1,862	21,959	4,180	32,386	-
Accrued liabilities	4,800	4,800	2,427	4,185	16,212	-
Pension related deferrals and liabilities	5,092	5,078	2,118	2,338	14,626	-
<b>NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES</b>	<b>\$ 1,208,929</b>	<b>\$ 155,252</b>	<b>\$ 1,105,694</b>	<b>\$ (13,433)</b>	<b>\$ 2,456,442</b>	<b>\$ (255,159)</b>

**Non-cash capital, investing and financing activities:**

The Water Utility received contributed plant of \$209,226 during the year. The Sewer Utility received contributed plant of \$324,269 during the year. The Sewer Utility contributed plant of \$755,459 to governmental activities during the year. The Storm Water Utility received contributed plant of \$294,572 during the year.

Unrealized loss on investments were \$5,138 for the Water Utility, \$9,389 for the Sewer Utility, and \$10,111 for the Storm Water Utility for the year.

See accompanying notes to financial statements.

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# CITY OF ROSEMOUNT

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The City of Rosemount, Minnesota (the “City”) was formed and operates pursuant to applicable Minnesota laws and statutes. The governing body consists of a five-member City Council elected at large by voters of the City. City Council members serve four-year staggered terms and the mayor serves a four-year term coinciding with the terms of two of the Council members. Elections take place every two years.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### **A. REPORTING ENTITY**

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity’s financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization’s governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization’s governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantially the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantially the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government. The financial statements include the Rosemount Port Authority as a blended component unit. The Port Authority serves all the citizens of the government and is governed by a board comprised of three of five of the primary government’s elected council and four citizens appointed at large. The bond issuance authorizations are approved by the primary government’s council and the legal liability for the general obligation portion of the Port Authority’s debt remains with the primary government. The Port Authority is reported in a special revenue fund and debt service fund. The Rosemount Port Authority does not issue separate financial statements.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

In June 2012, the GASB issued statement No. 68 - Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. These standards were implemented January 1, 2015.

#### ***Government-Wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or 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. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

Financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows or resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### ***Fund Financial Statements (cont.)***

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

The City reports the following major governmental funds:

- General Fund – accounts for the City’s primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than enterprise debt.
- Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects fund consists of one primary fund and three separate internal funds maintained by the City.
- Port Authority TIF Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures related to the activities of the City’s Downtown – Brockway TIF District.

The City reports the following major enterprise funds:

- Water Utility – accounts for operations of the water system.
- Sewer Utility – accounts for operations of the sewer system.
- Storm Water Utility – accounts for operations of the storm water drainage system.

The City reports the following non-major governmental and enterprise funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

- Fire Safety Education Fund
- GIS Fund
- Port Authority General Fund

Enterprise Funds – may be used to report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

- Arena Fund – accounts for the activities of the City’s ice arena operations.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### ***Fund Financial Statements (cont.)***

In addition, the City reports the following fund types:

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Insurance Fund – accumulates resources to pay deductibles and uninsured claims, and pays for a majority of the general liability insurance and workers compensation insurance premiums for the City.

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

##### ***Government-Wide Financial Statements***

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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 recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (cont.)**

##### ***Fund Financial Statements (cont.)***

Property taxes, special assessments, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to 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.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, storm water, and arena funds are charges to customers for sales and services. Operating expenses for proprietary 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.

##### ***All Financial Statements***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred inflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY**

##### **1. Deposits and Investments**

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of City funds is restricted by state statutes. Available investments are limited to:

- a. Direct obligations or obligations guaranteed by the United States or its agencies, commercial paper, repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. Government Securities to the Federal Reserve Bank of New York or certain Minnesota brokers/dealers.
- b. General obligations of the State of Minnesota or any of its municipalities.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

**1. Deposits and Investments (cont.)**

- c. Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- d. Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are direct obligations guaranteed by the United States or its agencies.

The City has adopted an investment policy. The policy contains the following guidelines:

**Credit Risk** - The policy follows state statutes for allowable investments except that it does not permit the purchase of shares of investment companies registered under the Federal Investment Company Act of 1940 whose only investments are direct obligations guaranteed by the United States or its agencies.

**Concentration of Credit Risk** - The policy does not limit the amount the City may invest in any one issuer.

**Interest Rate Risk** - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the amount of investments with maturities of more than five years to 35% of the City's total investment portfolio (including certificates of deposit).

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note IV.A. for further information.

**2. Receivables**

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

The County spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Property taxes are accrued and recognized as revenue in the year collectible, net of delinquencies.

Real 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 the City three times per year, in January, July, and December.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***2. Receivables (cont.)***

Taxes which remain unpaid 60 days after year end are classified as delinquent taxes receivable and are fully offset by unavailable revenue (deferred inflow of resources) because they are not known to be available to finance current expenditures.

Special assessments are levied against the benefited properties for the assessable costs of special assessments improvement projects in accordance with state statutes. The City usually adopts the assessment rolls when the individual projects are complete. The assessments are collectible over a term of years generally consistent with the term of years of the related bond issue. Collection of annual installments (including interest) is handled by the County in the same manner as property taxes. Property owners are allowed to prepay total future installments without interest or prepayment penalties.

Special assessments receivable includes the following components:

- > Current - amount collected by Dakota County and not remitted to the City.
- > Delinquent - amounts billed to property owners but not paid.
- > Unavailable - assessment installments, which will be billed to property owners in future years.
- > Other - assessments for which payment has been postponed based on council action.

Accounts receivable are considered to be 100% collectible.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) 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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

##### ***3. Inventories and Prepaid Items***

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used (consumption method).

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***4. Capital Assets***

###### ***Government – Wide Statements***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	30-65 Years
Machinery and equipment	4-20 Years
Other improvements	60 Years
Utility system	65 Years
Infrastructure	35-50 Years

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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

##### ***5. Deferred Outflows of Resources***

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **6. Compensated Absences**

Under terms of employment, employees are granted vacation, sick and comp time benefits in varying amounts. These benefits are based upon union contracts and City actions as applicable. Amounts carried forward for vacation and comp time accruals are governed by these contracts and actions. Sick pay accruals may be carried forward indefinitely.

All vested vacation, sick leave and comp time pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

Payments for vacation, sick and comp time leave will be made at rates in effect when the benefits are used. Accumulated vacation, sick and comp time leave liabilities at December 31, 2015 are determined on the basis of current salary rates and include salary related payments.

##### **7. Long-Term Obligations/Conduit Debt**

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, accrued compensated absences, and net pension liability.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as another financing source and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At year end, the aggregate principal amount for the four issues outstanding could not be determined; however, their original issue amounts totaled \$13,094,720.

##### **8. Deferred Inflows of Resources**

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as inflow of resources (revenue) until that future time.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***9. Equity Classifications***

###### ***Government–Wide Statements***

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of “restricted” or “net investment in capital assets.”

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

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

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has authorized the Finance Director and/or Administrator to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **9. Equity Classifications (cont.)**

###### **Fund Statements (cont.)**

- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted or committed for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 45 to 55 percent of the subsequent year's general fund expenditures. The balance at year end was \$6,506,697, or 55 percent, and is included in unassigned general fund balance.

##### **10. Prior Period Information**

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

##### **11. Basis for Existing Rates**

Current utility rates were approved by the City Council on December 16, 2014.

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### NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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#### **A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE STATEMENT OF NET POSITION**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds". The details of this \$18,602,626 difference are as follows:

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

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#### A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE STATEMENT OF NET POSITION (cont.)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.

Bonds and notes payable	\$ 18,950,000
Current refunded bonds included on fund statements	(1,625,000)
Compensated absences	899,281
Unamortized premium on bonds payable	180,637
Accrued interest	<u>197,708</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 18,602,626</u>

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### NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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#### A. BUDGETARY INFORMATION

Annual budgets have been adopted for the general fund and the capital project fund that is created by the following sub-funds, Building CIP, Street CIP and Equipment CIP. The remaining capital project sub funds adopt project-length budgets and therefore are not included in the annual budgeting process. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

The budgeted amounts presented include any amendments made. The appropriated budget is prepared by fund, department and function. The legal level of budgetary control is at the department level. The City Council may authorize department heads to transfer budgeted appropriations within departments. The Council approved several supplemental budgetary appropriations during the year, but they were not considered material.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$5,335,707.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### NOTE IV – DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the City's funds.

The City's cash and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Petty cash and cash on hand	\$ 2,400	\$ 2,400	N/A
Demand deposits	35,088,023	35,713,365	Custodial credit risk
			Custodial credit, credit, concentration of credit, interest rate risk
U.S. instrumentalities	17,370,487	17,370,487	
Total Cash and Investments	\$ 52,460,910	\$ 53,086,252	

#### Reconciliation to the financial statements

Per statement of net position	
Cash and investments	\$ 49,110,616
Cash and investments with fiscal agent	3,350,294
Total Cash and Investments	\$ 52,460,910

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government). SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash.

#### ***Custodial Credit Risk***

##### **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

The City maintains collateral agreements with its banks. At December 31, 2015, the banks had pledged various government securities in the amount of \$34,181,981 to secure the City's deposits. The City has no custodial credit risk in regards to deposits at December 31, 2015.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### A. DEPOSITS AND INVESTMENTS (cont.)

##### **Custodial Credit Risk** (cont.)

##### **Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have any investments exposed to custodial credit risk.

##### **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2015, all of the City of Rosemount's investments were U.S. agency obligations which received AA+ and/or AAA ratings from Standard & Poor's and/or Moody's Investors Service, respectively.

##### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer.

As of December 31, 2015, all of the City of Rosemount's investments were U.S. agency obligations, as follows:

Issuer	Fair Value	Percentage of Total
Federal Home Loan Bank	\$ 5,162,358	30%
Federal Home Loan Mortgage Corporation	4,976,100	29%
Federal Farm Credit Bank	3,175,897	18%
Federal National Mortgage Association	1,662,885	9%
Treasury Notes	2,393,247	14%
	<u>\$ 17,370,487</u>	

##### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2015, the City of Rosemount's investments were as follows:

Investment Type	Total Fair Value	Investment Maturities (in years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Agency Obligations	<u>\$ 17,370,487</u>	<u>\$ 140,674</u>	<u>\$ 4,196,937</u>	<u>\$ 13,032,876</u>	<u>\$ -</u>

**CITY OF ROSEMOUNT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

**Interest Rate Risk (cont.)**

At December 31, 2015, the City held \$3,081,134 in U.S. Agency Obligations that are callable at increasing stepped interest rates.

See Note I.D.1 for further information on deposit and investment policies.

**B. RECEIVABLES**

Receivable amounts not expected to be collected within one year are listed below:

<b>Governmental Activities</b>	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
Amounts not expected to be collected within one year	\$ 1,621	\$ 297,973	\$ 300,664	\$ 600,258
<b>Business-Type Activities</b>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>	<u>Totals</u>
Amounts not expected to be collected within one year	\$ 22,634	\$ 28,595	\$ 180,235	\$ 231,464

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Delinquent property taxes receivable	\$ 11,519	\$ -	\$ 11,519
Delinquent special assessments	6,526	-	6,526
Special assessments not yet due	1,360,615	501,584	1,862,199
Donations receivable for future projects	53,315	-	53,315
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 1,431,975</u>	<u>\$ 501,584</u>	<u>\$ 1,933,559</u>

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### C. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 9,003,127	\$ 15,000	\$ -	\$ 9,018,127
Land improvements	1,835,087	352,803	-	2,187,890
Construction in progress	1,923,887	2,936,415	3,489,993	1,370,309
Total Capital Assets Not Being Depreciated	12,762,101	3,304,218	3,489,993	12,576,326
Capital assets being depreciated				
Improvements	3,162,017	442,671	-	3,604,688
Buildings	14,415,644	2,348,837	-	16,764,481
Machinery and equipment	10,651,996	1,114,041	443,082	11,322,955
Infrastructure	209,037	-	-	209,037
Roads	53,687,061	2,785,552	-	56,472,613
Bridges	1,887,923	146,668	-	2,034,591
Parking lots	580,449	-	-	580,449
Total Capital Assets Being Depreciated	84,594,127	6,837,769	443,082	90,988,814
Less: Accumulated depreciation for				
Improvements	(1,152,030)	(137,744)	-	(1,289,774)
Buildings	(4,675,621)	(291,569)	-	(4,967,190)
Machinery and equipment	(6,564,932)	(618,550)	383,775	(6,799,707)
Infrastructure	(3,920)	(5,336)	-	(9,256)
Roads	(9,749,380)	(895,190)	-	(10,644,570)
Bridges	(432,026)	(47,809)	-	(479,835)
Parking lots	(224,917)	(14,851)	-	(239,768)
Total Accumulated Depreciation	(22,802,826)	(2,011,049)	383,775	(24,430,100)
Net Capital Assets Being Depreciated	61,791,301	4,826,720	59,307	66,558,714
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation				
	\$ 74,553,402	\$ 8,130,938	\$ 3,549,300	\$ 79,135,040

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 216,353
Public safety	294,997
Public works, which includes the depreciation of roads, bridges and parking lots	1,207,404
Leisure activities	292,295
Total Governmental Activities Depreciation Expense	\$ 2,011,049

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
Capital assets not being depreciated				
Land	\$ 2,651,767	\$ 16,900	\$ -	\$ 2,668,667
Construction in progress	<u>3,350,466</u>	<u>1,845,803</u>	<u>4,161,633*</u>	<u>1,034,636</u>
Total Capital Assets Not Being Depreciated	<u>6,002,233</u>	<u>1,862,703</u>	<u>4,161,633</u>	<u>3,703,303</u>
Capital assets being depreciated				
Buildings	11,085,341	-	-	11,085,341
Machinery and equipment	3,503,715	15,500	33,715	3,485,500
Mains and lines	<u>131,455,129</u>	<u>3,406,175</u>	<u>-</u>	<u>134,861,304</u>
Total Capital Assets Being Depreciated	<u>146,044,185</u>	<u>3,421,675</u>	<u>33,715</u>	<u>149,432,145</u>
Less: Accumulated depreciation for				
Buildings	(3,170,106)	(236,588)	-	(3,406,694)
Machinery and equipment	(1,913,108)	(149,484)	33,220	(2,029,372)
Mains and lines	<u>(47,368,796)</u>	<u>(2,028,394)</u>	<u>-</u>	<u>(49,397,190)</u>
Total Accumulated Depreciation	<u>(52,452,010)</u>	<u>(2,414,466)</u>	<u>33,220</u>	<u>(54,833,256)</u>
Net Capital Assets				
Being Depreciated	<u>93,592,175</u>	<u>1,007,209</u>	<u>495</u>	<u>94,598,889</u>
Total Business-Type Capital Assets, Net of Accumulated Depreciation				
	<u>\$ 99,594,408</u>	<u>\$ 2,879,912</u>	<u>\$ 4,162,128</u>	<u>\$ 98,302,192</u>

\*- This amount exceeds related additions due to a capital contribution from the sewer utility to governmental activities of \$755,459.

Depreciation expense was charged to functions as follows:

<b>Business-Type Activities</b>	
Water	\$ 787,786
Sewer	886,773
Storm water	681,936
Arena	<u>57,971</u>
Total Business-type Activities Depreciation Expense	<u>\$ 2,414,466</u>

**CITY OF ROSEMOUNT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. INTERFUND ADVANCES AND TRANSFERS**

**Advances**

The following is a schedule of interfund advances as of December 31, 2015:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Sewer	Building CIP	\$ 65,358	\$ 44,605
Sewer	Water	<u>27,233</u>	<u>18,605</u>
Subtotal – Fund financial statements		92,591	63,210
Less: Fund eliminations		<u>(27,233)</u>	<u>(18,605)</u>
Total – Government-Wide Statement of Net Position		<u>\$ 65,358</u>	<u>\$ 44,605</u>

The principal purpose of these interfund loans was to finance the public works building expansion in 1999, and to purchase and renovate a building in the Downtown-Brockway Tax Increment Financing District in 2005.

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The sewer fund advanced funds to the water fund and capital projects fund. The sewer fund is charging the other funds interest on the advance based on the average outstanding advance balance during the year at a rate of 5%. Following is a detailed repayment schedule for the sewer fund advance:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 29,381	\$ 4,619	\$ 34,000
2017	30,839	3,161	34,000
2018	<u>32,371</u>	<u>1,629</u>	<u>34,000</u>
Total	<u>\$ 92,591</u>	<u>\$ 9,409</u>	<u>\$ 102,000</u>

**CITY OF ROSEMOUNT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. INTERFUND ADVANCES AND TRANSFERS (cont.)**

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
<b>General</b>	Arena	\$ 3,500	Building and grounds maintenance
	Capital Projects	12,623	Reimbursement of capital project costs
<b>Debt Service</b>	Water	265,000	Water share of debt payment
	Capital Projects	136,728	Share of capital project costs
<b>Capital Projects</b>	Port Authority GF	86,437	Share of capital project costs
	Storm Water	4,695	Share of capital project costs
	General	500,000	Share of capital project costs
<b>Enterprise</b>	Storm Water	119,021	Share of capital project costs and damages
	Storm Water	90,000	Water share of debt payment
	Arena	130,000	Operating expenses
		<u>1,348,004</u>	
Less: Fund eliminations		(1,323,830)	
Add: Contributed capital asset from enterprise fund to governmental activities		755,459	
Less: Contributed plant reclassified to a transfer in the government-wide statements		<u>(811,167)</u>	
<b>Total Transfers – Government-Wide Statement of Activities</b>		<u>\$ (31,534)</u>	

The contributed plant figure above includes a slight difference from the amount disclosed in the non-cash section of the statement of cash flows due to final cost allocation adjustments for the various capital projects.

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### ***E. LONG-TERM OBLIGATIONS***

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable					
General obligation debt	\$ 16,115,000	\$ 4,680,000	\$ 1,845,000	\$ 18,950,000	\$ 3,790,000
Add: Premiums	-	180,637	-	180,637	-
Sub-totals	16,115,000	4,860,637	1,845,000	19,130,637	3,790,000
Other Liabilities					
Vested compensated absences	973,572	393,208	467,499	899,281	431,655
Net pension liability	4,762,952	1,147,100	977,732	4,932,320	-
Total Other Liabilities	5,736,524	1,540,308	1,445,231	5,831,601	431,655
Total Governmental Activities Long-Term Liabilities	\$ 21,851,524	\$ 6,400,945	\$ 3,290,231	\$ 24,962,238	\$ 4,221,655
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable					
General obligation debt	\$ 1,400,000	\$ 1,525,000	\$ 410,000	\$ 2,515,000	\$ 425,000
Add: Premiums	-	90,522	-	90,522	-
Sub-totals	1,400,000	1,615,522	410,000	2,605,522	425,000
Other Liabilities:					
Vested compensated absences	215,299	119,555	103,343	231,511	111,125
Net pension liability	842,726	130,551	142,694	830,583	-
Total Other Liabilities	1,058,025	250,106	246,037	1,062,094	111,125
Total Business-type Activities Long-Term Liabilities	\$ 2,458,025	\$ 1,865,628	\$ 656,037	\$ 3,667,616	\$ 536,125

#### ***General Obligation Debt***

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

**CITY OF ROSEMOUNT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**E. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

Governmental Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-15
Fire Station CIP Bonds, Series 2005A	2005	2025	3.5% to 4.3%	\$ 2,630,000	\$ 1,625,000
Fire Station Refunding Bonds, Series 2005D	2005	2016	3.2% to 3.8%	1,115,000	130,000
Improvement Bonds, Series 2006B	2006	2017	4.0%	4,405,000	915,000
Port Authority TIF, Series 2008A	2008	2024	5.0% to 5.5%	2,765,000	2,395,000
Port Authority TIF, Series 2008B	2008	2032	4.0% to 4.1%	3,275,000	3,275,000
Crossover Refunding Bonds, Series 2010B	2010	2022	1.2% to 3.7%	1,355,000	980,000
Improvement Bonds, Series 2011A	2011	2017	0.45% to 1.35%	2,080,000	845,000
Improvement Bonds, Series 2012A	2012	2018	0.4% to 1.0%	810,000	495,000
Improvement Bonds, Series 2013A	2013	2019	0.5% to 1.65%	1,500,000	1,210,000
Improvement Bonds, Series 2014A	2014	2025	0.35% to 2.4%	2,400,000	2,400,000
Fire Station Refunding Bonds, Series 2015B	2015	2025	1.5% to 3.0%	1,345,000	1,345,000
Port Authority TIF Crossover Refunding Bonds, Series 2015A	2015	2032	3.0%	3,335,000	3,335,000
Total Governmental Activities – General Obligation Debt					<u>\$ 18,950,000</u>

Business-type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-15
Water Revenue Bonds, Series 2000A	2000	2016	4.4% to 5.4%	\$ 1,160,000	\$ 110,000
Water Revenue Bonds, Series 2007A	2007	2018	4.0%	1,210,000	420,000
Utility Rev Refunding Bonds, Series 2010A	2010	2018	0.8% to 2.6%	1,545,000	460,000
Water Revenue Bonds, Series 2015A	2015	2026	1.5% to 3.0%	1,525,000	1,525,000
Total Business-type Activities - General Obligation Debt					<u>\$ 2,515,000</u>

Debt service requirements to maturity are as follows:

Year	Governmental Activities General Obligation Debt		Business-Type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2016	\$ 3,790,000	\$ 480,333	\$ 425,000	\$ 52,360
2017	5,515,000	373,694	445,000	50,560
2018	1,395,000	268,573	390,000	39,108
2019	1,260,000	239,638	145,000	31,993
2020	980,000	210,780	145,000	28,730
2021 – 2025	3,170,000	661,000	795,000	82,389
2026 – 2030	1,975,000	262,963	170,000	2,550
2031 – 2032	865,000	26,175	-	-
Totals	<u>\$ 18,950,000</u>	<u>\$ 2,523,156</u>	<u>\$ 2,515,000</u>	<u>\$ 287,690</u>

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### ***E. LONG-TERM OBLIGATIONS (cont.)***

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

Estimated payments of compensated absences and the net pension liability are not included in the debt service requirement schedules. The compensated absences liability and net pension liability attributable to governmental activities will be liquidated primarily by the general fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The City believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

The water and storm water utilities have pledged future water and storm water revenues, net of specified operating expenses, to repay revenue bonds issued in 2000, 2007, 2010, and 2015. Proceeds from bonds provided financing for utility improvements. The bonds are payable solely from water and storm water revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 10% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,802,690. Principal and interest paid for the current year and the gross customer revenues were \$447,575 and \$4,096,281, respectively.

##### ***Crossover Refunding***

On November 19, 2015, the city issued \$3,335,000 in general obligation bonds with an average coupon rate of 2.73% to advance refund \$3,275,000 of outstanding bonds with an average coupon rate of 4.025%. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an account to provide for future debt service payments on the new bonds until the crossover date. The bonds are not considered to be defeased and the liability for those bonds as well as the escrow account are recorded in the financial statements. This type of advance refunding is commonly called a crossover refunding.

The cash flow requirements on the refunded debt prior to the advance refunding was \$5,014,739 from 2016 through 2032. The cash flow requirements on the refunding bonds are \$4,571,096 from 2016 through 2032. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$373,276.

##### ***Current Refunding***

On November 19, 2015, the city issued \$1,345,000 in general obligation bonds with an average coupon rate of 2.7% to refund \$1,625,000 of outstanding bonds with an average coupon rate of 3.9%. The net proceeds along with existing funds of the city were used to prepay the outstanding debt in January 2016. Within the fund statements, this payoff is recorded as a payable and expenditure for 2015.

The cash flow requirements on the refunded debt prior to the current refunding was \$1,986,803 from 2016 through 2025. The cash flow requirements on the refunding bonds are \$1,709,783 from 2016 through 2025. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$159,126.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### ***F. NET POSITION/FUND BALANCES***

Net position reported on the government-wide statement of net position at December 31, 2015 includes the following:

#### ***Governmental Activities***

Net Investment in Capital Assets	
Land	\$ 9,018,127
Construction in progress	1,370,309
Other capital assets, net of accumulated depreciation	68,746,604
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(14,450,637)</u>
Total Net Investment in Capital Assets	64,684,403
Restricted for debt service	6,925,597
Restricted donations for future construction	1,589,000
Restricted for pension	<u>1,123,544</u>
Total Restricted	9,638,141
Unrestricted	<u>13,031,913</u>
Total Governmental Activities Net Position	<u>\$ 87,354,457</u>

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### **F. NET POSITION/FUND BALANCES (cont.)**

##### **Governmental Activities (cont.)**

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

Fund Balances	General Fund	Debt Service	Capital Projects	Port Authority TIF	Nonmajor Funds	Totals
<b>Nonspendable:</b>						
Prepaid items	69,348	-	10,000	-	606	79,954
<b>Restricted for:</b>						
Debt service	-	5,256,841	-	-	-	5,256,841
Capital projects	-	-	1,589,000	-	-	1,589,000
Port Authority TIF	-	-	-	4,534,417	-	4,534,417
<b>Committed for:</b>						
Fire safety education	-	-	-	-	2,400	2,400
GIS	-	-	-	-	28,161	28,161
Port authority - general	-	-	-	-	160,380	160,380
<b>Assigned for:</b>						
Compensated absences	899,281	-	-	-	-	899,281
Armory debt payments	259,666	-	-	-	-	259,666
Health insurance	225,000	-	-	-	-	225,000
Building maintenance	67,834	-	-	-	-	67,834
Park maintenance	322,543	-	-	-	-	322,543
Election equipment	61,733	-	-	-	-	61,733
Various projects/equipment	1,145,575	-	5,390,793	-	-	6,536,368
Building CIP	-	-	581,275	-	-	581,275
Street CIP	-	-	344,536	-	-	344,536
Equipment CIP	-	-	607,151	-	-	607,151
<b>Unassigned:</b>	6,506,697	-	-	-	-	6,506,697
Total Fund Balances	<u>\$ 9,557,677</u>	<u>\$ 5,256,841</u>	<u>\$ 8,522,755</u>	<u>\$ 4,534,417</u>	<u>\$ 191,547</u>	<u>\$ 28,063,237</u>

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### **F. NET POSITION/FUND BALANCES (cont.)**

##### **Business-Type Activities**

Net Investment in Capital Assets	
Land	\$ 2,668,667
Construction in progress	1,034,636
Other capital assets, net of accumulated depreciation	94,598,889
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(1,493,635)</u>
Total Net Investment in Capital Assets	96,808,557
Unrestricted	<u>20,376,753</u>
Total Business-Type Activities Net Position	<u>\$ 117,185,310</u>

#### **G. RESTATEMENT OF NET POSITION**

Net position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension liability and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of the restatement are as follows:

	Governmental Activities	Business-type Activities	Water	Sewer	Storm Water	Arena
Net Position - December 31, 2014 (as reported)	\$ 86,050,450	\$ 117,542,845	\$ 40,483,893	\$ 35,648,909	\$ 39,669,659	\$ 1,740,384
Add: Net pension asset	888,208	-	-	-	-	-
Add: Deferred outflows related to pensions	425,728	33,414	11,418	11,408	5,223	5,365
Less: Net pension liability	<u>(4,762,952)</u>	<u>(842,726)</u>	<u>(287,977)</u>	<u>(287,719)</u>	<u>(131,727)</u>	<u>(135,303)</u>
Net Position - December 31, 2014 (as restated)	<u>\$ 82,601,434</u>	<u>\$ 116,733,533</u>	<u>\$ 40,207,334</u>	<u>\$ 35,372,598</u>	<u>\$ 39,543,155</u>	<u>\$ 1,610,446</u>

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V – OTHER INFORMATION

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#### **A. EMPLOYEES' RETIREMENT SYSTEM**

##### **Public Employees Retirement Association (PERA)**

##### **Summary of Significant Accounting Policies**

**Pension.** 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.

##### **General Information About the Pension Plan**

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

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

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

##### 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 a local relief association that elected to merge with and transfer assets and administration to PERA.

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

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent 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.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V – OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *Public Employees Retirement Association (PERA)* (cont.)

###### 1. GERF Benefits

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

###### 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 hired 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 members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

###### 1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The City's contributions to the GERF for the year ended December 31, 2015, were \$292,241. The City's contributions were equal to the required contributions as set by state statute.

###### 2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2015. The City's contributions to the PEPFF for the year ended December 31, 2015, were \$321,538. The City's contributions were equal to the required contributions as set by state statute.

**CITY OF ROSEMOUNT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**NOTE V – OTHER INFORMATION (cont.)**

**A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)**

**Public Employees Retirement Association (PERA) (cont.)**

**Pension Costs**

1. GERF Pension Costs

At December 31, 2015, the City reported a liability of \$3,342,725 for its proportionate share of the GERF’s net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2015, the City’s proportion was .0645%.

For the year ended December 31, 2015, the City recognized pension expense of \$340,185 for its proportionate share of the GERF’s pension expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 168,530
Net differences between projected and actual earnings on pension plan investments	316,440	-
Changes in proportion	-	271,281
Employer contributions subsequent to the measurement date	147,749	-
<b>Totals</b>	<b>\$ 464,189</b>	<b>\$ 439,811</b>

\$147,749 reported as deferred outflows related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**CITY OF ROSEMOUNT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**NOTE V – OTHER INFORMATION (cont.)**

**A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)**

**Public Employees Retirement Association (PERA) (cont.)**

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 79,110	\$ 146,604
2017	79,110	146,604
2018	79,110	146,603
2019	79,110	-

2. PEPFF Pension Costs

At December 31, 2015, the City reported a liability of \$2,420,178 for its proportionate share of the PEPFF’s net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2015, the City’s proportion was .213%.

For the year ended December 31, 2015, the City recognized pension expense of \$399,125 for its proportionate share of the PEPFF’s pension expense. The City also recognized \$19,170 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 392,474
Net differences between projected and actual earnings on pension plan investments	421,676	-
Changes in proportion	72,003	-
Employer contributions subsequent to the measurement date	<u>167,321</u>	<u>-</u>
Totals	<u>\$ 661,000</u>	<u>\$ 392,474</u>

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V – OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *Public Employees Retirement Association (PERA)* (cont.)

\$167,321 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 119,820	\$ 78,495
2017	119,820	78,495
2018	119,820	78,495
2019	119,820	78,495
2020	14,399	78,494

#### **Actuarial Assumptions**

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

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1% effective every January 1st through 2034 and 2.5% thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERP was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009.

There were no changes in actuarial assumptions in 2015.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### NOTE V – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *Public Employees Retirement Association (PERA)* (cont.)

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

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

	1% Decrease to Discount Rate (6.90%)	Current Discount Rate (7.90%)	1% Increase to Discount Rate (8.90%)
City's proportionate share of the GERF net pension liability	\$5,255,951	\$3,342,725	\$1,762,693
City's proportionate share of the PEPFF net pension liability	\$4,716,953	\$2,420,178	\$522,642

**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); by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V – OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### **Rosemount Fire Department Relief Association-Defined Benefit Pension Plan**

**Plan Description.** The City of Rosemount contributes to the Rosemount Fire Department Relief Association Pension Plan; a single-employer retirement system administered by the Rosemount Fire Department Relief Association. The Rosemount Fire Department Relief Association provides a lump-sum benefit to its members upon retirement, total disability or death. These benefit provisions are established and can be amended by the Rosemount Fire Department Relief Association's Board of Trustees with approval by the Rosemount City Council.

**Benefits.** Individuals with at least 20 years of service who have reached age 50 are entitled to a lump-sum payment of \$6,900 per year of service. In the event an otherwise qualified member has less than 20 years of service, the member is eligible for a pension payment of 60 percent after 10 years of service, increasing 4 percent for each year of service after 10 years to a maximum of 100 percent. Members retiring before 50 do not receive distributions until age 50, but interest at 5% per year is added to their retirement benefit until paid.

**Employees covered by benefit terms.** At December 31, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	7
Active members	<u>40</u>
	<u>47</u>

**Contributions.** The contribution requirements are established and may be amended by the Minnesota State Legislature. The Rosemount Fire Department Relief Association is comprised of volunteers. Therefore, there are no covered payroll amounts or member contributions required.

**Pension Costs.** At December 31, 2015, the City reported a net pension asset of \$1,123,544 for the plan. The net pension asset was measured as of December 31, 2014. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by applying an actuarial formula to specific census data certified by the Department as of December 31, 2014.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### NOTE V – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *Rosemount Fire Department Relief Association-Defined Benefit Pension Plan* (cont.)

The following table presents the changes in net pension asset during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
	<u>(a)</u>	<u>(b)</u>	<u>(a-b)</u>
Beginning balance, January 1, 2015	\$ 1,985,922	\$ 2,874,130	\$ (888,208)
Changes for the year			
Service cost	113,354	-	113,354
Interest on pension liability	125,956	-	125,956
Contributions (State and local)	-	296,595	(296,595)
Net investment income	-	186,351	(186,351)
Administrative costs	-	(8,300)	8,300
	<u>239,310</u>	<u>474,646</u>	<u>(235,336)</u>
Total net changes			
Ending balance, December 31, 2015	<u>\$ 2,225,232</u>	<u>\$ 3,348,776</u>	<u>\$ (1,123,544)</u>

For the year ended December 31, 2015, the city recognized pension expense of \$65,462.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
Employer contributions subsequent to the measurement date	\$ 109,000	\$ -

Deferred outflows of resources totaling \$109,000 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### NOTE V – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *Rosemount Fire Department Relief Association-Defined Benefit Pension Plan* (cont.)

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

50 percent of active members will retire when reaching retirement eligibility (later of age 50 and 20 years of service); then 50 percent retire each subsequent year until 100 percent retirement at the earlier of age 65 or 30 years of service.

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Asset:	December 31, 2014
Actuarial Cost Method:	Entry Age
Index rate for 20-year, tax exempt municipal bonds	3.56%
Long-Term Expected Rate of Return:	6.0%
Discount Rate:	6.0%
Inflation:	2.75%
Mortality:	RP-2000 tables (July 1, 2015 Minnesota PERA Police & Fire Plan actuarial valuation)

There were no changes in actuarial assumptions in 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of pension plan investment expense and inflation) were developed for each major asset class. The asset class estimates were combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected inflation (2.75%).

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

Asset Class	Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-term Expected Nominal Rate of Return
Domestic equity	57.82%	5.00%	7.75%
International equity	1.52	5.00	7.75
Fixed income	16.53	1.75	4.5
Real estate and alternatives	0.85	4.00	6.75
Cash and cash equivalents	23.28	0.25	3.00
Total	100.00 %	3.25%	6.00%

**CITY OF ROSEMOUNT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**NOTE V – OTHER INFORMATION (cont.)**

**A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)**

**Rosemount Fire Department Relief Association-Defined Benefit Pension Plan (cont.)**

**Discount rate.** The discount rate used to measure the total pension liability was 6 percent. The discount rate was developed using the alternative method. Considering the plan’s current overfunded status, combined with statutory funding requirements, it is assumed the projected plan assets will be adequate to pay future retiree benefits. 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.

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

	1 Percent Decrease (5.00%)	Current (6.00%)	1 Percent Increase (7.00%)
Defined benefit plan	\$ 1,047,658	\$ 1,123,544	\$ 1,197,090

**Pension plan fiduciary net position.** The Rosemount Fire Department Relief Association issues a publicly available financial report that includes financial statements and required supplementary information for the Rosemount Fire Department Relief Association Pension Plan. That report may be obtained by writing to City of Rosemount, 2875 145<sup>th</sup> Street West, Rosemount, Minnesota 55068-4997, or by calling (651) 423-4411.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V – OTHER INFORMATION (cont.)

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#### ***B. RISK MANAGEMENT***

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City purchases commercial insurance and participates in a public entity risk pool called the Minnesota League of Cities Insurance Trust to provide coverage for these various risks of loss. Settled claims have not exceeded coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

The City has established an internal service fund (Insurance Fund) to account for and finance uninsured risks of loss related to torts, theft of, damage to and destruction of assets, including deductibles. The majority of the City's general liability and workers compensation insurance premiums are paid for by this fund. At December 31, 2015, there are no claims liabilities in the Insurance Fund based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

#### ***C. COMMITMENTS AND CONTINGENCIES***

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

# CITY OF ROSEMOUNT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V – OTHER INFORMATION (cont.)

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#### **C. COMMITMENTS AND CONTINGENCIES (cont.)**

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The City has active construction projects as of December 31, 2015. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. \$672,529 remains on commitments on signed contracts that was not year complete as of year-end.

In 2007, the City committed to a municipal revenue obligation as part of a development agreement with 146<sup>th</sup> Street Partners, Limited Partnership. The amount of the obligation is \$1,500,000, and is payable to the developer solely from available tax increments collected from a specific portion of the development. Payments are scheduled through the year 2032, and carry an interest rate of 4.96%. The obligation does not constitute a charge upon any funds of the city. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the city. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end has not been determined.

#### **D. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- > Statement No. 79, *Certain External Investment Pools and Pool Participants*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ROSEMOUNT**

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

SCHEDULE OF REVENUES COMPARED TO BUDGET (BUDGETARY BASIS) - BUDGET AND ACTUAL

For the Year Ended December 31, 2015

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
General property tax	\$ 7,655,301	\$ 7,655,301	\$ 7,674,368	\$ 19,067
Fiscal disparities	1,172,199	1,172,199	1,172,199	-
Other	355,000	355,000	338,606	(16,394)
Total Taxes	<u>9,182,500</u>	<u>9,182,500</u>	<u>9,185,173</u>	<u>2,673</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
Federal grants	-	-	96,190	96,190
State aid - police	160,000	160,000	177,808	17,808
State aid - general government	35,000	35,000	46,220	11,220
State aid - highway	32,800	32,800	41,235	8,435
Other	87,400	89,900	97,616	7,716
Total Intergovernmental Revenues	<u>315,200</u>	<u>317,700</u>	<u>459,069</u>	<u>141,369</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
General government	828,400	828,400	929,647	101,247
Public safety	37,400	37,400	36,589	(811)
Highways and streets	32,500	32,500	93,652	61,152
Parks and recreation	242,200	242,200	217,056	(25,144)
SAC	2,500	2,500	5,407	2,907
Total Charges for Services	<u>1,143,000</u>	<u>1,143,000</u>	<u>1,282,351</u>	<u>139,351</u>
<b>LICENSES AND PERMITS</b>				
Business	51,000	51,000	60,015	9,015
Non-business	484,800	484,800	634,750	149,950
Total Licenses and Permits	<u>535,800</u>	<u>535,800</u>	<u>694,765</u>	<u>158,965</u>
<b>FINES AND FORFEITURES</b>				
County	125,000	125,000	114,580	(10,420)
<b>SPECIAL ASSESSMENTS</b>				
	1,000	1,000	-	(1,000)
<b>INVESTMENT INCOME AND MISCELLANEOUS</b>				
Interest earnings	90,500	90,500	123,551	33,051
Change in fair value of investments	-	-	16,629	16,629
Miscellaneous general revenues	4,000	116,371	63,034	(53,337)
Donations	-	40,048	39,800	(248)
Rents	23,000	23,000	18,400	(4,600)
Total Investment income and miscellaneous	<u>117,500</u>	<u>269,919</u>	<u>261,414</u>	<u>(8,505)</u>
Total Revenues	<u>11,420,000</u>	<u>11,574,919</u>	<u>11,997,352</u>	<u>422,433</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	3,500	3,500	16,123	12,623
Total Revenues and Other Financing Sources	<u>\$ 11,423,500</u>	<u>\$ 11,578,419</u>	<u>\$ 12,013,475</u>	<u>\$ 435,056</u>

See auditors' report and accompanying notes to required supplementary information.

**CITY OF ROSEMOUNT**

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER USES (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended December 31, 2015

CURRENT EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Mayor and council	\$ 180,600	\$ 180,600	\$ 505,009	\$ (324,409)
Executive	515,600	522,971	530,507	(7,536)
Elections	20,000	20,000	17,555	2,445
Finance	496,100	496,100	469,640	26,460
Community development	943,900	943,900	937,761	6,139
General government	<u>351,100</u>	<u>351,100</u>	<u>372,684</u>	<u>(21,584)</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>2,507,300</u>	<u>2,514,671</u>	<u>2,833,156</u>	<u>(318,485)</u>
<b>PUBLIC SAFETY</b>				
Police department	3,545,400	3,657,292	3,595,426	61,866
Fire department	<u>410,100</u>	<u>438,575</u>	<u>418,985</u>	<u>19,590</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>3,955,500</u>	<u>4,095,867</u>	<u>4,014,411</u>	<u>81,456</u>
<b>PUBLIC WORKS</b>				
Government building maintenance	521,600	521,600	483,399	38,201
Fleet maintenance	691,300	691,300	582,935	108,365
Street maintenance	1,332,100	1,332,100	1,173,084	159,016
Park maintenance	<u>912,400</u>	<u>912,400</u>	<u>795,254</u>	<u>117,146</u>
<b>TOTAL PUBLIC WORKS</b>	<u>3,457,400</u>	<u>3,457,400</u>	<u>3,034,672</u>	<u>422,728</u>
<b>PARKS AND RECREATION</b>	<u>1,373,300</u>	<u>1,380,481</u>	<u>1,298,271</u>	<u>82,210</u>
<b>CAPITAL OUTLAY</b>	<u>-</u>	<u>-</u>	<u>146,924</u>	<u>(146,924)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>130,000</u>	<u>130,000</u>	<u>630,000</u>	<u>(500,000)</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 11,423,500</u>	<u>\$ 11,578,419</u>	<u>11,957,434</u>	<u>\$ (379,015)</u>
Beginning of year budget basis encumbrances			1,689,607	
End of year budget basis encumbrances			<u>(2,027,596)</u>	
GAAP basis expenditures and other financing uses			<u>\$ 11,619,445</u>	

See auditors' report and accompanying notes to required supplementary information.

**CITY OF ROSEMOUNT**

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND  
REQUIRED SUPPLEMENTARY INFORMATION (Last Ten Years\*)  
For the Year Ended December 31, 2015

City Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension ** Liability (a)	City's Covered Payroll (b)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the total Pension Liability
12/31/15	6/30/15	0.0645%	\$ 3,342,725	\$ 3,896,543	85.79%	78.20%

\* This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

\*\*For purposes of this schedule, covered payroll is defined as "pensionable wages."

SCHEDULE OF EMPLOYER CONTRIBUTIONS -  
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND  
REQUIRED SUPPLEMENTARY INFORMATION (Last Ten Years\*)  
For the Year Ended December 31, 2015

City Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll ** (d)	Contributions as a Percentage of Covered Payroll (b/d)
12/31/15	6/30/15	\$ 292,241	\$ 292,241	\$ -	\$ 3,896,543	7.50%

\* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

\*\*For purposes of this schedule, covered payroll is defined as "pensionable wages."

## CITY OF ROSEMOUNT

### SCHEDULE OF CHANGES IN THE ROSEMOUNT FIRE DEPARTMENT RELIEF ASSOCIATION'S NET PENSION ASSET AND RELATED RATIOS REQUIRED SUPPLEMENTARY INFORMATION (Last Ten Years\*) For the Year Ended December 31, 2015

	<u>City's year end 2015 Measurement date 2014</u>
<b>Total Pension Liability</b>	
Service cost	\$ 113,354
Interest	125,956
Net change in total pension liability	239,310
Total pension liability - beginning	1,985,922
Total pension liability - ending	\$ 2,225,232
<b>Plan Fiduciary Net Position</b>	
Contributions (State and local)	\$ 296,595
Net investment income	186,351
Administrative costs	(8,300)
Net change in plan fiduciary net position	474,646
Plan fiduciary net position - beginning	2,874,130
Plan fiduciary net position - ending	\$ 3,348,776
<b>Net pension liability/(asset) - ending</b>	<b>\$ (1,123,544)</b>
Plan fiduciary net position as a percentage of the total pension liability	150.49%

\* This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

### SCHEDULE OF EMPLOYER CONTRIBUTIONS - ROSEMOUNT FIRE DEPARTMENT RELIEF ASSOCIATION REQUIRED SUPPLEMENTARY INFORMATION (Last Ten Years\*) For the Year Ended December 31, 2015

City Fiscal Year End Date	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)
12/31/15	\$ 109,000	\$ 109,000	\$ -

\* This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

**CITY OF ROSEMOUNT**

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
PUBLIC EMPLOYEES POLICE AND FIRE FUND  
REQUIRED SUPPLEMENTARY INFORMATION (Last Ten Years\*)  
For the Year Ended December 31, 2015

City Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension ** Liability (a)	City's Covered Payroll (b)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the total Pension Liability
12/31/15	6/30/15	0.2130%	\$ 2,420,178	\$ 1,984,803	121.94%	86.60%

\* This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

\*\*For purposes of this schedule, covered payroll is defined as "pensionable wages."

SCHEDULE OF EMPLOYER CONTRIBUTIONS -  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION - PEPFF  
REQUIRED SUPPLEMENTARY INFORMATION (Last Ten Years\*)  
For the Year Ended December 31, 2015

City Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll ** (d)	Contributions as a Percentage of Covered Payroll (b/d)
12/31/15	6/30/15	\$ 321,538	\$ 321,538	\$ -	\$ 1,984,803	16.20%

\* This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

\*\*For purposes of this schedule, covered payroll is defined as "pensionable wages."

# CITY OF ROSEMOUNT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2015

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### Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting with departures from generally accepted accounting principles for encumbrances.

Excess expenditures over appropriations are as follows:

<u>General Fund</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Mayor and council	\$ 180,600	\$ 505,009	\$ 324,409
Executive	522,971	530,507	7,536
General government	351,100	372,684	21,584
Capital outlay	-	146,924	146,924

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**SUPPLEMENTARY INFORMATION**

**CITY OF ROSEMOUNT**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2015

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Fire Safety Education	GIS	Port Authority General	
<b>ASSETS</b>				
Cash and investments	\$ 2,400	\$ 28,161	\$ 161,863	\$ 192,424
Prepaid items	-	-	606	606
<b>Total assets</b>	<u>\$ 2,400</u>	<u>\$ 28,161</u>	<u>\$ 162,469</u>	<u>\$ 193,030</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 1,271	\$ 1,271
Accrued liabilities	-	-	212	212
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>1,483</u>	<u>1,483</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	606	606
Committed	2,400	28,161	160,380	190,941
<b>Total fund balances</b>	<u>2,400</u>	<u>28,161</u>	<u>160,986</u>	<u>191,547</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,400</u>	<u>\$ 28,161</u>	<u>\$ 162,469</u>	<u>\$ 193,030</u>

## CITY OF ROSEMOUNT

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2015

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Fire Safety Education	GIS	Port Authority General	
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 58,000	\$ 58,000
Intergovernmental	-	-	287,090	287,090
Public charges for services	-	9,240	-	9,240
Investment income and miscellaneous	564	28	132	724
Total Revenues	564	9,268	345,222	355,054
<b>EXPENDITURES</b>				
Current:				
General government	-	-	81,363	81,363
Capital Outlay	-	-	287,090	287,090
Total Expenditures	-	-	368,453	368,453
Excess (deficiency) of revenues over expenditures	564	9,268	(23,231)	(13,399)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out:				
Capital projects fund	-	-	(86,437)	(86,437)
Net change in fund balance	564	9,268	(109,668)	(99,836)
FUND BALANCES - Beginning of Year	1,836	18,893	270,654	291,383
FUND BALANCES - END OF YEAR	\$ 2,400	\$ 28,161	\$ 160,986	\$ 191,547

**CITY OF ROSEMOUNT**

BUILDING CIP CAPITAL PROJECT SUB-FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Amounts		
<b>REVENUES</b>				
Taxes	\$ 24,000	\$ 24,000	\$ 24,000	\$ -
Charges for services	800,000	800,000	1,424,116	624,116
Contributions and donations	-	400,000	-	(400,000)
Investment income	10,500	10,500	16,647	6,147
<b>Total Revenues</b>	<u>834,500</u>	<u>1,234,500</u>	<u>1,464,763</u>	<u>230,263</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,500	2,500	2,844	(344)
Capital Outlay	3,134,800	3,534,800	2,808,950	725,850
Debt Service:				
Interest on lease	4,200	4,200	4,255	(55)
<b>Total Expenditures</b>	<u>3,141,500</u>	<u>3,541,500</u>	<u>2,816,049</u>	<u>725,451</u>
<b>Net Change in Fund Balance</b>	<u>(2,307,000)</u>	<u>(2,307,000)</u>	<u>(1,351,286)</u>	<u>955,714</u>
<b>FUND BALANCE - Beginning</b>	<u>2,205,275</u>	<u>2,205,275</u>	<u>2,205,275</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ (101,725)</u>	<u>\$ (101,725)</u>	<u>\$ 853,989</u>	<u>\$ 955,714</u>

## CITY OF ROSEMOUNT

STREET CIP CAPITAL PROJECT SUB-FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2015

<b>REVENUES</b>	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
Taxes	\$ 760,000	\$ 760,000	\$ -
Charges for services	125,000	125,000	-
Special assessments	-	668,236	668,236
Investment income	2,500	(4,585)	(7,085)
Miscellaneous	-	7,998	7,998
<b>Total Revenues</b>	<u>887,500</u>	<u>1,556,649</u>	<u>669,149</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,500	3,484	(984)
Public works	-	17,529	(17,529)
Capital Outlay	949,300	348,649	600,651
<b>Total Expenditures</b>	<u>951,800</u>	<u>369,662</u>	<u>582,138</u>
Excess (deficiency) of revenues over expenditures	<u>(64,300)</u>	<u>1,186,987</u>	<u>1,251,287</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	47,577	47,577
<b>Net Change in Fund Balance</b>	<b>(64,300)</b>	<b>1,234,564</b>	<b>1,298,864</b>
<b>FUND BALANCE - Beginning</b>	<u>2,392,325</u>	<u>2,392,325</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 2,328,025</u>	<u>\$ 3,626,889</u>	<u>\$ 1,298,864</u>

## CITY OF ROSEMOUNT

EQUIPMENT CIP CAPITAL PROJECT SUB-FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2015

<b>REVENUES</b>	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
Taxes	\$ 540,000	\$ 540,000	\$ -
Investment income	7,500	25,008	17,508
Miscellaneous	-	1,644	1,644
<b>Total Revenues</b>	<u>547,500</u>	<u>566,652</u>	<u>19,152</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,500	2,500	-
Capital Outlay	856,100	683,944	172,156
<b>Total Expenditures</b>	<u>858,600</u>	<u>686,444</u>	<u>172,156</u>
Excess (deficiency) of revenues over expenditures	<u>(311,100)</u>	<u>(119,792)</u>	<u>191,308</u>
<b>OTHER FINANCING SOURCES</b>			
Sale of capital assets	9,000	54,578	45,578
Transfers in	-	500,000	500,000
<b>Total Other Financing Sources</b>	<u>9,000</u>	<u>554,578</u>	<u>545,578</u>
Net Change in Fund Balance	(302,100)	434,786	736,886
FUND BALANCE - Beginning	<u>1,456,097</u>	<u>1,456,097</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,153,997</u>	<u>\$ 1,890,883</u>	<u>\$ 736,886</u>

## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	69
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	74
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	78
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	83
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	85

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**Schedule 1**  
**City of Rosemount**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
(Accrual Basis of Accounting)

	<b>Fiscal Years</b>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 34,221,147	\$ 39,140,878	\$ 37,876,848	\$ 41,347,888	\$ 49,563,765	\$ 53,419,036	\$ 54,828,890	\$ 57,746,938	\$ 58,438,402	\$ 64,684,403
Restricted	7,554,872	8,736,586	6,621,026	4,637,711	5,361,675	5,764,792	6,608,554	7,148,774	9,698,513	9,638,141
Unrestricted	11,090,854	9,602,486	14,114,135	14,979,767	14,089,305	16,772,383	15,970,416	15,883,105	17,913,535	13,031,913
<b>Total governmental activities net position</b>	<u>52,866,873</u>	<u>57,479,950</u>	<u>58,612,009</u>	<u>60,965,366</u>	<u>69,014,745</u>	<u>75,956,211</u>	<u>77,407,860</u>	<u>80,778,817</u>	<u>86,050,450</u>	<u>87,354,457</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 82,445,638	\$ 86,225,033	\$ 89,687,681	\$ 91,948,323	\$ 89,025,234	\$ 90,695,202	\$ 93,501,405	\$ 95,770,585	\$ 98,194,408	\$ 96,808,557
Unrestricted	21,187,968	21,307,733	20,158,226	18,517,148	20,059,049	17,772,742	19,247,600	18,591,663	19,348,437	20,376,753
<b>Total business-type activities net position</b>	<u>103,633,606</u>	<u>107,532,766</u>	<u>109,845,907</u>	<u>110,465,471</u>	<u>109,084,283</u>	<u>108,467,944</u>	<u>112,749,005</u>	<u>114,362,248</u>	<u>117,542,845</u>	<u>117,185,310</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 116,666,785	\$ 125,365,911	\$ 127,564,529	\$ 133,296,211	\$ 138,588,999	\$ 144,114,238	\$ 148,330,295	\$ 153,517,523	\$ 156,632,810	\$ 161,492,960
Restricted	7,554,872	8,736,586	6,621,026	4,637,711	5,361,675	5,764,792	6,608,554	7,148,774	9,698,513	9,638,141
Unrestricted	32,278,822	30,910,219	34,272,361	33,496,915	34,148,354	34,545,125	35,218,016	34,474,768	37,261,972	33,408,666
<b>Total primary government net position</b>	<u>\$ 156,500,479</u>	<u>\$ 165,012,716</u>	<u>\$ 168,457,916</u>	<u>\$ 171,430,837</u>	<u>\$ 178,099,028</u>	<u>\$ 184,424,155</u>	<u>\$ 190,156,865</u>	<u>\$ 195,141,065</u>	<u>\$ 203,593,295</u>	<u>\$ 204,539,767</u>

Source: City of Rosemount Comprehensive Annual Financial Reports

**Schedule 2**  
**City of Rosemount**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
(Accrual Basis of Accounting)

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental activities</b>										
General government	\$ 2,722,728	\$ 2,610,367	\$ 2,639,752	\$ 2,754,573	\$ 2,671,886	\$ 2,612,911	\$ 2,701,234	\$ 2,583,271	\$ 2,961,500	\$ 2,878,070
Public safety	2,928,783	3,293,615	3,468,249	3,688,658	3,819,520	3,763,742	3,872,633	4,051,642	4,233,610	4,378,347
Public works	7,724,300	4,974,625	5,279,784	4,260,284	4,326,903	4,336,345	4,341,203	5,448,047	5,764,176	4,468,049
Culture, education and recreation	1,257,556	1,386,322	1,417,400	1,378,619	1,477,525	1,496,068	2,405,676	1,586,449	1,613,600	1,643,886
Conservation and economic development	342	9,677	1,956,865	648,476	149,701	9,069	-	3,267	1,032,304	53,040
Interest and fiscal charges	921,318	841,108	958,900	750,226	690,896	637,609	541,386	517,067	501,682	569,722
<b>Total governmental activities expenses</b>	<b>15,555,027</b>	<b>13,115,714</b>	<b>15,720,950</b>	<b>13,480,836</b>	<b>13,136,431</b>	<b>12,855,744</b>	<b>13,862,132</b>	<b>14,189,743</b>	<b>16,106,872</b>	<b>13,991,114</b>
<b>Business-Type activities</b>										
Water Utility	1,603,391	2,366,263	1,893,099	1,878,310	1,861,467	1,792,613	1,827,543	1,903,275	1,962,833	2,219,781
Sewer Utility	1,913,071	2,059,411	2,123,397	2,313,576	2,305,503	2,386,660	2,317,324	2,425,486	2,522,913	2,575,330
Storm Water Utility	916,557	1,245,492	988,716	989,808	1,010,678	950,114	968,935	989,574	1,122,839	1,117,526
Arena	457,897	468,017	537,530	456,706	484,278	479,707	498,118	578,345	493,943	497,838
<b>Total Business-Type activities expenses</b>	<b>4,890,916</b>	<b>6,139,183</b>	<b>5,542,742</b>	<b>5,638,400</b>	<b>5,661,926</b>	<b>5,609,094</b>	<b>5,611,920</b>	<b>5,896,680</b>	<b>6,102,528</b>	<b>6,410,475</b>
<b>Total primary government expenses</b>	<b>\$ 20,445,943</b>	<b>\$ 19,254,897</b>	<b>\$ 21,263,692</b>	<b>\$ 19,119,236</b>	<b>\$ 18,798,357</b>	<b>\$ 18,464,838</b>	<b>\$ 19,474,052</b>	<b>\$ 20,086,423</b>	<b>\$ 22,209,400</b>	<b>\$ 20,401,589</b>
<b>Program Revenues</b>										
<b>Governmental activities</b>										
<b>Charges for services</b>										
General government	\$ 2,065,514	\$ 1,876,616	\$ 2,031,866	\$ 1,501,756	\$ 1,672,014	\$ 1,881,337	\$ 2,286,892	\$ 2,465,695	\$ 3,202,744	\$ 3,182,769
Public safety	117,017	159,624	203,056	169,112	151,802	169,718	184,011	139,432	146,973	151,168
Public works	25,159	8,893	32,160	15,050	20,912	68,166	45,564	53,813	59,417	99,060
Culture, education and recreation	351,867	693,482	403,560	244,374	263,238	272,958	365,486	342,100	571,222	728,567
<b>Operating grants and contributions</b>										
General government	25,608	25,823	22,580	-	-	-	46,326	-	-	-
Public safety	212,885	251,262	233,349	254,175	246,346	249,515	275,114	263,805	283,095	406,657
Public works	169,586	926,545	392,136	380,737	311,630	108,640	53,198	32,790	53,515	41,235
Culture, education and recreation	1,135	1,163	628	659	26,484	33,499	1,275	6,241	3,736	7,347
Conservation and economic development	18,500	15,400	82,803	60,100	20,100	67,400	-	20,635	22,536	23,000
<b>Capital grants and contributions</b>										
General government	8,746	117,025	1,775	7,118	-	-	-	-	1,988,610	-
Public safety	-	1,562	337	3,971	697	-	-	-	18,131	-
Public works	5,218,862	4,667,378	3,762,115	1,206,361	5,320,892	4,214,641	3,628,190	3,967,849	4,318,692	1,650,864
Culture, education and recreation	1,349	423,305	531	4,203	9,218	-	-	-	-	-
Conservation and economic development	-	-	522,179	256,357	19,425	-	39,352	322,808	740,660	287,090
<b>Total governmental activities program revenues</b>	<b>8,216,228</b>	<b>9,168,078</b>	<b>7,689,075</b>	<b>4,103,973</b>	<b>8,062,758</b>	<b>7,065,874</b>	<b>6,925,408</b>	<b>7,615,168</b>	<b>11,409,331</b>	<b>6,577,757</b>

Schedule 2 (continued)  
City of Rosemount  
Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Business-Type activities</b>										
Charges for services										
Water Utility	2,115,864	2,092,633	2,027,618	1,764,784	1,952,359	1,983,264	2,406,557	2,167,709	2,379,147	2,552,123
Sewer Utility	1,722,929	1,677,768	1,767,732	1,482,651	1,470,801	1,470,626	1,707,730	1,716,022	1,733,646	1,873,687
Storm Water Utility	1,167,514	1,056,510	1,137,287	852,704	888,995	927,429	1,135,067	1,061,632	1,350,259	1,544,158
Arena	351,808	373,504	390,631	370,964	406,797	378,046	352,930	376,058	392,631	408,874
Operating grants and contributions										
Water Utility	-	-	-	-	-	-	-	-	9,901	-
Storm Water Utility	-	-	-	-	-	-	-	-	19,680	-
Capital grants and contributions										
Water Utility	107,855	46,807	56,388	70,279	72,960	243,835	168,573	371,582	180,568	75,622
Sewer Utility	90,776	88,516	392,757	416,493	71,656	110,538	207,422	83,484	98,863	85,848
Storm Water Utility	80	-	18,165	1,075,041	85,242	190,022	487,082	648,297	193,402	42,708
Arena	-	-	-	-	-	-	-	-	-	-
Total Business-Type activities program revenues	<u>5,556,826</u>	<u>5,335,738</u>	<u>5,790,578</u>	<u>6,032,916</u>	<u>4,948,810</u>	<u>5,303,760</u>	<u>6,465,361</u>	<u>6,424,784</u>	<u>6,358,097</u>	<u>6,583,020</u>
Total primary government program revenues	<u>13,773,054</u>	<u>14,503,816</u>	<u>13,479,653</u>	<u>10,136,889</u>	<u>13,011,568</u>	<u>12,369,634</u>	<u>13,390,769</u>	<u>14,039,952</u>	<u>17,767,428</u>	<u>13,160,777</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	(7,338,799)	(3,947,636)	(8,031,875)	(9,376,863)	(5,073,673)	(5,789,870)	(6,936,724)	(6,574,575)	(4,697,541)	(7,413,357)
Business-Type activities	<u>665,910</u>	<u>(803,445)</u>	<u>247,836</u>	<u>394,516</u>	<u>(713,116)</u>	<u>(305,334)</u>	<u>853,441</u>	<u>528,104</u>	<u>255,569</u>	<u>172,545</u>
Total primary government net expense	<u>\$ (6,672,889)</u>	<u>\$ (4,751,081)</u>	<u>\$ (7,784,039)</u>	<u>\$ (8,982,347)</u>	<u>\$ (5,786,789)</u>	<u>\$ (6,095,204)</u>	<u>\$ (6,083,283)</u>	<u>\$ (6,046,471)</u>	<u>\$ (4,441,972)</u>	<u>\$ (7,240,812)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Property taxes, levied for general purposes	\$ 7,275,781	\$ 8,640,194	\$ 9,437,336	\$ 9,768,391	\$ 10,023,255	\$ 10,266,170	\$ 10,001,071	\$ 10,123,158	\$ 10,328,709	\$ 10,479,883
Property taxes, levied for debt service	1,951,327	2,025,349	2,005,338	1,711,452	1,257,365	936,054	1,038,404	1,037,524	1,022,258	1,094,210
Other taxes	184,868	201,446	208,667	224,276	264,808	262,783	242,491	259,064	288,425	332,290
Investment income	1,064,315	967,337	611,533	297,536	164,474	243,193	136,310	121,886	221,243	181,754
Change in fair value of investments	n/a	(458,073)	319,644	(1,788)						
Gain (loss) on the sale of assets	-	-	(2,125,256)	(851,439)	-	130,114	13,248	12,883	-	7,328
Miscellaneous	131,352	326,263	365,516	340,763	429,150	204,149	127,617	116,123	103,615	104,237
Transfers	<u>(5,169,779)</u>	<u>(3,599,876)</u>	<u>(1,339,200)</u>	<u>239,241</u>	<u>984,000</u>	<u>688,873</u>	<u>(3,170,768)</u>	<u>(1,267,033)</u>	<u>(2,314,720)</u>	<u>(31,534)</u>
Total governmental activities	<u>5,437,864</u>	<u>8,560,713</u>	<u>9,163,934</u>	<u>11,730,220</u>	<u>13,123,052</u>	<u>12,731,336</u>	<u>8,388,373</u>	<u>9,945,532</u>	<u>9,969,174</u>	<u>12,166,380</u>
Business-Type activities										
Investment income	943,911	1,102,729	726,105	464,289	315,928	377,868	256,852	209,227	333,929	272,336
Change in fair value of investments	n/a	(391,121)	276,379	(24,638)						
Transfers	<u>5,169,779</u>	<u>3,599,876</u>	<u>1,339,200</u>	<u>(239,241)</u>	<u>(984,000)</u>	<u>(688,873)</u>	<u>3,170,768</u>	<u>1,267,033</u>	<u>2,314,720</u>	<u>31,534</u>
Total Business-Type activities	<u>6,113,690</u>	<u>4,702,605</u>	<u>2,065,305</u>	<u>225,048</u>	<u>(668,072)</u>	<u>(311,005)</u>	<u>3,427,620</u>	<u>1,085,139</u>	<u>2,925,028</u>	<u>279,232</u>
Total primary government	<u>11,551,554</u>	<u>13,263,318</u>	<u>11,229,239</u>	<u>11,955,268</u>	<u>12,454,980</u>	<u>12,420,331</u>	<u>11,815,993</u>	<u>11,030,671</u>	<u>12,894,202</u>	<u>12,445,612</u>
<b>Change in Net Position</b>										
Governmental activities	(1,900,935)	4,613,077	1,132,059	2,353,357	8,049,379	6,941,466	1,451,649	3,370,957	5,271,633	4,753,023
Business-Type activities	<u>6,779,600</u>	<u>3,899,160</u>	<u>2,313,141</u>	<u>619,564</u>	<u>(1,381,188)</u>	<u>(616,339)</u>	<u>4,281,061</u>	<u>1,613,243</u>	<u>3,180,597</u>	<u>451,777</u>
Total primary government	<u>\$ 4,878,665</u>	<u>\$ 8,512,237</u>	<u>\$ 3,445,200</u>	<u>\$ 2,972,921</u>	<u>\$ 6,668,191</u>	<u>\$ 6,325,127</u>	<u>\$ 5,732,710</u>	<u>\$ 4,984,200</u>	<u>\$ 8,452,230</u>	<u>\$ 5,204,800</u>

Source: City of Rosemount Comprehensive Annual Financial Reports

n/a - Not Available

**Schedule 3**  
**City of Rosemount**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(Modified Accrual Basis of Accounting)

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved for										
Prepaid items	\$ 31,447	\$ 25,797	\$ 34,120	\$ 78,379	\$ 33,280	\$ -	\$ -	\$ -	\$ -	\$ -
Encumbrances	334,104	558,190	524,904	638,254	465,544	-	-	-	-	-
Unreserved										
Designated	5,429,801	6,456,649	6,480,777	6,536,929	6,653,352	-	-	-	-	-
Undesignated	17,508	8,967	10,059	15,549	32,941	-	-	-	-	-
Nonspendable	-	-	-	-	-	85,067	80,623	67,266	66,238	69,348
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	1,894,348	2,319,433	2,292,257	2,808,794	2,981,632
Unassigned	-	-	-	-	-	5,700,071	5,905,056	6,001,628	6,288,615	6,506,697
Total General Fund	<u>5,812,860</u>	<u>7,049,603</u>	<u>7,049,860</u>	<u>7,269,111</u>	<u>7,185,117</u>	<u>7,679,486</u>	<u>8,305,112</u>	<u>8,361,151</u>	<u>9,163,647</u>	<u>9,557,677</u>
All Other Governmental Funds										
Reserved for										
Debt service	7,570,248	7,180,264	5,582,205	3,854,760	6,173,964	-	-	-	-	-
Special revenue funds - prepaid items	391	416	-	-	-	-	-	-	-	-
Capital projects funds - encumbrances	727,152	239,803	331,014	1,118,650	1,061,526	-	-	-	-	-
Unreserved										
Designated										
Capital projects funds	4,862,317	4,662,910	5,297,333	4,984,835	3,510,512	-	-	-	-	-
Special revenue funds	52,603	48,791	15,017	9,374	6,900	-	-	-	-	-
Undesignated										
Port Authority TIF fund	(2,971,333)	(3,370,688)	182,826	262,577	429,284	-	-	-	-	-
Special revenue funds	232,497	114,581	109,523	125,132	134,919	-	-	-	-	-
Nonspendable for										
Capital projects funds	-	-	-	-	-	-	10,000	10,000	10,000	10,000
Special revenue funds	-	-	-	-	-	-	-	-	549	606
Restricted for										
Debt service	-	-	-	-	-	4,782,476	4,193,284	4,554,980	4,976,137	5,256,841
Capital Projects	-	-	-	-	-	-	-	-	1,988,610	1,589,000
Port Authority TIF fund	-	-	-	-	-	677,057	887,616	1,046,218	1,021,730	4,534,417
Committed for										
Special revenue funds	-	-	-	-	-	159,048	191,307	214,031	290,834	190,941
Assigned for										
Capital projects funds	-	-	-	-	-	8,515,086	6,229,951	6,243,406	7,330,501	6,923,755
Total All Other Governmental Funds	<u>10,473,875</u>	<u>8,876,077</u>	<u>11,517,918</u>	<u>10,355,328</u>	<u>11,317,105</u>	<u>14,133,667</u>	<u>11,512,158</u>	<u>12,068,635</u>	<u>15,618,361</u>	<u>18,505,560</u>
Total All Funds	<u>\$ 16,286,735</u>	<u>\$ 15,925,680</u>	<u>\$ 18,567,778</u>	<u>\$ 17,624,439</u>	<u>\$ 18,502,222</u>	<u>\$ 21,813,153</u>	<u>\$ 19,817,270</u>	<u>\$ 20,429,786</u>	<u>\$ 24,782,008</u>	<u>\$ 28,063,237</u>

Source: City of Rosemount Comprehensive Annual Financial Reports

Note: Beginning in 2011, the categories of fund balance changed with the implementation of GASB statement No. 54.

**Schedule 4**  
**City of Rosemount**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(Modified Accrual Basis of Accounting)

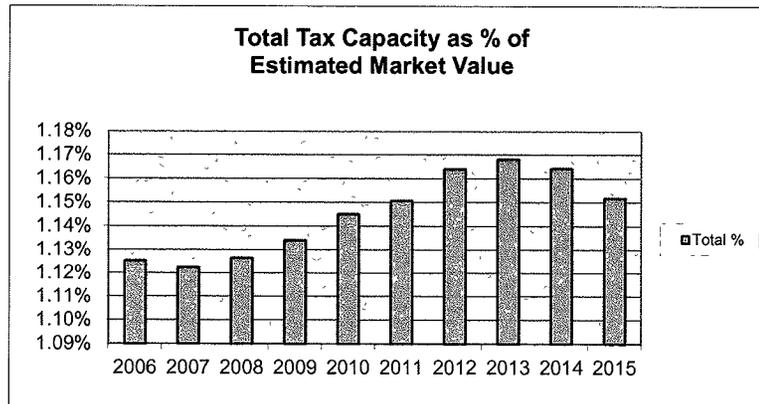
**Fiscal Years**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 9,111,739	\$ 10,447,961	\$ 11,079,607	\$ 11,049,769	\$ 10,822,174	\$ 10,643,333	\$ 10,376,939	\$ 10,514,617	\$ 10,747,756	\$ 10,940,420
Tax increments	40,236	159,030	296,735	379,351	448,253	576,675	660,056	660,130	646,636	720,963
Intergovernmental	402,106	1,194,371	1,511,195	947,554	4,051,643	2,394,400	584,381	2,288,281	2,509,924	882,930
Public charges for services	1,671,934	1,967,889	1,844,648	1,382,597	1,540,191	2,226,976	2,277,051	2,370,562	3,132,556	3,352,219
Licenses and permits	799,650	650,634	698,756	430,551	453,900	388,615	484,644	522,131	730,765	694,765
Fines and forfeitures	90,776	120,870	129,220	124,068	122,394	124,324	129,343	106,617	116,384	114,580
Special assessments	1,373,904	1,582,277	962,950	757,223	832,686	496,386	2,155,618	1,539,059	2,123,199	2,368,403
Investment income and miscellaneous	6,171,310	4,426,241	3,538,350	1,268,846	1,224,178	1,552,188	1,773,249	650,402	3,135,395	1,240,234
<b>Total revenues</b>	<b>19,661,655</b>	<b>20,549,273</b>	<b>20,061,461</b>	<b>16,339,959</b>	<b>19,495,419</b>	<b>18,402,897</b>	<b>18,441,281</b>	<b>18,651,799</b>	<b>23,142,615</b>	<b>20,314,514</b>
<b>Expenditures</b>										
General government	2,270,416	2,380,884	2,579,263	2,522,244	2,368,489	2,382,663	2,569,649	2,506,529	2,752,153	2,841,775
Public safety	2,626,053	2,913,163	3,096,468	3,297,520	3,366,500	3,436,225	3,510,222	3,632,212	3,762,826	4,014,411
Public works	2,822,803	2,568,514	3,105,778	2,687,294	2,805,767	3,078,059	3,032,940	3,285,257	3,192,487	2,957,952
Parks and recreation	1,080,786	1,152,615	1,186,883	1,153,777	1,239,742	1,239,857	1,271,513	1,321,946	1,304,867	1,298,271
Conservation and development	-	-	1,944,457	160,445	139,965	-	-	-	376,496	-
Capital Outlay	22,873,101	9,719,678	6,689,680	3,835,826	7,808,264	6,185,959	8,096,866	7,628,944	9,470,432	6,831,658
Debt Service										
Principal retirement	4,106,223	3,565,000	4,300,000	3,645,000	1,840,000	2,225,000	2,405,000	1,545,000	1,580,000	3,470,000
Interest and fiscal charges	903,470	1,013,010	843,205	826,350	726,878	677,469	582,377	511,526	508,605	573,607
<b>Total expenditures</b>	<b>36,682,852</b>	<b>23,312,864</b>	<b>23,745,734</b>	<b>18,128,456</b>	<b>20,295,605</b>	<b>19,225,232</b>	<b>21,468,567</b>	<b>20,431,414</b>	<b>22,947,866</b>	<b>21,987,674</b>
Excess (deficiency) of revenues over (under) expenditures	(17,021,197)	(2,763,591)	(3,684,273)	(1,788,497)	(800,186)	(822,335)	(3,027,286)	(1,779,615)	194,749	(1,673,160)
<b>Other financing sources (uses)</b>										
Issuance of long-term debt	4,775,000	450,000	6,425,000	-	1,355,000	2,080,000	810,000	1,500,000	2,400,000	4,680,000
Payment to escrow agent	(1,182,525)	(1,800)	-	-	-	-	-	-	-	-
Premium on long-term debt	21,147	-	-	-	-	-	-	-	-	180,637
Discount on long-term debt	(3,533)	-	-	-	-	-	-	-	-	-
Sale of capital assets	101,841	19,005	4,780	3,000	12,505	10,121	12,740	3,627	348,335	69,578
Transfers in	3,283,961	2,120,800	1,366,084	1,639,211	3,089,286	2,847,900	348,663	1,330,491	1,908,755	1,008,983
Transfers out	(219,031)	(185,469)	(1,469,493)	(797,053)	(2,778,822)	(804,755)	(140,000)	(441,987)	(499,617)	(984,809)
<b>Total other financing sources (uses)</b>	<b>6,776,860</b>	<b>2,402,536</b>	<b>6,326,371</b>	<b>845,158</b>	<b>1,677,969</b>	<b>4,133,266</b>	<b>1,031,403</b>	<b>2,392,131</b>	<b>4,157,473</b>	<b>4,954,389</b>
<b>Net change in fund balances</b>	<b>\$(10,244,337)</b>	<b>\$(361,055)</b>	<b>\$ 2,642,098</b>	<b>\$(943,339)</b>	<b>\$ 877,783</b>	<b>\$ 3,310,931</b>	<b>\$(1,995,883)</b>	<b>\$ 612,516</b>	<b>\$ 4,352,222</b>	<b>\$ 3,281,229</b>
<b>Fund balances - Beginning</b>	<b>26,531,072</b>	<b>16,286,735</b>	<b>15,925,680</b>	<b>18,567,778</b>	<b>17,624,439</b>	<b>18,502,222</b>	<b>21,813,153</b>	<b>19,817,270</b>	<b>20,429,786</b>	<b>24,782,008</b>
<b>Fund balances - Ending</b>	<b>\$ 16,286,735</b>	<b>\$ 15,925,680</b>	<b>\$ 18,567,778</b>	<b>\$ 17,624,439</b>	<b>\$ 18,502,222</b>	<b>\$ 21,813,153</b>	<b>\$ 19,817,270</b>	<b>\$ 20,429,786</b>	<b>\$ 24,782,008</b>	<b>\$ 28,063,237</b>
Debt service as a percentage of noncapital expenditures	36.3%	33.7%	30.2%	31.3%	20.1%	22.0%	22.3%	16.1%	15.5%	26.7%

Source: City of Rosemount Comprehensive Annual Financial Reports

**Schedule 5  
City of Rosemount  
Assessed Value (or Tax Capacity) and Estimated Market Value of All Taxable Property  
Last Ten Fiscal Years**

Pay-Year	Real Property		Personal Property		Total		City Tax Rate (2)	Total Tax Capacity as % of Estimated Market Value	State Tax Net Tax Capacity (1)
	Local Tax Net Tax Capacity (1)	Estimated Market Value	Local Tax Net Tax Capacity (1)	Estimated Market Value	Local Tax Net Tax Capacity (1)	Estimated Market Value			
2006	\$ 21,137,682	\$ 1,895,644,700	\$ 466,457	\$ 24,291,000	\$ 21,604,139	\$ 1,919,935,700	43.755	1.13%	\$ 4,611,764
2007	24,048,070	2,160,568,300	484,629	25,212,600	24,532,699	2,185,780,900	42.521	1.12%	5,088,943
2008	26,171,550	2,340,595,000	479,034	25,165,300	26,650,584	2,365,760,300	42.440	1.13%	5,661,820
2009	26,303,216	2,338,770,100	539,678	28,233,700	26,842,894	2,367,003,800	42.323	1.13%	6,048,039
2010	25,067,278	2,209,334,700	566,090	29,516,800	25,633,368	2,238,851,500	43.358	1.14%	6,321,515
2011	23,635,880	2,078,373,200	685,721	35,284,800	24,321,601	2,113,658,000	44.661	1.15%	6,248,792
2012	21,590,701	1,878,822,866	689,398	35,353,750	22,280,099	1,914,176,616	46.994	1.16%	6,203,052
2013	21,076,941	1,829,557,955	728,110	37,319,224	21,805,051	1,866,877,179	48.862	1.17%	6,237,507
2014	21,898,381	1,908,586,387	788,742	40,027,970	22,687,123	1,948,614,357	47.676	1.16%	6,371,221
2015	23,706,444	2,087,149,995	797,258	40,447,970	24,503,702	2,127,597,965	45.152	1.15%	6,429,613



Source: Dakota County Assessor's Office, Usage Classification Report - Real Estate and Personal Properties

Note: Property values shown are established at January 1 of the year preceding the "Pay-Year" listed. They are the basis of the taxes collected and applied to the "Pay-Year".

(1) Beginning with 2011, the State made changes in the valuations by adding a "Market Value Exclusion" for properties valued at less than \$414,000 that resulted in large reductions in the Estimated Market Values and the Net Tax Capacity Values.

(2) Rates taken from Schedule 6

Schedule 6  
City of Rosemount  
Property Tax Rates - All Direct and Overlapping Governmental Units  
Last Ten Fiscal Years  
(Rate per 1% of Market Value)

Year Collectible	City	City Market Referendum Rates (1)	School District No. 196	ISD 196	School District No. 199	ISD 199	School District No. 200	ISD 200	Dakota County	Dakota County	Special Districts (1)	Totals		
				Market Referendum Rates (1)		Market Referendum Rates (1)		Market Referendum Rates (1)		Referendum Rates (1)		School District No. 196	School District No. 199	School District No. 200
2006	43.755	0.00818	27.554	0.22437	17.796	0.14799	18.683	0.24688	26.318	0.00592	5.256	102.883	93.125	94.012
2007	42.521	0.00665	23.607	0.20824	16.607	0.13682	18.157	0.22957	25.127	0.00516	5.024	96.279	89.279	90.829
2008	42.440	0.00623	21.136	0.21274	19.764	0.13159	16.676	0.22733	25.184	0.00471	4.996	93.756	92.384	89.296
2009	42.323	0.00631	21.109	0.21032	19.303	0.13392	16.735	0.22372	25.821	0.00471	4.916	94.169	92.363	89.795
2010	43.358	0.00652	25.391	0.22268	21.795	0.15183	20.206	0.25903	27.269	0.00501	4.987	101.005	97.409	95.820
2011	44.661	0.00697	26.959	0.22601	24.679	0.15606	22.140	0.26626	29.149	0.00537	5.199	105.968	103.688	101.149
2012	46.994	n/a	28.440	0.22131	28.363	0.16428	25.435	0.28618	31.426	0.00551	5.562	112.422	112.345	109.417
2013	48.862	n/a	27.956	0.23542	27.556	0.18354	23.932	0.29483	33.421	n/a	5.884	116.123	115.723	112.099
2014	47.676	n/a	27.606	0.25809	33.418	0.15657	23.052	0.26005	31.827	n/a	5.538	112.647	118.459	108.093
2015	45.152	n/a	23.271	0.25484	34.864	0.16151	20.965	0.25310	29.633	n/a	5.033	103.089	114.682	100.783

Source: Dakota County Treasurer-Auditor

Note: All rates are overlapping rates except for the "City" and the "City Market Referendum Rates" (these two are the City's direct rates). Overlapping rates consist of the "School Districts", "Dakota County" and the "Special Districts".

(1) Beginning with property taxes payable in 1996, levies for voter approved referendums were based on market value. Therefore, a separate rate for these market valued levies will be included for the applicable entity for the life of the levies. Since these rates are calculated separately, they are not included in the total tax rates.

n/a - Not Applicable

**Schedule 7  
City of Rosemount  
Principal Property Tax Payers  
Current Year and Nine Years Ago**

Taxpayer	2015			2006		
	Local Tax Capacity (1)	Rank	Percentage of Total Local Tax Capacity	Local Tax Capacity (1)	Rank	Percentage of Total Local Tax Capacity
Flint Hills Resources Pine Bend LLC (Merged w/below)	\$ 2,947,426	1	12.03%	\$ 1,266,910	1	5.86%
Great Northern Oil Company (2006 - Koch Refining)				667,483	2	3.09%
Northern States Power Co.	345,068	2	1.41%	292,021	3	1.35%
Clarel Corporation (Cub Foods)	185,686	3	0.76%	194,366	4	
146th Street Partners LP (Waterford Commons)	168,254	4	0.69%	-		
CF Industries Sales LLC (Cenex)	128,806	5	0.53%	81,510	7	0.38%
Northern Natural Gas Co.	127,292	6	0.52%	-		
Minnesota Pipeline Co.	111,575	7	0.46%	-		
Hawkins Inc.	102,642	8	0.42%	-		
Minnesota Energy Resources Corp.	89,200	9	0.36%	-		
Rosemount Crossing LLC (Aldi's)	85,250	10	0.35%	-		
Francis & Patricia Dolejs (Celtic Crossing)	84,948	11	0.35%	-		
Proto Labs Inc. (2006 - Webb Properties LLC)	84,080	12	0.34%	89,864	5	0.42%
MHC Rosemount Woods LLC	79,310	13	0.32%	-		
CMC Properties LLC (Wayne Transport)	78,844	14	0.32%	-		
Limerick Way LLC	78,542	15	0.32%	78,752	8	0.36%
Bigos - Rosemount LLC (Cannon Equipment)	-			86,770	6	0.40%
Continental Nitrogen & Resources (CNR)	-			78,718	9	0.36%
Hidden Valley SPE LLC	-			71,937	10	0.33%
Flint Hills Resources LP	-			59,183	11	0.27%
Lundgren Brothers Construction Inc.	-			56,298	12	0.26%
Progress Land Company	-			55,045	13	0.25%
Centex Homes	-			51,648	14	0.24%
DR Horton Inc. Minnesota	-			45,192	15	0.21%
<b>Principal Taxpayers Total</b>	<b>\$ 4,696,923</b>		<b>19.17%</b>	<b>\$ 3,175,697</b>		<b>14.70%</b>
<b>Total City Tax Capacity</b>	<b>\$ 24,503,702</b>			<b>\$ 21,604,139</b>		

Source: Dakota County Treasurer-Auditor

(1) These figures do not include the dollars collected but the tax capacity for each entity.

**Schedule 8  
City of Rosemount  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

<b>Year</b>	<b>Total Tax Levy (1)</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections (2)</b>	<b>Total Tax Collections</b>	<b>Outstanding Delinquent Taxes</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>
2006	\$ 9,616,019	\$ 9,519,884	99.00%	\$ 87,425	\$ 9,607,309	\$ -	100.00%
2007	10,561,484	10,440,106	98.85%	108,978	10,549,084	-	100.00%
2008	11,368,729	11,202,867	98.54%	128,875	11,331,742	-	100.00%
2009	11,411,690	11,279,747	98.84%	144,999	11,424,746	-	100.00%
2010	11,160,169	11,059,249	99.10%	161,848	11,221,097	2,993	99.97%
2011	10,985,813	10,898,846	99.21%	123,066	11,021,912	1,056	99.99%
2012	10,490,554	10,418,211	99.31%	99,300	10,517,511	1,246	99.99%
2013	10,750,485	10,667,447	99.23%	84,910	10,752,357	907	99.99%
2014	11,031,983	10,986,828	99.59%	110,510	11,097,338	1,208	99.99%
2015	11,313,577	11,279,075	99.70%	43,833	11,322,908	4,109	99.96%

Source: Dakota County Treasurer-Auditor

(1) The total tax levy differs from actual levy certified to the County by the City because of fiscal disparity calculations done by the County after certification.

(2) Delinquent tax collections are all delinquent collections during that tax year - not just for the delinquent collections of that calendar year.

Schedule 9  
City of Rosemount  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Year	Population(1)	Personal Income(1)	Governmental Activities					Business - Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
			G.O. Property Tax Supported(2)	G.O. Tax Increment Supported(2)	Equipment Certificates(2)	G.O. and Revenue Supported (Port Auth.)(2)	G.O. and Special Assessment Supported(2)	G.O. Municipal State Aid Supported(2)	G.O. Revenue Bonds(2)			
2006	22,049	\$ 950,201,655	\$ 4,275,000	\$ -	\$ 1,615,000	\$ 4,985,000	\$ 11,325,000	\$ -	\$ 8,165,000	\$ 30,365,000	3.20%	\$ 1,377
2007	22,397	1,008,872,865	4,030,000	-	1,765,000	3,585,000	9,705,000	-	8,555,000	27,640,000	2.74%	1,234
2008	22,750	1,054,621,750	3,760,000	6,040,000	1,775,000	3,350,000	6,285,000	-	6,850,000	28,060,000	2.66%	1,233
2009	23,750	1,053,882,500	3,475,000	6,040,000	1,310,000	1,555,000	5,185,000	-	6,160,000	23,725,000	2.25%	999
2010	21,874	988,529,808	3,185,000	6,040,000	760,000	2,820,000	4,275,000	-	6,965,000	24,045,000	2.43%	1,099
2011	22,239	1,033,557,525	2,885,000	6,040,000	520,000	2,725,000	4,765,000	-	4,585,000	21,520,000	2.08%	968
2012	22,432	1,118,167,904	2,575,000	6,005,000	265,000	1,355,000	5,140,000	-	3,785,000	19,125,000	1.71%	853
2013	22,711	1,151,152,457	2,255,000	5,930,000	85,000	1,230,000	5,795,000	-	1,935,000	17,230,000	1.50%	759
2014	23,044	1,168,031,228	2,010,000	5,820,000	-	1,105,000	7,180,000	-	1,400,000	17,515,000	1.50%	760
2015	23,244	1,178,168,628	3,100,000	9,005,000	-	980,000	5,865,000	-	2,515,000	21,465,000	1.82%	923

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

(1) Population and personal income figures are taken from Schedule 14.

(2) Figures taken from City of Rosemount bond documents.

**Schedule 10  
City of Rosemount  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years**

<u>General Bonded Debt Outstanding</u>							
<u>Year</u>	<u>Population(1)</u>	<u>Estimated Market Value(2)</u>	<u>G.O. Debt (3)</u>	<u>Less Restricted Debt Service Funds</u>	<u>Total General Bonded Debt</u>	<u>Percentage of Estimated Market Value</u>	<u>Per Capita</u>
2006	22,049	\$ 1,919,935,700	\$ 30,365,000	\$ 560,562	\$ 29,804,438	1.55%	\$ 1,352
2007	22,397	2,185,780,900	27,640,000	709,370	26,930,630	1.23%	\$ 1,202
2008	22,750	2,365,760,300	28,060,000	866,988	27,193,012	1.15%	\$ 1,195
2009	23,750	2,367,003,800	23,725,000	2,038,321	21,686,679	0.92%	\$ 913
2010	21,874	2,238,851,500	21,245,000	1,936,318	19,308,682	0.86%	\$ 883
2011	22,239	2,113,658,000	21,520,000	1,605,726	19,914,274	0.94%	\$ 895
2012	22,432	1,914,176,616	19,125,000	1,129,632	17,995,368	0.94%	\$ 802
2013	22,711	1,866,877,179	17,230,000	737,907	16,492,093	0.88%	\$ 726
2014	23,044	1,948,614,357	17,515,000	528,504	16,986,496	0.87%	\$ 737
2015	23,244	2,127,597,965	21,465,000	5,151,437	16,313,563	0.77%	\$ 702

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

- (1) Population figures are taken from Schedule 14.
- (2) Estimated Market Value figures are taken from Schedule 5.
- (3) Figures taken from City of Rosemount bond documents.

**Schedule 11**  
**City of Rosemount**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2015**

<u>Governmental Units (1)</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Estimated Percentage Applicable to City (2), (5)</u>	<u>Estimated Amount Applicable to City</u>
Direct Debt:			
City of Rosemount	\$ 18,950,000	100.00%	\$ 18,950,000
Overlapping Debt:			
School Districts:			
I.S.D. 196 - Rosemount	82,720,000	14.00%	11,580,800
I.S.D. 199 - Inver Grove Heights	64,175,000	5.90%	3,786,325
I.S.D. 200 - Hastings	39,225,000	0.10%	39,225
Dakota County	23,420,000 (3)	5.50%	1,288,100
Regional:			
Metropolitan Council	20,500,000 (4)	0.70%	143,500
Total Overlapping Debt	<u>\$ 230,040,000</u>		<u>\$ 16,837,950</u>
Total Direct & Overlapping Debt	<u><u>\$ 248,990,000</u></u>		<u><u>\$ 35,787,950</u></u>

(1) Only those units with outstanding general obligation debt are shown here.

(2) Excludes general obligation tax and aid anticipation certificates and revenue-supported debt.

(3) Includes the February 1, 2017 through February 1, 2026 maturities of the General Obligation Crossover Refunding Bonds, Series 2007A, dated January 1, 2007 scheduled for call on February 1, 2016.

(4) Excludes general obligation debt supported by wastewater revenues and housing rental payments. Includes certificates of participation.

(5) Percent of governmental unit within the City of Rosemount's boundaries calculated by the city's Financial Advisors, Springsted Inc.

Schedule 12  
City of Rosemount  
Legal Debt Margin Information  
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2015

Estimated Market Value			\$ 2,127,597,965
Debt Limitation - 3% of Estimated Market Value			63,827,939
Debt Applicable to Limitation:			
Total Bonded Debt			\$ 21,465,000
Less:	Special Assessment Bonds	\$ 5,865,000	
	Tax Increment Bonds	9,005,000	
	Revenue Bonds	2,515,000	
	Port Authority Bonds	980,000	
	State Aid Street Bonds	-	
	Amount Available for Repayment of G.O. Bonds	1,801,143	20,166,143
	Total Debt Applicable to Limitation		1,298,857
Legal Debt Margin			<u>\$ 62,529,082</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Estimated Market Value	\$ 1,919,935,700	\$ 2,185,780,900	\$ 2,365,760,300	\$ 2,367,003,800	\$ 2,238,851,500	\$ 2,113,658,000	\$ 1,914,176,616	\$ 1,866,877,179	\$ 1,948,614,357	\$ 2,127,597,965
Debt Limit - 3% of Estimated Market Value - Limit was 2% prior to 2008	38,398,714	43,715,618	70,972,809	71,010,114	67,165,545	63,409,740	57,425,298	56,006,315	58,458,431	63,827,939
Total Net Debt Applicable to Debt Limit	<u>5,329,438</u>	<u>5,085,630</u>	<u>4,668,012</u>	<u>2,746,679</u>	<u>2,008,682</u>	<u>1,799,274</u>	<u>1,710,368</u>	<u>1,602,093</u>	<u>1,481,496</u>	<u>1,298,857</u>
Legal Debt Margin	<u>\$ 33,069,276</u>	<u>\$ 38,629,988</u>	<u>\$ 66,304,797</u>	<u>\$ 68,263,435</u>	<u>\$ 65,156,863</u>	<u>\$ 61,610,466</u>	<u>\$ 55,714,930</u>	<u>\$ 54,404,222</u>	<u>\$ 56,976,935</u>	<u>\$ 62,529,082</u>
Legal debt margin as a percentage of the debt limit	86.12%	88.37%	93.42%	96.13%	97.01%	97.16%	97.02%	97.14%	97.47%	97.97%

Note: Under State law, the City's outstanding general debt cannot exceed 3% of the total estimated market value of the City. (Debt limit was 2% prior to 2008)  
The legal debt margin is the City's available borrowing authority under State law and is calculated by subtracting the net debt applicable to the legal debt limit from the legal debt limit.

Schedule 13  
City of Rosemount  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Year	G.O. Revenue Bonds							G.O. Special Assessment Bonds				
	Gross Revenue	Expenses (1)	Net Revenue Available For Debt Service	Debt Service Requirements		Total	Coverage	Special Assessment Collections	Debt Service Requirements		Total	Coverage
				Principal (2)	Interest				Principal (3)	Interest		
2006	\$ 3,268,002	\$ 2,357,636	\$ 910,366	\$ 565,000	\$ 312,294	\$ 877,294	103.77%	\$ 1,373,904	\$ 2,105,000	\$ 314,634	\$ 2,419,634	56.78%
2007	3,299,851	3,285,070	14,781	820,000	313,579	1,133,579	1.30%	1,582,277	1,620,000	450,362	2,070,362	76.43%
2008	3,327,919	2,616,921	710,998	1,705,000	298,025	2,003,025	35.50%	962,950	3,420,000	330,859	3,750,859	25.67%
2009	3,379,397	2,744,735	634,662	690,000	256,788	946,788	67.03%	757,223	1,100,000	224,448	1,324,448	57.17%
2010	3,543,743	2,771,544	772,199	740,000	230,836	970,836	79.54%	832,686	910,000	184,068	1,094,068	76.11%
2011	3,744,722	2,737,918	1,006,804	2,380,000	218,295	2,598,295	38.75%	496,386	1,590,000	147,850	1,737,850	28.56%
2012	4,175,312	2,767,111	1,408,201	800,000	133,478	933,478	150.86%	2,155,618	435,000	112,512	547,512	393.71%
2013	4,419,729	2,958,568	1,461,161	1,850,000	110,313	1,960,313	74.54%	1,539,059	845,000	103,835	948,835	162.21%
2014	4,195,215	3,262,938	932,277	535,000	53,940	588,940	158.30%	2,123,199	1,015,000	97,241	1,112,241	190.89%
2015	4,428,925	3,514,975	913,950	410,000	39,921	449,921	203.14%	2,368,403	1,315,000	97,562	1,412,562	167.67%

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

(1) Figure does not include depreciation expense.

(2) 2008 includes call payments on 1996B & 1999C bonds, 2011 includes call payments on 2001B, 2002B & 2003B bonds and 2013 includes call payment on 2005C bonds.

(3) 2008 includes call/defeasance program for 1999B & 2001A bonds and 2011 includes calls for 2002A & 2003A bonds.

**Schedule 14  
City of Rosemount  
Demographic and Economic Statistics  
Last Ten Calendar Years**

<b>Calendar Year</b>	<b>Population (1)</b>	<b>Per Capita Income (2)</b>	<b>Personal Income (3)</b>	<b>School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>	<b>Median Age (6)</b>
2006	22,049	\$ 43,095	\$ 950,201,655	4,551	3.7%	35.7
2007	22,397	45,045	1,008,872,865	4,458	4.4%	35.9
2008	22,750	46,357	1,054,621,750	4,623	6.1%	36.1
2009	23,750	44,374	1,053,882,500	5,266	7.0%	36.2
2010	21,874	45,192	988,529,808	5,179	6.3%	36.7
2011	22,239	46,475	1,033,557,525	4,745	5.2%	37.2
2012	22,432	49,847	1,118,167,904	4,860	4.8%	37.5
2013	22,711	50,687	1,151,152,457	4,889	4.1%	37.4
2014	23,044	50,687	1,168,031,228	4,910	3.2%	37.4
2015	23,244	50,687	1,178,168,628	5,074	3.0%	37.4

(1) 2010 is a regular decennial census figure. All years from 2006 and on (except for 2010) are the City staff's best estimates as of 12/31 of each year to give a more indicative estimate of the actual population.

(2) These figures are provided by and are for Dakota County. These figures usually have a 2 to 3-year lag time so that is why the two most current years use the 2013 figure for computing the "Personal Income" figure.

(3) These figures are derived by multiplying the City's population figure times Dakota County's per capita income figures.

(4) School enrollment is the total number of students who reside within the Rosemount High School boundaries and go to Independent School District No. 196 schools located in Rosemount. The total school enrollment includes the total number of students with homes in the City of Rosemount.

(5) Unemployment rates were compiled by the Minnesota Local Area Unemployment Statistics (LAUS) - for Dakota County.

(6) These figures are provided by Dakota County. 2013's median age is the most current information available so 2014 & 2015 shown as the same age.

Schedule 15  
 City of Rosemount  
 Principal Employers  
 Current Year and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment

Note: The City of Rosemount does not track this information and there are no sources at the County or State level to provide this information.

Schedule 16  
City of Rosemount  
Full-Time/Permanent Part-Time City Government Employees by Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Administration	4.50	4.50	4.50	4.50	4.50	4.50	3.50	3.50	3.50	3.50
Finance	3.50	3.50	4.50	4.30	4.30	4.30	4.30	4.30	4.55	4.55
Community Development	10.50	10.50	10.50	10.50	9.75	9.75	9.50	9.50	9.50	9.50
Police										
Sworn Officers	20.00	21.00	22.00	22.00	22.00	22.00	22.00	22.00	23.00	23.00
Non-Sworn Employees	3.00	3.00	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.00
Fire										
Firefighters and Officers	41.00	39.00	43.00	44.00	43.00	43.00	41.00	43.00	42.00	45.00
Fire Marshall	0.50	0.50	-	-	-	-	-	-	-	-
Public Works										
Building Maintenance	1.00	1.00	-	-	-	-	0.80	0.80	0.80	0.85
Fleet Maintenance	2.10	2.10	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30
Street Maintenance	6.60	6.60	6.60	6.60	6.40	6.40	5.80	5.80	5.80	6.00
Parks Maintenance	5.60	5.60	5.60	5.60	5.60	5.60	4.60	4.60	4.60	4.65
Parks and Recreation										
Parks & Rec	10.00	10.00	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Arena	2.30	2.30	1.80	1.85	1.85	1.85	1.85	1.85	1.85	1.85
Utilities										
Water	4.83	5.33	5.33	5.13	5.13	4.83	4.68	4.68	4.68	4.88
Sewer	4.83	5.33	5.33	5.13	5.13	4.83	4.68	4.68	4.68	4.88
Storm Water	2.25	2.25	2.25	2.30	2.30	2.10	2.10	2.10	2.10	2.30
	<u>122.50</u>	<u>122.50</u>	<u>126.25</u>	<u>126.76</u>	<u>124.81</u>	<u>124.01</u>	<u>119.75</u>	<u>121.75</u>	<u>122.00</u>	<u>125.75</u>

Sources: Finance Department

Note: Employees listed are full-time and permanent part-time employees. Seasonal and temporary positions are not included.

Schedule 17  
City of Rosemount  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Total Permits Issued by the Building Department	3,265	3,083	3,389	2,366	2,400	2,359	2,251	2,471	2,879	2,677
Total Number of Inspections Conducted	8,821	5,505	5,774	4,572	4,311	4,048	3,553	4,296	4,618	5,467
Police										
Number of Calls for Service	14,603	17,056	16,105	16,354	14,432	14,554	14,346	13,730	15,538	16,894
Number of Patrol Miles	195,059	216,291	209,310	206,619	211,460	152,097	194,764	186,490	195,393	204,226
Adult Arrests	415	586	646	424	340	432	369	312	230	465
Juvenile Arrests	166	209	239	206	182	146	107	102	101	88
Traffic Violations	1,116	2,378	1,522	1,548	1,605	2,232	2,610	2,147	2,452	1,872
Parking Violations	113	261	160	307	284	296	378	436	197	207
Fire										
Number of Calls Answered	573	652	769	632	630	690	724	637	715	710
Fires Extinguished	40	63	5	59	34	34	52	35	38	33
Public Works										
Street Resurfacing (Miles)	1.80	0.75	1.20	0.64	10.50	1.30	2.30	1.60	1.20	-
Park Acres Mowed	130	135	127	127	134	134	154	154	154	154
Parks and Recreation										
Overall Program Participation	14,000	14,000	14,000	14,200	14,500	14,500	14,500	15,000	15,000	15,200
Hours of Ice Time Used	2,344	2,544	2,545	2,466	2,577	2,515	2,577	2,479	2,378	2,670
Water										
Connections	6,032	6,075	6,188	6,273	6,381	6,431	7,464	7,576	7,701	7,827
Water Main Breaks	2	2	-	-	-	-	-	1	1	2
Average Daily Consumption (In Gallons)	2,749,281	2,604,281	2,494,238	2,569,474	2,261,972	2,344,546	2,665,979	2,412,638	2,233,593	2,227,616
Sewer										
Connections	6,007	6,057	6,170	6,255	6,363	6,414	6,505	6,614	6,734	6,857

Sources: Various City departments.

Schedule 18  
City of Rosemount  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
City Halls/Other Buildings	1	1	1	1	1	1	1	1	1	1
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (Marked/Unmarked)	8/4	8/4	9/4	9/4	9/4	9/4	9/4	9/4	8/6	9/6
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Fire Units (Vehicles & Trailer)	14	14	14	14	14	14	14	15	15	15
Public Works										
Buildings	3	3	3	3	3	3	3	3	3	3
City Maintained Streets (Miles) (1)	101	102	102	103	103	103	105	106	108	110
Street Lights	1,290	1,290	1,300	1,488	1,500	1,500	1,510	1,520	1,539	1,561
Parks and Recreation										
Community Centers	1	1	1	1	1	1	1	1	1	1
Shelters/Other Buildings	3	3	3	3	3	3	3	3	3	3
Acreage	357	430	430	440	440	467	467	534	533	533
Parks	24	26	26	27	27	28	28	27	29	29
Playgrounds	19	19	19	20	20	20	20	20	21	21
Baseball/Softball Diamonds	19	19	19	20	20	20	22	23	23	23
Soccer/Football Fields	13	13	13	16	16	16	16	19	19	19
Tennis Courts	6	6	6	8	8	8	8	8	12	12
Water										
Water Mains (Miles)	116	119	119	122	122	125	127	129	130	130
Wells (Municipal/Rural)	7	8	7	8	8	8	8	8	8	8
Water Towers	3	4	4	4	4	4	4	4	4	4
Fire Hydrants	1,049	1,082	1,279	1,281	1,330	1,342	1,342	1,366	1,412	1,420
Storage Capacity	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Maximum Pumping Capacity	9,648,000	11,664,000	10,994,000	12,096,000	12,096,000	12,096,000	12,096,000	12,096,000	12,096,000	12,384,000
Sewer										
Sanitary Sewer Mains (Miles)	85	90	90	91	91	95	97	98	98	98
Storm Sewer Mains (Miles)	75	78	81	82	84	84	86	86	88	89
Public Education Facilities:										
Number of Elementary Schools	2	2	2	2	2	2	2	2	2	2
Number of Secondary Schools	2	2	2	2	2	2	2	2	2	2
Number of Special Education Schools (Dakota County Technical College)	1	1	1	2	2	2	2	2	2	2

Sources: Various City departments.