City of
St. Francis

Minnesota

Comprehensive Annual Financial Report

for the year ended December 31, 2011

CITY OF ST. FRANCIS, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2011

MATTHEW L. HYLEN - CITY ADMINISTRATOR
DARCY MULVIHILL - FINANCE DIRECTOR

PREPARED BY THE
DEPARTMENT OF FINANCE

Member of the Government Finance Officers' Association
Of the United States and Canada

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INTRODUCTORY SECTION

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2011

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City of St. Francis

23340 Cree Street NW
St. Francis, Minnesota 55070
763-753-2630
FAX 763-753-9881

May 3, 2012

To the Honorable Mayor, Members of the City Council, and Citizens of the City of St. Francis:

The comprehensive annual finance report (CAFR) of the City of St. Francis (the City) for the fiscal year ended December 31, 2011, is hereby submitted. Minnesota Statutes and the City Charter require the preparation of audited financial statements by the state auditor or a certified public accountant within 180 days after the close of the fiscal year. The accompanying financial statements have been audited by the firm of Abdo, Eick & Meyers, LLP, independent certified public accountants.

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

Abdo, Eick & Meyers, LLP have issued an unqualified (clean) opinion on the City of St. Francis's financial statements for the year ended December 31, 2011. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the City

St. Francis was originally known as the “Village of Otona” and was established in 1855 along the Rum River with a dam, grist, and a saw mill. The town was formally established as St. Francis in 1857. The Post Office was the first commercial building constructed in 1866, and in that year the Creamery Association was also built. Two other buildings were constructed during this period and still exist today: the Rum River Inn and the H.G. Leathers House. Both of these buildings are also listed on the National Register of Historic Places.

During the late 1960’s, St. Francis began to attract more residents and over the next few decades grew significantly. The community was incorporated in 1974, and with the assistance of a loan from the U.S. Department of Agriculture – Farmer’s Home Administration, the City constructed and began operating a municipal sewer and water system. These systems attracted quality development into the area. By 1980, the population had grown from 897 to 1,184 and by 1990, the population had grown 117% to reach a total of 2,538 residents. Growth continued through the 1990s and has been particularly dramatic in the past years. Today, the population is approximately 7,404. Its small town character, its schools and accessible location has attracted and continues to attract new residents, particularly young families.

St. Francis is a home rule charter city. Minnesota has two basic types of cities – home rule and statutory – which influence cities’ organization and powers. The difference is the type of enabling legislation from which the municipality gains its authority. Home rule charter cities obtain their powers from a locally enacted home rule charter which is essentially a city constitution. Statutory cities get their power from Chapter 412 of Minnesota Statutes. Home rule charter cities can exercise any powers in their locally adopted charters as long as there’s no conflict with state law. Conversely, charter provisions can specifically restrict the powers of a city.

St. Francis operates under the Council/Administrator form of government. An elected City Council sets the policy and overall direction for St. Francis. Then city staff, under the direction of a city administrator, carries out council decisions and provides day-to-day city services. The city administrator is accountable to the City Council.

The City Council consists of a Mayor and four Council Members elected at-large. City elections are held in even numbered years, with the Mayor serving a two-year term and all Council Members serving four-year terms.

The City of St. Francis provides a full range of services. The general governmental functions include police and fire protection, street maintenance, engineering, planning and zoning, parks and recreation, economic and

community development and general legislative and administrative services. The City also operates as enterprise funds the following services: water, sewer and a municipal liquor store.

One of the most important activities undertaken each year by the City is the budget process. The quality of decisions made in the budget process conveys the City's long-range plans and policies for current and future services and programs. The budget is a financial, planning, and policy document which reflects the allocation of limited revenue among competing uses and serves as a guide for the various departments in implementing their goals and objectives.

Department heads receive preliminary budget guidance from the City Administrator, with direction from the Mayor and Council. Each department is responsible for submitting the proposed budgets for their respective programs in June. The City Administrator and Finance Director meet individually with each department head to discuss the department's budget submittal, and changes are made, either increases or decreases, to accommodate the overall budget picture. Following the individual meetings, budget workshops are held with the City Council. The submittal of the Proposed Budget is followed by a series of public presentations to the City Council that are designed to give the Council and citizens an overview of the Budget, and to prepare the Council in making informed budget decisions. The final document is adopted in December following the required public hearings.

Local Economy

The City of St. Francis is located in the northernmost section of Anoka County, 12 miles north of Anoka and approximately 30 miles northwest of Minneapolis. The community can be accessed in a north southerly direction by State Trunk Highway 47 and County Road 24 in an east westerly direction. The City occupies approximately 24 square miles, has an estimated population of 7,404 and approximately 2,539 households.

St. Francis is served by Independent School District #15. They serve the communities of St. Francis, East Bethel, Bethel, Oak Grove, Andover, Athens, Nowthen and Stanford. The school district offices as well as the bus garage and several of the school buildings are located within the City limits.

Anoka County has an annual average unemployment rate for 2011 of 6.6%. This compares with unemployment rates of 6.4% for the State of Minnesota and 9.0% for the United States. During the past ten years, the unemployment rate rose from an initial low of 5.8% (2002) to a decade high of 9.6% (2010). The rate has remained stable over the first few months of 2012 .

The majority of the tax base in St. Francis is residential property. The City has designated sites through its comprehensive plan and recently purchased

property on the main highway through the City for development of commercial and industrial sites. The Council continues to discuss water and sewer growth areas north along State Trunk Highway 47.

During the past ten years, the government's expenses related to capital outlay and general government have increased not only in amount, but also as a percentage of total expenses. In the case of capital outlay, the increase reflects beginning of the construction of a new public works/police building. The growth in general government expenses reflects the addition of a City Administrator, Finance Director and funds set aside for future facility replacements and improvements.

During this same ten-year period, revenues generated by taxes and special assessments have increased the most not only in amount, but also as a percentage of total revenues. The revenue generated by taxes and assessments has risen from $1,300,058 in 2002 to $2,811,925 in 2011. Its percentage of total revenue in 2002 was 32% and in 2011 rose to 68%.

Long-term Financial Planning

Unreserved fund balance in the general fund (52% of total general fund revenues) meets the state auditor recommended guidelines of 35%-50%. The goal of the City Council is to establish an unreserved fund balance in the General Fund that is equivalent to forty percent (40%) of general fund revenues. The 2012 budget reflects current policy and is keeping the fund balance to 52.1% of revenues.

Annually the City of St. Francis prepares a five year capital improvement plan in an attempt to anticipate major capital expenditures in advance of the year in which they are budgeted. The purpose of the CIP is to a) identify capital expenditures which are anticipated to be requested over a five-year period; b) determine a source of funding for the requests; and c) provide an opportunity for long term planning.

Relevant Financial Policies

The City has established a comprehensive set of financial polices for use as a guideline during the budget process. One of the policies deals with unpredictable revenues. The City uses a conservation approach in making ongoing revenue assumptions by utilizing growth patterns and knowledge of the developing areas. The City shall budget unpredictable revenues lower than the revenue assumption or anticipated collection. Because of this policy and the slowdown in the housing construction market, no revenue is budgeted for water and sewer access charges which are incurred with new development.

Major Initiatives for the Year

Major projects during 2011 included:

The start of the construction of a new Police and Public Works Facility that has been in a planning stage/discussed for over a decade. The anticipated completion will be September 2012.

The Ambassador Trunk Utilities project was started and will be completed in 2012. This project eliminated two aging lift sewage lift stations and installed one large lift station that will allow the city to provide sewer service to the northern most border of the city and will allow nine houses with aging septic systems to connect immediately.

In spite of the down housing market and economy, the City issued 4 new single family home permits 1 new commercial building and 307 addition/alteration building permits for the year at a total value of $10,061,633.82.

The City spent $207,533 on road maintenance in 2011 after completing a comprehensive street evaluation and inventory in 2008.

The City continued to conduct its semi-annual spring cleanup days in the spring and the fall.

The City held its annual Pioneer Days celebration in June.

Major Initiatives for the Future

The purchase of land for a future waste water treatment facility took place in 2007. The City will have to proceed with the facility when the economy improves and growth commences again.

The City created the St. Francis Economic Development Authority in 2011. Utilizing the power of this Authority will give the city another tool to encourage economic growth. Currently the City Administrator will fulfill this additional role until personnel can be hired. Due to the limited resources, an economic development director hire is not anticipated for the foreseeable future. Between the City Council and St. Francis Economic Development Authority, discussion will be held on the development of an industrial park.

The City continues its work on extending Bridge Street through to Highway 47. This is an extensive undertaking and requires cooperation of the State, County and School District. This will also require a significant budget allocation to plan, lobby and hopefully implement.

The City will be marketing the old City public works facility for redevelopment. This is a prime property along the Rum River on Bridge Street and should be attractive to a nice development.

Awards and Acknowledgements

This will be the City's third submission to the Certificate of Achievement for Excellence in Financial Reporting Program. In order to be awarded a Certificate of Achievement, the City has to publish an easily readable and efficiently organized comprehensive annual financial report (CAFR) that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the program's requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire finance staff and cooperation of all city departments. We wish to express our appreciation to all city staff for their dedicated service and high level of professionalism. Credit also must be given to the Mayor and City Council Members for their continued support for maintaining the highest standards of professionalism in the management of the finances of the City of St. Francis.

Respectfully submitted,

Matthew L. Hylen
City Administrator

Darcy Mulvihill
Finance Director

CITY OF ST. FRANCIS

ORGANIZATIONAL CHART

CITY OF ST. FRANCIS, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2011

ELECTED

Name	Title	Term Expires
Jerry Tveit	Mayor	12/31/12
Tim Brown	Council Member	12/31/14
Chris McClish	Council Member	12/31/14
Jeff Sandoval	Council Member	12/31/12
Steve Kane	Council Member	12/31/12

APPOINTED

Name	Title
Matthew L. Hylen	City Administrator
Barbara Held	City Clerk
Darcy Muvihill	Finance Director

FINANCIAL SECTION

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2011

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ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

5201 Eden Avenue
Suite 250
Edina, MN 55436

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
City of St. Francis, 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 St. Francis, Minnesota (the City), as of and for the year ended December 31, 2011, 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 comparative information has been derived from the City's 2010 financial statements and, in our report dated May 9, 2011, we expressed unqualified opinions on the respective proprietary fund financial statements.

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 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2011, and the respective changes in financial position, and cash flows, where applicable, and the budgetary comparison for the General fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in the Note 7 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended December 31, 2011. Adoption of the provision of this statement results in significant changes to the classifications of the components of fund balances.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2012 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. That 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.

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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 21 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Abdo, Eick & Meyers, LLP

May 3, 2012
Minneapolis, Minnesota

ABDO, EICK & MEYERS, LLP
Certified Public Accountants

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Management's Discussion and Analysis

As management of the City of St. Francis, 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, 2011.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $24,321,172 (net assets). Of this amount, $9,128,177 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net assets increased by $475,987. Of the total, $100,948 was attributable to governmental activities and $375,039 was attributable to business-type activities.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1,607,422. Approximately 76 percent of this total amount, $1,218,244 is available for spending at the City's discretion.

- At the end of the current fiscal year, unassigned fund balance for the General fund was $2,058,863, or 62 percent of total 2011 General fund expenditures. The General fund also had nonspendable and assigned fund balance of $3,055 and $8,095, respectively.

Overview of the Financial Statements

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements. Internal service funds statements are also included, reflecting balances prior to their elimination from the government-wide financial statements, to avoid "doubling-up" effect within the governmental and business-type activities columns of said statements.

Figure 1
Required Components of the
City's Annual Financial Report

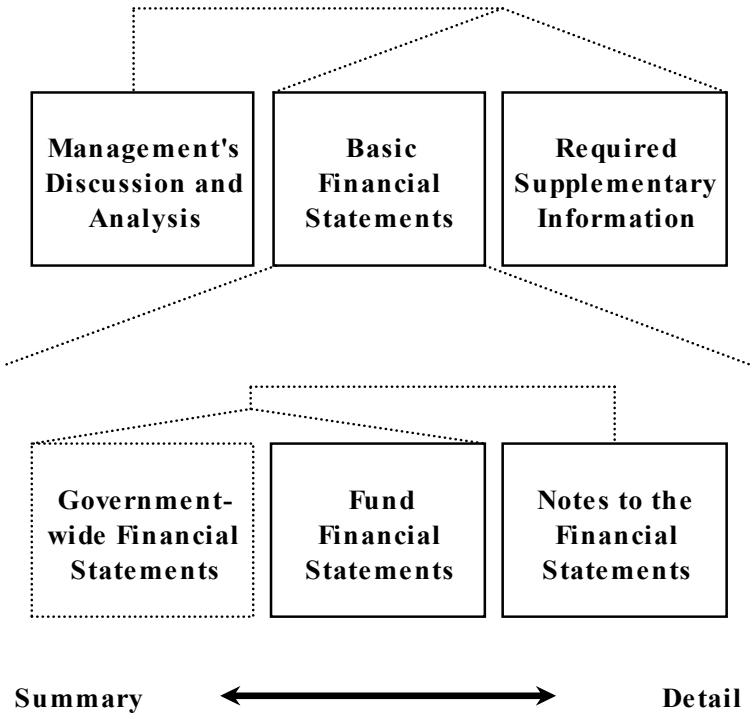


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major features of the Government-wide and Fund Financial Statements

		Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	• Statement of Net Assets • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statements of Net Assets • Statements of Revenues, Expenses and Changes in Fund Net Assets • Statements of Cash Flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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 City'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 revenue (*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 (streets and highways), culture and recreation, community development, miscellaneous and interest on long-term debt. The business-type activities of the City include water, sewer, and a municipal liquor store.

The government-wide financial statements start on page 35 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local government, 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 *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 by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund and Capital Projects fund, which are considered to be major funds. Data from the other ten 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 or schedules* elsewhere in this report.

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

The basic governmental fund financial statements start on page 40 of this report.

Proprietary funds. *Proprietary funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and liquor store operations.

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

The basic proprietary fund financial statements start on page 46 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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.

The basic fiduciary fund financial statements can be found on page 56 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 57 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds is presented following the notes to financial statements. Combining and individual fund statements and schedules start on page 84 of this report.

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 $24,321,171 at the close of the most recent fiscal year.

The largest portion of the City's net assets (60 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in 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.

City of St. Francis's Summary of Net Assets

	Governmental Activities			Business-type Activities		
	2011	2010	Increase (Decrease)	2011	2010	Increase (Decrease)
Assets						
Current and other assets	$ 3,016,331	$ 3,892,846	$ (876,515)	$ 7,848,984	$ 8,045,084	$ (196,100)
Capital assets	8,220,704	7,227,186	993,518	22,352,005	22,426,701	(74,696)
Total assets	11,237,035	11,120,032	117,003	30,200,989	30,471,785	(270,796)
Liabilities						
Noncurrent liabilities outstanding	1,185,368	1,452,406	(267,038)	14,935,604	15,558,833	(623,229)
Other liabilities	566,631	283,538	283,093	429,250	451,856	(22,606)
Total liabilities	1,751,999	1,735,944	16,055	15,364,854	16,010,689	(645,835)
Net Assets						
Invested in capital assets, net of related debt	7,168,911	5,903,447	1,265,464	7,453,005	6,899,701	553,304
Restricted for						
Debt service	379,009	404,530	(25,521)	-	-	-
Park improvements	164,018	-	164,018	-	-	-
Police forfeitures	11,183	-	11,183	-	-	-
Tax increment financing	16,868	-	16,868	-	-	-
Unrestricted	1,745,047	3,076,111	(1,331,064)	7,383,130	7,561,395	(178,265)
Total net assets	$ 9,485,036	$ 9,384,088	$ 100,948	$ 14,836,135	$ 14,461,096	$ 375,039

An additional portion of the City's net assets ($571,078) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* ($9,128,177) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, for the City as a whole.

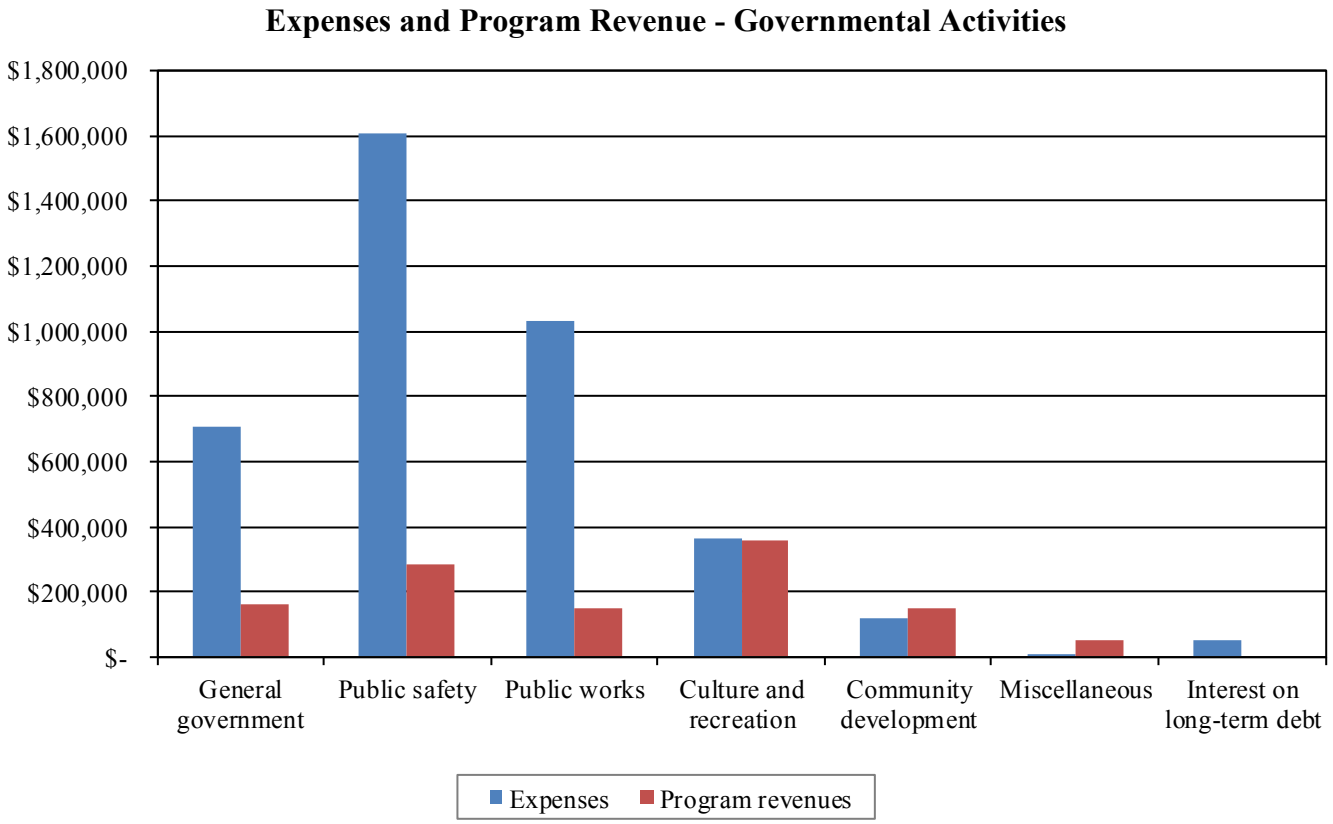
Governmental activities. Governmental activities increased the City's net assets by $100,948. Key elements to the changes in net assets are as follows:

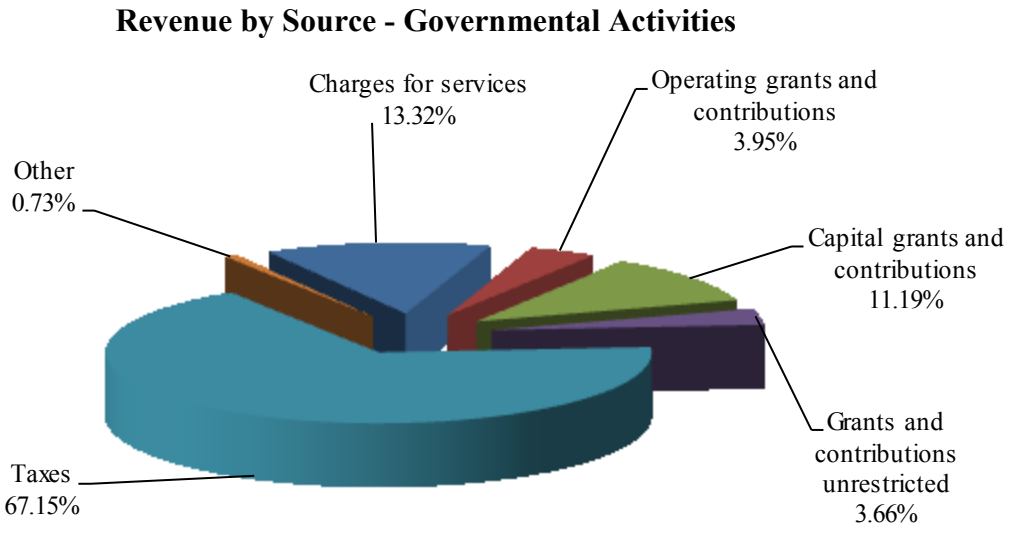
- Public works did not purchase equipment for a savings of $104,000.
- Revenues increased by $186,814 which is attributable to a grant received for the Pederson Path Project of $330,479 while interest revenues have dropped along with collections on property taxes.

City of St. Francis's Changes in Net Assets

	Governmental Activities			Business-type Activities		
	2011	2010	Increase (Decrease)	2011	2010	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	$ 543,812	$ 503,609	$ 40,203	$ 4,001,559	$ 3,919,628	$ 81,931
Operating grants and contributions	161,155	156,964	4,191	-	57,312	(57,312)
Capital grants and contributions	456,588	254,328	202,260	20,800	238,200	(217,400)
General revenues						
Taxes						
Property taxes	2,724,403	2,739,739	(15,336)	-	-	-
Tax increment	15,374	18,285	(2,911)	-	-	-
Grants and contributions not restricted to specific programs	149,366	170,718	(21,352)	-	-	-
Unrestricted investment earnings	26,971	46,421	(19,450)	120,322	122,866	(2,544)
Gain on sale of capital assets	2,644	3,435	(791)	15,532	-	15,532
Total revenues	4,080,313	3,893,499	186,814	4,158,213	4,338,006	(179,793)
Expenses						
General government	708,620	823,109	(114,489)	-	-	-
Public safety	1,607,064	1,570,589	36,475	-	-	-
Public works	1,033,276	812,302	220,974	-	-	-
Culture and recreation	366,321	351,844	14,477	-	-	-
Community development	119,378	116,532	2,846	-	-	-
Miscellaneous	3,309	6,339	(3,030)	-	-	
Interest on long-term debt	48,957	56,033	(7,076)	-	-	-
Water	-	-	-	1,115,044	1,080,227	34,817
Sewer	-	-	-	886,633	800,929	85,704
Liquor store	-	-	-	1,873,937	1,900,572	(26,635)
Total expenses	3,886,925	3,736,748	150,177	3,875,614	3,781,728	93,886
Increase in net assets before transfers and contributions	193,388	156,751	36,637	282,599	556,278	(273,679)
Capital contributions from other fun	(192,320)	(2,144,660)	1,952,340	192,320	2,144,660	(1,952,340)
Transfers (net)	99,880	(427,693)	527,573	(99,880)	427,693	(527,573)
Change in net assets	100,948	(2,415,602)	2,516,550	375,039	3,128,631	(2,753,592)
Net assets, January 1	9,384,088	11,799,690	(2,415,602)	14,461,096	11,332,465	3,128,631
Net assets, December 31	$ 9,485,036	$ 9,384,088	$ 100,948	$ 14,836,135	$ 14,461,096	$ 375,039

The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

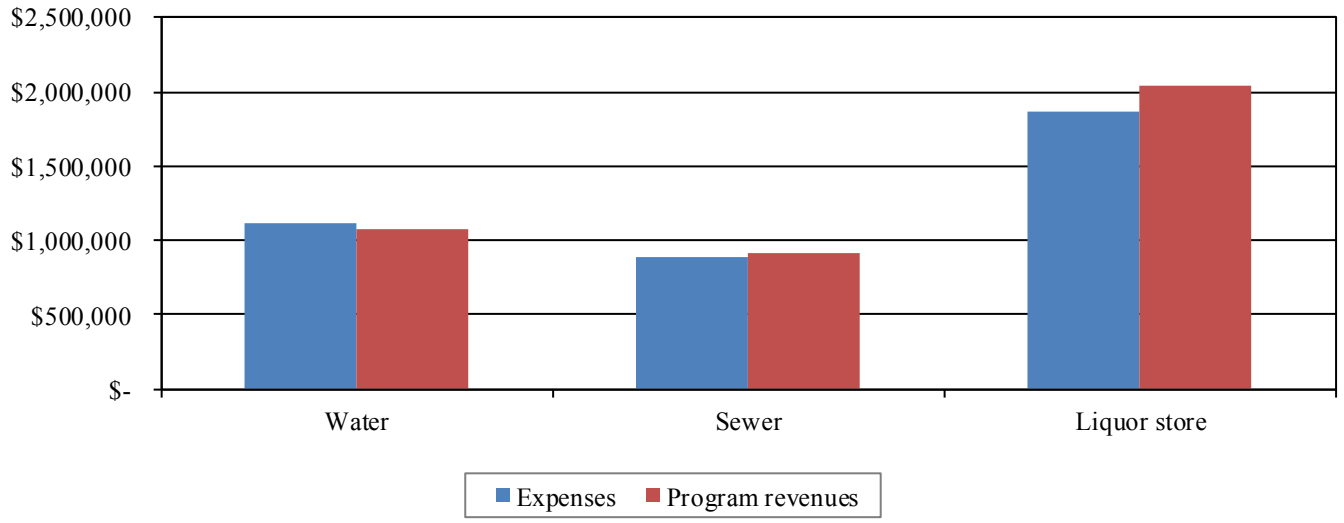




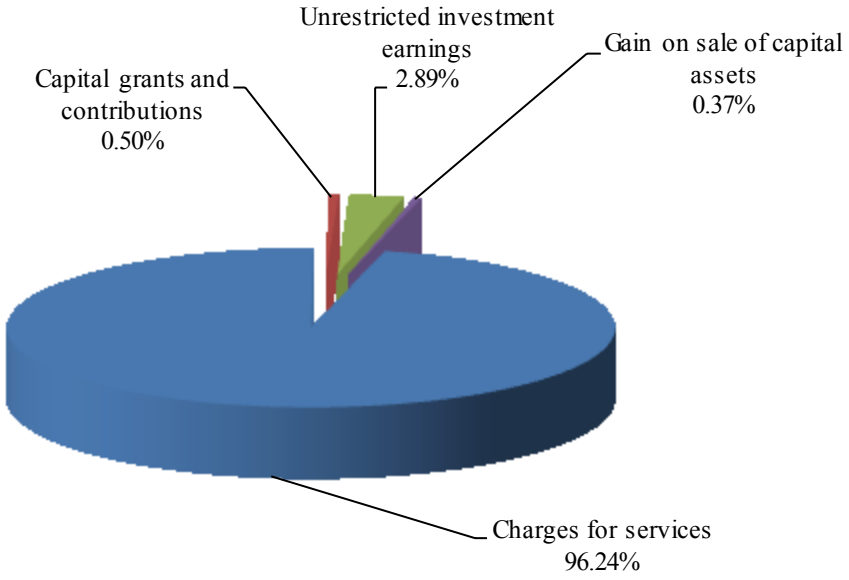
Business-type activities. Business-type activities increased the City's net assets by $375,038, accounting for 79 percent of the City's growth in net assets. Key elements of this increase are as follows:

- Revenues exceeded expenses by $282,599.
- The business type activities received capital contributions of $192,320 from the governmental funds.

Expenses and Program Revenues - Business-type Activities



Revenue by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1,607,422. Approximately 50 percent of this total amount, $803,966, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The City also has a nonspendable balance of $3,055, restricted balance of $386,123 and assigned balance of $414,278.

	Fund Balances December 31		Increase
Major Fund	2010	2011	(Decrease)
General	$ 2,051,643	$ 2,070,013	$ 18,370
Revenues exceeded expenditures by 347,613 during the year. This was possible due to expenditures being under budget by			
Capital Equipment Fund	947,652	(201,548)	(1,149,200)
The decrease in fund balance is related to the public works/police building construction project.			

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

Unrestricted net assets of the enterprise funds at the end of the year amounted to $7,383,130. The change in net assets for the funds was an increase of $375,039. Other 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

General fund revenues were 99.3 percent of the amount budgeted. Charges for services were over budget by $22,834 due to rentals and lease revenue exceeding expectations. Also, revenues for licenses and permits exceeding expectations by $28,065. Expenditures were 91.0 percent of the amount budgeted because department heads held their expenditures under the amounts appropriated. The largest positive variances were reflected in the capital outlay and public safety departments which came in under budget by $129,074 and $78,314, respectively.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2011, amounts to $30,572,709 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- The City purchased equipment totaling $120,041 during the year consisting of a four public safety vehicles and a 2011 Bobcat. Three of the vehicles and the Bobcat were purchased to replace the disposal of similar vehicles purchased in prior years.

- Incurred $346,129 worth of expenses related to the Ambassador Boulevard Trunk Utility project in 2011. The project is considered construction work in progress and will be completed in 2012.

Additional information on the City's capital assets can be found in Note 3C starting on page 69 of this report.

City of St. Francis' Capital Assets
(net of depreciation)

	Governmental Activities			Business-type Activities		
	2011	2010	Increase (Decrease)	2011	2010	Increase (Decrease)
Land	$ 1,427,736	$ 1,427,736	$ -	$ 2,359,188	$ 2,359,188	$ -
Construction in progress	1,699,603	697,617	1,001,986	1,614,899	1,268,770	346,129
Land improvements	113,414	122,152	(8,738)	-	-	-
Buildings	834,919	867,209	(32,290)	13,404,633	13,793,775	(389,142)
Infrastructure	3,518,948	3,370,255	148,693	4,793,884	4,817,586	(23,702)
Machinery and equipment	626,084	742,217	(116,133)	179,401	187,382	(7,981)
Total	$ 8,220,704	$ 7,227,186	$ 993,518	$ 22,352,005	$ 22,426,701	$ (74,696)

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $15,849,000. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of St. Francis' Outstanding Debt

	Governmental Activities			Business-type Activities		
	2011	2010	Increase (Decrease)	2011	2010	Increase (Decrease)
General obligation revenue bonds	$ 950,000	$ 1,010,000	$ (60,000)	$ 14,899,000	$ 15,527,000	$ (628,000)
Contract for deed	-	150,000	(150,000)	-	-	-
Capital Leases	101,793	163,739	(61,946)	-	-	-
Compensated absences payable	133,575	128,667	4,908	36,604	31,833	4,771
Total	$ 1,185,368	$ 1,452,406	$ (267,038)	$ 14,935,604	$ 15,558,833	$ (623,229)

The City's total debt decreased $890,267 (5 percent) during the current fiscal year. The decrease in debt is due to bond principal payments and no new debt issued during the year.

Minnesota statutes limit the amount of net general obligation debt a City may issue to three percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The City currently has no outstanding general obligation debt payable solely from ad valorem taxes.

Additional information on the City's long-term debt can be found in Note 3F starting on page 72 of this report.

Economic Factors and Next Year's Budgets and Rates

Residential property values decreased by 1.72 percent for property taxes payable in 2012.

State eliminated the market value credit program and implemented the market value exclusion program for property taxes payable in 2012.

These factors were considered in preparing the City's budget for 2012 fiscal year. The City's adopted budget includes a property tax levy of $2,873,160 which is an increase of $0 (0 percent) over the 2011 levy.

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 City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of St. Francis, 23340 Cree Street NW, St. Francis, Minnesota 55070.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2011

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CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and temporary investments	$ 2,897,965	$ 5,780,586	$ 8,678,551
Receivables			
Accrued interest	35,988	84,198	120,186
Delinquent taxes	123,570	-	123,570
Accounts	304,483	278,510	582,993
Special assessments	445,956	183,266	629,222
Due from other governments	411,255	3,775	415,030
Internal balances	(1,215,297)	1,215,297	-
Prepaid items	3,055	-	3,055
Inventories	-	203,781	203,781
Deferred charges	9,356	99,571	108,927
Capital assets			
Land and construction in progress	3,127,339	3,974,087	7,101,426
Depreciable assets (net of accumulated depreciation)	5,093,365	18,377,918	23,471,283
TOTAL ASSETS	11,237,035	30,200,989	41,438,024
LIABILITIES			
Accounts payable	188,070	132,153	320,223
Contracts payable	281,812	66,604	348,416
Accrued salaries payable	61,269	18,069	79,338
Due to other governments	15,146	18,988	34,134
Accrued interest payable	19,134	191,601	210,735
Deposits payable	1,200	-	1,200
Unearned revenue	-	1,835	1,835
Noncurrent liabilities			
Due within one year			
Compensated absences payable	106,073	23,135	129,208
Lease payable	26,723	-	26,723
Bonds payable	65,000	695,000	760,000
Due in more than one year			
Compensated absences payable	27,502	13,469	40,971
Lease payable	75,070	-	75,070
Bonds payable	885,000	14,204,000	15,089,000
TOTAL LIABILITIES	1,751,999	15,364,854	17,116,853
NET ASSETS			
Invested in capital assets, net of related debt	7,168,911	7,453,005	14,621,916
Restricted for			
Debt service	379,009	-	379,009
Park improvements	164,018	-	164,018
Police forfeitures	11,183	-	11,183
Tax increment financing	16,868	-	16,868
Unrestricted	1,745,047	7,383,130	9,128,177
TOTAL NET ASSETS	$ 9,485,036	$ 14,836,135	$ 24,321,171

The notes to the financial statements are an integral part of this statement.

CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions
Governmental activities				
General government	$ 708,620	$ 162,613	$ -	$ -
Public safety	1,607,064	161,869	122,329	-
Public works	1,033,276	5,204	20,939	126,109
Culture and recreation	366,321	7,441	17,887	330,479
Community development	119,378	152,503	-	-
Miscellaneous	3,309	54,182	-	-
Interest on long-term debt	48,957	-	-	-
Total governmental activities	3,886,925	543,812	161,155	456,588
Business-type activities				
Water	1,115,044	1,064,157	-	8,600
Sewer	886,633	900,193	-	12,200
Liquor store	1,873,937	2,037,209	-	-
Total business-type activities	3,875,614	4,001,559	-	20,800
Total	$ 7,762,539	$ 4,545,371	$ 161,155	$ 477,388

General revenues
Taxes
Property taxes, levied for general purposes
Property taxes, levied for debt service
Tax increments
State grants and contributions not restricted to specific programs
Unrestricted investment earnings
Gain on sale of capital assets
Transfers - capital assets
Transfers

Total general revenues and transfers

Change in net assets

Net assets, January 1

Net assets, December 31

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
$ (546,007)	$ -	$ (546,007)
(1,322,866)	-	(1,322,866)
(881,024)	-	(881,024)
(10,514)	-	(10,514)
33,125	-	33,125
50,873	-	50,873
(48,957)	-	(48,957)
(2,725,370)	-	(2,725,370)
-	(42,287)	(42,287)
-	25,760	25,760
-	163,272	163,272
-	146,745	146,745
(2,725,370)	146,745	(2,578,625)
2,704,644	-	2,704,644
19,759	-	19,759
15,374	-	15,374
149,366	-	149,366
26,971	120,322	147,293
2,644	15,532	18,176
(192,320)	192,320	-
99,880	(99,880)	-
2,826,318	228,294	3,054,612
100,948	375,039	475,987
9,384,088	14,461,096	23,845,184
$ 9,485,036	$ 14,836,135	$ 24,321,171

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FUND FINANCIAL STATEMENTS

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2011

CITY OF ST. FRANCIS, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	101 General	**402** Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and temporary investments	$ 2,139,565	$ 128,323	$ 630,077	$ 2,897,965
Receivables				
Accrued interest	29,556	-	6,432	35,988
Delinquent taxes	122,772	-	798	123,570
Accounts	21,953	-	282,530	304,483
Special assessments	925	-	445,031	445,956
Due from other governments	79,878	-	331,377	411,255
Prepaid items	3,055	-	-	3,055
TOTAL ASSETS	$ 2,397,704	$ 128,323	$ 1,696,245	$ 4,222,272
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 126,379	$ 52,379	$ 9,312	$ 188,070
Contracts payable	-	277,492	4,320	281,812
Accrued salaries payable	61,269	-	-	61,269
Due to other governments	15,146	-	-	15,146
Deposits payable	1,200	-	-	1,200
Due to other funds	-	-	1,215,297	1,215,297
Deferred revenue	123,697	-	728,359	852,056
TOTAL LIABILITIES	327,691	329,871	1,957,288	2,614,850
FUND BALANCES				
Nonspendable	3,055	-	-	3,055
Restricted	-	-	386,123	386,123
Assigned	8,095	-	406,183	414,278
Unassigned	2,058,863	(201,548)	(1,053,349)	803,966
TOTAL FUND BALANCES	2,070,013	(201,548)	(261,043)	1,607,422
TOTAL LIABILITIES AND FUND BALANCES	$ 2,397,704	$ 128,323	$ 1,696,245	$ 4,222,272

The notes to the financial statements are an integral part of this statement.

CITY OF ST. FRANCIS, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

Total fund balances - governmental	$ 1,607,422
Amounts reported for the 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	10,841,455
Less: accumulated depreciation	(2,620,751)
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 leases payable	(1,051,793)
Less: deferred charges, net of accumulated amortization	9,356
Compensated absences payable	(133,575)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	
Special assessments	445,956
Delinquent taxes	123,570
Developer receivable	282,530
Governmental funds do not report a liability for accrued interest until due and payable.	(19,134)
Total net assets - governmental activities	$ 9,485,036

The notes to the financial statements are an integral part of this statement.

CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	101 General	**402** Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 2,713,412	$ -	$ 35,133	$ 2,748,545
Licenses and permits	99,415	-	-	99,415
Intergovernmental	368,005	-	330,479	698,484
Charges for services	308,694	-	1,850	310,544
Fines and forfeitures	30,414	-	-	30,414
Special assessments	-	-	63,380	63,380
Interest on investments	34,275	513	(7,817)	26,971
Miscellaneous	129,570	8,009	8,036	145,615
TOTAL REVENUES	3,683,785	8,522	431,061	4,123,368
EXPENDITURES				
Current				
General government	651,933	-	-	651,933
Public safety	1,477,294	-	2,798	1,480,092
Public works	650,285	-	-	650,285
Culture and recreation	290,081	-	-	290,081
Community development	104,641	-	14,737	119,378
Miscellaneous	3,309	-	-	3,309
Capital outlay				
General government	-	29,978	-	29,978
Public safety	59,560	21,313	-	80,873
Public works	-	1,256,431	45,046	1,301,477
Culture and recreation	27,236	-	408,654	435,890
Debt service				
Principal	61,946	150,000	60,000	271,946
Interest and other charges	9,887	-	40,708	50,595
TOTAL EXPENDITURES	3,336,172	1,457,722	571,943	5,365,837
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	347,613	(1,449,200)	(140,882)	(1,242,469)
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	300,000	156,166	516,166
Sale of capital assets	27,043	-	-	27,043
Transfers out	(416,286)	-	-	(416,286)
TOTAL OTHER FINANCING SOURCES (USES)	(329,243)	300,000	156,166	126,923
NET CHANGE IN FUND BALANCES	18,370	(1,149,200)	15,284	(1,115,546)
FUND BALANCES, JANUARY 1	2,051,643	947,652	(276,327)	2,722,968
FUND BALANCES, DECEMBER 31	$ 2,070,013	$ (201,548)	$ (261,043)	$ 1,607,422

The notes to the financial statements are an integral part of this statement.

CITY OF ST. FRANCIS, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Total net change in fund balances - governmental funds	$ (1,115,546)
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	1,787,621
Depreciation expense	(373,334)
Gain (loss) on disposal of capital assets	(228,450)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal repayments	271,946
Amortization of deferred charges	(851)
Capital assets transferred to enterprise funds are not recorded in the governmental funds.	(192,320)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund 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.	2,489
Certain revenues are recognized as soon as it is earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Special assessments	(36,931)
Property taxes	(8,768)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(4,908)
Change in net assets - governmental activities	$ 100,948

The notes to the financial statements are an integral part of this statement.

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CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 2,697,508	$ 2,697,508	$ 2,713,412	$ 15,904
Licenses and permits	71,350	71,350	99,415	28,065
Intergovernmental	461,042	461,042	368,005	(93,037)
Charges for services	285,860	285,860	308,694	22,834
Fines and forfeitures	37,550	37,550	30,414	(7,136)
Interest on investments	40,920	40,920	34,275	(6,645)
Miscellaneous	114,130	114,130	129,570	15,440
TOTAL REVENUES	3,708,360	3,708,360	3,683,785	(24,575)
EXPENDITURES				
Current				
General government	718,700	718,700	651,933	66,767
Public safety	1,555,608	1,555,608	1,477,294	78,314
Public works	692,860	692,860	650,285	42,575
Culture and recreation	280,840	280,840	290,081	(9,241)
Community development	145,370	145,370	104,641	40,729
Miscellaneous	6,100	6,100	3,309	2,791
Capital outlay				
General government	10,000	10,000	-	10,000
Public safety	46,060	46,060	59,560	(13,500)
Public works	129,700	129,700	-	129,700
Culture and recreation	30,110	30,110	27,236	2,874
Debt service				
Principal	43,190	43,190	61,946	(18,756)
Interest and other charges	9,290	9,290	9,887	(597)
TOTAL EXPENDITURES	3,667,828	3,667,828	3,336,172	331,656
EXCESS OF REVENUES OVER EXPENDITURES	40,532	40,532	347,613	307,081
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	60,000	60,000	-
Sale of capital assets	-	-	27,043	27,043
Transfers out	(389,780)	(389,780)	(416,286)	(26,506)
TOTAL OTHER FINANCING SOURCES (USES)	(329,780)	(329,780)	(329,243)	537
NET CHANGE IN FUND BALANCES	(289,248)	(289,248)	18,370	307,618
FUND BALANCES, JANUARY 1	2,051,643	2,051,643	2,051,643	-
FUND BALANCES, DECEMBER 31	$ 1,762,395	$ 1,762,395	$ 2,070,013	$ 307,618

The notes to the financial statements are an integral part of this statement.

CITY OF ST. FRANCIS, MINNESOTA
STATEMENTS OF NET ASSETS - CONTINUED ON THE FOLLOWING PAGES
PROPRIETARY FUNDS
DECEMBER 31, 2011 AND 2010

	Business-type Activities - Enterprise Funds			
	601 Water		**602** Sewer	
	2011	2010	2011	2010
ASSETS				
CURRENT ASSETS				
Cash and temporary investments	$ 2,767,521	$ 3,043,644	$ 1,927,623	$ 2,191,586
Receivables				
Accrued interest	48,913	52,664	22,213	24,097
Accounts	153,548	125,199	99,922	101,469
Special assessments				
Delinquent	35,974	58,575	33,095	49,658
Deferred - current	-	-	6,243	11,219
Due from other governments	3,775	8,764	-	6,172
Due from other funds	1,215,297	1,033,107	-	-
Inventory	-	-	-	-
TOTAL CURRENT ASSETS	4,225,028	4,321,953	2,089,096	2,384,201
NONCURRENT ASSETS				
Special assessments				
Deferred	-	-	107,954	108,981
Deferred charges	27,973	31,136	71,598	77,298
Capital assets				
Land	18,115	18,115	2,337,839	2,337,839
Construction in progress	-	-	1,614,899	1,268,770
Buildings	8,994,235	8,994,235	7,256,415	7,256,415
Machinery and equipment	143,682	156,922	138,891	152,132
Infrastructure	4,811,973	4,675,645	1,348,387	1,292,395
Less accumulated depreciation	(1,936,894)	(1,629,730)	(2,787,337)	(2,539,697)
NET CAPITAL ASSETS	12,031,111	12,215,187	9,909,094	9,767,854
TOTAL NONCURRENT ASSETS	12,059,084	12,246,323	10,088,646	9,954,133
TOTAL ASSETS	16,284,112	16,568,276	12,177,742	12,338,334

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			
609 Liquor Store		Totals	
2011	2010	2011	2010
$ 1,085,442	$ 912,190	$ 5,780,586	$ 6,147,420
13,072	11,854	84,198	88,615
25,040	20,995	278,510	247,663
-	-	69,069	108,233
-	-	6,243	11,219
-	-	3,775	14,936
-	-	1,215,297	1,033,107
203,781	176,476	203,781	176,476
1,327,335	1,121,515	7,641,459	7,827,669
-	-	107,954	108,981
-	-	99,571	108,434
3,234	3,234	2,359,188	2,359,188
-	-	1,614,899	1,268,770
608,660	608,660	16,859,310	16,859,310
207,383	207,383	489,956	516,437
-	-	6,160,360	5,968,040
(407,477)	(375,617)	(5,131,708)	(4,545,044)
411,800	443,660	22,352,005	22,426,701
411,800	443,660	22,559,530	22,644,116
1,739,135	1,565,175	30,200,989	30,471,785

CITY OF ST. FRANCIS, MINNESOTA
STATEMENTS OF NET ASSETS - CONTINUED
PROPRIETARY FUNDS
DECEMBER 31, 2011 AND 2010

	Business-type Activities - Enterprise Funds			
	601 Water		**602** Sewer	
	2011	2010	2011	2010
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	$ 25,198	$ 15,844	$ 17,439	$ 92,651
Contracts payable	1,000	1,000	65,604	51,361
Accrued salaries payable	5,161	4,512	5,002	4,661
Due to other governments	575	1,084	428	1,311
Accrued interest payable	125,718	131,071	65,883	79,897
Unearned revenue	1,835	2,624	-	-
Compensated absences payable - current	7,211	4,224	7,211	4,224
Bonds payable - current	461,500	441,000	233,500	187,000
TOTAL CURRENT LIABILITIES	628,198	601,359	395,067	421,105
NONCURRENT LIABILITIES				
Compensated absences payable	5,444	6,672	5,444	6,672
Bonds payable	10,010,500	10,472,000	4,193,500	4,427,000
TOTAL NONCURRENT LIABILITIES	10,015,944	10,478,672	4,198,944	4,433,672
TOTAL LIABILITIES	10,644,142	11,080,031	4,594,011	4,854,777
NET ASSETS				
Invested in capital assets, net of related debt	1,559,111	1,302,187	5,482,094	5,153,854
Unrestricted	4,080,859	4,186,058	2,101,637	2,329,703
TOTAL NET ASSETS	$ 5,639,970	$ 5,488,245	$ 7,583,731	$ 7,483,557

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			
609 Liquor Store		Totals	
2011	2010	2011	2010
$ 89,516	$ 42,071	$ 132,153	$ 150,566
-	-	66,604	52,361
7,906	5,796	18,069	14,969
17,985	17,973	18,988	20,368
-	-	191,601	210,968
-	-	1,835	2,624
8,713	3,600	23,135	12,048
-	-	695,000	628,000
124,120	69,440	1,147,385	1,091,904
2,581	6,441	13,469	19,785
-	-	14,204,000	14,899,000
2,581	6,441	14,217,469	14,918,785
126,701	75,881	15,364,854	16,010,689
411,800	443,660	7,453,005	6,899,701
1,200,634	1,045,634	7,383,130	7,561,395
$ 1,612,434	$ 1,489,294	$ 14,836,135	$ 14,461,096

CITY OF ST. FRANCIS, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Business-type Activities - Enterprise Funds			
	601 Water		**602** Sewer	
	2011	2010	2011	2010
OPERATING REVENUES				
Sales	$ -	$ -	$ -	$ -
Cost of sales	-	-	-	-
GROSS PROFIT	-	-	-	-
Charges for services	1,054,298	1,063,256	866,745	805,969
TOTAL OPERATING REVENUES	1,054,298	1,063,256	866,745	805,969
OPERATING EXPENSES				
Personal services	152,168	148,361	150,326	145,389
Supplies	78,320	58,265	46,240	25,141
Professional services	82,646	69,721	84,740	81,131
Communications	6,362	7,675	2,436	2,548
Insurance	15,409	21,203	8,537	9,427
Utilities	75,451	68,962	94,267	95,062
Repairs and maintenance	62,129	54,796	64,838	76,488
Depreciation	327,100	301,900	267,577	204,745
Other	5,622	14,150	17,614	5,877
TOTAL OPERATING EXPENSES	805,207	745,033	736,575	645,808
OPERATING INCOME	249,091	318,223	130,170	160,161
NONOPERATING REVENUES (EXPENSES)				
Special assessments	-	-	-	120,200
Interest income	68,498	71,288	31,956	33,998
Miscellaneous	9,859	76,944	33,448	13,585
Gain on sale of capital assets	7,766	-	7,766	-
Interest expense	(309,837)	(335,194)	(150,058)	(155,121)
TOTAL NONOPERATING REVENUES (EXPENSES)	(223,714)	(186,962)	(76,888)	12,662
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	25,377	131,261	53,282	172,823
TRANSFERS AND CONTRIBUTIONS				
Transfers in	-	-	-	742,474
Capital contributions - connection fees	8,600	28,000	12,200	40,000
Capital contributions from other funds	136,328	836,122	55,992	1,308,538
Transfers out	(18,580)	(126,320)	(21,300)	(128,461)
TOTAL TRANSFERS AND CONTRIBUTIONS	126,348	737,802	46,892	1,962,551
CHANGE IN NET ASSETS	151,725	869,063	100,174	2,135,374
NET ASSETS, JANUARY 1	5,488,245	4,619,182	7,483,557	5,348,183
NET ASSETS, DECEMBER 31	$ 5,639,970	$ 5,488,245	$ 7,583,731	$ 7,483,557

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			
609 Liquor Store		Totals	
2011	2010	2011	2010
$ 2,017,684	$ 2,050,403	$ 2,017,684	$ 2,050,403
(1,504,114)	(1,535,157)	(1,504,114)	(1,535,157)
513,570	515,246	513,570	515,246
-	-	1,921,043	1,869,225
513,570	515,246	2,434,613	2,384,471
198,261	191,718	500,755	485,468
4,508	4,312	129,068	87,718
79,117	80,367	246,503	231,219
2,302	2,465	11,100	12,688
7,610	9,485	31,556	40,115
16,377	16,226	186,095	180,250
23,655	20,695	150,622	151,979
31,860	28,547	626,537	535,192
6,133	11,600	29,369	31,627
369,823	365,415	1,911,605	1,756,256
143,747	149,831	523,008	628,215
-	-	-	120,200
19,868	17,580	120,322	122,866
19,525	16,783	62,832	107,312
-	-	15,532	-
-	-	(459,895)	(490,315)
39,393	34,363	(261,209)	(139,937)
183,140	184,194	261,799	488,278
-	-	-	742,474
-	-	20,800	68,000
-	-	192,320	2,144,660
(60,000)	(60,000)	(99,880)	(314,781)
(60,000)	(60,000)	113,240	2,640,353
123,140	124,194	375,039	3,128,631
1,489,294	1,365,100	14,461,096	11,332,465
$ 1,612,434	$ 1,489,294	$ 14,836,135	$ 14,461,096

CITY OF ST. FRANCIS, MINNESOTA
STATEMENTS OF CASH FLOWS - CONTINUED ON THE FOLLOWING PAGES
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Business-type Activities - Enterprise Funds			
	601 Water		**602** Sewer	
	2011	2010	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 1,062,609	$ 1,171,707	$ 924,475	$ 820,080
Payments to suppliers	(317,094)	(304,610)	(347,164)	(285,905)
Payments to employees	(149,760)	(143,770)	(148,226)	(140,570)
NET CASH PROVIDED BY OPERATING ACTIVITIES	595,755	723,327	429,085	393,605
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase in due from other funds	(182,190)	(1,033,107)	-	-
Transfers from other funds	-	-	-	742,474
Transfers to other funds	(18,580)	(126,320)	(21,300)	(128,461)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(200,770)	(1,159,427)	(21,300)	614,013
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Connection fees received	8,600	28,000	12,200	40,000
Special assessments received	-	-	6,003	-
Acquisition of capital assets	-	(34,906)	(379,489)	(1,158,413)
Proceeds from sale of capital assets	1,070	-	1,070	-
Proceeds from bonds issued, net	-	-	-	1,554,217
Interest paid on bonds	(312,027)	(324,358)	(158,372)	(124,050)
Principal paid on bonds	(441,000)	(432,410)	(187,000)	(184,250)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(743,357)	(763,674)	(705,588)	127,504
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	72,249	59,303	33,840	21,084
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(276,123)	(1,140,471)	(263,963)	1,156,206
CASH AND CASH EQUIVALENTS, JANUARY 1	3,043,644	4,184,115	2,191,586	1,035,380
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 2,767,521	$ 3,043,644	$ 1,927,623	$ 2,191,586

The note to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			
609 Liquor Store		Totals	
2011	2010	2011	2010
$ 2,033,164	$ 2,071,588	$ 4,020,248	$ 4,063,375
(1,623,664)	(1,663,848)	(2,287,922)	(2,254,363)
(194,898)	(189,292)	(492,884)	(473,632)
214,602	218,448	1,239,442	1,335,380
-	-	(182,190)	(1,033,107)
-	-	-	742,474
(60,000)	(60,000)	(99,880)	(314,781)
(60,000)	(60,000)	(282,070)	(605,414)
-	-	20,800	68,000
-	-	6,003	-
-	(112,360)	(379,489)	(1,305,679)
-	-	2,140	-
-	-	-	1,554,217
-	-	(470,399)	(448,408)
-	-	(628,000)	(616,660)
-	(112,360)	(1,448,945)	(748,530)
18,650	14,191	124,739	94,578
173,252	60,279	(366,834)	76,014
912,190	851,911	6,147,420	6,071,406
$ 1,085,442	$ 912,190	$ 5,780,586	$ 6,147,420

CITY OF ST. FRANCIS, MINNESOTA
STATEMENTS OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Business-type Activities - Enterprise Funds			
	601 Water		**602** Sewer	
	2011	2010	2011	2010
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$ 249,091	$ 318,223	$ 130,170	$ 160,161
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	327,100	301,900	267,577	204,745
Other income related to operations	9,859	76,944	33,448	13,585
(Increase) decrease in assets:				
Receivables				
Accounts	(28,349)	(13,998)	1,547	(11,414)
Special assessments - delinquent	22,601	14,162	16,563	16,879
Due from other governments	4,989	29,989	6,172	(4,939)
Inventories	-	-	-	-
Increase (decrease) in liabilities				
Accounts payable	9,354	(7,487)	(27,609)	8,709
Due to other governments	(509)	(2,351)	(883)	1,060
Accrued salaries payable	649	635	341	863
Unearned revenue	(789)	1,354	-	-
Compensated absences payable	1,759	3,956	1,759	3,956
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 595,755	$ 723,327	$ 429,085	$ 393,605
NONCASH CAPITAL FINANCING AND INVESTING ACTIVITIES				
Deferred charges on bonds issued	$ -	$ -	$ -	$ 45,783
Amortization of deferred charges	$ 3,163	$ 3,163	$ 5,700	$ 3,827
Capital assets acquired on account	$ -	$ -	$ 65,604	$ 98,964
Capital assets contributed from other funds	$ 136,328	$ 836,122	$ 55,992	$ 1,308,538
Net trade-in activity of capital assets	$ 6,696	$ -	$ 6,696	$ -
Certified deferred special assessment	$ -	$ -	$ -	$ 120,200

The note to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			
609 Liquor Store		Totals	
2011	2010	2011	2010
$ 143,747	$ 149,831	$ 523,008	$ 628,215
31,860	28,547	626,537	535,192
19,525	16,783	62,832	107,312
(4,045)	805	(30,847)	(24,607)
-	-	39,164	31,041
-	3,597	11,161	28,647
(27,305)	11,390	(27,305)	11,390
47,445	4,657	29,190	5,879
12	412	(1,380)	(879)
2,110	199	3,100	1,697
-	-	(789)	1,354
1,253	2,227	4,771	10,139
$ 214,602	$ 218,448	$ 1,239,442	$ 1,335,380
$ -	$ -	$ -	$ 45,783
$ -	$ -	$ 8,863	$ 6,990
$ -	$ -	$ 65,604	$ 98,964
$ -	$ -	$ 192,320	$ 2,144,660
$ -	$ -	$ 13,392	$ -
$ -	$ -	$ -	$ 120,200

CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011

	Agency **853** Escrow
ASSETS	
Cash and temporary investments	$ 52,845
Special assessments receivable	885
TOTAL ASSETS	$ 53,730
LIABILITIES	
Accounts payable	$ 110
Deposits payable	53,620
TOTAL LIABILITIES	$ 53,730

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The notes to the financial statements are an integral part of this statement.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of St. Francis, Minnesota (the City) operates under its own "Home Rule Charter." Under this Charter, the government of the City is governed by the council composed of an elected mayor and four elected council members. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the City. The City has the following component unit:

Blended component unit

During 2011, the Economic Development Authority (EDA) of the City was created pursuant to Minnesota statutes 469.090 to carry out economic and industrial development and redevelopment consistent with policies established by the Council. The five member board consists of two council members and three other council approved members. The EDA may not exercise any of its authorized powers without prior approval of the City Council. The EDA provides services entirely to the City. The EDA did not have any financial activity in 2011. Separate financial statements are not issued for this component unit.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. *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 fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary funds and fiduciary fund financial statements. 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 year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue in the fund financial statements.

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.

The City reports the following major governmental funds:

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 *Capital Project fund* is set up to account for financial resources for the future purchases of capital outlay.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City reports the following major proprietary funds:

The *Water fund* accounts for costs associated with the City's water system and insure that user charges are sufficient to pay for those costs.

The *Sewer fund* accounts for the costs associated with the City's sewer system and insure that user charges are sufficient to pay for those costs.

The *Liquor Store fund* accounts for the costs associated with the City's liquor operations.

Additionally, the City reports the following fund types:

Fiduciary fund accounts for assets held by the City in a trustee capacity or as an agent on behalf of others.

The *Agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting.

This fund is used to account for developer deposits. These deposits are used to pay for specific expenses related to development and planning. Once the development is complete, any remaining funds are returned to the original depositor.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary funds financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contribution, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, and liquor enterprise funds are charges to customers for sales and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Assets, liabilities and net assets or equity

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.

2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.

3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.

4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.

5. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.

6. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

7. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

8. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Investments for the City are reported at fair value. Earnings on investments are allocated to the individual funds based upon the average cash and investment balances. The Minnesota Municipal Money Market Fund (4M) investment pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool share. Financial statements of the 4M fund can be obtained by contacting RBC Global Asset Management at 100 South 5th Street, Suite 23000, Minneapolis, MN 55402-1240.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property taxes

The Council annually adopts a tax levy in December and certifies it to the County for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Auditor and tax settlements are made to the City during January, July and December each year.

Taxes payable on homestead property, as defined by Minnesota statutes, were partially reduced by a market value credit aid. The credit is paid to the City by the State of Minnesota (State) in lieu of taxes levied against the homestead property. The State remits this credit in two equal installments in October and December each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred revenue liability for delinquent taxes not received within 60 days after year end in the fund financial statements.

Accounts receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2011. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

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. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred revenue liability in the fund financial statements.

Interfund receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/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.”

Prepaid items

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.

Inventories

The inventories are stated at average cost, which approximates market using the first-in, first-out (FIFO) method.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets, (e.g., 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 City as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Live in Years
Land improvements	15
Buildings and improvements	15 to 40
Infrastructure	20 to 50
Machinery and equipment	3 to 20

Compensated absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation, which is paid to the employee upon separation. A portion of unused sick leave may also be paid upon separation from City service. 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. The General fund is typically used to liquidate the governmental compensated absences liability.

Postemployment benefits other than pensions

In August 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the City's fiscal year 2009. Statement No. 45 requires accrual-based measurement, recognition and disclosure of Other Postemployment Benefits (OPEB) expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability, net of any plan assets. The City has no plans that would result in an OPEB liability and, therefore, the City anticipates it will not incur any future explicit or implicit OPEB costs for its employees and, therefore, no liability will be recorded.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the 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 fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council (the Council), which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Council itself or by an official to which the governing body delegates the authority. The Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Finance Director.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 45 percent of budgeted operating expenditures for cash-flow timing needs.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net assets

In the government-wide financial statements, net assets represent the difference between assets and liabilities. Net assets are displayed in three components:

a. Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

b. Restricted net assets - Consist of net assets restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Comparative data/reclassifications

Comparative total data for the prior year have been presented only for the individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund and other governmental funds. All annual appropriations lapse at fiscal year end. The City does not use encumbrance accounting.

In August of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 15th, the proposed budget is presented to the Council for review. The Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City's department heads, with the approval of the City Administrator, may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control is at the department level. The budget was not amended during 2011.

B. Excess of expenditures over appropriations

For the year ended December 31, 2011 expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Capital Project	$ 29,340	$ 1,457,722	$ 1,428,382
Debt Service	100,700	100,708	8
Park Development	269,000	408,654	139,654
Ivywood and 230th Lane	-	28,760	28,760

The excess expenditures were funded by revenues in excess of expectations and/or future revenue sources.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

C. Deficit fund equity

The following funds had deficits at December 31, 2011:

Fund	Amount
Major governmental	
Capital Projects	$ 201,548
Nonmajor governmental	
Capital projects	
River's Edge Trunk Utility Improvement	519,309
Watermain Looping	287,151
Creekview Estate Street and Utility Improvement	116,343
Ivywood and 230th Lane	130,546

- The deficit in the Capital Projects fund will be eliminated with future bonding.
- The deficit in the River's Edge Trunk Utility Improvement fund will be financed with future collections of trunk charges as housing development emerges.
- The deficit in the Watermain Looping fund will be eliminated with receipts from a developer.
- The deficit in the Creekview Estate Street and Utility Improvements fund will be eliminated through future collections of special assessments.
- The deficit in the Ivywood and 230th Lane fund will be eliminated with future special assessments.

Note 3: DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

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

At year end, the City's carrying amount of deposits was $1,242,071 and the bank balance was $1,227,366. The bank balance was covered by federal depository insurance totaling $250,000. The remaining balance was covered by collateral held by the City's agent in the City's name.

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Cash and investments summary

A reconciliation of cash and temporary investments as shown on the financial statements for the City follows:

Carrying amount of deposits	$ 1,242,071
Investments	7,489,325
Total	$ 8,731,396
As reported on the financial statements	
Statement of net assets	$ 8,678,551
Fiduciary statement of net assets	52,845
Total	$ 8,731,396

Investments

As of December 31, 2011, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Credit Quality/ Rating (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount
Non Pooled investments			
Brokered Certificates of Deposit	N/A	less than 6 months	$ 490,000
Brokered Certificates of Deposit	N/A	6 months to 1 year	690,000
Brokered Certificates of Deposit	N/A	1 to 3 years	1,081,000
Brokered Certificates of Deposit	N/A	more than 3 years	385,000
State and Local Government Sec.	AA+	1 to 3 years	164,629
State and Local Government Sec.	AA+	more than 3 years	54,371
US Government Securities	AAA	more than 3 years	395,644
Pooled investments			
Minnesota Municipal Money Market	N/A	less than 6 months	4,218,741
Broker Money Market	N/A	less than 6 months	9,940
Total investments			$ 7,489,325

1. Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.
2. Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 60 of the notes. In accordance with its investment policy, the City will minimize credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business, and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized

- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk.

- *Concentration of Credit risk*. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with its investment policy, the investment portfolio should be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific issuer, maturity or class of securities. Extended maturities may be utilized to take advantage of higher yields; however, no more than 10 percent of the total investments should extend beyond five (5) years and in no circumstance should any extend beyond 10 years.

- *Interest Rate Risk*. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio.

B. Deferred revenue

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

	Unavailable
General	
Delinquent taxes	$ 122,772
Special assessments	925
Debt service	
Special assessments	202,589
Other	702
Other governmental	
Delinquent taxes	798
Special assessments	241,740
Developer receivable	282,530
Total	$ 852,056

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 1,427,736	$ -	$ -	$ 1,427,736
Construction in progress	697,618	1,692,921	(690,936)	1,699,603
Total capital assets not being depreciated	2,125,354	1,692,921	(690,936)	3,127,339
Capital assets, being depreciated				
Land improvements	174,771	-	-	174,771
Buildings	1,124,789	-	-	1,124,789
Infrastructure	3,719,593	294,565	-	4,014,158
Machinery and equipment	2,353,504	94,701	(47,807)	2,400,398
Total capital assets being depreciated	7,372,657	389,266	(47,807)	7,714,116
Less accumulated depreciation for				
Land improvements	(52,619)	(8,738)	-	(61,357)
Buildings	(257,580)	(32,290)	-	(289,870)
Infrastructure	(349,338)	(145,872)	-	(495,210)
Machinery and equipment	(1,611,288)	(186,434)	23,408	(1,774,314)
Total accumulated depreciation	(2,270,825)	(373,334)	23,408	(2,620,751)
Total capital assets being depreciated, net	5,101,832	15,932	(24,399)	5,093,365
Governmental activities capital assets, net	$ 7,227,186	$ 1,708,853	$ (715,335)	$ 8,220,704

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	$ 2,359,188	$ -	$ -	$ 2,359,188
Construction in progress	1,268,770	346,129	-	1,614,899
Total capital assets not being depreciated	3,627,958	346,129	-	3,974,087
Capital assets being depreciated				
Buildings	16,859,310	-	-	16,859,310
Infrastructure	5,968,040	192,320	-	6,160,360
Machinery and equipment	516,437	29,340	(55,821)	489,956
Total capital assets being depreciated	23,343,787	221,660	(55,821)	23,509,626
Less accumulated depreciation for				
Buildings	(3,065,535)	(389,142)	-	(3,454,677)
Infrastructure	(1,150,454)	(216,022)	-	(1,366,476)
Machinery and equipment	(329,055)	(21,373)	39,873	(310,555)
Total accumulated depreciation	(4,545,044)	(626,537)	39,873	(5,131,708)
Total capital assets being depreciated, net	18,798,743	(404,877)	(15,948)	18,377,918
Business-type activities capital assets, net	$ 22,426,701	$ (58,748)	$ (15,948)	$ 22,352,005

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

Governmental activities	
General government	$ 26,219
Public safety	108,028
Public works	166,777
Culture and recreation	72,310
Total depreciation expense - governmental activities	$ 373,334
Business-type activities	
Water	$ 327,100
Sewer	267,577
Liquor store	31,860
Total depreciation expense - business-type activities	$ 626,537

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

D. Construction commitments

The City had the following outstanding construction commitments at December 31, 2011:

Project	Spent to date	Remaining Commitment
Public Works/Police Building	$ 544,846	$ 5,743,508
Ambassador Trunk Utilities	1,246,469	42,649
Total	$ 1,791,315	$ 5,786,157

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2011 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Water	Other Governmental	To provide cash flows	$ 1,215,297

The City made transfers during the fiscal year 2011 as shown and described below:

	Transfer in			
Fund	General	Capital Projects	Other Governmental	Total
Transfer out				
General	$ -	$ 300,000	$ 116,286	$ 416,286
Water	-	-	18,580	18,580
Sewer	-	-	21,300	21,300
Liquor Store	60,000	-	-	60,000
Total	$ 60,000	$ 300,000	$ 156,166	$ 516,166

The City made the following transfers during 2011:

- The General fund transferred $275,000 to the Capital Projects fund for building expenditures.
- The General fund transferred $100,000 to other governmental funds for purchase of a fire truck.
- The General fund transferred $25,000 to the Capital Projects fund for the purchase of a public works vehicle.
- The General fund transferred $16,286 to other governmental funds to close funds.
- The Water fund transferred $64,000 to other governmental funds for debt service.
- The Sewer fund transferred $21,300 to other governmental funds for debt service.
- The Liquor fund transferred $60,000 to the General fund for its annual contribution in lieu of taxes and for its annual contribution to Pioneer Days.

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

F. Long-term debt

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for proprietary activities. These bonds are reported in the proprietary funds as they are expected to be repaid from proprietary fund revenues. In addition, bonds have been issued to refund general obligation bonds.

General obligation improvement bonds

The following bond was issued to finance various improvement projects throughout the City. It will be retired through a combination of transfers from enterprise funds, generated through utility revenues, future tax levies and special assessments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement and Utility Revenue Bonds, Series 2007A	$ 1,110,000	4.000 - 4.375 %	12/13/07	02/01/23	$ 950,000

Annual debt service requirements to maturity for general obligation improvement bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2012	$ 65,000	$ 37,783	$ 102,783
2013	65,000	35,182	100,182
2014	70,000	32,483	102,483
2015	70,000	29,682	99,682
2016	75,000	26,783	101,783
2017-2021	415,000	85,410	500,410
2022-2023	190,000	8,156	198,156
Total	$ 950,000	$ 255,479	$ 1,205,479

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

General obligation revenue bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be retired from net revenues of the enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water and Sewer Revenue Crossover Refunding Bonds, Series 2006	$ 2,840,000	3.300 - 4.000 %	02/27/06	02/01/16	$ 2,335,000
G.O. Improvement and Utility Revenue Bonds, Series 2007	3,115,000	4.000 - 4.375	12/13/07	02/01/28	2,805,000
MPFA - Water Revenue Bonds Series 2008	9,013,468	2.563	12/18/07	08/20/27	8,159,000
G.O. Sewer Revenue Bonds, Series 2010A	1,600,000	2.000 - 3.500	09/20/10	02/01/31	1,600,000
Total G.O. Revenue Bonds					$ 14,899,000

Annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2012	$ 695,000	$ 452,831	$ 1,147,831
2013	968,000	426,771	1,394,771
2014	1,000,000	394,317	1,394,317
2015	1,043,000	359,272	1,402,272
2016	1,082,000	323,487	1,405,487
2017-2021	3,901,000	1,272,016	5,173,016
2022-2026	4,536,000	787,523	5,323,523
2027-2031	1,674,000	86,931	1,760,931
Total	$ 14,899,000	$ 4,103,148	$ 19,002,148

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital leases payable

The City has entered into capital leasing financing agreements for the following items.

Asset	Cost	Accumulated Depreciation	Net Book Value
Fire Truck	$ 310,000	$ (310,000)	$ -

The balances of capital leases as of December 31, 2011 are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Fire Truck Lease	$ 310,000	6.72 %	02/15/00	02/15/15	$ 101,793

Annual lease payment and accrued interest payments until maturity for capital leases are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2012	$ 26,723	$ 6,399	$ 33,122
2013	28,549	4,573	33,122
2014	30,499	2,622	33,121
2015	16,022	538	16,560
Total	$ 101,793	$ 14,132	$ 115,925

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Changes in long-term liabilities

Noncurrent liability activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	$ 1,010,000	$ -	$ (60,000)	$ 950,000	$ 65,000
Other noncurrent debt					
Capital leases payable	163,739	-	(61,946)	101,793	26,723
Contract for deed payable	150,000	-	(150,000)	-	-
Compensated absences payable	128,667	134,116	(129,208)	133,575	106,073
Governmental activity long-term liabilities	$ 1,452,406	$ 134,116	$ (401,154)	$ 1,185,368	$ 197,796
Business-type activities					
Bonds payable					
General obligations revenue bonds	$ 15,527,000	$ -	$ (628,000)	$ 14,899,000	$ 695,000
Compensated absences payable	31,833	45,744	(40,973)	36,604	23,135
Business-type activity long-term liabilities	$ 15,558,833	$ 45,744	$ (668,973)	$ 14,935,604	$ 718,135

G. Fund Balance Classification

At December 31, 2011, a summary of the governmental fund balance classifications are as follows:

	General	Other Governmental Funds	Total
Nonspendable			
Prepaid items	$ 3,055	$ -	$ 3,055
Restricted for			
Debt service	$ -	$ 194,054	$ 194,054
Police forfeitures	-	11,183	11,183
Tax increment financing	-	16,868	16,868
Park improvements	-	164,018	164,018
Total restricted	$ -	$ 386,123	$ 386,123
Assigned to			
Fire truck replacement	$ -	$ 406,183	$ 406,183
Bicentennial	8,095	-	8,095
Total assigned	$ 8,095	$ 406,183	$ 414,278

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE

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 of Minnesota (PERA). 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 and fire-fighters who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of the 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 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 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 for each year of service.

For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For GERF and PEPFF 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 members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at age 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees, who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

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

Note 4: DEFINED BENEFIT PENSION PLANS – STATEWIDE - 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 Minnesota statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.25 percent, respectively, of their annual covered salary in 2011. PEPFF members were required to contribute 9.60 percent of their annual covered salary in 2011. The City is required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERF members, 7.25 percent for Coordinated Plan GERF members and 14.40 percent for PEPFF members. The City's contributions to the GERF for the years ending December 31, 2011, 2010, and 2009 were $71,048, $71,348, and $70,443, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2011, 2010, and 2009 were $103,649, $99,269, and $98,142, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Note 5: OTHER INFORMATION

A. Legal debt margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of 3 percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. The City has no debt subject to the limit.

B. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

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

C. Tax increment financing districts

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

The City has entered into "pay as you go" Tax Increment Financing notes within its TIF districts. These notes are payable only to the extent of the increment received. As a result they are a commitment within the district but they have not met the criteria to be reported as a liability on the Statement of Net Assets.

Note 6: VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION

A. Plan description

The St. Francis Firefighter's Relief Association (Association) is the administrator of a single employer public employee defined benefit retirement system (PERS) established to provide benefits for members of the St. Francis Fire Department.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the St. Francis Firefighter's Relief Association, Post Office Box 122, St. Francis, Minnesota 55070-0730

B. Funding policy

The financial requirements of the Special fund are determined in accordance with section 69.772 of the Minnesota statutes, which requires the payment of pension benefits in a lump sum or optionally in annual installments. The Association is comprised of volunteers and therefore members have no contribution requirements. During the year, the City recognized as revenue and as expenditure on-behalf payments of $20,619 made by the State of Minnesota for the Association. The benefits are payable after age 50, 20 years of service, and 10 years of Association membership or upon death. The City's annual pension cost for the current year and related information for the plan is as follows:

Annual pension cost	$ 23,308
Contributions made	
State aid	23,308
Actuarial valuation date	12/31/11
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	
Normal cost	20 years
Prior service cost	10 years
Asset valuation method	Market
Actuarial assumptions	
Investment rate of return	5%
Projected salary increases	N/A
Inflation rate	N/A
Cost of living adjustments	None

Note 6: VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION - CONTINUED

	Three Year Trend Information		
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	$ 23,308	100.0 %	$ -
12/31/10	20,019	100.0	-
12/31/09	43,623	100.0	-

	Required Supplementary Information				
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Assets in Excess of (Unfunded) Accrued Liability	Funded Rate	Pension Benefit Per Year of Service
12/31/11	*	*	*	*	$ 2,100
12/31/10	$ 662,836	$ 546,638	$ 116,198	121.26 %	2,100
12/31/09	684,246	610,644	73,602	112.05	2,100

* Information not available at the time of the audit.

Note 7: ACCOUNTING CHANGE

GASB Statement 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The City implemented this standard for fiscal year end December 31, 2011. Changes to governmental fund type fund balance reporting is reflected in the financial statements and schedules and related disclosures are included in Note 1.

The implementation of GASB No. 54 resulted in the reclassification of certain funds and restatement of the City's financial statements. This statement had the following effect on fund balances of major and nonmajor funds as they were previously reported:

	Fund Balance at December 31, 2010	Reclassification of Funds Due to GASB 54	Fund balance at January 1, 2011 as Restated
General	$ 2,050,402	$ 1,241	$ 2,051,643
Pioneer Days	(6,717)	6,717	-
Bicentennial	7,958	(7,958)	-
Totals	$ 2,051,643	$ -	$ 2,051,643

Note 8: SUBSEQUENT EVENT

On January 10, 2012 the Economic Development Authority for the City issued $8,200,000 Public Project Lease Revenue Bonds, Series 2012A. The bonds were issued to finance the public works/police building. The interest rates are 1 percent - 5 percent with a maturity date of February 1, 2037.

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2011

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NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

The Debt Service funds are established to account for the collection of ad valorem taxes and special assessments, as well as the payment of principal and interest of general long-term debt.

G.O. Bonds 2007A – accounts for the taxes and special assessments related to G.O. Bond 2007A project, as well as the principal and interest payments related to the bond.

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2011

	Special Revenue	Debt Service **311** G.O. Bonds 2007A	Capital Projects	Total
ASSETS				
Cash and temporary investments	$ 34,805	$ 191,307	$ 403,965	$ 630,077
Receivables				
Accrued interest	281	1,849	4,302	6,432
Delinquent taxes	-	798	-	798
Accounts	-	-	282,530	282,530
Special assessments				
Deferred	-	202,589	241,740	444,329
Delinquent	-	702	-	702
Due from other governments	-	898	330,479	331,377
TOTAL ASSETS	$ 35,086	$ 398,143	$ 1,263,016	$ 1,696,245
LIABILITIES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	$ 7,035	$ -	$ 2,277	$ 9,312
Contracts payable	-	-	4,320	4,320
Due to other funds	-	-	1,215,297	1,215,297
Deferred revenue	-	204,089	524,270	728,359
TOTAL LIABILITIES	7,035	204,089	1,746,164	1,957,288
FUND BALANCES				
Restricted	28,051	194,054	164,018	386,123
Assigned	-	-	406,183	406,183
Unassigned	-	-	(1,053,349)	(1,053,349)
TOTAL FUND BALANCES	28,051	194,054	(483,148)	(261,043)
TOTAL LIABILITIES AND FUND BALANCES	$ 35,086	$ 398,143	$ 1,263,016	$ 1,696,245

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Special Revenue	Debt Service **311** G.O. Bonds 2007A	Capital Projects	Total
REVENUES				
Taxes	$ 15,374	$ 19,759	$ -	$ 35,133
Intergovernmental	-	-	330,479	330,479
Charges for services	650	-	1,200	1,850
Special assessments	-	23,575	39,805	63,380
Interest on investments	263	1,550	(9,630)	(7,817)
Miscellaneous	2,600	-	5,436	8,036
TOTAL REVENUES	18,887	44,884	367,290	431,061
EXPENDITURES				
Current				
Public safety	2,798	-	-	2,798
Community development	14,737	-	-	14,737
Capital outlay				
Public works	-	-	45,046	45,046
Culture and recreation	-	-	408,654	408,654
Debt Service				
Principal	-	60,000	-	60,000
Interest and other charges	-	40,708	-	40,708
TOTAL EXPENDITURES	17,535	100,708	453,700	571,943
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,352	(55,824)	(86,410)	(140,882)
OTHER FINANCING SOURCES				
Transfers in	-	39,880	116,286	156,166
NET CHANGE IN FUND BALANCES	1,352	(15,944)	29,876	15,284
FUND BALANCES, JANUARY 1	26,699	209,998	(513,024)	(276,327)
FUND BALANCES, DECEMBER 31	$ 28,051	$ 194,054	$ (483,148)	$ (261,043)

CITY OF ST. FRANCIS, MINNESOTA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011				2010
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Property taxes	$ 20,900	$ 20,900	$ 19,759	$ (1,141)	$ 19,311
Special assessments	24,810	24,810	23,575	(1,235)	40,766
Investment earnings	2,280	2,280	1,550	(730)	2,498
TOTAL REVENUES	47,990	47,990	44,884	(3,106)	62,575
EXPENDITURES					
Debt service					
Principal	60,000	60,000	60,000	-	55,000
Interest and other charges	40,700	40,700	40,708	(8)	43,132
TOTAL EXPENDITURES	100,700	100,700	100,708	(8)	98,132
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(52,710)	(52,710)	(55,824)	(3,114)	(35,557)
OTHER FINANCING SOURCES					
Transfers in	39,880	39,880	39,880	-	39,880
NET CHANGE IN FUND BALANCES	(12,830)	(12,830)	(15,944)	(3,114)	4,323
FUND BALANCES, JANUARY 1	209,998	209,998	209,998	-	205,675
FUND BALANCES, DECEMBER 31	$ 197,168	$ 197,168	$ 194,054	$ (3,114)	$ 209,998

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenue derived from specific taxes or other earmarked revenue sources. They are usually required by Minnesota statute or local ordinances to finance particular functions or other activities of government.

Police Forfeiture - proceeds from the sale of forfeited vehicles which is legally restricted for the purchase of police equipment.

Turtle Ridge TIF - activity associated with the City's only Tax Increment Financing District established for the Turtle Ridge Townhome project.

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2011

	208 Police Forfeiture	**250** Turtle Ridge TIF	Total
ASSETS			
Cash and temporary investments	$ 11,303	$ 23,502	$ 34,805
Accrued interest receivable	-	281	281
TOTAL ASSETS	$ 11,303	$ 23,783	$ 35,086
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 120	$ 6,915	$ 7,035
FUND BALANCES			
Restricted for			
Police forfeitures	11,183	-	11,183
Tax increment financing	-	16,868	16,868
TOTAL FUND BALANCES	11,183	16,868	28,051
TOTAL LIABILITIES AND FUND BALANCES	$ 11,303	$ 23,783	$ 35,086

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2011

	208 Police Forfeiture	**250** Turtle Ridge TIF	Total
REVENUES			
Tax increments	$ -	$ 15,374	$ 15,374
Charges for services	650	-	650
Interest on investments	-	263	263
Miscellaneous			
Contributions and donations	2,600	-	2,600
TOTAL REVENUES	3,250	15,637	18,887
EXPENDITURES			
Current			
Public safety	2,798	-	2,798
Community development	-	14,737	14,737
TOTAL EXPENDITURES	2,798	14,737	17,535
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	452	900	1,352
FUND BALANCES, JANUARY 1	10,731	15,968	26,699
FUND BALANCES, DECEMBER 31	$ 11,183	$ 16,868	$ 28,051

CITY OF ST. FRANCIS, MINNESOTA
POLICE FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011				2010
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Intergovernmental	$ -	$ -	$ 650	$ 650	$ 11,093
Charges for services	-	-	2,600	2,600	-
TOTAL REVENUES	-	-	3,250	3,250	11,093
EXPENDITURES					
Current					
Public safety	11,110	11,110	2,798	8,312	2,068
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,110)	(11,110)	452	11,562	9,025
FUND BALANCES, JANUARY 1	10,731	10,731	10,731	-	1,706
FUND BALANCES, DECEMBER 31	$ (379)	$ (379)	$ 11,183	$ 11,562	$ 10,731

CITY OF ST. FRANCIS, MINNESOTA
TAX INCREMENT TURTLE RIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011				2010
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Tax increments	$ 18,290	$ 18,290	$ 15,374	$ (2,916)	$ 18,285
Interest on investments	-	-	263	263	332
TOTAL REVENUES	18,290	18,290	15,637	(2,653)	18,617
EXPENDITURES					
Current					
Community development	16,920	16,920	14,737	2,183	16,920
EXCESS OF REVENUES OVER EXPENDITURES	1,370	1,370	900	(470)	1,697
FUND BALANCES, JANUARY 1	15,968	15,968	15,968	-	14,271
FUND BALANCES, DECEMBER 31	$ 17,338	$ 17,338	$ 16,868	$ (470)	$ 15,968

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NONMAJOR CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by enterprise funds.

Park Improvements - for the development of new City parks and improvement of existing parks. Revenue is primarily from park development fees.

Fire Truck Replacement - funds set aside for future purchases of vehicles. Resources are currently provided by transfers from other funds.

MSA Construction - was used to account for the annual State Street Construction Aid allotment. Revenue is now being booked directly to the Capital Projects Fund it was requested for instead of booking it to this fund and completing a transfer from this fund to the related capital fund.

River's Edge Trunk Utility Improvement - accounts for financial resources used to improve current city infrastructure and to finance construction of sanitary sewer and water mains to serve the new River's Edge development and Rum River Bluffs development.

Watermain Looping - accounts for the accumulation of resources to finance the extension of the City's water and sewer infrastructure.

Creekview Estate Street and Utility Improvement - accounts for the accumulation of resources to finance the 2006 street reconstruction project.

Ivywood and 230th Lane - accounts for financial resources used to finance a future street reconstruction project.

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2011

	225 Park Improvements	403 Fire Truck Replacement	420 MSA Construction	423 River's Edge Trunk Utility Improvement
ASSETS				
Cash and temporary investments	$ 1,402	$ 402,563	$ -	$ -
Receivables				
Accrued interest	682	3,620	-	-
Accounts	-	-	-	-
Deferred special assessments	-	-	-	-
Due from other governments	330,479	-	-	-
TOTAL ASSETS	$ 332,563	$ 406,183	$ -	$ -
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 2,277	$ -	$ -	$ -
Contracts payable	-	-	-	4,320
Due to other funds	166,268	-	-	514,989
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	168,545	-	-	519,309
FUND BALANCES				
Restricted for				
Park improvements	164,018	-	-	-
Assigned for				
Fire truck replacement	-	406,183	-	-
Unassigned	-	-	-	(519,309)
TOTAL FUND BALANCES	164,018	406,183	-	(519,309)
TOTAL LIABILITIES AND FUND BALANCES	$ 332,563	$ 406,183	$ -	$ -

427 Watermain Looping	505 Creekview Estate Street and Utility Improvement	507 Ivywood and 230th Lane	Total
$ -	$ -	$ -	$ 403,965
-	-	-	4,302
282,530	-	-	282,530
-	109,755	131,985	241,740
-	-	-	330,479
$ 282,530	$ 109,755	$ 131,985	$ 1,263,016
$ -	$ -	$ -	$ 2,277
-	-	-	4,320
287,151	116,343	130,546	1,215,297
282,530	109,755	131,985	524,270
569,681	226,098	262,531	1,746,164
-	-	-	164,018
-	-	-	406,183
(287,151)	(116,343)	(130,546)	(1,053,349)
(287,151)	(116,343)	(130,546)	(483,148)
$ 282,530	$ 109,755	$ 131,985	$ 1,263,016

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2011

	225	403	420	423
	Park Improvements	Fire Truck Replacement	MSA Construction	River's Edge Trunk Utility Improvement
REVENUES				
Intergovernmental	$ 330,479	$ -	$ -	$ -
Charges for services	1,200	-	-	-
Special assessments	-	-	-	-
Interest on investments	218	4,646	-	(8,690)
Miscellaneous	5,436	-	-	-
TOTAL REVENUES	337,333	4,646	-	(8,690)
EXPENDITURES				
Capital outlay				
Public works	-	-	16,286	-
Culture and recreation	408,654	-	-	-
TOTAL EXPENDITURES	408,654	-	16,286	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(71,321)	4,646	(16,286)	(8,690)
OTHER FINANCING SOURCES				
Transfers in	-	100,000	16,286	-
NET CHANGE IN FUND BALANCES	(71,321)	104,646	-	(8,690)
FUND BALANCES, JANUARY 1	235,339	301,537	-	(510,619)
FUND BALANCES, DECEMBER 31	$ 164,018	$ 406,183	$ -	$ (519,309)

427 Watermain Looping	505 Creekview Estate Street and Utility Improvement	507 Ivywood and 230th Lane	Total
$ -	$ -	$ -	$ 330,479
-	-	-	1,200
-	20,416	19,389	39,805
-	(2,239)	(3,565)	(9,630)
-	-	-	5,436
-	18,177	15,824	367,290
-	-	28,760	45,046
-	-	-	408,654
-	-	28,760	453,700
-	18,177	(12,936)	(86,410)
-	-	-	116,286
-	18,177	(12,936)	29,876
(287,151)	(134,520)	(117,610)	(513,024)
$ (287,151)	$ (116,343)	$ (130,546)	$ (483,148)

CITY OF ST. FRANCIS, MINNESOTA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011			
	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Interest on investments	$ 13,000	$ 13,000	$ 513	$ (12,487)
Miscellaneous	-	-	8,009	8,009
TOTAL REVENUES	13,000	13,000	8,522	(4,478)
EXPENDITURES				
Capital outlay				
General government	-	-	29,978	(29,978)
Public safety	29,340	29,340	21,313	8,027
Public works	-	-	1,256,431	(1,256,431)
Debt service				
Principal	-	-	150,000	(150,000)
TOTAL EXPENDITURES	29,340	29,340	1,457,722	(1,428,382)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(16,340)	(16,340)	(1,449,200)	(1,432,860)
OTHER FINANCING SOURCES				
Transfers in	289,780	289,780	300,000	10,220
NET CHANGE IN FUND BALANCES	273,440	273,440	(1,149,200)	(1,422,640)
FUND BALANCES, JANUARY 1	947,652	947,652	947,652	-
FUND BALANCES, DECEMBER 31	$ 1,221,092	$ 1,221,092	$ (201,548)	$ (1,422,640)

CITY OF ST. FRANCIS, MINNESOTA
PARK DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011				2010
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Intergovernmental	$ -	$ -	$ 330,479	$ 330,479	$ -
Charges for services	1,000	1,000	1,200	200	1,425
Interest on investments	1,000	1,000	218	(782)	4,472
Contributions and donations	500	500	5,436	4,936	703
TOTAL REVENUES	2,500	2,500	337,333	334,833	6,600
EXPENDITURES					
Capital outlay					
Culture and recreation	269,000	269,000	408,654	(139,654)	40,614
NET CHANGE IN FUND BALANCES	(266,500)	(266,500)	(71,321)	195,179	(34,014)
FUND BALANCES, JANUARY 1	235,339	235,339	235,339	-	269,353
FUND BALANCES, DECEMBER 31	$ (31,161)	$ (31,161)	$ 164,018	$ 195,179	$ 235,339

CITY OF ST. FRANCIS, MINNESOTA
FIRE TRUCK REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011				2010
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Interest on investments	$ 3,200	$ 3,200	$ 4,646	$ 1,446	$ 4,915
OTHER FINANCING SOURCES					
Transfers in	100,000	100,000	100,000	-	100,000
NET CHANGE IN FUND BALANCES	103,200	103,200	104,646	1,446	104,915
FUND BALANCES, JANUARY 1	301,537	301,537	301,537	-	196,622
FUND BALANCES, DECEMBER 31	$ 404,737	$ 404,737	$ 406,183	$ 1,446	$ 301,537

CITY OF ST. FRANCIS, MINNESOTA
CREEKVIEW ESTATES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011				2010
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Special assessments	$ 11,000	$ 11,000	$ 20,416	$ 9,416	$ 13,672
Interest on investments	(3,800)	(3,800)	(2,239)	1,561	(2,192)
TOTAL REVENUES	7,200	7,200	18,177	10,977	11,480
EXPENDITURES					
Capital outlay					
Public works	-	-	-	-	58
EXCESS OF REVENUES OVER EXPENDITURES	7,200	7,200	18,177	10,977	11,422
FUND BALANCES, JANUARY 1	(134,520)	(134,520)	(134,520)	-	(145,942)
FUND BALANCES, DECEMBER 31	$ (127,320)	$ (127,320)	$ (116,343)	$ 10,977	$ (134,520)

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CITY OF ST. FRANCIS, MINNESOTA
IVYWOOD AND 230TH LANE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011				2010
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Intergovernmental	$ 14,250	$ 14,250	$ 19,389	$ 5,139	$ -
Interest on investments	-	-	(3,565)	(3,565)	(3,515)
TOTAL REVENUES	14,250	14,250	15,824	1,574	(3,515)
EXPENDITURES					
Capital outlay					
Public works	-	-	28,760	(28,760)	404,642
DEFICIENCY OF REVENUES UNDER EXPENDITURES	14,250	14,250	(12,936)	(27,186)	(408,157)
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	336,950
NET CHANGE IN FUND BALANCES	14,250	14,250	(12,936)	(27,186)	(71,207)
FUND BALANCES, JANUARY 1	(117,610)	(117,610)	(117,610)	-	(46,403)
FUND BALANCES, DECEMBER 31	$ (103,360)	$ (103,360)	$ (130,546)	$ (27,186)	$ (117,610)

CITY OF ST. FRANCIS, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011				2010
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Property taxes	$ 2,697,508	$ 2,697,508	$ 2,713,412	$ 15,904	$ 2,720,353
Licenses and permits					
Business	23,390	23,390	24,595	1,205	24,320
Nonbusiness	47,960	47,960	74,820	26,860	53,922
Total	71,350	71,350	99,415	28,065	78,242
Intergovernmental					
State					
Local government aid	80,930	80,930	80,929	(1)	80,929
Property tax credits	185,332	185,332	66,466	(118,866)	67,767
Police and fire aid	95,430	95,430	118,979	23,549	112,784
Municipal State Aid	97,380	97,380	99,660	2,280	94,291
Other	1,970	1,970	1,971	1	5,155
County	-	-	-	-	20,051
Total	461,042	461,042	368,005	(93,037)	380,977
Charges for services					
General government	157,030	157,030	172,685	15,655	158,465
Public safety	124,200	124,200	130,805	6,605	126,407
Public works	4,630	4,630	5,204	574	4,276
Total	285,860	285,860	308,694	22,834	289,148
Fines and forfeitures	37,550	37,550	30,414	(7,136)	30,537
Interest on investments	40,920	40,920	34,275	(6,645)	27,465
Miscellaneous					
Rents and leases	58,710	58,710	66,156	7,446	61,614
Recycling and landfill abatement	15,000	15,000	20,939	5,939	22,605
Donations and other	40,420	40,420	42,475	2,055	37,026
Total	114,130	114,130	129,570	15,440	121,245
TOTAL REVENUES	3,708,360	3,708,360	3,683,785	(24,575)	3,647,967

CITY OF ST. FRANCIS, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011				2010
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES					
Current expenditures					
General government					
Mayor and Council					
Personal services	$ 27,290	$ 27,290	$ 22,411	$ 4,879	$ 22,693
Other services and charges	6,800	6,800	4,828	1,972	3,982
Total	34,090	34,090	27,239	6,851	26,675
City administration					
Personal services	309,500	309,500	284,577	24,923	293,014
Supplies	18,600	18,600	17,033	1,567	12,708
Other services and charges	32,320	32,320	45,662	(13,342)	26,833
Total	360,420	360,420	347,272	13,148	332,555
Elections					
Personal services	20	20	11	9	66
Supplies	-	-	-	-	52
Other services and charges	20	20	35	(15)	4,294
Total	40	40	46	(6)	4,412
Financial administration					
Personal services	115,190	115,190	99,894	15,296	106,921
Supplies	2,150	2,150	1,740	410	3,741
Other services and charges	1,825	1,825	1,740	85	2,321
Total	119,165	119,165	103,374	15,791	112,983
Assessor					
Other services and charges	39,800	39,800	39,465	335	39,802
Legal and accounting					
Other services and charges	138,090	138,090	106,174	31,916	106,677
Municipal building					
Supplies	3,700	3,700	1,619	2,081	3,752
Other services and charges	19,485	19,485	23,503	(4,018)	15,996
Rent for offices	3,910	3,910	3,241	669	4,095
Total	27,095	27,095	28,363	(1,268)	23,843
Total general government	718,700	718,700	651,933	66,767	646,947

CITY OF ST. FRANCIS, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011				2010
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES - CONTINUED					
Current expenditures - continued					
Public safety					
Police					
Personal services	$ 1,082,790	$ 1,082,790	$ 1,075,191	$ 7,599	$ 1,051,206
Supplies	103,118	103,118	77,492	25,626	68,573
Other services and charges	96,780	96,780	72,115	24,665	70,075
Total	1,282,688	1,282,688	1,224,798	57,890	1,189,854
Fire					
Personal services	160,480	160,480	129,811	30,669	141,066
Supplies	52,500	52,500	70,338	(17,838)	60,563
Other services and charges	51,950	51,950	44,979	6,971	55,699
Total	264,930	264,930	245,128	19,802	257,328
Animal control					
Other services and charges	7,990	7,990	7,368	622	7,842
Total public safety	1,555,608	1,555,608	1,477,294	78,314	1,455,024
Public works					
Streets and highways					
Personal services	191,120	191,120	183,793	7,327	193,145
Supplies	44,700	44,700	40,782	3,918	74,061
Other services and charges	410,920	410,920	387,518	23,402	396,715
Total	646,740	646,740	612,093	34,647	663,921
Recycling					
Personal services	27,320	27,320	22,517	4,803	23,825
Supplies	3,650	3,650	371	3,279	3,842
Other services and charges	15,150	15,150	15,304	(154)	8,669
Total	46,120	46,120	38,192	7,928	36,336
Total public works	692,860	692,860	650,285	42,575	700,257

CITY OF ST. FRANCIS, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011				2010
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES - CONTINUED					
Current expenditures - continued					
Culture and recreation					
Parks and recreation					
Personal services	$ 152,520	$ 152,520	$ 147,190	$ 5,330	$ 146,616
Supplies	36,510	36,510	36,028	482	37,436
Other services and charges	61,410	61,410	74,866	(13,456)	66,089
Total	250,440	250,440	258,084	(7,644)	250,141
Pioneer days					
Other services and charges	30,400	30,400	31,997	(1,597)	32,407
Total culture and recreation	280,840	280,840	290,081	(9,241)	282,548
Community development					
Planning and zoning					
Personal services	1,000	1,000	585	415	575
Supplies	600	600	165	435	49
Other services and charges	93,200	93,200	70,375	22,825	76,673
Total	94,800	94,800	71,125	23,675	77,297
Building inspection					
Personal services	-	-	676	(676)	-
Supplies	500	500	47	453	-
Other services and charges	50,070	50,070	32,793	17,277	22,315
Total	50,570	50,570	33,516	17,054	22,315
Total community development	145,370	145,370	104,641	40,729	99,612
Unallocated					
Miscellaneous					
Other services and charges	6,100	6,100	3,309	2,791	6,339
Total current expenditures	3,399,478	3,399,478	3,177,543	221,935	3,190,727
Capital outlay					
General government	10,000	10,000	-	10,000	-
Public safety	46,060	46,060	59,560	(13,500)	32,849
Public works	129,700	129,700	-	129,700	39,151
Culture and recreation	30,110	30,110	27,236	2,874	31,863
Total capital outlay	215,870	215,870	86,796	129,074	103,863

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CITY OF ST. FRANCIS, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011				2010
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES - CONTINUED					
Debt service					
Principal	$ 43,190	$ 43,190	$ 61,946	$ (18,756)	$ 58,095
Interest and other charges	9,290	9,290	9,887	(597)	13,739
Total debt service	52,480	52,480	71,833	(19,353)	71,834
TOTAL EXPENDITURES	3,667,828	3,667,828	3,336,172	331,656	3,366,424
EXCESS OF REVENUES OVER EXPENDITURES	40,532	40,532	347,613	307,081	281,543
OTHER FINANCING SOURCES (USES)					
Transfers in	60,000	60,000	60,000	-	125,299
Sale of capital assets	-	-	27,043	27,043	29,965
Transfers out	(389,780)	(389,780)	(416,286)	(26,506)	(478,746)
TOTAL OTHER FINANCING SOURCES (USES)	(329,780)	(329,780)	(329,243)	537	(323,482)
NET CHANGE IN FUND BALANCES	(289,248)	(289,248)	18,370	307,618	(41,939)
FUND BALANCES, JANUARY 1	2,051,643	2,051,643	2,051,643	-	2,093,582
FUND BALANCES, DECEMBER 31	$ 1,762,395	$ 1,762,395	$ 2,070,013	$ 307,618	$ 2,051,643

CITY OF ST. FRANCIS, MINNESOTA
AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Balance January 1	Additions	Deductions	Balance December 31
Escrows				
ASSETS				
Cash and temporary investments	$ 63,340	$ 8,583	$ (19,078)	$ 52,845
Special assessments receivable	1,127	-	(242)	885
Due from other governments	187	-	(187)	-
TOTAL ASSETS	$ 64,654	$ 8,583	$ (19,507)	$ 53,730
LIABILITIES				
Accounts payable	$ -	$ 110	$ -	$ 110
Deposits payable	64,654	8,150	(19,184)	53,620
TOTAL LIABILITIES	$ 64,654	$ 8,260	$ (19,184)	$ 53,730

CITY OF ST. FRANCIS, MINNESOTA
SUMMARY FINANCIAL REPORT
GOVERNMENTAL FUNDS
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Total		Percent Increase
	2011	2010	(Decrease)
REVENUES			
Taxes	$ 2,748,545	$ 2,762,780	(0.52) %
Licenses and permits	99,415	78,242	27.06
Intergovernmental	698,484	380,977	83.34
Charges for services	310,544	313,878	(1.06)
Fines and forfeits	30,414	30,537	(0.40)
Special assessments	63,380	54,438	16.43
Interest on investments	26,971	46,421	(41.90)
Miscellaneous	145,615	135,789	7.24
TOTAL REVENUES	$ 4,123,368	$ 3,803,062	8.42 %
Per Capita	$ 571	$ 527	8.42 %
EXPENDITURES			
Current			
General government	$ 651,933	$ 646,947	0.77 %
Public safety	1,480,092	1,457,092	1.58
Public works	650,285	700,257	(7.14)
Culture and recreation	290,081	282,548	2.67
Community development	119,378	116,532	2.44
Miscellaneous	3,309	6,339	(47.80)
Capital outlay			
General government	29,978	226,787	(86.78)
Public safety	80,873	32,849	146.20
Public works	1,301,477	466,039	179.26
Culture and recreation	435,890	72,477	501.42
Debt service			
Principal	271,946	113,095	140.46
Interest and other charges	50,595	56,871	(11.04)
TOTAL EXPENDITURES	$ 5,365,837	$ 4,177,833	28.44 %
Per Capita	$ 743	$ 579	28.44 %
Total Long-term Indebtedness	$ 1,051,793	$ 1,323,739	(20.54) %
Per Capita	146	183	(20.54)
General Fund Balance - December 31	$ 2,070,013	$ 2,051,643	0.90 %
Per Capita	287	284	0.89

The purpose of this report is to provide a summary of financial information concerning the City of St. Francis to interested citizens. The complete financial statements may be examined at City Hall, 23340 Cree Street NW, St. Francis, MN 55070. Questions about this report should be directed to Darcy Mulvihill, Finance Director at (763) 753-2630.

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SECTION III

STATISTICAL SECTION
(UNAUDITED)

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2011

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STATISTICAL SECTION
(Unaudited)

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

Financial trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and economic information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Invested in capital assets, net of related debt	$ 1,467,161	$ 2,304,280	$ 3,661,148	$ 3,613,007
Restricted	791,252	827,320	-	461,673
Unrestricted	1,685,167	2,379,184	2,123,872	6,298,009
Total governmental activities net assets	$ 3,943,580	$ 5,510,784	$ 5,785,020	$ 10,372,689
Business-type activities				
Invested in capital assets, net of related debt	$ 3,067,781	$ 5,114,283	$ 5,197,719	$ 9,305,330
Restricted	-	-	3,082,159	-
Unrestricted	5,384,434	4,474,335	2,184,782	99,992
Total business-type activities net assets	$ 8,452,215	$ 9,588,618	$ 10,464,660	$ 9,405,322
Primary government				
Invested in capital assets, net of related debt	$ 4,534,942	$ 7,418,563	$ 8,858,867	$ 12,918,337
Restricted	791,252	827,320	3,082,159	461,673
Unrestricted	7,069,601	6,853,519	4,308,654	6,398,001
Total primary government net assets	$ 12,395,795	$ 15,099,402	$ 16,249,680	$ 19,778,011

Note: The City implemented GASB Statement No. 34 in fiscal 2004. This information is not available for previous fiscal years.

Table 1

Fiscal Year			
2008	2009	2010	2011
$ 5,221,614	$ 7,782,258	$ 5,903,447	$ 7,168,911
477,193	437,786	404,530	571,078
4,855,454	3,579,646	3,076,111	1,745,047
$ 10,554,261	$ 11,799,690	$ 9,384,088	$ 9,485,036
$ 7,015,882	$ 4,899,083	$ 6,899,701	$ 7,453,005
-	-	-	-
3,952,097	6,433,382	7,561,395	7,383,130
$ 10,967,979	$ 11,332,465	$ 14,461,096	$ 14,836,135
$ 12,237,496	$ 12,681,341	$ 12,803,148	$ 14,621,916
477,193	437,786	404,530	571,078
8,807,551	10,013,028	10,637,506	9,128,177
$ 21,522,240	$ 23,132,155	$ 23,845,184	$ 24,321,171

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
CHANGES IN NET ASSETS - CONTINUED ON THE FOLLOWING PAGES
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities				
General government	$ 409,843	$ 466,252	$ 346,904	$ 565,314
Public safety	1,215,840	1,221,819	1,402,463	1,418,210
Public works	316,944	406,180	515,598	514,688
Culture and recreation	236,555	196,231	264,694	303,262
Community development	-	-	621,741	202,461
Miscellaneous	251,106	145,710	54,998	9,497
Interest on long-term debt	48,302	46,741	39,825	80,663
Total governmental activities expenses	2,478,590	2,482,933	3,246,223	3,094,095
Business-type activities				
Water	473,625	463,773	524,512	603,368
Sewer	625,872	583,882	675,494	498,250
Liquor store	1,407,147	1,570,007	1,720,606	1,845,597
Total business-type activities expenses	2,506,644	2,617,662	2,920,612	2,947,215
Total primary government expenses	$ 4,985,234	$ 5,100,595	$ 6,166,835	$ 6,041,310
Program revenues				
Governmental activities				
Charges for services				
General government	$ 29,372	$ 28,980	$ 27,574	$ 36,720
Public safety	555,748	557,993	274,357	306,085
Public works	-	3,323	46,133	502,741
Culture and recreation	8,740	1,170	1,260	875
Community development	-	-	261,130	243,422
Miscellaneous	4,359	30,281	24,454	47,819
Operating grants and contributions	155,005	223,827	206,244	245,515
Capital grants and contributions	645,139	703,543	245,003	1,057,637
Total governmental activities program revenues	1,398,363	1,549,117	1,086,155	2,440,814
Business-type activities				
Charges for services				
Water	759,065	896,638	925,509	1,108,117
Sewer	535,770	493,924	510,398	596,062
Liquor store	1,543,167	1,717,092	1,831,828	1,956,503
Operating grants and contributions	-	-	-	1,880
Capital grants and contributions	685,173	538,160	258,063	380,989
Total business-type activities program revenues	3,523,175	3,645,814	3,525,798	4,043,551
Total primary government program revenues	$ 4,921,538	$ 5,194,931	$ 4,611,953	$ 6,484,365

Table 2

Fiscal Year			
2008	2009	2010	2011
$ 590,722	$ 663,068	$ 823,109	$ 708,620
1,482,823	1,485,755	1,570,589	1,607,064
523,808	931,674	812,302	1,033,276
332,060	310,479	351,844	366,321
189,895	119,724	116,532	119,378
18,754	12,705	6,339	3,309
72,208	61,780	56,033	48,957
3,210,270	3,585,185	3,736,748	3,886,925
912,437	1,046,900	1,080,227	1,115,044
584,940	755,755	800,929	886,633
1,873,355	1,893,024	1,900,572	1,873,937
3,370,732	3,695,679	3,781,728	3,875,614
$ 6,581,002	$ 7,280,864	$ 7,518,476	$ 7,762,539
$ 26,329	$ 156,448	$ 161,884	$ 162,613
229,991	163,048	167,977	161,869
11,613	14,596	16,488	5,204
1,635	1,885	1,958	7,441
122,987	102,799	116,095	152,503
38,029	31,527	39,207	54,182
235,577	251,441	156,964	161,155
25,687	300,511	254,328	456,588
691,848	1,022,255	914,901	1,161,555
1,031,221	1,087,286	1,063,256	1,064,157
739,149	784,372	805,969	900,193
2,029,577	2,067,517	2,050,403	2,037,209
610	5,241	57,312	-
69,600	77,600	238,200	20,800
3,870,157	4,022,016	4,215,140	4,022,359
$ 4,562,005	$ 5,044,271	$ 5,130,041	$ 5,183,914

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
CHANGES IN NET ASSETS - CONTINUED
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Net revenues (expenses)				
Governmental activities	$ (1,080,227)	$ (933,816)	$ (2,160,068)	$ (653,281)
Business-type activities	1,016,531	1,028,152	605,186	1,096,336
Total primary government net revenues (expenses)	$ (63,696)	$ 94,336	$ (1,554,882)	$ 443,055
General revenues and other changes in net assets				
Governmental activities				
Taxes				
Property taxes	$ 1,450,874	$ 1,871,121	$ 2,048,870	$ 2,296,913
Tax increments	24,982	27,693	17,801	18,670
Grants and contributions not restricted to specific programs	357,812	339,144	366,495	363,439
Other general revenues	224,283	186,738	-	17,981
Unrestricted investment earnings	46,218	62,824	82,413	61,935
Transfers - capital assets	-	-	-	(2,047,914)
Transfers - debt	-	-	-	3,115,000
Transfers	13,500	13,500	(81,275)	257,780
Total governmental activities	2,117,669	2,501,020	2,434,304	4,083,804
Business-type activities				
Unrestricted investment earnings	121,691	121,751	189,581	321,338
Gain on sale of capital assets	-	-	-	5,000
Transfers - capital assets	-	-	-	2,047,914
Transfers - debt	-	-	-	(3,115,000)
Transfers	(13,500)	(13,500)	81,275	(257,780)
Total business-type activities	108,191	108,251	270,856	(998,528)
Total primary government	$ 2,225,860	$ 2,609,271	$ 2,705,160	$ 3,085,276
Change in net assets				
Governmental activities	$ 1,037,442	$ 1,567,204	$ 274,236	$ 3,430,523
Business-type activities	1,124,722	1,136,403	876,042	97,808
Total primary government	$ 2,162,164	$ 2,703,607	$ 1,150,278	$ 3,528,331

Note: The City implemented GASB Statement No. 34 in fiscal 2004. This information is not available for previous fiscal years.

Table 2

Fiscal Year			
2008	2009	2010	2011
$ (2,518,422)	$ (2,562,930)	$ (2,821,847)	$ (2,725,370)
499,425	326,337	433,412	146,745
$ (2,018,997)	$ (2,236,593)	$ (2,388,435)	$ (2,578,625)
$ 2,581,538	$ 2,612,273	$ 2,739,739	$ 2,724,403
16,429	15,317	18,285	15,374
769,967	983,567	170,718	149,366
36,512	14,927	3,435	2,644
96,571	69,793	46,421	26,971
(741,564)	-	(2,144,660)	(192,320)
-	-	-	-
(59,459)	112,482	(427,693)	99,880
2,699,994	3,808,359	406,245	2,826,318
255,877	150,631	122,866	120,322
6,332	-	-	15,532
741,564	-	2,144,660	192,320
-	-	-	-
59,459	(112,482)	427,693	(99,880)
1,063,232	38,149	2,695,219	228,294
$ 3,763,226	$ 3,846,508	$ 3,101,464	$ 3,054,612
$ 181,572	$ 1,245,429	$ (2,415,602)	$ 100,948
1,562,657	364,486	3,128,631	375,039
$ 1,744,229	$ 1,609,915	$ 713,029	$ 475,987

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year			
	2002	2003	2004	2005
General fund				
Reserved	$ -	$ -	$ -	$ -
Unreserved	778,396	853,395	861,030	1,491,866
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General fund	$ 778,396	$ 853,395	$ 861,030	$ 1,491,866
All other governmental funds				
Reserved	$ 4,059,954	$ 3,584,364	$ 4,226,773	$ 3,484,047
Unreserved, reported in				
Special revenue funds	468,600	548,902	795,496	822,527
Capital project funds	581,021	905,935	950,540	951,384
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	$ 5,109,575	$ 5,039,201	$ 5,972,809	$ 5,257,958

Note: The implemented GASB 54 in fiscal year 2011, resulting in significant reclassification of the components of fund balance. Years prior to 2011 have not been restated.

Table 3

Fiscal Year					
2006	2007	2008	2009	2010	2011
$ -	$ -	$ -	$ -	$ 1,803	$ -
1,295,003	1,549,075	1,906,188	2,086,873	2,048,599	-
-	-	-	-	-	3,055
-	-	-	-	-	8,095
-	-	-	-	-	2,058,863
$ 1,295,003	$ 1,549,075	$ 1,906,188	$ 2,086,873	$ 2,050,402	$ 2,070,013
$ 3,477,478	$ 2,642,776	$ 2,934,413	$ 850,341	$ 209,998	$ -
77,698	159,709	143,321	292,039	263,279	-
1,703,319	1,260,475	743,062	760,880	199,289	-
-	-	-	-	-	386,123
-	-	-	-	-	406,183
-	-	-	-	-	(1,254,897)
$ 5,258,495	$ 4,062,960	$ 3,820,796	$ 1,903,260	$ 672,566	$ (462,591)

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year			
	2002	2003	2004	2005
Revenues				
Taxes				
General property tax	$ 1,237,949	$ 1,429,330	$ 1,460,635	$ 1,842,144
Tax increments	35,874	30,948	24,982	27,693
Special assessments	26,235	33,643	-	-
Licenses and permits	286,187	284,708	221,842	216,517
Intergovernmental	539,650	1,256,146	849,356	1,246,831
Charges for services	323,019	351,913	735,751	825,388
Fines and forfeitures	38,443	40,449	43,174	46,800
Interest on investments	165,403	227,348	152,506	135,974
Miscellaneous	1,375,782	1,566,408	1,219,698	712,908
Total revenues	4,028,542	5,220,893	4,707,944	5,054,255
Expenditures				
Current				
General government	364,599	352,143	403,306	621,147
Public safety	845,735	883,395	943,865	1,042,626
Public works	358,752	473,441	365,787	394,700
Culture and recreation	153,677	287,466	193,235	244,246
Community development	287,659	129,949	186,345	96,003
Miscellaneous	39,200	107,970	65,300	62,196
Capital outlay				
General government	8,315	30,844	303,503	9,051
Public safety	147,937	76,108	85,789	45,018
Public works	368,691	2,257,752	371,138	441,742
Culture and recreation	77,419	34,762	225,719	2,281
Community development	36,708	310,053	261,559	236,896
Debt service				
Principal	300,766	327,070	358,032	1,683,449
Interest and other charges	334,496	318,961	316,623	272,415
Total expenditures	3,323,954	5,589,914	4,080,201	5,151,770
Excess (deficiency) or revenues over (under) expenditures	704,588	(369,021)	627,743	(97,515)
Other financing sources (uses)				
Transfers in	759,104	1,984,061	606,413	346,995
Transfers out	(706,927)	(1,800,361)	(592,913)	(333,495)
Bond proceeds	-	189,946	300,000	-
Contract for deed issued	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	52,177	373,646	313,500	13,500
Net change in fund balance	$ 756,765	$ 4,625	$ 941,243	$ (84,015)
Debt service as a percentage of noncapital expenditures	30.99%	28.91%	31.27%	79.48%

Table 4

Fiscal Year					
2006	2007	2008	2009	2010	2011
$ 2,033,511	$ 2,248,640	$ 2,541,791	$ 2,639,498	$ 2,744,495	$ 2,733,171
17,801	18,670	16,429	15,317	18,285	15,374
20,578	100,578	116,915	94,319	54,438	63,380
164,998	173,379	87,735	66,207	78,242	99,415
536,850	941,278	961,515	1,217,007	380,977	698,484
350,592	901,866	340,973	295,362	313,878	310,544
55,167	58,461	46,213	38,555	30,537	30,414
204,822	252,714	196,947	69,793	46,421	26,971
137,688	238,562	110,832	106,392	135,789	145,615
3,522,007	4,934,148	4,419,350	4,542,450	3,803,062	4,123,368
559,985	536,924	662,716	627,997	646,947	651,933
1,217,117	1,296,240	1,344,164	1,363,710	1,457,092	1,480,092
419,061	483,993	446,179	631,200	700,257	650,285
242,623	230,783	261,044	273,802	282,548	290,081
227,228	249,961	189,895	119,724	116,532	119,378
54,998	9,497	18,754	12,705	6,339	3,309
114,946	518,430	-	330,823	226,787	29,978
65,333	103,323	30,335	46,768	32,849	80,873
405,443	5,501,287	1,000,855	661,224	466,039	1,301,477
807,453	130,397	185,125	76,376	72,477	435,890
394,513	-	-	-	-	-
384,432	951,325	394,048	132,911	113,095	271,946
301,959	360,058	387,068	62,825	56,871	50,595
5,195,091	10,372,218	4,920,183	4,340,065	4,177,833	5,365,837
(1,673,084)	(5,438,070)	(500,833)	202,385	(374,771)	(1,242,469)
1,202,595	740,487	759,291	865,643	794,826	516,166
(2,563,256)	(482,707)	(205,500)	(753,161)	(1,222,519)	(416,286)
2,828,248	4,200,715	-	-	-	-
-	-	-	-	150,000	-
9,171	38,112	61,991	49,403	29,965	27,043
1,476,758	4,496,607	615,782	161,885	(247,728)	126,923
$ (196,326)	$ (941,463)	$ 114,949	$ 364,270	$ (622,499)	$ (1,115,546)
25.23%	46.71%	26.73%	6.46%	4.84%	9.01%

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(Shown by year of tax collectability)

	2002	2003	2004	2005
Estimated market value				
Real property	not available	not available	$334,855,700	$442,992,300
Personal property	not available	not available	5,096,400	5,517,300
Total estimated market value	$239,705,300	$317,544,200	$339,952,100	$448,509,600
Tax capacity				
Residential property	$ 1,913,973	$ 2,387,712	$ 2,963,164	$ 3,627,898
Commercial / industrial property	380,546	450,608	525,862	603,722
Other	204,140	225,444	253,761	280,188
Contribution to fiscal disparities pool	(126,687)	(137,754)	(211,771)	(253,164)
Receivable from fiscal disparities pool	498,565	582,810	678,747	747,178
Tax increment	(57,167)	(26,768)	(26,697)	(28,594)
Net tax capacity	$ 2,813,370	$ 3,482,052	$ 4,183,066	$ 4,977,228
Net tax capacity as a percentage of estimated market value	1.174 %	1.097 %	1.230 %	1.110 %
Gross tax levy	$ 1,328,713	$ 1,554,373	$ 1,521,752	$ 1,979,977
Tax capacity rate	46.520 %	44.260 %	34.850 %	40.650 %

Source: Anoka County Property Records and Taxation Department.
Note: Property in the County is reassessed annually.

Table 5

2006	2007	2008	2009	2010	2011
$472,611,300	$524,038,800	$574,451,900	$568,978,400	$525,397,100	$464,184,500
5,592,900	6,453,700	6,255,800	6,167,500	5,988,500	6,502,200
$478,204,200	$530,492,500	$580,707,700	$575,145,900	$531,385,600	$470,686,700
$ 4,197,758	$ 4,654,748	$ 4,874,805	$ 4,844,770	$ 4,563,115	$ 4,055,812
697,404	772,448	839,860	839,984	740,819	686,986
289,383	329,447	349,124	351,157	294,516	258,316
(277,760)	(315,838)	(353,194)	(378,126)	(377,468)	(341,228)
744,058	1,069,287	1,208,203	1,406,759	1,470,600	1,531,408
(18,270)	(19,434)	(16,615)	(16,078)	(16,833)	(12,820)
$ 5,632,573	$ 6,490,658	$ 6,902,183	$ 7,048,466	$ 6,674,749	$ 6,178,474
1.178 %	1.224 %	1.189 %	1.226 %	1.256 %	1.313 %
$ 2,167,157	$ 2,402,157	$ 2,690,415	$ 2,724,202	$ 2,873,160	$ 2,873,160
38.150 %	36.790 %	39.390 %	38.400 %	44.265 %	47.139 %

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
PROPERTY TAX CAPACITY RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Year Taxes Payable	City			Overlapping Rates			
	General	Debt Service	Total	Anoka County	School District No. 15	School District No. 728	Special Districts
2002	46.520 %	0.000 %	46.520 %	37.976 %	29.057 %	45.969 %	4.513 %
2003	44.260	0.000	44.260	38.469	28.662	41.352	4.637
2004	34.850	0.000	34.850	35.765	19.063	30.953	4.233
2005	40.650	0.000	40.650	33.581	18.524	32.848	4.443
2006	38.150	0.000	38.150	32.543	23.077	35.950	4.016
2007	36.790	0.000	36.790	31.094	24.625	33.208	3.912
2008	39.390	0.000	39.390	31.453	23.174	32.344	5.224
2009	38.161	0.239	38.400	32.445	20.965	36.136	3.797
2010	43.932	0.333	44.265	35.574	24.859	39.967	4.455
2011	46.800	0.339	47.1390	40.376	28.793	43.489	4.478

Source: Anoka County Property Records and Taxation Department.
Note: Overlapping rates are those of local and County governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners (e.g. the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

Table 6

Totals	
No. 15	No. 728
118.066 %	134.978 %
116.028	128.718
93.911	105.801
97.198	111.522
97.786	110.659
96.421	105.004
99.241	108.411
95.607	110.778
109.153	124.261
120.786	135.482

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
PRINCIPAL PROPERTY TAXPAYERS
DECEMBER 31, 2011

	2011		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Alliant Techsystems	$ 206,370	1	3.34 %
St. Francis Realty LLC	107,486	2	1.74
ALS Properties Woodhaven LLC	101,571	3	1.64
Connexus Energy	71,536	4	1.16
King Exchange LLC	70,402	5	1.14
Minnegasco Inc.	48,552	6	0.79
Central Bank	38,437	7	0.62
Jensen Family LP	30,594	8	0.50
Kerry Street LLC	28,955	9	0.47
Village Bank	27,341	10	0.44
Abbey Field LP	-	-	-
Turtle Ridge Townhomes of St. Francis	-	-	-
Brama Brothers Enterprises, LLC	-	-	-
The Ponds Golf Course LLC	-	-	-
Total	$ 731,244		11.84 %

Source: Anoka County Property Records and Taxation Department.

Table 7

2005		
Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
$ 199,220	1	4.00 %
113,279	2	2.28
92,235	3	1.85
80,778	4	1.62
-	-	-
36,370	5	0.73
-	-	-
30,211	7	0.61
-	-	-
-	-	-
33,628	6	0.68
28,798	8	0.58
28,401	9	0.57
22,710	10	0.46
$ 665,630		13.38 %

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Original Gross Levy	Net Levy	Collection of Current Year's Levy	Percentage of Levy Collected	Collection of Prior Years' Levy
2002	$ 1,328,713	$ 1,196,086	$ 1,185,544	99.12 %	$ 10,542
2003	1,554,373	1,419,640	1,385,847	97.62	33,793
2004	1,521,752	1,381,744	1,358,373	98.31	23,369
2005	1,979,977	1,819,895	1,783,612	98.01	36,269
2006	2,167,157	2,020,659	1,969,696	97.48	50,781
2007	2,402,157	2,266,988	2,170,996	95.77	93,873
2008	2,690,415	2,550,066	2,448,984	96.04	92,428
2009	2,724,202	2,579,929	2,492,264	96.60	67,479
2010	2,873,160	2,856,338	2,770,029	96.98	47,225
2011	2,873,160	2,704,618	2,665,913	98.57	-

Table 8

Total Collections	Percentage of Total Collections to Levy
$ 1,196,086	100.00 %
1,419,640	100.00
1,381,742	100.00
1,819,881	100.00
2,020,477	99.99
2,264,869	99.91
2,541,412	99.66
2,559,743	99.22
2,817,254	98.63
2,665,913	98.57

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities				
Fiscal Year	General Obligation Bonds	Equipment Certificates	Capital Leases	Contract for Deed	Promissory Notes
2002	$ -	$ 24,000	539,018	$ -	$ -
2003	-	12,000	665,018	-	-
2004	-	-	609,823	-	273,175
2005	-	-	547,226	-	217,323
2006	-	-	481,034	-	159,083
2007	1,110,000	-	411,032	-	97,761
2008	1,110,000	-	276,317	-	33,428
2009	1,065,000	-	221,834	-	-
2010	1,010,000	-	163,739	150,000	-
2011	950,000	-	101,793	-	-

Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See the Demographic Statistics table on page 143 for personal income and population data.
* - Personal income and population data were not available for the current year, therefore these calculations were not possible.

Table 9

Business-type Activities				
General Obligation Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
$ 5,685,000	$ 80,000	$ 6,328,018	3.47 %	$ 1,114
5,395,000	-	6,072,018	3.00	983
5,135,000	-	6,017,998	2.72	926
3,570,000	-	4,334,549	1.78	605
6,150,000	-	6,790,117	2.68	943
8,445,000	-	10,063,793	3.58	1,347
16,825,231	-	18,244,976	6.56	2,464
14,543,660	-	15,830,494	5.18	2,152
15,527,000	-	16,850,739	5.84	2,335
14,899,000	-	15,950,793	*	*

CITY OF ST. FRANCIS, MINNESOTA **Table 10**

STATISTICAL SECTION (UNAUDITED)

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Funds	Net Bonded Debt	Percentage of Estimated Market Value of Taxable Property	Per Capita
2002	5,685,000	4,059,954	1,625,046	0.68 %	286
2003	5,395,000	3,584,364	1,810,636	0.57	293
2004	5,135,000	4,226,773	908,227	0.27	140
2005	3,570,000	3,484,047	85,953	0.02	12
2006	6,150,000	3,477,478	2,672,522	0.56	371
2007	9,555,000	2,642,776	6,912,224	1.30	925
2008	17,935,231	2,934,413	15,000,818	2.58	2,026
2009	15,608,660	850,341	14,758,319	2.57	2,006
2010	16,537,000	209,998	16,327,002	3.07	2,262
2011	15,849,000	194,054	15,654,946	3.33	2,169

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

See Assessed Value and Estimated Actual Value of Taxable Property on page 128-129 for property value data.

See the Demographic Statistics on page 143 for population data.

* - Population data was not available for the current year, therefore this calculation was not possible.

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2011

Table 11

	Net General Obligation Debt	Percentage Applicable to City	Amount Applicable to City of St. Francis Share of Debt
Direct debt			
City of St. Francis	$ 755,946	100.00 %	$ 755,946
Overlapping debt			
Anoka County	$165,392,433	1.92 %	$ 3,175,535
School District 15	40,630,000	20.34	8,264,142
Metropolitan Council	4,909,956	0.21	10,311
Metro Transit	176,168,947	0.25	440,422
Anoka County RR Authority	29,285,000	1.93	565,201
Total overlapping debt	$416,386,336		$ 12,455,610
Total direct and overlapping debt	$417,142,282		$ 13,211,556

Sources : Market value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the county.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognized that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable market property values. Applicable percentages were estimated by determining the portion of the county's taxable market value that is within the City's boundaries and dividing it by the county's total taxable market value.

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year			
	2002	2003	2004	2005
Estimated Market Value of Taxable Property	$239,705,300	$317,544,200	$339,952,100	$448,509,600
Statutory percentage	2.0%	2.0%	2.0%	2.0%
Statutory debt limit	4,794,106	6,350,884	6,799,042	8,970,192
Total net debt applicable to limit	-	-	-	-
Legal debt margin	$ 4,794,106	$ 6,350,884	$ 6,799,042	$ 8,970,192

Table 12

Fiscal Year					
2006	2007	2008	2009	2010	2011
$478,204,200	$530,492,500	$580,707,700	$575,145,900	$531,385,600	$470,686,700
2.0%	2.0%	2.0%	3.0%	3.0%	3.0%
9,564,084	10,609,850	11,614,154	17,254,377	15,941,568	14,120,601
-	-	-	-	-	-
$ 9,564,084	$ 10,609,850	$ 11,614,154	$ 17,254,377	$ 15,941,568	$ 14,120,601

Legal Debt Margin Calculation for Fiscal Year 2011

Estimated Market Value of Taxable Property	$470,686,700
Statutory percentage	3.0%
Statutory debt limit	$ 14,120,601
Total bonds outstanding	$ 15,849,000
Less: Special assessment bonds	(950,000)
Less: Utility revenue bonds	(14,899,000)
Debt applicable to limit	-
Legal debt margin	$ 14,120,601

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Table 13

	G.O. Special Assessment Bonds						
Fiscal	Property	Special	Revenue	Debt Service			
Year	Taxes	Assessments	Available	Principal	Interest	Total	Coverage
2002	$ -	$ -	$ -	$ -	$ -	$ -	- %
2003	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	80,204	80,204	-	-	-	-
2008	-	89,739	89,739	-	30,322	30,322	2.960
2009	12,394	50,958	63,352	45,000	45,008	90,008	0.704
2010	19,311	40,766	60,077	55,000	43,132	98,132	0.612
2011	19,759	23,575	43,334	60,000	40,708	100,708	0.430

	G.O. Revenue Bonds						
Fiscal	Operating	Operating	Net	Debt Service			
Year	Revenue (1)	Expenses (2)	Revenue	Principal (3)	Interest	Total	Coverage
2002	669,347	405,459	263,888	255,000	295,725	550,725	47.916
2003	833,015	472,790	360,225	290,000	283,129	573,129	62.852
2004	884,975	576,496	308,479	260,000	269,164	529,164	58.296
2005	955,277	599,749	355,528	320,000	223,468	543,468	65.418
2006	1,678,507	641,825	1,036,682	260,000	229,174	489,174	211.925
2007	2,063,779	608,211	1,455,568	820,000	252,600	1,072,600	135.705
2008	1,839,970	719,343	1,120,627	195,000	313,036	508,036	220.580
2009	1,950,118	829,000	1,121,118	569,808	499,607	1,069,415	104.835
2010	1,937,225	884,196	1,053,029	616,660	448,408	1,065,068	98.870
2011	1,941,843	947,105	994,738	628,000	470,399	1,098,399	90.563

(1) Operating revenues includes connection fees.
(2) Excluding depreciation.
(3) Net of crossover refunding.

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Table 14

Year	(1) Population	(2) Personal Income	(3) Per Capita Personal Income	(4) Unemployment Rate
2002	5,680	$182,288,240	$ 32,093	3.6 %
2003	6,177	202,451,175	32,775	4.5
2004	6,500	220,993,500	33,999	4.8
2005	7,163	243,556,326	34,002	4.5
2006	7,201	253,007,135	35,135	4.0
2007	7,473	280,797,975	37,575	4.0
2008	7,404	278,205,300	37,575	4.6
2009	7,356	305,605,020	41,545	5.5
2010	7,218	288,727,218	40,001	8.5
2011	7,218	*	*	5.9

(1) Metropolitan Council
(2) Estimates by the City. Calculated by multiplying per capita personal income and the population.
(3) Anoka County
(4) Minnesota Department of Employment and Economic Development
* Information not available at time of publication

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO (1)

	2011		
	Employees	Rank	Percent of City Employment
Independent School District #15 (includes Bus Garage)	783	1	51.11 %
County Market	85	2	5.55
Temperature Specialists, Inc.	45	3	2.94
McDonald's	42	4	2.74
City of St. Francis	38	5	2.48
Commercial Drywall, Inc	35	6	2.28
Northland Screw Products	30	7	1.96
Village Bank	30	8	1.96
The Ponds Golf Course & Restaurant	29	9	1.89
Kid's Country	27	10	1.76
Billy's	27	11	1.76
St Francis Foods	20	12	1.31
Remer Brant Inn	20	13	1.31
Fine Design Concrete	20	14	1.31
Casey's General Store	-	-	-
Total	1,231		80.36 %

(1) Information was not available for 2002. The City used the next year available.

Table 15

2006		
Employees	Rank	Percent of City Employment
455	1	41.36 %
90	2	8.18
33	7	3.00
58	3	5.27
36	5	3.27
-	-	-
30	8	2.73
-	-	-
48	4	4.36
27	9	2.45
35	6	3.18
-	-	-
-	-	-
-	-	-
12	10	1.09
824		74.89 %

CITY OF ST. FRANCIS, MINNESOTA **Table 16**

STATISTICAL SECTION (UNAUDITED)

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS (1)

Function	2007	2008	2009	2010	2011
General government	4	5	5	5	5
Public safety					
Police	12	12	12	12	12
Public works	3	3	3	3	3
Culture and recreation	3	2	3	3	3
Water	3	2	2	2	2
Sewer	3	2	2	2	2
Municipal Liquor Store	5	5	4	4	4
Total	33	31	31	31	31

(1) The City began tracking this information during 2007. This table will be updated on a go-forward basis.

CITY OF ST. FRANCIS, MINNESOTA **Table 17**

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS (1)

Function	2007	2008	2009	2010	2011
General government					
Ordinances & Resolutions adopted	93	42	51	54	61
Administration - Licenses processed	44	41	40	34	41
Finance - Payroll checks issued	1245	1217	1,229	1,240	1,259
Finance - Invoices paid	3871	5105	5,394	3,371	3,262
Police					
Chargeable offenses (Parts 1 & 2)	1402	1073	1,042	857	735
Miscellaneous offenses (Parts 3 & 4)	4686	4627	3,993	4,297	4,124
Public safety calls for service	7403	6776	5,995	5,154	4,859
Traffic citations issued	1315	1076	960	723	695
Fire					
Number of calls answered	394	371	462	397	393
Code enforcement					
Building permits issued	460	450	264	232	305
Highways and streets					
Asphalt Streets maintained	36	36	36	36	36
Gravel maintenance (miles)	11	11	11	12	12
Gravel usage (Tons)	N/A	3899	7,465	3,600	-
Sand/Salt usage (tons)	115	190	136	233	211
Water					
Water pumped (million gallons)	221	186	200	187	174
Water main breaks repaired	N/A	N/A	N/A	1	-
Wastewater					
Gallons of wastewater treated (millions)	107	105	120	102	132
Miles of sewer mains cleaned	N/A	5	4	3	3

Sources: Various government departments.

(1) The City began tracking this information during 2007. This table will be updated on a go-forward basis.

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
MISCELLANEOUS STATISTICS
DECEMBER 31, 2011

Table 18

Year of incorporation	1962
Area of City	23.70 square miles
Miles of roadways	
City	47.0
State / County	26.9
Private	4.5
Water system	
Number of hydrants	
City	269
Private	68
Number of wells	3
Miles of water mains	
City	24.7
Private	7.4
Raw	0.6
Abandoned	0.2
Sewer system	
Lift stations	
City	12
Private	2
Miles of sewer mains	
City	20.6
Private	5.7
Number of manholes	
City	504
Private	142
Fire protection	
Number of stations	1
Number of employees	22
Police protection	
Number of stations	1
Number of employees	12
Parks	
Number	14
Acres	83.0
Elections	
Registered voters last election	3,925
Number of votes cast last election	2,485
Percentage of registered voters voting	63.31%

CITY OF ST. FRANCIS, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS (1)

Table 19

Function	2007	2008	2009	2010	2011
Public Safety					
Police					
Stations	1	1	1	1	1
Patrol units	6	6	6	6	6
Fire stations					
Stations	1	1	1	1	1
Public Works					
Highways and streets					
Streets (miles)	47	47	47	47	47
Street lights					201
Traffic signals	1	1	1	1	1
Culture and recreation					
Parks division					
Parks	14	14	14	14	14
Parks acreage	83	83	83	83	83
Utilities					
Water					
Miles of water main	24.7	24.7	24.7	24.7	24.7
Consumers	4,347	4,790	4,393	4,475	4,475
Maximum daily capacity (gallons)	1,000,000	1,000,000	1,950,000	1,950,000	1,950,000
Sewer					
Miles of sanitary sewer	20.6	20.6	20.6	20.6	20.6
Lift stations	12	12	12	12	12
Maximum daily treatment capacity (gallons)	540,000	540,000	540,000	540,000	540,000
Storm sewer					
Miles of storm sewer					16.7

Source: City of St. Francis, Minnesota
Note: No capital asset indicators are available for the general government function.

(1) Information prior to 2007 was not maintained by the City. The table will be updated on a go-forward basis.