City of
St. Francis
Minnesota

Comprehensive Annual Financial Report

for the year ended December 31, 2013

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CITY OF ST. FRANCIS, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

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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CITY OF ST. FRANCIS, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

City of St. Francis

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

May 1, 2014

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, 2013, 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, 2013. 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 7,277. 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 7,277 and approximately 2,543 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 2013 of 5.4%. This compares with unemployment rates of 5.1% for the State of Minnesota and 6.7% 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 2014.

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 the construction of a new public works/police building.

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 $1,493,921 in 2003 to $3,072,588 in 2013. Its percentage of total revenue in 2003 was 29% and in 2013 rose to 74%.

Long-term Financial Planning

Unreserved fund balance in the general fund (55% of total general fund expenditures) 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 expenditures. The 2014 budget reflects current policy and is keeping the fund balance to 55.6% of expenditures.

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 2013 included:

The completion of street, water and sewer in the Rum River Bluffs Development was started in 2013 with the final lift to be completed in 2014.

The old public work building was demolished and the land has been prepped for redevelopment.

Building permits for the year included 12 new homes, 1 new business and 258 addition/alteration building permits for the year at a value of $4,364,300.

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 started the process with the MN Pollution Control Agency to establish the effluent discharge limits for the City. Starting in 2014, the city will process the information and determine the next step to a new Wastewater Treatment Plant.

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 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

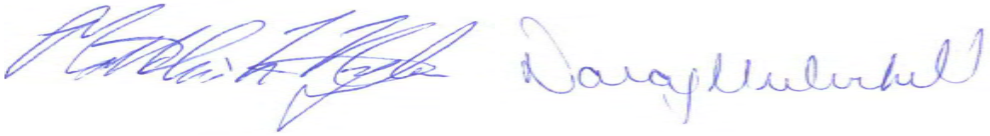
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Francis for its comprehensive annual financial report for the year ended December 31, 2012. This was the 2nd year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy 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 City received the GFOA Award for the Distinguished Budget Presentation for the City budget for the fiscal year beginning January 1, 2013. It was the 4th consecutive year the City has received the award for the document.

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.

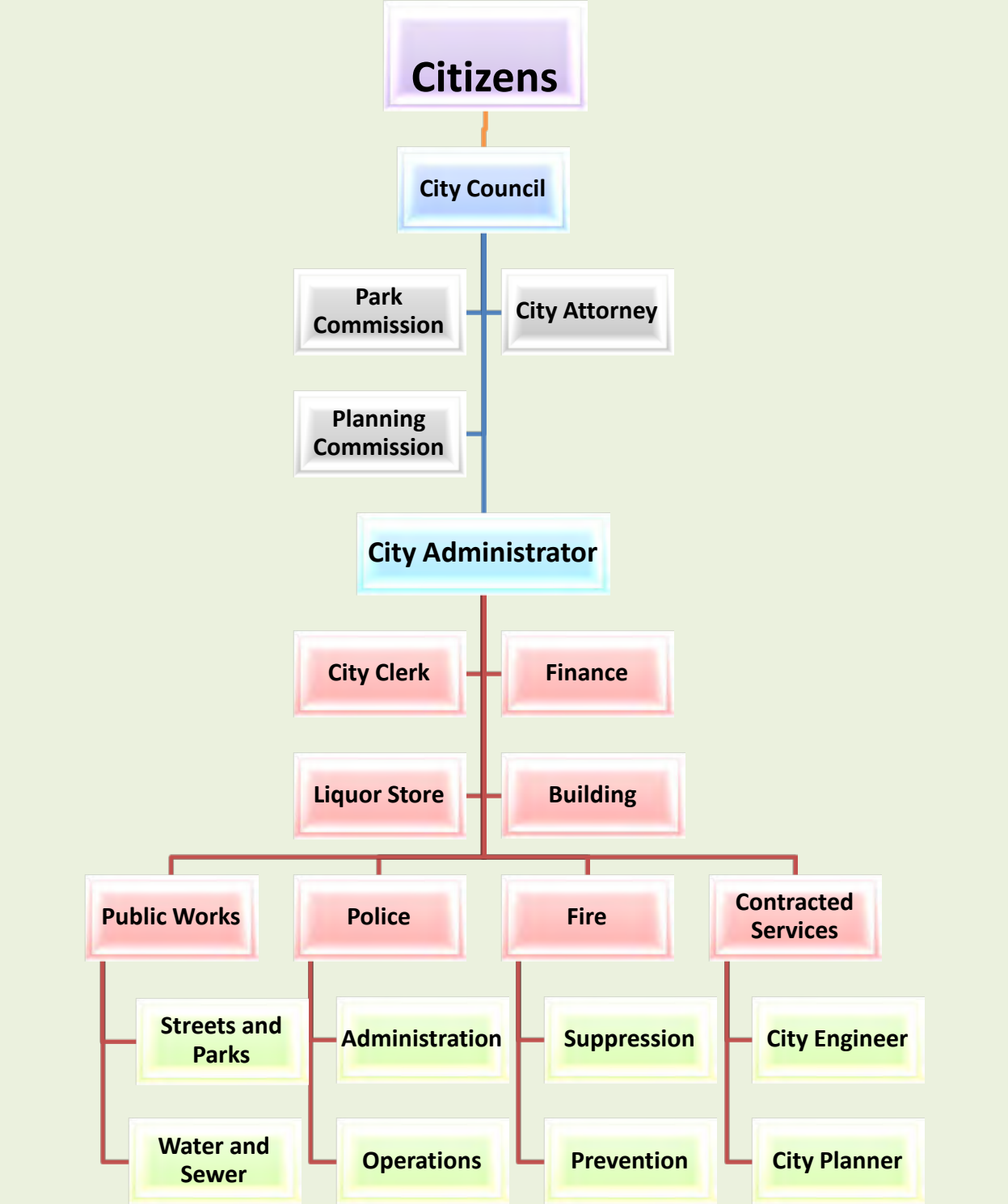
Respectfully submitted,



Matthew L. Hylen
City Administrator

Darcy Mulvihill
Finance Director

ORGANIZATIONAL CHART



CITY OF ST. FRANCIS, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2013

ELECTED

Name	Title	Term Expires
Jerry Tveit	Mayor	12/31/2014
Tim Brown	Council Member	12/31/2016
Steve Kane	Council Member	11/17/2014
Amy Lazere	Council Member	12/31/2014
Chris McClish	Council Member	12/31/2014

APPOINTED

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of St. Francis
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

FINANCIAL SECTION

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of St. Francis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the City's 2012 financial statements and, in our report dated April 23, 2013 we express unmodified 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

5201 Eden Avenue, Suite 250
Edina, MN 55436
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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical sections, and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2014, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the City's internal control over financial reporting and compliance.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 1, 2014

People + Process.
Going Beyond the Numbers

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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, 2013.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $24,949,743 (net position). Of this amount, $9,318,741 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased $499,772. Of the total, governmental activities increased $530,475 and business-type activities decreased $30,703.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $3,036,484. Approximately 24 percent of this total amount, $731,311 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 $2,225,913, or 63 percent of total 2013 General fund expenditures.

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

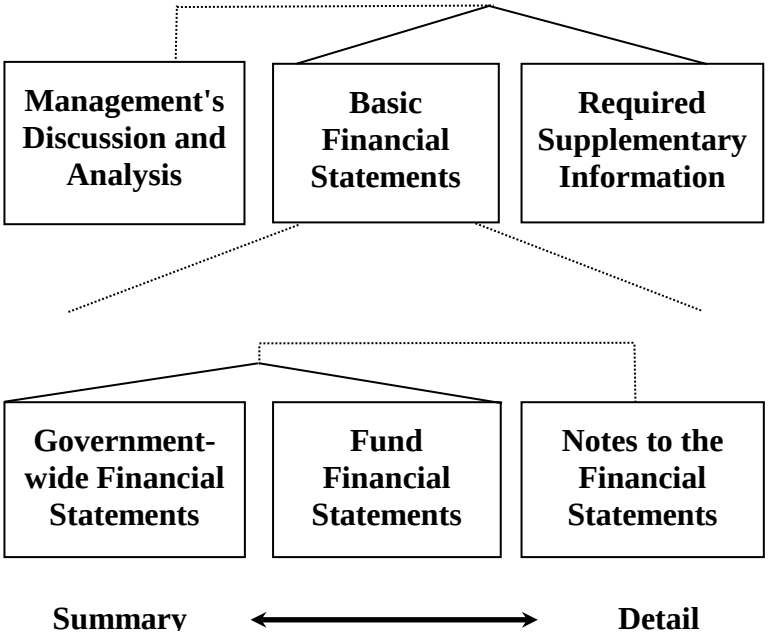


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the 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 Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statements of Net Position • Statements of Revenues, Expenses and Changes in Fund Net Position • 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 deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental 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 33 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 thirteen 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, Debt Service funds and Rum River Bluff's Development 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 38 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 44 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 54 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 55 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds is presented following the notes to the financial statements. Combining and individual fund statements and schedules start on page 78 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $24,949,743 at the close of the most recent fiscal year.

The largest portion of the City's net position (58 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 Position

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Assets						
Current and other assets	$ 4,769,896	$ 4,261,254	$ 508,642	$ 9,585,340	$ 7,888,442	$ 1,696,898
Capital assets	15,128,118	15,045,873	82,245	21,309,272	21,977,435	(668,163)
Total assets	19,898,014	19,307,127	590,887	30,894,612	29,865,877	1,028,735
Liabilities						
Noncurrent liabilities outstanding	9,576,400	9,312,720	263,680	15,435,326	14,230,670	1,204,656
Other liabilities	418,510	621,778	(203,268)	412,647	557,865	(145,218)
Total liabilities	9,994,910	9,934,498	60,412	15,847,973	14,788,535	1,059,438
Net position						
Net investment in capital assets	6,491,164	6,292,733	198,431	8,073,272	7,773,435	299,837
Restricted	1,066,566	1,080,107	(13,541)	-	-	-
Unrestricted	2,345,374	1,999,789	345,585	6,973,367	7,303,907	(330,540)
Total net position	$ 9,903,104	$ 9,372,629	$ 530,475	$ 15,046,639	$ 15,077,342	$ (30,703)

An additional portion of the City's net position ($1,066,566) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* ($9,318,741) 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 position, for the City as a whole.

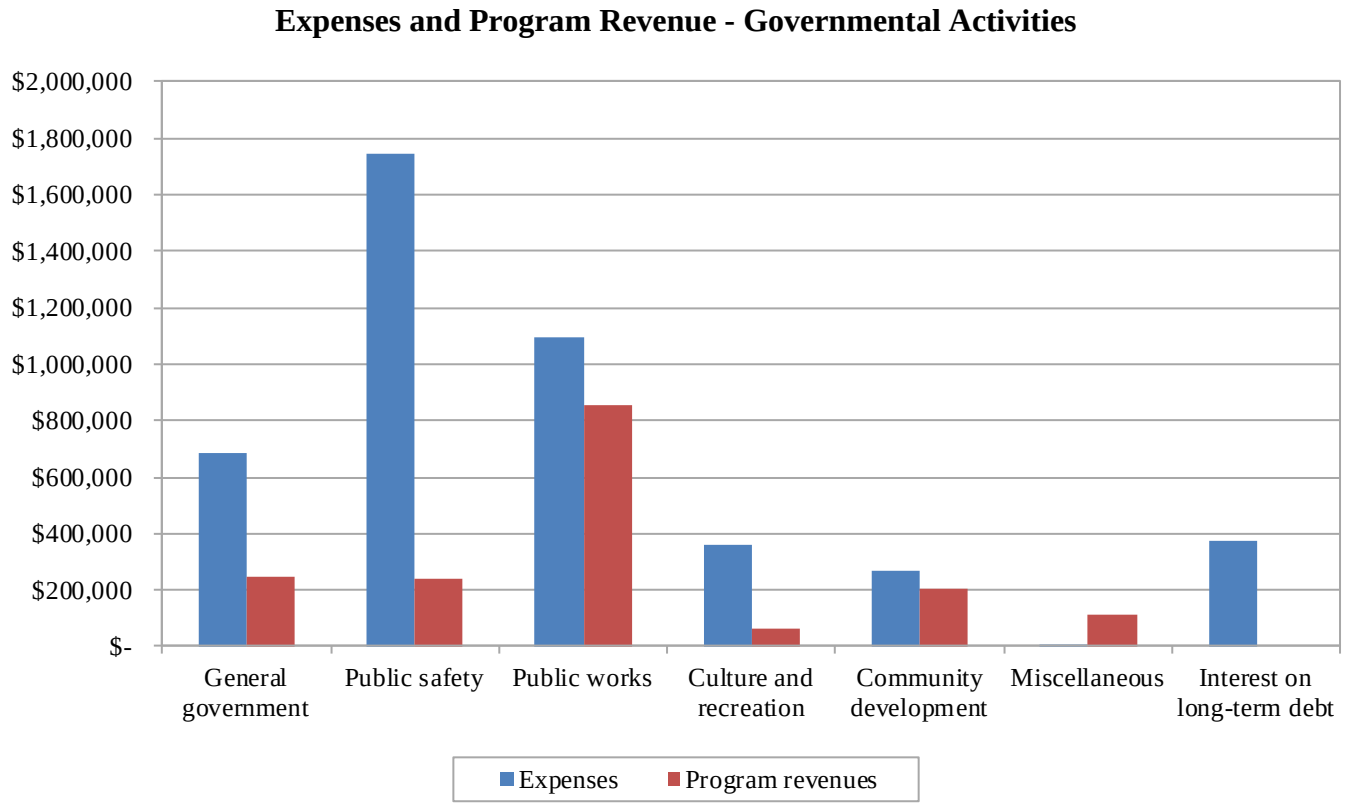
Governmental activities. Governmental activities increased the City's net position by $530,475. Key elements to the changes in net position are as follows:

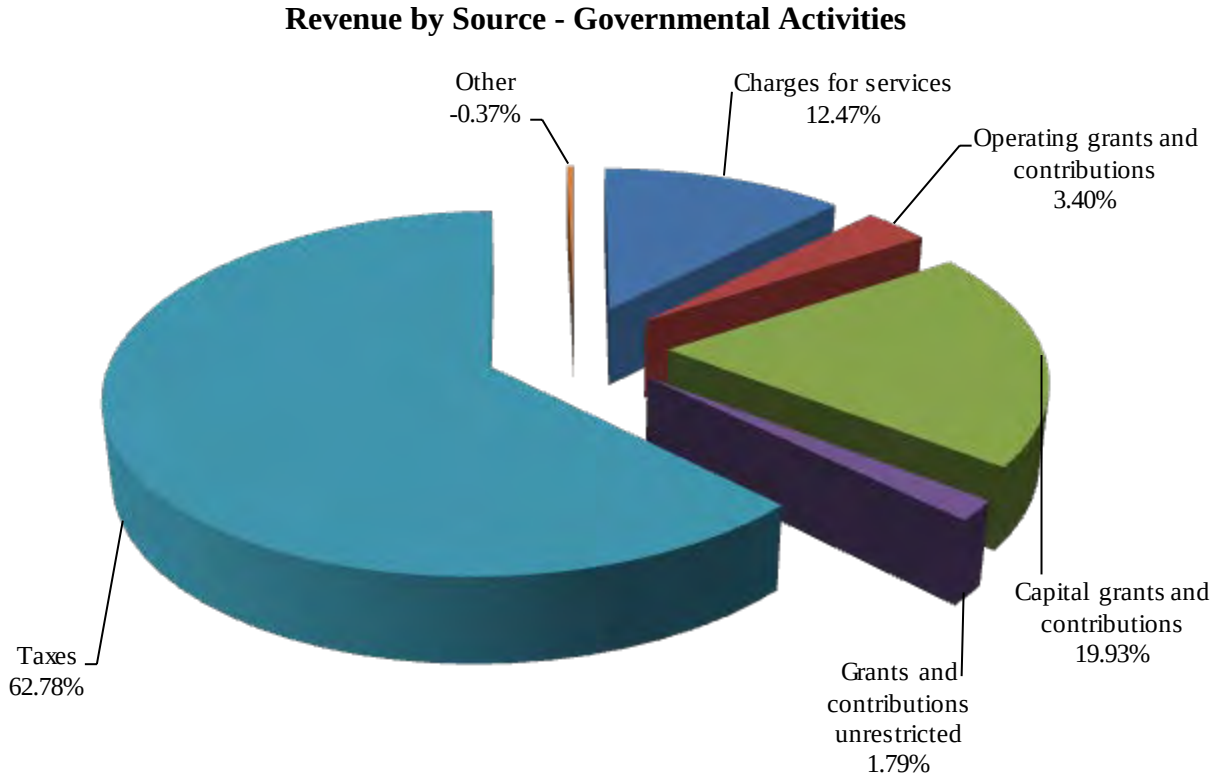
- Within capital grants and contributions, special assessment revenue increased about $580,000.
- Public works expenses increased $319,768 from the previous year. This was due to the completion of various capital projects.
- Transfer from Water and Sewer were increased to pay for outstanding debt on the Lease Revenue Bonds. The total of the increase was $165,000.

City of St. Francis's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	$ 599,415	$ 539,604	$ 59,811	$ 4,097,050	$ 4,141,821	$ (44,771)
Operating grants and contributions	163,138	130,368	32,770	-	6,500	(6,500)
Capital grants and contributions	957,583	291,558	666,025	129,000	66,000	63,000
General revenues						
Taxes						
Property taxes	3,001,538	2,890,203	111,335	-	-	-
Tax increment	14,270	15,144	(874)	-	-	-
Grants and contributions not restricted to specific programs	85,992	87,294	(1,302)	-	-	-
Unrestricted investment earnings	(17,832)	61,301	(79,133)	37,157	64,903	(27,746)
Gain on sale of capital assets	-	5,529	(5,529)	-	-	-
Total revenues	4,804,104	4,021,001	783,103	4,263,207	4,279,224	(16,017)
Expenses						
General government	684,752	700,606	(15,854)	-	-	-
Public safety	1,742,193	1,689,773	52,420	-	-	-
Public works	1,098,082	699,037	399,045	-	-	-
Culture and recreation	362,829	378,696	(15,867)	-	-	-
Community development	268,789	155,770	113,019	-	-	-
Miscellaneous	5,571	18,494	(12,923)	-	-	
Interest on long-term debt	376,293	541,676	(165,383)	-	-	-
Water	-	-	-	1,156,583	1,136,619	19,964
Sewer	-	-	-	972,980	858,682	114,298
Liquor store	-	-	-	1,899,467	1,883,145	16,322
Total expenses	4,538,509	4,184,052	354,457	4,029,030	3,878,446	150,584
Increase in net position before transfers and contributions	265,595	(163,051)	428,646	234,177	400,778	(166,601)
Transfers (net)	264,880	60,000	204,880	(264,880)	(60,000)	(204,880)
Change in net position	530,475	(103,051)	633,526	(30,703)	340,778	(371,481)
Net position, January 1	9,372,629	9,475,680	(103,051)	15,077,342	14,736,564	340,778
Net position, December 31	$ 9,903,104	$ 9,372,629	$ 530,475	$ 15,046,639	$ 15,077,342	$ (30,703)

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

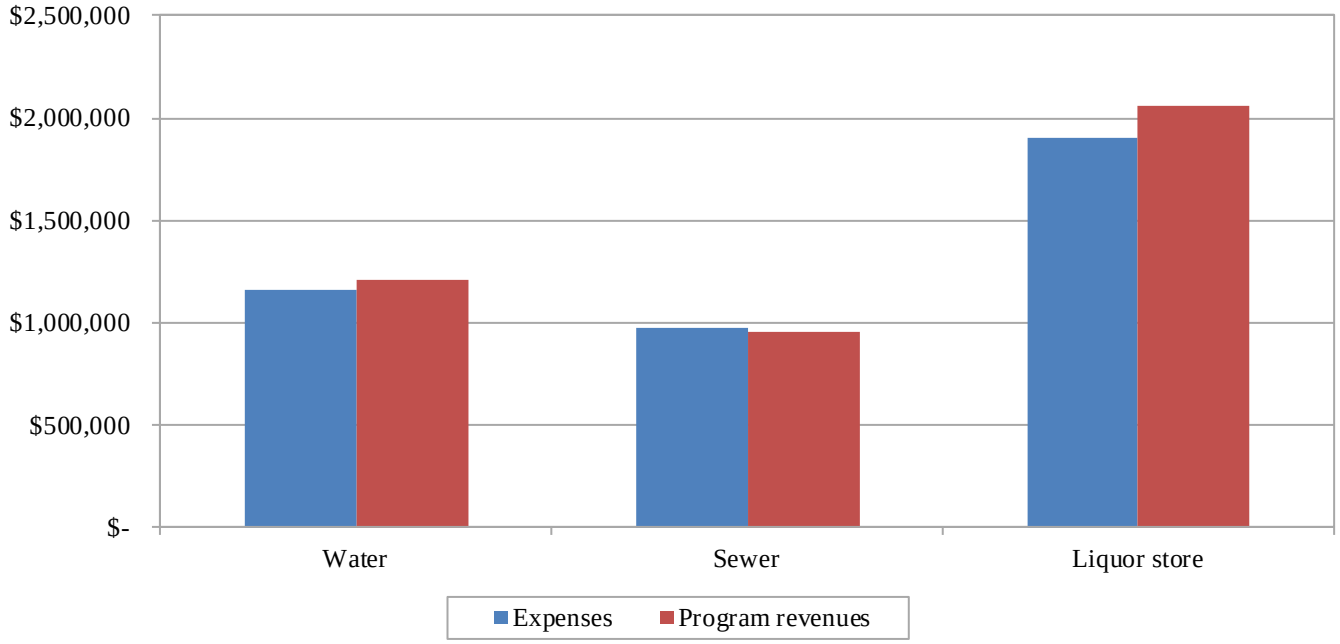




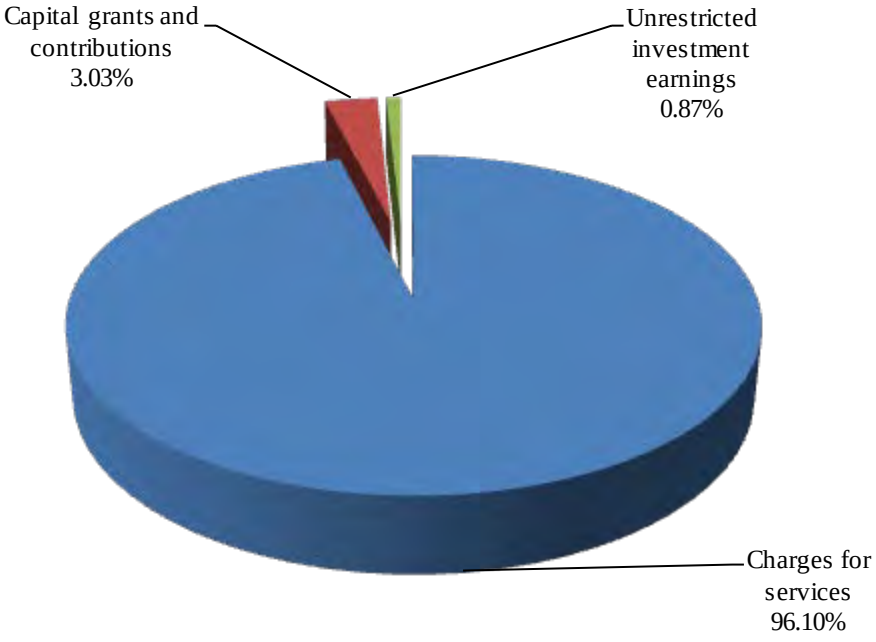
Business-type activities. Business-type activities decreased the City's net position by $30,703. A key element of this decrease is as follows:

- Transfers from the water and sewer fund increased by $204,880 from the previous year. These transfers were made to the Debt Service fund for debt service payments.

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 $3,036,484. Approximately 24 percent of this total amount, $731,311, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The City also has nonspendable balance of $15,079, restricted balance of $1,781,010 and assigned balance of $509,084.

	Fund Balances December 31		Increase
Major Fund	2012	2013	(Decrease)
General	$ 2,071,489	$ 2,249,166	$ 177,677
Revenues exceeded expenditures by $430,356 during the year. Other activity included sale of assets of $27,321 and net transfers out of $280,000.			
Debt Service Funds	$ 847,904	$ 1,333,389	$ 485,485
The Debt Service funds had a large increase in fund balances due to bond proceeds of $560,000.			
Rum River Bluff's Development	$ -	$ (503,134)	$ (503,134)
Expenditures exceeded revenues by $503,134 during the year. Expenditures consisted of capital outlay for the Rum River Bluff's			

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 position of the enterprise funds at the end of the year amounted to $6,973,367. The change in net position for the funds was a decrease of $30,703. 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

The City's General fund budget was not amended during the year. The budget called for a decrease in fund balance of $116,748. Actual net change to the General fund balance was an increase of $177,677. Actual revenues were $118,587 over budget due to a positive budget variance in intergovernmental and charges for services of $94,078 and $28,176. Expenditures in total were under budget by $176,517. All departments were under budget with the exception of community development which was over budget by $82,488. The largest positive expenditure variances were in public safety and culture and recreation of $101,133 and $90,678, 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, 2013, amounts to $36,437,390 (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 a 2013 Bobcat totaling $28,889. Other purchases were for a floor scrubber, a forklift, and three vehicles.
- The new Police/Public Works building was completed during the year, with construction costs of $28,639 added in 2013.
- The HWY 47 Crossing was completed during the year, with construction costs of $72,488 added in 2013.
- The Ambassador Blvd Trunk Utilities project was completed during the year, with construction costs of $6,049 added in 2013. The total cost of the project was $1,632,894.
- The replacement of the Woodhaven Trailer Park water meter was completed in 2013 for a total costs of $194,857.

Additional information on the City's capital assets can be found in Note 3B starting on page 67 of this report.

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

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Land	$ 1,427,736	$ 1,427,736	$ -	$ 2,359,188	$ 2,359,188	$ -
Construction in progress	503,134	7,931,366	(7,428,232)	1,632,895	1,819,776	(186,881)
Land improvements	95,937	104,675	(8,738)	-	-	-
Buildings	8,334,263	802,629	7,531,634	12,626,351	13,015,493	(389,142)
Infrastructure	3,912,268	3,804,560	107,708	4,527,260	4,592,937	(65,677)
Machinery and equipment	854,780	974,907	(120,127)	163,578	190,041	(26,463)
Total	$ 15,128,118	$ 15,045,873	$ 82,245	$ 21,309,272	$ 21,977,435	$ (668,163)

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $24,791,000. 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		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
General obligation revenue bonds	$ 9,385,000	$ 9,085,000	$ 300,000	$ 15,406,000	$ 14,204,000	$ 1,202,000
Capital Leases	46,521	75,070	(28,549)	-	-	-
Compensated absences payable	144,879	152,649	(7,770)	29,326	26,670	2,656
Total	$ 9,576,400	$ 9,312,719	$ 263,681	$ 15,435,326	$ 14,230,670	$ 1,204,656

The City's total debt increased $1,468,337 during the current fiscal year. The increase in outstanding debt can be attributed the issuance of the G.O. Crossover Refunding Bonds 2013A in the amount of $2,730,000.

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 3E starting on page 70 of this report.

Economic Factors and Next Year's Budgets and Rates

The City is anticipating an increase in building activity as there were twelve new home permits pulled in 2013.

The City's Adopted budget includes a property tax levy of $2,988,086 which is an increase of 4.0 percent over the 2013 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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and temporary investments	$ 3,448,827	$ 5,277,597	$ 8,726,424
Cash held with fiscal agent	548,074	2,121,848	2,669,922
Restricted cash	551,795	-	551,795
Receivables			
Accrued interest	11,581	20,177	31,758
Delinquent taxes	93,498	-	93,498
Accounts	293,618	325,091	618,709
Special assessments	1,027,182	167,697	1,194,879
Due from other governments	225,464	21,217	246,681
Internal balances	(1,445,222)	1,445,222	-
Inventories	15,079	206,491	221,570
Capital assets			
Land and construction in progress	1,930,870	2,359,187	4,290,057
Depreciable assets (net of accumulated depreciation)	13,197,248	18,950,085	32,147,333
TOTAL ASSETS	19,898,014	30,894,612	50,792,626
LIABILITIES			
Accounts payable	76,741	103,176	179,917
Contracts payable	84,565	68,174	152,739
Accrued salaries payable	96,261	17,934	114,195
Due to other governments	2,635	20,577	23,212
Accrued interest payable	157,258	200,379	357,637
Deposits payable	1,050	-	1,050
Unearned revenue	-	2,407	2,407
Noncurrent liabilities			
Due within one year	399,133	1,017,892	1,417,025
Due in more than one year	9,177,267	14,417,434	23,594,701
TOTAL LIABILITIES	9,994,910	15,847,973	25,842,883
NET POSITION			
Net investment in capital assets	6,491,164	8,073,272	14,564,436
Restricted for			
Debt service	784,562	-	784,562
Park improvements	240,365	-	240,365
Police expenses	7,014	-	7,014
Turtle ridge project	19,139	-	19,139
Capital purchases	15,486	-	15,486
Unrestricted	2,345,374	6,973,367	9,318,741
TOTAL NET POSITION	$ 9,903,104	$ 15,046,639	$ 24,949,743

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, 2013

		Program Revenue		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	$ 684,752	$ 246,588	-	$ -
Public safety	1,742,193	105,181	132,339	-
Public works	1,098,082	4,361	23,699	828,448
Culture and recreation	362,829	1,345	7,100	54,135
Community development	268,789	130,917	-	75,000
Miscellaneous	5,571	111,023	-	-
Interest on long-term debt	376,293	-	-	-
Total governmental activities	4,538,509	599,415	163,138	957,583
Business-type activities				
Water	1,156,583	1,132,206	-	78,600
Sewer	972,980	906,182	-	50,400
Liquor store	1,899,467	2,058,662	-	-
Total business-type activities	4,029,030	4,097,050	-	129,000
Total	$ 8,567,539	$ 4,696,465	$ 163,138	$ 1,086,583

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 (loss)
Transfers

Total general revenues and transfers

Change in net position

Net position, January 1

Net position, December 31

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (438,164)	$ -	$ (438,164)
(1,504,673)	-	(1,504,673)
(241,574)	-	(241,574)
(300,249)	-	(300,249)
(62,872)	-	(62,872)
105,452	-	105,452
(376,293)	-	(376,293)
(2,818,373)	-	(2,818,373)
-	54,223	54,223
-	(16,398)	(16,398)
-	159,195	159,195
-	197,020	197,020
(2,818,373)	197,020	(2,621,353)
2,980,554	-	2,980,554
20,984	-	20,984
14,270	-	14,270
85,992	-	85,992
(17,832)	37,157	19,325
264,880	(264,880)	-
3,348,848	(227,723)	3,121,125
530,475	(30,703)	499,772
9,372,629	15,077,342	24,449,971
$ 9,903,104	$ 15,046,639	$ 24,949,743

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FUND FINANCIAL STATEMENTS

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

CITY OF ST. FRANCIS, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	101 General	**300's** Debt Service	**420** Rum River Bluffs Development	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and temporary investments	$ 2,263,015	$ 230,498	$ -	$ 955,314	$ 3,448,827
Cash held with fiscal agent	-	548,074	-	-	548,074
Restricted cash	-	551,795	-	-	551,795
Receivables					
Accrued interest	6,521	2,284	-	2,776	11,581
Delinquent taxes	92,848	650	-	-	93,498
Accounts	9,631	-	-	283,987	293,618
Special assessments	38,110	167,781	615,820	205,471	1,027,182
Due from other governments	155,776	738	-	68,950	225,464
Inventories	15,079	-	-	-	15,079
TOTAL ASSETS	$ 2,580,980	$ 1,501,820	$ 615,820	$ 1,516,498	$ 6,215,118
LIABILITIES					
Accounts payable	$ 65,460	$ -	$ 4,724	$ 6,557	$ 76,741
Contracts payable	35,450	-	44,656	4,459	84,565
Accrued salaries payable	96,261	-	-	-	96,261
Due to other governments	2,635	-	-	-	2,635
Deposits payable	1,050	-	-	-	1,050
Due to other funds	-	-	453,754	991,468	1,445,222
TOTAL LIABILITIES	200,856	-	503,134	1,002,484	1,706,474
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - taxes	92,848	650	-	-	93,498
Unavailable revenues - developer/other receivables	-	-	-	351,480	351,480
Unavailable revenues - special assessments	38,110	167,781	615,820	205,471	1,027,182
TOTAL DEFERRED INFLOWS OF RESOURCES	130,958	168,431	615,820	556,951	1,472,160
FUND BALANCES					
Nonspendable	15,079	-	-	-	15,079
Restricted	-	1,333,389	-	447,621	1,781,010
Assigned	8,174	-	-	500,910	509,084
Unassigned	2,225,913	-	(503,134)	(991,468)	731,311
TOTAL FUND BALANCES	2,249,166	1,333,389	(503,134)	(42,937)	3,036,484
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,580,980	$ 1,501,820	$ 615,820	$ 1,516,498	$ 6,215,118

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 POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

Total fund balances - governmental	$ 3,036,484
Amounts reported for the governmental activities in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	18,572,409
Less: accumulated depreciation	(3,444,291)
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	(9,431,521)
Compensated absences payable	(144,879)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Special assessments receivable	1,027,182
Delinquent taxes receivable	93,498
Developer/other receivables	351,480
Governmental funds do not report a liability for accrued interest until due and payable.	(157,258)
Total net position - governmental activities	$ 9,903,104

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, 2013

	101 General	300's Debt Service	420 Rum River Bluffs Development	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 2,986,193	$ 20,984	$ -	$ 14,270	$ 3,021,447
Licenses and permits	87,298	-	-	-	87,298
Intergovernmental	405,149	-	-	44,135	449,284
Charges for services	296,909	-	-	29,690	326,599
Fines and forfeitures	33,927	-	-	-	33,927
Special assessments	-	24,024	-	27,117	51,141
Interest on investments	11,263	(36,794)	-	7,699	(17,832)
Miscellaneous	134,577	-	-	59,298	193,875
TOTAL REVENUES	3,955,316	8,214	-	182,209	4,145,739
EXPENDITURES					
Current					
General government	654,631	-	-	-	654,631
Public safety	1,525,567	-	-	7,482	1,533,049
Public works	686,201	-	-	-	686,201
Culture and recreation	247,542	-	-	-	247,542
Community development	251,368	-	-	13,291	264,659
Miscellaneous	5,571	-	-	-	5,571
Capital outlay					
General government	3,164	-	-	-	3,164
Public safety	62,435	-	-	23,856	86,291
Public works	-	-	503,134	148,646	651,780
Culture and recreation	28,889	-	-	91,305	120,194
Community development	26,470	-	-	-	26,470
Debt service					
Principal	28,549	260,000	-	-	288,549
Bond issuance costs	-	5,847	-	-	5,847
Interest and other charges	4,573	361,762	-	-	366,335
TOTAL EXPENDITURES	3,524,960	627,609	503,134	284,580	4,940,283
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	430,356	(619,395)	(503,134)	(102,371)	(794,544)
OTHER FINANCING SOURCES (USES)					
Transfers in	60,000	544,880	-	-	604,880
Sale of capital assets	27,321	-	-	-	27,321
Bonds issued	-	560,000	-	-	560,000
Transfers out	(340,000)	-	-	-	(340,000)
TOTAL OTHER FINANCING SOURCES (USES)	(252,679)	1,104,880	-	-	852,201
NET CHANGE IN FUND BALANCES	177,677	485,485	(503,134)	(102,371)	57,657
FUND BALANCES, JANUARY 1	2,071,489	847,904	-	59,434	2,978,827
FUND BALANCES, DECEMBER 31	$ 2,249,166	$ 1,333,389	$ (503,134)	$ (42,937)	$ 3,036,484

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, 2013

Total net change in fund balances - governmental funds	$ 57,657
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	821,669
Depreciation expense	(632,826)
Gain (loss) on disposal of capital assets	(106,598)
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 position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal repayments	288,549
Debt issued	(560,000)
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.	(4,111)
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	595,054
Property taxes	(5,639)
Miscellaneous revenue	68,950
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	7,770
Change in net position - governmental activities	$ 530,475

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 2,990,200	$ 2,990,200	$ 2,986,193	$ (4,007)
Licenses and permits	90,668	90,668	87,298	(3,370)
Intergovernmental	311,071	311,071	405,149	94,078
Charges for services	268,733	268,733	296,909	28,176
Fines and forfeitures	27,230	27,230	33,927	6,697
Interest on investments	32,205	32,205	11,263	(20,942)
Miscellaneous	116,622	116,622	134,577	17,955
TOTAL REVENUES	3,836,729	3,836,729	3,955,316	118,587
EXPENDITURES				
Current				
General government	720,355	720,355	654,631	65,724
Public safety	1,626,700	1,626,700	1,525,567	101,133
Public works	694,260	694,260	686,201	8,059
Culture and recreation	338,220	338,220	247,542	90,678
Community development	168,880	168,880	251,368	(82,488)
Miscellaneous	6,100	6,100	5,571	529
Capital outlay				
General government	16,000	16,000	3,164	12,836
Public safety	65,900	65,900	62,435	3,465
Culture and recreation	31,940	31,940	28,889	3,051
Community development	-	-	26,470	(26,470)
Debt service				
Principal	28,549	28,549	28,549	-
Interest and other charges	4,573	4,573	4,573	-
TOTAL EXPENDITURES	3,701,477	3,701,477	3,524,960	176,517
EXCESS OF REVENUES OVER EXPENDITURES	135,252	135,252	430,356	295,104
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	60,000	60,000	-
Sale of capital assets	28,000	28,000	27,321	(679)
Transfers out	(340,000)	(340,000)	(340,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(252,000)	(252,000)	(252,679)	(679)
NET CHANGE IN FUND BALANCES	(116,748)	(116,748)	177,677	294,425
FUND BALANCES, JANUARY 1	2,071,489	2,071,489	2,071,489	-
FUND BALANCES, DECEMBER 31	$ 1,954,741	$ 1,954,741	$ 2,249,166	$ 294,425

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

CITY OF ST. FRANCIS, MINNESOTA
STATEMENTS OF NET POSITION - CONTINUED ON THE FOLLOWING PAGES
PROPRIETARY FUNDS
DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds			
	601 Water		**602** Sewer	
	2013	2012	2013	2012
ASSETS				
CURRENT ASSETS				
Cash and temporary investments	$ 1,966,764	$ 2,854,079	$ 1,884,920	$ 2,039,434
Cash held with fiscal agent	954,832	-	1,167,016	-
Receivables				
Accrued interest	10,139	10,931	5,636	5,774
Accounts	208,882	171,220	97,271	107,993
Special assessments	34,655	32,226	20,270	36,486
Due from other governments	20,935	12,749	282	-
Due from other funds	1,445,222	1,018,754	-	-
Inventory	-	-	-	-
TOTAL CURRENT ASSETS	4,641,429	4,099,959	3,175,395	2,189,687
NONCURRENT ASSETS				
Special assessments	-	-	112,772	101,711
Capital assets				
Land	18,115	18,115	2,337,838	2,337,838
Construction in progress	-	192,931	-	1,626,846
Buildings	8,994,235	8,994,235	7,256,415	7,256,415
Machinery and equipment	151,148	151,148	151,321	151,321
Infrastructure	5,006,832	4,811,973	2,981,282	1,348,387
Less accumulated depreciation	(2,575,635)	(2,249,318)	(3,366,022)	(3,048,991)
NET CAPITAL ASSETS	11,594,695	11,919,084	9,360,834	9,671,816
TOTAL NONCURRENT ASSETS	11,594,695	11,919,084	9,473,606	9,773,527
TOTAL ASSETS	16,236,124	16,019,043	12,649,001	11,963,214

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

Business-type Activities - Enterprise Funds			
609 Liquor Store		Totals	
2013	2012	2013	2012
$ 1,425,913	$ 1,260,367	$ 5,277,597	$ 6,153,880
-	-	2,121,848	-
4,402	3,725	20,177	20,430
18,938	18,199	325,091	297,412
		54,925	68,712
-	-	21,217	12,749
-	-	1,445,222	1,018,754
206,491	214,794	206,491	214,794
1,655,744	1,497,085	9,472,568	7,786,731
-	-	112,772	101,711
3,234	3,234	2,359,187	2,359,187
-	-	-	1,819,777
608,660	608,660	16,859,310	16,859,310
204,710	204,710	507,179	507,179
-	-	7,988,114	6,160,360
(462,861)	(430,069)	(6,404,518)	(5,728,378)
353,743	386,535	21,309,272	21,977,435
353,743	386,535	21,422,044	22,079,146
2,009,487	1,883,620	30,894,612	29,865,877

CITY OF ST. FRANCIS, MINNESOTA
STATEMENTS OF NET POSITION - CONTINUED
PROPRIETARY FUNDS
DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds			
	601 Water		**602** Sewer	
	2013	2012	2013	2012
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	$ 9,658	$ 19,847	$ 13,306	$ 25,707
Contracts payable	2,570	157,975	65,604	65,604
Accrued salaries payable	4,479	4,365	3,928	4,374
Due to other governments	1,654	1,406	1,203	1,035
Accrued interest payable	126,493	120,051	73,886	62,557
Unearned revenue	2,407	856	-	-
Compensated absences payable - current	5,003	3,389	5,003	3,389
Bonds payable - current	593,500	575,250	406,500	392,750
TOTAL CURRENT LIABILITIES	745,764	883,139	569,430	555,416
NONCURRENT LIABILITIES				
Compensated absences payable	2,180	3,655	2,180	3,655
Bonds payable	9,818,250	9,435,250	4,587,750	3,800,750
TOTAL NONCURRENT LIABILITIES	9,820,430	9,438,905	4,589,930	3,804,405
TOTAL LIABILITIES	10,566,194	10,322,044	5,159,360	4,359,821
NET POSITION				
Net investment in capital assets	2,159,445	1,908,584	5,560,084	5,478,316
Unrestricted	3,510,485	3,788,415	1,929,557	2,125,077
TOTAL NET POSITION	$ 5,669,930	$ 5,696,999	$ 7,489,641	$ 7,603,393

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

Business-type Activities - Enterprise Funds			
609 Liquor Store		Totals	
2013	2012	2013	2012
$ 80,212	$ 68,601	$ 103,176	$ 114,155
-	-	68,174	223,579
9,527	7,779	17,934	16,518
17,720	17,708	20,577	20,149
-	-	200,379	182,608
-	-	2,407	856
7,886	8,634	17,892	15,412
-	-	1,000,000	968,000
115,345	102,722	1,430,539	1,541,277
7,074	3,948	11,434	11,258
-	-	14,406,000	13,236,000
7,074	3,948	14,417,434	13,247,258
122,419	106,670	15,847,973	14,788,535
353,743	386,535	8,073,272	7,773,435
1,533,325	1,390,415	6,973,367	7,303,907
$ 1,887,068	$ 1,776,950	$ 15,046,639	$ 15,077,342

CITY OF ST. FRANCIS, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds			
	601 Water		**602** Sewer	
	2013	2012	2013	2012
OPERATING REVENUES				
Sales	$ -	$ -	$ -	$ -
Cost of sales	-	-	-	-
GROSS PROFIT	-	-	-	-
Charges for services	1,126,439	1,137,548	884,367	875,916
TOTAL OPERATING REVENUES	1,126,439	1,137,548	884,367	875,916
OPERATING EXPENSES				
Personal services	128,162	136,032	126,637	132,992
Supplies	160,784	136,146	50,332	35,387
Professional services	88,500	87,827	139,343	79,176
Communications	3,819	5,538	2,090	2,925
Insurance	15,901	13,680	9,578	8,768
Utilities	80,080	74,951	103,953	97,178
Repairs and maintenance	37,334	61,936	34,382	69,305
Depreciation	326,318	322,687	317,030	264,128
Other	11,109	4,595	16,039	17,363
TOTAL OPERATING EXPENSES	852,007	843,392	799,384	707,222
OPERATING INCOME	274,432	294,156	84,983	168,694
NONOPERATING REVENUES (EXPENSES)				
Miscellaneous grants	-	6,500	-	-
Interest income	19,788	35,203	6,446	18,050
Miscellaneous	5,767	9,970	21,815	22,376
Bond issuance costs	(14,528)	-	(17,756)	-
Interest expense	(290,048)	(293,227)	(155,840)	(151,460)
TOTAL NONOPERATING REVENUES (EXPENSES)	(279,021)	(241,554)	(145,335)	(111,034)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(4,589)	52,602	(60,352)	57,660
TRANSFERS AND CONTRIBUTIONS				
Capital contributions - connection fees	78,600	32,400	50,400	33,600
Transfers out	(101,080)	-	(103,800)	-
TOTAL TRANSFERS AND CONTRIBUTIONS	(22,480)	32,400	(53,400)	33,600
CHANGE IN NET POSITION	(27,069)	85,002	(113,752)	91,260
NET POSITION, JANUARY 1	5,696,999	5,611,997	7,603,393	7,512,133
NET POSITION, DECEMBER 31	$ 5,669,930	$ 5,696,999	$ 7,489,641	$ 7,603,393

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

Business-type Activities - Enterprise Funds			
609 Liquor Store		Totals	
2013	2012	2013	2012
$ 2,058,003	$ 2,094,876	$ 2,058,003	$ 2,094,876
(1,522,305)	(1,511,868)	(1,522,305)	(1,511,868)
535,698	583,008	535,698	583,008
-	-	2,010,806	2,013,464
535,698	583,008	2,546,504	2,596,472
211,003	199,461	465,802	468,485
4,978	13,023	216,094	184,556
82,784	76,713	310,627	243,716
1,587	2,234	7,496	10,697
12,468	7,829	37,947	30,277
17,491	16,987	201,524	189,116
7,509	13,633	79,225	144,874
32,792	32,325	676,140	619,140
6,550	9,072	33,698	31,030
377,162	371,277	2,028,553	1,921,891
158,536	211,731	517,951	674,581
-	-	-	6,500
10,923	11,650	37,157	64,903
659	1,135	28,241	33,481
-	-	(32,284)	-
-	-	(445,888)	(444,687)
11,582	12,785	(412,774)	(339,803)
170,118	224,516	105,177	334,778
-	-	129,000	66,000
(60,000)	(60,000)	(264,880)	(60,000)
(60,000)	(60,000)	(135,880)	6,000
110,118	164,516	(30,703)	340,778
1,776,950	1,612,434	15,077,342	14,736,564
$ 1,887,068	$ 1,776,950	$ 15,046,639	$ 15,077,342

CITY OF ST. FRANCIS, MINNESOTA
STATEMENTS OF CASH FLOWS - CONTINUED ON THE FOLLOWING PAGES
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds			
	601 Water		**602** Sewer	
	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 1,085,480	$ 1,130,141	$ 932,838	$ 893,073
Payments to suppliers	(404,898)	(390,193)	(302,346)	(301,227)
Payments to employees	(127,909)	(142,439)	(126,944)	(139,231)
NET CASH PROVIDED BY OPERATING ACTIVITIES	552,673	597,509	503,548	452,615
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
(Increase) decrease in due from other funds	(426,468)	196,543	-	-
Transfers to other funds	(101,080)	-	(103,800)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(527,548)	196,543	(103,800)	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Connection fees received	78,600	32,400	50,400	33,600
Special assessments received	-	-	(11,061)	6,243
Acquisition of capital assets	(159,904)	(52,685)	(71,652)	(26,850)
Refunding bond proceeds	976,101	-	1,193,012	-
Payment made to refunding bond escrow agent	(966,346)	-	(1,181,089)	-
Issuance costs paid	(14,129)	-	(17,268)	
Interest paid on bonds	(283,606)	(298,894)	(144,511)	(154,786)
Principal paid on bonds	(575,250)	(461,500)	(392,750)	(233,500)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(944,534)	(780,679)	(574,919)	(375,293)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	32,094	73,185	20,657	34,489
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(887,315)	86,558	(154,514)	111,811
CASH AND CASH EQUIVALENTS, JANUARY 1	2,854,079	2,767,521	2,039,434	1,927,623
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 1,966,764	$ 2,854,079	$ 1,884,920	$ 2,039,434

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

Business-type Activities - Enterprise Funds			
609 Liquor Store		Totals	
2013	2012	2013	2012
$ 2,057,923	$ 2,102,852	$ 4,076,241	$ 4,126,066
(1,635,746)	(1,683,564)	(2,342,990)	(2,374,984)
(206,877)	(198,300)	(461,730)	(479,970)
215,300	220,988	1,271,521	1,271,112
-	-	(426,468)	196,543
(60,000)	(60,000)	(264,880)	(60,000)
(60,000)	(60,000)	(691,348)	136,543
-	-	129,000	66,000
-	-	(11,061)	6,243
-	(7,060)	(231,556)	(86,595)
-	-	2,169,113	-
-	-	(2,147,435)	-
		(31,397)	-
-	-	(428,117)	(453,680)
-	-	(968,000)	(695,000)
-	(7,060)	(1,519,453)	(1,163,032)
10,246	20,997	62,997	128,671
165,546	174,925	(876,283)	373,294
1,260,367	1,085,442	6,153,880	5,780,586
$ 1,425,913	$ 1,260,367	$ 5,277,597	$ 6,153,880

CITY OF ST. FRANCIS, MINNESOTA
STATEMENTS OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds			
	601 Water		**602** Sewer	
	2013	2012	2013	2012
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$ 274,432	$ 294,156	$ 84,983	$ 168,694
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	326,318	322,687	317,030	264,128
Other income related to operations	5,767	16,470	21,815	22,376
(Increase) decrease in assets				
Receivables				
Accounts	(37,662)	(17,672)	10,722	(8,071)
Special assessments	(2,429)	3,748	16,216	2,852
Due from other governments	(8,186)	(8,974)	(282)	-
Inventories	-	-	-	-
Increase (decrease) in liabilities				
Accounts payable	(7,619)	(6,351)	53,203	8,268
Due to other governments	248	831	168	607
Accrued salaries payable	114	(796)	(446)	(628)
Unearned revenue	1,551	(979)	-	-
Compensated absences payable	139	(5,611)	139	(5,611)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 552,673	$ 597,509	$ 503,548	$ 452,615
NONCASH CAPITAL FINANCING AND INVESTING ACTIVITIES				
Decrease in market value of investments	$ 11,514	$ -	$ 14,073	$ -
Capital assets acquired on account	$ -	$ 157,975	$ -	$ 65,604

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

Business-type Activities - Enterprise Funds			
609 Liquor Store		Totals	
2013	2012	2013	2012
$ 158,536	$ 211,731	$ 517,951	$ 674,581
32,792	32,325	676,140	619,140
659	1,135	28,241	39,981
(739)	6,841	(27,679)	(18,902)
-	-	13,787	6,600
-	-	(8,468)	(8,974)
8,303	(11,013)	8,303	(11,013)
11,611	(20,915)	57,195	(18,998)
12	(277)	428	1,161
1,748	(127)	1,416	(1,551)
-	-	1,551	(979)
2,378	1,288	2,656	(9,934)
$ 215,300	$ 220,988	$ 1,271,521	$ 1,271,112
$ -	$ -	$ 25,587	$ -
$ -	$ -	$ -	$ 223,579

CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013

	Agency
	853
	Escrow
ASSETS	
Cash and temporary investments	$ 134,251
Special assessments receivable	46
TOTAL ASSETS	$ 134,297
LIABILITIES	
Accounts payable	$ 5,138
Deposits payable	129,159
TOTAL LIABILITIES	$ 134,297

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 City Council composed of an elected Mayor and four elected City Council Members. The City Council exercises legislative authority and determines all matters of policy. The City 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

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 City Council. The five member Board consists of two City Council members and three other City 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. 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 position 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. 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.

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.

Unearned 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 unearned revenue.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 *Debt Service fund* accounts for the accumulation of resources and payment of bond principal and interest from governmental resources when the City is obligated in some manner for the payment.

The *Rum River Bluff's Development* accounts for financial resources used to finance the Rum River Bluff's Development.

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 and funds held on the behalf of others. The developer 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.

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.

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 position/fund balance

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 City 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.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources 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 2013. 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 inflow of resources 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 position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

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, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City 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 City Council itself or by an official to which the governing body delegates the authority. The City 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

Deferred inflows of resources

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

Net position

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

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

b. Restricted net position - Consist of net position balances 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 position - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets”.

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.

Restricted assets

Certain resources set aside for the repayment of revenue bonds are classified as restricted assets because its use is limited by applicable bond resolutions. In accordance with these resolutions, reserve accounts have been established for the retirement of outstanding debt.

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, special revenue funds, G.O. Bonds 2007A Debt Service fund, EDA Lease Revenue Debt Service fund, Park Improvements, Fire Truck Replacement, Capital Projects fund, Creekview Estate Street and Utility Improvement, and Ivywood and 230th Lane fund. 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 City Council for review. The City 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 City Council. The legal level of budgetary control is at the department level. The budget was not amended during 2013.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

B. Excess of expenditures over appropriations

For the year ended December 31, 2013 expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Capital Project	$ -	$ 172,364	$ 172,364
Go Bonds 2007A	100,607	106,164	5,557
EDA Lease Revenue	520,045	521,445	1,400
Park Development	-	91,305	91,305
Creekview Estates	-	59	59
Ivywood and 230th Lane	-	79	79

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

C. Deficit fund equity

The following funds had deficits at December 31, 2013:

Fund	Amount
Major governmental	
Rum River Bluff's Development	$ 503,134
Nonmajor governmental	
River's Edge Trunk Utility Improvement	516,320
Watermain Looping	287,151
Creekview Estate Street and Utility Improvement	87,785
Ivywood and 230th Lane	100,212

- The deficit in the Run River Bluff’s Development fund will be eliminated with receipts from a developer.
- 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 City 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 $893,976 and the bank balance was $886,053. The bank balance was covered by federal depository insurance totaling $500,000. 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	$ 893,976
Investments	11,188,416
Total	$ 12,082,392
As reported on the financial statements	
Statement of net position	
Cash and temporary investments	$ 8,726,424
Cash with fiscal agent	2,669,922
Restricted cash	551,795
Fiduciary statement of net position	134,251
Total	$ 12,082,392

Investments

As of December 31, 2013, 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	$ 198,000
Brokered Certificates of Deposit	N/A	6 months to 1 year	344,000
Brokered Certificates of Deposit	N/A	1 to 3 years	648,000
Brokered Certificates of Deposit	N/A	more than 3 years	1,402,000
State and Local Government Sec.	AA+	1 to 3 years	52,923
State and Local Government Sec.	AA+	more than 3 years	508,670
US Government Securities	AAA	more than 3 years	2,759,995
US Treasuries	AAA	less than 6 months	29,005
US Treasuries	AAA	1 to 3 years	25,583
Pooled investments			
Minnesota Municipal Money Market	N/A	less than 6 months	99,563
Broker Money Market	N/A	less than 6 months	5,120,677
Total investments			$ 11,188,416

(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 58 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.

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

B. Capital assets

Capital asset activity for the year ended December 31, 2013 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	7,931,366	604,261	(8,032,493)	503,134
Total capital assets not being depreciated	9,359,102	604,261	(8,032,493)	1,930,870
Capital assets, being depreciated				
Land improvements	174,771	-	-	174,771
Buildings	1,124,789	7,836,025	(127,000)	8,833,814
Infrastructure	4,460,520	277,715	-	4,738,235
Machinery and equipment	2,818,536	136,161	(59,978)	2,894,719
Total capital assets being depreciated	8,578,616	8,249,901	(186,978)	16,641,539
Less accumulated depreciation for				
Land improvements	(70,096)	(8,738)	-	(78,834)
Buildings	(322,160)	(224,562)	47,171	(499,551)
Infrastructure	(655,960)	(170,007)	-	(825,967)
Machinery and equipment	(1,843,629)	(229,519)	33,209	(2,039,939)
Total accumulated depreciation	(2,891,845)	(632,826)	80,380	(3,444,291)
Total capital assets being depreciated, net	5,686,771	7,617,075	(106,598)	13,197,248
Governmental activities capital assets, net	$15,045,873	$ 8,221,336	$ (8,139,091)	$15,128,118

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	$ 2,359,187	$ -	$ -	$ 2,359,187
Construction in progress	1,819,777	7,977	(1,827,754)	-
Total capital assets not being depreciated	4,178,964	7,977	(1,827,754)	2,359,187
Capital assets being depreciated				
Buildings	16,859,310	-	-	16,859,310
Infrastructure	6,160,360	1,827,754	-	7,988,114
Machinery and equipment	507,179	-	-	507,179
Total capital assets being depreciated	23,526,849	1,827,754	-	25,354,603
Less accumulated depreciation for				
Buildings	(3,843,816)	(389,142)	-	(4,232,958)
Infrastructure	(1,567,423)	(260,535)	-	(1,827,958)
Machinery and equipment	(317,139)	(26,463)	-	(343,602)
Total accumulated depreciation	(5,728,378)	(676,140)	-	(6,404,518)
Total capital assets being depreciated, net	17,798,471	1,151,614	-	18,950,085
Business-type activities capital assets, net	$21,977,435	$ 1,159,591	$ (1,827,754)	$21,309,272

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

Governmental activities	
General government	$ 26,093
Public safety	194,823
Community development	2,482
Public works	314,002
Culture and recreation	95,426
Total depreciation expense - governmental activities	$ 632,826
Business-type activities	
Water	$ 326,318
Sewer	317,030
Liquor store	32,792
Total depreciation expense - business-type activities	$ 676,140

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Construction commitments

The City had the following outstanding construction commitments at December 31, 2013:

Project	Spent to date	Remaining Commitment
Ambassador Trunk Utilities	$ 1,354,722	$ 42,649
Rum River Bluff	376,584	96,337

D. Interfund receivables, payables and transfers

The composition of interfund balances as of December 31, 2013 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Water	Rum River Bluffs Development	To provide cash flows	$ 453,754
Water	Other Governmental	To provide cash flows	991,468
Total			$ 1,445,222

The City made transfers during the fiscal year 2013 as shown and described below:

	Transfer in		
Fund	General	Debt Service	Total
Transfer out			
General	$ -	$ 340,000	$ 340,000
Water	-	101,080	101,080
Sewer	-	103,800	103,800
Liquor Store	60,000	-	60,000
Total	$ 60,000	$ 544,880	$ 604,880

The City made the following transfers during 2013:

- The General fund transferred $340,000 to the EDA Lease Revenue Bond fund for future debt service payments.
- 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.
- The Water and Sewer funds each transferred $82,500 to the EDA Lease Revenue Bond fund for future debt service payments.
- The Water and Sewer funds transferred $18,580 and $21,300, respectively, to the 2007A Improvement Bond fund for future debt service payments.

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

E. 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	$ 820,000
G.O. Crossover Refunding Refunding Bonds Series 2013A	560,000	1.000 - 2.000	03/27/13	02/01/23	560,000
Total General Obligation Bonds					$ 1,380,000

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2014	$ 70,000	$ 45,109	$ 115,109
2015	70,000	38,596	108,596
2016	75,000	35,695	110,695
2017	75,000	32,695	107,695
2018	170,000	29,104	199,104
2019-2023	920,000	71,197	991,197
Total	$ 1,380,000	$ 252,396	$ 1,632,396

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	$ 1,600,000
G.O. Improvement and Utility Revenue Bonds, Series 2007	3,115,000	4.000 - 4.375	12/13/07	02/01/28	2,565,000
MPFA - Water Revenue Bonds Series 2008	9,013,468	2.563	12/18/07	08/20/27	7,561,000
G.O. Sewer Revenue Bonds, Series 2010A	1,600,000	2.000 - 3.500	09/20/10	02/01/31	1,510,000
G.O. Crossover Refunding Refunding Bonds Series 2013A	560,000	1.000 - 2.300	03/27/13	02/01/23	2,170,000
Total G.O. Revenue Bonds					$15,406,000

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

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2014	$ 1,000,000	$ 451,030	$ 1,451,030
2015	1,043,000	399,304	1,442,304
2016	1,082,000	363,519	1,445,519
2017	737,000	337,771	1,074,771
2018	941,000	315,902	1,256,902
2019-2023	5,091,000	1,197,755	6,288,755
2024-2028	5,162,000	567,467	5,729,467
2029-2031	350,000	18,831	368,831
Total	$ 15,406,000	$ 3,651,579	$ 19,057,579

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Lease revenue bonds

The EDA has issued lease revenue bonds for financing building projects in accordance with Minnesota statutes. The agreements are supported by capital leases between the EDA and the City. The bonds will be paid back with future City property tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Public Project					
Lease Revenue Bonds	$ 8,200,000	1.0-5.0 %	01/01/12	02/01/37	$ 8,005,000

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2014	$ 225,000	$ 322,383	$ 547,383
2015	230,000	318,395	548,395
2016	235,000	313,510	548,510
2017	240,000	308,045	548,045
2018	245,000	301,980	546,980
2019-2023	1,335,000	1,395,169	2,730,169
2024-2028	1,585,000	1,130,058	2,715,058
2029-2033	1,960,000	734,469	2,694,469
2034-2037	1,950,000	201,250	2,151,250
Total	$ 8,005,000	$ 5,025,259	$ 13,030,259

Capital leases payable

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

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

The balances of capital leases as of December 31, 2013 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	$ 46,521

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2014	$ 30,499	$ 2,622	$ 33,121
2015	16,022	539	16,561
Total	$ 46,521	$ 3,161	$ 49,682

Changes in long-term liabilities

Noncurrent liability activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	$ 885,000	$ 560,000	$ (65,000)	$ 1,380,000	$ 70,000
Lease revenue bonds	8,200,000	-	(195,000)	8,005,000	225,000
Other noncurrent debt					
Capital leases payable	75,070	-	(28,549)	46,521	30,499
Compensated absences payable	152,649	78,811	(86,581)	144,879	73,634
Governmental activity long-term liabilities	$ 9,312,719	$ 638,811	$ (375,130)	$ 9,576,400	$ 399,133
Business-type activities					
Bonds payable					
General obligations revenue bonds	$ 14,204,000	$ 2,170,000	$ (968,000)	$ 15,406,000	$ 1,000,000
Compensated absences payable	26,670	20,389	(17,733)	29,326	17,892
Business-type activity long-term liabilities	$ 14,230,670	$ 2,190,389	$ (985,733)	$ 15,435,326	$ 1,017,892

G.O. Crossover Refunding Bonds

On March 01, 2013, the City issued $2,730,000 of General Obligation Crossover Refunding Bonds, Series 2013A. The bonds bear an average interest rate of 1.93 percent. The bonds will be used to call $2,560,000 of the G.O. Improvement and Utility Bonds, Series 2007A on February 1, 2017. The City will pay the scheduled principal and interest on the Series 2003A bonds until the call date. As a result of the refunding issue, the City will save $172,905 in debt service payments and achieve an economic gain (the present value of the difference between the old debt service and the new debt service) of $141,520.

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

F. Fund balance classification

At December 31, 2013, a summary of the governmental fund balance classifications are as follows:

	General	Debt Service	Other Governmental Funds	Total
Nonspendable				
Inventory	$ 15,079	$ -	$ -	$ 15,079
Restricted for				
Debt service	$ -	$ 1,333,389	$ -	$ 1,333,389
Police expenditures	-	-	7,014	7,014
Turtle ridge project	-	-	19,139	19,139
Park improvements	-	-	171,415	171,415
Capital purchases	-	-	15,486	15,486
Capital projects	-	-	234,567	234,567
Total restricted	$ -	$ 1,333,389	$ 447,621	$ 1,781,010
Assigned to				
Fire truck replacement	$ -	$ -	$ 453,642	$ 453,642
Capital projects	-	-	47,268	47,268
Bicentennial	8,174	-	-	8,174
Total assigned	$ 8,174	$ -	$ 500,910	$ 509,084

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.

Note 4: DEFINED BENEFIT PENSION PLANS – STATEWIDE – CONTINUED

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.

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 2013. PEPFF members were required to contribute 9.60 percent of their annual covered salary in 2013. 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, 2013, 2012, and 2011 were $73,521, $76,772, and $71,048, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2013, 2012, and 2011 were $102,309, $105,104, and $103,649, 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 Position.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and temporary investments	$ 32,635	$ 922,679	$ 955,314
Receivables			
Accrued interest	75	2,701	2,776
Accounts	-	283,987	283,987
Special assessments	-	205,471	205,471
Due from other governments	-	68,950	68,950
TOTAL ASSETS	$ 32,710	$ 1,483,788	$ 1,516,498
LIABILITIES			
Accounts payable	$ 6,557	$ -	$ 6,557
Contracts payable	-	4,459	4,459
Due to other funds	-	991,468	991,468
TOTAL LIABILITIES	6,557	995,927	1,002,484
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - developer/other receivables	-	351,480	351,480
Unavailable revenues - special assessments	-	205,471	205,471
TOTAL DEFERRED INFLOWS OF RESOURCES	-	556,951	556,951
FUND BALANCES			
Restricted	26,153	421,468	447,621
Assigned	-	500,910	500,910
Unassigned	-	(991,468)	(991,468)
TOTAL FUND BALANCES	26,153	(69,090)	(42,937)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 32,710	$ 1,483,788	$ 1,516,498

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Revenue	Capital Projects	Total
REVENUES			
Taxes	$ 14,270	$ -	$ 14,270
Intergovernmental	-	44,135	44,135
Charges for services	5,899	23,791	29,690
Special assessments	-	27,117	27,117
Interest on investments	143	7,556	7,699
Miscellaneous	142	59,156	59,298
TOTAL REVENUES	20,454	161,755	182,209
EXPENDITURES			
Current			
Public safety	7,482	-	7,482
Community development	13,291	-	13,291
Capital outlay			
Public safety	-	23,856	23,856
Public works	-	148,646	148,646
Culture and recreation	-	91,305	91,305
TOTAL EXPENDITURES	20,773	263,807	284,580
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(319)	(102,052)	(102,371)
FUND BALANCES, JANUARY 1	26,472	32,962	59,434
FUND BALANCES, DECEMBER 31	$ 26,153	$ (69,090)	$ (42,937)

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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, 2013

	208 Police Forfeiture	**250** Turtle Ridge TIF	Total
ASSETS			
Cash and temporary investments	$ 7,152	$ 25,483	$ 32,635
Accrued interest receivable	-	75	75
TOTAL ASSETS	$ 7,152	$ 25,558	$ 32,710
LIABILITIES			
Accounts payable	$ 138	$ 6,419	$ 6,557
FUND BALANCES			
Restricted for			
Police expenditures	7,014	-	7,014
Turtle ridge project	-	19,139	19,139
TOTAL FUND BALANCES	7,014	19,139	26,153
TOTAL LIABILITIES AND FUND BALANCES	$ 7,152	$ 25,558	$ 32,710

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, 2013

	208 Police Forfeiture	**250** Turtle Ridge TIF	Total
REVENUES			
Tax increments	$ -	$ 14,270	$ 14,270
Charges for services	5,899	-	5,899
Interest on investments	-	143	143
Miscellaneous			
Contributions and donations	142	-	142
TOTAL REVENUES	6,041	14,413	20,454
EXPENDITURES			
Current			
Public safety	7,482	-	7,482
Community development	-	13,291	13,291
TOTAL EXPENDITURES	7,482	13,291	20,773
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,441)	1,122	(319)
FUND BALANCES, JANUARY 1	8,455	18,017	26,472
FUND BALANCES, DECEMBER 31	$ 7,014	$ 19,139	$ 26,153

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, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Intergovernmental	$ -	$ -	$ 5,899	$ 5,899	$ -
Charges for services	-	-	142	142	-
TOTAL REVENUES	-	-	6,041	6,041	-
EXPENDITURES					
Current					
Public safety	9,630	9,630	7,482	2,148	2,728
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(9,630)	(9,630)	(1,441)	8,189	(2,728)
FUND BALANCES, JANUARY 1	8,455	8,455	8,455	-	11,183
FUND BALANCES, DECEMBER 31	$ (1,175)	$ (1,175)	$ 7,014	$ 8,189	$ 8,455

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, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Tax increments	$ 15,200	$ 15,200	$ 14,270	$ (930)	$ 15,144
Interest on investments	-	-	143	143	182
TOTAL REVENUES	15,200	15,200	14,413	(787)	15,326
EXPENDITURES					
Current					
Community development	14,600	14,600	13,291	1,309	14,177
EXCESS OF REVENUES OVER EXPENDITURES	600	600	1,122	522	1,149
FUND BALANCES, JANUARY 1	18,017	18,017	18,017	-	16,868
FUND BALANCES, DECEMBER 31	$ 18,617	$ 18,617	$ 19,139	$ 522	$ 18,017

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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.

Charitable Gambling - accounts for accumulation of resources to finance future police and fire capital expenditures.

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

Capital Projects - accounts for financial resources for the future purchases of capital outlay.

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

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, 2013

	210	225	402	403
	Charitable Gambling	Park Improvements	Capital Projects	Fire Truck Replacement
ASSETS				
Cash and temporary investments	$ 13,988	$ 174,445	$ 281,940	$ 452,306
Receivables				
Accrued interest	41	491	833	1,336
Accounts	1,457	-	-	-
Special assessments	-	-	-	-
Due from other governments		68,950	-	-
TOTAL ASSETS	$ 15,486	$ 243,886	$ 282,773	$ 453,642
LIABILITIES				
Contracts payable	$ -	$ 3,521	$ 938	$ -
Due to other funds	-	-	-	-
TOTAL LIABILITIES	-	3,521	938	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - developer/other receivables	-	68,950	-	-
Unavailable revenues - special assessments	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	68,950	-	-
FUND BALANCES				
Restricted for				
Park improvements	-	171,415	-	-
Capital purchases	15,486	-	-	-
Capital projects	-	-	234,567	-
Assigned for				
Capital projects	-	-	47,268	-
Fire truck replacement	-	-	-	453,642
Unassigned	-	-	-	-
TOTAL FUND BALANCES	15,486	171,415	281,835	453,642
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 15,486	$ 243,886	$ 282,773	$ 453,642

423 River's Edge Trunk Utility Improvement	**427** Watermain Looping	**505** Creekview Estate Street and Utility Improvement	**507** Ivywood and 230th Lane	Total
$ -	$ -	$ -	$ -	$ 922,679
-	-	-	-	2,701
-	282,530	-	-	283,987
-	-	92,903	112,568	205,471
-	-	-	-	68,950
$ -	$ 282,530	$ 92,903	$ 112,568	$ 1,483,788
$ -	$ -	$ -	$ -	$ 4,459
516,320	287,151	87,785	100,212	991,468
516,320	287,151	87,785	100,212	995,927
-	282,530	-	-	351,480
-	-	92,903	112,568	205,471
-	282,530	92,903	112,568	556,951
-	-	-	-	171,415
-	-	-	-	15,486
-	-	-	-	234,567
-	-	-	-	47,268
-	-	-	-	453,642
(516,320)	(287,151)	(87,785)	(100,212)	(991,468)
(516,320)	(287,151)	(87,785)	(100,212)	(69,090)
$ -	$ 282,530	$ 92,903	$ 112,568	$ 1,483,788

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, 2013

	210	225	402	403
	Charitable Gambling	Park Improvements	Capital Projects	Fire Truck Replacement
REVENUES				
Intergovernmental	$ -	$ 44,135	$ -	$ -
Charges for services	13,016	10,775	-	-
Special assessments	-	-	-	-
Interest on investments	97	1,759	2,078	3,622
Miscellaneous	-	41,575	13,229	-
TOTAL REVENUES	13,113	98,244	15,307	3,622
EXPENDITURES				
Capital outlay				
Public safety	-	-	23,856	-
Public works	-	-	148,508	-
Culture and recreation	-	91,305	-	-
TOTAL EXPENDITURES	-	91,305	172,364	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	13,113	6,939	(157,057)	3,622
FUND BALANCES, JANUARY 1	2,373	164,476	438,892	450,020
FUND BALANCES, DECEMBER 31	$ 15,486	$ 171,415	$ 281,835	$ 453,642

423 River's Edge Trunk Utility Improvement	**427** Watermain Looping	**505** Creekview Estate Street and Utility Improvement	**507** Ivywood and 230th Lane	Total
$ -	$ -	$ -	$ -	$ 44,135
-	-	-	-	23,791
-	-	14,515	12,602	27,117
-	-	-	-	7,556
4,321	-	-	31	59,156
4,321	-	14,515	12,633	161,755
-	-	-	-	23,856
-	-	59	79	148,646
-	-	-	-	91,305
-	-	59	79	263,807
4,321	-	14,456	12,554	(102,052)
(520,641)	(287,151)	(102,241)	(112,766)	32,962
$ (516,320)	$ (287,151)	$ (87,785)	$ (100,212)	$ (69,090)

CITY OF ST. FRANCIS, MINNESOTA
CHARITABLE GAMBLING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Charges for services	$ 10,000	$ 10,000	$ 13,016	$ 3,016	$ 2,373
Investment earnings	-	-	97	97	-
TOTAL REVENUES	10,000	10,000	13,113	3,113	2,373
FUND BALANCES, JANUARY 1	2,373	2,373	2,373	-	-
FUND BALANCES, DECEMBER 31	$ 12,373	$ 12,373	$ 15,486	$ 3,113	$ 2,373

CITY OF ST. FRANCIS, MINNESOTA
PARK IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Intergovernmental	$ -	$ -	$ 44,135	$ 44,135	$ 123,980
Charges for services	1,000	1,000	10,775	9,775	3,275
Interest on investments	1,000	1,000	1,759	759	989
Contributions and donations	500	500	41,575	41,075	-
TOTAL REVENUES	2,500	2,500	98,244	95,744	128,244
EXPENDITURES					
Capital outlay					
Culture and recreation	-	-	91,305	(91,305)	127,225
Debt service					
Interest and other	-	-	-	-	561
TOTAL EXPENDITURES	-	-	91,305	(91,305)	127,786
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,500	2,500	6,939	4,439	458
FUND BALANCES, JANUARY 1	164,476	164,476	164,476	-	164,018
FUND BALANCES, DECEMBER 31	$ 166,976	$ 166,976	$ 171,415	$ 4,439	$ 164,476

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, 2013

	2013				2012
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Interest on investments	$ 16,000	$ 16,000	$ 2,078	$ (13,922)	$ 29,961
Miscellaneous	-	-	13,229	13,229	2,000
TOTAL REVENUES	16,000	16,000	15,307	(693)	31,961
EXPENDITURES					
Capital outlay					
General government	-	-	-	-	6,534
Public safety	-	-	23,856	(23,856)	97,825
Public works	-	-	148,508	(148,508)	6,763,168
Debt service					
Bond issuance costs	-	-	-	-	172,199
TOTAL EXPENDITURES	-	-	172,364	(172,364)	7,039,726
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,000	16,000	(157,057)	(173,057)	(7,007,765)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	8,200,000
Transfers out	-	-	-	-	(551,795)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	7,648,205
NET CHANGE IN FUND BALANCES	16,000	16,000	(157,057)	(173,057)	640,440
FUND BALANCES, JANUARY 1	438,892	438,892	438,892	-	(201,548)
FUND BALANCES, DECEMBER 31	$ 454,892	$ 454,892	$ 281,835	$ (173,057)	$ 438,892

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, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Interest on investments	$ 5,000	$ 5,000	$ 3,622	$ (1,378)	$ 3,837
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	40,000
NET CHANGE IN FUND BALANCES	5,000	5,000	3,622	(1,378)	43,837
FUND BALANCES, JANUARY 1	450,020	450,020	450,020	-	406,183
FUND BALANCES, DECEMBER 31	$ 455,020	$ 455,020	$ 453,642	$ (1,378)	$ 450,020

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, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Special assessments	$ 12,000	$ 12,000	$ 14,515	$ 2,515	$ 14,457
Interest on investments	-	-	-	-	(301)
TOTAL REVENUES	12,000	12,000	14,515	2,515	14,156
EXPENDITURES					
Capital outlay					
Public works	-	-	59	(59)	54
EXCESS OF REVENUES OVER EXPENDITURES	12,000	12,000	14,456	2,456	14,102
FUND BALANCES, JANUARY 1	(102,241)	(102,241)	(102,241)	-	(116,343)
FUND BALANCES, DECEMBER 31	$ (90,241)	$ (90,241)	$ (87,785)	$ 2,456	$ (102,241)

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, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Intergovernmental	$ 12,000	$ 12,000	$ 12,602	$ 602	$ 18,133
Interest on investments	-	-	-	-	(338)
Miscellaneous	-	-	31	31	60
TOTAL REVENUES	12,000	12,000	12,633	633	17,855
EXPENDITURES					
Capital outlay					
Public works	-	-	79	(79)	75
EXCESS OF REVENUES OVER EXPENDITURES	12,000	12,000	12,554	554	17,780
FUND BALANCES, JANUARY 1	(112,766)	(112,766)	(112,766)	-	(130,546)
FUND BALANCES, DECEMBER 31	$ (100,766)	$ (100,766)	$ (100,212)	$ 554	$ (112,766)

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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, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Property taxes	$ 2,990,200	$ 2,990,200	$ 2,986,193	$ (4,007)	$ 2,893,540
Licenses and permits					
Business	24,280	24,280	25,155	875	29,068
Nonbusiness	66,388	66,388	62,143	(4,245)	60,232
Total	90,668	90,668	87,298	(3,370)	89,300
Intergovernmental					
State					
Local government aid	80,929	80,929	80,929	-	80,929
Property tax credits	-	-	3,092	3,092	4,394
Police and fire aid	106,711	106,711	130,339	23,628	109,093
Municipal State Aid	121,460	121,460	113,303	(8,157)	113,957
Other	1,971	1,971	2,486	515	1,971
County	-	-	75,000	75,000	-
Total	311,071	311,071	405,149	94,078	310,344
Charges for services					
General government	193,955	193,955	227,193	33,238	180,951
Public safety	70,227	70,227	65,355	(4,872)	112,365
Public works	4,551	4,551	4,361	(190)	3,767
Total	268,733	268,733	296,909	28,176	297,083
Fines and forfeitures	27,230	27,230	33,927	6,697	35,166
Interest on investments	32,205	32,205	11,263	(20,942)	16,199
Miscellaneous					
Rents and leases	64,333	64,333	80,668	16,335	69,903
Recycling and landfill abatement	17,201	17,201	23,699	6,498	20,872
Donations and other	35,088	35,088	30,210	(4,878)	43,347
Total	116,622	116,622	134,577	17,955	134,122
TOTAL REVENUES	3,836,729	3,836,729	3,955,316	118,587	3,775,754

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, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	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	$ 22,703	$ 4,587	$ 23,169
Other services and charges	7,300	7,300	6,965	335	2,643
Total	34,590	34,590	29,668	4,922	25,812
City administration					
Personal services	302,380	302,380	256,716	45,664	300,714
Supplies	18,600	18,600	7,911	10,689	8,972
Other services and charges	31,820	31,820	38,072	(6,252)	32,919
Total	352,800	352,800	302,699	50,101	342,605
Elections					
Personal services	20	20	6	14	2,979
Supplies	-	-	-	-	748
Other services and charges	20	20	99	(79)	1,250
Total	40	40	105	(65)	4,977
Financial administration					
Personal services	117,640	117,640	109,274	8,366	104,659
Supplies	2,150	2,150	567	1,583	1,644
Other services and charges	2,400	2,400	2,224	176	2,146
Total	122,190	122,190	112,065	10,125	108,449
Assessor					
Other services and charges	41,030	41,030	39,451	1,579	39,266
Legal and accounting					
Other services and charges	139,110	139,110	152,522	(13,412)	109,852
Municipal building					
Supplies	3,700	3,700	1,437	2,263	1,931
Other services and charges	22,985	22,985	13,280	9,705	19,617
Rent for offices	3,910	3,910	3,404	506	3,679
Total	30,595	30,595	18,121	12,474	25,227
Total general government	720,355	720,355	654,631	65,724	656,188

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, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES - CONTINUED					
Current expenditures - continued					
Public safety					
Police					
Personal services	$ 1,113,820	$ 1,113,820	$ 1,078,827	$ 34,993	$ 1,083,711
Supplies	138,000	138,000	91,641	46,359	75,146
Other services and charges	127,000	127,000	93,809	33,191	84,115
Total	1,378,820	1,378,820	1,264,277	114,543	1,242,972
Fire					
Personal services	134,440	134,440	145,423	(10,983)	121,473
Supplies	52,500	52,500	40,228	12,272	58,760
Other services and charges	53,700	53,700	69,480	(15,780)	54,134
Total	240,640	240,640	255,131	(14,491)	234,367
Animal control					
Other services and charges	7,240	7,240	6,159	1,081	6,227
Total public safety	1,626,700	1,626,700	1,525,567	101,133	1,483,566
Public works					
Streets and highways					
Personal services	177,400	177,400	176,147	1,253	197,001
Supplies	55,550	55,550	54,483	1,067	48,279
Other services and charges	421,850	421,850	425,121	(3,271)	221,224
Total	654,800	654,800	655,751	(951)	466,504
Recycling					
Personal services	14,110	14,110	16,469	(2,359)	22,252
Supplies	3,250	3,250	1,373	1,877	2,703
Other services and charges	22,100	22,100	12,608	9,492	13,529
Total	39,460	39,460	30,450	9,010	38,484
Total public works	694,260	694,260	686,201	8,059	504,988

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, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	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	$ 135,200	$ 135,200	$ 106,974	$ 28,226	$ 136,437
Supplies	49,510	49,510	45,560	3,950	40,041
Other services and charges	121,310	121,310	89,207	32,103	68,403
Total	306,020	306,020	241,741	64,279	244,881
Pioneer days					
Other services and charges	32,200	32,200	5,801	26,399	32,374
Total culture and recreation	338,220	338,220	247,542	90,678	277,255
Community development					
Planning and zoning					
Personal services	11,000	11,000	6,976	4,024	5,635
Supplies	600	600	-	600	85
Other services and charges	73,200	73,200	149,304	(76,104)	77,694
Total	84,800	84,800	156,280	(71,480)	83,414
Building inspection					
Personal services	81,910	81,910	87,949	(6,039)	52,035
Supplies	1,200	1,200	4,119	(2,919)	2,946
Other services and charges	970	970	3,020	(2,050)	3,198
Total	84,080	84,080	95,088	(11,008)	58,179
Total community development	168,880	168,880	251,368	(82,488)	141,593
Unallocated					
Miscellaneous					
Other services and charges	6,100	6,100	5,571	529	18,494
Total current expenditures	3,554,515	3,554,515	3,370,880	183,635	3,082,084
Capital outlay					
General government	16,000	16,000	3,164	12,836	-
Public safety	65,900	65,900	62,435	3,465	32,735
Public works	-	-	-	-	265,560
Culture and recreation	31,940	31,940	28,889	3,051	80,818
Community development	-	-	26,470	(26,470)	-
Total capital outlay	113,840	113,840	120,958	(7,118)	379,113

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, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES - CONTINUED					
Debt service					
Principal	$ 28,549	$ 28,549	$ 28,549	$ -	$ 26,723
Interest and other charges	4,573	4,573	4,573	-	6,399
Total debt service	33,122	33,122	33,122	-	33,122
TOTAL EXPENDITURES	3,701,477	3,701,477	3,524,960	176,517	3,494,319
EXCESS OF REVENUES OVER EXPENDITURES	135,252	135,252	430,356	295,104	281,435
OTHER FINANCING SOURCES (USES)					
Transfers in	60,000	60,000	60,000	-	60,000
Sale of capital assets	28,000	28,000	27,321	(679)	30,041
Transfers out	(340,000)	(340,000)	(340,000)	-	(370,000)
TOTAL OTHER FINANCING SOURCES (USES)	(252,000)	(252,000)	(252,679)	(679)	(279,959)
NET CHANGE IN FUND BALANCES	(116,748)	(116,748)	177,677	294,425	1,476
FUND BALANCES, JANUARY 1	2,071,489	2,071,489	2,071,489	-	2,070,013
FUND BALANCES, DECEMBER 31	$ 1,954,741	$ 1,954,741	$ 2,249,166	$ 294,425	$ 2,071,489

CITY OF ST. FRANCIS, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013

	311 G.O. Bonds 2007A	**330** EDA Lease Revenue Bond	Total
ASSETS			
Cash and temporary investments	$ 132,071	$ 98,427	$ 230,498
Cash held with fiscal agent	548,074	-	548,074
Restricted cash	-	551,795	551,795
Receivables			
Accrued interest	282	2,002	2,284
Delinquent taxes	650	-	650
Special assessments	167,781	-	167,781
Due from other governments	738	-	738
TOTAL ASSETS	$ 849,596	$ 652,224	$ 1,501,820
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - taxes	$ 650	$ -	$ 650
Unavailable revenues - special assessments	167,781	-	167,781
TOTAL DEFERRED INFLOWS OF RESOURCES	168,431	-	168,431
FUND BALANCES			
Restricted for debt service	681,165	652,224	1,333,389
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 849,596	$ 652,224	$ 1,501,820

CITY OF ST. FRANCIS, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2013

	311 G.O. Bonds 2007A	**330** EDA Lease Revenue Bond	Total
REVENUES			
Taxes	$ 20,984	$ -	$ 20,984
Special assessments	24,024	-	24,024
Interest on investments	(2,833)	(33,961)	(36,794)
TOTAL REVENUES	42,175	(33,961)	8,214
EXPENDITURES			
Debt Service			
Principal	65,000	195,000	260,000
Bond issuance costs	5,847	-	5,847
Interest and other charges	35,317	326,445	361,762
TOTAL EXPENDITURES	106,164	521,445	627,609
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(63,989)	(555,406)	(619,395)
OTHER FINANCING SOURCES			
Transfers in	39,880	505,000	544,880
Bonds proceeds	560,000	-	560,000
TOTAL OTHER FINANCING SOURCES	599,880	505,000	1,104,880
NET CHANGE IN FUND BALANCES	535,891	(50,406)	485,485
FUND BALANCES, JANUARY 1	145,274	702,630	847,904
FUND BALANCES, DECEMBER 31	$ 681,165	$ 652,224	$ 1,333,389

CITY OF ST. FRANCIS, MINNESOTA
DEBT SERVICE FUND G.O. BONDS 2007A
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Property taxes	$ 20,900	$ 20,900	$ 20,984	$ 84	$ 21,098
Special assessments	24,000	24,000	24,024	24	32,359
Investment earnings	1,600	1,600	(2,833)	(4,433)	1,091
TOTAL REVENUES	46,500	46,500	42,175	(4,325)	54,548
EXPENDITURES					
Debt service					
Principal	65,000	65,000	65,000	-	65,000
Bond issuance costs	-	-	5,847	(5,847)	-
Interest and other charges	35,607	35,607	35,317	290	38,328
TOTAL EXPENDITURES	100,607	100,607	106,164	(5,557)	103,328
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(54,107)	(54,107)	(63,989)	(9,882)	(48,780)
OTHER FINANCING SOURCES					
Transfers in	39,880	39,880	39,880	-	-
Bonds issued	-	-	560,000	560,000	-
TOTAL OTHER FINANCING SOURCES	39,880	39,880	599,880	560,000	-
NET CHANGE IN FUND BALANCES	(14,227)	(14,227)	535,891	550,118	(48,780)
FUND BALANCES, JANUARY 1	145,274	145,274	145,274	-	194,054
FUND BALANCES, DECEMBER 31	$ 131,047	$ 131,047	$ 681,165	$ 550,118	$ 145,274

CITY OF ST. FRANCIS, MINNESOTA
DEBT SERVICE FUND EDA LEASE REVENUE BONDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Investment earnings	$ 800	$ 800	$ (33,961)	$ (34,761)	$ 11,013
EXPENDITURES					
Debt service					
Principal	195,000	195,000	195,000	-	-
Interest and other charges	325,045	325,045	326,445	(1,400)	190,178
TOTAL EXPENDITURES	520,045	520,045	521,445	(1,400)	190,178
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(519,245)	(519,245)	(555,406)	(36,161)	(179,165)
OTHER FINANCING SOURCES					
Transfers in	505,000	505,000	505,000	-	881,795
NET CHANGE IN FUND BALANCES	(14,245)	(14,245)	(50,406)	(36,161)	702,630
FUND BALANCES, JANUARY 1	702,630	702,630	702,630	-	-
FUND BALANCES, DECEMBER 31	$ 688,385	$ 688,385	$ 652,224	$ (36,161)	$ 702,630

CITY OF ST. FRANCIS, MINNESOTA
AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Balance January 1	Additions	Deductions	Balance December 31
Escrows				
ASSETS				
Cash and temporary investments	$ 40,637	$ 163,407	$ (69,793)	$ 134,251
Special assessments receivable	46	-	-	46
TOTAL ASSETS	$ 40,683	$ 163,407	$ (69,793)	$ 134,297
LIABILITIES				
Accounts payable	$ 537	$ 5,138	$ (537)	$ 5,138
Deposits payable	40,146	162,405	(73,392)	129,159
TOTAL LIABILITIES	$ 40,683	$ 167,543	$ (73,929)	$ 134,297

CITY OF ST. FRANCIS, MINNESOTA
SUMMARY FINANCIAL REPORT
GOVERNMENTAL FUNDS
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Total		Percent Increase
	2013	2012	(Decrease)
REVENUES			
Taxes	$ 3,021,447	$ 2,929,782	3.13 %
Licenses and permits	87,298	89,300	(2.24)
Intergovernmental	449,284	434,324	3.44
Charges for services	326,599	302,731	7.88
Fines and forfeits	33,927	35,166	(3.52)
Special assessments	51,141	64,949	(21.26)
Interest on investments	(17,832)	61,301	(129.09)
Miscellaneous	193,875	136,182	42.36
TOTAL REVENUES	$ 4,145,739	$ 4,053,735	2.27 %
Per Capita	$ 570	$ 559	1.96 %
EXPENDITURES			
Current			
General government	$ 654,631	$ 656,188	(0.24) %
Public safety	1,533,049	1,486,294	3.15
Public works	686,201	504,988	35.88
Culture and recreation	247,542	277,255	(10.72)
Community development	264,659	155,770	69.90
Miscellaneous	5,571	18,494	(69.88)
Capital outlay			
General government	3,164	6,534	(51.58)
Public safety	86,291	130,560	(33.91)
Public works	651,780	7,028,857	(90.73)
Culture and recreation	120,194	208,043	(42.23)
Community development	26,470	-	100.00
Debt service			
Principal	288,549	91,723	214.59
Bond issuance costs	5,847	172,199	(96.60)
Interest and other charges	366,335	235,466	55.58
TOTAL EXPENDITURES	$ 4,940,283	$ 10,972,371	(54.98) %
Per Capita	$ 679	$ 1,512	(55.11) %
Total Long-term Indebtedness	$ 9,431,521	$ 9,160,071	2.96 %
Per Capita	1,296	1,263	2.65
General Fund Balance - December 31	$ 2,249,166	$ 2,071,489	8.58 %
Per Capita	309	286	8.25

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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STATISTICAL SECTION (UNAUDITED)

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	$ 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 position	$ 3,943,580	$ 5,510,784	$ 5,785,020	$ 10,372,689
Business-type activities				
Net investment in capital assets	$ 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 position	$ 8,452,215	$ 9,588,618	$ 10,464,660	$ 9,405,322
Primary government				
Net investment in capital assets	$ 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 position	$ 12,395,795	$ 15,099,402	$ 16,249,680	$ 19,778,011

Table 1

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 5,221,614	$ 7,782,258	$ 5,903,447	$ 7,168,911	$ 6,292,733	$ 6,491,164
477,193	437,786	404,530	571,078	1,080,107	1,066,566
4,855,454	3,579,646	3,076,111	1,745,047	1,999,789	2,345,374
$ 10,554,261	$ 11,799,690	$ 9,384,088	$ 9,485,036	$ 9,372,629	$ 9,903,104
$ 7,015,882	$ 4,899,083	$ 6,899,701	$ 7,453,005	$ 7,773,435	$ 8,073,272
-	-	-	-	-	-
3,952,097	6,433,382	7,561,395	7,383,130	7,303,907	6,973,367
$ 10,967,979	$ 11,332,465	$ 14,461,096	$ 14,836,135	$ 15,077,342	$ 15,046,639
$ 12,237,496	$ 12,681,341	$ 12,803,148	$ 14,621,916	$ 14,066,168	$ 14,564,436
477,193	437,786	404,530	571,078	1,080,107	1,066,566
8,807,551	10,013,028	10,637,506	9,128,177	9,303,696	9,318,741
$ 21,522,240	$ 23,132,155	$ 23,845,184	$ 24,321,171	$ 24,449,971	$ 24,949,743

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
CHANGES IN NET POSITION - CONTINUED ON THE FOLLOWING PAGES
LAST TEN 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	2012	2013
$ 590,722	$ 663,068	$ 823,109	$ 708,620	$ 700,606	$ 684,752
1,482,823	1,485,755	1,570,589	1,607,064	1,689,773	1,742,193
523,808	931,674	812,302	1,033,276	699,037	1,098,082
332,060	310,479	351,844	366,321	378,696	362,829
189,895	119,724	116,532	119,378	155,770	268,789
18,754	12,705	6,339	3,309	18,494	5,571
72,208	61,780	66,240	58,313	541,676	376,293
3,210,270	3,585,185	3,746,955	3,896,281	4,184,052	4,538,509
912,437	1,046,900	1,111,363	1,143,017	1,136,619	1,156,583
584,940	755,755	878,226	958,231	858,682	972,980
1,873,355	1,893,024	1,900,572	1,873,937	1,883,145	1,899,467
3,370,732	3,695,679	3,890,161	3,975,185	3,878,446	4,029,030
$ 6,581,002	$ 7,280,864	$ 7,637,116	$ 7,871,466	$ 8,062,498	$ 8,567,539
$ 26,329	$ 156,448	$ 161,884	$ 162,613	$ 195,491	$ 246,588
229,991	163,048	167,977	161,869	147,531	105,181
11,613	14,596	16,488	5,204	3,767	4,361
1,635	1,885	1,958	7,441	1,955	1,345
122,987	102,799	116,095	152,503	120,685	130,917
38,029	31,527	39,207	54,182	70,175	111,023
235,577	251,441	156,964	161,155	130,368	163,138
25,687	300,511	254,328	456,588	291,558	957,583
691,848	1,022,255	914,901	1,161,555	961,530	1,720,136
1,031,221	1,087,286	1,063,256	1,064,157	1,147,518	1,132,206
739,149	784,372	805,969	900,193	898,292	906,182
2,029,577	2,067,517	2,050,403	2,037,209	2,096,011	2,058,662
610	5,241	57,312	-	6,500	-
69,600	77,600	238,200	20,800	66,000	129,000
3,870,157	4,022,016	4,215,140	4,022,359	4,214,321	4,226,050
$ 4,562,005	$ 5,044,271	$ 5,130,041	$ 5,183,914	$ 5,175,851	$ 5,946,186

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
CHANGES IN NET POSITION - CONTINUED
LAST TEN 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 position				
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 position				
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

Table 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ (2,518,422)	$ (2,562,930)	$ (2,832,054)	$ (2,734,726)	$ (3,222,522)	$ (2,818,373)
499,425	326,337	324,979	47,174	335,875	197,020
$ (2,018,997)	$ (2,236,593)	$ (2,507,075)	$ (2,687,552)	$ (2,886,647)	$ (2,621,353)
$ 2,581,538	$ 2,612,273	$ 2,739,739	$ 2,724,403	$ 2,890,203	$ 3,001,538
16,429	15,317	18,285	15,374	15,144	14,270
769,967	983,567	170,718	149,366	87,294	85,992
36,512	14,927	3,435	2,644	5,529	-
96,571	69,793	46,421	26,971	61,301	(17,832)
(741,564)	-	(2,144,660)	(192,320)	-	-
-	-	-	-	-	-
(59,459)	112,482	(427,693)	99,880	60,000	264,880
2,699,994	3,808,359	406,245	2,826,318	3,119,471	3,348,848
255,877	150,631	122,866	120,322	64,903	37,157
6,332	-	-	15,532	-	-
741,564	-	2,144,660	192,320	-	-
-	-	-	-	-	-
59,459	(112,482)	427,693	(99,880)	(60,000)	(264,880)
1,063,232	38,149	2,695,219	228,294	4,903	(227,723)
$ 3,763,226	$ 3,846,508	$ 3,101,464	$ 3,054,612	$ 3,124,374	$ 3,121,125
$ 181,572	$ 1,245,429	$ (2,425,809)	$ 91,592	$ (103,051)	$ 530,475
1,562,657	364,486	3,020,198	275,468	340,778	(30,703)
$ 1,744,229	$ 1,609,915	$ 594,389	$ 367,060	$ 237,727	$ 499,772

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

	Fiscal Year			
	2004	2005	2006	2007
General fund				
Reserved	$ -	$ -	$ -	$ -
Unreserved	861,030	1,491,866	1,295,003	1,549,075
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General fund	$ 861,030	$ 1,491,866	$ 1,295,003	$ 1,549,075
All other governmental funds				
Reserved	$ 4,226,773	$ 3,484,047	$ 3,477,478	$ 2,642,776
Unreserved, reported in				
Special revenue funds	795,496	822,527	77,698	159,709
Capital project funds	950,540	951,384	1,703,319	1,260,475
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	$ 5,972,809	$ 5,257,958	$ 5,258,495	$ 4,062,960

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					
2008	2009	2010	2011	2012	2013
$ -	$ -	$ 1,803	$ -	$ -	$ -
1,906,188	2,086,873	2,048,599	-	-	-
-	-	-	3,055	9,861	15,079
-	-	-	8,095	8,174	8,174
-	-	-	2,058,863	2,053,454	2,225,913
$ 1,906,188	$ 2,086,873	$ 2,050,402	$ 2,070,013	$ 2,071,489	$ 2,249,166
$ 2,934,413	$ 850,341	$ 209,998	$ -	$ -	$ -
143,321	292,039	263,279	-	-	-
743,062	760,880	199,289	-	-	-
-	-	-	386,123	1,448,156	1,781,010
-	-	-	406,183	481,981	500,910
-	-	-	(1,254,897)	(1,022,799)	(1,494,602)
$ 3,820,796	$ 1,903,260	$ 672,566	$ (462,591)	$ 907,338	$ 787,318

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues				
Taxes				
General property tax	$ 1,460,635	$ 1,842,144	$ 2,033,511	$ 2,248,640
Tax increments	24,982	27,693	17,801	18,670
Special assessments	-	-	20,578	100,578
Licenses and permits	221,842	216,517	164,998	173,379
Intergovernmental	849,356	1,246,831	536,850	941,278
Charges for services	735,751	825,388	350,592	901,866
Fines and forfeitures	43,174	46,800	55,167	58,461
Interest on investments	152,506	135,974	204,822	252,714
Miscellaneous	1,219,698	712,908	137,688	238,562
Total revenues	4,707,944	5,054,255	3,522,007	4,934,148
Expenditures				
Current				
General government	403,306	621,147	559,985	536,924
Public safety	943,865	1,042,626	1,217,117	1,296,240
Public works	365,787	394,700	419,061	483,993
Culture and recreation	193,235	244,246	242,623	230,783
Community development	186,345	96,003	227,228	249,961
Miscellaneous	65,300	62,196	54,998	9,497
Capital outlay				
General government	303,503	9,051	114,946	518,430
Public safety	85,789	45,018	65,333	103,323
Public works	371,138	441,742	405,443	5,501,287
Culture and recreation	225,719	2,281	807,453	130,397
Community development	261,559	236,896	394,513	-
Debt service				
Principal	358,032	1,683,449	384,432	951,325
Interest and other charges	316,623	272,415	301,959	360,058
Total expenditures	4,080,201	5,151,770	5,195,091	10,372,218
Excess (deficiency) or revenues over (under) expenditures	627,743	(97,515)	(1,673,084)	(5,438,070)
Other financing sources (uses)				
Transfers in	606,413	346,995	1,202,595	740,487
Transfers out	(592,913)	(333,495)	(2,563,256)	(482,707)
Bond proceeds	300,000	-	2,828,248	4,200,715
Contract for deed issued	-	-	-	-
Sale of capital assets	-	-	9,171	38,112
Total other financing sources (uses)	313,500	13,500	1,476,758	4,496,607
Net change in fund balance	$ 941,243	$ (84,015)	$ (196,326)	$ (941,463)
Debt service as a percentage of noncapital expenditures	31.27%	79.48%	25.23%	46.71%

Table 4

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 2,541,791	$ 2,639,498	$ 2,744,495	$ 2,733,171	$ 2,914,638	$ 3,007,177
16,429	15,317	18,285	15,374	15,144	14,270
116,915	94,319	54,438	63,380	64,949	51,141
87,735	66,207	78,242	99,415	89,300	87,298
961,515	1,217,007	380,977	698,484	434,324	449,284
340,973	295,362	313,878	310,544	302,731	326,599
46,213	38,555	30,537	30,414	35,166	33,927
196,947	69,793	46,421	26,971	61,301	(17,832)
110,832	106,392	135,789	145,615	136,182	193,875
4,419,350	4,542,450	3,803,062	4,123,368	4,053,735	4,145,739
662,716	627,997	646,947	651,933	656,188	654,631
1,344,164	1,363,710	1,457,092	1,480,092	1,486,294	1,533,049
446,179	631,200	700,257	650,285	504,988	686,201
261,044	273,802	282,548	290,081	277,255	247,542
189,895	119,724	116,532	119,378	155,770	264,659
18,754	12,705	6,339	3,309	18,494	5,571
-	330,823	226,787	29,978	6,534	3,164
30,335	46,768	32,849	80,873	130,560	86,291
1,000,855	661,224	466,039	1,301,477	7,028,857	651,780
185,125	76,376	72,477	435,890	208,043	120,194
-	-	-	-	-	26,470
394,048	132,911	113,095	271,946	91,723	288,549
387,068	62,825	56,871	50,595	407,665	372,182
4,920,183	4,340,065	4,177,833	5,365,837	10,972,371	4,940,283
(500,833)	202,385	(374,771)	(1,242,469)	(6,918,636)	(794,544)
759,291	865,643	794,826	516,166	981,795	604,880
(205,500)	(753,161)	(1,222,519)	(416,286)	(921,795)	(340,000)
-	-	-	-	8,200,000	560,000
-	-	150,000	-	-	-
61,991	49,403	29,965	27,043	30,041	27,321
615,782	161,885	(247,728)	126,923	8,290,041	852,201
$ 114,949	$ 364,270	$ (622,499)	$ (1,115,546)	$ 1,371,405	$ 57,657
26.73%	6.46%	4.84%	9.01%	13.45%	16.04%

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

	2004	2005	2006	2007
Estimated market value				
Real property	$334,855,700	$442,992,300	$472,611,300	$524,038,800
Personal property	5,096,400	5,517,300	5,592,900	6,453,700
Total estimated market value	$339,952,100	$448,509,600	$478,204,200	$530,492,500
Tax capacity				
Residential property	$ 2,963,164	$ 3,627,898	$ 4,197,758	$ 4,654,748
Commercial / industrial property	525,862	603,722	697,404	772,448
Other	253,761	280,188	289,383	329,447
Contribution to fiscal disparities pool	(211,771)	(253,164)	(277,760)	(315,838)
Receivable from fiscal disparities pool	678,747	747,178	744,058	1,069,287
Tax increment	(26,697)	(28,594)	(18,270)	(19,434)
Net tax capacity	$ 4,183,066	$ 4,977,228	$ 5,632,573	$ 6,490,658
Net tax capacity as a percentage of estimated market value	1.230 %	1.110 %	1.178 %	1.224 %
Gross tax levy	$ 1,521,752	$ 1,979,977	$ 2,167,157	$ 2,402,157
Tax capacity rate	34.850 %	40.650 %	38.150 %	36.790 %

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

Table 5

2008	2009	2010	2011	2012	2013
$574,451,900	$568,978,400	$525,397,100	$464,184,500	$456,064,600	$405,703,000
6,255,800	6,167,500	5,988,500	6,502,200	6,573,500	6,496,600
$580,707,700	$575,145,900	$531,385,600	$470,686,700	$462,638,100	$412,199,600
$ 4,874,805	$ 4,844,770	$ 4,563,115	$ 4,055,812	$ 3,586,358	$ 3,153,799
839,860	839,984	740,819	686,986	655,422	563,227
349,124	351,157	294,516	258,316	244,970	221,807
(353,194)	(378,126)	(377,468)	(341,228)	(323,392)	(310,154)
1,208,203	1,406,759	1,470,600	1,531,408	1,383,468	1,320,087
(16,615)	(16,078)	(16,833)	(12,820)	(12,628)	(11,899)
$ 6,902,183	$ 7,048,466	$ 6,674,749	$ 6,178,474	$ 5,534,198	$ 4,936,867
1.189 %	1.226 %	1.256 %	1.313 %	1.196 %	1.198 %
$ 2,690,415	$ 2,724,202	$ 2,873,160	$ 2,873,160	$ 2,873,160	$ 2,988,086
39.390 %	38.400 %	44.265 %	47.139 %	53.406 %	63.026 %

CITY OF ST. FRANCIS, MINNESOTA

Table 6

STATISTICAL SECTION (UNAUDITED)

PROPERTY TAX CAPACITY RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Year Taxes Payable	City			Overlapping Rates				Totals	
	General	Debt Service	Total	Anoka County	School District No. 15	School District No. 728	Special Districts	No. 15	No. 728
2004	34.850 %	0.000 %	34.850 %	35.765 %	19.063 %	30.953 %	4.233 %	93.911 %	105.801 %
2005	40.650	0.000	40.650	33.581	18.524	32.848	4.443	97.198	111.522
2006	38.150	0.000	38.150	32.543	23.077	35.950	4.016	97.786	110.659
2007	36.790	0.000	36.790	31.094	24.625	33.208	3.912	96.421	105.004
2008	39.390	0.000	39.390	31.453	23.174	32.344	5.224	99.241	108.411
2009	38.161	0.239	38.400	32.445	20.965	36.136	3.797	95.607	110.778
2010	43.932	0.333	44.265	35.574	24.859	39.967	4.455	109.153	124.261
2011	46.800	0.339	47.139	40.376	28.793	43.489	4.478	120.786	135.482
2012	53.015	0.391	53.406	41.615	32.835	45.548	3.875	131.731	144.444
2013	62.591	0.435	63.026	44.761	33.707	50.058	4.094	145.588	161.939

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).

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
PRINCIPAL PROPERTY TAXPAYERS
DECEMBER 31, 2013

Table 7

	2013			2004		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Alliant Techsystems	$ 175,977	1	3.56 %	$ 199,220	1	3.54 %
ALS Properties Woodhaven LLC	101,934	2	2.06	92,235	3	1.64
St. Francis Realty LLC	92,167	3	1.87	113,279	2	2.01
Connexus Energy	69,512	4	1.41	80,778	4	1.43
King Exchange LLC	61,416	5	1.24	-	-	-
Minnegasco Inc.	52,696	6	1.07	36,370	5	0.65
Northern Capital Investments	25,000	7	0.51	-	-	-
Village Bank	23,024	8	0.47	-	-	
Jensen Family LP	21,582	9	0.44	30,211	7	0.54
Abbey Field LP	17,099	10	0.35	33,628	6	-
Turtle Ridge Townhomes of St. Francis	-	-	-	28,798	8	0.51
Brama Brothers Enterprises, LLC	-	-	-	28,401	9	0.50
The Ponds Golf Course LLC	-	-	-	22,710	10	0.40
Total	$ 640,407		12.98 %	$ 665,630		11.22 %

Source: Anoka County Property Records and Taxation Department.

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

Table 8

Fiscal Year	Original Gross Levy	Net Levy	Collection of Current Year's Levy	Percentage of Levy Collected	Collection of Prior Years' Levy	Total Collections	Percentage of Total Collections to Levy
2004	$ 1,521,752	$ 1,381,744	$ 1,358,373	98.31 %	$ 23,369	$ 1,381,742	100.00 %
2005	1,979,977	1,819,895	1,783,612	98.01	36,269	1,819,881	100.00
2006	2,167,157	2,020,659	1,969,696	97.48	50,825	2,020,521	99.99
2007	2,402,157	2,266,988	2,170,996	95.77	94,163	2,265,159	99.92
2008	2,690,415	2,550,066	2,448,984	96.04	98,478	2,547,462	99.90
2009	2,724,202	2,579,929	2,492,264	96.60	77,314	2,569,578	99.60
2010	2,873,160	2,856,338	2,770,029	96.98	57,986	2,828,015	99.01
2011	2,873,160	2,704,618	2,665,913	98.57	34,799	2,700,712	99.86
2012	2,873,160	2,873,160	2,847,168	99.10	14,152	2,861,320	99.59
2013	2,988,086	2,988,086	2,972,920	99.49	-	2,972,920	99.49

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	Lease Revenue Bonds	Capital Leases	Contract for Deed	Promissory Notes
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	-	-
2012	885,000	8,200,000	75,070	-	-
2013	1,380,000	8,005,000	46,521	-	-

Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See the Demographic Statistics table on page 139 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
$ 5,135,000	$ -	$ 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	5.53	2,210
14,204,000	-	23,364,070	8.05	3,220
15,406,000	-	24,837,521	*	*

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

Table 10

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
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
2012	15,089,000	145,274	14,943,726	3.23	2,060
2013	16,786,000	681,165	16,104,835	3.48	2,213

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 126-127 for property value data.
See the Demographic Statistics on page 139 for population data.

CITY OF ST. FRANCIS, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2013

Table 11

	Net Debt	Percentage Applicable to City	Amount Applicable to City of St. Francis Share of Debt
Direct debt			
City of St. Francis	$ 9,431,521	100.00 %	$ 9,431,521
Overlapping debt			
Anoka County	$ 131,210,000	1.84 %	$ 2,492,990
Isanti County	7,605,000	0.02	2,282
School District 15	36,235,000	20.63	7,475,281
Metropolitan Council	618,674	0.18	1,237
Metro Transit	317,355,092	0.21	729,917
Total overlapping debt	$ 493,023,766		$ 10,701,706
Total direct and overlapping debt	$ 502,455,287		$ 20,133,227

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			
	2004	2005	2006	2007
Estimated Market Value of Taxable Property	$339,952,100	$448,509,600	$478,204,200	$530,492,500
Statutory percentage	2.0%	2.0%	2.0%	2.0%
Statutory debt limit	6,799,042	8,970,192	9,564,084	10,609,850
Total net debt applicable to limit	-	-	-	-
Legal debt margin	$ 6,799,042	$ 8,970,192	$ 9,564,084	$ 10,609,850

Table 12

Fiscal Year					
2008	2009	2010	2011	2012	2013
$580,707,700	$575,145,900	$531,385,600	$470,686,700	$462,638,100	$412,199,600
2.0%	2.0%	2.0%	3.0%	3.0%	3.0%
11,614,154	11,502,918	10,627,712	14,120,601	13,879,143	12,365,988
-	-	-	-	-	-
$ 11,614,154	$ 11,502,918	$ 10,627,712	$ 14,120,601	$ 13,879,143	$ 12,365,988

Legal Debt Margin Calculation for Fiscal Year 2012

Estimated Market Value of Taxable Property	$412,199,600
Statutory percentage	3.0%
Statutory debt limit	$ 12,365,988
Total bonds outstanding	$ 24,791,000
Less: Special assessment bonds	(1,380,000)
Less: Utility revenue bonds	(15,406,000)
Less: Lease revenue bonds	(8,005,000)
Debt applicable to limit	-
Legal debt margin	$ 12,365,988

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

Table 13

G.O. Special Assessment Bonds

Fiscal Year	Property Taxes	Special Assessments	Revenue Available	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
2004	$ -	$ -	$ -	$ -	$ -	$ -	- %
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	80,204	80,204	-	-	-	-
2008	-	89,739	89,739	-	30,322	30,322	-
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
2012	21,098	32,359	53,457	65,000	38,328	103,328	0.517
2013	20,984	24,024	45,008	65,000	35,317	100,317	0.449

G.O. Revenue Bonds

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue	Debt Service Principal (3)	Debt Service Interest	Debt Service Total	Coverage
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
2012	2,079,464	963,799	1,115,665	695,000	453,680	1,148,680	97.126
2013	2,139,806	1,008,043	1,131,763	968,000	428,117	1,396,117	81.065

(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
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	288,618,948	39,986	5.9
2012	7,255	290,098,430	39,986	5.6
2013	7,277	282,303,938	38,794	5.1

(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)

Table 15

	2013			2006		
	Employees	Rank	Percent of City Employment	Employees	Rank	Percent of City Employment
Independent School District #15 (includes Bus Garage)	832	1	53.61 %	455	1	41.36 %
County Market	85	2	5.48	90	2	8.18
Temperature Specialists, Inc.	57	3	3.67	33	7	3.00
McDonald's	54	4	3.48	58	3	5.27
Beef O' Bradys	40	5	2.58	-	-	-
Northland Screw Products	38	6	2.45	30	8	2.73
City of St. Francis	33	7	2.13	36	5	3.27
The Ponds Golf Course & Restaurant	29	8	1.87	48	4	4.36
Kid's Country	26	9	1.68	27	9	2.45
Rum River Inn	25	10	1.61	-	-	-
St. Francis Foods	23	11	1.48	-	-	-
Village Bank	13	12	0.84	-	-	-
Fairview Clinic	10	13	0.64	-	-	-
St. Francis Physical Therapy	8	14	0.52	-	-	-
Casey's General Store	-		-	12	10	1.09
Total	1,273		82.04 %	789		71.71 %

(1) Information was not available for 2004. The City used the next year available.

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	2012	2013
General government	4	5	5	5	5	5	6
Public safety							
Police	12	12	12	12	12	12	12
Public works	3	3	3	3	3	3	3
Culture and recreation	3	2	3	3	3	3	2
Water	3	2	2	2	2	2	2
Sewer	3	2	2	2	2	2	2
Municipal Liquor Store	5	5	4	4	4	4	4
Total	33	31	31	31	31	31	31

Source: various city 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 **Table 17**

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS (1)

Function	2007	2008	2009	2010	2011	2012	2013
General government							
Ordinances & Resolutions adopted	93	42	51	54	61	66	54
Administration - Licenses processed	44	41	40	34	41	34	29
Finance - Payroll checks issued	1245	1217	1,229	1,240	1,259	1,245	1,230
Finance - Invoices paid	3871	5105	5,394	3,371	3,262	3,276	5,304
Police							
Chargeable offenses (Parts 1 & 2)	1402	1073	1,042	857	735	997	700
Miscellaneous offenses (Parts 3 & 4)	4686	4627	3,993	4,297	4,124	4,378	4,290
Public safety calls for service	7403	6776	5,995	5,154	4,859	5,375	4,990
Traffic citations issued	1315	1076	960	723	695	899	640
Fire							
Number of calls answered	394	371	462	397	393	415	368
Code enforcement							
Building permits issued	460	450	264	232	305	428	303
Highways and streets							
Asphalt Streets maintained	36	36	36	36	36	36	36
Gravel maintenance (miles)	11	11	11	12	12	12	12
Gravel usage (Tons)	N/A	3899	7,465	3,600	-	4,200	872
Sand/Salt usage (tons)	115	190	136	233	211	223	189
Water							
Water pumped (million gallons)	221	186	200	187	174	195	188
Water main breaks repaired	N/A	N/A	N/A	1	-	1	0
Wastewater							
Gallons of wastewater treated (millions)	107	105	120	102	132	116	119
Miles of sewer mains cleaned	N/A	5	4	3	3	4	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, 2013

Table 18

Year of incorporation	1974
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	4,743
Number of votes cast last election	3,673
Percentage of registered voters voting	77.44%

Sources: Various government departments.

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

Table 19

Function	2007	2008	2009	2010	2011	2012	2013
Public Safety							
Police							
Stations	1	1	1	1	1	1	1
Patrol units	6	6	6	6	6	6	7
Fire stations							
Stations	1	1	1	1	1	1	1
Public Works							
Highways and streets							
Streets (miles)	47	47	47	47	47	47	47
Street lights					201	234	252
Traffic signals	1	1	1	1	1	1	1
Culture and recreation							
Parks division							
Parks	14	14	14	14	14	14	14
Parks acreage	83	83	83	83	83	83	83
Utilities							
Water							
Miles of water main	24.7	24.7	24.7	24.7	24.7	24.7	24.7
Consumers	4,347	4,790	4,393	4,475	4,475	4,380	4,380
Maximum daily capacity (gallons)	1,000,000	1,000,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
Sewer							
Miles of sanitary sewer	20.6	20.6	20.6	20.6	20.6	20.6	20.6
Lift stations	12	12	12	12	12	12	12
Maximum daily treatment capacity (gallons)	540,000	540,000	540,000	540,000	540,000	540,000	540,000
Storm sewer							
Miles of storm sewer	*	*	*	*	16.7	16.7	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.
* Information relating to miles of storm sewer was not available before 2011.