



CITY OF
Saint Peter
WHERE HISTORY & PROGRESS MEET

**ANNUAL
FINANCIAL
REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2009

CITY OF ST. PETER, MINNESOTA

**CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA**

**Annual Financial Report
For the Year Ended
December 31, 2009**

**Prepared by
Finance Department**

**Paula O'Connell
Director of Finance**

**Brenda Isley
Accountant**

CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

Table of Contents

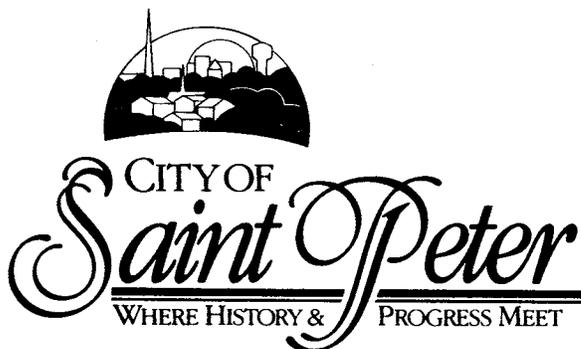
	Page
INTRODUCTORY SECTION	
TRANSMITTAL LETTER	i–v
CITY COUNCIL AND OTHER OFFICIALS	vi
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1–2
MANAGEMENT’S DISCUSSION AND ANALYSIS	3–12
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Assets	13
Statement of Activities	14–15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16–17
Reconciliation of the Balance Sheet to the Statement of Net Assets – Governmental Funds	18
Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds	19–20
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds	21
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	22
Statement of Net Assets – Enterprise Funds	23–24
Statement of Revenue, Expenses, and Changes in Fund Net Assets – Enterprise Funds	25–26
Statement of Cash Flows – Enterprise Funds	27–30
Statement of Fiduciary Net Assets – Fiduciary Funds	31
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	32
Notes to Basic Financial Statements	33–60
REQUIRED SUPPLEMENTARY INFORMATION	
Saint Peter Fire Department Relief Association – Schedule of Funding Progress and Schedule of Contributions	61
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Nonmajor Governmental Funds	
Combining Balance Sheet	62
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	63
Nonmajor Special Revenue Funds	
Combining Balance Sheet	64–67
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	68–71

CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

Table of Contents (continued)

	Page
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (CONTINUED)	
Nonmajor Capital Project Funds	
Combining Balance Sheet	72-73
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	74-75
General Fund	
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	76-78
Enterprise Funds	
Comparative Schedule of Revenue, Expenses, and Changes in Net Assets	
Municipal Electric Utility Fund	79-80
Municipal Water Utility Fund	81-82
Environmental Services Utility Fund	83
Municipal Wastewater Utility Fund	84-85
Heartland Transit Fund	86
Storm Water Fund	87
Telecommunications Conduit Fund	88
Long-Term Care Facility Fund	89
Medical Office Building Fund	90
Fiduciary Funds	
Combining Statement of Net Assets – Private-Purpose Trust Funds	91
Combining Statement of Changes in Net Assets – Private-Purpose Trust Funds	92
Combining Statement of Net Assets – Agency Funds	93
Combining Statement of Changes in Net Assets – Agency Funds	94
SUPPLEMENTAL INFORMATION (UNAUDITED)	
General Fund Revenue by Source	95
General Fund Expenditures by Function	96-97

INTRODUCTORY SECTION



July 16, 2010

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

The annual financial report (the Report) of the City of Saint Peter, Minnesota (the City) for the fiscal year ended December 31, 2009, 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 supplemental 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 supplemental 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 and Independent School District No. 508 to find ways to increase the quality of life in the City. These cooperative ventures have resulted in new public buildings, businesses, residences, and recreational facilities which all serve to enhance the high quality of life available in the City.

As such, the City continues to undergo significant changes in all areas of the community. In 2009, the City permitted over \$16 million in new construction, additions, and building alterations.

The crown jewel of 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. Most recently the City opened River's Edge Clinic, which is connected to River's Edge Hospital. Mayo Health Systems, owner of the St. Peter Clinic, relocated from their previous location to a new medical clinic which is also on the hospital campus. The services offered on the hospital campus further expanded with the addition of a new satellite pharmacy owned by Nash Finch (Econofoods).

Two senior housing service providers have also decided to expand in North Industrial Park developments. Benedictine Health Systems is working to secure financing for the development of a senior housing facility which would be physically connected to the River's Edge Hospital and Clinic development. Second Century Housing, LLC (Ecumen) is seeking construction financing for a senior housing and memory care unit which will be constructed on the hospital campus. Both firms are planning to begin construction in the very near future with occupancy planned for either late 2010 or early 2011.

Creation Technologies, Inc., one of the City's existing manufacturing companies, is in the process of relocating its operations to a new 50,000 square foot, state of the art, manufacturing facility located within the North Industrial Park. The building, which will be owned by Traverse des Sioux Enterprises, will be leased to Creation Technologies, Inc. for a minimum of 15 years. Creation Technologies, Inc. has committed to the creation of 24 additional full-time positions within the next 24 months.

Kwik Trip, Inc. has purchased and cleared a site at the southeast corner of the West Jefferson Avenue and South Minnesota Avenue intersection. The pending development has necessitated the reconstruction of West Jefferson Avenue as well as the relocation of the Autotronics automobile repair facility. Autotronics is currently constructing a new building at the northwest corner of West Jefferson Avenue and South Front Street for operation of their auto repair business.

The local Kentucky Fried Chicken franchise has announced plans to construct a new restaurant facility on the north end of the community. The new, expanded operation is expected to begin in the near future and occupancy is expected in early 2011.

The highlight of the 2009 construction season was without a doubt the comprehensive reconstruction of the State Highway 169 corridor throughout the City. Numerous roadway improvements were completed as part of the project in an effort to better manage vehicular and pedestrian mobility within the historic downtown area. Raised planter medians were installed and fencing was introduced to the corridor to separate public and private uses and to eliminate pedestrian/vehicle conflicts. These amenities also enhance the aesthetics of the downtown area.

There have also been numerous positive business transitions which have reduced the number of vacant downtown storefronts to just one. This low vacancy rate is significantly better than that found in most other greater Minnesota communities. In addition, numerous upgrades have been made to downtown storefronts including floral, financial services, and retail stores.

The City recognized a need for owner-occupied single-family housing and developed the Washington Terrace neighborhood at the northern edge of the City. The success in marketing this subdivision is evidenced by the lack of remaining available lots (only 3 of 87 single-family lots remain). The subdivision also contains a parcel designated for future multiple-family housing.

The City is working on projects to create a new cross-town street for better traffic flow. A project on the south end of the City will create a new connection of Washington Avenue to State Highway 169 and provide better access to the State Regional Treatment Center. This project will be constructed in late 2010 and early 2011. A second project on the same corridor from Davis Street to Dodd Avenue will connect Washington Avenue to North Washington Avenue to complete the new cross-town street. This project will be constructed in 2011 and 2012.

And finally, master plans have been evaluated and developed for both the City's electric and water utilities. These plans will be utilized to help the City Council and staff identify future goals to ensure reliability, safety, and sustainability of our electric and water services.

New water treatment facilities are being constructed to: 1) provide more reliable service to the upper and lower water distribution systems; 2) increase the quantity of water available; 3) eliminate multi-aquifer wells that do not comply with state standards; 4) provide a higher quality of water to citizens of the City; and 5) reduce the chlorides being discharged to the Minnesota River. The new water facilities will be in service by the end of 2010.

Electric underground transmission lines are being rerouted through the City to provide dual service capabilities to the City's substations, improving the reliability of electric power supply to the City. A new electric substation will be constructed on the north end of the City to improve reliability of the City's electric supply during peak electric load conditions and increase the electric supply capacity to meet the City's growth needs. Improvements will be made at the City's two existing substations to improve electric reliability. The electric improvement project will begin construction in 2010 and be fully operational by the end of 2011.

FINANCIAL INFORMATION AND INTERNAL CONTROLS

City 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. A new financial package and utility billing software was installed in 2006. Utility services continue to stretch out across our community, which brings additional customer service as well as payments to process for the installation of the utility. 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 and special revenue funds 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, and the fund level for the special revenue funds.

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.

CASH MANAGEMENT

The City pools its available cash from all the City's funds and invests these funds in certificates of deposits, savings accounts, and other investments allowed under Minnesota Statute §118A. The interest on these accounts is allocated based on the average cash balance for each of the funds. In 2009, the City (excluding component units) earned \$492,095 in investment income. Based on an average month-end cash balance of \$14,673,695, this represents a yield of 3.35 percent, up from the 2008 yield of 3.19 percent.

RISK MANAGEMENT

The City's workers' compensation insurance and its general property and liability coverage are provided through the League of Minnesota Cities Insurance Trust (LMCIT).

The LMCIT workers' compensation program is a joint self-insurance plan, designed to lower and stabilize cities' workers' compensation costs and to assure that cities have a source of coverage available.

Each participating city deposits its workers' compensation deposit premium for its policy year with LMCIT. This deposit premium is calculated using standard rates with the applicable volume discounts and experience modification. From these deposits, LMCIT purchases reinsurance to protect the program from catastrophic and abnormal claims, to pay for administrative and loss control services, and claims. The balance of the deposits and reserves are invested, with the earnings accruing to the benefit of the participants. LMCIT's reserves and rates are reviewed annually by an actuary to help assure that the program remains financially strong.

Additional information on the City's risk management activity can be found in the notes to basic financial statements.

PENSION BENEFITS

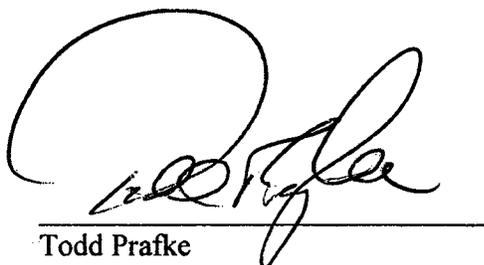
All full-time employees of the City are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer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

Additional information on the City's pension arrangements and post-employment benefits can be found in the notes to basic financial statements.

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 Office of Management and Budget Circular A-133. 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 Single Audit 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, 2009

CITY COUNCIL

		<u>Term Expires December 31,</u>
Timothy Strand	Mayor	2011
Ken Eichmann	Councilmember	2009
John Kvamme	Councilmember	2011
Jerry Pfeifer	Councilmember	2009
Kimberly Spriggs	Councilmember	2011
Victoria Vogel	Councilmember	2009
Edwin Wetherill	Councilmember	2011

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



PRINCIPALS

Kenneth W. Malloy, CPA
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

City Council and Residents
City of Saint Peter, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saint Peter, Minnesota (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the City's financial statements for the year ended December 31, 2008, and in our report dated May 21, 2009, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

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 \$27,011,080 and \$16,773,746, respectively, as of and for the year ended December 31, 2009. They also include the financial statements of the Housing and Redevelopment Authority (HRA), whose statement reflects total assets and expenses of \$1,425,015 and \$324,744, respectively, as of and for the year ended March 31, 2009. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the reports of other auditors, provide a reasonable basis for our opinions.

(continued)

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above 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, 2009, and the respective changes in financial position and cash flows thereof, where applicable, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements include partial prior year comparative information. Such information does not include all of the information required in a 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, 2008, from which such partial information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2010, 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 this 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 the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and required supplementary information, as listed in the table of contents, are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, accordingly, we express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and the supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and the supplemental information have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

July 16, 2010

CITY OF SAINT PETER

Management's Discussion and Analysis Year Ended December 31, 2009

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, 2009. 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 \$81,986,904 (*net assets*). Of this amount, \$11,134,453 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The primary government's total net assets increased by \$5,825,704.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,874,652, an increase of \$878,293 in comparison with the prior year. Of this total, \$3,801,321 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved – undesignated fund balance for the General Fund was \$2,325,697 or 39.5 percent of total General Fund 2009 budgeted expenditures, up from 2008, which reflected 37.3 percent.
- Total primary government long-term liabilities increased by \$4,245,216.

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 Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 a legally separate River's Edge Hospital and Clinic and a 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 31 individual governmental funds within its financial report. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund 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; propriety funds are 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$81,986,904 at the close of the most recent fiscal year. This is an increase in net assets of \$5,825,704 from the prior fiscal year.

City of Saint Peter's Net Assets

Summary of Net Assets as of December 31, 2009 and 2008						
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Current and other assets	\$ 14,452,284	\$ 12,204,408	\$ 14,191,740	\$ 13,710,778	\$ 28,644,024	\$ 25,915,186
Capital assets	30,318,947	30,324,139	89,154,569	79,494,416	119,473,516	109,818,555
Total assets	\$ 44,771,231	\$ 42,528,547	\$ 103,346,309	\$ 93,205,194	\$ 148,117,540	\$ 135,733,741
Liabilities						
Long-term debt liabilities	\$ 12,425,467	\$ 10,957,797	\$ 48,384,993	\$ 45,607,447	\$ 60,810,460	\$ 56,565,244
Other liabilities	1,987,378	829,015	3,332,798	2,178,282	5,320,176	3,007,297
Total liabilities	\$ 14,412,845	\$ 11,786,812	\$ 51,717,791	\$ 47,785,729	\$ 66,130,636	\$ 59,572,541
Net assets						
Invested in capital assets, net of related debt	\$ 18,240,391	\$ 19,777,854	\$ 45,573,842	\$ 39,911,019	\$ 63,814,233	\$ 59,688,873
Restricted	10,285,029	8,072,128	1,178,214	1,921,878	11,463,243	9,994,006
Unrestricted	1,832,966	2,891,753	4,876,462	3,586,568	6,709,428	6,478,321
Total net assets	\$ 30,358,386	\$ 30,741,735	\$ 51,628,518	\$ 45,419,465	\$ 81,986,904	\$ 76,161,200

By far, the largest portion of the City's net assets (77.8 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.

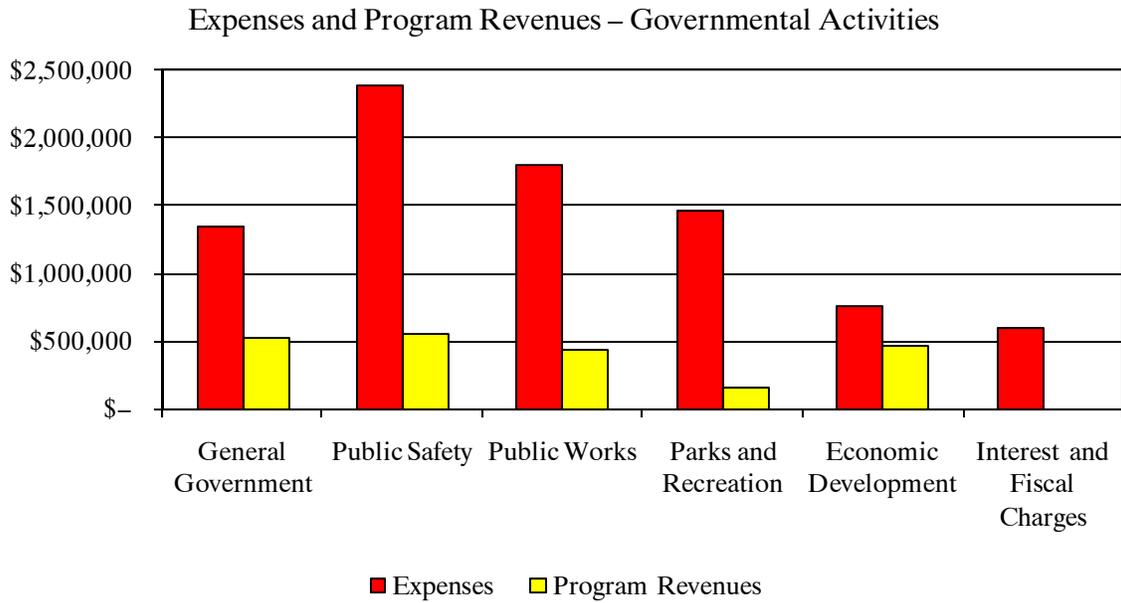
An additional portion of the City's net assets (14.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (8.2 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities – Governmental activities decreased the City's net assets by \$383,349. Elements of this decrease are seen in the table on the following page.

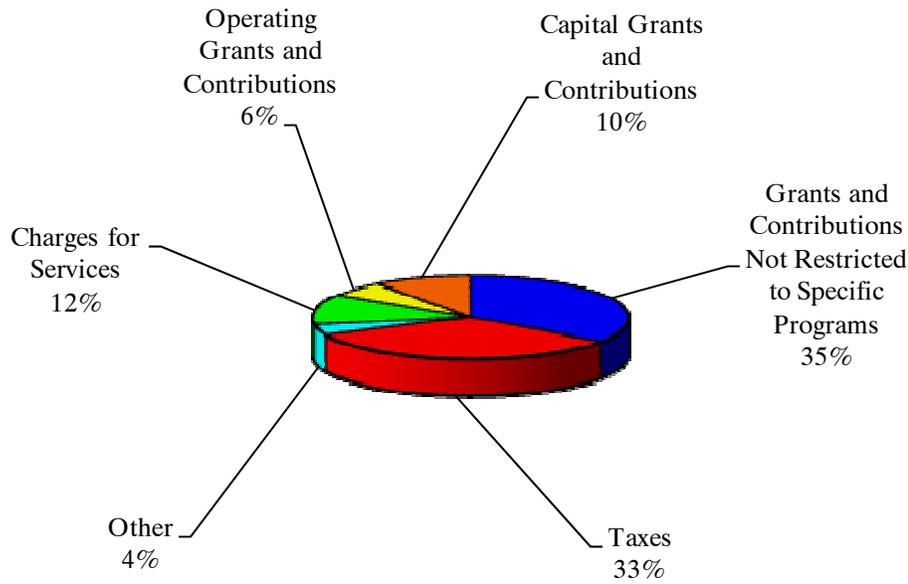
City of Saint Peter's Change in Net Assets

Change in Net Assets for the Years Ended December 31, 2009 and 2008						
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues						
Charges for services	\$ 962,521	\$ 938,023	\$ 17,041,052	\$ 17,528,691	\$ 18,003,573	\$ 18,466,714
Operating grants and contributions	439,494	287,194	3,224,828	644,331	3,664,322	931,525
Capital grants and contributions	820,819	831,947	-	-	820,819	831,947
General revenues						
Taxes	2,626,486	2,761,141	-	-	2,626,486	2,761,141
Grants and contributions not restricted to specific programs	2,733,461	2,255,959	-	-	2,733,461	2,255,959
Other	296,691	500,946	295,263	333,848	591,954	834,794
Total revenues	7,879,472	7,575,210	20,561,143	18,506,870	28,440,615	26,082,080
Expenses						
General government	1,344,132	1,316,811	-	-	1,344,132	1,316,811
Public safety	2,383,616	2,360,830	-	-	2,383,616	2,360,830
Public works	1,807,367	1,678,343	-	-	1,807,367	1,678,343
Parks and recreation	1,465,938	1,609,564	-	-	1,465,938	1,609,564
Economic development	755,667	385,618	-	-	755,667	385,618
Interest and fiscal charges	592,178	503,925	-	-	592,178	503,925
Electric	-	-	8,898,959	8,510,767	8,898,959	8,510,767
Water	-	-	1,461,986	1,370,200	1,461,986	1,370,200
Environmental services	-	-	664,237	654,266	664,237	654,266
Wastewater	-	-	2,707,906	2,678,132	2,707,906	2,678,132
Transit	-	-	292,809	280,726	292,809	280,726
Storm water	-	-	421,367	451,486	421,367	451,486
Telecommunications conduit	-	-	26,634	87,196	26,634	87,196
Long-term care facility	-	-	1,059,534	1,057,046	1,059,534	1,057,046
Medical office building	-	-	186,389	34,464	186,389	34,464
Total expenses	8,348,898	7,855,091	15,719,821	15,124,283	24,068,719	22,979,374
Change in net assets before transfers	(469,426)	(279,881)	4,841,322	3,382,587	4,371,896	3,102,706
Transfers						
Transfers – component units	-	-	1,453,808	-	1,453,808	-
Transfers	86,077	(358,448)	(86,077)	358,448	-	-
Total transfers	86,077	(358,448)	1,367,731	358,448	1,453,808	-
Change in net assets	(383,349)	(638,329)	6,209,053	3,741,035	5,825,704	3,102,706
Net assets – beginning	30,741,735	31,380,064	45,419,465	41,678,430	76,161,200	73,058,494
Net assets – ending	<u>\$ 30,358,386</u>	<u>\$ 30,741,735</u>	<u>\$ 51,628,518</u>	<u>\$ 45,419,465</u>	<u>\$ 81,986,904</u>	<u>\$ 76,161,200</u>

Expenses and Program Revenues – Governmental Activities



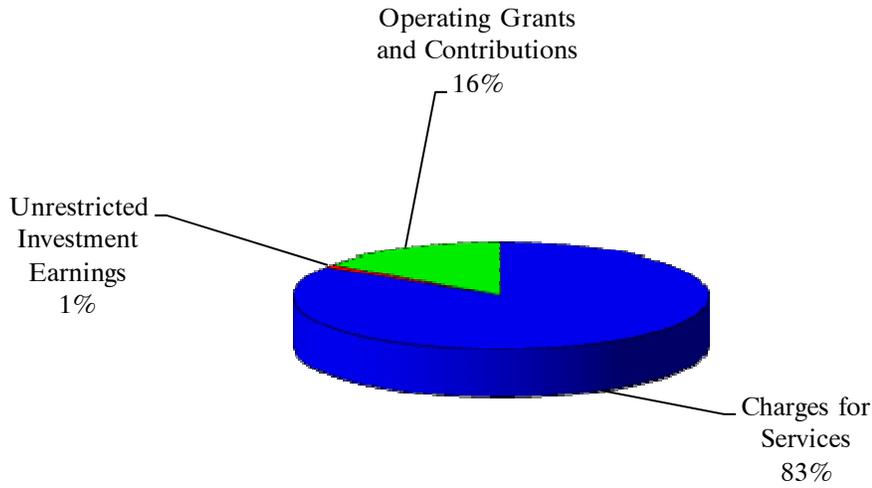
Revenues by Source – Governmental Activities



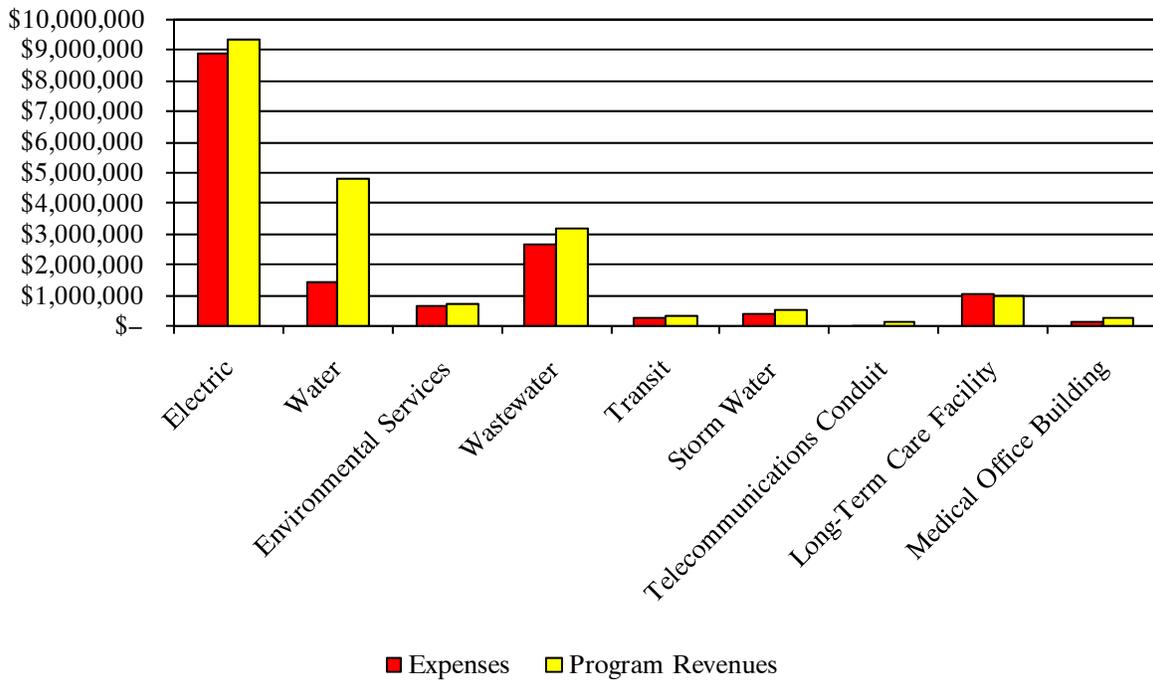
It is important to note these revenues exclude transfers received from other funds.

Business-Type Activities – Business-type activities increased the City’s net assets by \$6,209,053. As it shows in the graphs, these funds are supported by rates collected from users.

Revenues by Source – Business-Type Activities



Expenses and Program Revenues – 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, unreserved 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 \$7,874,652, an increase of \$878,293 in comparison with the prior year. Of this total amount, \$3,801,321 constitutes unreserved – undesignated fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service or other restricted purposes.

General Fund – The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,325,697, an increase of \$275,045. As a measure of the General Fund’s liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 41.1 percent of total General Fund 2010 budgeted expenditures and transfers out.

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
2001	\$ 4,348,957	\$ 1,867,898	43.0 %
2002	4,701,740	1,982,198	42.2
2003	4,814,323	1,873,775	38.9
2004	4,605,939	1,551,091	33.7
2005	4,648,825	1,568,451	33.7
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
Budgeted 2010	5,663,483	2,325,697	41.1

The fund balance of the General Fund increased by \$275,045 to a balance of \$2,325,697. This balance represents approximately 107 working days (21 weeks) of expenditures. Because the City receives property tax settlements and local government aid (LGA) 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 General Fund balance has increased from \$1,867,898 at January 1, 2001 to \$2,325,697 as of December 31, 2009, an increase of \$457,799 in nine years. In the 2010 budget, the fund balance is projected to stay at 41.1 percent of budgeted expenditures. Due to the ongoing state and LGA issues, the City is again making adjustments to accommodate for the possible loss of revenue.

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.

During the year, revenues exceeded expenditures and increased the City’s projected fund balance by \$275,045.

General Fund revenues exceeded budget in a few different areas. Charges for services were higher than what was budgeted. This was due to plan checking fees on a couple of new facilities. Other revenue was higher than budgeted due to various reimbursements and the TIF reimbursement of past expenses.

Due to the planning for an unallotment of LGA, the total General Fund expenditures were under budget in 2009 by \$407,985.

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, 2009 amounts to \$119,473,516 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and trails. The total increase in the City’s investment in capital assets for the current fiscal year was \$9,654,961 (a 0.1 percent decrease for governmental activities and an 18.6 percent increase for business-type activities).

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

- Water well construction project
- Highway 169 medians
- Water system improvements and treatment facility construction

City of Saint Peter’s Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 1,642,187	\$ 1,642,187	\$ 976,861	\$ 976,861	\$ 2,619,048	\$ 2,619,048
Land improvements	616,114	1,286,175	–	–	616,114	1,286,175
Buildings and improvements	21,908,110	21,238,049	33,119,752	27,349,118	55,027,862	48,587,167
Utility plant and infrastructure	9,318,458	9,087,758	62,729,002	61,486,203	72,047,460	70,573,961
Machinery and equipment	5,254,642	4,831,680	6,619,097	6,535,672	11,873,739	11,367,352
Construction in progress	398,685	114,415	8,553,638	3,566,314	8,952,323	3,680,729
Less accumulated depreciation	(8,819,249)	(7,876,125)	(22,843,781)	(20,419,752)	(31,663,030)	(28,295,877)
Total	\$ 30,318,947	\$ 30,324,139	\$ 89,154,569	\$ 79,494,416	\$ 119,473,516	\$ 109,818,555

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 \$60,810,460.

City of Saint Peter's Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 10,873,685	\$ 9,458,514	\$ –	\$ –	\$ 10,873,685	\$ 9,458,514
General obligation equipment certificates	1,082,400	1,009,480	–	–	1,082,400	1,009,480
General obligation notes payable	–	–	18,080,367	14,311,000	18,080,367	14,311,000
Notes payable	122,471	144,677	–	–	122,471	144,677
Utility revenue bonds	–	–	16,093,000	16,991,000	16,093,000	16,991,000
Long-term care facility revenue bonds and notes	–	–	13,894,449	14,020,580	13,894,449	14,020,580
Compensated absences	346,911	345,126	317,177	284,867	664,088	629,993
Total	\$ 12,425,467	\$ 10,957,797	\$ 48,384,993	\$ 45,607,447	\$ 60,810,460	\$ 56,565,244

The City's total long-term liabilities increased by \$4,245,216 during the current fiscal year.

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 January 1, 2010, the total taxable market value was \$499,220,200, producing an allowable debt of \$14,976,606. The City's net debt for general obligation bonds as of December 31, 2009 is \$862,679, which is 5.8 percent of the total allowable debt. The net debt per capita for general obligation bonds equaled \$79 in 2009.

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 entity's financial activities.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF SAINT PETER

Statement of Net Assets
as of December 31, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	River's Edge Hospital and Clinic	Housing and Redevelopment Authority
Assets					
Cash and investments	\$ 6,051,032	\$ 3,787,730	\$ 9,838,762	\$ 4,700,719	\$ 565,906
Receivables (net of allowance for uncollectibles)					
Accounts	59,898	1,598,301	1,658,199	2,098,996	5,471
Interest	—	25,979	25,979	—	—
Special assessments	1,126,588	508,490	1,635,078	—	—
Notes	3,535,754	93,990	3,629,744	—	—
Due from other governmental units	473,473	1,692,266	2,165,739	—	—
Deferred charges	—	379,241	379,241	175,722	—
Inventory	5,396	849,594	854,990	262,952	—
Prepaid items	534	483	1,017	233,464	2,906
Assets held for resale	1,144,567	—	1,144,567	—	—
Restricted assets – temporarily restricted					
Cash and investments for debt service	2,055,042	5,255,666	7,310,708	—	—
Cash and investments for River's Edge Hospital and Clinic	—	—	—	7,155,589	—
Capital assets					
Land	1,642,187	976,861	2,619,048	28,886	67,938
Land improvements	616,114	—	616,114	1,137,210	—
Buildings and improvements	21,908,110	33,119,752	55,027,862	7,129,982	2,203,784
Utility plant and infrastructure	9,318,458	62,729,002	72,047,460	—	—
Machinery and equipment	5,254,642	6,619,097	11,873,739	11,860,112	430,886
Construction in progress	398,685	8,553,638	8,952,323	304,901	—
Less accumulated depreciation	(8,819,249)	(22,843,781)	(31,663,030)	(8,077,453)	(1,851,876)
Total capital assets, net of depreciation	30,318,947	89,154,569	119,473,516	12,383,638	850,732
Total assets	\$ 44,771,231	\$ 103,346,309	\$ 148,117,540	\$ 27,011,080	\$ 1,425,015
Liabilities					
Accounts and contracts payable	\$ 1,378,462	\$ 2,697,339	\$ 4,075,801	\$ 345,784	\$ 10,561
Accrued salaries and employee benefits payable	9,664	9,718	19,382	852,331	10,295
Accrued interest payable	131,977	288,840	420,817	228,225	—
Customer deposits	—	109,400	109,400	—	13,264
Due to other governmental units	—	62,050	62,050	—	26,729
Unearned revenue	467,275	165,451	632,726	—	325
Long-term liabilities					
Due within one year	3,337,446	6,490,936	9,828,382	345,000	1,172
Due in more than one year	9,088,021	41,894,057	50,982,078	13,740,000	12,894
Total long-term liabilities	12,425,467	48,384,993	60,810,460	14,085,000	14,066
Total liabilities	14,412,845	51,717,791	66,130,636	15,511,340	75,240
Net assets					
Invested in capital assets, net of related debt	18,240,391	45,573,842	63,814,233	(1,525,640)	836,666
Restricted for					
Debt service	3,016,842	830,641	3,847,483	—	—
Revolving loans	4,924,830	—	4,924,830	—	—
Capital replacement	2,343,357	347,573	2,690,930	—	—
Unrestricted	1,832,966	4,876,462	6,709,428	13,025,380	513,109
Total net assets	30,358,386	51,628,518	81,986,904	11,499,740	1,349,775
Total liabilities and net assets	\$ 44,771,231	\$ 103,346,309	\$ 148,117,540	\$ 27,011,080	\$ 1,425,015

See notes to basic financial statements

CITY OF SAINT PETER
Statement of Activities
Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	River's Edge Hospital and Clinic	Housing and Redevelopment Authority
Primary government									
Governmental activities									
General government	\$ 1,344,132	\$ 398,021	\$ 120,832	\$ -	\$ (825,279)	\$ -	\$ (825,279)	\$ -	\$ -
Public safety	2,383,616	414,544	306,607	-	(1,662,465)	-	(1,662,465)	-	-
Public works	1,807,367	215	-	373,660	(1,433,492)	-	(1,433,492)	-	-
Recreation and parks	1,465,938	149,741	-	-	(1,316,197)	-	(1,316,197)	-	-
Economic development	755,667	-	12,055	447,159	(296,453)	-	(296,453)	-	-
Interest and fiscal charges	592,178	-	-	-	(592,178)	-	(592,178)	-	-
Total governmental activities	\$ 8,348,898	\$ 962,521	\$ 439,494	\$ 820,819	(6,126,064)	-	(6,126,064)	-	-
Business-type activities									
Electric	\$ 8,898,959	\$ 9,336,954	\$ 1,408	\$ -	-	439,403	439,403	-	-
Water	1,461,986	1,848,761	2,961,442	-	-	3,348,217	3,348,217	-	-
Environmental services	664,237	726,332	325	-	-	62,420	62,420	-	-
Wastewater	2,707,906	3,212,118	1,047	-	-	505,259	505,259	-	-
Transit	292,809	77,610	240,428	-	-	25,229	25,229	-	-
Storm water	421,367	475,036	20,178	-	-	73,847	73,847	-	-
Telecommunications conduit	26,634	150,018	-	-	-	123,384	123,384	-	-
Long-term care facility	1,059,534	946,621	-	-	-	(112,913)	(112,913)	-	-
Medical office building	186,389	267,602	-	-	-	81,213	81,213	-	-
Total business-type activities	15,719,821	17,041,052	3,224,828	-	-	4,546,059	4,546,059	-	-
Total primary government	\$ 24,068,719	\$ 18,003,573	\$ 3,664,322	\$ 820,819	(6,126,064)	4,546,059	(1,580,005)	-	-
Component units									
River's Edge Hospital and Clinic	\$ 16,773,746	\$ 15,945,509	\$ 5,192	\$ -	-	-	-	(823,045)	-
Housing and Redevelopment Authority	324,744	161,600	81,856	66,668	-	-	-	-	(14,620)
Total component units	\$ 17,098,490	\$ 16,107,109	\$ 87,048	\$ 66,668	-	-	-	(823,045)	(14,620)
General revenues									
Taxes					2,626,486	-	2,626,486	-	-
Grants and contributions not restricted to specific programs					2,733,461	-	2,733,461	-	-
Other general revenues					99,859	-	99,859	275,474	3,422
Investment earnings					196,832	295,263	492,095	-	11,836
Transfers – component units					-	1,453,808	1,453,808	(2,953,808)	-
Transfers					86,077	(86,077)	-	-	-
Total general revenues and transfers					5,742,715	1,662,994	7,405,709	(2,678,334)	15,258
Change in net assets					(383,349)	6,209,053	5,825,704	(3,501,379)	638
Net assets – beginning					30,741,735	45,419,465	76,161,200	15,001,119	1,349,137
Net assets – ending					\$ 30,358,386	\$ 51,628,518	\$ 81,986,904	\$ 11,499,740	\$ 1,349,775

See notes to basic financial statements

CITY OF SAINT PETER

Balance Sheet
Governmental Funds
as of December 31, 2009

(With Partial Comparative Information as of December 31, 2008)

	General	Debt Service – General Obligation	Debt Service – Tax Increment	Nonmajor	Total Governmental Funds	
					2009	2008
Assets						
Cash and investments						
Unrestricted	\$ 2,023,635	\$ 219,721	\$ 173,187	\$ 3,634,489	\$ 6,051,032	\$ 7,106,159
Restricted for debt service	–	–	2,055,042	–	2,055,042	–
Receivables						
Accounts	39,852	–	–	20,046	59,898	71,109
Interest	–	–	–	–	–	23,682
Delinquent taxes	46,425	–	–	12,962	59,387	48,253
Delinquent special assessments	37	–	457	96,984	97,478	4,751
Deferred special assessments	19,653	–	47,389	962,068	1,029,110	1,190,473
Notes	231,540	–	–	3,304,214	3,535,754	3,374,991
Due from other funds	303,160	–	208,336	–	511,496	199,406
Due from other governmental units	26,269	–	–	387,817	414,086	373,002
Inventory	5,396	–	–	–	5,396	3,707
Prepaid items	534	–	–	–	534	8,281
Assets held for resale	–	–	–	1,144,567	1,144,567	–
Total assets	\$ 2,696,501	\$ 219,721	\$ 2,484,411	\$ 9,563,147	\$ 14,963,780	\$ 12,403,814
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 62,984	\$ –	\$ 14,250	\$ 1,301,228	\$ 1,378,462	\$ 109,510
Salaries and withholdings payable	9,664	–	–	–	9,664	101,244
Due to other funds	–	–	–	511,496	511,496	199,406
Deferred revenue	298,156	–	47,846	4,376,229	4,722,231	4,529,420
Unearned revenue	–	–	–	467,275	467,275	467,875
Total liabilities	370,804	–	62,096	6,656,228	7,089,128	5,407,455
Fund balances						
Reserved for revolving loans						
Reported in special revenue funds	–	–	–	1,389,076	1,389,076	679,251
Reserved for debt service						
Reported in special revenue funds	–	–	–	–	–	293,743
Reported in debt service funds	–	219,721	2,422,315	–	2,642,036	601,090
Reserved for technology purchases						
Reported in special revenue funds	–	–	–	42,219	42,219	48,149
Unreserved – undesignated, reported in						
General Fund	2,325,697	–	–	–	2,325,697	2,050,652
Special revenue funds	–	–	–	(291,689)	(291,689)	1,177,549
Debt service funds	–	–	–	(163,384)	(163,384)	–
Capital project funds	–	–	–	1,930,697	1,930,697	2,145,925
Total fund balances	2,325,697	219,721	2,422,315	2,906,919	7,874,652	6,996,359
Total liabilities and fund balances	\$ 2,696,501	\$ 219,721	\$ 2,484,411	\$ 9,563,147	\$ 14,963,780	\$ 12,403,814

See notes to basic financial statements

CITY OF SAINT PETER

Reconciliation of the Balance Sheet to the
Statement of Net Assets
Governmental Funds
as of December 31, 2009

Total fund balances – governmental funds	\$ 7,874,652
Amounts reported for governmental activities in the Statement of Net Assets 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	39,138,196
Less accumulated depreciation	(8,819,249)
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	(12,078,556)
Compensated absences	(346,911)
Interest on long-term debt is included in the change in net assets as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	
	(131,977)
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>4,722,231</u>
Total net assets – governmental activities	<u>\$ 30,358,386</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, 2009
 (With Partial Comparative Information for the Year Ended December 31, 2008)

	General	Debt Service – General Obligation	Debt Service – Tax Increment	Nonmajor Funds	Total Governmental Funds	
					2009	2008
Revenue						
Taxes						
Property taxes and tax increments	\$ 904,476	\$ 566,045	\$ 92,212	\$ 969,925	\$ 2,532,658	\$ 2,805,804
Other taxes	68,621	–	–	58,768	127,389	97,080
Licenses and permits	161,525	–	–	–	161,525	202,839
Intergovernmental	2,854,397	–	–	501,731	3,356,128	2,933,328
Special assessments	–	–	19,030	89,665	108,695	319,607
Charges for services	370,389	–	–	–	370,389	355,319
Fines and forfeitures	81,235	–	–	–	81,235	94,737
Investment earnings	39,079	13,793	5,769	58,016	116,657	166,905
Other	115,406	42,725	455,895	775,096	1,389,122	1,443,563
Total revenue	<u>4,595,128</u>	<u>622,563</u>	<u>572,906</u>	<u>2,453,201</u>	<u>8,243,798</u>	<u>8,419,182</u>
Expenditures						
Current						
General government	716,347	–	–	418,686	1,135,033	1,115,833
Public safety	2,255,294	–	–	–	2,255,294	2,234,728
Public works	1,105,417	–	–	–	1,105,417	1,278,848
Parks and recreation	1,122,809	–	–	–	1,122,809	1,450,968
Economic development	123,614	–	–	577,295	700,909	492,126
Other	76,498	–	–	608,045	684,543	330,573
Capital outlay	85,709	–	–	2,466,120	2,551,829	1,581,535
Debt service						
Principal	–	492,580	435,544	206,491	1,134,615	971,876
Interest and fiscal charges	–	266,968	283,533	33,686	584,187	501,390
Total expenditures	<u>5,485,688</u>	<u>759,548</u>	<u>719,077</u>	<u>4,310,323</u>	<u>11,274,636</u>	<u>9,957,877</u>
Excess (deficiency) of revenue over expenditures	(890,560)	(136,985)	(146,171)	(1,857,122)	(3,030,838)	(1,538,695)
Other financing sources (uses)						
Debt issued	–	2,775,000	2,990,000	840,500	6,605,500	665,000
Discount on debt issued	–	–	(26,400)	–	(26,400)	–
Refunded bond escrow payments	–	(2,965,000)	(1,040,000)	–	(4,005,000)	–
Proceeds from sale of assets	–	–	–	20,158	20,158	27,132
Transfers in	1,165,605	4,628	578,500	219,268	1,968,001	1,713,002
Transfers (out)	–	–	–	(653,128)	(653,128)	(502,862)
Total other financing sources (uses)	<u>1,165,605</u>	<u>(185,372)</u>	<u>2,502,100</u>	<u>426,798</u>	<u>3,909,131</u>	<u>1,902,272</u>
Net change in fund balances	275,045	(322,357)	2,355,929	(1,430,324)	878,293	363,577
Fund balances						
Beginning of year	<u>2,050,652</u>	<u>542,078</u>	<u>66,386</u>	<u>4,337,243</u>	<u>6,996,359</u>	<u>6,632,782</u>
End of year	<u>\$ 2,325,697</u>	<u>\$ 219,721</u>	<u>\$ 2,422,315</u>	<u>\$ 2,906,919</u>	<u>\$ 7,874,652</u>	<u>\$ 6,996,359</u>

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, 2009

Total net change in fund balances – governmental funds \$ 878,293

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	1,111,802
Depreciation expense	(1,110,620)

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 of net assets. However, only the sale proceeds are included in the change in fund balances.

(6,374)

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.

(6,605,500)

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

5,139,615

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

(1,785)

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.

18,409

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.

192,811

Change in net assets – governmental activities

\$ (383,349)

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended December 31, 2009

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue			
Property taxes	\$ 887,843	\$ 904,476	\$ 16,633
Other taxes	65,700	68,621	2,921
Licenses and permits	154,134	161,525	7,391
Intergovernmental	2,987,600	2,854,397	(133,203)
Charges for services	345,062	370,389	25,327
Fines and forfeitures	108,000	81,235	(26,765)
Investment earnings	50,000	39,079	(10,921)
Other	52,732	115,406	62,674
Total revenue	<u>4,651,071</u>	<u>4,595,128</u>	<u>(55,943)</u>
Expenditures			
Current			
General government	711,728	716,347	4,619
Public safety	2,298,934	2,255,294	(43,640)
Public works	1,375,503	1,105,417	(270,086)
Parks and recreation	1,200,319	1,122,809	(77,510)
Economic development	133,274	123,614	(9,660)
Other	66,200	76,498	10,298
Capital outlay	107,715	85,709	(22,006)
Total expenditures	<u>5,893,673</u>	<u>5,485,688</u>	<u>(407,985)</u>
Excess (deficiency) of revenues over expenditures	(1,242,602)	(890,560)	352,042
Other financing sources			
Transfers in	<u>1,158,882</u>	<u>1,165,605</u>	<u>6,723</u>
Net change in fund balances	<u>\$ (83,720)</u>	275,045	<u>\$ 358,765</u>
Fund balances			
Beginning of year		<u>2,050,652</u>	
End of year		<u>\$ 2,325,697</u>	

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Net Assets
Enterprise Funds
as of December 31, 2009
(With Partial Comparative Information as of December 31, 2008)

	Electric	Water	Environmental Services	Wastewater	Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
										2009	2008
Assets											
Current assets											
Cash and investments – unrestricted	\$ 1,669,072	\$ 1,131,551	\$ 107,857	\$ 484,700	\$ –	\$ 382,794	\$ –	\$ 11,756	\$ –	\$ 3,787,730	\$ 3,298,669
Receivables											
Accounts (net of allowance)	773,449	152,066	72,445	250,057	10,256	39,143	36,775	1,045	263,065	1,598,301	1,254,489
Interest	25,979	–	–	–	–	–	–	–	–	25,979	–
Special assessments	1,267	103,900	11,845	370,641	–	20,837	–	–	–	508,490	391,962
Notes	93,990	–	–	–	–	–	–	–	–	93,990	105,481
Due from other funds	167,628	–	–	–	–	–	–	–	–	167,628	106,391
Due from other governmental units	–	1,671,957	186	126	19,997	–	–	–	–	1,692,266	340,129
Inventory	743,781	85,679	–	12,000	–	–	–	8,134	–	849,594	786,397
Prepaid items	–	483	–	–	–	–	–	–	–	483	286
Total current assets	3,475,166	3,145,636	192,333	1,117,524	30,253	442,774	44,909	12,801	263,065	8,724,461	6,283,804
Noncurrent assets											
Cash and investments – restricted	5,148,866	–	–	–	–	–	–	106,800	–	5,255,666	7,128,251
Capital assets											
Land	34,420	88,835	–	853,606	–	–	–	–	–	976,861	976,861
Building and improvements	3,169,934	290,655	–	23,899,008	–	–	–	–	5,760,155	33,119,752	27,349,118
Utility plant and infrastructure	22,334,867	13,343,768	–	10,131,250	–	5,654,841	427,931	10,836,345	–	62,729,002	61,486,203
Machinery and equipment	4,053,471	1,093,319	155,525	990,662	249,438	76,682	–	–	–	6,619,097	6,535,672
Construction in progress	74,162	7,749,571	–	619,125	–	110,780	–	–	–	8,553,638	3,566,314
Less accumulated depreciation	(9,607,619)	(4,940,003)	(130,465)	(6,189,708)	(147,062)	(1,051,830)	(131,054)	(646,040)	–	(22,843,781)	(20,419,752)
Total capital assets (net of accumulated depreciation)	20,059,235	17,626,145	25,060	30,303,943	102,376	4,790,473	296,877	10,190,305	5,760,155	89,154,569	79,494,416
Unamortized bond discount	57,898	23,747	–	3,289	–	1,631	–	272,662	20,014	379,241	405,114
Total noncurrent assets	25,265,999	17,649,892	25,060	30,307,232	102,376	4,792,104	296,877	10,569,767	5,780,169	94,789,476	87,027,781
Total assets	\$ 28,741,165	\$ 20,795,528	\$ 217,393	\$ 31,424,756	\$ 132,629	\$ 5,234,878	\$ 341,786	\$ 10,582,568	\$ 6,043,234	\$ 103,513,937	\$ 93,311,585
Liabilities and Net Assets											
Current liabilities											
Accounts and contracts payable	\$ 562,033	\$ 1,627,131	\$ 35,081	\$ 243,102	\$ 6,312	\$ 1,996	\$ –	\$ 501	\$ 221,183	\$ 2,697,339	\$ 1,703,507
Salaries and withholdings payable	270	9,313	45	45	–	45	–	–	–	9,718	591
Accrued interest payable	63,276	52,629	–	117,696	–	2,352	–	3,800	49,087	288,840	253,969
Customer deposits	109,400	–	–	–	–	–	–	–	–	109,400	108,500
Due to other governmental units	52,247	2,616	7,187	–	–	–	–	–	–	62,050	67,933
Unearned revenue	116,044	9,832	–	–	–	39,575	–	–	–	165,451	43,782
Due to other funds	–	–	–	–	41,957	–	36,775	–	88,896	167,628	106,391
Long-term liabilities due within one year	4,975,134	192,844	13,577	1,115,679	10,273	45,668	–	137,761	–	6,490,936	2,099,342
Total current liabilities	5,878,404	1,894,365	55,890	1,476,522	58,542	89,636	36,775	142,062	359,166	9,991,362	4,384,015
Long-term liabilities, less current portion above	6,868,757	6,498,670	14,845	14,607,211	530	147,354	–	11,081,690	2,675,000	41,894,057	43,508,105
Net assets (deficit)											
Invested in capital assets, net of related debt	12,698,267	10,958,378	(3,362)	14,584,342	91,573	4,599,082	296,877	(756,484)	3,105,169	45,573,842	39,911,019
Restricted for debt service	723,841	–	–	–	–	–	–	106,800	–	830,641	837,489
Restricted for capital replacement	–	–	–	347,573	–	–	–	–	–	347,573	1,084,389
Unrestricted	2,571,896	1,444,115	150,020	409,108	(18,016)	398,806	8,134	8,500	(96,101)	4,876,462	3,586,568
Total net assets (deficit)	15,994,004	12,402,493	146,658	15,341,023	73,557	4,997,888	305,011	(641,184)	3,009,068	51,628,518	45,419,465
Total liabilities and net asset:	\$ 28,741,165	\$ 20,795,528	\$ 217,393	\$ 31,424,756	\$ 132,629	\$ 5,234,878	\$ 341,786	\$ 10,582,568	\$ 6,043,234	\$ 103,513,937	\$ 93,311,585

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Revenue, Expenses, and Changes in Fund Net Assets
 Enterprise Funds
 Year Ended December 31, 2009
 (With Partial Comparative Information for the Year Ended December 31, 2008)

	Electric	Water	Environmental Services	Wastewater	Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
										2009	2008
Operating revenue											
Charges for services	\$ 8,672,634	\$ 1,794,965	\$ 718,413	\$ 3,111,818	\$ 72,346	\$ 458,912	\$ 150,018	\$ -	\$ -	\$ 14,979,106	\$ 14,329,470
Electric generation	432,000	-	-	-	-	-	-	-	-	432,000	432,000
Other	232,320	53,796	7,919	100,300	5,264	16,124	-	946,621	267,602	1,629,946	2,767,221
Total operating revenue	9,336,954	1,848,761	726,332	3,212,118	77,610	475,036	150,018	946,621	267,602	17,041,052	17,528,691
Operating expenses											
Personal services	725,038	485,100	197,203	582,843	215,172	192,573	-	-	-	2,397,929	2,265,289
Repairs and maintenance	151,599	92,699	7,769	109,344	15,407	25,848	-	-	-	402,666	455,693
Supplies and materials	128,316	62,350	34,530	185,257	26,358	5,157	-	-	-	441,968	450,396
Utilities and bulk energy	6,370,033	175,517	4,512	492,265	-	3,450	-	-	-	7,045,777	6,679,181
Depreciation	799,898	449,648	5,878	790,308	24,089	174,699	14,264	221,528	-	2,480,312	2,443,599
Professional services	103,423	49,916	398,228	79,281	2,260	3,751	12,370	7,883	37,973	695,085	721,302
General and administrative	73,051	44,846	15,897	59,670	9,523	7,967	-	-	-	210,954	155,529
Bad debt expense	15,763	637	220	1,256	-	205	-	-	-	18,081	13,721
Total operating expenses	8,367,121	1,360,713	664,237	2,300,224	292,809	413,650	26,634	229,411	37,973	13,692,772	13,184,710
Operating income (loss)	969,833	488,048	62,095	911,894	(215,199)	61,386	123,384	717,210	229,629	3,348,280	4,343,981
Other revenue (expense)											
State and federal grants	1,408	2,961,442	325	1,047	240,428	20,178	-	-	-	3,224,828	644,331
Investment earnings	260,397	13,803	1,418	11,127	-	5,649	296	19	2,554	295,263	333,848
Interest expense	(531,838)	(101,273)	-	(407,682)	-	(7,717)	-	(830,123)	(148,416)	(2,027,049)	(1,939,573)
Total other revenue (expense)	(270,033)	2,873,972	1,743	(395,508)	240,428	18,110	296	(830,104)	(145,862)	1,493,042	(961,394)
Income (loss) before transfers and contributions	699,800	3,362,020	63,838	516,386	25,229	79,496	123,680	(112,894)	83,767	4,841,322	3,382,587
Transfers and contributions											
Capital contribution from governmental funds	14,426	775,000	-	400,000	2,332	37,038	-	-	-	1,228,796	1,568,588
Capital contribution from component unit	-	-	-	-	-	-	-	-	1,453,808	1,453,808	-
Transfers in	-	27,936	-	-	-	6,084	-	-	-	34,020	-
Transfers (out)	(790,010)	(140,667)	-	(276,717)	-	-	(141,499)	-	-	(1,348,893)	(1,210,140)
Total transfers and contributions	(775,584)	662,269	-	123,283	2,332	43,122	(141,499)	-	1,453,808	1,367,731	358,448
Change in net assets	(75,784)	4,024,289	63,838	639,669	27,561	122,618	(17,819)	(112,894)	1,537,575	6,209,053	3,741,035
Net assets (deficit)											
Beginning of year	16,069,788	8,378,204	82,820	14,701,354	45,996	4,875,270	322,830	(528,290)	1,471,493	45,419,465	41,678,430
End of year	\$ 15,994,004	\$ 12,402,493	\$ 146,658	\$ 15,341,023	\$ 73,557	\$ 4,997,888	\$ 305,011	\$ (641,184)	\$ 3,009,068	\$ 51,628,518	\$ 45,419,465

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Cash Flows
Enterprise Funds
Year Ended December 31, 2009

(With Partial Comparative Information for the Year Ended December 31, 2008)

	Electric	Water	Environmental Services	Wastewater	Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
										2009	2008
Cash flows from operating activities											
Cash received (paid) from customers	\$ 9,168,227	\$ 1,750,646	\$ 719,352	\$ 3,260,003	\$ 136,582	\$ 453,348	\$ 151,342	\$ 6,889	\$ (263,065)	\$ 15,383,324	\$ 14,489,496
Cash payments to suppliers for goods and services	(6,884,696)	(427,097)	(460,471)	(718,283)	(50,695)	(53,190)	(39,927)	(7,380)	(705,101)	(9,346,840)	(8,591,028)
Cash payments to employees for services	(722,153)	(476,520)	(194,275)	(568,233)	(216,850)	(187,675)	–	–	–	(2,365,706)	(2,238,145)
Cash received from other sources	232,320	53,796	8,548	100,300	5,264	16,124	–	946,621	267,602	1,630,575	3,422,600
Net cash provided (used) by operating activities	1,793,698	900,825	73,154	2,073,787	(125,699)	228,607	111,415	946,130	(700,564)	5,301,353	7,082,923
Cash flows from noncapital financing activities											
Cash received (paid) to other funds	(61,237)	–	–	–	(57,447)	–	29,788	–	88,896	–	–
Cash received on notes receivable	11,491	–	–	–	–	–	–	–	–	11,491	–
Transfers in (out)	(790,010)	(112,731)	–	(276,717)	–	6,084	(141,499)	–	–	(1,314,873)	(1,210,140)
Net cash provided (used) by noncapital financing activities	(839,756)	(112,731)	–	(276,717)	(57,447)	6,084	(111,711)	–	88,896	(1,303,382)	(1,210,140)
Cash flows from capital and related financing activities											
Proceeds from issuance of debt	–	4,697,367	–	–	–	–	–	–	–	4,697,367	2,675,000
Capital contributed from governmental funds	14,426	–	–	–	–	37,038	–	–	–	51,464	–
Grants received	1,408	1,299,317	325	1,047	240,428	20,178	–	–	–	1,562,703	–
Purchases of property, plant, and equipment	(204,088)	(6,297,388)	(13,647)	(331,517)	(57,282)	(184,815)	–	–	(955,112)	(8,043,849)	(4,040,126)
Principal payments of long-term debt	(605,000)	(133,830)	–	(1,055,720)	–	(31,450)	–	(126,159)	–	(1,952,159)	(2,053,695)
Interest paid on debt	(531,305)	(77,776)	–	(414,978)	–	(6,038)	–	(813,082)	(123,126)	(1,966,305)	(1,916,448)
Net cash provided (used) by capital and related financing activities	(1,324,559)	(512,310)	(13,322)	(1,801,168)	183,146	(165,087)	–	(939,241)	(1,078,238)	(5,650,779)	(5,335,269)
Cash flows from investing activities											
Interest received on investments	234,418	13,803	1,418	11,127	–	5,649	296	19	2,554	269,284	333,847
Increase (decrease) in cash and cash equivalents	(136,199)	289,587	61,250	7,029	–	75,253	–	6,908	(1,687,352)	(1,383,524)	871,361
Cash and cash equivalents											
Beginning of year	6,954,137	841,964	46,607	477,671	–	307,541	–	111,648	1,687,352	10,426,920	9,555,559
End of year	\$ 6,817,938	\$ 1,131,551	\$ 107,857	\$ 484,700	\$ –	\$ 382,794	\$ –	\$ 118,556	\$ –	\$ 9,043,396	\$ 10,426,920
Cash and cash equivalents comprised of											
Cash and investments											
Unrestricted	\$ 1,669,072	\$ 1,131,551	\$ 107,857	\$ 484,700	\$ –	\$ 382,794	\$ –	\$ 11,756	\$ –	\$ 3,787,730	\$ 3,298,669
Restricted	5,148,866	–	–	–	–	–	–	106,800	–	5,255,666	7,128,251
Total	\$ 6,817,938	\$ 1,131,551	\$ 107,857	\$ 484,700	\$ –	\$ 382,794	\$ –	\$ 118,556	\$ –	\$ 9,043,396	\$ 10,426,920

CITY OF SAINT PETER

Statement of Cash Flows (continued)
Enterprise Funds

Year Ended December 31, 2009

(With Partial Comparative Information for the Year Ended December 31, 2008)

	Electric	Water	Environmental Services	Wastewater	Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
										2009	2008
Reconciliation of operating income (loss) to net cash provided (used) by operating activities											
Operating income (loss)	\$ 969,833	\$ 488,048	\$ 62,095	\$ 911,894	\$ (215,199)	\$ 61,386	\$ 123,384	\$ 717,210	\$ 229,629	\$ 3,348,280	\$ 4,343,981
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities											
Depreciation	799,898	449,648	5,878	790,308	24,089	174,699	14,264	221,528	-	2,480,312	2,443,599
Loss (gain) on sale of capital assets	-	-	629	-	-	-	-	-	-	629	-
Bad debt expense	15,763	637	220	1,256	-	205	-	-	-	18,081	13,721
State and federal grants	-	-	-	-	-	-	-	-	-	-	644,331
Change in assets and liabilities											
Receivables	(64,907)	(44,956)	733	(103,787)	(4,311)	(6,340)	1,323	6,889	(263,065)	(478,421)	145,336
Due from other governmental units	-	-	(14)	250,716	68,547	571	-	-	-	319,820	(321,327)
Inventory	(63,081)	(1,263)	-	707	-	-	440	-	-	(63,197)	(151,701)
Prepaid items	-	(483)	85	-	201	-	-	-	-	(197)	812
Accounts and contracts payable	17,805	-	621	208,083	2,652	(6,812)	(27,996)	501	(667,128)	(472,274)	37,994
Salaries and withholdings payable	(84)	8,580	2,928	14,610	(1,678)	(15)	-	2	-	24,343	27,144
Customer deposits	900	-	-	-	-	-	-	-	-	900	200
Due to other governmental units	2,765	614	(21)	-	-	-	-	-	-	3,358	(2,311)
Compensated absences payable	2,969	-	-	-	-	4,913	-	-	-	7,882	-
Unearned revenue	111,837	-	-	-	-	-	-	-	-	111,837	(98,856)
Net cash provided (used) by operating activities	<u>\$ 1,793,698</u>	<u>\$ 900,825</u>	<u>\$ 73,154</u>	<u>\$ 2,073,787</u>	<u>\$ (125,699)</u>	<u>\$ 228,607</u>	<u>\$ 111,415</u>	<u>\$ 946,130</u>	<u>\$ (700,564)</u>	<u>\$ 5,301,353</u>	<u>\$ 7,082,923</u>
Supplemental disclosure of non-cash transactions											
Capital asset purchases with accounts payable	<u>\$ -</u>	<u>\$ 1,466,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,466,106</u>	<u>\$ 888,311</u>
Capital contributed from component unit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,453,808</u>	<u>\$ 1,453,808</u>	<u>\$ -</u>
Capital contributions from governmental funds for capital assets	<u>\$ -</u>	<u>\$ 775,000</u>	<u>\$ -</u>	<u>\$ 400,000</u>	<u>\$ 2,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,177,332</u>	<u>\$ -</u>

See notes to basic financial statements

CITY OF SAINT PETER

Fiduciary Funds
 Statement of Fiduciary Net Assets
 as of December 31, 2009

	<u>Private-Purpose Trusts</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 87,462	\$ 201,017
Accounts receivable	<u>8,360</u>	<u>-</u>
Total assets	95,822	<u><u>\$ 201,017</u></u>
Liabilities		
Liabilities		
Accounts payable	<u>1,147</u>	<u><u>\$ 201,017</u></u>
Net Assets		
Held in trust for private purposes	<u><u>\$ 94,675</u></u>	

See notes to basic financial statements

CITY OF SAINT PETER

Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
Year Ended December 31, 2009

	<u>Private-Purpose Trusts</u>
Additions	
Donations	\$ 129,974
Investment earnings	390
Total additions	<u>130,364</u>
Deductions	
Administrative expenses	<u>117,117</u>
Changes in net assets	13,247
Net assets	
Beginning of year	<u>81,428</u>
End of year	<u><u>\$ 94,675</u></u>

See notes to basic financial statements

CITY OF SAINT PETER

Notes to Basic Financial Statements
December 31, 2009

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** – River’s Edge Hospital and Clinic is a component unit, proprietary fund type, of the City. 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. River’s Edge Hospital and Clinic is exempt from federal and state income taxes on related income. 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 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 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 carryout the purposes of River’s Edge Hospital and Clinic. The Foundation is organized as a nonprofit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. 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, 2009 and for the year then ended. Separate financial statements of the HRA are available upon request.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. **Economic Development Authority (EDA)** – The Saint Peter EDA is fiscally dependent upon the City and its governing body is 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 Assets 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 Assets and the Statement of Changes in Fiduciary Net Assets 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 segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to 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 statements.

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.

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

Private sector standards of accounting and financial reporting issued prior to November 30, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments have the option of following subsequent private sector guidance subject to this same limitation. The City has elected not to follow subsequent private sector guidance. River's Edge Hospital and Clinic and the HRA component units have elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board issued on or after November 30, 1989 in accounting and reporting for its proprietary operations.

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.

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.

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, gambling seizures, 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:

Component Unit	Combined Information
River’s Edge Hospital and Clinic	Operating (enterprise) and Donor-Restricted Funds (fiduciary)
Housing and Redevelopment Authority	Operating Fund (enterprise) as of March 31, 2009

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

Unrestricted – 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)

Restricted – Certain proceeds of enterprise fund revenue, debt issues, and refunding bonds, 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, capital projects, and for refunding bonds.

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 construction, future capital acquisitions, debt redemption, and self-funded insurance over which the River's Edge Hospital and Clinic retains control and may, at its discretion, subsequently use for other purposes.

Valuation – 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.

A portion of the property taxes levied is paid by the state of Minnesota through various tax credits.

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent taxes that is not collected within 60 days of year-end is deferred in the governmental fund statements because it is not known to be available to finance the operations of the City in the current year. 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 revenue.

I. Receivables

a. Primary Government

All receivables are shown net of any allowance for uncollectibles. 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. 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.

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. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

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 expenditures at the time of consumption.

L. Assets Held for Resale

Assets held for resale are recorded in the governmental fund which purchased them at the lower of cost or market. Fund balance is reserved in an amount equal to the assets’ carrying value as the related funds are not available for appropriation.

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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.

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 Assets. Bond premiums and discounts, as well as issuance costs, 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 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Q. Net Assets

Net assets represent the difference between assets and liabilities in the government-wide financial statements. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

R. 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.

S. 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)

T. 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 2009.

The City participates in a self-insured dental insurance plan as described later in these footnotes.

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; employee health, dental, and accident benefits; and medical malpractice claims and judgments. 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. River's Edge Hospital and Clinic is self-insured for employee health and dental as discussed later in these footnotes.

U. Comparative Data

Comparative data for the prior year has been presented to provide an understanding of changes in the City's financial position and operations. Certain prior year comparative data has been reclassified to conform to current year presentation.

NOTE 2 – CASH AND INVESTMENTS

A. Components of Cash and Investments

	Primary Government	Component Units		Total Reporting Entity
		River's Edge Hospital and Clinic	Housing and Redevelopment Authority	
Deposits	\$ 11,388,602	\$ 11,856,308	\$ 48,004	\$ 23,292,914
Investments	6,047,967	–	517,902	6,565,869
Cash on hand	1,380	–	–	1,380
	<u>\$ 17,437,949</u>	<u>\$ 11,856,308</u>	<u>\$ 565,906</u>	<u>\$ 29,860,163</u>

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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.

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	\$ 11,844,989	\$ 11,388,602
Component units		
River’s Edge Hospital and Clinic	11,690,060	11,856,308
Housing and Redevelopment Authority	<u>50,196</u>	<u>48,004</u>
	<u>\$ 23,585,245</u>	<u>\$ 23,292,914</u>

Bank balances are as follows:

	<u>Component Units</u>		
	<u>Primary Government</u>	<u>River’s Edge Hospital and Clinic</u>	<u>Housing and Redevelopment Authority</u>
Covered by federal depository insurance or by collateral held by the City’s agent in the City’s name	<u>\$ 11,844,989</u>	<u>\$ 11,690,060</u>	<u>\$ 50,196</u>

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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. treasury securities Primary government	N/A	N/A	\$ –	\$ 4,425,024	\$ –	\$ –	\$ 4,425,024
U.S. government agency securities Primary government	AAA	S&P	–	226,202	288,108	229,259	743,569
Negotiable certificates of deposit	N/A	N/A	–	149,000	99,000	116,000	364,000
Investment pools/mutual funds Money market funds							
Primary government	AAA	S&P	515,374	–	–	–	515,374
Housing and Redevelopment Authority	N/V	N/V	517,902	–	–	–	517,902
Total investments			<u>\$ 1,033,276</u>	<u>\$ 4,800,226</u>	<u>\$ 387,108</u>	<u>\$ 345,259</u>	<u>\$ 6,565,869</u>

N/A – Not Applicable

N/V – Not Available

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.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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), investment pools, and mutual funds. The City’s investment policy does not limit the concentration of investments. At year-end, the City did not have any investments that exceeded 5 percent of the City’s total portfolio.

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	
Cash and investments				
Statement of Net Assets – government-wide				
Unrestricted	\$ 9,838,762	\$ 4,700,719	\$ 565,906	\$ 15,105,387
Restricted	7,310,708	7,155,589	–	14,466,297
Cash and investments				
Statement of Fiduciary Net Assets – fiduciary funds				
Unrestricted – private-purpose trust funds	87,462	–	–	87,462
Unrestricted – agency funds	201,017	–	–	201,017
Total cash and investments	<u>\$ 17,437,949</u>	<u>\$ 11,856,308</u>	<u>\$ 565,906</u>	<u>\$ 29,860,163</u>

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Due To and Due From Other Funds

During 2009, the City’s General Fund lent \$131,486 to the Permanent Improvement Revolving Capital Project Fund. Interfund borrowing is utilized for cash flow purposes.

During 2009, the City’s General Fund lent \$171,674 to the Theatre TIF District Special Revenue Fund. Interfund borrowing is utilized for cash flow purposes.

During 2009, the City’s Debt Service Tax Increment lent \$208,336 to the Economic Revolving Loan Fund. Interfund borrowing is utilized for cash flow purposes.

During 2009, the Electric Fund lent \$41,957 to the Heartland Transit Fund. Interfund borrowing is utilized for cash flow purposes.

During 2009, the City’s Electric Fund lent \$36,775 to the Telecommunications Conduit Fund. Interfund borrowing is utilized for cash flow purposes.

During 2009, the City’s Electric Fund lent \$88,896 to the Medical Office Building Fund. Interfund borrowing is utilized for cash flow purposes.

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

B. Transfers In and Transfers Out

Transfers Out	Transfers In						Total
	Governmental			Proprietary			
	General	Debt Service – General Obligation	Debt Service – Tax Increment	Nonmajor	Water	Storm Water	
Governmental funds							
Nonmajor	\$ -	\$ 4,628	\$ 578,500	\$ 70,000	\$ -	\$ -	\$ 653,128
Proprietary funds							
Electric	748,221	-	-	7,769	27,936	6,084	790,010
Water	140,667	-	-	-	-	-	140,667
Wastewater	276,717	-	-	-	-	-	276,717
Telecommunications							
Conduit	-	-	-	141,499	-	-	141,499
Total	\$1,165,605	\$ 4,628	\$ 578,500	\$ 219,268	\$ 27,936	\$ 6,084	\$2,002,021

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

C. Transfers – Component Unit

Transfers Out	Transfers In Medical Office Building
Component Unit	
River’s Edge Hospital and Clinic	\$ 1,453,808

During the year ended December 31, 2009, River’s Edge Hospital and Clinic reported a transfer of \$2,953,808 to the City in their financial statements. Included in this transfer were cash payments of \$1,453,808 paid to the City during 2009 that are reflected in the capital contributions from component unit during the year ended December 31, 2009. The remaining \$1,500,000 transfer was paid to the City during 2008 and was reflected by the City as construction in progress during the year ended December 31, 2008.

NOTE 4 – CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the year ended December 31, 2009 was as follows:

	Balance – Beginning of Year	Additions	Deletions	Transfers and Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 1,642,187	\$ –	\$ –	\$ –	\$ 1,642,187
Construction in progress	114,415	284,584	–	(314)	398,685
Capital assets, depreciated					
Land improvements	1,286,175	–	–	(670,061)	616,114
Buildings and improvements	21,238,049	–	–	670,061	21,908,110
Utility plant and infrastructure	9,087,758	230,700	–	–	9,318,458
Machinery and equipment	4,831,680	596,518	(173,870)	314	5,254,642
Total capital assets	38,200,264	1,111,802	(173,870)	–	39,138,196
Less accumulated depreciation on					
Land improvements	(990,745)	(13,957)	–	625,512	(379,190)
Buildings and improvements	(2,739,436)	(457,685)	–	(625,512)	(3,822,633)
Utility plant and infrastructure	(807,462)	(248,321)	–	–	(1,055,783)
Machinery and equipment	(3,338,482)	(390,657)	167,496	–	(3,561,643)
Total accumulated depreciation	(7,876,125)	(1,110,620)	167,496	–	(8,819,249)
Net capital assets	\$ 30,324,139	\$ 1,182	\$ (6,374)	\$ –	\$ 30,318,947

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	3,566,314	10,617,360	–	(5,630,036)	8,553,638
Capital assets, depreciated					
Buildings and improvements	27,349,118	140,598	–	5,630,036	33,119,752
Utility plant and infrastructure	61,486,203	1,242,799	–	–	62,729,002
Machinery and equipment	6,535,672	140,338	(56,913)	–	6,619,097
Total capital assets	99,914,168	12,141,095	(56,913)	–	111,998,350
Less accumulated depreciation on					
Buildings and improvements	(3,559,921)	(562,229)	–	(52,358)	(4,174,508)
Utility plant and infrastructure	(13,703,410)	(1,574,356)	–	52,358	(15,225,408)
Machinery and equipment	(3,156,421)	(343,727)	56,283	–	(3,443,865)
Total accumulated depreciation	(20,419,752)	(2,480,312)	56,283	–	(22,843,781)
Net capital assets	\$ 79,494,416	\$ 9,660,783	\$ (630)	\$ –	\$ 89,154,569

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 28,886	\$ –	\$ –	\$ 28,886
Construction in progress	1,810,392	35,245	(1,540,736)	304,901
Capital assets, depreciated				
Land improvements	1,137,210	–	–	1,137,210
Buildings and improvements	6,984,309	145,673	–	7,129,982
Machinery and equipment	10,563,702	1,479,732	(183,322)	11,860,112
Total capital assets	<u>20,524,499</u>	<u>1,660,650</u>	<u>(1,724,058)</u>	<u>20,461,091</u>
Less accumulated depreciation on				
Land improvements	(289,241)	(75,981)	–	(365,222)
Buildings and improvements	(1,310,605)	(289,966)	–	(1,600,571)
Machinery and equipment	(5,206,261)	(1,077,245)	171,846	(6,111,660)
Total accumulated depreciation	<u>(6,806,107)</u>	<u>(1,443,192)</u>	<u>171,846</u>	<u>(8,077,453)</u>
Net capital assets	<u>\$ 13,718,392</u>	<u>\$ 217,458</u>	<u>\$ (1,552,212)</u>	<u>\$ 12,383,638</u>

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	2,124,898	78,886	–	2,203,784
Machinery and equipment	425,659	5,227	–	430,886
Total capital assets	<u>2,618,495</u>	<u>84,113</u>	<u>–</u>	<u>2,702,608</u>
Accumulated depreciation	<u>(1,757,596)</u>	<u>(94,280)</u>	<u>–</u>	<u>(1,851,876)</u>
Net capital assets	<u>\$ 860,899</u>	<u>\$ (10,167)</u>	<u>\$ –</u>	<u>\$ 850,732</u>

NOTE 4 – CAPITAL ASSETS (CONTINUED)

E. Depreciation Expense by Function

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

Governmental activities	
General government	\$ 131,267
Public safety	129,578
Public works	509,795
Parks and recreation	<u>339,980</u>
Total depreciation expense – governmental activities	<u>\$ 1,110,620</u>
Business-type activities	
Electric	\$ 799,898
Water	449,648
Environmental services	5,878
Wastewater	790,308
Heartland Transit	24,089
Storm water	174,699
Telecommunications conduit	14,264
Long-term care facility	<u>221,528</u>
Total depreciation expense – business-type activities	<u>\$ 2,480,312</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 2006	\$ 200,000	4.71%	2006	2011	\$ 80,000
G.O. Equipment Certificates of 2007	\$ 161,500	4.50%	2007	2012	96,900
G.O. Equipment Certificates of 2008A	\$ 365,000	3.23–3.92%	2008	2018	365,000
G.O. Equipment Certificates of 2008B	\$ 300,000	2.50–3.50%	2008	2013	240,000
G.O. Equipment Certificates of 2009	\$ 300,500	2.90–3.25%	2009	2020	300,500
Public Project Revenue Bonds Refunding Bonds, Series 2009A	\$ 2,775,000	4.65%	2009	2020	2,510,000
Total debt supported primarily by property taxes					<u>3,592,400</u>
Debt supported primarily by tax increments					
G.O. Tax Increment Bonds, Series 1999A	\$ 245,000	6.25%	1999	2018	168,685
Notes payable – Nicollet Plaza	\$ 194,065	7.75%	1999	2013	93,991
Notes payable – Volmary	\$ 81,200	3.00%	1999	2012	28,480
G.O. Tax Increment Bonds, Series 2002C	\$ 490,000	2.10–3.95%	2002	2013	215,000
G.O. Tax Increment Bonds, Series 2002D	\$ 2,400,000	3.75–4.50%	2002	2022	1,985,000
G.O. Tax Increment Bonds, Series 2004A	\$ 2,205,000	2.00–4.00%	2004	2020	1,790,000
G.O. Tax Increment Bonds, Series 2005A	\$ 330,000	3.00–4.20%	2005	2020	270,000
G.O. Tax Increment Refunding Bonds, Series 2009C	\$ 2,990,000	1.05–4.00%	2009	2022	2,990,000
Total debt supported primarily by tax increments					<u>7,541,156</u>
Special assessment bonds					
G.O. Permanent Improvement Revolving Fund Bonds, Series 2004B	\$ 1,380,000	2.00–3.60%	2004	2013	<u>405,000</u>
Revenue					
EDA Taxable Lease Purchase Revenue Bonds, Series 2009B	\$ 540,000	5.75%	2009	2013	<u>540,000</u>
Compensated absences					
Total governmental activities					<u>346,911</u> <u>12,425,467</u>
Business-type activities – primary government					
Utility revenue bonds and notes					
Public Project Revenue Bonds, Series 2000	\$ 655,000	5.25–6.30%	2000	2014	295,000
G.O. PFA Sewer Revenue Note, Series 2001	\$ 11,733,250	2.04%	2001	2021	7,755,000
Electric Utility Revenue Bonds, Series 2002B	\$ 5,185,000	3.00–5.25%	2002	2010	4,405,000
G.O. PFA Sewer Revenue Note, Series 2002	\$ 7,260,850	2.04%	2002	2022	3,866,000
G.O. Sewer Revenue Bonds, Series 2003C	\$ 2,000,000	4.25%	2003	2043	1,859,000
G.O. Water and Sewer Revenue Bonds, Series 2004C	\$ 805,000	1.70–3.55%	2004	2014	475,000
G.O. Electric Revenue Bonds, Series 2004D	\$ 1,555,000	2.25–4.10%	2004	2016	1,060,000
G.O. Water and Sewer Refunding Bonds, Series 2004E	\$ 775,000	2.00–3.50%	2004	2013	410,000
G.O. PFA Sewer Revenue Note, Series 2004	\$ 2,240,000	3.48%	2004	2022	1,762,000
G.O. Water Revenue Bonds, Series 2005B	\$ 1,765,000	4.00–4.25%	2005	2026	1,575,000
G.O. Equipment Certificate, Series 2006	\$ 110,000	4.71%	2006	2011	44,000
Electric Revenue Refunding Bonds, Series 2006B	\$ 5,045,000	4.00–4.15%	2006	2027	4,595,000
Electric Revenue Refunding Bonds, Series 2006C	\$ 1,620,000	4.00%	2006	2018	1,375,000
G.O. PFA Water Revenue Note, Series 2009 – Wells Project	\$ 1,509,483	2.48%	2009	2028	1,256,524
G.O. PFA Water Revenue Note, Series 2009 – Treatment Center	\$ 16,731,458	2.75%	2009	2029	3,440,843
					<u>34,173,367</u>
Long-term care facility bonds and notes					
Tax Exempt Loan Participation Note, Series 2005C	\$ 6,000,000	4.88%	2005	2020	5,814,206
Subordinate Nursing Home Revenue Bonds, Series 2005D	\$ 1,140,000	8.00%	2005	2020	1,140,000
Tax Exempt Loan Participation Note, Series 2006A	\$ 4,400,000	5.00%	2006	2020	4,265,243
					<u>11,219,449</u>
Medical office building notes					
Healthcare Revenue Note, Series 2008A	\$ 2,675,000	4.12–6.12%	2008	2034	2,675,000
Compensated absences					
Total business-type activities					<u>317,177</u> <u>48,384,993</u>
Total primary government					
					<u>60,810,460</u>
Component unit – River’s Edge Hospital and Clinic Fund					
General obligation bonds					
G.O. Hospital Bond, Series 2003A	\$ 15,640,000	4.00–5.00%	2003	2032	<u>14,085,000</u>
Component unit – Housing and Redevelopment Authority					
					<u>14,066</u>
Total reporting entity					
					<u>\$ 74,909,526</u>

NOTE 5 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Debt

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year	Due Within One Year
Primary government					
Governmental activities					
Property tax supported	\$ 3,974,480	\$ 3,075,500	\$ 3,457,580	\$ 3,592,400	\$ 412,400
Tax increment supported	6,038,191	2,990,000	1,487,035	7,541,156	2,374,554
Special assessment supported	600,000	–	195,000	405,000	160,000
Revenue supported	–	540,000	–	540,000	125,000
Compensated absences payable	345,126	265,492	263,707	346,911	265,492
Total – governmental activities	<u>10,957,797</u>	<u>6,870,992</u>	<u>5,403,322</u>	<u>12,425,467</u>	<u>3,337,446</u>
Business-type activities					
Utility revenue bonds and notes	31,302,000	4,697,367	1,826,000	34,173,367	6,159,941
Long-term care facility bonds and notes	11,345,580	–	126,131	11,219,449	167,718
Medical office building notes	2,675,000	–	–	2,675,000	–
Compensated absences payable	284,867	190,832	158,522	317,177	163,277
Total business-type activities	<u>45,607,447</u>	<u>4,888,199</u>	<u>2,110,653</u>	<u>48,384,993</u>	<u>6,490,936</u>
Total government-wide	<u>\$ 56,565,244</u>	<u>\$ 11,759,191</u>	<u>\$ 7,513,975</u>	<u>\$ 60,810,460</u>	<u>\$ 9,828,382</u>
Component unit					
River’s Edge Hospital and Clinic					
General obligation bonds	<u>\$ 14,420,000</u>	<u>\$ –</u>	<u>\$ 335,000</u>	<u>\$ 14,085,000</u>	<u>\$ 345,000</u>
Component unit					
Housing and Redevelopment Authority					
Compensated absences payable	<u>\$ 15,238</u>	<u>\$ –</u>	<u>\$ 1,172</u>	<u>\$ 14,066</u>	<u>\$ 1,172</u>

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		Special Assessment Supported		Revenue Supported	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 412,400	\$ 153,949	\$ 2,374,554	\$ 234,946	\$ 160,000	\$ 10,550	\$ 125,000	\$ 31,050
2011	417,400	137,486	516,688	161,880	125,000	6,150	130,000	23,863
2012	382,400	120,615	533,834	151,044	85,000	2,705	140,000	16,388
2013	360,100	105,222	536,161	138,415	35,000	630	145,000	8,338
2014	315,100	90,380	513,391	123,387	–	–	–	–
2015–2019	1,420,000	258,591	2,276,528	366,184	–	–	–	–
2020–2022	285,000	13,252	790,000	38,826	–	–	–	–
Total	<u>\$ 3,592,400</u>	<u>\$ 879,495</u>	<u>\$ 7,541,156</u>	<u>\$ 1,214,682</u>	<u>\$ 405,000</u>	<u>\$ 20,035</u>	<u>\$ 540,000</u>	<u>\$ 79,639</u>

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
2010	\$ 6,159,941	\$ 992,822	\$ 167,718	\$ 789,721	\$ –	\$ 147,260
2011	1,864,000	828,789	168,396	778,242	65,000	145,921
2012	2,184,000	765,075	179,847	765,992	65,000	143,243
2013	2,254,000	699,661	202,125	752,714	70,000	140,462
2014	2,201,000	633,599	215,291	737,947	70,000	649,979
2015–2019	11,123,935	2,145,839	1,314,769	3,432,425	400,000	540,137
2020–2024	5,646,450	942,340	2,670,000	2,600,194	510,000	394,819
2025–2029	1,699,041	334,478	2,431,227	1,808,967	645,000	186,813
2030–2034	336,000	193,843	3,446,569	793,625	850,000	5,814
2035–2039	413,000	116,195	423,507	8,524	–	–
2040–2043	292,000	25,203	–	–	–	–
Total	\$ 34,173,367	\$ 7,677,844	\$ 11,219,449	\$ 12,468,351	\$ 2,675,000	\$ 2,354,448

Year Ending December 31,	River's Edge Hospital and Clinic	
	Principal	Interest
2010	\$ 345,000	\$ 682,790
2011	360,000	668,990
2012	375,000	654,590
2013	395,000	639,590
2014	410,000	623,790
2015–2019	2,365,000	2,821,525
2020–2024	3,030,000	2,171,250
2025–2029	3,910,000	1,330,250
2030–2032	2,895,000	294,500
Total	\$ 14,085,000	\$ 9,887,275

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.
- **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 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.
- **Notes Payable** – These notes were issued to assist in the financing of tax increment 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 districts will provide all the funds necessary to retire these notes.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

- **Special Assessment Bonds** – These bonds are payable primarily from special assessments levied on the properties benefiting from the improvements funded by these issues. 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** – During 2006, the City authorized the issuance of its \$4,400,000 Tax Exempt Loan Participation Note, Series 2006A. During 2005, the City 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.

E. Refunding Bonds

In 2006, the City issued \$5,045,000 of Electric Revenue Advance Refunding Bonds, Series 2006B. The proceeds of this issue will be used to retire, in advance of their stated maturities, the 2010 through 2027 maturities of the City's Electric Utility Revenue Bonds, Series 2002B. The proceeds of the 2006B issue have been placed in an escrow account pending the February 1, 2010 call date of the 2002B issue. Until the call date, the City will continue to make all debt service payments on the 2002B issue. On the call date, the escrow account will be used to call the remaining principal on this issue, and the City will assume principal and interest payments on the 2006B issue. This advance refunding decreased the City's total future debt service payments by \$215,975 and resulted in a present value savings of \$230,640.

In 2009, the City issued \$2,775,000 of Public Project Revenue Refunding Bonds, Series 2009A. The proceeds of this issue were used to retire, in advance of their stated maturities, the 2009 through 2020 maturities of the City's Public Project Revenue Bonds, Series 2001. This advance refunding decreased the City's total future debt service payments by \$358,464 and resulted in a present value savings of \$194,713.

In 2009, the City issued \$2,990,000 of General Obligation Tax Increment Refunding Bonds, Series 2009C. The proceeds of this issue were and will be used to retire, in advance of their stated maturities, the 2009 through 2020 maturities of the City's General Obligation (G.O) Permanent Improvement Revolving Fund Bonds, Series 2000A and G.O. Tax Increment Bonds, Series 2002C and 2002D. The 2000A bonds have reached their call dates and have already been refunded. The remaining proceeds of the 2009C issue have been placed in an escrow account pending the February 1, 2010 call date of the 2002C and 2002D issues. On the call date, the escrow account will be used to call the remaining principal on this issue, and the City will assume principal and interest payments on the 2009C issue. This advance refunding decreased the City's total future debt service payments by \$179,188 and resulted in a present value savings of \$155,065.

NOTE 6 – INDIVIDUAL FUND DISCLOSURES

A. Budgeted vs. Actual Expenditures

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

<u>Department</u>	<u>Excess of Actual Over Budget</u>
City clerk	\$ 2,290
Elections	\$ 1,281
Finance	\$ 118
Legal	\$ 4,921
General government building	\$ 9,158
Fire	\$ 2,165
Community service officer	\$ 3,734
Senior coordinator	\$ 75
Insurance	\$ 5,812
Memberships	\$ 4,486

B. Deficit Fund Balance

At December 31, 2009, the following nonmajor funds had deficit fund balances:

<u>Fund</u>	<u>Amount</u>
Special Assessment Debt Service	\$ (163,384)
Economic Revolving Loan	\$ (21,458)
Tax Increment Financing	\$ (868,667)

These deficits will be funded by future special assessment revenues, loan principal receipts, and bond proceeds.

NOTE 7 – 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 Public Employees’ Retirement Fund (PERF) 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.

PERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. 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 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 three 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.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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 percent for each year of service. For all PEPFF members and for PERF 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 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. Vested, terminated employees who are entitled to benefits, but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained on the internet at www.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.

B. Funding Policy

Minnesota Statute, 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. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.0 percent, respectively, of their annual covered salary in 2009. PEPFF members were required to contribute 9.4 percent of their annual covered salary in 2009. The City was required to contribute the following percentages of annual covered payroll in 2009: 11.78 percent for Basic Plan PERF members, 6.75 percent for Coordinated Plan PERF members, and 14.1 percent for PEPFF members. Employer contribution rates for the Coordinated Plan will increase to 7.00 percent, effective January 1, 2010. 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>PERF</u>	<u>PEPFF</u>	<u>Total</u>
2007	\$ 203,004	\$ 93,424	\$ 296,428
2008	\$ 217,862	\$ 108,376	\$ 326,238
2009	\$ 246,351	\$ 120,684	\$ 367,035

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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>PERF</u>
2007	\$ 293,245
2008	\$ 348,068
2009	\$ 435,417

NOTE 8 – DEFINED BENEFIT PLAN – FIRE DEPARTMENT RELIEF ASSOCIATION

A. Plan Description

Members of the City’s volunteer fire department are members of the Saint Peter Firefighters’ 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, 2009, 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>4</u>
Total	<u><u>32</u></u>

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 he 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.

**NOTE 8 – DEFINED BENEFIT PLAN – FIRE DEPARTMENT RELIEF ASSOCIATION
(CONTINUED)**

Death Benefits – Upon the death of any active member, not in the line of duty, the Association shall pay to the surviving spouse of one year, if any, 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 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 to the surviving spouse, if any, and if no surviving spouse, to the estate of the deceased member, a funeral benefit in the amount of his/her full years of active service multiplied by the yearly lump sum (currently \$2,400).

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 \$40,081 (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, 2009.

D. Funding Status and Progress

The amount of the total accrued pension liability is based on a standardized measurement established by 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 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

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2007	\$ 51,085	100%	\$ –
12/31/2008	\$ 43,199	100%	\$ –
12/31/2009	\$ 40,081	100%	\$ –

NOTE 9 – 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 10 – SELF-INSURANCE

The City participates in a self-funded dental insurance plan (the Plan). The 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 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>
2007	\$ –	\$ 49,324	\$ (49,324)	\$ –
2008	\$ –	\$ 59,036	\$ (59,036)	\$ –
2009	\$ –	\$ 62,469	\$ (62,469)	\$ –

River’s Edge Hospital and Clinic participates in a self-funded dental insurance plan (the Plan). The 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, 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 Plan.

NOTE 11 – 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.

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

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, and an annual aggregate limit of \$5 million. 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 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. Recently, 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. Management believes River's Edge Hospital and Clinic is in substantial compliance with current laws and regulations.

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

River’s Edge Hospital and Clinic has agreements with third-party payors that provide for payments to 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** – River’s Edge Hospital and Clinic is licensed as a Critical Access Hospital. River’s Edge Hospital and Clinic is reimbursed for most inpatient and outpatient services at cost with final settlement determined after submission of annual cost reports by River’s Edge Hospital and Clinic subject to audits thereof by the Medicare intermediary. River’s Edge Hospital and Clinic’s Medicare Cost Reports have been audited by the Medicare fiscal intermediary through the year ended December 31, 2006. River’s Edge Hospital and Clinic’s classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with River’s Edge Hospital and Clinic. 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 River’s Edge Hospital and Clinic’s Medicare Cost Reports, or rates as established by the Medicaid program. River’s Edge Hospital and Clinic is reimbursed at a tentative rate with final settlement determined by the program based on River’s Edge Hospital and Clinic’s final Medicare Cost Report. Clinical services are paid on a fixed fee schedule.
- **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 retroactive adjustment. Clinical services are paid on a fixed fee schedule.
- **Other** – 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 River’s Edge Hospital and Clinic under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by material amounts in the near term. Occasionally, final settled cost reports are reopened when necessary to appeal specific items.

G. Contract Commitments

The City has contract commitments for uncompleted construction projects as of December 31, 2009 of approximately \$12,286,000.

NOTE 12 – CONDUIT DEBT OBLIGATIONS

The City has issued \$2,900,000 Commercial Development Revenue Note of 1998 to provide financial assistance to a nonprofit corporation for the construction and equipping of an addition to an ensuing facility 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 notes, 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, 2009, the outstanding balance due on these revenue notes is \$1,786,979.

NOTE 13 – MAJOR SUPPLIER

For the year ended December 31, 2009, bulk energy totaling \$6,317,682 was purchased from one supplier.

NOTE 14 – SUBSEQUENT EVENT

In January 2010, the City issued G.O. Hospital Crossover Refunding Bonds, Series 2010A in the amount of \$14,290,000. The bonds will be used to retire, in advance of their stated maturities, the G.O. Hospital Bonds, Series 2003A. The bonds are scheduled to mature in 23 years and have a variable interest rate ranging from 2.0 percent to 4.3 percent.

In March 2010, the City entered into a project loan agreement with the Minnesota Public Facilities Authority totaling \$896,750 for the construction of the Highway 169 utility improvements. The City will make draws on this loan as the work progresses. The interest on this loan will be 1.71 percent.

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
2002	\$ 642,907	\$ 751,138	85.6 %	\$ (108,231)	\$ 1,950
2003	767,623	807,987	95.0	(40,364)	1,950
2004	666,851	780,416	85.4	(113,565)	2,150
2005	684,303	769,998	88.9	(85,695)	2,150
2006	713,944	755,643	94.5	(41,699)	2,200
2007	809,058	873,944	85.6	(64,886)	2,350
2008	736,659	965,047	76.3	(228,388)	2,400
2009	704,627	893,805	78.8	(189,178)	2,400

B. Schedule of Contributions

Year	Annual Required Contribution	Percent Contributed
2002	\$ 52,658	100.0 %
2003	65,076	100.0
2004	75,304	100.0
2005	66,752	100.0
2006	64,300	100.0
2007	51,085	100.0
2008	43,199	100.0
2009	40,081	100.0

C. Notes to Required Supplementary Information

Valuation date	12/31/2009
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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF SAINT PETER

Combining Balance Sheet
 Nonmajor Governmental Funds
 as of December 31, 2009

	Special Revenue	Special Assessment Debt Service	Capital Project	Total Nonmajor Governmental
Assets				
Cash and investments				
Unrestricted	\$ 1,464,476	\$ -	\$ 2,170,013	\$ 3,634,489
Receivables				
Accounts	20,046	-	-	20,046
Delinquent taxes	12,962	-	-	12,962
Delinquent special assessments	-	95,451	1,533	96,984
Deferred special assessments	2,615	548,327	411,126	962,068
Notes	2,891,516	-	412,698	3,304,214
Due from other governmental units	-	8,290	379,527	387,817
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>\$ 5,536,182</u>	<u>\$ 652,068</u>	<u>\$ 3,374,897</u>	<u>\$ 9,563,147</u>
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ 1,281,147	\$ -	\$ 20,081	\$ 1,301,228
Due to other funds	208,336	171,674	131,486	511,496
Deferred revenue	2,907,093	643,778	825,358	4,376,229
Unearned revenue	-	-	467,275	467,275
Total liabilities	<u>4,396,576</u>	<u>815,452</u>	<u>1,444,200</u>	<u>6,656,228</u>
Fund balances (deficit)				
Reserved for revolving loans	1,389,076	-	-	1,389,076
Reserved for technology purchases	42,219	-	-	42,219
Unreserved – undesignated	<u>(291,689)</u>	<u>(163,384)</u>	<u>1,930,697</u>	<u>1,475,624</u>
Total fund balances (deficit)	<u>1,139,606</u>	<u>(163,384)</u>	<u>1,930,697</u>	<u>2,906,919</u>
Total liabilities and fund balances	<u>\$ 5,536,182</u>	<u>\$ 652,068</u>	<u>\$ 3,374,897</u>	<u>\$ 9,563,147</u>

CITY OF SAINT PETER

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2009

	<u>Special Revenue</u>	<u>Special Assessment Debt Service</u>	<u>Capital Project</u>	<u>Total Nonmajor Governmental</u>
Revenue				
Taxes				
Property taxes and tax increments	\$ 969,925	\$ -	\$ -	\$ 969,925
Other taxes	58,768	-	-	58,768
Intergovernmental	268,061	-	233,670	501,731
Special assessments	816	55,101	33,748	89,665
Investment earnings	31,358	-	26,658	58,016
Other	760,983	-	14,113	775,096
Total revenue	<u>2,089,911</u>	<u>55,101</u>	<u>308,189</u>	<u>2,453,201</u>
Expenditures				
Current				
General government	418,686	-	-	418,686
Economic development	577,295	-	-	577,295
Other	608,045	-	-	608,045
Capital outlay	1,732,913	-	733,207	2,466,120
Debt service				
Principal	11,491	195,000	-	206,491
Interest and fiscal charges	17,575	16,111	-	33,686
Total expenditures	<u>3,366,005</u>	<u>211,111</u>	<u>733,207</u>	<u>4,310,323</u>
Excess (deficiency) of revenue over expenditures	(1,276,094)	(156,010)	(425,018)	(1,857,122)
Other financing sources (uses)				
Debt issued	540,000	-	300,500	840,500
Proceeds from sale of assets	7,958	-	12,200	20,158
Transfers in	201,050	-	18,218	219,268
Transfers (out)	(532,000)	-	(121,128)	(653,128)
Total other financing sources (uses)	<u>217,008</u>	<u>-</u>	<u>209,790</u>	<u>426,798</u>
Net change in fund balances	(1,059,086)	(156,010)	(215,228)	(1,430,324)
Fund balances (deficit)				
Beginning of year	<u>2,198,692</u>	<u>(7,374)</u>	<u>2,145,925</u>	<u>4,337,243</u>
End of year	<u>\$ 1,139,606</u>	<u>\$ (163,384)</u>	<u>\$ 1,930,697</u>	<u>\$ 2,906,919</u>

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 as of December 31, 2009

	<u>Library</u>	<u>Old Hospital</u>	<u>Public Access</u>	<u>Firefighters' Relief</u>	<u>Fire Calls</u>	<u>Economic Revolving Loan</u>	<u>Tax Increment Financing</u>	<u>Nicollet Hotel</u>	<u>Nicollet Plaza</u>
Assets									
Cash and investments									
Unrestricted	\$ 165,788	\$ 328,368	\$ 85,351	\$ 7,481	\$ 20,126	\$ 187,152	\$ 367,062	\$ 586	\$ 26
Receivables									
Accounts	–	16,259	3,642	–	–	–	–	–	–
Delinquent taxes	–	–	–	–	–	–	5,454	–	–
Deferred special assessments	–	–	–	–	–	–	2,615	–	–
Notes	–	–	–	–	–	1,060,651	–	–	–
Assets held for resale	–	–	–	–	–	–	–	–	–
Total assets	<u>\$ 165,788</u>	<u>\$ 344,627</u>	<u>\$ 88,993</u>	<u>\$ 7,481</u>	<u>\$ 20,126</u>	<u>\$ 1,247,803</u>	<u>\$ 375,131</u>	<u>\$ 586</u>	<u>\$ 26</u>
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ 6,130	\$ 10,834	\$ 292	\$ –	\$ –	\$ 274	\$ 1,235,729	\$ –	\$ –
Due to other funds	–	–	–	–	–	208,336	–	–	–
Deferred revenue	–	–	–	–	–	1,060,651	8,069	–	–
Total liabilities	<u>6,130</u>	<u>10,834</u>	<u>292</u>	<u>–</u>	<u>–</u>	<u>1,269,261</u>	<u>1,243,798</u>	<u>–</u>	<u>–</u>
Fund balances									
Reserved for revolving loans	–	–	–	–	–	–	–	–	–
Reserved for technology purchases	42,219	–	–	–	–	–	–	–	–
Undesignated	117,439	333,793	88,701	7,481	20,126	(21,458)	(868,667)	586	26
Total fund balances	<u>159,658</u>	<u>333,793</u>	<u>88,701</u>	<u>7,481</u>	<u>20,126</u>	<u>(21,458)</u>	<u>(868,667)</u>	<u>586</u>	<u>26</u>
Total liabilities and fund balances	<u>\$ 165,788</u>	<u>\$ 344,627</u>	<u>\$ 88,993</u>	<u>\$ 7,481</u>	<u>\$ 20,126</u>	<u>\$ 1,247,803</u>	<u>\$ 375,131</u>	<u>\$ 586</u>	<u>\$ 26</u>

(continued)

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Balance Sheet (continued)
 as of December 31, 2009

	Tornado Disaster Revolving Loan	Theatre TIF District	1999 Economic Revolving Loans	Facade Renovation	Tax Increment Revolving	Nicollet Meadows	Housing Revolving	Community Center	Economic Development	Total
Assets										
Cash and investments										
Unrestricted	\$ 19,714	\$ 227	\$ 97,383	\$ 72,248	\$ 38,482	\$ 80	\$ 22,875	\$ 51,197	\$ 330	\$ 1,464,476
Receivables										
Accounts	-	-	-	-	-	-	-	145	-	20,046
Delinquent taxes	-	-	-	-	5,413	730	-	-	1,365	12,962
Deferred special assessments	-	-	-	-	-	-	-	-	-	2,615
Notes	1,748,367	-	29,748	2,750	-	50,000	-	-	-	2,891,516
Assets held for resale	1,144,567	-	-	-	-	-	-	-	-	1,144,567
Total assets	<u>\$ 2,912,648</u>	<u>\$ 227</u>	<u>\$ 127,131</u>	<u>\$ 74,998</u>	<u>\$ 43,895</u>	<u>\$ 50,810</u>	<u>\$ 22,875</u>	<u>\$ 51,342</u>	<u>\$ 1,695</u>	<u>\$ 5,536,182</u>
Liabilities and Fund Balances										
Liabilities										
Accounts payable	\$ 181	\$ -	\$ 12	\$ 6,000	\$ -	\$ -	\$ -	\$ 21,695	\$ -	\$ 1,281,147
Due to other funds	-	-	-	-	-	-	-	-	-	208,336
Deferred revenue	1,748,367	-	29,748	2,750	5,413	50,730	-	-	1,365	2,907,093
Total liabilities	<u>1,748,548</u>	<u>-</u>	<u>29,760</u>	<u>8,750</u>	<u>5,413</u>	<u>50,730</u>	<u>-</u>	<u>21,695</u>	<u>1,365</u>	<u>4,396,576</u>
Fund balances										
Reserved for revolving loans	1,164,100	-	97,371	66,248	38,482	-	22,875	-	-	1,389,076
Reserved for technology purchases	-	-	-	-	-	-	-	-	-	42,219
Undesignated	-	227	-	-	-	80	-	29,647	330	(291,689)
Total fund balances	<u>1,164,100</u>	<u>227</u>	<u>97,371</u>	<u>66,248</u>	<u>38,482</u>	<u>80</u>	<u>22,875</u>	<u>29,647</u>	<u>330</u>	<u>1,139,606</u>
Total liabilities and fund balances	<u>\$ 2,912,648</u>	<u>\$ 227</u>	<u>\$ 127,131</u>	<u>\$ 74,998</u>	<u>\$ 43,895</u>	<u>\$ 50,810</u>	<u>\$ 22,875</u>	<u>\$ 51,342</u>	<u>\$ 1,695</u>	<u>\$ 5,536,182</u>

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2009

	Library	Old Hospital	Public Access	Firefighters' Relief	Fire Calls	Economic Revolving Loan	Tax Increment Financing	Nicollet Hotel	Nicollet Plaza
Revenue									
Property taxes and tax increments	\$ 310,133	\$ -	\$ -	\$ 3,869	\$ -	\$ -	\$ 148,646	\$ 8,868	\$ 10,739
Other taxes	-	-	58,768	-	-	-	-	-	-
Intergovernmental	60,344	-	86	37,096	170,404	-	-	-	-
Special assessments	-	-	-	-	-	-	816	-	-
Investment earnings	887	5,374	1,160	-	126	3,770	8,066	-	-
Other									
Loan principal and interest payments	-	9,401	-	-	-	118,088	-	-	-
Miscellaneous	66,574	15,696	2,070	-	11,195	51	-	-	-
Total revenue	437,938	30,471	62,084	40,965	181,725	121,909	157,528	8,868	10,739
Expenditures									
Current									
General government	291,806	88,799	-	38,081	-	-	-	-	-
Economic development loans made	-	-	-	-	-	416,673	-	-	-
Other	-	-	20,559	-	-	437	300	8,868	1,074
Capital outlay	48,098	-	4,822	-	188,358	-	1,491,635	-	-
Debt service									
Principal	-	-	-	-	-	-	-	-	11,491
Interest and fiscal charges	-	-	-	-	-	-	-	-	8,174
Total expenditures	339,904	88,799	25,381	38,081	188,358	417,110	1,491,935	8,868	20,739
Excess (deficiency) of revenue over expenditures	98,034	(58,328)	36,703	2,884	(6,633)	(295,201)	(1,334,407)	-	(10,000)
Other financing sources (uses)									
Debt issued	-	-	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	7,958	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	10,000
Transfers (out)	-	-	-	-	-	(20,000)	(70,000)	-	-
Total other financing sources (uses)	-	-	-	-	7,958	(20,000)	(70,000)	-	10,000
Net change in fund balances	98,034	(58,328)	36,703	2,884	1,325	(315,201)	(1,404,407)	-	-
Fund balances (deficit)									
Beginning of year	61,624	392,121	51,998	4,597	18,801	293,743	535,740	586	26
End of year	\$ 159,658	\$ 333,793	\$ 88,701	\$ 7,481	\$ 20,126	\$ (21,458)	\$ (868,667)	\$ 586	\$ 26

(continued)

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued)
 Year Ended December 31, 2009

	Tornado Disaster Revolving Loan	Theatre TIF District	1999 Economic Revolving Loans	Facade Renovation	Tax Increment Revolving	Nicollet Meadows	Housing Revolving	Community Center	Economic Development	Total
Revenue										
Property taxes and tax increments	\$ -	\$ 9,896	\$ -	\$ -	\$ 127,949	\$ 229,558	\$ -	\$ -	\$ 120,267	\$ 969,925
Other taxes	-	-	-	-	-	-	-	-	-	58,768
Intergovernmental	-	-	-	-	-	-	-	131	-	268,061
Special assessments	-	-	-	-	-	-	-	-	-	816
Investment earnings	5,004	-	1,868	850	510	2,058	341	84	1,260	31,358
Other										
Loan principal and interest payments	367,716	-	-	1,500	-	-	-	-	-	496,705
Miscellaneous	530	-	297	-	-	-	-	167,865	-	264,278
Total revenue	<u>373,250</u>	<u>9,896</u>	<u>2,165</u>	<u>2,350</u>	<u>128,459</u>	<u>231,616</u>	<u>341</u>	<u>168,080</u>	<u>121,527</u>	<u>2,089,911</u>
Expenditures										
Current										
General government	-	-	-	-	-	-	-	-	-	418,686
Economic development loans made	130,874	-	29,748	-	-	-	-	-	-	577,295
Other	25,716	495	12	-	110,390	104,418	-	335,776	-	608,045
Capital outlay	-	-	-	-	-	-	-	-	-	1,732,913
Debt service										
Principal	-	-	-	-	-	-	-	-	-	11,491
Interest and fiscal charges	-	9,401	-	-	-	-	-	-	-	17,575
Total expenditures	<u>156,590</u>	<u>9,896</u>	<u>29,760</u>	<u>-</u>	<u>110,390</u>	<u>104,418</u>	<u>-</u>	<u>335,776</u>	<u>-</u>	<u>3,366,005</u>
Excess (deficiency) of revenue over expenditures	216,660	-	(27,595)	2,350	18,069	127,198	341	(167,696)	121,527	(1,276,094)
Other financing sources (uses)										
Debt issued	540,000	-	-	-	-	-	-	-	-	540,000
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	7,958
Transfers in	-	-	-	-	-	-	-	191,050	-	201,050
Transfers (out)	(40,000)	-	-	-	-	(227,000)	-	-	(175,000)	(532,000)
Total other financing sources (uses)	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(227,000)</u>	<u>-</u>	<u>191,050</u>	<u>(175,000)</u>	<u>217,008</u>
Net change in fund balances	716,660	-	(27,595)	2,350	18,069	(99,802)	341	23,354	(53,473)	(1,059,086)
Fund balances (deficit)										
Beginning of year	447,440	227	124,966	63,898	20,413	99,882	22,534	6,293	53,803	2,198,692
End of year	<u>\$ 1,164,100</u>	<u>\$ 227</u>	<u>\$ 97,371</u>	<u>\$ 66,248</u>	<u>\$ 38,482</u>	<u>\$ 80</u>	<u>\$ 22,875</u>	<u>\$ 29,647</u>	<u>\$ 330</u>	<u>\$ 1,139,606</u>

CITY OF SAINT PETER

Nonmajor Capital Project Funds
 Combining Balance Sheet
 as of December 31, 2009

	Tornado	Parkland Dedication	2000 Housing Project	Biomass	Industrial Park	Treatment Center Taskforce	Equipment Certificate	2003 Washington Terrace	Permanent Improvement Revolving	Total
Assets										
Cash and investments										
Unrestricted	\$ 715,285	\$ 113,884	\$ 482,476	\$ 2,809	\$ 11,158	\$ 9,234	\$ 34,809	\$ 800,358	\$ -	\$ 2,170,013
Receivables										
Deferred special assessments	-	-	63,506	-	-	-	-	96,600	251,020	411,126
Delinquent special assessments	-	-	-	-	-	-	-	-	1,533	1,533
Notes	-	-	372,447	-	-	-	-	-	40,251	412,698
Due from other governmental units	-	-	-	-	-	-	-	-	379,527	379,527
Total assets	<u>\$ 715,285</u>	<u>\$ 113,884</u>	<u>\$ 918,429</u>	<u>\$ 2,809</u>	<u>\$ 11,158</u>	<u>\$ 9,234</u>	<u>\$ 34,809</u>	<u>\$ 896,958</u>	<u>\$ 672,331</u>	<u>\$ 3,374,897</u>
Liabilities and Fund Balances										
Liabilities										
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,434	\$ 27	\$ 12,620	\$ 20,081
Due to other funds	-	-	-	-	-	-	-	-	131,486	131,486
Deferred revenue	-	-	435,953	-	-	-	-	96,600	292,805	825,358
Unearned revenue	467,275	-	-	-	-	-	-	-	-	467,275
Total liabilities	<u>467,275</u>	<u>-</u>	<u>435,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,434</u>	<u>96,627</u>	<u>436,911</u>	<u>1,444,200</u>
Fund balances										
Unreserved										
Undesignated	248,010	113,884	482,476	2,809	11,158	9,234	27,375	800,331	235,420	1,930,697
Total liabilities and fund balances	<u>\$ 715,285</u>	<u>\$ 113,884</u>	<u>\$ 918,429</u>	<u>\$ 2,809</u>	<u>\$ 11,158</u>	<u>\$ 9,234</u>	<u>\$ 34,809</u>	<u>\$ 896,958</u>	<u>\$ 672,331</u>	<u>\$ 3,374,897</u>

CITY OF SAINT PETER

Nonmajor Capital Project Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2009

	Tornado	Parkland Dedication	2000 Housing Project	Biomass	Industrial Park	Treatment Center Taskforce	Equipment Certificates	2003 Washington Terrace	Permanent Improvement Revolving	Total
Revenue										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,670	\$ 233,670
Special assessments	-	-	20,639	-	-	-	-	-	13,109	33,748
Investment earnings	-	3,151	11,697	-	743	-	1,320	9,747	-	26,658
Other										
Miscellaneous	-	-	-	-	-	-	-	2,058	12,055	14,113
Total revenue	-	3,151	32,336	-	743	-	1,320	11,805	258,834	308,189
Expenditures										
Capital outlay										
Construction and related costs	-	87,979	26	-	313	-	349,006	12,396	283,487	733,207
Excess (deficiency) of revenue over expenditures	-	(84,828)	32,310	-	430	-	(347,686)	(591)	(24,653)	(425,018)
Other financing sources (uses)										
Debt issued	-	-	-	-	-	-	300,500	-	-	300,500
Proceeds from sale of assets	-	-	-	-	1,500	-	10,500	200	-	12,200
Transfers in	-	-	-	-	-	-	-	-	18,218	18,218
Transfers (out)	-	-	(81,000)	-	(31,500)	-	(4,628)	(4,000)	-	(121,128)
Total other financing sources (uses)	-	-	(81,000)	-	(30,000)	-	306,372	(3,800)	18,218	209,790
Net change in fund balances	-	(84,828)	(48,690)	-	(29,570)	-	(41,314)	(4,391)	(6,435)	(215,228)
Fund balances										
Beginning of year	248,010	198,712	531,166	2,809	40,728	9,234	68,689	804,722	241,855	2,145,925
End of year	\$ 248,010	\$ 113,884	\$ 482,476	\$ 2,809	\$ 11,158	\$ 9,234	\$ 27,375	\$ 800,331	\$ 235,420	\$ 1,930,697

CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended December 31, 2009
 (With Comparative Actual Amounts for the Year Ended December 31, 2008)

	2009		Over (Under) Budget	2008
	Budget	Actual		Actual
Revenue				
Property taxes	\$ 887,843	\$ 904,476	\$ 16,633	\$ 1,187,444
Other taxes	65,700	68,621	2,921	67,615
Licenses and permits				
Business licenses and permits	22,255	21,397	(858)	25,264
Non-business licenses and permits	131,879	140,128	8,249	177,575
Total licenses and permits	154,134	161,525	7,391	202,839
Intergovernmental				
Local government aid	2,877,040	2,722,168	(154,872)	2,224,551
State and federal grants and aids	110,560	132,229	21,669	126,092
Total intergovernmental	2,987,600	2,854,397	(133,203)	2,350,643
Charges for services				
General government	22,900	61,666	38,766	64,439
Public safety	123,500	129,290	5,790	126,306
Highways and streets	14,700	29,692	14,992	14,538
Recreation	183,962	149,741	(34,221)	150,036
Total charges for services	345,062	370,389	25,327	355,319
Fines and forfeitures	108,000	81,235	(26,765)	94,737
Investment earnings	50,000	39,079	(10,921)	49,493
Other				
Miscellaneous	52,732	114,706	61,974	88,159
Sale of property	—	700	700	16,627
Total other	52,732	115,406	62,674	104,786
Total revenue	4,651,071	4,595,128	(55,943)	4,412,876

(continued)

CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended December 31, 2009
 (With Comparative Actual Amounts for the Year Ended December 31, 2008)

	2009		Over (Under) Budget	2008
	Budget	Actual		Actual
Expenditures				
Current				
General government				
Mayor and City Council	47,151	38,453	(8,698)	38,182
Administration	159,315	154,864	(4,451)	156,667
City clerk	58,970	61,260	2,290	58,595
Elections	8,480	9,761	1,281	15,954
Finance	225,474	225,592	118	214,025
Legal	140,500	145,421	4,921	158,591
General government building	71,838	80,996	9,158	72,413
Total general government	<u>711,728</u>	<u>716,347</u>	<u>4,619</u>	<u>714,427</u>
Public safety				
Police	1,770,771	1,737,028	(33,743)	1,686,672
Fire	244,964	247,129	2,165	236,798
Other				
Building and planning	202,464	189,466	(12,998)	187,836
Civil defense	7,366	4,568	(2,798)	5,586
Community service officer	73,369	77,103	3,734	74,637
Total other	<u>283,199</u>	<u>271,137</u>	<u>(12,062)</u>	<u>268,059</u>
Total public safety	2,298,934	2,255,294	(43,640)	2,191,529
Public works				
Public works administration	132,061	112,329	(19,732)	129,067
Highways and streets				
Streets	1,135,642	904,674	(230,968)	1,057,058
Street lighting	107,800	88,414	(19,386)	92,723
Total highways and streets	<u>1,243,442</u>	<u>993,088</u>	<u>(250,354)</u>	<u>1,149,781</u>
Total public works	1,375,503	1,105,417	(270,086)	1,278,848

(continued)

CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended December 31, 2009
 (With Comparative Actual Amounts for the Year Ended December 31, 2008)

	2009		Over (Under) Budget	2008
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Parks and recreation				
Senior coordinator	27,355	27,430	75	28,000
Recreation and leisure services	340,398	319,461	(20,937)	300,245
Swimming pool	168,826	155,115	(13,711)	165,093
Skating rinks	12,730	11,130	(1,600)	9,620
Parks	651,010	609,673	(41,337)	595,382
Total parks and recreation	1,200,319	1,122,809	(77,510)	1,098,340
Economic development	133,274	123,614	(9,660)	135,828
Other				
Insurance	17,500	23,312	5,812	20,557
Memberships	28,700	33,186	4,486	33,917
Miscellaneous	20,000	20,000	–	5,000
Total other	66,200	76,498	10,298	59,474
Capital outlay	107,715	85,709	(22,006)	66,318
Total expenditures	5,893,673	5,485,688	(407,985)	5,544,764
Excess (deficiency) of revenue over expenditures	(1,242,602)	(890,560)	352,042	(1,131,888)
Other financing sources (uses)				
Transfers in	1,158,882	1,165,605	6,723	1,138,946
Transfers (out)	–	–	–	(1,570)
Total other financing sources (uses)	1,158,882	1,165,605	6,723	1,137,376
Net change in fund balances	\$ (83,720)	275,045	\$ 358,765	5,488
Fund balances				
Beginning of year		2,050,652		2,045,164
End of year		\$ 2,325,697		\$ 2,050,652

CITY OF SAINT PETER

Municipal Electric Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenue		
Charges for services	\$ 8,672,634	\$ 8,408,076
Electric generation	432,000	432,000
Other		
Penalties	61,152	61,272
Miscellaneous	171,168	145,759
Total operating revenue	<u>9,336,954</u>	<u>9,047,107</u>
Operating expenses		
Bulk energy	6,317,682	6,001,576
Less SMMPA equity distribution	-	(10,156)
Net bulk energy	<u>6,317,682</u>	<u>5,991,420</u>
Power distribution		
Personal services	340,435	326,819
Repairs and maintenance	42,490	92,162
Supplies and materials	45,000	46,547
Utilities	4,498	4,355
Professional services	22,172	23,924
General and administrative	1,992	2,263
Total power distribution	<u>456,587</u>	<u>496,070</u>
General and administrative		
Personal services	263,414	259,150
Repairs and maintenance	8,916	9,273
Supplies and materials	25,908	21,474
Utilities	9,303	10,139
Professional services	29,414	20,041
General and administrative	60,921	4,994
Total general and administrative	<u>397,876</u>	<u>325,071</u>
Customer accounts		
Personal services	95,778	96,265
Repairs and maintenance	1,256	1,316
Supplies and materials	1,050	1,240
Professional services	3,201	3,600
General and administrative	10,138	12,554
Bad debt expense	15,763	12,683
Total customer accounts	<u>127,186</u>	<u>127,658</u>

(continued)

CITY OF SAINT PETER

Municipal Electric Utility Fund

Comparative Schedule of Revenue, Expenses, and Changes in Net Assets (continued)
 Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating expenses (continued)		
Power production		
Personal services	25,411	15,462
Repairs and maintenance	98,937	47,018
Supplies and materials	56,358	50,136
Utilities	38,550	40,340
Professional services	48,636	45,878
Total power production	<u>267,892</u>	<u>198,834</u>
Depreciation	<u>799,898</u>	<u>806,090</u>
Total operating expenses	<u>8,367,121</u>	<u>7,945,143</u>
Operating income	969,833	1,101,964
Other revenue (expense)		
State and federal grants	1,408	1,408
Investment earnings	260,397	273,291
Interest expense	<u>(531,838)</u>	<u>(565,624)</u>
Total other revenue (expense)	<u>(270,033)</u>	<u>(290,925)</u>
Income before transfers and contributions	699,800	811,039
Transfers and contributions		
Capital contributions from governmental funds	14,426	-
Transfers (out)	<u>(790,010)</u>	<u>(782,248)</u>
Total transfers and contributions	<u>(775,584)</u>	<u>(782,248)</u>
Change in net assets	(75,784)	28,791
Net assets		
Beginning of year	<u>16,069,788</u>	<u>16,040,997</u>
End of year	<u>\$ 15,994,004</u>	<u>\$ 16,069,788</u>

CITY OF SAINT PETER

Municipal Water Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2009 and 2008

	2009	2008
Operating revenue		
Charges for services	\$ 1,794,965	\$ 1,505,261
Other	53,796	35,879
Total operating revenue	1,848,761	1,541,140
Operating expenses		
Source of supply		
Personal services	28,477	24,757
Repairs and maintenance	20,447	34,970
Supplies and materials	1,305	3,304
Utilities	26,423	24,577
Professional services	1,547	940
General and administrative	8,967	8,614
Total source of supply	87,166	97,162
Purification and treatment		
Personal services	81,043	79,968
Repairs and maintenance	11,219	8,737
Supplies and materials	19,052	13,283
Utilities	82,047	77,047
Professional services	17,662	15,794
General and administrative	3,197	2,555
Total purification and treatment	214,220	197,384
Distribution and storage		
Personal services	298,257	246,862
Repairs and maintenance	57,000	71,870
Supplies and materials	25,376	36,100
Utilities	63,405	42,817
Professional services	9,387	9,631
General and administrative	4,364	15,158
Total distribution and storage	457,789	422,438
General and administrative		
Personal services	56,304	53,273
Repairs and maintenance	2,777	2,851
Supplies and materials	15,510	10,007
Utilities	3,642	3,898
Professional services	18,468	10,563
General and administrative	23,088	21,050
Total general and administrative	119,789	101,642

(continued)

CITY OF SAINT PETER

Municipal Water Utility Fund

Comparative Schedule of Revenue, Expenses, and Changes in Net Assets (continued)

Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating expenses (continued)		
Customer accounts		
Personal services	21,019	20,603
Repairs and maintenance	1,256	1,316
Supplies and materials	1,107	1,229
Professional services	2,852	3,197
General and administrative	5,230	6,562
Bad debt expense	637	303
Total customer accounts	<u>32,101</u>	<u>33,210</u>
Depreciation	<u>449,648</u>	<u>435,256</u>
Total operating expenses	<u>1,360,713</u>	<u>1,287,092</u>
Operating income	488,048	254,048
Other revenue (expense)		
State and federal grants	2,961,442	756
Investment earnings	13,803	26,373
Interest expense	<u>(101,273)</u>	<u>(83,108)</u>
Total other revenue (expense)	<u>2,873,972</u>	<u>(55,979)</u>
Income before transfers and contributions	3,362,020	198,069
Transfers and contributions		
Capital contribution from governmental funds	775,000	576,246
Transfers in	27,936	-
Transfers (out)	<u>(140,667)</u>	<u>(123,396)</u>
Total transfers and contributions	<u>662,269</u>	<u>452,850</u>
Change in net assets	4,024,289	650,919
Net assets		
Beginning of year	<u>8,378,204</u>	<u>7,727,285</u>
End of year	<u>\$ 12,402,493</u>	<u>\$ 8,378,204</u>

CITY OF SAINT PETER

Environmental Services Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenue		
Charges for services	\$ 718,413	\$ 704,459
Other	7,919	4,865
Total operating revenue	<u>726,332</u>	<u>709,324</u>
Operating expenses		
Refuse operations		
Personal services	135,719	119,042
Repairs and maintenance	5,307	2,894
Supplies and materials	27,747	30,281
Professional services	389,107	394,260
General and administrative	5,738	5,096
Total refuse operations	<u>563,618</u>	<u>551,573</u>
General and administrative		
Personal services	47,617	46,070
Repairs and maintenance	2,462	2,759
Supplies and materials	5,957	6,863
Utilities	4,512	4,092
Professional services	6,945	8,419
General and administrative	3,779	3,153
Total general and administrative	<u>71,272</u>	<u>71,356</u>
Customer accounts		
Personal services	13,867	13,052
Supplies and materials	826	597
Professional services	2,176	1,779
General and administrative	6,380	5,791
Bad debt expense	220	58
Total customer accounts	<u>23,469</u>	<u>21,277</u>
Depreciation	<u>5,878</u>	<u>10,060</u>
Total operating expenses	<u>664,237</u>	<u>654,266</u>
Operating income (loss)	62,095	55,058
Other revenue		
State and federal grants	325	326
Investment earnings	1,418	984
Total other revenue	<u>1,743</u>	<u>1,310</u>
Change in net assets	63,838	56,368
Net assets		
Beginning of year	<u>82,820</u>	<u>26,452</u>
End of year	<u>\$ 146,658</u>	<u>\$ 82,820</u>

CITY OF SAINT PETER

Municipal Wastewater Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2009 and 2008

	2009	2008
Operating revenue		
Charges for services	\$ 3,111,818	\$ 3,016,030
Other	100,300	70,208
Total operating revenue	3,212,118	3,086,238
Operating expenses		
Biosolids		
Personal services	44,506	37,826
Repairs and maintenance	13,757	6,759
Supplies and materials	36,338	15,705
Utilities	41,364	38,539
Professional services	1,234	1,547
General and administrative	854	831
Total biosolids	138,053	101,207
Collector system		
Personal services	181,936	146,020
Repairs and maintenance	31,027	39,505
Supplies and materials	13,790	5,896
Utilities	23,776	26,261
Professional services	2,735	3,065
General and administrative	1,906	1,685
Total collector system	255,170	222,432
Source/treatment		
Personal services	280,394	271,732
Repairs and maintenance	60,419	79,502
Supplies and materials	123,946	158,316
Utilities	422,947	407,366
Professional services	62,319	56,250
General and administrative	31,697	28,017
Total source/treatment	981,722	1,001,183
General and administrative		
Personal services	54,679	53,335
Repairs and maintenance	2,885	3,709
Supplies and materials	10,123	10,186
Utilities	4,178	4,588
Professional services	10,653	9,337
General and administrative	20,112	20,743
Total general and administrative	102,630	101,898

(continued)

CITY OF SAINT PETER

Municipal Wastewater Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets (continued)
 Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating expenses (continued)		
Customer accounts		
Personal services	21,328	20,768
Repairs and maintenance	1,256	1,316
Supplies and materials	1,060	913
Professional services	2,340	1,762
General and administrative	5,101	4,531
Bad debt expense	1,256	596
Total customer accounts	<u>32,341</u>	<u>29,886</u>
Depreciation	<u>790,308</u>	<u>790,098</u>
Total operating expenses	<u>2,300,224</u>	<u>2,246,704</u>
Operating income	911,894	839,534
Other revenue (expense)		
State and federal grants	1,047	352,119
Investment earnings	11,127	15,296
Interest expense	<u>(407,682)</u>	<u>(431,428)</u>
Total other revenue (expense)	<u>(395,508)</u>	<u>(64,013)</u>
Income before transfers	516,386	775,521
Transfers and contributions		
Capital contribution from governmental funds	400,000	411,604
Transfers (out)	<u>(276,717)</u>	<u>(207,496)</u>
Total transfers and contributions	<u>123,283</u>	<u>204,108</u>
Change in net assets	639,669	979,629
Net assets		
Beginning of year	<u>14,701,354</u>	<u>13,721,725</u>
End of year	<u>\$ 15,341,023</u>	<u>\$ 14,701,354</u>

CITY OF SAINT PETER

Heartland Transit Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenue		
Charges for services	\$ 72,346	\$ 59,835
Other	5,264	180
Total operating revenue	<u>77,610</u>	<u>60,015</u>
Operating expenses		
Personal services	215,172	207,012
Repairs and maintenance	15,407	16,435
Supplies and materials	26,358	26,012
Depreciation	24,089	19,986
Professional services	2,260	758
General and administrative	9,523	10,523
Total operating expenses	<u>292,809</u>	<u>280,726</u>
Operating loss	(215,199)	(220,711)
Other revenue		
State and federal grants	240,428	228,848
Investment earnings	-	91
Total other revenue	<u>240,428</u>	<u>228,939</u>
Income before contributions	25,229	8,228
Contributions		
Capital contribution from governmental funds	<u>2,332</u>	-
Change in net assets	27,561	8,228
Net assets		
Beginning of year	<u>45,996</u>	<u>37,768</u>
End of year	<u>\$ 73,557</u>	<u>\$ 45,996</u>

CITY OF SAINT PETER

Storm Water Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2009 and 2008

	2009	2008
Operating revenue		
Charges for services	\$ 458,912	\$ 464,108
Other	16,124	1,886
Total operating revenue	475,036	465,994
Operating expenses		
Personal services	192,573	227,273
Repairs and maintenance	25,848	33,213
Supplies and materials	5,157	12,307
Utilities	3,450	3,742
Depreciation	174,699	146,317
Professional services	3,751	12,143
General and administrative	7,967	9,344
Bad debt expense	205	81
Total operating expenses	413,650	444,420
Operating income	61,386	21,574
Other revenue (expense)		
State and federal grants	20,178	60,874
Investment earnings	5,649	9,225
Interest expense	(7,717)	(7,066)
Total other revenue (expense)	18,110	63,033
Income before transfers and contributions	79,496	84,607
Transfers and contributions		
Capital contributions from governmental funds	37,038	580,738
Transfers in	6,084	-
Total transfers and contributions	43,122	580,738
Change in net assets	122,618	665,345
Net assets		
Beginning of year	4,875,270	4,209,925
End of year	\$ 4,997,888	\$ 4,875,270

CITY OF SAINT PETER

Telecommunications Conduit Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenue		
Charges for services	\$ 150,018	\$ 171,701
Operating expenses		
Repairs and maintenance	-	88
Depreciation	14,264	14,264
Professional services	12,370	72,844
Total operating expenses	<u>26,634</u>	<u>87,196</u>
Operating income	123,384	84,505
Other revenue		
Investment earnings	<u>296</u>	<u>848</u>
Income before transfers	123,680	85,353
Transfers		
Transfers (out)	<u>(141,499)</u>	<u>(97,000)</u>
Change in net assets	(17,819)	(11,647)
Net assets		
Beginning of year	<u>322,830</u>	<u>334,477</u>
End of year	<u>\$ 305,011</u>	<u>\$ 322,830</u>

CITY OF SAINT PETER

Long-Term Care Facility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenue		
Other	\$ 946,621	\$ 947,172
Operating expenses		
Depreciation	221,528	221,528
General and administrative	7,883	7,934
Total operating expenses	<u>229,411</u>	<u>229,462</u>
Operating income	717,210	717,710
Other revenue (expense)		
Investment earnings	19	1,783
Interest expense	<u>(830,123)</u>	<u>(827,584)</u>
Total other revenue (expense)	<u>(830,104)</u>	<u>(825,801)</u>
Change in net assets	(112,894)	(108,091)
Net assets (deficit)		
Beginning of year	<u>(528,290)</u>	<u>(420,199)</u>
End of year	<u>\$ (641,184)</u>	<u>\$ (528,290)</u>

CITY OF SAINT PETER

Medical Office Building Fund
 Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenue		
Other	\$ 267,602	\$ 1,500,000
Operating expenses		
Professional services	<u>37,973</u>	<u>9,701</u>
Operating income	229,629	1,490,299
Other revenue (expense)		
Investment earnings	2,554	5,957
Interest expense	<u>(148,416)</u>	<u>(24,763)</u>
Total other revenue (expense)	<u>(145,862)</u>	<u>(18,806)</u>
Income before contributions	83,767	1,471,493
Contributions		
Capital contribution from component unit	<u>1,453,808</u>	<u>—</u>
Change in net assets	1,537,575	1,471,493
Net assets		
Beginning of year	<u>1,471,493</u>	<u>—</u>
End of year	<u>\$ 3,009,068</u>	<u>\$ 1,471,493</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Net Assets
 Private-Purpose Trust Funds
 as of December 31, 2009

	<u>Library Trust</u>	<u>Restricted Contributions Trusts</u>	<u>Total Private-Purpose Trusts</u>
Assets			
Cash and cash equivalents	\$ 12,099	\$ 75,363	\$ 87,462
Accounts receivable	—	8,360	8,360
Total assets	<u>\$ 12,099</u>	<u>\$ 83,723</u>	<u>\$ 95,822</u>
Liabilities			
Liabilities			
Accounts payable	\$ —	\$ 1,147	\$ 1,147
Net Assets			
Held in trust for private purposes	<u>\$ 12,099</u>	<u>\$ 82,576</u>	<u>\$ 94,675</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Changes in Net Assets
 Private-Purpose Trust Funds
 Year Ended December 31, 2009

	<u>Library Trust</u>	<u>Restricted Contributions Trusts</u>	<u>Total Private-Purpose Trusts</u>
Additions			
Donations	\$ —	\$ 129,974	\$ 129,974
Investment earnings	262	128	390
Total additions	<u>262</u>	<u>130,102</u>	<u>130,364</u>
Deductions			
Trust-related expenses	<u>—</u>	<u>117,117</u>	<u>117,117</u>
Changes in net assets	262	12,985	13,247
Net assets			
Beginning of year	<u>11,837</u>	<u>69,591</u>	<u>81,428</u>
End of year	<u>\$ 12,099</u>	<u>\$ 82,576</u>	<u>\$ 94,675</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Net Assets
 Agency Funds
 as of December 31, 2009

	<u>DARE Program</u>	<u>Gambling Seizure</u>	<u>Youth Center</u>	<u>Flexible Benefit Plan</u>	<u>Total Agency Funds</u>
Assets					
Cash and cash equivalents	<u>\$ 13,834</u>	<u>\$ 1,507</u>	<u>\$ 14,642</u>	<u>\$ 171,034</u>	<u>\$ 201,017</u>
Liabilities					
Liabilities					
Refunds payable and others	<u>\$ 13,834</u>	<u>\$ 1,507</u>	<u>\$ 14,642</u>	<u>\$ 171,034</u>	<u>\$ 201,017</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Changes in Net Assets
 Agency Funds
 Year Ended December 31, 2009

	Balance - January 1, 2009	Additions	Deletions	Balance - December 31, 2009
DARE Program				
Assets				
Cash and cash equivalents	\$ 13,170	\$ 4,416	\$ 3,752	\$ 13,834
Liabilities				
Refunds payable and others	\$ 13,170	\$ 4,416	\$ 3,752	\$ 13,834
Gambling Seizure				
Assets				
Cash and cash equivalents	\$ 1,507	\$ -	\$ -	\$ 1,507
Liabilities				
Refunds payable and others	\$ 1,507	\$ -	\$ -	\$ 1,507
Youth Center				
Assets				
Cash and cash equivalents	\$ 4,352	\$ 23,373	\$ 13,083	\$ 14,642
Liabilities				
Refunds payable and others	\$ 4,352	\$ 23,373	\$ 13,083	\$ 14,642
Flexible Benefit Plan				
Assets				
Cash and cash equivalents	\$ 281,731	\$ -	\$ 110,697	\$ 171,034
Liabilities				
Refunds payable and others	\$ 281,731	\$ -	\$ 110,697	\$ 171,034
Total				
Assets				
Cash and cash equivalents	\$ 300,760	\$ 27,789	\$ 127,532	\$ 201,017
Liabilities				
Refunds payable and others	\$ 300,760	\$ 27,789	\$ 127,532	\$ 201,017

SUPPLEMENTAL INFORMATION

(UNAUDITED)

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
2000	\$ 517,655	\$ 197,235	\$ 1,943,114	\$ 343,006	\$ 82,367	\$ 255,738	\$3,339,115
2001	647,385	175,087	2,275,411	301,645	90,479	236,741	3,726,748
2002	641,750	168,892	2,500,647	323,461	82,211	165,454	3,882,415
2003	654,401	244,127	1,971,498	358,254	95,497	162,636	3,486,413
2004	853,549	305,895	2,020,234	372,491	95,306	120,615	3,768,090
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

CITY OF SAINT PETER

General Fund Expenditures by Function
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works Administration	Highways and Streets	Parks and Recreation	Economic Development	Other	Capital Outlay	Total
2000	\$ 491,093	\$ 1,466,754	\$ 139,996	\$ 586,330	\$ 679,131	\$ 80,231	\$ 59,866	\$ 144,752	\$ 3,648,153
2001	471,812	1,502,518	98,404	923,130	804,132	86,822	333,879	128,260	4,348,957
2002	541,368	1,681,054	124,913	863,251	838,632	412,667	41,099	198,756	4,701,740
2003	552,889	1,681,655	118,958	870,948	918,370	127,576	41,994	468,764	4,781,154
2004	594,082	1,921,562	92,586	813,108	956,254	103,069	38,922	86,356	4,605,939
2005	590,998	1,885,205	88,064	884,586	976,349	98,927	51,360	73,336	4,648,825
2006	644,002	2,007,046	127,602	987,666	1,034,054	92,831	54,185	65,886	5,013,272
2007	656,627	2,012,285	103,630	1,073,792	1,106,729	95,267	68,689	66,241	5,183,260
2008	714,427	2,191,529	129,067	1,149,781	1,098,340	135,828	59,474	66,318	5,544,764
2009	-	-	-	-	-	-	-	-	-

Note: During the year ended December 31, 2000, the City began reporting capital outlay as a separate category in the General Fund.