City of
St. Francis
Minnesota

Comprehensive Annual Financial Report

for the year ended December 31, 2014

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CITY OF ST. FRANCIS, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2014

PAUL TEICHER- ACTING 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, 2014

City of St. Francis

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

April 27, 2015

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, 2014, 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, 2014. 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 2014 of 3.5%. This compares with unemployment rates of 4.1% for the State of Minnesota and 5.6% 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 2015.

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 $3,269,136 in 2014. Its percentage of total revenue in 2003 was 29% and in 2014 rose to 58%.

Long-term Financial Planning

Unreserved fund balance in the general fund (70% 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 2015 budget reflects current policy and is keeping the fund balance to 58.3% 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 policies 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 2014 included:
Purchasing and installing a police in-car camera system.

The redesign and construction of Aztec Street to service two business properties and one apartment complex.

Building permits for the year included 15 new homes, 1 new business and 259 addition/alteration building permits for the year at a value of $5,209,738.

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. During 2014, the city determined by that a new Wastewater Treatment Plant needed to be constructed to comply with limits set by the MN Pollution Control Agency. The planning process was started with the new plant to begin construction in 2015. This plant is anticipated to be completed in 2017. MN Public Facility Authority loan will be used to pay for this construction.

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, 2013. This was the 3rd 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, 2014. It was the 5th consecutive year the City has received the award for the document.

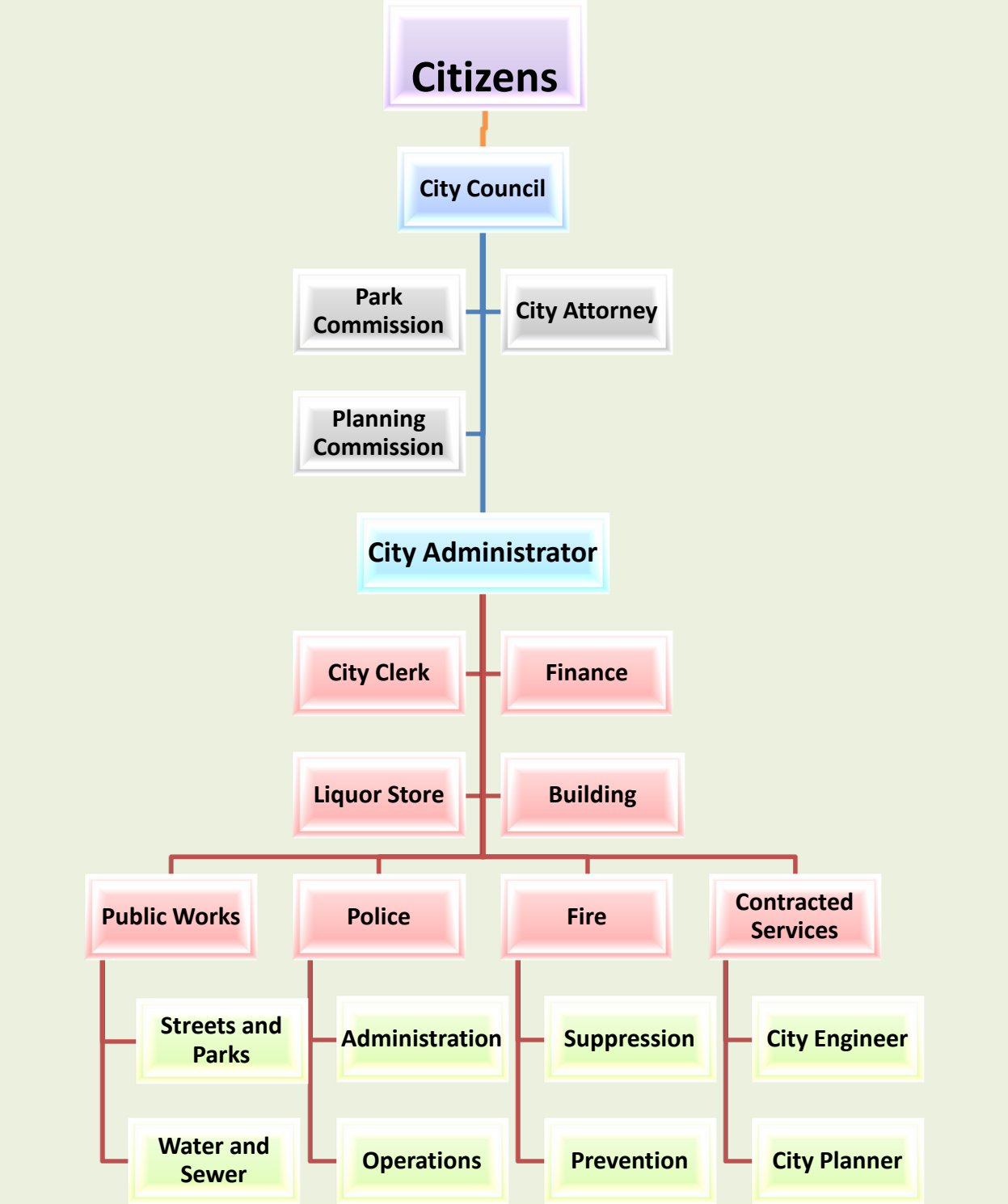
The preparation of this report would not have been possible without the efficient and dedicated service of the entire finance staff and cooperation of all city departments. We wish to express our appreciation to all city staff for their dedicated service and high level of professionalism. Credit also 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,

Paul Teicher
Acting City Administrator

Darcy Mulvihill
Finance Director

ORGANIZATIONAL CHART



CITY OF ST. FRANCIS, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2014

ELECTED

Name	Title	Term Expires
Jerry Tveit	Mayor	12/31/2014
Tim Brown	Council Member	12/31/2016
Richard Orpen	Council Member (November 18 to December 31)	12/31/2016
Amy Lazere	Council Member	12/31/2014
Chris McClish	Council Member	12/31/2014

APPOINTED

Name	Title	
Steve Kane	Council Member (January 1 to November 17)	11/17/2014
Paul Teicher	Acting 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, 2013

Executive Director/CEO

FINANCIAL SECTION

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

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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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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, 2014, 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.

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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

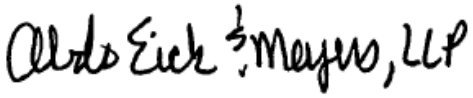
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section, and combining and individual fund financial statements and schedules are presented for purposes of additional 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 section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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
Minneapolis, Minnesota
April 27, 2015

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, 2014.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $25,152,815 (net position). Of this amount, $8,859,226 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased $203,072. Of the total, governmental activities increased $937,184 and business-type activities decreased $734,112.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $4,019,169. Approximately 43 percent of this total amount, $1,712,322 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 $2,572,375, or 70 percent of total 2014 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

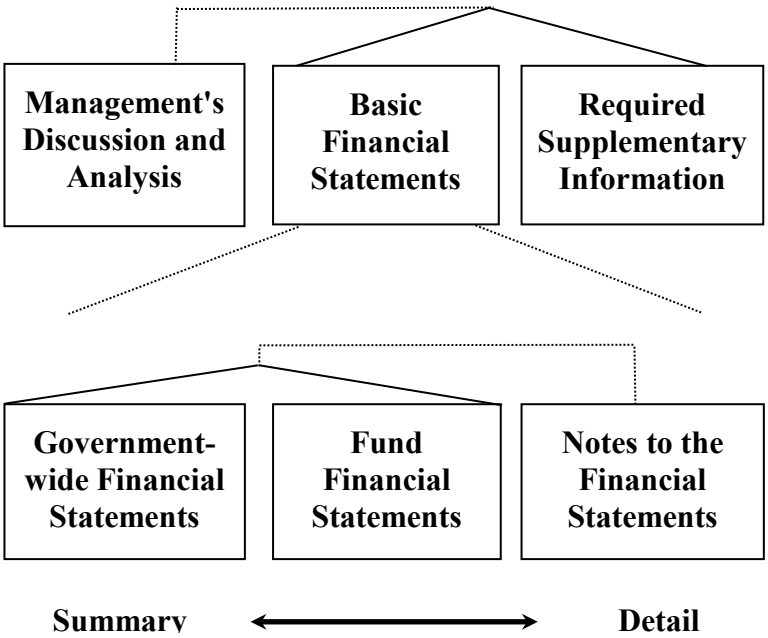


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the 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 31 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 fifteen 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 eleven 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 36 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 42 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 48 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 49 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 72 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 $25,152,815 at the close of the most recent fiscal year.

The largest portion of the City's net position (61 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		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
Assets						
Current and other assets	$ 5,637,306	$ 4,769,896	$ 867,410	$ 8,220,350	$ 9,585,340	$ (1,364,990)
Capital assets	15,017,426	15,128,118	(110,692)	21,060,440	21,309,272	(248,832)
Total assets	20,654,732	19,898,014	756,718	29,280,790	30,894,612	(1,613,822)
Liabilities						
Noncurrent liabilities outstanding	9,257,011	9,576,400	(319,389)	14,439,933	15,435,326	(995,393)
Other liabilities	557,433	418,510	138,923	528,330	412,647	115,683
Total liabilities	9,814,444	9,994,910	(180,466)	14,968,263	15,847,973	(879,710)
Net position						
Net investment in capital assets	6,471,404	6,491,164	(19,760)	8,824,440	8,073,272	751,168
Restricted	997,745	1,066,566	(68,821)	-	-	-
Unrestricted	3,371,139	2,345,374	1,025,765	5,488,087	6,973,367	(1,485,280)
Total net position	$ 10,840,288	$ 9,903,104	$ 937,184	$ 14,312,527	$ 15,046,639	$ (734,112)

An additional portion of the City's net position ($997,745) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* ($8,859,226) 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.

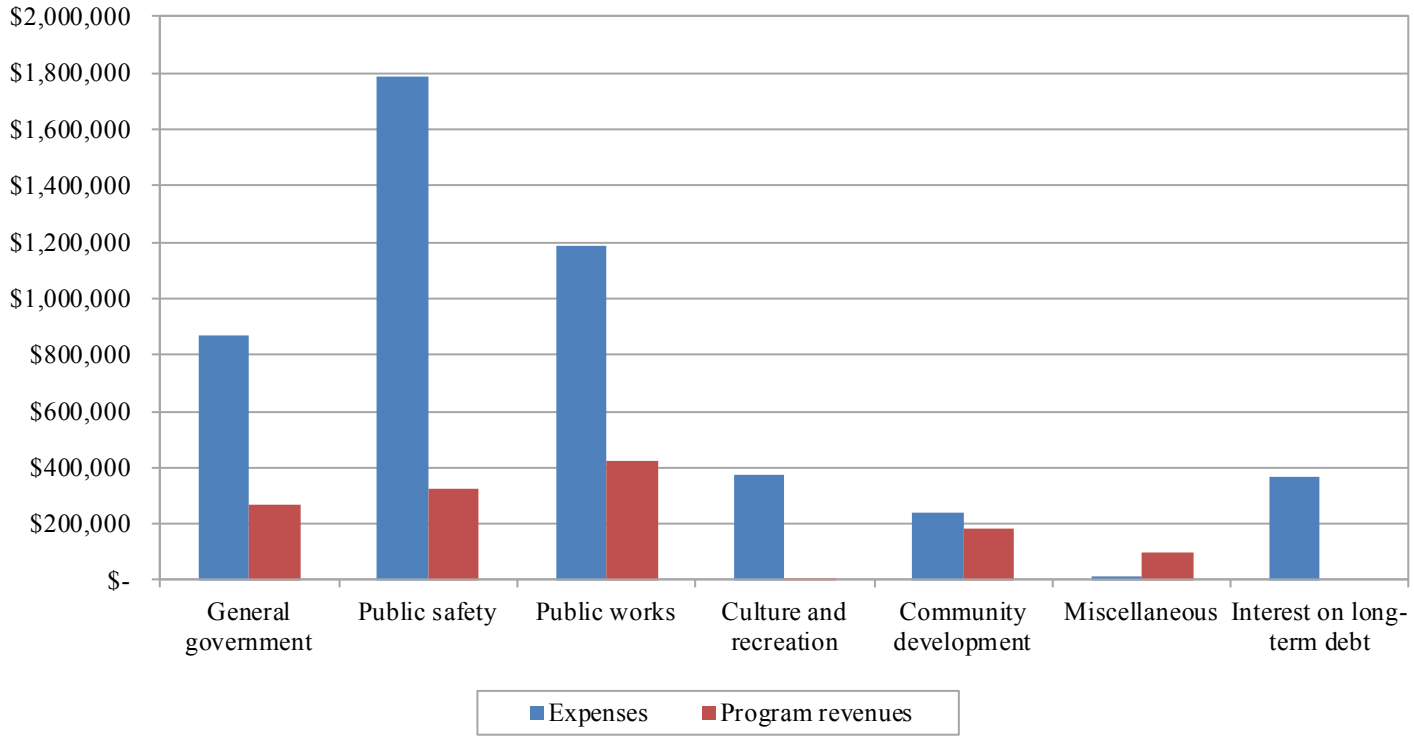
Governmental activities. Governmental activities increased the City's net position by $937,184. The main reason for the increase was due to the Water and Sewer fund transferring funds totaling $1,075,036 to governmental funds during the year. Other key elements of the changes are as follows:

City of St. Francis's Changes in Net Position

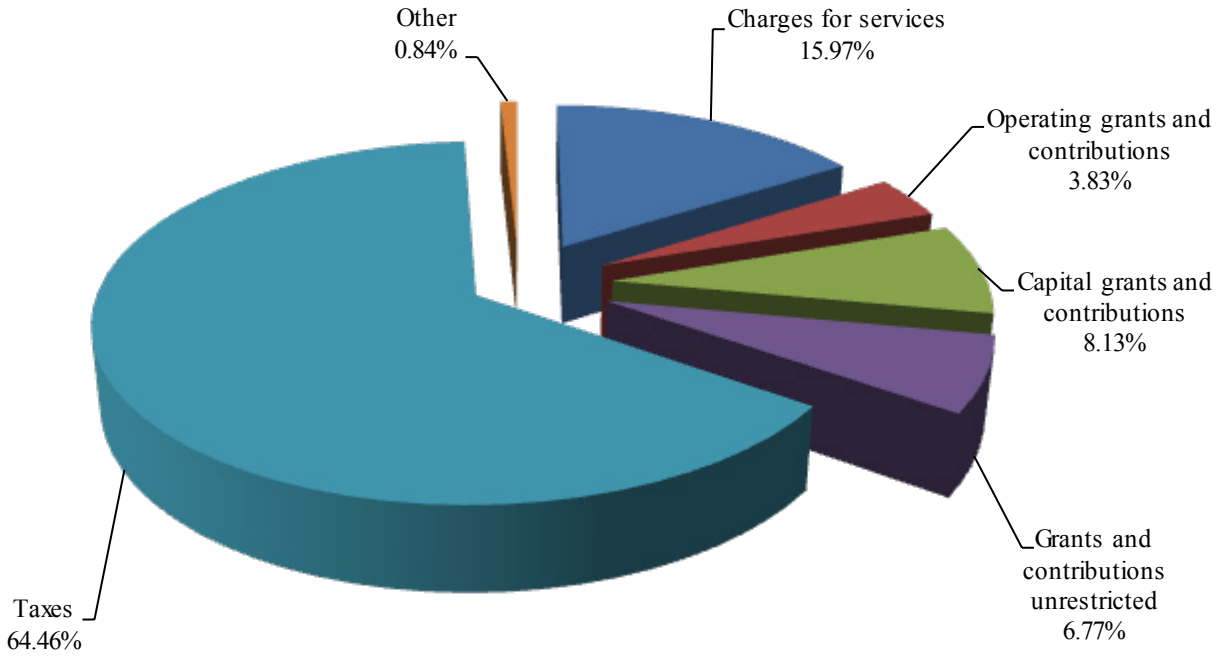
	Governmental Activities			Business-type Activities		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	$ 751,291	$ 599,415	$ 151,876	$ 4,174,833	$ 4,097,050	$ 77,783
Operating grants and contributions	180,133	163,138	16,995	-	-	-
Capital grants and contributions	382,286	957,583	(575,297)	108,000	129,000	(21,000)
General revenues						
Taxes						
Property taxes	3,017,872	3,001,538	16,334	-	-	-
Tax increment	14,260	14,270	(10)	-	-	-
Grants and contributions not restricted to specific programs	318,445	85,992	232,453	-	-	-
Unrestricted investment earnings	34,894	(17,832)	52,726	69,413	37,157	32,256
Gain on sale of capital assets	4,521	-	4,521	-	-	-
Total revenues	4,703,702	4,804,104	(100,402)	4,352,246	4,263,207	89,039
Expenses						
General government	869,752	684,752	185,000	-	-	-
Public safety	1,787,394	1,742,193	45,201	-	-	-
Public works	1,189,614	1,098,082	91,532	-	-	-
Culture and recreation	371,104	362,829	8,275	-	-	-
Community development	242,227	268,789	(26,562)	-	-	-
Miscellaneous	16,157	5,571	10,586	-	-	
Interest on long-term debt	365,306	376,293	(10,987)	-	-	-
Water	-	-	-	1,121,532	1,156,583	(35,051)
Sewer	-	-	-	941,358	972,980	(31,622)
Liquor store	-	-	-	1,948,432	1,899,467	48,965
Total expenses	4,841,554	4,538,509	303,045	4,011,322	4,029,030	(17,708)
Increase (decrease) in net position before transfers and contributions	(137,852)	265,595	(403,447)	340,924	234,177	106,747
Transfers (net)	1,075,036	264,880	810,156	(1,075,036)	(264,880)	(810,156)
Change in net position	937,184	530,475	406,709	(734,112)	(30,703)	(703,409)
Net position, January 1	9,903,104	9,372,629	530,475	15,046,639	15,077,342	(30,703)
Net position, December 31	$ 10,840,288	$ 9,903,104	$ 937,184	$ 14,312,527	$ 15,046,639	$ (734,112)

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

Expenses and Program Revenue - Governmental Activities



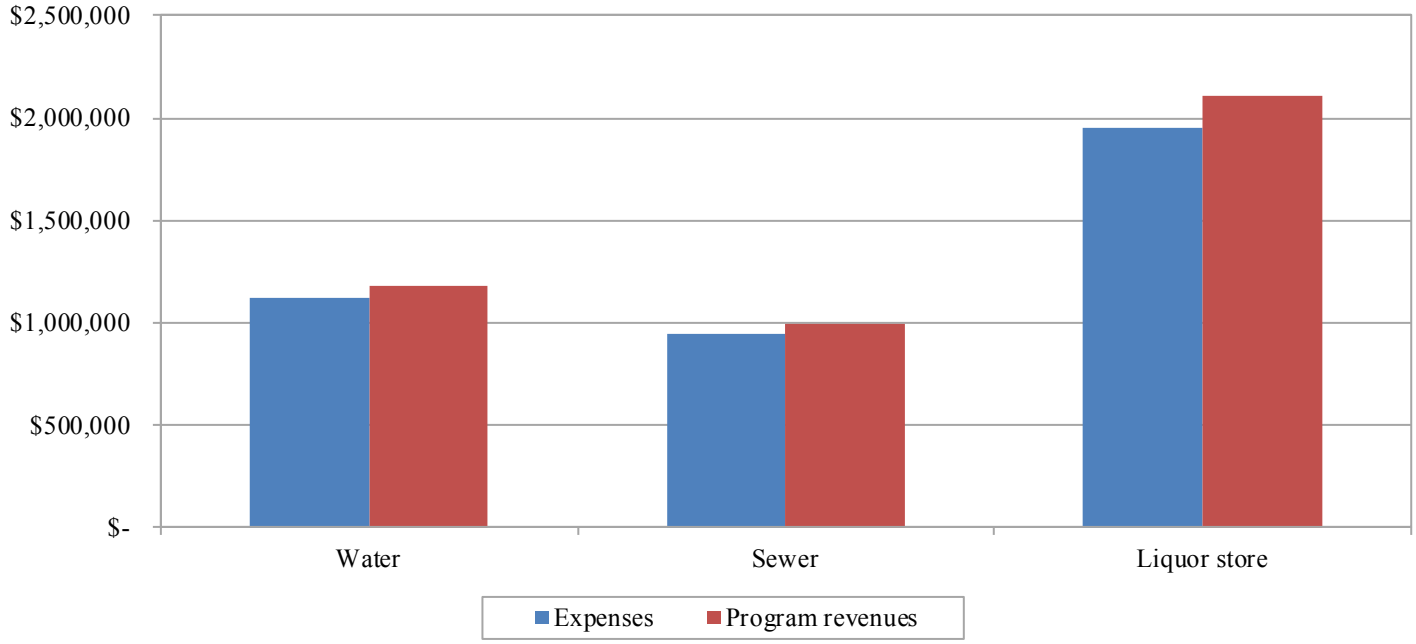
Revenue by Source - Governmental Activities



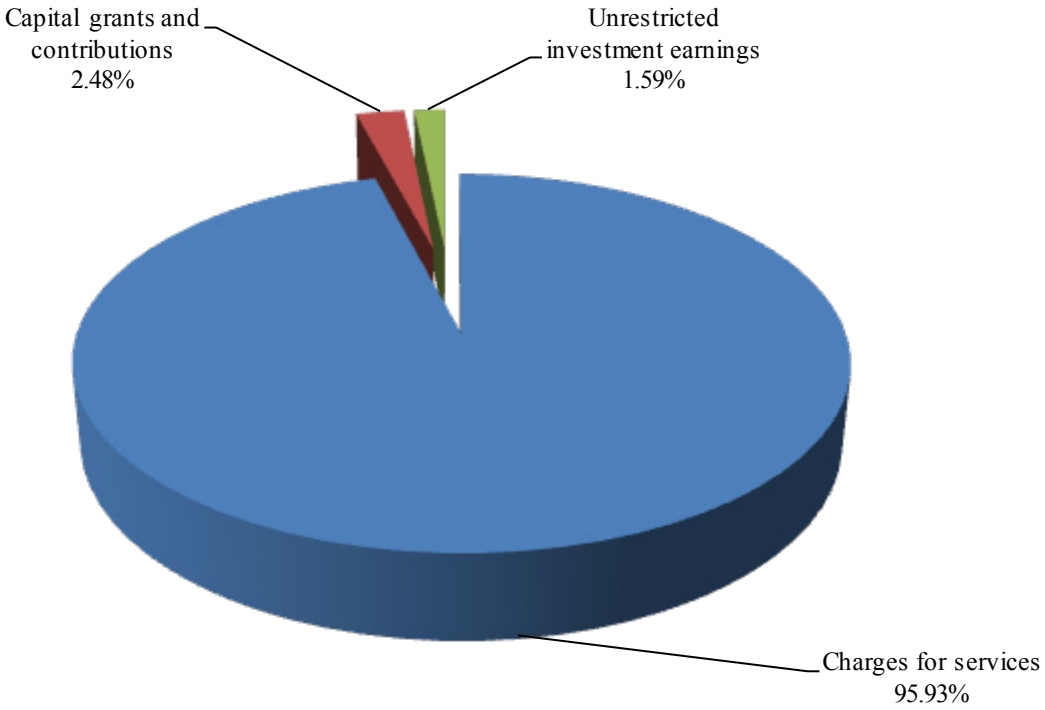
Business-type activities. Business-type activities decreased the City's net position by $734,112. A key element of this decrease is as follows:

- Transfers from the water and sewer fund to governmental activities totaled $1,075,036 during the year. These transfers were made to nonmajor governmental funds to close funds and 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 $4,019,169. Approximately 43 percent of this total amount, $1,712,322, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The City also has nonspendable balance of $16,682, restricted balance of $1,519,299 and assigned balance of $770,866.

Major Fund	Fund Balances December 31, 2013	Fund Balances December 31, 2014	Increase (Decrease)
General	$ 2,249,166	$ 2,589,057	$ 339,891
The fund balance of the General fund increased $339,891. The primary reason for the increase was the result of charges for service revenue $124,012 over budget and total revenues over budget $298,876.			
Debt Service Funds	$ 1,333,389	$ 1,267,393	$ (65,996)
The Debt Service funds has a total fund balance of $1,267,393, all of which is restricted for debt service. The fund balance decreased $65,996 during the current year mainly due to regularly scheduled debt service principal and interest payments exceeding tax levy and assessment collections.			
Rum River Bluff's Development	$ (503,134)	$ (455,681)	$ 47,453
The fund balance increased $47,453 during the year. The increase was a result of special assessment revenue exceeding capital expenditures.			

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 $5,488,087. The change in net position for the funds was a decrease of $734,112. 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 balanced budget. Actual net change to the General fund balance was an increase of $339,891. Actual revenues were $295,876 over budget due to a positive budget variance in charges for services and taxes of $124,012 and $82,112. Expenditures in total were under budget by $34,809. The largest positive expenditure variances were in public safety and public works of $97,090 and $60,544, 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, 2014, amounts to $36,077,866 (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:

- Expenses for Aztec Street improvements
- Expenses for the Wastewater Treatment facility
- Acquisition of three new squad cars
- Acquisition of a police in-car camera system
- Acquisition of a new public works truck
- 2014 Bobcat
- Zero turn lawn mower
- Replacement of the fountain in Woodbury Park

Additional information on the City's capital assets can be found in Note 3B starting on page 61 of this report.

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

	Governmental Activities			Business-type Activities		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
Land	$ 1,427,736	$ 1,427,736	$ -	$ 2,359,187	$ 2,359,187	$ -
Construction in progress	843,486	503,134	340,352	408,431	-	408,431
Land improvements	87,198	95,937	(8,739)	-	-	-
Buildings	8,109,701	8,334,263	(224,562)	12,237,755	12,626,352	(388,597)
Infrastructure	3,742,260	3,912,268	(170,008)	5,901,077	6,160,156	(259,079)
Machinery and equipment	807,045	854,780	(47,735)	153,990	163,577	(9,587)
Total	$ 15,017,426	$ 15,128,118	$ (110,692)	$ 21,060,440	$ 21,309,272	$ (248,832)

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $23,496,000. 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		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
General obligation revenue bonds	$ 9,090,000	$ 9,385,000	$ (295,000)	$ 14,406,000	$ 15,406,000	$ (1,000,000)
Capital Leases	16,022	46,521	(30,499)	-	-	-
Compensated absences payable	150,989	144,879	6,110	33,933	29,326	4,607
Total	$ 9,257,011	$ 9,576,400	$ (319,389)	$ 14,439,933	$ 15,435,326	$ (995,393)

The City's total debt decreased $1,314,782 during the current fiscal year. The decrease in outstanding debt can be attributed the payment of scheduled principal and interest amounts.

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 64 of this report.

Economic Factors and Next Year's Budgets and Rates

The City is anticipating building activity to increase again as there were 15 new home permits pulled in 2014 and 12 new home permits pulled in 2013.

The City contracted with Northland Securities to complete a Financial Management Plan at the end of 2014. This plan will be completed and implemented in 2015.

A new Wastewater Treatment Plan is scheduled to begin construction in 2015. Cost is estimated at $16,900,000. The City is applying to the Minnesota Public Facility Authority for a low interest loan for this construction. User fees will need to be adjusted in 2015 to pay for the debt service on this construction.

The City's Adopted 2015 Budget includes a property tax levy of $3,180,953 or 6.5 percent increase over the 2014 Levy.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of St. Francis, 23340 Cree Street NW, St. Francis, Minnesota 55070.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

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CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and temporary investments	$ 4,002,235	$ 4,583,401	$ 8,585,636
Cash held with fiscal agent	540,440	2,084,475	2,624,915
Restricted cash	551,795	-	551,795
Receivables			
Accrued interest	5,952	8,616	14,568
Delinquent taxes	52,750	-	52,750
Accounts, net of allowance for uncollectibles	4,473	289,608	294,081
Special assessments	1,124,215	163,535	1,287,750
Due from other governments	178,585	9,487	188,072
Internal balances	(839,821)	839,821	-
Inventories	16,682	241,407	258,089
Capital assets			
Land and construction in progress	2,271,222	2,767,618	5,038,840
Depreciable assets (net of accumulated depreciation)	12,746,204	18,292,822	31,039,026
TOTAL ASSETS	20,654,732	29,280,790	49,935,522
LIABILITIES			
Accounts payable	134,749	248,812	383,561
Contracts payable	28,890	66,604	95,494
Accrued salaries payable	240,707	21,422	262,129
Due to other governments	1,001	19,323	20,324
Accrued interest payable	150,736	172,169	322,905
Deposits payable	1,350	-	1,350
Noncurrent liabilities			
Due within one year	408,680	1,060,646	1,469,326
Due in more than one year	8,848,331	13,379,287	22,227,618
TOTAL LIABILITIES	9,814,444	14,968,263	24,782,707
NET POSITION			
Net investment in capital assets	6,471,404	8,824,440	15,295,844
Restricted for			
Debt service	711,364	-	711,364
Park improvements	206,814	-	206,814
Police expenses	30,191	-	30,191
Turtle ridge project	20,202	-	20,202
Capital purchases	29,174	-	29,174
Unrestricted	3,371,139	5,488,087	8,859,226
TOTAL NET POSITION	$ 10,840,288	$ 14,312,527	$ 25,152,815

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, 2014

		Program Revenue		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	$ 869,752	$ 270,718	$ -	$ -
Public safety	1,787,394	190,140	132,154	5,193
Public works	1,189,614	2,172	47,644	376,593
Culture and recreation	371,104	1,460	335	500
Community development	242,227	184,877	-	-
Miscellaneous	16,157	101,924	-	-
Interest on long-term debt	365,306	-	-	-
Total governmental activities	4,841,554	751,291	180,133	382,286
Business-type activities				
Water	1,121,532	1,134,332	-	45,000
Sewer	941,358	930,651	-	63,000
Liquor store	1,948,432	2,109,850	-	-
Total business-type activities	4,011,322	4,174,833	-	108,000
Total	$ 8,852,876	$ 4,926,124	$ 180,133	$ 490,286

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

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
$ (599,034)	$ -	$ (599,034)
(1,459,907)	-	(1,459,907)
(763,205)	-	(763,205)
(368,809)	-	(368,809)
(57,350)	-	(57,350)
85,767	-	85,767
(365,306)	-	(365,306)
(3,527,844)	-	(3,527,844)
-	57,800	57,800
-	52,293	52,293
-	161,418	161,418
-	271,511	271,511
(3,527,844)	271,511	(3,256,333)
2,996,565	-	2,996,565
21,307	-	21,307
14,260	-	14,260
318,445	-	318,445
34,894	69,413	104,307
4,521	-	4,521
1,075,036	(1,075,036)	-
4,465,028	(1,005,623)	3,459,405
937,184	(734,112)	203,072
9,903,104	15,046,639	24,949,743
$ 10,840,288	$ 14,312,527	$ 25,152,815

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FUND FINANCIAL STATEMENTS

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

CITY OF ST. FRANCIS, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	101 General	300's Debt Service	420 Rum River Bluffs Development	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and temporary investments	$ 2,798,493	$ 173,553	$ -	$ 1,030,189	$ 4,002,235
Cash held with fiscal agent	-	540,440	-	-	540,440
Restricted cash	-	551,795	-	-	551,795
Receivables					
Accrued interest	3,768	896	-	1,288	5,952
Delinquent taxes	52,387	363	-	-	52,750
Accounts	3,243	-	-	1,230	4,473
Special assessments	22,026	154,344	502,470	445,375	1,124,215
Due from other governments	136,947	709	6,454	34,475	178,585
Inventories	16,682	-	-	-	16,682
TOTAL ASSETS	$ 3,033,546	$ 1,422,100	$ 508,924	$ 1,512,557	$ 6,477,127
LIABILITIES					
Accounts payable	$ 127,018	$ -	$ 285	$ 7,446	$ 134,749
Contracts payable	-	-	22,840	6,050	28,890
Accrued salaries payable	240,707	-	-	-	240,707
Due to other governments	1,001	-	-	-	1,001
Deposits payable	1,350	-	-	-	1,350
Due to other funds	-	-	439,010	400,811	839,821
TOTAL LIABILITIES	370,076	-	462,135	414,307	1,246,518
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - taxes	52,387	363	-	-	52,750
Unavailable revenues - developer/other receivables	-	-	-	34,475	34,475
Unavailable revenues - special assessments	22,026	154,344	502,470	445,375	1,124,215
TOTAL DEFERRED INFLOWS OF RESOURCES	74,413	154,707	502,470	479,850	1,211,440
FUND BALANCES					
Nonspendable	16,682	-	-	-	16,682
Restricted	-	1,267,393	-	251,906	1,519,299
Assigned	-	-	-	770,866	770,866
Unassigned	2,572,375	-	(455,681)	(404,372)	1,712,322
TOTAL FUND BALANCES	2,589,057	1,267,393	(455,681)	618,400	4,019,169
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,033,546	$ 1,422,100	$ 508,924	$ 1,512,557	$ 6,477,127

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, 2014

Amounts reported for the governmental activities in the statement of net position are different because

Total fund balances - governmental	$ 4,019,169
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	19,006,549
Less: accumulated depreciation	(3,989,123)
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	
Bond principal payable	(9,090,000)
Capital lease payable	(16,022)
Compensated absences payable	(150,989)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes receivable	52,750
Developer/other receivables	34,475
Special assessments receivable	1,124,215
Governmental funds do not report a liability for accrued interest until due and payable.	(150,736)
Total net position - governmental activities	$ 10,840,288

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, 2014

	101 General	300's Debt Service	420 Rum River Bluffs Development	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 3,037,312	$ 21,307	$ -	$ 14,260	$ 3,072,879
Licenses and permits	94,205	-	-	-	94,205
Intergovernmental	567,935	-	-	-	567,935
Charges for services	413,654	-	-	47,083	460,737
Fines and forfeitures	49,635	-	-	-	49,635
Special assessments	-	22,180	137,053	37,024	196,257
Interest on investments	16,690	9,843	-	8,361	34,894
Miscellaneous	153,774	-	-	41,861	195,635
TOTAL REVENUES	4,333,205	53,330	137,053	148,589	4,672,177
EXPENDITURES					
Current					
General government	843,302	-	-	-	843,302
Public safety	1,547,761	-	-	8,914	1,556,675
Public works	579,810	-	-	-	579,810
Culture and recreation	259,049	-	-	-	259,049
Community development	226,365	-	-	13,380	239,745
Miscellaneous	16,157	-	-	-	16,157
Capital outlay					
General government	5,081	-	-	3,097	8,178
Public safety	132,601	-	-	-	132,601
Public works	8,546	-	89,600	271,364	369,510
Culture and recreation	48,727	-	-	43,968	92,695
Debt service					
Principal	30,499	295,000	-	-	325,499
Interest and other charges	2,622	369,206	-	-	371,828
TOTAL EXPENDITURES	3,700,520	664,206	89,600	340,723	4,795,049
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	632,685	(610,876)	47,453	(192,134)	(122,872)
OTHER FINANCING SOURCES (USES)					
Transfers in	66,685	544,880	-	853,471	1,465,036
Sale of capital assets	30,521	-	-	-	30,521
Transfers out	(390,000)	-	-	-	(390,000)
TOTAL OTHER FINANCING SOURCES (USES)	(292,794)	544,880	-	853,471	1,105,557
NET CHANGE IN FUND BALANCES	339,891	(65,996)	47,453	661,337	982,685
FUND BALANCES, JANUARY 1	2,249,166	1,333,389	(503,134)	(42,937)	3,036,484
FUND BALANCES, DECEMBER 31	$ 2,589,057	$ 1,267,393	$ (455,681)	$ 618,400	$ 4,019,169

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, 2014

Amounts reported for governmental activities in the statement of activities are different because

Total net change in fund balances - governmental funds	$ 982,685
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	521,054
Depreciation expense	(610,940)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	5,193
A gain or loss on the disposal of capital assets, including the difference between carrying value and any related sales proceeds, is included in net position. However, only the sales proceeds are included in the change in the change in fund balance.	(26,000)
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	325,499
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.	6,522
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	97,033
Property taxes	(40,747)
Miscellaneous revenue	(34,475)
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	(6,110)
Allowance for uncollectable developer receivable	(282,530)
Change in net position - governmental activities	$ 937,184

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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 2,955,200	$ 2,955,200	$ 3,037,312	$ 82,112
Licenses and permits	89,756	89,756	94,205	4,449
Intergovernmental	534,239	534,239	567,935	33,696
Charges for services	289,642	289,642	413,654	124,012
Fines and forfeitures	31,290	31,290	49,635	18,345
Interest on investments	18,000	18,000	16,690	(1,310)
Miscellaneous	119,202	119,202	153,774	34,572
TOTAL REVENUES	4,037,329	4,037,329	4,333,205	295,876
EXPENDITURES				
Current				
General government	739,650	739,650	843,302	(103,652)
Public safety	1,608,305	1,608,305	1,547,761	60,544
Public works	676,900	676,900	579,810	97,090
Culture and recreation	278,500	278,500	259,049	19,451
Community development	197,700	197,700	226,365	(28,665)
Miscellaneous	6,100	6,100	16,157	(10,057)
Capital outlay				
General government	8,000	8,000	5,081	2,919
Public safety	123,401	123,401	132,601	(9,200)
Public works	11,250	11,250	8,546	2,704
Culture and recreation	52,400	52,400	48,727	3,673
Debt service				
Principal	30,500	30,500	30,499	1
Interest and other charges	2,623	2,623	2,622	1
TOTAL EXPENDITURES	3,735,329	3,735,329	3,700,520	34,809
EXCESS OF REVENUES OVER EXPENDITURES	302,000	302,000	632,685	330,685
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	60,000	66,685	6,685
Sale of capital assets	28,000	28,000	30,521	2,521
Transfers out	(390,000)	(390,000)	(390,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(302,000)	(302,000)	(292,794)	9,206
NET CHANGE IN FUND BALANCES	-	-	339,891	339,891
FUND BALANCES, JANUARY 1	2,249,166	2,249,166	2,249,166	-
FUND BALANCES, DECEMBER 31	$ 2,249,166	$ 2,249,166	$ 2,589,057	$ 339,891

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

CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds			
	601 Water	**602** Sewer	**609** Liquor Store	Totals
ASSETS				
CURRENT ASSETS				
Cash and temporary investments	$ 1,541,544	$ 1,507,268	$ 1,534,589	$ 4,583,401
Cash held with fiscal agent	938,014	1,146,461	-	2,084,475
Receivables				
Accrued interest	4,355	2,081	2,180	8,616
Accounts, net of allowance for uncollectibles	172,522	96,387	20,699	289,608
Special assessments	19,416	100,665	-	120,081
Due from other governments	9,416	71	-	9,487
Due from other funds	839,821	-	-	839,821
Inventory	-	-	241,407	241,407
TOTAL CURRENT ASSETS	3,525,088	2,852,933	1,798,875	8,176,896
NONCURRENT ASSETS				
Special assessments	16,433	27,021	-	43,454
Capital assets				
Land	18,115	2,337,838	3,234	2,359,187
Construction in progress	-	408,431	-	408,431
Buildings	8,994,235	7,256,415	608,660	16,859,310
Machinery and equipment	160,523	160,696	204,710	525,929
Infrastructure	5,006,832	2,981,282	-	7,988,114
Less accumulated depreciation	(2,901,434)	(3,683,445)	(495,652)	(7,080,531)
NET CAPITAL ASSETS	11,278,271	9,461,217	320,952	21,060,440
TOTAL NONCURRENT ASSETS	11,294,704	9,488,238	320,952	21,103,894
TOTAL ASSETS	14,819,792	12,341,171	2,119,827	29,280,790

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

CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF NET POSITION - CONTINUED
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds			
	601 Water	**602** Sewer	**609** Liquor Store	Totals
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	$ 14,776	$ 154,613	$ 79,423	$ 248,812
Contracts payable	1,000	65,604	-	66,604
Accrued salaries payable	5,970	5,656	9,796	21,422
Due to other governments	556	-	18,767	19,323
Accrued interest payable	112,203	59,966	-	172,169
Compensated absences payable - current	3,868	3,868	9,910	17,646
Bonds payable - current	617,250	425,750	-	1,043,000
TOTAL CURRENT LIABILITIES	755,623	715,457	117,896	1,588,976
NONCURRENT LIABILITIES				
Compensated absences payable	3,241	3,241	9,805	16,287
Bonds payable	9,201,000	4,162,000	-	13,363,000
TOTAL NONCURRENT LIABILITIES	9,204,241	4,165,241	9,805	13,379,287
TOTAL LIABILITIES	9,959,864	4,880,698	127,701	14,968,263
NET POSITION				
Net investment in capital assets	2,436,521	6,066,967	320,952	8,824,440
Unrestricted	2,423,407	1,393,506	1,671,174	5,488,087
TOTAL NET POSITION	$ 4,859,928	$ 7,460,473	$ 1,992,126	$ 14,312,527

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, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds			
	601 Water	**602** Sewer	**609** Liquor Store	Totals
OPERATING REVENUES				
Sales	$ -	$ -	$ 2,109,482	$ 2,109,482
Cost of sales	-	-	(1,551,662)	(1,551,662)
GROSS PROFIT	-	-	557,820	557,820
Charges for services	1,125,555	907,237	-	2,032,792
TOTAL OPERATING REVENUES	1,125,555	907,237	557,820	2,590,612
OPERATING EXPENSES				
Personal services	123,656	119,527	222,899	466,082
Supplies	144,756	36,568	7,811	189,135
Professional services	102,548	120,442	85,116	308,106
Communications	4,496	2,215	2,293	9,004
Insurance	16,620	12,077	16,477	45,174
Utilities	84,414	108,688	18,276	211,378
Repairs and maintenance	34,309	61,393	4,502	100,204
Depreciation	325,799	317,423	32,791	676,013
Other	8,370	15,283	6,605	30,258
TOTAL OPERATING EXPENSES	844,968	793,616	396,770	2,035,354
OPERATING INCOME	280,587	113,621	161,050	555,258
NONOPERATING REVENUES (EXPENSES)				
Interest income	36,749	22,339	10,325	69,413
Miscellaneous	8,777	23,414	368	32,559
Interest expense	(276,564)	(147,742)	-	(424,306)
TOTAL NONOPERATING REVENUES (EXPENSES)	(231,038)	(101,989)	10,693	(322,334)
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	49,549	11,632	171,743	232,924
TRANSFERS AND CONTRIBUTIONS				
Capital contributions - connection fees	45,000	63,000	-	108,000
Transfers out	(904,551)	(103,800)	(66,685)	(1,075,036)
TOTAL TRANSFERS AND CONTRIBUTIONS	(859,551)	(40,800)	(66,685)	(967,036)
CHANGE IN NET POSITION	(810,002)	(29,168)	105,058	(734,112)
NET POSITION, JANUARY 1	5,669,930	7,489,641	1,887,068	15,046,639
NET POSITION, DECEMBER 31	$ 4,859,928	$ 7,460,473	$ 1,992,126	$ 14,312,527

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

CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds			
	601 Water	**602** Sewer	**609** Liquor Store	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 1,178,610	$ 851,401	$ 2,108,089	$ 4,138,100
Payments to suppliers	(395,633)	(282,166)	(1,727,400)	(2,405,199)
Payments to employees	(122,239)	(117,873)	(217,875)	(457,987)
NET CASH PROVIDED BY OPERATING ACTIVITIES	660,738	451,362	162,814	1,274,914
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Decrease in due from other funds	605,401	-	-	605,401
Transfers to other funds	(904,551)	(103,800)	(66,685)	(1,075,036)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(299,150)	(103,800)	(66,685)	(469,635)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Connection fees received	45,000	63,000	-	108,000
Special assessments received	-	85,701	-	85,701
Acquisition of capital assets	(6,805)	(352,202)	-	(359,007)
Withdrawals from refunding bond escrow agent	25,521	31,192	-	56,713
Payment made to refunding bond escrow agent	(11,560)	(14,129)	-	(25,689)
Interest paid on bonds	(290,854)	(161,662)	-	(452,516)
Principal paid on bonds	(593,500)	(406,500)	-	(1,000,000)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(832,198)	(754,600)	-	(1,586,798)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	45,390	29,386	12,547	87,323
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(425,220)	(377,652)	108,676	(694,196)
CASH AND CASH EQUIVALENTS, JANUARY 1	1,966,764	1,884,920	1,425,913	5,277,597
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 1,541,544	$ 1,507,268	$ 1,534,589	$ 4,583,401

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

CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds			
	601 Water	**602** Sewer	**609** Liquor Store	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$ 280,587	$ 113,621	$ 161,050	$ 555,258
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	325,799	317,423	32,791	676,013
Other income related to operations	8,777	23,414	368	32,559
(Increase) decrease in assets				
Receivables				
Accounts	36,360	884	(1,761)	35,483
Special assessments	(1,194)	(80,345)	-	(81,539)
Due from other governments	11,519	211	-	11,730
Inventories	-	-	(34,916)	(34,916)
Increase (decrease) in liabilities				
Accounts payable	978	75,703	(789)	75,892
Due to other governments	(1,098)	(1,203)	1,047	(1,254)
Accrued salaries payable	1,491	1,728	269	3,488
Unearned revenue	(2,407)	-	-	(2,407)
Compensated absences payable	(74)	(74)	4,755	4,607
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 660,738	$ 451,362	$ 162,814	$ 1,274,914
NONCASH CAPITAL FINANCING AND INVESTING ACTIVITIES				
Decrease in market value of investments	$ 2,857	$ 3,492	$ -	$ 6,349
Capital assets acquired on account	$ 2,570	$ 65,604	$ -	$ 68,174

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

CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014

	Agency
	853
	Escrow
ASSETS	
Cash and temporary investments	$ 105,298
Special assessments receivable	3,105
TOTAL ASSETS	$ 108,403
LIABILITIES	
Deposits payable	$ 108,403

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 segments are 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 who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund. 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 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 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 City enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statement of cash flows.

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 (4M) Fund investment pool is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities and 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 shares. The 4M Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC under rule 2a7. Financial statements of the 4M Fund can be obtained by contacting RBC Global Asset Management at 100 South Fifth Street Suite 2300, 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 2014. 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 for utility receivables.

The City has outstanding receivables from developers. An allowance for doubtful accounts was set up during the year for the balance of those receivables ($282,530).

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.”

Inventories

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

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

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. Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Assigned amounts represent intended uses established by the City Council itself or by the Finance Director 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

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".

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.

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 30th, 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 2014.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

B. Excess of expenditures over appropriations

For the year ended December 31, 2014 expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Police Forfeiture	$ 1,119	$ 8,914	$ 7,795
Capital Projects	-	21,062	21,062
Park Improvements	-	43,968	43,968
Creekview Estates	-	51	51
Ivywood and 230th Lane	-	67	67
Go Bonds 2007A	102,908	115,223	12,315
EDA Lease Revenue	548,783	548,983	200

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, 2014:

Fund	Amount
Major governmental	
Rum River Bluff's Development	$ 455,681
Nonmajor governmental	
Aztec Street Improvement	253,281
Creekview Estate Street and Utility Improvement	72,519
Ivywood and 230th Lane	78,572

- The deficit in the Rum River Bluff's Development fund will be eliminated with receipts from a developer.
- The deficit in the Aztec Street Improvement fund will be eliminated with future special assessments.
- The deficit in the Creekview Estate Street and Utility Improvements fund will be eliminated with future 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 $488,707 and the bank balance was $480,738. The bank balance was covered by federal depository insurance totaling $449,899. 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	$ 488,707
Investments	11,378,937
Total	$ 11,867,644
As reported on the financial statements	
Statement of net position	
Cash and temporary investments	$ 8,585,636
Cash with fiscal agent	2,624,915
Restricted cash	551,795
Fiduciary statement of net position	105,298
Total	$ 11,867,644

Investments

As of December 31, 2014, 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	$ 217,000
Brokered Certificates of Deposit	N/A	6 months to 1 year	305,000
Brokered Certificates of Deposit	N/A	1 to 3 years	1,686,000
Brokered Certificates of Deposit	N/A	more than 3 years	407,000
State and Local Government Sec.	AA+	1 to 3 years	51,590
State and Local Government Sec.	A1	1 to 3 years	26,419
State and Local Government Sec.	A1	more than 3 years	128,006
State and Local Government Sec.	AA2	1 to 3 years	32,608
State and Local Government Sec.	AA2	more than 3 years	241,215
State and Local Government Sec.	NR	more than 3 years	80,570
US Treasuries	AAA	1 to 3 years	25,230
US Government Securities	AA+	more than 3 years	2,757,822
Pooled investments			
Minnesota Municipal Money Market	N/A	less than 6 months	5,223,640
Broker Money Market	N/A	less than 6 months	196,837
Total investments			$ 11,378,937

(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 52 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, 2014 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	503,134	340,352	-	843,486
Total capital assets not being depreciated	1,930,870	340,352	-	2,271,222
Capital assets, being depreciated				
Land improvements	174,771	-	-	174,771
Buildings	8,833,814	-	-	8,833,814
Infrastructure	4,738,235	-	-	4,738,235
Machinery and equipment	2,894,719	192,925	(99,137)	2,988,507
Total capital assets being depreciated	16,641,539	192,925	(99,137)	16,735,327
Less accumulated depreciation for				
Land improvements	(78,834)	(8,739)	-	(87,573)
Buildings	(499,551)	(224,562)	-	(724,113)
Infrastructure	(825,967)	(170,008)	-	(995,975)
Machinery and equipment	(2,039,939)	(207,631)	66,108	(2,181,462)
Total accumulated depreciation	(3,444,291)	(610,940)	66,108	(3,989,123)
Total capital assets being depreciated, net	13,197,248	(418,015)	(33,029)	12,746,204
Governmental activities capital assets, net	$15,128,118	$ (77,663)	$ (33,029)	$15,017,426

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	-	408,431	-	408,431
Total capital assets not being depreciated	2,359,187	408,431	-	2,767,618
Capital assets being depreciated				
Buildings	16,859,310	-	-	16,859,310
Infrastructure	7,988,114	-	-	7,988,114
Machinery and equipment	507,179	18,750	-	525,929
Total capital assets being depreciated	25,354,603	18,750	-	25,373,353
Less accumulated depreciation for				
Buildings	(4,232,958)	(388,597)	-	(4,621,555)
Infrastructure	(1,827,958)	(259,079)	-	(2,087,037)
Machinery and equipment	(343,602)	(28,337)	-	(371,939)
Total accumulated depreciation	(6,404,518)	(676,013)	-	(7,080,531)
Total capital assets being depreciated, net	18,950,085	(657,263)	-	18,292,822
Business-type activities capital assets, net	$21,309,272	$ (248,832)	$ -	$21,060,440

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

Governmental activities	
General government	$ 26,094
Public safety	180,601
Community development	2,482
Public works	302,024
Culture and recreation	99,739
Total depreciation expense - governmental activities	$ 610,940
Business-type activities	
Water	$ 325,799
Sewer	317,423
Liquor store	32,791
Total depreciation expense - business-type activities	$ 676,013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Construction commitments

The City had the following outstanding construction commitments at December 31, 2014:

Project	Spent to date	Remaining Commitment
Ambassador Trunk Utilities	$ 1,312,073	$ 42,649
Rum River Bluff	456,796	16,124

D. Interfund receivables, payables and transfers

The composition of interfund balances as of December 31, 2014 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Water	Rum River Bluffs Development	To provide cash flows	$ 439,010
Water	Nonmajor governmental funds	To provide cash flows	400,811
Total			$ 839,821

The City made transfers during the fiscal year 2014 as shown and described below:

	Transfer in			
Fund	General	Debt Service	Nonmajor Governmental	Total
Transfer out				
General	$ -	$ 340,000	$ 50,000	$ 390,000
Water	-	101,080	803,471	904,551
Sewer	-	103,800	-	103,800
Liquor Store	66,685	-	-	66,685
Total	$ 66,685	$ 544,880	$ 853,471	$ 1,465,036

The City made the following transfers during 2014:

- The General fund transferred $340,000 to the EDA Lease Revenue Bond fund for future debt service payments.
- The General fund transferred $50,000 to nonmajor governmental funds for future capital purchases.
- The Water fund transferred $803,471 to nonmajor governmental funds to close Rivers Edge Trunk Utility Improvements fund and Watermain Looping fund.
- 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.
- The Liquor fund transferred $66,685 to the General fund for its annual contribution to Pioneer days and for the reimbursement of EDA expenditures.

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	$ 750,000
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					$ 1,310,000

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2015	$ 70,000	$ 38,596	$ 108,596
2016	75,000	35,695	110,695
2017	605,000	21,554	626,554
2018	90,000	8,462	98,462
2019	90,000	7,450	97,450
2020-2023	380,000	14,606	394,606
Total	$ 1,310,000	$ 126,363	$ 1,436,363

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	$ 1,095,000
G.O. Improvement and Utility Revenue Bonds, Series 2007	3,115,000	4.000 - 4.375	12/13/07	02/01/28	2,440,000
MPFA - Water Revenue Bonds Series 2008	9,013,468	2.563	12/18/07	08/20/27	7,251,000
G.O. Sewer Revenue Bonds, Series 2010A	1,600,000	2.000 - 3.500	09/20/10	02/01/31	1,450,000
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					$14,406,000

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

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
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	965,000	292,145	1,257,145
2020-2024	5,231,000	1,182,257	6,413,257
2025-2029	4,167,000	301,076	4,468,076
2030-2031	240,000	8,575	248,575
Total	$ 14,406,000	$ 3,200,549	$ 17,606,549

Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water	Sewer
Net operating revenues	$ 651,386	$ 494,044
Principal and interest	858,387	535,930
Percentage of revenues	132 %	108 %

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	$ 7,780,000

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
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	250,000	295,295	545,295
2020-2024	1,380,000	1,350,744	2,730,744
2025-2029	1,645,000	1,062,894	2,707,894
2030-2034	2,055,000	637,013	2,692,013
2035-2037	1,500,000	115,000	1,615,000
Total	$ 7,780,000	$ 4,702,876	$ 12,482,876

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, 2014 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	$ 16,022

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
2015	$ 16,022	$ 539	$ 16,561

Changes in long-term liabilities

Noncurrent liability activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	$ 1,380,000	$ -	$ (70,000)	$ 1,310,000	$ 70,000
Lease revenue bonds	8,005,000	-	(225,000)	7,780,000	230,000
Other noncurrent debt					
Capital leases payable	46,521	-	(30,499)	16,022	16,022
Compensated absences payable	144,879	79,744	(73,634)	150,989	92,658
Governmental activity long-term liabilities	$ 9,576,400	$ 79,744	$ (399,133)	$ 9,257,011	$ 408,680
Business-type activities					
Bonds payable					
General obligations revenue bonds	$ 15,406,000	$ -	$ (1,000,000)	$ 14,406,000	$ 1,043,000
Compensated absences payable	29,326	16,041	(11,434)	33,933	17,646
Business-type activity long-term liabilities	$ 15,435,326	$ 16,041	$ (1,011,434)	$ 14,439,933	$ 1,060,646

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

F. Fund balance classification

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

	General	Debt Service	Other Governmental Funds	Total
Nonspendable				
Inventories	$ 16,682	$ -	$ -	$ 16,682
Restricted for				
Debt service	$ -	$ 1,267,393	$ -	$ 1,267,393
Police expenditures	-	-	30,191	30,191
Turtle ridge project	-	-	20,202	20,202
Park improvements	-	-	172,339	172,339
Capital purchases	-	-	29,174	29,174
Total restricted	$ -	$ 1,267,393	$ 251,906	$ 1,519,299
Assigned to				
Fire truck replacement	$ -	$ -	$ 507,652	$ 507,652
Capital projects	-	-	263,214	263,214
Total assigned	$ -	$ -	$ 770,866	$ 770,866

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 five years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of 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 are required to contribute 9.10 percent and 6.25 percent, respectively, of their annual covered salary in 2014. PEPFF members were required to contribute 10.20 percent of their annual covered salary in 2014. In 2014, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERF members, 7.25 percent for Coordinated Plan GERF members, and 15.30 percent for PEPFF members. The City's contributions to the GERF for the years ending December 31, 2014, 2013, and 2012 were $76,631, $73,521, and $76,772, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2014, 2013, and 2012 were $116,369, $102,309, and $105,104, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute. Contribution rates will increase on January 1, 2015 in Coordinated Plan (6.50 percent for members and 7.50 percent for employers) and the Police and Fire fund (10.80 percent for members and 16.20 percent for employers.)

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 increment. 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, 2014

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and temporary investments	$ 56,771	$ 973,418	$ 1,030,189
Receivables			
Accrued interest	36	1,252	1,288
Accounts	-	1,230	1,230
Special assessments	-	445,375	445,375
Due from other governments	-	34,475	34,475
TOTAL ASSETS	$ 56,807	$ 1,455,750	$ 1,512,557
LIABILITIES			
Accounts payable	$ 6,414	$ 1,032	$ 7,446
Contracts payable	-	6,050	6,050
Due to other funds	-	400,811	400,811
TOTAL LIABILITIES	6,414	407,893	414,307
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - developer/other receivables	-	34,475	34,475
Unavailable revenues - special assessments	-	445,375	445,375
TOTAL DEFERRED INFLOWS OF RESOURCES	-	479,850	479,850
FUND BALANCES			
Restricted	50,393	201,513	251,906
Assigned	-	770,866	770,866
Unassigned	-	(404,372)	(404,372)
TOTAL FUND BALANCES	50,393	568,007	618,400
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 56,807	$ 1,455,750	$ 1,512,557

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Revenue	Capital Projects	Total
REVENUES			
Taxes	$ 14,260	$ -	$ 14,260
Charges for services	32,091	14,992	47,083
Special assessments	-	37,024	37,024
Interest on investments	183	8,178	8,361
Miscellaneous	-	41,861	41,861
TOTAL REVENUES	46,534	102,055	148,589
EXPENDITURES			
Current			
Public safety	8,914	-	8,914
Community development	13,380	-	13,380
Capital outlay			
General government	-	3,097	3,097
Public works	-	271,364	271,364
Culture and recreation	-	43,968	43,968
TOTAL EXPENDITURES	22,294	318,429	340,723
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	24,240	(216,374)	(192,134)
OTHER FINANCING SOURCES			
Transfers in	-	853,471	853,471
NET CHANGE IN FUND BALANCES	24,240	637,097	661,337
FUND BALANCES, JANUARY 1	26,153	(69,090)	(42,937)
FUND BALANCES, DECEMBER 31	$ 50,393	$ 568,007	$ 618,400

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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, 2014

	208 Police Forfeiture	**250** Turtle Ridge TIF	Total
ASSETS			
Cash and temporary investments	$ 30,191	$ 26,580	$ 56,771
Accrued interest receivable	-	36	36
TOTAL ASSETS	$ 30,191	$ 26,616	$ 56,807
LIABILITIES			
Accounts payable	$ -	$ 6,414	$ 6,414
FUND BALANCES			
Restricted for			
Police expenditures	30,191	-	30,191
Turtle ridge project	-	20,202	20,202
TOTAL FUND BALANCES	30,191	20,202	50,393
TOTAL LIABILITIES AND FUND BALANCES	$ 30,191	$ 26,616	$ 56,807

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, 2014

	208 Police Forfeiture	**250** Turtle Ridge TIF	Total
REVENUES			
Tax increments	$ -	$ 14,260	$ 14,260
Charges for services	32,091	-	32,091
Interest on investments	-	183	183
TOTAL REVENUES	32,091	14,443	46,534
EXPENDITURES			
Current			
Public safety	8,914	-	8,914
Community development	-	13,380	13,380
TOTAL EXPENDITURES	8,914	13,380	22,294
NET CHANGE IN FUND BALANCES	23,177	1,063	24,240
FUND BALANCES, JANUARY 1	7,014	19,139	26,153
FUND BALANCES, DECEMBER 31	$ 30,191	$ 20,202	$ 50,393

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Charges for services	$ -	$ -	$ 32,091	$ 32,091	$ 5,899
Contributions and donations	-	-	-	-	142
TOTAL REVENUES	-	-	32,091	32,091	6,041
EXPENDITURES					
Current					
Public safety	1,119	1,119	8,914	(7,795)	7,482
NET CHANGE IN FUND BALANCES	(1,119)	(1,119)	23,177	24,296	(1,441)
FUND BALANCES, JANUARY 1	7,014	7,014	7,014	-	8,455
FUND BALANCES, DECEMBER 31	$ 5,895	$ 5,895	$ 30,191	$ 24,296	$ 7,014

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Tax increments	$ 15,200	$ 15,200	$ 14,260	$ (940)	$ 14,270
Interest on investments	-	-	183	183	143
TOTAL REVENUES	15,200	15,200	14,443	(757)	14,413
EXPENDITURES					
Current					
Community development	13,600	13,600	13,380	220	13,291
NET CHANGE IN FUND BALANCES	1,600	1,600	1,063	(537)	1,122
FUND BALANCES, JANUARY 1	19,139	19,139	19,139	-	18,017
FUND BALANCES, DECEMBER 31	$ 20,739	$ 20,739	$ 20,202	$ (537)	$ 19,139

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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.

Aztec Street Improvements - accounts for the accumulation of resources to finance the Aztec street improvement project.

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, 2014

	210	225	402	403
	Charitable Gambling	Park Improvements	Capital Projects	Fire Truck Replacement
ASSETS				
Cash and temporary investments	$ 27,906	$ 175,624	$ 262,857	$ 507,031
Receivables				
Accrued interest	38	236	357	621
Accounts	1,230	-	-	-
Special assessments	-	-	-	-
Due from other governments		34,475	-	-
TOTAL ASSETS	$ 29,174	$ 210,335	$ 263,214	$ 507,652
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Contracts payable	-	3,521	-	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	-	3,521	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - developer/other receivables	-	34,475	-	-
Unavailable revenues - special assessments	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	34,475	-	-
FUND BALANCES				
Restricted for				
Park improvements	-	172,339	-	-
Capital purchases	29,174	-	-	-
Assigned for				
Capital projects	-	-	263,214	-
Fire truck replacement	-	-	-	507,652
Unassigned	-	-	-	-
TOTAL FUND BALANCES	29,174	172,339	263,214	507,652
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 29,174	$ 210,335	$ 263,214	$ 507,652

415 Aztec Street Improvements	423 River's Edge Trunk Utility Improvement	427 Watermain Looping	505 Creekview Estate Street and Utility Improvement	507 Ivywood and 230th Lane	Total
$ -	$ -	$ -	$ -	$ -	$ 973,418
-	-	-	-	-	1,252
-	-	-	-	-	1,230
266,500	-	-	82,949	95,926	445,375
-	-	-	-	-	34,475
$ 266,500	$ -	$ -	$ 82,949	$ 95,926	$ 1,455,750
$ 1,032	$ -	$ -	$ -	$ -	$ 1,032
2,529	-	-	-	-	6,050
249,720	-	-	72,519	78,572	400,811
253,281	-	-	72,519	78,572	407,893
-	-	-	-	-	34,475
266,500	-	-	82,949	95,926	445,375
266,500	-	-	82,949	95,926	479,850
-	-	-	-	-	172,339
-	-	-	-	-	29,174
	-	-	-	-	263,214
-	-	-	-	-	507,652
(253,281)	-	-	(72,519)	(78,572)	(404,372)
(253,281)	-	-	(72,519)	(78,572)	568,007
$ 266,500	$ -	$ -	$ 82,949	$ 95,926	$ 1,455,750

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, 2014

	210	225	402	403
	Charitable Gambling	Park Improvements	Capital Projects	Fire Truck Replacement
REVENUES				
Charges for services	$ 13,507	$ 1,485	$ -	$ -
Special assessments	-	-	-	-
Interest on investments	181	1,546	2,441	4,010
Miscellaneous	-	41,861	-	-
TOTAL REVENUES	13,688	44,892	2,441	4,010
EXPENDITURES				
Capital outlay				
General government	-	-	3,097	-
Public works	-	-	17,965	-
Culture and recreation	-	43,968	-	-
TOTAL EXPENDITURES	-	43,968	21,062	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	13,688	924	(18,621)	4,010
OTHER FINANCING SOURCES				
Transfers in	-	-	-	50,000
NET CHANGE IN FUND BALANCES	13,688	924	(18,621)	54,010
FUND BALANCES, JANUARY 1	15,486	171,415	281,835	453,642
FUND BALANCES, DECEMBER 31	$ 29,174	$ 172,339	$ 263,214	$ 507,652

415 Aztec Street Improvements	423 River's Edge Trunk Utility Improvement	427 Watermain Looping	505 Creekview Estate Street and Utility Improvement	507 Ivywood and 230th Lane	Total
$ -	$ -	$ -	$ -	$ -	$ 14,992
-	-	-	15,317	21,707	37,024
-	-	-	-	-	8,178
-	-	-	-	-	41,861
-	-	-	15,317	21,707	102,055
-	-	-	-	-	3,097
253,281	-	-	51	67	271,364
-	-	-	-	-	43,968
253,281	-	-	51	67	318,429
(253,281)	-	-	15,266	21,640	(216,374)
-	516,320	287,151	-	-	853,471
(253,281)	516,320	287,151	15,266	21,640	637,097
-	(516,320)	(287,151)	(87,785)	(100,212)	(69,090)
$ (253,281)	$ -	$ -	$ (72,519)	$ (78,572)	$ 568,007

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Charges for services	$ 10,000	$ 10,000	$ 13,507	$ 3,507	$ 13,016
Investment earnings	-	-	181	181	97
TOTAL REVENUES	10,000	10,000	13,688	3,688	13,113
FUND BALANCES, JANUARY 1	15,486	15,486	15,486	-	2,373
FUND BALANCES, DECEMBER 31	$ 25,486	$ 25,486	$ 29,174	$ 3,688	$ 15,486

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Intergovernmental	$ -	$ -	$ -	$ -	$ 44,135
Charges for services	1,000	1,000	1,485	485	10,775
Interest on investments	1,000	1,000	1,546	546	1,759
Contributions and donations	500	500	41,861	41,361	41,575
TOTAL REVENUES	2,500	2,500	44,892	42,392	98,244
EXPENDITURES					
Capital outlay					
Culture and recreation	-	-	43,968	(43,968)	91,305
NET CHANGE IN FUND BALANCES	2,500	2,500	924	(1,576)	6,939
FUND BALANCES, JANUARY 1	171,415	171,415	171,415	-	164,476
FUND BALANCES, DECEMBER 31	$ 173,915	$ 173,915	$ 172,339	$ (1,576)	$ 171,415

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, 2014

	2014				2013
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Interest on investments	$ 3,000	$ 3,000	$ 2,441	$ (559)	$ 2,078
Miscellaneous	-	-	-	-	13,229
TOTAL REVENUES	3,000	3,000	2,441	(559)	15,307
EXPENDITURES					
Capital outlay					
General government	-	-	3,097	(3,097)	-
Public safety	-	-	-	-	23,856
Public works	-	-	17,965	(17,965)	148,508
TOTAL EXPENDITURES	-	-	21,062	(21,062)	172,364
NET CHANGE IN FUND BALANCES	3,000	3,000	(18,621)	(21,621)	(157,057)
FUND BALANCES, JANUARY 1	281,835	281,835	281,835	-	438,892
FUND BALANCES, DECEMBER 31	$ 284,835	$ 284,835	$ 263,214	$ (21,621)	$ 281,835

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Interest on investments	$ 4,000	$ 4,000	$ 4,010	$ 10	$ 3,622
OTHER FINANCING SOURCES					
Transfers in	50,000	50,000	50,000	-	-
NET CHANGE IN FUND BALANCES	54,000	54,000	54,010	10	3,622
FUND BALANCES, JANUARY 1	453,642	453,642	453,642	-	450,020
FUND BALANCES, DECEMBER 31	$ 507,642	$ 507,642	$ 507,652	$ 10	$ 453,642

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Special assessments	$ 12,000	$ 12,000	$ 15,317	$ 3,317	$ 14,515
EXPENDITURES					
Capital outlay					
Public works	-	-	51	(51)	59
NET CHANGE IN FUND BALANCES	12,000	12,000	15,266	3,266	14,456
FUND BALANCES, JANUARY 1	(87,785)	(87,785)	(87,785)	-	(102,241)
FUND BALANCES, DECEMBER 31	$ (75,785)	$ (75,785)	$ (72,519)	$ 3,266	$ (87,785)

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Intergovernmental	$ 12,000	$ 12,000	$ 21,707	$ 9,707	$ 12,602
Miscellaneous	-	-	-	-	31
TOTAL REVENUES	12,000	12,000	21,707	9,707	12,633
EXPENDITURES					
Capital outlay					
Public works	-	-	67	(67)	79
NET CHANGE IN FUND BALANCES	12,000	12,000	21,640	9,640	12,554
FUND BALANCES, JANUARY 1	(100,212)	(100,212)	(100,212)	-	(112,766)
FUND BALANCES, DECEMBER 31	$ (88,212)	$ (88,212)	$ (78,572)	$ 9,640	$ (100,212)

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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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Property taxes	$ 2,955,200	$ 2,955,200	$ 3,037,312	$ 82,112	$ 2,986,193
Licenses and permits					
Business	24,582	24,582	22,965	(1,617)	25,155
Nonbusiness	65,174	65,174	71,240	6,066	62,143
Total	89,756	89,756	94,205	4,449	87,298
Intergovernmental					
State					
Local government aid	313,420	313,420	313,466	46	80,929
Property tax credits	-	-	3,008	3,008	3,092
Police and fire aid	105,848	105,848	131,712	25,864	130,339
Municipal State Aid	113,000	113,000	117,778	4,778	113,303
Other	1,971	1,971	1,971	-	2,486
County	-	-	-	-	75,000
Total	534,239	534,239	567,935	33,696	405,149
Charges for services					
General government	218,529	218,529	254,768	36,239	227,193
Public safety	66,873	66,873	108,414	41,541	65,355
Public works	4,240	4,240	2,172	(2,068)	4,361
Community development	-	-	48,300	48,300	-
Total	289,642	289,642	413,654	124,012	296,909
Fines and forfeitures	31,290	31,290	49,635	18,345	33,927
Interest on investments	18,000	18,000	16,690	(1,310)	11,263
Miscellaneous					
Rents and leases	69,213	69,213	76,124	6,911	80,668
Recycling and landfill abatement	33,186	33,186	47,644	14,458	23,699
Donations and other	16,803	16,803	30,006	13,203	30,210
Total	119,202	119,202	153,774	34,572	134,577
TOTAL REVENUES	4,037,329	4,037,329	4,333,205	295,876	3,955,316

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES					
Current expenditures					
General government					
Mayor and City Council					
Personal services	$ 25,420	$ 25,420	$ 22,811	$ 2,609	$ 22,703
Other services and charges	7,900	7,900	13,230	(5,330)	6,965
Total	33,320	33,320	36,041	(2,721)	29,668
City administration					
Personal services	307,900	307,900	417,748	(109,848)	256,716
Supplies	13,800	13,800	8,248	5,552	7,911
Other services and charges	41,110	41,110	45,476	(4,366)	38,072
Total	362,810	362,810	471,472	(108,662)	302,699
Elections					
Personal services	3,520	3,520	3,439	81	6
Supplies	900	900	634	266	-
Other services and charges	1,370	1,370	720	650	99
Total	5,790	5,790	4,793	997	105
Financial administration					
Personal services	125,650	125,650	115,309	10,341	109,274
Supplies	2,200	2,200	517	1,683	567
Other services and charges	2,800	2,800	2,004	796	2,224
Total	130,650	130,650	117,830	12,820	112,065
Assessor					
Other services and charges	42,000	42,000	39,451	2,549	39,451
Legal and accounting					
Other services and charges	140,030	140,030	150,540	(10,510)	152,522
Municipal building					
Supplies	3,050	3,050	959	2,091	1,437
Other services and charges	18,100	18,100	17,943	157	13,280
Rent for offices	3,900	3,900	4,273	(373)	3,404
Total	25,050	25,050	23,175	1,875	18,121
Total general government	739,650	739,650	843,302	(103,652)	654,631

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES - CONTINUED					
Current expenditures - continued					
Public safety					
Police					
Personal services	$ 1,133,600	$ 1,133,600	$ 1,137,609	$ (4,009)	$ 1,078,827
Supplies	104,000	104,000	73,646	30,354	91,641
Other services and charges	119,900	119,900	110,554	9,346	93,809
Total	1,357,500	1,357,500	1,321,809	35,691	1,264,277
Fire					
Personal services	138,365	138,365	121,980	16,385	145,423
Supplies	45,000	45,000	33,399	11,601	40,228
Other services and charges	60,200	60,200	65,338	(5,138)	69,480
Total	243,565	243,565	220,717	22,848	255,131
Animal control					
Other services and charges	7,240	7,240	5,235	2,005	6,159
Total public safety	1,608,305	1,608,305	1,547,761	60,544	1,525,567
Public works					
Streets and highways					
Personal services	195,610	195,610	178,591	17,019	176,147
Supplies	51,550	51,550	46,246	5,304	54,483
Other services and charges	379,700	379,700	316,580	63,120	425,121
Total	626,860	626,860	541,417	85,443	655,751
Recycling					
Personal services	24,690	24,690	19,995	4,695	16,469
Supplies	3,250	3,250	1,553	1,697	1,373
Other services and charges	22,100	22,100	16,845	5,255	12,608
Total	50,040	50,040	38,393	11,647	30,450
Total public works	676,900	676,900	579,810	97,090	686,201

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	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	$ 122,800	$ 122,800	$ 104,414	$ 18,386	$ 106,974
Supplies	44,400	44,400	47,847	(3,447)	45,560
Other services and charges	96,300	96,300	90,325	5,975	89,207
Total	263,500	263,500	242,586	20,914	241,741
Pioneer days					
Other services and charges	15,000	15,000	16,463	(1,463)	5,801
Total culture and recreation	278,500	278,500	259,049	19,451	247,542
Community development					
Planning and zoning					
Personal services	8,000	8,000	1,059	6,941	6,976
Supplies	400	400	-	400	-
Other services and charges	88,250	88,250	89,735	(1,485)	149,304
Total	96,650	96,650	90,794	5,856	156,280
Building inspection					
Personal services	93,350	93,350	120,393	(27,043)	87,949
Supplies	4,600	4,600	9,333	(4,733)	4,119
Other services and charges	3,100	3,100	5,845	(2,745)	3,020
Total	101,050	101,050	135,571	(34,521)	95,088
Total community development	197,700	197,700	226,365	(28,665)	251,368
Unallocated					
Miscellaneous					
Other services and charges	6,100	6,100	16,157	(10,057)	5,571
Total current expenditures	3,507,155	3,507,155	3,472,444	34,711	3,370,880
Capital outlay					
General government	8,000	8,000	5,081	2,919	3,164
Public safety	123,401	123,401	132,601	(9,200)	62,435
Public works	11,250	11,250	8,546	2,704	-
Culture and recreation	52,400	52,400	48,727	3,673	28,889
Community development	-	-	-	-	26,470
Total capital outlay	195,051	195,051	194,955	96	120,958

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES - CONTINUED					
Debt service					
Principal	$ 30,500	$ 30,500	$ 30,499	$ 1	$ 28,549
Interest and other charges	2,623	2,623	2,622	1	4,573
Total debt service	33,123	33,123	33,121	2	33,122
TOTAL EXPENDITURES	3,735,329	3,735,329	3,700,520	34,809	3,524,960
EXCESS OF REVENUES OVER EXPENDITURES	302,000	302,000	632,685	330,685	430,356
OTHER FINANCING SOURCES (USES)					
Transfers in	60,000	60,000	66,685	6,685	60,000
Sale of capital assets	28,000	28,000	30,521	2,521	27,321
Transfers out	(390,000)	(390,000)	(390,000)	-	(340,000)
TOTAL OTHER FINANCING SOURCES (USES)	(302,000)	(302,000)	(292,794)	9,206	(252,679)
NET CHANGE IN FUND BALANCES	-	-	339,891	339,891	177,677
FUND BALANCES, JANUARY 1	2,249,166	2,249,166	2,249,166	-	2,071,489
FUND BALANCES, DECEMBER 31	$ 2,249,166	$ 2,249,166	$ 2,589,057	$ 339,891	$ 2,249,166

CITY OF ST. FRANCIS, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014

	311 G.O. Bonds 2007A	**330** EDA Lease Revenue Bond	Total
ASSETS			
Cash and temporary investments	$ 113,551	$ 60,002	$ 173,553
Cash held with fiscal agent	540,440	-	540,440
Restricted cash	-	551,795	551,795
Receivables			
Accrued interest	100	796	896
Delinquent taxes	363	-	363
Special assessments	154,344	-	154,344
Due from other governments	709	-	709
TOTAL ASSETS	$ 809,507	$ 612,593	$ 1,422,100
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - taxes	$ 363	$ -	$ 363
Unavailable revenues - special assessments	154,344	-	154,344
TOTAL DEFERRED INFLOWS OF RESOURCES	154,707	-	154,707
FUND BALANCES			
Restricted for debt service	654,800	612,593	1,267,393
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 809,507	$ 612,593	$ 1,422,100

CITY OF ST. FRANCIS, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2014

	311 G.O. Bonds 2007A	**330** EDA Lease Revenue Bond	Total
REVENUES			
Taxes	$ 21,307	$ -	$ 21,307
Special assessments	22,180	-	22,180
Interest on investments	5,491	4,352	9,843
TOTAL REVENUES	48,978	4,352	53,330
EXPENDITURES			
Debt service			
Principal	70,000	225,000	295,000
Interest and other charges	45,223	323,983	369,206
TOTAL EXPENDITURES	115,223	548,983	664,206
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(66,245)	(544,631)	(610,876)
OTHER FINANCING SOURCES			
Transfers in	39,880	505,000	544,880
NET CHANGE IN FUND BALANCES	(26,365)	(39,631)	(65,996)
FUND BALANCES, JANUARY 1	681,165	652,224	1,333,389
FUND BALANCES, DECEMBER 31	$ 654,800	$ 612,593	$ 1,267,393

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Property taxes	$ 20,900	$ 20,900	$ 21,307	$ 407	$ 20,984
Special assessments	24,000	24,000	22,180	(1,820)	24,024
Investment earnings	1,000	1,000	5,491	4,491	(2,833)
TOTAL REVENUES	45,900	45,900	48,978	3,078	42,175
EXPENDITURES					
Debt service					
Principal	70,000	70,000	70,000	-	65,000
Bond issuance costs	-	-	-	-	5,847
Interest and other charges	32,908	32,908	45,223	(12,315)	35,317
TOTAL EXPENDITURES	102,908	102,908	115,223	(12,315)	106,164
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(57,008)	(57,008)	(66,245)	(9,237)	(63,989)
OTHER FINANCING SOURCES					
Transfers in	39,880	39,880	39,880	-	39,880
Bonds issued	-	-	-	-	560,000
TOTAL OTHER FINANCING SOURCES	39,880	39,880	39,880	-	599,880
NET CHANGE IN FUND BALANCES	(17,128)	(17,128)	(26,365)	(9,237)	535,891
FUND BALANCES, JANUARY 1	681,165	681,165	681,165	-	145,274
FUND BALANCES, DECEMBER 31	$ 664,037	$ 664,037	$ 654,800	$ (9,237)	$ 681,165

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Investment earnings	$ 3,000	$ 3,000	$ 4,352	$ 1,352	$ (33,961)
EXPENDITURES					
Debt service					
Principal	225,000	225,000	225,000	-	195,000
Interest and other charges	323,783	323,783	323,983	(200)	326,445
TOTAL EXPENDITURES	548,783	548,783	548,983	(200)	521,445
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(545,783)	(545,783)	(544,631)	1,152	(555,406)
OTHER FINANCING SOURCES					
Transfers in	505,000	505,000	505,000	-	505,000
NET CHANGE IN FUND BALANCES	(40,783)	(40,783)	(39,631)	1,152	(50,406)
FUND BALANCES, JANUARY 1	652,224	652,224	652,224	-	702,630
FUND BALANCES, DECEMBER 31	$ 611,441	$ 611,441	$ 612,593	$ 1,152	$ 652,224

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	$ 134,251	$ 94,841	$ (123,794)	$ 105,298
Special assessments receivable	46	3,059	-	3,105
TOTAL ASSETS	$ 134,297	$ 97,900	$ (123,794)	$ 108,403
LIABILITIES				
Accounts payable	$ 5,138		$ (5,138)	$ -
Deposits payable	129,159	102,803	(123,559)	108,403
TOTAL LIABILITIES	$ 134,297	$ 102,803	$ (128,697)	$ 108,403

CITY OF ST. FRANCIS, MINNESOTA
SUMMARY FINANCIAL REPORT
GOVERNMENTAL FUNDS
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Total		Percent Increase
	2014	2013	(Decrease)
REVENUES			
Taxes	$ 3,072,879	$ 3,021,447	1.70 %
Licenses and permits	94,205	87,298	7.91
Intergovernmental	567,935	449,284	26.41
Charges for services	460,737	326,599	41.07
Fines and forfeits	49,635	33,927	46.30
Special assessments	196,257	51,141	283.76
Interest on investments	34,894	(17,832)	N/A
Miscellaneous	195,635	193,875	0.91
TOTAL REVENUES	$ 4,672,177	$ 4,145,739	12.70 %
Per Capita	$ 645	$ 570	13.28 %
EXPENDITURES			
Current			
General government	$ 843,302	$ 654,631	28.82 %
Public safety	1,556,675	1,533,049	1.54
Public works	579,810	686,201	(15.50)
Culture and recreation	259,049	247,542	4.65
Community development	239,745	264,659	(9.41)
Miscellaneous	16,157	5,571	190.02
Capital outlay			
General government	8,178	3,164	158.47
Public safety	132,601	86,291	53.67
Public works	369,510	651,780	(43.31)
Culture and recreation	92,695	120,194	(22.88)
Community development	-	26,470	(100.00)
Debt service			
Principal	325,499	288,549	12.81
Bond issuance costs	-	5,847	(100.00)
Interest and other charges	371,828	366,335	1.50
TOTAL EXPENDITURES	$ 4,795,049	$ 4,940,283	(2.94) %
Per Capita	$ 662	$ 679	(2.44) %
Total Long-term Indebtedness	$ 9,090,000	$ 9,431,521	(3.62) %
Per Capita	1,256	1,296	(3.13)
General Fund Balance - December 31	$ 2,589,057	$ 2,249,166	15.11 %
Per Capita	358	309	15.70

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, 2014

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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			
	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	$ 2,304,280	$ 3,661,148	$ 3,613,007	$ 5,221,614
Restricted	827,320	-	461,673	477,193
Unrestricted	2,379,184	2,123,872	6,298,009	4,855,454
Total governmental activities net position	$ 5,510,784	$ 5,785,020	$ 10,372,689	$ 10,554,261
Business-type activities				
Net investment in capital assets	$ 5,114,283	$ 5,197,719	$ 9,305,330	$ 7,015,882
Restricted	-	3,082,159	-	-
Unrestricted	4,474,335	2,184,782	99,992	3,952,097
Total business-type activities net position	$ 9,588,618	$ 10,464,660	$ 9,405,322	$ 10,967,979
Primary government				
Net investment in capital assets	$ 7,418,563	$ 8,858,867	$ 12,918,337	$ 12,237,496
Restricted	827,320	3,082,159	461,673	477,193
Unrestricted	6,853,519	4,308,654	6,398,001	8,807,551
Total primary government net position	$ 15,099,402	$ 16,249,680	$ 19,778,011	$ 21,522,240

Table 1

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ 7,782,258	$ 5,903,447	$ 7,168,911	$ 6,292,733	$ 6,491,164	$ 6,471,404
437,786	404,530	571,078	1,080,107	1,066,566	997,745
3,579,646	3,076,111	1,745,047	1,999,789	2,345,374	3,371,139
$ 11,799,690	$ 9,384,088	$ 9,485,036	$ 9,372,629	$ 9,903,104	$ 10,840,288
$ 4,899,083	$ 6,899,701	$ 7,453,005	$ 7,773,435	$ 8,073,272	$ 8,824,440
-	-	-	-	-	-
6,433,382	7,561,395	7,383,130	7,303,907	6,973,367	5,488,087
$ 11,332,465	$ 14,461,096	$ 14,836,135	$ 15,077,342	$ 15,046,639	$ 14,312,527
$ 12,681,341	$ 12,803,148	$ 14,621,916	$ 14,066,168	$ 14,564,436	$ 15,295,844
437,786	404,530	571,078	1,080,107	1,066,566	997,745
10,013,028	10,637,506	9,128,177	9,303,696	9,318,741	8,859,226
$ 23,132,155	$ 23,845,184	$ 24,321,171	$ 24,449,971	$ 24,949,743	$ 25,152,815

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			
	2005	2006	2007	2008
Expenses				
Governmental activities				
General government	$ 466,252	$ 346,904	$ 565,314	$ 590,722
Public safety	1,221,819	1,402,463	1,418,210	1,482,823
Public works	406,180	515,598	514,688	523,808
Culture and recreation	196,231	264,694	303,262	332,060
Community development	-	621,741	202,461	189,895
Miscellaneous	145,710	54,998	9,497	18,754
Interest on long-term debt	46,741	39,825	80,663	72,208
Total governmental activities expenses	2,482,933	3,246,223	3,094,095	3,210,270
Business-type activities				
Water	463,773	524,512	603,368	912,437
Sewer	583,882	675,494	498,250	584,940
Liquor store	1,570,007	1,720,606	1,845,597	1,873,355
Total business-type activities expenses	2,617,662	2,920,612	2,947,215	3,370,732
Total primary government expenses	$ 5,100,595	$ 6,166,835	$ 6,041,310	$ 6,581,002
Program revenues				
Governmental activities				
Charges for services				
General government	$ 28,980	$ 27,574	$ 36,720	$ 26,329
Public safety	557,993	274,357	306,085	229,991
Public works	3,323	46,133	502,741	11,613
Culture and recreation	1,170	1,260	875	1,635
Community development	-	261,130	243,422	122,987
Miscellaneous	30,281	24,454	47,819	38,029
Operating grants and contributions	223,827	206,244	245,515	235,577
Capital grants and contributions	703,543	245,003	1,057,637	25,687
Total governmental activities program revenues	1,549,117	1,086,155	2,440,814	691,848
Business-type activities				
Charges for services				
Water	896,638	925,509	1,108,117	1,031,221
Sewer	493,924	510,398	596,062	739,149
Liquor store	1,717,092	1,831,828	1,956,503	2,029,577
Operating grants and contributions	-	-	1,880	610
Capital grants and contributions	538,160	258,063	380,989	69,600
Total business-type activities program revenues	3,645,814	3,525,798	4,043,551	3,870,157
Total primary government program revenues	$ 5,194,931	$ 4,611,953	$ 6,484,365	$ 4,562,005

Table 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ 663,068	$ 823,109	$ 708,620	$ 700,606	$ 684,752	$ 869,752
1,485,755	1,570,589	1,607,064	1,689,773	1,742,193	1,787,394
931,674	812,302	1,033,276	699,037	1,098,082	1,189,614
310,479	351,844	366,321	378,696	362,829	371,104
119,724	116,532	119,378	155,770	268,789	242,227
12,705	6,339	3,309	18,494	5,571	16,157
61,780	66,240	58,313	541,676	376,293	365,306
3,585,185	3,746,955	3,896,281	4,184,052	4,538,509	4,841,554
1,046,900	1,111,363	1,143,017	1,136,619	1,156,583	1,121,532
755,755	878,226	958,231	858,682	972,980	941,358
1,893,024	1,900,572	1,873,937	1,883,145	1,899,467	1,948,432
3,695,679	3,890,161	3,975,185	3,878,446	4,029,030	4,011,322
$ 7,280,864	$ 7,637,116	$ 7,871,466	$ 8,062,498	$ 8,567,539	$ 8,852,876
$ 156,448	$ 161,884	$ 162,613	$ 195,491	$ 246,588	$ 270,718
163,048	167,977	161,869	147,531	105,181	190,140
14,596	16,488	5,204	3,767	4,361	2,172
1,885	1,958	7,441	1,955	1,345	1,460
102,799	116,095	152,503	120,685	130,917	184,877
31,527	39,207	54,182	70,175	111,023	101,924
251,441	156,964	161,155	130,368	163,138	180,133
300,511	254,328	456,588	291,558	957,583	382,286
1,022,255	914,901	1,161,555	961,530	1,720,136	1,313,710
1,087,286	1,063,256	1,064,157	1,147,518	1,132,206	1,134,332
784,372	805,969	900,193	898,292	906,182	930,651
2,067,517	2,050,403	2,037,209	2,096,011	2,058,662	2,109,850
5,241	57,312	-	6,500	-	-
77,600	238,200	20,800	66,000	129,000	108,000
4,022,016	4,215,140	4,022,359	4,214,321	4,226,050	4,282,833
$ 5,044,271	$ 5,130,041	$ 5,183,914	$ 5,175,851	$ 5,946,186	$ 5,596,543

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

	Fiscal Year			
	2005	2006	2007	2008
Net revenues (expenses)				
Governmental activities	$ (933,816)	$ (2,160,068)	$ (653,281)	$ (2,518,422)
Business-type activities	1,028,152	605,186	1,096,336	499,425
Total primary government net revenues (expenses)	$ 94,336	$ (1,554,882)	$ 443,055	$ (2,018,997)
General revenues and other changes in net position				
Governmental activities				
Taxes				
Property taxes	$ 1,871,121	$ 2,048,870	$ 2,296,913	$ 2,581,538
Tax increments	27,693	17,801	18,670	16,429
Grants and contributions not restricted to specific programs	339,144	366,495	363,439	769,967
Other general revenues	186,738	-	17,981	36,512
Unrestricted investment earnings	62,824	82,413	61,935	96,571
Transfers - capital assets	-	-	(2,047,914)	(741,564)
Transfers - debt	-	-	3,115,000	-
Transfers	13,500	(81,275)	257,780	(59,459)
Total governmental activities	2,501,020	2,434,304	4,083,804	2,699,994
Business-type activities				
Unrestricted investment earnings	121,751	189,581	321,338	255,877
Gain on sale of capital assets	-	-	5,000	6,332
Transfers - capital assets	-	-	2,047,914	741,564
Transfers - debt	-	-	(3,115,000)	-
Transfers	(13,500)	81,275	(257,780)	59,459
Total business-type activities	108,251	270,856	(998,528)	1,063,232
Total primary government	$ 2,609,271	$ 2,705,160	$ 3,085,276	$ 3,763,226
Change in net position				
Governmental activities	$ 1,567,204	$ 274,236	$ 3,430,523	$ 181,572
Business-type activities	1,136,403	876,042	97,808	1,562,657
Total primary government	$ 2,703,607	$ 1,150,278	$ 3,528,331	$ 1,744,229

Table 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ (2,562,930)	$ (2,832,054)	$ (2,734,726)	$ (3,222,522)	$ (2,818,373)	$ (3,527,844)
326,337	324,979	47,174	335,875	197,020	271,511
$ (2,236,593)	$ (2,507,075)	$ (2,687,552)	$ (2,886,647)	$ (2,621,353)	$ (3,256,333)
$ 2,612,273	$ 2,739,739	$ 2,724,403	$ 2,890,203	$ 3,001,538	$ 3,017,872
15,317	18,285	15,374	15,144	14,270	14,260
983,567	170,718	149,366	87,294	85,992	318,445
14,927	3,435	2,644	5,529	-	4,521
69,793	46,421	26,971	61,301	(17,832)	34,894
-	(2,144,660)	(192,320)	-	-	-
-	-	-	-	-	-
112,482	(427,693)	99,880	60,000	264,880	1,075,036
3,808,359	406,245	2,826,318	3,119,471	3,348,848	4,465,028
150,631	122,866	120,322	64,903	37,157	69,413
-	-	15,532	-	-	-
-	2,144,660	192,320	-	-	-
-	-	-	-	-	-
(112,482)	427,693	(99,880)	(60,000)	(264,880)	(1,075,036)
38,149	2,695,219	228,294	4,903	(227,723)	(1,005,623)
$ 3,846,508	$ 3,101,464	$ 3,054,612	$ 3,124,374	$ 3,121,125	$ 3,459,405
$ 1,245,429	$ (2,425,809)	$ 91,592	$ (103,051)	$ 530,475	$ 937,184
364,486	3,020,198	275,468	340,778	(30,703)	(734,112)
$ 1,609,915	$ 594,389	$ 367,060	$ 237,727	$ 499,772	$ 203,072

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

	Fiscal Year			
	2005	2006	2007	2008
General fund				
Reserved	$ -	$ -	$ -	$ -
Unreserved	1,491,866	1,295,003	1,549,075	1,906,188
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General fund	$ 1,491,866	$ 1,295,003	$ 1,549,075	$ 1,906,188
All other governmental funds				
Reserved	$ 3,484,047	$ 3,477,478	$ 2,642,776	$ 2,934,413
Unreserved, reported in				
Special revenue funds	822,527	77,698	159,709	143,321
Capital project funds	951,384	1,703,319	1,260,475	743,062
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	$ 5,257,958	$ 5,258,495	$ 4,062,960	$ 3,820,796

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					
2009	2010	2011	2012	2013	2014
$ -	$ 1,803	$ -	$ -	$ -	$ -
2,086,873	2,048,599	-	-	-	-
-	-	3,055	9,861	15,079	16,682
-	-	8,095	8,174	8,174	-
-	-	2,058,863	2,053,454	2,225,913	2,572,375
$ 2,086,873	$ 2,050,402	$ 2,070,013	$ 2,071,489	$ 2,249,166	$ 2,589,057
$ 850,341	$ 209,998	$ -	$ -	$ -	$ -
292,039	263,279	-	-	-	-
760,880	199,289	-	-	-	-
-	-	386,123	1,448,156	1,781,010	1,519,299
-	-	406,183	481,981	500,910	770,866
-	-	(1,254,897)	(1,022,799)	(1,494,602)	(860,053)
$ 1,903,260	$ 672,566	$ (462,591)	$ 907,338	$ 787,318	$ 1,430,112

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

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Taxes				
General property tax	$ 1,842,144	$ 2,033,511	$ 2,248,640	$ 2,541,791
Tax increments	27,693	17,801	18,670	16,429
Special assessments	-	20,578	100,578	116,915
Licenses and permits	216,517	164,998	173,379	87,735
Intergovernmental	1,246,831	536,850	941,278	961,515
Charges for services	825,388	350,592	901,866	340,973
Fines and forfeitures	46,800	55,167	58,461	46,213
Interest on investments	135,974	204,822	252,714	196,947
Miscellaneous	712,908	137,688	238,562	110,832
Total revenues	5,054,255	3,522,007	4,934,148	4,419,350
Expenditures				
Current				
General government	621,147	559,985	536,924	662,716
Public safety	1,042,626	1,217,117	1,296,240	1,344,164
Public works	394,700	419,061	483,993	446,179
Culture and recreation	244,246	242,623	230,783	261,044
Community development	96,003	227,228	249,961	189,895
Miscellaneous	62,196	54,998	9,497	18,754
Capital outlay				
General government	9,051	114,946	518,430	-
Public safety	45,018	65,333	103,323	30,335
Public works	441,742	405,443	5,501,287	1,000,855
Culture and recreation	2,281	807,453	130,397	185,125
Community development	236,896	394,513	-	-
Debt service				
Principal	1,683,449	384,432	951,325	394,048
Interest and other charges	272,415	301,959	360,058	387,068
Total expenditures	5,151,770	5,195,091	10,372,218	4,920,183
Excess (deficiency) or revenues over (under) expenditures	(97,515)	(1,673,084)	(5,438,070)	(500,833)
Other financing sources (uses)				
Transfers in	346,995	1,202,595	740,487	759,291
Transfers out	(333,495)	(2,563,256)	(482,707)	(205,500)
Bond proceeds	-	2,828,248	4,200,715	-
Contract for deed issued	-	-	-	-
Sale of capital assets	-	9,171	38,112	61,991
Total other financing sources (uses)	13,500	1,476,758	4,496,607	615,782
Net change in fund balance	$ (84,015)	$ (196,326)	$ (941,463)	$ 114,949
Debt service as a percentage of noncapital expenditures	79.48 %	25.23 %	46.71 %	26.73 %

Table 4

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ 2,639,498	$ 2,744,495	$ 2,733,171	$ 2,914,638	$ 3,007,177	$ 3,058,619
15,317	18,285	15,374	15,144	14,270	14,260
94,319	54,438	63,380	64,949	51,141	196,257
66,207	78,242	99,415	89,300	87,298	94,205
1,217,007	380,977	698,484	434,324	449,284	567,935
295,362	313,878	310,544	302,731	326,599	460,737
38,555	30,537	30,414	35,166	33,927	49,635
69,793	46,421	26,971	61,301	(17,832)	34,894
106,392	135,789	145,615	136,182	193,875	195,635
4,542,450	3,803,062	4,123,368	4,053,735	4,145,739	4,672,177
627,997	646,947	651,933	656,188	654,631	843,302
1,363,710	1,457,092	1,480,092	1,486,294	1,533,049	1,556,675
631,200	700,257	650,285	504,988	686,201	579,810
273,802	282,548	290,081	277,255	247,542	259,049
119,724	116,532	119,378	155,770	264,659	239,745
12,705	6,339	3,309	18,494	5,571	16,157
330,823	226,787	29,978	6,534	3,164	8,178
46,768	32,849	80,873	130,560	86,291	132,601
661,224	466,039	1,301,477	7,028,857	651,780	369,510
76,376	72,477	435,890	208,043	120,194	92,695
-	-	-	-	26,470	-
132,911	113,095	271,946	91,723	288,549	325,499
62,825	56,871	50,595	407,665	372,182	371,828
4,340,065	4,177,833	5,365,837	10,972,371	4,940,283	4,795,049
202,385	(374,771)	(1,242,469)	(6,918,636)	(794,544)	(122,872)
865,643	794,826	516,166	981,795	604,880	1,465,036
(753,161)	(1,222,519)	(416,286)	(921,795)	(340,000)	(390,000)
-	-	-	8,200,000	560,000	-
-	150,000	-	-	-	-
49,403	29,965	27,043	30,041	27,321	30,521
161,885	(247,728)	126,923	8,290,041	852,201	1,105,557
$ 364,270	$ (622,499)	$ (1,115,546)	$ 1,371,405	$ 57,657	$ 982,685
6.46 %	4.84 %	9.01 %	13.45 %	16.04 %	16.32 %

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

	2005	2006	2007	2008
Estimated market value				
Real property	$442,992,300	$472,611,300	$524,038,800	$574,451,900
Personal property	5,517,300	5,592,900	6,453,700	6,255,800
Total estimated market value	$448,509,600	$478,204,200	$530,492,500	$580,707,700
Tax capacity				
Residential property	$ 3,627,898	$ 4,197,758	$ 4,654,748	$ 4,874,805
Commercial / industrial property	603,722	697,404	772,448	839,860
Other	280,188	289,383	329,447	349,124
Contribution to fiscal disparities pool	(253,164)	(277,760)	(315,838)	(353,194)
Receivable from fiscal disparities pool	747,178	744,058	1,069,287	1,208,203
Tax increment	(28,594)	(18,270)	(19,434)	(16,615)
Net tax capacity	$ 4,977,228	$ 5,632,573	$ 6,490,658	$ 6,902,183
Net tax capacity as a percentage of estimated market value	1.110 %	1.178 %	1.224 %	1.189 %
Gross tax levy	$ 1,979,977	$ 2,167,157	$ 2,402,157	$ 2,690,415
Tax capacity rate	40.650 %	38.150 %	36.790 %	39.390 %

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

Table 5

2009	2010	2011	2012	2013	2014
$568,978,400	$525,397,100	$464,184,500	$456,064,600	$405,703,000	$392,686,000
6,167,500	5,988,500	6,502,200	6,573,500	6,496,600	6,124,000
$575,145,900	$531,385,600	$470,686,700	$462,638,100	$412,199,600	$398,810,000
$ 4,844,770	$ 4,563,115	$ 4,055,812	$ 3,586,358	$ 3,153,799	$ 3,037,063
839,984	740,819	686,986	655,422	563,227	516,209
351,157	294,516	258,316	244,970	221,807	222,735
(378,126)	(377,468)	(341,228)	(323,392)	(310,154)	(274,535)
1,406,759	1,470,600	1,531,408	1,383,468	1,320,087	1,434,712
(16,078)	(16,833)	(12,820)	(12,628)	(11,899)	(11,891)
$ 7,048,466	$ 6,674,749	$ 6,178,474	$ 5,534,198	$ 4,936,867	$ 4,924,293
1.226 %	1.256 %	1.313 %	1.196 %	1.198 %	1.235 %
$ 2,724,202	$ 2,873,160	$ 2,873,160	$ 2,873,160	$ 2,988,086	$ 2,988,086
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
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
2014	59.209	0.420	59.629	43.239	33.635	51.286	4.542	141.045	158.696

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, 2014

Table 7

Taxpayer	2014 Net Tax Capacity	2014 Rank	2014 Percent of Total Net Tax Capacity	2004 Net Tax Capacity	2004 Rank	2004 Percent of Total Net Tax Capacity
Alliant Techsystems	$ 160,552	1	4.25 %	$ 199,220	1	4.53 %
ALS Properties Woodhaven LLC	101,569	2	2.69	92,235	3	2.10
St. Francis Realty LLC	81,241	3	2.15	113,279	2	2.57
Connexus Energy	58,066	4	1.54	80,778	4	1.83
King Exchange LLC	54,036	5	1.43			
Minnegasco Inc.	52,438	6	1.39	36,370	5	0.83
Northern Capital Investments	27,653	7	0.73			
Village Bank	21,754	8	0.58			
Jensen Family LP	21,582	9	0.54	30,211	7	0.69
Weaver Brothers Company	19,047	10	0.50			
Abbey Field LP	-	-	-	33,628	6	0.76
Central Bank	-	-	-			
Turtle Ridge Townhomes of St. Francis	-	-	-	28,798	8	0.65
Brama Brothers Enterprises, LLC	-	-	-	28,401	9	0.65
The Ponds Golf Course LLC	-	-	-	22,710	10	0.52
Total	$ 597,938		15.80 %	$ 665,630		15.13 %

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
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	94,689	2,265,685	99.94
2008	2,690,415	2,550,066	2,448,984	96.04	98,841	2,547,825	99.91
2009	2,724,202	2,579,929	2,492,264	96.60	77,894	2,570,158	99.62
2010	2,873,160	2,856,338	2,770,029	96.98	66,867	2,836,896	99.32
2011	2,873,160	2,704,618	2,665,913	98.57	40,570	2,706,483	100.07
2012	2,873,160	2,873,160	2,847,168	99.10	27,163	2,874,331	100.04
2013	2,988,086	2,988,086	2,972,920	99.49	29,221	3,002,141	100.47
2014	2,988,086	2,988,086	2,985,995	99.93	-	2,985,995	99.93

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
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	-	-
2014	1,310,000	7,780,000	16,022	-	-

Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See the Demographic Statistics table on page 131 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	Total Primary Government	Percentage of Personal Income	Per Capita
$ 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	8.80	3,413
14,406,000	23,512,022	*	*

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
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	3.91	2,213
2014	15,716,000	654,800	15,061,200	3.65	2,080

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 118-119 for property value data.
See the Demographic Statistics on page 131 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	$ 9,106,022	100.00 %	$ 9,106,022
Overlapping debt			
Anoka County	$ 118,390,000	1.81 %	$ 2,142,859
Isanti County	$ 6,875,000	0.20	1,375
School District 15	27,600,000	19.99	5,517,240
Metropolitan Council	2,113,674	0.19	4,016
Metro Transit	306,885,092	0.21	644,459
Total overlapping debt	$ 461,863,766		$ 8,309,949
Total direct and overlapping debt	$ 470,969,788		$ 17,415,971

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			
	2005	2006	2007	2008
Estimated Market Value of Taxable Property	$448,509,600	$478,204,200	$530,492,500	$580,707,700
Statutory percentage	2.0%	2.0%	2.0%	2.0%
Statutory debt limit	8,970,192	9,564,084	10,609,850	11,614,154
Total net debt applicable to limit	-	-	-	-
Legal debt margin	$ 8,970,192	$ 9,564,084	$ 10,609,850	$ 11,614,154

Table 12

Fiscal Year					
2009	2010	2011	2012	2013	2014
$575,145,900	$531,385,600	$470,686,700	$462,638,100	$412,199,600	$398,810,000
2.0%	2.0%	2.0%	3.0%	3.0%	3.0%
11,502,918	10,627,712	9,413,734	13,879,143	12,365,988	11,964,300
-	-	-	-	-	-
$ 11,502,918	$ 10,627,712	$ 9,413,734	$ 13,879,143	$ 12,365,988	$ 11,964,300

Legal Debt Margin Calculation for Fiscal Year 2014

Estimated Market Value of Taxable Property	$398,810,000
Statutory percentage	3.0%
Statutory debt limit	$ 11,964,300
Total bonds outstanding	$ 23,496,000
Less: Special assessment bonds	(1,310,000)
Less: Utility revenue bonds	(14,406,000)
Less: Lease revenue bonds	(7,780,000)
Debt applicable to limit	-
Legal debt margin	$ 11,964,300

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

Table 13

	G.O. Special Assessment Bonds						
Fiscal	Property	Special	Revenue	Debt Service			
Year	Taxes	Assessments	Available	Principal	Interest	Total	Coverage
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
2014	21,307	22,180	43,487	70,000	45,223	115,223	0.377

	G.O. Revenue Bonds						
Fiscal	Operating	Operating	Net	Debt Service			
Year	Revenue (1)	Expenses (2)	Revenue	Principal (3)	Interest	Total	Coverage
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
2014	2,140,792	995,362	1,145,430	1,000,000	452,516	1,452,516	78.858

(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
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
2014	7,240	297,404,720	41,078	3.5

(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 TEN YEARS AGO

Table 15

	2014			2006		
Employer	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
McDonald's	54	3	3.48	58	3	5.27
Temperature Specialists, Inc.	49	4	3.16	33	7	3.00
Beef O' Bradys	40	5	2.58	-	-	-
Northland Screw Products	36	6	2.32	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	-	-	-
Fairview Clinic	17	11	1.10	-	-	-
Village Bank	13	12	0.84	-	-	-
St. Francis Physical Therapy	7	13	0.45	-	-	-
Casey's General Store	-		-	12	10	1.09
Total	1,246		80.31 %	789		71.71 %

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	2014
General government	4	5	5	5	5	5	6	6
Public safety								
Police	12	12	12	12	12	12	12	13
Public works	3	3	3	3	3	3	3	2
Culture and recreation	3	2	3	3	3	3	2	2
Water	3	2	2	2	2	2	2	2
Sewer	3	2	2	2	2	2	2	2
Municipal liquor store	5	5	4	4	4	4	4	4
Total	33	31	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	2014
General government								
Ordinances & Resolutions adopted	93	42	51	54	61	66	54	56
Administration - Licenses processed	44	41	40	34	41	34	29	30
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	3048
Police								
Chargeable offenses (Parts 1 & 2)	1402	1073	1,042	857	735	997	700	780
Miscellaneous offenses (Parts 3 & 4)	4686	4627	3,993	4,297	4,124	4,378	4,290	4372
Public safety calls for service	7403	6776	5,995	5,154	4,859	5,375	4,990	5152
Traffic citations issued	1315	1076	960	723	695	899	640	698
Fire								
Number of calls answered	394	371	462	397	393	415	368	328
Code enforcement								
Building permits issued	460	450	264	232	305	428	303	279
Highways and streets								
Asphalt Streets maintained	36	36	36	36	36	36	36	36
Gravel maintenance (miles)	11	11	11	12	12	12	12	11
Gravel usage (Tons)	N/A	3899	7,465	3,600	-	4,200	872	199
Sand/Salt usage (tons)	115	190	136	233	211	223	189	357
Water								
Water pumped (million gallons)	221	186	200	187	174	195	188	175
Water main breaks repaired	N/A	N/A	N/A	1	-	1	0	0
Wastewater								
Gallons of wastewater treated (millions)	107	105	120	102	132	116	119	125
Miles of sewer mains cleaned	N/A	5	4	3	3	4	3	1

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, 2014

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	21
Police protection	
Number of stations	1
Number of employees	13
Parks	
Number	14
Acres	83.0
Elections	
Registered voters last election	4,011
Number of votes cast last election	2,060
Percentage of registered voters voting	51.36%

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	2014
Public safety								
Police								
Stations	1	1	1	1	1	1	1	1
Patrol units	6	6	6	6	6	6	7	7
Fire stations								
Stations	1	1	1	1	1	1	1	1
Public works								
Highways and streets								
Streets (miles)	47	47	47	47	47	47	47	47
Street lights					201	234	252	259
Traffic signals	1	1	1	1	1	1	1	1
Culture and recreation								
Parks division								
Parks	14	14	14	14	14	14	14	14
Parks acreage	83	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	24.7
Consumers	4,347	4,790	4,393	4,475	4,475	4,380	4,380	4380
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	1,950,000
Sewer								
Miles of sanitary sewer	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6
Lift stations	12	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	540,000
Storm sewer								
Miles of storm sewer	*	*	*	*	16.7	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.