

CITY OF RICE, MINNESOTA
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2017

SCHLENNER WENNER & CO.
Certified Public Accountants
& Business Consultants

CITY OF RICE, MINNESOTA

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**INTRODUCTORY
SECTION**

**CITY OF RICE, MINNESOTA
CITY COUNCIL AND OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2017**

CITY COUNCIL

Term Expires

Dale Rogholt	Mayor	December 31, 2018
Bryan Anderson	Council Member	December 31, 2020
Paula Kampa	Council Member	December 31, 2018
Chris Scheel	Council Member	December 31, 2020
Brian Skroch	Council Member	December 31, 2018

CITY OFFICIALS

Julie Fandel	City Clerk	Appointed
Sheri Johnson	City Treasurer	Appointed

**FINANCIAL
SECTION**

INDEPENDENT AUDITORS' REPORT

March 15, 2018

Honorable Mayor and City Council
City of Rice
Rice, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the City of Rice, Minnesota, as of and for the year ended December 31, 2017, 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 the financial reporting provisions of the State of Minnesota's Office of the State Auditor as described in Note 1.C. Management is also responsible for 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.

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St. Cloud
320.251.0286

Little Falls
320.632.6311

Albany
320.845.2940

Maple Lake
320.963.5414

Monticello
763.295.5070

Opinions

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1.C. of the financial statements, the financial statements are prepared by the City of Rice, Minnesota, on the basis of the financial reporting provisions of the State of Minnesota's Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Minnesota.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1.C. and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Rice, Minnesota, as of December 31, 2017, or the results of its operations or its cash flows for the year then ended.

Unmodified Opinion on Regulatory Basis

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the City of Rice, Minnesota, as of December 31, 2017, and changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the financial reporting provisions of the State of Minnesota's Office of the State Auditor described in Note 1.C.

Other Matters

Required Supplementary Information

Financial reporting provisions of the State of Minnesota's Office of the State Auditor require that the Schedules of City's Proportionate Share of the Net Pension Liability and City Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rice, Minnesota's basic financial statements. The introductory section, budgetary comparison schedules, combining non-major fund financial statements, and other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, budgetary comparison schedules, combining non-major fund financial statements, and other supplementary information 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2018 on our consideration of the City of Rice's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rice's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minnesota Statutes, we have also issued our report dated March 15, 2018, on our consideration of the City of Rice's compliance with provisions of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statute Section 6.65. The purpose of the report is to determine if the City has complied with Minnesota laws and regulations. That report is an integral part of an audit performed in the State of Minnesota.

SCHLENNER WENNER & CO.
St. Cloud, Minnesota

BASIC FINANCIAL STATEMENTS

CITY OF RICE, MINNESOTA
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	<u>General Fund</u>	<u>General Improvement Fund</u>	<u>Revolving Loan Fund</u>	<u>Utility Improvements Fund</u>	<u>Non-major Special Revenue Funds</u>	<u>Non-major Debt Service Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash, Cash Equivalents, and Investments	\$ 206,684	\$ -	\$ 382,921	\$ 299,049	\$ 83,855	\$ 24,423	\$ 996,932
Due from Other Fund	<u>21,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,329</u>
TOTAL ASSETS	<u>\$ 228,013</u>	<u>\$ -</u>	<u>\$ 382,921</u>	<u>\$ 299,049</u>	<u>\$ 83,855</u>	<u>\$ 24,423</u>	<u>\$ 1,018,261</u>
LIABILITIES							
Due to Other Fund	\$ -	\$ 21,329	\$ -	\$ -	\$ -	\$ -	\$ 21,329
CASH FUND BALANCES							
Restricted	-	-	382,921	-	-	24,423	407,344
Committed	16,739	19,455	-	299,049	21,362	-	356,605
Assigned	-	-	-	-	62,493	-	62,493
Unassigned	<u>211,274</u>	<u>(40,784)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,490</u>
Total Cash Fund Balances	<u>228,013</u>	<u>(21,329)</u>	<u>382,921</u>	<u>299,049</u>	<u>83,855</u>	<u>24,423</u>	<u>996,932</u>
TOTAL LIABILITIES AND CASH FUND BALANCES	<u>\$ 228,013</u>	<u>\$ -</u>	<u>\$ 382,921</u>	<u>\$ 299,049</u>	<u>\$ 83,855</u>	<u>\$ 24,423</u>	<u>\$ 1,018,261</u>

CITY OF RICE, MINNESOTA
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	General Improvement Fund	Revolving Loan Fund	Utility Improvements Fund	Non-major Special Revenue Funds	Non-major Debt Service Funds	Total Governmental Funds
RECEIPTS							
Property Taxes	\$ 415,446	\$ -	\$ 84	\$ -	\$ 6,114	\$ 26,556	\$ 448,200
Special Assessments	-	-	-	11,548	-	-	11,548
Franchise Fees	8,265	-	-	-	-	-	8,265
Gravel Tax	657	-	-	-	-	-	657
Licenses, Permits and Fees	134,256	-	-	-	-	-	134,256
Intergovernmental	219,736	15,241	-	-	5,000	-	239,977
Charges for Services	105,619	-	-	-	4,097	-	109,716
Fines	9,605	-	-	-	-	-	9,605
Investment Income	4,010	-	1,199	-	80	-	5,289
Contributions	35,445	41,965	-	-	1,000	-	78,410
Loan Repayment	-	-	4,072	-	-	-	4,072
Miscellaneous	19,883	-	-	-	-	-	19,883
TOTAL RECEIPTS	952,922	57,206	5,355	11,548	16,291	26,556	1,069,878
DISBURSEMENTS							
Current:							
General Government:							
City Clerk	63,978	-	-	-	-	-	63,978
Council	18,485	-	-	-	-	-	18,485
General Government	139,968	-	-	-	-	-	139,968
Total General Government	222,431	-	-	-	-	-	222,431
Public Safety:							
Building Inspector	113,824	-	-	-	-	-	113,824
Police	247,963	-	-	-	-	-	247,963
Fire	180,116	-	-	-	-	-	180,116
Total Public Safety	541,903	-	-	-	-	-	541,903
Public Works	71,481	201,099	-	-	-	-	272,580
Economic Development	709	-	2,912	-	-	25,710	29,331
Parks and Recreation	11,002	-	-	-	37,210	-	48,212

CITY OF RICE, MINNESOTA
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	General Improvement Fund	Revolving Loan Fund	Utility Improvements Fund	Non-major Special Revenue Funds	Non-major Debt Service Funds	Total Governmental Funds
Debt Service:							
Principal	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Interest and Fiscal Charges	3,000	-	-	-	-	-	3,000
Total Debt Service	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,000</u>
TOTAL DISBURSEMENTS	<u>875,526</u>	<u>201,099</u>	<u>2,912</u>	<u>-</u>	<u>37,210</u>	<u>25,710</u>	<u>1,142,457</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	77,396	(143,893)	2,443	11,548	(20,919)	846	(72,579)
OTHER FINANCING SOURCES (USES)							
MIF Loan Proceeds	-	-	221,147	-	-	-	221,147
MIF Loan Payment	-	-	(221,147)	-	-	-	(221,147)
Operating Transfers In	157	-	-	-	-	-	157
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(157)</u>	<u>(157)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(157)</u>	<u>-</u>
NET CHANGE IN CASH FUND BALANCES	77,553	(143,893)	2,443	11,548	(20,919)	689	(72,579)
CASH FUND BALANCES - BEGINNING	<u>150,460</u>	<u>122,564</u>	<u>380,478</u>	<u>287,501</u>	<u>104,774</u>	<u>23,734</u>	<u>1,069,511</u>
CASH FUND BALANCES - ENDING	<u>\$ 228,013</u>	<u>\$ (21,329)</u>	<u>\$ 382,921</u>	<u>\$ 299,049</u>	<u>\$ 83,855</u>	<u>\$ 24,423</u>	<u>\$ 996,932</u>

**CITY OF RICE, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017**

	Water Fund	Sewer Fund	Totals
ASSETS			
Current Assets			
Cash, Cash Equivalents, and Investments	\$ 1,014,430	\$ 819,191	\$ 1,833,621
Accounts Receivable	9,093	21,021	30,114
Special Assessments Receivable	511	511	1,022
Total Current Assets	1,024,034	840,723	1,864,757
Noncurrent Assets			
Capital Assets Not Being Depreciated	24,300	162,336	186,636
Capital Assets Being Depreciated	503,340	1,474,589	1,977,929
Total Noncurrent Assets	527,640	1,636,925	2,164,565
TOTAL ASSETS	1,551,674	2,477,648	4,029,322
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	11,448	14,979	26,427
LIABILITIES			
Current Liabilities			
Accounts Payable	10,120	2,527	12,647
Accrued Expenses	2,491	3,688	6,179
Accrued Interest	-	3,391	3,391
Compensated Absences	1,924	5,128	7,052
Bonds Due within One Year	-	63,000	63,000
Total Current Liabilities	14,535	77,734	92,269
Noncurrent Liabilities			
Bonds Payable	-	407,000	407,000
Net Pension Liability	40,312	52,972	93,284
Total Noncurrent Liabilities	40,312	459,972	500,284
TOTAL LIABILITIES	54,847	537,706	592,553
DEFERRED INFLOWS OF RESOURCES			
Pensions	9,685	12,727	22,412
NET POSITION			
Net Investment in Capital Assets	527,640	1,166,925	1,694,565
Unrestricted	970,950	775,269	1,746,219
TOTAL NET POSITION	\$ 1,498,590	\$ 1,942,194	\$ 3,440,784

CITY OF RICE, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for Services	\$ 169,356	\$ 216,278	\$ 385,634
OPERATING EXPENSES			
Personnel Services	64,959	73,907	138,866
Professional Services	8,492	9,416	17,908
Utilities	21,219	8,806	30,025
Repairs and Maintenance	4,636	17,835	22,471
Supplies	6,460	12,524	18,984
Permits and Licenses	5,043	1,547	6,590
Insurance	1,629	3,135	4,764
Other	3,528	2,463	5,991
Depreciation	<u>37,241</u>	<u>86,583</u>	<u>123,824</u>
TOTAL OPERATING EXPENSES	<u>153,207</u>	<u>216,216</u>	<u>369,423</u>
OPERATING INCOME	16,149	62	16,211
NONOPERATING REVENUES (EXPENSES)			
Special Assessments	1,022	1,022	2,044
Investment Income	3,126	3,126	6,252
Intergovernmental	15	19	34
Interest Expense	<u>-</u>	<u>(10,087)</u>	<u>(10,087)</u>
NET NONOPERATING REVENUE (EXPENSE)	<u>4,163</u>	<u>(5,920)</u>	<u>(1,757)</u>
CHANGE IN NET POSITION	20,312	(5,858)	14,454
NET POSITION-BEGINNING OF YEAR	<u>1,478,278</u>	<u>1,948,052</u>	<u>3,426,330</u>
NET POSITION-END OF YEAR	<u>\$ 1,498,590</u>	<u>\$ 1,942,194</u>	<u>\$ 3,440,784</u>

**CITY OF RICE, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Water Fund	Sewer Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 168,584	\$ 215,891	\$ 384,475
Cash Paid to Suppliers	(42,757)	(53,903)	(96,660)
Cash Paid to Employees	(64,852)	(74,388)	(139,240)
	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	60,975	87,600	148,575
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Special Assessment Revenue	511	511	1,022
Intergovernmental Receipts	15	19	34
	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	526	530	1,056
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	-	(30,000)	(30,000)
Bond Payments	-	(62,000)	(62,000)
Cash Paid for Interest	-	(10,534)	(10,534)
	<u> </u>	<u> </u>	<u> </u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	-	(102,534)	(102,534)
Net Increase (Decrease) in Cash	61,501	(14,404)	47,097
Cash and Cash Equivalents - Beginning of Year	<u>398,349</u>	<u>279,015</u>	<u>677,364</u>
Cash and Cash Equivalents - End of Year	459,850	264,611	724,461
Investments	<u>554,580</u>	<u>554,580</u>	<u>1,109,160</u>
Cash, Cash Equivalents and Investments	<u>\$ 1,014,430</u>	<u>\$ 819,191</u>	<u>\$ 1,833,621</u>

**CITY OF RICE, MINNESOTA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Water Fund	Sewer Fund	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 16,149	\$ 62	\$ 16,211
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Cash Flows Reported in Other Categories:			
Depreciation	37,241	86,583	123,824
Change in Assets and Liabilities:			
Accounts Receivable	(772)	(387)	(1,159)
Accounts Payable	8,250	1,823	10,073
Accrued Wages	(204)	184	(20)
Deferred Outflows of Resources - Pension	10,075	13,826	23,901
Net Pension Liability	(9,307)	(13,434)	(22,741)
Deferred Inflows of Resources - Pension	(661)	(1,119)	(1,780)
Compensated Absences	204	62	266
	<u>60,975</u>	<u>87,600</u>	<u>148,575</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 60,975</u>	<u>\$ 87,600</u>	<u>\$ 148,575</u>

CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rice, Minnesota (the “City”), complies with accounting practices prescribed or permitted by the *Reporting and Publishing Requirements for City Financial Statements for Cities under 2,500 in Population Reporting on the Cash or Regulatory Basis of Accounting* prescribed by the State of Minnesota’s Office of the State Auditor. See Note 1.C. for additional information.

The City has a mayor-council form of government that is governed by an elected mayor and four-member council. The City provides the following services: water, sewer, recreation, public improvements, public safety, planning and zoning, and general administrative services.

1.A. FINANCIAL REPORTING ENTITY

The City’s financial reporting entity is comprised of the primary governmental unit of the City of Rice.

In determining the financial reporting entity, the City complies with the provisions of GASB No. 14, *The Financial Reporting Entity*, and includes all component units of which the City appointed a voting majority of the units’ board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units’ funds are blended into those of the City’s by appropriate activity type to compose the primary government presentation. Currently, the City has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

1.B. BASIS OF PRESENTATION

Fund Financial Statements

Fund financial statements of the reporting entity 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 that constitute its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. 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 proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

The City reports the following major governmental funds:

The *General Fund* is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

The *General Improvement Fund* is a special revenue fund used to account for financial resources to be used for general improvements within the City.

The *Revolving Loan Fund* is used to account for the proceeds of a grant under the Small Cities Development Program that is restricted to providing economic development loans, as well as the activity of a Minnesota Investment Fund loan.

The *Utility Improvements Fund* is used to account for the proceeds of financial resources that are committed to providing for improvements in the City's water and sewer system.

The City reports the following major proprietary funds:

The *Water Fund* is used to account for business-like activities related to the water system provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

The *Sewer Fund* is used to account for business-like activities related to the sewer system provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Additionally, the government reports the following non-major fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds account for the accumulation of financial resources for the payment of interest and principal on general long-term debt of the City other than debt service payments made by Proprietary Funds. Ad valorem taxes and special assessments are used for the payment of principal and interest on the City's judgment.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements have been prepared on the regulatory basis of accounting as described in the Minnesota's Office of the State Auditor's *Reporting and Publishing Requirements for City Audited Financial Statements for Cities under 2,500 in Population Reporting on the Cash or Regulatory Basis of Accounting*. Under this regulatory basis of accounting:

- In the governmental fund statements, receipts are recognized when received rather than when measurable and available, and disbursements are recognized when paid rather than when the obligation is incurred. These statements do not give effect to receivables, payables, accrued expenses and inventories and, accordingly are not presented in accordance with accounting principles generally accepted in the United States of America.

CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

- The proprietary funds utilize 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 and are presented in accordance with accounting principles generally accepted in the United States of America.

The basis differs from accounting principles generally accepted in the United States of America primarily because the City has not reported a management discussion and analysis letter, government-wide statement of net position and government-wide statement of activities, and the City does not recognize governmental receipts and disbursements in accordance with the modified accrual basis of accounting.

1.D. USE OF ESTIMATES

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

1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY

Cash and Cash Equivalents

For purposes of the Statement of Balances Arising from Cash Transactions and Statement of Net Position, “cash and cash equivalents” includes all demand, savings and money market accounts. For the purpose of the proprietary funds Statement of Cash Flows, “cash and cash equivalents” include all demand, savings and money market accounts.

See Note 3.A. for additional information related to Cash and Cash Equivalents.

Investments

Investments are stated at their fair value as determined by quoted market prices. Short-term investments are reported at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Certificates of deposit are stated at cost, plus accrued interest, which approximates fair market value.

Net appreciation (depreciation) in fair value of investments includes net unrealized and realized gains and losses. Purchases and sales of securities are recorded on a trade-date basis.

See Note 3.A. for additional information related to Investments.

Receivables

In the fund financial statements, no receivables are recorded in governmental funds. In the proprietary funds, material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No allowances are deemed necessary at year end.

CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY
(Continued)

Special Assessment Receivable

Special assessments are organized upon receipt in the governmental funds and in the enterprise funds are recorded as revenue when they are certified in the enterprise funds.

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental or proprietary fund operations as follows:

Governmental Statements

Capital assets used in governmental fund operations are accounted for as expenditures of the governmental fund upon acquisition.

Proprietary Statements

In the proprietary financial statements, capital acquisitions are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Capitalization Policy

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold of \$2,000 or more for capitalizing capital assets. The system for accumulation of capital assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated cost.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Revenues, Expenses and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the estimated useful lives of the assets using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Buildings	10-40 years
Machinery and Equipment	5-10 years

Accounts Payable

Payables in the proprietary funds are composed almost entirely of payables to vendors.

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation leave. All vacation pay is accrued when incurred in the proprietary fund financial statements.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations.

CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY
(Continued)

Long-Term Debt (Continued)

Governmental Funds

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. Bond premiums and discounts, as well as bond issuance costs, are recognized during the current period.

Proprietary Funds

Long-term debt of the proprietary funds is to be repaid from proprietary resources and is reported as liabilities in the Statement of Net Position. Bond premiums and discounts, if any, are deferred and amortized over the life of the bonds using the straight line method. Bond issuance costs are recognized in the current period.

Net Pension Liability

The net pension liability represents the City's allocation of their pro-rata share of the statewide pension plans net pension liability.

PERA

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This element represents a consumption of net position that applies to future periods, and therefore, will not be recognized as an outflow of resources (expense) until that time. The City reports deferred outflows of resources in the proprietary funds Statement of Net Position in relation to the activity of the pension funds in which City employees participate.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This element represents an acquisition of net position that applies to future periods, and therefore, will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources in the proprietary funds Statement of Net Position in relation to the activity of the pension funds in which City employees participate. Accordingly, such amounts are deferred and recognized as inflows of resources in that period that they become available.

See Note 4.A. for additional information pertaining to the deferred outflows and deferred inflows recorded to account for pension activities.

Equity Classifications

Governmental Funds

In the governmental fund financial statements, governmental funds report fund balances as either nonspendable, restricted, committed, assigned, or unassigned. When the City incurs an expenditure for which it may use either restricted or unrestricted fund balances, it uses restricted fund balances first unless unrestricted fund balances will have to be returned because they were not used. When the City incurs an expenditure for purposes for which amounts in any unrestricted fund balance classification could be used, it uses fund balances in the following order: Committed, assigned, unassigned.

CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY
(Continued)

Equity Classifications (Continued)

Governmental Funds (Continued)

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact.

Restricted – That portion of fund balance which is not available for appropriation or which has been legally segregated for a specific purpose.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council.

Assigned – Amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The City has adopted a formal policy under which it strives to maintain a minimum unassigned general fund balance greater than 50% of the next year’s budgeted General Fund expenditures.

It is the City’s policy to consider restricted cash fund balances to have been depleted before unrestricted cash fund balances is applied.

See Note 3.F. for additional disclosures.

Proprietary Funds

In the proprietary fund financial statements, net position is displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on the 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.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.” Unrestricted net position is further split between designated and undesignated. See Note 3.G. for additional disclosures.

**CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. REVENUES, RECEIPTS, DISBURSEMENTS, AND EXPENSES

Property Tax

Under state law, municipalities are limited in their ability to levy a property tax. The City levies its property tax for the subsequent year during the month of October. The County of Benton is the collecting agency for the levy and remits the collections to the City. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected.

December 31 is the last day the City can certify a tax levy to the County for collection the following year. The County creates the tax list for all taxable property in the City and applies the applicable tax rate to the tax capacity of individual properties to arrive at the actual tax for each property. The County also collects all special assessments, except for certain prepayments paid directly to the City. The County collects all taxes and assessments, except as noted above. The County mails copies of all real estate and personal property tax statements. Each year, property owners are required to pay one half of their real estate taxes by May 15 and the balance by October 15. Penalties and interest are assessed to property owners who do not pay their property taxes and special assessments by the due dates.

Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principal ongoing operations. 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 items which include revenue and expenses related to capital and related to financing, noncapital financing, or investing activities.

Disbursements and Expenses

In the fund financial statements, expenditures are classified as follows:

Governmental Funds-By Character	Current (further classified by Function)
	Debt Service
	Capital Outlay

Proprietary Fund-By Operating and Nonoperating

In the fund financial statements, governmental funds report disbursements of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. See additional information at Note 3.E.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2.A. FUND ACCOUNTING REQUIREMENTS AND DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. The City complies with all state and local laws and regulations requiring the use of separate funds.

**CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

2.A. FUND ACCOUNTING REQUIREMENTS AND DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS (Continued)

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at market value. Minnesota Statutes require that all deposits with financial institutions be collateralized in an amount equal to 110% of deposits in excess of FDIC or FSLIC insurance (100% if collateral pledged is irrevocable standby letters of credit issued by the Federal Home Loan Bank). The City complies with such laws.

2.B. BUDGETARY INFORMATION

Annual budgets for the General Fund are adopted on the cash basis, which is a special purpose framework other than accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

Each year, all departments of the City submit requests for appropriations to the Treasurer so that a budget may be prepared. The proposed budget is presented to the Council for review. The Council adopts a preliminary maximum levy. Truth-in-taxation notices are mailed out to residents by Benton County. The Council adopts a final budget and tax levy in December.

The appropriated budget is prepared by fund, function and department. The City’s department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the Council.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Budgeted amounts are as originally adopted, or as amended by the Council. The original and final budgets, if amended, for the General Fund and all major special revenue funds are presented in the supplementary information.

2.C. EXPENDITURES IN EXCESS OF BUDGET

Expenditures exceeded appropriations for the year ended December 31, 2017, as follows:

Fund	Budgeted Expenditures	Actual Expenditures
General	\$ 782,081	\$ 875,526
General Improvement	-	201,099
Revolving Loan	5,400	224,059
	<u>\$ 787,481</u>	<u>\$ 1,300,684</u>

NOTE 3 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, deferred outflows/inflows of resources, equity, revenues, and expenditures/expenses.

3.A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City’s Council.

**CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

3.A. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Deposits (Continued)

Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds (100% if collateral pledged is irrevocable standby letters of credit issued by the Federal Home Loan Bank). The City complies with such laws.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- A general obligation of a state or local government, with taxing powers, rated “A” or better;
- A revenue obligation of a state or local government, with taxing powers, rated “AA” or better;
- Unrated general obligation securities of a local government, with taxing powers, pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letter of credit issued by a Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank’s public debt is rated “AA” or better by Moody’s or Standard and Poor’s; or
- Time deposits insured by any federal agency.

Minnesota Statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

At December 31, 2017, the City’s deposits, including money markets, were not exposed to custodial credit risk. The City’s deposits were sufficiently covered by federal depository insurance or by collateral held by the City’s agent in the City’s name.

Investments

The City may also invest idle funds as authorized by Minnesota Statutes as follows: direct obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers. The City does not have any investment policies that would further limit investment choices.

**CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

3.A. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investments (Continued)

Investment balances at December 31, 2017 are as follows:

<u>Deposit/Investment</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Percent of Total</u>
Money Market Funds	0.92	N/A	\$ 11,795	N/A	0.59
Taxable Individual Bonds	0.92-4.52	1-5 years	1,546,833	N/A	77.51
Taxable Individual Bonds	2.13-3.22	6-10 years	<u>436,946</u>	N/A	<u>21.90</u>
Totals			<u>\$ 1,995,574</u>		<u>100.00</u>

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

- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk as indicated in the table above. Minnesota Statutes limit the City’s investments.
- Custodial credit risk is the risk that in the event of a failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy to address custodial credit risk but typically limits its exposure by purchasing insured or registered investments. At December 31, 2017, none of the underlying securities held by the City are subject to custodial credit risk because they are insured by the Securities Investor Protection Corporation (SIPC).
- Concentration risk is the risk associated with investing a significant portion of the City’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City has no formal policy limiting the amounts that may be invested in any one issuer.
- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment and is disclosed above by presenting maturity information. The City has no formal policy to address interest rate risk.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

3.A. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investments (Continued)

The City has the following recurring fair value measurements as of December 31, 2017:

- Bremer Wealth Management taxable individual bonds valued at \$1,983,779 are valued using quoted market prices (Level 1).

The following is a summary of cash, cash equivalents, and investments:

General Checking	\$ 733,825
Money Market	100,954
Petty Cash	200
Investments (see Investments section)	<u>1,995,574</u>
 Total Cash, Cash Equivalents, and Investments	 <u><u>\$ 2,830,553</u></u>

Cash, cash equivalents, and investments are included on the basic financial statements as follows:

Cash, Cash Equivalents, and Investments - Statement of Balances Arising from Cash Transactions	\$ 996,932
Cash, Cash Equivalents, and Investments - Statement of Net Position	<u>1,833,621</u>
 Total Cash, Cash Equivalents, and Investments	 <u><u>\$ 2,830,553</u></u>

3.B. LOANS RECEIVABLE

A loan in the amount of \$164,000 was made to a local business on June 1, 2017. Terms called for monthly principal and interest payments of approximately \$791 with interest at 0%. The principal and interest balance at December 31, 2017 is \$160,742. The activity for the loan is accounted for in the Revolving Loan Fund.

CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

3.C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not Being Depreciated				
Land	\$ 186,636	\$ -	\$ -	\$ 186,636
Capital Assets, Being Depreciated				
Equipment	125,175	-	-	125,175
Water Treatment Facility	1,138,495	-	-	1,138,495
Sewer Distribution System	<u>3,188,765</u>	<u>30,000</u>	-	<u>3,218,765</u>
Total Capital Assets				
Being Depreciated	4,452,435	30,000	-	4,482,435
Less Accumulated Depreciation for				
Equipment	78,949	7,446	-	86,395
Water Treatment Facility	621,027	33,518	-	654,545
Sewer Distribution System	<u>1,680,706</u>	<u>82,860</u>	-	<u>1,763,566</u>
Total Accumulated Depreciation	<u>2,380,682</u>	<u>123,824</u>	-	<u>2,504,506</u>
Total Capital Assets Being Depreciated, Net	<u>2,071,753</u>	<u>(93,824)</u>	-	<u>1,977,929</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 2,258,389</u>	<u>\$ (93,824)</u>	<u>\$ -</u>	<u>\$ 2,164,565</u>

3.D. NONCURRENT LIABILITIES

The reporting entity's noncurrent liabilities are segregated between the amounts to be paid from governmental funds and amounts to be paid from proprietary funds.

There are a number of limitations and restrictions contained in the general obligation bond indentures.

**CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

3.D. NONCURRENT LIABILITIES (Continued)

Governmental Funds:

As of December 31, 2017, the long-term debt of the financial reporting entity consists of the following:

Long-Term Debt					
Issue Date	Original Amount	Annual Payment	Interest Rate(s)	Maturity Date	Remaining Amount
12/12	\$ 250,000	\$25,000	2.00%	12/22	\$ 125,000
6/17	\$ 164,929	\$3,955 - \$9,492	0.00%	5/37	160,218
					\$ 285,218
Total Long-Term Debt					\$ 285,218
Debt Due Within One Year					33,076
Debt Due After One Year					\$ 252,142

Proprietary Funds:

As of December 31, 2017, the long-term debt of the financial reporting entity consists of the following:

General Obligation Note					
Issue Date	Original Amount	Annual Payment	Interest Rate(s)	Maturity Date	Remaining Amount
9/04	\$ 1,153,293	\$52,673 - \$71,000	1.98%	08/24	\$ 470,000
					\$ 470,000
Total General Obligation Note					\$ 470,000
Debt Due Within One Year					63,000
Debt Due After One Year					\$ 407,000

All bonds are direct obligations of the City and pledge the full faith and credit of the City.

Changes in Noncurrent Liabilities

The following is a summary of changes in noncurrent liabilities for the year ended December 31, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Funds:					
Certificate of Indebtedness	\$ 150,000	\$ -	\$ (25,000)	\$ 125,000	\$ 25,000
Note Payable	-	164,929	(4,711)	160,218	8,076
Total Governmental Funds	\$ 150,000	\$ 164,929	\$ (29,711)	\$ 285,218	\$ 33,076
Proprietary Funds:					
General Obligation Note	\$ 532,000	\$ -	\$ (62,000)	\$ 470,000	\$ 63,000
Net Pension Liability	116,025	-	(22,741)	93,284	-
Total Proprietary Funds	648,025	-	(84,741)	563,284	63,000

**CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

3.D. NONCURRENT LIABILITIES (Continued)

Governmental fund debt is typically funded through the General Fund and Debt Service Funds and proprietary fund debt is funded through the Sewer Fund. Net pension liability is typically funded through the Water and Sewer funds.

Annual Debt Service Requirements

At December 31, 2017, the estimated annual debt service requirements to maturity including principal and interest and excluding net pension liability are as follows:

Years Ending December 31,	Governmental Funds		
	Principal	Interest	Total
2018	\$ 33,076	\$ 1,250	\$ 34,326
2019	33,076	1,000	34,076
2020	33,076	750	33,826
2021	33,076	500	33,576
2022	33,076	250	33,326
2023-2027	40,380	-	40,380
2028-2032	40,380	-	40,380
2033-2037	39,078	-	39,078
Total	<u>\$ 285,218</u>	<u>\$ 3,750</u>	<u>\$ 288,968</u>
Years Ending December 31,	Proprietary Funds		
	Principal	Interest	Total
2018	\$ 63,000	\$ 9,306	\$ 72,306
2019	65,000	8,059	73,059
2020	66,000	6,772	72,772
2021	67,000	5,465	72,465
2022	68,000	4,138	72,138
2023-2024	141,000	4,198	145,198
Total	<u>\$ 470,000</u>	<u>\$ 37,938</u>	<u>\$ 507,938</u>

Interest and fiscal charge expense totals \$3,000 in the Statement of Receipts, Disbursements and Changes in Cash Fund Balances-Governmental Funds. Interest expense totals \$10,087 in the Statement of Revenues, Expenses and Changes in Net Position-Proprietary Funds.

**CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

3.E. OPERATING TRANSFERS AND BALANCES

Operating transfers consist of the following for the year ended December 31, 2017:

Funds	Transfers In	Transfers Out Non-Major Governmental
General Fund	\$ 157	\$ (157)

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget require to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund balances are to be repaid as cash flows become available. The interfund balances are as follows:

Short-Term Balances			
Due to Fund	Due from Fund	Amount	Reason
General	General Improvement	\$ 21,329	Eliminate negative cash

3.F. CASH FUND BALANCES

At December 31, 2017, governmental fund balances consists of the following:

	General Fund	Major Special Revenue Funds	Non-major Special Revenue Funds	Non-major Debt Service Funds	Total Governmental Funds
Restricted for:					
Debt Service	\$ -	\$ -	\$ -	\$ 24,423	\$ 24,423
Special Revenue - Revolving Loan	-	382,921	-	-	382,921
Total Restricted	-	382,921	-	24,423	407,344
Committed for:					
Police Equipment	5,057	-	-	-	5,057
Fire Equipment	11,682	-	-	-	11,682
Street Improvements	-	19,455	-	-	19,455
Utility Improvements	-	299,049	-	-	299,049
Park Dedication	-	-	21,362	-	21,362
Total Committed	\$ 16,739	\$ 318,504	\$ 21,362	\$ -	\$ 356,605
Assigned for:					
Special Revenue - Recreation	-	-	62,493	-	62,493
Unassigned	211,274	(40,784)	-	-	170,490
Total Fund Balances	\$ 228,013	\$ 660,641	\$ 83,855	\$ 24,423	\$ 996,932

**CITY OF RICE, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2017**

NOTE 3 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

3.G. DESIGNATED NET POSITION

The City Council has designated a portion of its unrestricted proprietary fund net position. Designated amounts consist of the following:

Water Fund		
Designated for Equipment and Vehicles	\$	2,500
Undesignated		968,450
Total Water Fund Unrestricted Net Position	\$	970,950
Sewer Fund		
Designated for Equipment and Vehicles	\$	2,500
Undesignated		772,769
Total Sewer Fund Unrestricted Net Position	\$	775,269

NOTE 4 OTHER NOTES

4.A. DEFINED BENEFIT PENSION PLANS - STATEWIDE

Plan Descriptions

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

General Employees Retirement Plan (General Employees Plan (accounted for in the General Employees Fund))

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan 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.

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by State Statute and can only be modified by the State Legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given one percent increases.

The benefit provisions stated in the following paragraph 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 RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 OTHER NOTES (Continued)

4.A. DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

General Employees Plan Benefits

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

Contributions

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

General Employees Fund Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2017. The City was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2017. The City's contributions to the General Employees Fund for the year ended December 31, 2017 were \$13,217, of which \$7,428 came from the City's proprietary funds. The City's contributions were equal to the required contributions as set by State Statute.

Pension Costs

General Employees Fund Pension Costs

At December 31, 2017, the City reported a liability of \$165,982, of which \$93,284 was reported in the City's proprietary funds, for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$2,089. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017 the City's proportionate share was 0.0026 percent which was an increase of 0.0001 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$4,967 for its proportionate share of the General Employees Plan's pension expense associated with the City's proprietary funds. In addition, the City recognized an additional \$34 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

**CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 OTHER NOTES (Continued)

4.A. DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

Pension Costs (Continued)

At December 31, 2017, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 5,470	\$ 10,267
Changes in actuarial assumptions	26,497	16,640
Differences between projected and actual investment earnings	-	53
Changes in proportionate share	8,567	12,918
Contributions paid to PERA subsequent to the measurement date	6,703	-
Total City Deferred Outflows/Inflows	\$ 47,237	\$ 39,878
Proprietary Funds Deferred Outflows/Inflows	\$ 26,427	\$ 22,412

The City contributed a total of \$6,703 to the General Employees Fund subsequent to the measurement date and during the year ended December 31, 2017, of which \$3,647 was paid from proprietary funds and has been reported as deferred outflows of resources. Such balance will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other deferred outflow and deferred inflow balances will be amortized as noted in the following schedule, with the portion relative to the proprietary funds being recognized in pension expense:

Year Ended December 31	Pension Expense
2018	\$ (2,994)
2019	\$ 12,101
2020	\$ (1,407)
2021	\$ (7,046)

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

**CITY OF RICE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 OTHER NOTES (Continued)

4.A. DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA’s experience. Cost of living benefit increases for retirees are assumed to be one percent per year for all future years for the General Employees Plan through 2044.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

The following changes in actuarial assumptions occurred in 2017:

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	39%	5.10%
International Stocks	19%	5.30%
Bonds	20%	0.75%
Alternative Assets	20%	5.90%
Cash	<u>2%</u>	0.00%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at rates set in Minnesota Statutes. Based on these assumption, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF RICE, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2017**

NOTE 4 OTHER NOTES (Continued)

4.A. DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

Pension Liability Sensitivity

The following table 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 one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Entire City	\$257,451	\$165,982	\$91,099
Proprietary Funds	\$144,690	\$93,284	\$51,199

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.

4.B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To manage these risks, the City purchases commercial insurance. The City retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year settlements in excess of insurance for any of the past two years.

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

4.C. COMMITMENTS

Pay-as-You-Go-Tax Increment Financing

The City has entered into a Pay-as-You-Go developer agreement to finance a tax increment project. Such projects are financed with the developers of the projects. The note is not a general obligation of the City as it is payable only to the extent of future tax increments received. As such, these obligations do not appear on the City's financial statements. At December 31, 2017, the outstanding Pay-as-You-Go debt with the developer is \$174,800. Once completed, the Developer will be reimbursed for the property, site improvements, and administrative costs in an amount not to exceed \$226,000, together with interest of 5.00%, until all costs are reimbursed by December 15, 2026.

**CITY OF RICE, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2017**

NOTE 4 OTHER NOTES (Continued)

4.D. TAX INCREMENT FINANCING

The City is the administering authority for the following tax increment financing district:

Name of District:	TIF 1-8 Roach Rental Townhomes
Type of District:	Housing
Authorizing Law:	MN Statutes Sections 469.174
Year Established:	2011
Duration of District:	27 Years
Original Base Net Tax Capacity:	\$ <u>289</u>
Current Net Tax Capacity:	\$ <u>20,150</u>
Captured Net Tax Capacity:	
Retained by City	\$ <u>19,861</u>
Shared with Other Taxing Districts	\$ <u>-</u>
Total Notes Issued:	
Pay as you go Debt	\$ 226,000
Less: Cumulative Amounts Redeemed	<u>(51,200)</u>
Total Notes Outstanding-December 31, 2017	<u>\$ 174,800</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF RICE, MINNESOTA
SCHEDULE OF CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST TEN YEARS (Presented Prospectively)

For the Fiscal Year Ended June 30	City's Portion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	City's Covered- Employee Payroll (c)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
General Employees Retirement Fund Pension Plan							
2017	0.0026%	\$ 165,982	\$ 2,089	\$ 168,071	\$ 167,673	100.2%	75.9%
2016	0.0025%	\$ 202,988	-	\$ 202,988	\$ 157,200	129.1%	68.9%
2015	0.0024%	\$ 124,380	-	\$ 124,380	\$ 137,373	90.5%	78.2%

This schedule is provided prospectively with the City's year ended December 31, 2015 (June 30, 2015 measurement date) and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF RICE, MINNESOTA
SCHEDULE OF CITY CONTRIBUTIONS
LAST TEN YEARS (Presented Prospectively)

For the Calendar Year Ended December 31	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
<i>General Employees Retirement Fund Pension Plan</i>					
2017	\$ 13,217	\$ 13,217	\$ -	\$ 176,233	7.5%
2016	\$ 11,895	\$ 11,895	\$ -	\$ 158,600	7.5%
2015	\$ 11,259	\$ 11,259	\$ -	\$ 150,342	7.5%

This schedule is provided prospectively with the City's year ended December 31, 2015 (June 30, 2015 measurement date) and is intended to show a ten year trend. Additional years will be reported as they become available.

SUPPLEMENTARY INFORMATION

CITY OF RICE, MINNESOTA
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget Amounts- Original	Budget Amounts- Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
RESOURCES (INFLOWS):				
Property Taxes	\$ 418,210	\$ 418,210	\$ 415,446	\$ (2,764)
Franchise Fees	8,300	8,300	8,265	(35)
Gravel Tax	150	150	657	507
Licenses, Permits and Fees	16,125	16,125	134,256	118,131
Intergovernmental	204,395	204,395	219,736	15,341
Charges for Services	98,160	98,160	105,619	7,459
Fines	8,625	8,625	9,605	980
Investment Income	10,000	10,000	4,010	(5,990)
Contributions	3,400	3,400	35,445	32,045
Miscellaneous	1,750	1,750	19,883	18,133
Operating Transfers In	-	-	157	157
AMOUNTS AVAILABLE	<u>769,115</u>	<u>769,115</u>	<u>953,079</u>	<u>183,964</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General Government:				
City Clerk	69,615	69,615	63,978	(5,637)
Council	18,118	18,118	18,485	367
Elections	650	650	-	(650)
General Government	184,406	184,406	139,968	(44,438)
Public Safety:				
Building Inspector	12,710	12,710	113,824	101,114
Police	202,278	202,278	247,963	45,685
Fire	164,524	164,524	180,116	15,592
Public Works	88,573	88,573	71,481	(17,092)
Economic Development	1,333	1,333	709	(624)
Parks and Recreation	-	11,874	11,002	(872)
Debt Service:				
Principal	25,000	25,000	25,000	-
Interest and Fiscal Charges	3,000	3,000	3,000	-
TOTAL CHARGES	<u>770,207</u>	<u>782,081</u>	<u>875,526</u>	<u>93,445</u>
NET CHANGE IN CASH FUND BALANCE	<u>\$ (1,092)</u>	<u>\$ (12,966)</u>	<u>77,553</u>	<u>\$ 90,519</u>
CASH FUND BALANCE - BEGINNING			<u>150,460</u>	
CASH FUND BALANCE - ENDING			<u>\$ 228,013</u>	

**CITY OF RICE, MINNESOTA
 BUDGETARY COMPARISON SCHEDULE-GENERAL IMPROVEMENT FUND
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts- Original	Budget Amounts- Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
RESOURCES (INFLOWS):				
Property Taxes	\$ 316	\$ 316	\$ -	\$ (316)
Intergovernmental	-	-	15,241	15,241
Contributions	-	-	41,965	41,965
AMOUNTS AVAILABLE	316	316	57,206	56,890
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Public Works	-	-	201,099	201,099
NET CHANGE IN CASH FUND BALANCE	\$ 316	\$ 316	(143,893)	\$ (144,209)
CASH FUND BALANCE - BEGINNING			122,564	
CASH FUND BALANCE - ENDING			\$ (21,329)	

**CITY OF RICE, MINNESOTA
 BUDGETARY COMPARISON SCHEDULE-REVOLVING LOAN FUND
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget Amounts- Original	Budget Amounts- Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
RESOURCES (INFLOWS):				
Property Taxes	\$ -	\$ 1,400	\$ 84	\$ (1,316)
Investment Income	4,600	4,600	1,199	(3,401)
Loan Repayment	-	-	4,072	4,072
MIF Loan Proceeds	-	-	221,147	221,147
AMOUNTS AVAILABLE	<u>4,600</u>	<u>6,000</u>	226,502	220,502
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Economic Development	-	5,400	2,912	(2,488)
MIF Loan Payment	-	-	221,147	221,147
TOTAL CHARGES	<u>-</u>	<u>5,400</u>	224,059	218,659
NET CHANGE IN CASH FUND BALANCE	<u>\$ 4,600</u>	<u>\$ 600</u>	2,443	<u>\$ 1,843</u>
CASH FUND BALANCE - BEGINNING			<u>380,478</u>	
CASH FUND BALANCE - ENDING			<u>\$ 382,921</u>	

**CITY OF RICE, MINNESOTA
 BUDGETARY COMPARISON SCHEDULE-UTILITY IMPROVEMENT FUND
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget Amounts- Original</u>	<u>Budget Amounts- Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Budget Over (Under)</u>
RESOURCES (INFLOWS):				
Special Assessments	\$ 6,517	\$ 6,517	\$ 11,548	\$ 5,031
NET CHANGE IN CASH FUND BALANCE	<u>\$ 6,517</u>	<u>\$ 6,517</u>	11,548	<u>\$ 5,031</u>
CASH FUND BALANCE - BEGINNING			<u>287,501</u>	
CASH FUND BALANCE - ENDING			<u>\$ 299,049</u>	

CITY OF RICE, MINNESOTA
COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS -
NON-MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Recreation Fund	Park Dedication Fund	Total Non-major Special Revenue Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash, Cash Equivalents, and Investments	\$ 62,493	\$ 21,362	\$ 83,855
	<u> </u>	<u> </u>	<u> </u>
CASH FUND BALANCES			
Committed	-	21,362	21,362
Assigned	62,493	-	62,493
	<u> </u>	<u> </u>	<u> </u>
TOTAL CASH FUND BALANCES	<u>\$ 62,493</u>	<u>\$ 21,362</u>	<u>\$ 83,855</u>

CITY OF RICE, MINNESOTA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FUND BALANCES
NON-MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Recreation Fund	Park Dedication Fund	Total Non-major Special Revenue Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
RECEIPTS			
Property Taxes	\$ 6,114	\$ -	\$ 6,114
Intergovernmental	-	5,000	5,000
Charges for Services	4,097	-	4,097
Investment Income	80	-	80
Contributions	1,000	-	1,000
TOTAL RECEIPTS	<u>11,291</u>	<u>5,000</u>	<u>16,291</u>
DISBURSEMENTS			
Current:			
Parks and Recreation	<u>13,063</u>	<u>24,147</u>	<u>37,210</u>
NET CHANGE IN CASH FUND BALANCES	(1,772)	(19,147)	(20,919)
CASH FUND BALANCES - BEGINNING	<u>64,265</u>	<u>40,509</u>	<u>104,774</u>
CASH FUND BALANCES - ENDING	<u>\$ 62,493</u>	<u>\$ 21,362</u>	<u>\$ 83,855</u>

CITY OF RICE, MINNESOTA
COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS -
NON-MAJOR DEBT SERVICE GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	<u>GO Improvement Bonds of 2004 Fund</u>	<u>GO Municipal Building Refunding Bonds of 1998 Fund</u>	<u>Tax Increment District No. 8 Fund</u>	<u>Total Non-major Debt Service Governmental Funds</u>
ASSETS				
Cash, Cash Equivalents, and Investments	\$ -	\$ -	\$ 24,423	\$ 24,423
CASH FUND BALANCES				
Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,423</u>	<u>\$ 24,423</u>

CITY OF RICE, MINNESOTA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FUND BALANCES -
NON-MAJOR DEBT SERVICE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>GO Improvement Bonds of 2004 Fund</u>	<u>GO Municipal Building Refunding Bonds of 1998 Fund</u>	<u>Tax Increment District No. 8 Fund</u>	<u>Total Non-major Debt Service Governmental Funds</u>
RECEIPTS				
Property Taxes	-	-	26,556	26,556
DISBURSEMENTS				
Current:				
Economic Development	-	-	<u>25,710</u>	<u>25,710</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	-	-	846	846
OTHER FINANCING USES				
Operating Transfers Out	<u>(102)</u>	<u>(55)</u>	<u>-</u>	<u>(157)</u>
NET CHANGE IN CASH FUND BALANCES	(102)	(55)	846	689
CASH FUND BALANCES - BEGINNING	<u>102</u>	<u>55</u>	<u>23,577</u>	<u>23,734</u>
CASH FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,423</u>	<u>\$ 24,423</u>

**CITY OF RICE, MINNESOTA
SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

	Issue Date	Interest Rate	Maturity Date	Initial Authorized Issue	Outstanding Balance 01/01/17	Issued	Paid	Outstanding Balance 12/31/17	Principal Due in 2018
GOVERNMENTAL DEBT									
2012 Certificates of Indebtedness	12/28/12	2.00%	12/28/2022	\$ 250,000	\$ 150,000	\$ -	\$ 25,000	\$ 125,000	\$ 25,000
2017 Note Payable	06/01/17	0.00%	5/1/2037	<u>164,929</u>	<u>-</u>	<u>164,929</u>	<u>4,711</u>	<u>160,218</u>	<u>8,076</u>
TOTAL GOVERNMENTAL DEBTS				414,929	150,000	164,929	29,711	285,218	33,076
ENTERPRISE DEBT									
2004 General Obligation Revenue Note (PFA)	09/23/04	1.98%	8/20/2024	<u>1,153,293</u>	<u>532,000</u>	<u>-</u>	<u>62,000</u>	<u>470,000</u>	<u>63,000</u>
TOTAL INDEBTEDNESS				<u>\$ 1,568,222</u>	<u>\$ 682,000</u>	<u>\$ 164,929</u>	<u>\$ 91,711</u>	<u>\$ 755,218</u>	<u>\$ 96,076</u>

CITY OF RICE, MINNESOTA
SCHEDULE OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2017
(UNAUDITED)

<u>Fund</u>	<u>Item and Purpose</u>	<u>Amount</u>
General	Taxes	\$ 3,776
General	Fire Contracts and Calls	10,728
General	Court Fines	571
General	Parking Tickets	100
General	Licenses, Permits and Fees	1,248
Recreation	Taxes	33
Utility Improvements	Special Assessments	108
Water	Customer Charges	9,093
Sewer	Customer Charges	21,021
		<u>\$ 46,678</u>

CITY OF RICE, MINNESOTA
SCHEDULE OF ACCOUNTS PAYABLE AND CONTINGENT LIABILITIES
DECEMBER 31, 2017
(UNAUDITED)

<u>Fund</u>	<u>Vendor</u>	<u>Item and Purpose</u>	<u>Amount</u>	
General	Aflac	December Insurance	\$ 36	
	All Spec Services	December Builder Permits	751	
	Burski	Compost Push Up	1,440	
	Burski	Snow removal	4,908	
	Benton Communication	Phone/Internet	8	
	Benton Communication	Phone/Internet	8	
	CentraCare Health	Drug Test	55	
	CMERDC	Copier Billing	4	
	CardM-Peplinski	Towel/Cleaner	92	
	CardM-Goodin Company	Urinal	192	
	East Central Energy	FOD	46	
	Julie Fandel	Cell Phone Stipend	23	
	Holiday	Fuel	77	
	Janski Grocery	City Hall Supplies	14	
	Kelm & Reuter	Monthly Retainer	1,246	
	LMC	MN Mayor Membership	30	
	Little Rock Electric	Light Repair 2016	3,366	
	Little Rock Electric	Light Repair 2017	1,000	
	Little Rock Electric	Light Repair 2017	3,052	
	MN Dept of Labor	Q-4 2017 permits	1,931	
	MN Dept of Revenue	Q-4 Sales Tax 2017	108	
	MN Power	Light Opt 3	852	
	MN Power	Softball Field	24	
	MN Power	Utility 15 Division Street	12	
	MN Power	City Hall	312	
	MN Power	Xmas Lights	47	
	MN Power	Maint Bldg	55	
	MN Power	OVH	209	
	MN Power	Ltg. Opt. 2	695	
	MN Power	Hockey Rink	12	
	MN Power	Ltg. Opt 1	141	
	MN Power	Siren	12	
	MN Power	Shelter	94	
	MN Power	Light Opt. 1	50	
	MN Power	Hockey Rink	54	
	MN Power	Shelter	37	
	MN Power	Light Opt 2	243	
	MN Power	Light Opt 3	298	
	MN Power	Softball Field	14	
	MN Power	Utility	6	
	MN Power	City Hall	174	
	MN Power	Maint. Bldg	28	
	MN Power	Siren	7	
	MN Power	OVH	149	
	MN Power	Xmas Lights	29	
	Petron Heating	New Motor for Furnace	1,055	
	Petron Heating	Service Call	65	
	Rice Automotive Serv	Oil Change Ford	48	
	Rice Hardware Hank	Ice melt/wrench	28	
	Rice Hardware Hank	Supplies-bulbs, heater	147	
	Rice Hardware Hank	Supplies-hook/vacuum bag	36	
	Tri-County Humane	Stray dog	50	
	US Bank Equipment	Copier Contract	1	
	Verizon	Squad	35	
	Verizon	Ross	51	
	Verizon	Suzie	51	
	Verizon	Brent	41	
	Verizon	Squad	8	
	Verizon	Ross	13	
	Verizon	Suzie	13	
	Verizon	Brent	11	
	Mid America Admin.	Q-3 2017 Flex	150	
	Xcel Energy	OVH	441	
	Xcel Energy	Maint/City Hall	169	
	Xcel Energy	City Hall	414	
	Xcel Energy	Lion's Bld	94	
	CardM-Canvas	Canvas Solution Return	(172)	
	CardM-Canvas	Canvas Solution Return	(57)	
	CardM-Canvas	Canvas Solution	344	
	CardM-Amazon	Monitor	214	
	Interstate All Battery Center	FloodLite	51	
	Interstate All Battery Center	Defibrillator	60	
	MN Highway Safety & Research	Fire Training 2017	4,940	
	Municipal Emergency	Gas Detector	211	
	Premium Waters	Water Supplies	3	
	Rice Automotive Serv	Oil Change Engine 9	74	
	Verizon	Scott	61	
	Verizon	Scott	16	
	Wright Express -Fleet	FD Fuel	129	
			<u>30,736</u>	
			\$ 30,736	
	General Improvement	Bollig	Street Final Design	\$ 2,075
				2,075

CITY OF RICE, MINNESOTA
SCHEDULE OF ACCOUNTS PAYABLE AND CONTINGENT LIABILITIES (CONTINUED)
DECEMBER 31, 2017
(UNAUDITED)

<u>Fund</u>	<u>Vendor</u>	<u>Item and Purpose</u>	<u>Amount</u>	
TIF No. 8	Rice Townhomes	TIF 2017	\$ 23,900	23,900
Water Fund	Bollig	WHP plan	\$ 1,250	
	Bollig	WHP	1,175	
	Bollig	Water Tower Invest.	3,900	
	CardM-USA Bluebook	Solenoid Valve	460	
	Gopher State One-Call	Locates	5	
	Hawkins	Chlorine Cylinder	30	
	Holiday	Fuel	59	
	MN Dept of Revenue	Q-4 Sales Tax 2017	385	
	MN Valley Testing	Coliform	15	
	MN Power	Pump House 3	99	
	MN Power	Pump House 1	110	
	MN Power	Water Tower	34	
	MN Power	Pump 2	541	
	MN Power	Water trmt Plant	555	
	MN Power	Pump House 3	56	
	MN Power	Water Trmt Plant	411	
	MN Power	Pump 1	66	
	MN Power	Water Tower	19	
	MN Power	Pump House 2	462	
	Verizon	Steve	51	
	Verizon	Steve	13	
	Xcel Energy	Well House 1	139	
	Xcel Energy	Water trmt Plant	218	
	Xcel Energy	Well	67	
			<u>67</u>	10,120
Sewer Fund	Bollig	Sewer Pond Investigation	\$ 1,125	
	East Central Energy	Lift Station	63	
	East Central Energy	Pond RD NW	134	
	East Central Energy	118th Lift Station	162	
	MN Power	Lift Station - Pines	29	
	MN Power	Lift 2	53	
	MN Power	Lift 4	33	
	MN Power	Lift 5	21	
	MN Power	Lift Station 1	275	
	MN Power	Lift 130th Fox Meadows	126	
	MN Power	Lift Station Pines	21	
	MN Power	Lift 2	35	
	MN Power	Lift 4	15	
	MN Power	Lift 5	10	
	MN Power	Lift 130th Fox Meadows	195	
	MN Power	Lift Fox Meadows	72	
	Stearns DHIA Central	Influent	93	
	Verizon	Mark	51	
	Verizon	Mark	13	
			<u>13</u>	2,526
			<u>\$ 69,357</u>	

OTHER REQUIRED REPORTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

March 15, 2018

Honorable Mayor and City Council
City of Rice
Rice, Minnesota

We have audited, in accordance with the 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, the financial statements of each major fund and the aggregate remaining fund information of the City of Rice (the "City") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Rice's basic financial statements and have issued our report thereon dated March 15, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Rice, Minnesota's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2012-001 and 2012-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City of Rice's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SCHLENNER WENNER & CO.

St. Cloud, Minnesota

**INDEPENDENT AUDITORS' REPORT ON
MINNESOTA LEGAL COMPLIANCE**

March 15, 2018

Honorable Mayor and City Council
City of Rice
Rice, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of each major fund, and the aggregate remaining fund information of the City of Rice, Minnesota (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated March 15, 2018.

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

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provision of the *Minnesota Legal Compliance Audit Guide for Cities*, except as reported in the accompanying Schedule of Findings and Responses as findings 2017-001 and 2017-002. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions.

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

SCHLENNER WENNER & CO.
St. Cloud, Minnesota

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**CITY OF RICE, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINANCIAL STATEMENT FINDINGS

Finding 2012-001 Limited Segregation of Duties

Condition: During our audit we reviewed procedures over cash receipts, cash disbursements, payroll and financial reporting and found the City to have limited segregation of duties over those transaction cycles.

Criteria: Internal control that supports the City’s ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements requires adequate segregation of accounting duties. In other words, no one person had control over two or more of these responsibilities.

Cause: Limited number of staff members.

Effect: The existence of limited segregation of duties could adversely affect the City’s ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Recommendation: Although the number of staff members may not be large enough to eliminate this deficiency, we recommend the City evaluate current procedures and segregate where possible and implement compensating controls. The City can do this by updating its Internal Control policy to better segregate duties and also allow for better monitoring of this segregation and of the different departments by the City Council. It is important that the Council is aware of this condition and monitor all financial information.

Management’s Response: Management agrees with the recommendation.

Finding 2012-002 Material Audit Adjustments

Condition: Prior to the audit, the City’s financial statements contained misstatements, the nature of which could potentially be material.

Criteria: The City is required to report accurate financial information.

Cause: The City failed to record all year-end adjustments required under the regulatory basis of accounting and various other adjustments were required to correct misstatements.

Effect: The misstatements in the trial balance presented for the audit resulted in the need to record audit adjustments to achieve fair financial statement presentation in accordance with accounting practices prescribed by the State of Minnesota’s Office of the State Auditor.

Recommendation: While the City may not have adequate controls in place to eliminate this finding, the City should continue to document its annual review of the adjustments and provide additional training to staff.

Management’s Response: The City will continue to have Schlenner Wenner & Co. prepare certain audit adjustments. In addition, the City will be diligent in the review of schedules, including those prepared by third parties, to ensure they are correct and agree to the unaudited trial balance.

**CITY OF RICE, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

LEGAL COMPLIANCE FINDINGS

Finding 2017-001 Withholding Affidavit for Contractors

Condition: The City failed to obtain certification from contractors that a *Withholding Affidavit for Contractors* was submitted to the Department of Revenue.

Criteria: Under Minnesota Statute 270C.66, the City is required to obtain certification from contractors that a *Withholding Affidavit for Contractors* was submitted to the Department of Revenue prior to making final payment to each contractor.

Cause: The City failed to obtain certification before making final payments to contractors.

Effect: The failure to obtain such certification resulted in the City's noncompliance with Minnesota Statutes.

Recommendation: We recommend management adopt a policy under which it requires contractors to provide documentation that a *Withholding Affidavit for Contractors* was submitted to the Department of Revenue prior to the District making final payment on a contract.

Management's Response: Management agrees with the recommendation. They also subsequently obtained a withholding affidavit for the project in question to ensure the contractor's compliance.

Finding 2017-002 Report of Outstanding Indebtedness

Condition: The City's Report of Outstanding Indebtedness was not filed on or before February 1, 2018 for the year ended December 31, 2017.

Criteria: The City is required to report to the county auditor, on or before February 1 of each year, the total amount of outstanding obligations and the purpose for which it was issued, as of December 31 of the preceding year, in accordance with Minn. Stat. Section 471.70.

Cause: The City failed to file their required report timely.

Effect: The failure to file such report resulted in the City's noncompliance with Minnesota Statutes.

Recommendation: The City should make sure they file the Report of Outstanding Indebtedness before February 1, each year in order to be in compliance with Minnesota Statutes.

Management's Response: The City has filed the Report of Outstanding Indebtedness for the year ended December 31, 2017, after the deadline. The City will make sure to file the Report of Outstanding Indebtedness in a timely manner in future years.

**CITY OF RICE, MINNESOTA
CORRECTIVE ACTION PLANS
DECEMBER 31, 2017**

FINANCIAL STATEMENT FINDINGS

Finding 2012-001 Limited Segregation of Duties

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The City will review current procedures and implement additional controls where possible.
3. Official Responsible
Sheri Johnson, Treasurer, is the official responsible for ensuring corrective action.
4. Planned Completion Date
The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
5. Plan to Monitor Completion
The City Council will be monitoring this Corrective Action Plan.

Finding 2012-002 Material Audit Adjustments

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The City will continue to have Schlenner Wenner & Co. prepare certain audit adjustments and the City will review the adjustments and schedules provided to the auditor. The City will be more diligent in the review of schedules, including those prepared by third parties, to ensure they are correct and agree with the unaudited trial balance.
3. Official Responsible
Sheri Johnson, Treasurer, is the official responsible for ensuring corrective action.
4. Planned Completion Date
The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
5. Plan to Monitor Completion
The City Council will be monitoring this Corrective Action Plan.

**CITY OF RICE, MINNESOTA
CORRECTIVE ACTION PLANS
DECEMBER 31, 2017**

LEGAL COMPLIANCE FINDINGS

Finding 2017-001 Withholding Affidavit for Contractors

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The City will adopt a policy under which it requires contractors to provide documentation that a *Withholding Affidavit for Contractors* was submitted to the Department of Revenue prior to the City making final payment on a contract.
3. Official Responsible
Sheri Johnson, Treasurer, is the official responsible for ensuring corrective action.
4. Planned Completion Date
The planned completion date is December 31, 2018.
5. Plan to Monitor Completion
The City council will monitor the Corrective Action Plan.

Finding 2017-002 Report of Outstanding Indebtedness

6. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
7. Actions Planned in Response to Finding
The City will adopt a policy under which it requires a report of Outstanding Indebtedness to be filed timely.
8. Official Responsible
Sheri Johnson, Treasurer, is the official responsible for ensuring corrective action.
9. Planned Completion Date
The planned completion date is December 31, 2018.
10. Plan to Monitor Completion
The City council will monitor the Corrective Action Plan.