

CITY OF
Saint Peter
WHERE HISTORY & PROGRESS MEET

**ANNUAL
FINANCIAL
REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2010

CITY OF ST. PETER, MINNESOTA

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

**Annual Financial Report
For the Year Ended
December 31, 2010**

**Prepared by
Finance Department**

**Paula O'Connell
Director of Finance**

**Brenda Isley
Accountant**

CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

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NICOLLET COUNTY, MINNESOTA

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INTRODUCTORY SECTION



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

The annual financial report of the City of Saint Peter, Minnesota (the City) for the fiscal year ended December 31, 2010, 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, Independent School District No. 508, and Gustavus Adolphus College 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.

The crown jewel for new development in the community remains the North Industrial Park. Originally developed in 2003, the business park is anchored by the City-owned River's Edge Hospital, which opened for patients in 2004. In the spring of 2009, the City opened River's Edge Clinic, which is connected to River's Edge Hospital. The services offered on the hospital campus further expanded with the addition of a Mayo Health Clinic, chiropractic care, and pharmaceuticals. Most recently, in 2010, was the construction of a 45+ unit senior housing facility that is interconnected to the hospital and operated by Benedictine Health Systems. A second senior housing facility, which is across the street from the Hospital Campus, owned by Second Century Housing, LLC (Ecumen) is being completed and includes senior housing and memory care units. Occupancy for both senior housing facilities will take place in 2011.

The Saint Peter Food Cooperative (the Cooperative) recently moved into the former Nielsen Chevrolet building on Mulberry Street in the historic downtown. After 15 years at their previous location, the Cooperative invested \$3.1 million to purchase and renovate the former auto dealership into a retail grocery store. The move doubled the space of the Cooperative and allows for a greater variety of products.

In 2010, Creation Technologies, Inc. relocated their operations to a new 50,000 square foot manufacturing facility within the North Industrial Park. The facility, owned by Traverse des Sioux Enterprises, is leased to Creation Technologies. Creation Technologies, Inc. has committed to the creation of 24 additional full-time positions within the first two years.

Following the relocation of Creation Technologies, Inc., the Saint Peter Economic Development Authority has leased the vacated facility to Jari, USA. Jari, USA manufactures the Jari Sickle Bar Mower and sells to a national market. Jari has subsequently subleased the unused portion of the facility to MRCI, which provides employment services to disabled adults in the St. Peter area.

Kwik Trip, Inc. has started operations at the southeast corner of the Jefferson Avenue and Minnesota Avenue intersection. The Kwik Trip, Inc. development necessitated the relocation of Autotronics automobile repair facility. Autotronics occupied their new structure at the Front Street and Jefferson Avenue intersection in early 2010.

Kentucky Fried Chicken (KFC) completed construction of their new restaurant facility and relocated their operations to the north end of town. The new and expanded restaurant was occupied in the fall of 2010. The former KFC site is currently being marketed for redevelopment.

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 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 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.

U.S. Census data has shown a 15 percent plus growth in population from 2000 to 2010. Our largest growth has occurred in the under 35 and 65+ age ranges. The school-age population has also grown significantly over the past five years, which also points to an increase in young families that continue to choose to make the City their home.

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.

Quality Water for Today and the Future – In 2010, the City provided 374,945,300 gallons of high quality drinking water to the community from groundwater sources. The City has reached the goal of building new water treatment facilities that not only meet the existing needs but also would accommodate future growth, and to meet drinking water standards in order to provide a safe and reliable drinking water supply to the residents of the City. The new facility, located on Broadway Avenue, along with the rehabilitated St. Julien facility, is sized to meet demands and growth for the next 20 years. The Broadway Plant is also designed to allow for expansion should additional capacity be needed. Four new wells and four existing wells are connected to the facilities. The facilities utilize the latest reverse osmosis membrane filtration technology to purify the water to provide one of the upper Midwest's best water qualities. The Broadway Plant went online on March 30, 2011.

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

FINANCIAL INFORMATION AND INTERNAL CONTROLS

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

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

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

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

BUDGETING CONTROLS

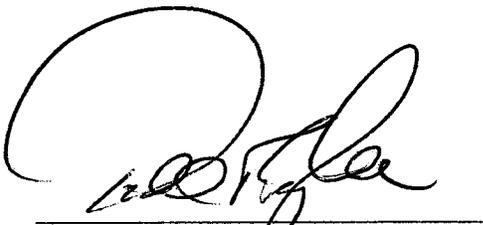
In addition to internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund and special revenue funds are included 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.

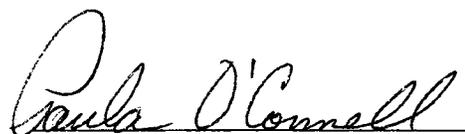
INDEPENDENT AUDIT

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, 2010

CITY COUNCIL

		<u>Term Expires</u> <u>December 31,</u>
Timothy Strand	Mayor	2011
Susan Carlin	Councilmember	2013
Ken Eichmann	Councilmember	2013
John Kvamme	Councilmember	2011
Jerry Pfeifer	Councilmember	2013
Kimberly Spriggs	Councilmember	2011
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, 2010, 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, 2009, and in our report dated July 16, 2010, 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 \$25,585,416 and \$17,571,917, respectively, as of and for the year ended December 31, 2010. They also include the financial statements of the Housing and Redevelopment Authority (HRA), whose statement reflects total assets and expenses of \$1,506,215 and \$321,199, respectively, as of and for the year ended March 31, 2010. 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, provides a reasonable basis for our opinions.

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, 2010, 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.

(continued)

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, 2009, from which such partial information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual fund statements and schedules, and 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 are the responsibility of management and were derived from and relate directly to the underlying and accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory section and supplemental information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

June 28, 2011

CITY OF SAINT PETER

Management's Discussion and Analysis Year Ended December 31, 2010

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, 2010. 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 \$84,062,652 (*net assets*). Of this amount, \$12,342,712 (*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 \$2,075,748.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,350,931, a decrease of \$523,721 in comparison with the prior year. Of this total, \$5,343,006 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 \$2,918,878, or 51.5 percent of total General Fund 2010 budgeted expenditures, up from 2009, which reflected 39.5 percent.
- Total primary government long-term liabilities increased by \$8,558,811.

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 36 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 \$84,062,652 at the close of the most recent fiscal year. This is an increase in net assets of \$2,075,748 from the prior fiscal year.

City of Saint Peter's Net Assets

Summary of Net Assets as of December 31, 2010 and 2009						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Assets						
Current and other assets	\$ 12,524,444	\$ 14,452,284	\$ 13,783,314	\$ 14,191,740	\$ 26,307,758	\$ 28,644,024
Capital assets	<u>30,727,876</u>	<u>30,318,947</u>	<u>100,569,974</u>	<u>89,154,569</u>	<u>131,297,850</u>	<u>119,473,516</u>
Total assets	<u>\$ 43,252,320</u>	<u>\$ 44,771,231</u>	<u>\$ 114,353,288</u>	<u>\$ 103,346,309</u>	<u>\$ 157,605,608</u>	<u>\$ 148,117,540</u>
Liabilities						
Long-term debt liabilities	\$ 9,544,375	\$ 12,425,467	\$ 59,824,896	\$ 48,384,993	\$ 69,369,271	\$ 60,810,460
Other liabilities	<u>1,012,375</u>	<u>1,987,378</u>	<u>3,161,310</u>	<u>3,332,798</u>	<u>4,173,685</u>	<u>5,320,176</u>
Total liabilities	<u>\$ 10,556,750</u>	<u>\$ 14,412,845</u>	<u>\$ 62,986,206</u>	<u>\$ 51,717,791</u>	<u>\$ 73,542,956</u>	<u>\$ 66,130,636</u>
Net assets						
Invested in capital assets, net of related debt	\$ 21,518,399	\$ 18,240,391	\$ 41,465,453	\$ 45,573,842	\$ 62,983,852	\$ 63,814,233
Restricted	7,165,093	10,285,029	1,570,995	1,178,214	8,736,088	11,463,243
Unrestricted	<u>4,012,078</u>	<u>1,832,966</u>	<u>8,330,634</u>	<u>4,876,462</u>	<u>12,342,712</u>	<u>6,709,428</u>
Total net assets	<u>\$ 32,695,570</u>	<u>\$ 30,358,386</u>	<u>\$ 51,367,082</u>	<u>\$ 51,628,518</u>	<u>\$ 84,062,652</u>	<u>\$ 81,986,904</u>

By far, the largest portion of the City's net assets (74.9 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.

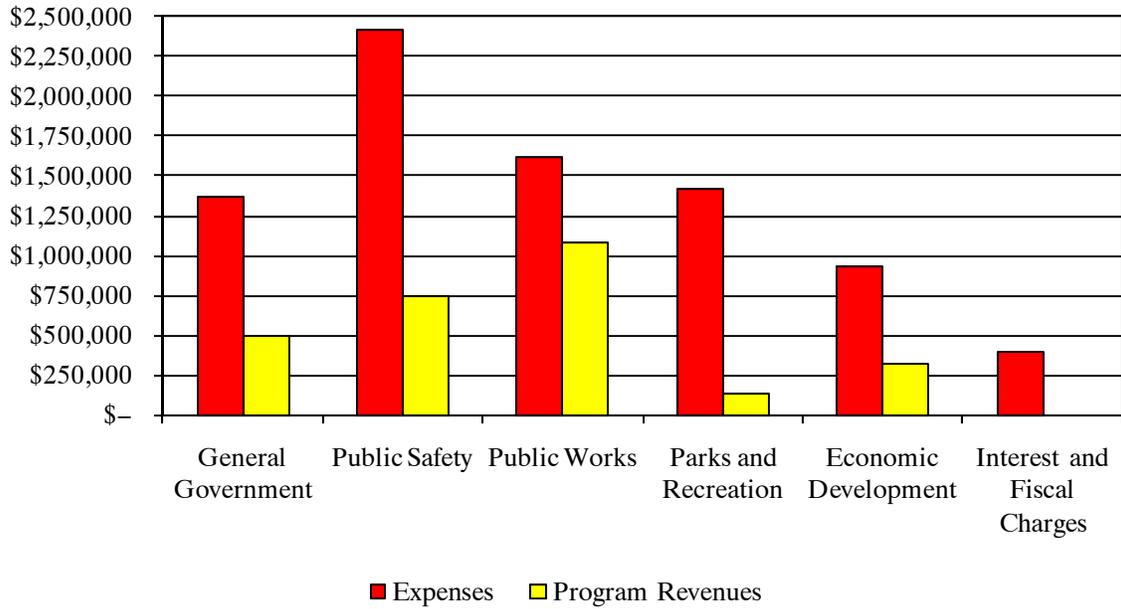
An additional portion of the City's net assets (10.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (15.1 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities – Governmental activities increased the City's net assets by \$2,337,184. Elements of this increase are seen in the table on the following page.

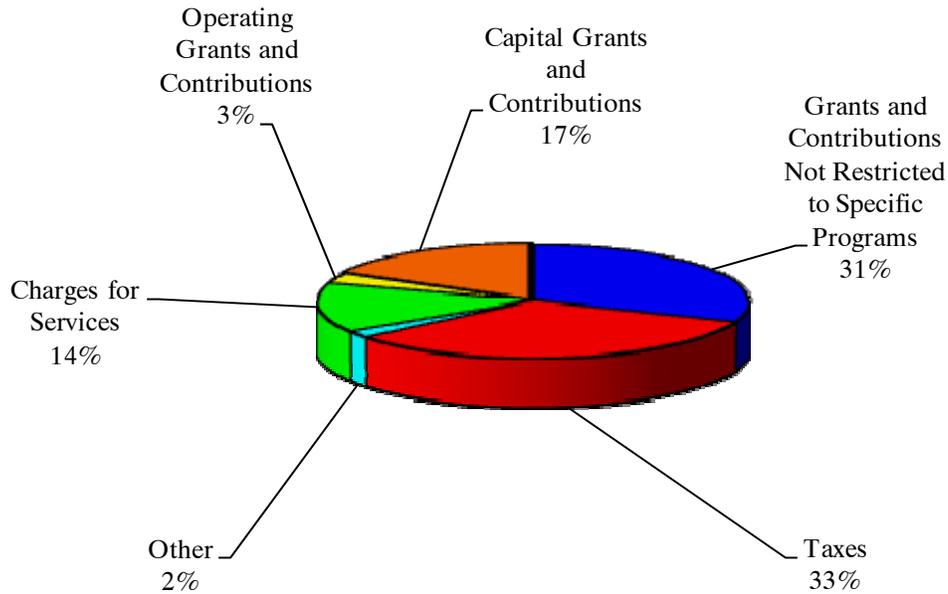
City of Saint Peter's Change in Net Assets

Change in Net Assets for the Years Ended December 31, 2010 and 2009						
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues						
Charges for services	\$ 1,139,715	\$ 962,521	\$ 18,212,978	\$ 17,041,052	\$ 19,352,693	\$ 18,003,573
Operating grants and contributions	247,833	439,494	203,888	3,224,828	451,721	3,664,322
Capital grants and contributions	1,392,143	820,819	-	-	1,392,143	820,819
General revenues						
Taxes	2,699,655	2,626,486	-	-	2,699,655	2,626,486
Grants and contributions not restricted to specific programs	2,625,153	2,733,461	-	-	2,625,153	2,733,461
Other	193,581	296,691	175,032	295,263	368,613	591,954
Total revenues	<u>8,298,080</u>	<u>7,879,472</u>	<u>18,591,898</u>	<u>20,561,143</u>	<u>26,889,978</u>	<u>28,440,615</u>
Expenses						
General government	1,365,379	1,344,132	-	-	1,365,379	1,344,132
Public safety	2,416,244	2,383,616	-	-	2,416,244	2,383,616
Public works	1,617,306	1,807,367	-	-	1,617,306	1,807,367
Parks and recreation	1,419,589	1,465,938	-	-	1,419,589	1,465,938
Economic development	932,456	755,667	-	-	932,456	755,667
Interest and fiscal charges	394,206	592,178	-	-	394,206	592,178
Electric	-	-	9,397,141	8,898,959	9,397,141	8,898,959
Water	-	-	1,697,463	1,461,986	1,697,463	1,461,986
Environmental services	-	-	643,048	664,237	643,048	664,237
Wastewater	-	-	2,836,726	2,707,906	2,836,726	2,707,906
Transit	-	-	286,001	292,809	286,001	292,809
Storm water	-	-	415,085	421,367	415,085	421,367
Telecommunications conduit	-	-	14,505	26,634	14,505	26,634
Long-term care facility	-	-	1,021,600	1,059,534	1,021,600	1,059,534
Medical office building	-	-	357,481	186,389	357,481	186,389
Total expenses	<u>8,145,180</u>	<u>8,348,898</u>	<u>16,669,050</u>	<u>15,719,821</u>	<u>24,814,230</u>	<u>24,068,719</u>
Change in net assets before transfers	152,900	(469,426)	1,922,848	4,841,322	2,075,748	4,371,896
Transfers						
Transfers – component units	-	-	-	1,453,808	-	1,453,808
Transfers	2,184,284	86,077	(2,184,284)	(86,077)	-	-
Total transfers	<u>2,184,284</u>	<u>86,077</u>	<u>(2,184,284)</u>	<u>1,367,731</u>	<u>-</u>	<u>1,453,808</u>
Change in net assets	2,337,184	(383,349)	(261,436)	6,209,053	2,075,748	5,825,704
Net assets – beginning	<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>
Net assets – ending	<u>\$ 32,695,570</u>	<u>\$ 30,358,386</u>	<u>\$ 51,367,082</u>	<u>\$ 51,628,518</u>	<u>\$ 84,062,652</u>	<u>\$ 81,986,904</u>

Expenses and Program Revenues – Governmental Activities



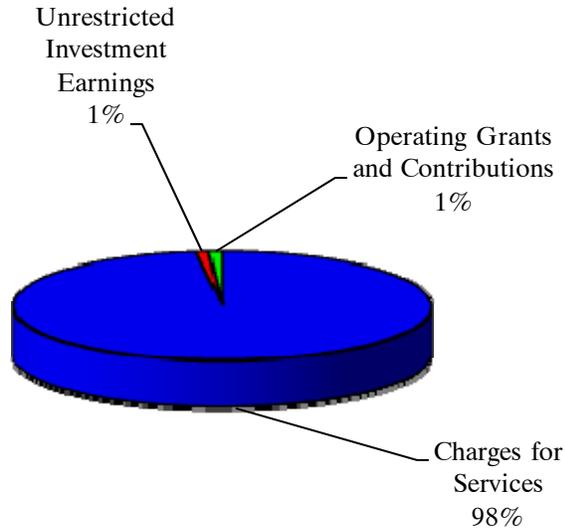
Revenues by Source – Governmental Activities



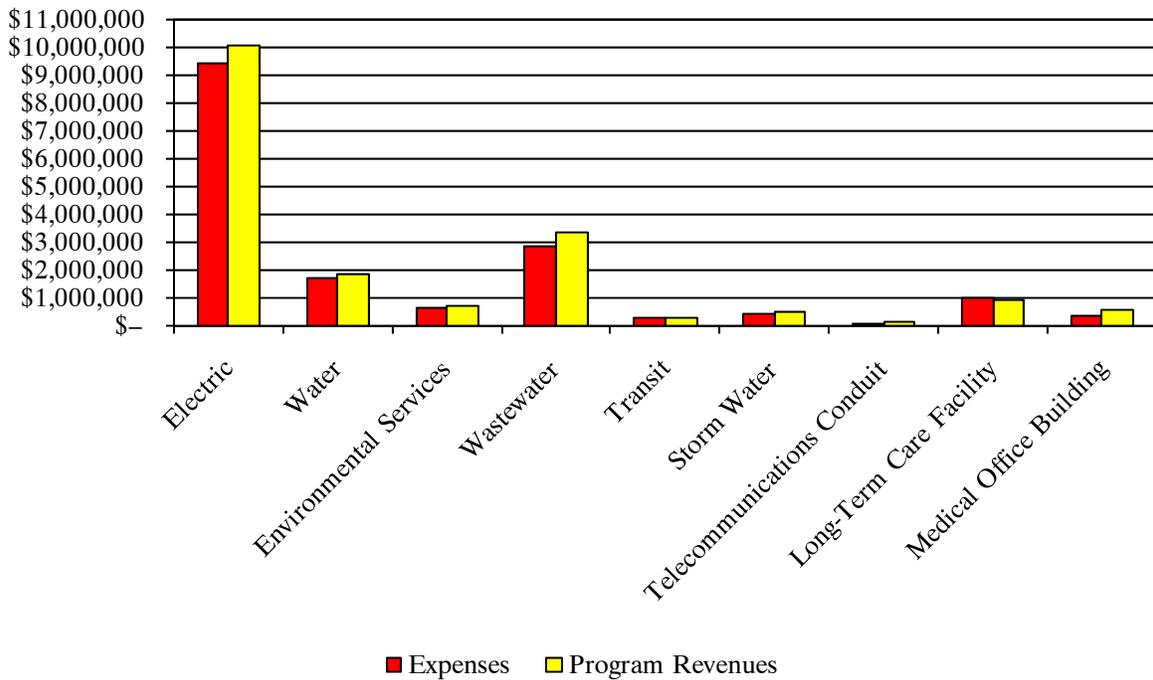
It is important to note these revenues exclude transfers received from other funds.

Business-Type Activities – Business-type activities decreased the City’s net assets by \$261,436. 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 \$7,350,931, a decrease of \$523,721 in comparison with the prior year. Of this total amount, \$5,343,006 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 \$2,918,878, an increase of \$593,181. 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 51.2 percent of total General Fund 2011 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
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
2010	5,394,036	2,325,697	43.1
Budgeted 2011	5,705,268	2,918,878	51.2

The fund balance of the General Fund increased by \$593,181 to a balance of \$2,918,878. This balance represents approximately 133 working days (27 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 \$1,982,198 at January 1, 2002 to \$2,918,878 as of December 31, 2010, an increase of \$936,680 in nine years. In the 2011 budget, the fund balance is projected to stay at 51.2 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 \$593,181.

General Fund revenues exceeded budget in a few different areas. Licenses and permits were higher than budgeted due to an increase in commercial permits for commercial projects. 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 refunds and reimbursements.

Total General Fund expenditures were under budget in 2010 by \$316,636. Expenditures were under budgeted amounts in almost every department. Expenditures for salaries and benefits make up the majority of these amounts with expenditures being about \$150,000 less than budget.

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, 2010 amounts to \$131,297,850 (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 \$11,824,334 (a 1.3 percent increase for governmental activities and 12.8 percent increase for business-type activities).

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

- Water well construction project
- Water system improvements and treatment facility construction
- New electrical substation

City of Saint Peter’s Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,632,289	\$ 1,642,187	\$ 976,861	\$ 976,861	\$ 2,609,150	\$ 2,619,048
Land improvements	616,114	616,114	–	–	616,114	616,114
Buildings and improvements	22,149,826	21,908,110	33,097,130	33,119,752	55,246,956	55,027,862
Utility plant and infrastructure	10,349,948	9,318,458	66,018,315	62,729,002	76,368,263	72,047,460
Machinery and equipment	5,358,877	5,254,642	6,628,480	6,619,097	11,987,357	11,873,739
Construction in progress	439,062	398,685	19,143,376	8,553,638	19,582,438	8,952,323
Less accumulated depreciation	(9,818,240)	(8,819,249)	(25,294,188)	(22,843,781)	(35,112,428)	(31,663,030)
Total	\$ 30,727,876	\$ 30,318,947	\$ 100,569,974	\$ 89,154,569	\$ 131,297,850	\$ 119,473,516

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 \$69,369,271.

City of Saint Peter’s Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 8,136,305	\$ 10,873,685	\$ –	\$ –	\$ 8,136,305	\$ 10,873,685
General obligation equipment certificates	967,000	1,082,400	–	–	967,000	1,082,400
General obligation notes payable	–	–	29,675,100	18,080,367	29,675,100	18,080,367
Notes payable	106,172	122,471	–	–	106,172	122,471
Utility revenue bonds	–	–	16,092,390	16,093,000	16,092,390	16,093,000
Long-term care facility revenue bonds and notes	–	–	13,734,569	13,894,449	13,734,569	13,894,449
Compensated absences	334,898	346,911	322,837	317,177	657,735	664,088
Total	\$ 9,544,375	\$ 12,425,467	\$ 59,824,896	\$ 48,384,993	\$ 69,369,271	\$ 60,810,460

The City’s total long-term liabilities increased by \$8,558,811 during the current fiscal year. Bonding for the new water treatment facilities contributed to this increase.

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, 2011, the total taxable market value was \$494,304,400, producing an allowable debt of \$14,829,132. The City’s net debt for general obligation bonds as of December 31, 2010 is \$781,853, which is 5.3 percent of the total allowable debt. The net debt per capita for general obligation bonds equaled \$72 in 2010.

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, Municipal Building, Saint Peter, Minnesota 56082.

BASIC FINANCIAL STATEMENTS

CITY OF SAINT PETER

Statement of Net Assets
as of December 31, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	River's Edge Hospital and Clinic	Housing and Redevelopment Authority
Assets					
Cash and investments	\$ 6,353,199	\$ 8,861,081	\$ 15,214,280	\$ 4,274,139	\$ 654,116
Receivables (net of allowance for uncollectibles)					
Accounts	84,097	1,685,164	1,769,261	2,581,924	–
Interest	2,604	15,128	17,732	–	–
Special assessments	1,117,338	451,975	1,569,313	–	–
Notes	3,083,864	81,154	3,165,018	–	–
Due from other governmental units	462,023	277,930	739,953	–	–
Deferred charges	–	397,538	397,538	294,675	–
Inventory	5,499	844,692	850,191	307,748	–
Prepaid items	208	424	632	132,915	4,746
Assets held for resale	1,144,567	–	1,144,567	–	–
Other assets	–	–	–	47,019	–
Restricted assets – temporarily restricted					
Cash and investments for debt service	–	1,168,228	1,168,228	–	–
Cash and investments for employee insurance benefits	271,045	–	271,045	–	–
Cash and investments for River's Edge Hospital and Clinic	–	–	–	6,806,556	–
Capital assets					
Land	1,632,289	976,861	2,609,150	28,886	67,938
Land improvements	616,114	–	616,114	1,156,850	–
Buildings and improvements	22,149,826	33,097,130	55,246,956	7,128,336	2,289,813
Utility plant and infrastructure	10,349,948	66,018,315	76,368,263	–	–
Machinery and equipment	5,358,877	6,628,480	11,987,357	11,869,575	432,982
Construction in progress	439,062	19,143,376	19,582,438	49,096	–
Less accumulated depreciation	(9,818,240)	(25,294,188)	(35,112,428)	(9,092,303)	(1,943,380)
Total capital assets, net of depreciation	30,727,876	100,569,974	131,297,850	11,140,440	847,353
Total assets	\$ 43,252,320	\$ 114,353,288	\$ 157,605,608	\$ 25,585,416	\$ 1,506,215
Liabilities					
Accounts and contracts payable	\$ 153,796	\$ 2,377,156	\$ 2,530,952	\$ 381,110	\$ 79,535
Accrued salaries and employee benefits payable	275,838	9,959	285,797	916,947	10,590
Accrued interest payable	115,466	430,396	545,862	161,892	–
Customer deposits	–	111,900	111,900	–	14,189
Due to other governmental units	–	38,319	38,319	–	31,330
Unearned revenue	467,275	193,580	660,855	–	283
Long-term liabilities					
Due within one year	1,436,524	2,393,498	3,830,022	465,000	1,172
Due in more than one year	8,107,851	57,431,398	65,539,249	13,655,382	11,722
Total long-term liabilities	9,544,375	59,824,896	69,369,271	14,120,382	12,894
Total liabilities	10,556,750	62,986,206	73,542,956	15,580,331	148,821
Net assets					
Invested in capital assets, net of related debt	21,518,399	41,465,453	62,983,852	(2,685,267)	834,459
Restricted for					
Debt service	809,471	1,168,228	1,977,699	–	–
Revolving loans	4,482,061	–	4,482,061	–	–
Capital replacement	1,873,561	402,767	2,276,328	–	–
Unrestricted	4,012,078	8,330,634	12,342,712	12,690,352	522,935
Total net assets	32,695,570	51,367,082	84,062,652	10,005,085	1,357,394
Total liabilities and net assets	\$ 43,252,320	\$ 114,353,288	\$ 157,605,608	\$ 25,585,416	\$ 1,506,215

See notes to basic financial statements

CITY OF SAINT PETER
Statement of Activities
Year Ended December 31, 2010

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	\$ 1,365,379	\$ 392,131	\$ 101,564	\$ -	\$ (871,684)	\$ -	\$ (871,684)	\$ -	\$ -
Public safety	2,416,244	611,313	133,652	-	(1,671,279)	-	(1,671,279)	-	-
Public works	1,617,306	1,436	-	1,085,852	(530,018)	-	(530,018)	-	-
Recreation and parks	1,419,589	134,835	-	-	(1,284,754)	-	(1,284,754)	-	-
Economic development	932,456	-	12,617	306,291	(613,548)	-	(613,548)	-	-
Interest and fiscal charges	394,206	-	-	-	(394,206)	-	(394,206)	-	-
Total governmental activities	\$ 8,145,180	\$ 1,139,715	\$ 247,833	\$ 1,392,143	(5,365,489)	-	(5,365,489)	-	-
Business-type activities									
Electric	\$ 9,397,141	\$ 10,068,637	\$ 1,408	\$ -	-	672,904	672,904	-	-
Water	1,697,463	1,825,045	756	-	-	128,338	128,338	-	-
Environmental services	643,048	727,110	326	-	-	84,388	84,388	-	-
Wastewater	2,836,726	3,369,009	1,048	-	-	533,331	533,331	-	-
Transit	286,001	78,703	200,307	-	-	(6,991)	(6,991)	-	-
Storm water	415,085	480,057	43	-	-	65,015	65,015	-	-
Telecommunications conduit	14,505	146,881	-	-	-	132,376	132,376	-	-
Long-term care facility	1,021,600	950,514	-	-	-	(71,086)	(71,086)	-	-
Medical office building	357,481	567,022	-	-	-	209,541	209,541	-	-
Total business-type activities	16,669,050	18,212,978	203,888	-	-	1,747,816	1,747,816	-	-
Total primary government	\$ 24,814,230	\$ 19,352,693	\$ 451,721	\$ 1,392,143	(5,365,489)	1,747,816	(3,617,673)	-	-
Component units									
River's Edge Hospital and Clinic	\$ 17,571,917	\$ 15,949,621	\$ 9,641	\$ -	-	-	-	(1,612,655)	-
Housing and Redevelopment Authority	321,199	234,452	-	86,029	-	-	-	-	(718)
Total component units	\$ 17,893,116	\$ 16,184,073	\$ 9,641	\$ 86,029	-	-	-	(1,612,655)	(718)
General revenues									
Taxes									
Grants and contributions not restricted to specific programs									
Other general revenues									
Investment earnings									
Transfers - component unit									
Transfers									
Total general revenues and transfers									
Change in net assets									
Net assets - beginning									
Net assets - ending									

See notes to basic financial statements

CITY OF SAINT PETER

Balance Sheet
 Governmental Funds
 as of December 31, 2010
 (With Partial Comparative Information as of December 31, 2009)

	General	Nonmajor	Total Governmental Funds	
			2010	2009
Assets				
Cash and investments				
Unrestricted	\$ 2,513,210	\$ 3,839,989	\$ 6,353,199	\$ 6,051,032
Restricted for debt service	–	–	–	2,055,042
Restricted for employee insurance benefits	271,045	–	271,045	–
Receivables				
Accounts	54,668	29,429	84,097	59,898
Interest	2,604	–	2,604	–
Delinquent taxes	65,634	10,643	76,277	59,387
Delinquent special assessments	37	186,090	186,127	97,478
Deferred special assessments	17,587	913,624	931,211	1,029,110
Notes	231,540	2,852,324	3,083,864	3,535,754
Due from other funds	356,851	72,029	428,880	511,496
Due from other governmental units	65,486	320,260	385,746	414,086
Inventory	5,499	–	5,499	5,396
Prepaid items	208	–	208	534
Assets held for resale	–	1,144,567	1,144,567	1,144,567
Total assets	\$ 3,584,369	\$ 9,368,955	\$ 12,953,324	\$ 14,963,780
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 76,850	\$ 76,946	\$ 153,796	\$ 1,378,462
Salaries and withholdings payable	275,817	21	275,838	9,664
Due to other funds	–	428,880	428,880	511,496
Deferred revenue	312,824	3,963,780	4,276,604	4,722,231
Unearned revenue	–	467,275	467,275	467,275
Total liabilities	665,491	4,936,902	5,602,393	7,089,128
Fund balances				
Reserved for revolving loans				
Reported in special revenue funds	–	1,398,197	1,398,197	1,389,076
Reserved for debt service				
Reported in debt service funds	–	567,509	567,509	2,642,036
Reserved for technology purchases				
Reported in special revenue funds	–	42,219	42,219	42,219
Unreserved – undesignated, reported in				
General Fund	2,918,878	–	2,918,878	2,325,697
Special revenue funds	–	1,169,228	1,169,228	(291,689)
Debt service funds	–	(285,409)	(285,409)	(163,384)
Capital project funds	–	1,540,309	1,540,309	1,930,697
Total fund balances	2,918,878	4,432,053	7,350,931	7,874,652
Total liabilities and fund balances	\$ 3,584,369	\$ 9,368,955	\$ 12,953,324	\$ 14,963,780

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, 2010

Total fund balances – governmental funds	\$ 7,350,931
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	40,546,116
Less accumulated depreciation	(9,818,240)
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	(9,209,477)
Compensated absences	(334,898)
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.	(115,466)
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>4,276,604</u>
Total net assets – governmental activities	<u><u>\$ 32,695,570</u></u>

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2010
 (With Partial Comparative Information for the Year Ended December 31, 2009)

	General	Nonmajor Funds	Total Governmental Funds	
			2010	2009
Revenue				
Taxes				
Property taxes and tax increments	\$ 1,065,312	\$ 1,528,178	\$ 2,593,490	\$ 2,532,658
Other taxes	74,590	44,957	119,547	127,389
Licenses and permits	308,040	–	308,040	161,525
Intergovernmental	2,739,305	386,346	3,125,651	3,356,128
Special assessments	–	136,873	136,873	108,695
Charges for services	395,299	–	395,299	370,389
Fines and forfeitures	80,067	–	80,067	81,235
Investment earnings	36,881	27,110	63,991	116,657
Other	113,572	986,087	1,099,659	1,389,122
Total revenue	<u>4,813,066</u>	<u>3,109,551</u>	<u>7,922,617</u>	<u>8,243,798</u>
Expenditures				
Current				
General government	698,706	471,520	1,170,226	1,135,033
Public safety	2,298,125	–	2,298,125	2,255,294
Public works	1,108,975	–	1,108,975	1,105,417
Parks and recreation	1,076,478	–	1,076,478	1,122,809
Economic development	97,342	164,000	261,342	700,909
Other	60,159	545,024	605,183	684,543
Capital outlay	7,062	909,588	916,650	2,551,829
Debt service				
Principal	–	918,831	918,831	1,134,615
Interest and fiscal charges	–	402,575	402,575	584,187
Total expenditures	<u>5,346,847</u>	<u>3,411,538</u>	<u>8,758,385</u>	<u>11,274,636</u>
Excess (deficiency) of revenue over expenditures	(533,781)	(301,987)	(835,768)	(3,030,838)
Other financing sources (uses)				
Debt issued	–	249,752	249,752	6,605,500
Discount on debt issued	–	(8,142)	(8,142)	(26,400)
Refunded bond escrow payments	–	(2,200,000)	(2,200,000)	(4,005,000)
Proceeds from sale of assets	–	2,000	2,000	20,158
Transfers in	1,174,151	1,746,072	2,920,223	1,968,001
Transfers (out)	(47,189)	(604,597)	(651,786)	(653,128)
Total other financing sources (uses)	<u>1,126,962</u>	<u>(814,915)</u>	<u>312,047</u>	<u>3,909,131</u>
Net change in fund balances	593,181	(1,116,902)	(523,721)	878,293
Fund balances				
Beginning of year	<u>2,325,697</u>	<u>5,548,955</u>	<u>7,874,652</u>	<u>6,996,359</u>
End of year	<u>\$ 2,918,878</u>	<u>\$ 4,432,053</u>	<u>\$ 7,350,931</u>	<u>\$ 7,874,652</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, 2010

Total net change in fund balances -- governmental funds \$ (523,721)

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	1,635,015
Depreciation expense	(1,118,743)

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.

(23,190)

Transfers of capital assets to business-type activities.

(84,153)

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.

(249,752)

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.

3,118,831

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.

12,013

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.

16,511

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.

(445,627)

Change in net assets -- governmental activities

\$ 2,337,184

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, 2010

	Original and Final Budget	Actual	Over (Under) Final Budget
Revenue			
Property taxes	\$ 1,185,124	\$ 1,065,312	\$ (119,812)
Other taxes	67,700	74,590	6,890
Licenses and permits	106,414	308,040	201,626
Intergovernmental	2,741,686	2,739,305	(2,381)
Charges for services	316,875	395,299	78,424
Fines and forfeitures	108,000	80,067	(27,933)
Investment earnings	42,000	36,881	(5,119)
Other	21,917	113,572	91,655
Total revenue	<u>4,589,716</u>	<u>4,813,066</u>	<u>223,350</u>
Expenditures			
Current			
General government	740,472	698,706	(41,766)
Public safety	2,370,425	2,298,125	(72,300)
Public works	1,149,819	1,108,975	(40,844)
Parks and recreation	1,206,952	1,076,478	(130,474)
Economic development	126,615	97,342	(29,273)
Other	63,700	60,159	(3,541)
Capital outlay	5,500	7,062	1,562
Total expenditures	<u>5,663,483</u>	<u>5,346,847</u>	<u>(316,636)</u>
Excess (deficiency) of revenues over expenditures	(1,073,767)	(533,781)	539,986
Other financing sources (uses)			
Transfers in	1,160,000	1,174,151	14,151
Transfers (out)	-	(47,189)	(47,189)
Total other financing sources (uses)	<u>1,160,000</u>	<u>1,126,962</u>	<u>(33,038)</u>
Net change in fund balances	<u>\$ 86,233</u>	593,181	<u>\$ 506,948</u>
Fund balances			
Beginning of year		<u>2,325,697</u>	
End of year		<u>\$ 2,918,878</u>	

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Net Assets
Enterprise Funds
as of December 31, 2010

(With Partial Comparative Information as of December 31, 2009)

	Electric	Water	Environmental Services	Wastewater	Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
										2010	2009
Assets											
Current assets											
Cash and investments – unrestricted	\$ 5,101,597	\$ 2,152,934	\$ 191,970	\$ 526,342	\$ –	\$ 571,383	\$ –	\$ 19,903	\$ 296,952	\$ 8,861,081	\$ 3,787,730
Receivables											
Accounts (net of allowance)	906,104	154,871	73,967	405,044	11,780	46,976	36,002	–	50,420	1,685,164	1,598,301
Interest	15,128	–	–	–	–	–	–	–	–	15,128	25,979
Special assessments	–	104,506	10,359	320,196	–	16,914	–	–	–	451,975	508,490
Notes	81,154	–	–	–	–	–	–	–	–	81,154	93,990
Due from other funds	60,144	–	–	–	–	–	–	–	–	60,144	167,628
Due from other governmental units	–	257,432	807	491	19,200	–	–	–	–	277,930	1,692,266
Inventory	747,904	76,390	–	12,792	–	–	7,606	–	–	844,692	849,594
Prepaid items	–	–	24	–	–	400	–	–	–	424	483
Total current assets	6,912,031	2,746,133	277,127	1,264,865	30,980	635,673	43,608	19,903	347,372	12,277,692	8,724,461
Noncurrent assets											
Cash and investments – restricted	1,061,428	–	–	–	–	–	–	106,800	–	1,168,228	5,255,666
Capital assets											
Land	34,420	88,835	–	853,606	–	–	–	–	–	976,861	976,861
Building and improvements	3,169,935	290,655	–	23,899,008	–	–	–	–	5,737,532	33,097,130	33,119,752
Utility plant and infrastructure	22,299,275	15,432,668	–	10,908,900	–	6,113,195	427,932	10,836,345	–	66,018,315	62,729,002
Machinery and equipment	4,063,214	1,093,319	155,526	990,300	249,439	76,682	–	–	–	6,628,480	6,619,097
Construction in progress	1,683,345	17,441,305	–	–	–	18,726	–	–	–	19,143,376	8,553,638
Less accumulated depreciation	(10,182,185)	(5,419,517)	(136,566)	(7,016,380)	(174,390)	(1,233,684)	(145,318)	(867,569)	(118,579)	(25,294,188)	(22,843,781)
Total capital assets (net of accumulated depreciation)	21,068,004	28,927,265	18,960	29,635,434	75,049	4,974,919	282,614	9,968,776	5,618,953	100,569,974	89,154,569
Unamortized bond discount	97,605	21,602	–	2,292	–	1,232	–	255,621	19,186	397,538	379,241
Total noncurrent assets	22,227,037	28,948,867	18,960	29,637,726	75,049	4,976,151	282,614	10,331,197	5,638,139	102,135,740	94,789,476
Total assets	\$ 29,139,068	\$ 31,695,000	\$ 296,087	\$ 30,902,591	\$ 106,029	\$ 5,611,824	\$ 326,222	\$ 10,351,100	\$ 5,985,511	\$ 114,413,432	\$ 103,513,937
Liabilities and Net Assets											
Current liabilities											
Accounts and contracts payable	\$ 1,460,029	\$ 776,630	\$ 33,848	\$ 37,619	\$ 4,965	\$ 23,122	\$ –	\$ –	\$ 40,943	\$ 2,377,156	\$ 2,697,339
Salaries and withholdings payable	326	9,471	54	54	–	54	–	–	–	9,959	9,718
Accrued interest payable	70,698	183,740	–	116,127	–	6,944	–	3,800	49,087	430,396	288,840
Customer deposits	111,900	–	–	–	–	–	–	–	–	111,900	109,400
Due to other governmental units	33,506	1,238	3,575	–	–	–	–	–	–	38,319	62,050
Unearned revenue	144,173	9,832	–	–	–	39,575	–	–	–	193,580	165,451
Due to other funds	–	–	–	–	24,623	–	35,521	–	–	60,144	167,628
Long-term liabilities due within one year	556,458	304,805	15,312	1,162,162	9,705	64,380	–	215,676	65,000	2,393,498	6,490,936
Total current liabilities	2,377,090	1,285,716	52,789	1,315,962	39,293	134,075	35,521	219,476	155,030	5,614,952	9,991,362
Long-term liabilities, less current portion above	10,839,600	18,822,117	13,600	13,927,007	258	374,923	–	10,843,893	2,610,000	57,431,398	41,894,057
Net assets (deficit)											
Invested in capital assets, net of related debt	9,890,609	9,896,346	18,960	14,622,957	75,049	4,550,951	282,614	(835,172)	2,963,139	41,465,453	45,573,842
Restricted for debt service	1,061,428	–	–	–	–	–	–	106,800	–	1,168,228	830,641
Restricted for capital replacement	–	–	–	402,767	–	–	–	–	–	402,767	347,573
Unrestricted	4,970,341	1,690,821	210,738	633,898	(8,571)	551,875	8,087	16,103	257,342	8,330,634	4,876,462
Total net assets (deficit)	15,922,378	11,587,167	229,698	15,659,622	66,478	5,102,826	290,701	(712,269)	3,220,481	51,367,082	51,628,518
Total liabilities and net assets	\$ 29,139,068	\$ 31,695,000	\$ 296,087	\$ 30,902,591	\$ 106,029	\$ 5,611,824	\$ 326,222	\$ 10,351,100	\$ 5,985,511	\$ 114,413,432	\$ 103,513,937

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, 2010
 (With Partial Comparative Information for the Year Ended December 31, 2009)

	Electric	Water	Environmental Services	Wastewater	Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
										2010	2009
Operating revenue											
Charges for services	\$ 9,446,989	\$ 1,745,096	\$ 719,727	\$ 3,145,277	\$ 78,211	\$ 469,099	\$ 146,881	\$ -	\$ -	\$ 15,751,280	\$ 14,979,106
Electric generation	432,000	-	-	-	-	-	-	-	-	432,000	432,000
Other	189,648	79,949	7,383	223,732	492	10,958	-	950,514	567,022	2,029,698	1,629,946
Total operating revenue	10,068,637	1,825,045	727,110	3,369,009	78,703	480,057	146,881	950,514	567,022	18,212,978	17,041,052
Operating expenses											
Personal services	728,205	482,785	190,217	580,759	221,802	185,205	-	-	-	2,388,973	2,397,929
Repairs and maintenance	175,042	84,935	5,479	147,540	6,397	9,584	176	-	-	429,153	402,666
Supplies and materials	104,858	54,511	25,365	224,793	20,812	4,901	-	-	-	435,240	441,968
Utilities and bulk energy	7,017,896	182,582	3,682	546,023	-	7,235	-	-	-	7,757,418	7,045,777
Depreciation	801,333	479,513	6,100	825,791	27,327	181,854	14,264	221,528	118,579	2,676,289	2,480,312
Professional services	76,018	36,627	398,722	78,818	671	10,852	65	-	68,191	669,964	695,085
General and administrative	72,610	34,418	13,056	42,876	8,992	5,216	-	3,675	-	180,843	210,954
Bad debt expense	9,969	244	427	573	-	68	-	-	-	11,281	18,081
Total operating expenses	8,985,931	1,355,615	643,048	2,447,173	286,001	404,915	14,505	225,203	186,770	14,549,161	13,692,772
Operating income (loss)	1,082,706	469,430	84,062	921,836	(207,298)	75,142	132,376	725,311	380,252	3,663,817	3,348,280
Other revenue (expense)											
State and federal grants	1,408	756	326	1,048	200,307	43	-	-	-	203,888	3,224,828
(Loss) on disposal of capital assets	-	-	-	-	-	-	-	-	(22,623)	(22,623)	-
Investment earnings	149,915	14,437	1,585	1,351	-	5,676	195	1	1,872	175,032	295,263
Interest expense	(411,210)	(341,848)	-	(389,553)	-	(10,170)	-	(796,397)	(148,088)	(2,097,266)	(2,027,049)
Total other revenue (expense)	(259,887)	(326,655)	1,911	(387,154)	200,307	(4,451)	195	(796,396)	(168,839)	(1,740,969)	1,493,042
Income (loss) before transfers and contributions	822,819	142,775	85,973	534,682	(6,991)	70,691	132,571	(71,085)	211,413	1,922,848	4,841,322
Transfers and contributions											
Capital contribution from governmental funds	-	30,755	-	17,500	-	35,898	-	-	-	84,153	1,228,796
Capital contribution from component unit	-	-	-	-	-	-	-	-	-	-	1,453,808
Transfers in	-	-	-	-	-	-	-	-	-	-	34,020
Transfers (out)	(894,445)	(988,856)	(2,933)	(233,583)	(88)	(1,651)	(146,881)	-	-	(2,268,437)	(1,348,893)
Total transfers and contributions	(894,445)	(958,101)	(2,933)	(216,083)	(88)	34,247	(146,881)	-	-	(2,184,284)	1,367,731
Change in net assets	(71,626)	(815,326)	83,040	318,599	(7,079)	104,938	(14,310)	(71,085)	211,413	(261,436)	6,209,053
Net assets (deficit)											
Beginning 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
End of year	\$ 15,922,378	\$ 11,587,167	\$ 229,698	\$ 15,659,622	\$ 66,478	\$ 5,102,826	\$ 290,701	\$ (712,269)	\$ 3,220,481	\$ 51,367,082	\$ 51,628,518

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Cash Flows
Enterprise Funds

Year Ended December 31, 2010

(With Partial Comparative Information for the Year Ended December 31, 2009)

	Electric	Water	Environmental Services	Wastewater	Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
										2010	2009
Cash flows from operating activities											
Cash received from customers	\$ 9,778,230	\$ 3,156,210	\$ 719,070	\$ 3,040,370	\$ 77,484	\$ 465,189	\$ 147,654	\$ 1,045	\$ -	\$ 17,385,252	\$ 15,383,324
Cash payments to suppliers for goods and services	(6,581,261)	(1,235,424)	(451,600)	(1,248,496)	(38,219)	(17,130)	287	(4,177)	(248,431)	(9,824,451)	(9,346,840)
Cash payments to employees for services	(720,982)	(479,482)	(189,718)	(581,881)	(222,642)	(188,365)	-	-	-	(2,383,070)	(2,365,706)
Cash received from other sources	189,648	79,949	7,383	225,330	492	10,958	-	950,514	779,667	2,243,941	1,630,575
Net cash provided (used) by operating activities	2,665,635	1,521,253	85,135	1,435,323	(182,885)	270,652	147,941	947,382	531,236	7,421,672	5,301,353
Cash flows from noncapital financing activities											
Cash received (paid) to other funds	107,484	-	-	-	(17,334)	-	(1,254)	-	(88,896)	-	-
Cash received on notes receivable	12,836	-	-	-	-	-	-	-	-	12,836	11,491
Transfers in (out)	(894,445)	(988,856)	(2,933)	(233,583)	(88)	(1,651)	(146,881)	-	-	(2,268,437)	(1,314,873)
Net cash provided (used) by noncapital financing activities	(774,125)	(988,856)	(2,933)	(233,583)	(17,422)	(1,651)	(148,135)	-	(88,896)	(2,255,601)	(1,303,382)
Cash flows from capital and related financing activities											
Proceeds from issuance of debt	4,435,000	12,590,134	-	468,930	-	282,750	-	-	-	17,776,814	4,697,367
Capital contributed from governmental funds	-	-	-	-	-	-	-	-	-	-	51,464
Grants received	1,408	756	326	1,048	200,307	43	-	-	-	203,888	1,562,703
Purchases of property, plant, and equipment	(2,310,102)	(11,749,878)	-	(139,782)	-	(330,402)	-	-	-	(14,530,164)	(8,043,849)
Proceeds from the sale of capital assets	500,000	-	-	-	-	-	-	-	-	500,000	-
Principal payments of long-term debt	(4,890,000)	(157,871)	-	(1,101,520)	-	(33,300)	-	(159,880)	-	(6,342,571)	(1,952,159)
Interest paid on debt	(443,495)	(208,592)	-	(390,125)	-	(5,179)	-	(779,356)	(147,260)	(1,974,007)	(1,966,305)
Net cash provided (used) by capital and related financing activities	(2,707,189)	474,549	326	(1,161,449)	200,307	(86,088)	-	(939,236)	(147,260)	(4,366,040)	(5,650,779)
Cash flows from investing activities											
Interest received on investments	160,766	14,437	1,585	1,351	-	5,676	194	1	1,872	185,882	269,284
Increase (decrease) in cash and cash equivalents	(654,913)	1,021,383	84,113	41,642	-	188,589	-	8,147	296,952	985,913	(1,383,524)
Cash and cash equivalents											
Beginning of year	6,817,938	1,131,551	107,857	484,700	-	382,794	-	118,556	-	9,043,396	10,426,920
End of year	\$ 6,163,025	\$ 2,152,934	\$ 191,970	\$ 526,342	\$ -	\$ 571,383	\$ -	\$ 126,703	\$ 296,952	\$ 10,029,309	\$ 9,043,396
Cash and cash equivalents comprised of											
Cash and investments											
Unrestricted	\$ 5,101,597	\$ 2,152,934	\$ 191,970	\$ 526,342	\$ -	\$ 571,383	\$ -	\$ 19,903	\$ 296,952	\$ 8,861,081	\$ 3,787,730
Restricted	1,061,428	-	-	-	-	-	-	106,800	-	1,168,228	5,255,666
Total	\$ 6,163,025	\$ 2,152,934	\$ 191,970	\$ 526,342	\$ -	\$ 571,383	\$ -	\$ 126,703	\$ 296,952	\$ 10,029,309	\$ 9,043,396

See notes to basic financial statements

(continued)

CITY OF SAINT PETER

Statement of Cash Flows (continued)

Enterprise Funds

Year Ended December 31, 2010

(With Partial Comparative Information for the Year Ended December 31, 2009)

	Electric	Water	Environmental Services	Wastewater	Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
										2010	2009
Reconciliation of operating income (loss) to net cash provided (used) by operating activities											
Operating income (loss)	\$ 1,082,706	\$ 469,430	\$ 84,062	\$ 921,836	\$ (207,298)	\$ 75,142	\$ 132,376	\$ 725,311	\$ 380,252	\$ 3,663,817	\$ 3,348,280
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities											
Depreciation	801,333	479,513	6,100	825,791	27,327	181,854	14,264	221,528	118,579	2,676,289	2,480,312
Loss (gain) on sale of capital assets	-	-	-	-	-	-	-	-	-	-	629
Bad debt expense	9,969	244	427	573	-	68	-	-	-	11,281	18,081
Change in assets and liabilities											
Receivables	(141,357)	(3,655)	(463)	(105,115)	(1,524)	(3,978)	773	1,045	212,645	(41,629)	(478,421)
Due from other governmental units	-	1,414,525	(621)	(365)	797	-	-	-	-	1,414,336	319,820
Inventory	(4,123)	9,289	-	(792)	-	-	528	-	-	4,902	(63,197)
Prepaid items	-	483	(24)	-	-	(400)	-	-	-	59	(197)
Accounts and contracts payable	897,996	(850,501)	(1,233)	(205,483)	(1,347)	21,126	-	(502)	(180,240)	(320,184)	(472,274)
Salaries and withholdings payable	56	158	9	9	-	9	-	-	-	241	24,343
Customer deposits	2,500	-	-	-	-	-	-	-	-	2,500	900
Due to other governmental units	(18,741)	(1,378)	(3,612)	-	-	-	-	-	-	(23,731)	3,358
Compensated absences payable	7,167	3,145	490	(1,131)	(840)	(3,169)	-	-	-	5,662	7,882
Unearned revenue	28,129	-	-	-	-	-	-	-	-	28,129	111,837
Net cash provided (used) by operating activities	<u>\$ 2,665,635</u>	<u>\$ 1,521,253</u>	<u>\$ 85,135</u>	<u>\$ 1,435,323</u>	<u>\$ (182,885)</u>	<u>\$ 270,652</u>	<u>\$ 147,941</u>	<u>\$ 947,382</u>	<u>\$ 531,236</u>	<u>\$ 7,421,672</u>	<u>\$ 5,301,353</u>
Supplemental disclosure of non-cash transactions											
Capital asset purchases with accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,466,106</u>
Capital contributed from component unit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,453,808</u>
Capital contributions from governmental funds for capital assets	<u>\$ -</u>	<u>\$ 30,755</u>	<u>\$ -</u>	<u>\$ 17,500</u>	<u>\$ -</u>	<u>\$ 35,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,153</u>	<u>\$ 1,177,332</u>

See notes to basic financial statements

CITY OF SAINT PETER

Fiduciary Funds
 Statement of Fiduciary Net Assets
 as of December 31, 2010

	<u>Private-Purpose Trusts</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 113,634	\$ 208,055
Accounts receivable	<u>4,662</u>	<u>—</u>
Total assets	118,296	<u>\$ 208,055</u>
Liabilities		
Liabilities		
Accounts payable	<u>2,655</u>	<u>\$ 208,055</u>
Net Assets		
Held in trust for private purposes	<u>\$ 115,641</u>	

See notes to basic financial statements

CITY OF SAINT PETER

Fiduciary Funds
 Statement of Changes in Fiduciary Net Assets
 Year Ended December 31, 2010

	<u>Private-Purpose Trusts</u>
Additions	
Donations	\$ 123,839
Investment earnings	187
Other	<u>36,291</u>
Total additions	160,317
Deductions	
Trust-related expenses	<u>139,351</u>
Changes in net assets	20,966
Net assets	
Beginning of year	<u>94,675</u>
End of year	<u><u>\$ 115,641</u></u>

See notes to basic financial statements

CITY OF SAINT PETER

Notes to Basic Financial Statements
December 31, 2010

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 support 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, 2010 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

<u>Component Unit</u>	<u>Combined Information</u>
River’s Edge Hospital and Clinic	Operating (enterprise) and Donor-Restricted Funds (fiduciary)
Housing and Redevelopment Authority	Operating Fund (enterprise) as of March 31, 2010

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.

Certain employee insurance benefit payments are being set aside for payment of future costs.

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

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 and Deferred Charges

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)

At the River’s Edge Hospital and Clinic, deferred refunding costs are amortized to interest expense over the shorter of the period that the prior obligation or the current obligation is outstanding using the straight-line method, which approximates the effective interest method. Original issue discount is amortized to interest expense over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method.

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. Use of Estimates

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

R. Net 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.

S. 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. 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.

U. 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 2010.

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; medical malpractice, employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. River’s Edge Hospital and Clinic is self-insured for employee health and dental as discussed later in these footnotes.

V. 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	\$ 11,202,007	\$ 11,080,695	\$ 16,336	\$ 22,299,038
Investments	5,771,855	–	637,780	6,409,635
Cash on hand	1,380	–	–	1,380
	<u>\$ 16,975,242</u>	<u>\$ 11,080,695</u>	<u>\$ 654,116</u>	<u>\$ 28,710,053</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	\$ 11,518,422	\$ 11,202,007
Component units		
River’s Edge Hospital and Clinic	11,007,083	11,080,695
Housing and Redevelopment Authority	<u>17,082</u>	<u>16,336</u>
	<u>\$ 22,542,587</u>	<u>\$ 22,299,038</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>\$ 11,518,422</u>	<u>\$ 11,007,083</u>	<u>\$ 17,082</u>

At times during the year ended December 31, 2010, the City’s deposits were not fully collateralized by federal depository insurance or by collateral held by the City’s agent in the City’s name.

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. government agency securities							
Primary government	AAA	S&P	\$ –	\$ 16,917	\$ 25,320	\$ 107,187	\$ 149,424
Commercial paper	AAA	S&P	–	838,075	–	–	838,075
Negotiable certificates of deposit	N/A	N/A	–	2,613,515	225,000	–	2,838,515
Municipal bonds	A+	S&P	–	300,000	–	–	300,000
Investment pools/mutual funds							
Money market funds							
Primary government	AAA	S&P	1,645,841	–	–	–	1,645,841
Housing and Redevelopment Authority	N/V	N/V	637,780	–	–	–	637,780
Total investments			<u>\$2,283,621</u>	<u>\$3,768,507</u>	<u>\$ 250,320</u>	<u>\$ 107,187</u>	<u>\$6,409,635</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 December 31, 2010, the City’s investment portfolio includes the following percentages of specific issuers:

Commercial paper	
HSBC Finance Corporation	8.4%
Prudential Funding Corporation	4.6%

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	\$ 15,214,280	\$ 4,274,139	\$ 654,116	\$ 20,142,535
Restricted	1,439,273	6,806,556	–	8,245,829
Cash and investments				
Statement of Fiduciary Net Assets – fiduciary funds				
Unrestricted – private-purpose trust funds	113,634	–	–	113,634
Unrestricted – agency funds	208,055	–	–	208,055
Total cash and investments	<u>\$ 16,975,242</u>	<u>\$ 11,080,695</u>	<u>\$ 654,116</u>	<u>\$ 28,710,053</u>

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Due To and Due From Other Funds

During 2010, the City’s General Fund lent \$142,727 to the Permanent Improvement Revolving Capital Project Fund. Interfund borrowing is utilized for cash flow purposes.

During 2010, the City’s General Fund lent \$214,124 to the Debt Service Special Assessment Fund. Interfund borrowing is utilized for cash flow purposes.

During 2010, the City’s Debt Service Tax Increment Fund lent \$72,029 to the Debt Service Special Assessment Fund. Interfund borrowing is utilized for cash flow purposes.

During 2010, the City’s Electric Fund lent \$24,623 to the Heartland Transit Fund. Interfund borrowing is utilized for cash flow purposes.

During 2010, the City’s Electric Fund lent \$35,521 to the Telecommunications Conduit 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		
	Governmental		Total
	General	Nonmajor	
Governmental funds			
General	\$ –	\$ 47,189	\$ 47,189
Nonmajor	–	604,597	604,597
Proprietary funds			
Electric	819,301	75,144	894,445
Water	139,312	849,544	988,856
Environmental Services	–	2,933	2,933
Wastewater	215,538	18,045	233,583
Heartland Transit	–	88	88
Storm Water	–	1,651	1,651
Telecommunications Conduit	–	146,881	146,881
Total	\$ 1,174,151	\$ 1,746,072	\$ 2,873,034

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

During the year ended December 31, 2010, River’s Edge Hospital and Clinic reported a transfer of \$139,283 to the City in their financial statements. Included in this transfer were cash payments paid to the City during 2010 that were reflected in the City’s financial statements as capital contributions from component units during the year ended December 31, 2009.

NOTE 4 – CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the year ended December 31, 2010 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	\$ –	\$ (9,898)	\$ –	\$ 1,632,289
Construction in progress	398,685	692,869	(4,739)	(647,753)	439,062
Capital assets, depreciated					
Land improvements	616,114	–	–	–	616,114
Buildings and improvements	21,908,110	–	–	241,716	22,149,826
Utility plant and infrastructure	9,318,458	709,606	–	321,884	10,349,948
Machinery and equipment	5,254,642	232,540	(128,305)	–	5,358,877
Total capital assets	39,138,196	1,635,015	(142,942)	(84,153)	40,546,116
Less accumulated depreciation on					
Land improvements	(379,190)	(11,158)	–	–	(390,348)
Buildings and improvements	(3,822,633)	(464,159)	–	–	(4,286,792)
Utility plant and infrastructure	(1,055,783)	(263,018)	–	–	(1,318,801)
Machinery and equipment	(3,561,643)	(380,408)	119,752	–	(3,822,299)
Total accumulated depreciation	(8,819,249)	(1,118,743)	119,752	–	(9,818,240)
Net capital assets	\$ 30,318,947	\$ 516,272	\$ (23,190)	\$ (84,153)	\$ 30,727,876

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	8,553,638	13,820,231	(812)	(3,229,681)	19,143,376
Capital assets, depreciated					
Buildings and improvements	33,119,752	–	(22,622)	–	33,097,130
Utility plant and infrastructure	62,729,002	685,328	(709,849)	3,313,834	66,018,315
Machinery and equipment	6,619,097	24,605	(15,222)	–	6,628,480
Total capital assets	111,998,350	14,530,164	(748,505)	84,153	125,864,162
Less accumulated depreciation on					
Buildings and improvements	(4,174,508)	(681,099)	–	–	(4,855,607)
Utility plant and infrastructure	(15,225,408)	(1,675,103)	225,882	–	(16,674,629)
Machinery and equipment	(3,443,865)	(320,087)	–	–	(3,763,952)
Total accumulated depreciation	(22,843,781)	(2,676,289)	225,882	–	(25,294,188)
Net capital assets	\$ 89,154,569	\$ 11,853,875	\$ (522,623)	\$ 84,153	\$ 100,569,974

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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

	Balance – Beginning of Year	Transfers / Additions	Retirements / Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 28,886	\$ –	\$ –	\$ 28,886
Construction in progress	304,901	(110,622)	(145,183)	49,096
Capital assets, depreciated				
Land improvements	1,137,210	19,640	–	1,156,850
Buildings and improvements	7,129,982	(1,646)	–	7,128,336
Machinery and equipment	11,860,112	504,746	(495,283)	11,869,575
Total capital assets	<u>20,461,091</u>	<u>412,118</u>	<u>(640,466)</u>	<u>20,232,743</u>
Less accumulated depreciation on				
Land improvements	(365,222)	(78,282)	–	(443,504)
Buildings and improvements	(1,600,571)	(280,538)	–	(1,881,109)
Machinery and equipment	(6,111,660)	(1,140,179)	484,149	(6,767,690)
Total accumulated depreciation	<u>(8,077,453)</u>	<u>(1,498,999)</u>	<u>484,149</u>	<u>(9,092,303)</u>
Net capital assets	<u>\$ 12,383,638</u>	<u>\$ (1,086,881)</u>	<u>\$ (156,317)</u>	<u>\$ 11,140,440</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	2,203,784	86,029	–	2,289,813
Machinery and equipment	430,886	2,096	–	432,982
Total capital assets	<u>2,702,608</u>	<u>88,125</u>	<u>–</u>	<u>2,790,733</u>
Accumulated depreciation	<u>(1,851,876)</u>	<u>(91,504)</u>	<u>–</u>	<u>(1,943,380)</u>
Net capital assets	<u>\$ 850,732</u>	<u>\$ (3,379)</u>	<u>\$ –</u>	<u>\$ 847,353</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	\$ 118,144
Public safety	119,948
Public works	543,215
Parks and recreation	<u>337,436</u>
Total depreciation expense – governmental activities	<u>\$ 1,118,743</u>
Business-type activities	
Electric	\$ 801,333
Water	479,513
Environmental services	6,100
Wastewater	825,791
Heartland Transit	27,327
Storm water	181,854
Telecommunications conduit	14,264
Long-term care facility	221,528
Medical office building	<u>118,579</u>
Total depreciation expense – business-type activities	<u>\$ 2,676,289</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 2007	\$ 161,500	4.50%	2007	2012	\$ 64,600
G.O. Equipment Certificates of 2008A	\$ 365,000	3.23–3.92%	2008	2018	330,000
G.O. Equipment Certificates of 2008B	\$ 300,000	2.50–3.50%	2008	2013	180,000
G.O. Equipment Certificates of 2009	\$ 300,500	2.90–3.25%	2009	2014	240,400
G.O. Equipment Certificates of 2010	\$ 152,000	2.90–3.35%	2010	2015	152,000
Public Project Revenue Bonds Refunding Bonds, Series 2009A	\$ 2,775,000	4.65%	2009	2020	2,325,000
Total debt supported primarily by property taxes					<u>3,292,000</u>
Debt supported primarily by tax increments					
G.O. Tax Increment Bonds, Series 1999A	\$ 245,000	6.25%	1999	2018	151,695
Notes payable – Nicollet Plaza	\$ 194,065	7.75%	1999	2013	81,155
Notes payable – Volmary	\$ 81,200	3.00%	1999	2012	25,017
G.O. Tax Increment Bonds, Series 2004A	\$ 2,205,000	2.00–4.00%	2004	2020	1,670,000
G.O. Tax Increment Bonds, Series 2005A	\$ 330,000	3.00–4.20%	2005	2020	250,000
G.O. Tax Increment Refunding Bonds, Series 2009C	\$ 2,990,000	1.05–4.00%	2009	2022	2,990,000
G.O. Tax Increment Bonds, Series 2010B	\$ 89,610	1.20–4.50%	2010	2020	89,610
Total debt supported primarily by tax increments					<u>5,257,477</u>
Special assessment bonds					
G.O. Permanent Improvement Revolving Fund Bonds, Series 2004B	\$ 1,380,000	2.00–3.60%	2004	2013	245,000
Revenue					
EDA Taxable Lease Purchase Revenue Bonds, Series 2009B	\$ 540,000	5.75%	2009	2013	415,000
Compensated absences					
Total governmental activities					<u>334,898</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	240,000
G.O. PFA Sewer Revenue Note, Series 2001	\$ 11,733,250	2.04%	2001	2021	7,178,000
G.O. PFA Sewer Revenue Note, Series 2002	\$ 7,260,850	2.04%	2002	2022	3,603,000
G.O. Sewer Revenue Bonds, Series 2003C	\$ 2,000,000	4.25%	2003	2022	1,832,000
G.O. Water and Sewer Revenue Bonds, Series 2004C	\$ 805,000	1.70–3.55%	2004	2014	385,000
G.O. Electric Revenue Bonds, Series 2004D	\$ 1,555,000	2.25–4.10%	2004	2016	925,000
G.O. Water and Sewer Refunding Bonds, Series 2004E	\$ 775,000	2.00–3.50%	2004	2013	315,000
G.O. PFA Sewer Revenue Note, Series 2004	\$ 2,240,000	3.48%	2004	2022	1,652,000
G.O. Water Revenue Bonds, Series 2005B	\$ 1,765,000	4.00–4.25%	2005	2026	1,505,000
Electric Revenue Advance Refunding Bonds, Series 2006B	\$ 5,045,000	4.00–4.15%	2006	2027	4,425,000
Electric Revenue Refunding Bonds, Series 2006C	\$ 1,620,000	4.00%	2006	2018	1,250,000
G.O. PFA Water Revenue Note, Series 2009 – Wells Project	\$ 1,509,483	2.48%	2009	2028	1,320,937
G.O. PFA Water Revenue Note, Series 2009 – Treatment Center	\$ 16,731,458	2.75%	2009	2029	15,081,434
G.O. PFA Water Revenue Note, Series 2010	\$ 896,750	1.71%	2010	2029	839,729
G.O. Utility Revenue Bonds, Series 2010B	\$ 780,390	1.20–4.50%	2010	2020	780,390
Electric Revenue Bonds, Series 2010C	\$ 4,435,000	2.00–6.25%	2010	2031	4,435,000
					<u>45,767,490</u>
Long-term care facility bonds and notes					
Tax Exempt Loan Participation Note, Series 2005C	\$ 6,000,000	4.88%	2005	2020	5,721,827
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	4,197,742
					<u>11,059,569</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>322,837</u>
Total primary government					<u>59,824,896</u>
Component unit – River's Edge Hospital and Clinic					
General obligation bonds					
G.O. Hospital Refunding Bond, Series 2010A	\$ 14,290,000	2.00–4.30%	2010	2032	14,290,000
Component unit – Housing and Redevelopment Authority					
					<u>12,894</u>
Total reporting entity					<u>\$ 83,672,165</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	\$ 3,592,400	\$ 152,000	\$ 452,400	\$ 3,292,000	\$ 407,800
Tax increment supported	7,541,156	97,752	2,381,431	5,257,477	530,387
Special assessment supported	405,000	–	160,000	245,000	125,000
Revenue supported	540,000	–	125,000	415,000	130,000
Compensated absences payable	346,911	243,337	255,350	334,898	243,337
Total – governmental activities	12,425,467	493,089	3,374,181	9,544,375	1,436,524
Business-type activities					
Utility revenue bonds and notes	34,173,367	17,776,814	6,182,691	45,767,490	1,945,000
Long-term care facility bonds and notes	11,219,449	–	159,880	11,059,569	215,676
Medical office building notes	2,675,000	–	–	2,675,000	65,000
Compensated absences payable	317,177	167,822	162,162	322,837	167,822
Total business-type activities	48,384,993	17,944,636	6,504,733	59,824,896	2,393,498
Total government-wide	\$ 60,810,460	\$ 18,437,725	\$ 9,878,914	\$ 69,369,271	\$ 3,830,022
Component unit					
River’s Edge Hospital and Clinic					
General obligation bonds	\$ 14,085,000	\$ 14,290,000	\$ 14,085,000	\$ 14,290,000	\$ 465,000
Deferred refunding costs	–	(175,085)	7,107	(167,978)	–
Original issue discount	–	(1,709)	69	(1,640)	–
	\$ 14,085,000	\$ 14,113,206	\$ 14,092,176	\$ 14,120,382	\$ 465,000
Component unit					
Housing and Redevelopment Authority					
Compensated absences payable	\$ 14,066	\$ –	\$ 1,172	\$ 12,894	\$ 1,172

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
2011	\$ 407,800	\$ 140,329	\$ 530,387	\$ 163,631	\$ 125,000	\$ 6,150	\$ 130,000	\$ 23,863
2012	412,800	124,461	552,478	151,875	85,000	2,705	140,000	16,388
2013	390,500	108,186	563,854	138,665	35,000	630	145,000	8,338
2014	345,500	92,372	533,197	122,696	–	–	–	–
2015	300,400	77,954	577,084	105,124	–	–	–	–
2016–2020	1,435,000	194,893	2,120,477	270,066	–	–	–	–
2021–2022	–	–	380,000	15,400	–	–	–	–
Total	\$3,292,000	\$ 738,195	\$5,257,477	\$ 967,457	\$ 245,000	\$ 9,485	\$ 415,000	\$ 48,589

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
2011	\$ 1,945,000	\$ 1,354,456	\$ 215,676	\$ 568,806	\$ 65,000	\$ 145,921
2012	2,332,640	1,405,428	246,402	555,916	65,000	143,243
2013	2,573,640	1,335,564	247,689	543,630	70,000	140,462
2014	2,530,125	1,262,528	259,539	530,180	70,000	137,491
2015	2,787,125	1,191,550	281,979	516,140	75,000	134,042
2016–2020	14,112,410	4,769,603	1,619,327	2,346,667	415,000	609,282
2021–2025	11,573,450	2,757,026	2,917,742	1,534,852	535,000	486,962
2026–2030	6,614,100	1,012,113	2,471,388	1,001,207	680,000	321,045
2031–2035	670,000	189,563	2,799,827	324,144	700,000	88,740
2036–2040	430,000	98,643	–	–	–	–
2041–2042	199,000	12,793	–	–	–	–
Total	\$ 45,767,490	\$ 15,389,267	\$ 11,059,569	\$ 7,921,542	\$ 2,675,000	\$ 2,207,188

Year Ending December 31,	River’s Edge Hospital and Clinic	
	Principal	Interest
2011	\$ 465,000	\$ 485,675
2012	475,000	476,375
2013	490,000	466,875
2014	500,000	457,075
2015	515,000	447,075
2016–2020	2,760,000	2,040,393
2021–2025	3,260,000	1,561,745
2026–2030	3,970,000	895,203
2031–2032	1,855,000	120,163
Total	\$ 14,290,000	\$ 6,950,579

D. Descriptions of Long-Term Debt

- **General Obligation and Public Project Bonds** – These bonds were issued for improvements, projects, or to refund previous general obligation or public project bonds which benefit the City as a whole and, therefore, could be repaid from ad valorem levies. All general obligation debt is backed by the full faith and credit of the City.
- **Equipment Certificates** – The City has outstanding a series of equipment certificates, issued in accordance with Minnesota Statute § 412.301, to finance the purchase of equipment. These certificates will be repaid primarily by ad valorem tax levies and enterprise fund revenues.
- **Tax Increment Bonds** – The City has established tax increment financing districts and has issued general obligation tax increment bonds in accordance with Minnesota Statutes, Chapters 462.585 and 273.77. It is anticipated that the ad valorem taxes, derived from the captured assessed value of property in the tax increment 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.
- **EDA Lease Purchase Revenue Bonds** – These bonds were issued by the EDA. A lease-purchase contract between the EDA and the City has been established for the purpose of financing payment of these bonds. The City has pledged rental payments in amounts equal to the debt service requirements and plans to annually appropriate city funds available for this purpose.

Through the transactions described above, the City has, in substance, assumed the debt service on the revenue bonds issued by the EDA. Therefore, the bonds have been included in the City's Statement of Net Assets as a long-term liability. Further, the lease payments made by the City will be reflected as debt service principal and interest payments on the City's financial statements.

- **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. The City has pledged the payments it receives in the lease agreement to the payment of principal and interest on these notes.
- **Build America Bonds** – During 2010, the City authorized the issuance of its \$870,000 G.O. Utility Revenue and Tax Increment Bonds, Series 2010B and \$4,435,000 Electric Revenue Bonds, Series 2010C. These bonds are "Qualified Build America Bonds – Direct Pay" under the authorization of the American Recovery and Reinvestment Act of 2009. This designation provides for a federal subsidy credit to be paid to the City in an amount equal to 35 percent of the interest paid to investors in these bonds. The credit will be received semiannually to coincide with the debt service payment schedule.

E. Refunding Bonds

In 2006, the City issued \$5,045,000 of Electric Revenue Advance Refunding Bonds, Series 2006B. The proceeds of this issue were 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 were placed in an escrow account pending the February 1, 2010 call date of the 2002B issue. Until the call date, the City continued to make all debt service payments on the 2002B issue. On the call date, the escrow account was used to call the remaining principal on this issue, and the City assumed the 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.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

In 2009, the City issued \$2,990,000 of General Obligation Tax Increment Refunding Bonds, Series 2009C. The proceeds of this issue were 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 were 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 assumed the 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.

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

In 2010, River’s Edge Hospital and Clinic issued issued \$14,290,000 of G.O. Hospital Refunding Bonds, Series 2010A. The proceeds of this issue were used to retire, in advance of their stated maturities, the 2010 through 2032 maturities of the City’s G.O. Hospital Bonds, Series 2003A. This advance refunded decreased the River’s Edge Hospital and Clinic’s total future debt service payments by \$1,700,000 and resulted in a present value savings of \$1,140,000.

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>
General government building	\$ 2,559
Community service officer	\$ 4,602
Skating rinks	\$ 554
Insurance	\$ 13,296
Capital outlay	\$ 1,562

B. Deficit Fund Balance

At December 31, 2010, the following nonmajor fund had deficit fund balances:

<u>Fund</u>	<u>Amount</u>
Special Assessment Debt Service	\$ (285,409)

This deficit 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 General Employees' Retirement Fund (GERF) and the Public Employees' Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated 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 statutes, 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.

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 GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members, and 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. 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 GERF and PEPFF. That report may be obtained at mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling (651) 296-7460 or (800) 652-9026.

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

B. Funding Policy

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERF 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 2010. PEPFF members were required to contribute 9.4 percent of their annual covered salary in 2010. In 2010, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERF members, 7.00 percent for Coordinated Plan GERF members, and 14.1 percent for PEPFF members. Contribution rates for employers and employees of the GERF Coordinated Plan increased by 0.25 percent, effective January 1, 2011. 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>GERF</u>	<u>PEPFF</u>	<u>Total</u>
2008	\$ 217,862	\$ 108,376	\$ 326,238
2009	\$ 246,351	\$ 120,684	\$ 367,035
2010	\$ 241,620	\$ 122,001	\$ 363,621

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>GERF</u>
2008	\$ 348,068
2009	\$ 435,417
2010	\$ 450,984

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, 2010, 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	26
Non-vested	<u>3</u>
Total	<u><u>33</u></u>

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

B. Pension Benefits

Retirement Benefits – According to the bylaws of the Association and pursuant to Minnesota Statutes § 424A.02, Subds. 2 and 4, the Association pays to each member who has served as an active firefighter in the Saint Peter Fire Department for a period of 20 years or more to his resignation, and who has reached the age of 50 years or more, \$2,400 per year of service in a lump sum. A member who has served in the Saint Peter Fire Department for at least 20 years, but has not reached the age of 50 years, may retire and be placed on the deferred pension roll until 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.

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 the yearly lump sum (currently \$2,400). This death benefit to members with five years of service shall be 25 percent. This percentage increases 25 percent with every five years of additional service so that at 20 years of service, the full amount prescribed is paid.

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

C. Funding Policy

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

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

Required contributions of \$65,461 (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, 2010.

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

D. Funding Status and Progress

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

Fiscal Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 43,199	100%	\$ –
2009	\$ 40,081	100%	\$ –
2010	\$ 65,461	100%	\$ –

NOTE 9 – FLEXIBLE BENEFIT PLAN

The City offers three types of flexible spending accounts: medical premiums, medical expenses, and dependant 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 dependant 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 dependant 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 dependant 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>
2008	\$ –	\$ 59,036	\$ (59,036)	\$ –
2009	\$ –	\$ 62,469	\$ (62,469)	\$ –
2010	\$ –	\$ 68,655	\$ (68,655)	\$ –

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.

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

The healthcare industry is subject to laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. 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.

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, 2008. 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.

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

- **Blue Cross** – Inpatient services rendered to Blue Cross subscribers are paid at prospectively determined rates per discharge. Outpatient services are reimbursed at outpatient payment fee screens or at charges less a prospectively determined discount. The prospectively determined discount is not subject to 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 – Primary Government

The City has contract commitments for uncompleted construction projects as of December 31, 2010 of approximately \$1,826,000.

NOTE 12 – CONDUIT DEBT OBLIGATIONS

The City has issued private activity bonds to provide financial assistance to nonprofit corporations for the construction and equipping of facilities deemed to be in the public interest. The notes are secured by the property financed and are payable solely from payments received on the underlying revenue note. Upon repayment of the Commercial Development Revenue Note of 1998, the ownership of the acquired facilities transfers to the nonprofit corporation served by the revenue note issuance. In 2010, there were no draws on the Tax Exempt Loan Participation Note Series 2010A. 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, 2010, the outstanding balance due on these revenue notes are as follows:

Bond	Description	Amount Issued	Amount
Commercial Development Revenue Note of 1998	Office facilities	\$ 2,900,000	\$ 1,661,399
Tax Exempt Loan Participation Note, Series 2010A	Housing facilities	\$ 5,500,000	–
			<u>\$ 1,661,399</u>

NOTE 13 – MAJOR SUPPLIER

For the year ended December 31, 2010, bulk energy totaling \$6,971,853 was purchased from one supplier.

NOTE 14 – SUBSEQUENT EVENT

In February 2011, the City sold \$94,800 of G.O. Equipment Certificates, Series 2011A. These certificates as well as previously issued equipment certificates will be used to fund the purchase of new equipment. The certificates are scheduled to mature in five years and have variable interest rates ranging from 3.0 to 3.4 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
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
2010	697,111	838,290	83.2	(141,179)	2,400

B. Schedule of Contributions

Year	Annual Required Contribution	Percent Contributed
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
2010	65,461	100.0

C. Notes to Required Supplementary Information

Valuation date	12/31/2010
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	9.0%
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, 2010

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Nonmajor Governmental</u>
Assets				
Cash and investments				
Unrestricted	\$ 1,473,507	\$ 496,466	\$ 1,870,016	\$ 3,839,989
Receivables				
Accounts	29,429	-	-	29,429
Delinquent taxes	10,643	-	-	10,643
Delinquent special assessments	-	184,625	1,465	186,090
Deferred special assessments	123,350	458,212	332,062	913,624
Notes	2,452,027	-	400,297	2,852,324
Due from other funds	-	72,029	-	72,029
Due from other governmental units	3,327	4,092	312,841	320,260
Assets held for resale	1,144,567	-	-	1,144,567
	<u>\$ 5,236,850</u>	<u>\$ 1,215,424</u>	<u>\$ 2,916,681</u>	<u>\$ 9,368,955</u>
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ 40,066	\$ 4,334	\$ 32,546	\$ 76,946
Salaries and withholdings payable	21	-	-	21
Due to other funds	-	286,153	142,727	428,880
Deferred revenue	2,587,119	642,837	733,824	3,963,780
Unearned revenue	-	-	467,275	467,275
Total liabilities	<u>2,627,206</u>	<u>933,324</u>	<u>1,376,372</u>	<u>4,936,902</u>
Fund balances (deficit)				
Reserved for revolving loans	1,398,197	-	-	1,398,197
Reserved for debt service	-	567,509	-	567,509
Reserved for technology purchases	42,219	-	-	42,219
Unreserved – undesignated	1,169,228	(285,409)	1,540,309	2,424,128
Total fund balances (deficit)	<u>2,609,644</u>	<u>282,100</u>	<u>1,540,309</u>	<u>4,432,053</u>
	<u>\$ 5,236,850</u>	<u>\$ 1,215,424</u>	<u>\$ 2,916,681</u>	<u>\$ 9,368,955</u>

CITY OF SAINT PETER

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2010

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental
Revenue				
Taxes				
Property taxes and tax increments	\$ 1,000,379	\$ 527,799	\$ -	\$ 1,528,178
Other taxes	44,957	-	-	44,957
Intergovernmental	87,426	-	298,920	386,346
Special assessments	784	62,105	73,984	136,873
Investment earnings	12,029	3,253	11,828	27,110
Other	678,414	287,802	19,871	986,087
Total revenue	<u>1,823,989</u>	<u>880,959</u>	<u>404,603</u>	<u>3,109,551</u>
Expenditures				
Current				
General government	471,520	-	-	471,520
Economic development loans made	164,000	-	-	164,000
Other	545,024	-	-	545,024
Capital outlay	302,821	-	606,767	909,588
Debt service				
Principal	137,836	780,995	-	918,831
Interest and fiscal charges	46,447	356,128	-	402,575
Total expenditures	<u>1,667,648</u>	<u>1,137,123</u>	<u>606,767</u>	<u>3,411,538</u>
Excess (deficiency) of revenue over expenditures	156,341	(256,164)	(202,164)	(301,987)
Other financing sources (uses)				
Debt issued	97,752	-	152,000	249,752
Discount on debt issued	(8,142)	-	-	(8,142)
Refunded bond escrow payments	-	(2,200,000)	-	(2,200,000)
Proceeds from sale of assets	-	-	2,000	2,000
Transfers in	1,456,260	289,812	-	1,746,072
Transfers (out)	(232,173)	(30,200)	(342,224)	(604,597)
Total other financing sources (uses)	<u>1,313,697</u>	<u>(1,940,388)</u>	<u>(188,224)</u>	<u>(814,915)</u>
Net change in fund balances	1,470,038	(2,196,552)	(390,388)	(1,116,902)
Fund balances (deficit)				
Beginning of year	<u>1,139,606</u>	<u>2,478,652</u>	<u>1,930,697</u>	<u>5,548,955</u>
End of year	<u>\$ 2,609,644</u>	<u>\$ 282,100</u>	<u>\$ 1,540,309</u>	<u>\$ 4,432,053</u>

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 as of December 31, 2010

	Library	Old Hospital	Public Access	Firefighters' Relief	Fire Calls	Economic Revolving Loan	St. Peter Mall TIF District	Nicollet Hotel TIF District	Nicollet Plaza TIF District	Tornado Disaster Revolving Loan	Theatre TIF District	1999 Economic Revolving Loans
Assets												
Cash and investments												
Unrestricted	\$ 265,364	\$ 243,340	\$ 116,296	\$ 12,090	\$ 31,411	\$ 96,470	\$ 143,154	\$ 586	\$ 25	\$ 15,293	\$ 227	\$ 50,728
Receivables												
Accounts	8,088	16,259	3,798	-	1,175	-	-	-	-	-	-	-
Delinquent taxes	-	-	-	-	-	-	5,368	-	-	-	-	-
Deferred special assessments	-	-	-	-	-	-	1,961	-	-	-	-	-
Notes	-	-	-	-	-	672,792	-	-	-	1,648,801	-	79,184
Due from other governmental units	-	-	-	-	-	-	2,569	-	-	-	-	-
Assets held for resale	-	-	-	-	-	-	-	-	-	1,144,567	-	-
Total assets	<u>\$ 273,452</u>	<u>\$ 259,599</u>	<u>\$ 120,094</u>	<u>\$ 12,090</u>	<u>\$ 32,586</u>	<u>\$ 769,262</u>	<u>\$ 153,052</u>	<u>\$ 586</u>	<u>\$ 25</u>	<u>\$ 2,808,661</u>	<u>\$ 227</u>	<u>\$ 129,912</u>
Liabilities and Fund Balances												
Liabilities												
Accounts payable	\$ 7,701	\$ 4,455	\$ 15	\$ 12,081	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317	\$ -	\$ -
Salaries and withholdings payable	21	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	500	-	-	-	672,791	7,329	-	-	1,648,801	-	79,184
Total liabilities	<u>7,722</u>	<u>4,955</u>	<u>15</u>	<u>12,081</u>	<u>-</u>	<u>672,791</u>	<u>7,329</u>	<u>-</u>	<u>-</u>	<u>1,649,118</u>	<u>-</u>	<u>79,184</u>
Fund balances												
Reserved for revolving loans	-	-	-	-	-	96,471	-	-	-	1,159,543	-	50,728
Reserved for technology purchases	42,219	-	-	-	-	-	-	-	-	-	-	-
Undesignated	223,511	254,644	120,079	9	32,586	-	145,723	586	25	-	227	-
Total fund balances	<u>265,730</u>	<u>254,644</u>	<u>120,079</u>	<u>9</u>	<u>32,586</u>	<u>96,471</u>	<u>145,723</u>	<u>586</u>	<u>25</u>	<u>1,159,543</u>	<u>227</u>	<u>50,728</u>
Total liabilities and fund balances	<u>\$ 273,452</u>	<u>\$ 259,599</u>	<u>\$ 120,094</u>	<u>\$ 12,090</u>	<u>\$ 32,586</u>	<u>\$ 769,262</u>	<u>\$ 153,052</u>	<u>\$ 586</u>	<u>\$ 25</u>	<u>\$ 2,808,661</u>	<u>\$ 227</u>	<u>\$ 129,912</u>

(continued)

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Balance Sheet (continued)
 as of December 31, 2010

	Facade Renovation	Vista View Volmary TIF District	Nicollet Meadows TIF District	INH Properties TIF District	Mankato Clinic TIF District	Orchard Ridge TIF District	Housing Revolving	Community Center	Washington Terrace TIF District	Insurance	Jefferson Avenue TIF District	Total
Assets												
Cash and investments												
Unrestricted	\$ 68,368	\$ 4	\$ 127,524	\$ 1,067	\$ 1,164	\$ 54,409	\$ 23,087	\$ 122,729	\$ 1,179	\$ 98,272	\$ 720	\$ 1,473,507
Receivables												
Accounts	-	-	-	-	-	-	-	109	-	-	-	29,429
Delinquent taxes	-	-	820	-	-	3,688	-	-	767	-	-	10,643
Deferred special assessments	-	-	-	-	-	-	-	-	-	-	121,389	123,350
Notes	1,250	-	50,000	-	-	-	-	-	-	-	-	2,452,027
Due from other governmental units	-	-	-	-	-	-	-	-	758	-	-	3,327
Assets held for resale	-	-	-	-	-	-	-	-	-	-	-	1,144,567
Total assets	\$ 69,618	\$ 4	\$ 178,344	\$ 1,067	\$ 1,164	\$ 58,097	\$ 23,087	\$ 122,838	\$ 2,704	\$ 98,272	\$ 122,109	\$ 5,236,850
Liabilities and Fund Balances												
Liabilities												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,049	\$ -	\$ -	\$ 448	\$ 40,066
Salaries and withholdings payable	-	-	-	-	-	-	-	-	-	-	-	21
Deferred revenue	1,250	-	50,820	-	-	3,688	-	600	767	-	121,389	2,587,119
Total liabilities	1,250	-	50,820	-	-	3,688	-	15,649	767	-	121,837	2,627,206
Fund balances												
Reserved for revolving loans	68,368	-	-	-	-	-	23,087	-	-	-	-	1,398,197
Reserved for technology purchases	-	-	-	-	-	-	-	-	-	-	-	42,219
Undesignated	-	4	127,524	1,067	1,164	54,409	-	107,189	1,937	98,272	272	1,169,228
Total fund balances	68,368	4	127,524	1,067	1,164	54,409	23,087	107,189	1,937	98,272	272	2,609,644
Total liabilities and fund balances	\$ 69,618	\$ 4	\$ 178,344	\$ 1,067	\$ 1,164	\$ 58,097	\$ 23,087	\$ 122,838	\$ 2,704	\$ 98,272	\$ 122,109	\$ 5,236,850

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2010

	Library	Old Hospital	Public Access	Firefighters' Relief	Fire Calls	Economic Revolving Loan	St. Peter Mall TIF District	Nicollet Hotel TIF District	Nicollet Plaza TIF District	Tornado Disaster Revolving Loan	Theatre TIF District	1999 Economic Revolving Loans
Revenue												
Property taxes and tax increments	\$ 310,133	\$ -	\$ -	\$ 16,690	\$ -	\$ -	\$ 159,158	\$ 8,191	\$ 11,245	\$ -	\$ 10,357	\$ -
Other taxes	-	-	44,957	-	-	-	-	-	-	-	-	-
Intergovernmental	45,909	-	87	41,299	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	784	-	-	-	-	-
Investment earnings	1,426	2,887	1,026	-	229	653	3,077	-	-	127	-	613
Other												
Loan principal and interest payments	-	9,840	-	-	-	119,442	-	-	-	261,953	-	4,278
Miscellaneous	64,342	16,190	2,043	-	12,231	1,681	-	-	-	4,646	-	520
Total revenue	<u>421,810</u>	<u>28,917</u>	<u>48,113</u>	<u>57,989</u>	<u>12,460</u>	<u>121,776</u>	<u>163,019</u>	<u>8,191</u>	<u>11,245</u>	<u>266,726</u>	<u>10,357</u>	<u>5,411</u>
Expenditures												
Current												
General government	274,837	106,334	16,247	65,461	-	3,847	3,668	-	1,126	-	-	-
Economic development loans made	-	-	-	-	-	-	-	-	-	112,000	-	52,000
Other	-	-	-	-	-	-	-	8,191	-	4,959	518	54
Capital outlay	37,147	-	-	-	-	-	-	-	-	-	-	-
Debt service												
Principal	-	-	-	-	-	-	-	-	12,836	125,000	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	7,284	29,324	9,839	-
Total expenditures	<u>311,984</u>	<u>106,334</u>	<u>16,247</u>	<u>65,461</u>	<u>-</u>	<u>3,847</u>	<u>3,668</u>	<u>8,191</u>	<u>21,246</u>	<u>271,283</u>	<u>10,357</u>	<u>52,054</u>
Excess (deficiency) of revenue over expenditures	109,826	(77,417)	31,866	(7,472)	12,460	117,929	159,351	-	(10,001)	(4,557)	-	(46,643)
Other financing sources (uses)												
Debt issued	-	-	-	-	-	-	97,752	-	-	-	-	-
Discount on debt issued	-	-	-	-	-	-	(8,142)	-	-	-	-	-
Transfers in	-	-	-	-	-	-	835,429	-	10,000	-	-	-
Transfers (out)	(3,754)	(1,732)	(488)	-	-	-	(70,000)	-	-	-	-	-
Total other financing sources (uses)	<u>(3,754)</u>	<u>(1,732)</u>	<u>(488)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>855,039</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	106,072	(79,149)	31,378	(7,472)	12,460	117,929	1,014,390	-	(1)	(4,557)	-	(46,643)
Fund balances (deficit)												
Beginning of year	159,658	333,793	88,701	7,481	20,126	(21,458)	(868,667)	586	26	1,164,100	227	97,371
End of year	<u>\$ 265,730</u>	<u>\$ 254,644</u>	<u>\$ 120,079</u>	<u>\$ 9</u>	<u>\$ 32,586</u>	<u>\$ 96,471</u>	<u>\$ 145,723</u>	<u>\$ 586</u>	<u>\$ 25</u>	<u>\$ 1,159,543</u>	<u>\$ 227</u>	<u>\$ 50,728</u>

(continued)

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued)
 Year Ended December 31, 2010

	Facade Renovation	Vista View Volmary TIF District	Nicollet Meadows TIF District	INH Properties TIF District	Mankato Clinic TIF District	Orchard Ridge TIF District	Housing Revolving	Community Center	Washington Terrace TIF District	Insurance	Jefferson Avenue TIF District	Total
Revenue												
Property taxes and tax increments	\$ -	\$ 19,023	\$ 241,352	\$ 31,567	\$ 33,191	\$ 17,840	\$ -	\$ -	\$ 141,360	\$ -	\$ 272	\$ 1,000,379
Other taxes	-	-	-	-	-	-	-	-	-	-	-	44,957
Intergovernmental	-	-	-	-	-	-	-	131	-	-	-	87,426
Special assessments	-	-	-	-	-	-	-	-	-	-	-	784
Investment earnings	620	-	274	50	67	192	212	329	247	-	-	12,029
Other												
Loan principal and interest payments	1,500	-	-	-	-	-	-	-	-	342	-	397,355
Miscellaneous	-	-	-	-	-	-	-	179,406	-	-	-	281,059
Total revenue	<u>2,120</u>	<u>19,023</u>	<u>241,626</u>	<u>31,617</u>	<u>33,258</u>	<u>18,032</u>	<u>212</u>	<u>179,866</u>	<u>141,607</u>	<u>342</u>	<u>272</u>	<u>1,823,989</u>
Expenditures												
Current												
General government	-	-	-	-	-	-	-	-	-	-	-	471,520
Economic development loans made	-	-	-	-	-	-	-	-	-	-	-	164,000
Other	-	19,022	109,182	31,561	33,185	-	-	288,300	-	-	50,052	545,024
Capital outlay	-	-	-	-	-	-	-	-	-	28,114	237,560	302,821
Debt service												
Principal	-	-	-	-	-	-	-	-	-	-	-	137,836
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	46,447
Total expenditures	<u>-</u>	<u>19,022</u>	<u>109,182</u>	<u>31,561</u>	<u>33,185</u>	<u>-</u>	<u>-</u>	<u>288,300</u>	<u>-</u>	<u>28,114</u>	<u>287,612</u>	<u>1,667,648</u>
Excess (deficiency) of revenue over expenditures	2,120	1	132,444	56	73	18,032	212	(108,434)	141,607	(27,772)	(287,340)	156,341
Other financing sources (uses)												
Debt issued	-	-	-	-	-	-	-	-	-	-	-	97,752
Discount on debt issued	-	-	-	-	-	-	-	-	-	-	-	(8,142)
Transfers in	-	-	-	-	-	-	-	197,175	-	126,044	287,612	1,456,260
Transfers (out)	-	-	(5,000)	-	-	-	-	(11,199)	(140,000)	-	-	(232,173)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,976</u>	<u>(140,000)</u>	<u>126,044</u>	<u>287,612</u>	<u>1,313,697</u>
Net change in fund balances	2,120	1	127,444	56	73	18,032	212	77,542	1,607	98,272	272	1,470,038
Fund balances (deficit)												
Beginning of year	<u>66,248</u>	<u>3</u>	<u>80</u>	<u>1,011</u>	<u>1,091</u>	<u>36,377</u>	<u>22,875</u>	<u>29,647</u>	<u>330</u>	<u>-</u>	<u>-</u>	<u>1,139,606</u>
End of year	<u>\$ 68,368</u>	<u>\$ 4</u>	<u>\$ 127,524</u>	<u>\$ 1,067</u>	<u>\$ 1,164</u>	<u>\$ 54,409</u>	<u>\$ 23,087</u>	<u>\$ 107,189</u>	<u>\$ 1,937</u>	<u>\$ 98,272</u>	<u>\$ 272</u>	<u>\$ 2,609,644</u>

CITY OF SAINT PETER

Nonmajor Debt Service Funds
 Combining Balance Sheet
 as of December 31, 2010

	General Obligation	Tax Increment	Special Assessment	Total
Assets				
Cash and investments				
Unrestricted	\$ 189,427	\$ 307,039	\$ -	\$ 496,466
Receivables				
Delinquent special assessments	--	-	184,625	184,625
Deferred special assessments	-	38,903	419,309	458,212
Due from other funds	-	72,029	-	72,029
Due from other governmental units	-	3,294	798	4,092
	<u>\$ 189,427</u>	<u>\$ 421,265</u>	<u>\$ 604,732</u>	<u>\$ 1,215,424</u>
Total assets				
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ 4,280	\$ -	\$ 54	\$ 4,334
Due to other funds	-	-	286,153	286,153
Deferred revenue	-	38,903	603,934	642,837
Total liabilities	<u>4,280</u>	<u>38,903</u>	<u>890,141</u>	<u>933,324</u>
Fund balances (deficit)				
Reserved for debt service	185,147	382,362	-	567,509
Undesignated	-	-	(285,409)	(285,409)
Total fund balances (deficit)	<u>185,147</u>	<u>382,362</u>	<u>(285,409)</u>	<u>282,100</u>
	<u>\$ 189,427</u>	<u>\$ 421,265</u>	<u>\$ 604,732</u>	<u>\$ 1,215,424</u>
Total liabilities and fund balances				

CITY OF SAINT PETER

Nonmajor Debt Service Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2010

	General Obligation	Tax Increment	Special Assessment	Total
Revenue				
Property taxes and tax increments	\$ 508,395	\$ 19,404	\$ -	\$ 527,799
Special assessments	-	11,794	50,311	62,105
Investment earnings	1,346	1,907	-	3,253
Other	52,423	235,379	-	287,802
Total revenue	<u>562,164</u>	<u>268,484</u>	<u>50,311</u>	<u>880,959</u>
Expenditures				
Debt service				
Principal	452,400	168,595	160,000	780,995
Interest	153,950	189,842	11,486	355,278
Fiscal agent fees	-	-	850	850
Total expenditures	<u>606,350</u>	<u>358,437</u>	<u>172,336</u>	<u>1,137,123</u>
Excess (deficiency) of revenue over expenditures	(44,186)	(89,953)	(122,025)	(256,164)
Other financing sources				
Refunded bond escrow payments	-	(2,200,000)	-	(2,200,000)
Transfers in	9,612	280,200	-	289,812
Transfers (out)	-	(30,200)	-	(30,200)
Total other financing sources	<u>9,612</u>	<u>(1,950,000)</u>	<u>-</u>	<u>(1,940,388)</u>
Net change in fund balances	(34,574)	(2,039,953)	(122,025)	(2,196,552)
Fund balances (deficit)				
Beginning of year	<u>219,721</u>	<u>2,422,315</u>	<u>(163,384)</u>	<u>2,478,652</u>
End of year	<u>\$ 185,147</u>	<u>\$ 382,362</u>	<u>\$ (285,409)</u>	<u>\$ 282,100</u>

CITY OF SAINT PETER

Nonmajor Capital Project Funds
 Combining Balance Sheet
 as of December 31, 2010

	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	\$ 714,999	\$ 108,160	\$ 513,120	\$ 2,809	\$ 9,151	\$ 9,234	\$ 11,454	\$ 501,089	\$ -	\$ 1,870,016
Receivables										
Delinquent special assessments	-	-	-	-	-	-	-	-	1,465	1,465
Deferred special assessments	-	-	47,630	-	-	-	-	68,100	216,332	332,062
Notes	-	-	372,447	-	-	-	-	-	27,850	400,297
Due from other governmental units	-	-	-	-	-	-	-	-	312,841	312,841
Total assets	<u>\$ 714,999</u>	<u>\$ 108,160</u>	<u>\$ 933,197</u>	<u>\$ 2,809</u>	<u>\$ 9,151</u>	<u>\$ 9,234</u>	<u>\$ 11,454</u>	<u>\$ 569,189</u>	<u>\$ 558,488</u>	<u>\$ 2,916,681</u>
Liabilities and Fund Balances										
Liabilities										
Accounts and contracts payable	\$ -	\$ -	\$ 5,996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,550	\$ 32,546
Due to other funds	-	-	-	-	-	-	-	-	142,727	142,727
Deferred revenue	-	-	420,077	-	-	-	-	68,100	245,647	733,824
Unearned revenue	467,275	-	-	-	-	-	-	-	-	467,275
Total liabilities	<u>467,275</u>	<u>-</u>	<u>426,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,100</u>	<u>414,924</u>	<u>1,376,372</u>
Fund balances										
Unreserved										
Undesignated	247,724	108,160	507,124	2,809	9,151	9,234	11,454	501,089	143,564	1,540,309
Total liabilities and fund balances	<u>\$ 714,999</u>	<u>\$ 108,160</u>	<u>\$ 933,197</u>	<u>\$ 2,809</u>	<u>\$ 9,151</u>	<u>\$ 9,234</u>	<u>\$ 11,454</u>	<u>\$ 569,189</u>	<u>\$ 558,488</u>	<u>\$ 2,916,681</u>

CITY OF SAINT PETER

Nonmajor Capital Project Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2010

	Tornado	Parkland Dedication	2000 Housing Project	Biomass	Industrial Park	Treatment Center Taskforce	Equipment Certificates	2003 Washington Terrace	Permanent Improvement Revolving	Total
Revenue										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,920	\$ 298,920
Special assessments	-	-	19,687	-	-	-	-	37,833	16,464	73,984
Investment earnings	-	1,089	5,068	-	77	-	257	5,337	-	11,828
Other										
Miscellaneous	-	-	-	-	-	-	-	-	19,871	19,871
Total revenue	-	1,089	24,755	-	77	-	257	43,170	335,255	404,603
Expenditures										
Capital outlay										
Construction and related costs	286	6,813	107	-	4,084	-	158,566	9,800	427,111	606,767
Excess (deficiency) of revenue over expenditures	(286)	(5,724)	24,648	-	(4,007)	-	(158,309)	33,370	(91,856)	(202,164)
Other financing sources (uses)										
Debt issued	-	-	-	-	-	-	152,000	-	-	152,000
Proceeds from sale of assets	-	-	-	-	2,000	-	-	-	-	2,000
Transfers (out)	-	-	-	-	-	-	(9,612)	(332,612)	-	(342,224)
Total other financing sources (uses)	-	-	-	-	2,000	-	142,388	(332,612)	-	(188,224)
Net change in fund balances	(286)	(5,724)	24,648	-	(2,007)	-	(15,921)	(299,242)	(91,856)	(390,388)
Fund balances										
Beginning of year	248,010	113,884	482,476	2,809	11,158	9,234	27,375	800,331	235,420	1,930,697
End of year	\$ 247,724	\$ 108,160	\$ 507,124	\$ 2,809	\$ 9,151	\$ 9,234	\$ 11,454	\$ 501,089	\$ 143,564	\$ 1,540,309

CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended December 31, 2010
 (With Comparative Actual Amounts for the Year Ended December 31, 2009)

	2010		Over (Under) Budget	2009
	Budget	Actual		Actual
Revenue				
Property taxes	1,185,124	\$ 1,065,312	\$ (119,812)	\$ 904,476
Other taxes	67,700	74,590	6,890	68,621
Licenses and permits				
Business licenses and permits	20,960	27,995	7,035	21,397
Non-business licenses and permits	85,454	280,045	194,591	140,128
Total licenses and permits	106,414	308,040	201,626	161,525
Intergovernmental				
Local government aid	2,616,126	2,616,126	-	2,722,168
State and federal grants and aids	125,560	123,179	(2,381)	132,229
Total intergovernmental	2,741,686	2,739,305	(2,381)	2,854,397
Charges for services				
General government	23,000	124,808	101,808	61,666
Public safety	125,500	118,366	(7,134)	129,290
Highways and streets	14,700	17,290	2,590	29,692
Recreation	153,675	134,835	(18,840)	149,741
Total charges for services	316,875	395,299	78,424	370,389
Fines and forfeitures	108,000	80,067	(27,933)	81,235
Investment earnings	42,000	36,881	(5,119)	39,079
Other				
Miscellaneous	21,917	98,588	76,671	114,706
Sale of property	-	14,984	14,984	700
Total other	21,917	113,572	91,655	115,406
Total revenue	4,589,716	4,813,066	223,350	4,595,128

(continued)

CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended December 31, 2010
 (With Comparative Actual Amounts for the Year Ended December 31, 2009)

	2010		Over (Under) Budget	2009
	Budget	Actual		Actual
Expenditures				
Current				
General government				
Mayor and City Council	47,150	35,957	(11,193)	38,453
Administration	164,970	155,804	(9,166)	154,864
City clerk	61,729	61,651	(78)	61,260
Elections	13,980	12,660	(1,320)	9,761
Finance	233,423	225,937	(7,486)	225,592
Legal	140,500	125,418	(15,082)	145,421
General government building	78,720	81,279	2,559	80,996
Total general government	740,472	698,706	(41,766)	716,347
Public safety				
Police	1,834,115	1,790,779	(43,336)	1,737,028
Fire	257,208	233,178	(24,030)	247,129
Other				
Building and planning	194,153	185,228	(8,925)	189,466
Civil defense	8,448	7,837	(611)	4,568
Community service officer	76,501	81,103	4,602	77,103
Total other	279,102	274,168	(4,934)	271,137
Total public safety	2,370,425	2,298,125	(72,300)	2,255,294
Public works				
Public works administration	125,725	114,866	(10,859)	112,329
Highways and streets				
Streets	916,294	902,141	(14,153)	904,674
Street lighting	107,800	91,968	(15,832)	88,414
Total highways and streets	1,024,094	994,109	(29,985)	993,088
Total public works	1,149,819	1,108,975	(40,844)	1,105,417

(continued)

CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended December 31, 2010
 (With Comparative Actual Amounts for the Year Ended December 31, 2009)

	2010		Over (Under) Budget	2009
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Parks and recreation				
Senior coordinator	27,975	26,057	(1,918)	27,430
Recreation and leisure services	342,273	319,560	(22,713)	319,461
Swimming pool	178,482	144,458	(34,024)	155,115
Skating rinks	12,087	12,641	554	11,130
Parks	646,135	573,762	(72,373)	609,673
Total parks and recreation	1,206,952	1,076,478	(130,474)	1,122,809
Economic development	126,615	97,342	(29,273)	123,614
Other				
Insurance	20,000	33,296	13,296	23,312
Memberships	28,700	26,863	(1,837)	33,186
Miscellaneous	15,000	—	(15,000)	20,000
Total other	63,700	60,159	(3,541)	76,498
Capital outlay	5,500	7,062	1,562	85,709
Total expenditures	5,663,483	5,346,847	(316,636)	5,485,688
Excess (deficiency) of revenue over expenditures	(1,073,767)	(533,781)	539,986	(890,560)
Other financing sources (uses)				
Transfers in	1,160,000	1,174,151	14,151	1,165,605
Transfers (out)	—	(47,189)	(47,189)	—
Total other financing sources (uses)	1,160,000	1,126,962	(33,038)	1,165,605
Net change in fund balances	\$ 86,233	593,181	\$ 506,948	275,045
Fund balances				
Beginning of year		2,325,697		2,050,652
End of year		\$ 2,918,878		\$ 2,325,697

CITY OF SAINT PETER

Municipal Electric Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenue		
Charges for services	\$ 9,446,989	\$ 8,672,634
Electric generation	432,000	432,000
Other		
Penalties	70,063	61,152
Miscellaneous	119,585	171,168
Total operating revenue	<u>10,068,637</u>	<u>9,336,954</u>
Operating expenses		
Bulk energy	6,971,853	6,317,682
Power distribution		
Personal services	342,370	340,435
Repairs and maintenance	101,153	42,490
Supplies and materials	38,842	45,000
Utilities	4,580	4,498
Professional services	16,479	22,172
General and administrative	1,603	1,992
Total power distribution	<u>505,027</u>	<u>456,587</u>
General and administrative		
Personal services	275,490	263,414
Repairs and maintenance	7,040	8,916
Supplies and materials	21,885	25,908
Utilities	8,922	9,303
Professional services	29,988	29,414
General and administrative	61,986	60,921
Total general and administrative	<u>405,311</u>	<u>397,876</u>
Customer accounts		
Personal services	97,876	95,778
Repairs and maintenance	1,343	1,256
Supplies and materials	1,209	1,050
Professional services	3,082	3,201
General and administrative	9,021	10,138
Bad debt expense	9,969	15,763
Total customer accounts	<u>122,500</u>	<u>127,186</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating expenses (continued)		
Power production		
Personal services	12,469	25,411
Repairs and maintenance	65,506	98,937
Supplies and materials	42,922	56,358
Utilities	32,541	38,550
Professional services	26,469	48,636
Total power production	<u>179,907</u>	<u>267,892</u>
Depreciation	<u>801,333</u>	<u>799,898</u>
Total operating expenses	<u>8,985,931</u>	<u>8,367,121</u>
Operating income	1,082,706	969,833
Other revenue (expense)		
State and federal grants	1,408	1,408
Investment earnings	149,915	260,397
Interest expense	<u>(411,210)</u>	<u>(531,838)</u>
Total other revenue (expense)	<u>(259,887)</u>	<u>(270,033)</u>
Income before transfers and contributions	822,819	699,800
Transfers and contributions		
Capital contributions from governmental funds	--	14,426
Transfers (out)	<u>(894,445)</u>	<u>(790,010)</u>
Total transfers and contributions	<u>(894,445)</u>	<u>(775,584)</u>
Change in net assets	(71,626)	(75,784)
Net assets		
Beginning of year	<u>15,994,004</u>	<u>16,069,788</u>
End of year	<u>\$ 15,922,378</u>	<u>\$ 15,994,004</u>

CITY OF SAINT PETER

Municipal Water Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenue		
Charges for services	\$ 1,745,096	\$ 1,794,965
Other	<u>79,949</u>	<u>53,796</u>
Total operating revenue	1,825,045	1,848,761
Operating expenses		
Source of supply		
Personal services	29,921	28,477
Repairs and maintenance	10,295	20,447
Supplies and materials	2,156	1,305
Utilities	25,318	26,423
Professional services	185	1,547
General and administrative	<u>8,060</u>	<u>8,967</u>
Total source of supply	75,935	87,166
Purification and treatment		
Personal services	97,547	81,043
Repairs and maintenance	10,466	11,219
Supplies and materials	17,936	19,052
Utilities	77,717	82,047
Professional services	15,644	17,662
General and administrative	<u>1,150</u>	<u>3,197</u>
Total purification and treatment	220,460	214,220
Distribution and storage		
Personal services	280,555	298,257
Repairs and maintenance	60,983	57,000
Supplies and materials	24,683	25,376
Utilities	75,790	63,405
Professional services	3,798	9,387
General and administrative	<u>2,421</u>	<u>4,364</u>
Total distribution and storage	448,230	457,789
General and administrative		
Personal services	53,827	56,304
Repairs and maintenance	1,848	2,777
Supplies and materials	8,527	15,510
Utilities	3,757	3,642
Professional services	14,974	18,468
General and administrative	<u>17,545</u>	<u>23,088</u>
Total general and administrative	100,478	119,789

(continued)

CITY OF SAINT PETER

Municipal Water Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets (continued)
 Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating expenses (continued)		
Customer accounts		
Personal services	20,935	21,019
Repairs and maintenance	1,343	1,256
Supplies and materials	1,209	1,107
Professional services	2,026	2,852
General and administrative	5,242	5,230
Bad debt expense	244	637
Total customer accounts	<u>30,999</u>	<u>32,101</u>
Depreciation	<u>479,513</u>	<u>449,648</u>
Total operating expenses	<u>1,355,615</u>	<u>1,360,713</u>
Operating income	469,430	488,048
Other revenue (expense)		
State and federal grants	756	2,961,442
Investment earnings	14,437	13,803
Interest expense	<u>(341,848)</u>	<u>(101,273)</u>
Total other revenue (expense)	<u>(326,655)</u>	<u>2,873,972</u>
Income before transfers and contributions	142,775	3,362,020
Transfers and contributions		
Capital contribution from governmental funds	30,755	775,000
Transfers in	-	27,936
Transfers (out)	<u>(988,856)</u>	<u>(140,667)</u>
Total transfers and contributions	<u>(958,101)</u>	<u>662,269</u>
Change in net assets	(815,326)	4,024,289
Net assets		
Beginning of year	<u>12,402,493</u>	<u>8,378,204</u>
End of year	<u>\$ 11,587,167</u>	<u>\$ 12,402,493</u>

CITY OF SAINT PETER

Environmental Services Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenue		
Charges for services	\$ 719,727	\$ 718,413
Other	7,383	7,919
Total operating revenue	<u>727,110</u>	<u>726,332</u>
Operating expenses		
Refuse operations		
Personal services	125,292	135,719
Repairs and maintenance	3,656	5,307
Supplies and materials	19,025	27,747
Professional services	389,279	389,107
General and administrative	3,241	5,738
Total refuse operations	<u>540,493</u>	<u>563,618</u>
General and administrative		
Personal services	51,047	47,617
Repairs and maintenance	1,823	2,462
Supplies and materials	5,533	5,957
Utilities	3,682	4,512
Professional services	7,760	6,945
General and administrative	3,291	3,779
Total general and administrative	<u>73,136</u>	<u>71,272</u>
Customer accounts		
Personal services	13,878	13,867
Supplies and materials	807	826
Professional services	1,683	2,176
General and administrative	6,524	6,380
Bad debt expense	427	220
Total customer accounts	<u>23,319</u>	<u>23,469</u>
Depreciation	<u>6,100</u>	<u>5,878</u>
Total operating expenses	<u>643,048</u>	<u>664,237</u>
Operating income (loss)	84,062	62,095
Other revenue		
State and federal grants	326	325
Investment earnings	1,585	1,418
Total other revenue	<u>1,911</u>	<u>1,743</u>
Income before transfers	85,973	63,838
Transfers		
Transfers (out)	<u>(2,933)</u>	<u>—</u>
Change in net assets	83,040	63,838
Net assets		
Beginning of year	<u>146,658</u>	<u>82,820</u>
End of year	<u>\$ 229,698</u>	<u>\$ 146,658</u>

CITY OF SAINT PETER

Municipal Wastewater Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenue		
Charges for services	\$ 3,145,277	\$ 3,111,818
Other	<u>223,732</u>	<u>100,300</u>
Total operating revenue	3,369,009	3,212,118
Operating expenses		
Biosolids		
Personal services	44,026	44,506
Repairs and maintenance	18,334	13,757
Supplies and materials	50,243	36,338
Utilities	46,439	41,364
Professional services	2,105	1,234
General and administrative	<u>693</u>	<u>854</u>
Total biosolids	161,840	138,053
Collector system		
Personal services	149,405	181,936
Repairs and maintenance	46,455	31,027
Supplies and materials	15,470	13,790
Utilities	32,303	23,776
Professional services	1,391	2,735
General and administrative	<u>1,326</u>	<u>1,906</u>
Total collector system	246,350	255,170
Source/treatment		
Personal services	308,690	280,394
Repairs and maintenance	79,424	60,419
Supplies and materials	149,557	123,946
Utilities	463,162	422,947
Professional services	53,261	62,319
General and administrative	<u>18,511</u>	<u>31,697</u>
Total source/treatment	1,072,605	981,722
General and administrative		
Personal services	57,968	54,679
Repairs and maintenance	1,984	2,885
Supplies and materials	8,410	10,123
Utilities	4,119	4,178
Professional services	20,548	10,653
General and administrative	<u>17,086</u>	<u>20,112</u>
Total general and administrative	110,115	102,630

(continued)

CITY OF SAINT PETER

Municipal Wastewater Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets (continued)
 Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating expenses (continued)		
Customer accounts		
Personal services	20,670	21,328
Repairs and maintenance	1,343	1,256
Supplies and materials	1,113	1,060
Professional services	1,513	2,340
General and administrative	5,260	5,101
Bad debt expense	573	1,256
Total customer accounts	<u>30,472</u>	<u>32,341</u>
Depreciation	<u>825,791</u>	<u>790,308</u>
Total operating expenses	<u>2,447,173</u>	<u>2,300,224</u>
Operating income	921,836	911,894
Other revenue (expense)		
State and federal grants	1,048	1,047
Investment earnings	1,351	11,127
Interest expense	<u>(389,553)</u>	<u>(407,682)</u>
Total other revenue (expense)	<u>(387,154)</u>	<u>(395,508)</u>
Income before transfers	534,682	516,386
Transfers and contributions		
Capital contribution from governmental funds	17,500	400,000
Transfers (out)	<u>(233,583)</u>	<u>(276,717)</u>
Total transfers and contributions	<u>(216,083)</u>	<u>123,283</u>
Change in net assets	318,599	639,669
Net assets		
Beginning of year	<u>15,341,023</u>	<u>14,701,354</u>
End of year	<u>\$ 15,659,622</u>	<u>\$ 15,341,023</u>

CITY OF SAINT PETER

Heartland Transit Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenue		
Charges for services	\$ 78,211	\$ 72,346
Other	492	5,264
Total operating revenue	<u>78,703</u>	<u>77,610</u>
Operating expenses		
Personal services	221,802	215,172
Repairs and maintenance	6,397	15,407
Supplies and materials	20,812	26,358
Depreciation	27,327	24,089
Professional services	671	2,260
General and administrative	8,992	9,523
Total operating expenses	<u>286,001</u>	<u>292,809</u>
Operating loss	(207,298)	(215,199)
Other revenue		
State and federal grants	<u>200,307</u>	<u>240,428</u>
Income (loss) before contributions	(6,991)	25,229
Transfer and contributions		
Capital contribution from governmental funds	-	2,332
Transfers (out)	(88)	-
Total transfers and contributions	<u>(88)</u>	<u>2,332</u>
Change in net assets	(7,079)	27,561
Net assets		
Beginning of year	<u>73,557</u>	<u>45,996</u>
End of year	<u>\$ 66,478</u>	<u>\$ 73,557</u>

CITY OF SAINT PETER

Storm Water Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenue		
Charges for services	\$ 469,099	\$ 458,912
Other	10,958	16,124
Total operating revenue	<u>480,057</u>	<u>475,036</u>
Operating expenses		
Personal services	185,205	192,573
Repairs and maintenance	9,584	25,848
Supplies and materials	4,901	5,157
Utilities	7,235	3,450
Depreciation	181,854	174,699
Professional services	10,852	3,751
General and administrative	5,216	7,967
Bad debt expense	68	205
Total operating expenses	<u>404,915</u>	<u>413,650</u>
Operating income	75,142	61,386
Other revenue (expense)		
State and federal grants	43	20,178
Investment earnings	5,676	5,649
Interest expense	(10,170)	(7,717)
Total other revenue (expense)	<u>(4,451)</u>	<u>18,110</u>
Income before transfers and contributions	70,691	79,496
Transfers and contributions		
Capital contributions from governmental funds	35,898	37,038
Transfers in	-	6,084
Transfers (out)	(1,651)	-
Total transfers and contributions	<u>34,247</u>	<u>43,122</u>
Change in net assets	104,938	122,618
Net assets		
Beginning of year	<u>4,997,888</u>	<u>4,875,270</u>
End of year	<u>\$ 5,102,826</u>	<u>\$ 4,997,888</u>

CITY OF SAINT PETER

Telecommunications Conduit Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenue		
Charges for services	\$ 146,881	\$ 150,018
Operating expenses		
Repairs and maintenance	176	-
Depreciation	14,264	14,264
Professional services	65	12,370
Total operating expenses	<u>14,505</u>	<u>26,634</u>
Operating income	132,376	123,384
Other revenue		
Investment earnings	<u>195</u>	<u>296</u>
Income before transfers	132,571	123,680
Transfers		
Transfers (out)	<u>(146,881)</u>	<u>(141,499)</u>
Change in net assets	(14,310)	(17,819)
Net assets		
Beginning of year	<u>305,011</u>	<u>322,830</u>
End of year	<u>\$ 290,701</u>	<u>\$ 305,011</u>

CITY OF SAINT PETER

Long-Term Care Facility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenue		
Other	\$ 950,514	\$ 946,621
Operating expenses		
Depreciation	221,528	221,528
General and administrative	<u>3,675</u>	<u>7,883</u>
Total operating expenses	<u>225,203</u>	<u>229,411</u>
Operating income	725,311	717,210
Other revenue (expense)		
Investment earnings	1	19
Interest expense	<u>(796,397)</u>	<u>(830,123)</u>
Total other revenue (expense)	<u>(796,396)</u>	<u>(830,104)</u>
Change in net assets	(71,085)	(112,894)
Net assets (deficit)		
Beginning of year	<u>(641,184)</u>	<u>(528,290)</u>
End of year	<u>\$ (712,269)</u>	<u>\$ (641,184)</u>

CITY OF SAINT PETER

Medical Office Building Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Assets
 Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenue		
Other	\$ 567,022	\$ 267,602
Operating expenses		
Depreciation	118,579	-
Professional services	<u>68,191</u>	<u>37,973</u>
Total operating expenses	<u>186,770</u>	<u>37,973</u>
Operating income	380,252	229,629
Other revenue (expense)		
(Loss) on disposal of capital assets	(22,623)	-
Investment earnings	1,872	2,554
Interest expense	<u>(148,088)</u>	<u>(148,416)</u>
Total other revenue (expense)	<u>(168,839)</u>	<u>(145,862)</u>
Income before contributions	211,413	83,767
Contributions		
Capital contribution from component unit	<u>-</u>	<u>1,453,808</u>
Change in net assets	211,413	1,537,575
Net assets		
Beginning of year	<u>3,009,068</u>	<u>1,471,493</u>
End of year	<u>\$ 3,220,481</u>	<u>\$ 3,009,068</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Net Assets
 Private-Purpose Trust Funds
 as of December 31, 2010

	<u>Library Trust</u>	<u>Restricted Contributions Trusts</u>	<u>Total Private-Purpose Trusts</u>
Assets			
Cash and cash equivalents	\$ 12,227	\$ 101,407	\$ 113,634
Accounts receivable	-	4,662	4,662
	<u>\$ 12,227</u>	<u>\$ 106,069</u>	<u>\$ 118,296</u>
Total assets			
Liabilities			
Liabilities			
Accounts payable	\$ -	\$ 2,655	\$ 2,655
	<u>\$ -</u>	<u>\$ 2,655</u>	<u>\$ 2,655</u>
Net Assets			
Held in trust for private purposes	<u>\$ 12,227</u>	<u>\$ 103,414</u>	<u>\$ 115,641</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Changes in Net Assets
 Private-Purpose Trust Funds
 Year Ended December 31, 2010

	<u>Library Trust</u>	<u>Restricted Contributions Trusts</u>	<u>Total Private-Purpose Trusts</u>
Additions			
Donations	\$ –	\$ 123,839	\$ 123,839
Investment earnings	128	59	187
Other	–	36,291	36,291
Total additions	<u>128</u>	<u>160,189</u>	<u>160,317</u>
Deductions			
Trust-related expenses	<u>–</u>	<u>139,351</u>	<u>139,351</u>
Changes in net assets	128	20,838	20,966
Net assets			
Beginning of year	<u>12,099</u>	<u>82,576</u>	<u>94,675</u>
End of year	<u>\$ 12,227</u>	<u>\$ 103,414</u>	<u>\$ 115,641</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Net Assets
 Agency Funds
 as of December 31, 2010

	<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>\$ 15,490</u>	<u>\$ 1,507</u>	<u>\$ 7,445</u>	<u>\$ 183,613</u>	<u>\$ 208,055</u>
Liabilities					
Liabilities					
Refunds payable and others	<u>\$ 15,490</u>	<u>\$ 1,507</u>	<u>\$ 7,445</u>	<u>\$ 183,613</u>	<u>\$ 208,055</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Changes in Net Assets
 Agency Funds
 Year Ended December 31, 2010

	Balance – January 1, 2010	Additions	Deletions	Balance – December 31, 2010
DARE Program				
Assets				
Cash and cash equivalents	\$ 13,834	\$ 1,656	\$ –	\$ 15,490
Liabilities				
Refunds payable and others	\$ 13,834	\$ 1,656	\$ –	\$ 15,490
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	\$ 14,642	\$ 2,288	\$ 9,485	\$ 7,445
Liabilities				
Refunds payable and others	\$ 14,642	\$ 2,288	\$ 9,485	\$ 7,445
Flexible Benefit Plan				
Assets				
Cash and cash equivalents	\$ 171,034	\$ 12,579	\$ –	\$ 183,613
Liabilities				
Refunds payable and others	\$ 171,034	\$ 12,579	\$ –	\$ 183,613
Total				
Assets				
Cash and cash equivalents	\$ 201,017	\$ 16,523	\$ 9,485	\$ 208,055
Liabilities				
Refunds payable and others	\$ 201,017	\$ 16,523	\$ 9,485	\$ 208,055

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
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
2010	1,139,902	308,040	2,739,305	395,299	80,067	150,453	4,813,066

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
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	716,347	2,255,294	112,329	993,088	1,122,809	123,614	76,498	85,709	5,485,688
2010	698,706	2,298,125	114,866	994,109	1,076,478	97,342	60,159	7,062	5,346,847