



CITY OF
Saint Peter
WHERE HISTORY & PROGRESS MEET

**ANNUAL
FINANCIAL
REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2014

CITY OF SAINT PETER, MINNESOTA

CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

Annual Financial Report
For the Year Ended
December 31, 2014

Prepared by
Finance Department

Paula O'Connell
Director of Finance

Brenda Isley
Accountant

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CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

Table of Contents

	Page
INTRODUCTORY SECTION	
TRANSMITTAL LETTER	i–v
CITY COUNCIL AND OTHER OFFICIALS	vi
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1–3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4–13
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15–16
Fund Financial Statements	
Balance Sheet – Governmental Funds	17
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	18
Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds	20
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	21
Statement of Net Position – Enterprise Funds	22–23
Statement of Revenue, Expenses, and Changes in Fund Net Position – Enterprise Funds	24–25
Statement of Cash Flows – Enterprise Funds	26–29
Statement of Fiduciary Net Position – Fiduciary Funds	30
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	31
Notes to Basic Financial Statements	32–61
REQUIRED SUPPLEMENTARY INFORMATION	
Saint Peter Fire Department Relief Association – Schedule of Funding Progress and Schedule of Contributions	62

CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

Table of Contents (continued)

	Page
SUPPLEMENTAL INFORMATION	
Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	63
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	64
Nonmajor Special Revenue Funds	
Combining Balance Sheet	65–68
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	69–72
Nonmajor Debt Service Funds	
Combining Balance Sheet	73
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	74
Nonmajor Capital Project Funds	
Combining Balance Sheet	75–76
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	77–78
General Fund	
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	79–81
Enterprise Funds	
Comparative Schedule of Revenue, Expenses, and Changes in Net Position	
Municipal Electric Utility Fund	82–83
Municipal Water Utility Fund	84–85
Environmental Services Utility Fund	86
Municipal Wastewater Utility Fund	87–88
Heartland Transit Fund	89
Storm Water Fund	90
Telecommunications Conduit Fund	91
Long-Term Care Facility Fund	92
Medical Office Building Fund	93
Fiduciary Funds	
Combining Statement of Net Position – Private-Purpose Trust Funds	94
Combining Statement of Changes in Net Position – Private-Purpose Trust Funds	95
Combining Statement of Net Position – Agency Funds	96
Combining Statement of Changes in Assets and Liabilities – Agency Funds	97
OTHER INFORMATION SECTION	
General Fund Revenue by Source	98
General Fund Expenditures by Function	99–100

INTRODUCTORY SECTION

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June 16, 2015

To the Honorable Mayor, Members of the City Council,
and Citizens of the City of Saint Peter, Minnesota

The annual financial report of the City of Saint Peter, Minnesota (the City) for the fiscal year ended December 31, 2014, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate, in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The report is presented in three sections: introductory, financial, and other information. The introductory section includes this letter of transmittal and a list of principal officials. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and the combining and individual fund statements and schedules. The other information section includes supplemental schedules of statistical data.

The preparation of the report is a requirement of state law. The organization, form, and contents of this report were prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board, the Government Finance Officers Association of the United States and Canada, the American Institute of Certified Public Accountants, and the Minnesota State Auditor's Office.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

THE REPORTING ENTITY AND ITS SERVICES

In addition to the functions over which the City Council exerts direct financial control, the report includes all agencies and entities for which the City is considered to be financially accountable. These agencies and entities are considered component units of the City and include the River's Edge Hospital and Clinic and the Housing and Redevelopment Authority (HRA). These are separate entities and are discretely presented in the basic financial statements. The Economic Development Authority is also considered a component unit of the City. This entity's activities have been blended with that of the City.

The City provides its residents and businesses with a full range of municipal services, including public safety (police and fire), public works, community planning and development, parks and recreation, library, community center, and general administrative services. The City also operates nine enterprise funds: Electric, Water, Wastewater, Environmental Services, Storm Water, Telecommunications Conduit, Heartland Transit, Long-Term Care Facility, and the Medical Office Building Funds.

RECENT DEVELOPMENTS AND ECONOMIC OUTLOOK

The City continues to pursue, and is dedicated to, improvement and enhancement of city services and facilities. The City Council and staff have developed cooperative relationships with other entities such as Nicollet County, the Minnesota Department of Transportation (MnDOT), Independent School District No. 508, and Gustavus Adolphus College to find ways to enhance the quality of life in the City. These cooperative ventures have resulted in new public buildings, infrastructure, businesses, residences, and recreational facilities, which all serve to improve the high quality of life available in the City.

The crown jewel for new development in the community remains the North Industrial Park. Originally developed in 2003, the business park is anchored by the City-owned River's Edge Hospital, which opened for patients in 2004. In the spring of 2009, the City opened River's Edge Clinic, which is connected to and affiliated with River's Edge Hospital. The services offered on the hospital campus further expanded with the addition of a Mayo Health Clinic. Most recently, completed in 2010, was the construction of a 45+ unit senior housing facility that is interconnected to the hospital and operated by Benedictine Health Systems. A second senior housing facility named Prairie Hill, which is across the street from the hospital campus, and which is owned by Second Century Housing, LLC (Ecumen), includes senior housing and memory care units. In addition, the Marshall Street cul-du-sac is the home of four new health-related businesses, including Valley View Dental, Sioux Trails Mental Health Services, Shiloh's Hope (group home services), and Counseling Services of Southern Minnesota.

In November 2013, Shopko opened a new 30,000 square foot retail store in the north commercial district in proximity to Hallett's Pond. An additional nine acres of land is being marketed by the developer for commercial growth. Additional street improvements continue in this area between Union Street and Ritt Street on Old Minnesota Avenue. These street improvements and future roundabout are to enhance traffic flow and improve safety in connection with the work on Highway 169 completed in 2014 by MnDOT.

In 2013, Nash Finch provided for the comprehensive remodeling of their 47,000 square foot grocery store in downtown Saint Peter. This project occurred in conjunction with a rebranding of Econofoods to Family Fresh Market. The remodeling of the existing store included the construction of a new 5,000 square foot liquor store on the same site.

In 2012, at the corner of Jefferson Avenue and Highway 169, a closed convenience store was razed and a new four-unit strip mall was constructed on that site. This has provided a major visual upgrade and a great business improvement at this prominent intersection.

2011 saw the redevelopment of the former Nielsen Chevrolet property at the Minnesota Avenue and Mulberry Street intersection. The Saint Peter Food Coop undertook a \$3 million renovation of the property and repurposed the former auto dealership into a retail grocery store. The renovation and relocation has increased the visibility of this valuable community asset and the Food Coop has subsequently seen a growth in both sales and employment.

In 2010, Creation Technologies, Inc. relocated their operations to a new 50,000 square foot manufacturing facility within the North Industrial Park. The facility, owned by Traverse des Sioux Enterprises, is leased to Creation Technologies, Inc. Creation Technologies, Inc. has increased employment by more than 40 jobs during its first three full years in their new facility.

Historic downtown Saint Peter continues to thrive. The 2009 improvements to Minnesota Avenue (Highway 169) have enhanced the appearance of the retail district while improving pedestrian and vehicular circulation. The exceptionally low vacancy rate of downtown properties is significantly better than that found in most other greater Minnesota communities. As a few businesses have ceased operations, new specialty shops have quickly begun operations, leading to limited vacancies in the downtown business district. The year 2014 saw a flurry of activity within the retail commercial sector, including grand openings for several new businesses, including Berger Interiors, The Cheese & Pie Monger, the Fair Emporium, My Mother's Daughter, and Saints Laundry. The City continues to work with business owners and chamber members to encourage and help facilitate upgrades, programs, and enhancements to the downtown storefronts.

The City's transportation master plan identified the need for a cross-town street, Washington Avenue, for better local traffic flow throughout the community. State Trunk Highway 169, also called Minnesota Avenue, provides for traffic accessing the community or passing through. Two projects were necessary to complete the Washington Avenue cross-town connector. The project to connect South Washington Avenue to Trunk Highway 169 at the south end of the community was opened for use in 2012. The Washington Avenue Link Project to connect North Washington Avenue at Dodd Road to North Washington Avenue at Davis Street started construction in late 2013 and was open for use in 2014.

Improvements on State Trunk Highway 169 from the Union Street intersection to the Dodd Avenue intersection have been completed. The goals of the project will be: 1) highway improvements to minimize traffic interruption due to flooding; 2) to improve safe access from the City to the highway with high traffic volumes; and 3) to improve access to and from the highway for local businesses.

At this time in 2015, there are three governmental construction projects totaling more than \$123,000,000 in costs either planned for later this year or already under construction. These projects include the new Nicollet County Health & Human Services building, the new Saint Peter High School, and an expansion of the Regional Treatment Center. Nicollet County has demolished the former St. Peter Cinema 5 Theater and a 50,000 square foot Health and Human Services building is currently under construction. The county should be able to occupy the building in the fall of 2015.

Drummer Construction is completing the development in Orchard Ridge 2nd Addition with the construction of 36 apartment units. Drummer Construction has also purchased the 4.4 acres east of Orchard Ridge 2nd Addition and anticipates the construction of up to 60 apartment units at that location.

Southwest Minnesota Housing Partnership has completed a 40-apartment unit called Park Row Crossing on the former Saint Peter Community Hospital site. Two buildings, each holding 20 apartment units, were occupied beginning in late 2014. This will be the third multi-family construction project undertaken by Southwest Minnesota Housing Partnership in the City since 2000.

In late 2013, the City acquired possession of the Welco West Subdivision from Nicollet County through tax forfeiture. The City subsequently negotiated the sale of the defunct development to Mike and Julie Drummer. The new owners have committed to the construction of 12 attached townhouse units, 32 single family homes and a 40-unit, market rate apartment complex.

Single family homes continue to be built as sites are still available within the City.

The City's water utility upgraded the existing water treatment plant located on St. Julien Street and installed a new plant and wells on Broadway Avenue, which began operation in 2011. The facilities utilize the latest reverse osmosis membrane filtration technology to provide one of the upper Midwest's best water qualities. The plants are designed to meet all current primary and secondary drinking water standards and to provide a safe and reliable drinking water supply to the residents of the City, now, and into the foreseeable future. The wells and treatment plants will meet the water demand and growth needs through 2031 and are designed for expansion when necessary. An additional water storage reservoir was also added at the new Broadway facility to provide redundancy between the City's upper and lower water distribution systems, which increases the reliability of the entire system.

In cooperation with the City's electric power supplier, Southern Minnesota Municipal Power Agency (SMMPA), a transmission/substation project for the electric utility was completed in the spring of 2013. The overhead transmission lines through the community were replaced with more reliable underground transmission lines to interconnect three city substations in series, providing dual service to each electric substation. A new electric substation was constructed on Sunrise Drive and placed in service in May 2012 to add capacity and meet the City's demand and electric growth needs through 2030. Breakers were added to each substation to intercept transmission line faults to further improve the reliability of the electric service to the community. The City now has four substation transformers to provide redundancy to ensure the electric system can meet the City's electrical needs in the event of a failure of any one substation transformer. The City's electric distribution system is "looped" to minimize any electrical outage related to failure of any given section of electric distribution line.

The wastewater treatment plant, constructed in 2004, continues to operate efficiently to meet the increasingly stringent requirements of the Minnesota Pollution Control Agency for discharge of wastewater effluent to the Minnesota River. The wastewater treatment plant has room for expansion and is designed to meet expected flow increases through the year 2024.

Recent data suggests that population growth will continue to out-pace much of greater Minnesota, which is aided by business growth in the City, our inclusion with the Mankato Metropolitan Statistical Area, and our proximity to the Twin Cities Metropolitan Area. Very low unemployment numbers, improved housing starts, sales tax, and lodging tax growth all point towards a positive economic outlook.

FINANCIAL INFORMATION AND INTERNAL CONTROLS

The City's staff is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the presentation of financial statements in accordance with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

The accounting for all activities of the City is divided into various funds as required by state statutes, debt agreements, and good accounting practices. Financial statements are presented on the accrual or modified accrual basis as appropriate. All funds are in conformity with accounting principles generally accepted in the United States of America as applicable to governmental entities.

Accounting and bookkeeping functions for all city activities are centralized under the finance department. Responsibility for development and maintenance of financial records, maintenance of internal controls, and preparation of financial reports is delegated to this department. Utility services continue to stretch out across our community, which brings additional customer service as well as the need for new technology. Internal controls and segregation of duties are reviewed daily to improve our operations.

As a recipient of federal and state financial assistance, the City is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by city staff, and an annual audit using prescribed parameters.

BUDGETING CONTROLS

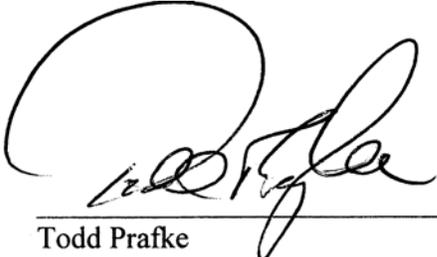
In addition to internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level within the General Fund.

As demonstrated by the financial statements and schedules included in the financial section of this report, the City continues to set realistic goals and has demonstrated the ability to meet these goals through sound financial management.

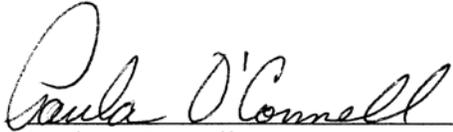
INDEPENDENT AUDIT

Minnesota Statutes require an annual audit by independent certified public accountants. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related U.S. Office of Management and Budget Circular A-133, if applicable. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the City's compliance with laws and regulations and internal controls are included in a separate document.

Respectfully submitted,



Todd Prafke
City Administrator



Paula O'Connell
Director of Finance

CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

City Council and Other Officials
Year Ended December 31, 2014

CITY COUNCIL

		<u>Term Expires December 31,</u>
Timothy Strand	Mayor	2015
Jeff Brand	Councilmember	2015
Susan Carlin	Councilmember	2017
Stephen Grams	Councilmember	2017
John Kvamme	Councilmember	2015
Roger Parras	Councilmember	2017
Chuck Zieman	Councilmember	2015

OFFICIALS

Todd Prafke	City Clerk/Administrator	Appointed
Paula O'Connell	Director of Finance/Treasurer	Appointed
Russ Wille	Director of Community Development	Appointed
Lewis Giesking	Director of Public Works	Appointed
Matthew Peters	Chief of Police	Appointed
Jane Timmerman	Director of Recreation and Leisure Services	Appointed
Dean Busse	Director of Building and Planning	Appointed
James Brandt	City Attorney	Appointed

FINANCIAL SECTION

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PRINCIPALS

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

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Saint Peter, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saint Peter, Minnesota (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component units' financial statements. These include the financial statements of the River's Edge Hospital and Clinic, whose statements reflect total assets and expenses of \$22,869,592 and \$20,368,999, respectively, as of and for the year ended December 31, 2014. They also include the financial statements of the Housing and Redevelopment Authority (HRA), whose statements reflect total assets and expenses of \$1,267,506 and \$357,116, respectively, as of and for the year ended March 31, 2014. Those statements were audited by other auditors whose reports have been furnished to us. Our opinion on the basic financial statements, insofar as it relates to the amounts included for these organizations as component units of the City, is based solely on the reports of the other auditors. 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.

(continued)

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.

OPINIONS

In our opinion, based on our audit and the report of other auditors, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Funding Progress, and the Schedule of Contributions for the Saint Peter Fire Department Relief Association, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

(continued)

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

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

Prior Year Comparative Information

We have previously audited the City's 2013 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information in our report dated June 18, 2014. In our opinion, the partial comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
June 16, 2015

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CITY OF SAINT PETER

Management's Discussion and Analysis Year Ended December 31, 2014

As management of the City of Saint Peter, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with the additional information we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets of the primary government exceeded its liabilities at the close of the most recent fiscal year by \$86,000,435 (*net position*). Of this amount, \$9,179,553 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The primary government's total net position increased by \$2,879,661.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,856,843, a decrease of \$1,054,590 in comparison with the prior year. Of this total, \$3,238,045 is available for spending at the government's discretion (*unassigned fund balance*). The decrease is attributed to the construction of Washington Avenue.
- At the end of the current fiscal year, the fund balance for the General Fund was \$3,775,595, or 57.4 percent, of General Fund 2015 budgeted expenditures and transfers out. This is lower than the percentage reported at December 31, 2013 of 54.3 percent. The City's fund balance policy has a goal to keep this percent in the range of 35–50 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, and economic development. The business-type activities of the City include electric, water, environmental services, wastewater, transit, storm water, telecommunications conduit, the long-term care facility, and the medical office building.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate River's Edge Hospital and Clinic and the legally separate Housing and Redevelopment Authority, for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Additional financial information for these entities can be found in the separately issued financial statements of these entities. The Economic Development Authority, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenue, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains numerous individual governmental funds within its financial report. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenue, Expenditures, and Changes in Fund Balances for the General Fund and funds designated as major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts annual appropriated budgets for its General Fund and special revenue funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds – The City maintains one type of proprietary fund; enterprise funds. These enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, environmental services, wastewater, Heartland Transit, storm water, telecommunications conduit, long-term care facility, and medical office building operations.

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

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

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

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits to the fire department volunteers. Additional information on nonmajor funds can be found in the combining and individual fund statements and schedules section.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$86,000,435 at the close of the most recent fiscal year. This is an increase in net position of \$2,879,661 from the prior fiscal year.

Summary of Net Position as of December 31, 2014 and 2013						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and other assets	\$ 13,098,692	\$ 14,491,295	\$ 8,504,478	\$ 8,319,620	\$ 21,603,170	\$ 22,810,915
Capital assets	33,919,195	30,490,027	95,041,250	97,610,139	128,960,445	128,100,166
Total assets	\$ 47,017,887	\$ 44,981,322	\$ 103,545,728	\$ 105,929,759	\$ 150,563,615	\$ 150,911,081
Liabilities						
Long-term debt liabilities	\$ 11,679,595	\$ 12,401,291	\$ 50,708,668	\$ 53,539,722	\$ 62,388,263	\$ 65,941,013
Other liabilities	693,891	386,718	1,481,026	1,462,576	2,174,917	1,849,294
Total liabilities	\$ 12,373,486	\$ 12,788,009	\$ 52,189,694	\$ 55,002,298	\$ 64,563,180	\$ 67,790,307
Net position						
Net investment in capital assets	\$ 22,738,954	\$ 22,362,975	\$ 44,999,081	\$ 44,773,771	\$ 67,738,035	\$ 67,136,746
Restricted	7,380,664	5,637,742	1,702,183	1,653,734	9,082,847	7,291,476
Unrestricted	4,524,783	4,192,596	4,654,770	4,499,956	9,179,553	8,692,552
Total net position	\$ 34,644,401	\$ 32,193,313	\$ 51,356,034	\$ 50,927,461	\$ 86,000,435	\$ 83,120,774

By far, the largest portion of the City's net position (78.7 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (10.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (10.7 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

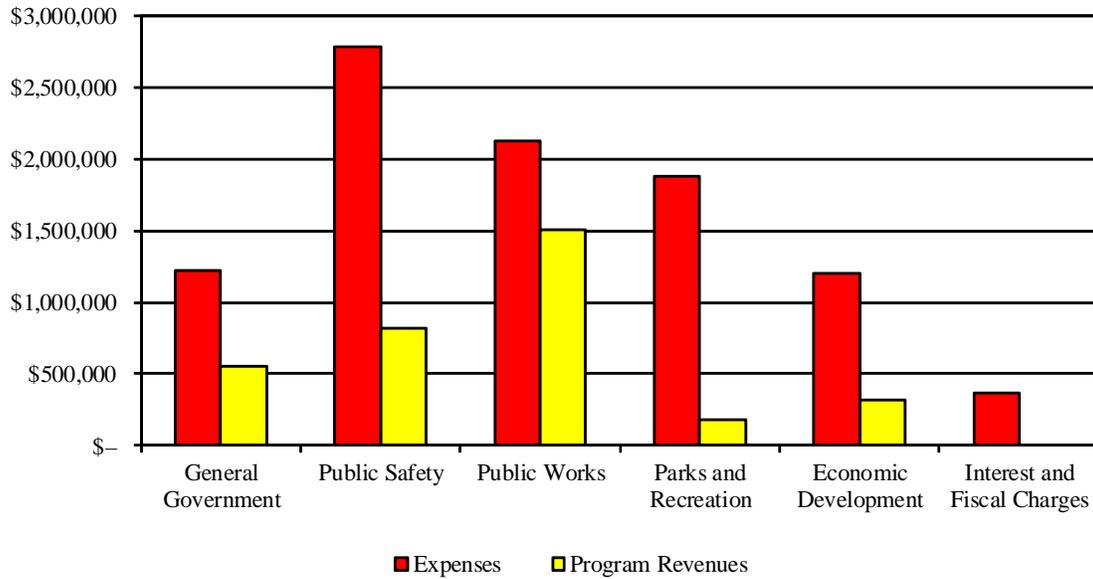
The following table presents the changes in net position for the primary government:

Change in Net Position for the Years Ended December 31, 2014 and 2013						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	\$ 1,542,578	\$ 1,507,356	\$ 19,839,128	\$ 19,218,174	\$ 21,381,706	\$ 20,725,530
Operating grants and contributions	299,648	292,125	366,719	244,800	666,367	536,925
Capital grants and contributions	1,534,598	409,135	177,158	-	1,711,756	409,135
General revenues						
Taxes	3,111,353	3,025,371	-	-	3,111,353	3,025,371
Grants and contributions not restricted to specific programs	3,279,707	2,870,895	-	-	3,279,707	2,870,895
Gain on sale of asset	644,289	78,067	-	-	644,289	78,067
Other	168,871	118,415	35,616	38,036	204,487	156,451
Total revenues	<u>10,581,044</u>	<u>8,301,364</u>	<u>20,418,621</u>	<u>19,501,010</u>	<u>30,999,665</u>	<u>27,802,374</u>
Expenses						
General government	1,218,160	1,196,248	-	-	1,218,160	1,196,248
Public safety	2,783,733	2,655,284	-	-	2,783,733	2,655,284
Public works	2,124,676	2,513,192	-	-	2,124,676	2,513,192
Parks and recreation	1,878,985	1,836,221	-	-	1,878,985	1,836,221
Economic development	1,206,489	750,697	-	-	1,206,489	750,697
Interest and fiscal charges	365,185	254,363	-	-	365,185	254,363
Electric	-	-	9,721,539	9,946,168	9,721,539	9,946,168
Water	-	-	3,185,809	3,164,054	3,185,809	3,164,054
Environmental services	-	-	764,224	701,516	764,224	701,516
Wastewater	-	-	2,802,964	2,808,441	2,802,964	2,808,441
Transit	-	-	323,696	340,293	323,696	340,293
Storm water	-	-	557,035	539,642	557,035	539,642
Telecommunications conduit	-	-	14,264	14,264	14,264	14,264
Long-term care facility	-	-	778,850	791,221	778,850	791,221
Medical office building	-	-	394,395	394,458	394,395	394,458
Total expenses	<u>9,577,228</u>	<u>9,206,005</u>	<u>18,542,776</u>	<u>18,700,057</u>	<u>28,120,004</u>	<u>27,906,062</u>
Change in net position before transfers	1,003,816	(904,641)	1,875,845	800,953	2,879,661	(103,688)
Transfers	<u>1,447,272</u>	<u>755,069</u>	<u>(1,447,272)</u>	<u>(755,069)</u>	<u>-</u>	<u>-</u>
Change in net position	2,451,088	(149,572)	428,573	45,884	2,879,661	(103,688)
Net position – beginning	<u>32,193,313</u>	<u>32,342,885</u>	<u>50,927,461</u>	<u>50,881,577</u>	<u>83,120,774</u>	<u>83,224,462</u>
Net position – ending	<u>\$ 34,644,401</u>	<u>\$ 32,193,313</u>	<u>\$ 51,356,034</u>	<u>\$ 50,927,461</u>	<u>\$ 86,000,435</u>	<u>\$ 83,120,774</u>

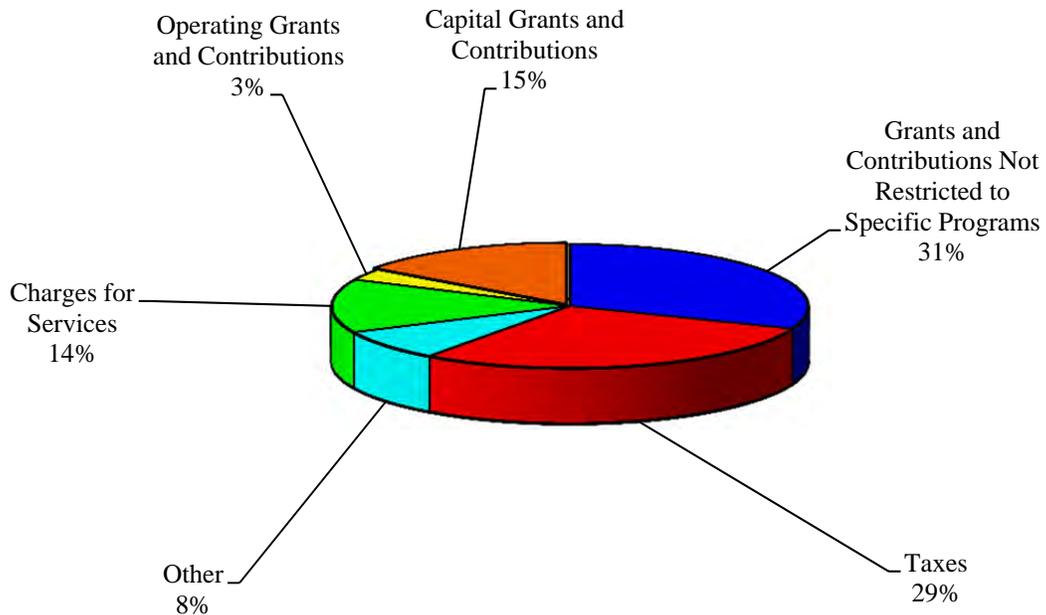
Total revenues were higher in fiscal 2014 as capital grants for the Washington Avenue Street Project were greater than prior years.

Governmental Activities – Governmental activities increased the City’s net position by \$2,451,088. Elements of this change are seen in the table below:

Expenses and Program Revenues – Governmental Activities



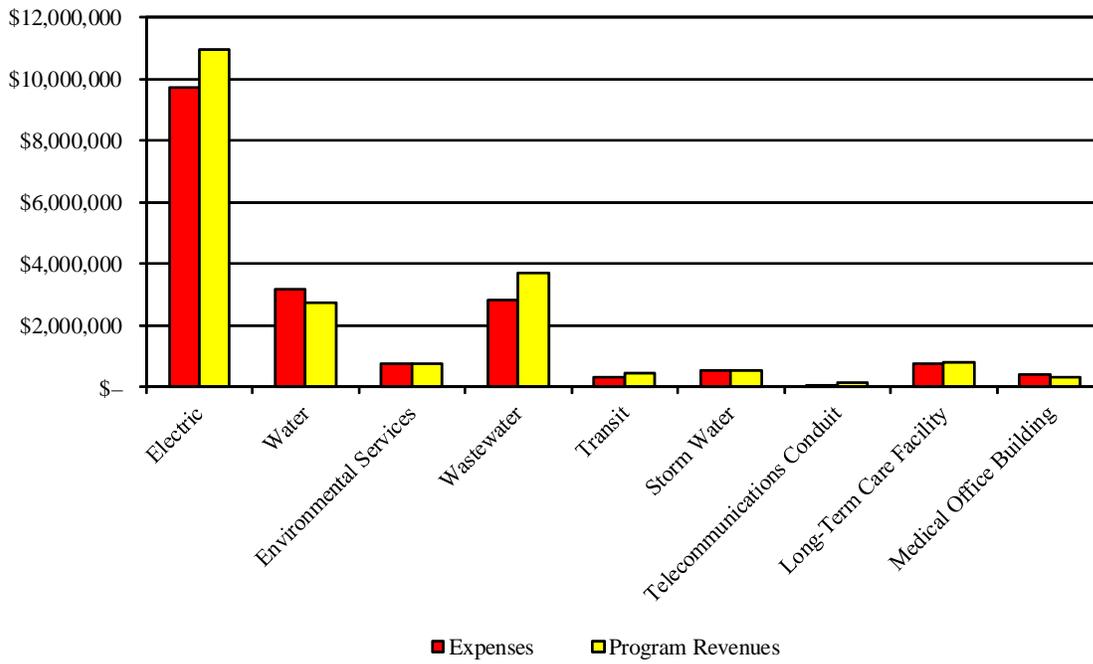
Revenues by Source – Governmental Activities



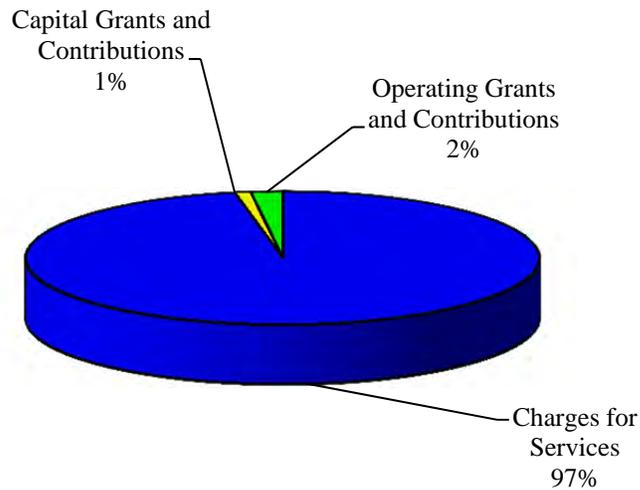
It is important to note these revenues exclude transfers received from other funds.

Business-Type Activities – Business-type activities increased the City’s net position by \$428,573. As it shows in the graphs, these funds are supported by rates collected from users.

Expenses and Program Revenues – Business-Type Activities



Revenues by Source – Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,856,843, a decrease of \$1,054,590 in comparison with the prior year. Of this total amount, \$3,238,045 constitutes unassigned fund balance, which is available for spending at the government's discretion.

General Fund – The General Fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the General Fund was \$3,775,595, an increase of \$29,298. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures and transfers out. Fund balance represents 57.4 percent of total General Fund 2015 budgeted expenditures and transfers out. Because the City receives property tax settlements and local government aid in two large disbursements each year, the City depends on this fund balance to provide cash flow for its daily operations throughout the year.

The following table shows the General Fund expenditures and transfers out or budgeted expenditures and transfers out, and beginning fund balances over the past nine years and the upcoming year:

Year	General Fund Expenditures and Transfers Out	General Fund – Fund Balance at Beginning of Year	Fund Balance as a Percentage of Expenditures and Transfers Out
2006	\$ 5,015,069	\$ 1,781,076	35.5 %
2007	5,185,418	1,920,192	37.0
2008	5,546,334	2,045,164	36.9
2009	5,485,688	2,050,652	37.4
2010	5,394,036	2,325,697	43.1
2011	6,119,576	3,519,518	57.5
2012	6,099,427	3,397,334	55.7
2013	6,819,666	3,963,763	58.1
2014	6,902,596	3,746,297	54.3
Budgeted 2015	6,581,025	3,775,595	57.4

Capital Projects – Permanent Improvement Fund – This fund decreased its fund balance by \$2,073,856, mainly related to the Washington Avenue Street Improvement Project.

Nonmajor Funds – These funds increased fund balances in part by the sale of the Welco West Subdivision and the satisfaction of delinquent special assessments.

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

Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City did not amend the original budget during the year.

Total General Fund revenues exceeded budget by \$471,398. The largest portion of this amount was from licenses and permits and charges for services revenue sources, which exceeded budget by \$186,126 and \$162,027, respectively. These variances were mainly from permits and fees related to construction at the Regional Treatment Center.

Total General Fund expenditures were under budget in 2014 by \$164,322, with no significant change in any one function.

Transfers out for the year ended December 31, 2014 were over budget by \$700,629. Most of this was due to an increase in the transfers out to other funds of about \$490,000, mostly related to a transfer to the Parkland Dedication Capital Project Fund in fiscal 2014.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2014 amounts to \$128,960,445 (net of accumulated depreciation). This investment in capital assets includes: land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and trails.

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

- Washington Avenue improvements
- Saint Julien Roundabout planning
- Union street and Highway 169 street improvements

City of Saint Peter’s Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,255,287	\$ 2,255,287	\$ 976,861	\$ 976,861	\$ 3,232,148	\$ 3,232,148
Land improvements	619,157	616,114	–	–	619,157	616,114
Buildings and improvements	17,115,332	17,115,332	58,065,480	58,009,842	75,180,812	75,125,174
Utility plant and infrastructure	14,170,382	13,505,310	61,927,858	60,338,743	76,098,240	73,844,053
Machinery and equipment	6,425,461	6,201,210	10,952,123	10,798,582	17,377,584	16,999,792
Construction in progress	6,303,790	2,714,746	887,158	1,773,033	7,190,948	4,487,779
Less accumulated depreciation	(12,970,214)	(11,917,972)	(37,768,230)	(34,286,922)	(50,738,444)	(46,204,894)
Total	\$ 33,919,195	\$ 30,490,027	\$ 95,041,250	\$ 97,610,139	\$ 128,960,445	\$ 128,100,166

Additional details of capital asset activity for the year can be found in the notes to basic financial statements.

Long-Term Debt – At the end of the current fiscal year, the City had total long-term liabilities of \$62,388,263.

City of Saint Peter’s Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 9,864,207	\$ 10,655,189	\$ –	\$ –	\$ 9,864,207	\$ 10,655,189
General obligation equipment certificates	1,397,320	1,324,780	–	–	1,397,320	1,324,780
General obligation notes payable	–	–	24,994,001	26,418,001	24,994,001	26,418,001
Notes payable	23,855	33,010	–	–	23,855	33,010
Utility revenue bonds	–	–	12,835,000	13,912,320	12,835,000	13,912,320
Long-term care facility revenue bonds and notes	–	–	12,535,262	12,854,811	12,535,262	12,854,811
Compensated absences	394,213	388,312	344,405	354,590	738,618	742,902
Total	<u>\$ 11,679,595</u>	<u>\$ 12,401,291</u>	<u>\$ 50,708,668</u>	<u>\$ 53,539,722</u>	<u>\$ 62,388,263</u>	<u>\$ 65,941,013</u>

Under current state statutes, the City’s general obligation bonded debt issuances are subject to a legal limitation based on 3 percent of total market value of real and personal property. As of December 31, 2014, the total market value was \$428,080,400, producing an allowable debt of \$12,842,412. The City’s net debt for general obligation bonds as of December 31, 2014 is \$1,139,285, which is 8.9 percent of the total allowable debt. The net debt per capita for general obligation bonds equaled \$100 in 2014.

Additional details of the City’s long-term debt activity for the year can be found in the notes to basic financial statements.

Discretely Presented Component Units – Please refer to separately issued financial statements of the component units for the management’s discussion and analysis of those entities’ financial activities.

REQUESTS FOR INFORMATION

This annual financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Saint Peter, Director of Finance, 227 South Front Street, Municipal Building, Saint Peter, Minnesota 56082.

BASIC FINANCIAL STATEMENTS

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CITY OF SAINT PETER

Statement of Net Position
as of December 31, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	River's Edge Hospital and Clinic	Housing and Redevelopment Authority
Assets					
Cash and investments	\$ 8,738,609	\$ 3,928,148	\$ 12,666,757	\$ 3,977,799	\$ 550,013
Receivables (net of allowance)					
Accounts	140,326	1,617,211	1,757,537	4,526,626	181
Interest	–	15,456	15,456	–	–
Special assessments	305,465	281,732	587,197	–	–
Notes	2,309,484	23,856	2,333,340	–	–
Due from other governmental units	456,299	136,628	592,927	–	–
Unamortized bond discount	–	322,094	322,094	–	–
Inventory	2,894	1,010,240	1,013,134	376,645	–
Prepaid items	1,048	885	1,933	201,544	8,349
Assets held for resale	1,144,567	–	1,144,567	–	–
Other assets	–	–	–	582,982	–
Restricted assets – temporarily restricted					
Cash and investments for debt service	–	1,168,228	1,168,228	–	–
Cash and investments for River's Edge Hospital and Clinic	–	–	–	3,669,379	–
Capital assets					
Land	2,255,287	976,861	3,232,148	28,886	67,938
Land improvements	619,157	–	619,157	1,156,850	–
Buildings and improvements	17,115,332	58,065,480	75,180,812	7,255,742	2,690,934
Utility plant and infrastructure	14,170,382	61,927,858	76,098,240	–	–
Machinery and equipment	6,425,461	10,952,123	17,377,584	14,365,447	291,362
Construction in progress	6,303,790	887,158	7,190,948	1,641	–
Less accumulated depreciation	(12,970,214)	(37,768,230)	(50,738,444)	(13,273,949)	(2,341,271)
Total capital assets, net of depreciation	33,919,195	95,041,250	128,960,445	9,534,617	708,963
Total assets	<u>\$ 47,017,887</u>	<u>\$ 103,545,728</u>	<u>\$ 150,563,615</u>	<u>\$ 22,869,592</u>	<u>\$ 1,267,506</u>
Liabilities					
Accounts and contracts payable	\$ 307,679	\$ 862,814	\$ 1,170,493	\$ 1,699,207	\$ 12,359
Salaries and withholdings payable	13,628	(770)	12,858	1,149,204	6,812
Accrued interest payable	127,070	424,827	551,897	150,798	–
Customer deposits	58,022	119,200	177,222	–	22,506
Due to other governmental units	–	33,149	33,149	–	8,871
Unearned revenue	187,492	41,806	229,298	–	178
Long-term liabilities					
Due within one year	1,683,328	3,383,687	5,067,015	661,739	–
Due in more than one year	9,996,267	47,324,981	57,321,248	12,376,958	–
Total long-term liabilities	11,679,595	50,708,668	62,388,263	13,038,697	–
Total liabilities	12,373,486	52,189,694	64,563,180	16,037,906	50,726
Net position					
Net investment in capital assets	22,738,954	44,999,081	67,738,035	(3,504,080)	708,963
Restricted for					
Debt service	581,607	1,168,228	1,749,835	–	–
Revolving loans	3,570,835	–	3,570,835	–	–
Capital replacement	3,228,222	533,955	3,762,177	–	–
Unrestricted	4,524,783	4,654,770	9,179,553	10,335,766	507,817
Total net position	34,644,401	51,356,034	86,000,435	6,831,686	1,216,780
Total liabilities and net position	<u>\$ 47,017,887</u>	<u>\$ 103,545,728</u>	<u>\$ 150,563,615</u>	<u>\$ 22,869,592</u>	<u>\$ 1,267,506</u>

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Activities
Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 1,218,160	\$ 437,253	\$ 116,067	\$ -
Public safety	2,783,733	642,916	175,581	-
Public works	2,124,676	3,355	-	1,507,019
Parks and recreation	1,878,985	167,181	8,000	-
Economic development	1,206,489	291,873	-	27,579
Interest and fiscal charges	365,185	-	-	-
Total governmental activities	<u>\$ 9,577,228</u>	<u>\$ 1,542,578</u>	<u>\$ 299,648</u>	<u>\$ 1,534,598</u>
Business-type activities				
Electric	\$ 9,721,539	\$ 10,776,761	\$ 1,408	\$ 173,000
Water	3,185,809	2,745,745	756	-
Environmental services	764,224	769,938	326	-
Wastewater	2,802,964	3,689,500	1,048	4,158
Transit	323,696	89,151	363,138	-
Storm water	557,035	526,528	43	-
Telecommunications conduit	14,264	144,071	-	-
Long-term care facility	778,850	785,719	-	-
Medical office building	394,395	311,715	-	-
Total business-type activities	<u>18,542,776</u>	<u>19,839,128</u>	<u>366,719</u>	<u>177,158</u>
Total primary government	<u>\$ 28,120,004</u>	<u>\$ 21,381,706</u>	<u>\$ 666,367</u>	<u>\$ 1,711,756</u>
Component units				
River's Edge Hospital and Clinic	\$ 20,368,999	\$ 18,881,994	\$ 923	\$ -
Housing and Redevelopment Authority	357,116	248,329	44,268	54,896
Total component units	<u>\$ 20,726,115</u>	<u>\$ 19,130,323</u>	<u>\$ 45,191</u>	<u>\$ 54,896</u>

General revenues

Taxes

Grants and contributions not restricted to specific programs

Other general revenues

Investment earnings

Gain on sale of assets

Transfers

Total general revenues and transfers

Change in net position

Net position – beginning

Net position – ending

See notes to basic financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	River's Edge Hospital and Clinic	Housing and Redevelopment Authority
\$ (664,840)	\$ -	\$ (664,840)	\$ -	\$ -
(1,965,236)	-	(1,965,236)	-	-
(614,302)	-	(614,302)	-	-
(1,703,804)	-	(1,703,804)	-	-
(887,037)	-	(887,037)	-	-
(365,185)	-	(365,185)	-	-
(6,200,404)	-	(6,200,404)	-	-
-	1,229,630	1,229,630	-	-
-	(439,308)	(439,308)	-	-
-	6,040	6,040	-	-
-	891,742	891,742	-	-
-	128,593	128,593	-	-
-	(30,464)	(30,464)	-	-
-	129,807	129,807	-	-
-	6,869	6,869	-	-
-	(82,680)	(82,680)	-	-
-	1,840,229	1,840,229	-	-
(6,200,404)	1,840,229	(4,360,175)	-	-
-	-	-	(1,486,082)	-
-	-	-	-	(9,623)
-	-	-	(1,486,082)	(9,623)
3,111,353	-	3,111,353	-	-
3,279,707	-	3,279,707	-	-
117,387	-	117,387	881	5,078
51,484	35,616	87,100	26,561	541
644,289	-	644,289	-	-
1,447,272	(1,447,272)	-	-	-
8,651,492	(1,411,656)	7,239,836	27,442	5,619
2,451,088	428,573	2,879,661	(1,458,640)	(4,004)
32,193,313	50,927,461	83,120,774	8,290,326	1,220,784
\$ 34,644,401	\$ 51,356,034	\$ 86,000,435	\$ 6,831,686	\$ 1,216,780

CITY OF SAINT PETER

Balance Sheet
 Governmental Funds
 as of December 31, 2014
 (With Partial Comparative Information as of December 31, 2013)

	Capital Projects –			Total Governmental Funds	
	General	Permanent Improvement	Nonmajor	2014	2013
Assets					
Cash and investments	\$ 3,977,310	\$ 1,184,878	\$ 3,576,421	\$ 8,738,609	\$ 9,423,448
Receivables					
Accounts	46,842	–	93,484	140,326	226,390
Delinquent taxes	58,812	–	1,267	60,079	108,329
Delinquent special assessments	340	1,119	187	1,646	439,504
Deferred special assessments	8,316	252,190	43,313	303,819	461,857
Notes	231,540	–	2,077,944	2,309,484	2,328,578
Due from other funds	4,944	–	196,472	201,416	524,199
Due from other governmental units	39,972	350,519	5,729	396,220	348,439
Inventory	2,894	–	–	2,894	3,743
Prepaid items	958	–	90	1,048	6,440
Assets held for resale	–	–	1,144,567	1,144,567	1,144,567
Total assets	<u>\$ 4,371,928</u>	<u>\$ 1,788,706</u>	<u>\$ 7,139,474</u>	<u>\$ 13,300,108</u>	<u>\$ 15,015,494</u>
Liabilities					
Accounts and contracts payable	\$ 96,205	\$ 195,029	\$ 16,445	\$ 307,679	\$ 241,570
Salaries and withholdings payable	13,628	–	–	13,628	33,997
Due to other funds	–	–	201,416	201,416	524,199
Customer deposits	–	–	58,022	58,022	8,022
Unearned revenue	187,492	–	–	187,492	–
Total liabilities	<u>297,325</u>	<u>195,029</u>	<u>275,883</u>	<u>768,237</u>	<u>807,788</u>
Deferred inflows of resources					
Unavailable revenue – property taxes	58,812	–	1,267	60,079	103,911
Unavailable revenue – special assessments	8,656	253,309	43,499	305,464	863,784
Unavailable revenue – notes receivable	231,540	–	2,077,945	2,309,485	2,328,578
Total deferred inflows of resources	<u>299,008</u>	<u>253,309</u>	<u>2,122,711</u>	<u>2,675,028</u>	<u>3,296,273</u>
Fund balances (deficit)					
Nonspendable	3,852	–	90	3,942	10,183
Restricted	–	1,340,368	3,896,487	5,236,855	6,673,510
Committed	–	–	1,041,022	1,041,022	1,015,420
Assigned	336,979	–	–	336,979	336,914
Unassigned	3,434,764	–	(196,719)	3,238,045	2,875,406
Total fund balances	<u>3,775,595</u>	<u>1,340,368</u>	<u>4,740,880</u>	<u>9,856,843</u>	<u>10,911,433</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,371,928</u>	<u>\$ 1,788,706</u>	<u>\$ 7,139,474</u>	<u>\$ 13,300,108</u>	<u>\$ 15,015,494</u>

See notes to basic financial statements

CITY OF SAINT PETER

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of December 31, 2014

Total fund balances – governmental funds	\$ 9,856,843
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	46,889,409
Less accumulated depreciation	(12,970,214)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds and notes payable	(11,285,382)
Compensated absences	(394,213)
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	
	(127,070)
Due to availability, certain revenues are not recognized under the governmental fund statements until received; however, under full accrual in the government-wide Statement of Activities, revenues are recorded when earned regardless of when received.	
	<u>2,675,028</u>
Total net position – governmental activities	<u><u>\$ 34,644,401</u></u>

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2014
 (With Partial Comparative Information for the Year Ended December 31, 2013)

	General	Capital Projects –	Nonmajor Funds	Total Governmental Funds	
		Permanent Improvement		2014	2013
Revenue					
Taxes					
Property taxes and tax increments	\$ 1,333,157	\$ –	\$ 1,672,971	\$ 3,006,128	\$ 2,926,163
Other taxes	87,652	–	47,573	135,225	129,208
Licenses and permits	316,846	–	–	316,846	191,505
Intergovernmental	3,054,414	1,616,700	468,966	5,140,080	3,822,792
Special assessments	–	28,878	475,319	504,197	98,313
Charges for services	467,977	–	–	467,977	398,820
Fines and forfeitures	67,015	–	–	67,015	75,969
Investment earnings	19,152	12,617	19,715	51,484	33,655
Other	95,029	–	769,019	864,048	988,129
Total revenue	5,441,242	1,658,195	3,453,563	10,553,000	8,664,554
Expenditures					
Current					
General government	764,766	–	425,267	1,190,033	1,171,878
Public safety	2,611,444	–	–	2,611,444	2,496,385
Public works	1,246,956	–	–	1,246,956	1,259,768
Parks and recreation	1,222,334	–	331,908	1,554,242	1,507,663
Economic development	150,815	–	228,495	379,310	194,172
Other	58,167	–	301,012	359,179	556,525
Capital outlay	94,985	3,732,051	1,116,981	4,944,017	4,705,188
Debt service					
Principal	–	–	1,027,789	1,027,789	1,400,395
Interest and fiscal charges	–	–	341,246	341,246	270,637
Total expenditures	6,149,467	3,732,051	3,772,698	13,654,216	13,562,611
Excess (deficiency) of revenue over expenditures	(708,225)	(2,073,856)	(319,135)	(3,101,216)	(4,898,057)
Other financing sources (uses)					
Debt issued	–	–	345,000	345,000	6,340,000
Premium on debt issued	–	–	–	–	34,540
Proceeds from sale of assets	–	–	677,065	677,065	78,067
Transfers in	1,490,652	–	1,345,285	2,835,937	2,334,563
Transfers (out)	(753,129)	–	(1,058,247)	(1,811,376)	(751,314)
Total other financing sources (uses)	737,523	–	1,309,103	2,046,626	8,035,856
Net change in fund balances	29,298	(2,073,856)	989,968	(1,054,590)	3,137,799
Fund balances					
Beginning of year	3,746,297	3,414,224	3,750,912	10,911,433	7,773,634
End of year	\$ 3,775,595	\$ 1,340,368	\$ 4,740,880	\$ 9,856,843	\$ 10,911,433

See notes to basic financial statements

CITY OF SAINT PETER

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended December 31, 2014

Total net change in fund balances – governmental funds \$ (1,054,590)

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	4,253,774
Depreciation expense	(1,169,735)

A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sales proceeds are included in the change in fund balance.

(32,776)

Transfers of capital assets from enterprise funds to governmental activities are not reflected in the fund based financial statements but are reflected as transfers in the government-wide financial statements.

377,905

Transfers of long-term debt from governmental activities to enterprise funds are not reflected in the fund based financial statements but are reflected as transfers in the government-wide financial statements.

44,805

The amount of bond proceeds is reported in the governmental funds as a source of financing. Bond proceeds are not revenues in the Statement of Activities, but rather constitute long-term liabilities.

(345,000)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

1,027,792

The net change in compensated absences payable affects expenditures in the governmental funds, but also affects long-term liabilities in the Statement of Net Position.

(5,901)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

(23,941)

Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.

(621,245)

Change in net position – governmental activities

\$ 2,451,088

See notes to basic financial statements

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CITY OF SAINT PETER

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended December 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue			
Property taxes	\$ 1,305,614	\$ 1,333,157	\$ 27,543
Other taxes	76,600	87,652	11,052
Licenses and permits	130,720	316,846	186,126
Intergovernmental	3,030,208	3,054,414	24,206
Charges for services	305,950	467,977	162,027
Fines and forfeitures	79,000	67,015	(11,985)
Investment earnings	17,000	19,152	2,152
Other	24,752	95,029	70,277
Total revenue	<u>4,969,844</u>	<u>5,441,242</u>	<u>471,398</u>
Expenditures			
Current			
General government	779,357	764,766	(14,591)
Public safety	2,632,103	2,611,444	(20,659)
Public works	1,316,031	1,246,956	(69,075)
Parks and recreation	1,236,148	1,222,334	(13,814)
Economic development	156,573	150,815	(5,758)
Other	83,347	58,167	(25,180)
Capital outlay	110,230	94,985	(15,245)
Total expenditures	<u>6,313,789</u>	<u>6,149,467</u>	<u>(164,322)</u>
Excess (deficiency) of revenues over expenditures	(1,343,945)	(708,225)	635,720
Other financing sources (uses)			
Transfers in	1,357,900	1,490,652	132,752
Transfers (out)	(52,500)	(753,129)	(700,629)
Total other financing sources (uses)	<u>1,305,400</u>	<u>737,523</u>	<u>(567,877)</u>
Net change in fund balances	<u>\$ (38,545)</u>	29,298	<u>\$ 67,843</u>
Fund balances			
Beginning of year		<u>3,746,297</u>	
End of year		<u>\$ 3,775,595</u>	

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Net Position
Enterprise Funds
as of December 31, 2014

(With Partial Comparative Information as of December 31, 2013)

	Electric	Water	Environmental Services	Wastewater
Assets				
Current assets				
Cash and investments	\$ 1,404,587	\$ 1,018,222	\$ 192,196	\$ 633,852
Receivables				
Accounts (net of allowance)	894,563	210,378	71,681	349,154
Interest	15,456	-	-	-
Special assessments	-	105,484	23,572	146,723
Notes	23,856	-	-	-
Due from other funds	150,445	-	-	-
Due from other governmental units	110	-	1,750	1,154
Inventory	920,198	78,438	-	11,604
Prepaid items	885	-	-	-
Total current assets	<u>3,410,100</u>	<u>1,412,522</u>	<u>289,199</u>	<u>1,142,487</u>
Noncurrent assets				
Cash and investments – restricted	1,061,428	-	-	-
Capital assets				
Land	34,420	88,835	-	853,606
Building and improvements	3,180,053	14,352,856	-	23,958,694
Utility plant and infrastructure	27,508,966	16,108,283	-	11,251,842
Machinery and equipment	4,105,748	5,001,441	280,715	1,031,986
Construction in progress	504,469	155,353	-	165,325
Less accumulated depreciation	(13,397,581)	(9,207,479)	(217,020)	(10,195,092)
Total capital assets (net of accumulated depreciation)	<u>21,936,075</u>	<u>26,499,289</u>	<u>63,695</u>	<u>27,066,361</u>
Unamortized bond discount	71,525	16,147	-	31,092
Total noncurrent assets	<u>23,069,028</u>	<u>26,515,436</u>	<u>63,695</u>	<u>27,097,453</u>
Total assets	<u>\$ 26,479,128</u>	<u>\$ 27,927,958</u>	<u>\$ 352,894</u>	<u>\$ 28,239,940</u>
Liabilities and Net Position				
Current liabilities				
Accounts and contracts payable	\$ 626,988	\$ 15,174	\$ 45,244	\$ 132,550
Salaries and withholdings payable	-	(770)	-	-
Accrued interest payable	119,243	179,526	-	74,622
Customer deposits	119,200	-	-	-
Due to other governmental units	29,322	1,254	2,517	56
Unearned revenue	2,231	-	-	-
Due to other funds	-	-	-	-
Long-term liabilities due within one year	784,836	948,147	12,393	1,231,065
Total current liabilities	<u>1,681,820</u>	<u>1,143,331</u>	<u>60,154</u>	<u>1,438,293</u>
Long-term liabilities, less current portion above	8,113,000	17,607,086	12,043	9,265,079
Net position (deficit)				
Net investment in capital assets	13,237,600	8,045,275	63,695	16,649,899
Restricted for debt service	1,061,428	-	-	-
Restricted for capital replacement	-	-	-	533,955
Unrestricted	2,385,280	1,132,266	217,002	352,624
Total net position (deficit)	<u>16,684,308</u>	<u>9,177,541</u>	<u>280,697</u>	<u>17,536,568</u>
Total liabilities and net position	<u>\$ 26,479,128</u>	<u>\$ 27,927,958</u>	<u>\$ 352,894</u>	<u>\$ 28,239,940</u>

See notes to basic financial statements

Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
					2014	2013
\$ -	\$ 507,671	\$ -	\$ 6,740	\$ 164,880	\$ 3,928,148	\$ 4,095,986
12,704	43,384	35,347	-	-	1,617,211	1,444,190
-	-	-	-	-	15,456	12,600
-	5,953	-	-	-	281,732	327,709
-	-	-	-	-	23,856	33,010
-	-	-	-	-	150,445	50,639
133,113	501	-	-	-	136,628	18,828
-	-	-	-	-	1,010,240	869,327
-	-	-	-	-	885	978
<u>145,817</u>	<u>557,509</u>	<u>35,347</u>	<u>6,740</u>	<u>164,880</u>	<u>7,164,601</u>	<u>6,853,267</u>
-	-	-	106,800	-	1,168,228	1,168,228
-	-	-	-	-	976,861	976,861
-	-	-	10,836,345	5,737,532	58,065,480	58,009,842
-	6,630,835	427,932	-	-	61,927,858	60,338,743
339,164	193,069	-	-	-	10,952,123	10,798,582
-	62,011	-	-	-	887,158	1,773,033
(200,154)	(2,001,575)	(202,376)	(1,753,683)	(593,270)	(37,768,230)	(34,286,922)
<u>139,010</u>	<u>4,884,340</u>	<u>225,556</u>	<u>9,082,662</u>	<u>5,144,262</u>	<u>95,041,250</u>	<u>97,610,139</u>
-	(1)	-	187,457	15,874	322,094	348,764
<u>139,010</u>	<u>4,884,339</u>	<u>225,556</u>	<u>9,376,919</u>	<u>5,160,136</u>	<u>96,531,572</u>	<u>99,127,131</u>
<u>\$ 284,827</u>	<u>\$ 5,441,848</u>	<u>\$ 260,903</u>	<u>\$ 9,383,659</u>	<u>\$ 5,325,016</u>	<u>\$ 103,696,173</u>	<u>\$ 105,980,398</u>
\$ 12,473	\$ 17,066	\$ -	\$ 7,599	\$ 5,720	\$ 862,814	\$ 808,133
-	-	-	-	-	(770)	9,712
-	2,316	-	3,800	45,320	424,827	453,500
-	-	-	-	-	119,200	114,900
-	-	-	-	-	33,149	32,451
-	39,575	-	-	-	41,806	43,880
119,275	-	31,170	-	-	150,445	50,639
2,615	67,620	-	262,011	75,000	3,383,687	2,974,761
<u>134,363</u>	<u>126,577</u>	<u>31,170</u>	<u>273,410</u>	<u>126,040</u>	<u>5,015,158</u>	<u>4,487,976</u>
2,540	126,981	-	9,868,252	2,330,000	47,324,981	50,564,961
139,010	4,742,964	225,556	(860,144)	2,755,136	44,999,081	44,773,771
-	-	-	106,800	-	1,168,228	1,168,228
-	-	-	-	-	533,955	485,506
8,914	445,326	4,177	(4,659)	113,840	4,654,770	4,499,956
<u>147,924</u>	<u>5,188,290</u>	<u>229,733</u>	<u>(758,003)</u>	<u>2,868,976</u>	<u>51,356,034</u>	<u>50,927,461</u>
<u>\$ 284,827</u>	<u>\$ 5,441,848</u>	<u>\$ 260,903</u>	<u>\$ 9,383,659</u>	<u>\$ 5,325,016</u>	<u>\$ 103,696,173</u>	<u>\$ 105,980,398</u>

CITY OF SAINT PETER

Statement of Revenue, Expenses, and Changes in Fund Net Position
 Enterprise Funds
 Year Ended December 31, 2014
 (With Partial Comparative Information for the Year Ended December 31, 2013)

	Electric	Water	Environmental Services	Wastewater
Operating revenue				
Charges for services	\$ 10,042,152	\$ 2,675,917	\$ 766,442	\$ 3,638,127
Electric generation	432,000	-	-	-
Other	302,609	69,828	3,496	51,373
Total operating revenue	<u>10,776,761</u>	<u>2,745,745</u>	<u>769,938</u>	<u>3,689,500</u>
Operating expenses				
Personal services	747,336	499,136	210,715	571,407
Repairs and maintenance	116,039	174,418	13,279	202,310
Supplies and materials	143,019	174,184	43,463	193,090
Utilities and bulk energy	7,225,346	577,128	7,482	601,002
Depreciation	918,844	1,199,708	57,338	824,229
Professional services	71,534	26,184	412,374	83,697
General and administrative	74,010	42,809	19,558	60,474
Bad debt expense (recovery)	7,859	2	15	1
Total operating expenses	<u>9,303,987</u>	<u>2,693,569</u>	<u>764,224</u>	<u>2,536,210</u>
Operating income (loss)	1,472,774	52,176	5,714	1,153,290
Other revenue (expense)				
State and federal grants	1,408	756	326	1,048
Investment earnings	19,509	4,429	1,361	5,180
Interest expense	(417,552)	(492,240)	-	(266,754)
Total other revenue (expense)	<u>(396,635)</u>	<u>(487,055)</u>	<u>1,687</u>	<u>(260,526)</u>
Income (loss) before transfers and contributions	1,076,139	(434,879)	7,401	892,764
Transfers and contributions				
Capital contributions	173,000	-	-	4,158
Transfers in	-	625,221	-	-
Transfers (out)	(924,082)	(459,090)	-	(496,594)
Total transfers and contributions	<u>(751,082)</u>	<u>166,131</u>	<u>-</u>	<u>(492,436)</u>
Change in net position	325,057	(268,748)	7,401	400,328
Net position (deficit)				
Beginning of year	<u>16,359,251</u>	<u>9,446,289</u>	<u>273,296</u>	<u>17,136,240</u>
End of year	<u>\$ 16,684,308</u>	<u>\$ 9,177,541</u>	<u>\$ 280,697</u>	<u>\$ 17,536,568</u>

See notes to basic financial statements

Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
					2014	2013
\$ 87,963	\$ 507,016	\$ 144,071	\$ –	\$ –	\$ 17,861,688	\$ 17,124,713
–	–	–	–	–	432,000	432,000
1,188	19,512	–	785,719	311,715	1,545,440	1,661,461
<u>89,151</u>	<u>526,528</u>	<u>144,071</u>	<u>785,719</u>	<u>311,715</u>	<u>19,839,128</u>	<u>19,218,174</u>
244,681	245,847	–	–	–	2,519,122	2,585,165
11,336	28,128	–	–	–	545,510	516,635
40,692	19,479	–	–	–	613,927	605,513
–	3,399	–	–	–	8,414,357	8,503,805
16,324	207,935	14,264	221,528	118,673	3,578,843	3,547,086
1,369	30,026	–	–	137,403	762,587	751,850
9,294	16,452	–	4,112	–	226,709	209,682
–	13	–	–	–	7,890	11,695
<u>323,696</u>	<u>551,279</u>	<u>14,264</u>	<u>225,640</u>	<u>256,076</u>	<u>16,668,945</u>	<u>16,731,431</u>
(234,545)	(24,751)	129,807	560,079	55,639	3,170,183	2,486,743
363,138	43	–	–	–	366,719	244,800
155	2,883	381	791	927	35,616	38,036
–	(5,756)	–	(553,210)	(138,319)	(1,873,831)	(1,968,626)
<u>363,293</u>	<u>(2,830)</u>	<u>381</u>	<u>(552,419)</u>	<u>(137,392)</u>	<u>(1,471,496)</u>	<u>(1,685,790)</u>
128,748	(27,581)	130,188	7,660	(81,753)	1,698,687	800,953
–	–	–	–	–	177,158	828,180
–	–	–	–	–	625,221	–
–	(48,656)	(144,071)	–	–	(2,072,493)	(1,583,249)
<u>–</u>	<u>(48,656)</u>	<u>(144,071)</u>	<u>–</u>	<u>–</u>	<u>(1,270,114)</u>	<u>(755,069)</u>
128,748	(76,237)	(13,883)	7,660	(81,753)	428,573	45,884
19,176	5,264,527	243,616	(765,663)	2,950,729	50,927,461	50,881,577
<u>\$ 147,924</u>	<u>\$ 5,188,290</u>	<u>\$ 229,733</u>	<u>\$ (758,003)</u>	<u>\$ 2,868,976</u>	<u>\$ 51,356,034</u>	<u>\$ 50,927,461</u>

CITY OF SAINT PETER

Statement of Cash Flows

Enterprise Funds

Year Ended December 31, 2014

(With Partial Comparative Information for the Year Ended December 31, 2013)

	Electric	Water	Environmental Services	Wastewater
Cash flows from operating activities				
Cash received from customers	\$10,395,117	\$ 2,670,979	\$ 746,721	\$ 3,611,700
Cash payments to suppliers for goods and services	(7,970,803)	(1,162,504)	(550,368)	(1,202,719)
Cash payments to employees for services	(591,990)	(356,946)	(149,148)	(435,402)
Cash received from other sources	302,609	69,828	3,496	51,373
Net cash provided (used) by operating activities	<u>2,134,933</u>	<u>1,221,357</u>	<u>50,701</u>	<u>2,024,952</u>
Cash flows from noncapital financing activities				
Cash received (paid) to other funds	(99,806)	-	-	-
Cash received on notes receivable	9,154	-	-	-
Grants received	1,408	756	326	1,048
Transfers in (out)	(924,082)	343,046	-	(270,617)
Net cash provided (used) by noncapital financing activities	<u>(1,013,326)</u>	<u>343,802</u>	<u>326</u>	<u>(269,569)</u>
Cash flows from capital and related financing activities				
Purchases of property, plant, and equipment	(478,574)	(184,459)	(24,653)	(304,319)
Principal payments of long-term debt	(755,000)	(594,125)	-	(1,119,375)
Interest paid on debt	(419,231)	(495,814)	-	(280,385)
Net cash provided (used) by capital and related financing activities	<u>(1,652,805)</u>	<u>(1,274,398)</u>	<u>(24,653)</u>	<u>(1,704,079)</u>
Cash flows from investing activities				
Interest received on investments	16,653	4,429	1,361	5,180
Increase (decrease) in cash and cash equivalents	<u>(514,545)</u>	<u>295,190</u>	<u>27,735</u>	<u>56,484</u>
Cash and cash equivalents				
Beginning of year	<u>2,980,560</u>	<u>723,032</u>	<u>164,461</u>	<u>577,368</u>
End of year	<u>\$ 2,466,015</u>	<u>\$ 1,018,222</u>	<u>\$ 192,196</u>	<u>\$ 633,852</u>
Cash and cash equivalents comprised of				
Cash and investments	\$ 1,404,587	\$ 1,018,222	\$ 192,196	\$ 633,852
Cash and investments – restricted	<u>1,061,428</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,466,015</u>	<u>\$ 1,018,222</u>	<u>\$ 192,196</u>	<u>\$ 633,852</u>

See notes to basic financial statements

Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
					2014	2013
\$ 79,213	\$ 506,684	\$ 144,701	\$ 7,600	\$ 4,347	\$18,167,062	\$17,619,228
(113,760)	(146,327)	–	3,487	(137,386)	(11,280,380)	(11,580,641)
(184,615)	(205,619)	–	–	–	(1,923,720)	(1,835,965)
1,188	19,512	–	785,719	311,715	1,545,440	1,661,461
(217,974)	174,250	144,701	796,806	178,676	6,508,402	5,864,083
105,956	–	(1,011)	(5,139)	–	–	–
–	–	–	–	–	9,154	17,776
255,036	43	–	–	–	258,617	244,800
–	(28,838)	(144,071)	–	–	(1,024,562)	(1,583,249)
360,992	(28,795)	(145,082)	(5,139)	–	(756,791)	(1,320,673)
(143,173)	(75,523)	–	–	–	(1,210,701)	(954,553)
–	(77,625)	–	(249,549)	(70,000)	(2,865,674)	(2,941,992)
–	(6,744)	–	(536,169)	(137,491)	(1,875,834)	(1,962,637)
(143,173)	(159,892)	–	(785,718)	(207,491)	(5,952,209)	(5,859,182)
155	2,883	381	791	927	32,760	35,179
–	(11,554)	–	6,740	(27,888)	(167,838)	(1,280,593)
–	519,225	–	106,800	192,768	5,264,214	6,544,807
<u>\$ –</u>	<u>\$ 507,671</u>	<u>\$ –</u>	<u>\$ 113,540</u>	<u>\$ 164,880</u>	<u>\$ 5,096,376</u>	<u>\$ 5,264,214</u>
\$ –	\$ 507,671	\$ –	\$ 6,740	\$ 164,880	\$ 3,928,148	\$ 4,095,986
–	–	–	106,800	–	1,168,228	1,168,228
<u>\$ –</u>	<u>\$ 507,671</u>	<u>\$ –</u>	<u>\$ 113,540</u>	<u>\$ 164,880</u>	<u>\$ 5,096,376</u>	<u>\$ 5,264,214</u>

(continued)

CITY OF SAINT PETER

Statement of Cash Flows (continued)

Enterprise Funds

Year Ended December 31, 2014

(With Partial Comparative Information for the Year Ended December 31, 2013)

	Electric	Water	Environmental Services	Wastewater
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 1,472,774	\$ 52,176	\$ 5,714	\$ 1,153,290
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	918,844	1,199,708	57,338	824,229
Change in assets and liabilities				
Receivables	(89,120)	(4,940)	(18,202)	(26,501)
Due from other governmental units	-	-	(1,534)	73
Inventory	(135,981)	(5,915)	-	983
Prepaid items	(382)	-	50	-
Accounts and contracts payable	(23,439)	(13,500)	8,702	78,116
Salaries and withholdings payable	-	(10,482)	-	-
Customer deposits	4,300	-	-	-
Due to other governmental units	663	3	(24)	56
Compensated absences payable	(10,652)	4,307	(1,343)	(5,294)
Unearned revenue	(2,074)	-	-	-
Net cash provided (used) by operating activities	<u>\$ 2,134,933</u>	<u>\$ 1,221,357</u>	<u>\$ 50,701</u>	<u>\$ 2,024,952</u>
Supplemental schedule of noncash transactions				
Contributed capital	<u>\$ 173,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,158</u>
Capital assets transferred to governmental activities	<u>\$ -</u>	<u>\$ 132,110</u>	<u>\$ -</u>	<u>\$ 225,977</u>
Long-term debt transferred from governmental activities	<u>\$ -</u>	<u>\$ 44,805</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to basic financial statements

Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
					2014	2013
\$ (234,545)	\$ (24,751)	\$ 129,807	\$ 560,079	\$ 55,639	\$ 3,170,183	\$ 2,486,743
16,324	207,935	14,264	221,528	118,673	3,578,843	3,547,086
(166)	(692)	630	7,600	4,347	(127,044)	23,905
(116,686)	347	—	—	—	(117,800)	36,087
—	—	—	—	—	(140,913)	(50,945)
—	425	—	—	—	93	(35)
7,684	(10,498)	—	7,599	17	54,681	(194,408)
—	—	—	—	—	(10,482)	633
—	—	—	—	—	4,300	600
—	—	—	—	—	698	(1,796)
1,313	1,484	—	—	—	(10,185)	25,985
—	—	—	—	—	(2,074)	(9,772)
<u>\$ (326,076)</u>	<u>\$ 174,250</u>	<u>\$ 144,701</u>	<u>\$ 796,806</u>	<u>\$ 178,676</u>	<u>\$ 6,400,300</u>	<u>\$ 5,864,083</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 177,158</u>	<u>\$ 828,180</u>
<u>\$ —</u>	<u>\$ 19,818</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 377,905</u>	<u>\$ —</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 44,805</u>	<u>\$ —</u>

CITY OF SAINT PETER

Fiduciary Funds
 Statement of Fiduciary Net Position
 as of December 31, 2014

	<u>Private-Purpose Trusts</u>	<u>Agency Funds</u>
Assets		
Cash and investments	\$ 123,420	\$ 262,882
Accounts receivable	2,147	-
	<u>125,567</u>	<u>-</u>
Total assets	125,567	<u>\$ 262,882</u>
Liabilities		
Accounts payable	1,372	\$ 262,882
	<u>1,372</u>	<u>\$ 262,882</u>
Net position		
Held in trust for private purposes	<u>\$ 124,195</u>	

See notes to basic financial statements

CITY OF SAINT PETER

Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 Year Ended December 31, 2014

	<u>Private-Purpose Trusts</u>
Additions	
Donations	\$ 76,730
Investment earnings	<u>27</u>
Total additions	76,757
Deductions	
Trust-related expenses	<u>68,680</u>
Change in net position	8,077
Net position	
Beginning of year	<u>116,118</u>
End of year	<u><u>\$ 124,195</u></u>

See notes to basic financial statements

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CITY OF SAINT PETER

Notes to Basic Financial Statements
December 31, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Saint Peter, Minnesota (the City) operates under “the Standard Plan” form of government as defined in Minnesota Statutes. Under this plan, the City Council, composed of an elected mayor and six elected trustees or councilmembers, exercises legislative authority and determines all matters of policy.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies:

B. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the City (the primary government) and its component units. Component units are legally separate entities for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit’s board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. As a result of applying these criteria, certain organizations have been included in the report as follows:

- 1. River’s Edge Hospital and Clinic** – The River’s Edge Hospital and Clinic is a component unit, proprietary fund type, of the City. The River’s Edge Hospital and Clinic was formed to own, maintain, and operate healthcare and related facilities, and to furnish medical and surgical care to the sick, infirmed, aged, or injured. The River’s Edge Hospital and Clinic is exempt from federal and state income taxes on related income. The River’s Edge Hospital and Clinic is governed by the Hospital Commission (the Commission), which is appointed by the City Council. The Commission exercises governing oversight responsibility for the River’s Edge Hospital and Clinic, which includes such duties as budget review, care of the patients, and management of the facilities as set forth by the ordinance of the City.

The financial statements of the River’s Edge Hospital and Clinic also include the financial activities of the Community Hospital Foundation (the Foundation). The Foundation is a corporation organized to support the purposes of the River’s Edge Hospital and Clinic. The Foundation is governed by a Board of Directors, which has all of the powers necessary and convenient to provide operation and administration of the Foundation as the Board of Directors determines to be necessary and expedient.

- 2. Housing and Redevelopment Authority (HRA)** – The HRA of the City is a component unit, proprietary fund type, of the City. The HRA operates for the purpose of providing housing and redevelopment services to the Saint Peter area. The governing body consists of a five-member Board of Commissioners appointed by the City Council. Information included for the HRA is as of March 31, 2014 and for the year then ended.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 3. Economic Development Authority (EDA)** – The Saint Peter EDA’s activities are approved by the City and its governing body is part City Council members and part appointed by the City Council members. Therefore, the EDA is included as a component unit of the City. The EDA’s financial data has been blended with that of the City (i.e. reported as though its funds were funds of the City).

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all of the financial activities of the City, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City’s enterprise funds and other functions are not eliminated, as that would distort the direct costs and program revenues reported in those functions. The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Measurement Focus, Basis of Accounting, and Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type, pension (or other benefit), trust, and agency. Since, by definition, fiduciary fund assets are held for the benefit of a third-party and cannot be used for activities or obligations of the City, these funds are excluded from the government-wide financial statements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if collected within 60 days after year-end. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Major revenue that is susceptible to accrual includes property taxes, intergovernmental revenue, charges for services, and interest earned on investments. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Revenue that is not susceptible to accrual includes licenses and permits, fees, and miscellaneous revenue. Such revenue is recorded only when received because it is not measurable until collected. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds.

The private-purpose trust funds are reported using the economic resources measurement focus. All fiduciary funds use the accrual basis of accounting as described earlier in these notes.

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise funds are charges to customers for sales and services. The operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds

The City reports the following major governmental funds:

General Fund – The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects – Permanent Improvement Fund – The Capital Projects – Permanent Improvement Fund accounts for the resources accumulated and payments made for the City’s improvement projects.

The City reports the following major proprietary funds:

Electric Fund – The Electric Fund accounts for the activities of the City’s electric distribution operations.

Water Fund – The Water Fund accounts for the activities of the City’s water distribution operations.

Environmental Services Fund – The Environmental Services Fund accounts for the activities of the City’s solid waste collection operations.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Wastewater Fund – The Wastewater Fund accounts for the activities of the City’s wastewater processing operations.

Heartland Transit Fund – The Heartland Transit Fund accounts for the activities of the City’s transportation activities.

Storm Water Fund – The Storm Water Fund accounts for the activities of the City’s surface storm water operations.

Telecommunications Conduit Fund – The Telecommunications Conduit Fund accounts for rental income and expenses of the City’s underground conduit lines.

Long-Term Care Facility Fund – The Long-Term Care Facility Fund accounts for the construction of the new long-term care facility, which is being leased out and operated by a separate nonprofit corporation, and the related lease income and debt service expenses.

Medical Office Building Fund – The Medical Office Building Fund accounts for the construction of the new medical office building, which is being leased out and operated by a separate entity, and the related lease income and debt service expenses.

Additionally, the City reports the following funds as fiduciary fund types:

Private-Purpose Trust Funds – The private-purpose trust funds are used to administer resources received and held by the City in a trustee capacity. These funds include the library trust and restricted contributions trust activities.

Agency Funds – Agency funds are used to account for assets held by the City in the capacity of agent. The activity in these funds includes the DARE program, youth center, and the flexible benefit plan.

Component Units

The component unit columns in the basic financial statements include the financial data of the City’s component units. They are discretely presented in separate columns to emphasize that they are separate entities from the City.

The information in the component unit columns on the City’s basic financial statements reflects combined information for the following:

<u>Component Unit</u>	<u>Combined Information</u>
River’s Edge Hospital and Clinic	Operating (enterprise) and donor-restricted funds (fiduciary)
Housing and Redevelopment Authority	Operating (enterprise) as of March 31, 2014

Complete financial statements of the individual component units can be obtained at their respective administrative offices or from the City’s finance department at City Hall.

E. Cash and Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certain proceeds of enterprise fund revenue debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets in the basic financial statements because their use is limited by applicable bond covenants. Interest revenue on these assets are allocated directly to the fund which holds the asset.

Cash and investments which are restricted also include the River's Edge Hospital and Clinic. Assets limited as to use include assets designated by the River's Edge Hospital and Clinic for future capital acquisitions, debt redemption, self-funded insurance, and other uses over which the River's Edge Hospital and Clinic retains control and may, at its discretion, subsequently use for other purposes.

Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptances, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are reported at amortized cost. Other investments are reported at fair value.

F. Recognition of Property Tax Revenue

A property tax levy is approved by City Council resolution prior to December 31 of each year and is certified to the County Auditor for collection. Property taxes attach an enforceable lien on taxable property within the City on January 1. Property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. The City receives tax settlements from the county at various times throughout the year.

Property taxes are recognized as revenue in the year levied in the government-wide financial statements and proprietary fund financial statements. In the governmental fund financial statements, taxes are recognized as revenue when received in cash or within 60 days after year-end. Taxes which remain unpaid on December 31 are classified as delinquent taxes receivable, and are offset by a deferred inflow of resources in the governmental fund financial statements. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material.

G. Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the county. The corresponding revenue from the delinquent (unremitted) and deferred (certified but not yet levied) special assessments receivable are deferred in the governmental fund financial statements until the year in which they become available (collected within 60 days of year-end). In the government-wide and proprietary fund financial statements they are recorded as receivable and revenue upon certification to the county.

H. Notes Receivable

Notes receivable consist primarily of loans made by the City to area businesses for development or redevelopment purposes. The terms and interest rates of the individual loans vary. The loans receivable in the governmental funds are offset by deferred inflow of resources if not considered available to finance current expenditures.

I. Receivables

a. Primary Government

All receivables are shown net of any allowance for uncollectibles. The allowance for uncollectibles totaled \$8,487 at December 31, 2014 in the enterprise funds. The receivables not expected to be collected within one year include property taxes, special assessments, and notes receivable.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. River’s Edge Hospital and Clinic

Patient receivables are uncollateralized customer and third-party payor obligations. The River’s Edge Hospital and Clinic does not charge interest on unpaid balances. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management’s estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

J. Interfund Receivables and Payables

All outstanding balances between funds that are not lending or borrowing arrangements are reported as “due to or from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

K. Inventories and Prepaid Items

Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method. In the governmental funds, inventories are recorded using the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenses/expenditures at the time of consumption.

L. Assets Held for Resale

Assets held for resale are recorded in the governmental funds which purchased them at the lower of cost or market.

M. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide and proprietary fund financial statements, but are not reported in the governmental fund financial statements. Interest costs incurred on the construction of fixed assets are not capitalized. Interest costs incurred on borrowed funds of the River’s Edge Hospital and Clinic during the period of construction of capital assets are capitalized as components of the cost of acquiring those assets. Capital assets are depreciated using the straight-line method over their estimated useful lives. Capital assets not being depreciated include land and construction in progress. The City has chosen to report governmental fund infrastructure beginning with capital assets acquired after 1980.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The estimated useful lives are as follows:

	Primary Government	Component Unit	
	Governmental and Business-Type Activities	River’s Edge Hospital and Clinic	Housing and Redevelopment Authority
Land improvements	30–50	8–25	3–40
Building and improvements	30–50	2–40	3–40
Utility plant and infrastructure	50	–	–
Machinery and equipment	5–7	2–25	3–40

N. Compensated Absences

It is the City’s policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. In the government-wide and proprietary fund financial statements, sick leave is expensed as used or when it becomes likely it will be paid as termination pay and vacation is expensed when incurred. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are paid by the fund for which the employee was employed, including the General Fund and various enterprise funds.

Paid vacation and sick leave is granted to all permanent, full-time employees of the City. Vacation benefits vary with the length of service of the employee. Sick leave can be accumulated up to 130 working days.

An employee of the City with more than six months of service who leaves the City in good standing is paid for all unused and accrued vacation time. An employee who leaves the City may also receive pay for a percentage of accumulated sick days up to 60 percent.

Severance pay for all full-time employees of the police department who are members of the Minnesota Law Enforcement Union Local No. 320 is paid in accordance with the terms of their contract.

O. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the governmental fund financial statements, long-term debt and other long-term obligations are not reported as liabilities. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances, if material, are reported as other financing sources or uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position and/or balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditures) until then.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statements of financial position and/or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments, and notes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Q. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

R. Net Position Classifications and Flow Assumptions

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, liabilities, and deferred inflows/outflows as applicable. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or enabling legislation.
- **Unrestricted Net Position** – All remaining net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

S. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to council resolution, the Finance Director and/or the City Administrator is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, then use unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

T. Budgets and Budgetary Accounting

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

- The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is legally enacted through passage of a resolution.
- The City Council must authorize transfers of budgeted amounts between departments within the General Fund.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- Budgetary control is maintained at the department level within the General Fund. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the city administrator or between departments by the City Council. Therefore, there is a constant review process and expenditures are not approved until it has been determined that adequate funds were appropriated, the expenditure is still necessary, and funds are available.
- Budgeted expenditure appropriations lapse at year-end.

U. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity from the time of purchase by the City of three months or less to be cash equivalents. The proprietary funds' portion in the government-wide cash and investment management pool is considered to be cash equivalent.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverages. LMCIT operates as a common risk management and insurance program for a large number member of cities. The City pays an annual premium to LMCIT for insurance coverage. The LMCIT agreement provides that LMCIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits for each insured event. The City also carries commercial insurance for certain other risks of loss, including employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage during 2014. The City participates in a self-insured dental insurance plan as described later in these footnotes.

The River's Edge Hospital and Clinic is exposed to various risks of loss from torts: theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice, employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The River's Edge Hospital and Clinic is self-insured for employee dental as discussed later in these footnotes.

W. Prior Period Comparative Financial Information/Reclassifications

The basic financial statements include certain prior year partial comparative information in total but not at the level of detail required for presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2013, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – CASH AND INVESTMENTS

A. Components of Cash and Investments

	Component Units			
	Primary Government	River's Edge Hospital and Clinic	Housing and Redevelopment Authority	Total Reporting Entity
Deposits	\$ 10,409,873	\$ 7,647,178	\$ 381,927	\$ 18,438,978
Investments	3,810,034	–	168,086	3,978,120
Cash on hand	1,380	–	–	1,380
	<u>\$ 14,221,287</u>	<u>\$ 7,647,178</u>	<u>\$ 550,013</u>	<u>\$ 22,418,478</u>

B. Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposit.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The City’s investment policy does not have any additional deposit policies addressing custodial credit risk.

Deposits, consisting of checking and savings accounts and certificates of deposit, are as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Primary government	\$ 10,805,967	\$ 10,409,873
Component units		
River’s Edge Hospital and Clinic	7,933,669	7,647,178
Housing and Redevelopment Authority	399,371	381,927
	<u>\$ 19,139,007</u>	<u>\$ 18,438,978</u>

During the year ended December 31, 2014, all deposits were fully collateralized by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the City or component unit’s agent in their name.

C. Investments

The City has the following investments at year-end:

Investment Type	Credit Risk		Interest Risk – Maturity Duration in Years				Total
	Rating	Agency	No Maturity Date	1 to 5	5 to 10	More Than 10	
U.S. government agency securities							
Primary government	AA	S&P	\$ –	\$ –	\$ 1,073	\$ 12,493	\$ 13,566
Negotiable certificates of deposit	N/R	N/A	–	1,926,157	844,179	149,675	2,920,011
Municipal bonds	A	S&P	–	300,000	–	–	300,000
Investment pools/mutual funds							
Money market funds							
Primary government	AAA	S&P	576,457	–	–	–	576,457
Housing and Redevelopment Authority	N/V	N/V	168,086	–	–	–	168,086
Total investments			<u>\$ 744,543</u>	<u>\$ 2,226,157</u>	<u>\$ 845,252</u>	<u>\$ 162,168</u>	<u>\$ 3,978,120</u>

N/A – Not Applicable

N/R – No Rating

N/V – Not Available

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy does not further address this risk, but the City typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive 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; that are 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’s investment policy does not further address credit risk.

Concentration Risk – This is the risk associated with investing a significant portion of the City’s investment (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), negotiable certificates of deposit, investment pools, and mutual funds. The City’s investment policy does not limit the concentration of investments. At December 31, 2014, the City’s investment portfolio includes the following percentages of specific issuers:

Municipal Bonds	
Illinois State	7.9%
Negotiable certificates of deposit	
Centurian Bank	6.5%
Bank of Baroda	6.6%
Bank of Tulsa	6.3%
GE Capital	9.3%
First Bank of Santurce	6.3%
Stockman Bank	5.9%
Boston Private Bank and Trust	6.2%
Ally Bank	6.6%
Discover Bank	6.6%
CIT Bank	6.5%
Goldman Sachs Bank	10.6%

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City’s investment policy does not limit the duration of investments.

Deposits, investments, and cash on hand are reported on the City’s financial statements as follows:

	Primary Government	Component Units		Total Reporting Entity
		River’s Edge Hospital and Clinic	Housing and Redevelopment Authority	
Statement of Net Position – government-wide				
Cash and investments	\$ 12,666,757	\$ 3,977,799	\$ 550,013	\$ 17,194,569
Restricted assets – cash and investments for debt service	1,168,228	–	–	1,168,228
Restricted assets – cash and investments for River’s Edge Hospital and Clinic	–	3,669,379	–	3,669,379
Statement of Fiduciary Net Position – fiduciary funds				
Cash and investments – private-purpose trust funds	123,420	–	–	123,420
Cash and investments – agency funds	262,882	–	–	262,882
Total cash and investments	<u>\$ 14,221,287</u>	<u>\$ 7,647,178</u>	<u>\$ 550,013</u>	<u>\$ 22,418,478</u>

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Due To and Due From Other Funds

Due To Other Funds	Due From Other Funds			Total
	Governmental Fund	Proprietary Fund		
	General Fund	Terrace	Electric Fund	
Governmental funds				
Nonmajor Special Revenue St. Peter Mall TIF District	\$ 4,944	\$ –	\$ –	\$ 4,944
Nonmajor Tax Increment Debt Service Fund	–	196,472	–	196,472
Proprietary funds				
Heartland Transit Enterprise Fund	–	–	119,275	119,275
Telecommunications Conduit Enterprise Fund	–	–	31,170	31,170
Total	<u>\$ 4,944</u>	<u>\$ 196,472</u>	<u>\$ 150,445</u>	<u>\$ 351,861</u>

Due to and due from other funds are used to cover temporary cash balance deficits.

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

B. Transfers In and Transfers Out

Transfers Out	Transfers In				
	Governmental Fund		Proprietary Fund	Government-Wide	Total
	General	Nonmajor	Water	Only (1)	
Governmental funds					
General	\$ 1,069	\$ 752,060	\$ –	\$ –	\$ 753,129
Nonmajor	35,497	397,529	625,221	–	1,058,247
Proprietary funds					
Electric	880,903	43,179	–	–	924,082
Water	277,701	4,474	–	176,915	459,090
Wastewater	266,644	3,973	–	225,977	496,594
Storm Water	28,838	–	–	19,818	48,656
Telecommunications Conduit	–	144,071	–	–	144,071
Total	\$ 1,490,652	\$ 1,345,286	\$ 625,221	\$ 422,710	\$ 3,883,869

(1) These transfers are only applicable in the government-wide financial statements.

Transfers are made in accordance with budget appropriations or as approved by the City Council for special funding of city activities.

NOTE 4 – CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance – Beginning of Year	Additions	Deletions	Transfers and Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 2,255,287	\$ –	\$ –	\$ –	\$ 2,255,287
Construction in progress	2,714,746	3,852,630	–	(263,586)	6,303,790
Capital assets, depreciated					
Land improvements	616,114	3,043	–	–	619,157
Buildings and improvements	17,115,332	–	–	–	17,115,332
Utility plant and infrastructure	13,505,310	23,581	–	641,491	14,170,382
Machinery and equipment	6,201,210	374,520	(150,487)	218	6,425,461
Total capital assets	42,407,999	4,253,774	(150,487)	378,123	46,889,409
Less accumulated depreciation on					
Land improvements	(423,821)	(11,158)	–	–	(434,979)
Buildings and improvements	(4,696,130)	(342,145)	–	–	(5,038,275)
Utility plant and infrastructure	(2,354,105)	(382,531)	–	–	(2,736,636)
Machinery and equipment	(4,443,916)	(433,901)	117,711	(218)	(4,760,324)
Total accumulated depreciation	(11,917,972)	(1,169,735)	117,711	(218)	(12,970,214)
Net capital assets	\$ 30,490,027	\$ 3,084,039	\$ (32,776)	\$ 377,905	\$ 33,919,195

NOTE 4 – CAPITAL ASSETS (CONTINUED)

B. Business-Type Activities

	Balance – Beginning of Year	Additions	Deletions	Transfers and Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 976,861	\$ –	\$ –	\$ –	\$ 976,861
Construction in progress	1,773,033	544,871	–	(1,430,746)	887,158
Capital assets, depreciated					
Buildings and improvements	58,009,842	–	–	55,638	58,065,480
Utility plant and infrastructure	60,338,743	591,912	–	997,203	61,927,858
Machinery and equipment	10,798,582	251,076	(97,317)	(218)	10,952,123
Total capital assets	131,897,061	1,387,859	(97,317)	(378,123)	132,809,480
Less accumulated depreciation on					
Buildings and improvements	(9,006,643)	(1,120,145)	–	–	(10,126,788)
Utility plant and infrastructure	(20,445,521)	(1,901,472)	–	–	(22,346,993)
Machinery and equipment	(4,834,758)	(557,226)	97,317	218	(5,294,449)
Total accumulated depreciation	(34,286,922)	(3,578,843)	97,317	218	(37,768,230)
Net capital assets	\$ 97,610,139	\$ (2,190,984)	\$ –	\$ (377,905)	\$ 95,041,250

C. Component Unit – River’s Edge Hospital and Clinic

	Balance – Beginning of Year	Transfers/ Additions	Retirements/ Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 28,886	\$ –	\$ –	\$ 28,886
Construction in progress	1,384,895	694,415	(2,077,669)	1,641
Capital assets, depreciated				
Land improvements	1,156,850	–	–	1,156,850
Buildings and improvements	7,128,336	–	127,406	7,255,742
Machinery and equipment	11,941,047	731,327	1,693,073	14,365,447
Total capital assets	21,640,014	1,425,742	(257,190)	22,808,566
Less accumulated depreciation on				
Land improvements	(643,862)	(52,750)	–	(696,612)
Buildings and improvements	(2,703,173)	(259,086)	–	(2,962,259)
Machinery and equipment	(8,863,986)	(972,736)	221,644	(9,615,078)
Total accumulated depreciation	(12,211,021)	(1,284,572)	221,644	(13,273,949)
Net capital assets	\$ 9,428,993	\$ 141,170	\$ (35,546)	\$ 9,534,617

NOTE 4 – CAPITAL ASSETS (CONTINUED)**D. Component Unit – Housing and Redevelopment Authority**

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 67,938	\$ –	\$ –	\$ 67,938
Capital assets, depreciated				
Buildings and improvements	2,637,688	53,246	–	2,690,934
Machinery and equipment	283,008	8,354	–	291,362
Total capital assets	<u>2,988,634</u>	<u>61,600</u>	–	<u>3,050,234</u>
Accumulated depreciation	<u>(2,239,974)</u>	<u>(101,297)</u>	–	<u>(2,341,271)</u>
Net capital assets	<u>\$ 748,660</u>	<u>\$ (39,697)</u>	<u>\$ –</u>	<u>\$ 708,963</u>

E. Depreciation Expense by Function

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

Governmental activities	
General government	\$ 13,681
Public safety	184,855
Public works	651,104
Parks and recreation	<u>320,095</u>
Total depreciation expense – governmental activities	<u>\$ 1,169,735</u>
Business-type activities	
Electric	\$ 918,844
Water	1,199,708
Environmental services	57,338
Wastewater	824,229
Heartland Transit	16,324
Storm water	207,935
Telecommunications conduit	14,264
Long-term care facility	221,528
Medical office building	<u>118,673</u>
Total depreciation expense – business-type activities	<u>\$ 3,578,843</u>

NOTE 5 – LONG-TERM DEBT

A. Components of Long-Term Debt

	Original Issue	Interest Rate	Issue Date	Final Maturity Date	Balance – End of Year
Governmental activities – primary government					
Debt supported primarily by property taxes					
G.O. Equipment Certificates of 2008A	\$ 365,000	3.23–3.92%	2008	2018	\$ 185,000
G.O. Equipment Certificates of 2010	\$ 152,000	2.90–3.35%	2010	2015	30,400
G.O. Equipment Certificates of 2011	\$ 94,800	3.00–3.40%	2011	2016	37,920
G.O. Equipment Certificates of 2012	\$ 240,000	1.95–2.90%	2012	2017	144,000
G.O. Equipment Certificates of 2013A	\$ 730,000	0.50–1.50%	2013	2021	655,000
G.O. Equipment Certificates of 2014	\$ 345,000	1.30–1.90%	2014	2019	345,000
Public Project Revenue Bonds Refunding Bonds, Series 2009A	\$ 2,775,000	4.65%	2009	2020	1,270,000
Total debt supported primarily by property taxes					<u>2,667,320</u>
Debt supported primarily by tax increments					
G.O. Tax Increment Bonds, Series 1999A	\$ 245,000	6.25%	1999	2018	34,207
Notes payable – Nicollet Plaza	\$ 194,065	7.75%	1999	2015	23,855
G.O. Tax Increment Bonds, Series 2004A	\$ 2,205,000	2.00–4.00%	2004	2020	1,120,000
G.O. Tax Increment Bonds, Series 2005A	\$ 330,000	3.00–4.20%	2005	2020	160,000
G.O. Tax Increment Refunding Bonds, Series 2009C	\$ 2,990,000	1.05–4.00%	2009	2022	1,670,000
G.O. Tax Increment Bonds, Series 2013B	\$ 890,000	1.50–4.25%	2013	2033	890,000
Total debt supported primarily by tax increments					<u>3,898,062</u>
Revenue					
G.O. Municipal State Aid Bonds 2013C	\$ 4,720,000	2.00–3.15%	2013	2028	4,720,000
Compensated absences					
Total governmental activities					<u>394,213</u> <u>11,679,595</u>
Business-type activities – primary government					
Utility revenue bonds and notes					
G.O. PFA Sewer Revenue Note, Series 2001	\$ 11,733,250	2.04%	2001	2021	4,750,000
G.O. PFA Sewer Revenue Note, Series 2002	\$ 7,260,850	2.04%	2002	2022	2,498,000
G.O. Electric Revenue Bonds, Series 2004D	\$ 1,555,000	2.25–4.10%	2004	2016	335,000
G.O. PFA Sewer Revenue Note, Series 2004	\$ 2,240,000	3.48%	2004	2022	1,175,000
Electric Revenue Advance Refunding Bonds, Series 2006B	\$ 5,045,000	4.00–4.15%	2006	2027	3,660,000
Electric Revenue Refunding Bonds, Series 2006C	\$ 1,620,000	4.00%	2006	2018	685,000
G.O. PFA Water Revenue Note, Series 2009 – Wells Project	\$ 1,509,483	2.48%	2009	2028	1,059,001
G.O. PFA Water Revenue Note, Series 2009 – Treatment Center	\$ 16,731,458	2.75%	2009	2029	14,832,000
G.O. PFA Water Revenue Note, Series 2010	\$ 896,750	1.71%	2010	2029	680,000
G.O. Utility Revenue Bonds, Series 2010B	\$ 870,000	1.20–4.50%	2010	2020	435,000
Electric Revenue Bonds, Series 2010C	\$ 4,435,000	2.00–6.25%	2010	2031	4,090,000
G.O. Water Revenue Refunding Bonds, Series 2011B	\$ 1,405,000	1.50–3.00%	2011	2026	1,225,000
G.O. Sewer Revenue Refunding Bonds, Series 2012A	\$ 1,890,000	1.00–3.70%	2012	2043	1,790,000
G.O. Water Revenue Bonds, Series 2012C	\$ 745,000	0.60–2.25%	2012	2023	615,000
					<u>37,829,001</u>
Long-term care facility bonds and notes					
Tax Exempt Loan Participation Note, Series 2005C	\$ 6,000,000	4.88%	2005	2035	5,185,795
Subordinate Nursing Home Revenue Bonds, Series 2005D	\$ 1,140,000	8.00%	2005	2022	1,140,000
Tax Exempt Loan Participation Note, Series 2006A	\$ 4,400,000	5.00%	2006	2035	3,804,467
					<u>10,130,262</u>
Medical office building notes					
Healthcare Revenue Note, Series 2008A	\$ 2,675,000	4.12–6.12%	2008	2034	2,405,000
Compensated absences					
Total business-type activities					<u>344,405</u> <u>50,708,668</u>
Total primary government					<u>62,388,263</u>
Component unit – River’s Edge Hospital and Clinic					
General obligation bonds					
G.O. Hospital Refunding Bond, Series 2010A	\$ 14,290,000	2.00–4.30%	2010	2032	12,360,000
Equipment Certificates of Indebtedness of 2014	\$ 678,697	1.30–1.90%	2014	2019	678,697
					<u>13,038,697</u>
Total reporting entity					<u>\$ 75,426,960</u>

NOTE 5 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Debt

	Balance – Beginning of Year	Additions	Deletions	Transfers	Balance – End of Year	Due Within One Year
Primary government						
Governmental activities						
Property tax supported	\$ 2,809,780	\$ 345,000	\$ 442,655	\$ (44,805)	\$ 2,667,320	\$ 526,360
Tax increment supported	4,483,199	–	585,137	–	3,898,062	558,062
Revenue supported	4,720,000	–	–	–	4,720,000	300,000
Compensated absences payable	388,312	298,906	293,005	–	394,213	298,906
Total governmental activities	12,401,291	643,906	1,320,797	(44,805)	11,679,595	1,683,328
Business-type activities						
Utility revenue bonds and notes	40,330,321	–	2,546,125	44,805	37,829,001	2,872,000
Long-term care facility bonds and notes	10,379,811	–	249,549	–	10,130,262	262,011
Medical office building notes	2,475,000	–	70,000	–	2,405,000	75,000
Compensated absences payable	354,590	174,676	184,861	–	344,405	174,676
Total business-type activities	53,539,722	174,676	3,050,535	44,805	50,708,668	3,383,687
Total government-wide	\$ 65,941,013	\$ 818,582	\$ 4,371,332	\$ –	\$ 62,388,263	\$ 5,067,015
Component unit						
River’s Edge Hospital and Clinic						
General obligation bonds	\$ 12,860,000	\$ –	\$ 500,000	\$ –	\$ 12,360,000	\$ 515,000
Equipment certificates of indebtedness	–	678,697	–	–	678,697	146,739
Total component unit	\$ 12,860,000	\$ 678,697	\$ 500,000	\$ –	\$ 13,038,697	\$ 661,739

C. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, excluding compensated absences, are as follows:

Year Ending December 31,	Governmental Activities					
	Property Tax Supported		Tax Increment Supported		Revenue Supported	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 526,360	\$ 83,584	\$ 558,062	\$ 133,903	\$ 300,000	\$ 115,063
2016	505,960	67,168	555,000	110,448	300,000	109,063
2017	502,000	50,818	405,000	94,861	300,000	103,063
2018	474,000	34,189	425,000	80,654	305,000	97,013
2019	434,000	18,866	445,000	64,988	310,000	90,863
2020–2024	225,000	4,478	1,020,000	151,536	1,675,000	345,669
2025–2029	–	–	255,000	74,025	1,530,000	95,700
2030–2033	–	–	235,000	20,225	–	–
Total	\$ 2,667,320	\$ 259,103	\$ 3,898,062	\$ 730,640	\$ 4,720,000	\$ 956,434

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Year Ending December 31,	Business-Type Activities					
	Utility Revenue Bonds and Notes		Long-Term Care Facility Bonds and Notes		Medical Office Building Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 2,872,000	\$ 1,136,062	\$ 262,011	\$ 523,740	\$ 75,000	\$ 134,042
2016	2,801,000	1,059,706	275,040	510,679	75,000	130,202
2017	2,739,000	984,378	288,752	496,967	80,000	126,234
2018	2,803,000	909,278	303,147	482,571	85,000	122,010
2019	2,934,000	834,515	318,261	467,458	85,000	117,658
2020–2024	12,281,000	2,973,848	2,985,725	1,718,069	510,000	514,317
2025–2029	9,704,000	1,274,597	2,354,029	1,118,565	645,000	359,438
2030–2034	950,000	216,603	3,002,318	470,276	850,000	136,170
2035–2039	380,000	111,445	340,979	4,885	–	–
2040–2043	365,001	29,900	–	–	–	–
Total	<u>\$ 37,829,001</u>	<u>\$ 9,530,332</u>	<u>\$ 10,130,262</u>	<u>\$ 5,793,210</u>	<u>\$ 2,405,000</u>	<u>\$ 1,640,071</u>

Year Ending December 31,	River's Edge Hospital and Clinic			
	General Obligation Bonds		Certificates of Indebtedness	
	Principal	Interest	Principal	Interest
2015	\$ 515,000	\$ 447,075	\$ 146,739	\$ 10,639
2016	525,000	436,775	132,989	8,910
2017	535,000	424,438	132,989	6,982
2018	550,000	409,993	132,989	4,854
2019	565,000	393,493	132,991	2,527
2020–2024	3,145,000	1,672,045	–	–
2025–2029	3,805,000	1,044,955	–	–
2030–2032	2,720,000	235,805	–	–
Total	<u>\$ 12,360,000</u>	<u>\$ 5,064,579</u>	<u>\$ 678,697</u>	<u>\$ 33,912</u>

D. Descriptions of Long-Term Debt

- **General Obligation and Public Project Bonds** – These bonds were issued for improvements, projects, or to refund previous general obligation or public project bonds which benefit the City as a whole and, therefore, could be repaid from ad valorem levies. All general obligation debt is backed by the full faith and credit of the City.
- **Equipment Certificates** – The City has outstanding a series of equipment certificates, issued in accordance with Minnesota Statute § 412.301, to finance the purchase of equipment. These certificates will be repaid primarily by ad valorem tax levies and enterprise fund revenues.
- **Tax Increment Bonds** – The City has established tax increment financing districts and has issued general obligation tax increment bonds in accordance with Minnesota Statutes, Chapters 462.585 and 273.77. It is anticipated that the ad valorem taxes, derived from the captured assessed value of property in the tax increment financing districts, will provide substantially all funds necessary to retire the bond principal and interest. In addition, future tax levies may be placed on the tax rolls annually as scheduled for supplementary financing.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

- **Notes Payable** – These notes were issued to assist in the financing of tax increment financing districts in the City. It is anticipated that the ad valorem taxes derived from the captured assessed value of these properties in the tax increment financing districts will provide all the funds necessary to retire these notes.
- **Municipal State Aid Bonds** – These bonds are payable primarily from Municipal State Aids related to the improvements funded by this revenue source. Any deficiencies in revenue to fund these issues will be provided from general property taxes.
- **Utility Revenue Bonds and Notes** – These general obligation bonds and revenue notes were issued for improvements or projects that directly benefited a specific enterprise fund. These debt issues will be repaid from revenue sources of the fund that the debt issue directly benefited.
- **Long-Term Care Facility Bonds and Notes** – The City authorized the issuance of its \$4,400,000 Tax Exempt Loan Participation Note, Series 2006A. The City also authorized the issuance of its \$6,000,000 Tax Exempt Loan Participation Note, Series 2005C, and \$1,140,000 of Subordinate Nursing Home Revenue Bonds, Series 2005D. These funds were used to construct and equip a Long-Term Care Center Facility Project (the Project). The Project is being leased to and operated by a separate nonprofit corporation pursuant to a lease and operating agreement between the City and the nonprofit corporation. The lease agreement requires the nonprofit corporation to make payments in amounts sufficient to pay principal and interest on the Project's bonds and notes when due. The City has pledged the payments it receives in the lease agreement to the payment of principal and interest on the Project's bonds and notes.
- **Medical Office Building Notes** – During 2008, the City authorized the issuance of its \$2,675,000 Healthcare Revenue Note, Series 2008A. These notes were issued to finance a portion of the costs of a new clinic building to be located on the River's Edge Hospital and Clinic's campus. The City has pledged the payments it receives in the lease agreement to the payment of principal and interest on these notes.
- **Build America Bonds** – During 2010, the City authorized the issuance of its \$870,000 G.O. Utility Revenue and Tax Increment Bonds, Series 2010B, and \$4,435,000 Electric Revenue Bonds, Series 2010C. These bonds are "Qualified Build America Bonds – Direct Pay" under the authorization of the American Recovery and Reinvestment Act of 2009. This designation provides for a federal subsidy credit to be paid to the City in an amount equal to 35 percent of the interest paid to investors in these bonds. The credit will be received semiannually to coincide with the debt service payment schedule.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

E. Revenue Pledged

Future revenue pledged for the payment of long-term debt is as follows:

Bond Issue	Use of Proceeds	Type	Revenue Pledged			Current Year	
			Percent of Total Debt Service	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
G.O. PFA Sewer Revenue Note, Series 2001	Improvements	Utility charges	100%	2001–2021	\$ 5,145,413	\$ 734,650	\$ 3,638,127
G.O. PFA Sewer Revenue Note, Series 2002	Improvements	Utility charges	100%	2002–2022	\$ 2,732,702	\$ 341,773	\$ 3,638,127
G.O. Electric Revenue Bonds, Series 2004D	Improvements	Utility charges	100%	2004–2016	\$ 348,755	\$ 171,554	\$ 10,042,152
G.O. PFA Sewer Revenue Note, Series 2004	Improvements	Utility charges	100%	2004–2022	\$ 1,366,400	\$ 171,275	\$ 3,638,127
Electric Revenue Advance Refunding Bonds, Series 2006B	Improvements	Utility charges	100%	2006–2027	\$ 4,720,324	\$ 362,598	\$ 10,042,152
Electric Revenue Refunding Bonds, Series 2006C	Improvements	Utility charges	100%	2006–2018	\$ 741,100	\$ 180,400	\$ 10,042,152
G.O. PFA Water Revenue Note, Series 2009 – Wells Project	Improvements	Utility charges	100%	2009–2028	\$ 1,266,421	\$ 90,848	\$ 2,675,917
G.O. PFA Water Revenue Note, Series 2009 – Treatment Center	Improvements	Utility charges	100%	2009–2029	\$ 18,499,073	\$ 700,989	\$ 2,675,917
G.O. PFA Water Revenue Note, Series 2010	Improvements	Utility charges	100%	2010–2029	\$ 776,664	\$ 51,294	\$ 2,675,917
G.O. Utility Revenue Bonds, Series 2010B	Improvements	Utility charges	100%	2010–2020	\$ 484,638	\$ 128,925	\$ 2,468,267
Electric Revenue Bonds, Series 2010C	Improvements	Utility charges	100%	2010–2031	\$ 6,297,664	\$ 392,633	\$ 10,042,152
G.O. Water Revenue Refunding Bonds, Series 2011B	Improvements	Utility charges	100%	2011–2026	\$ 1,423,624	\$ 118,668	\$ 2,675,917
G.O. Sewer Revenue Refunding Bonds, Series 2012A	Improvements	Utility charges	100%	2012–2043	\$ 2,881,136	\$ 58,308	\$ 3,638,127
G.O. Water Revenue Bonds, Series 2012C	Improvements	Utility charges	100%	2012–2023	\$ 675,420	\$ 75,563	\$ 2,675,917

NOTE 6 – INDIVIDUAL FUND DISCLOSURES

A. Budgeted vs. Actual Expenditures

In the General Fund, total actual expenditures exceeded budgeted expenditures in the following departments:

Department	Excess of Actual Over Budget
Administration	\$ 6,667
General government building	\$ 7,034
Police	\$ 5,708
Building and planning	\$ 6,730
Public works administration	\$ 1,927
Senior coordinator	\$ 497
Recreation and leisure services	\$ 474
Swimming pool	\$ 5,685
Skating rink	\$ 4,306

B. Deficit Fund Balance

The following table summarizes the deficit fund balances/net position as of December 31, 2014:

Fund	Amount
Long-Term Care Facility Enterprise Fund	\$ (758,003)
Nonmajor Tax Increment Debt Service Fund	\$ (196,719)

The City intends to fund these deficits through future special assessment revenues, loan principal receipts, bond proceeds, utility charges, transfers from other funds, and various other sources.

NOTE 7 – FUND BALANCES

A. Classifications

At December 31, 2014, a summary of the City’s governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Permanent Improvement Fund	Nonmajor Funds	Total
Nonspendable				
Inventory	\$ 2,894	\$ –	\$ –	\$ 2,894
Prepaid items	958	–	90	1,048
Total nonspendable	<u>3,852</u>	<u>–</u>	<u>90</u>	<u>3,942</u>
Restricted				
Capital improvements	–	1,340,368	1,325,052	2,665,420
Future debt service	–	–	703,251	703,251
Economic revolving loans	–	–	1,796,491	1,796,491
Tax increment	–	–	71,693	71,693
Total restricted	<u>–</u>	<u>1,340,368</u>	<u>3,896,487</u>	<u>5,236,855</u>
Committed				
Library operation	–	–	310,075	310,075
Public access operations	–	–	223,142	223,142
Fire equipment	–	–	51,559	51,559
Façade renovation loans	–	–	62,821	62,821
Housing activities	–	–	24,996	24,996
Community center operations	–	–	368,429	368,429
Total committed	<u>–</u>	<u>–</u>	<u>1,041,022</u>	<u>1,041,022</u>
Assigned				
Insurance	321,737	–	–	321,737
2014 budget	15,242	–	–	15,242
Total assigned	<u>336,979</u>	<u>–</u>	<u>–</u>	<u>336,979</u>
Unassigned	<u>3,434,764</u>	<u>–</u>	<u>(196,719)</u>	<u>3,238,045</u>
Total	<u>\$ 3,775,595</u>	<u>\$ 1,340,368</u>	<u>\$ 4,740,880</u>	<u>\$ 9,856,843</u>

B. Unrestricted Fund Balance Policy

The City Council has formally adopted a fund balance policy regarding the fund balance for the General Fund. The policy establishes that the City will strive to maintain an unassigned fund balance in the General Fund in the range of 35 to 50 percent of the following year’s budgeted expenditures. At December 31, 2014, the unassigned fund balance of the General Fund was 52.2 percent of the subsequent year’s budgeted expenditures.

In the event that the year-end unassigned General Fund balance is less than the 35 percent level, the City shall plan to adjust budget resources in the subsequent fiscal years to bring the fund balance into compliance with the adopted fund balance policy.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Description

All full-time and certain part-time employees of the City are covered by defined benefit plans administered by the Public Employees' Retirement Association (PERA) of Minnesota. PERA administers the General Employees' Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after five years of credited service. The defined retirement 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 10 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 10 years of service 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 PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members and 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained at mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling (651) 296-7460 or (800) 652-9026.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

B. Funding Policy

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Basic and Coordinated Plan members were required to contribute 9.1 percent and 6.25 percent, respectively, of their annual covered salary in 2014. PEPFF members were required to contribute 10.2 percent of their annual covered salary in 2014. In 2014, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan members, 7.25 percent for Coordinated Plan members, and 15.3 percent for PEPFF members. The City’s contributions for the past three years ending December 31, which were equal to the contractually required contributions for each year as set by state statutes, were as follows:

	<u>GERP</u>	<u>PEPFF</u>	<u>Total</u>
2012	\$ 257,475	\$ 131,139	\$ 388,614
2013	\$ 261,212	\$ 136,391	\$ 397,603
2014	\$ 266,916	\$ 149,517	\$ 416,433

The River’s Edge Hospital and Clinic’s contributions for the past three years ended December 31, which were equal to the contractually required contributions for each year as set by state statutes, are as follows:

	<u>GERP</u>
2012	\$ 466,168
2013	\$ 468,412
2014	\$ 501,508

Contribution rates will increase on January 1, 2015 in the Coordinated Plan (6.5 percent for members and 7.5 percent for employers) and the PEPFF (10.8 percent for members and 16.2 percent for employers).

NOTE 9 – DEFINED BENEFIT PLAN – FIRE DEPARTMENT RELIEF ASSOCIATION

A. Plan Description

Members of the City’s volunteer fire department are members of the Saint Peter Fire Department Relief Association (the Association). The Association is a single-employer defined benefit plan and operates under the provisions of Minnesota Statutes § 69 and § 424A, as amended. It is governed by a Board of Trustees consisting of six officers and trustees elected by the members of the Association for terms of three years. The mayor, city treasurer, and fire chief are ex-officio members of the Board of Trustees.

As of December 31, 2014, the membership of the Association was as follows:

Retirees and beneficiaries currently receiving benefits and retired firefighters entitled to benefits, but not receiving them yet	4
Active plan participants	
Vested	24
Non-vested	<u>9</u>
Total	<u><u>37</u></u>

**NOTE 9 – DEFINED BENEFIT PLAN – FIRE DEPARTMENT RELIEF ASSOCIATION
(CONTINUED)**

B. Pension Benefits

Retirement Benefits – According to the bylaws of the Association and pursuant to Minnesota Statutes § 424A.02, Subds. 2 and 4, the Association pays to each member who has served as an active firefighter in the Saint Peter Fire Department for a period of 20 years or more to his resignation, and who has reached the age of 50 years or more, \$2,400 per year of service in a lump sum. A member who has served in the Saint Peter Fire Department for at least 20 years, but has not reached the age of 50 years, may retire and be placed on the deferred pension roll until the member reaches the age of 50. Members who retire with less than 20 years of service but have reached the age of 50 years and have completed at least 5 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable nonforfeitable percentage of pension. The reduced pension percentage available to members with five years of service shall be equal to 40 percent. This percentage increases 4 percent per year so that at 20 years of service the full amount prescribed is paid.

Sick and Disability Benefits – If a member of the Association becomes permanently disabled with a service-related disability, the Association shall pay to such member an amount equal to the full years of active service multiplied by the yearly lump sum determined at the withdrawal of active service (currently \$2,400). The member shall be eligible to receive the disability benefit immediately upon approval of the Board of Trustees.

Death Benefits – Upon the death of any active member, not in the line of duty, the Association shall pay to the surviving spouse and, if there is no surviving spouse, to the surviving child or children, if any, a death benefit based on the number of years of completed service. Active members who have completed less than five years of service shall receive a fixed amount of \$2,000. Active members who have completed more than five years of service are entitled to receive a death benefit calculated by multiplying the member's completed years of service times the vested percentage of the yearly lump sum (currently \$2,400). This death benefit to members with five years of service shall be 25 percent. This percentage increases 25 percent with every five years of additional service so that at 20 years of service, the full amount prescribed is paid.

Upon the death of an active member while in performance of official duties as a member, the Association shall pay a survivor benefit equal to the amount per year of service for each year that the member served as an active firefighter without regard to minimum or partial vesting requirements, but in no case less than five times the pension amount per year of service in effect on the date of death.

C. Funding Policy

The Association's funding policy provided for contributions from the state and the City in amounts sufficient to accumulate sufficient assets to pay benefits when due. The annual contribution is the sum of the normal cost, the state contribution payment, and the provision for administrative expenses.

The Association is comprised of volunteers; therefore, there are no payroll expenditures or covered payroll percentage calculations.

Required contributions of \$74,731 (which includes both city and state aid contributions) were made by the state in accordance with Minnesota Statute requirements for the year ended December 31, 2014. This includes a city required contribution of \$6,999, state aid of \$64,452 and supplemental benefit of \$3,280. There was also a voluntary contribution of \$1,865 from the City.

**NOTE 9 – DEFINED BENEFIT PLAN – FIRE DEPARTMENT RELIEF ASSOCIATION
(CONTINUED)**

D. Funding Status and Progress

The amount of the total accrued pension liability is based on a standardized measurement established by the GASB that, with some exceptions, must be used by relief associations for financial statement presentation. This standardized measurement is based on Minnesota Statute § 69.772. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of service years performed by the members of the Association. A standardized measure of the accrued pension liability was adopted by the GASB to enable the readers of relief association financial statements to (a) assess the relief association’s funding status on a going concern basis, (b) assess progress being made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among relief associations.

Because the standardized measure is used only for disclosure purposes by the Association, the measurement is independent of the actuarial computation made to determine contributions to the Association.

E. Three-Year Trend Information

Fiscal Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 52,522	100%	\$ –
2013	\$ 68,275	100%	\$ –
2014	\$ 76,596	100%	\$ –

NOTE 10 – FLEXIBLE BENEFIT PLAN

The City offers three types of flexible spending accounts: medical premiums, medical expenses, and dependent care expenses. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the Flexible Benefit Plan (the Plan) for healthcare and dependent care benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the Plan during the year. At December 31, the City is contingently liable for claims against the total amount of participants’ annual contributions to the Plan, whether or not such contributions have been made.

Assets of the Plan are held in the City’s payroll checking account. Amounts withheld to pay for employee medical insurance premiums are administered and paid out directly by the City’s finance department. Medical expense and dependent care expense accounts are administered by a benefit consulting firm. Claims are made directly to the administrator by participants of the Plan. The administrator then reimburses the participants and bills the City for these reimbursements.

All property of the Plan and income attributable to that property is solely the property of the City subject to the claims of the City’s general creditors. Participants’ rights under the Plan are equal to those of general creditors of the City in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 11 – SELF-INSURANCE

The City participates in a self-funded dental insurance plan (the City Insurance Plan). The City Insurance Plan is administered by an insurance company which determines the current funding requirements of participants under the terms of the City Insurance Plan and the liability for claims and assessments that would be payable at any given point in time. In connection therewith, the City had the following changes in the balances of claims liabilities. These changes represent the sum of actual claims paid resulting from incidents that occurred during the year.

<u>December 31,</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2013	\$ –	\$ 72,780	\$ (72,780)	\$ –
2014	\$ –	\$ 78,885	\$ (78,885)	\$ –

The River’s Edge Hospital and Clinic participates in a self-funded dental insurance plan (the Hospital Insurance Plan). The Hospital Insurance Plan is administered by an insurance company which determines the current funding requirements of participants under the terms of the Plan and the liability for claims and assessments that would be payable at any given point in time. In connection therewith, the River’s Edge Hospital and Clinic charged to operations a provision that represents the sum of actual claims paid and the actuarially determined estimates of liability relating to claims, both asserted and unasserted, resulting from incidents that occurred during those years for the Hospital Insurance Plan.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Power Sales Contract

Saint Peter Municipal Utilities (the Company) is a member of the Southern Minnesota Municipal Power Agency (SMMPA). Under the terms of the power sales contract, the Company and other members are committed to purchase 100 percent of their power requirements from SMMPA through 2030. The rates paid are subject to periodic review.

B. Federal Revenue

Amounts received or receivable from federal agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

C. Litigation – Primary Government

The City had the usual and customary type of miscellaneous claims pending at year-end, mostly of a minor nature and usually all covered by insurance carried for that purpose. However, the outcome of these cases is unknown. It is not determinable at this time whether unfavorable settlements of the claims will exceed insurance coverage. City management believes that the City will not incur any material monetary loss relating to the cases. No loss has been recorded on the City’s financial statements relating to these claims.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

D. Malpractice Claims – River’s Edge Hospital and Clinic

The River’s Edge Hospital and Clinic has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim, an annual aggregate limit of \$1 million per claim, and an annual aggregate limit of \$3 million. The River’s Edge Hospital and Clinic also has an additional \$2 million umbrella policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured.

E. Litigation – River’s Edge Hospital and Clinic

The River’s Edge Hospital and Clinic is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of litigations, claims, and disputes in process will not be material to the financial position of the River’s Edge Hospital and Clinic.

The healthcare industry is subject to laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties as well as significant repayments of previously billed and collected revenues for patient services.

F. Government Regulations – River’s Edge Hospital and Clinic

The River’s Edge Hospital and Clinic has agreements with third-party payors that provide for payments to the River’s Edge Hospital and Clinic at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- **Medicare** – The River’s Edge Hospital and Clinic is licensed as a Critical Access Hospital. The River’s Edge Hospital and Clinic is reimbursed for most inpatient and outpatient services under a cost reimbursement methodology with final settlement determined after submission of annual cost reports by the River’s Edge Hospital and Clinic subject to audits thereof by the Medicare Audit Contractor (MAC). The River’s Edge Hospital and Clinic Medicare cost reports have been audited by the MAC through the year ended December 31, 2010. Clinical services are paid on a fixed fee schedule.
- **Medicaid** – Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services related to Medicaid beneficiaries are paid based on the lower of customary charges, allowable cost as determined through the River’s Edge Hospital and Clinic’s Medicare Cost Reports, or rates as established by the Medicaid program. The River’s Edge Hospital and Clinic is reimbursed at a tentative rate with final settlement determined by the program based on the River’s Edge Hospital and Clinic’s final Medicare Cost Report. The River’s Edge Hospital and Clinic’s Medicaid Cost Reports have been audited by the Medicaid fiscal intermediary through the year ended December 31, 2010. Clinical services are paid on a fixed fee schedule.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

- **Blue Cross** – Inpatient services rendered to Blue Cross subscribers are paid at prospectively determined rates per discharge. Outpatient services are reimbursed at outpatient payment fee screens or at charges less a prospectively determined discount. The prospectively determined discount is not subject to a retroactive adjustment. Clinical services are paid on a fixed fee schedule.
- **Other** – The River’s Edge Hospital and Clinic has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the River’s Edge Hospital and Clinic under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

G. Contract Commitments – Primary Government

The City has contract commitments for uncompleted construction projects as of December 31, 2014 of approximately \$304,000.

NOTE 13 – CONDUIT DEBT OBLIGATIONS

The City has issued private activity bonds to provide financial assistance to nonprofit corporations for the construction and equipping of facilities deemed to be in the public interest. The notes are secured by the property financed and are payable solely from payments received on the underlying revenue note. Upon repayment of the Commercial Development Revenue Note of 1998, the ownership of the acquired facilities transfers to the nonprofit corporation served by the revenue note issuance. Neither the City nor any political subdivision thereof is obligated in any manner for repayment of the revenue note. Accordingly, the revenue notes are not reported as liabilities in the accompanying financial statements.

As of December 31, 2014, the outstanding balance due on these revenue notes are as follows:

<u>Bond</u>	<u>Description</u>	<u>Amount Issued</u>	<u>Outstanding</u>
Commercial Development Revenue Note of 1998	Office facilities	\$ 2,900,000	\$ 1,100,622
Tax Exempt Loan Participation Note, Series 2010A	Housing facilities	\$ 5,500,000	<u>5,289,884</u>
			<u>\$ 6,390,506</u>

NOTE 14 – MAJOR SUPPLIER

For the year ended December 31, 2014, bulk energy totaling \$7,163,849 was purchased from one supplier.

NOTE 15 – FUTURE CHANGE IN ACCOUNTING STANDARDS

GASB Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to employer governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement will be effective for fiscal years beginning after June 15, 2014. The City has not yet determined the financial impact of adopting this new standard.

NOTE 16 – SUBSEQUENT EVENTS

In May 2015, the City issued \$245,000 of Equipment Certificates of Indebtedness. The certificates bear interest rates ranging from 1.40 to 2.00 percent and have a final maturity date of June 1, 2020.

In June 2015, the City issued \$3,540,000 of Electric Revenue Refunding Bonds, Series 2015A. The refunding bonds will be used to call the 2016 through 2027 maturities of the City's Electric Revenue Advance Refunding Bonds, Series 2006B. The bonds bear an average interest rate of 2.80 percent and have a final maturity date of June 1, 2027.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAINT PETER

Required Supplementary Information

Saint Peter Fire Department Relief Association
 Schedule of Funding Progress and Schedule of Contributions

A. Schedule of Funding Progress

Actuarial Valuation Date – December 31,	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Assets in Excess of (Unfunded) Accrued Liability	Benefit per Year of Service
2009	\$ 704,627	\$ 893,805	78.8 %	\$ (189,178)	\$ 2,400
2010	697,111	838,290	83.2	(141,179)	2,400
2011	753,629	909,928	82.8	(156,299)	2,400
2012	868,404	975,226	89.0	(106,822)	2,400
2013	1,061,264	1,042,986	101.8	18,278	2,400
2014	996,074	943,707	105.5	52,367	2,400

B. Schedule of Contributions

Year	Annual Required Contribution	Percent Contributed
2009	\$ 40,081	100.0 %
2010	65,461	100.0
2011	70,108	100.0
2012	52,522	100.0
2013	68,275	100.0
2014	76,596	100.0

C. Notes to Required Supplementary Information

Valuation date	12/31/2014
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	
Normal cost	20 Years
Prior service cost	5 Years
Asset valuation method	Market
Actuarial assumptions	
Investment rate of return	5.0%
Projected salary increases	N/A
Inflation rate	N/A
Cost-of-living adjustments	None

N/A – Not Available

SUPPLEMENTAL INFORMATION

CITY OF SAINT PETER

Combining Balance Sheet
 Nonmajor Governmental Funds
 as of December 31, 2014

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental
Assets				
Cash and investments	\$ 1,695,315	\$ 703,184	\$ 1,177,922	\$ 3,576,421
Receivables				
Accounts	74,288	-	19,196	93,484
Delinquent taxes	1,267	-	-	1,267
Delinquent special assessments	-	187	-	187
Deferred special assessments	38,073	5,240	-	43,313
Notes	1,835,497	-	242,447	2,077,944
Due from other funds	-	-	196,472	196,472
Due from other governmental units	5,642	87	-	5,729
Prepaid items	90	-	-	90
Assets held for resale	1,144,567	-	-	1,144,567
	<u>1,144,567</u>	<u>-</u>	<u>-</u>	<u>1,144,567</u>
Total assets	<u><u>\$ 4,794,739</u></u>	<u><u>\$ 708,698</u></u>	<u><u>\$ 1,636,037</u></u>	<u><u>\$ 7,139,474</u></u>
Liabilities				
Accounts and contracts payable	\$ 14,685	\$ 268	\$ 1,492	\$ 16,445
Due to other funds	4,944	196,472	-	201,416
Customer deposits	58,022	-	-	58,022
Total liabilities	<u>77,651</u>	<u>196,740</u>	<u>1,492</u>	<u>275,883</u>
Deferred inflows of resources				
Unavailable revenue – property taxes	1,267	-	-	1,267
Unavailable revenue – special assessments	38,073	5,426	-	43,499
Unavailable revenue – notes receivable	1,835,498	-	242,447	2,077,945
Total deferred inflows of resources	<u>1,874,838</u>	<u>5,426</u>	<u>242,447</u>	<u>2,122,711</u>
Fund balances (deficit)				
Nonspendable	90	-	-	90
Restricted	1,801,138	703,251	1,392,098	3,896,487
Committed	1,041,022	-	-	1,041,022
Unassigned	-	(196,719)	-	(196,719)
Total fund balances	<u>2,842,250</u>	<u>506,532</u>	<u>1,392,098</u>	<u>4,740,880</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 4,794,739</u></u>	<u><u>\$ 708,698</u></u>	<u><u>\$ 1,636,037</u></u>	<u><u>\$ 7,139,474</u></u>

CITY OF SAINT PETER

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2014

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental
Revenue				
Taxes				
Property taxes and tax increments	\$ 906,266	\$ 766,705	\$ -	\$ 1,672,971
Other taxes	47,573	-	-	47,573
Intergovernmental	109,935	359,031	-	468,966
Special assessments	5,397	450,726	19,196	475,319
Investment earnings	13,136	1,755	4,824	19,715
Other	625,436	51,362	92,221	769,019
Total revenue	<u>1,707,743</u>	<u>1,629,579</u>	<u>116,241</u>	<u>3,453,563</u>
Expenditures				
Current				
General government	425,267	-	-	425,267
Parks and recreation	331,908	-	-	331,908
Economic development loans made	228,495	-	-	228,495
Other	236,358	64,654	-	301,012
Capital outlay	56,219	463,000	597,762	1,116,981
Debt service				
Principal	22,029	1,005,760	-	1,027,789
Interest and fiscal charges	4,486	336,760	-	341,246
Total expenditures	<u>1,304,762</u>	<u>1,870,174</u>	<u>597,762</u>	<u>3,772,698</u>
Excess (deficiency) of revenue over expenditures	402,981	(240,595)	(481,521)	(319,135)
Other financing sources (uses)				
Debt issued	-	-	345,000	345,000
Proceeds from sale of assets	-	468,000	209,065	677,065
Transfers in	195,696	447,529	702,060	1,345,285
Transfers (out)	(951,169)	(2,442)	(104,636)	(1,058,247)
Total other financing sources (uses)	<u>(755,473)</u>	<u>913,087</u>	<u>1,151,489</u>	<u>1,309,103</u>
Net change in fund balances	(352,492)	672,492	669,968	989,968
Fund balances (deficit)				
Beginning of year	<u>3,194,742</u>	<u>(165,960)</u>	<u>722,130</u>	<u>3,750,912</u>
End of year	<u>\$ 2,842,250</u>	<u>\$ 506,532</u>	<u>\$ 1,392,098</u>	<u>\$ 4,740,880</u>

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 as of December 31, 2014

	Library	Public Access	Firefighters' Relief	Fire Calls
Assets				
Cash and investments	\$ 311,727	\$ 218,777	\$ 2,874	\$ 47,234
Receivables				
Accounts	5,603	4,430	-	4,325
Delinquent taxes	-	-	-	-
Deferred special assessments	-	-	-	-
Notes	-	-	-	-
Due from other governmental units	-	-	-	-
Prepaid items	-	-	-	-
Assets held for resale	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 317,330</u>	<u>\$ 223,207</u>	<u>\$ 2,874</u>	<u>\$ 51,559</u>
Liabilities				
Accounts payable	\$ 7,255	\$ 65	\$ -	\$ -
Due to other funds	-	-	-	-
Customer deposits	-	-	-	-
Total liabilities	<u>7,255</u>	<u>65</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources				
Unavailable revenue – property taxes	-	-	-	-
Unavailable revenue – special assessments	-	-	-	-
Unavailable revenue – notes receivable	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	-	2,874	-
Committed	310,075	223,142	-	51,559
Total fund balances	<u>310,075</u>	<u>223,142</u>	<u>2,874</u>	<u>51,559</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 317,330</u>	<u>\$ 223,207</u>	<u>\$ 2,874</u>	<u>\$ 51,559</u>

<u>Economic Revolving Loan</u>	<u>St. Peter Mall TIF District</u>	<u>Nicollet Hotel TIF District</u>	<u>Nicollet Plaza TIF District</u>	<u>Tornado Disaster Revolving Loan</u>	<u>1999 Economic Revolving Loans</u>
\$ 168,451	\$ -	\$ 586	\$ 23	\$ 416,048	\$ 65,679
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
594,392	-	-	-	1,082,863	99,962
-	4,944	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,144,567	-
<u>\$ 762,843</u>	<u>\$ 4,944</u>	<u>\$ 586</u>	<u>\$ 23</u>	<u>\$ 2,643,478</u>	<u>\$ 165,641</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,127	\$ -
-	4,944	-	-	-	-
-	-	-	-	-	-
-	4,944	-	-	1,127	-
-	-	-	-	-	-
-	-	-	-	-	-
594,392	-	-	-	1,082,864	99,962
<u>594,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,082,864</u>	<u>99,962</u>
-	-	-	-	-	-
168,451	-	586	23	1,559,487	65,679
-	-	-	-	-	-
<u>168,451</u>	<u>-</u>	<u>586</u>	<u>23</u>	<u>1,559,487</u>	<u>65,679</u>
<u>\$ 762,843</u>	<u>\$ 4,944</u>	<u>\$ 586</u>	<u>\$ 23</u>	<u>\$ 2,643,478</u>	<u>\$ 165,641</u>

(continued)

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Balance Sheet (continued)
 as of December 31, 2014

	Façade Renovation	Vista View Volmary TIF District	Nicollet Meadows TIF District	INH Properties TIF District
Assets				
Cash and investments	\$ 62,821	\$ -	\$ 783	\$ 1,332
Receivables				
Accounts	-	-	-	-
Delinquent taxes	-	-	-	-
Deferred special assessments	-	-	-	-
Notes	8,280	-	50,000	-
Due from other governmental units	-	-	564	-
Prepaid items	-	-	-	-
Assets held for resale	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 71,101</u>	<u>\$ -</u>	<u>\$ 51,347</u>	<u>\$ 1,332</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Customer deposits	-	-	-	-
Total liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deferred inflows of resources				
Unavailable revenue – property taxes	-	-	-	-
Unavailable revenue – special assessments	-	-	-	-
Unavailable revenue – notes receivable	8,280	-	50,000	-
Total deferred inflows of resources	<u>8,280</u>	<u> </u>	<u>50,000</u>	<u> </u>
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	-	1,347	1,332
Committed	62,821	-	-	-
Total fund balances	<u>62,821</u>	<u> </u>	<u>1,347</u>	<u>1,332</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 71,101</u>	<u>\$ -</u>	<u>\$ 51,347</u>	<u>\$ 1,332</u>

<u>Mankato Clinic TIF District</u>	<u>Housing Revolving</u>	<u>Community Center</u>	<u>Washington Terrace TIF District</u>	<u>Jefferson Avenue TIF District</u>	<u>Total</u>
\$ -	\$ 74,996	\$ 322,759	\$ 890	\$ 335	\$ 1,695,315
-	-	59,930	-	-	74,288
-	-	-	1,267	-	1,267
-	-	-	-	38,073	38,073
-	-	-	-	-	1,835,497
-	-	-	134	-	5,642
-	-	90	-	-	90
-	-	-	-	-	1,144,567
<u>\$ -</u>	<u>\$ 74,996</u>	<u>\$ 382,779</u>	<u>\$ 2,291</u>	<u>\$ 38,408</u>	<u>\$ 4,794,739</u>
\$ -	\$ -	\$ 6,238	\$ -	\$ -	\$ 14,685
-	-	-	-	-	4,944
-	50,000	8,022	-	-	58,022
-	50,000	14,260	-	-	77,651
-	-	-	1,267	-	1,267
-	-	-	-	38,073	38,073
-	-	-	-	-	1,835,498
-	-	-	1,267	38,073	1,874,838
-	-	90	-	-	90
-	-	-	1,024	335	1,801,138
-	24,996	368,429	-	-	1,041,022
-	24,996	368,519	1,024	335	2,842,250
<u>\$ -</u>	<u>\$ 74,996</u>	<u>\$ 382,779</u>	<u>\$ 2,291</u>	<u>\$ 38,408</u>	<u>\$ 4,794,739</u>

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2014

	Library	Public Access	Firefighters' Relief	Fire Calls
Revenue				
Property taxes and tax increments	\$ 220,133	\$ -	\$ 10,000	\$ -
Other taxes	-	47,573	-	-
Intergovernmental	45,265	87	64,452	-
Special assessments	-	-	-	-
Investment earnings	1,802	1,306	-	244
Other				
Loan principal and interest payments	-	-	-	-
Miscellaneous	62,486	2,104	-	12,350
Total revenue	<u>329,686</u>	<u>51,070</u>	<u>74,452</u>	<u>12,594</u>
Expenditures				
Current				
General government	331,460	18,656	73,316	-
Parks and recreation	-	-	-	-
Economic development loans made	-	-	-	-
Other	-	-	-	-
Capital outlay	35,238	769	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>366,698</u>	<u>19,425</u>	<u>73,316</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	(37,012)	31,645	1,136	12,594
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	(2,286)	-	-	-
Total other financing sources (uses)	<u>(2,286)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(39,298)	31,645	1,136	12,594
Fund balances				
Beginning of year	<u>349,373</u>	<u>191,497</u>	<u>1,738</u>	<u>38,965</u>
End of year	<u>\$ 310,075</u>	<u>\$ 223,142</u>	<u>\$ 2,874</u>	<u>\$ 51,559</u>

Economic Revolving Loan	St. Peter Mall TIF District	Nicollet Hotel TIF District	Nicollet Plaza TIF District	Tornado Disaster Revolving Loan	1999 Economic Revolving Loans
\$ -	\$ 188,631	\$ 10,915	\$ 13,014	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
963	3,011	-	-	2,353	379
133,061	-	-	-	147,627	8,245
1,550	627	-	-	65,020	-
<u>135,574</u>	<u>192,269</u>	<u>10,915</u>	<u>13,014</u>	<u>215,000</u>	<u>8,624</u>
534	-	-	1,301	-	-
-	-	-	-	-	-
99,475	-	-	-	124,020	-
-	-	10,915	-	37,221	-
-	-	-	-	-	-
-	12,875	-	9,154	-	-
-	1,928	-	2,558	-	-
<u>100,009</u>	<u>14,803</u>	<u>10,915</u>	<u>13,013</u>	<u>161,241</u>	<u>-</u>
35,565	177,466	-	1	53,759	8,624
-	-	-	-	-	-
-	(625,221)	-	-	-	-
-	(625,221)	-	-	-	-
35,565	(447,755)	-	1	53,759	8,624
132,886	447,755	586	22	1,505,728	57,055
<u>\$ 168,451</u>	<u>\$ -</u>	<u>\$ 586</u>	<u>\$ 23</u>	<u>\$ 1,559,487</u>	<u>\$ 65,679</u>

(continued)

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued)
 Year Ended December 31, 2014

	Façade Renovation	Vista View Volmary TIF District	Nicollet Meadows TIF District	INH Properties TIF District
Revenue				
Property taxes and tax increments	\$ -	\$ 19,608	\$ 220,745	\$ 32,148
Other taxes	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	398	-	421	45
Other				
Loan principal and interest payments	1,945	-	-	-
Miscellaneous	50	-	-	-
Total revenue	<u>2,393</u>	<u>19,608</u>	<u>221,166</u>	<u>32,193</u>
Expenditures				
Current				
General government	-	-	-	-
Parks and recreation	-	-	-	-
Economic development loans made	5,000	-	-	-
Other	58	19,611	110,430	11,754
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>5,058</u>	<u>19,611</u>	<u>110,430</u>	<u>11,754</u>
Excess (deficiency) of revenue over expenditures	(2,665)	(3)	110,736	20,439
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	(136,000)	(20,377)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(136,000)</u>	<u>(20,377)</u>
Net change in fund balances	(2,665)	(3)	(25,264)	62
Fund balances				
Beginning of year	<u>65,486</u>	<u>3</u>	<u>26,611</u>	<u>1,270</u>
End of year	<u>\$ 62,821</u>	<u>\$ -</u>	<u>\$ 1,347</u>	<u>\$ 1,332</u>

Mankato Clinic TIF District	Housing Revolving	Community Center	Washington Terrace TIF District	Jefferson Avenue TIF District	Total
\$ 36,818	\$ -	\$ -	\$ 122,168	\$ 32,086	\$ 906,266
-	-	-	-	-	47,573
-	-	131	-	-	109,935
-	-	-	-	5,397	5,397
52	403	1,431	237	91	13,136
-	-	-	-	-	290,878
-	-	190,371	-	-	334,558
<u>36,870</u>	<u>403</u>	<u>191,933</u>	<u>122,405</u>	<u>37,574</u>	<u>1,707,743</u>
-	-	-	-	-	425,267
-	-	331,908	-	-	331,908
-	-	-	-	-	228,495
8,812	-	-	-	37,557	236,358
-	-	20,212	-	-	56,219
-	-	-	-	-	22,029
-	-	-	-	-	4,486
<u>8,812</u>	<u>-</u>	<u>352,120</u>	<u>-</u>	<u>37,557</u>	<u>1,304,762</u>
28,058	403	(160,187)	122,405	17	402,981
-	-	195,696	-	-	195,696
(29,451)	-	(12,834)	(125,000)	-	(951,169)
<u>(29,451)</u>	<u>-</u>	<u>182,862</u>	<u>(125,000)</u>	<u>-</u>	<u>(755,473)</u>
(1,393)	403	22,675	(2,595)	17	(352,492)
<u>1,393</u>	<u>24,593</u>	<u>345,844</u>	<u>3,619</u>	<u>318</u>	<u>3,194,742</u>
<u>\$ -</u>	<u>\$ 24,996</u>	<u>\$ 368,519</u>	<u>\$ 1,024</u>	<u>\$ 335</u>	<u>\$ 2,842,250</u>

CITY OF SAINT PETER

Nonmajor Debt Service Funds
 Combining Balance Sheet
 as of December 31, 2014

	General Obligation	Tax Increment	Special Assessment	Total
Assets				
Cash and investments	\$ 696,743	\$ -	\$ 6,441	\$ 703,184
Receivables				
Delinquent special assessments	-	187	-	187
Deferred special assessments	-	4,956	284	5,240
Due from other governmental units	-	21	66	87
	<u>-</u>	<u>21</u>	<u>66</u>	<u>87</u>
Total assets	<u>\$ 696,743</u>	<u>\$ 5,164</u>	<u>\$ 6,791</u>	<u>\$ 708,698</u>
Liabilities				
Accounts and contracts payable	\$ -	268	\$ -	\$ 268
Due to other funds	-	196,472	-	196,472
Total liabilities	-	196,740	-	196,740
Deferred inflows of resources				
Unavailable revenue – special assessments	-	5,143	283	5,426
Fund balances (deficit)				
Restricted	696,743	-	6,508	703,251
Unassigned	-	(196,719)	-	(196,719)
Total fund balances (deficit)	<u>696,743</u>	<u>(196,719)</u>	<u>6,508</u>	<u>506,532</u>
	<u>\$ 696,743</u>	<u>\$ 5,164</u>	<u>\$ 6,791</u>	<u>\$ 708,698</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 696,743</u>	<u>\$ 5,164</u>	<u>\$ 6,791</u>	<u>\$ 708,698</u>

CITY OF SAINT PETER

Nonmajor Debt Service Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2014

	General Obligation	Tax Increment	Special Assessment	Total
Revenue				
Property taxes and tax increments	\$ 572,171	\$ 194,534	\$ -	\$ 766,705
Intergovernmental	359,031	-	-	359,031
Special assessments	-	8,383	442,343	450,726
Investment earnings	1,687	68	-	1,755
Other	51,362	-	-	51,362
Total revenue	<u>984,251</u>	<u>202,985</u>	<u>442,343</u>	<u>1,629,579</u>
Expenditures				
Current				
Excess tax increment payment	-	64,654	-	64,654
Capital outlay	-	-	463,000	463,000
Debt service				
Principal	487,460	518,300	-	1,005,760
Interest	183,128	145,295	-	328,423
Fiscal agent fees	991	2,249	5,097	8,337
Total expenditures	<u>671,579</u>	<u>730,498</u>	<u>468,097</u>	<u>1,870,174</u>
Excess (deficiency) of revenue over expenditures	312,672	(527,513)	(25,754)	(240,595)
Other financing sources (uses)				
Proceeds from sale of assets	-	-	468,000	468,000
Transfers in	55,078	392,451	-	447,529
Transfers (out)	(2,442)	-	-	(2,442)
Total other financing sources (uses)	<u>52,636</u>	<u>392,451</u>	<u>468,000</u>	<u>913,087</u>
Net change in fund balances	365,308	(135,062)	442,246	672,492
Fund balances (deficit)				
Beginning of year	<u>331,435</u>	<u>(61,657)</u>	<u>(435,738)</u>	<u>(165,960)</u>
End of year	<u>\$ 696,743</u>	<u>\$ (196,719)</u>	<u>\$ 6,508</u>	<u>\$ 506,532</u>

CITY OF SAINT PETER

Nonmajor Capital Project Funds
 Combining Balance Sheet
 as of December 31, 2014

	<u>Parkland Dedication</u>	<u>2000 Housing Project</u>	<u>Equipment Certificates</u>
Assets			
Cash and investments	\$ 480,871	\$ 231,805	\$ 92,340
Receivables			
Accounts	-	-	-
Notes	-	242,447	-
Due from other funds	-	-	-
	<u>480,871</u>	<u>231,805</u>	<u>92,340</u>
Total assets	<u>\$ 480,871</u>	<u>\$ 474,252</u>	<u>\$ 92,340</u>
Liabilities			
Accounts and contracts payable	\$ -	\$ -	\$ -
Deferred inflows of resources			
Unavailable revenue – notes receivable	-	242,447	-
Fund balances			
Restricted	<u>480,871</u>	<u>231,805</u>	<u>92,340</u>
	<u>\$ 480,871</u>	<u>\$ 474,252</u>	<u>\$ 92,340</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 480,871</u>	<u>\$ 474,252</u>	<u>\$ 92,340</u>

<u>2003 Washington Terrace</u>	<u>TIF #1-18 North Third</u>	<u>Total</u>
\$ 371,936	\$ 970	\$ 1,177,922
19,196	–	19,196
–	–	242,447
<u>196,472</u>	<u>–</u>	<u>196,472</u>
<u>\$ 587,604</u>	<u>\$ 970</u>	<u>\$ 1,636,037</u>
\$ 522	\$ 970	\$ 1,492
–	–	242,447
<u>587,082</u>	<u>–</u>	<u>1,392,098</u>
<u>\$ 587,604</u>	<u>\$ 970</u>	<u>\$ 1,636,037</u>

CITY OF SAINT PETER

Nonmajor Capital Project Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2014

	<u>Parkland Dedication</u>	<u>2000 Housing Project</u>	<u>Equipment Certificates</u>
Revenue			
Special assessments	\$ –	\$ –	\$ –
Investment earnings	36	1,547	593
Other			
Miscellaneous	22,700	–	30,810
Total revenue	<u>22,736</u>	<u>1,547</u>	<u>31,403</u>
Expenditures			
Capital outlay			
Construction and related costs	<u>6,936</u>	<u>–</u>	<u>379,878</u>
Excess (deficiency) of revenue over expenditures	15,800	1,547	(348,475)
Other financing sources (uses)			
Debt issued	–	–	345,000
Proceeds from sale of assets	–	–	16,402
Transfers in	465,000	–	–
Transfers (out)	–	(21,000)	(2,636)
Total other financing sources (uses)	<u>465,000</u>	<u>(21,000)</u>	<u>358,766</u>
Net change in fund balances	480,800	(19,453)	10,291
Fund balances (deficit)			
Beginning of year	<u>71</u>	<u>251,258</u>	<u>82,049</u>
End of year	<u>\$ 480,871</u>	<u>\$ 231,805</u>	<u>\$ 92,340</u>

2003 Washington Terrace	TIF #1-18 North Third	Total
\$ 19,196	\$ -	\$ 19,196
2,648	-	4,824
<u>38,711</u>	<u>-</u>	<u>92,221</u>
60,555	-	116,241
<u>625</u>	<u>210,323</u>	<u>597,762</u>
59,930	(210,323)	(481,521)
-	-	345,000
192,663	-	209,065
-	237,060	702,060
<u>(81,000)</u>	<u>-</u>	<u>(104,636)</u>
<u>111,663</u>	<u>237,060</u>	<u>1,151,489</u>
171,593	26,737	669,968
<u>415,489</u>	<u>(26,737)</u>	<u>722,130</u>
<u>\$ 587,082</u>	<u>\$ -</u>	<u>\$ 1,392,098</u>

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CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended December 31, 2014
 (With Comparative Actual Amounts for the Year Ended December 31, 2013)

	2014			2013
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Property taxes	\$ 1,305,614	\$ 1,333,157	\$ 27,543	\$ 1,282,135
Other taxes	76,600	87,652	11,052	82,648
Licenses and permits				
Business licenses and permits	24,620	25,460	840	27,067
Non-business licenses and permits	106,100	291,386	185,286	164,438
Total licenses and permits	130,720	316,846	186,126	191,505
Intergovernmental				
Local government aid	2,908,508	2,908,508	–	2,616,126
State and federal grants and aids	121,700	145,906	24,206	380,143
Total intergovernmental	3,030,208	3,054,414	24,206	2,996,269
Charges for services				
General government	25,650	141,059	115,409	57,502
Public safety	111,500	138,727	27,227	134,345
Highways and streets	14,800	21,010	6,210	20,064
Recreation	154,000	167,181	13,181	186,909
Total charges for services	305,950	467,977	162,027	398,820
Fines and forfeitures	79,000	67,015	(11,985)	75,969
Investment earnings	17,000	19,152	2,152	4,319
Other				
Miscellaneous	24,752	89,095	64,343	124,785
Sale of property	–	5,934	5,934	14,065
Loan principal and interest payments	–	–	–	11,671
Total other	24,752	95,029	70,277	150,521
Total revenue	4,969,844	5,441,242	471,398	5,182,186

(continued)

CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended December 31, 2014
 (With Comparative Actual Amounts for the Year Ended December 31, 2013)

	2014		2013	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures				
Current				
General government				
Mayor and City Council	41,435	38,179	(3,256)	37,162
Administration	171,825	178,492	6,667	169,953
City clerk	66,017	62,088	(3,929)	61,057
Elections	21,642	14,133	(7,509)	22,444
Finance	246,819	233,814	(13,005)	221,267
Legal	141,000	140,407	(593)	130,006
General government building	90,619	97,653	7,034	91,867
Old hospital	-	-	-	8,215
Total general government	<u>779,357</u>	<u>764,766</u>	<u>(14,591)</u>	<u>741,971</u>
Public safety				
Police	2,040,593	2,046,301	5,708	1,948,406
Fire	312,775	292,303	(20,472)	283,196
Other				
Building and planning	184,797	191,527	6,730	181,751
Civil defense	7,770	1,018	(6,752)	2,411
Community service officer	86,168	80,295	(5,873)	80,621
Total other	<u>278,735</u>	<u>272,840</u>	<u>(5,895)</u>	<u>264,783</u>
Total public safety	<u>2,632,103</u>	<u>2,611,444</u>	<u>(20,659)</u>	<u>2,496,385</u>
Public works				
Public works administration	88,019	89,946	1,927	79,340
Highways and streets				
Streets	1,098,012	1,069,898	(28,114)	1,082,000
Street lighting	130,000	87,112	(42,888)	98,428
Total highways and streets	<u>1,228,012</u>	<u>1,157,010</u>	<u>(71,002)</u>	<u>1,180,428</u>
Total public works	<u>1,316,031</u>	<u>1,246,956</u>	<u>(69,075)</u>	<u>1,259,768</u>

(continued)

CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended December 31, 2014
 (With Comparative Actual Amounts for the Year Ended December 31, 2013)

	2014		2013	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Parks and recreation				
Senior coordinator	33,081	33,578	497	31,579
Recreation and leisure services	347,441	347,915	474	338,530
Swimming pool	167,547	173,232	5,685	188,588
Skating rinks	11,926	16,232	4,306	14,092
Parks	676,153	651,377	(24,776)	611,136
Total parks and recreation	1,236,148	1,222,334	(13,814)	1,183,925
Economic development	156,573	150,815	(5,758)	186,822
Other				
Insurance	54,747	30,803	(23,944)	94,689
Memberships	28,600	27,364	(1,236)	25,524
Total other	83,347	58,167	(25,180)	120,213
Capital outlay	110,230	94,985	(15,245)	557,274
Total expenditures	6,313,789	6,149,467	(164,322)	6,546,358
Excess (deficiency) of revenue over expenditures	(1,343,945)	(708,225)	635,720	(1,364,172)
Other financing sources (uses)				
Transfers in	1,357,900	1,490,652	132,752	1,420,014
Transfers (out)	(52,500)	(753,129)	(700,629)	(273,308)
Total other financing sources (uses)	1,305,400	737,523	(567,877)	1,146,706
Net change in fund balances	\$ (38,545)	29,298	\$ 67,843	(217,466)
Fund balances				
Beginning of year		3,746,297		3,963,763
End of year		\$ 3,775,595		\$ 3,746,297

CITY OF SAINT PETER

Municipal Electric Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenue		
Charges for services	\$ 10,042,152	\$ 10,000,134
Electric generation	432,000	432,000
Other		
Penalties	64,893	65,508
Miscellaneous	237,716	228,387
Total operating revenue	<u>10,776,761</u>	<u>10,726,029</u>
Operating expenses		
Bulk energy	7,163,849	7,276,105
Power distribution		
Personal services	340,092	370,135
Repairs and maintenance	44,124	112,161
Supplies and materials	30,620	36,797
Utilities	11,442	11,324
Professional services	17,807	22,491
General and administrative	3,275	-
Total power distribution	<u>447,360</u>	<u>552,908</u>
General and administrative		
Personal services	275,071	276,212
Repairs and maintenance	16,000	15,396
Supplies and materials	19,890	19,762
Utilities	9,533	8,235
Professional services	17,734	10,986
General and administrative	55,891	58,905
Total general and administrative	<u>394,119</u>	<u>389,496</u>
Customer accounts		
Personal services	100,182	99,221
Repairs and maintenance	3,432	3,291
Supplies and materials	1,315	2,495
Professional services	2,945	2,851
General and administrative	14,844	12,371
Bad debt expense (recovery)	7,859	11,717
Total customer accounts	<u>130,577</u>	<u>131,946</u>

(continued)

CITY OF SAINT PETER

Municipal Electric Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position (continued)
 Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating expenses (continued)		
Power production		
Personal services	31,991	22,199
Repairs and maintenance	52,483	57,831
Supplies and materials	91,194	71,414
Utilities	40,522	37,777
Professional services	33,048	39,968
Total power production	<u>249,238</u>	<u>229,189</u>
Depreciation	<u>918,844</u>	<u>920,163</u>
Total operating expenses	<u>9,303,987</u>	<u>9,499,807</u>
Operating income	1,472,774	1,226,222
Other revenue (expense)		
State and federal grants	1,408	1,408
Investment earnings	19,509	24,489
Interest expense	(417,552)	(446,361)
Total other revenue (expense)	<u>(396,635)</u>	<u>(420,464)</u>
Income before transfers	1,076,139	805,758
Transfers and contributions		
Capital contributions from governmental funds	173,000	-
Transfers (out)	(924,082)	(930,300)
Total transfers and contributions	<u>(751,082)</u>	<u>(930,300)</u>
Change in net position	325,057	(124,542)
Net position		
Beginning of year	<u>16,359,251</u>	<u>16,483,793</u>
End of year	<u>\$ 16,684,308</u>	<u>\$ 16,359,251</u>

CITY OF SAINT PETER

Municipal Water Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenue		
Charges for services	\$ 2,675,917	\$ 2,322,714
Other	69,828	141,640
Total operating revenue	<u>2,745,745</u>	<u>2,464,354</u>
Operating expenses		
Source of supply		
Personal services	32,152	29,479
Repairs and maintenance	8,931	13,424
Supplies and materials	1,366	2,371
Utilities	22,718	20,942
Professional services	-	2,006
General and administrative	14,370	14,995
Total source of supply	<u>79,537</u>	<u>83,217</u>
Purification and treatment		
Personal services	150,998	172,645
Repairs and maintenance	42,758	25,115
Supplies and materials	142,569	128,587
Utilities	494,607	471,723
Professional services	7,604	6,791
General and administrative	7,005	5,811
Total purification and treatment	<u>845,541</u>	<u>810,672</u>
Distribution and storage		
Personal services	228,758	194,978
Repairs and maintenance	114,122	103,530
Supplies and materials	18,150	25,637
Utilities	56,275	81,022
Professional services	4,311	1,231
General and administrative	2,487	2,187
Total distribution and storage	<u>424,103</u>	<u>408,585</u>
General and administrative		
Personal services	65,425	66,103
Repairs and maintenance	6,091	3,665
Supplies and materials	10,810	12,429
Utilities	3,528	3,192
Professional services	11,936	13,619
General and administrative	13,029	16,677
Total general and administrative	<u>110,819</u>	<u>115,685</u>

(continued)

CITY OF SAINT PETER

Municipal Water Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position (continued)
 Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating expenses (continued)		
Customer accounts		
Personal services	21,803	20,604
Repairs and maintenance	2,516	2,520
Supplies and materials	1,289	2,001
Professional services	2,333	2,089
General and administrative	5,918	5,665
Bad debt expense	2	(35)
Total customer accounts	<u>33,861</u>	<u>32,844</u>
Depreciation	<u>1,199,708</u>	<u>1,206,620</u>
Total operating expenses	<u>2,693,569</u>	<u>2,657,623</u>
Operating income (loss)	52,176	(193,269)
Other revenue (expense)		
State and federal grants	756	756
Investment earnings	4,429	4,549
Interest expense	(492,240)	(506,431)
Total other revenue (expense)	<u>(487,055)</u>	<u>(501,126)</u>
Income (loss) before transfers and contributions	(434,879)	(694,395)
Transfers and contributions		
Capital contributions	-	276,060
Transfers in	625,221	-
Transfers (out)	(459,090)	(241,552)
Total transfers and contributions	<u>166,131</u>	<u>34,508</u>
Change in net position	(268,748)	(659,887)
Net position		
Beginning of year	<u>9,446,289</u>	<u>10,106,176</u>
End of year	<u>\$ 9,177,541</u>	<u>\$ 9,446,289</u>

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CITY OF SAINT PETER

Environmental Services Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenue		
Charges for services	\$ 766,442	\$ 724,294
Other	3,496	3,320
Total operating revenue	<u>769,938</u>	<u>727,614</u>
Operating expenses		
Refuse operations		
Personal services	143,811	147,558
Repairs and maintenance	8,763	5,227
Supplies and materials	36,324	33,331
Professional services	403,418	395,265
General and administrative	7,614	4,915
Total refuse operations	<u>599,930</u>	<u>586,296</u>
General and administrative		
Personal services	52,624	50,535
Repairs and maintenance	4,516	3,447
Supplies and materials	6,485	6,152
Utilities	7,482	6,701
Professional services	6,623	1,939
General and administrative	4,563	3,936
Total general and administrative	<u>82,293</u>	<u>72,710</u>
Customer accounts		
Personal services	14,280	14,426
Supplies and materials	654	1,353
Professional services	2,333	1,882
General and administrative	7,381	7,222
Bad debt expense	15	-
Total customer accounts	<u>24,663</u>	<u>24,883</u>
Depreciation	<u>57,338</u>	<u>17,627</u>
Total operating expenses	<u>764,224</u>	<u>701,516</u>
Operating income	5,714	26,098
Other revenue		
State and federal grants	326	326
Investment earnings	1,361	1,385
Total other revenue	<u>1,687</u>	<u>1,711</u>
Income before transfers	7,401	27,809
Transfers		
Transfers (out)	<u>-</u>	<u>(466)</u>
Change in net position	7,401	27,343
Net position		
Beginning of year	<u>273,296</u>	<u>245,953</u>
End of year	<u>\$ 280,697</u>	<u>\$ 273,296</u>

CITY OF SAINT PETER

Municipal Wastewater Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenue		
Charges for services	\$ 3,638,127	\$ 3,365,828
Other	51,373	107,690
Total operating revenue	<u>3,689,500</u>	<u>3,473,518</u>
Operating expenses		
Biosolids		
Personal services	42,403	61,778
Repairs and maintenance	70,135	39,485
Supplies and materials	64,685	73,850
Utilities	50,473	50,184
Professional services	692	2,460
General and administrative	1,493	1,312
Total biosolids	<u>229,881</u>	<u>229,069</u>
Collector system		
Personal services	120,829	126,349
Repairs and maintenance	34,708	41,274
Supplies and materials	18,090	14,671
Utilities	33,061	32,799
Professional services	6,180	2,637
General and administrative	2,570	2,260
Total collector system	<u>215,438</u>	<u>219,990</u>
Source/treatment		
Personal services	317,518	326,708
Repairs and maintenance	88,381	47,690
Supplies and materials	96,681	95,640
Utilities	513,324	497,799
Professional services	62,642	89,356
General and administrative	24,143	24,215
Total source/treatment	<u>1,102,689</u>	<u>1,081,408</u>
General and administrative		
Personal services	69,081	65,941
Repairs and maintenance	6,571	5,605
Supplies and materials	12,369	16,218
Utilities	4,144	3,815
Professional services	11,850	8,249
General and administrative	26,379	16,533
Total general and administrative	<u>130,394</u>	<u>116,361</u>

(continued)

CITY OF SAINT PETER

Municipal Wastewater Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position (continued)
 Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating expenses (continued)		
Customer accounts		
Personal services	21,576	20,446
Repairs and maintenance	2,515	2,512
Supplies and materials	1,265	2,001
Professional services	2,333	1,890
General and administrative	5,889	5,663
Bad debt expense	1	(14)
Total customer accounts	<u>33,579</u>	<u>32,498</u>
Depreciation	<u>824,229</u>	<u>826,203</u>
Total operating expenses	<u>2,536,210</u>	<u>2,505,529</u>
Operating income	1,153,290	967,989
Other revenue (expense)		
State and federal grants	1,048	1,504
Investment earnings	5,180	3,103
Interest expense	(266,754)	(302,912)
Total other revenue (expense)	<u>(260,526)</u>	<u>(298,305)</u>
Income before transfers and contributions	892,764	669,684
Transfers and contributions		
Capital contribution	4,158	276,060
Transfers (out)	(496,594)	(237,088)
Total transfers and contributions	<u>(492,436)</u>	<u>38,972</u>
Change in net position	400,328	708,656
Net position		
Beginning of year	<u>17,136,240</u>	<u>16,427,584</u>
End of year	<u>\$ 17,536,568</u>	<u>\$ 17,136,240</u>

CITY OF SAINT PETER

Heartland Transit Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenue		
Charges for services	\$ 87,963	\$ 88,938
Other	1,188	1,663
Total operating revenue	<u>89,151</u>	<u>90,601</u>
Operating expenses		
Personal services	244,681	252,244
Repairs and maintenance	11,336	13,094
Supplies and materials	40,692	43,405
Depreciation	16,324	20,431
Professional services	1,369	1,906
General and administrative	9,294	9,213
Total operating expenses	<u>323,696</u>	<u>340,293</u>
Operating loss	(234,545)	(249,692)
Other revenue		
State and federal grants	363,138	240,307
Investment earnings	155	-
Total other revenue	<u>363,293</u>	<u>240,307</u>
Change in net position	128,748	(9,385)
Net position		
Beginning of year	<u>19,176</u>	<u>28,561</u>
End of year	<u>\$ 147,924</u>	<u>\$ 19,176</u>

CITY OF SAINT PETER

Storm Water Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenue		
Charges for services	\$ 507,016	\$ 477,586
Other	19,512	11,552
Total operating revenue	<u>526,528</u>	<u>489,138</u>
Operating expenses		
Personal services	245,847	267,604
Repairs and maintenance	28,128	21,368
Supplies and materials	19,479	17,399
Utilities	3,399	2,187
Depreciation	207,935	201,577
Professional services	30,026	7,758
General and administrative	16,452	13,182
Bad debt expense (recovery)	13	27
Total operating expenses	<u>551,279</u>	<u>531,102</u>
Operating income (loss)	(24,751)	(41,964)
Other revenue (expense)		
State and federal grants	43	499
Investment earnings	2,883	2,354
Interest expense	(5,756)	(8,540)
Total other revenue (expense)	<u>(2,830)</u>	<u>(5,687)</u>
Income (loss) before transfers and contributions	(27,581)	(47,651)
Transfers and contributions		
Capital contribution	-	276,060
Transfers (out)	(48,656)	(28,624)
Total transfers and contributions	<u>(48,656)</u>	<u>247,436</u>
Change in net position	(76,237)	199,785
Net position		
Beginning of year	<u>5,264,527</u>	<u>5,064,742</u>
End of year	<u>\$ 5,188,290</u>	<u>\$ 5,264,527</u>

CITY OF SAINT PETER

Telecommunications Conduit Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenue		
Charges for services	\$ 144,071	\$ 145,219
Operating expenses		
Depreciation	<u>14,264</u>	<u>14,264</u>
Operating income	129,807	130,955
Other revenue (expense)		
Investment earnings	<u>381</u>	<u>301</u>
Income before transfers	130,188	131,256
Transfers		
Transfers out	<u>(144,071)</u>	<u>(145,219)</u>
Change in net position	(13,883)	(13,963)
Net position		
Beginning of year	<u>243,616</u>	<u>257,579</u>
End of year	<u><u>\$ 229,733</u></u>	<u><u>\$ 243,616</u></u>

CITY OF SAINT PETER

Long-Term Care Facility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenue		
Other		
Rental income	\$ 785,719	\$ 790,338
Operating expenses		
Depreciation	221,528	221,528
General and administrative	4,112	4,620
Total operating expenses	<u>225,640</u>	<u>226,148</u>
Operating income	560,079	564,190
Other revenue (expense)		
Investment earnings	791	759
Interest expense	<u>(553,210)</u>	<u>(565,073)</u>
Total other revenue (expense)	<u>(552,419)</u>	<u>(564,314)</u>
Change in net position	7,660	(124)
Net position (deficit)		
Beginning of year	<u>(765,663)</u>	<u>(765,539)</u>
End of year	<u>\$ (758,003)</u>	<u>\$ (765,663)</u>

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CITY OF SAINT PETER

Medical Office Building Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenue		
Other		
Rental income	\$ 311,715	\$ 311,363
Operating expenses		
Depreciation	118,673	118,673
Professional services	137,403	136,476
Total operating expenses	<u>256,076</u>	<u>255,149</u>
Operating income	55,639	56,214
Other revenue (expense)		
Investment earnings	927	1,096
Interest expense	<u>(138,319)</u>	<u>(139,309)</u>
Total other revenue (expense)	<u>(137,392)</u>	<u>(138,213)</u>
Changes in net position	(81,753)	(81,999)
Net position		
Beginning of year	<u>2,950,729</u>	<u>3,032,728</u>
End of year	<u>\$ 2,868,976</u>	<u>\$ 2,950,729</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Net Position
 Private-Purpose Trust Funds
 as of December 31, 2014

	<u>Library Trust</u>	<u>Restricted Contributions Trusts</u>	<u>Total Private-Purpose Trusts</u>
Assets			
Cash and investments	\$ 12,444	\$ 110,976	\$ 123,420
Accounts receivable	<u>—</u>	<u>2,147</u>	<u>2,147</u>
Total assets	12,444	113,123	125,567
Liabilities			
Liabilities			
Accounts payable	<u>—</u>	<u>1,372</u>	<u>1,372</u>
Net Position			
Held in trust for private purposes	<u><u>\$ 12,444</u></u>	<u><u>\$ 111,751</u></u>	<u><u>\$ 124,195</u></u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Changes in Net Position
 Private-Purpose Trust Funds
 Year Ended December 31, 2014

	<u>Library Trust</u>	<u>Restricted Contributions Trusts</u>	<u>Total Private-Purpose Trusts</u>
Additions			
Donations	\$ –	\$ 76,730	\$ 76,730
Investment earnings	17	10	27
Total additions	<u>17</u>	<u>76,740</u>	<u>76,757</u>
Deductions			
Trust-related expenses	<u>–</u>	<u>68,680</u>	<u>68,680</u>
Changes in net position	17	8,060	8,077
Net position			
Beginning of year	<u>12,427</u>	<u>103,691</u>	<u>116,118</u>
End of year	<u>\$ 12,444</u>	<u>\$ 111,751</u>	<u>\$ 124,195</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Net Position
 Agency Funds
 as of December 31, 2014

	<u>DARE Program</u>	<u>Youth Center</u>	<u>Flexible Benefit Plan</u>	<u>Total Agency Funds</u>
Assets				
Cash and investments	<u>\$ 47,729</u>	<u>\$ (4,554)</u>	<u>\$ 219,707</u>	<u>\$ 262,882</u>
Liabilities				
Liabilities				
Refunds payable and others	<u>\$ 47,729</u>	<u>\$ (4,554)</u>	<u>\$ 219,707</u>	<u>\$ 262,882</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Year Ended December 31, 2014

	Balance – January 1, 2014	Additions	Deletions	Balance – December 31, 2014
DARE Program				
Assets				
Cash and investments	\$ 40,157	\$ 7,572	\$ –	\$ 47,729
Liabilities				
Refunds payable and others	\$ 40,157	\$ 7,572	\$ –	\$ 47,729
Youth Center				
Assets				
Cash and investments	\$ 144	\$ 5,112	\$ 9,810	\$ (4,554)
Liabilities				
Refunds payable and others	\$ 144	\$ 5,112	\$ 9,810	\$ (4,554)
Flexible Benefit Plan				
Assets				
Cash and investments	\$ 180,092	\$ 39,615	\$ –	\$ 219,707
Liabilities				
Refunds payable and others	\$ 180,092	\$ 39,615	\$ –	\$ 219,707
Total				
Assets				
Cash and investments	\$ 220,393	\$ 52,299	\$ 9,810	\$ 262,882
Liabilities				
Refunds payable and others	\$ 220,393	\$ 52,299	\$ 9,810	\$ 262,882

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OTHER INFORMATION SECTION

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CITY OF SAINT PETER

General Fund Revenue by Source
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Intergovernmental Revenue	Charges for Services	Fines and Forfeits	Other	Total
2005	\$ 981,174	\$ 250,326	\$ 2,129,986	\$ 363,253	\$ 93,879	\$ 115,996	\$ 3,934,614
2006	1,010,419	156,851	2,247,918	353,191	120,316	119,317	4,008,012
2007	1,112,765	124,976	2,345,807	336,863	103,497	128,583	4,152,491
2008	1,255,059	202,839	2,350,643	355,319	94,737	154,279	4,412,876
2009	973,097	161,525	2,854,397	370,389	81,235	154,485	4,595,128
2010	1,139,902	308,040	2,739,305	395,299	80,067	150,453	4,813,066
2011	1,098,290	149,243	2,776,464	334,542	81,530	148,450	4,588,519
2012	1,403,809	163,510	3,042,060	365,805	91,342	180,570	5,247,096
2013	1,364,783	191,505	2,996,269	398,820	75,969	154,840	5,182,186
2014	1,420,809	316,846	3,054,414	467,977	67,015	114,181	5,441,242

Note: The City implemented GASB Statement No. 54 in fiscal 2011. This caused certain activities to be moved into the General Fund that were previously reported in special revenue funds.

CITY OF SAINT PETER

General Fund Expenditures by Function
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works Administration</u>	<u>Highways and Streets</u>	<u>Parks and Recreation</u>
2005	\$ 590,998	\$ 1,885,205	\$ 88,064	\$ 884,586	\$ 976,349
2006	644,002	2,007,046	127,602	987,666	1,034,054
2007	656,627	2,012,285	103,630	1,073,792	1,106,729
2008	714,427	2,191,529	129,067	1,149,781	1,098,340
2009	716,347	2,255,294	112,329	993,088	1,122,809
2010	698,706	2,298,125	114,866	994,109	1,076,478
2011	1,038,668	2,331,147	93,470	1,127,105	1,115,507
2012	741,273	2,394,611	80,956	1,106,183	1,132,686
2013	741,971	2,496,385	79,340	1,180,428	1,183,925
2014	764,766	2,611,444	89,946	1,157,010	1,222,334

Note: The City implemented GASB Statement No. 54 in fiscal 2011. This caused certain activities to be moved into the General Fund that were previously reported in special revenue funds.

<u>Economic Development</u>	<u>Other</u>	<u>Capital Outlay</u>	<u>Total</u>
\$ 98,927	\$ 51,360	\$ 73,336	\$ 4,648,825
92,831	54,185	65,886	5,013,272
95,267	68,689	66,241	5,183,260
135,828	59,474	66,318	5,544,764
123,614	76,498	85,709	5,485,688
97,342	60,159	7,062	5,346,847
118,043	126,015	122,865	6,072,820
139,335	43,769	409,753	6,048,566
186,822	120,213	557,274	6,546,358
150,815	58,167	94,985	6,149,467

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