

CITY OF ST. FRANCIS
CITY COUNCIL AGENDA
MAY 16, 2011
ISD #15 CENTRAL SERVICES CENTER (DISTRICT OFFICES)
4115 Ambassador Blvd. NW

6:00 pm

1. Call to Order/Pledge of Allegiance
2. Roll Call
3. Adopt Agenda
4. Consent Agenda
 - a. City Council Minutes- May 2, 2011
 - b. Receive and File the May 3, 2011 Draft Minutes to the Upper Rum River Watershed Management Organization
 - c. Authorize out of State Travel for Brigit Kelley on Grant received for Fire Fighter Training expenses.
 - d. Approve the 3.2 Beverage Permit for the Lions Club during Pioneer Days June 11-12th
 - e. Waive the Warming House Rental Fee for High School Group Fundraiser who will be traveling to the Rainforest this summer.
 - f. Payment of Claims
5. Meeting Open to the Public
6. Petitions, Requests, Applications
 - a. Abdo, Eick and Meyers: 2010 Annual Audit Report
7. Ordinances & Resolutions:
 - a.
8. Reports of Consultants & Staff Members
 - a. Engineer: Ambassador Blvd Trunk Utility Improvements Project Update
 - b. Attorney: Economic Development Authority – Resolution 2011-12
 - c. Staff:
 - Fire Dept:
 - Public Works:
 - Liquor Store:
 - Police:
 - City Administrator Report:
 - Contract for Interim Fire Chief Services with the City of Ramsey
 - Discussion on Construction Manager versus General Contractor
9. Reports from Council Members
10. Report from Mayor
 - a. Discussion on a Policy for “Meeting Open to the Public” section of the agenda
11. Old Business
12. New Business
 - a. Efficiency Report Card: Police Department
13. Adjournment

Calendar of Events

May 18th: Planning Commission Meeting CANCELLED @ ISD# 15 Central Services Center (District Offices) 7:00 pm
June 6th: City Council Meeting @ ISD# 15 Central Services Center (District Offices) 6:00 pm
June 10th: SFHS Graduation
June 10-12th: Pioneer Days
June 11th: St. Francis Motorcycle Run-All proceeds benefit the Pederson Path Project

TO: Mayor & City Council

FROM: Matthew L. Hylan, 
City Administrator

RE: Agenda Memorandum – May 16, 2011 Meeting

Agenda Items:

4. Consent Agenda:

6. Petitions, Requests, Applications:

- a. City Audit Report: A representative from Abdo, Eick and Meyers will be present to discuss the 2010 Annual Audit Report.

7. Ordinances & Resolutions:

8. Reports:

- a. **Engineer:** *Ambassador Blvd Trunk Utility Improvement Project Update:* Attached is a memorandum from City Engineer Jared Voge relating updating the Council on this project.
- b. **City Attorney:** *Establishment of a SFEDA:* Attached is a memorandum from City Attorney Scott Lepak outlining the process of establishing a St. Francis Economic Development Authority. To begin the process, the Council would need to motion to call for a Public Hearing.

c. Staff:

Fire Dept:

Public Works:

Liquor Store:

Police:

City Administrator: *Contract Services with the City of Ramsey:* Attached is a copy of a contract for services with the City of Ramsey and Dean Kapler for interim Fire Chief services along with an Agenda Report.

Construction Manager vs General Contractor for PW/Police Building: Attached is information on construction managers vs general contractor for our police/public works building. Staff would like to lead a discussion on the pros/cons of each potential process. Here is some general summary comments: **ALLOCATION OF RESPONSIBILITIES:** Indicates team players roles in either a conventional project (architect manages construction with one general contractor – contractor solicits bids from specialty contractors) or construction manager (who will solicit bids from 18 to 20 specialty contractors). **CONVENTIONAL METHOD** – project is designed and one general contractor is selected for project. See attached matrix. Design team manages the construction through a single point of one contractor – there are responsible for everything. **CONSTRUCTION MANAGEMENT** – CM will solicit bids and manage up to 20 subcontractors. Special attention has to be addressed so there are no gaps

between subcontractors. If bid packages are not all bid at the same time, total construction cost cannot be determined until they are all bid.

Capital Improvement Plan: As per the City Charter, the City Council will be receiving their 5 year Capital Improvement Plan prior to June 1, 2011. We are finishing the preliminary review and summary. This document will be discussed this summer in anticipation to the official approval in August.

11. Old Business

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

CITY COUNCIL MINUTES

MAY 2, 2011

1. **Call to Order/Pledge of Allegiance:** 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, Jeff Sandoval, LeRoy Schaffer, Steve Kane and Chris McClish. Also present were City Attorney Scott Lepak (Barna, Guzy & Steffen), City Engineer Jared Voge (Bolton & Menk, Inc.) Police Chief Jeff Harapat, Public Works Director Paul Teicher, Finance Director Darcy Mulvihill, City Administrator Matt Hylen, and City Clerk Barb Held.
3. **Adopt Agenda:** MOTION BY SANDOVAL SECOND KANE TO ADOPT THE MAY 2, 2011 CITY COUNCIL AGENDA. Motion carried 5-0.
4. **Consent Agenda:** MOTION BY SANDOVAL SECOND KANE TO APPROVE THE MAY 2, 2011 CITY COUNCIL CONSENT AGENDA A -H AS FOLLOWS:
 - a. Approve the City Council Minutes of April 18, 2011.
 - b. File the Amended City Council April 4, 2011 Minutes as requested by Council member Schaffer.
 - c. Accept Catherine Okerstrom's Letter of Resignation from the Liquor Store.
 - d. Approve the hiring of Bruce Olson and Nicole Dowell as Part Time Liquor Store Clerk.
 - e. Approve the Appointment of Lan Tornes to the Upper Rum River Watershed Management Organization as the Resident appointee.
 - f. Acknowledging the ISD #15 Wellness Program 5k Run/Walk Route on May 14, 2011
 - g. Approve Pay Estimate No. 5 for \$169,161.95 and Change Order No. 2 for \$3,616.67 to Geislinger & Sons, Inc. for the Ambassador Trunk Utility Improvements.
 - h. Approve the Payment of Claims for \$185,094.74.Motion carried 5-0.
5. **Meeting Open to the Public: (At this time, the meeting is open to the public. Since we have a large turn out here today, I would like to limit everybody to 3 minutes so everybody has a chance to speak.)** Jeff Titus, 4324-230th Avenue NW, was here to talk about high taxes and high water/sewer rates. I was here last December 6, 2010 to talk about the same issues. April 16, 2011 the City Council voted to raise the city's portion of our taxes to increase by 16.5%. Did you realize that when you voted on the resolution at the last meeting? You are driving citizens and businesses into financial ruins. Housing prices keep going down. You may ask why don't you just sell and move out, Mr. Titus. Well, I tried that for two years but nobody bought my house, no surprise. Mr. Mayor you and other council members campaigned for office on lowering taxes right? You sure did and now you're passing and have passed to raise my taxes 16.5%. This is absolute campaign fraud. I agree we have a maintenance department that has a

problem; I don't think anybody can deny that. We need better space, nobody can argue that if you look at it, its absolute truth, but I might suggest this; the city take the \$404,580 that they have set aside for building projects and the projected \$175,000 that they were putting aside this year and use that money to make changes to the building. By my calculations, it's about \$580,000. If you need to borrow a few hundred thousand dollars, let's say \$500,000 and you could do that and for about \$1 million you could probably put a pretty decent building together. Being on the city council myself and being a council member requires you to make tough decisions. I was on city council, I sat where you are. We had to make tough decision on the council. We had many needs but we had to prioritize our needs knowing we could not afford to do everything that we wanted to do. We made the city do as each and every other business and homeowner must do "live within our means". We didn't raise anybody's taxes 16.5 % when I was on the council. After reading the recent article published in the Anoka news, I believe you have chosen this route to lease this building absolutely because you're trying to shut the citizens out of the process and you're not looking out for the best interest of the citizens or businesses.

Mayor Tveit said Mr. Titus it has been more than three minutes.

Titus said I just have a few more comments here. I just have a few more comments here. Mr. McClish I understand that you are concerned that many officers are being forced to work out of small spaces and have equipment jammed into the police station. I understand this is an inconvenience, but frankly raising taxes on every citizen 16.5% is unacceptable. Which brings me to my final statement? What is next? We need a city hall, city council are you going come back later this year and go through another \$10 million dollars to build city hall or are they going to try to pass this legislation tonight, which is resolution 2011-12 which starts a new entity to try to attract businesses to the city but they're paid positions, they're all paid positions. The city has a spending problem. I would ask that you repeal the motion you made at the last council meeting.

Tveit said I would like to remind everyone to keep it more condensed.

Roland Willis, 23073 Eidelweiss Street NW: Good evening Mayor, Council and City Staff. I like Mr. Titus are in about the same condition. I voted for Mr. McClish understanding when I talked to you that you were not in favor of any buildings and I put my name to the citizens of St. Francis and asked people to vote for you based on that endorsement. I see you were the person that made the motion to go ahead with this. I'll go ahead and quote it exactly what it states; you made a motion to go ahead with a 20-year lease purchase revenue bond options to construct a public works and public safety facility. So understand that I put my name out there to ask people, my friends, family and relatives and citizens of this town to vote for you because you were against this and the mayor ran on, as Jeff pointed out on no new taxes. Unfortunately, we now have a new tax. Just like the revolving loan credit that was passed earlier this season or session. I don't know if there are any strings attached. I don't know if the citizens understand how this works but we're going to get money from the county. Essentially, you are funding businesses up here through the county because it does come out of your taxes, again because you are paying county taxes. So, it might look good to the city that we loan a business money and if we can grow, economic growth here and that's all fine and dandy. But really the citizens of Anoka County are paying for it we're just spreading the wealth instead of just the City of St. Francis. My main focus here, I have a laundry list but the mayor kind of squashed the public here

to speak, so I'll have to bring these up at another meeting. My main thing is resolution 2011-12. Now, I can sit here and read this but I made enough copies, 30 of them so everybody can come and read this. But, I'll read the finer points of it. This is basically, what we are going to vote on tonight, folks they are going to establish an Economic Development Authority. This authority will allow five people, men or women to go ahead and purchase lease or do anything they want in the city, I'll just give you an example. The authority may create and define the boundaries of an economic development district as allowed by law. Ok, the authority may acquire by a lease purchase, give, devise or condemnation proceeding that immediate rights, title and interest in property to facilitate its proposed purpose as authorized by law. The authority may sign options to purchase, sell and lease property and it also states here it will become like an LLC. So, understand, I can't read this 5 page thing but I encourage you all to read it and understand what they're going to do. This is a paid position and they want to pretty much have the right to do whatever they want, in fact, there are few things they have to come in front of the city council to do once they start establishing. And just to point out another fact, when this resolution comes in front of the city council it is not drafted by city staff. This is drafted by a law firm. This cost taxpayers of this town to draft a resolution. If I pay for a resolution, as far as I am concerned would be about \$1,000 each. So, understand when a resolution comes before city council, when things like this come in front of the city council and comes from a law firm they drafted, they cost money. It's just the way it is. Also, there is also a thing I just want to bring up from the last point on economic growth. The last thing on economic growth on April 4th there was a resolution passed to allow this county to look at our thorough way on County Road 24 that runs in front of the high school. The proposal is for two roundabouts. I really hope as a city council you guys really discourage them of even coming close to doing that in this city. If anybody's heard of this, that does not spur economic growth like the charter or authority is going to do. Because anybody I've talked to, if you're going to try and get any businesses to come up here, roundabouts are not the way to go because they discourage truckers. You put two over there; in fact, I talked with one businessman. His business resides across the way from the high school. He goes, what about my business? How are they going to get into my lot coming east/west bound? I don't know, that's not my problem, but is obviously his now if this goes through. I highly recommend you guys discourage that because that's not going to spur growth. The Mayor ran under no new taxes and economic growth and Chris McClish, Councilman you ran under no new buildings. I don't know what to tell you guys but the next elections are around the corner. The public will speak again. I just don't know where you guys will sit. Thank-you

LeRoy Schaffer asked to speak on the bonding issue. City Attorney, Scott Lepak stated Mr. Mayor, I am assuming Mr. Schaffer can address this under "Old Business". I recommend you move on. Mayor Tveit recommended we move on and the remainder of the council agreed.

Chad Mitchell, 23376 Ambassador Blvd, I agree with the other two gentlemen about the taxes, but the city went for a long time without updating a lot of stuff and if we need to update stuff we should do it the right way instead of the false estimates that Mr. Schaffer has passed out. I got neighbors coming up to me and they are mad \$31,000 for a building, that's just labor. Mr. Schaffer if you're going to pass out stuff like this you need to get your facts straight so the citizens realize it.

Tim Brown, 5268 Ambassador Blvd., Good evening Mayor and Council. I don't like more taxes either. Everybody is worried. I don't like more taxes. I think this council and mayor has done a fine job in keeping taxes at a reasonable level. People want to have services. They want police, they want fire, and they want public works until they have to pay for it. So, if you want to live with the services you're going to have to pay for it people. As far as the maintenance facility goes, I don't want to spend that kind of money, but we need it. If the council before me would have taken care of it, we wouldn't be talking about this right now. So as far as I'm concerned here is my checkbook. bring it on. We need the facility, we need to take care of the city, and we need to take care of our infrastructures. Otherwise, we're going to have problems ten years from now. When will be the right time? Now is the right time. Bids are going to be low; bids are going to be very competitive right now, let's get it done. I feel you guys are going forward and in the right direction. If anybody doesn't want it, you know, I suggest if 3500 people show up here then don't do it, but I don't see 3500 people here. Let's get it done. Thank-you.

William Gardner, 5304 238th Avenue; Basically, I have two issues and I would like to address tonight because I tried to understand what you people did at the last meeting. I spoke with Barb, I spoke with the Mayor, I spoke to the LeRoy and to Mr. Sandoval and out of all you people Mr. Sandoval is the only one that could explain to me what you did. Now I understand it, I get it. You took a vote on how much money the city will borrow to build a Public Works and Police Station. That doesn't mean that you're going to spend that amount of money and as the Anoka County Union article by Tammy Sakry it kind of reinforces that. So, yes I do agree we do need some buildings. I was the former Mayor here also. Now, I would like to go through the other issue and this is a complaint against the Mayor. I will give the council members a copy. Tonight, I like to file an official complaint against the mayor for making a racial remark to me on April 19, 2011 during a telephone conversation. I called the mayor to get an understanding of what just happened at a council meeting the night before regarding the proposed 9.5 million lease and levy. I had a very difficult time understanding what he was saying and how he was saying it. So, Mr. Tveit said to me the following: "Let me give you an analogy. Suppose I was going to buy a car and I went to a dealer, car dealership and I kicked the tires and I drive the car around and then went inside to the salesman and I tried to Jew him down." I told him I was offended by that remark because I am part Jewish. He stated he was sorry for making that statement. I then said there were more appropriate words he could have used and he said "that was true" but he was unable to come up with any other word until I said "maybe negotiate" would have been more an appropriate word to use instead of trying to "Jew" him down. When I posted his comments on my web site someone stated, "well at least he apologized" My reply to such as comment was the followings "If I used the "N" word and I apologized for it, then it must be OK. I don't think so. I don't think so, as the Mayor you're standards are a little higher than a non-elected official. I know the city has a code of conduct and I feel the mayor crossed that line. I request he be censored for such a comment and not only a person who is part Jewish or any person at all. In closing, I know this will be treated just like my last complaint with nothing being done but at least both my complaints will be part of official record.

6. **Petitions, Requests, Applications:**

a. **Mystic Riders Lawful Gambling Premise Permit Application for Rum River Inn**
Resolution 2011-11: MOTION BY SANDOVAL SECOND McCLISH ADOPTING
RESOLUTION 2011-11 A RESOLUTION APPROVING THE LAWFUL GAMBLING

PREMISE PERMIT APPLICATION FOR MYSTIC RIDERS SNOWMOBILE CLUB AT THE RUM RIVER INN. Schaffer said most of these are (inaudible) I would have liked more go to charities like the food shelf. I think we should fill needs not niceties. Kane said I would like to note that in the application they note where they donate their money. Kane went on to read the organizations; food shelves to area counties, school scholarships, local benefits, six other local area snow-Clubs, school sports, school proms and trail funding and equipment. Kane stated I think they do give to area organizations. Tveit said we didn't mention anything at that time when we approved the CHOPS Inc. for the Patriot Lanes, so why hold Mystic Riders to a higher standard. Sandoval said CHOPS, Inc. does put funds into this community they help under privileged kids and are based out of East Bethel. Tveit said I stand corrected. Motion carried 4-1. Schaffer voting nay.

b. **St. Francis Area Jaycees: Temporary Liquor License and Dance Permit for Pioneer Days:** MOTION BY SANDOVAL SECOND SCHAFFER APPROVING THE TEMPORARY LIQUOR LICENSE AND DANCE PERMIT FOR PIONEER DAYS JUNE 10-12, 2011. Motion carried 5-0.

c. **St. Francis Patriot Lanes: Dance Permit for Pioneer Day:** MOTION BY SANDOVAL SECOND McCLISH TO APPROVE THE DANCE PERMIT FOR PIONEER DAYS. Motion carried 5-0.

7. **Ordinances & Resolution:**

a. **Resolution 2011-12: Enabling Resolution Establishing an Economic Development Authority for the City of St. Francis, Minnesota:** Seems like a catch 22 we want business but listening to people tonight they are not in favor. Hylen said last week I was out of the office and there is a process that we will need to follow for developing an EDA. I would recommend you not consider this resolution tonight. Sandoval said let's get all the information together with financing options and an amount before we proceed. Kane said I would like to keep the public involved. MOTION BY SCHAFFER SECOND SANDOVAL TO TABLE RESOLUTION 2011-12 ENABLING RESOLUTION ESTABLISHING AN ECONOMIC DEVELOPMENT. Motion carried 5-0. Hylen said there is a formal process to follow and I will be communicating with the city attorney and will try to have more information in your off week memorandum.

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

a. **Engineer:**

b. **Attorney:**

c. **Staff: Fire Department:** No report.

Public Works: Lawn Care Proposals: The City received seven quotes ranging from \$30,000 to \$66,000. The amounts came in higher than expected and budgeted. Therefore, staff is recommending rejecting all proposals due to the higher than expected costs. Sandoval said we have heard from people of all these cost saving ideas and we need to better utilize contractors. We do have other jobs that need to be done by our employees and we wanted to see what kind of prices were out there. Schaffer asked what does it cost us. Kane asked that he remove himself from the vote being he knew one of the contractors who put in a bid. MOTION BY TVEIT SECOND McCLISH TO REJECT ALL BIDS FOR LAWN CARE PROPOSALS DUE TO THE COST BEING HIGHER THAN EXPECTED. Sandoval asked are we not going to go out again this year for proposals. Hylen said in our minds we were hoping that we would not go above the

\$25,000 dollar mark. Again, this year we will just utilize our part time seasonal to help with the mowing. Motion carried 4-0. Kane abstained.

Trail Lighting Update: We have more information coming in and recommend that we discuss all improvements at once. MOTION BY TVEIT SECOND SANDOVAL TO TABLE THE TRAIL LIGHTING. Motion carried 5-0.

Liquor Store: No report.

Police Dept: No report.

City Administrator Report: Cleaning Proposals: We did cease the current contract with our cleaners because of their work performance. The City received three quotes ranging from \$370.00 to \$562.00 per week. These quotes too came in higher than expected. We previously were paying about \$6,000 a year. This extra money was certainly not budgeted. Previously I had proposed to hire a part timer for about 10-20 hours per week at \$14.00 to \$18.00 per hour. Hylen said it would be around \$10,920 using 15 hours a week plus supplies and benefits. Kane asked did we try any temporary services. Hylen said we did not contact any temporary services. Kane said we do try this for our work when we need something temporary. Hylen said the only concern I may have right now is being able to do back ground checks on all workers. Hylen said we could contact a temporary service. Schaffer said we have to check these people out real close. Schaffer asked would this part timer take care of accidents from old people. Hylen said the contract would be for normal cleaning of public buildings. Certainly, the city council directs intentional acts on government buildings by seeking restitution. Sandoval said we are still going to have to buy the supplies. Schaffer said I want to abstain I am not sure. MOTION BY TVEIT SECOND KANE TO REJECT THE THREE QUOTES THE CITY RECEIVED FOR CLEANING PROPOSAL DUE TO THE COST OF THE PROPOSALS. Sandoval said I would like to table this until we get more information. McClish agreed with Sandoval. The council would like to see the total cost of hiring a part timer and supplies along with the cost of a temporary service. Motion failed 1-3. Schaffer abstained. MOTION BY SANDOVAL SECOND McCLISH TO TABLE THE PROPOSALS UNTIL WE GET FIGURES FROM COMPANIES OR A TEMPORARY SERVICE VERSUS HIRING A PART TIME EMPLOYEE. Motion carried 5-0. In the mean time have Hylen contact someone to come in for a cleaning service.

Joint Cooperation with Ramsey Fire Department: Hylen reported that after discussions with our Fire Chief, Buddy Vangelof and Ramsey's Fire Chief and City Manager, we are proposing to pursue a contract for an Interim Fire Chief from Ramsey. The City of Ramsey is currently preparing the cost associated with this contract. No action is needed at this time. Ramsey will be having a work session tomorrow night (Tuesday) to discuss this matter. At our next council meeting, we could have a contract for the City council to act on. Chief Vangelof is nearing the end of his 60-day extension as being the chief.

Green Acres Legislative Update: Hylen reported in relation to council direction and Ray Jones' concerns with Green Acres. A bipartisan reform act for the Minnesota' Green Acres program was signed by Governor Dayton on Friday, April 15th and is intended to protect farmers from rising property taxes due to nearby commercial and residential development. No additional Green Acres legislation for 2011 will be acted on and that is the reason ne letter was drafted for Council member Kane to take to our legislators. This happened the Friday before our Board of Review, which was held on April 18, 2011.

Schaffer said this is commendable.

9. **Reports from Council Members:** Schaffer said he has a URRWMO meeting tomorrow night.

Sandoval state he just has a comment on this bond issue and the issues raised. I understand how the people are concerned that they were left out of the process. Sandoval said we need to come up with a maximum dollar amount. There is a lot of miss information out there. I agree with Brown that we are dealing with issues that previous councils should have taken care of.

10. **Report from Mayor:** First, I want to apologize to the public regarding the comment I made in talking to Mr. Gardner. I did say the comment and had a slip of the tongue. I apologized to him several times during our phone conversation. I was kind of surprised to see him here tonight. I thought my apology was accepted. Again, I do apologize for having the slip of the tongue.

Tveit said he attended the Mayor's conference this past weekend. One of the topics was about how to overcome the mistrust in government. That is actually, why I ran for office because I too use to mistrust government. I don't anymore on local government but it is probably because I am better educated. At our work session in February one of the items mentioned was better communication with the public. Therefore, last week we went through the public works facility and the police department and made a video. We need to communicate better with the public on what we have. We are in charge of this city's assets. We have made it clear that none of us are comfortable with the 9.5 million. We have not voted on any dollar amount at all. The person earlier said his taxes are going up 16. %. I am not sure, how he can get that when we do not know what the amount would even be. In regards to water and sewer rates, we have our own system. We cannot compare to cities that have services with the Metropolitan Council. Isanti who has there own system too are increasing their rates significantly this year. Tveit said I do not want people to think we are stifling people from talking but we do have to keep order in the meeting.

Last year we talked about fundraising for Pederson Path. I would like to have a 1st Annual Motorcycle Ride as a fundraiser for Pederson Path Project. This event will take place on June 11th it will start at Zylstra's Harley Davidson in Elk River, then go to JR's Outpost-Anoka, Captains on Long Lake, Fatboys-East Bethel and end up at Billy's Neighborhood Bar & Grill in St. Francis The City will not have any liability with the event. I do have a flyer that I will be distributing.

11. **Old Business:** Sandoval said we previously talked about signage with the snowmobile trails. Police Officers said they are unable to determine what color permits snowmobilers have on their sleds. Part of the proposal is to not allow snowmobiles at all from Hwy 47 to County Road 9.

Schaffer read a motion from a piece of paper. (Typed as written and submitted to the city clerk)
"I councilman LeRoy T. Schaffer motion that we have public hearing on the issue of the lease

purchase revenue bonds which will be used to build new public works/public safety facility as per city staff, the cost of the project is estimated at \$9.5 million. That the public be informed at least 2 wks by mail before any final decision is made. That a special meeting should be held in the high school auditorium so that the public can participate unhindered by lack of space. Continuation of this motion is that we have a special election or referendum on the lease purchase revenue bond, bond issue to be held no less than 30 days after public hearing.” Pole barns are cheaper. This is not the time to spend money. Tveit said I do not think you can make a motion on the referendum because you were a nay vote. Lepak said he is not withdrawing the original motion he can go ahead with the motion before the council but there seems to be some legal conflicts with the content of the motion. Tveit asked several times if there was a second to the motion. There was none. Tveit said first you do not know the availability of the auditorium, a mailing does cost money and with a lease purchase, we are not required to have a public hearing. Schaffer said the perception is you are afraid to hold a meeting. Tveit said I am not afraid of holding a public hearing. I think a public hearing is a good thing; I welcome the opportunity to educate and interact with the public. I think we need to come up with some figures first. We need to come up with a design; I am not interested in 9.5 million dollars. Because they are going to want to know how it affects them. The public can say whatever they want and we have to listen and not argue with them. We just need to do a better job of educating and informing the public. That is why I think the video a good thing.

12. **New Business:**

a. **Efficiency Report Card-Public Works Department:** Public Works Director Paul Teicher reported in the last off week memorandum I mentioned we applied for a grant to help us with our well head protection plan that was adopted in 2004. We did receive the grant for \$7,500 to help with well surveying and also do some public education. The other item I wanted to report on was our hydrant flushing. Our hydrant flushing was completed last week in 48 hours compared to the 240 hours it use to take as recently as two years ago. This is a huge savings in man-hours and an improvement in our water quality. Teicher thanked the council for allowing us to continue to move forward and be as efficient as possible.

The tour videos are now online on our city website.

Tveit said he would like to publicly thank Bob and Jeff from County Market for donating six large pine trees for our parks. Please thank them when you see them in County Market.

13. **Adjournment:** The City Council meeting adjourned at 7:38 pm.

Upper Rum River Watershed Management Organization
Meeting Minutes for May 3, 2011

Ed Faherty called the meeting to order at 7:03 pm with the following members present Mary Ann Empson, Orval Leistico, LeRoy Schaffer, Lan Tornes, Richard Walstrom and John Wangenstein. Absent were Todd Miller, Jared Trost and Steve Voss. Also present Arlo Greenberg, Nowthen resident.

Introductions were made with Lan Tornes and Richard Walstrom welcomed.

APPROVAL OF MINUTES

Mary Ann Empson moved and Orval Leistico seconded to approve the March 1, 2011 meeting minutes as presented. All in favor, motion passed.

NEW BUSINESS

Burns Lake outlet ditch - Arlo Greenberg requested direction from the URRWMO on what could be done or who he should contact regarding flooding of his mother's farm property located at 21917 Sugarbush Rd. in Nowthen. Mr. Greenberg stated the flooding is due to too small of a culvert in the ditch and that he has talked with Anoka County Commissioner Matt Look. Ed Faherty explained that the URRWMO has no jurisdiction in this type of matter and suggested Mr. Greenberg contact the DNR, Anoka Conservation District and continue dialog with Commissioner Look. Jamie Schurbon sent an email on April 29, 2011 to URRWMO board members notifying them of this situation and that ACD is investigating the issue to determine if an issue exists and if so, what solutions might be available.

LeRoy Schaffer asked if he could distribute brochures and tree seedlings on behalf of the URRWMO to residents in St. Francis that live on the Rum River. The purpose would be to provide information and trees in an effort to prevent land erosion along the Rum River. Because this effort would be directed to St. Francis residents only, the consensus of the Board was that this project should go through the City of St. Francis.

A. Election of Officers – Ed Faherty opened the floor for nominations for chairperson. **Mary Ann Empson moved and Orval Leistico seconded to nominate Todd Miller for chairperson.** There were no other nominations for chairperson. Ed Faherty opened the floor for nominations for vice chairperson. **Ed Faherty moved and Orval Leistico seconded to nominate Mary Ann Empson as vice chairperson.** There were no other nominations for vice chairperson. **All in favor, motions passed.**

B. Hear recommendations on amendments to JPA and/or the Watershed Management Plan – The City of East Bethel, along with its original JPA signature page, submitted a letter requesting the URRWMO discuss the amendment of Paragraph 2.12 as an agenda item at a membership meeting. The Board reviewed Paragraph 2.12 as currently written and East Bethel's proposed amendment, and discussed the definition of “super majority”. **Richard Walstrom moved and Mary Ann Empson seconded to keep Paragraph 2.12 of the Amended January 2011 Joint Powers Agreement as written. All in favor, motion passed.**

C. Set meeting dates through May 2012 – **Richard Walstrom moved and Mary Ann Empson seconded to set the following meeting dates: July 5, September 6, November 1, 2011 and January 3, March 6 and May 1, 2012. All in favor, motion passed.**

D. Financial System – Mary Ann Empson proposed that the URRWMO get its own checking account to be administered by the City of Oak Grove. Benefits to having an account are the ability to collect monies for the 2012 budget line item Water Quality Cost Share Grant fund, to accrue monies for future matching grant funds, monthly bank statements, etc. Discussed the need for an annual audit. The SRWMO just went through the process of determining that the annual report submitted to BWSR satisfies the State Auditor; currently, the City of Oak Grove submits a page from its audit to the State Auditor. Discussed the number of signatures that would be required on each check and the need to appoint a Treasurer. **LeRoy Schaffer moved and Lan Tornes seconded to table this item to the July 5 meeting, allowing Mary Ann Empson time to research checking accounts and for Gail Gessner to talk with Sherry Fiskewald, Oak Grove City Clerk, about administering the account, what bills have already been paid out in 2011, billing to local governmental units, etc. All in favor, motion passed.**

E. Anoka Conservation District Invoice #2011024 – Richard Walstrom asked if payment to ACD is made in the year prior, as written on the invoice? That is a typo, it should read “The URRWMO will pay these respective invoices in April, July, and October 2011,...”. **LeRoy Schaffer moved and Orval Leistico seconded to approve payment of ACD Invoice #2011024 for #3,635.66. All in favor, motion passed.**

OLD BUSINESS

A. Finalize 2012 budget – It was noted that the budget total has gone done over the last four years due to the completion of the 3rd Generation Watershed Management Plan and the Geological Atlas Project. **Lan Tornes moved and LeRoy Schaffer seconded to approve the 2012 budget as presented for \$12,415.00. All in favor, motion passed.**

B. Joint Powers Agreement (JPA) – All parties have approved the Amended January 2011 JPA. Copies of original signature pages will be distributed so that each local governmental unit and board member will have a completed JPA.

MAIL

A. Original JPA signature page from City of East Bethel, along with cover letter. (See New Business B.)

OTHER

Troy Bednarz, 21520 Cleary Road, Nowthen, MN 55303 contacted Orval Leistico regarding Ford Brook overflowing and flooding his property. Mr. Bednarz believes it is due to

dead/fallen trees in the brook and was wondering if he could remove the trees in an effort to reduce the flooding. Orval Leistico presented maps showing where the flooding is occurring. Because the URRWMO has no jurisdiction in this type of matter, it was recommended Mr. Bednarz contact Anoka County.

ADJOURN

Mary Ann Empson moved and LeRoy Schaffer seconded to adjourn. All in favor, meeting adjourned at 8:52 pm.

Gail E. Gessner, Recording Secretary
Submitted via email on 5/5/11



Phone: (866) 878-8900

Emergency Services Training Institute

2011 Annual MUNICIPAL Texas Fire Training School

Website: www.teex.org/esti

Email: esti@teexmail.tamu.edu

Fax: (979) 847-9304

Address: TEEX-ESTI, 301 Tarrow, College Station, TX 77840-7896

Participant Information:

(Photocopies can be made for additional participants.)

Brigit A Kelley 468-92-0957
Participant Name (First, MI, Last) *TEEX Student ID** (or Full Social Security Number*)* *TCLEOSE PID #*

Organization St. Francis Fire Department Supervisor Name Buddy Vangelof (Chief)

Address 23340 Cree Street NW City/State/Zip St. Francis MN 55070

Phone 763.753.2334 Fax 763.753.1264 County Anoka Nation USA

Email bkelly316@aol.com Date of Birth 03/16/1977 Gender Male Female
MM / DD / YYYY (MUST BE 18 OR OLDER)

Please see the back to select the courses and options to complete your registration.

*Section 7(b) of the Privacy Act of 1975 (5 U.S.C. 552a) requires that when any federal, state, or local government requests an individual to disclose his or her social security account number (SSN), that individual also must be advised whether that disclosure is mandatory or voluntary, by what statutory or other authority the number is solicited and what uses will be made of it. (Call 888-878-8900 for full privacy statement.) **New students will receive a student ID number from TEEX.

Transfer and Cancellation Policy

If you cannot attend a class, you MUST contact TEEX in advance to either transfer or cancel your registration. Please refer to the Transfer, Cancellation, and No-Show Policies below.

Transfers:

Transfers to another scheduled class (or from one customer to another) are accepted at any time before the start of the class at no charge.

- Customers are encouraged to transfer to a future scheduled class of the same course.
- If the customer cannot transfer to a scheduled class of the same course, then he/she may transfer to another class of a different course and receive either a refund or pay the difference between the two class fees (if applicable).
- If the customer cannot attend any scheduled class, then the Cancellation/Refund Policy is in effect.

Cancellations/Refunds:

- TEEX will provide a full refund if you cancel 15 or more calendar days before the start of the class.
- Cancellations received 14 calendar days or less before the start of the class will be charged a fee of 10% of the class tuition.
- If TEEX cancels a class, customers will be offered:
 1. a transfer to a scheduled class of the same course.
 2. a transfer to another class of a different course (customers will receive either a refund or pay the difference between the two class fees, if applicable).
 3. a full refund.

No Shows: Registered participants who do not contact TEEX in advance to cancel their registration and do not attend their scheduled class will be charged the entire class fee.

eLearning/Correspondence Courses: Refunds are not available for eLearning or correspondence courses, nor may the course be transferred from one customer to another.

*By sending your check, please be aware that you are authorizing the Texas Engineering Extension Service (TEEX) to make a one-time electronic debit from your account at the financial institution on your check. This electronic debit will be for the amount of the check; no additional amount will be added to the amount and ALL transactions will remain secure. Please contact TEEX's Financial Services Department at (979) 458-6906 to learn about other payment options if you prefer NOT to have your check used this way. We value your business and appreciate your selecting TEEX for your training needs.

Payment Information — Appropriate fees must accompany each registration form. Deadline for registration is July 11, 2011. Fees are nonrefundable after that date.

Tuition \$ _____
 Meal Card (other than lunch) (\$80) \$ _____
 Dormitory (5 nights)**+ (\$176) \$ _____
 _____ Additional nights (\$35/night) \$ _____

TOTAL ENCLOSED: \$ _____

- Check * / Money Order / Cashier's Check enclosed payable to TEEX (Please add course number, course name, and course date)
- Purchase Order (Copy of official and signed company PO must be attached. TEEX will then invoice Co/Dept.)
- Credit Card MasterCard Visa American Express Discover
- PIN-less Debit Card MasterCard Visa American Express Discover

For Office Use Only	
Record #	_____
Course #	_____
Section #	_____
Student #	_____
Check #	_____
Receipt #	_____
Bill Slip #	_____
Invoice #	_____
Voucher #	_____

(Print) Name on Card _____

Signature _____ Signature Date _____

FOR CUSTOMER SECURITY: REQUIRED INFORMATION BELOW WILL BE DESTROYED ONCE PAYMENT IS PROCESSED

Credit Card Number: _____ Expiration Date: _____

Please see the back to select the courses and options to complete your registration.

Indicate the courses you wish to attend in order of preference*, be sure and list sessions if applicable:

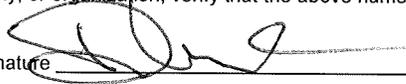
- | | | | |
|-----|--------------------|------------------------------------------------------------------|--------------------------------------------------------------------------|
| 1.) | <u>FP ASP123 6</u> | <u>Extrication</u> | |
| | Course # | | Course Name |
| 2.) | <u>FP ASP531 9</u> | <u>P.R.I.M.E.</u> | |
| | Course # | | Course Name |
| 3.) | <u>FP ASP124 6</u> | <u>Confined Space</u> | |
| | Course # | | Course Name |
| | CAFS Class | <input checked="" type="checkbox"/> Session I (Sunday – Tuesday) | OR <input type="checkbox"/> Session II (Wednesday – Friday) |
| | AMFO:PRIME | <input type="checkbox"/> Session I (Monday –Tuesday) | OR <input checked="" type="checkbox"/> Session II (Wednesday - Thursday) |
| | Telecom I | <input type="checkbox"/> Session I (Sunday – Wednesday a.m.) | |
| | Telecom II | | <input type="checkbox"/> Session II (Wednesday - Friday) |

* You must meet the prerequisites outlined on this form. You must forward verification documentation prior to the first day of class.

I, the undersigned, verify that I have successfully completed the required prerequisite(s) as outlined below and have attached verification documentation. I have also read and understand the liability release information below.

Participant Name (Print or Type) Brigit Kelley Signature Brigit Kelley

I, the undersigned, as chief or training officer of the represented fire department, company, or organization, verify that the above named individual has successfully completed the required prerequisite(s) and has attached verification documentation.

Name (Print or Type) Dimitrios Vangelis Signature 

Department / Company St. Francis Fire Department Date 05/09/2011

General Liability Statement

In consideration for receiving permission to participate in foregoing course sponsored by the Texas Engineering Extension Service (TEEX) a member of The Texas A&M University System (TAMUS), I hereby **FULLY RELEASE, FOREVER DISCHARGE, AND AGREE TO HOLD HARMLESS**, for any and all purposes, TEEX, TAMUS, The Board of Regents of TAMUS, and their respective officers, servants, agents, volunteers and employees (collectively, the "Released Parties"), of and from any and all liability to me, my personal representatives, assigns, heirs and next of kin, for any damage to or loss of my property, any injury to my person, including death, arising directly or indirectly out of my participation in the course. **INCLUDING ANY SUCH DAMAGE, LOSS OR INJURY THAT IS CAUSED BY ANY ACT OR OMISSION ON THE PART OF THE RELEASED PARTIES.** I further agree to **IDEMNIFY, DEFEND, AND HOLD HARMLESS** the Released Parties for, from, and against any and all liabilities, damages, claims, lawsuits, costs (including court costs, attorneys' fees and costs of investigation), and actions of any kind or description for any damage to or loss of property or injury to persons, including death, arising out of the course or my participation in the course, **INCLUDING ANY DAMAGE, LOSS OR INJURY CAUSED BY ANY ACT OR OMISSION ON THE PART OF THE RELEASED PARTIES, INCLUDING ANY NEGLIGENT CONDUCT OF THE RELEASED PARTIES** but excluding any gross negligence or willful misconduct of the Released Parties.

By execution below I hereby acknowledge that there are inherent risks involved in this course and I recognize and assume all of the risks associated with participation in the course. I **ACKNOWLEDGE THAT IT IS IMPORTANT THAT I VERIFY THAT I HAVE INSURANCE COVERAGE WHICH EXTENDS TO ME WHILE PARTICIPATING IN THE COURSE, AND THAT I SECURE SUCH COVERAGE IF I DO NOT ALREADY HAVE IT.** I understand that TEEX does not provide such coverage and that no insurance coverage may exist through TEEX to cover any injuries or damages which I may sustain or claims which may arise as a result of my participation in the course.

Media Release

I give TEEX the right to use my name, my still photo or video image, or my words (audio or text-based) in any media, for purposes of evaluation, training, research, promotion, marketing, recruiting, fund raising, exhibits or any other lawful purpose. I waive any right to inspect or approve the use of any hard copy or electronic records that may appear in connection with such use. This release is for worldwide use.

Release of Information

I authorize the release of my training records to the company/organization as listed on this information form for the purpose of verifying my attendance and performance.

***Privacy Act and Policy**

All participants of TEEX courses, technical assistance, and exercises are advised that disclosure of a full Social Security Number (SSN) is optional unless required for reporting purposes by the participant's occupations' certifying organization or a grant/contract sponsor. The SSN is used to maintain accurate participant training records and to reliable report such data to supervisors or other agencies. A participant SSN will not be disclosed to any other person(s) without the participant's prior written consent.

Section 559.003 of the Texas Government Code requires that all participants be informed that, with few exceptions, participants are entitled on request, to receive, review and correct any information collected by the use of this form. It is the policy of TEEX that all federal statues will be followed pertaining to employment and recruitment of students without regard to race, sex, color, religion, national origin, age, or disability.

Acknowledgement

I acknowledge and represent that I have read the forgoing, understand it and sign it voluntarily as my free act and deed; no representations or statements have been made to me to induce me to execute this document. I execute this document for full, adequate and complete consideration fully intending to be bound by the same, now and in the future.

Signature: x Brigit Kelley Date: 05 / 09 / 2011
(MM/DD/YYYY)

PLEASE SEE NEXT PAGE FOR COURSE PREREQUISITES

Prerequisites

ALL VERIFICATIONS MUST BE FORWARDED PRIOR TO THE START OF THE CLASS.

Firefighting Phase II must have successful completion of Firefighting Phase I or previous training in all of the subject areas. Verification required. Prerequisite verification form for NFPA 1403 compliance.

Firefighting Phase III must have successful completion of Firefighting Phase I and II or previous training in all of the subject areas contained within FF I and II. Verification required. Prerequisite verification form for NFPA 1403 compliance

Firefighting Phase IV must have successful completion of Firefighting Phase I,II and III or previous training in all of the subject areas contained within FF I,II and III. Verification required. Prerequisite verification form for NFPA 1403 compliance

AMFO: FLAG & CHEM should be certified to the Basic FF level through SFFMA or TCFP with 3-5 years of experience or successful completion of Firefighting Phase I,II, III and IV or previous training in all of the subject areas contained within FF I,II,III and IV. Verification required.

AMFO: CAFS is designed for those students who have a working knowledge of ump operations and basic foam applications.

Fire Inspector I & II must complete both sessions before challenging certification exams.

Public Fire Educator must bring a copy of IFSTA 2nd Edition Fire and Life Safety Educational Manual.

Public Fire Educator II must bring a fire education program that is used in jurisdiction (unique, especially locally-developed programs) for class presentation and demonstration.

Fire Investigator Phase II for certification purposes - must have successfully completed Fire Investigator, Phase 1. Verification required.

Fire Investigator Course Completer for certification purposes – must have successfully completed Fire Investigator, Phases 1 & 2. Verification required.

Rescue IV (Ag Rescue) must have successfully completed Rope Rescue Awareness and Operations or a similar course. Verification required.

Rescue V (Confined Space Rescue) must have successfully completed Rope Rescue Awareness and Operations or a similar course. Verification required.

Rescue VI (Rope Rescue Technician) must have successfully completed Rope Rescue Awareness and Operations or similar course meeting the Rope Rescue Awareness and Operations requirements of NFPA 1670. Verification required.

NFPA 1041 Instructor I must present photo I.D. before written test. To receive Pro Board certification, you must successfully complete the required practical assessment and written exam.

Public Safety Telecommunicator I & II must successfully complete the required practical assessment and written exam. Must have successfully completed Telecommunicator I before attending Telecommunicator II.

Emergency Care Attendant (ECA) must be 18 years of age to become certified. Must have high school diploma or GED before certification. Must have current Health Care Provider CPR card.

5/4/11

APPLICATION - SPECIAL LICENSE
3.2 BEVERAGES
CITY OF ST. FRANCIS
23340 CREE STREET NW
P.O. BOX 730
ST. FRANCIS, MN 55070

NAME OF ORGANIZATION ST FRANCIS LIONS CLUB

ADDRESS PO Box 173 PHONE 753-2041

PERSON RESPONSIBLE PHIL BAUMANN

ADDRESS 2546 - 204th AVE NW PHONE 753-2041

DATE OF EVENT JUN 11-12

TYPE OF EVENT BALL TOURNAMENT

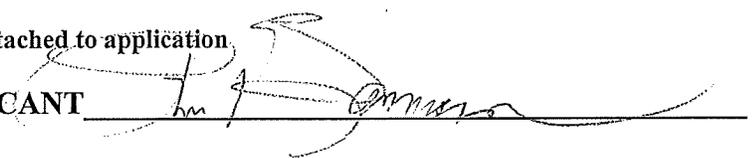
LOCATION OF EVENT Ball Field - Community Park

NAME OF INSURANCE AGENT* MON. JOINT UNDERWRITING ASS.

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

Property Damage \$5,000

*Copy of insurance must be attached to application.

SIGNATURE OF APPLICANT 

FEE \$25.00

Receipt # Waived

Council Approval _____

License # _____

Council Stipulations _____

MINNESOTA LIQUOR LIABILITY ASSIGNED RISK PLAN
MINNESOTA JOINT UNDERWRITING ASSOCIATION
445 MINNESOTA ST SUITE 514
SAINT PAUL, MN 55101-0760
(651) 222-0484 OR 1-800-552-0013

CERTIFICATE OF INSURANCE FOR LIQUOR LIABILITY COVERAGE

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THE CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE CONTRACT LISTED BELOW.

POLICY NUMBER: 11-0154

CONTRACT PERIOD: 12:01 A.M. 6/11/2011 TO 12:01 A.M. 6/13/2011 (or the time/hour the event license expires)

CONTRACT HOLDER & ADDRESS

ST. FRANCIS LIONS CLUB (PHIL BAUMANN)
2543 204TH AVE. NW
CEDAR, MN 55011

SCHEDULED PREMISES: COMMUNITY PARK BALL FIELD, ST FRANCIS, MN 55011

THIS IS TO CERTIFY THAT THE CONTRACT OF COVERAGE DESCRIBED HEREIN HAS BEEN ISSUED TO THE CONTRACT HOLDER NAMED ABOVE AND IS IN FORCE AT THIS TIME. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN TO THE COVERAGE AFFORDED BY THE CONTRACT DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH CONTRACT.

TYPE OF COVERAGE

LIMITS OF LIABILITY

BODILY INJURY	\$	50,000	EACH PERSON
		100,000	EACH OCCURRENCE
PROPERTY DAMAGE	\$	10,000	EACH OCCURRENCE
LOSS OF MEANS OF SUPPORT	\$	50,000	EACH PERSON
		100,000	EACH OCCURRENCE
PECUNIARY LOSS	\$	50,000	EACH PERSON
		100,000	EACH OCCURRENCE
ANNUAL AGGREGATE	\$	300,000	ANNUALLY

SHOULD THE ABOVE CONTRACT BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE PLAN WILL MAIL 60 DAYS WRITTEN NOTICE TO THE BELOW NAMED CERTIFICATE HOLDER, HOWEVER, IN THE EVENT THE CANCELLATION IS FOR NON PAYMENT OF PREMIUM, THE PLAN WILL MAIL A 10 DAY WRITTEN NOTICE.

CERTIFICATE HOLDER NAME & ADDRESS

CITY OF ST. FRANCIS
PO Box 730
ST. FRANCIS, MN 55070

DATE OF ISSUE: 5/9/11

Sheryl Scatman

AGENCY NAME & ADDRESS

AUTHORIZED REPRESENTATIVE

CITY OF ST. FRANCIS FACILITY USE PERMIT

Which Facility do you wish to use (Please circle one): Community Center Woodbury Park

Community Park Concession/Shelter/ Softball Field Hockey Rink/Lights Ice Rink Warming House

Date Requested: 6-4-2011 Times: 7:30am Garage Sale.

Name: Denise Henke + DC Randle Res. X Non-Res. _____ High School Fundraiser

Address: 4463 - 231st Av NW Adults X Youth Group _____ Family Reunion _____ Rainforest.

Phone: _____ Damage Deposit Pd: _____ Returned: _____

Date Key Picked Up: _____ Returned: _____

Late Key Return - \$25 if not returned within 2 business days

	Resident	Non-Resident
<i>Community Center (23340 Cree Street)</i>	\$30/Event	\$55/Event
<i>Woodbury Park (3646 Bridge Street NW)</i>	\$50	\$100
<i>Community Park (22835 St. Francis Blvd.)</i>		
Ball Park – Outside Organization	\$100/per night for season	\$200/per night for season
Ball Park – One Game Fee	\$25	\$50
Community Park Shelter	\$25	\$50
Concession Stand	\$25	\$50
<u>Warming House</u>	\$50	\$100
Rink Rental for Reserved Time	\$25/hour	\$50/hour
<i>Hidden Ponds Park (23950 Roanoke St)</i>		
Football Field	\$25 each team	\$27 each team
Football Youth Program	\$43/week/team	
Soccer	\$34/week/team	
Soccer Field – Roanoke Street	\$25/each	\$27/each
Key Replacement	\$50	\$50

A Damage Deposit of \$100 is required on the Community Center
A Damage Deposit on any City Parks of \$50 for City Resident and \$75 non-residents.

St. Francis City Council has authority to charge an annual fee of \$100 for Non-Profits.
St. Francis City Council has authority to waive any fees for Non-Profits.

I, the Permit User(s), have read and understand the Policies and Procedures for the St. Francis Park Facility Use as printed on the back of this form and further agree that they shall be strictly observed and accept responsibility for the enforcement of them. In consideration of acceptance, I, the user(s), waive and release any and all rights and claims for damages against the City of St. Francis and agree to protect, indemnify and hold harmless the City of St. Francis, City of St. Francis Police Officers and City of St. Francis Public Employees from any and all claims, liabilities, damages or rights of action (Directly or indirectly) while participating or using the facility covered at this point.

Denise Henke
Signature & Date of Responsible Person

Paul Randle
City of St. Francis (Employee) & Date



PAYMENT BATCH AP 05-16-11

ACE SOLID WASTE, INC.

05/01/2011	0008434271	E 101-42110-384	Refuse/Garbage Disposal	SOLID WASTE	14.17
05/01/2011	0008434271	E 101-42210-384	Refuse/Garbage Disposal	SOLID WASTE	14.17
05/01/2011	0008434271	E 101-43100-384	Refuse/Garbage Disposal	SOLID WASTE	40.90
05/01/2011	0008434271	E 101-43210-384	Refuse/Garbage Disposal	SOLID WASTE	35.04
05/01/2011	0008434271	E 101-45200-384	Refuse/Garbage Disposal	SOLID WASTE	40.89
05/01/2011	0008434271	E 601-49440-384	Refuse/Garbage Disposal	SOLID WASTE	62.25
05/01/2011	0008434271	E 602-49490-384	Refuse/Garbage Disposal	SOLID WASTE	62.24
05/01/2011	0008434271	E 609-49750-384	Refuse/Garbage Disposal	SOLID WASTE	130.96
					\$400.62

ALLINA OCC MED

03/31/2011	65182	E 101-42210-305	Medical & Testing Fees	Shots for Faanes	92.00
					\$92.00

AMERIPRIDE LINEN & APPAREL SER

04/28/2011	1000823840	E 609-49750-219	Rug Maintenance		46.23
05/05/2011	1000830275	E 101-41940-219	Rug Maintenance	MATS	48.74
					\$94.97

ANOKA AREA CHAMBER OF COMMERC

05/05/2011	15571	E 101-41400-433	Dues and Subscriptions	Annual Membership	220.00
					\$220.00

ANOKA COUNTY

04/26/2011	042611	E 101-42110-311	Contract	1ST QTR SHARED COSTS	2,189.67
					\$2,189.67

ANOKA COUNTY PROPERTY RECORDS

05/09/2011	050911	E 101-41910-441	Miscellaneous	PETITION & WAIVER FOR FUNK	46.00
					\$46.00

APPLELAND LAW ENFORCEMENT

05/02/2011	00001894	E 101-42110-208	Training and Instruction	100 MAG45A	1,517.00
					\$1,517.00

ASPEN MILLS

02/17/2010	95745	E 101-42110-437	Uniform Allowance	B STRUDEVANT	116.50
04/12/2010	96875.1	E 101-42110-437	Uniform Allowance	WILLIAM NEWSTROM	142.93
06/17/2010	98324	E 101-42110-437	Uniform Allowance	B STURDEVANT	137.28
10/26/2010	101772	E 101-42110-437	Uniform Allowance	CHRIS BULERA	120.50
10/29/2010	101954	E 101-42110-437	Uniform Allowance	RICH JOHNSON	16.03
04/06/2011	107226	E 101-42210-437	Uniform Allowance	Boots for Jorgenson	109.95
04/29/2011	107938	E 101-42210-437	Uniform Allowance	Swenson name tags	160.69
05/03/2011	108072	E 101-42110-437	Uniform Allowance	Edwin Name tag	17.40
05/03/2011	108073	E 101-42110-437	Uniform Allowance	BOOTS	162.72

\$984.00

AVENET WEB SOLUTIONS

04/20/2011	28480	E 101-41940-321	Telephone	Annual Service Package	550.00
					<hr/>
					\$550.00

BERNICK COMPANIES, THE

04/22/2011	24763	E 609-49751-252	Beer For Resale		110.00
04/22/2011	24763	E 609-49751-255	N/A Products		41.00
					<hr/>
					\$151.00

BGS (BARNA GUZY)

04/30/2011	82405	E 101-41600-312	Criminal Legal Fees	PROSECUTION/MISC	4,864.00
04/30/2011	82405	E 101-41600-312	Criminal Legal Fees	PROSECUTION/MISC	0.00
04/30/2011	82685	E 101-41600-304	Civil Legal Fees	MUNICIPAL	1,800.00
04/30/2011	82686	E 101-41600-304	Civil Legal Fees	GENERAL LABOR	91.00
04/30/2011	82715	E 101-41600-312	Criminal Legal Fees	MISC FORFEITURES	143.00
					<hr/>
					\$6,898.00

BLOCH, TAYLOR

		E 101-42210-208	Training and Instruction	REIMB CPS RENEWAL	90.00
					<hr/>
					\$90.00

BRAUN INTERTECCORPORATION

04/27/2011	333077	G 602-16500	Construction in Progress	AMBASSADOR PROJECT	1,372.75
					<hr/>
					\$1,372.75

CHISAGO LAKES DISTRIBUTING CO.

05/09/2011	445157	E 609-49751-252	Beer For Resale		596.20
					<hr/>
					\$596.20

COCA COLA REFRESHMENTS

04/26/2011	0168096721	E 609-49751-254	Miscellaneous Merchandise		350.36
					<hr/>
					\$350.36

COUNTY MARKET - CITY ACCOUNT

05/02/2011	224.0411	E 101-43100-212	Motor Fuels	FUEL	97.36
					<hr/>
					\$97.36

COURIER, THE

05/05/2011	34381	E 609-49750-340	Advertising	BOTTLE SHOP AD	76.00
05/05/2011	34434	E 101-43210-439	Recycling Days	RECYCLING	89.00
05/05/2011	34434	E 230-49990-441	Miscellaneous	PIONEER DAYS	48.00
05/05/2011	34434	E 230-49990-441	Miscellaneous	PIONEER DAYS	48.00
					<hr/>
					\$261.00

CRYSTAL SPRINGS ICE

04/26/2011	110426	E 609-49751-254	Miscellaneous Merchandise		108.80
04/30/2011	51855C	E 609-49751-254	Miscellaneous Merchandise		(16.24)
05/03/2011	23194	E 609-49751-254	Miscellaneous Merchandise		72.20
05/10/2011	23230	E 609-49751-254	Miscellaneous Merchandise	ICE	147.50
					<hr/>
					\$312.26

DAHLHEIMER DIST. CO. INC.

04/27/2011	46273	E 609-49751-252	Beer For Resale		6,046.25
05/04/2011	47052	E 609-49751-252	Beer For Resale		10,021.16

05/04/2011	47052	E 609-49751-254	Miscellaneous Merchandise		178.00
05/11/2011	47911	E 609-49751-252	Beer For Resale	BEER	4,408.86
05/11/2011	47911	E 609-49751-255	N/A Products	N/A	15.50
					<u>\$20,669.77</u>
DAY DISTRIBUTING CO.					
04/29/2011	598717	E 609-49751-252	Beer For Resale		2,076.95
					<u>\$2,076.95</u>
DELL					
04/07/2011	XF8W9T961	E 101-42110-570	C-O-L Office Equip & Misc.	COMPUTER EQUIP	633.18
					<u>\$633.18</u>
DEX MEDIA EAST LLC					
05/05/2011	110097517.511	E 609-49750-340	Advertising	ADVERTISING	70.46
					<u>\$70.46</u>
DONALD SALVERDA & ASSOCIATES					
05/02/2011	P-1108-12B	E 101-41400-208	Training and Instruction	BOOKS	85.39
					<u>\$85.39</u>
ECM PUBLISHERS, INC.					
05/04/2011	IP000789334	E 609-49750-340	Advertising	ROOT BEER KEGS	125.00
05/06/2011	IQ001784682	E 101-43100-406	Asphalt Repair & Maint	SEAL COATING BID	225.50
					<u>\$350.50</u>
ELITE SANITATION					
05/01/2011	19805	E 101-45200-402	Janitorial Service	PORTIBLE TOILET	140.69
					<u>\$140.69</u>
ENVENTIS					
05/01/2011	737705.0511	E 101-41940-321	Telephone	PHONE	219.98
05/01/2011	737705.0511	E 101-42110-321	Telephone	PHONE	256.78
05/01/2011	737705.0511	E 101-42210-321	Telephone	PHONE	36.57
05/01/2011	737705.0511	E 101-43100-321	Telephone	PHONE	36.57
05/01/2011	737705.0511	E 101-45200-321	Telephone	PHONE	36.57
05/01/2011	737705.0511	E 601-49440-321	Telephone	PHONE	36.57
05/01/2011	737705.0511	E 602-49490-321	Telephone	PHONE	36.57
05/01/2011	737705.0511	E 609-49750-321	Telephone	PHONE	73.50
					<u>\$733.11</u>
EXTREME BEVERAGE					
05/06/2011	W-363068	E 609-49751-254	Miscellaneous Merchandise		234.50
					<u>\$234.50</u>
FREEDOM SERVICES, INC.-FD					
05/05/2011	13109	G 101-21706	Flex Account	MONTHLY PREMIUMS	692.06
05/05/2011	13109	G 101-21708	Health Premium	MONTHLY PREMIUMS	2,191.88
					<u>\$2,883.94</u>
FREEDOM SERVICES, INC-MA					
		E 101-41540-301	Auditing and Acct'g Services	JUNE ADMIN FEE	100.25
					<u>\$100.25</u>
GOPHER STATE ONE-CALL, INC.					
04/20/2011	11170	E 601-49440-442	Gopher State	APRIL EMAIL	49.30

04/20/2011	11170	E 602-49490-442	Gopher State	APRIL EMAIL	49.30
					<hr/>
					\$98.60

GRANITE CITY JOBBING CO.

04/26/2011	679617	E 609-49750-210	Operating Supplies		53.75
04/26/2011	679617	E 609-49751-206	Freight and Fuel Charges		4.25
04/26/2011	679617	E 609-49751-254	Miscellaneous Merchandise		25.67
04/26/2011	679617	E 609-49751-256	Tobacco Products For Resale		659.16
05/03/2011	680361	E 609-49750-210	Operating Supplies		18.28
05/03/2011	680361	E 609-49751-206	Freight and Fuel Charges		4.25
05/03/2011	680361	E 609-49751-254	Miscellaneous Merchandise		40.59
05/03/2011	680361	E 609-49751-256	Tobacco Products For Resale		792.67
05/03/2011	680361	G 101-20810	Sales Tax Payable		(1.18)
05/10/2011	681191	E 609-49750-210	Operating Supplies	OPERATING	25.16
05/10/2011	681191	E 609-49751-206	Freight and Fuel Charges	FREIGHT	4.25
05/10/2011	681191	E 609-49751-254	Miscellaneous Merchandise	MISCELLANEOUS	30.77
05/10/2011	681191	E 609-49751-256	Tobacco Products For Resale	TOBACCO	681.05
					<hr/>
					\$2,338.67

HACH COMPANY

04/15/2011	7203760	E 601-49440-235	Lab Supplies	CHEMICALS	439.47
04/28/2011	7222457	E 601-49440-235	Lab Supplies	CHEMICALS	338.20
					<hr/>
					\$777.67

HOBBS, MICHAEL

05/03/2011	050311	G 601-11520	A/R - OPUS pending payments	OPUS TRANSACTION	188.97
					<hr/>
					\$188.97

INNOVATIVE OFFICE SOLUTIONS, L

04/27/2011	WO-10566496-1	E 101-43100-200	Office Supplies	SUPPLIES	56.44
04/27/2011	WO-10566496-1	E 101-45200-200	Office Supplies	SUPPLIES	56.44
04/27/2011	WO-10566496-1	E 601-49440-200	Office Supplies	SUPPLIES	56.44
04/27/2011	WO-10566496-1	E 602-49490-200	Office Supplies	SUPPLIES	56.45
					<hr/>
					\$225.77

ISD #15

	195	E 101-43100-221	Vehicle Repair & Maintenance	2010 FORD ESCAPE	8.56
	195	E 101-45200-221	Vehicle Repair & Maintenance	2010 FORD ESCAPE	8.56
	195	E 601-49440-221	Vehicle Repair & Maintenance	2010 FORD ESCAPE	8.56
	195	E 602-49490-221	Vehicle Repair & Maintenance	2010 FORD ESCAPE	8.57
05/03/2011	196	E 101-42210-221	Vehicle Repair & Maintenance	2000 SPARTAN ENGINE	112.75
					<hr/>
					\$147.00

JJ TAYLOR DISTRIBUTING

05/04/2011	1531491	E 609-49751-252	Beer For Resale		227.00
					<hr/>
					\$227.00

JOHNSON BROS WHLSE LIQUOR

04/25/2011	1041834	E 609-49751-206	Freight and Fuel Charges		1.47
04/25/2011	1041834	E 609-49751-251	Liquor For Resale		90.00
04/27/2011	1044912	E 609-49751-206	Freight and Fuel Charges		18.39
04/27/2011	1044912	E 609-49751-251	Liquor For Resale		1,471.57
04/27/2011	1044913	E 609-49751-206	Freight and Fuel Charges		61.74
04/27/2011	1044913	E 609-49751-253	Wine For Resale		1,720.59

04/28/2011	1045485	E 609-49751-253	Wine For Resale		200.80
05/04/2011	1049708	E 609-49751-206	Freight and Fuel Charges		7.35
05/04/2011	1049708	E 609-49751-251	Liquor For Resale		569.54
05/04/2011	1049709	E 609-49751-206	Freight and Fuel Charges		20.58
05/04/2011	1049709	E 609-49751-253	Wine For Resale		588.49
05/11/2011	10541115	E 609-49751-206	Freight and Fuel Charges	FREIGHT	29.40
05/11/2011	10541115	E 609-49751-253	Wine For Resale	WINE	790.65
05/11/2011	1054114	E 609-49751-206	Freight and Fuel Charges	FREIGHT	10.29
05/11/2011	1054114	E 609-49751-251	Liquor For Resale	LIQUOR	738.25
					<hr/> \$6,319.11

KEYS, KARLA

04/29/2011	042911	E 101-42110-331	Travel Expenses	MILEAGE	116.28
					<hr/> \$116.28

LEAGUE OF MN CITIES

03/02/2011	149786	E 101-43100-208	Training and Instruction	SAFETY & LOSS CONTROL WOF	40.00
03/02/2011	149786	E 101-45200-208	Training and Instruction	SAFETY & LOSS CONTROL WOF	40.00
03/08/2011	149871	E 601-49440-208	Training and Instruction	SAFETY & LOSS CONTROL WOF	40.00
03/08/2011	149871	E 602-49490-208	Training and Instruction	SAFETY & LOSS CONTROL WOF	40.00
					<hr/> \$160.00

LMC INSURANCE TRUST

04/13/2011	11076756	E 101-42110-360	Insurance	CLAIM STEIGER	500.00
					<hr/> \$500.00

MCDONALD DIST CO.

04/21/2011	270280	E 609-49751-252	Beer For Resale		7,540.00
04/21/2011	270281	E 609-49751-255	N/A Products		15.25
04/22/2011	270408	E 609-49751-252	Beer For Resale		128.10
04/26/2011	270561	E 609-49751-252	Beer For Resale		150.00
04/28/2011	270912	E 609-49751-252	Beer For Resale		6,746.10
04/29/2011	271006	E 609-49751-252	Beer For Resale		264.25
05/05/2011	271473	E 609-49751-254	Miscellaneous Merchandise		68.00
05/05/2011	271474	E 609-49751-252	Beer For Resale		6,312.85
					<hr/> \$21,224.55

MN FIRE CERTIFICATION BOARD

04/10/2011	22870	E 101-42210-208	Training and Instruction	FIREFIGHTER II EXAMS	225.00
					<hr/> \$225.00

MN STATE FIRE MARSHAL

		E 101-42210-208	Training and Instruction	Arson Training Johnson	180.00
					<hr/> \$180.00

NATIONAL FIRE PROTECTION ASSN

04/20/2011	5196166y	E 101-42210-208	Training and Instruction	Inspection code books	832.50
					<hr/> \$832.50

NORTH SUBURBAN COMMUNITY BAND

04/23/2011	37	E 101-42210-433	Dues and Subscriptions	MEMBERSHIP	150.00
					<hr/> \$150.00

NORTHWEST ASSOC. CONSULTANTS

05/03/2011	19746	E 101-41910-311	Contract	TECH ASSIST - CITY PROJECTS	3,824.29
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\$3,824.29

OPUS 21

05/08/2011	110457	E 601-49440-382	Utility Billing	MARCH 2011 BILLINGS	1,377.93
05/08/2011	110457	E 602-49490-382	Utility Billing	MARCH 2011 BILLINGS	1,377.94
					<hr/>
					\$2,755.87

OREILLY AUTO PARTS

04/28/2011	042811	E 101-43100-217	Other Operating Supplies	PARTS	133.23
					<hr/>
					\$133.23

PEPSI COLA

04/28/2011	69025190	E 609-49751-254	Miscellaneous Merchandise		125.80
05/12/2011	69025264	E 609-49751-254	Miscellaneous Merchandise	MISCELLANEOUS	252.50
					<hr/>
					\$378.30

PHILLIPS WINE & SPIRITS CO.

05/11/111	2067424	E 609-49751-206	Freight and Fuel Charges	FREIGHT	29.40
05/11/111	2067424	E 609-49751-251	Liquor For Resale	LIQUOR	1,933.85
04/27/2011	2060820	E 609-49751-206	Freight and Fuel Charges		17.64
04/27/2011	2060820	E 609-49751-251	Liquor For Resale		1,033.20
04/27/2011	2060821	E 609-49751-206	Freight and Fuel Charges		7.35
04/27/2011	2060821	E 609-49751-253	Wine For Resale		276.70
04/28/2011	2458306	E 609-49751-206	Freight and Fuel Charges		(1.47)
04/28/2011	2458306	E 609-49751-251	Liquor For Resale		(105.50)
05/04/2011	2064193	E 609-49751-206	Freight and Fuel Charges		197.00
05/04/2011	2064193	E 609-49751-251	Liquor For Resale		9,213.00
05/04/2011	2064194	E 609-49751-206	Freight and Fuel Charges		69.83
05/04/2011	2064194	E 609-49751-253	Wine For Resale		2,927.95
05/04/2011	2064195	E 609-49751-206	Freight and Fuel Charges		3.43
05/04/2011	2064195	E 609-49751-254	Miscellaneous Merchandise		75.94
05/04/2011	3458621	E 609-49751-206	Freight and Fuel Charges	credit	(2.94)
05/04/2011	3458621	E 609-49751-253	Wine For Resale	credit	(215.10)
05/11/2011	2067425	E 609-49751-206	Freight and Fuel Charges	FREIGHT	42.63
05/11/2011	2067425	E 609-49751-253	Wine For Resale	WINE	1,697.10
05/11/2011	2067426	E 609-49751-206	Freight and Fuel Charges	FREIGHT	1.47
05/11/2011	2067426	E 609-49751-254	Miscellaneous Merchandise	MISC	12.00
					<hr/>
					\$17,213.48

PREMIUM WATERS, INC.

04/30/2011	453056-04-11	E 101-42110-311	Contract	WATER	19.24
					<hr/>
					\$19.24

PROFESSIONAL DESIGN GROUP INC

05/04/2011	3946	E 402-41940-520	C-O-L Building & Structures	PW Design work	19,239.91
					<hr/>
					\$19,239.91

QUALITY WINE & SPIRITS

05/04/2011	453389-00	E 609-49751-206	Freight and Fuel Charges		25.30
05/04/2011	453389-00	E 609-49751-251	Liquor For Resale		925.15
05/04/2011	453389-00	E 609-49751-253	Wine For Resale		104.00
					<hr/>
					\$1,054.45

QUILL CORPORATION

04/25/2011	11125	E 101-41400-200	Office Supplies	correction tape	4.15
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04/25/2011	11125	E 101-42210-237	Small Equipment	flash drives	86.64
04/25/2011	3878090	E 101-41400-200	Office Supplies	HANGING FOLDERS	11.21
04/25/2011	3878090	E 601-49440-200	Office Supplies	HANGING FOLDERS	5.61
04/25/2011	3878090	E 602-49490-200	Office Supplies	HANGING FOLDERS	5.60
05/02/2011	13164	E 101-41400-200	Office Supplies	wipes	5.29
05/02/2011	13164	E 101-42210-200	Office Supplies	Ink, folders, and envelopes	129.89
05/02/2011	4019678	E 101-43100-200	Office Supplies	VOICE MESSAGE LOG BOOK	5.33
05/02/2011	4019678	E 101-45200-200	Office Supplies	VOICE MESSAGE LOG BOOK	5.33
05/02/2011	4019678	E 601-49440-200	Office Supplies	VOICE MESSAGE LOG BOOK	5.33
05/02/2011	4019678	E 602-49490-200	Office Supplies	VOICE MESSAGE LOG BOOK	5.34
05/05/2011	4101271	E 101-41400-200	Office Supplies	SUPPLIES	211.26
					\$480.98

QWEST

05/01/2011	612E01-8624.051	E 101-41940-321	Telephone	phone	90.44
05/01/2011	612E01-8624.051	E 101-42110-321	Telephone	phone	75.37
05/01/2011	612E01-8624.051	E 101-42210-321	Telephone	phone	75.37
05/01/2011	612E01-8624.051	E 101-43100-321	Telephone	phone	15.07
05/01/2011	612E01-8624.051	E 101-45200-321	Telephone	phone	15.07
05/01/2011	612E01-8624.051	E 601-49440-321	Telephone	phone	15.07
05/01/2011	612E01-8624.051	E 602-49490-321	Telephone	phone	15.07
					\$301.46

SANDOVAL, JEFF

04/27/2011	042711	E 101-45200-110	Commission Pay	REPLACES CHECK 59242	15.00
					\$15.00

SFCOPS

05/03/2011	050311	E 101-42110-104	Reserves	REPLACES CHECK #56664	66.00
					\$66.00

SHRED-IT

05/07/2011	0253795621	E 101-43100-101	Full-Time Employees Regular	Recyclin	640.00
					\$640.00

SOUTHERN WINE & SPIRITS OF MN

04/21/2011	1494684	E 609-49751-206	Freight and Fuel Charges		1.00
04/21/2011	1494684	E 609-49751-251	Liquor For Resale		152.90
04/21/2011	1494691	E 609-49751-206	Freight and Fuel Charges		5.00
04/21/2011	1494691	E 609-49751-251	Liquor For Resale		1,013.30
05/04/2011	1494707	E 609-49751-206	Freight and Fuel Charges		1.00
05/04/2011	1494707	E 609-49751-251	Liquor For Resale		109.44
					\$1,282.64

ST. FRANCIS TRUE VALUE HARDWAR

03/25/2011	16278	E 101-42210-401	Repairs/Maint Buildings	SUPPLIES TO REDO MEETING R	17.50
03/27/2011	16293	E 101-42110-217	Other Operating Supplies	POLICE SUPPLIES	30.46
03/28/2011	16291	E 101-42210-217	Other Operating Supplies	SUPPLIES TO REDO MEETING R	8.10
03/29/2011	16360	E 101-42210-217	Other Operating Supplies	SUPPLIES TO REDO MEETING R	16.63
					\$72.69

STAPLES

04/20/2011	108148393	E 101-42110-200	Office Supplies	OFFICE SUPPLIES	126.69
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						\$126.69
STEIGER, NICK						
		E 101-42110-331	Travel Expenses	Mileage		94.35
						\$94.35
STOPTECH, LTD.						
04/19/2011	37833	E 101-42110-218	Equipment Repair & Maintenance	STOP STICK		82.85
						\$82.85
TELECID (TWIN CITIES EMEDIA)						
05/03/2011	20040938	E 101-49200-441	Miscellaneous	TECH TIME BLOCK		7,000.00
05/03/2011	20040947	E 101-43100-200	Office Supplies	DV TAPES		8.00
						\$7,008.00
THE AMERICAN BOTTLING COMPANY						
04/29/2011	2449906816	E 609-49751-254	Miscellaneous Merchandise			130.38
						\$130.38
TVEIT, JERRY						
		E 101-41110-331	Travel Expenses	MILEAGE		97.92
						\$97.92
ULTRAMAX						
03/01/2011	119714	E 101-42110-217	Other Operating Supplies	FEDERAL BONDED SP		2,850.00
						\$2,850.00
UTILITY SERVICE CO., INC.						
05/01/2011	264231	E 601-49440-234	Water Tower Maintenance	HYDROPILLAR NEW TOWER		875.00
						\$875.00
VERIZON WIRELESS						
05/02/2011	2566950880	E 101-41940-321	Telephone	04/03/11 - 05/02/11		117.69
05/02/2011	2566950880	E 101-42110-321	Telephone	04/03/11 - 05/02/11		576.90
05/02/2011	2566950880	E 101-43100-321	Telephone	04/03/11 - 05/02/11		107.59
05/02/2011	2566950880	E 101-45200-321	Telephone	04/03/11 - 05/02/11		107.59
05/02/2011	2566950880	E 601-49440-321	Telephone	04/03/11 - 05/02/11		87.02
05/02/2011	2566950880	E 602-49490-321	Telephone	04/03/11 - 05/02/11		87.02
						\$1,083.81
WATER LABORATORIES INC.						
05/02/2011	2251	E 602-49490-313	Sample Testing	TESTS		479.00
						\$479.00
WICKLANDER, DONALD						
04/27/2011	042711	E 101-41410-441	Miscellaneous	REPLACES CHECK #60653		82.50
						\$82.50
WIRTZ BEVERAGE MN						
04/26/2011	829485	E 609-49751-206	Freight and Fuel Charges			(1.45)
04/26/2011	829485	E 609-49751-251	Liquor For Resale			(155.75)
04/28/2011	564343	E 609-49751-206	Freight and Fuel Charges			26.10
04/28/2011	564343	E 609-49751-251	Liquor For Resale			1,382.60
04/28/2011	564343	E 609-49751-254	Miscellaneous Merchandise			33.38
05/05/2011	567749	E 609-49751-206	Freight and Fuel Charges			1.45
05/05/2011	567749	E 609-49751-251	Liquor For Resale			45.00

05/05/2011	568140	E 609-49751-206	Freight and Fuel Charges		31.90
05/05/2011	568140	E 609-49751-251	Liquor For Resale		433.37
05/05/2011	568140	E 609-49751-253	Wine For Resale		992.55
05/05/2011	568140	E 609-49751-254	Miscellaneous Merchandise		63.25
05/12/2011	571544	E 609-49751-206	Freight and Fuel Charges	FREIGHT	15.95
05/12/2011	571544	E 609-49751-251	Liquor For Resale	LIQUOR	1,305.25
05/12/2011	571544	E 609-49751-253	Wine For Resale	WINE	47.95
05/12/2011	571544	E 609-49751-254	Miscellaneous Merchandise	MISCELLAENOUS	59.11
					<hr/>
					\$4,280.66

\$142,581.75

FUND SUMMARY

101 GENERAL FUND	\$36,700.66
230 PIONEER DAYS	\$96.00
402 CAPITAL EQUIPMENT	\$19,239.91
601 WATER FUND	\$3,585.72
602 SEWER FUND	\$3,595.85
609 MUNICIPAL LIQUOR FUND	\$79,363.61
Total	<hr/>
	<u>142,581.75</u>

CITY OF ST. FRANCIS
5/16/2011

Checks cut since last Council Meeting

<u>Check Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Description</u>	<u>Amount</u>
		TOTAL		<u>0.00</u>

Disbursements via Debits to Checking account

<u>Date</u>	<u>Payee</u>	<u>Description</u>	<u>Amount</u>
05/10/11	VISA	Credit Card Payments	9,647.51
05/12/11	U.S. Treasurer	Federal Payroll Tax	15,029.61
05/12/11	P.E.R.A.	P.E.R.A	11,900.85
05/12/11	ING	Deferred Comp	770.00
05/12/11	ICMA	Deferred Comp	790.00
05/12/11	MN State Treasurer	State Payroll Tax	3,388.15
	TOTAL		<u>41,526.12</u>

 City of
St. Francis



**Comprehensive Annual
Financial Report**

for the year ended December 31, 2010

CITY OF ST. FRANCIS, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2010

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

PREPARED BY THE
DEPARTMENT OF FINANCE

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

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CITY OF ST. FRANCIS, MINNESOTA
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CITY OF ST. FRANCIS, MINNESOTA
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INTRODUCTORY SECTION

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2010

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May 9, 2011

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

The comprehensive annual finance report (CAFR) of the City of St. Francis (the City) for the fiscal year ended December 31, 2010, is hereby submitted. Minnesota Statutes and the City Charter require the preparation of audited financial statements by the state auditor or a certified public accountant within 180 days after the close of the fiscal year. The accompanying financial statements have been audited by the firm of Abdo, Eick & Meyers, LLP, independent certified public accountants.

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

Abdo, Eick & Meyers, LLP have issued an unqualified (clean) opinion on the City of St. Francis's financial statements for the year ended December 31, 2010. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the City

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

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

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

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

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

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

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

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

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

Local Economy

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

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

Anoka County has an annual average unemployment rate for 2010 of 7.8%. This compares with unemployment rates of 7.3% for the State of Minnesota and 9.6% for the United States. During the past ten years, the unemployment rate rose from an initial low of 3.6% (2001) to a decade high of 8.7% (2009). The rate has remained stable over the first few months of 2011.

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

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

During the past ten years, the government's expenses related to debt service and general government have increased not only in amount, but also as a percentage of total expenses. In the case of debt service, the increase reflects a final payment on a refunded bond issue in the amount of \$2,150,000 made in 2009. The growth in general government expenses reflects the addition of a City Administrator, Finance Director and funds set aside for future facility replacements and improvements.

During this same ten-year period, revenues generated by taxes and special assessments have increased the most not only in amount, but also as a percentage of total revenues. The revenue generated by taxes and assessments has risen from \$794,214 in 2000 to \$2,817,218 in 2010. Its percentage of total revenue in 2000 was 27.5% and in 2010 rose to 74.1%.

Long-term Financial Planning

Unreserved fund balance in the general fund (54.8% of total general fund revenues) meets the state auditor recommended guidelines of 35%-50%. The goal of the City Council is to establish an unreserved fund balance in the General Fund that is equivalent to forty percent (40%) of general fund revenues. The 2011 budget reflects current policy and is reducing the fund balance to 47.7% of revenues.

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

Relevant Financial Policies

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

Major Initiatives for the Year

Major projects during 2010 included:

The Ambassador Trunk Utilities project was started and will be completed in 2011. This project eliminated two aging lift sewage lift stations and installed one large lift station that will allow the city to provide sewer service to the northern most border of the city and will allow nine houses with aging septic systems to connect immediately.

In spite of the down housing market and economy, the City issued 13 new single family home permits and 229 addition/alteration building permits for the year at a total value of \$3,163,846.

The City spent \$205,620 on road maintenance in 2010 after completing a comprehensive street evaluation and inventory in 2008.

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

The City held its annual Pioneer Days celebration in June.

Major Initiatives for the Future

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

The City wishes to create a City Economic Development Authority. Because of the economic down turn and the significant loss of revenues, the City currently does not have the means to hire personnel to fulfill these duties and has not approved the enabling resolution.

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

The construction of a pedestrian path along Pederson Drive is a council priority. This project has been included in the budget for the past few years. The City has recently learned that it has secured grant funding to help with the financing of the project. This will be completed in 2011.

The City has had conversations with community organizations that would benefit from a recreation complex to gauge interest in helping with the construction and maintenance of such a facility.

Awards and Acknowledgements

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

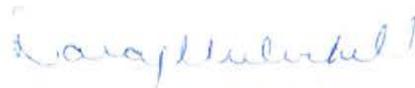
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the program's requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility.

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

Respectfully submitted,

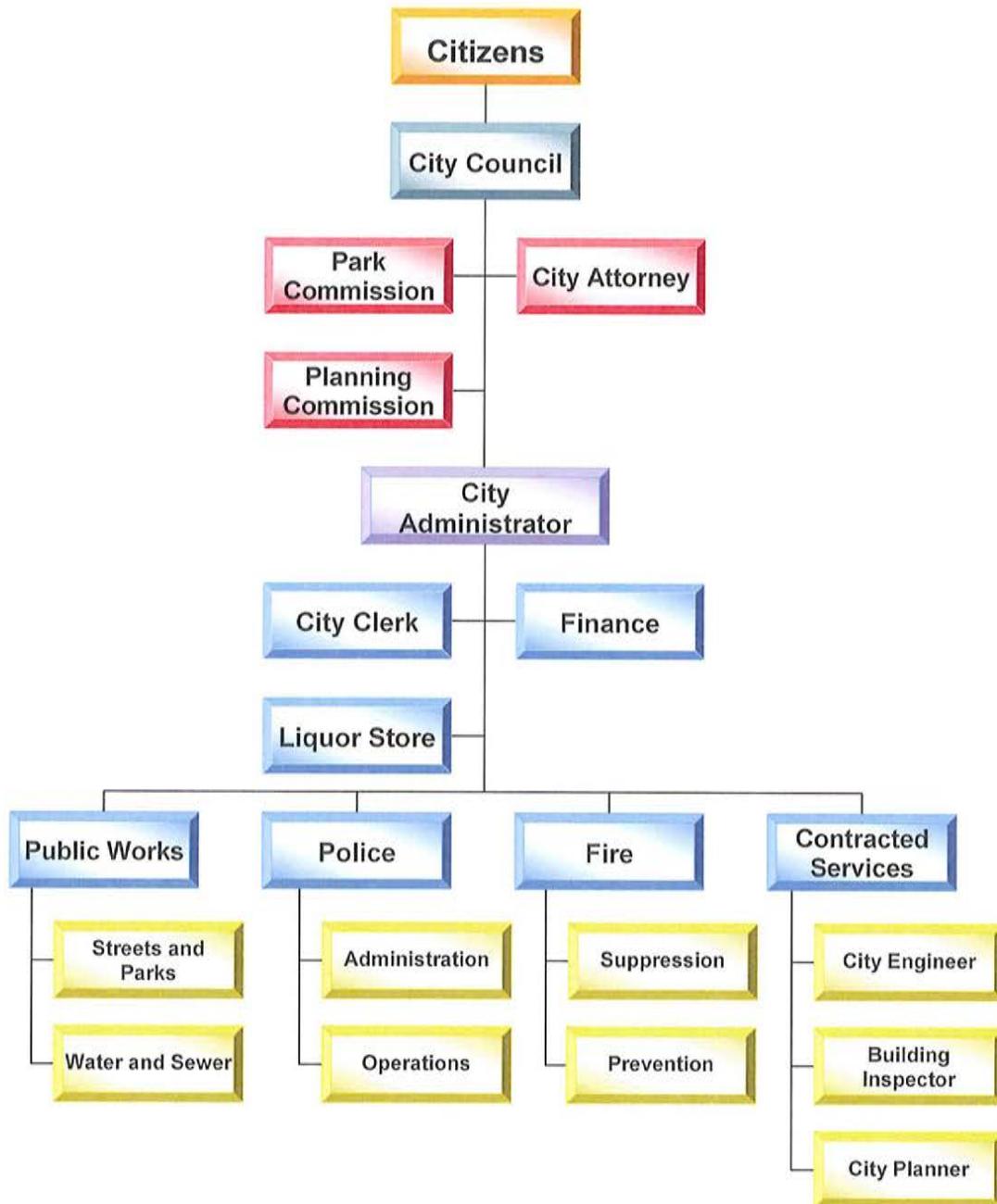


Matthew L. Hylan
City Administrator



Darcy Mulvihill
Finance Director

CITY OF ST. FRANCIS
ORGANIZATIONAL CHART



CITY OF ST. FRANCIS, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2010

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jerry Tveit	Mayor	12/31/12
Tim Brown	Council Member	12/31/10
Leroy Schaffer	Council Member	12/31/14
Jeff Sandoval	Council Member	12/31/12
Steve Kane	Council Member	12/31/12

APPOINTED

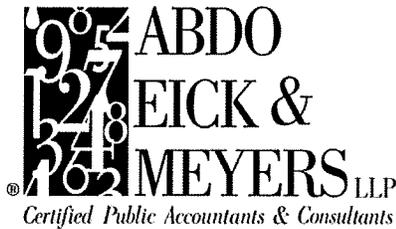
<u>Name</u>	<u>Title</u>
Matthew L. Hylan	City Administrator
Barbara Held	City Clerk
Darcy Muvihill	Finance Director

FINANCIAL SECTION

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2010

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5201 Eden Avenue
Suite 250
Edina, MN 55436

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
City of St. Francis, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Francis, Minnesota (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the City's 2009 financial statements and, in our report dated April 28, 2010, we expressed unqualified opinions on the respective proprietary fund financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2010, and the respective changes in financial position, and cash flows, where applicable, and the budgetary comparison for the General fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 21 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

May 9, 2011
Minneapolis, Minnesota

ABDO, EICK & MEYERS, LLP
Certified Public Accountants

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Management's Discussion and Analysis

As management of the City of St. Francis, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2010.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$23,845,184 (net assets). Of this amount, \$10,637,506 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$713,029. All of the increase is increase is attributable to business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,722,968. Approximately 92 percent of this total amount, \$2,511,167, is available for spending at the City's discretion, but a certain portion has been designated for specific purposes.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,048,599, or 61 percent of total 2010 general fund expenditures. While these funds are not legally reserved, they are designated for future purposes.
- The City's total debt increased \$1,032,516 (6 percent) during the current fiscal year. The key factor in this increase was the issuance of \$1,600,000 of General Obligation Revenue Bonds 2010A.

Overview of the Financial Statements

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

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

**Figure 1
Required Components of the
City’s Annual Financial Report**

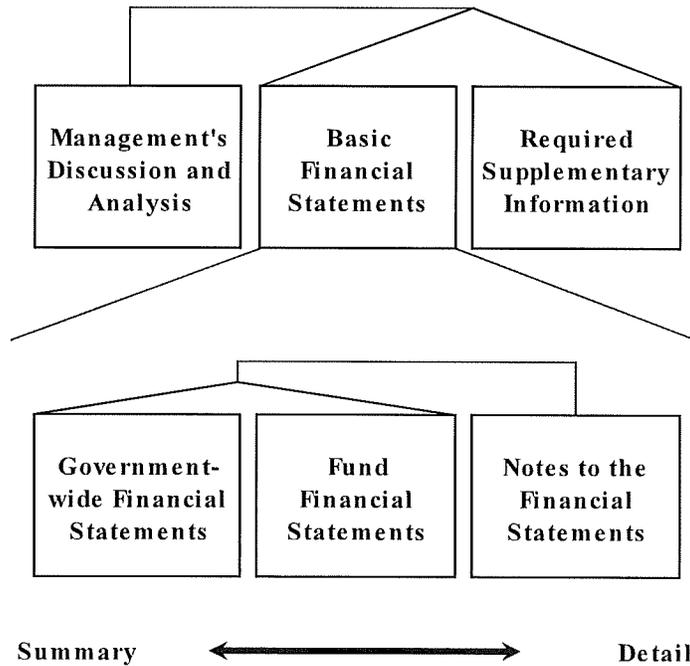


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary of fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statements of Net Assets • Statements of Revenues, Expenses and Changes in Fund Net Assets • Statements of Cash Flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City’s assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works (streets and highways), culture and recreation, community development, miscellaneous and interest on long-term debt. The business-type activities of the City include water, sewer, and a municipal liquor store.

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

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twenty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, which is considered to be a major fund. Data from the other twenty governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

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

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

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Notes to the Financial Statements

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

Other Information

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$23,845,184 at the close of the most recent fiscal year.

The largest portion of the City's net assets (54 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Net Assets

	Governmental Activities			Business-type Activities		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
Assets						
Current and other assets	\$ 3,892,846	\$ 4,577,183	\$ (684,337)	\$ 8,045,084	\$ 6,795,153	\$ 1,249,931
Capital assets	7,227,186	9,069,092	(1,841,906)	22,426,701	19,442,743	2,983,958
Total assets	11,120,032	13,646,275	(2,526,243)	30,471,785	26,237,896	4,233,889
Liabilities						
Noncurrent liabilities outstanding	1,452,406	1,413,369	39,037	15,558,833	14,565,354	993,479
Other liabilities	283,538	433,216	(149,678)	451,856	340,077	111,779
Total liabilities	1,735,944	1,846,585	(110,641)	16,010,689	14,905,431	1,105,258
Net Assets						
Invested in capital assets, net of related debt	5,903,447	7,782,258	(1,878,811)	6,899,701	4,899,083	2,000,618
Restricted for:						
Debt service	404,530	437,786	(33,256)	-	-	-
Unrestricted	3,076,111	3,579,646	(503,535)	7,561,395	6,433,382	1,128,013
Total net assets	\$ 9,384,088	\$ 11,799,690	\$ (2,415,602)	\$ 14,461,096	\$ 11,332,465	\$ 3,128,631

An additional portion of the City's net assets (\$404,530) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$10,637,506) may be used to meet the City's ongoing obligations to citizens and creditors.

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

Governmental activities. Governmental activities decreased the City's net assets by \$2,415,602. Key elements of this decrease are as follows:

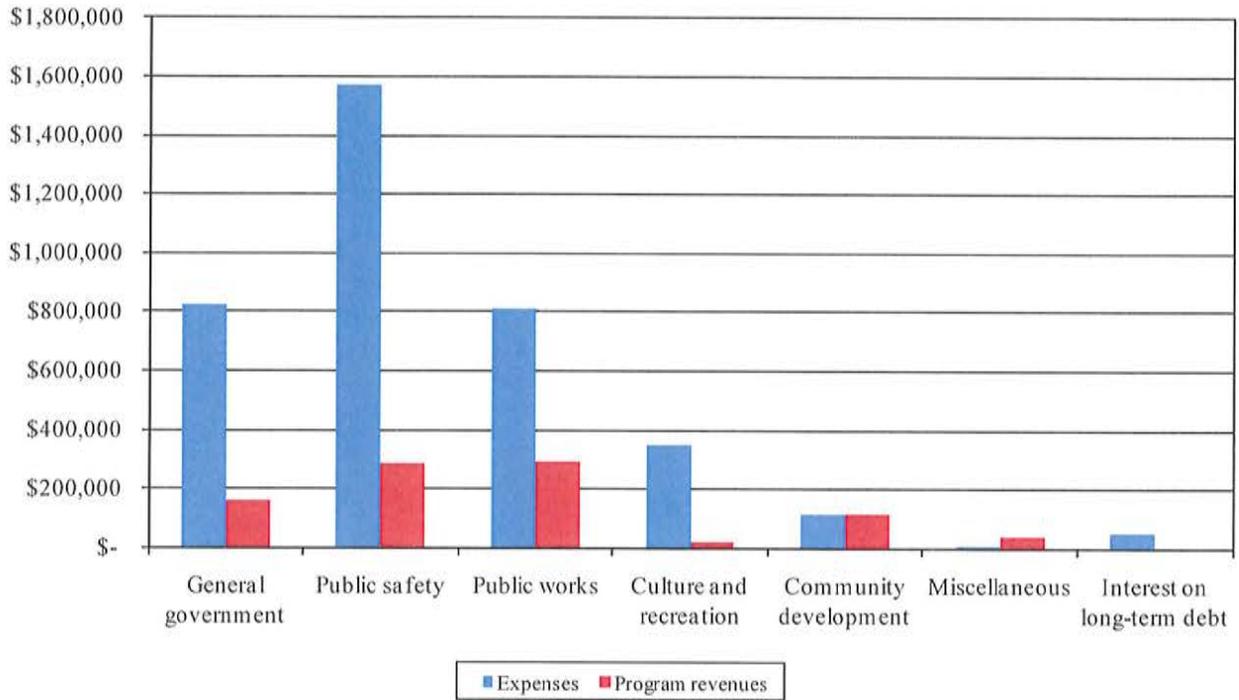
- Total revenues decreased by \$824,633 mainly due to receipts of one-time grants received in 2009 along with the decrease in Local Government Aid.
- Expenses increased due to the purchase of property that was capitalized at the land value only.
- The governmental activities contributed assets of \$2,144,660 to the business-type funds.

Changes in Net Assets

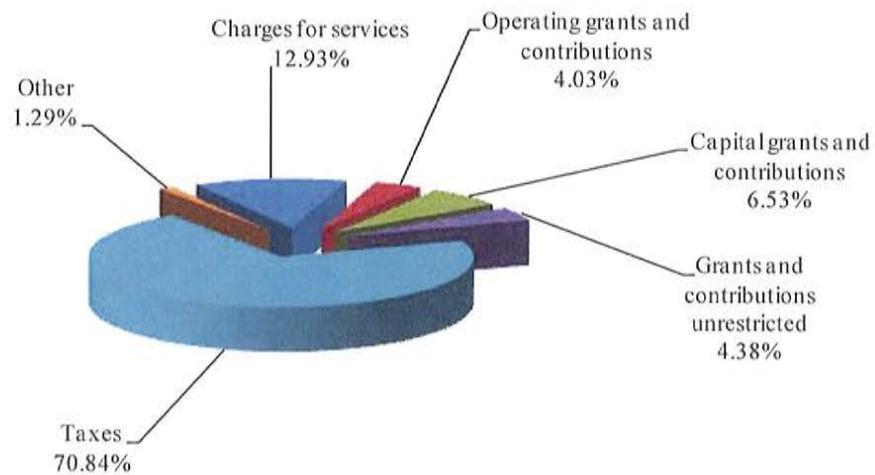
	Governmental Activities			Business-type Activities		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 503,609	\$ 470,303	\$ 33,306	\$ 3,919,628	\$ 3,939,175	\$ (19,547)
Operating grants and contributions	156,964	251,441	(94,477)	57,312	5,241	52,071
Capital grants and contributions	254,328	300,511	(46,183)	238,200	77,600	160,600
General revenues						
Taxes						
Property taxes	2,739,739	2,612,273	127,466	-	-	-
Tax increment	18,285	15,317	2,968	-	-	-
Grants and contributions not restricted to specific programs	170,718	983,567	(812,849)	-	-	-
Unrestricted investment earnings	46,421	69,793	(23,372)	122,866	150,631	(27,765)
Gain on sale of capital assets	3,435	14,927	(11,492)	-	-	-
Total revenues	<u>3,893,499</u>	<u>4,718,132</u>	<u>(824,633)</u>	<u>4,338,006</u>	<u>4,172,647</u>	<u>165,359</u>
Expenses						
General government	823,109	663,068	160,041	-	-	-
Public safety	1,570,589	1,485,755	84,834	-	-	-
Public works	812,302	931,674	(119,372)	-	-	-
Culture and recreation	351,844	310,479	41,365	-	-	-
Community development	116,532	119,724	(3,192)	-	-	-
Miscellaneous	6,339	12,705	(6,366)	-	-	-
Interest on long-term debt	56,033	61,780	(5,747)	-	-	-
Water	-	-	-	1,080,227	1,046,900	33,327
Sewer	-	-	-	800,929	755,755	45,174
Liquor store	-	-	-	1,900,572	1,893,024	7,548
Total expenses	<u>3,736,748</u>	<u>3,585,185</u>	<u>151,563</u>	<u>3,781,728</u>	<u>3,695,679</u>	<u>86,049</u>
Increase in net assets						
before transfers and contributions	156,751	1,132,947	(976,196)	556,278	476,968	79,310
Capital contributions from other funds	(2,144,660)	-	(2,144,660)	2,144,660	-	2,144,660
Transfers (net)	(427,693)	112,482	(540,175)	427,693	(112,482)	540,175
Change in net assets	(2,415,602)	1,245,429	(3,661,031)	3,128,631	364,486	2,764,145
Net assets, January 1	<u>11,799,690</u>	<u>10,554,261</u>	<u>1,245,429</u>	<u>11,332,465</u>	<u>10,967,979</u>	<u>364,486</u>
Net assets, December 31	<u>\$ 9,384,088</u>	<u>\$ 11,799,690</u>	<u>\$ (2,415,602)</u>	<u>\$ 14,461,096</u>	<u>\$ 11,332,465</u>	<u>\$ 3,128,631</u>

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

Expenses and Program Revenue - Governmental Activities



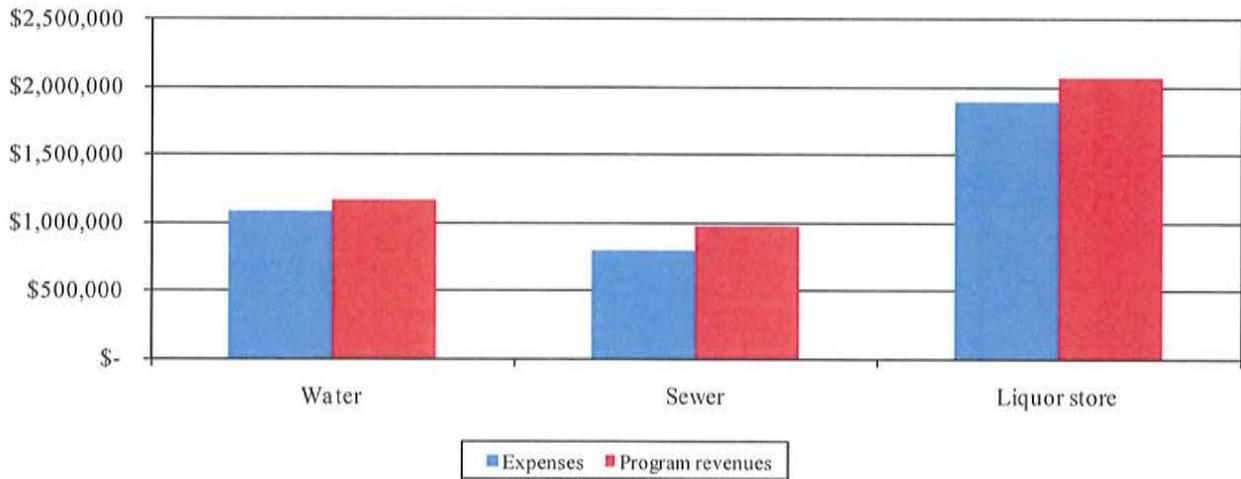
Revenue by Source - Governmental Activities



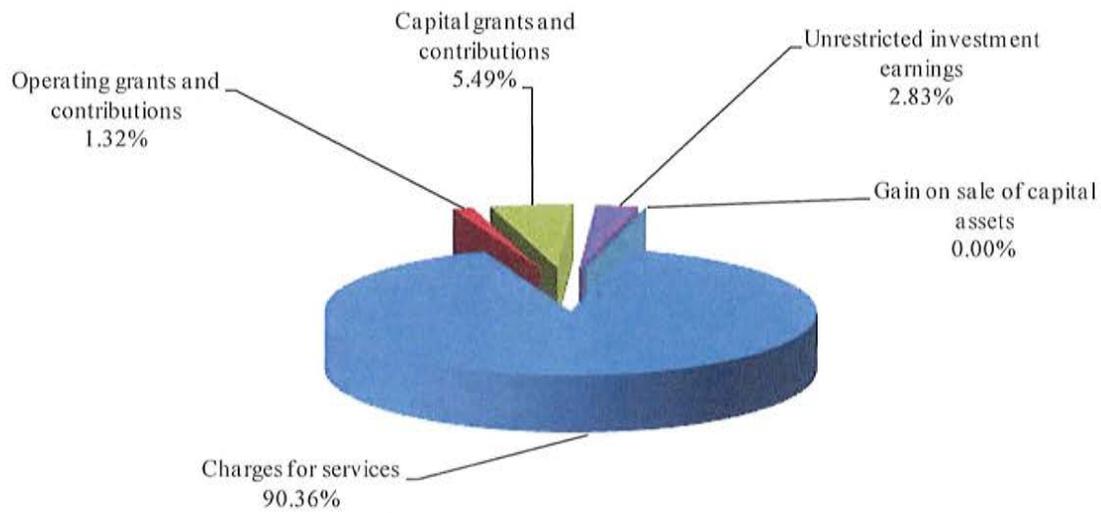
Business-type activities. Business-type activities increased the City's net assets by \$3,128,631, accounting for all of the total growth in the City's net assets. Key elements of this increase are as follows:

- Revenues exceeded expenses by \$556,278.
- The business-type activities received capital contributions of \$2,144,660 from the governmental funds.

Expenses and Program Revenues - Business-type Activities



Revenue by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,722,968. Approximately 92 percent of this total amount, \$2,511,167, constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service in the amount of \$209,998 and prepaid items of \$1,803.

Major fund	Fund Balances December 31		Increase (Decrease)
	2009	2010	
General	\$ 2,086,873	\$ 2,050,402	\$ (36,471)

Revenues exceeded expenditures by approximately \$300 thousand during the year. This was possible due to expenditures being under budget by approximately \$250 thousand.

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

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$7,561,395. The change in net assets for the funds was an increase of \$3,128,631. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

General Fund revenues were 99.2 percent of the amount budgeted. Intergovernmental revenue was under budget by \$74,771 due to State aid cuts. Expenditures were 93.0 percent of the amount budgeted because department heads held their expenditures under the amounts appropriated. The largest positive variance was reflected in the general government department which came in under budget by \$85,383.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2010, amounts to \$29,653,887 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- The Ambassador Trunk utility project which removes two older lift stations added one bigger lift station and provided for nine homes to connect to the city sanitary sewer system. This project was started in 2010 and will be completed in 2011.
- Purchased the property adjacent to a current city owned site for the future site of a possible public works/police building.
- Installed two signs on the Liquor store building for advertising and a third sign in Community Park for City/Community information.

Additional information on the City's capital assets can be found in Note 3C on pages 69 - 70 of this report.

Capital Assets Net of Depreciation

	Governmental Activities			Business-type Activities		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
Land	\$ 1,427,736	\$ 1,348,136	\$ 79,600	\$ 2,359,188	\$ 2,359,188	\$ -
Construction in progress	697,617	3,070,592	(2,372,975)	1,268,770	-	1,268,770
Land improvements	122,152	130,890	(8,738)	-	-	-
Buildings	867,209	899,499	(32,290)	13,793,775	14,182,917	(389,142)
Infrastructure	3,370,255	2,763,139	607,116	4,817,586	2,797,428	2,020,158
Machinery and equipment	742,217	856,836	(114,619)	187,382	103,210	84,172
Total	<u>\$ 7,227,186</u>	<u>\$ 9,069,092</u>	<u>\$ (1,841,906)</u>	<u>\$ 22,426,701</u>	<u>\$ 19,442,743</u>	<u>\$ 2,983,958</u>

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$16,537,000. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

Outstanding Debt

	Governmental Activities			Business-type Activities		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
General obligation revenue bonds	\$ 1,010,000	\$ 1,065,000	\$ (55,000)	\$ 15,527,000	\$ 14,543,660	\$ 983,340
Contract for deed	150,000	-	150,000	-	-	-
Capital Leases	163,739	221,834	(58,095)	-	-	-
Compensated absences payable	128,667	126,535	2,132	31,833	21,694	10,139
Total	\$ 1,452,406	\$ 1,413,369	\$ 39,037	\$ 15,558,833	\$ 14,565,354	\$ 993,479

The City's total debt increased \$1,032,516 (6 percent) during the current fiscal year. This increase is primarily the result of the issuance of \$1,600,000 in General Obligation Revenue Bonds, Series 2010A.

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

Additional information on the City's long-term debt can be found in Note 3E on pages 72 - 75 of this report.

Economic Factors and Next Year's Budgets and Rates

- Anoka County has an annual average unemployment rate for 2010 of 7.8 percent. This compares with unemployment rates of 7.3 percent for the State of Minnesota and 9.6 percent for the United States.
- Residential property values decreased by 11.6 percent for property taxes payable in 2011.
- The 2010 Census population was 7,218.

These factors were considered in preparing the City's budget for the 2011 fiscal year. The City's adopted 2011 budget includes a property tax levy of \$2,873,160 which is an increase of \$0 (0 percent) over the 2010 levy.

Requests for Information

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

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2010

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CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and temporary investments	\$ 3,810,337	\$ 6,147,420	\$ 9,957,757
Receivables			
Accrued interest	49,164	88,615	137,779
Delinquent taxes	132,339	-	132,339
Accounts	308,201	247,663	555,864
Special assessments	496,059	228,433	724,492
Due from other governments	117,844	14,936	132,780
Internal balances	(1,033,107)	1,033,107	-
Prepaid items	1,803	-	1,803
Inventories	-	176,476	176,476
Deferred charges	10,206	108,434	118,640
Capital assets			
Land and construction in progress	2,125,354	3,627,958	5,753,312
Depreciable assets (net of accumulated depreciation)	5,101,832	18,798,743	23,900,575
TOTAL ASSETS	11,120,032	30,471,785	41,591,817
LIABILITIES			
Accounts payable	89,148	150,566	239,714
Contracts payable	21,300	52,361	73,661
Accrued salaries payable	65,526	14,969	80,495
Due to other governments	82,427	20,368	102,795
Accrued interest payable	21,622	210,968	232,590
Deposits payable	1,100	-	1,100
Unearned revenue	2,415	2,624	5,039
Noncurrent liabilities:			
Due within one year			
Compensated absences payable	93,864	12,048	105,912
Contract for deed	75,000	-	75,000
Lease payable	61,945	-	61,945
Bonds payable	60,000	628,000	688,000
Due in more than one year			
Compensated absences payable	34,803	19,785	54,588
Contract for deed	75,000	-	75,000
Lease payable	101,794	-	101,794
Bonds payable	950,000	14,899,000	15,849,000
TOTAL LIABILITIES	1,735,944	16,010,689	17,746,633
NET ASSETS			
Invested in capital assets, net of related debt	5,903,447	6,899,701	12,803,148
Restricted for debt service	404,530	-	404,530
Unrestricted	3,076,111	7,561,395	10,637,506
TOTAL NET ASSETS	\$ 9,384,088	\$ 14,461,096	\$ 23,845,184

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

CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 823,109	\$ 161,884	\$ -	\$ -
Public safety	1,570,589	167,977	116,843	-
Public works	812,302	16,488	22,605	254,328
Culture and recreation	351,844	1,958	17,516	-
Community development	116,532	116,095	-	-
Miscellaneous	6,339	39,207	-	-
Interest on long-term debt	56,033	-	-	-
Total governmental activities	<u>3,736,748</u>	<u>503,609</u>	<u>156,964</u>	<u>254,328</u>
Business-type activities				
Water	1,080,227	1,063,256	26,944	78,000
Sewer	800,929	805,969	13,585	160,200
Liquor store	1,900,572	2,050,403	16,783	-
Total business-type activities	<u>3,781,728</u>	<u>3,919,628</u>	<u>57,312</u>	<u>238,200</u>
Total	<u>\$ 7,518,476</u>	<u>\$ 4,423,237</u>	<u>\$ 214,276</u>	<u>\$ 492,528</u>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

State grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Transfers - capital assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets, January 1

Net assets, December 31

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

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (661,225)	\$ -	\$ (661,225)
(1,285,769)	-	(1,285,769)
(518,881)	-	(518,881)
(332,370)	-	(332,370)
(437)	-	(437)
32,868	-	32,868
(56,033)	-	(56,033)
<u>(2,821,847)</u>	<u>-</u>	<u>(2,821,847)</u>
-	87,973	87,973
-	178,825	178,825
-	166,614	166,614
<u>-</u>	<u>433,412</u>	<u>433,412</u>
<u>(2,821,847)</u>	<u>433,412</u>	<u>(2,388,435)</u>
2,720,428	-	2,720,428
19,311	-	19,311
18,285	-	18,285
170,718	-	170,718
46,421	122,866	169,287
3,435	-	3,435
(2,144,660)	2,144,660	-
(427,693)	427,693	-
<u>406,245</u>	<u>2,695,219</u>	<u>3,101,464</u>
(2,415,602)	3,128,631	713,029
<u>11,799,690</u>	<u>11,332,465</u>	<u>23,132,155</u>
<u>\$ 9,384,088</u>	<u>\$ 14,461,096</u>	<u>\$ 23,845,184</u>

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**FUND
FINANCIAL STATEMENTS**

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2010

CITY OF ST. FRANCIS, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and temporary investments	\$ 2,060,200	\$ 1,750,137	\$ 3,810,337
Receivables			
Accrued interest	27,045	22,119	49,164
Delinquent taxes	131,599	740	132,339
Accounts	25,671	282,530	308,201
Special assessments	1,372	494,687	496,059
Due from other governments	100,544	17,300	117,844
Prepaid items	1,803	-	1,803
	<u>\$ 2,348,234</u>	<u>\$ 2,567,513</u>	<u>\$ 4,915,747</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 66,440	\$ 22,708	\$ 89,148
Contracts payable	-	21,300	21,300
Accrued salaries payable	65,526	-	65,526
Due to other governments	29,380	53,047	82,427
Deposits payable	1,100	-	1,100
Due to other funds	-	1,033,107	1,033,107
Deferred revenue	135,386	764,785	900,171
	<u>297,832</u>	<u>1,894,947</u>	<u>2,192,779</u>
TOTAL LIABILITIES			
FUND BALANCES			
Reserved for			
Prepaid items	1,803	-	1,803
Debt service	-	209,998	209,998
Unreserved, designated for			
Equipment replacement	-	1,249,189	1,249,189
Unreserved, undesignated reported in			
General fund	2,048,599	-	2,048,599
Special revenue funds	-	263,279	263,279
Capital projects funds	-	(1,049,900)	(1,049,900)
	<u>2,050,402</u>	<u>672,566</u>	<u>2,722,968</u>
TOTAL FUND BALANCES			
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 2,348,234</u>	<u>\$ 2,567,513</u>	<u>\$ 4,915,747</u>

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

CITY OF ST. FRANCIS, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

Total fund balances - governmental	\$ 2,722,968
Amounts reported for the governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	9,498,011
Less: accumulated depreciation	(2,270,825)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Contract for deed payable	(150,000)
Bonds and leases payable	(1,173,739)
Less: deferred charges, net of accumulated amortization	10,206
Compensated absences payable	(128,667)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	
Special assessments	482,887
Delinquent taxes	132,339
Developer receivable	282,530
Governmental funds do not report a liability for accrued interest until due and payable.	(21,622)
Total net assets - governmental activities	\$ 9,384,088

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

CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 2,720,353	\$ 42,427	\$ 2,762,780
Licenses and permits	78,242	-	78,242
Intergovernmental	380,977	-	380,977
Charges for services	289,148	24,730	313,878
Fines and forfeitures	30,537	-	30,537
Special assessments	-	54,438	54,438
Interest on investments	27,452	18,969	46,421
Miscellaneous	104,319	31,470	135,789
	<u>3,631,028</u>	<u>172,034</u>	<u>3,803,062</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General government	646,947	-	646,947
Public safety	1,455,024	2,068	1,457,092
Public works	700,257	-	700,257
Culture and recreation	250,141	32,407	282,548
Community development	99,612	16,920	116,532
Miscellaneous	6,339	-	6,339
Capital outlay			
General government	-	226,787	226,787
Public safety	32,849	-	32,849
Public works	39,151	426,888	466,039
Culture and recreation	31,863	40,614	72,477
Debt service			
Principal	58,095	55,000	113,095
Interest and other charges	13,739	43,132	56,871
	<u>3,334,017</u>	<u>843,816</u>	<u>4,177,833</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>297,011</u>	<u>(671,782)</u>	<u>(374,771)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	115,299	679,527	794,826
Sale of capital assets	29,965	-	29,965
Contract for deed issued	-	150,000	150,000
Transfers out	(478,746)	(743,773)	(1,222,519)
	<u>(333,482)</u>	<u>85,754</u>	<u>(247,728)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	(36,471)	(586,028)	(622,499)
FUND BALANCES, JANUARY 1	<u>2,086,873</u>	<u>1,258,594</u>	<u>3,345,467</u>
FUND BALANCES, DECEMBER 31	<u>\$ 2,050,402</u>	<u>\$ 672,566</u>	<u>\$ 2,722,968</u>

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

CITY OF ST. FRANCIS, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

Total net change in fund balances - governmental funds	\$ (622,499)
Amounts reported for governmental activities in the statement of activities are different because:	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	662,799
Depreciation expense	(333,515)
Gain (loss) on disposal of capital assets	(26,530)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal repayments	113,095
Debt issued or incurred	(150,000)
Amortization of deferred charges	(851)
Capital assets transferred to enterprise funds are not recorded in the governmental funds.	(2,144,660)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	1,689
<p>Certain revenues are recognized as soon as it is earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Special assessments	91,758
Property taxes	(4,756)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(2,132)
Change in net assets - governmental activities	<u>\$ (2,415,602)</u>

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

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CITY OF ST. FRANCIS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,681,842	\$ 2,681,842	\$ 2,720,353	\$ 38,511
Licenses and permits	71,880	71,880	78,242	6,362
Intergovernmental	455,748	455,748	380,977	(74,771)
Charges for services	278,810	278,810	289,148	10,338
Fines and forfeitures	41,370	41,370	30,537	(10,833)
Interest on investments	41,010	41,010	27,452	(13,558)
Miscellaneous	87,890	90,390	104,319	13,929
TOTAL REVENUES	3,658,550	3,661,050	3,631,028	(30,022)
EXPENDITURES				
Current				
General government	732,330	732,330	646,947	85,383
Public safety	1,520,710	1,523,210	1,455,024	68,186
Public works	697,540	697,540	700,257	(2,717)
Culture and recreation	265,930	265,930	250,141	15,789
Community development	148,820	148,820	99,612	49,208
Miscellaneous	25,100	25,100	6,339	18,761
Capital outlay				
General government	5,000	5,000	-	5,000
Public safety	38,150	38,150	32,849	5,301
Public works	22,000	22,000	39,151	(17,151)
Culture and recreation	54,730	54,730	31,863	22,867
Debt service				
Principal	58,090	58,090	58,095	(5)
Interest and other charges	13,740	13,740	13,739	1
TOTAL EXPENDITURES	3,582,140	3,584,640	3,334,017	250,623
EXCESS OF REVENUES OVER EXPENDITURES	76,410	76,410	297,011	220,601
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	115,299	65,299
Sale of capital assets	27,470	27,470	29,965	2,495
Transfers out	(458,020)	(458,020)	(478,746)	(20,726)
TOTAL OTHER FINANCING SOURCES (USES)	(380,550)	(380,550)	(333,482)	47,068
NET CHANGE IN FUND BALANCES	(304,140)	(304,140)	(36,471)	267,669
FUND BALANCES, JANUARY 1	2,086,873	2,086,873	2,086,873	-
FUND BALANCES, DECEMBER 31	\$ 1,782,733	\$ 1,782,733	\$ 2,050,402	\$ 267,669

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

CITY OF ST. FRANCIS, MINNESOTA
STATEMENTS OF NET ASSETS - CONTINUED ON THE FOLLOWING PAGES
PROPRIETARY FUNDS
DECEMBER 31, 2010 AND 2009

	Business-type Activities - Enterprise Funds			
	601		602	
	Water		Sewer	
	2010	2009	2010	2009
ASSETS				
CURRENT ASSETS				
Cash and temporary investments	\$ 3,043,644	\$ 4,184,115	\$ 2,191,586	\$ 1,035,380
Receivables				
Accrued interest	52,664	40,679	24,097	11,183
Accounts	125,199	111,201	101,469	90,055
Special assessments				
Delinquent	58,575	72,737	49,658	66,537
Deferred - current	-	-	11,219	-
Due from other governments	8,764	38,753	6,172	1,233
Due from other funds	1,033,107	-	-	-
Inventory	-	-	-	-
TOTAL CURRENT ASSETS	4,321,953	4,447,485	2,384,201	1,204,388
NONCURRENT ASSETS				
Special assessments				
Deferred	-	-	108,981	-
Deferred charges	31,136	34,299	77,298	35,342
Capital assets				
Land	18,115	18,115	2,337,839	2,337,839
Construction in progress	-	-	1,268,770	-
Buildings	8,994,235	8,994,235	7,256,415	7,256,415
Machinery and equipment	156,922	152,170	152,132	147,380
Infrastructure	4,675,645	3,839,523	1,292,395	-
Less accumulated depreciation	(1,629,730)	(1,327,831)	(2,539,697)	(2,334,950)
NET CAPITAL ASSETS	12,215,187	11,676,212	9,767,854	7,406,684
TOTAL NONCURRENT ASSETS	12,246,323	11,710,511	9,954,133	7,442,026
TOTAL ASSETS	16,568,276	16,157,996	12,338,334	8,646,414

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

Business-type Activities - Enterprise Funds - Continued

609			
Liquor Store		Totals	
2010	2009	2010	2009
\$ 912,190	\$ 851,911	\$ 6,147,420	\$ 6,071,406
11,854	8,465	88,615	60,327
20,995	21,800	247,663	223,056
-	-	108,233	139,274
-	-	11,219	-
-	3,597	14,936	43,583
-	-	1,033,107	-
176,476	187,866	176,476	187,866
<u>1,121,515</u>	<u>1,073,639</u>	<u>7,827,669</u>	<u>6,725,512</u>
-	-	108,981	-
-	-	108,434	69,641
3,234	3,234	2,359,188	2,359,188
-	-	1,268,770	-
608,660	608,660	16,859,310	16,859,310
207,383	95,024	516,437	394,574
-	-	5,968,040	3,839,523
(375,617)	(347,071)	(4,545,044)	(4,009,852)
<u>443,660</u>	<u>359,847</u>	<u>22,426,701</u>	<u>19,442,743</u>
<u>443,660</u>	<u>359,847</u>	<u>22,644,116</u>	<u>19,512,384</u>
<u>1,565,175</u>	<u>1,433,486</u>	<u>30,471,785</u>	<u>26,237,896</u>

CITY OF ST. FRANCIS, MINNESOTA
STATEMENTS OF NET ASSETS - CONTINUED
PROPRIETARY FUNDS
DECEMBER 31, 2010 AND 2009

	Business-type Activities - Enterprise Funds - Continued			
	601		602	
	Water		Sewer	
	2010	2009	2010	2009
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 15,844	\$ 53,484	\$ 92,651	\$ 36,339
Contracts payable	1,000	1,000	51,361	-
Accrued salaries payable	4,512	3,877	4,661	3,798
Due to other governments	1,084	3,435	1,311	251
Accrued interest payable	131,071	123,398	79,897	52,653
Unearned revenue	2,624	1,270	-	-
Compensated absences payable - current	4,224	5,886	4,224	5,886
Bonds payable - current	441,000	442,845	187,000	184,250
TOTAL CURRENT LIABILITIES	601,359	635,195	421,105	283,177
NONCURRENT LIABILITIES				
Compensated absences payable	6,672	1,054	6,672	1,054
Bonds payable	10,472,000	10,902,565	4,427,000	3,014,000
TOTAL NONCURRENT LIABILITIES	10,478,672	10,903,619	4,433,672	3,015,054
TOTAL LIABILITIES	11,080,031	11,538,814	4,854,777	3,298,231
NET ASSETS				
Invested in capital assets, net of related debt	1,302,187	330,802	5,153,854	4,208,434
Unrestricted	4,186,058	4,288,380	2,329,703	1,139,749
TOTAL NET ASSETS	\$ 5,488,245	\$ 4,619,182	\$ 7,483,557	\$ 5,348,183

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

Business-type Activities - Enterprise Funds - Continued

609			
Liquor Store		Totals	
2010	2009	2010	2009
\$ 42,071	\$ 37,414	\$ 150,566	\$ 127,237
-	-	52,361	1,000
5,796	5,597	14,969	13,272
17,973	17,561	20,368	21,247
-	-	210,968	176,051
-	-	2,624	1,270
3,600	6,083	12,048	17,855
-	-	628,000	627,095
<u>69,440</u>	<u>66,655</u>	<u>1,091,904</u>	<u>985,027</u>
6,441	1,731	19,785	3,839
-	-	14,899,000	13,916,565
<u>6,441</u>	<u>1,731</u>	<u>14,918,785</u>	<u>13,920,404</u>
<u>75,881</u>	<u>68,386</u>	<u>16,010,689</u>	<u>14,905,431</u>
443,660	359,847	6,899,701	4,899,083
<u>1,045,634</u>	<u>1,005,253</u>	<u>7,561,395</u>	<u>6,433,382</u>
<u>\$ 1,489,294</u>	<u>\$ 1,365,100</u>	<u>\$ 14,461,096</u>	<u>\$ 11,332,465</u>

CITY OF ST. FRANCIS, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Business-type Activities - Enterprise Funds			
	601		602	
	Water		Sewer	
	2010	2009	2010	2009
OPERATING REVENUES				
Sales	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-
GROSS PROFIT	-	-	-	-
Charges for services	1,063,256	1,087,847	805,969	784,671
TOTAL OPERATING REVENUES	1,063,256	1,087,847	805,969	784,671
OPERATING EXPENSES				
Personal services	148,361	135,161	145,389	132,934
Supplies	58,265	66,380	25,141	37,073
Professional services	69,721	70,756	81,131	89,867
Communications	7,675	8,640	2,548	2,672
Insurance	21,203	15,839	9,427	6,928
Utilities	68,962	87,685	95,062	110,513
Repairs and maintenance	54,796	22,668	76,488	32,062
Depreciation	301,900	300,377	204,745	204,660
Other	14,150	6,385	5,877	3,437
TOTAL OPERATING EXPENSES	745,033	713,891	645,808	620,146
OPERATING INCOME	318,223	373,956	160,161	164,525
NONOPERATING REVENUES (EXPENSES)				
Connection fees	28,000	33,600	40,000	44,000
Special assessments	-	-	120,200	-
Interest income	71,288	100,657	33,998	27,975
Miscellaneous	76,944	1,569	13,585	1,559
Interest expense	(335,194)	(333,009)	(155,121)	(135,609)
TOTAL NONOPERATING REVENUES (EXPENSES)	(158,962)	(197,183)	52,662	(62,075)
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	159,261	176,773	212,823	102,450
TRANSFERS AND CONTRIBUTIONS				
Transfers in	-	83,474	742,474	102,026
Capital contributions from other funds	836,122	-	1,308,538	-
Transfers out	(126,320)	(98,938)	(128,461)	(58,406)
TOTAL TRANSFERS AND CONTRIBUTIONS	709,802	(15,464)	1,922,551	43,620
CHANGE IN NET ASSETS	869,063	161,309	2,135,374	146,070
NET ASSETS, JANUARY 1	4,619,182	4,457,873	5,348,183	5,202,113
NET ASSETS, DECEMBER 31	\$ 5,488,245	\$ 4,619,182	\$ 7,483,557	\$ 5,348,183

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

Business-type Activities - Enterprise Funds - Continued

609			
Liquor Store		Totals	
2010	2009	2010	2009
\$ 2,050,403	\$ 2,067,517	\$ 2,050,403	\$ 2,067,517
(1,535,157)	(1,548,837)	(1,535,157)	(1,548,837)
515,246	518,680	515,246	518,680
-	-	1,869,225	1,872,518
515,246	518,680	2,384,471	2,391,198
191,718	182,036	485,468	450,131
4,312	6,263	87,718	109,716
80,367	78,176	231,219	238,799
2,465	2,496	12,688	13,808
9,485	9,425	40,115	32,192
16,226	16,988	180,250	215,186
20,695	6,264	151,979	60,994
28,547	23,951	535,192	528,988
11,600	18,588	31,627	28,410
365,415	344,187	1,756,256	1,678,224
149,831	174,493	628,215	712,974
-	-	68,000	77,600
-	-	120,200	-
17,580	21,999	122,866	150,631
16,783	1,253	107,312	4,381
-	-	(490,315)	(468,618)
34,363	23,252	(71,937)	(236,006)
184,194	197,745	556,278	476,968
-	-	742,474	185,500
-	-	2,144,660	-
(60,000)	(140,638)	(314,781)	(297,982)
(60,000)	(140,638)	2,572,353	(112,482)
124,194	57,107	3,128,631	364,486
1,365,100	1,307,993	11,332,465	10,967,979
\$ 1,489,294	\$ 1,365,100	\$ 14,461,096	\$ 11,332,465

CITY OF ST. FRANCIS, MINNESOTA
STATEMENTS OF CASH FLOWS - CONTINUED ON THE FOLLOWING PAGES
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Business-type Activities - Enterprise Funds			
	601		602	
	Water		Sewer	
	2010	2009	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,171,707	\$ 1,109,479	\$ 820,080	\$ 823,022
Payments to suppliers	(304,610)	(275,114)	(285,905)	(269,094)
Payments to employees	(143,770)	(132,537)	(140,570)	(130,323)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>723,327</u>	<u>701,828</u>	<u>393,605</u>	<u>423,605</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase in due from other funds	(1,033,107)	-	-	-
Transfers from other funds	-	83,474	742,474	102,026
Transfers to other funds	(126,320)	(98,938)	(128,461)	(58,406)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,159,427)</u>	<u>(15,464)</u>	<u>614,013</u>	<u>43,620</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Connection fees received	28,000	33,600	40,000	44,000
Acquisition of capital assets	(34,906)	(654,240)	(1,158,413)	(109,814)
Proceeds from bonds issued, net	-	755,318	1,554,217	-
Interest paid on bonds	(324,358)	(339,476)	(124,050)	(160,131)
Principal paid on bonds	(432,410)	(1,380,557)	(184,250)	(1,339,250)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	<u>(763,674)</u>	<u>(1,585,355)</u>	<u>127,504</u>	<u>(1,565,195)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	59,303	102,285	21,084	41,138
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,140,471)	(796,706)	1,156,206	(1,056,832)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>4,184,115</u>	<u>4,980,821</u>	<u>1,035,380</u>	<u>2,092,212</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 3,043,644</u>	<u>\$ 4,184,115</u>	<u>\$ 2,191,586</u>	<u>\$ 1,035,380</u>

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

Business-type Activities - Enterprise Funds - Continued

609			
Liquor Store		Totals	
2010	2009	2010	2009
\$ 2,071,588	\$ 2,063,445	\$ 4,063,375	\$ 3,995,946
(1,663,848)	(1,733,916)	(2,254,363)	(2,278,124)
<u>(189,292)</u>	<u>(178,388)</u>	<u>(473,632)</u>	<u>(441,248)</u>
 218,448	 151,141	 1,335,380	 1,276,574
 -	 -	 (1,033,107)	 -
 -	 -	 742,474	 185,500
<u>(60,000)</u>	<u>(140,638)</u>	<u>(314,781)</u>	<u>(297,982)</u>
 (60,000)	 (140,638)	 (605,414)	 (112,482)
 -	 -	 68,000	 77,600
 (112,360)	 -	 (1,305,679)	 (764,054)
 -	 -	 1,554,217	 755,318
 -	 -	 (448,408)	 (499,607)
<u>-</u>	<u>-</u>	<u>(616,660)</u>	<u>(2,719,807)</u>
 (112,360)	 -	 (748,530)	 (3,150,550)
 14,191	 19,189	 94,578	 162,612
 60,279	 29,692	 76,014	 (1,823,846)
<u>851,911</u>	<u>822,219</u>	<u>6,071,406</u>	<u>7,895,252</u>
<u>\$ 912,190</u>	<u>\$ 851,911</u>	<u>\$ 6,147,420</u>	<u>\$ 6,071,406</u>

CITY OF ST. FRANCIS, MINNESOTA
STATEMENTS OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Business-type Activities - Enterprise Funds - Continued			
	601		602	
	Water		Sewer	
	2010	2009	2010	2009
RECONCILIATION OF OPERATING INCOME				
TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 318,223	\$ 373,956	\$ 160,161	\$ 164,525
Adjustments to reconcile operating income				
to net cash provided by operating activities:				
Depreciation	301,900	300,377	204,745	204,660
Other income related to operations	76,944	1,569	13,585	1,559
(Increase) decrease in assets:				
Receivables				
Accounts	(13,998)	45,917	(11,414)	58,535
Special assessments - delinquent	14,162	(23,105)	16,879	(21,086)
Due from other governments	29,989	(4,019)	(4,939)	(657)
Inventories	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable	(7,487)	1,534	8,709	13,318
Due to other governments	(2,351)	1,705	1,060	140
Accrued salaries payable	635	470	863	457
Unearned revenue	1,354	1,270	-	-
Compensated absences payable	3,956	2,154	3,956	2,154
	<u>\$ 723,327</u>	<u>\$ 701,828</u>	<u>\$ 393,605</u>	<u>\$ 423,605</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES				
NONCASH CAPITAL FINANCING AND INVESTING ACTIVITIES				
Deferred charges on bonds issued	\$ -	\$ -	\$ 45,783	\$ -
Amortization of deferred charges	\$ 3,163	\$ 3,095	\$ 3,827	\$ 3,416
Capital assets acquired on account	\$ -	\$ 30,153	\$ 98,964	\$ -
Capital assets contributed from other funds	\$ 836,122	\$ -	\$ 1,308,538	\$ -

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

Business-type Activities - Enterprise Funds - Continued

609			
Liquor Store		Totals	
2010	2009	2010	2009
\$ 149,831	\$ 174,493	\$ 628,215	\$ 712,974
28,547	23,951	535,192	528,988
16,783	1,253	107,312	4,381
805	(1,738)	(24,607)	102,714
-	-	31,041	(44,191)
3,597	(3,587)	28,647	(8,263)
11,390	7,166	11,390	7,166
4,657	(53,726)	5,879	(38,874)
412	(319)	(879)	1,526
199	925	1,697	1,852
-	-	1,354	1,270
2,227	2,723	10,139	7,031
<u>\$ 218,448</u>	<u>\$ 151,141</u>	<u>\$ 1,335,380</u>	<u>\$ 1,276,574</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,783</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,990</u>	<u>\$ 6,511</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,964</u>	<u>\$ 30,153</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,144,660</u>	<u>\$ -</u>

CITY OF ST. FRANCIS, MINNESOTA
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2010

	Agency
	Escrow
ASSETS	
Cash and temporary investments	\$ 63,340
Special assessments receivable	1,127
Due from other governments	187
TOTAL ASSETS	\$ 64,654
LIABILITIES	
Deposits payable	\$ 64,654

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

CITY OF ST. FRANCIS, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of St. Francis, Minnesota (the City) operates under its own “Home Rule Charter.” Under this Charter, the government of the City is governed by the council composed of an elected mayor and four elected council members. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization’s governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The City has no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

CITY OF ST. FRANCIS, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

The City reports the following major governmental fund:

The *General fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF ST. FRANCIS, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

CITY OF ST. FRANCIS, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Assets, liabilities and net assets or equity

Deposits and investments

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

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
6. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
7. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
8. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

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

CITY OF ST. FRANCIS, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property taxes

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

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

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

Accounts receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2010. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

Special assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred revenue liability in the fund financial statements.

Interfund receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Inventories

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

CITY OF ST. FRANCIS, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

Compensated absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation, which is paid to the employee upon separation. A portion of unused sick leave may also be paid upon separation from City service. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate the governmental compensated absences liability.

Postemployment benefits other than pensions

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

CITY OF ST. FRANCIS, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

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

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net assets

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

- a. Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net assets - Consist of net assets restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Comparative data/reclassifications

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

During 2010, the City changed the classification of two debt service funds. The Water and Sewer Bond and the 2007A Utility Bond funds are now being presented as components of the Water and Sewer enterprise funds. These funds were previously reported as governmental funds in the fund financial statements and as business-type in the government-wide financial statements.

CITY OF ST. FRANCIS, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

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

The appropriated budget is prepared by fund, function and department. The City's department heads, with the approval of the City Administrator, may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control is at the department level. Budgeted amounts were amended during the year.

Amendments were made to the revenues and expenditures during the year; however, the net change in fund balance was the same for both the original and final budgets.

B. Deficit fund equity

The following funds had deficits at December 31, 2010:

Fund	Amount
Nonmajor governmental funds	
Special revenue	
Pioneer Days	\$ 6,717
Capital projects	
River's Edge Trunk Utility Improvement	510,619
Watermain Looping	287,151
Creekview Estate Street and Utility Improvement	134,520
Ivywood and 230th Lane	117,610

The deficit in the Pioneer Days fund will be eliminated with future transfers.

The deficit in the River's Edge Trunk Utility Improvement fund will be financed with future collections of trunk charges as housing development emerges.

The deficit in the Watermain Looping fund will be eliminated with receipts from a developer.

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

The deficit in the Ivywood and 230th Lane fund will be eliminated with future special assessments.

CITY OF ST. FRANCIS, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City's carrying amount of deposits was \$1,149,130 and the bank balance was \$1,143,290. The bank balance was covered by federal depository insurance totaling \$250,000. The remaining balance was covered by collateral held by the City's agent in the City's name.

CITY OF ST. FRANCIS, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Cash and investments summary

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

Carrying amount of deposits	\$ 1,149,130
Investments	<u>8,871,967</u>
Total	<u><u>\$ 10,021,097</u></u>
As reported on the financial statements	
Statement of net assets	\$ 9,957,757
Fiduciary statement of net assets	<u>63,340</u>
Total	<u><u>\$ 10,021,097</u></u>

Investments

As of December 31, 2010, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Credit Quality/ Rating (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount
Non Pooled investments:			
Brokered Certificates of Deposit	N/A	less than 6 months	\$ 196,000
Brokered Certificates of Deposit	N/A	6 months to 1 year	441,000
Brokered Certificates of Deposit	N/A	1 to 3 years	1,868,000
Brokered Certificates of Deposit	N/A	more than 3 years	194,000
U.S. Government Agencies	AAA	more than 3 years	531,973
State and Local Government Securities	AAA	less than 6 months	115,584
State and Local Government Securities	AAA	1 to 3 years	165,757
State and Local Government Securities	AAA	more than 3 years	51,540
Pooled investments:			
Minnesota Municipal Money Market	P-1	less than 6 months	5,284,890
Broker Money Market	N/A	less than 6 months	<u>23,223</u>
Total investments			<u><u>\$ 8,871,967</u></u>

1. Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.
 2. Interest rate risk is disclosed using the segmented time distribution method.
- N/A Indicates not applicable or available.

CITY OF ST. FRANCIS, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota Statutes and the City's investment policy limit the City's investments to the list on page 64 of the notes. In accordance with its investment policy, the City will minimize credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business, and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk.
- *Concentration of Credit risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with its investment policy, the investment portfolio should be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific issuer, maturity or class of securities. Extended maturities may be utilized to take advantage of higher yields; however, no more than 10 percent of the total investments should extend beyond five (5) years and in no circumstance should any extend beyond 10 years.
- *Interest rate risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio.

CITY OF ST. FRANCIS, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

B. Deferred revenue

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

	Unavailable	Unearned
General		
Delinquent taxes	\$ 131,599	\$ -
Special assessments	1,372	-
Other	-	2,415
Other governmental		
Delinquent taxes	740	-
Special assessments	481,515	-
Developer receivable	282,530	-
Total	\$ 897,756	\$ 2,415

CITY OF ST. FRANCIS, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,348,136	\$ 79,600	\$ -	\$ 1,427,736
Construction in progress	3,070,592	479,466	(2,852,440)	697,618
	<u>4,418,728</u>	<u>559,066</u>	<u>(2,852,440)</u>	<u>2,125,354</u>
Total capital assets not being depreciated				
	<u>4,418,728</u>	<u>559,066</u>	<u>(2,852,440)</u>	<u>2,125,354</u>
Capital assets, being depreciated				
Land improvements	174,771	-	-	174,771
Buildings	1,124,789	-	-	1,124,789
Infrastructure	3,011,813	707,780	-	3,719,593
Machinery and equipment	2,279,249	103,734	(29,479)	2,353,504
	<u>6,590,622</u>	<u>811,514</u>	<u>(29,479)</u>	<u>7,372,657</u>
Total capital assets being depreciated				
	<u>6,590,622</u>	<u>811,514</u>	<u>(29,479)</u>	<u>7,372,657</u>
Less accumulated depreciation for				
Land improvements	(43,881)	(8,738)	-	(52,619)
Buildings	(225,290)	(32,290)	-	(257,580)
Infrastructure	(248,674)	(100,664)	-	(349,338)
Machinery and equipment	(1,422,413)	(191,823)	2,948	(1,611,288)
	<u>(1,940,258)</u>	<u>(333,515)</u>	<u>2,948</u>	<u>(2,270,825)</u>
Total accumulated depreciation				
	<u>(1,940,258)</u>	<u>(333,515)</u>	<u>2,948</u>	<u>(2,270,825)</u>
Total capital assets being depreciated, net				
	<u>4,650,364</u>	<u>477,999</u>	<u>(26,531)</u>	<u>5,101,832</u>
Governmental activities capital assets, net				
	<u>\$ 9,069,092</u>	<u>\$ 1,037,065</u>	<u>\$ (2,878,971)</u>	<u>\$ 7,227,186</u>

CITY OF ST. FRANCIS, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 2,359,188	\$ -	\$ -	\$ 2,359,188
Construction in progress	-	1,268,770	-	1,268,770
Total capital assets not being depreciated	<u>2,359,188</u>	<u>1,268,770</u>	<u>-</u>	<u>3,627,958</u>
Capital assets being depreciated				
Buildings	16,859,310	-	-	16,859,310
Infrastructure	3,839,523	2,128,517	-	5,968,040
Machinery and equipment	394,574	121,863	-	516,437
Total capital assets being depreciated	<u>21,093,407</u>	<u>2,250,380</u>	<u>-</u>	<u>23,343,787</u>
Less accumulated depreciation for				
Buildings	(2,676,393)	(389,142)	-	(3,065,535)
Infrastructure	(1,042,095)	(108,359)	-	(1,150,454)
Machinery and equipment	(291,364)	(37,691)	-	(329,055)
Total accumulated depreciation	<u>(4,009,852)</u>	<u>(535,192)</u>	<u>-</u>	<u>(4,545,044)</u>
Total capital assets being depreciated, net	<u>17,083,555</u>	<u>1,715,188</u>	<u>-</u>	<u>18,798,743</u>
Business-type activities capital assets, net	<u>\$ 19,442,743</u>	<u>\$ 2,983,958</u>	<u>\$ -</u>	<u>\$ 22,426,701</u>

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

Governmental activities	
General government	\$ 27,817
Public safety	109,132
Public works	126,282
Culture and recreation	70,284
Total depreciation expense - governmental activities	<u>\$ 333,515</u>
Business-type activities	
Water	\$ 301,900
Sewer	204,745
Liquor store	28,547
Total depreciation expense - business-type activities	<u>\$ 535,192</u>

CITY OF ST. FRANCIS, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Construction commitments

The City had the following outstanding construction commitments at December 31, 2010:

Project	Spent to date	Remaining Commitment
Ambassador Trunk Utilities 230th/Ivywood	\$ 975,852 322,623	\$ 318,510 27,315
Total	<u>\$ 1,298,475</u>	<u>\$ 345,825</u>

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2010 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Water	Other Governmental	To provide cash flows	<u>\$ 1,033,107</u>

The City made transfers during the fiscal year 2010 as shown and described below:

Fund	Transfer in:			Total
	General	Other Governmental	Sewer	
Transfer out:				
General	\$ -	\$ 478,746	\$ -	\$ 478,746
Other Governmental	65,299	-	678,474	743,773
Water	-	62,320	64,000	126,320
Sewer	-	128,461	-	128,461
Liquor Store	50,000	10,000	-	60,000
Total	<u>\$ 115,299</u>	<u>\$ 679,527</u>	<u>\$ 742,474</u>	<u>\$ 1,537,300</u>

The City made the following transfers during 2010:

- The General fund transferred \$478,746 to the other governmental funds to cover project expenditures, to fund capital outlay purchases and to close funds.
- The other governmental funds transferred \$65,299 to the General fund and \$678,474 to the Sewer fund to close funds.
- The Water fund transferred \$62,320 to the other governmental funds to cover project expenditures.
- The Water fund transferred \$64,000 to the Sewer fund for debt service.
- The Sewer fund transferred \$128,461 to the other governmental fund to cover debt service, to cover project expenditures, and to close funds.
- The Liquor fund transferred \$50,000 to the General fund for its annual contribution in lieu of taxes and \$10,000 to the other governmental funds for its annual contribution to Pioneer Days.

CITY OF ST. FRANCIS, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

E. Long-term debt

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

General obligation improvement bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement and Utility Revenue Bonds, Series 2007A	\$ 1,110,000	4.000 - 4.375 %	12/13/07	02/01/23	<u>\$ 1,010,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2011	\$ 60,000	\$ 40,283	\$ 100,283
2012	65,000	37,783	102,783
2013	65,000	35,183	100,183
2014	70,000	32,483	102,483
2015	70,000	29,683	99,683
2016-2020	400,000	102,158	502,158
2021-2023	280,000	18,188	298,188
Total	<u>\$ 1,010,000</u>	<u>\$ 295,761</u>	<u>\$ 1,305,761</u>

CITY OF ST. FRANCIS, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

General obligation revenue bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water and Sewer Revenue Crossover Refunding Bonds, Series 2006	\$ 2,840,000	3.300 - 4.000 %	02/27/06	02/01/16	\$ 2,560,000
G.O. Improvement and Utility Revenue Bonds, Series 2007	3,115,000	4.000 - 4.375	12/13/07	02/01/28	2,920,000
MPFA - Water Revenue Bonds Series 2008	9,013,468	2.563	12/18/07	08/20/27	8,447,000
G.O. Sewer Revenue Bonds, Series 2010A	1,600,000	2.000 - 3.500	09/20/10	02/01/31	<u>1,600,000</u>
Total G.O. Revenue Bonds					<u>\$ 15,527,000</u>

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

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2011	\$ 628,000	\$ 469,550	\$ 1,097,550
2012	695,000	452,831	1,147,831
2013	968,000	426,770	1,394,770
2014	1,000,000	394,317	1,394,317
2015	1,043,000	359,272	1,402,272
2016-2020	4,154,000	1,385,923	5,539,923
2021-2025	4,403,000	918,520	5,321,520
2026-2030	2,511,000	163,326	2,674,326
2031	<u>125,000</u>	<u>2,188</u>	<u>127,188</u>
Total	<u>\$ 15,527,000</u>	<u>\$ 4,572,697</u>	<u>\$ 20,099,697</u>

CITY OF ST. FRANCIS, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital leases payable

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

Asset:	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Fire Hall	\$ 370,000	\$ (129,500)	\$ 240,500
Fire Truck	310,000	(281,045)	28,955
Total	<u>\$ 680,000</u>	<u>\$ (410,545)</u>	<u>\$ 269,455</u>

The balances of capital leases as of December 31, 2010 are as follows:

<u>Description</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance at Year End</u>
Fire Hall Lease	\$ 370,000	6.39 %	09/18/96	09/18/11	\$ 36,932
Fire Truck Lease	310,000	6.72	02/15/00	02/15/15	126,807
Total capital leases payable					<u>\$ 163,739</u>

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 61,945	\$ 9,887	\$ 71,832
2012	26,723	6,399	33,122
2013	28,549	4,573	33,122
2014	30,499	2,622	33,121
2015	16,023	539	16,562
Total	<u>\$ 163,739</u>	<u>\$ 24,020</u>	<u>\$ 187,759</u>

CITY OF ST. FRANCIS, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Contract for deed

During 2010, the City entered into a contract for deed for \$150,000 for the purchase of land for future public works use. The contract carries no interest and will mature in 2012. The outstanding balance at December 31, 2010 was \$150,000.

Changes in long-term liabilities

Noncurrent liability activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 1,065,000	\$ -	\$ (55,000)	\$ 1,010,000	\$ 60,000
Other noncurrent debt					
Capital leases payable	221,834	-	(58,095)	163,739	61,945
Contract for deed payable	-	150,000	-	150,000	75,000
Compensated absences payable	126,535	95,996	(93,864)	128,667	93,864
Governmental activity long-term liabilities	<u>\$ 1,413,369</u>	<u>\$ 245,996</u>	<u>\$ (206,959)</u>	<u>\$ 1,452,406</u>	<u>\$ 290,809</u>
Business-type activities					
Bonds payable					
General obligations revenue bonds	\$ 14,543,660	\$ 1,600,000	\$ (616,660)	\$ 15,527,000	\$ 628,000
Compensated absences payable	21,694	22,187	(12,048)	31,833	12,048
Business-type activity long-term liabilities	<u>\$ 14,565,354</u>	<u>\$ 1,622,187</u>	<u>\$ (628,708)</u>	<u>\$ 15,558,833</u>	<u>\$ 640,048</u>

CITY OF ST. FRANCIS, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. Plan description

All full-time and certain part-time employees of the City are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota statutes, chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers and fire-fighters who qualify for membership by statute are covered by the PEPFF.

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

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of the step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan for each year of service.

For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For GERF and PEPFF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at age 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA, 60 Empire Street, #200, St. Paul, Minnesota 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

CITY OF ST. FRANCIS, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 4: DEFINED BENEFIT PENSION PLANS – STATEWIDE - CONTINUED

B. Funding policy

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State legislature. The City makes annual contributions to the pension plans equal to the amount required by Minnesota statutes. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.00 percent, respectively, of their annual covered salary in 2010. PEPFF members were required to contribute 9.40 percent of their annual covered salary in 2010. The City is required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERP members, 7.00 percent for Coordinated Plan GERP members and 14.10 percent for PEPFF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 7.25 percent and 14.40 percent, respectively, effective January 1, 2011. The City's contributions to the GERP for the years ending December 31, 2010, 2009, and 2008 were \$71,348, \$70,443, and \$65,345, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2010, 2009, and 2008 were \$99,269, \$98,142, and \$90,843, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Note 5: OTHER INFORMATION

A. Legal debt margin

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

B. Risk management

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

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

CITY OF ST. FRANCIS, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 5: OTHER INFORMATION - CONTINUED

C. Tax increment financing districts

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

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

Note 6: VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION

A. Plan description

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

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

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

CITY OF ST. FRANCIS, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 6: VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION - CONTINUED

B. Funding policy

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

Annual pension cost	\$ 20,619
Contributions made:	
State aid	20,619
Actuarial valuation date	12/31/10
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period:	
Normal cost	20 years
Prior service cost	10 years
Asset valuation method	Market
Actuarial assumptions	
Investment rate of return	5%
Projected salary increases	N/A
Inflation rate	N/A
Cost of living adjustments	None

Year Ending	Three Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/10	\$ 20,619	100.0 %	\$ -
12/31/09	43,623	100.0	-
12/31/08	43,191	100.0	-

Required Supplementary Information					
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Assets in Excess of (Unfunded) Accrued Liability	Funded Rate	Pension Benefit Per Year of Service
12/31/10	*	*	*	*	\$ 2,100
12/31/09	\$ 684,246	\$ 610,644	\$ 73,602	112.05 %	2,100
12/31/08	551,714	581,546	(29,832)	94.87	2,100

* Information not available at the time of the audit.

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2010

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NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

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

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

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2010

	Debt Service		
	Special Revenue	311 G.O. Bonds 2007A	Capital Projects
ASSETS			
Cash and temporary investments	\$ 285,021	\$ 193,352	\$ 1,271,764
Receivables			
Accrued interest	3,548	2,513	16,058
Delinquent taxes	-	740	-
Accounts	-	-	282,530
Special assessments			
Deferred	-	227,719	261,800
Delinquent	-	867	4,301
Due from other governments	-	1,088	16,212
	<u>\$ 288,569</u>	<u>\$ 426,279</u>	<u>\$ 1,852,665</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 18,109	\$ -	\$ 4,599
Contracts payable	-	-	21,300
Due to other governments	464	127	52,456
Due to other funds	6,717	-	1,026,390
Deferred revenue	-	216,154	548,631
	<u>25,290</u>	<u>216,281</u>	<u>1,653,376</u>
FUND BALANCES			
Reserved for debt service	-	209,998	-
Unreserved			
Designated for equipment replacement	-	-	1,249,189
Undesignated	263,279	-	(1,049,900)
	<u>263,279</u>	<u>209,998</u>	<u>199,289</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 288,569</u>	<u>\$ 426,279</u>	<u>\$ 1,852,665</u>

Total

\$ 1,750,137

22,119

740

282,530

489,519

5,168

17,300

\$ 2,567,513

\$ 22,708

21,300

53,047

1,033,107

764,785

1,894,947

209,998

1,249,189

(786,621)

672,566

\$ 2,567,513

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Special Revenue	Debt Service	
		311 G.O. Bonds 2007A	Capital Projects
REVENUES			
Taxes	\$ 18,285	\$ 19,311	\$ 4,831
Charges for services	12,518	-	12,212
Special assessments	-	40,766	13,672
Interest on investments	4,817	2,498	11,654
Miscellaneous	17,629	-	13,841
TOTAL REVENUES	<u>53,249</u>	<u>62,575</u>	<u>56,210</u>
EXPENDITURES			
Current			
Public safety	2,068	-	-
Culture and recreation	32,407	-	-
Community development	16,920	-	-
Capital outlay			
General government	-	-	226,787
Public works	-	-	426,888
Culture and recreation	40,614	-	-
Debt Service			
Principal	-	55,000	-
Interest and other charges	-	43,132	-
TOTAL EXPENDITURES	<u>92,009</u>	<u>98,132</u>	<u>653,675</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(38,760)</u>	<u>(35,557)</u>	<u>(597,465)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	10,000	39,880	629,647
Contract for deed issued	-	-	150,000
Transfers out	-	-	(743,773)
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>39,880</u>	<u>35,874</u>
NET CHANGE IN FUND BALANCES	(28,760)	4,323	(561,591)
FUND BALANCES, JANUARY 1	<u>292,039</u>	<u>205,675</u>	<u>760,880</u>
FUND BALANCES, DECEMBER 31	<u>\$ 263,279</u>	<u>\$ 209,998</u>	<u>\$ 199,289</u>

	<u>Total</u>
\$	42,427
	24,730
	54,438
	18,969
	<u>31,470</u>
	 172,034
	 2,068
	32,407
	16,920
	 226,787
	426,888
	40,614
	 55,000
	<u>43,132</u>
	 843,816
	 <u>(671,782)</u>
	 679,527
	150,000
	<u>(743,773)</u>
	 85,754
	 (586,028)
	 <u>1,258,594</u>
\$	<u><u>672,566</u></u>

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NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

Pioneer Days - accounts for the costs associated with the City's annual Pioneer Days celebration. Revenue is primarily from donations and a transfer from the Liquor Store Fund.

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

Bicentennial - fund established to account for donations received for a future City celebration.

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2010

	<u>208</u> Police Forfeiture	<u>225</u> Park Improvements	<u>230</u> Pioneer Days
ASSETS			
Cash and temporary investments	\$ 10,731	\$ 242,093	\$ -
Receivables			
Accrued interest	-	3,130	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 10,731</u>	<u>\$ 245,223</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts payable	\$ -	\$ 9,884	\$ -
Due to other governments	-	-	-
Due to other funds	-	-	6,717
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	-	9,884	6,717
FUND BALANCES (DEFICITS)			
Unreserved			
Undesignated	10,731	235,339	(6,717)
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 10,731</u>	<u>\$ 245,223</u>	<u>\$ -</u>

250 Turtle Ridge TIF	851 Bicentennial	Total
\$ 24,341	\$ 7,856	\$ 285,021
<u>316</u>	<u>102</u>	<u>3,548</u>
<u>\$ 24,657</u>	<u>\$ 7,958</u>	<u>\$ 288,569</u>
\$ 8,225	\$ -	\$ 18,109
464	-	464
<u>-</u>	<u>-</u>	<u>6,717</u>
8,689	-	25,290
<u>15,968</u>	<u>7,958</u>	<u>263,279</u>
<u>\$ 24,657</u>	<u>\$ 7,958</u>	<u>\$ 288,569</u>

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS)
FOR THE YEAR ENDED DECEMBER 31, 2010

	208 Police Forfeiture	225 Park Improvements	230 Pioneer Days
REVENUES			
Tax increments	\$ -	\$ -	\$ -
Charges for services	11,093	1,425	-
Interest on investments	-	4,472	(130)
Miscellaneous			
Contributions and donations	-	703	16,926
	<u>11,093</u>	<u>6,600</u>	<u>16,796</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Public safety	2,068	-	-
Culture and recreation	-	-	32,407
Community development	-	-	-
Capital outlay			
Culture and recreation	-	40,614	-
	<u>2,068</u>	<u>40,614</u>	<u>32,407</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,025	(34,014)	(15,611)
OTHER FINANCING SOURCES			
Transfers in	-	-	10,000
NET CHANGE IN FUND BALANCES	9,025	(34,014)	(5,611)
FUND BALANCES (DEFICITS), JANUARY 1	<u>1,706</u>	<u>269,353</u>	<u>(1,106)</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 10,731</u>	<u>\$ 235,339</u>	<u>\$ (6,717)</u>

250 Turtle Ridge TIF	851 Bicentennial	Total
\$ 18,285	\$ -	\$ 18,285
-	-	12,518
332	143	4,817
-	-	17,629
<u>18,617</u>	<u>143</u>	<u>53,249</u>
-	-	2,068
-	-	32,407
16,920	-	16,920
-	-	40,614
<u>16,920</u>	<u>-</u>	<u>92,009</u>
1,697	143	(38,760)
-	-	10,000
1,697	143	(28,760)
<u>14,271</u>	<u>7,815</u>	<u>292,039</u>
<u>\$ 15,968</u>	<u>\$ 7,958</u>	<u>\$ 263,279</u>

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NONMAJOR CAPITAL PROJECTS FUNDS

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

Capital Equipment - funds set aside for future purchases of equipment, vehicles, and facility replacements and improvements. Resources are currently provided by transfers from other funds.

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

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

Wastewater Treatment Plant - accounts for the costs associated with the future construction of a wastewater treatment facility.

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

Trunk Utility Highway 47 - accounts for financial resources used to improve current city infrastructure and to finance construction of sanitary sewer and water mains to serve future development along State Highway 47.

Trunk Utility Ambassador Boulevard - accounts for financial resources used to improve current city infrastructure and to finance construction of sanitary sewer and water mains to serve current and future development along and around Ambassador Boulevard.

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

235th Avenue Improvements - accounts for financial resources used to finance the 2007 street reconstruction project.

Rum River Boulevard Improvements - accounts for financial resources used to finance the 2007 street reconstruction project.

Poppy Street Improvements - accounts for financial resources used to finance the 2007 street reconstruction project south of 227th.

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

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

Woodbury Park Parking Lot - the construction of this lot will provide additional parking for events held at Woodbury Park while not inconveniencing adjacent businesses' parking for their patrons.

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET - CONTINUED ON THE FOLLOWING PAGES
DECEMBER 31, 2010

	402	403	420
	Capital Equipment	Fire Truck Replacement	MSA Construction
ASSETS			
Cash and temporary investments	\$ 938,036	\$ 297,669	\$ 36,059
Receivables			
Accrued interest	12,190	3,868	-
Accounts	-	-	-
Special assessments			
Deferred	-	-	-
Delinquent	-	-	-
Due from other governments	-	-	16,212
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 950,226</u></u>	<u><u>\$ 301,537</u></u>	<u><u>\$ 52,271</u></u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts payable	\$ 2,574	\$ -	\$ -
Contracts payable	-	-	-
Due to other governments	-	-	52,271
Due to other funds	-	-	-
Deferred revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>2,574</u>	<u>-</u>	<u>52,271</u>
FUND BALANCES (DEFICITS)			
Unreserved			
Designated for equipment replacement	947,652	301,537	-
Undesignated	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES (DEFICITS)	<u>947,652</u>	<u>301,537</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u><u>\$ 950,226</u></u>	<u><u>\$ 301,537</u></u>	<u><u>\$ 52,271</u></u>

422 Wastewater Treatment Plant	423 River's Edge Trunk Utility Improvement	424 Trunk Utility Hwy 47	426 Trunk Utility Ambassador Boulevard	427 Watermain Looping	502 235th Ave Improvements
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	282,530	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,530</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 525	\$ -
-	4,320	-	-	-	-
-	-	-	-	-	-
-	506,299	-	-	286,626	-
-	-	-	-	282,530	-
-	510,619	-	-	569,681	-
-	-	-	-	-	-
-	(510,619)	-	-	(287,151)	-
-	(510,619)	-	-	(287,151)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,530</u>	<u>\$ -</u>

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET - CONTINUED
DECEMBER 31, 2010

	503 Rum River Boulevard Improvements	504 Poppy Street Improvements	505 Creekview Estate Street and Utility Improvement
ASSETS			
Cash and temporary investments	\$ -	\$ -	\$ -
Receivables			
Accrued interest	-	-	-
Accounts	-	-	-
Special assessments			
Deferred	-	-	117,744
Delinquent	-	-	4,301
Due from other governments	-	-	-
	-	-	-
TOTAL ASSETS	\$ -	\$ -	\$ 122,045
LIABILITIES AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Contracts payable	-	-	-
Due to other governments	-	-	58
Due to other funds	-	-	134,462
Deferred revenue	-	-	122,045
	-	-	122,045
TOTAL LIABILITIES	-	-	256,565
FUND BALANCES (DEFICITS)			
Unreserved			
Designated for equipment replacement	-	-	-
Undesignated	-	-	(134,520)
	-	-	(134,520)
TOTAL FUND BALANCES (DEFICITS)	-	-	(134,520)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ -	\$ 122,045

507 Ivywood and 230th Lane	508 Woodbury Park Parking Lot	Total
\$ -	\$ -	\$ 1,271,764
-	-	16,058
-	-	282,530
144,056	-	261,800
-	-	4,301
-	-	16,212
<u>\$ 144,056</u>	<u>\$ -</u>	<u>\$ 1,852,665</u>
\$ 1,500	\$ -	\$ 4,599
16,980	-	21,300
127	-	52,456
99,003	-	1,026,390
<u>144,056</u>	<u>-</u>	<u>548,631</u>
<u>261,666</u>	<u>-</u>	<u>1,653,376</u>
-	-	1,249,189
<u>(117,610)</u>	<u>-</u>	<u>(1,049,900)</u>
<u>(117,610)</u>	<u>-</u>	<u>199,289</u>
<u>\$ 144,056</u>	<u>\$ -</u>	<u>\$ 1,852,665</u>

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS) - CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2010

	402	403	420
	Capital Equipment	Fire Truck Replacement	MSA Construction
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Charges for services	-	-	-
Special assessments	-	-	-
Interest on investments	16,798	4,915	-
Miscellaneous	-	-	-
TOTAL REVENUES	<u>16,798</u>	<u>4,915</u>	<u>-</u>
EXPENDITURES			
Capital outlay			
General government	226,787	-	-
Public works	-	-	-
TOTAL EXPENDITURES	<u>226,787</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(209,989)</u>	<u>4,915</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	134,780	100,000	-
Contract for deed issued	150,000	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>284,780</u>	<u>100,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	74,791	104,915	-
FUND BALANCES (DEFICITS), JANUARY 1	<u>872,861</u>	<u>196,622</u>	<u>-</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 947,652</u>	<u>\$ 301,537</u>	<u>\$ -</u>

422 Wastewater Treatment Plant	423 River's Edge Trunk Utility Improvement	424 Trunk Utility Hwy 47	426 Trunk Utility Ambassador Boulevard	427 Watermain Looping	502 235th Ave Improvements
\$ 4,831	\$ -	\$ -	\$ -	\$ -	\$ -
12,212	-	-	-	-	-
-	-	-	-	-	-
3,582	(7,635)	(318)	-	1	23
-	-	-	-	-	-
<u>20,625</u>	<u>(7,635)</u>	<u>(318)</u>	<u>-</u>	<u>1</u>	<u>23</u>
-	-	-	-	-	-
<u>12,212</u>	<u>212</u>	<u>-</u>	<u>-</u>	<u>4,621</u>	<u>-</u>
<u>12,212</u>	<u>212</u>	<u>-</u>	<u>-</u>	<u>4,621</u>	<u>-</u>
<u>8,413</u>	<u>(7,847)</u>	<u>(318)</u>	<u>-</u>	<u>(4,620)</u>	<u>23</u>
-	-	21,048	16,143	-	-
-	-	-	-	-	-
<u>(678,474)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,522)</u>
<u>(678,474)</u>	<u>-</u>	<u>21,048</u>	<u>16,143</u>	<u>-</u>	<u>(4,522)</u>
(670,061)	(7,847)	20,730	16,143	(4,620)	(4,499)
<u>670,061</u>	<u>(502,772)</u>	<u>(20,730)</u>	<u>(16,143)</u>	<u>(282,531)</u>	<u>4,499</u>
<u>\$ -</u>	<u>\$ (510,619)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (287,151)</u>	<u>\$ -</u>

CITY OF ST. FRANCIS, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS) - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>503</u>	<u>504</u>	<u>505</u>
	Rum River Boulevard Improvements	Poppy Street Improvements	Creekview Estate Street and Utility Improvement
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Charges for services	-	-	-
Special assessments	-	-	13,672
Interest on investments	307	(275)	(2,192)
Miscellaneous	13,841	-	-
	<u>14,148</u>	<u>(275)</u>	<u>11,480</u>
TOTAL REVENUES			
EXPENDITURES			
Capital outlay			
General government	-	-	-
Public works	3,810	370	58
	<u>3,810</u>	<u>370</u>	<u>58</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,338</u>	<u>(645)</u>	<u>11,422</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	18,496	-
Contract for deed issued	-	-	-
Transfers out	(60,777)	-	-
	<u>(60,777)</u>	<u>18,496</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	(50,439)	17,851	11,422
FUND BALANCES (DEFICITS), JANUARY 1	<u>50,439</u>	<u>(17,851)</u>	<u>(145,942)</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (134,520)</u>

507 Ivywood and 230th Lane	508 Woodbury Park Parking Lot	Total
\$ -	\$ -	\$ 4,831
-	-	12,212
-	-	13,672
(3,515)	(37)	11,654
-	-	13,841
<u>(3,515)</u>	<u>(37)</u>	<u>56,210</u>
-	-	226,787
404,642	963	426,888
<u>404,642</u>	<u>963</u>	<u>653,675</u>
<u>(408,157)</u>	<u>(1,000)</u>	<u>(597,465)</u>
336,950	2,230	629,647
-	-	150,000
-	-	(743,773)
<u>336,950</u>	<u>2,230</u>	<u>35,874</u>
(71,207)	1,230	(561,591)
<u>(46,403)</u>	<u>(1,230)</u>	<u>760,880</u>
<u>\$ (117,610)</u>	<u>\$ -</u>	<u>\$ 199,289</u>

CITY OF ST. FRANCIS, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2010
(With comparative actual amounts for the year ended December 31, 2009)

	2010			2009	
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Property taxes	\$ 2,681,842	\$ 2,681,842	\$ 2,720,353	\$ 38,511	\$ 2,623,440
Licenses and permits					
Business	23,230	23,230	24,320	1,090	19,730
Nonbusiness	48,650	48,650	53,922	5,272	46,477
Total	71,880	71,880	78,242	6,362	66,207
Intergovernmental					
State					
Local government aid	80,940	80,940	80,929	(11)	222,535
Property tax credits	176,578	176,578	67,767	(108,811)	162,532
Police and fire aid	96,300	96,300	112,784	16,484	120,658
Municipal State Aid	99,960	99,960	94,291	(5,669)	94,570
Other	1,970	1,970	5,155	3,185	3,971
County	-	-	20,051	20,051	327,080
Total	455,748	455,748	380,977	(74,771)	931,346
Charges for services					
General government	149,440	149,440	158,465	9,025	153,093
Public safety	125,040	125,040	126,407	1,367	125,395
Public works	4,330	4,330	4,276	(54)	4,871
Total	278,810	278,810	289,148	10,338	283,359
Fines and forfeitures	41,370	41,370	30,537	(10,833)	38,555
Interest on investments	41,010	41,010	27,452	(13,558)	34,773
Miscellaneous					
Rents and leases	52,590	52,590	61,614	9,024	58,357
Recycling and landfill abatement	14,000	14,000	22,605	8,605	14,793
Donations and other	21,300	23,800	20,100	(3,700)	13,498
Total	87,890	90,390	104,319	13,929	86,648
TOTAL REVENUES	3,658,550	3,661,050	3,631,028	(30,022)	4,064,328

CITY OF ST. FRANCIS, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010
(With comparative actual amounts for the year ended December 31, 2009)

	2010			Variance with Final Budget	2009
	Budget Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
EXPENDITURES					
Current expenditures					
General government					
Mayor and Council					
Personal services	\$ 27,360	\$ 27,360	\$ 22,693	\$ 4,667	\$ 23,295
Other services and charges	4,160	4,160	3,982	178	2,588
Total	31,520	31,520	26,675	4,845	25,883
City administration					
Personal services	310,330	310,330	293,014	17,316	285,405
Supplies	17,600	17,600	12,708	4,892	12,237
Other services and charges	31,460	31,460	26,833	4,627	24,516
Total	359,390	359,390	332,555	26,835	322,158
Elections					
Personal services	3,620	3,620	66	3,554	14
Supplies	300	300	52	248	-
Other services and charges	1,190	1,190	4,294	(3,104)	18
Total	5,110	5,110	4,412	698	32
Financial administration					
Personal services	130,710	130,710	106,921	23,789	110,258
Supplies	4,870	4,870	3,741	1,129	1,021
Other services and charges	3,850	3,850	2,321	1,529	1,824
Total	139,430	139,430	112,983	26,447	113,103
Assessor					
Other services and charges	34,530	34,530	39,802	(5,272)	32,126
Legal and accounting					
Other services and charges	138,090	138,090	106,677	31,413	111,728
Municipal building					
Supplies	4,250	4,250	3,752	498	3,077
Other services and charges	17,400	17,400	15,996	1,404	16,700
Rent for offices	2,610	2,610	4,095	(1,485)	3,190
Total	24,260	24,260	23,843	417	22,967
Total general government	732,330	732,330	646,947	85,383	627,997

CITY OF ST. FRANCIS, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010
(With comparative actual amounts for the year ended December 31, 2009)

	2010			Variance with Final Budget	2009
	Budget Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
EXPENDITURES - CONTINUED					
Current expenditures - continued					
Public safety					
Police					
Personal services	\$ 1,073,120	\$ 1,073,120	\$ 1,051,206	\$ 21,914	\$ 993,382
Supplies	101,030	101,030	68,573	32,457	70,751
Other services and charges	75,170	75,170	70,075	5,095	67,720
Total	<u>1,249,320</u>	<u>1,249,320</u>	<u>1,189,854</u>	<u>59,466</u>	<u>1,131,853</u>
Fire					
Personal services	144,650	144,650	141,066	3,584	142,060
Supplies	62,800	65,300	60,563	4,737	43,790
Other services and charges	55,950	55,950	55,699	251	37,103
Total	<u>263,400</u>	<u>265,900</u>	<u>257,328</u>	<u>8,572</u>	<u>222,953</u>
Animal control					
Other services and charges	7,990	7,990	7,842	148	6,851
Total public safety	<u>1,520,710</u>	<u>1,523,210</u>	<u>1,455,024</u>	<u>68,186</u>	<u>1,361,657</u>
Public works					
Streets and highways					
Personal services	191,280	191,280	193,145	(1,865)	187,965
Supplies	50,280	50,280	74,061	(23,781)	39,661
Other services and charges	407,670	407,670	396,715	10,955	336,325
Total	<u>649,230</u>	<u>649,230</u>	<u>663,921</u>	<u>(14,691)</u>	<u>563,951</u>
Recycling					
Personal services	27,130	27,130	23,825	3,305	21,272
Supplies	2,180	2,180	3,842	(1,662)	1,683
Other services and charges	19,000	19,000	8,669	10,331	16,664
Total	<u>48,310</u>	<u>48,310</u>	<u>36,336</u>	<u>11,974</u>	<u>39,619</u>
Total public works	<u>697,540</u>	<u>697,540</u>	<u>700,257</u>	<u>(2,717)</u>	<u>603,570</u>

CITY OF ST. FRANCIS, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010
(With comparative actual amounts for the year ended December 31, 2009)

	2010				2009
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES - CONTINUED					
Current expenditures - continued					
Culture and recreation					
Parks and recreation					
Personal services	\$ 168,470	\$ 168,470	\$ 146,616	\$ 21,854	\$ 147,957
Supplies	39,480	39,480	37,436	2,044	27,147
Other services and charges	57,980	57,980	66,089	(8,109)	68,966
Total culture and recreation	265,930	265,930	250,141	15,789	244,070
Community development					
Planning and zoning					
Personal services	2,000	2,000	575	1,425	740
Supplies	1,000	1,000	49	951	-
Other services and charges	94,500	94,500	76,673	17,827	85,892
Total	97,500	97,500	77,297	20,203	86,632
Building inspection					
Supplies	500	500	-	500	-
Other services and charges	50,820	50,820	22,315	28,505	18,879
Total	51,320	51,320	22,315	29,005	18,879
Total community development	148,820	148,820	99,612	49,208	105,511
Unallocated					
Miscellaneous					
Other services and charges	25,100	25,100	6,339	18,761	12,705
Total current expenditures	3,390,430	3,392,930	3,158,320	234,610	2,955,510
Capital outlay					
General government	5,000	5,000	-	5,000	330,823
Public safety	38,150	38,150	32,849	5,301	45,634
Public works	22,000	22,000	39,151	(17,151)	27,151
Culture and recreation	54,730	54,730	31,863	22,867	72,612
Total capital outlay	119,880	119,880	103,863	16,017	476,220

CITY OF ST. FRANCIS, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010
(With comparative actual amounts for the year ended December 31, 2009)

	2010			Variance with Final Budget	2009
	Budget Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
EXPENDITURES - CONTINUED					
Debt service					
Principal	\$ 58,090	\$ 58,090	\$ 58,095	\$ (5)	\$ 87,911
Interest and other charges	13,740	13,740	13,739	1	17,817
Total debt service	<u>71,830</u>	<u>71,830</u>	<u>71,834</u>	<u>(4)</u>	<u>105,728</u>
TOTAL EXPENDITURES	<u>3,582,140</u>	<u>3,584,640</u>	<u>3,334,017</u>	<u>250,623</u>	<u>3,537,458</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>76,410</u>	<u>76,410</u>	<u>297,011</u>	<u>220,601</u>	<u>526,870</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	50,000	50,000	115,299	65,299	50,000
Sale of capital assets	27,470	27,470	29,965	2,495	49,403
Transfers out	<u>(458,020)</u>	<u>(458,020)</u>	<u>(478,746)</u>	<u>(20,726)</u>	<u>(445,588)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(380,550)</u>	<u>(380,550)</u>	<u>(333,482)</u>	<u>47,068</u>	<u>(346,185)</u>
NET CHANGE IN FUND BALANCES	(304,140)	(304,140)	(36,471)	267,669	180,685
FUND BALANCES, JANUARY 1	<u>2,086,873</u>	<u>2,086,873</u>	<u>2,086,873</u>	-	<u>1,906,188</u>
FUND BALANCES, DECEMBER 31	<u>\$ 1,782,733</u>	<u>\$ 1,782,733</u>	<u>\$ 2,050,402</u>	<u>\$ 267,669</u>	<u>\$ 2,086,873</u>

CITY OF ST. FRANCIS, MINNESOTA
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 DECEMBER 31, 2010

	Balance January 1	Additions	Deductions	Balance December 31
Escrows				
ASSETS				
Cash and temporary investments	\$ 52,258	\$ 26,251	\$ (15,169)	\$ 63,340
Special assessments receivable	15,931	-	(14,804)	1,127
Due from other governments	-	187	-	187
	<u>\$ 68,189</u>	<u>\$ 26,438</u>	<u>\$ (29,973)</u>	<u>\$ 64,654</u>
TOTAL ASSETS	<u>\$ 68,189</u>	<u>\$ 26,438</u>	<u>\$ (29,973)</u>	<u>\$ 64,654</u>
LIABILITIES				
Deposits payable	<u>\$ 68,189</u>	<u>\$ 11,628</u>	<u>\$ (15,163)</u>	<u>\$ 64,654</u>

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**SUPPLEMENTARY INFORMATION
(UNAUDITED)**

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2010

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CITY OF ST. FRANCIS, MINNESOTA
 SUPPLEMENTARY INFORMATION
 SUMMARY FINANCIAL REPORT
 REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
 GOVERNMENTAL FUNDS
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Total		Percent Increase (Decrease)
	2010	2009	
REVENUES			
Taxes	\$ 2,762,780	\$ 2,654,815	4.07 %
Licenses and permits	78,242	66,207	18.18
Intergovernmental	380,977	1,217,007	(68.70)
Charges for services	313,878	295,362	6.27
Fines and forfeits	30,537	38,555	(20.80)
Special assessments	54,438	94,319	(42.28)
Interest on investments	46,421	69,793	(33.49)
Miscellaneous	135,789	106,392	27.63
TOTAL REVENUES	\$ 3,803,062	\$ 4,542,450	(16.28) %
Per Capita	\$ 527	\$ 614	(14.12)
EXPENDITURES			
Current			
General government	\$ 646,947	\$ 627,997	3.02 %
Public safety	1,457,092	1,363,710	6.85
Public works	700,257	631,200	10.94
Culture and recreation	282,548	273,802	3.19
Community development	116,532	119,724	(2.67)
Miscellaneous	6,339	12,705	(50.11)
Capital outlay			
General government	226,787	330,823	(31.45)
Public safety	32,849	46,768	(29.76)
Public works	466,039	661,224	(29.52)
Culture and recreation	72,477	76,376	(5.11)
Debt service			
Principal	113,095	132,911	(14.91)
Interest and other charges	56,871	62,825	(9.48)
TOTAL EXPENDITURES	\$ 4,177,833	\$ 4,340,065	(3.74) %
Per Capita	\$ 579	\$ 586	(1.26)
Total Long-term Indebtedness	\$ 1,323,739	\$ 1,286,834	2.87 %
Per Capita	183	174	5.52
General Fund Balance - December 31	\$ 2,050,402	\$ 2,086,873	(1.75) %
Per Capita	284	282	0.78

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

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SECTION III

*STATISTICAL SECTION
(UNAUDITED)*

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

**FOR THE YEAR ENDED
DECEMBER 31, 2010**

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STATISTICAL SECTION (Unaudited)

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

Financial trends

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

Revenue capacity

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

Debt capacity

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

Demographic and economic information

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

Operating information

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

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

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

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

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

Table 1

Fiscal Year		
2008	2009	2010
5,221,614	7,782,258	5,903,447
477,193	437,786	404,530
4,855,454	3,579,646	3,076,111
<u>10,554,261</u>	<u>11,799,690</u>	<u>9,384,088</u>
7,015,882	4,899,083	6,899,701
-	-	-
3,952,097	6,433,382	7,561,395
<u>10,967,979</u>	<u>11,332,465</u>	<u>14,461,096</u>
12,237,496	12,681,341	12,803,148
477,193	437,786	404,530
8,807,551	10,013,028	10,637,506
<u>21,522,240</u>	<u>23,132,155</u>	<u>23,845,184</u>

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

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

Table 2

<u>Fiscal Year</u>		
<u>2008</u>	<u>2009</u>	<u>2010</u>
590,722	663,068	823,109
1,482,823	1,485,755	1,570,589
523,808	931,674	812,302
332,060	310,479	351,844
189,895	119,724	116,532
18,754	12,705	6,339
72,208	61,780	56,033
<u>3,210,270</u>	<u>3,585,185</u>	<u>3,736,748</u>
912,437	1,046,900	1,080,227
584,940	755,755	800,929
1,873,355	1,893,024	1,900,572
<u>3,370,732</u>	<u>3,695,679</u>	<u>3,781,728</u>
<u>6,581,002</u>	<u>7,280,864</u>	<u>7,518,476</u>
26,329	156,448	161,884
229,991	163,048	167,977
11,613	14,596	16,488
1,635	1,885	1,958
122,987	102,799	116,095
38,029	31,527	39,207
235,577	251,441	156,964
25,687	300,511	254,328
<u>691,848</u>	<u>1,022,255</u>	<u>914,901</u>
1,031,221	1,087,286	1,063,256
739,149	784,372	805,969
2,029,577	2,067,517	2,050,403
610	5,241	57,312
69,600	77,600	238,200
<u>3,870,157</u>	<u>4,022,016</u>	<u>4,215,140</u>
<u>4,562,005</u>	<u>5,044,271</u>	<u>5,130,041</u>

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

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

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

Table 2

Fiscal Year		
<u>2008</u>	<u>2009</u>	<u>2010</u>
(2,518,422)	(2,562,930)	(2,821,847)
<u>499,425</u>	<u>326,337</u>	<u>433,412</u>
<u>(2,018,997)</u>	<u>(2,236,593)</u>	<u>(2,388,435)</u>
2,581,538	2,612,273	2,739,739
16,429	15,317	18,285
769,967	983,567	170,718
36,512	14,927	3,435
96,571	69,793	46,421
(741,564)	-	(2,144,660)
-	-	-
<u>(59,459)</u>	<u>112,482</u>	<u>(427,693)</u>
<u>2,699,994</u>	<u>3,808,359</u>	<u>406,245</u>
255,877	150,631	122,866
6,332	-	-
741,564	-	2,144,660
-	-	-
<u>59,459</u>	<u>(112,482)</u>	<u>427,693</u>
<u>1,063,232</u>	<u>38,149</u>	<u>2,695,219</u>
<u>3,763,226</u>	<u>3,846,508</u>	<u>3,101,464</u>
181,572	1,245,429	(2,415,602)
<u>1,562,657</u>	<u>364,486</u>	<u>3,128,631</u>
<u>1,744,229</u>	<u>1,609,915</u>	<u>713,029</u>

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

	Fiscal Year			
	2001	2002	2003	2004
General fund				
Reserved	-	-	-	-
Unreserved	<u>651,849</u>	<u>778,396</u>	<u>853,395</u>	<u>861,030</u>
Total General fund	<u><u>651,849</u></u>	<u><u>778,396</u></u>	<u><u>853,395</u></u>	<u><u>861,030</u></u>
All other governmental funds				
Reserved	3,506,011	4,059,954	3,584,364	4,226,773
Unreserved, reported in				
Special revenue funds	315,035	468,600	548,902	795,496
Capital project funds	<u>658,311</u>	<u>581,021</u>	<u>905,935</u>	<u>950,540</u>
Total all other governmental funds	<u><u>4,479,357</u></u>	<u><u>5,109,575</u></u>	<u><u>5,039,201</u></u>	<u><u>5,972,809</u></u>

Table 3

Fiscal Year					
2005	2006	2007	2008	2009	2010
-	-	-	-	-	1,803
<u>1,491,866</u>	<u>1,295,003</u>	<u>1,549,075</u>	<u>1,906,188</u>	<u>2,086,873</u>	<u>2,048,599</u>
<u><u>1,491,866</u></u>	<u><u>1,295,003</u></u>	<u><u>1,549,075</u></u>	<u><u>1,906,188</u></u>	<u><u>2,086,873</u></u>	<u><u>2,050,402</u></u>
3,484,047	3,477,478	2,642,776	2,934,413	850,341	209,998
822,527	77,698	159,709	143,321	292,039	263,279
<u>951,384</u>	<u>1,703,319</u>	<u>1,260,475</u>	<u>743,062</u>	<u>760,880</u>	<u>199,289</u>
<u><u>5,257,958</u></u>	<u><u>5,258,495</u></u>	<u><u>4,062,960</u></u>	<u><u>3,820,796</u></u>	<u><u>1,903,260</u></u>	<u><u>672,566</u></u>

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

	Fiscal Year			
	2001	2002	2003	2004
Revenues				
Taxes				
General property tax	996,359	1,237,949	1,429,330	1,460,635
Tax increments	-	35,874	30,948	24,982
Special assessments	29,835	26,235	33,643	-
Licenses and permits	234,215	286,187	284,708	221,842
Intergovernmental	674,968	539,650	1,256,146	849,356
Charges for services	273,649	323,019	351,913	735,751
Fines and forfeitures	40,542	38,443	40,449	43,174
Interest on investments	227,125	165,403	227,348	152,506
Miscellaneous	1,335,154	1,375,782	1,566,408	1,219,698
Total revenues	<u>3,811,847</u>	<u>4,028,542</u>	<u>5,220,893</u>	<u>4,707,944</u>
Expenditures				
Current				
General government	313,688	364,599	352,143	403,306
Public safety	712,891	845,735	883,395	943,865
Public works	256,221	358,752	473,441	365,787
Culture and recreation	173,021	153,677	287,466	193,235
Community development	92,577	287,659	129,949	186,345
Miscellaneous	39,091	39,200	107,970	65,300
Capital outlay				
General government	10,153	8,315	30,844	303,503
Public safety	89,625	147,937	76,108	85,789
Public works	2,386,626	368,691	2,257,752	371,138
Culture and recreation	22,409	77,419	34,762	225,719
Community development	212,683	36,708	310,053	261,559
Debt service				
Principal	243,605	300,766	327,070	358,032
Interest and other charges	292,657	334,496	318,961	316,623
Total expenditures	<u>4,845,247</u>	<u>3,323,954</u>	<u>5,589,914</u>	<u>4,080,201</u>
Excess (deficiency) or revenues over (under) expenditures	<u>(1,033,400)</u>	<u>704,588</u>	<u>(369,021)</u>	<u>627,743</u>
Other financing sources (uses)				
Transfers in	253,098	759,104	1,984,061	606,413
Transfers out	(241,598)	(706,927)	(1,800,361)	(592,913)
Bond proceeds	-	-	189,946	300,000
Contract for deed issued	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>11,500</u>	<u>52,177</u>	<u>373,646</u>	<u>313,500</u>
Net change in fund balance	<u>(1,021,900)</u>	<u>756,765</u>	<u>4,625</u>	<u>941,243</u>
Debt service as a percentage of noncapital expenditures	<u>33.78</u>	<u>30.99</u>	<u>28.91</u>	<u>31.27</u>

Table 4

Fiscal Year					
2005	2006	2007	2008	2009	2010
1,842,144	2,033,511	2,248,640	2,541,791	2,639,498	2,744,495
27,693	17,801	18,670	16,429	15,317	18,285
-	20,578	100,578	116,915	94,319	54,438
216,517	164,998	173,379	87,735	66,207	78,242
1,246,831	536,850	941,278	961,515	1,217,007	380,977
825,388	350,592	901,866	340,973	295,362	313,878
46,800	55,167	58,461	46,213	38,555	30,537
135,974	204,822	252,714	196,947	69,793	46,421
712,908	137,688	238,562	110,832	106,392	135,789
<u>5,054,255</u>	<u>3,522,007</u>	<u>4,934,148</u>	<u>4,419,350</u>	<u>4,542,450</u>	<u>3,803,062</u>
621,147	559,985	536,924	662,716	627,997	646,947
1,042,626	1,217,117	1,296,240	1,344,164	1,363,710	1,457,092
394,700	419,061	483,993	446,179	631,200	700,257
244,246	242,623	230,783	261,044	273,802	282,548
96,003	227,228	249,961	189,895	119,724	116,532
62,196	54,998	9,497	18,754	12,705	6,339
9,051	114,946	518,430	-	330,823	226,787
45,018	65,333	103,323	30,335	46,768	32,849
441,742	405,443	5,501,287	1,000,855	661,224	466,039
2,281	807,453	130,397	185,125	76,376	72,477
236,896	394,513	-	-	-	-
1,683,449	384,432	951,325	394,048	132,911	113,095
272,415	301,959	360,058	387,068	62,825	56,871
<u>5,151,770</u>	<u>5,195,091</u>	<u>10,372,218</u>	<u>4,920,183</u>	<u>4,340,065</u>	<u>4,177,833</u>
<u>(97,515)</u>	<u>(1,673,084)</u>	<u>(5,438,070)</u>	<u>(500,833)</u>	<u>202,385</u>	<u>(374,771)</u>
346,995	1,202,595	740,487	759,291	865,643	794,826
(333,495)	(2,563,256)	(482,707)	(205,500)	(753,161)	(1,222,519)
-	2,828,248	4,200,715	-	-	-
-	-	-	-	-	150,000
-	9,171	38,112	61,991	49,403	29,965
<u>13,500</u>	<u>1,476,758</u>	<u>4,496,607</u>	<u>615,782</u>	<u>161,885</u>	<u>(247,728)</u>
<u>(84,015)</u>	<u>(196,326)</u>	<u>(941,463)</u>	<u>114,949</u>	<u>364,270</u>	<u>(622,499)</u>
<u>79.48</u>	<u>25.23</u>	<u>46.71</u>	<u>26.73</u>	<u>6.46</u>	<u>4.84</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Estimated market value	<u>205,615,700</u>	<u>239,705,300</u>	<u>317,544,200</u>	<u>371,056,000</u>
Tax capacity				
Residential property	2,090,361	1,913,973	2,387,712	2,963,164
Commercial industrial property	437,304	380,546	450,608	525,862
Other	249,533	204,140	225,444	253,761
Contribution to fiscal disparities pool	(202,679)	(126,687)	(137,754)	(211,771)
Receivable from fiscal disparities pool	711,156	498,565	582,810	678,747
Tax increment	<u>(854)</u>	<u>(57,167)</u>	<u>(26,768)</u>	<u>(26,697)</u>
Net tax capacity	<u>3,284,821</u>	<u>2,813,370</u>	<u>3,482,052</u>	<u>4,183,066</u>
Net tax capacity as a percentage of estimated market value	<u>1.598</u>	<u>1.174</u>	<u>1.097</u>	<u>1.127</u>
Gross tax levy	<u>1,061,122</u>	<u>1,328,713</u>	<u>1,554,373</u>	<u>1,521,752</u>
Tax capacity rate	<u>29.730</u>	<u>46.520</u>	<u>44.260</u>	<u>34.850</u>

Source: Anoka County Property Records and Taxation Department.

Note: Property in the County is reassessed annually.

Table 5

2005	2006	2007	2008	2009	2010
<u>448,509,600</u>	<u>507,997,000</u>	<u>556,428,900</u>	<u>580,707,700</u>	<u>575,145,900</u>	<u>531,385,600</u>
3,627,898	4,197,758	4,654,748	4,874,805	4,844,770	4,563,115
603,722	697,404	772,448	839,860	839,984	740,819
280,188	289,383	329,447	349,124	351,157	294,516
(253,164)	(277,760)	(315,838)	(353,194)	(378,126)	(377,468)
747,178	744,058	1,069,287	1,208,203	1,406,759	1,470,600
<u>(28,594)</u>	<u>(18,270)</u>	<u>(19,434)</u>	<u>(16,615)</u>	<u>(16,078)</u>	<u>(16,833)</u>
<u>4,977,228</u>	<u>5,632,573</u>	<u>6,490,658</u>	<u>6,902,183</u>	<u>7,048,466</u>	<u>6,674,749</u>
<u>1.110</u>	<u>1.109</u>	<u>1.166</u>	<u>1.189</u>	<u>1.226</u>	<u>1.256</u>
<u>1,979,977</u>	<u>2,167,157</u>	<u>2,402,157</u>	<u>2,690,415</u>	<u>2,724,202</u>	<u>2,873,160</u>
<u>40.650</u>	<u>38.150</u>	<u>36.790</u>	<u>39.390</u>	<u>38.400</u>	<u>44.265</u>

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

Year Taxes Payable	City	Overlapping Rates			
		Anoka County	School District No. 15	School District No. 728	Special Districts
2001	29.730	28.859	48.179	63.870	3.455
2002	46.520	37.976	29.057	45.969	4.513
2003	44.260	38.469	28.662	41.352	4.637
2004	34.850	35.765	19.063	30.953	4.233
2005	40.650	33.581	18.524	32.848	4.443
2006	38.150	32.543	23.077	35.950	4.016
2007	36.790	31.094	24.625	33.208	3.912
2008	39.390	31.453	23.174	32.344	5.224
2009	38.400	32.445	20.965	36.136	3.797
2010	44.265	35.574	24.859	39.967	4.455

Source: Anoka County Property Records and Taxation Department.

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

Table 6

Totals	
<u>No. 15</u>	<u>No. 728</u>
110.223	125.914
118.066	134.978
116.028	128.718
93.911	105.801
97.198	111.522
97.786	110.659
96.421	105.004
99.241	108.411
95.607	110.778
109.153	124.261

CITY OF ST. FRANCIS, MINNESOTA
 STATISTICAL SECTION (UNAUDITED)
 PRINCIPAL PROPERTY TAXPAYERS
 DECEMBER 31, 2010

	2010		
	Taxable Market Value	Rank	Percent of Total Taxable Market Value
Alliant Techsystems	16,752,000	1	3.15
ALS Properties Woodhaven LLC	8,069,900	2	1.52
St. Francis Realty LLC	5,715,100	3	1.08
ing Exchange LLC	3,857,500	4	0.73
Connexus Energy	3,669,100	5	0.69
erry Street LLC	2,466,900	6	0.46
Riverview Community Bank	2,218,900	7	0.42
Minnegasco Inc.	2,044,500	8	0.38
Jensen Family LP	1,754,400	9	0.33
Village Bank	1,519,700	10	0.29
JGR Partnership	-	-	-
Abbey Field LP	-	-	-
PRO Properties, Inc.	-	-	-
Individual	-	-	-
Rum River Square Apartments	-	-	-
Total	<u>48,068,000</u>		<u>9.05</u>

Source: Anoka County Property Records and Taxation Department.

Table 7

2001		
<u>Taxable Market Value</u>	<u>Rank</u>	<u>Percent of Total Taxable Market Value</u>
4,795,500	1	2.33
3,697,400	3	1.80
-	-	-
-	-	-
4,003,800	2	1.95
-	-	-
-	-	-
888,600	5	0.43
1,140,200	4	0.55
-	-	-
1,243,400	6	0.60
1,707,100	7	0.83
699,900	8	0.34
788,900	9	0.38
731,200	10	0.36
<u>19,696,000</u>		<u>9.57</u>

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

Fiscal Year	Original Gross Levy	Net Levy	Collection of Current Years Levy	Percentage of Levy Collected	Collection of Prior Years Levy
2001	1,061,122	952,772	927,428	97.34	25,344
2002	1,328,713	1,196,086	1,185,544	99.12	10,542
2003	1,554,373	1,419,640	1,385,847	97.62	33,793
2004	1,521,752	1,381,744	1,358,373	98.31	23,369
2005	1,979,977	1,819,895	1,783,612	98.01	35,662
2006	2,167,157	2,020,659	1,969,696	97.48	50,154
2007	2,402,157	2,266,988	2,170,996	95.77	90,389
2008	2,690,415	2,550,066	2,448,984	96.04	86,598
2009	2,724,202	2,579,929	2,492,264	96.60	63,014
2010	2,873,160	2,856,338	2,770,029	96.98	-

Table 8

<u>Total Collections</u>	<u>Percentage of Total Collections to Levy</u>
952,772	100.00
1,196,086	100.00
1,419,640	100.00
1,381,742	100.00
1,819,274	99.97
2,019,850	99.96
2,261,385	99.75
2,535,582	99.43
2,555,278	99.04
2,770,029	96.98

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>				
	<u>General Obligation Bonds</u>	<u>Equipment Certificates</u>	<u>Capital Leases</u>	<u>Contract for Deed</u>	<u>Promissory Notes</u>
2001	-	35,000	573,785	-	-
2002	-	24,000	539,018	-	-
2003	-	12,000	665,018	-	-
2004	-	-	609,823	-	273,175
2005	-	-	547,226	-	217,323
2006	-	-	481,034	-	159,083
2007	1,110,000	-	411,032	-	97,761
2008	1,110,000	-	276,317	-	33,428
2009	1,065,000	-	221,834	-	-
2010	1,010,000	-	163,739	150,000	-

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

See the Demographic Statistics on page 143 for personal income and population data.

- Personal income and population data were not available for the current year, therefore these calculations were not possible.

Table 9

Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
General Obligation Revenue Bonds	Capital Leases			
5,940,000	100,000	6,648,785	3.97	1,247
5,685,000	80,000	6,328,018	3.47	1,114
5,395,000	-	6,072,018	3.00	983
5,135,000	-	6,017,998	2.72	926
3,570,000	-	4,334,549	1.78	605
6,150,000	-	6,790,117	2.68	943
8,445,000	-	10,063,793	3.58	1,347
16,825,231	-	18,244,976	6.56	2,464
14,543,660	-	15,830,494	5.18	2,152
15,527,000	-	16,850,739		

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

Table 10

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Funds	Net Bonded Debt	Percentage of Estimated Market Value of Taxable Property	Per Capita
2001	\$ 5,940,000	\$ 3,506,011	\$ 2,433,989	1.18 %	\$ 457
2002	5,685,000	4,059,954	1,625,046	0.68	286
2003	5,395,000	3,584,364	1,810,636	0.57	293
2004	5,135,000	4,226,773	908,227	0.24	140
2005	3,570,000	3,484,047	85,953	0.02	12
2006	6,150,000	3,477,478	2,672,522	0.53	371
2007	9,555,000	2,642,776	6,912,224	1.24	925
2008	17,935,231	2,934,413	15,000,818	2.58	2,026
2009	15,608,660	850,341	14,758,319	2.57	2,006
2010	16,537,000	209,998	16,327,002	3.07	2,262

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 See Assessed Value and Estimated Actual Value of Taxable Property on page 128-129 for property value data.
 See the Demographic Statistics on page 143 for population data.

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

CITY OF ST. FRANCIS, MINNESOTA
 STATISTICAL SECTION (UNAUDITED)
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 DECEMBER 31, 2010

Table 11

	<u>Net General Obligation Debt</u>	<u>Percentage Applicable to City</u>		<u>Amount Applicable to City of St. Francis Share of Debt</u>
Direct debt				
City of St. Francis	<u>\$ 16,327,002</u>	100.00 %		<u>\$ 16,327,002</u>
Overlapping debt				
Anoka County	\$ 161,140,000	1.91 %		\$ 3,077,774
School District 15	43,920,000	19.86		8,722,512
Metropolitan Council	1,727,724	0.21		3,628
Metro Transit	<u>129,885,556</u>	0.24		<u>311,725</u>
Total overlapping debt	<u>\$ 336,673,280</u>			<u>\$ 12,115,640</u>
Total direct and overlapping debt	<u>\$ 353,000,282</u>			<u>\$ 28,442,642</u>

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

	Fiscal Year			
	2001	2002	2003	2004
Estimated Market Value of Taxable Property	\$ 205,615,700	\$ 239,705,300	\$ 317,544,200	\$ 371,056,000
Statutory percentage	2.0%	2.0%	2.0%	2.0%
Statutory debt limit	4,112,314	4,794,106	6,350,884	7,421,120
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 4,112,314</u>	<u>\$ 4,794,106</u>	<u>\$ 6,350,884</u>	<u>\$ 7,421,120</u>

Table 12

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 448,509,600	\$ 507,997,000	\$ 556,428,900	\$ 580,707,700	\$ 575,145,900	\$ 531,385,600
2.0%	2.0%	2.0%	3.0%	3.0%	3.0%
8,970,192	10,159,940	11,128,578	17,421,231	17,254,377	15,941,568
-	-	-	-	-	-
<u>\$ 8,970,192</u>	<u>\$ 10,159,940</u>	<u>\$ 11,128,578</u>	<u>\$ 17,421,231</u>	<u>\$ 17,254,377</u>	<u>\$ 15,941,568</u>

Legal Debt Margin Calculation for Fiscal Year 2010

Estimated Market Value of Taxable Property	\$ 531,385,600
Statutory percentage	<u>3.0%</u>
Statutory debt limit	<u>\$ 15,941,568</u>
Total bonds outstanding	\$ 16,537,000
Less: Special assessment bonds	(1,010,000)
Less: Utility revenue bonds	<u>(15,527,000)</u>
Debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 15,941,568</u>

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

Table 13

G.O. Special Assessment Bonds							
Fiscal Year	Property Taxes	Special Assessments	Revenue Available	Debt Service		Total	Coverage
				Principal	Interest		
2001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	- %
2002	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	80,204	80,204	-	-	-	-
2008	-	89,739	89,739	-	30,322	30,322	2.960
2009	12,394	50,958	63,352	45,000	45,008	90,008	0.704
2010	19,311	40,766	60,077	55,000	43,132	98,132	0.612

G.O. Revenue Bonds							
Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue	Debt Service		Total	Coverage
				Principal (3)	Interest		
2001	\$ 573,652	\$ 368,145	\$ 205,507	\$ 145,000	\$ 250,005	\$ 395,005	52.026 %
2002	669,347	405,459	263,888	255,000	295,725	550,725	47.916
2003	833,015	472,790	360,225	290,000	283,129	573,129	62.852
2004	884,975	576,496	308,479	260,000	269,164	529,164	58.296
2005	955,277	599,749	355,528	320,000	223,468	543,468	65.418
2006	1,678,507	641,825	1,036,682	260,000	229,174	489,174	211.925
2007	2,063,779	608,211	1,455,568	820,000	252,600	1,072,600	135.705
2008	1,839,970	719,343	1,120,627	195,000	313,036	508,036	220.580
2009	1,950,118	829,000	1,121,118	569,808	499,607	1,069,415	104.835
2010	1,937,225	884,196	1,053,029	616,660	448,408	1,065,068	98.870

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

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

Table 14

Year	(1) Population	(2) Personal Income	(3) Per Capita Personal Income	(4) Unemployment Rate
2001	5,330	\$ 167,463,270	\$ 31,419	2.7 %
2002	5,680	182,288,240	32,093	3.6
2003	6,177	202,451,175	32,775	4.5
2004	6,500	220,993,500	33,999	4.8
2005	7,163	243,556,326	34,002	4.5
2006	7,201	253,007,135	35,135	4.0
2007	7,473	280,797,975	37,575	4.0
2008	7,404	278,205,300	37,575	4.6
2009	7,356	305,605,020	41,545	5.5
2010	7,218	*	*	8.5

(1) Metropolitan Council

(2) Estimates by the City. Calculated by multiplying per capita personal income and the population.

(3) Anoka County

(4) Minnesota Department of Employment and Economic Development

* Information not available at time of publication

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

	2010		
	Employees	Rank	Percent of City Employment
Independent School District 15 (includes Bus Garage)	509	1	39.15 %
County Market	84	2	6.46
McDonald's	54	3	4.15
Temperature Specialists, Inc.	49	4	3.77
The Ponds Golf Course Restaurant	38	5	2.92
City of St. Francis	38	6	2.92
Northland Screw Products	30	7	2.31
id's Country	30	8	2.31
Village Bank	30	9	2.31
Billy's	23	10	1.77
Casey's General Store	-	-	-
 Total	 <u>885</u>		 <u>68.07 %</u>

(1) Information was not available for 2001. The City used the next year available.

Table 15

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

CITY OF ST. FRANCIS, MINNESOTA
 STATISTICAL SECTION (UNAUDITED)
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS (1)

Table 16

Function	Fiscal Year			
	2007	2008	2009	2010
General government	4	5	5	5
Public safety				
Police	12	12	12	12
Public works	3	3	3	3
Culture and recreation	3	2	3	3
ater	3	2	2	2
Sewer	3	2	2	2
Municipal Li uor Store	5	5	4	4
Total	<u>33</u>	<u>31</u>	<u>31</u>	<u>31</u>

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

CITY OF ST. FRANCIS, MINNESOTA
 OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS (1)

Table 17

Function	2010
General government	
Ordinances Resolutions adopted	282
Administration - Licenses processed	158
Finance - Payroll checks issued	7,055
Finance - Accounts payable checks issued	6,072
Police	
Total part I crimes most serious	950
Total part II crimes	1,141
Youth liaison cases	1,442
Investigative cases handled	215
Public safety calls for service	17,790
E-911 calls dispatched	n a
Traffic citations issued	1,877
Parking tickets issued	932
Fire	
Number of calls answered	1,742
Code enforcement	
Building permits issued	519
Highways and streets	
Seal coating (blocks)	100
Gravel maintenance (hours)	129
Bituminous materials (Tons)	537
Culture and recreation	
Indoor pool attendance	29,703
Outdoor pool attendance	36,738
Athletics and sports program participation	7,062
Library circulation	251,656
Library program attendance	20,567
Water	
Water pumped (billion gallons)	1,023
Residential meters replaced repaired	133
Water main breaks repaired	14
Wastewater	
Gallons of wastewater treated (billions)	0.846
Miles of sewer mains cleaned	39

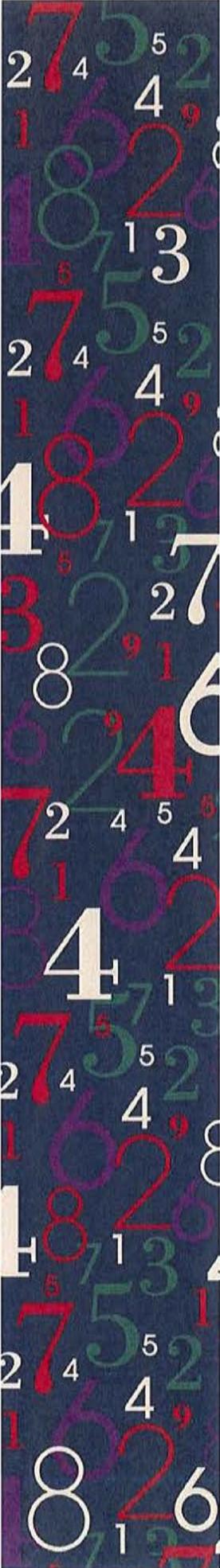
Sources: Various government departments.

(1) The City began tracking this information during 2010. This table will be updated on a go-forward basis.

CITY OF ST. FRANCIS, MINNESOTA
 STATISTICAL SECTION (UNAUDITED)
 MISCELLANEOUS STATISTICS
 DECEMBER 31, 2010

Table 18

Year of incorporation	1974
Area of City	23.70 square miles
Miles of roadways	
City	47.0
State County	26.9
Private	4.5
Water system:	
Number of hydrants	
City	269
Private	68
Number of wells	3
Miles of water mains	
City	24.7
Private	7.4
Raw	0.6
Abandoned	0.2
Sewer system:	
Lift stations	
City	12
Private	2
Miles of sewer mains	
City	20.6
Private	5.7
Number of manholes	
City	504
Private	142
Fire protection	
Number of stations	1
Number of employees	22
Police protection	
Number of stations	1
Number of employees	12
Parks	
Number	14
Acres	83.0
Elections	
Registered voters last election	3,925
Number of votes cast last election	2,485
Percentage of registered voters voting	63.31%

A vertical decorative bar on the left side of the page, featuring a dark blue background with various numbers in white, red, green, and purple. The numbers are scattered and some are larger than others, creating a patterned effect.

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

MANAGEMENT LETTER

FOR THE YEAR ENDED
DECEMBER 31, 2010

A square logo for ABDO EICK & MEYERS LLP, featuring a stylized, abstract design in shades of yellow and white.

**ABDO
EICK &
MEYERS** LLP
Certified Public Accountants & Consultants

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

MANAGEMENT LETTER

FOR THE YEAR ENDED
DECEMBER 31, 2010

5201 Eden Avenue
Suite 370
Edina, MN 55436

Management, Honorable Mayor and City Council
City of St. Francis
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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 9, 2011. 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 November 2, 2010. 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



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. No new accounting policies were adopted and the application of existing policies was not changed during the year. 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 9, 2011.

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.



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, 2010.

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 decreased \$36,471 from 2009. The fund balance of \$2,050,402 is 51 percent of the 2011 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 Office of the State Auditor (the OSA) has issued a *Statement of Position* relating to fund balance stating "a local government should identify fund balance separately between reserved and unreserved fund balance. The local government may assign and report some or all of the fund balance as designated and undesignated." The OSA also recommends local governments adopt a formal policy on the level of unreserved fund balance that should be maintained in the general and special revenue funds. This helps address citizen concerns as to the use of fund balance and tax levels.

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 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.

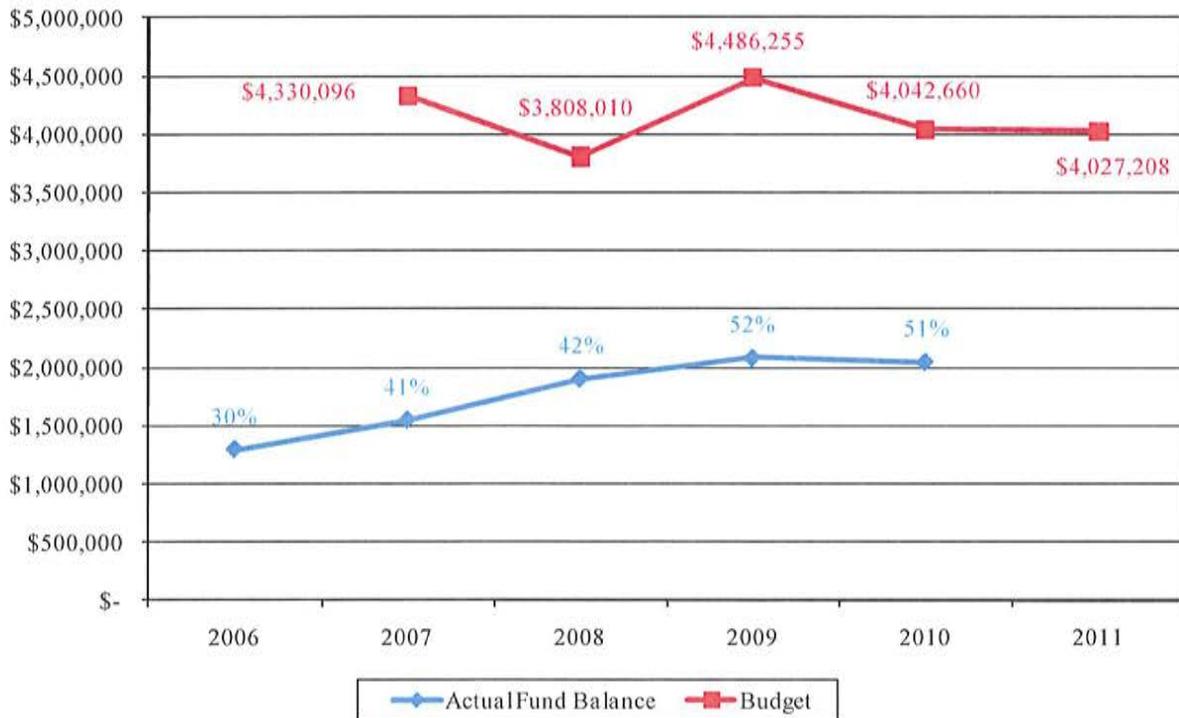


Fund Balance

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
2006	\$ 1,295,003	2007	\$ 4,330,096	30 %
2007	1,549,075	2008	3,808,010	41
2008	1,906,188	2009	4,486,255	42
2009	2,086,873	2010	4,042,660	52
2010	2,050,402	2011	4,027,208	51

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 available on the website of the Office of the State Auditor. In 2009, the average General fund balance as a percentage of expenditures for the peer group was 66 percent.



The 2010 operations are summarized as follows:

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 3,661,050	\$ 3,631,028	\$ (30,022)
Expenditures	3,584,640	3,334,017	250,623
Excess of revenues over expenditures	76,410	297,011	220,601
Other financing source (uses)			
Transfers in	50,000	115,299	65,299
Sale of capital assets	27,470	29,965	2,495
Transfers out	(458,020)	(478,746)	(20,726)
Total other financing sources (uses)	(380,550)	(333,482)	47,068
Net change in fund balances	(304,140)	(36,471)	267,669
Fund balances, January 1	2,086,873	2,086,873	-
Fund balances, December 31	<u>\$ 1,782,733</u>	<u>\$ 2,050,402</u>	<u>\$ 267,669</u>

Budgeted amounts were amended during the year, however, the net change in fund balance remained the same for both the original and final budgets.

A short analysis of budget variances follows:

- The most significant revenue variance, \$108,811 under budget, was from property tax credits. The primary cause of this variance was from state cuts.
- The General fund expenditures are classified into six different functions. Each of the functions of the General fund was under budget, except public works, which exceeded budget by \$2,717. The most significant variances were provided by the general government and public safety functions. Those functions were \$85,383 and \$68,186 under budget, respectively.

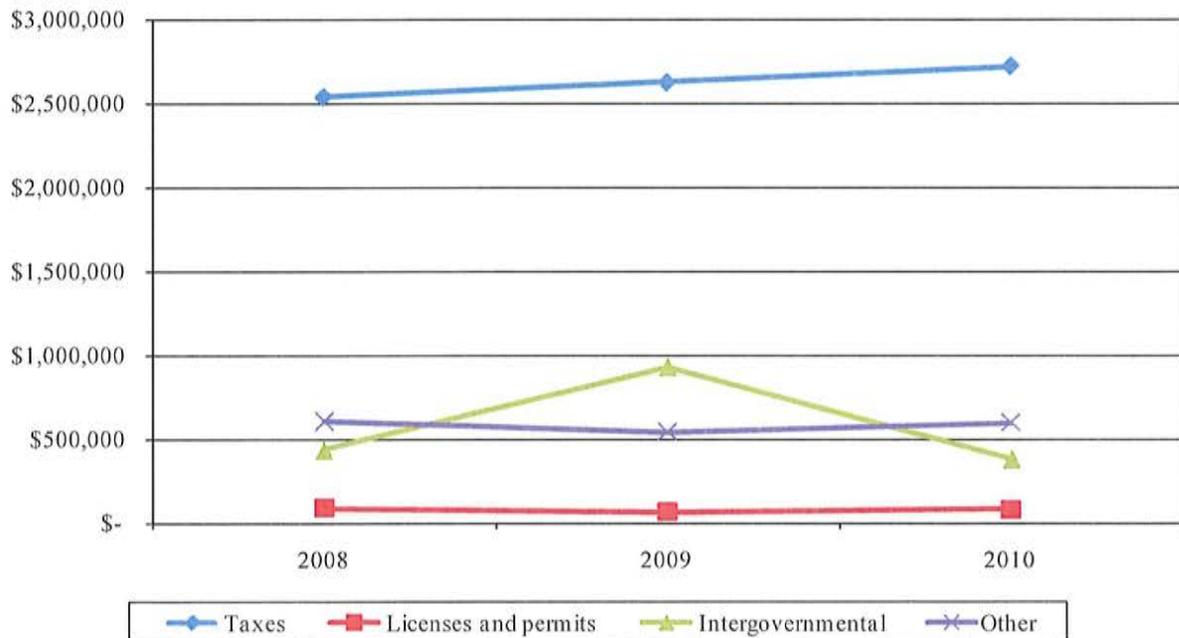


A more detailed comparison for the last three years General fund revenues and transfers as follows:

Source	2008	2009	2010	Percent of Total	Per Capita
Taxes	\$ 2,538,573	\$ 2,623,440	\$ 2,720,353	71.9 %	\$ 377
Licenses and permits	87,735	66,207	78,242	2.1	11
Intergovernmental	434,986	931,346	380,977	10.1	53
Charges for services	321,695	283,359	289,148	7.7	40
Fines and forfeitures	46,213	38,555	30,537	0.8	4
Interest on investments	36,043	34,773	27,452	0.7	4
Miscellaneous	151,882	136,051	134,284	3.6	19
Transfers in	50,000	50,000	115,299	3.1	16
Total revenues and transfers	\$ 3,667,127	\$ 4,163,731	\$ 3,776,292	100.0 %	\$ 524

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

Revenues and Transfers





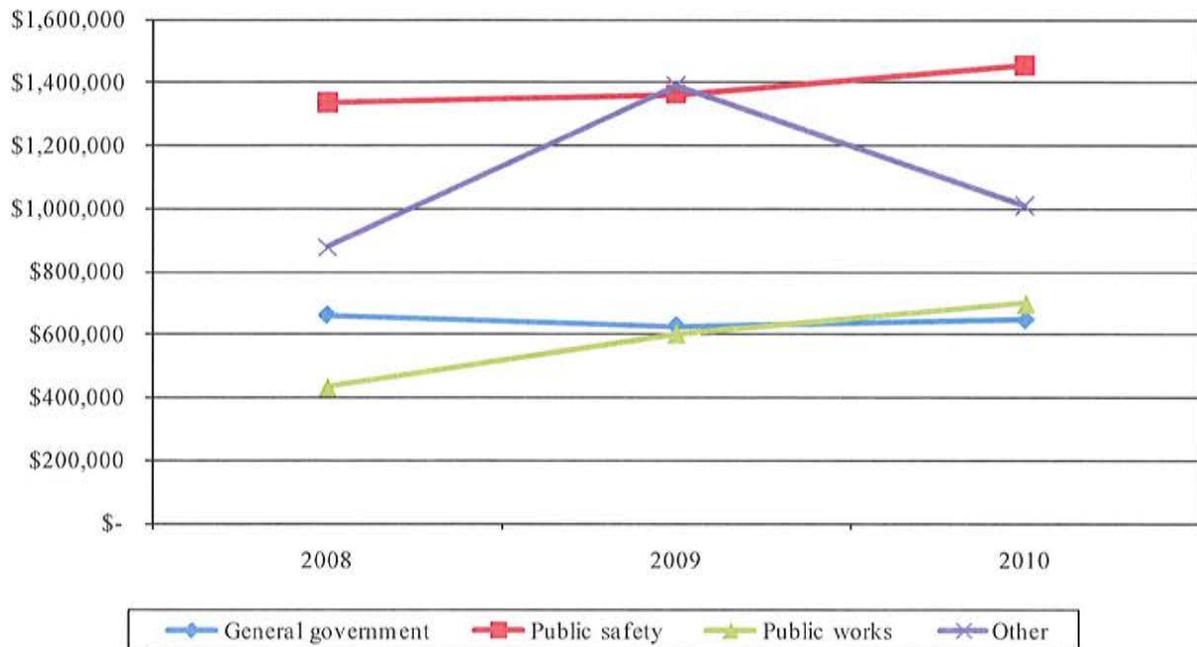
A more detailed comparison for the last three years General fund expenditures and transfers as follows:

Source	2008	2009	2010	Percent of Total	Per Capita	Peer Group Per Capita
General government	\$ 662,716	\$ 627,997	\$ 646,947	16.8 %	\$ 90	\$ 129
Public safety	1,336,530	1,361,657	1,455,024	38.2	202	206
Public works	432,762	603,570	700,257	18.4	97	113
Culture and recreation	225,286	244,070	250,141	6.6	35	50
Community development	174,710	105,511	99,612	2.6	14	4
Miscellaneous	18,754	12,705	6,339	0.2	1	13
Capital outlay	212,784	476,220	103,863	2.7	14	22
Debt service	226,472	105,728	71,834	1.9	10	n/a
Transfers out	20,000	445,588	478,746	12.6	66	n/a
Total expenditures and transfers	\$ 3,310,014	\$ 3,983,046	\$ 3,812,763	100.0 %	\$ 529	\$ 537

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 available on the website of 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 (deficits) included, comprise the special revenue fund types:

Fund	Fund Balances (Deficits)		Increase (Decrease)
	December 31,		
	2010	2009	
Nonmajor			
Police Forfeiture	\$ 10,731	\$ 1,706	\$ 9,025
Park Improvements	235,339	269,353	(34,014)
Pioneer Days	(6,717)	(1,106)	(5,611)
Turtle Ridge TIF	15,968	14,271	1,697
Bi-Centennial	7,958	7,815	143
Total	<u>\$ 263,279</u>	<u>\$ 292,039</u>	<u>\$ (28,760)</u>

The decrease in fund balance in the Park Improvements fund is due to capital expenditures related to the Pederson Path project.

The deficit in the Pioneer Days fund will be eliminated with transfers from other funds and future contributions and donations.



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.

<u>Debt Service Fund</u>	<u>Cash and Temporary Investments</u>	<u>Total Assets</u>	<u>Bonds Outstanding</u>	<u>Final Maturity Date</u>
G.O. Improvement Bonds, 2007A	<u>\$ 193,352</u>	<u>\$ 426,279</u>	<u>\$ 1,010,000</u>	2023

The G.O. Improvement Bonds 2007A fund has an adequate cash balance; however the remaining assets include special assessments receivable. Tax levies, the collection of special assessments along with the cash balances should be sufficient to cover debt service payments.



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 (deficits) for all capital projects funds follows:

Capital Projects Fund	Fund Balances (Deficits)		Increase (Decrease)
	December 31,		
	2010	2009	
Nonmajor			
Capital Equipment	\$ 947,652	\$ 872,861	\$ 74,791
Fire Truck Replacement	301,537	196,622	104,915
Wastewater Treatment Plant	-	670,061	(670,061)
River's Edge Trunk Utility Improvement	(510,619)	(502,772)	(7,847)
Trunk Utility Highway 47	-	(20,730)	20,730
Trunk Utility Ambassador Boulevard	-	(16,143)	16,143
Watermain Looping	(287,151)	(282,531)	(4,620)
235th Avenue Improvements	-	4,499	(4,499)
Rum River Boulevard Improvements	-	50,439	(50,439)
Poppy Street Improvements	-	(17,851)	17,851
Creekview Estate Street and Utility Improvement	(134,520)	(145,942)	11,422
Ivywood and 230th Lane	(117,610)	(46,403)	(71,207)
Woodbury Park Parking Lot	-	(1,230)	1,230
Total	<u>\$ 199,289</u>	<u>\$ 760,880</u>	<u>\$ (561,591)</u>

As projects are completed, the City transfers the remaining resources to the original funding source or to a fund the Council approves.

The deficit in the River's Edge Trunk Utility Improvement fund will be financed with future collections of trunk charges as housing development emerges.

The deficit in the Watermain Looping fund will be eliminated with receipts from a developer.

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

The deficit in the Ivywood and 230th Lane fund will be eliminated with special assessments.

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

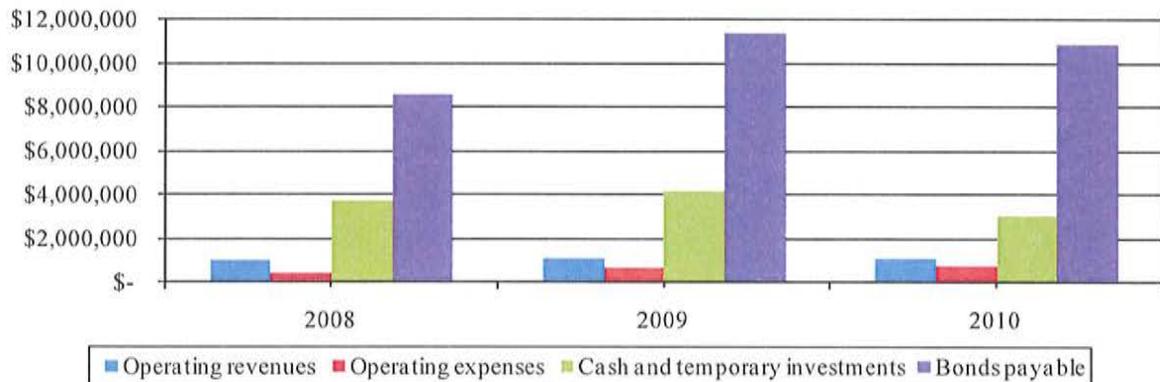


Enterprise Funds

Water Fund

The results of the operations for the Water fund for the past three years are as follows:

	2008		2009		2010	
	Total	Percent	Total	Percent	Total	Percent
Operating revenues	\$ 1,031,221	100.0 %	\$ 1,087,847	100.0 %	\$ 1,063,256	100.0 %
Operating expenses	434,947	42.2	713,891	65.6	745,033	70.1
Operating income	596,274	57.8	373,956	34.4	318,223	29.9
Nonoperating revenues (expenses)	47,938	4.6	(197,183)	(18.1)	(158,962)	(15.0)
Capital contributions	741,564	170.5	-	-	836,122	112.2
Transfers out	(321,491)	(31.2)	(98,938)	(9.1)	(126,320)	(11.9)
Change in net assets	<u>\$ 1,064,285</u>	<u>201.7 %</u>	<u>\$ 161,309</u>	<u>14.9 %</u>	<u>\$ 869,063</u>	<u>115.2 %</u>
Cash and temporary investments	<u>\$ 3,753,463</u>		<u>\$ 4,184,115</u>		<u>\$ 3,043,644</u>	
Bonds payable	<u>\$ 8,575,231</u>		<u>\$ 11,345,410</u>		<u>\$ 10,913,000</u>	



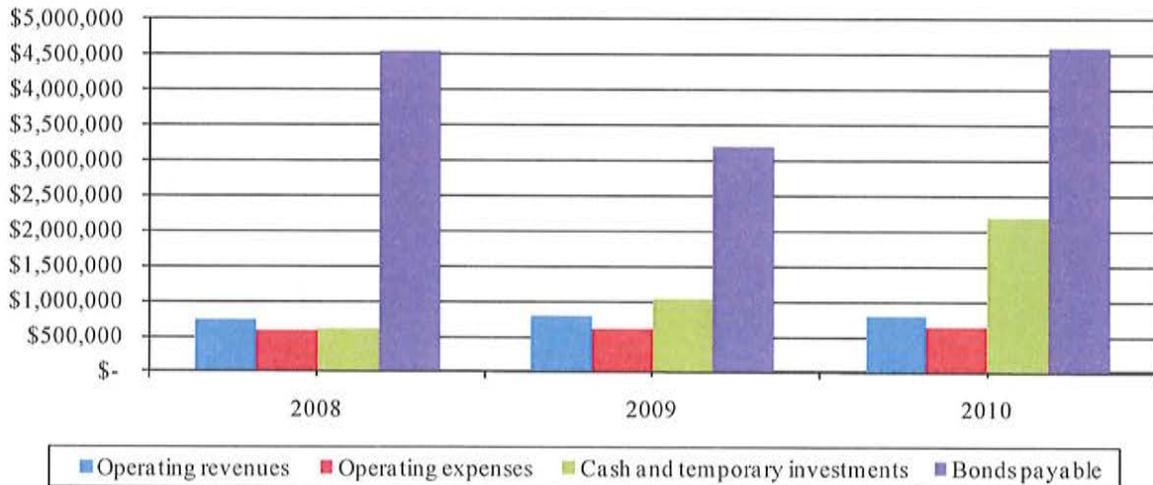
Operating income has been decreasing the over the past three years. The cash balance also decreased from the prior year. The City should continue to monitor the operations of the Water fund and analyze rates annually to ensure revenues will cover future operating expenses, repair and maintenance, new infrastructure and debt service.



Sewer Fund

The results of the operations for the Sewer fund for the past three years are as follows:

	2008		2009		2010	
	Total	Percent	Total	Percent	Total	Percent
Operating revenues	\$ 739,149	100.0 %	\$ 784,671	100.0 %	\$ 805,969	100.0 %
Operating expenses	584,940	79.1	620,146	79.0	645,808	80.1
Operating income	154,209	20.9	164,525	21.0	160,161	19.9
Nonoperating revenues (expenses)	58,935	8.0	(62,075)	(7.9)	52,662	6.5
Transfers in	-	-	102,026	13.0	742,474	92.1
Capital contributions	-	-	-	-	1,308,538	162.4
Transfers out	(174,800)	(23.6)	(58,406)	(7.4)	(128,461)	(15.9)
Change in net assets	\$ 38,344	5.3 %	\$ 146,070	18.7 %	\$ 2,135,374	265.0 %
Cash and temporary investments	\$ 610,416		\$ 1,035,380		\$ 2,191,586	
Bonds payable	\$ 4,537,500		\$ 3,198,250		\$ 4,614,000	



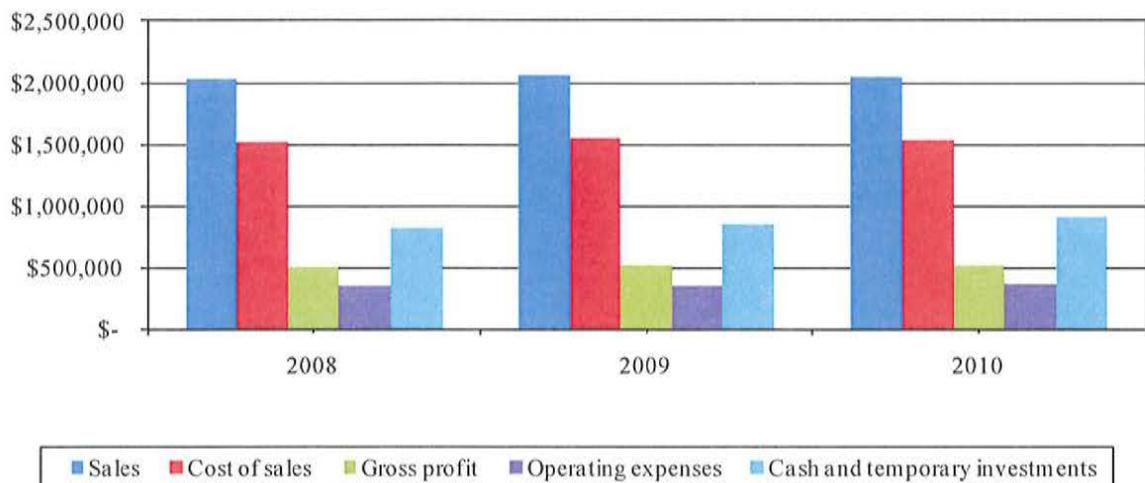
Operating income has stayed relatively stable over the past three years. The City should continue to monitor the operations of the Sewer fund and analyze rates annually to ensure revenues will cover future operating expenses, repair and maintenance, new infrastructure and debt service.



Liquor Store Fund

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

	2008		2009		2010	
	Total	Percent	Total	Percent	Total	Percent
Sales	\$ 2,029,577	100.0 %	\$ 2,067,517	100.0 %	\$ 2,050,403	100.0 %
Cost of sales	<u>1,522,707</u>	<u>75.0</u>	<u>1,548,837</u>	<u>74.9</u>	<u>1,535,157</u>	<u>74.9</u>
Gross profit	506,870	25.0	518,680	25.1	515,246	25.1
Operating expenses	<u>350,648</u>	<u>17.3</u>	<u>344,187</u>	<u>16.6</u>	<u>365,415</u>	<u>17.8</u>
Operating income	156,222	7.7	174,493	8.5	149,831	7.3
Nonoperating revenues	28,231	1.4	23,252	1.1	34,363	1.7
Transfers out	<u>(57,500)</u>	<u>(2.8)</u>	<u>(140,638)</u>	<u>(6.8)</u>	<u>(60,000)</u>	<u>(2.9)</u>
Change in net assets	<u>\$ 126,953</u>	<u>6.3 %</u>	<u>\$ 57,107</u>	<u>2.8 %</u>	<u>\$ 124,194</u>	<u>6.1 %</u>
Cash and temporary investments	<u>\$ 822,219</u>		<u>\$ 851,911</u>		<u>\$ 912,190</u>	





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, 2009. The statewide averages for Off Sale operations are summarized below.

	Off Sale		
	2007	2008	2009
	Percent of Sales	Percent of Sales	Percent of Sales
Sales	100.00 %	100.00 %	100.00 %
Cost of sales	<u>74.90</u>	<u>75.20</u>	<u>74.90</u>
Gross profit	25.10	24.80	25.10
Operating expenses	<u>17.20</u>	<u>17.20</u>	<u>17.00</u>
Operating income	7.90	7.60	8.10
Nonoperating revenue	<u>0.80</u>	<u>0.30</u>	<u>-</u>
Income before transfers	<u><u>8.70</u> %</u>	<u><u>7.90</u> %</u>	<u><u>8.10</u> %</u>

Source: Analysis of Municipal Liquor Store Operations, for the year ended December 31, 2009

Published by the Minnesota Office of the State Auditor

Gross profit for the City's liquor store operations was consistent with the prior two years. The operations of the City's Liquor fund are comparable to the state-wide averages.



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 available on the website of 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	2007	2008	2009	2010
Debt to assets	Total liabilities/total assets	Government-wide	37% <i>36%</i>	47% <i>34%</i>	42% <i>34%</i>	43% <i>n/a</i>
Debt service coverage	Net cash provided by operations/ enterprise fund debt payments	Enterprise funds	98% <i>181%</i>	220% <i>163%</i>	35% <i>261%</i>	105% <i>n/a</i>
Debt per capita	Bonded debt/population	Government-wide	\$ 1,327 <i>\$ 2,673</i>	\$ 2,441 <i>\$ 2,677</i>	\$ 2,108 <i>\$ 2,713</i>	\$ 2,291 <i>n/a</i>
Taxes per capita	Tax revenues/population	Government-wide	\$ 322 <i>\$ 382</i>	\$ 348 <i>\$ 401</i>	\$ 353 <i>\$ 399</i>	\$ 379 <i>n/a</i>
Current expenditures per capita	Governmental fund current expenditures / population	Governmental funds	\$ 390 <i>\$ 553</i>	\$ 391 <i>\$ 663</i>	\$ 409 <i>\$ 625</i>	\$ 445 <i>n/a</i>
Capital expenditures per capita	Governmental fund capital outlay / population	Governmental funds	\$ 868 <i>\$ 409</i>	\$ 163 <i>\$ 323</i>	\$ 106 <i>\$ 310</i>	\$ 79 <i>n/a</i>
Capital assets % left to depreciate - Governmental	Net capital assets/ gross capital assets	Government-wide	85% <i>70%</i>	83% <i>70%</i>	82% <i>68%</i>	76% <i>n/a</i>
Capital assets % left to depreciate - Business-type	Net capital assets/ gross capital assets	Government-wide	79% <i>68%</i>	85% <i>67%</i>	83% <i>67%</i>	83% <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

GASB Statement No. 54 - *Fund Balance*

This statement was issued in March of 2009 and is effective for periods beginning after June 15, 2010. This new standard is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and clarifying the definitions of existing governmental fund types.

GASB No. 54 distinguishes fund balance between amounts that are considered non-spendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. The following classifications and definitions will be used:

- *Restricted* - amounts constrained by external parties, constitutional provision, or enabling legislation
- *Committed* - amounts constrained by a government using its highest level of decision-making authority
- *Assigned* - amounts a government *intends* to use for a particular purpose
- *Unassigned* - amounts that are not constrained at all will be reported in the general fund.

In addition to the classifications of fund balance, the standard clarified the definitions of individual governmental fund types, for example, special revenue funds, debt service funds, and capital project funds.

GASB Statement No. 59 – *Financial Instruments Omnibus*

Summary

The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This Statement provides for the following amendments:

- Statement 31 is clarified to indicate that a 2a7-like pool, as described in Statement 31, is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended.
- Statement No. 40, Deposit and Investment Risk Disclosures, is amended to indicate that interest rate risk information should be disclosed only for debt investment pools—such as bond mutual funds and external bond investment pools—that do not meet the requirements to be reported as a 2a7-like pool.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. Emphasizing the applicability of SEC requirements to 2a7-like external investment pools provides practitioners with improved guidance. Finally, limiting interest rate risk disclosures for investments in mutual funds, external investment pools, and other pooled investments to debt investment pools provides better guidance regarding the applicability of interest rate risk disclosures.



* * * * *

This report is intended solely for the information and use of the 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.

May 9, 2011
Minneapolis, Minnesota

ABDO, EICK & MEYERS, LLP
Certified Public Accountants

A vertical decorative bar on the left side of the page, featuring a dark blue background with various numbers in white, red, green, and purple. The numbers are scattered and vary in size and orientation.

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

REPORT ON
MINNESOTA LEGAL COMPLIANCE

AND

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, 2010

The logo for ABDO EICK & MEYERS LLP. It features the company name in a serif font, with 'ABDO' on the first line, 'EICK &' on the second line, and 'MEYERS' on the third line. The 'LLP' is in a smaller font to the right of 'MEYERS'. Below the name is the tagline 'Certified Public Accountants & Consultants' in a smaller, italicized serif font. To the left of the text is a faint, stylized graphic of a building or structure.

**ABDO
EICK &
MEYERS**_{LLP}
Certified Public Accountants & Consultants

CITY OF ST. FRANCIS
ST. FRANCIS, MINNESOTA

REPORT ON
MINNESOTA LEGAL COMPLIANCE

AND

REPORT ON
INTERNAL CONTROL OVER FINANCIAL
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AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

FOR THE YEAR ENDED
DECEMBER 31, 2010



5201 Eden Avenue
Suite 250
Edina, MN 55436

REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and Council
City of St. Francis, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of St. Francis, Minnesota (the City) as of and for the year ended December 31, 2010, and have issued our report thereon dated May 9, 2011, which collectively comprise the City's basic financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the Minnesota Office of the State Auditor pursuant to Minnesota statutes, section 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* covers seven main 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 study included all of the listed categories.

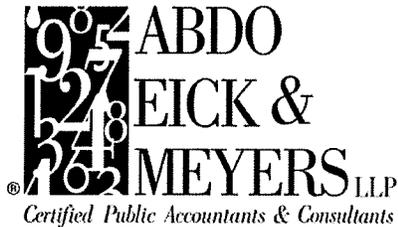
The results of our tests indicate that for the items tested, the City complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of management, the Council, others within the City 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.

ABDO EICK & MEYERS, LLP

ABDO, EICK & MEYERS, LLP
Certified Public Accountants

May 9, 2011
Minneapolis, Minnesota



5201 Eden Avenue
Suite 250
Edina, MN 55436

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*

Honorable Mayor and 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), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Compliance and Other Matters

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 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*.

We noted certain matters that we reported to management of the City in a separate letter dated May 9, 2011.

This report is intended solely for the information and use of the 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.

May 9, 2011
Minneapolis, Minnesota

ABDO, EICK & MEYERS, LLP
Certified Public Accountants



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MEMORANDUM

Date: May 9, 2011
To: Honorable Mayor Tveit and Members of the City Council
City of St. Francis
From: Jared Voge, P.E.
City Engineer
Subject: Ambassador Boulevard Trunk Utility Improvements
St. Francis, Minnesota
BMI Project No: R13.101124

Construction on the Ambassador Boulevard Trunk Utilities Improvement Project continues. The Contractor is currently completing work associated with the lift station. Such work includes concrete finishing and painting, lift station piping installation, and site grading. The electrician is also wiring the lift station control panel and generator. Xcel Energy is extending electrical service to the lift station site. CenterPoint Energy is also in the process of extending natural gas service to the lift station generator. Following the private utility installation, the lift station will be tested and training will be provided to City Staff. After the lift station is operating, the Contractor will redirect the sanitary sewer flow from the DeGardner and Stark Drive lift stations to the new Ambassador Trunk lift station. During the following weeks, the Contractor will also install additional culverts along Ambassador Boulevard to eliminate the standing water within the ditches. Anoka County will provide the culvert materials. Turf restoration and bituminous pavement replacement at driveway and trail locations will also be completed during the following weeks. The project is anticipated to be completed in early June 2011.

If you have any questions on the above, please call.

JAV/jd

DESIGNING FOR A BETTER TOMORROW

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MEMORANDUM

TO: St. Francis Administrator, Mayor and Members of the City Council
FROM: Scott Lepak, City Attorney
RE: Economic Development Authority
DATED: May 12, 2011

At the last council meeting you directed staff to look into the potential formation of an Economic Development Authority (commonly called an EDA). This memorandum is a very general outline of what an EDA is and how it operates.

As an initial matter, Section 2.06 of the City Charter specifically authorizes the City to create an EDA:

Section 2.06 Boards, Commissions and Committees. The Council may by resolution establish, regulate and abolish such Committees from within its membership, and for such purposes as it shall deem necessary or desirable. The Council may establish, regulate and abolish such Boards and Commissions from without its membership to advise the Council with respect to any Municipal function or activity, to investigate any subject of interest to the City, or to perform quasi-judicial functions. If the purpose for which such Board or Commission is established is to continue beyond the period during which the initial membership thereof would be expected to serve, then establishment shall be by Ordinance, otherwise, it may be by resolution. A member of the Council shall not be disqualified from serving on a board or Commission. There shall be no separate administrative Board or Commission except for the administration of a function jointly with another political subdivision, **a housing and redevelopment authority, economic development authority or other separate entity specifically permitted by Statute** and the Council shall itself be and perform the duties and exercise the power of any such Board or Commission provided for by Statute **except for a housing and redevelopment authority, economic development authority or other separate entity specifically permitted by Statute.**

(emphasis added).

What is an EDA?

As a general matter, an EDA is an entity designed to encourage and guide the economic development and redevelopment of a community. While an EDA has certain statutory powers, the City may limit these powers upon formation if it chooses to do so.

The City Council can choose to serve as the EDA board of commissioners or create a board composed of community members. The Mayor, with the approval of the Council, appoints the commissioners. The board may consist of three, five, or seven members who serve six-year terms. The board is also subject to the open meeting law.

An EDA is a separate public body and a political subdivision of the state with the right to sue and be sued in its own name. An EDA carries out an essential governmental function when it exercises its power, but it is not immune from liability because of that fact, however. An EDA may also adopt bylaws and rules of procedure.

What can an EDA do?

Unless limited by the City in its Enabling Resolution, an EDA's authority pursuant to statute is as follows:

- An EDA can create and define the boundaries of economic development districts at any place or places within the city, subject to the district passing certain requirements, except that the district boundaries must be contiguous. The EDA, however, must first hold a public hearing on the matter. The EDA must also find that an economic development district is proper and desirable to establish and develop within the city.
- The EDA, can also acquire and dispose of property to achieve its objectives. More specifically, the EDA may acquire by lease, purchase, gift, devise or condemnation proceedings the needed right, title and interest in property to create economic development districts. However, the title to property acquired by condemnation or purchase must be in fee simple, absolute. An EDA may also hold and dispose of property or accept an interest in property acquired in another way subject to any condition of the grantor or donor, but the condition must be consistent with the proper use of the property. Property acquired, owned, leased, controlled, used or occupied by the EDA for any of its purposes is for public governmental and municipal purposes and is exempt from taxation by the state or its political subdivisions. This exemption, however, applies only while the EDA holds the property for its own purposes and, when the property is sold, it becomes subject to taxation.
- The EDA may exercise the power of eminent domain. The EDA may even acquire property in this way which was itself acquired by its owner through eminent domain, and it also may acquire property already devoted to a public use, but only if the city council approves. The EDA also has the ability to acquire

rights or an easement for a term of years or perpetually for development of an economic development district. The EDA can also make contracts for the purpose of economic development, including contracting with the federal government or the state on any matter related to using the EDA's powers or performing its duties. For example, the EDA can contract to purchase and sell real and personal property. Additionally, the EDA can buy the supplies and materials it needs to carry out its purposes.

- The EDA may accept land, money, or other assistance, whether by gift, loan or otherwise, in any form from the federal or state government to carry out its purposes and to acquire and develop an economic development district and its facilities. The EDA is also allowed to accept conveyances of land from all other public agencies, commissions or other units of government if the land can be properly used by the EDA in an economic development district. The EDA may also sell or lease land held by it for economic development in economic development districts. An EDA can carry out the law on economic development districts to develop and improve the lands such a district in order to make it suitable and available for economic development uses and purposes.
- An EDA has the power to sell and convey property that it owns within the city. An EDA can also sell or convey an economic development district if it determines that the sale and conveyance are in the best interests of the city or district and its people and that the transaction furthers its general plan of economic development. However, an EDA must hold a hearing on the sale prior to consummation. The sale must also incorporate into the deed, as a covenant running with the land, the conditions relating to the use of the land. If the covenant is subsequently violated, the EDA may declare a breach of the covenant and seek a judicial decree from the district court declaring a forfeiture and cancellation of the deed. Further, a purchase must not be made until the purchaser gives the EDA plans and specifications to develop the property sold, which is then subject to the EDA's approval.

One major advantage of EDAs is that they have certain powers that the city may not. For example, EDAs have the ability to use pooled bond reserving. Whereas in most development programs each bond issue is independent of any other bond issue with a separate service or sinking fund account, EDAs may create a single bond reserve fund. Under this arrangement, each project's revenues go into a common fund, which then pays the bondholders on all projects. Through this pooling ability, the security of each project's bond increases, while borrowing costs decrease, as long as the pool has the necessary volume and diversity of cash flow.

One weakness of EDAs is that they cannot own and operate facilities or issue debt without an election. Another weakness is that they cannot act outside of districts that are contiguous and qualify as blighted under the tax increment law.

In the event that the City decides to create an EDA, it should also decide which (if any) of these areas it wishes to grant or limit.

How does an EDA differ from a Housing and Redevelopment Authority?

An alternative to an EDA is a Housing and Redevelopment Authority (HRA). An HRA is similar to an EDA but may only be established upon the city determining the following:

- The existence of substandard, slum or blighted areas that cannot be redeveloped without governmental assistance; or
- A shortage of affordable, decent, safe and sanitary dwelling accommodations available to low-income individuals and families.

Minn. Stat. Sec. 469.003, Subd. 1. As a general matter the HRA also has greater levy authority than an EDA (unless the EDA is given HRA powers). Unlike the HRA levy, any levy by the EDA would be set by the City at the request of the EDA.

How can the City establish an EDA?

To properly form the EDA, the City Council should:

- decide whether to pass a Resolution calling for a public hearing to consider whether the City should pass an Enabling Resolution establishing the EDA;
- then hold a public hearing on the issue of creating an EDA; and
- then decide whether to pass the Enabling Resolution actually establishing the EDA, and its board of commissioners, together with any limitations on the statutory powers.

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

RESOLUTION 2011-12

A Resolution Calling for a Public Hearing to Consider
Whether the City should pass an Enabling Resolution
Establishing an Economic Development Authority

WHEREAS,

1. The City of St. Francis, Minnesota (“City”), desires to encourage, attract, promote and develop economically sound industry and commerce within the City to both encourage job development and for the prevention of unemployment in the City;

2. To these ends and for these purposes, the City wishes to determine whether it is necessary that there be established within the City an entity which can undertake the activities necessary to encourage, attract, promote and develop economically sound industry and commerce within the City;

3. It is recognized that an economic development authority is a means to these ends and that the City is authorized and empowered to establish an Economic Development Authority under the provisions of its City Charter and Minn. Stat. § 469.090, et seq. (“Act”); and

4. The City Council for the City wishes to obtain citizen input on the issue of creation of an Economic Development Authority and this citizen input can best be accomplished by holding a public hearing.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of St. Francis, Minnesota, as follows:

Call for a Public Hearing. A public hearing will be held on _____, 2011 beginning on or about _____ to consider creation of an Economic Development Authority.

Adopted by the City Council of the City of St. Francis, Anoka County, Minnesota on May 16, 2011.

CITY OF ST. FRANCIS

By: _____

Jerry Tveit

Its: Mayor:

ATTEST:

Barbara I. Held, City Clerk

AGENDA REPORT

TO: Mayor & City Council
FROM: Matt Hylen, Administrator
SUBJECT: Interim Fire Chief Services
DATE: May 12, 2011



INTRODUCTION

The St. Francis Fire Department has undergone several leadership changes over the past few years. Most recently, Fire Chief Vangelof and Assistant Fire Chief Mark Sorenson resigned for personal reasons. Additionally, Captain Brigit Kelly took a leave of absence from the department and is currently on the Fire Department, but no longer Captain or Training Officer.

BACKGROUND

Fire Departments, like all departments, need leadership to carry out their mission, vision and goals. The St. Francis Fire Department has been through significant and multiple changeovers in their leadership since 2007. Mayor Ramsey and Mayor Tveit requested an exploratory meeting which was held in the beginning of April with both Mayors, Chief Kapler, Chief Vangelof, City Manager Ulrich and me. We continued discussions as staff for interim duties and are proposing the six month contract to help stabilize our department with subsequent selection of a new Fire Chief, Assistant Chief and Captain.

Fire Chief Kapler is a full time employee with the City of Ramsey. Chief Kapler joined Ramsey Fire in 1988 as a charter member and was appointed Paid on Call Chief in 1993. He took the full time position of Fire Chief/Public Works Director in 1998 to implement organizational restructuring within the Public Works Department Operations. Later in 1998 he was asked to manage the Engineering Department, essentially putting Public Works and Engineering under the same umbrella. He was also directed to create a succession plan for Public Works by finding a suitable Public Works Director which eventually occurred in 2007.

Chief Kapler and Chief Vangelof have met with the St. Francis Fire Department members at their May monthly meeting to inform them of what the two Councils will be discussing. This meeting was well received.

RECOMMENDATION

A motion to authorize the Mayor and City Administrator to enter into the Contract for Services for Interim Fire Chief services from the City of Ramsey and Dean Kapler.

BUDGET IMPACT

The Fire Department 2011 budget will be adjusted to ensure they will be within budget for 2011. There is not a specific line item for this level of contract service expenditure.

Attachments:

1. Contract for Service

**AGREEMENT FOR INTERIM
FIRE CHIEF SERVICES
FOR
THE CITY OF ST. FRANCIS, MINNESOTA**

This agreement (this "Agreement") is made and entered into this ____ day of May, 2011 by and between the City of St. Francis, a Minnesota municipal corporation ("St. Francis"), the City of Ramsey, a Minnesota municipal corporation ("Ramsey"), and Dean Kapler, 16350 Yttrium Street NW, Ramsey, Minnesota 55303 ("Chief Kapler").

WHEREAS, Chief Kapler is the Chief of the Ramsey Fire Department and as such has acquired knowledge and expertise in the supervision and operation of a municipal fire department; and

WHEREAS, St. Francis has a fire department and is in immediate need of an interim fire chief to supervise and lead its fire department pending the hiring of a fire chief; and

WHEREAS, Chief Kapler is willing to accept the position of interim St. Francis Fire Chief; and

WHEREAS, Ramsey is willing to assist St. Francis on a temporary basis by permitting Chief Kapler to accept the position of interim St. Francis Fire Chief while continuing to maintain his full time position Ramsey Fire Chief.

NOW THEREFORE, in consideration of the premises and good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **PURPOSE.** The purpose of this Agreement is for St. Francis to retain the temporary services of Chief Kapler to act as its interim fire chief.
2. **OBJECTIVES.** As interim St. Francis Fire Chief Kapler's objective will be to:
 - Stabilize the St. Francis Fire Department (the "SFFD") both structurally and operationally;
 - Provide interim leadership/management of all aspects of SFFD including its operations, officer placement/roles and responsibilities, and its 2012 budget calendar year;
 - Conduct a management analysis of SFFD in comparison of community needs
 - Review/analyze services provided by SFFD including code enforcement; and
 - Create/implement a sustainable structure within the SFFD, including how the Fire Department interacts within the city structure.

3. **STRATEGY AND TACTICS.** Chief Kapler will be expected to employ the following strategies and tactics as interim St. Francis Fire Chief:

- One on one (mandatory) meetings with each member of the SFFD including those on administrative leave;
- Attend most/all internal meetings including officer meetings, general assembly, training, other miscellaneous fired department personnel meeting;
- Review/amend job descriptions for all levels of SFFD staff;
- Respond to SFFD emergency incidents depending on severity of the incident; and
- Meet with a select group of business owners and the public to discuss the public's perception of the services provided by SFFD.

4. **TERM.** The term of this Agreement shall be from May ____, 2011 to and including October 31, 2011 unless earlier terminated or extended by law or according to the provisions herein.

5. **COMPENSATION.** The total compensation to be paid by St. Francis for Chief Kapler's services as defined herein shall be \$2,000/month. Compensation shall be pro-rated for any part of a month during which this Agreement is in effect and paid as follows:

- a. \$666.00 shall be paid monthly to Ramsey as reimbursement to said city for Chief Kapler's use of his Ramsey Chief's vehicle, Ramsey cell phone and time during his normal Ramsey work week when he is devoting time to SFFD matters.
- b. \$1,334.00 shall be paid directly to Chief Kapler, subject to normal state and federal withholding.

6. **EMPLOYMENT STATUS.** While attending to SFFD matters, Chief Kapler shall be deemed an employee of St. Francis. St. Francis shall have control over the manner and services performed by Chief Kapler under this Agreement, and shall be responsible for his wages, benefits, worker's compensation, disability and retirement benefits.

7. **INSURANCE AND LIABILITY.**

- a. **Insurance.** While attending to SFFD matters, Chief Kapler will be insured by St. Francis under its insurance coverages including commercial general liability, automobile liability, including owned, hired and non-owned automobiles. St. Francis agrees to carry worker's compensation insurance covering Chief Kapler as required by State law.
- b. **Liability of St. Francis.** St. Francis agrees to defend and indemnify Ramsey and its employees, officials, volunteers and agents from and against all claims, actions, damages, losses and expenses arising out of Chief Kapler's performance or failure to perform his duties under this Agreement.
- c. **Certificate of Insurance.** St. Francis shall provide Ramsey with a certificate of insurance showing the required coverages prior to performing any work under this Agreement.

8. **DISPUTE RESOLUTION.** The parties shall cooperate and use their best efforts to ensure that the various provisions of this Agreement are fulfilled. The parties agree to act in good faith to undertake resolution of disputes, in an equitable and timely manner and in accordance with the provisions of this Agreement. If disputes cannot be resolved informally by the parties, the following procedures shall be used:

- a. **Mediation.** Whenever there is a failure between the parties to resolve a dispute on their own, the parties shall first attempt to mediate the dispute. The parties shall agree upon a mediator, or if they cannot agree, shall obtain a list of court-approved mediators from the Anoka County District Court Administrator and select a mediator by alternately striking names until one remains. St. Francis shall strike the first name followed by Ramsey, and shall continue in that order until one name remains.
- b. **Litigation.** If the dispute is not resolved within 30 days after the end of mediation proceedings, the parties may litigate the matter.
- c. **Termination.** In addition to the remedies outlined in this Paragraph, an ongoing dispute may also be resolved by terminating the Agreement as outlined in Paragraph 9.

9. **TERMINATION/EXTENSION.** This Agreement may be terminated at any time by the party desiring that the Agreement be terminated providing thirty (30) days written notice to all other parties. This Agreement may be extended beyond October 31, 2011 by written agreement of all of the parties hereto which written agreement will contain any amendment of the existing terms of this Agreement.

10. **GENERAL PROVISIONS.**

- a. **Entire Agreement.** This Agreement supersedes any prior or contemporaneous representations or agreements, whether written or oral, between the parties and contains the entire agreement.
- b. **Amendments.** Any modification or amendment to this Agreement shall require a written agreement signed by all parties.
- c. **Notice.** Any notice, statement or other written documents required to be given under this Agreement shall be considered served and received if delivered personally to the other party, or if deposited in the U.S. First Class mail, postage prepaid, as follows:
 - i. Notice to: City of St. Francis
City Administrator
23340 Cree Street NW
St. Francis, MN 55070
 - ii. Notice to: City of Ramsey
City Administrator
7550 Sunwood Drive NW
Ramsey, MN 55303

iii. Notice to: Dean Kapler
16350 Yttrium Street NW
Ramsey, MN 55303

- d. **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Minnesota.
- e. **Captions.** Captions or headings contained in this Agreement are included for convenience only and form no part of this Agreement between the parties.
- f. **Waivers.** The wavier by any party of any breach or failure to comply with any provision of this Agreement by another party shall not be construed as, or constitute a continuing waiver of such provision or a waiver of any other breach of or failure to comply with any other provision of this Agreement.
- g. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.
- h. **Savings Clause.** If any court finds any portion of this Agreement to be contrary to law or invalid, the remainder of this Agreement will remain in full force and effect.

IN WITNESS WHEREOF, the parties, by action of their respective governing bodies, caused this Agreement to be approved on the dates below.

CITY OF ST. FRANCIS

CITY OF RAMSEY

By: _____
Jerry Tveit, Mayor

By: _____
Bob Ramsey, Mayor

ATTEST:

ATTEST:

By: _____
Matt Hylen, City Administrator

By: _____
Kurt Ulrich, City Administrator

Dated: May _____, 2011

Dated: May _____, 2011

Dean Kapler

Dated: May _____, 2011

ALLOCATION OF RESPONSIBILITIES IN THE BUILDING INDUSTRY

Charles R. Heuer, FAIA, Esq.

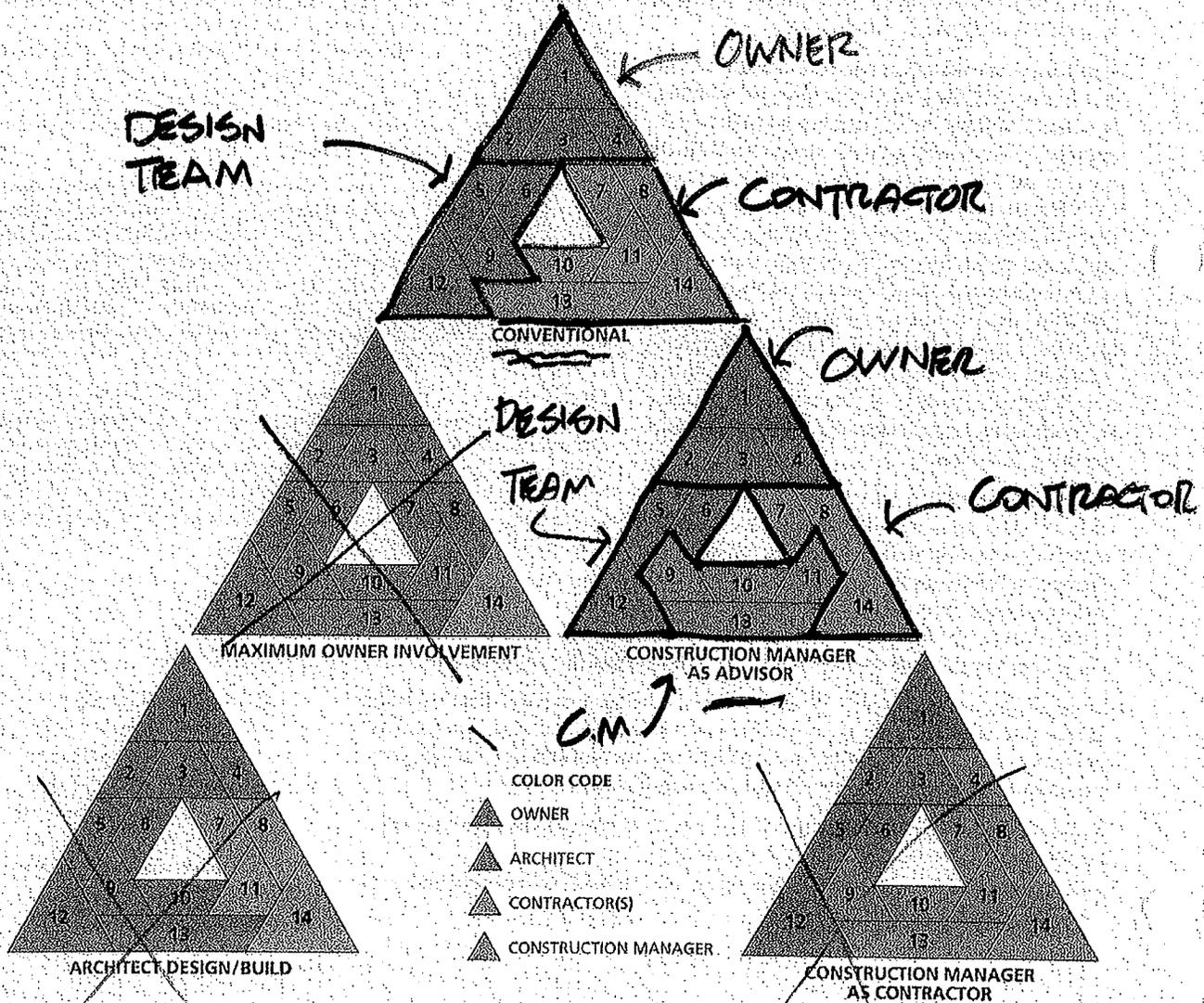
Few things in life or business never change. In the building enterprise, the triangle of owner-architect-contractor is long-standing. There is no universal method, however, for allocating responsibilities among the parties. The diagrams here show a number of ways to arrange these working relationships.

- | | |
|-------------------------------------------------------|---------------------------------------------------------|
| 1 Project definition and site acquisition | 9 Cost estimates, bidding, submittals, inspection |
| 2 Surveys and soil tests | 10 Permits, government approvals, testing |
| 3 Review documents | 11 Guaranteed maximum price, safety, general conditions |
| 4 Property insurance | 12 Design, documentation, interpretations |
| 5 Programming | 13 Communications, on-site coordination, scheduling |
| 6 Dispute resolution, change orders, certify payments | 14 Construction means, methods, supervision |
| 7 Subcontracting and purchasing | |
| 8 Bonds | |

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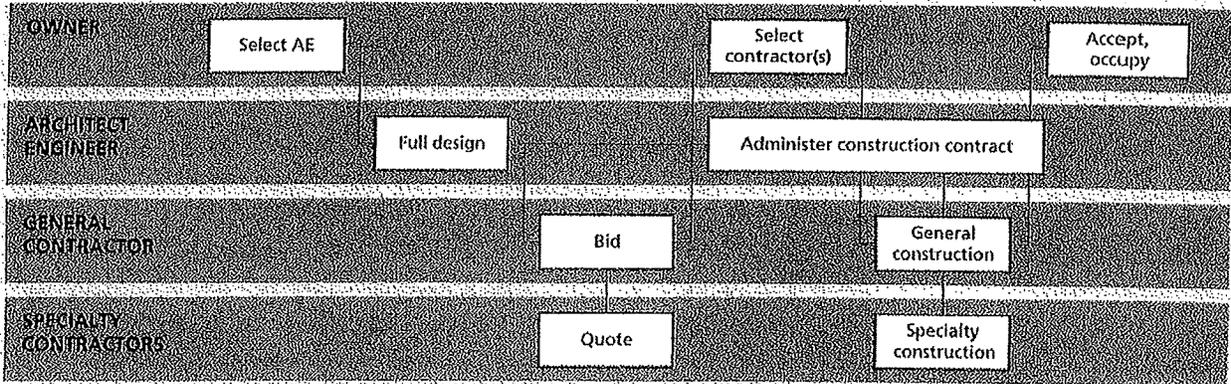
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DESIGN-AWARD-BUILD APPROACHES AND CONTRACT RELATIONSHIPS

CONVENTIONAL

DESIGN-AWARD-BUILD APPROACHES

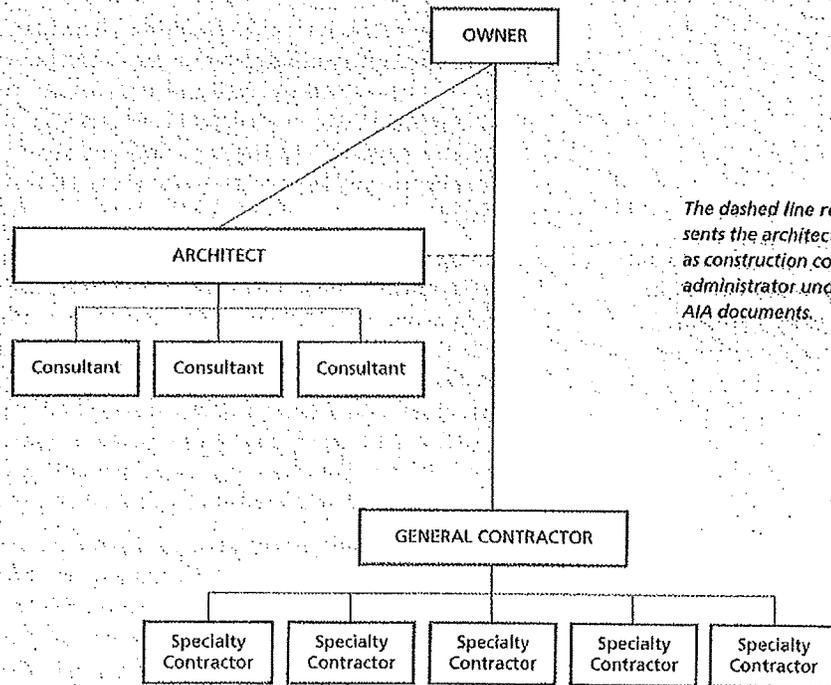


CONTRACT RELATIONSHIPS

Some variations:
There may be multiple prime design professionals.

The architect may also provide program management or CM services.

Instead of a single general construction contract, the owner may hold prime contracts with a few specialty contractors.



The dashed line represents the architect's role as construction contract administrator under the AIA documents.

Documents Finder provides guidance for selecting the appropriate AIA documents for projects using the design-award-build delivery approaches. See Documents Finder.

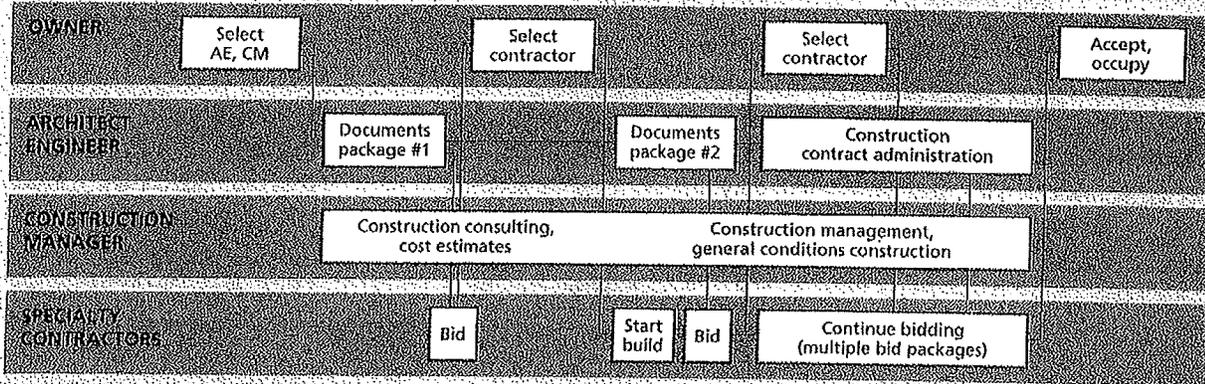
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CONSTRUCTION MANAGEMENT APPROACHES AND CONTRACT RELATIONSHIPS

CM APPROACH

In this diagram, the CM remains as advisor (CMa) during construction. As an alternative, the CM may become contractor (CMc) by accepting responsibility for construction cost and time, usually on the basis of "scope design" or partial construction documents.

CONSTRUCTION MANAGEMENT APPROACHES



CONTRACT RELATIONSHIPS

Some variations:

There may be multiple prime design professionals.

The architect may also provide program management or CM services.

The CM may remain as adviser during construction (CMa) or become the contractor (CMc) by writing a fixed-price, GMP, shared-savings, or some other form of agreement with the owner. Specialty trade contractors may become subcontractors to the CMc.

Documents Finder provides guidance for selecting the appropriate AIA documents for projects using the CM approaches. See **Documents Finder**.

