

CITY OF ST. FRANCIS
CITY COUNCIL AGENDA
May 19, 2014
ISD #15 CENTRAL SERVICES CENTER (DISTRICT OFFICES)
4115 Ambassador Blvd. NW
6:00 pm

1. Call to Order
2. Roll Call
3. Adopt Agenda
4. Consent Agenda
 - a. City Council Minutes – April 21, 2014
 - b. Accept the resignation of Fire Fighter Jesse Sawyer
 - c. St. Francis Lions Club 3.2 Permit for Pioneer Days June 6-8 and Chicken Wing Competition June 21
 - d. Beef O’Bradys Outdoor Dance Permit June 28 City Centre Parking Lot
 - e. Payment of Claims
5. Meeting Open to the Public - *Open Forum is an opportunity for citizens to sign up before the Council meeting and present an issue or concern to City Council. Each presentation should be limited to no more than four minutes unless City Council grants more time.*
6. Petitions, Requests, Applications
 - a. Abdo, Eick and Meyers: 2013 Annual Audit Review
7. Ordinances & Resolution
 - a. Resolution 2014-16: Contract for Specific Work for Shared Fire Services
8. Reports of Consultants & Staff Members
 - a. Engineer:
 - b. Attorney:
 - c. Staff:
 - Building Official:
 - Finance Dept.
 - Fire Dept.:
 - Public Works: Roundabout Update
 - Liquor Store:
 - Police: COPS Grant Discussion
 - City Administrator Report: Meridian Update
 - 4020-233rd (“old” Food-n-Fuel) Update
9. Reports from Council Members
10. Report from Mayor
11. Old Business
12. New Business
13. Adjournment

Calendar of Event

- May 20-June 3: Filings Open for Local Races – Mayor and City Council
- May 21: Planning Commission Meeting @ ISD #15 Central Services Center (District Offices) 7:00 pm
- May 26: City Offices Closed for the Memorial Day Holiday
- May 30: St. Francis High School Graduation
- June 2: City Council Work Session @ ISD #15 Central Services Center (District Offices) 5:00 pm
- June 2: City Council Meeting @ ISD #15 Central Services Center (District Offices) 6:00 pm
- June 6-8: Pioneer Days

TO: Mayor & City Council
FROM: Matthew L. Hylan,
City Administrator
RE: Agenda Memorandum – May 19, 2014 Meeting

Agenda Items:

4. Consent Agenda:

5. Petitions, Requests, Applications:

- a. *2013 Annual Audit Report:* Andy Berg, Abdo, Eick & Meyers will be present to present our 2013 Annual Audit Report. The report is on the city's website under Departments – Finance – 2013 Annual Financial Report.

7. Ordinances & Resolutions

- a. *Resolution 2014-16:* Attached is Resolution 2014-16 to contract for specific work for shared fire services. A motion would be in order to approve this resolution.

8. Reports:

a. **Engineer:**

b. **Attorney:**

c. **Staff:**

Finance Director:

Building Official:

Fire:

Public Works: *Roundabout Update:* Anoka County has been working on providing the City with the cost of the City's portion of the project. They will have informal numbers for the city council soon. Representatives from the project will be at both city council meetings in June to answer any questions the city council may have in regarding the roundabouts. Once the numbers are provided to the city and the questions answered the city council should anticipate a vote at the first meeting in July.

Liquor Store:

Police: *COPS Grant:* Acting Chief Jake Rehling will discuss the 2014 COPS Grant application.

City Administrator: *Meridian Update:* Attached is a memorandum from City Planner Nate Sparks regarding the current progress of the Meridian Behavioral Health project.

4020 233rd Avenue NW Update: City Attorney Scott Lepak and I have been working with MDW Equity on actions to move the property towards re-use.

11. Old Business:

12. New Business:

CITY OF ST. FRANCIS
ST. FRANCIS, MN
ANOKA COUNTY

CITY COUNCIL MINUTES

May 5, 2014

1. **Call to Order:** The regular City Council Meeting was called to order by Mayor Jerry Tveit at 6:00 pm.
2. **Roll Call:** Present were Mayor Jerry Tveit, Council members Amy Lazere, Steve Kane, Tim Brown and Chris McClish. Also present were City Engineer Jared Voge (Bolton & Menk, Inc.), City Attorney Scott Lepak (Barna, Guzy & Steffen) Police Sergeant Jake Rehling, Building Official Andy Schreder, Public Works Director Paul Teicher, Finance Director Darcy Mulvihill, City Administrator Matt Hysten and City Clerk Barb Held.
3. **Adopt Agenda:** MOTION BY LAZERE SECOND BROWN TO ADOPT THE MAY 5, 2014 CITY COUNCIL AGENDA. Motion carried 5-0.
4. **Consent Agenda:** MOTION BY KANE SECOND McCLISH TO APPROVE THE MAY 5, 2014 CITY COUNCIL CONSENT AGENDA AS A – C AS FOLLOWS:
 - a. Approve the City Council Minutes – April 21, 2014
 - b. Authorize the trade of the old Bobcat Skid Loader and track system for a new Bobcat Skid Loader for \$3,772.60 from Crawford's Equipment of Cambridge, MN.
 - c. Payment of Claims \$131,039.67 (Checks# 67181-67247)Motion carried 5-0.
5. **Meeting Open to the Public:** None.
6. **Petitions, Requests, Applications:**
7. **Ordinances & Resolution:**
 - a. **Ordinance 195, Second Series: Amending Section 3-4-1 through 3-4-8 of the City Code Regarding Individual Sewage Treatment Systems Ordinance (2nd Reading):**

A memorandum from City Planner Nate Sparks regarding septic system installation and maintenance was included in your council packet. The Planning Commission has recommended this Ordinance for approval. MOTION BY BROWN SECOND McCLISH APPROVING THE SECOND READING OF ORDINANCE 195, SECOND SERIES AMENDING SECTION 3-4-1 THROUGH 3-4-8 OF THE CITY CODE REGARDING INDIVIDUAL SEWAGE TREATMENT SYSTEMS. Roll Call: Ayes: Lazere, Kane, McClish, Brown, and Tveit. Nays: None.
 - b. **Resolution 2014-14: Summary Publication of Ordinance 195, Second Series:**

MOTION BY KANE SECOND COUNCILMEMBER LAZERE ADOPTING RESOLUTION 2014-14 AUTHORIZING THE SUMMARY PUBLICATION OF ORDINANCE 195, SECOND SERIES. Motion carried 5-0.
 - c. **Resolution 2014-15: Approving Interfund Loans for Financial Reporting:**

MOTION BY McCLISH SECOND BROWN ADOPTING RESOLUTION 2014-15 A

RESOLUTION APPROVING INTERFUND LOANS FOR FINANCCIAL REPORTING.
Motion carried 5-0.

8. **Reports of Consultants & Staff Members:**

a. **Engineer:**

b. **Attorney:**

c. **Staff:**

Building Official:

Finance Dept.:

Fire Dept.:

Public Works:

Liquor Store:

Police Dept.: Introduction of New Police Officer- Jody Cole: Sgt. Jake Rehling introduced Jody Cole to the City Council. Sgt. Rehling reported Officer Cole started today.

Acting Chief of Police Appointment: City Administrator Hysten reported that Police Chief Jeff Harapat is on a leave of absence. We are not sure when he will be returning with that being said I would recommend temporarily promoting Sgt. Jake Rehling to Acting Chief of Police until further notice. MOTION BY BROWN SECOND LAZERE TO APPOINT SGT. REHLING AS ACTING CHIEF UNTIL THE RETURN OF POLICE CHIEF JEFF HARAPAT AT GRADE 19, STEP 3 EFFECTIVE MAY 5, 2014. **Motion carried 5-0.**

City Administrator: Building Inspection Department: Building Official Andy Schreder and I been discussing the needs of the Building Department as the economy continues to improve. Right now, we have seven new homes along with the other building activity and code enforcement. The building activity alone keeps him busy. That does leave some of the code compliance not being attended to on a timely basis. We recently approved the rental ordinance and vacant home ordinance that falls under his department. We do have a part time seasonal employee whose time is about to expire. Tveit said it does not do us any good to pass ordinances if we do not enforce them. Brown has stated that a number of times. I would be in favor of hiring someone part or even full time if funding is there. Kane asked in past years didn't the police department help with code enforcement in the summer? The police department has not done the administrative portion of the code compliance. However, they do assist on some of the visits. McClish agrees to start part time and if funding is available go with a full time person. I would rather have the police department patrolling and not working on code enforcement.

Scheduling Next Work Session: Council set as the next Work Session for June 2, 2014 at 5:00 pm.

“Old” Food n Fuel Site (3020-233rd Avenue): Tveit stated he noticed the building was recently vandalized. Sgt. Rehling stated they are aware of it and are working on the case.

9. **Reports from Council Members:** None.

10. **Report from Mayor:** Tveit reported he attended the St. Francis Business and Community Expo April 26. I thought the attendance was down but felt it was still a great event. I recently attended the Local Government Officials meeting. Andover was the spotlight city.

11. **Old Business:**

a. **Social Media Marketing Proposal:** Lazere reported the city received a proposal from Cre8 Graphic Design. On April 22 I, Matt and Barb met with Kim Poliszuk of Cre8 Graphic Design. The proposal is a starting point we can change whatever we want. She would be working on the City's Website, Facebook, Twitter accounts along with redesigning the city's quarterly newsletter. She will also research how the city council meetings could be viewed through YouTube. The proposal was for 20 hours per month at \$800 plus additional services if council chooses. Kane asked should we go out for more proposals. Lepak stated this is a contract for service and you do not need to go out for proposals. Kane stated I think this is a very reasonable amount. Brown asked where is the funding coming from. Hylen stated at the next meeting will be our audit presentation. We have done well with our budget which means our fund balance keeps going up. Therefore, we could transfer monies from the fund balance or use liquor store funds. MOTION BY TVEIT SECOND BROWN TO ENTER INTO A SIX MONTH CONTRACT WITH CRE8 GRAPHIC DESIGN FOR 20 HOURS PER MONTH FOR SOCIAL MEDIA NEEDS. Lazere reported we will get monthly reports on where the traffic is. She is very talented. Motion carried 5-0.

b. **St. Francis Recreation Committee Update:** Kane stated he wants to stress this really is a grass roots group. The City is there along with the school to listen to their needs and wants. The next meeting will be on May 28 at 7:00 pm at Mansetti's. At this meeting they will meet with all the different organizations. Once they have everyone's input a space needs analysis will need to be completed. Would the council be willing to help this group with the cost of this assessment with funds coming from the liquor store? I am not asking for the council to dedicate an amount tonight, I want to know if the council is willing to help pay for this space needs analysis. Brown does not want to foot the whole bill. Lazere said this idea is long time coming and would be great for our community. They are looking at a 50-year project. Kane said when you bring a lot of people into St. Francis for tournaments I believe you will bring in businesses too.

Lazere asked if we could get an update on Meridian project at the next city council meeting.

McClish wants to make the council and staff aware that Arrowhead Street is starting to get in rough condition.

12. **New Business:** None.

13. **Adjournment:** The Regular City Council meeting adjourned at 6:46 pm.

Barbara I. Held, City Clerk



23340 Cree Street NW 763-753-2630

APPLICATION-SPECIAL LICENSE

3.2 BEVERAGES

Date of Application: 05-08-14

NAME OF ORGANIZATION: St. Francis Lions Club

PERSON RESPONSIBLE: Lion Harry S. DAML

ADDRESS: 23490 - 235th LN NW St. Francis PHONE: 763-257-4967

DATE OF EVENT: June 6, 7, 8, 21, 2014

TYPE OF EVENT: Dance for Chamber Softball, chicken wing cook-off
6/6-8, Fire dept- Bingo 6/7 6-21-14

LOCATION OF EVENT: Fire Stn + Community Park

NAME OF INSURANCE COMPANY: _____

Liability \$25,000/\$50,000

Property Damage \$5,000

*Copy of Insurance must be attached to application

SIGNATURE OF APPLICANT: [Signature]

FEE: \$25.00

Receipt # _____

Council Approval: _____

License # _____

Council Stipulations: _____



St. Francis Lions



Presents

Killebrew Root Beer Softball Tournament

"The Real One"

Saturday and Sunday, June 7-8th

Games played at the St. Francis Lion's Community Park

8:00 am start on June 7th

Before May 30, 2014 - \$150 fee along with roster

After May 30 through June 7 - \$175 fee

12 team limit-Double Elimination

Rules:

- 1.) 3-2 count-No Courtesy
- 2.) 4 home runs per game, after that it is an out
- 3.) 10 run rule after 5 innings, 15 after 4 & 20 after 3
- 4.) USSSA Rules

***NO OUTSIDE ALCOHOLIC BEVERAGES WILL
BE ALLOWED IN THE PARK AT THIS EVENT*
THIS EVENT WILL BE ENFORCED
BY THE CITY OF ST. FRANCIS**

ON SITE BEER SALES

**1st Annual Lions Mudslide Competition
June 7th during the Softball Tourney Intermission.
\$ 5.00 per person, anyone can enter.
Prizes for 1st, 2nd and 3rd place**

Contact Information:

Lion Larry 763-257-4967

Lion Rex 612-708-1732



**AQUA
HYDRATE™**





First Annual St. Francis Lions Chicken Wing Competition Cook-Off



at

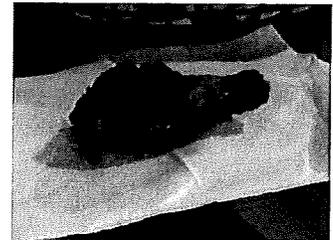
St. Francis
Community Park
Hwy. 47 St. Francis, MN

June 21, 2014

For more information
Or to sign-up, call;

Lion Larry: 763-257-4967
Lion Rex: 612-708-1732

8am - 9am	Set-up
9am - 3:30pm	Prep & Cooking Time
3:30pm - 4pm	Judging
4pm - 7pm	Let's Eat!!
4pm - 6:30pm	People's Choice voting



Chicken Wing Cook-Off Rules/Guidelines/Suggestions

- Each team will consist of a Wing Chef and as many assistants as the Wing Chef deems necessary.
- \$40 entry fee - includes 20 lbs of chicken wings; more than 1 variety/flavor another \$40. If contestant wants more than 20 lbs, additional wings available in 10 lb(?) bags - at market price.
- Food boats to be provided by St. Francis Lions, to-go boxes for judging.
- Team can start setting up at 7:00am.
- Wings will be provided to the Wing Chef and teams at 9:00am the day of the event.
- Cook any way you want and use of any and all kinds or types of cookers/cooking styles is allowed.
- Contestants must provide all needed equipment including paper towels or napkins for patrons.
- Pits, cookers, props, trailers, tents, or any other equipment is provided by the teams. Cook with whatever you want, you have to bring your own equipment, your own set up, (tables, chairs, canopies/tents ...), display, serving, any condiment containers, dishes, spoons, tongs. Teams will have a 10x10 space for each type of wing.
- Suggestions: White board status of wings- "Ready" "Sold Out"

Any trophies, plaques, etc. for display
Business Cards
Extension cords as needed

- Fires can only be wood, pellets, charcoal or gas, but NOT made on the ground. Electric and gas grills are allowed. Ashes must be removed offsite in a safe way and a safe container.
- All cooking will be done on site. No pre-cooked, pre-seasoned wings are NOT ALLOWED. Pre-made rubs, marinades, sauces are allowed.

Wings should be cooked in a way the team feels will deliver a competitive product in the time allowed (9:00am - 3:30pm). Please be sure to follow "safe food handling guidelines". An instant-read meat thermometer is suggested.

Each team registered will be asked to run in the same number wings as there are judges for judging. Wings will be judged with a blind double-number system. Wings will be judged on Appearance, Tenderness and Taste. Each wing will receive a number from 1-10 (1 =WORST, 10=BEST) on each of these 3 criteria. Each wing can receive up to a maximum total of 30 points. PRESENTATION does not count. Anything that is placed in the judging to-go container that could identify a team will automatically disqualify that team.

.Prizes:
1 st Place - \$200
2nd Place - \$100
3rd Place - \$50 People's Choice - \$75

Trophies for all places

~ It is the team's responsibility to make sure that their assigned cooking space is kept clean and completely cleaned up at the end of the contest/eating period.

April 10th, 2014

City of St. Francis

Beef 'O' Brady's and the St. Francis HS Hockey Booster Club, "Blueline Club" are requesting a permit to host an outdoor music and dance event on Saturday ~~June 28~~^{June 28,}, 2014. The event will take place in the parking lot adjacent to the Beef 'O' Brady's Family Sports Pub located at 23212 St. Francis Blvd, suite 700, St. Francis, MN.

This will be a joint effort with the non-profit Blueline Club for the purpose of fundraising for hockey equipment and to build a strong community relationship between Beef 'O' Brady's and the residents of St. Francis.

Attached is the application and proposed diagram of the location of the Tent we will have erected by a professional tent rental company. We have already received verbal authorization from the landlord, Mr. Bob King and written authorization will follow shortly. We will also submit the outdoor catering license per your request as soon as it is received, which should be received by the end of April.

I have also attached information regarding the tent structure itself, the name of the band, the time of performance and other particulars that may be required by St. Francis City administration.

Please feel free to contact me if you require additional information.

Sincerely,


Tony Zeece, Owner, Beef 'O' Brady's

763-

Tent - approximately 40'x60', will be fenced off with snow fencing and have one entry gate which will be serviced by staff to ID customers and issuing wrist bands only to those over the age of 21. The tent will have approximately 20 tables and 80 chairs. There will be a stage platform 16'x16' located on one end with the tent open on two sides. The entire tent, beer trailer and porta-potties will be fenced off with snow fence.

Live Music will be performed by Killer Hayseeds and will play starting at 8:00 pm and will cease at 12:00 pm.

A small trailer will be provided by MacDonald Distributing for the sale of keg beer. We will also have a bar serving liquor located next to the trailer. Employees of Beef 'O' Brady's will staff.

Security will be provided by staff from Beef 'O' Brady's and volunteers from the Blueline Club. We will contact the City of St. Francis Police Department and take any other recommendations they may have for security.



License # _____
Receipt _____
Date: _____
Fee Paid: _____

**PUBLIC DANCE LICENSE
INCLUDES OUTDOOR MUSIC**

Applicant Name: Anthony Josef Zeece
 (First) (Middle) (Last)

Home address: _____ Date of Birth: _____
 (Street, City, State, Zip Code) 7 55304

Driver's License # _____ Contact Telephone # 763-234

I hereby make application for a Public Dance License including outdoor music for the following establishment:
Beef 'O' Brady's - 23212 St. Francis Blvd, St. Francis MN
 (Name of Establishment) (Address)

Located in the City of St. Francis, Anoka County, Minnesota.

On-site Manager Tony Zeece Location Telephone: 763-753-8000

Dance Schedule (days and hours of event): Saturday June 28th 2014 - 8 pm - 12 pm

Size of dance floor area: 20' X 40'

I agree the dance/out door music shall be conducted in accordance with the provisions and regulations of the City of St. Francis pertaining thereto.

I (have) (have not) been convicted of a felony, gross misdemeanor or of violating any of the provisions of the Laws of Minnesota or of any ordinance regulating dances any place in the United States during the past five years. If so, please list the date, location and offense:

I have read the applicable ordinances and am familiar with the content. I will strictly comply with all of the provisions. I agree to waive my constitutional rights against search and seizure and will freely permit peace officers to inspect my premises and agree to the forfeiture of this license if found to have violated the provisions of the Ordinance for the granting of this license. I hereby solemnly swear that the foregoing statements are true and correct to the best of my knowledge.

I have contacted the St. Francis Police Department at 763-753-1264 and arranged to have the required number of officers at the dance. (Officers Expense not included in Permit Fee)

4/10/2014
 (Date)

[Signature]
 (Signature)

- * Certificate of Insurance attached
- * Driver's License or State Issued ID attached



STATE OF MINNESOTA
Minnesota Department of Public Safety
Alcohol and Gambling Enforcement

HAS BEEN ISSUED THIS LICENSE/PERMIT BY THE STATE OF MINNESOTA PURSUANT TO MINNESOTA STATUTES
CHAPTER 340A AND RELATED REGULATIONS

CATERER'S PERMIT

Fran Four Inc.

Beef O'Brady's

23212 St. Francis Blvd #700

St. Francis

MN

55070

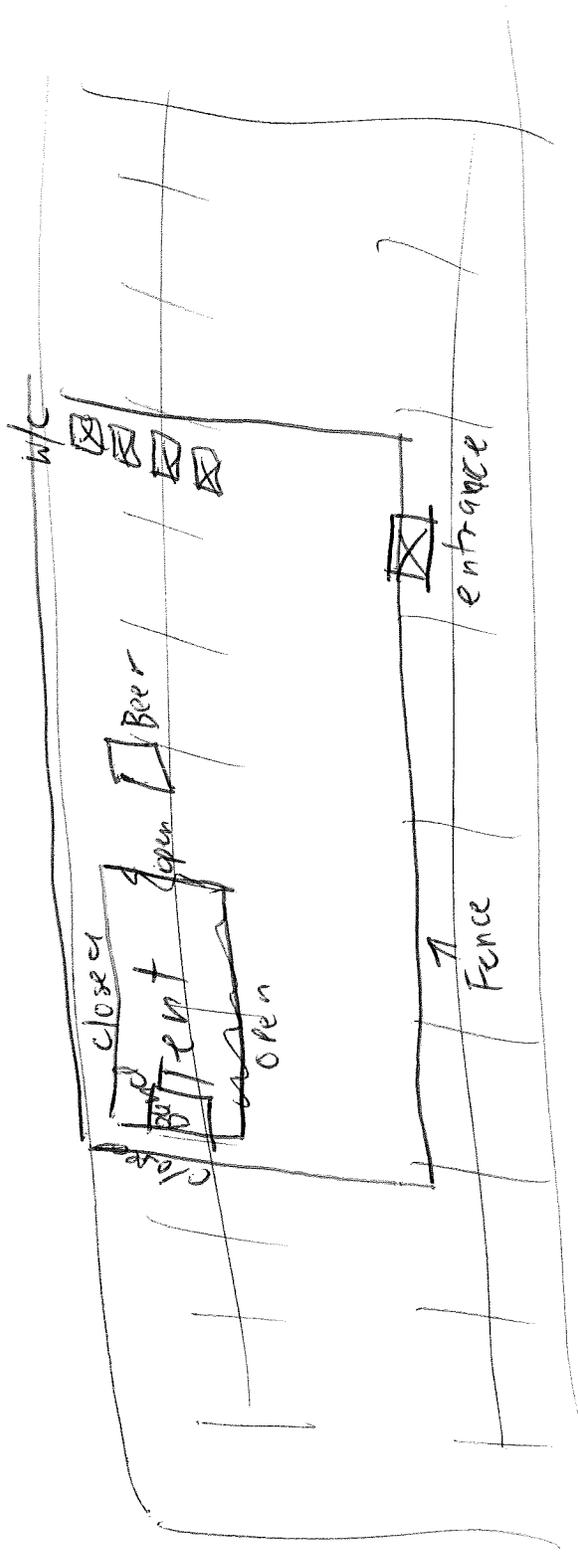
M. J. T. [Signature]

EXPIRES

05/21/2015

Alcohol & Gambling Enforcement Director

Hwy 47





PAYMENT BATCH AP 05-19-14

AIRGAS NORTH CENTRAL

04/30/2001	9918415072	E 101-43100-217	Other Operating Supplies	SUPPLIES	4.85
04/30/2001	9918415072	E 101-43210-217	Other Operating Supplies	SUPPLIES	4.85
04/30/2001	9918415072	E 101-45200-217	Other Operating Supplies	SUPPLIES	4.85
04/30/2001	9918415072	E 601-49440-217	Other Operating Supplies	SUPPLIES	4.85
04/30/2001	9918415072	E 602-49490-217	Other Operating Supplies	SUPPLIES	4.85
					\$24.25

ALLINA HOSPITALS

05/03/2014	232352108	E 101-42110-305	Medical & Testing Fees	HEALTH SCREENING	365.00
					\$365.00

ANOKA COUNTY CENTRAL COMM.

04/06/2014	2014033	E 101-42110-218	Equipment Repair & Maintenance	REPAIRS	28.00
					\$28.00

ANOKA COUNTY PROPERTY RECORDS

05/09/2014	050914	E 101-41550-311	Contract	ASSESSMENT CONTRACT	39,451.00
					\$39,451.00

ANOKA CTY-CHIEF OF POLICE ASSN

05/13/2014	051314	E 101-42110-433	Dues and Subscriptions	DUES 2014	10.00
					\$10.00

APPLELAND LAW ENFORCEMENT

05/12/2014	2297	E 101-42110-437	Uniform Allowance	SUPPLIES	66.26
					\$66.26

BELLBOY CORPORATION

04/17/2014	42677100	E 609-49751-251	Liquor For Resale	FIX INVOICES	338.00
05/01/2014	42844500	E 609-49751-251	Liquor For Resale	LIQUOR	540.00
					\$878.00

BERNICK COMPANIES, THE

05/05/2014	131707	E 609-49751-252	Beer For Resale	BEER	362.85
05/05/2014	131707	E 609-49751-255	N/A Products	N/A	20.50
					\$383.35

BGS (BARNA GUZY)

04/30/2014	130652	E 101-41600-312	Criminal Legal Fees	PROSECUTION/MISC	4,950.00
04/30/2014	130865	E 101-41600-304	Civil Legal Fees	ABBEY FIELD	1,500.00
04/30/2014	130896	E 101-41600-312	Criminal Legal Fees	MISC FORFIETURE	234.00
04/30/2014	130898	E 101-41600-312	Criminal Legal Fees	STRINGER FORFEITURE	91.00
04/30/2014	131084	E 101-41600-304	Civil Legal Fees	THE VILLAS OF STONE HOME R	507.00
04/30/2014	131134	E 101-41600-304	Civil Legal Fees	MUNICIPAL	1,850.00
04/30/2014	131135	E 101-41600-304	Civil Legal Fees	GENERAL LABOR	117.00
04/30/2014	131137	E 101-41600-304	Civil Legal Fees	GARY SMITH & JENNIFER O'RE	169.00
					\$9,418.00

BOLTON & MENK, INC.

04/18/2014	165442	E 101-43100-303	Engineering Fees	TH 47/PEDERSON DR INTERSECT	167.50
04/18/2014	165619	E 420-43000-303	Engineering Fees	RUM RIVER BLUFFS DEVELOPMENT	70.00
04/18/2014	165620	E 101-41910-303	Engineering Fees	2014 GEN ENGINEERING	720.00
04/18/2014	165621	E 101-43100-303	Engineering Fees	2014 STATE AID	2,010.00
04/18/2014	165623	E 415-43100-303	Engineering Fees	AZTEC STREET	1,977.50
04/18/2014	165869	E 101-43100-303	Engineering Fees	2015 BRIDGE ST IMPROVEMENTS	3,717.50
					\$8,662.50

BROCK WHITE CO. LLC

04/23/2014	12406964	E 410-45203-232	Site Prep for Events	PAVER	42.23
					\$42.23

BROTHERS FIRE PROTECTION CO

05/08/2014	92932	E 101-42110-401	Repairs/Maint Buildings	P/W WEST EXIT GATE	55.00
05/08/2014	92932	E 101-43100-401	Repairs/Maint Buildings	P/W WEST EXIT GATE	55.00
05/08/2014	92932	E 101-45200-101	Full-Time Employees	P/W WEST EXIT GATE	55.00
05/08/2014	92932	E 601-49440-401	Repairs/Maint Buildings	P/W WEST EXIT GATE	55.00
05/08/2014	92932	E 602-49490-401	Repairs/Maint Buildings	P/W WEST EXIT GATE	55.00
					\$275.00

CAMPBELL KNUTSON

04/30/2014	3219-000G	E 101-41600-304	Civil Legal Fees	REVIEW LETTER BRIEFS	696.87
					\$696.87

CENTURY FENCE COMPANY

05/05/2014	8972C00	E 101-45200-229	Project Repair & Maintenance	FIX FENCE	4,430.00
					\$4,430.00

COCA COLA REFRESHMENTS

05/13/2014	0148094219	E 609-49751-254	Miscellaneous Merchandise	MISCELLANEOUS	526.28
					\$526.28

COUNTY MARKET - CITY ACCOUNT

05/01/2014	0224.0414	E 101-42210-212	Motor Fuels	FUEL	293.27
					\$293.27

COURIER, THE

05/07/2014	57966	E 609-49750-340	Advertising	AD	76.00
05/07/2014	58018	E 101-41110-343	Other Advertising	ADS	25.00
05/07/2014	58018	E 101-41110-344	Newsletter	NEWSLETTER	55.32
05/07/2014	58018	E 101-41400-441	Miscellaneous	NEWSLETTER	16.59
05/07/2014	58018	E 101-41500-441	Miscellaneous	NEWSLETTER	16.59
05/07/2014	58018	E 101-42110-441	Miscellaneous	NEWSLETTER	55.32
05/07/2014	58018	E 101-42210-441	Miscellaneous	NEWSLETTER	22.12
05/07/2014	58018	E 101-42400-352	General Notices and Pub Info	NEWSLETTER	55.32
05/07/2014	58018	E 101-43210-439	Recycling Days	ADS	89.00
05/07/2014	58018	E 101-43210-439	Recycling Days	NEWSLETTER	276.57
05/07/2014	58018	E 601-49440-441	Miscellaneous	NEWSLETTER	55.32
					\$743.15

CRYSTAL SPRINGS ICE

05/05/2014	45950	E 609-49751-254	Miscellaneous Merchandise	MISCELLANEOUS	167.84
05/13/2014	46061	E 609-49751-254	Miscellaneous Merchandise	MISCELLANEOUS	81.68
					\$249.52

DAHLHEIMER DIST. CO. INC.

04/30/2014	1104829	E 609-49751-252	Beer For Resale	BEER	10,651.46
04/30/2014	1104829	E 609-49751-254	Miscellaneous Merchandise	MISC	256.00

05/07/2014	1104878	E 609-49751-252	Beer For Resale	BEER	6,576.00
05/07/2014	1104878	E 609-49751-254	Miscellaneous Merchandise	MISC	42.00
					\$17,525.46

DAY DISTRIBUTING CO.

05/09/2014	751348	E 609-49751-252	Beer For Resale	BEER	3,598.30
					\$3,598.30

DE LAGE LANDEN

05/10/2014	41244801	E 101-42110-200	Office Supplies	POLICE COPIER	237.00
05/10/2014	41497666	E 101-41400-240	Office Equip	CITY HALL COPIER	244.50
					\$481.50

DEX MEDIA EAST LLC

05/26/2014	110097517.0514	E 609-49750-340	Advertising	ADVERTISING	81.40
					\$81.40

EAGLE GARAGE DOOR CO.

04/25/2014	3682	E 101-42110-401	Repairs/Maint Buildings	REPAIRS	19.00
04/25/2014	3682	E 101-43100-401	Repairs/Maint Buildings	REPAIRS	19.00
04/25/2014	3682	E 101-45200-401	Repairs/Maint Buildings	REPAIRS	19.00
04/25/2014	3682	E 601-49440-401	Repairs/Maint Buildings	REPAIRS	19.00
04/25/2014	3682	E 602-49490-401	Repairs/Maint Buildings	REPAIRS	19.00
					\$95.00

ECM PUBLISHERS, INC.

05/09/2014	100291	E 415-43100-351	Legal Notices Publishing	AZTEC STREET	271.50
05/09/2014	100292	E 101-41400-351	Legal Notices Publishing	ORDINANCE 195	82.00
05/09/2014	100293	E 101-41910-352	General Notices and Pub Info	OUTDOOR FURNANCE	35.88
05/09/2014	100294	E 101-41910-352	General Notices and Pub Info	PUD HEARING	35.88
					\$425.26

ELITE SANITATION

04/30/2014	21727	E 101-45200-402	Janitorial Service	PORTABLE TOILET RENTAL	138.50
					\$138.50

EMERGENCY AUTOMOTIVE TECH. INC

05/12/2014	RS4098	E 101-42110-550	C-O-L Motor Vehicles	STRIP SQUAD #210	300.00
					\$300.00

F.I.R.E.

05/07/2014	692	E 101-42210-208	Training and Instruction	PUMP PROCEDURES	800.00
					\$800.00

FERRELLGAS

04/16/2014	1082091899	E 101-43210-217	Other Operating Supplies	SUPPLIES	44.67
					\$44.67

FINANCE AND COMMERCE

05/06/2014	741566922	E 415-43100-351	Legal Notices Publishing	AZTEC STREET	204.88
					\$204.88

FOREMOST EQUIPMENT

02/11/2014	48916	E 101-42110-237	Small Equipment	EQUIPMENT	290.00
					\$290.00

FREEDOM SERVICES, INC.-FD

05/07/2014	12994	G 101-21706	Flex Account	JUNE 2014	325.00
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\$325.00

FREEDOM SERVICES, INC-MA

05/07/2014	12995	E 101-41540-301	Auditing and Acct g Services	ADMIN FEE JUNE 2014	79.20
					<hr/>
					\$79.20

G&K SERVICES, INC

05/06/2014	1043703487	E 601-49440-417	Uniform Clothing & PPE	COVERALLS	3.50
05/06/2014	1043703487	E 602-49490-417	Uniform Clothing & PPE	COVERALLS	3.50
05/06/2014	1043703489	E 101-41940-219	Rug Maintenance	RUGS	16.96
05/06/2014	1043703490	E 609-49750-219	Rug Maintenance	RUGS	11.23
05/06/2014	1043703496	E 101-42110-402	Janitorial Service	RUGS	8.52
05/06/2014	1043703496	E 101-43100-402	Janitorial Service	RUGS	8.52
05/06/2014	1043703496	E 101-45200-402	Janitorial Service	RUGS	8.52
05/06/2014	1043703496	E 601-49440-402	Janitorial Service	RUGS	8.52
05/06/2014	1043703496	E 602-49490-402	Janitorial Service	RUGS	8.52
05/06/2014	1043703497	E 601-49440-402	Janitorial Service	RUGS	25.33
					<hr/>
					\$103.12

GERDIN AUTO SERVICE, INC.

05/09/2014	71971	E 208-42110-436	Towing Charges	2005 FORD ESCAPE	137.00
					<hr/>
					\$137.00

GOPHER STATE ONE-CALL

04/30/2014	103171	E 601-49440-442	Gopher State	EMAIL	29.00
04/30/2014	103171	E 602-49490-442	Gopher State	EMAIL	29.00
					<hr/>
					\$58.00

GRANITE CITY JOBBING CO.

04/29/2014	809349	E 609-49750-210	Operating Supplies	OPERATING	89.41
04/29/2014	809349	E 609-49751-206	Freight and Fuel Charges	FREIGHT	6.59
04/29/2014	809349	E 609-49751-254	Miscellaneous Merchandise	MISCELLANEOUS	18.10
04/29/2014	809349	E 609-49751-256	Tobacco Products For Resale	TOBACCO	892.36
05/06/2014	810488	E 609-49750-210	Operating Supplies	OPERATING	79.58
05/06/2014	810488	E 609-49751-206	Freight and Fuel Charges	FREIGHT	4.25
05/06/2014	810488	E 609-49751-254	Miscellaneous Merchandise	MISCELLANEOUS	2.64
05/06/2014	810488	E 609-49751-256	Tobacco Products For Resale	TOBACCO	925.68
05/06/2014	810488	G 101-20810	Sales Tax Payable	TAX	(0.44)
05/13/2014	811500	E 609-49750-210	Operating Supplies	OPERATING	27.21
05/13/2014	811500	E 609-49751-206	Freight and Fuel Charges	FREIGHT	4.25
05/13/2014	811500	E 609-49751-254	Miscellaneous Merchandise	MISCELLANEOUS	16.28
05/13/2014	811500	E 609-49751-256	Tobacco Products For Resale	TOBACCO	198.63
					<hr/>
					\$2,264.54

HENNEPIN TECHNICAL COLLEGE

04/21/2014	302071	E 101-42110-208	Training and Instruction	EMT REFRESHER	200.00
					<hr/>
					\$200.00

HYLEN, MATT

05/06/2014	050614	E 101-41400-331	Travel Expenses	MILEAGE	104.16
					<hr/>
					\$104.16

INNOVATIVE OFFICE SOLUTIONS, L

05/01/2014	521242	E 101-42110-200	Office Supplies	SUPPLIES	36.44
05/01/2014	521242	E 101-43100-200	Office Supplies	SUPPLIES	38.57
					<hr/>
					\$75.01

ISD #15

04/30/2014	1487	E 101-42110-221	Vehicle Repair & Maintenance	2010 DODGE CHARGER	43.45
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05/05/2014	1490	E 101-42110-221	Vehicle Repair & Maintenance	2012 DODGE CHARGER	185.16
05/09/2014	1496	E 101-42110-221	Vehicle Repair & Maintenance	2012 Charger	155.06
					\$383.67

J.P. COOKE COMPANY

05/05/2014	286319	E 101-42110-217	Other Operating Supplies	LIC TAGS	64.04
					\$64.04

JOHNSON BROS WHLSE LIQUOR

04/30/2014	1839514	E 609-49751-206	Freight and Fuel Charges	FREIGHT	37.38
04/30/2014	1839514	E 609-49751-251	Liquor For Resale	LIQUOR	3,448.80
04/30/2014	1839515	E 609-49751-206	Freight and Fuel Charges	FREIGHT	95.55
04/30/2014	1839515	E 609-49751-253	Wine For Resale	WINE	4,383.95
05/02/2014	617597	E 609-49751-206	Freight and Fuel Charges	FREIGHT	(5.88)
05/02/2014	617597	E 609-49751-251	Liquor For Resale	LIQUOR	(711.00)
05/07/2014	1844765	E 609-49751-206	Freight and Fuel Charges	FREIGHT	64.68
05/07/2014	1844765	E 609-49751-251	Liquor For Resale	LIQUOR	4,820.35
05/07/2014	1844766	E 609-49751-206	Freight and Fuel Charges	FREIGHT	16.17
05/07/2014	1844766	E 609-49751-253	Wine For Resale	WINE	489.85
05/07/2014	1844767	E 609-49751-206	Freight and Fuel Charges	FREIGHT	7.35
05/07/2014	1844767	E 609-49751-254	Miscellaneous Merchandise	MISCELLANEOUS	166.25
					\$12,813.45

LEAGUE OF MN CITIES

05/01/2014	C0028440	E 101-42110-360	Insurance	RYAN LARSON	73.26
					\$73.26

LOFFLER

05/02/2014	1746815	E 101-42110-237	Small Equipment	DIGITAL RECORDER	458.00
					\$458.00

MCDONALD DIST CO.

05/01/2014	94342	E 609-49751-206	Freight and Fuel Charges	FREIGHT	3.00
05/01/2014	94342	E 609-49751-252	Beer For Resale	BEER	3,975.00
05/01/2014	94342	E 609-49751-255	N/A Products	N/A	18.55
05/08/2014	96331	E 609-49751-252	Beer For Resale	BEER	11,587.90
05/08/2014	96331	E 609-49751-255	N/A Products	N/A	139.50
					\$15,723.95

MN CHIEFS OF POLICE ASSN.

12/01/2013	2014	E 101-42110-433	Dues and Subscriptions	DUES	230.00
					\$230.00

NORTH ANOKA PLUMBING

05/02/2014	9507	E 101-41940-401	Repairs/Maint Buildings	REPAIRS	155.25
05/02/2014	9507	E 101-42110-401	Repairs/Maint Buildings	REPAIRS	43.20
05/02/2014	9507	E 101-43100-401	Repairs/Maint Buildings	REPAIRS	43.20
05/02/2014	9507	E 101-45200-401	Repairs/Maint Buildings	REPAIRS	43.20
05/02/2014	9507	E 601-49440-401	Repairs/Maint Buildings	REPAIRS	43.20
05/02/2014	9507	E 602-49490-401	Repairs/Maint Buildings	REPAIRS	43.20
					\$371.25

NORTHWEST ASSOC. CONSULTANTS

05/07/2014	21292	E 101-41910-311	Contract	2014 TECH ASSISTANCE	7,996.05
05/07/2014	21293	G 803-22107	ESC-Oreilly (Project Admin)	APRIL 2014 TECH ASSISTANCE	177.00
					\$8,173.05

OPUS 21

05/11/2014	140447	E 601-49440-382	Utility Billing	APRIL 2014	1,479.64
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05/11/2014	140447	E 602-49490-382	Utility Billing	APRIL 2014	1,479.64
					<u>\$2,959.28</u>

PAUSTIS & SONS

05/05/2014	8447214	E 609-49751-206	Freight and Fuel Charges	FREIGHT	4.50
05/05/2014	8447214	E 609-49751-253	Wine For Resale	WINE	114.49
					<u>\$118.99</u>

PHILLIPS WINE & SPIRITS CO.

04/30/2014	2597095	E 609-49751-206	Freight and Fuel Charges	FREIGHT	163.17
04/30/2014	2597095	E 609-49751-251	Liquor For Resale	LIQUOR	14,391.14
04/30/2014	2597096	E 609-49751-206	Freight and Fuel Charges	FREIGHT	45.57
04/30/2014	2597096	E 609-49751-253	Wine For Resale	WINE	792.00
04/30/2014	2597097	E 609-49751-206	Freight and Fuel Charges	FREIGHT	1.47
04/30/2014	2597097	E 609-49751-255	N/A Products	N/A	56.00
05/02/2014	3526227	E 609-49751-206	Freight and Fuel Charges	FREIGHT	(1.47)
05/02/2014	3526227	E 609-49751-251	Liquor For Resale	LIQUOR	(78.40)
05/07/2014	2600699	E 609-49751-206	Freight and Fuel Charges	FREIGHT	13.60
05/07/2014	2600699	E 609-49751-251	Liquor For Resale	LIQUOR	691.28
05/07/2014	2600700	E 609-49751-206	Freight and Fuel Charges	FREIGHT	8.82
05/07/2014	2600700	E 609-49751-253	Wine For Resale	WINE	175.00
					<u>\$16,258.18</u>

PLAISTED COMPANIES, INC.

05/01/2014	20338	E 101-43100-406	Asphalt Repair & Maint	PARKING CURBS	285.00
05/01/2014	20338	E 101-45200-229	Project Repair & Maintenance	PARKING CURBS	285.00
					<u>\$570.00</u>

PLOOF, JAMES

		G 803-22112	DEP-PLOOF-POLICE	RETURN ESCROW	51,090.29
					<u>\$51,090.29</u>

RJM DISTRIBUTING INC.

04/25/2014	587	E 609-49751-252	Beer For Resale	BEER	549.50
04/25/2014	587	E 609-49751-254	Miscellaneous Merchandise	MISC	37.50
					<u>\$587.00</u>

SCHARBER & SONS

03/05/2014	38842	E 101-43100-237	Small Equipment	WHEELS FOR BELOS	225.00
03/05/2014	38842	E 101-45200-237	Small Equipment	WHEELS FOR BELOS	225.00
					<u>\$450.00</u>

SOUTHERN WINE & SPIRITS OF MN

04/30/2014	1156889	E 609-49751-206	Freight and Fuel Charges	FREIGHT	56.45
04/30/2014	1156889	E 609-49751-251	Liquor For Resale	LIQUOR	3,951.85
05/08/2014	1159299	E 609-49751-206	Freight and Fuel Charges	FREIGHT	2.50
05/08/2014	1159300	E 609-49751-206	Freight and Fuel Charges	FREIGHT	8.97
05/08/2014	1159300	E 609-49751-251	Liquor For Resale	LIQUOR	464.97
					<u>\$4,484.74</u>

ST. FRANCIS COLLISION & GLASS

05/15/2014	.0514	G 803-22113	ESC-STF COLLISION (CUP)	RETURN ESCROW	447.57
					<u>\$447.57</u>

ST. FRANCIS TRUE VALUE HARDWAR

04/16/2014	28514	E 101-42210-217	Other Operating Supplies	SUPPLIES	45.57
					<u>\$45.57</u>

SUPPORT THE TROOPS GOLF TOURN

05/13/2014	051314	E 609-49750-340	Advertising	DONATION	100.00
					\$100.00

THE AMERICAN BOTTLING COMPANY

05/05/2014	2448707548	E 609-49751-254	Miscellaneous Merchandise	MISCELLANEOUS	135.90
					\$135.90

THORPE DISTRIBUTING COMPANY

05/09/2014	821982	E 609-49751-252	Beer For Resale	BEER	231.75
					\$231.75

TRU-CUT LAWNS, INC.

05/04/2014	8377	E 101-45200-311	Contract	SPRING LEAF CLEAN UP	3,000.00
					\$3,000.00

UHL

04/30/2014	26796	E 101-42110-401	Repairs/Maint Buildings	MEETING WITH OLIVER AND SV	241.80
04/30/2014	26796	E 101-43100-401	Repairs/Maint Buildings	MEETING WITH OLIVER AND SV	241.80
04/30/2014	26796	E 101-45200-401	Repairs/Maint Buildings	MEETING WITH OLIVER AND SV	241.80
04/30/2014	26796	E 601-49440-401	Repairs/Maint Buildings	MEETING WITH OLIVER AND SV	241.80
04/30/2014	26796	E 602-49490-401	Repairs/Maint Buildings	MEETING WITH OLIVER AND SV	241.80
					\$1,209.00

UPPER RUM RIVER WATERSHED MGT

05/07/2014	050714	E 101-49200-471	Watershed	1ST HALF 2014	1,242.62
					\$1,242.62

US DEPT OF EDUCATION

		G 101-21716	Other Deductions	WAGE LEVY	284.44
					\$284.44

USABBLUEBOOK

04/23/2014	327188	E 602-49490-237	Small Equipment	BRASS NOZZLE	78.90
					\$78.90

UTILITY SERVICE CO., INC.

05/01/2014	341076	E 601-49440-234	Water Tower Maintenance	HYDROPILLAR NEW TOWER-QL	23,511.75
					\$23,511.75

UTILITY TRUCK SERVICES

04/30/2014	41839	E 601-49440-228	Equipment Maintenance	2007 DODT 3500	212.00
04/30/2014	41839	E 602-49490-228	Equipment Maintenance	2007 DODT 3500	212.00
					\$424.00

WIRTZ BEVERAGE MN

05/01/2014	1080173429	E 609-49751-206	Freight and Fuel Charges	FREIGHT	19.57
05/01/2014	1080173429	E 609-49751-251	Liquor For Resale	LIQUOR	485.34
05/01/2014	1080173429	E 609-49751-253	Wine For Resale	WINE	414.00
05/08/2014	1080176303	E 609-49751-206	Freight and Fuel Charges	FREIGHT	17.88
05/08/2014	1080176303	E 609-49751-251	Liquor For Resale	LIQUOR	537.47
05/08/2014	1080176303	E 609-49751-253	Wine For Resale	WINE	388.35
					\$1,862.61

FUND SUMMARY

101 GENERAL FUND	\$81,063.56
208 POLICE FORFEITURE	\$137.00
410 WOODBURY PARK PROJECT	\$42.23
415 Aztec Street Improvements	\$2,453.88
420 RUM RIVER BLUFFS DEVELOPMENT	\$70.00
601 WATER FUND	\$25,688.91
602 SEWER FUND	\$2,175.41
609 MUNICIPAL LIQUOR FUND	\$77,911.09
803 ESCROW	\$51,714.86
Total	<u>241,256.94</u>



CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

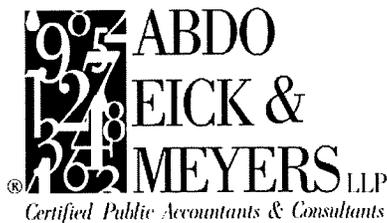
INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE

AND

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

FOR THE YEAR ENDED
DECEMBER 31, 2013

 ABDO
EICK &
MEYERS^{LLP}
Certified Public Accountants & Consultants



INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of St. Francis, Minnesota (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated May 1, 2014.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statute §6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions.

This report is intended solely for the information and use those charged with governance and management of the City and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Abdo Eick & Meyers, LLP

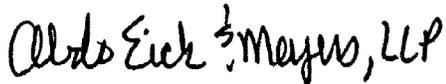
ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 1, 2014

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ABDO, EICK & MEYERS, LLP

Minneapolis, Minnesota

May 1, 2014

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

MANAGEMENT LETTER

FOR THE YEAR ENDED
DECEMBER 31, 2013

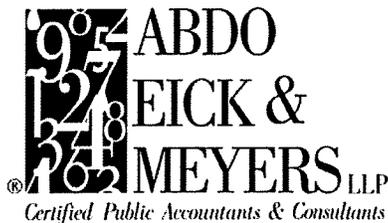


**ABDO
EICK &
MEYERS_{LLP}**
Certified Public Accountants & Consultants

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

MANAGEMENT LETTER

FOR THE YEAR ENDED
DECEMBER 31, 2013



May 1, 2014

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of St. Francis, Minnesota (the City), for the year ended December 31, 2013, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 1, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted accounting standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 23, 2013. Professional standards also require that we communicate the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards*

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud or illegal acts may exist and not be detected by us.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control over financial reporting of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Audit Findings

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or statutes set forth by the State of Minnesota.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. The requirements of GASB statement No. 61 was adopted for the year ended December 31, 2013. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset basis and depreciation.

Management's estimate of these accounting estimates is based on estimated or actual historical cost and the estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop these accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit or the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 1, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Financial Position and Results of Operations

Our principal observations and recommendations are summarized below. These recommendations resulted from our observations made in connection with our audit of the City’s financial statements for the year ended December 31, 2013.

General Fund

The General fund is used to account for resources traditionally associated with government, which are not required legally or by sound principal management to be accounted for in another fund. The General fund balance increased \$177,677 from 2012. The total fund balance of \$2,249,166 is 55 percent of the 2014 budgeted expenditures. We recommend the fund balance be maintained at a level sufficient to fund operations until the major revenue sources are received in June. We feel a reserve of approximately 50 percent of planned expenditures and transfers out is adequate to meet working capital and small emergency needs.

The purposes and benefits of a fund balance are as follows:

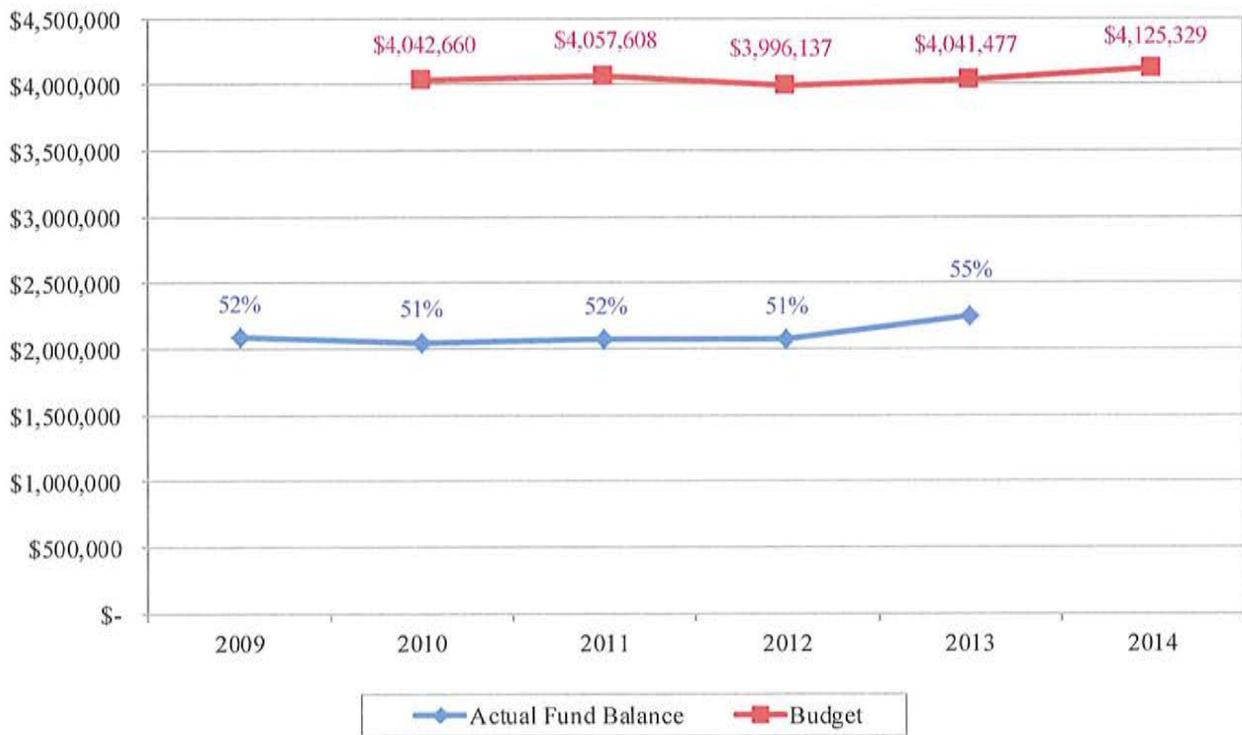
- Expenditures are incurred somewhat evenly throughout the year. However, property tax and state aid revenues are not received until the second half of the year. An adequate fund balance will provide the cash flow required to finance the General fund expenditures.
- The City is vulnerable to legislative actions at the State and Federal level. The State continually adjusts the local government aid and property tax credit formulas. An adequate fund balance will provide a temporary buffer against aid adjustments and levy limits
- Expenditures not anticipated at the time the annual budget was adopted may need immediate City Council action. These would include capital outlay replacement, lawsuits and other items. An adequate fund balance will provide the financing needed for such expenditures.
- A strong fund balance will assist the City in maintaining, improving or obtaining a bond rating. The result will be better interest rates in future bond sales.

Fund Balance

A table summarizing the General fund balance in relation to budget follows:

Year	Fund Balance December 31	Budget Year	General Fund Budget	Percent of Fund Balance to Budget
2009	\$ 2,086,873	2010	\$ 4,042,660	52 %
2010	2,050,402	2011	4,057,608	51
2011	2,070,013	2012	3,996,137	52
2012	2,071,489	2013	4,041,477	51
2013	2,249,166	2014	4,125,329	55

Fund Balance as a Percent of Next Year's Budget



We have compiled peer group average fund balance information from approximately 120 fourth class cities (population of 2,500 - 10,000). The peer group average is derived from information we have requested from the Office of the State Auditor. In 2011 and 2012, the average General fund balance as a percentage of expenditures was 69 percent and 76, percent, respectively.

The 2013 operations are summarized as follows:

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 3,836,729	\$ 3,955,316	\$ 118,587
Expenditures	3,701,477	3,524,960	176,517
Excess of revenues over expenditures	<u>135,252</u>	<u>430,356</u>	<u>295,104</u>
Other financing source (uses)			
Transfers in	60,000	60,000	-
Sale of capital assets	28,000	27,321	(679)
Transfers out	<u>(340,000)</u>	<u>(340,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(252,000)</u>	<u>(252,679)</u>	<u>(679)</u>
Net change in fund balances	(116,748)	177,677	294,425
Fund balances, January 1	<u>2,071,489</u>	<u>2,071,489</u>	<u>-</u>
Fund balances, December 31	<u><u>\$ 1,954,741</u></u>	<u><u>\$ 2,249,166</u></u>	<u><u>\$ 294,425</u></u>

A short analysis of budget variances follows:

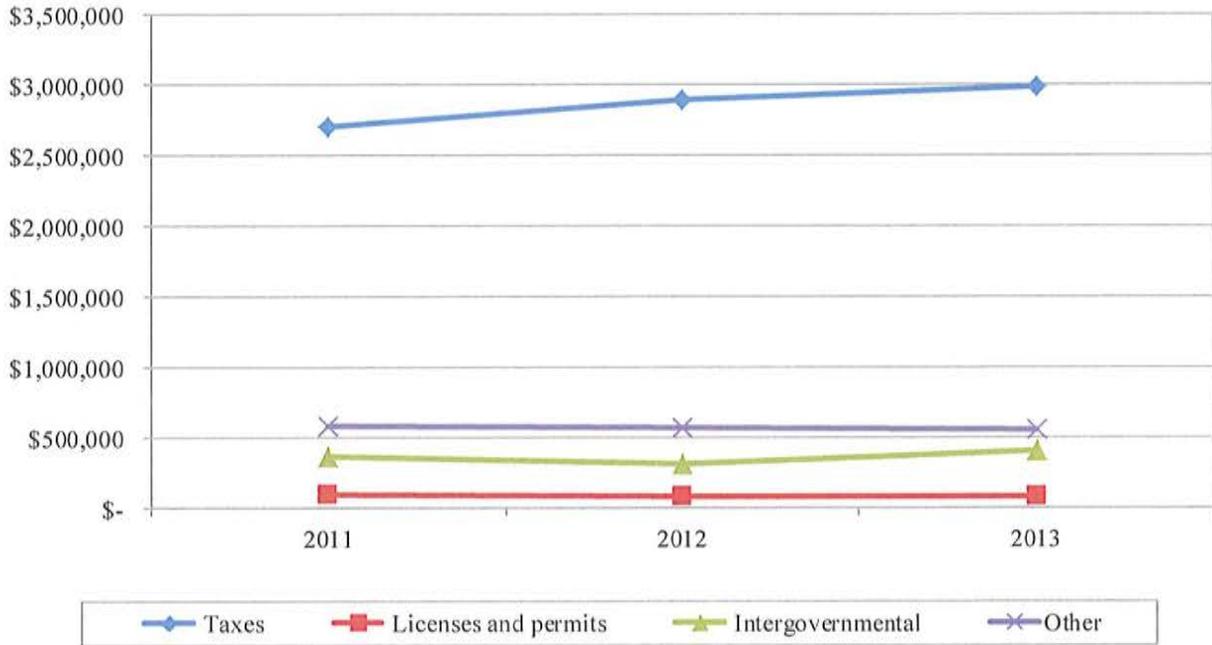
- The largest budget variance in revenues was within intergovernmental revenues with a positive variance of \$94,078. This was caused by an Anoka County grant for lot purchases in the amount of \$75,000 which was unbudgeted for.
- The General fund current expenditures are classified into six different functions. Each of the functions of the General fund was under budget with the exception of Community development, which exceeded budget by \$82,488. This budget variance can be attributed to unbudgeted economic development lot purchases, which as mentioned previously were reimbursed with an Anoka County grant.
- The most significant positive expenditure variances were provided by the public safety and culture and recreation functions. Those functions were \$101,133 and \$90,678 under budget, respectively.

A more detailed comparison for the last three years General fund revenues and transfers as follows:

Source	2011	2012	2013	Percent of Total	Per Capita
Taxes	\$ 2,713,412	\$ 2,893,540	\$ 2,986,193	73.9 %	\$ 410
Licenses and permits	99,415	89,300	87,298	2.2	12
Intergovernmental	368,005	310,344	405,149	10.0	56
Charges for services	308,694	297,083	296,909	7.3	41
Fines and forfeitures	30,414	35,166	33,927	0.8	5
Interest on investments	34,275	16,199	11,263	0.3	2
Miscellaneous	156,613	164,163	161,898	4.0	22
Transfers in	60,000	60,000	60,000	1.5	8
Total revenues and transfers	\$ 3,770,828	\$ 3,865,795	\$ 4,042,637	100.0 %	\$ 556

The sources of revenues and transfers from the past three years are presented graphically as follows:

Revenues and Transfers



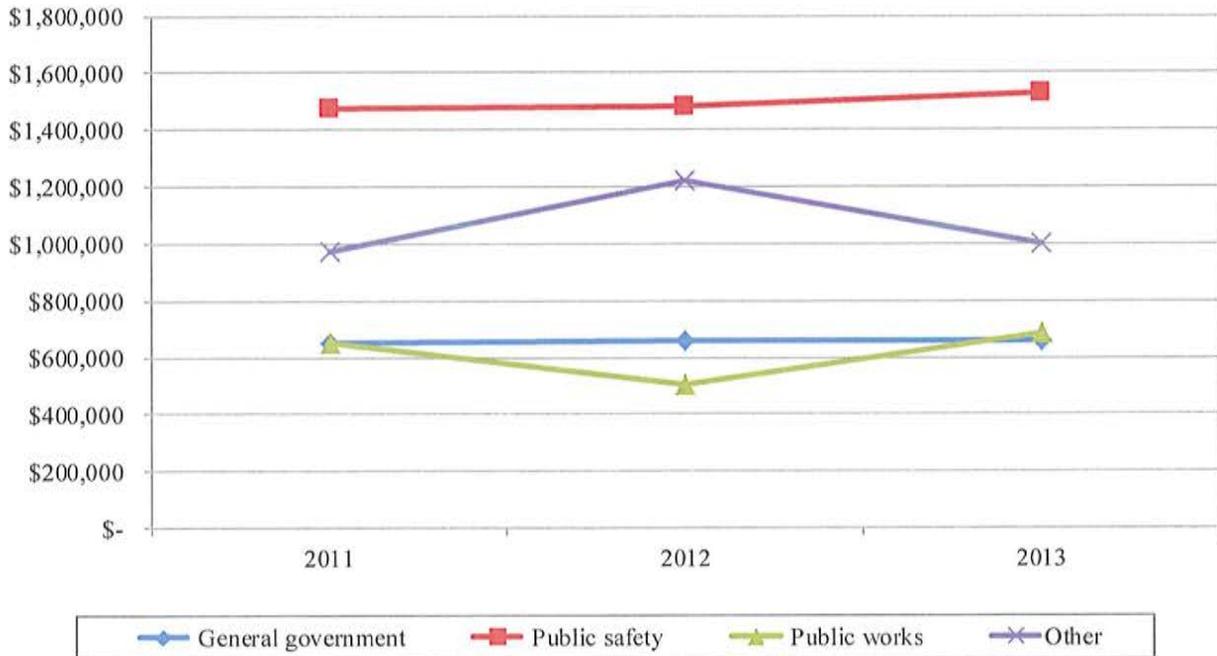
A more detailed comparison for the last three years General fund expenditures and transfers as follows:

Source	2011	2012	2013	Percent of Total	Per Capita	Peer Group Per Capita
General government	\$ 651,933	\$ 656,188	\$ 654,631	16.9 %	\$ 90	\$ 125
Public safety	1,477,294	1,483,566	1,525,567	39.5	210	218
Public works	650,285	504,988	686,201	17.8	94	106
Culture and recreation	290,081	277,255	247,542	6.4	34	54
Community development	104,641	141,593	251,368	6.5	35	4
Miscellaneous	3,309	18,494	5,571	0.1	1	12
Capital outlay	86,796	379,113	120,958	3.1	17	34
Debt service	71,833	33,122	33,122	0.9	5	-
Transfers out	416,286	370,000	340,000	8.8	47	-
Total expenditures and transfers	\$ 3,752,458	\$ 3,864,319	\$ 3,864,960	100.0 %	\$ 533	\$ 553

The above chart compares the amount the City spends per capita, in comparison to a peer group. We have compiled peer group average fund balance information from approximately 120 fourth class cities (population of 2,500 - 10,000). The peer group average is derived from information we have requested from the Office of the State Auditor.

The functional expenditures and transfers from the past three years are presented graphically as follows:

Expenditures and Transfers



Special Revenue Funds

Special Revenue funds receive revenue from specific sources and expenditures are for specific purposes. The following funds, with fund balances included, comprise the special revenue fund types:

Fund	Fund Balances December 31,		Increase (Decrease)
	2013	2012	
Nonmajor			
Police Forfeiture	\$ 7,014	\$ 8,455	\$ (1,441)
Turtle Ridge TIF	19,139	18,017	1,122
Total	<u>\$ 26,153</u>	<u>\$ 26,472</u>	<u>\$ (319)</u>

Debt Service Funds

Debt Service funds are a type of governmental fund to account for the accumulation of resources for the payment of interest and principal on debt (other than enterprise fund debt).

Debt Service funds may have one or a combination of the following revenue sources pledged to retire debt as follows:

- Property taxes - Primarily for general City benefit projects such as parks and municipal buildings. Property taxes may also be used to fund special assessment bonds which are not fully assessed.
- Tax increments - Pledged exclusively for tax increment/economic development districts.
- Capitalized interest portion of bond proceeds - After the sale of bonds, the project may not produce revenue (tax increments or special assessments) for a period of one to two years. Bonds are issued with this timing difference considered in the form of capitalized interest.
- Special assessments - Charges to benefited properties for various improvements.

In addition to the above pledged assets, other funding sources may be received by Debt Service funds as follows:

- Residual project proceeds from the related capital projects fund
- Investment earnings
- State or Federal grants
- Transfers from other funds

The following summarizes the assets of each Debt Service fund with the bonds payable at year end.

Debt Service Fund	Cash and Temporary Investments	Total Assets	Bonds Outstanding	Final Maturity Date
EDA Lease Revenue Bond	\$ 650,222	\$ 652,224	\$ 8,005,000	2037
G.O. Improvement Bonds, 2007A	132,071	849,596	1,380,000	2023
Total	<u>\$ 782,293</u>	<u>\$ 1,501,820</u>	<u>\$ 9,385,000</u>	
Total interest payments			<u>\$ 5,277,655</u>	

Capital Projects Funds

Capital projects funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds. A summary of year end fund balances for all capital projects funds follows:

Capital Projects Fund	Fund Balances		Increase (Decrease)
	December 31, 2013	December 31, 2012	
Major			
Rum River Bluff's Development	\$ (503,134)	\$ -	\$ (503,134)
Nonmajor			
Capital Projects	281,835	438,892	(157,057)
Charitable Gambling	15,486	2,373	13,113
Park Improvements	171,415	164,476	6,939
Fire Truck Replacement	453,642	450,020	3,622
River's Edge Trunk Utility Improvement	(516,320)	(520,641)	4,321
Watermain Looping	(287,151)	(287,151)	-
Creekview Estate Street and Utility Improvement	(87,785)	(102,241)	14,456
Ivywood and 230th Lane	(100,212)	(112,766)	12,554
Total	<u>\$ (572,224)</u>	<u>\$ 32,962</u>	<u>\$ (605,186)</u>

As projects are completed, the City transfers the remaining resources to the original funding source or to a fund the City Council approves. We recommend the City continue to review fund deficits at least annually.

The deficit in the Rum River Bluff's Development fund is anticipated to be eliminated through future collections of special assessments.

The new public works/police building project was done out of the Capital Projects fund. During the year this project was completed with \$172,364 of additional costs related to the project.

The deficit in the River's Edge Trunk Utility Improvement fund does not have a definite funding source. Our understanding is the City is working on a plan to see how the costs can be recovered with future development.

The deficit in the Watermain Looping fund is anticipated to be eliminated with receipts from a developer as lots are developed or by 2019.

The deficit in the Creekview Estate Street and Utility Improvements fund is anticipated to be eliminated through future collections of special assessments.

The deficit in the Ivywood and 230th Lane fund is anticipated to be eliminated through future collections of special assessments.

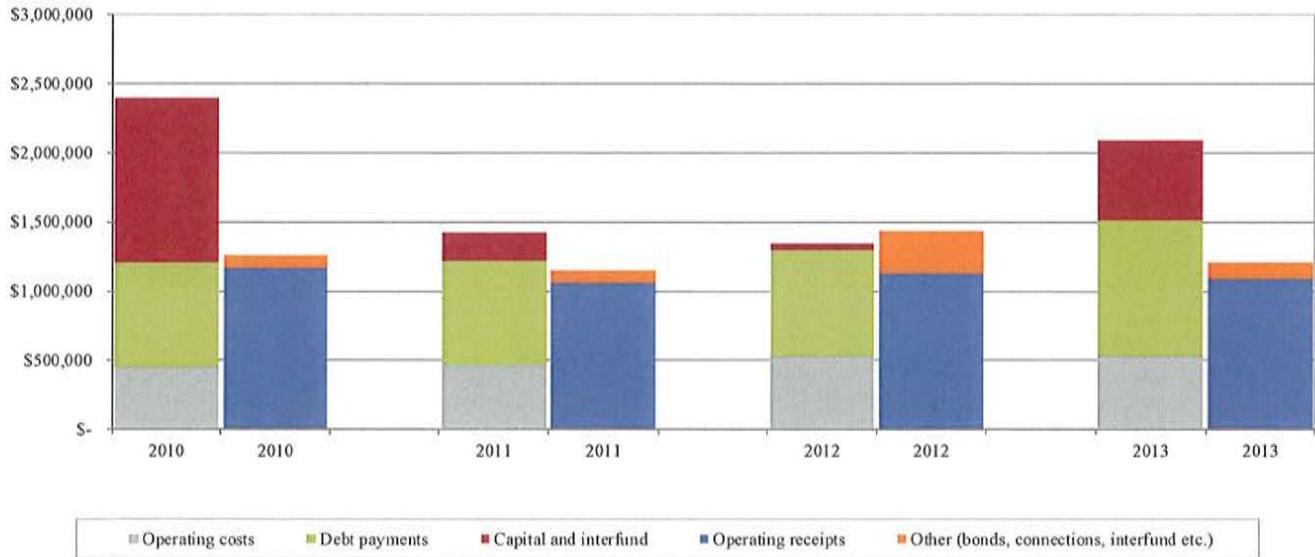
We recommend the City monitor all funds with deficits to ensure the plans to fund the deficits will be sufficient.

Enterprise Funds

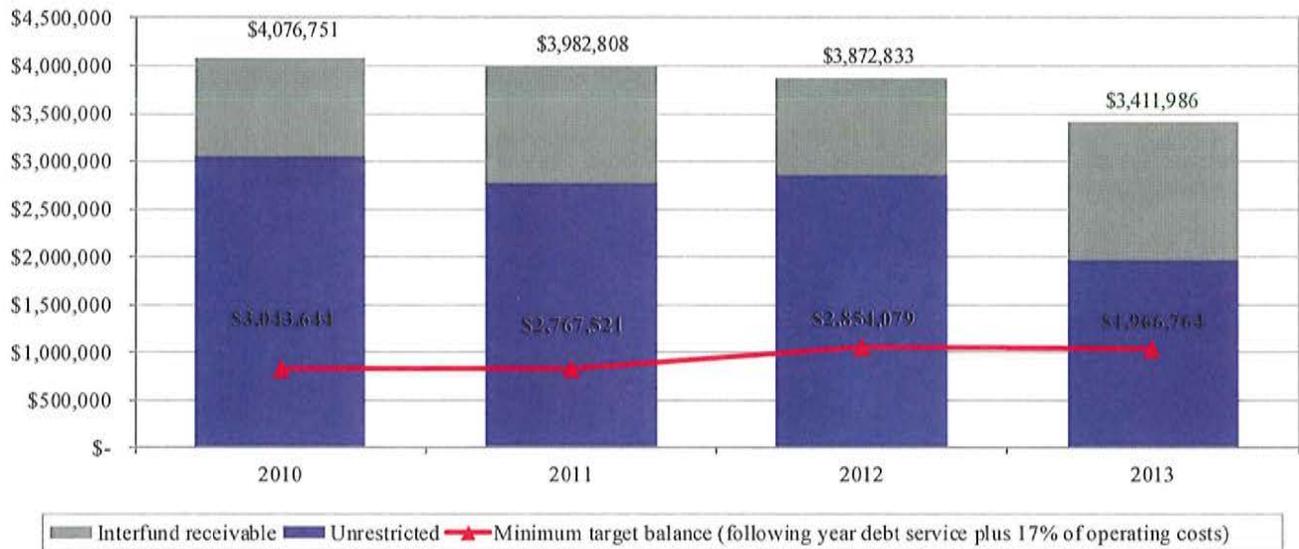
Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The results of the operations in terms of cash flow and the breakdown of the cash balances for the past four years are as follows:

Water Fund Cash Flow

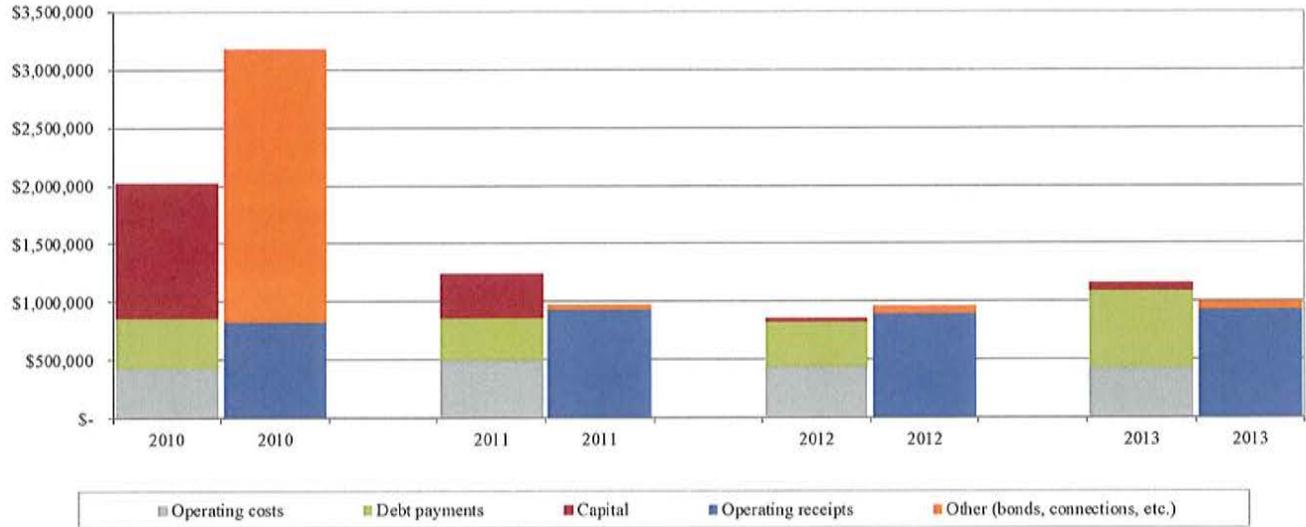


Water Fund Cash Balance - Excluding 2013 Bond Refunding

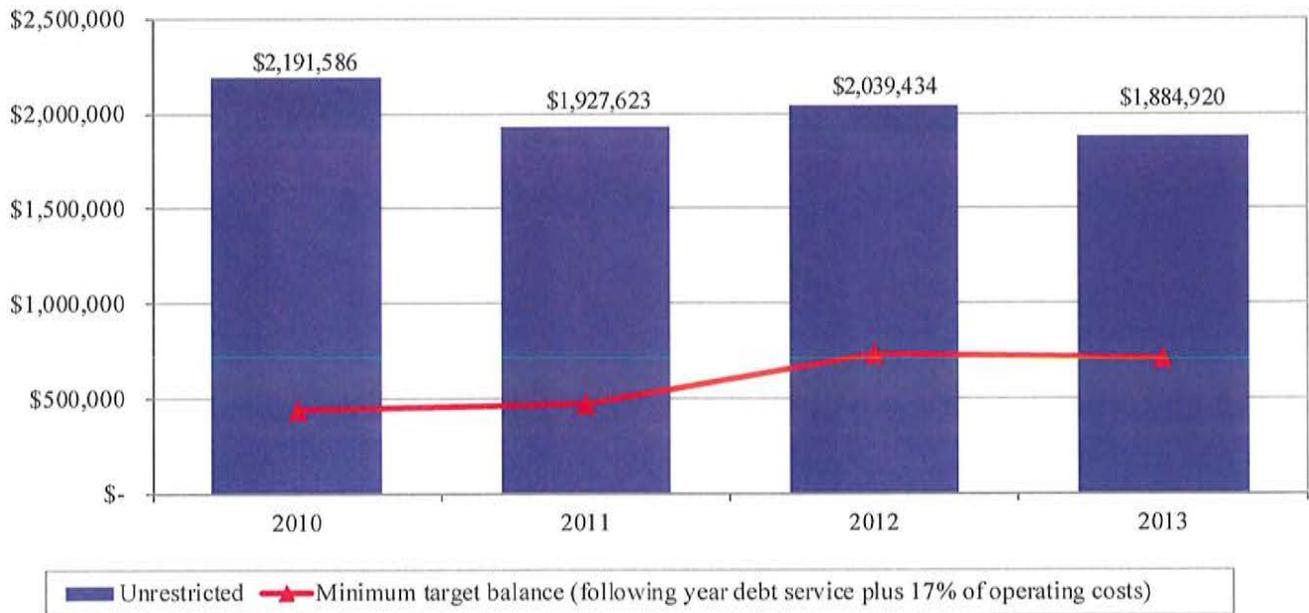


In addition to the cash balance, there is an interfund loan receivable of \$1,455,222 at the end of the year. The City should monitor the operations of the Water fund and analyze rates annually to ensure revenues will cover future operating expenses, repair and maintenance, new infrastructure and debt service.

Sewer Fund Cash Flow



Sewer Fund Cash Balance - Excluding 2010 & 2013 Bond Refunding

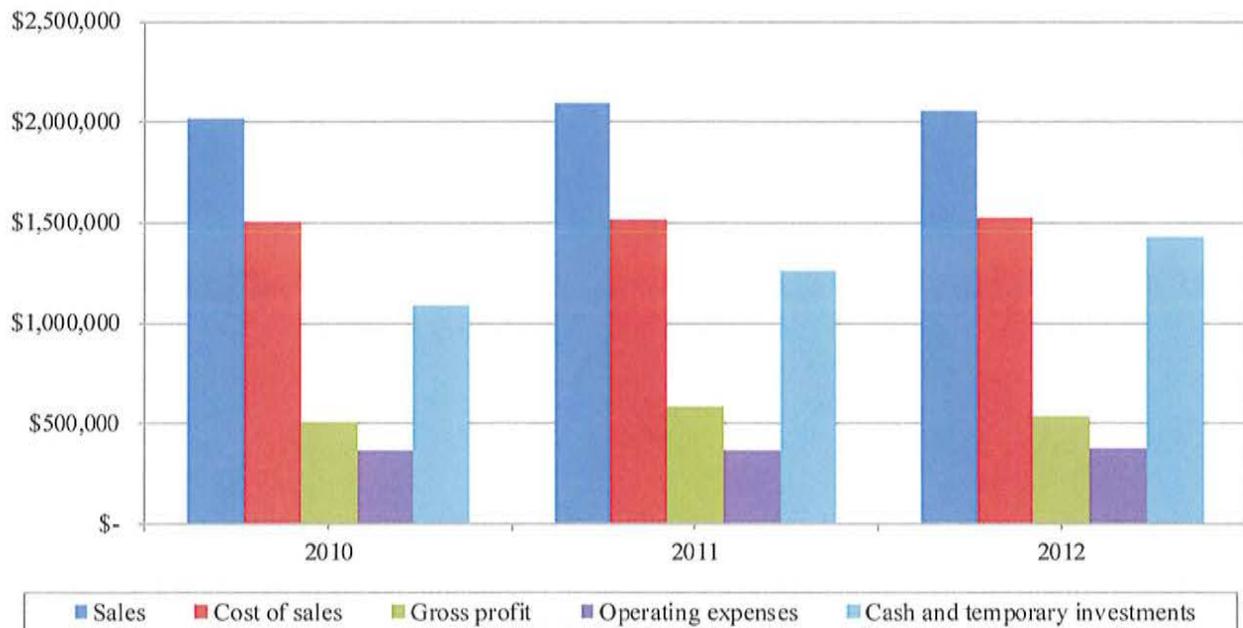


The City should continue to monitor the operations of the Sewer fund and analyze rates annually to ensure revenues will cover future operating expenses, repair and maintenance, new infrastructure and debt service.

Liquor Store Fund

The results of the operations and cash positions for the Liquor Store fund for the past three years are as follows:

	2011		2012		2013	
	Total	Percent	Total	Percent	Total	Percent
Sales	\$ 2,017,684	96.3 %	\$ 2,094,876	100.0 %	\$ 2,058,003	100.0 %
Cost of sales	<u>1,504,114</u>	<u>71.8</u>	<u>1,511,868</u>	<u>72.2</u>	<u>1,522,305</u>	<u>72.2</u>
Gross profit	513,570	24.5	583,008	27.8	535,698	25.6
Operating expenses	<u>369,823</u>	<u>17.7</u>	<u>371,277</u>	<u>17.7</u>	<u>377,162</u>	<u>18.0</u>
Operating income	143,747	6.9	211,731	10.1	158,536	7.6
Nonoperating revenues	39,393	1.9	12,785	0.6	11,582	0.6
Transfers out	<u>(60,000)</u>	<u>(2.9)</u>	<u>(60,000)</u>	<u>(2.9)</u>	<u>(60,000)</u>	<u>(2.9)</u>
Change in net position	<u>\$ 123,140</u>	<u>5.9 %</u>	<u>\$ 164,516</u>	<u>7.9 %</u>	<u>\$ 110,118</u>	<u>5.3 %</u>
Cash and temporary investments	<u>\$ 1,085,442</u>		<u>\$ 1,260,367</u>		<u>\$ 1,425,913</u>	



Gross profit for the City's liquor store operations decreased over two percent in 2013. The gross profit percent of the City's Liquor fund is around the state-wide averages and the operating expense percent is slightly higher than the state-wide averages.

The Office of the State Auditor annually publishes a report analyzing the operation of municipal liquor stores in the state. The most recent year of published information is for the year ended December 31, 2012. The statewide averages for Off-Sale operations are summarized below.

	Off Sale		
	2010	2011	2012
	Percent of Sales	Percent of Sales	Percent of Sales
Sales	100.00 %	100.00 %	100.00 %
Cost of sales	<u>74.80</u>	<u>74.60</u>	<u>74.20</u>
Gross profit	25.20	25.40	25.80
Operating expenses	<u>17.10</u>	<u>17.10</u>	<u>16.50</u>
Operating income	8.10	8.30	9.30
Nonoperating revenue (expense)	<u>(0.10)</u>	<u>0.10</u>	<u>(0.20)</u>
Income before transfers	<u>8.00 %</u>	<u>8.40 %</u>	<u>9.10 %</u>

Source: Analysis of Municipal Liquor Store Operations, for the year ended December 31, 2012
 Published by the Minnesota Office of the State Auditor

Ratio Analysis

The following captures a few ratios from the City's financial statements that give some additional information for trend and peer group analysis. The peer group average is derived from information we requested from the Office of the State Auditor for Cities of the 4th class (2,500 to 10,000). The majority of these ratios facilitate the use of economic resources focus and accrual basis of accounting at the government-wide level. A combination of liquidity (ability to pay its most immediate obligations), solvency (ability to pay its long-term obligations), funding (comparison of financial amounts and economic indicators to measure changes in financial capacity over time) and common-size (comparison of financial data with other cities) ratios are shown below.

Ratio	Calculation	Source	2010	2011	2012	2013
Debt to assets	Total liabilities/total assets	Government-wide	43% <i>34%</i>	41% <i>33%</i>	50% <i>33%</i>	51% <i>N/A</i>
Debt service coverage	Net cash provided by operations/ enterprise fund debt payments	Enterprise funds	105% <i>90%</i>	93% <i>106%</i>	91% <i>106%</i>	76% <i>N/A</i>
Debt per capita	Bonded debt/population	Government-wide	\$ 2,291 <i>\$ 2,774</i>	\$ 2,196 <i>\$ 2,826</i>	\$ 3,210 <i>\$ 2,626</i>	\$ 3,407 <i>N/A</i>
Taxes per capita	Tax revenues/population	Government-wide	\$ 379 <i>\$ 458</i>	\$ 380 <i>\$ 500</i>	\$ 400 <i>\$ 480</i>	\$ 414 <i>N/A</i>
Current expenditures per capita	Governmental fund current expenditures / population	Governmental funds	\$ 445 <i>\$ 624</i>	\$ 443 <i>\$ 640</i>	\$ 427 <i>\$ 649</i>	\$ 466 <i>N/A</i>
Capital expenditures per capita	Governmental fund capital outlay / population	Governmental funds	\$ 79 <i>\$ 265</i>	\$ 252 <i>\$ 229</i>	\$ 1,016 <i>\$ 298</i>	\$ 122 <i>N/A</i>
Capital assets % left to depreciate - Governmental	Net capital assets/ gross capital assets	Government-wide	76% <i>68%</i>	76% <i>64%</i>	84% <i>65%</i>	81% <i>N/A</i>
Capital assets % left to depreciate - Business-type	Net capital assets/ gross capital assets	Government-wide	83% <i>68%</i>	81% <i>65%</i>	79% <i>63%</i>	77% <i>N/A</i>

Represents the City of St. Francis

Peer Group Ratio

Debt-to-Assets Leverage Ratio (Solvency Ratio)

The debt-to-assets leverage ratio is a comparison of a city's total liabilities to its total assets or the percentage of total assets that are provided by creditors. It indicates the degree to which the City's assets are financed through borrowings and other long-term obligations (i.e. a ratio of 50 percent would indicate half of the assets are financed with outstanding debt).

Debt Service Coverage Ratio (Solvency Ratio)

The debt coverage ratio is a comparison of cash generated by operations to total debt service payments (principal and interest) of enterprise funds. This ratio indicates if there are sufficient cash flows from operations to meet debt service obligations. Except in cases where other nonoperating revenues (i.e. taxes, assessments, transfers from other funds, etc.) are used to fund debt service payments, an acceptable ratio would be above 100 percent.

Bonded Debt per Capita (Funding Ratio)

This dollar amount is arrived at by dividing the total bonded debt by the population of the City and represents the amount of bonded debt obligation for each citizen of the City at the end of the year. The higher the amount, the more resources are needed in the future to retire these obligations through taxes, assessments or user fees.

Taxes per Capita (Funding Ratio)

This dollar amount is arrived at by dividing the total tax revenues by the population of the City and represents the amount of taxes for each citizen of the City for the year. The higher this amount is, the more reliant the City is on taxes to fund its operations.

Current Expenditures per Capita (Funding Ratio)

This dollar amount is arrived at by dividing the total current governmental expenditures by the population of the City and represents the amount of governmental expenditure for each citizen of the City during the year. Since this is generally based on ongoing expenditures, we would expect consistent annual per capita results.

Capital Expenditures per Capita (Funding Ratio)

This dollar amount is arrived at by dividing the total governmental capital outlay expenditures by the population of the City and represents the amount of capital expenditure for each citizen of the City during the year. Since projects are not always recurring, the per capita amount will fluctuate from year to year.

Capital Assets Percentage (Common-size Ratio)

This percentage represents the percent of governmental or business-type capital assets that are left to be depreciated. The lower this percentage, the older the City's capital assets are and may need major repairs or replacements in the near future. A higher percentage may indicate newer assets being constructed or purchased and may coincide with higher debt ratios or bonded debt per capita.

Future Accounting Standard Changes

The following Governmental Accounting Standards Board (GASB) Statements have been issued and may have an impact on future City financial statements: ⁽¹⁾

GASB Statement No. 67 - *The Financial Reporting for Pension Plans- an Amendment to GASB Statement No. 25*

Summary

The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. The new information will enhance the decision-usefulness of the financial reports of these pension plans, their value for assessing accountability, and their transparency by providing information about measures of net pension liabilities and explanations of how and why those liabilities changed from year to year. The net pension liability information, including ratios, will offer an up-to-date indication of the extent to which the total pension liability is covered by the fiduciary net position of the pension plan. The comparability of the reported information for similar types of pension plans will be improved by the changes related to the attribution method used to determine the total pension liability. The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison to actuarially determined rates, when such rates are determined. In that circumstance, it also will provide information about whether employers and nonemployer contributing entities, if applicable, are keeping pace with actuarially determined contribution measures. In addition, new information about rates of return on pension plan investments will inform financial report users about the effects of market conditions on the pension plan's assets over time and provide information for users to assess the relative success of the pension plan's investment strategy and the relative contribution that investment earnings provide to the pension plan's ability to pay benefits to plan members when they come due.

Future Accounting Standard Changes - Continued

GASB Statement No. 68 - *The Accounting and Financial Reporting of Pensions- an Amendment of GASB Statement No. 27*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

This Statement is effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information.

GASB Statement No. 69 - *Government Combinations and Disposals of Government Operations*

Summary

This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations.

A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

Until now, governments have accounted for mergers, acquisitions, and transfers of operations by analogizing to accounting and financial reporting guidance intended for the business environment, generally APB Opinion No. 16, Business Combinations. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations.

**People
+ Process.**
**Going
Beyond the
Numbers**

Future Accounting Standard Changes - Continued

GASB Statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

Summary

Some governments extend financial guarantees for the obligations of another government, a not-for-profit organization, a private entity, or individual without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity or individual that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range.

This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees.

The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a nonexchange financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a nonexchange financial guarantee may be applied prospectively.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This Statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee.

GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measure Date - an Amendment of GASB Statement No. 68*

Summary

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Future Accounting Standard Changes - Continued

Statement No. 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This benefit will be achieved without the imposition of significant additional costs.

¹ Note. From GASB Pronouncements Summaries. Copyright 2014 by the Financial Accounting Foundation, 401 Merritt 7, Norwalk, CT 06856, USA, and is reproduced with permission.

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This communication is intended solely for the information and use of the City Council, management and the Minnesota Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data. The comments and recommendations in the report are purely constructive in nature, and should be read in this context.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the opportunity to be of service and for the courtesy and cooperation extended to us by your staff.

Abdo Eick & Meyers, LLP

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

**CITY OF ST. FRANCIS
ST. FRANCIS, MN
ANOKA COUNTY**

RESOLUTION 2014-16

**RESOLUTION TO CONTRACT FOR SPECIFIC WORK
FOR SHARED FIRE SERVICES**

WHEREAS, the Shared Fire Service Study Group, known as the Rum River Regional Fire Study Group, which includes the cities of Bethel, Nowthen, Ramsey, and St Francis has held scheduled meetings on a regular basis since October 2011; and

WHEREAS, the City of St. Francis had the following members participate in the Shared Fire Service Study Group; Mayor Tveit, Fire Chief Dean Kapler, City Administrator Matt Hylan, and Firefighter Dan Thompson; and

WHEREAS, all cities mutually adopted a resolution to continue efforts towards a shared fire service and

WHEREAS, the “Rum River Regional Fire” Study group applied for and received a grant for a feasibility study for shared or cooperative fire and emergency services; and

WHEREAS, the feasibility study was completed and the results were presented to a meeting of the five city councils on June 26, 2013, and

WHEREAS, the feasibility study and the Fire Service Study Group both acknowledge two main issue to address: creating a draft joint powers agreement (JPA) which would include governance details; and questions relating to consolidation of the relief associations; and

WHEREAS, the law firm of Barna Guzy & Steffen, Ltd. has provided a quote in the amount of \$8,000 to create a draft JPA; and

WHEREAS, the firm of Van Iwaarden Associates has provided a quote of \$7,000 to \$10,000 to complete an analysis of the financial impact of bringing all three involved relief associations up to the Ramsey model, which is the highest level.

WHEREAS, the total of the not to exceed amount of \$18,000 will be distributed among the cities using the weighted cost share model that the study group has endorsed, which is as follows: Ramsey 67%, St. Francis 21%, Nowthen 10%, and Bethel 2%. This equates to \$12,060 for Ramsey, \$3,780 for St. Francis, \$1,800 for Nowthen and \$360 for Bethel.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ST. FRANCIS, ANOKA COUNTY, STATE OF MINNESOTA, as follows:

- 1) That the St. Francis City Council hereby approves entering into a proposal with Barna, Guzy & Steffen to create a draft joint powers agreement and with Van Iwaarden Associates for the financial impact analysis.
- 2) That the St. Francis City Council hereby authorizes the Mayor and the City Clerk to sign such proposals.

The motion for the adoption of the foregoing resolution was made by Councilmember _____ and was duly seconded by Councilmember _____ and upon vote being taken thereon, the following voted in favor:

and the following voted against the same:

and the following abstained:

and the following were absent:

ADOPTED BY THE CITY COUNCIL OF THE CITY OF ST. FRANCIS THIS 19th DAY OF MAY, 2014.

Jerry Tveit, Mayor of St. Francis

ATTEST:

Barbara I. Held, City Clerk



ST. FRANCIS PLANNING MEMO

TO: St. Francis City Council
Matt Hylen, City Administrator

FROM: Nate Sparks

MEETING DATE: May 19, 2014

DATE: May 14, 2014

RE: Meridian Behavioral Health Extension Request

BACKGROUND

Meridian Behavioral Health received approvals for a Preliminary Plat, Rezoning, Conditional Use Permit, Site Plan Review, and Final Plat in 2013. The deadline for enacting these approvals is coming up in July. The applicant would like to have this deadline extended one year and has made a request to the Council for this purpose.

PREVIOUS APPROVALS

Meridian received approval of a Preliminary Plat, Conditional Use Permit, and Site Plan Review on May 6, 2013 this was conditioned on the Rezoning being approved. The Rezoning was then approved on May 20, 2013 which was stated to be placed into effect upon recording of the Final Plat. The Council approved a Final Plat on July 1, 2013. The applicant had 90 days to record the Final Plat and execute the Development Agreement. On September 16, 2013, the City Council granted an extension to the applicant to record the Final Plat and execute the Development Agreement by July 31, 2014.

EXTENSION PROCESS

In Section 10-3-4 of the Zoning Ordinance, it states that Conditional Use Permit and Site Plan Review approvals expire after one year unless extended. An extension may be granted by the Council after review by the Planning Commission. The Planning Commission review is scheduled for May 21, 2014. After this review, the City Council may act upon the extension request at the June 2, 2014 meeting.

REQUESTED ACTION

No action is necessary by the Council on this matter at this time.



May 5, 2014

Mayor Jerry Tveit and Members of the City Council
City of Saint Francis
23340 Cree Street NW
St. Francis, MN 55070

RE: OUTLOT A, MEADOWS OF SAINT FRANCIS – EXTENSION REQUEST

Dear Mayor Jerry Tveit and Council Members,

On May 14, 2013 the City Council approved a rezoning, conditional use permit, site plan and preliminary plat for Meridian Behavioral Health (MBH) to develop a residential treatment facility on Outlot A, Meadows of Saint Francis. On July 1, 2013 the City Council approved the final plat for the project. On August 20, 2013, MBH acquired Outlot A for the purpose of proceeding with development of the proposed facility. Further, on September 4, 2013, MBH requested (and was granted) an extension to July 31, 2014 to file the final plat and to commence work on the project. This letter is to request that the CUP, the time period to file the final plat and then to commence work, be extended to July 31, 2015.

Meridian Behavioral Health's search for a suitable site to develop in St. Francis began in earnest in December 2012. Outlot A, Meadows of Saint Francis was identified (and purchased) because it is seen as an ideal location for many reasons. St. Francis (and the site) offers the opportunity to serve an unmet need for addiction treatment, to partner with a welcoming community, and to build a treatment center at a site ideally situated for its therapeutic value. The opportunity to partner with the City of St. Francis and its community is exciting and compelling. As such, we have been in close contact with Michelle Anderson and regularly attending and participating in St. Francis Community Drug Awareness Board meetings since 2013.

We are committed to this project. In addition to purchasing the property, we have invested over \$265,000 to-date in development costs. However, we have other strategic initiatives whose requirements on our personnel and finances are such that it will be challenging to commence the St. Francis project in 2014. We would like to re-start this project in 2015 and begin site preparations in the spring of 2015. For these reasons we request an extension to July 31, 2015.

Please call the undersigned with any questions at 612-916-0352.

Sincerely,

A handwritten signature in black ink, appearing to read "John Seymour", with a long, sweeping underline.

John Seymour
VP, Marketing and Business Development